

**HILLSBOROUGH TRANSIT AUTHORITY
D/B/A HILLSBOROUGH AREA REGIONAL TRANSIT AUTHORITY**

**GENERAL PURPOSE FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION, AND REGULATORY REPORTS**

SEPTEMBER 30, 1998

**HILLSBOROUGH TRANSIT AUTHORITY
D/B/A/ HILLSBOROUGH AREA REGIONAL TRANSIT AUTHORITY
SEPTEMBER 30, 1998**

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SEPTEMBER 30, 1998**

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VALIENTE, HERNANDEZ & Co., P.A.

CERTIFIED PUBLIC ACCOUNTANTS

G. J. HERNANDEZ, CPA
JOSE E. VALIENTE, CPA

MEMBERS
AMERICAN INSTITUTE OF CPAS
FLORIDA INSTITUTE OF CPAS

918 E. BUSCH BOULEVARD
TAMPA, FLORIDA 33612-8501
(813) 933-3943
(800) 733-3943 TOLL FREE
FAX (813) 933-9825

227 N. BRONOUGH STREET (32301)
P.O. BOX 10787
TALLAHASSEE, FLORIDA 32302-2787
(904) 513-9300
(888) 513-9300 TOLL FREE
FAX (904) 513-9338

**INDEPENDENT AUDITORS' REPORT ON GENERAL PURPOSE
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION,
INCLUDING SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE**

To the Board of Directors
Hillsborough Transit Authority
d/b/a Hillsborough Area Regional Transit Authority

We have audited the accompanying general purpose financial statements of the Hillsborough Transit Authority, d/b/a Hillsborough Area Regional Transit Authority ("the Authority") as of and for the year ended September 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of the U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Government Accounting Standards Board (GASB) Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the "year 2000 issue". The Authority has included such disclosures in Note 11. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the Authority's disclosures with respect to the year 2000 issue made in Note 11. Further, we do not provide assurance that the Authority is or will be year 2000 ready, that the Authority's year 2000 remediation efforts will be

To the Board of Directors
Hillsborough Transit Authority
d/b/a Hillsborough Area Regional Transit Authority

successful in whole or in part, or that parties with which the Authority does business will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 issues disclosures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 7, 1998 on our consideration of the Authority's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the Authority taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Authority. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Schedule of State Financial Assistance, required under applicable Florida Statutes and the Rules of the Auditor General of the State of Florida, for the year ended September 30, 1998 are not required as part of the general purpose financial statements. All such information, as listed in the table of contents, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Valiente, Hernandez & Co., P.A.
CERTIFIED PUBLIC ACCOUNTANTS
Tampa, Florida

December 7, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS

**HILLSBOROUGH TRANSIT AUTHORITY
D/B/A HILLSBOROUGH AREA REGIONAL TRANSIT AUTHORITY**

**COMBINED BALANCE SHEETS
ALL FUND TYPES AND ACCOUNT GROUPS**

SEPTEMBER 30, 1998 WITH COMPARATIVE TOTALS FOR 1997

(Page 1 of 2)

	GOVERNMENTAL FUND TYPES			ACCOUNT GROUP	TOTALS	
	GENERAL FUND	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	GENERAL FIXED ASSETS	MEMORANDUM ONLY	
					1998	1997
<u>ASSETS AND OTHER DEBITS</u>						
Cash and investments (Note 2)	\$ 6,308,637	\$ -	\$ -	\$ -	\$ 6,308,637	\$ 4,628,641
Accounts receivable:						
Trade and other, net of allowance for uncollectible accounts of \$144,500 in 1998 and \$110,687 in 1997.	770,515	-	67	-	770,582	834,953
United States Government	41,720	-	1,488,275	-	1,529,995	1,879,487
State of Florida	2,048,353	56,151	135,188	-	2,239,692	2,449,581
Local governments	250,000	-	189,986	-	439,986	166,600
Other	280	400	-	-	680	386,265
Due from other funds	604,775	183,332	463,109	-	1,251,216	1,412,332
Inventory	815,259	-	-	-	815,259	825,289
Prepaid expenses	66,537	-	-	-	66,537	76,781
Restricted assets:						
Cash and investments (Note 2)	2,487,273	-	-	-	2,487,273	2,554,627
Deferred compensation benefits (Note 5)	-	-	-	-	-	1,153,178
Property and equipment (Note 3):						
Land	-	-	-	10,616,591	10,616,591	10,466,591
Buildings and improvements	-	-	-	24,131,556	24,131,556	23,897,862
Revenue vehicles	-	-	-	34,268,553	34,268,553	33,253,045
Operating and transit related equipment	-	-	-	11,283,761	11,283,761	11,063,473
Other equipment, fixtures and other vehicles	-	-	-	3,297,674	3,297,674	2,722,549
Total assets and other debits	<u>\$ 13,393,349</u>	<u>\$ 239,883</u>	<u>\$ 2,276,625</u>	<u>\$ 83,598,135</u>	<u>\$ 99,507,992</u>	<u>\$ 97,771,254</u>

See independent auditors' report

**HILLSBOROUGH TRANSIT AUTHORITY
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**COMBINED BALANCE SHEETS
ALL FUND TYPES AND ACCOUNT GROUPS**

SEPTEMBER 30, 1998 WITH COMPARATIVE TOTALS FOR 1997

(Page 2 of 2)

	GOVERNMENTAL FUND TYPES			ACCOUNT GROUP	TOTALS	
	GENERAL	SPECIAL	CAPITAL	GENERAL	MEMORANDUM ONLY	
	FUND	REVENUE FUNDS	PROJECTS FUNDS	FIXED ASSETS	1998	1997
<u>LIABILITIES, FUND EQUITY AND OTHER CREDITS</u>						
Liabilities:						
Accounts payable, trade	\$ 972,795	\$ -	\$ 261,610	\$ -	\$ 1,234,405	\$ 1,624,120
Accrued expenses and other current liabilities:						
Salaries and wages	361,298	-	-	-	361,298	341,041
Payroll taxes and employee withholdings	41,137	-	-	-	41,137	39,938
Pension and retirement	59,888	-	-	-	59,888	60,888
Interest	89,375	-	-	-	89,375	89,375
Deferred state revenue	450,000	-	-	-	450,000	-
Deferred local revenue	38,125	147,937	310,974	-	497,036	563,171
Tax anticipation note payable (Note 7)	5,000,000	-	-	-	5,000,000	5,000,000
Payable from restricted assets:						
Deferred compensation due employees (Note 5)	-	-	-	-	-	1,153,178
Compensated absences	1,358,169	-	-	-	1,358,169	1,315,227
Self-insured claims payable (Note 6):						
Workers' compensation claims	1,483,210	-	-	-	1,483,210	1,467,895
Other claims	1,004,063	-	-	-	1,004,063	1,086,732
Due to other funds	-	1,947	1,249,269	-	1,251,216	1,412,332
Total liabilities	10,858,060	149,884	1,821,853	-	12,829,797	14,153,897
Fund equity and other credits:						
Investment in general fixed assets (Note 3)	-	-	-	83,598,135	83,598,135	81,403,520
Fund balances:						
Reserve for encumbrances	-	-	-	-	-	26,601
Undesignated	2,535,289	89,999	454,772	-	3,080,060	2,187,236
Total fund equity and other credits	2,535,289	89,999	454,772	83,598,135	86,678,195	83,617,357
Total liabilities, fund equity and other credits	\$ 13,393,349	\$ 239,883	\$ 2,276,625	\$ 83,598,135	\$ 99,507,992	\$ 97,771,254

See independent auditors' report

**HILLSBOROUGH TRANSIT AUTHORITY
D/B/A HILLSBOROUGH AREA REGIONAL TRANSIT AUTHORITY
COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES**

**FOR THE YEAR ENDED SEPTEMBER 30, 1998
WITH COMPARATIVE TOTALS FOR 1997**

(Page 1 of 2)

	GENERAL FUND	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	TOTALS	
				MEMORANDUM ONLY	
				1998	1997
Operating revenues:					
Passenger fares	\$ 5,799,037	\$ -	\$ -	\$ 5,799,037	\$ 5,453,646
Charter services	13,735	-	-	13,735	11,947
Intergovernmental -					
United States Government	146,315	-	5,665,912	5,812,227	12,920,472
State of Florida	3,003,803	139,111	388,794	3,531,708	4,623,138
Local governments	560,000	143,883	272,921	976,804	1,707,587
Ad valorem taxes	13,692,304	9,439	88,200	13,789,943	12,737,785
Other	1,097,329	8,475	57,062	1,162,866	1,438,192
Total operating revenues	<u>24,312,523</u>	<u>300,908</u>	<u>6,472,889</u>	<u>31,086,320</u>	<u>38,892,767</u>
Operating expenditures:					
Wages	10,265,284	-	-	10,265,284	9,527,479
Payroll taxes, employee benefits, and workers' compensation costs	6,634,405	-	-	6,634,405	6,530,814
Fuel and lubricants	1,137,215	-	-	1,137,215	1,160,110
Contracted services	1,140,785	291,469	-	1,432,254	1,474,749
Parts and supplies	1,115,874	-	-	1,115,874	1,006,731
Insurance premiums, self insurance costs, and settlements	1,013,890	-	-	1,013,890	1,101,893
Tax Collector's and Property Appraiser's fees	392,997	-	-	392,997	326,045
Utilities	324,049	-	-	324,049	303,547
Planning studies	18,000	-	-	18,000	-
Marketing and promotion	218,600	-	-	218,600	233,013
Interest expense	228,231	-	-	228,231	219,160
Capital expenditures	26,132	-	6,531,570	6,557,702	14,249,681
Other	881,600	-	-	881,600	1,270,139
Total operating expenditures	<u>23,397,062</u>	<u>291,469</u>	<u>6,531,570</u>	<u>30,220,101</u>	<u>37,403,361</u>

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**COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES**

FOR THE YEAR ENDED SEPTEMBER 30, 1998

WITH COMPARATIVE TOTALS FOR 1997

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	GENERAL FUND	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	TOTALS	
				MEMORANDUM ONLY	
				1998	1997
Excess (deficiency) of revenues over expenditures before operating and residual equity transfers	\$ 915,461	\$ 9,439	\$ (58,681)	\$ 866,219	\$ 1,489,406
Other financing sources and (uses):					
Operating transfers in	-	-	-	-	103,125
Operating transfers out	-	-	-	-	(103,125)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	915,461	9,439	(58,681)	866,219	1,489,406
Fund balance, beginning of year	1,619,828	80,560	513,453	2,213,841	724,431
Residual equity transfer in	-	-	-	-	-
Residual equity transfer out	-	-	-	-	-
Fund balance, end of year	<u>\$ 2,535,289</u>	<u>\$ 89,999</u>	<u>\$ 454,772</u>	<u>\$ 3,080,060</u>	<u>\$ 2,213,837</u>

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**HILLSBOROUGH TRANSIT AUTHORITY
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**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 1998

(Page 1 of 2)

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Operating revenues:						
Passenger fares	\$ 5,799,000	\$ 5,799,037	\$ 37	\$ -	\$ -	\$ -
Charter services	13,700	13,735	35	-	-	-
Intergovernmental -						
United States Government	143,800	146,315	2,515	-	-	-
State of Florida	3,000,000	3,003,803	3,803	-	139,111	139,111
Local governments	560,000	560,000	-	280,000	143,883	(136,117)
Ad valorem taxes	13,692,000	13,692,304	304	9,440	9,439	(1)
Other	1,100,000	1,097,329	(2,671)	-	8,475	8,475
Total operating revenues	<u>24,308,500</u>	<u>24,312,523</u>	<u>4,023</u>	<u>289,440</u>	<u>300,908</u>	<u>11,468</u>
Operating expenditures:						
Wages	10,267,600	10,265,284	2,316	-	-	-
Payroll taxes, employee benefits, and workers' compensation costs	6,636,400	6,634,405	1,995	-	-	-
Fuel and lubricants	1,138,000	1,137,215	785	-	-	-
Contracted services	1,149,500	1,140,785	8,715	280,000	291,469	(11,469)
Parts and supplies	1,116,000	1,115,874	126	-	-	-
Insurance premiums, self insurance costs, and settlements	1,035,000	1,013,890	21,110	-	-	-
Tax Collector's and Property Appraiser's fees	393,000	392,997	3	-	-	-
Utilities	324,000	324,049	(49)	-	-	-
Planning studies	18,000	18,000	-	-	-	-
Marketing and promotion	219,000	218,600	400	-	-	-
Interest expense	230,000	228,231	1,769	-	-	-
Capital expenditures	26,000	26,132	(132)	-	-	-
Other	882,000	881,600	400	-	-	-
Total operating expenditures	<u>23,434,500</u>	<u>23,397,062</u>	<u>37,438</u>	<u>280,000</u>	<u>291,469</u>	<u>(11,469)</u>

See independent auditors' report

**HILLSBOROUGH TRANSIT AUTHORITY
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**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 1998

(Page 2 of 2)

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Excess (deficiency) of revenues over expenditures before operating and residual equity transfers	\$ 874,000	\$ 915,461	\$ 41,461	\$ 9,440	\$ 9,439	\$ (1)
Other financing sources and (uses):						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 874,000</u>	915,461	<u>\$ 41,461</u>	<u>\$ 9,440</u>	9,439	<u>\$ (1)</u>
Fund balance, beginning of year		1,619,828			80,560	
Residual equity transfer in		-			-	
Residual equity transfer out		-			-	
Fund balance, end of year		<u>\$ 2,535,289</u>			<u>\$ 89,999</u>	

See independent auditors' report

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

**HILLSBOROUGH TRANSIT AUTHORITY
d/b/a HILLSBOROUGH AREA REGIONAL TRANSIT AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1998

ORGANIZATION AND REPORTING ENTITY

Hillsborough Transit Authority, operating and doing business as Hillsborough Area Regional Transit Authority ("the Authority"), was created as a body politic and corporate under Chapter 163, Part V, Sections 163.567, et seq., Florida Statutes, on October 3, 1979; it was chartered for the purpose of providing mass transit service to its two charter members, the City of Tampa and the unincorporated areas of Hillsborough County, Florida. The Authority may admit to membership any county or municipality contiguous to a member of the Authority upon application and after approval by a majority vote of the entire Board of Directors. The City of Temple Terrace has been admitted as a member of the Authority.

The Authority's Board of Directors is comprised of two directors appointed by the Governor of the State of Florida and a minimum of one director from each member of the Authority. Members are allowed an additional director for each 150,000 persons, or major fraction thereof, resident in that member's jurisdictional limits.

The Authority has been determined to be an "Independent Special District" as described in Section 189.403, Florida Statutes, and is authorized to levy an ad valorem tax of up to one-half mil (\$.0005) on the taxable value of real and tangible personal property within the jurisdiction of its members. Chapter 165.570, Florida Statutes, allows the Authority to levy up to a three mil levy, subject to public referendum. The Authority's ad valorem taxes are assessed as part of the annual assessment of Hillsborough County which levies its taxes November 1 of each year. Collection of taxes is scheduled for November through the following March. Taxes become delinquent April 1 and tax certificates placing liens on the property are sold May 31.

Additional revenues and funding are received from passenger fares and grants from the Federal Government, the State of Florida, the City of Tampa and Hillsborough County.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES:

Basis of Presentation - Fund Accounting

The Authority uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designated to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board of the Financial Accounting Foundation (GASB) is the accepted standard-setting body for establishing

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued):

governmental accounting and reporting principles. The Authority utilizes the modified accrual basis of accounting, similar to that prescribed for proprietary operations of state and local governments. The more significant accounting policies are described below. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types". Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenditures/expenses.

The main activities of the Authority utilize the "Governmental Fund" type as a recording and reporting vehicle. Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the governmental unit not accounted for in some other fund.

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 four fund types and one account group as follows:

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. The tax anticipation note payable in the amount of \$5,000,000 was not refinanced on a long term basis subsequent to September 30, 1998. Thus, the related principal, accrued interest, and interest expense have been accounted for in the general fund in accordance with generally accepted governmental accounting standards.

Special Revenue Funds are used to account for financial resources that have been designated for a specific use.

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 is used to report property and equipment recorded at cost (or fair market value for donated assets) at date of acquisition. Depreciation is not provided on general fixed assets.

Account Groups are not "funds". They are involved only in the measurement of financial position and not in the measurement of results of operations.

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued):

Memorandum Only - Total Columns

Columns on the statements which are captioned "Totals - Memorandum Only" are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. **Neither is such data comparable to a consolidation.** Interfund eliminations have not been made in the aggregation of this data.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates that affect certain reported amounts and disclosures. These estimates are based on management's knowledge and experience. Accordingly, actual results could differ from these estimates.

Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Basis of Accounting

The Authority uses the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition. Expenditures are recorded when the related fund liability is incurred.

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital projects funds.

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued):

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the capital projects funds. Encumbrances outstanding at year end are reported as a reservation of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during subsequent years.

Cash and Investments

The Authority maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and investments." Restricted cash represents amounts designated for payment of liabilities designated by the Authority.

Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

Inventory

Inventory, principally consisting of vehicle replacement parts and operating supplies, is stated at averaged cost.

Property and Equipment

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Public domain ("infrastructure") general fixed assets are capitalized along with the general fixed assets.

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued):

Compensated Absences

Vacation pay is accrued when earned; vested or accumulated vacation leave up to a maximum of 240 hours, per employee, is reported as an expenditure and a fund liability of the general fund; the employee is allowed to transfer accumulated hours in excess of 240 to the sick leave pool. The portion of sick leave that is payable at retirement is accrued when vested; the Authority allows employees to accumulate unused sick leave at varying rates depending on several factors, including the employee's union representation and length of employment.

In accordance with Statement No. 16 of the Governmental Accounting Standards Board (GASB), "Accounting for Compensated Absences", the compensated absences liability is calculated based on the pay or salary rates in effect at the balance sheet date (September 30, 1998). Additionally, accruals have been made for salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date. The salary related payments subject to this accrual are those items for which an employer is liable to make a payment directly and incrementally associated with payments made for compensated absences on termination. Accordingly, the Authority has recognized 7.65% of the compensated absences liability, representing its share of the Social Security and Medicare taxes. An accrual is also made for the pension cost related to the compensated absences amount because the Authority's employees are covered under the Florida Retirement System.

NOTE 2 - DEPOSITS AND INVESTMENTS:

Cash and investments consist of the following components at September 30, 1998:

	<u>Unrestricted</u>	<u>Restricted</u>
Undeposited fare receipts and cash on hand	\$ 24,517	\$ -
Deposits with commercial banks	1,276	-
Deposits with trustee for payment of settlements of claims under self-insurance programs	-	75,000
Deposits with State of Florida Board of Administration Local Government Surplus Trust Funds Investment Pool	<u>6,282,844</u>	<u>2,412,273</u>
Total cash and investments	\$ <u>6,308,637</u>	\$ <u>2,487,273</u>

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1998

NOTE 2 - DEPOSITS AND INVESTMENTS (continued):

Restricted cash and investments represent an amount equal to the sum of the two self-insurance programs of the Authority. This amount represents the accrual by the Authority of measurable liabilities on claims made as of September 30, 1998.

Deposits are maintained with a commercial bank which is organized under the laws of the United States and are insured by the Federal Deposit Insurance Corporation to legal limits. Security for deposits in excess of insured levels is provided by the requirements of the "Florida Security for Public Deposits Act" Chapter 280, Florida Statutes.

The investment in the State Board of Administration's (SBA) Investment Account is collateralized in accordance with Florida Statutes. All investments are delivered to the SBA's custody bank and held for the SBA's account according to their instructions. The SBA pools funds from various governmental units and invests the funds in a number of markets. The size of this pool allows the Authority to enjoy a favorable rate of return.

As part of their investment strategy the Authority invested funds throughout the year ended September 30, 1998 with the Local Government Surplus Funds Investment Pool Trust Fund (the "Surplus Funds Investment Pool"), an investment pool administered by the SBA. Throughout the year and as of September 30, 1998, the Surplus Funds Investment Pool contained certain floating rate notes which were indexed based on the prime rate and/or one and three month LIBOR rates. These investments, representing approximately 4% of the Surplus Funds Investment Pool portfolio at September 30, 1998, were purchased to add relative value to the portfolio.

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1998

NOTE 3 - CHANGES IN PROPERTY AND EQUIPMENT:

The following is a summary of changes in the general fixed assets account group for the fiscal year:

Description	Balance at September 30, 1997	Transfers In and Acquisitions	Transfers Out and Retirements	Balance at September 30, 1998
Land	\$ 10,466,591	\$ 150,000	\$ -	\$ 10,616,591
Buildings and improvements	23,897,862	234,353	659	24,131,556
Revenue vehicles	33,253,045	1,015,508	-	34,268,553
Operating and transit related equipment	11,063,473	421,778	201,490	11,283,761
Other equipment, fixtures and other vehicles	<u>2,722,549</u>	<u>575,125</u>	<u>-</u>	<u>3,297,674</u>
Total general assets	<u>\$ 81,403,520</u>	<u>\$ 2,396,764</u>	<u>\$ 202,149</u>	<u>\$ 83,598,135</u>

The sources of funding for the general fixed assets are:

Description	Balance at September 30, 1997	Transfers In and Acquisitions	Transfers Out and Retirements	Balance at September 30, 1998
General fund revenue	\$ 113,284	\$ 24,058	\$ -	\$ 137,342
City and County grants	2,395,833	144,688	40,298	2,500,223
Federal grants	60,470,362	2,002,965	161,719	62,311,608
State grants	10,997,841	144,244	66	11,142,019
Ad valorem taxes	<u>7,426,200</u>	<u>80,809</u>	<u>66</u>	<u>7,506,943</u>
Total investment in general fixed assets	<u>\$ 81,403,520</u>	<u>\$ 2,396,764</u>	<u>\$ 202,149</u>	<u>\$ 83,598,135</u>

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1998

NOTE 4 - PENSION PLANS:

The Authority contributes to two public employee retirement systems. Approximately four hundred employees are covered under the Florida Retirement System and three employees are covered by the General Employees' Pension plan for the City of Tampa.

Florida Retirement System

Most full-time employees of the Authority participate in the Florida Retirement System ("the System"), a cost-sharing multiple-employer defined benefit public employee retirement system ("PERS") administered by the State of Florida Department of Administration. The Florida Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to Florida Division of Retirement, P.O. Box 3300, Tallahassee, Florida 32308.

Effective July 1, 1997, the Authority pays all regular contributions equal to 17.43% of employee earnings and senior management contributions equal to 22.24% of earnings. The retirement contribution for employees covered by the System for the year ended September 30, 1998 and 1997 were \$2,104,285 and \$2,103,463, respectively, equal to the required contributions for each year.

General Employees' Pension Plan for the City of Tampa

Three of the Authority's employees participate in the General Employees' Pension Plan for the City of Tampa ("the Plan"), a single employer pension plan. These employees participate in this plan because the City of Tampa formerly operated a transit system predecessor to the Authority's and these employees were employed then and chose to remain covered by the Plan.

This pension plan is authorized by the Laws of Florida, administered by an independent Board of Trustees and accounted for by the City of Tampa. The Authority pays all contributions equal to 1.2% and the employees contribute 7% of their current earnings. The retirement contribution for employees covered by the System for the year ended September 30, 1998 was \$842.

For participants in this plan vesting occurs at age 55 with ten or more years of service. Benefit amounts are calculated based on the highest three years' salary within the last ten years of employment. The participant will receive a benefit amount equal to 2% for each of the first 15 years of service, and 2.5% for each remaining year for employees hired after January 1, 1975. A maximum of 30 years of service is recognized.

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1998

NOTE 4 - PENSION PLANS (continued):

The pension benefit obligation at October 1, 1997 (the latest available date), for the Plan as a whole, determined through an actuarial valuation performed as of that date, was \$279.3 million. The Plan's net assets available for benefits on that date (valued at market) were \$429.2 million; assets in excess of pension benefit obligation at October 1, 1997 were \$149.9 million. The actuarial funding method, significant assumptions, membership data, and ten year historical trend information are included in the City's actuarial valuation as of October 1, 1997.

Contributions for retired participants' prior service cost was \$154,779 and \$161,938 for the years ended September 30, 1998, and 1997, respectively.

NOTE 5 - DEFERRED COMPENSATION PLAN:

Authority has, in the past, reported the assets and associated liability with the deferred compensation plan offered to the Authority's employees in an Agency Fund. Due to a recent change in Section 457 of the Internal Revenue Code and the adoption of related resolutions by the Authority's Board of Directors, these assets are no longer the property of the Authority and the fiduciary responsibility was transferred to the plan third party administrator. As a result these assets are not reported in the accompanying financial statements.

NOTE 6 - SELF INSURANCE AND LOSS CONTINGENCIES:

During 1987 the Authority established a self insurance program for general and vehicle liability claims. Additionally, during 1990 the Authority established a self insurance program for its workers' compensation claims. Claims are administered internally by the Authority and a third-party claims settlement agency.

The liabilities currently provided are based upon the Authority's estimate after considering the available facts. The claims estimation process involves substantial uncertainties, including the ultimate outcome of certain legal actions that may affect the adequacy of amounts provided; however, management feels the amounts provided are appropriate.

Self insured claims, liability limitations and methods used to limit the exposures are as follows:

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1998

NOTE 6 - SELF INSURANCE AND LOSS CONTINGENCIES (continued):

General and vehicle liability claims -

The Authority's exposure for general and vehicle liability claims is subject to the State of Florida sovereign immunity laws which provide loss limits of \$100,000 per individual and \$200,000 per occurrence.

Workers' compensation claims -

The Authority self insures workers' compensation claims, however, claims over \$400,000 per occurrence are covered by a policy with a third party insurance carrier.

Property damage and bodily injury claims -

The Authority's exposure for property damage and bodily injury claims is also subject to the State of Florida sovereign immunity laws which provide loss limits of \$100,000 per individual and \$200,000 per occurrence.

Unemployment compensation -

The Authority is fully self-insured and charges are made quarterly as the Florida Department of Labor and Employment Security assesses the Authority based on actual claims.

Group medical -

Effective December 1, 1995, employees of the Authority are covered under Health Options Blue Cross/Blue Shield of Florida, an independent insurance provider.

NOTE 7 - TAX ANTICIPATION NOTES PAYABLE:

The Authority had outstanding on September 30, 1998 a Tax Anticipation Note, dated April 30, 1998, in the principal amount of \$5,000,000. This note was issued by the Authority pursuant to Article VII, Section 12, of the Constitution of the State of Florida; Chapter 163.565, et seq., Florida Statutes, as amended, and Resolution R98-05-30 adopted by the Authority on May 4, 1998. This note bears interest from its date at the rate equal to 52.25% of the rate announced by NationsBank of Florida, N.A. ("NationsBank") from time to time as its "prime rate."

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1998

NOTE 7 - TAX ANTICIPATION NOTES PAYABLE (continued):

Principal and interest on the note is due and payable on April 30, 1999. The note is secured by liens upon and pledges of the ad valorem tax revenues of the Authority for the fiscal year beginning on October 1, 1998, as such taxes are collected by the office of the Tax Collector of Hillsborough County and received by the Authority, any other revenues legally appropriated by the Authority for payment of the note, the proceeds of the notes and thereon, and the moneys on deposit.

The note constitutes a "qualified tax-exempt obligation" pursuant to the Internal Revenue Code Section 265(b)(3). The Authority is not obligated in any manner for special assessment debt.

NOTE 8 - COMMITMENTS AND CONTINGENCIES:

Lease commitments –

On December 2, 1994, the Authority entered into a noncancellable operating lease for 6,260 square feet of office space. The term of the lease is for the period December 1, 1994, through November 30, 1998, with an option to renew at the Authority's option for up to two additional one-year terms. On December 1, 1998, the Authority entered into the first additional one-year term lease. The minimum annual rentals under the lease agreement are as follows:

<u>Fiscal year ended September 30,</u>	<u>Minimum annual rental amount</u>
1999	\$ 95,987
2000	16,172
Total	<u>\$ 112,159</u>

Environmental clean-up costs -

During the year ended September 30, 1988, the Authority discovered and began the clean-up of major underground diesel and unleaded gasoline fuel spills. Clean-up and associated costs incurred during the year ended September 30, 1998 totaled approximately \$16,322. Of the total costs incurred to date, \$259,127 has been recouped from the State of Florida Department of Environmental Protection.

The Authority is unable to reasonably estimate the additional clean-up costs, if any, that will be incurred in the future relating to this incident, therefore no liability has been accrued.

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1998

NOTE 8 - COMMITMENTS AND CONTINGENCIES (continued):

Legal actions -

The Authority is a defendant in various legal actions, which in the opinion of management will not have a significant effect on the financial position of the Authority.

NOTE 9 - PARATRANSIT SERVICE:

During the fiscal year ended September 30, 1993, the Authority initiated a door-to-door paratransit service. This level of service was contracted with Hillsborough County, Florida, under an interlocal agreement dated February 18, 1993. During the fiscal year ended September 30, 1998 the cost to the Authority was \$463,835.

NOTE 10 - TRANSFERS:

Nonrecurring or nonroutine transfers associated with the liquidation of a Capital Projects Fund, once the capital asset has been completed and is ready to be placed in operation, are classified as residual equity transfers.

NOTE 11 - YEAR 2000 COMPUTER SYSTEM COMPLIANCE: (UNAUDITED)

The Authority is currently addressing year 2000 issue (Y2K Issue) relating to its computer systems and other electronic equipment. The Y2K Issue refers to the fact that many computer programs use only the last two digits to refer to a year. Therefore, both 1900 and 2000 would be referred to as "00". Computer programs have to be adjusted to recognize the difference between those two years or the programs will fail or create errors. Also some programs may not be able to recognize that the year 2000 is a leap year. Further, the Y2K Issue could affect electronic equipment such as environmental systems, fuel pumps, and vehicles containing computer chips (embedded chips) that have date recognition features.

The Authority utilizes the following stages of work to address the Y2K Issue:

- Awareness – Established a project plan for dealing with the Y2K Issue with completion no later than December 1998.
- Assessment – Identifying the systems and components for which Y2K compliance work is needed with completion no later than January 1999.

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1998

NOTE 11 - YEAR 2000 COMPUTER SYSTEM COMPLIANCE (continued): (UNAUDITED)

- Remediation – Making changes to systems and equipment with completion no later than December 1999.
- Validation/Testing – Validating and testing the changes that were made during the remediation stage with completion no later than December 1999.
- Y2K Survey – Develop a survey process to ensure HART vendors and customers are capable of conducting business with the authority after the turn of the century. Include federal, state, and local governments in the survey all to be completed by February 1999.

During the fiscal year 1998, the Authority identified the computer systems and electronics listed below that are mission critical (that is critical to conducting operations) and that need to be year 2000 compliant.

The Authority's Y2K remediation work for its mission-critical systems and electronic equipment are in the following stages of work ("C" means complete, "P" means in process, "A" means still needs to be addressed).

	AWARENESS	ASSESSMENT	REMEDIATION	VALIDATION TESTING
COMPUTER SYSTEM	C	C	P	P
BUSES	C	C	P	P
MAINTENANCE EQUIPMENT	C	C	P	P
TELEPHONE	C	C	P	P
SUPPORT VEHICLES	C	C	P	P
AUXILLARY POWER PLANT	C	C	P	P
FUEL DISPENSERS	C	C	P	P
RADIO SYSTEM	C	C	P	P

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1998

NOTE 11 - YEAR 2000 COMPUTER SYSTEM COMPLIANCE (continued): (UNAUDITED)

In 1997, the Authority began requesting that all computer software and hardware be Y2K compliant. By 1998 that request had become a requirement in all computer software and hardware bids.

The Authority has budgeted \$150,000 toward Y2K specific expenditures for the fiscal year October 1, 1998 to September 30, 1999. The following items are identified in that budget for upgrade or replacement during said time period:

- Two-way radio system - \$25,000 for upgrade
- Microsoft Windows 98 - \$10,000 to upgrade from Version 95 to 98
- Dictaphone recorder - \$1,000 for upgrade
- Identification cards - \$15,000 for upgrade
- Computer system network - \$30,000 for upgrade
- Computer system software - \$69,000 for upgrade

All new systems and devices purchased during the fiscal year ended September 30, 1998 and scheduled for delivery in the subsequent fiscal year are Y2K. It is estimated that costs and expenses related to the Y2K Issue were approximately \$80,000 during said fiscal year.

Management will make every effort to assure that the Authority is or will be Y2K ready, and its remediation efforts will be successful. Management will strive to ascertain that parties with whom the Authority does business will be Y2K ready. Because of the unprecedented nature of the Y2K Issue, its effect and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter.

SUPPLEMENTARY INFORMATION

**HILLSBOROUGH TRANSIT AUTHORITY
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COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS

September 30, 1998

	<u>Ybor/Downtown Trolley</u>	<u>DMU Rail Project</u>	<u>South County Circulator</u>	<u>Total Special Revenue Funds</u>
<u>ASSETS</u>				
Accounts receivable:				
United States Government	\$ -	\$ -	\$ -	\$ -
State of Florida	33,243	-	22,908	56,151
Local Governments	-	-	-	-
Other	400	-	-	400
Due from other funds	<u>183,332</u>	<u>-</u>	<u>-</u>	<u>183,332</u>
Total assets	<u>\$ 216,975</u>	<u>\$ -</u>	<u>\$ 22,908</u>	<u>\$ 239,883</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	1,947	1,947
Deferred revenue	<u>126,976</u>	<u>-</u>	<u>20,961</u>	<u>147,937</u>
Total liabilities	<u>126,976</u>	<u>-</u>	<u>22,908</u>	<u>149,884</u>
Fund equity:				
Reserve for encumbrances	-	-	-	-
Undesignated	<u>89,999</u>	<u>-</u>	<u>-</u>	<u>89,999</u>
Total fund equity	<u>89,999</u>	<u>-</u>	<u>-</u>	<u>89,999</u>
Total liabilities and fund equity	<u>\$ 216,975</u>	<u>\$ -</u>	<u>\$ 22,908</u>	<u>\$ 239,883</u>

See independent auditors' report.

**HILLSBOROUGH TRANSIT AUTHORITY
D/B/A HILLSBOROUGH AREA REGIONAL TRANSIT AUTHORITY**

**COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS**

September 30, 1998
(Page 1 of 3)

	Fiscal Year 1990 Program of Projects	CMAQ Program	State Funded Capital Projects	Central Business District Terminal	Historic Electric Streetcar	Fiscal Year 1989 Program of Projects
<u>ASSETS</u>						
Accounts receivable:						
United States Government	\$ 27,231	\$ 96,970	\$ -	\$ -	\$ -	\$ -
State of Florida	-	24,243	43,414	-	66,946	-
Local governments	81,485	784	-	-	-	82,793
Other	-	67	-	-	-	-
Due from other funds	-	-	110,821	54,689	-	-
Total assets	\$ 108,716	\$ 122,064	\$ 154,235	\$ 54,689	\$ 66,946	\$ 82,793
<u>LIABILITIES AND FUND EQUITY</u>						
Liabilities:						
Accounts payable	\$ -	\$ 27,856	\$ 5,012	\$ 7,000	\$ 1,592	\$ -
Due to other funds	103,478	94,208	-	-	65,354	38,437
Deferred revenue	-	-	-	-	-	-
Total liabilities	103,478	122,064	5,012	7,000	66,946	38,437
Fund equity:						
Reserve for encumbrances	-	-	-	-	-	-
Fund balance	5,238	-	149,223	47,689	-	44,356
Total fund equity	5,238	-	149,223	47,689	-	44,356
Total liabilities and fund equity	\$ 108,716	\$ 122,064	\$ 154,235	\$ 54,689	\$ 66,946	\$ 82,793

See independent auditors' report.

**HILLSBOROUGH TRANSIT AUTHORITY
D/B/A HILLSBOROUGH AREA REGIONAL TRANSIT AUTHORITY**

**COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS**

September 30, 1998
(Page 2 of 3)

	<u>Fiscal Year 1992 Program of Projects</u>	<u>Fiscal Year 1994 Program of Projects</u>	<u>CMAQ Bus Purchase Project</u>	<u>Fiscal Year 1995 Program of Projects</u>	<u>Fiscal Year 1996 Program of Projects</u>
<u>ASSETS</u>					
Accounts receivable:					
United States Government	\$ 5,137	\$ 24,822	\$ 1,884	\$ 98,848	\$ 261,832
State of Florida	-	-	585	-	-
Local governments	18,240	-	-	6,684	-
Other	-	-	-	-	-
Due from other funds	<u>53,021</u>	<u>205,660</u>	<u>-</u>	<u>33,418</u>	<u>-</u>
Total assets	<u>\$ 76,398</u>	<u>\$ 230,482</u>	<u>\$ 2,469</u>	<u>\$ 138,950</u>	<u>\$ 261,832</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Accounts payable	\$ 1,825	\$ 7,782	\$ 200	\$ 65	\$ 15,520
Due to other funds	-	-	2,269	-	246,312
Deferred revenue	-	157,468	-	98,270	-
Total liabilities	<u>1,825</u>	<u>165,250</u>	<u>2,469</u>	<u>98,335</u>	<u>261,832</u>
Fund equity:					
Reserve for encumbrances	-	-	-	-	-
Fund balance	<u>74,573</u>	<u>65,232</u>	<u>-</u>	<u>40,615</u>	<u>-</u>
Total fund equity	<u>74,573</u>	<u>65,232</u>	<u>-</u>	<u>40,615</u>	<u>-</u>
Total liabilities and fund equity	<u>\$ 76,398</u>	<u>\$ 230,482</u>	<u>\$ 2,469</u>	<u>\$ 138,950</u>	<u>\$ 261,832</u>

See independent auditors' report.

**HILLSBOROUGH TRANSIT AUTHORITY
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**COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND**

September 30, 1998
(Page 3 of 3)

	<u>Energy Project</u>	<u>Mobility Enhancement</u>	<u>Fiscal Year 1997 Program of Projects</u>	<u>Fiscal Year 1998 Program of Projects</u>	<u>Total Capital Project Funds</u>
<u>ASSETS</u>					
Accounts receivable:					
United States Government	\$ -	\$ 444,303	\$ 204,230	\$ 323,018	\$ 1,488,275
State of Florida	-	-	-	-	135,188
Local governments	-	-	-	-	189,986
Other	-	-	-	-	67
Due from other funds	5,500	-	-	-	463,109
Total assets	<u>\$ 5,500</u>	<u>\$ 444,303</u>	<u>\$ 204,230</u>	<u>323,018</u>	<u>\$ 2,276,625</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Accounts payable	\$ -	\$ 163,281	\$ 20,207	\$ 11,270	\$ 261,610
Due to other funds	-	239,286	148,177	311,748	1,249,269
Deferred revenue	5,500	41,736	8,000	-	310,974
Total liabilities	<u>5,500</u>	<u>444,303</u>	<u>176,384</u>	<u>323,018</u>	<u>1,821,853</u>
Fund equity:					
Reserve for encumbrances	-	-	-	-	-
Fund balance	-	-	27,846	-	454,772
Total fund equity	<u>-</u>	<u>-</u>	<u>27,846</u>	<u>-</u>	<u>454,772</u>
Total liabilities and fund equity	<u>\$ 5,500</u>	<u>\$ 444,303</u>	<u>\$ 204,230</u>	<u>\$ 323,018</u>	<u>\$ 2,276,625</u>

See independent auditors' report.

**HILLSBOROUGH TRANSIT AUTHORITY
D/B/A HILLSBOROUGH AREA REGIONAL TRANSIT AUTHORITY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS**

September 30, 1998

	Ybor/Downtown Trolley	DMU Rail Project	South County Circulator	Total Special Revenue Funds
Revenues				
Intergovernmental:				
United States Government	\$ -	\$ -	\$ -	\$ -
State of Florida	67,846	-	71,265	139,111
Local governments	72,618	-	71,265	143,883
Ad valorem taxes	-	9,439	-	9,439
Other revenues	7,066	-	1,409	8,475
Total revenues	147,530	9,439	143,939	300,908
Expenditures				
Fuel and lubricants	-	-	-	-
Contracted services	147,530	-	143,939	291,469
Marketing and promotion	-	-	-	-
Other	-	-	-	-
Total expenditures	147,530	-	143,939	291,469
Excess of revenues over expenditures	-	9,439	-	9,439
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess of revenues and other financing sources over expenditures and other financing uses	-	9,439	-	9,439
Fund balance (deficit)				
Beginning of year	89,999	(9,439)	-	80,560
End of year	\$ 89,999	\$ -	\$ -	\$ 89,999

See independent auditors' report.

**HILLSBOROUGH TRANSIT AUTHORITY
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**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 1998

(Page 1 of 3)

	<u>Fiscal Year 1990 Program of Projects</u>	<u>CMAQ Program</u>	<u>State Funded Capital Projects</u>	<u>Central Business District Terminal</u>	<u>Historic Electric Streetcar</u>
Revenues					
Intergovernmental:					
United States Government	\$ 49,438	\$ 278,482	\$ -	\$ 5,484	\$ -
State of Florida	-	69,620	157,755	-	96,677
Local governments	11,614	-	-	-	-
Ad valorem taxes	-	-	60,000	-	-
Other	-	2,458	54,604	-	-
Total revenues	<u>61,052</u>	<u>350,560</u>	<u>272,359</u>	<u>5,484</u>	<u>96,677</u>
Expenditures					
Capital expenditures	<u>61,797</u>	<u>350,560</u>	<u>310,922</u>	<u>7,312</u>	<u>96,677</u>
Excess (deficiency) of revenues over expenditures	<u>(745)</u>	<u>-</u>	<u>(38,563)</u>	<u>(1,828)</u>	<u>-</u>
Other financing sources (uses):					
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(745)</u>	<u>-</u>	<u>(38,563)</u>	<u>(1,828)</u>	<u>-</u>
Fund balance					
Beginning of year	5,983	-	187,786	49,517	-
End of year	<u>\$ 5,238</u>	<u>\$ -</u>	<u>\$ 149,223</u>	<u>\$47,689</u>	<u>\$ -</u>

See independent auditors' report.

**HILLSBOROUGH TRANSIT AUTHORITY
D/B/A HILLSBOROUGH AREA REGIONAL TRANSIT AUTHORITY**

**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 1998

(Page 2 of 3)

	<u>Fiscal Year 1989 Program of Projects</u>	<u>Fiscal Year 1992 Program of Projects</u>	<u>Fiscal Year 1994 Program of Projects</u>	<u>CMAQ Bus Purchase Project</u>	<u>Fiscal Year 1995 Program of Projects</u>
Revenues					
Intergovernmental:					
United States Government	\$ 528,848	\$ 145,983	\$ 235,490	\$ 2,853	\$ 183,492
State of Florida	41,054	13,792	-	713	-
Local governments	82,793	2,335	23,484	-	50,553
Ad valorem taxes	-	-	-	-	28,200
Other	-	-	-	-	-
Total revenues	<u>652,695</u>	<u>162,110</u>	<u>258,974</u>	<u>3,566</u>	<u>262,245</u>
Expenditures					
Capital expenditures	<u>661,060</u>	<u>177,226</u>	<u>276,434</u>	<u>3,566</u>	<u>236,695</u>
Excess (deficiency) of revenues over expenditures	<u>(8,365)</u>	<u>(15,116)</u>	<u>(17,460)</u>	<u>-</u>	<u>25,550</u>
Other financing sources (uses):					
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(8,365)	(15,116)	(17,460)	-	25,550
Fund balance					
Beginning of year	52,721	89,689	82,692	-	15,065
End of year	<u>\$ 44,356</u>	<u>\$ 74,573</u>	<u>\$ 65,232</u>	<u>\$ -</u>	<u>\$ 40,615</u>

See independent auditors' report.

**HILLSBOROUGH TRANSIT AUTHORITY
D/B/A HILLSBOROUGH AREA REGIONAL TRANSIT AUTHORITY**

**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 1998

(Page 3 of 3)

	Fiscal Year 1996 Program of Projects	Mobility Enhancement	Fiscal Year 1997 Program of Projects	Fiscal Year 1998 Program of Projects	Total Capital Project Funds
Revenues					
Intergovernmental:					
United States Government	\$ 1,086,308	\$ 1,718,782	\$ 1,107,733	\$ 323,019	\$ 5,665,912
State of Florida	-	7,029	2,154	-	388,794
Local governments	-	102,142	-	-	272,921
Ad valorem taxes	-	-	-	-	88,200
Other	-	-	-	-	57,062
Total revenues	<u>1,086,308</u>	<u>1,827,953</u>	<u>1,109,887</u>	<u>323,019</u>	<u>6,472,889</u>
Expenditures					
Capital expenditures	<u>1,086,308</u>	<u>1,827,953</u>	<u>1,112,041</u>	<u>323,019</u>	<u>6,531,570</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(2,154)</u>	<u>-</u>	<u>(58,681)</u>
Other financing sources (uses):					
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>(2,154)</u>	<u>-</u>	<u>(58,681)</u>
Fund balance					
Beginning of year	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>513,453</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,846</u>	<u>\$ -</u>	<u>\$ 454,772</u>

See independent auditors' report.

**HILLSBOROUGH TRANSIT AUTHORITY
D/W/A HILLSBOROUGH AREA REGIONAL TRANSIT AUTHORITY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -
SPECIAL REVENUE FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 1998

	Ybor/Downtown Trolley			DMU Rail Project			South County Circulator		
	Budget	Actual to Date	Variance Favorable (Unfavorable)	Budget	Actual to Date	Variance Favorable (Unfavorable)	Budget	Actual to Date	Variance Favorable (Unfavorable)
Revenues:									
Intergovernmental:									
United States Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Florida	-	67,846	67,846	-	-	-	-	71,265	71,265
Local governments	130,000	72,618	(57,382)	-	-	-	150,000	71,265	(78,735)
Ad valorem taxes	-	-	-	9,440	9,439	(1)	-	-	-
Other revenues	-	7,066	7,066	-	-	-	-	1,409	1,409
Total revenues	<u>130,000</u>	<u>147,530</u>	<u>17,530</u>	<u>9,440</u>	<u>9,439</u>	<u>(1)</u>	<u>150,000</u>	<u>143,939</u>	<u>(6,061)</u>
Expenditures:									
Fuel and lubricants	-	-	-	-	-	-	-	-	-
Contracted services	130,000	147,530	(17,530)	-	-	-	150,000	143,939	6,061
Marketing and promotion	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total expenditures	<u>130,000</u>	<u>147,530</u>	<u>(17,530)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>143,939</u>	<u>6,061</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,440</u>	<u>9,439</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):									
Operating transfers in	-	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,440</u>	<u>9,439</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit)									
Beginning of year		<u>89,999</u>			<u>(9,439)</u>			<u>-</u>	
End of year		<u>\$ 89,999</u>			<u>\$ -</u>			<u>\$ -</u>	

See independent auditors' report

**HILLSBOROUGH TRANSIT AUTHORITY
D/B/A HILLSBOROUGH AREA REGIONAL TRANSIT AUTHORITY**

**CUMULATIVE STATEMENT OF REVENUES AND EXPENDITURES
BUDGET TO ACTUAL - CAPITAL PROJECTS FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 1998
(PAGE 1 OF 4)

	Fiscal Year 1990 Program of Projects		CMAQ Program		State Fund Projects		Central Business District Terminal	
	Total Budget	Actual to Date	Total Budget	Actual to Date	Total Budget	Actual to Date	Total Budget	Actual to Date
Revenues								
Intergovernmental:								
United States Government	\$ 1,052,540	\$ 1,015,401	\$ 1,808,000	\$ 1,020,038	\$ -	\$ -	\$ 21,776,250	\$ 19,949,617
State of Florida	17,500	17,500	452,000	255,010	578,480	460,298	3,615,692	3,310,356
Local governments	421,435	417,155	-	-	-	-	429,648	192,900
Ad valorem taxes	52,200	52,200	-	-	367,250	367,250	2,341,330	2,341,330
Other	-	-	-	6,213	204,480	195,754	-	-
Total revenues	1,543,675	1,502,256	2,260,000	1,281,261	1,150,210	1,023,302	28,162,920	25,794,203
Expenditures								
Capital expenditures	1,543,675	1,497,018	2,260,000	1,281,261	1,090,210	884,134	28,162,920	26,821,864
Excess (deficiency) of revenues over expenditures	-	5,238	-	-	60,000	139,168	-	(1,027,661)
Other financing sources (uses):								
Appropriations of general fund balance	-	-	-	-	-	-	-	1,075,350
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	10,055	-	-
Fund balance:								
Residual equity transfers in	-	-	-	-	-	-	-	-
Residual equity transfers out	-	-	-	-	-	-	-	-
End of year	\$ -	\$ 5,238	\$ -	\$ -	\$ 60,000	\$ 149,223	\$ -	\$ 47,689

See independent auditors' report.

HILLSBOROUGH TRANSIT AUTHORITY
D/W/A HILLSBOROUGH AREA REGIONAL TRANSIT AUTHORITY

CUMULATIVE STATEMENT OF REVENUES AND EXPENDITURES
BUDGET TO ACTUAL - CAPITAL PROJECTS FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1998
(PAGE 2 OF 4)

	Historic Electric Streetcar		Fiscal Year 1989 Program of Projects		Fiscal Year 1992 Program of Projects		Fiscal Year 1994 Program of Projects	
	Total Budget	Actual to Date	Total Budget	Actual to Date	Total Budget	Actual to Date	Total Budget	Actual to Date
Revenues								
Intergovernmental:								
United States Government	\$ 1,400,000	\$ -	\$ 2,820,904	\$ 2,417,967	\$ 3,738,000	\$ 3,412,186	\$ 6,343,100	\$ 5,150,302
State of Florida	800,000	203,285	228,518	232,971	230,466	229,838	-	-
Local governments	-	-	60,000	245,918	128,000	122,866	515,000	359,172
Ad valorem taxes	-	-	188,583	188,584	328,760	328,760	916,400	916,400
Other	-	-	178,125	-	60,000	-	42,500	-
Total revenues	2,200,000	203,285	3,476,130	3,085,440	4,485,226	4,093,650	7,817,000	6,425,874
Expenditures								
Capital expenditures	2,000,000	203,285	3,476,130	2,972,459	4,485,226	4,079,077	7,817,000	6,360,642
Excess (deficiency) of revenues over expenditures	200,000	-	-	112,981	-	14,573	-	65,232
Other financing sources (uses):								
Appropriations of general fund balance	-	-	-	-	-	-	-	-
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	(103,125)	-	-	-	-
Fund balance:								
Residual equity transfers in	-	-	-	34,500	-	60,000	-	-
Residual equity transfers out	-	-	-	-	-	-	-	-
End of year	\$ 200,000	\$ -	\$ -	\$ 44,356	\$ -	\$ 74,573	\$ -	\$ 65,232

See independent auditors' report.

HILLSBOROUGH TRANSIT AUTHORITY
D/B/A HILLSBOROUGH AREA REGIONAL TRANSIT AUTHORITY

CUMULATIVE STATEMENT OF REVENUES AND EXPENDITURES
BUDGET TO ACTUAL - CAPITAL PROJECTS FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1998
(PAGE 3 OF 4)

	Mobility Enhancement		CMAQ Bus Purchase Project		Fiscal Year 1995 Program of Projects	
	Total Budget	Actual to Date	Total Budget	Actual to Date	Total Budget	Actual to Date
Revenues						
Intergovernmental:						
United States Government	\$ 6,205,102	\$ 3,388,045	\$ 6,800,000	\$ 4,800,476	\$ 2,758,590	\$ 2,131,464
State of Florida	84,788	62,997	1,700,000	1,200,120	-	-
Local governments	200,000	188,764	600,000	600,000	403,200	288,413
Ad valorem taxes	-	-	-	-	214,198	242,398
Other	30,500	-	-	-	-	-
Total revenues	6,520,390	3,639,806	9,100,000	6,600,596	3,375,988	2,662,275
Expenditures						
Capital expenditures	6,520,390	3,639,806	9,100,000	6,600,596	3,375,988	2,621,660
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	40,615
Other financing sources (uses):						
Appropriations of general fund balance	-	-	-	-	-	-
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
Fund balance:						
Residual equity transfers in	-	-	-	-	-	-
Residual equity transfers out	-	-	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,615

See independent auditors' report.

**HILLSBOROUGH TRANSIT AUTHORITY
D/B/A HILLSBOROUGH AREA REGIONAL TRANSIT AUTHORITY**

**CUMULATIVE STATEMENT OF REVENUES AND EXPENDITURES
BUDGET TO ACTUAL - CAPITAL PROJECTS FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 1998
(PAGE 4 OF 4)

	Fiscal Year 1996		Fiscal Year 1997		Fiscal Year 1998	
	Program of Projects		Program of Projects		Program of Projects	
	Total Budget	Actual to Date	Total Budget	Actual to Date	Total Budget	Actual to Date
Revenues						
Intergovernmental:						
United States Government	\$ 4,875,440	\$ 3,389,889	\$ 8,324,631	\$ 2,338,087	\$ 5,803,175	\$ 323,019
State of Florida	-	-	30,000	2,154	-	-
Local governments	-	-	-	-	-	-
Ad valorem taxes	-	-	30,000	30,000	-	-
Other	-	-	-	-	-	-
Total revenues	4,875,440	3,389,889	8,384,631	2,370,241	5,803,175	323,019
Expenditures						
Capital expenditures	4,875,440	3,389,889	8,384,631	2,342,395	5,803,175	323,019
Excess (deficiency) of revenues over expenditures	-	-	-	27,846	-	-
Other financing sources (uses):						
Appropriations of general fund balance	-	-	-	-	-	-
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
Fund balance:						
Residual equity transfers in	-	-	-	-	-	-
Residual equity transfers out	-	-	-	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,846</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

**HILLSBOROUGH TRANSIT AUTHORITY
D/B/A HILLSBOROUGH AREA REGIONAL TRANSIT AUTHORITY**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 1998

FEDERAL GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED REVENUE 9/30/97	RECEIPTS	PROGRAM EXPENDITURES	ACCRUED REVENUE 9/30/98
<u>FEDERAL TRANSIT ADMINISTRATION</u>							
Bus Shelters	*	20.507	FL-90-X141-01	\$ 2,992,791	\$ 16,538	\$ 38,745	\$ 27,231
Marion Street Transitway/Terminals	*	20.500	FL-03-0093-02	21,776,250	-	5,484	-
Mobility Enhancement	*	20.500	FL-03-0158	990,240	312,227	314,421	53,545
Mobility Enhancement	*	20.500	FL-03-0166	1,986,046	553,262	1,825,547	151,032
12 Small Buses	*	20.507	FL-90-X119-02	4,887,321	-	528,848	-
FY 92 Program of Projects	*	20.507	FL-90-X189-01	5,913,226	26,075	166,921	5,137
FY 94 Program of Projects	*	20.507	FL-90-X238	8,691,827	56,988	267,656	24,822
CMAQ/Bus Purchases	*	20.507	FL-90-X251	6,800,000	285	1,254	1,884
FY 95 Program of Projects	*	20.507	FL-90-X278	4,837,851	60,284	144,928	98,848
FY 96 Program of Projects	*	20.507	FL-90-X295	6,016,993	333,531	1,158,006	261,833
FY 97 Program of Projects	*	20.507	FL-90-X305	11,965,685	22,482	908,752	204,230
FY 98 Program of Projects	*	20.507	FL-90-X331	5,803,175	-	323,019	323,019
STP Bus Purchase/Intermodal Mobility Project	*	20.507	FL-90-X333		-	239,726	239,726
Total Direct Federal Awards				1,381,672	5,360,562	5,370,197	1,391,307
<u>FLORIDA DEPARTMENT OF TRANSPORTATION (pass through)**</u>							
Section 18 FY 97		20.509	FL-18-X015	137,000	17,947	-	-
Section 18 FY 98		20.509	FL-18-016	181,225	-	104,597	41,719
Transit Promotion	*	20.205	CM-8888(96)	720,000	18,230	88,049	5,227
Guaranteed Ride Home/Vanpools	*	20.205	CM-8888(95)	920,000	41,487	138,569	27,666
Shuttle Promotion	*	20.205	CM-1356(6)	120,000	6,476	20,052	10,717
Trees for Transit	*	20.205	SE-8888(162)	48,000	7,178	8,213	39,787
Intermodal Link Analysis	*	20.205	CM-4047-0	-	-	7,754	7,754
Franklin Street Analysis	*	20.205	CM-4047(68)	-	-	5,818	5,818
Planning Activities for Mobility Enhancement/Analysis MIS	*	20.507	XU-888-(489)	181,500	181,500	-	-
South County Transfer Center		20.509	FL-18-014	240,000	-	17,233	-
Rail Transit Demonstration Project	*	20.205	CM-4047(60)	225,000	225,000	-	-
Total Pass Through Federal Awards				497,818	801,160	442,030	138,688
Total Federal Awards				\$ 1,879,490	\$6,161,722	\$ 5,812,227	\$ 1,529,995

* Denotes Major Programs.

** This information is duplicated in the Schedule of State Financial Assistance in accordance with Rule 10.600 of the Auditor General of the State of Florida.

See independent auditors' report.

HILLSBOROUGH TRANSIT AUTHORITY
 D/W/A HILLSBOROUGH AREA REGIONAL TRANSIT AUTHORITY

SCHEDULE OF STATE FINANCIAL ASSISTANCE

YEAR ENDED SEPTEMBER 30, 1998

STATE GRANTOR PROGRAM TITLE	FPN	STATE GRANT NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE 9/30/97	RECEIPTS	PROGRAM EXPENDITURES	ACCRUED REVENUE 9/30/98	(DEFERRED) REVENUE 9/30/98
STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION								
<u>Direct State Grants and Aids Appropriations:</u>								
State Block Grant FY 97/98	402173	7813986	\$ 2,722,435	\$ 2,051,833	\$ 3,172,435	\$ 670,602	\$ -	(450,000)
State Block Grant FY 98/99	402211	7814024	2,560,732	-	-	1,955,015	1,955,015	-
Courtney Campbell Causeway (200X)	402110	7813923	2,020,000	47,706	173,598	176,062	50,170	-
Courtney Campbell Causeway (200X)	402215	7814028	500,000	-	-	18,000	18,000	-
U.S. 41 Corridor	401804	7810010	1,269,493	68,983	227,936	184,124	25,171	-
Transit Promotion	402164	7813977	180,000	4,538	22,012	18,762	1,308	-
Guaranteed Ride Home/Vanpools	402165	7813978	230,000	10,372	34,642	31,187	6,917	-
Shuttle Promotion	402245	7814072	30,000	1,619	5,013	6,073	2,679	-
Trees for Transit	402183	7813996	12,000	1,795	2,053	10,205	9,947	-
Intermodal Transit Analysis	402263	7814090	20,000	-	-	1,938	1,938	-
Franklin Street Analysis	402264	7814091	20,000	-	-	1,455	1,455	-
Reflective Safety Striping	402194	7814007	93,000	1,070	8,949	7,879	-	-
Park and Ride	***	7813974	246,980	31,733	86,337	54,604	-	-
Reliability Centered Maintenance	402221	7814034	88,500	19,506	48,532	38,250	9,224	-
Reliability Centered Maintenance	402248	7814074	150,000	-	22,834	57,022	34,188	-
South Hillsborough County Circulator Service	402249	7814075	150,000	24,665	73,023	71,265	22,907	-
South Terminal & Marion Street Transitway	***	7813829	3,004,375	-	-	-	-	-
Tampa-Ybor City Historic Electric Streetcar	403120	7833299	600,000	24,608	54,339	96,677	66,946	-
People Mover	403117	7833296	500,000	-	-	-	-	-
Purchase 15 Buses	402156	7813969	22,430	469	55,315	54,846	-	-
CMAQ Bus Purchases	402204	7814017	1,700,000	1,293	1,422	713	584	-
Ybor Trolley	402192	7814005	166,250	28,404	63,007	67,846	33,243	-
Planning Activities for Mobility Enhancements/Analysis M	***	7814083	22,688	22,688	22,688	-	-	-
Public Involvement for the MIS Mobility Enhancements	***	7833312	50,000	33,280	40,309	7,029	-	-
Intermodal Terminal w/ Intercity Bus Service	402241	7814065	30,000	-	2,154	2,154	-	-
Rail Transit Demonstration Project	***	7814068	75,000	75,000	75,000	-	-	-
Total Direct State Grants and Aids Appropriations				2,449,582	4,191,598	3,531,708	2,239,692	(450,000)
<u>Pass Through Moneys from the U.S. Department of Transportation:**</u>								
Section 18 FY 97	***	7814032	137,000	17,947	17,947	-	-	-
Section 18 FY 98	402170	7813983	181,225	-	104,597	146,316	41,719	-
Transit Promotion	402164	7813977	720,000	18,230	88,049	75,046	5,227	-
Guaranteed Ride Home/Vanpools	402165	7813978	920,000	41,487	138,569	124,748	27,666	-
Shuttle Promotion	402245	7814072	120,000	6,476	20,052	24,293	10,717	-
Trees for Transit	402183	7813996	48,000	7,178	8,213	40,822	39,787	-
Intermodal Link Analysis	402263	7814090	-	-	-	7,754	7,754	-
Franklin Street Analysis	402264	7814091	-	-	-	5,818	5,818	-
Planning Activities for Mobility Enhancements/Analysis M1	***	7814083	181,500	181,500	181,500	-	-	-
South County Transfer Center	402241	7814065	240,000	-	17,233	17,233	-	-
Rail Transit Demonstration Project	***	7814068	225,000	225,000	225,000	-	-	-
Total Pass Through Federal Awards				497,818	801,160	442,030	138,688	-
Total State Financial Assistance				\$ 2,947,400	\$ 4,992,758	\$ 3,973,738	\$ 2,378,380	\$ (450,000)

**This information is duplicated in the Schedule of Expenditures of Federal Awards.

***These programs were closed prior to issuance of new state numbers.

REGULATORY REPORTS



VALIENTE, HERNANDEZ & Co., P.A.

CERTIFIED PUBLIC ACCOUNTANTS

G J HERNANDEZ, CPA
JOSE E. VALIENTE, CPA

MEMBERS:
AMERICAN INSTITUTE OF CPAS
FLORIDA INSTITUTE OF CPAS

918 E. BUSCH BOULEVARD
TAMPA, FLORIDA 33612-8501
(813) 933-3943
(800) 733-3943 TOLL FREE
FAX (813) 933-9825

227 N. BRONOUGH STREET (32301)
P.O. BOX 10787
TALLAHASSEE, FLORIDA 32302-2787
(904) 513-9300
(888) 513-9300 TOLL FREE
FAX (904) 513-6338

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

To the Board of Directors
Hillsborough Transit Authority
d/b/a Hillsborough Area Regional Transit Authority

We have audited the general purpose financial statements of the Hillsborough Transit Authority, d/b/a Hillsborough Area Regional Transit Authority ("the Authority") as of and for the year ended September 30, 1998, and have issued our report thereon dated December 7, 1998, which was qualified because insufficient audit evidence exists to support the Authority's disclosures with respect to the year 2000 issue. Except as discussed in the preceding sentence, we conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations".

Compliance

As part of obtaining reasonable assurance about whether the Authority's general purpose financial statements are free of material misstatement, we performed tests of the Authority's compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over

financial reporting. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses. A *material weakness* is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the use of the Board of Directors, management, and applicable governmental agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Valente, Hernandez & Co. P.A.

CERTIFIED PUBLIC ACCOUNTANTS
Tampa, Florida

December 7, 1998



VALIENTE, HERNANDEZ & Co., P.A.

CERTIFIED PUBLIC ACCOUNTANTS

G. J. HERNANDEZ, CPA
JOSE E. VALIENTE, CPA

MEMBERS
AMERICAN INSTITUTE OF CPAS
FLORIDA INSTITUTE OF CPAS

918 E. BUSCH BOULEVARD
TAMPA, FLORIDA 33612-8501
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227 N. BRONOUGH STREET (32301)
P.O. BOX 10787
TALLAHASSEE, FLORIDA 32302-2787
(904) 513-9300
(888) 513-9300 TOLL FREE
FAX (904) 513-9338

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Hillsborough Transit Authority
d/b/a Hillsborough Area Regional Transit Authority

Compliance

We have audited the compliance of the Hillsborough Transit Authority, d/b/a Hillsborough Area Regional Transit Authority ("the Authority"), with the types of requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 1998. The Authority's major federal programs are identified in the Schedule of Expenditures of Federal Awards, page 36. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 federal program occurred. An audit included examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 1998. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A *material weakness* is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the use of the Board of Directors, management, and applicable governmental agencies. However, this report is a matter of public record and its distribution is not limited.

Valiente, Hernandez & Co., P.A.
CERTIFIED PUBLIC ACCOUNTANTS
Tampa, Florida

December 7, 1998



VALIENTE, HERNANDEZ & CO., P.A.

CERTIFIED PUBLIC ACCOUNTANTS

G. J. HERNANDEZ, CPA
JOSE E. VALIENTE, CPA

MEMBERS:
AMERICAN INSTITUTE OF CPAS
FLORIDA INSTITUTE OF CPAS

918 E. BUSCH BOULEVARD
TAMPA, FLORIDA 33612-8501
(813) 933-9943
(800) 733-9943 TOLL FREE
FAX (813) 933-9825

227 N. BRONOUGH STREET (32301)
P.O. BOX 10787
TALLAHASSEE, FLORIDA 32302-2787
(904) 513-9300
(888) 513-9300 TOLL FREE
FAX (904) 513-9338

INDEPENDENT AUDITORS' REPORT ON
EXAMINATION OF MANAGEMENT'S ASSERTION
ABOUT COMPLIANCE WITH SPECIFIED REQUIREMENTS
UNDER SECTION 216.349, FLORIDA STATUTES

Board of Directors
Hillsborough Transit Authority
d/b/a Hillsborough Area Regional Transit Authority

We have examined management's assertion, included in its representation letter to us dated December 7, 1998, that the Hillsborough Transit Authority, d/b/a Hillsborough Area Regional Transit Authority ("the Authority"), complied with the allowable cost requirements established in the grant agreements applicable to the State Grants and Aids Appropriations identified on the Schedule of State Financial Assistance during the year ended September 30, 1998, page 37. As discussed in that representation letter, management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Authority's compliance based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget (OMB) Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*". Accordingly, our audit included examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, management's assertion that the Authority complied with allowable cost requirements of the State of Florida grants and aids appropriations during the year ended September 30, 1998 is fairly stated, in all material respects.

Board of Directors
Hillsborough Transit Authority
d/b/a Hillsborough Area Regional Transit Authority
Page 2

This report is intended solely for the information of the Board of Directors, management, the State of Florida grantee agencies and the Auditor General of the State of Florida.

Valente, Hernandez & Co., P.A.
CERTIFIED PUBLIC ACCOUNTANTS
Tampa, Florida

December 7, 1998



VALIENTE, HERNANDEZ & Co., P.A.

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TALLAHASSEE, FLORIDA 32302-2787
(904) 513-9300
(888) 513-9300 TOLL FREE
FAX (904) 513-9338

"MANAGEMENT LETTER"
BASED ON RULE 10.554(1)(e) OF THE
AUDITOR GENERAL OF THE STATE OF FLORIDA

Board of Directors
Hillsborough Transit Authority
d/b/a Hillsborough Area Regional Transit Authority

We have audited the general purpose financial statements of the Hillsborough Transit Authority, d/b/a Hillsborough Area Regional Transit Authority ("the Authority"), as of and for the fiscal year ended September 30, 1998, and have issued our report thereon dated December 7, 1998.

As required under *Governmental Auditing Standards*, we have issued an Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in accordance with *Government Auditing Standards* dated December 7, 1998. Disclosures in those reports, if any, should be considered in conjunction with this "Management Letter".

We conducted our audit in accordance with generally accepting auditing standards; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Additionally, our audit was conducted in accordance with the provisions of Chapters 10.550, Rules of the Auditor General, which govern the conduct of local government entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554 (1) (f) 1.) require that we comment as to whether or not irregularities disclosed in the preceding annual financial audit report have been corrected. There were no irregularities disclosed in the preceding annual financial audit report that had to be corrected.

Board of Directors
Hillsborough Transit Authority
d/b/a Hillsborough Area Regional Transit Authority

The Rules of the Auditor General (Section 10.554 (1) (f) 2.) require that we comment as to whether or not recommendations made in the preceding annual financial audit report have been followed. The recommendations made in the preceding annual financial report have been followed.

As required by the Rules of the Auditor General (Section 10.554 (1) (f) 3.), the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, "Determination of Financial Emergency." In connection with our audit, we determined that the Authority is not in a state of financial emergency as a consequence of the conditions described by Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554 (1) (f) 4.), we determined that the annual financial report for the Authority for the fiscal year ended September 30, 1998, has not been filed with the Florida Department of Banking Finance (FDBF) pursuant to Section 218.32, Florida Statutes, as of the issuance of this letter; however, the report filed with the FDBF for the fiscal year ended September 30, 1997 pursuant to Section 28.32(1) (b), Florida Statutes, is in agreement with the annual financial audit report for that period.

The Rules of the Auditor General (Sections 10.554 (1) (f) 6.,7.,8.,9.) require disclosure in the Management Letter of the following matters if not already addressed in the auditors' reports on the internal control structure or compliance: recommendations to improve financial management, accounting procedures, and internal controls; violation of laws, rules, and regulations which may or may not materially affect the financial statements; illegal or improper expenditures which may or may not materially affect the financial statements; improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); failures to properly record financial transactions; and other inaccuracies, irregularities, shortages, and defalcations discovered by the auditor. Our audit disclosed the following matter required to be disclosed by Rules of the Auditor General (Sections 10.554 (1) (f) 6.,7.,8.,9.):

Comment No. 1

Our audit work disclosed that the trade accounts receivable balance includes an excessive amount of past due balances. Specifically, the September 30, 1998, aged trial balance shows \$54,869, or 16% of total receivables to be over 90 days old. Periodic preparation and review of aging analysis would allow prompt action on past due accounts. Collections on delinquent accounts are likely to be better the earlier the collection efforts are started. No particular effort had been made to improve collections.

Recommendation

To improve accounts receivable collection, we recommend that the accounting department periodically review the aged trial balance and send letters to customers with balances over 60 days old. A follow up phone call should be made if payment is not received by specified period after the letter is sent.

Management Response

HARTline concurs. Procedures have been implemented to send out monthly statements, review the aging schedule, and call all customers with balances over 30 days.

The Rules of the Auditor General (Section 10.554 (1) (f) 10.) also require that the name of the official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the Management Letter, unless disclosed in the notes to the financial statements. This information has been included in the notes to the general purpose financial statements.

This Management Letter is intended solely for the information of the Board of Directors, management, and the State of Florida Office of the Auditor General. However, this report is a matter of public record and its distribution is not limited.

Valiente, Hernandez & Co., P.A.

CERTIFIED PUBLIC ACCOUNTANTS
Tampa, Florida

December 7, 1998