

HILLSBOROUGH TRANSIT AUTHORITY
TAMPA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 1990

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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors of
HILLSBOROUGH TRANSIT AUTHORITY:

We have audited the accompanying general purpose financial statements of Hillsborough Transit Authority as of September 30, 1990, and for the year then ended as listed in the table of contents. These general purpose financial statements are the responsibility of Hillsborough Transit Authority management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards 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.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Hillsborough Transit Authority as of September 30, 1990 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note G to the financial statements, the Authority does not maintain insurance coverage to cover claims for general and liability damages. Although claims have been asserted against the Authority, it is not possible for the Authority to determine the amount for which the claims might ultimately be settled. Accordingly, no liability is reflected in the financial statements.

Board of Directors of
Hillsborough Transit Authority

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The information included in the supplementary information as 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 Hillsborough Transit Authority. Such information 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.

Henry Lewis, Elischel, Pope & Hardy, P.A.

Certified Public Accountants

January 18, 1991

HILLSBOROUGH TRANSIT AUTHORITY
COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS

SEPTEMBER 30, 1990

	Governmental Fund Types		Fiduciary Fund Type	Account Group	Totals - Memorandum Only	
	General Fund	Capital Project Funds	Agency Fund	General Fixed Assets	September 30, 1990	1989
ASSETS						
Cash (Note B)	\$ 600,592	\$153,110	\$	\$	\$ 753,702	\$ 1,788,937
Accounts receivable:						
Trade and other	568,777	130,614			699,391	352,474
United States Government	45,690	359,872			405,562	1,692,651
State of Florida	362,824	262,694			625,518	1,309,448
Due from Capital Projects Fund	399,204				399,204	
Inventory	574,034				574,034	600,642
Prepaid expenses	14,920				14,920	23,421
Investment in property and equipment (Note C)				65,078,427	65,078,427	65,098,743
Investment fund held for deferred compensation plan (Note E)			212,331		212,331	186,593
TOTAL ASSETS	\$2,566,041	\$906,290	\$212,331	\$65,078,427	\$68,763,089	\$71,052,909
LIABILITIES AND FUND EQUITY						
LIABILITIES:						
Accounts payable, trade	\$ 834,360	\$403,615	\$	\$	\$ 1,237,975	\$ 2,591,936
Accrued expenses and other current liabilities:						
Salaries and wages	400,774				400,774	402,038
Payroll taxes and amounts withheld from employees	29,521				29,521	38,855
Pension and retirement	176,980				176,980	163,769
Due to General Fund		399,204			399,204	
Liability under deferred compensation plan (Note E)			212,331		212,331	186,593
Commitments and contingencies (Notes G and I)						
TOTAL LIABILITIES	1,441,635	802,819	212,331		2,456,785	3,383,191
FUND EQUITY:						
Investment in general fixed assets:						
General Fund revenue				104,842	104,842	99,542
City and county grants				1,824,617	1,824,617	1,569,385
Federal grants				47,048,144	47,048,144	44,747,283
State grants				9,183,791	9,183,791	11,955,766
Ad valorem taxes				6,917,033	6,917,033	6,726,767
Fund balances:						
Reserved for inventory	574,035				574,035	600,642
Reserved for uninsured losses (Note G)	417,948				417,948	979,304
Undesignated	132,423	103,471			235,894	991,029
TOTAL FUND EQUITY	1,124,406	103,471		65,078,427	66,306,304	67,669,718
TOTAL LIABILITIES AND FUND EQUITY	\$2,566,041	\$906,290	\$212,331	\$65,078,427	\$68,763,089	\$71,052,909

See notes to financial statements.

HILLSBOROUGH TRANSIT AUTHORITY

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES

YEAR ENDED SEPTEMBER 30, 1990

	General Fund	Capital Project Funds	Totals - Memorandum Only September 30,	
			1990	1989
REVENUES:				
Passenger fares	\$ 4,333,190	\$	\$ 4,333,190	\$ 3,928,191
Charter services	27,471		27,471	95,986
Intergovernmental:				
Unites States Government	1,986,494	2,300,860	4,287,354	16,926,507
State of Florida	1,374,445	561,441	1,935,886	4,172,822
City of Tampa		255,232	255,232	
Ad valorem taxes	10,685,542		10,685,542	9,818,431
Other	874,923		874,923	511,644
	<u>19,282,065</u>	<u>3,117,533</u>	<u>22,399,598</u>	<u>35,453,581</u>
EXPENDITURES:				
Wages	9,178,174		9,178,174	8,265,980
Payroll taxes and employee benefits	4,993,426		4,993,426	4,210,225
Materials and supplies	1,465,693		1,465,693	1,388,120
Fuel and lubricants	1,492,035		1,492,035	1,256,921
General insurance	1,197,427		1,197,427	633,788
Professional services	996,501		996,501	503,281
Utilities	262,798		262,798	217,360
Taxes and licenses	103,973		103,973	103,897
Capital expenditures	5,300	3,307,803	3,313,103	19,950,913
Other	739,566		739,566	746,674
	<u>20,434,893</u>	<u>3,307,803</u>	<u>23,742,696</u>	<u>37,277,159</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,152,828)</u>	<u>(190,270)</u>	<u>(1,343,098)</u>	<u>(1,823,578)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	353,000		353,000	459,956
Transfers out		(353,000)	(353,000)	(459,956)
	<u>353,000</u>	<u>(353,000)</u>	<u>-0-</u>	<u>-0-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(799,828)</u>	<u>(543,270)</u>	<u>(1,343,098)</u>	<u>(1,823,578)</u>
FUND BALANCE, Beginning of year	<u>1,924,234</u>	<u>646,741</u>	<u>2,570,975</u>	<u>4,394,553</u>
FUND BALANCE, End of year	<u>\$ 1,124,406</u>	<u>\$ 103,471</u>	<u>\$ 1,227,877</u>	<u>\$ 2,570,975</u>

See notes to financial statements.

HILLSBOROUGH TRANSIT AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED SEPTEMBER 30, 1990

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Passenger fares	\$ 4,370,000	\$ 4,333,190	\$ (36,810)
Charter services	27,500	27,471	(29)
Intergovernmental:			
United States Government	2,208,400	1,986,494	(221,906)
State of Florida	1,720,434	1,374,445	(345,989)
City of Tampa	352,000		(352,000)
Ad valorem taxes	10,637,391	10,685,542	48,151
Other	325,000	874,923	549,923
	<u>19,640,725</u>	<u>19,282,065</u>	<u>(358,660)</u>
EXPENDITURES:			
Wages	9,210,710	9,178,174	32,536
Payroll taxes and employee benefits	4,701,398	4,993,426	(292,028)
Materials and supplies	1,477,950	1,465,693	12,257
Fuel and lubricants	1,503,500	1,492,035	11,465
General insurance	478,250	1,197,427	(719,177)
Professional services	1,756,780	996,501	760,279
Utilities	275,000	262,798	12,202
Taxes and licenses	104,200	103,973	227
Capital expenditures	5,300	5,300	
Other	774,924	739,566	35,358
	<u>20,288,012</u>	<u>20,434,893</u>	<u>(146,881)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(647,287)	(1,152,828)	(505,541)
OTHER FINANCING SOURCES:			
Transfers in:			
From capital projects funds	353,000	353,000	-0-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(294,287)	(799,828)	(505,541)
FUND BALANCE, Beginning of year	1,924,234	1,924,234	-0-
FUND BALANCE, End of year	<u>\$ 1,629,947</u>	<u>\$ 1,124,406</u>	<u>\$ (505,541)</u>

See notes to financial statements.

HILLSBOROUGH TRANSIT AUTHORITY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
YEAR ENDED SEPTEMBER 30, 1990

<u>DEFERRED COMPENSATION PLAN</u>	<u>Balance September 30, 1989</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 1990</u>
ASSETS				
Insurance company's investment fund	<u>\$186,593</u>	<u>\$61,549</u>	<u>\$35,811</u>	<u>\$212,331</u>
LIABILITIES				
Due to participants	<u>\$186,593</u>	<u>\$61,549</u>	<u>\$35,811</u>	<u>\$212,331</u>

See notes to financial statements.

HILLSBOROUGH TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 1990

NOTE A - SIGNIFICANT ACCOUNTING POLICIES:

The Entity and its Operations

Hillsborough Transit Authority, operating as the "Hillsborough Area Regional Transit Authority" (the "Authority"), 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. 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 is deemed a special tax district and is authorized to levy an ad valorem tax of up to one-half mil (\$.0005) on the taxable value of real property within the jurisdiction of its members. Florida statutes allow the Authority to levy up to a three mil levy, subject to public referendum. Property taxes are recognized in the fiscal year for which the taxes are levied, and are recognized when they become available. 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 user fees and grants by the State of Florida and the federal government.

Basis of Presentation

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 three fund types and one account group as follows:

HILLSBOROUGH TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 1990

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

Agency Fund accounts for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations or other governmental units or funds.

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.

Columns on the statements which are captioned "Totals - Memorandum Only" are presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with generally accepted accounting principles.

Basis of Accounting

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 and consists principally of replacement parts and supplies for transit vehicles.

HILLSBOROUGH TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 1990

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Budget Presentation

The accompanying statements present comparisons of historical data with the legally adopted budget, as amended, which is presented in accordance with generally accepted accounting principles.

Compensated Absences

Accumulated unpaid vacation and sick pay are not accrued but, rather, are expensed when paid. Because of various policies governing the payment of unpaid vacation and sick pay, the year end accrued liability is not subject to reasonable estimation.

Public Domain

It is the policy of the Authority to report public domain or "infrastructure" assets in its general fixed assets account group.

NOTE B - DEPOSITS AND INVESTMENTS:

Cash consists of the following components at September 30, 1990:

Undeposited fare receipts and cash on hand	\$ 23,894
Deposits with commercial banks	28,910
Deposits with GAB Business Services, Inc.	105,000
Deposits with Alexis, Inc.	5,000
Deposit with State of Florida Local Government Surplus Trust Fund	<u>590,898</u>
	<u>\$753,702</u>

Deposits are maintained with commercial banks which are organized under the laws of the State of Florida and 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".

HILLSBOROUGH TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 1990

NOTE B - DEPOSITS AND INVESTMENTS (CONTINUED):

The State of Florida Local Government Surplus Trust Fund is administered by the State Board of Administration. Participants in the Fund with accounts less than \$20,000,000 are placed in a pooled investment account. The deposits are neither insured nor collateralized.

Deposits of \$105,000 and \$5,000 are maintained by GAB Business Services, Inc. and Alexis, Inc., respectively, in accordance with agreements for claims services to be provided. GAB Business Services, Inc. and Alexis, Inc. are obligated to return such funds to the Authority in accordance to the provisions of their agreements.

NOTE C - INVESTMENT IN PROPERTY AND EQUIPMENT:

Property and equipment as of September 30, 1990 and 1989, and the intervening activities are as follows:

<u>Description</u>	<u>Balance, September 30, 1989</u>	<u>Acquisitions</u>	<u>Retirements</u>	<u>Balance, September 30, 1990</u>
Revenue vehicles	\$28,919,834	\$ 95,974	\$3,333,417	\$25,682,391
Service vehicles	316,185	14,289		330,474
Transitway and passenger facilities	15,730,912	839,661		16,570,573
Operating and administrative facilities	7,293,029	752,450		8,045,479
Operating equipment	2,820,595	1,505,519		4,326,114
Data processing equipment	356,637	27,537		384,174
Office furnishings and equipment	167,416	22,429		189,845
Land	9,494,135	55,242		9,549,377
	<u>\$65,098,743</u>	<u>\$3,313,101</u>	<u>\$3,333,417</u>	<u>\$65,078,427</u>

HILLSBOROUGH TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 1990

NOTE D - RETIREMENT PLANS:

The Authority contributes to the cost-sharing multiemployer public employee retirement system plans of the City of Tampa and of the State of Florida on 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 are required to participate only in the State of Florida's retirement plan.

City of Tampa Plan

Eight of the Authority's employees participate in the City of Tampa plan which includes 4,354 participants as of October 1, 1989. For the year ended September 30, 1990, the Authority's contribution for active employees was \$15,145 which amounted to 6.6% of eligible Authority employee's wages and less than 1% of total participating employers' contributions to the multiemployer plan. Employees must also contribute 7.0% of their wages under the City of Tampa plan. Contributions for retired participants' prior service costs was \$146,060. Contributions to the plan were made on a timely basis. As of October 1, 1989, the actuarial present value of credited projected benefits of the City of Tampa plan was \$254,715,236 while net assets available for benefits amounted to \$195,515,587. The actuarial present value of credited, projected benefits is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date.

Employees who retire after age 55 with 10 years of credited service are entitled to a retirement benefit equal to 2 percent of average compensation for each year of credited service up to 30 years plus an additional .5 percent for years of service between 15 and 30 years which occur after January 1, 1975. Average compensation is the average of the highest three years compensation during the last 10 years of employment. Benefits fully vest on reaching 10 years of service. The plan also provides death and disability benefits. Benefits are established by state statute.

Ten-year historical trend information showing the plan's progress in accumulating sufficient assets to pay benefits when due is not available.

HILLSBOROUGH TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 1990

NOTE D - RETIREMENT PLANS (CONTINUED):

State of Florida Plan

Employees not covered by the City of Tampa retirement plan, numbering approximately 417 at September 30, 1990, participate in the State of Florida plan which includes approximately 618,000 participants as of June 30, 1989. The Authority funds on a current basis the actuarially determined cost to provide the future benefits to participants. For the year ended September 30, 1990, the Authority contributed \$1,516,058 which was 15.14% of eligible Authority employee's wages and less than 1% of total participating employers' contributions to the multiemployer plan. Employee contributions are not required under the State plan. As of the last valuation date, June 30, 1989, the actuarial present value of credited projected benefits was \$27,369,885,000 while net assets available for benefits amounted to \$17,667,522,281. Contributions to the plan were made on a timely basis.

Employees who retire after age 62 with 10 years of creditable service or who have completed 30 years of service are entitled to a retirement benefit equal to 1.6 percent of average final compensation for each year of creditable service. Additional benefits are available for those retiring between the ages of 62 and 65 with 10 years of creditable service or who have completed between 30 and 33 years of service up to a maximum benefit of 1.68 percent of average final compensation for each year of creditable service. Average final compensation is the average annual compensation of the 5 highest years of the last 10 years of creditable service. Benefits fully vest upon reaching 10 years of service. Vested employees may retire prior to reaching the age of 62 or completing 30 years of service and receive reduced retirement benefits. The plan also provides death and disability benefits. Benefits are established by state statute.

Ten-year historical trend information showing the plan's progress in accumulating sufficient assets to pay benefits when due is presented in the plan's June 30, 1989 comprehensive annual financial report.

HILLSBOROUGH TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 1990

NOTE E - DEFERRED COMPENSATION PLAN:

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 which permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Authority (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Authority's general creditors. Participants' rights under the plan are equal to those of general creditors of the Authority in an amount equal to the fair market value of the deferred account for each participant.

NOTE F - VACATION AND SICK PAY:

Sick pay and vacation leave time of \$344,367 and \$405,527, respectively, were paid to employees of the Authority during the year ended September 30, 1990. The gross potential liability for accumulated and unpaid sick pay and vacation leave is \$359,000 and \$324,000, respectively, as of September 30, 1990. Because of policies governing the payment of the benefits, a reasonable estimation cannot be made of the amounts which ultimately will be paid.

NOTE G - SELF INSURANCE AND LOSS CONTINGENCIES:

The Authority began self insurance programs for general and auto liability effective July 1, 1986 and workers' compensation beginning October 1, 1987. Claims service bureaus are used to administer claims adjustments. The Authority's liability for general and auto 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. For the year ended September 30, 1990 the Authority incurred the following expenses in administering its self insurance programs:

HILLSBOROUGH TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 1990

NOTE G - SELF INSURANCE AND LOSS CONTINGENCIES (CONTINUED):

	<u>General Liability</u>	<u>Workers' Compensation</u>
Claims settlements	\$ 350,492	\$405,237
Repair of owned property	650,856	
Claims administration expenses	<u>117,575</u>	<u>43,701</u>
	<u>\$1,118,923</u>	<u>\$448,938</u>

Expenditures associated with general liability and auto claims are included in general insurance while the expenditures relating to workers' compensation claims are include in payroll taxes and employee benefits. Other revenues includes \$481,775 of subrogated claims recoveries.

Estimated workers' compensation claims of \$249,895 outstanding at September 30, 1990 have been reflected as a liability and as an employee benefit expenditure in the financial statements. The claims service bureau has estimated a potential liability of \$829,049 for asserted but unsettled general and auto liability claims as of September 30, 1990. However, based on previous settlements a reasonable estimation of such claims cannot be determined for amounts which ultimately will be paid. Therefore, no liability or expenditure has been reflected in the financial statements.

The Authority has designated a portion of fund equity in an amount of \$417,948 as a reserve for uninsured losses.

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 through September 30, 1990 totaled \$244,000. The Authority cannot estimate the additional future clean up costs to be incurred. Reimbursement of clean up costs may be available from the Florida Bureau of Waste Cleanup, Department of Environmental Regulations, and other sources. Due to the uncertainty of the total costs to be incurred and reimbursements to be received, a reasonable estimation of the ultimate net loss cannot be made. Therefore, no liability for future costs has been reflected in the financial statements.

HILLSBOROUGH TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 1990

NOTE H - 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. At September 30, 1990, the Authority was the recipient of \$61,160,000 of active Federal and State grants of which \$8,642,000 had not been disbursed by the grantors nor expended by the Authority.

NOTE I - LEASE COMMITMENTS:

The Hillsborough Transit Authority entered into a noncancellable operating lease for approximately 5,000 square feet of office space in downtown Tampa. The term of the lease is for the period May 1, 1988 through November 30, 1991 with an option to extend the lease for an additional term of seventeen months. Total rentals included in general fund expenditures of \$90,312 for the years ended September 30, 1990 and 1989. The minimum annual rentals under the lease agreement for the years ending September 30 are as follow:

1991	\$90,312
1992	15,052

NOTE J - LINE-OF-CREDIT:

At September 30, 1989, the Authority had a \$1,000,000 unsecured, unused line-of-credit with a bank, to be drawn upon as needed, with interest at 65% of the bank's prime rate. On November 14, 1989 the Authority drew \$500,000 which was repaid on December 1, 1989. The line-of-credit matured on January 31, 1990.

HILLSBOROUGH TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 1990

NOTE K - SUBSEQUENT FINANCING AND MANAGEMENT'S PLANS CONCERNING
CONTINUED OPERATIONS:

For the year ended September 30, 1990, the Authority's General Fund incurred a deficiency of revenues over expenditures of \$1,152,828 while at September 30, 1990, the undesignated fund balance of the Authority totaled only \$235,894.

To fund anticipated interim cash deficits, on October 2, 1990 the Authority issued a \$3,600,000 tax and revenue anticipation note pursuant to Article VII, Section 12 of the constitution of the State of Florida; Chapter 163.565 et seq., Florida Statutes, as amended, and other applicable provisions of the law, and resolution 90-28 adopted by the Authority on September 24, 1990. The note bears interest at a rate equal to 66.9% of the noteholder's (a bank) prime rate. Principal and interest are payable on October 1, 1991. The note is secured by a lien upon and pledge of the ad valorem tax revenues of the Authority for the fiscal year beginning on October 1, 1990, any other revenues legally appropriated by the Authority for the payment of the note, and proceeds of the note and earnings on such proceeds. The note is a "qualified tax-exempt obligation" pursuant to Section 265b of the Internal Revenue Code of 1986, as amended and is exempt from arbitrage rules provided the Authority continues to comply with the requirements of Section 148 of the Code. Principal and interest are to be repaid from the ad valorem tax revenues of the Authority for the fiscal year ending September 30, 1991.

The Authority has adopted a budget for the year ending September 30, 1991 which reflects an excess of revenues over expenditures in the amount of \$200,000.

SUPPLEMENTARY INFORMATION

HILLSBOROUGH TRANSIT AUTHORITY
 COMBINING BALANCE SHEET - CAPITAL PROJECT FUNDS
 SEPTEMBER 30, 1990

	City of Tampa 13 Bus Fund	1986 15 Bus Fund	Fiscal Year 89 Program of Projects	27 Bus Replacement Fund	20 Bus Fund	Dale Mabry Project Fund	Central Business District Terminal	Fiscal Year 86 Program of Projects	Maintenance Facility Construction Fund	20 Bus & Related Equipment Fund	Total
<u>ASSETS</u>											
Cash	\$	\$41,844	\$	\$ 7,247	\$11,597	\$	\$	\$62,937	\$ 29,485	\$	\$153,110
Accounts receivable:											
United States Government			22,030	8,588	(511)		198,511		131,038	216	359,872
State of Florida			2,754		643	213,783	27,486	1,039	16,989		262,694
Other	130,614										130,614
	<u>\$130,614</u>	<u>\$41,844</u>	<u>\$ 24,784</u>	<u>\$15,835</u>	<u>\$11,729</u>	<u>\$213,783</u>	<u>\$225,997</u>	<u>\$63,976</u>	<u>\$177,512</u>	<u>\$216</u>	<u>\$906,290</u>
<u>LIABILITIES</u>											
Accounts payable	\$130,614	\$36,978	\$	\$ 5,511	\$	\$ 100	\$ 95,473	\$	\$134,939	\$	\$403,615
Due to General Fund			17,581			213,683	167,745			195	399,204
	130,614	36,978	17,581	5,511		213,783	263,218		134,939	195	802,819
<u>FUND EQUITY</u>											
Fund balance		4,866	7,203	10,324	11,729		(37,221)	63,976	42,573	21	103,471
	<u>\$130,614</u>	<u>\$41,844</u>	<u>\$ 24,784</u>	<u>\$15,835</u>	<u>\$11,729</u>	<u>\$213,783</u>	<u>\$225,997</u>	<u>\$63,976</u>	<u>\$177,512</u>	<u>\$216</u>	<u>\$906,290</u>

HILLSBOROUGH TRANSIT AUTHORITY

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - CAPITAL PROJECT FUNDS

YEAR ENDED SEPTEMBER 30, 1990

	City of Tampa 13 Bus Fund	1986 15 Bus Fund	Fiscal Year 89 Program of Projects	27 Bus Replacement Fund	20 Bus Fund	Dale Mabry Project Fund	Central Business District Terminal	Fiscal Year 86 Program of Projects	Maintenance Facility Construction Fund	20 Bus & Related Equipment Fund	Total
REVENUES:											
Intergovernmental:											
United States Government	\$	\$	\$ 22,030	\$ 9,600	\$ 2,875	\$	\$1,575,368	\$19,512	\$671,195	\$180	\$2,300,860
State of Florida			2,754		359	214,742	257,213	2,452	83,899	22	561,441
Other revenue											
City of Tampa	85,702						169,530				255,232
	85,702	-0-	24,784	9,600	3,234	214,742	2,002,111	22,064	755,094	202	3,117,533
EXPENDITURES:											
Capital expenditures	85,702	-0-	27,537	12,000	3,594	214,742	2,100,496	24,515	838,993	224	3,307,803
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-0-	-0-	(2,753)	(2,400)	(360)	-0-	(98,385)	(2,451)	(83,899)	(22)	(190,270)
OTHER FINANCING USES:											
Transfers out:											
To General Fund			(300,000)		(53,000)						(353,000)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	-0-	-0-	(302,753)	(2,400)	(53,360)	-0-	(98,385)	(2,451)	(83,899)	(22)	(543,270)
FUND BALANCE:											
Beginning of year	-0-	4,866	309,956	12,724	65,089	-0-	61,164	66,427	126,472	43	646,741
End of year	\$ -0-	\$4,866	\$ 7,203	\$10,324	\$11,729	\$ -0-	\$ (37,221)	\$63,976	\$ 42,573	\$ 21	\$ 103,471

HILLSBOROUGH TRANSIT AUTHORITY
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 1990

Federal Grantor Program Title	Federal CFDA Number	Federal Grant Number	Program or Award Amount	Accrued or (Deferred) Revenue at September 30, 1989	Grant Activity Year Ended September 30, 1990		Accrued or (Deferred) Revenue at September 30, 1990					
					Receipts	Program Expenditures						
<u>U.S. Department of Transportation</u>												
<u>Direct Programs:</u>												
Urban Mass Transportation Capital and Operating Assistance Grants	20.507	FL90-X023	\$ 3,778,851	\$ 7,996	\$ 9,008	\$ 9,600	\$ 8,588					
		FL90-X039	5,540,711	6,354	9,740	2,875	(511)					
		FL03-0093-01	21,776,250	1,010,450	2,387,307	1,575,368	198,511					
		FL90-X064-01	5,445,471	5,228	24,840	19,612						
		FL90-X083	5,298,471	(1,209)	(692)	733	216					
		FL08-0208	75,000	8,807	8,807							
		FL90-X106	4,370,219	655,025	1,195,182	671,195	131,038					
		FL90-X119-01	4,887,321			22,030	22,030					
		FL03-4500	225,000			45,690	45,690					
		FL90-X141-01	2,196,251		1,940,251	1,940,251						
TOTAL FEDERAL ASSISTANCE				<u>\$1,692,651</u>	<u>\$5,574,443</u>	<u>\$4,287,354</u>	<u>\$405,562</u>					

HILLSBOROUGH TRANSIT AUTHORITY

CUMULATIVE STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - CAPITAL PROJECT FUNDS - BUSES

AS OF SEPTEMBER 30, 1990

	<u>City of Tampa 13 Bus Fund</u>		<u>1986 15 Bus Fund</u>		<u>27 Bus Replacement Fund</u>		<u>20 Bus Replacement Fund</u>		<u>20 Bus & Related Equipment Fund</u>	
	<u>Total Budget</u>	<u>Actual To Date</u>	<u>Total Budget</u>	<u>Actual To Date</u>	<u>Total Budget</u>	<u>Actual To Date</u>	<u>Total Budget</u>	<u>Actual To Date</u>	<u>Total Budget</u>	<u>Actual To Date</u>
REVENUES:										
Intergovernmental:										
United States Government	\$	\$	\$1,836,000	\$1,833,928	\$3,302,290	\$3,260,998	\$2,882,293	\$2,788,462	\$2,944,000	\$2,943,834
State of Florida			229,500	224,604	398,954	398,954	360,287	348,558	368,000	367,979
City of Tampa		85,702								
Other			46,223	9,244	38,097	38,097	142,000	44,986		
		85,702	2,111,723	2,067,776	3,739,341	3,698,049	3,384,580	3,182,006	3,312,000	3,311,813
EXPENDITURES:										
Capital expenditures		85,702	2,341,223	2,292,410	4,165,961	4,114,345	3,744,867	3,530,564	3,680,000	3,679,792
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES			(229,500)	(224,634)	(426,620)	(416,296)	(360,287)	(348,558)	(368,000)	(367,979)
OTHER FINANCING SOURCES:										
Transfers in:										
Appropriations of general fund balance			229,500	229,500	426,620	426,620	413,287	413,287	368,000	368,000
OTHER FINANCING USES:										
Transfers out:										
To General Fund							(53,000)	(53,000)		
EXCESS OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ -0-	\$ -0-	\$ -0-	\$ 4,866	\$ -0-	\$ 10,324	\$ -0-	\$ 11,729	\$ -0-	\$ 21

HILLSBOROUGH TRANSIT AUTHORITY

CUMULATIVE STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - CAPITAL PROJECT FUNDS - FACILITIES

AS OF SEPTEMBER 30, 1990

	<u>Dale Mabry Project Fund</u>		<u>Central Business District Terminal</u>		<u>Fiscal Year 1986 Program of Projects</u>		<u>Maintenance Facility Construction Fund</u>		<u>Fiscal Year 89 Program of Projects</u>	
	<u>Total Budget</u>	<u>Actual To Date</u>	<u>Total Budget</u>	<u>Actual To Date</u>	<u>Total Budget</u>	<u>Actual To Date</u>	<u>Total Budget</u>	<u>Actual To Date</u>	<u>Total Budget</u>	<u>Actual To Date</u>
REVENUES:										
Intergovernmental:										
United States Government	\$	\$	\$21,776,250	\$19,187,521	\$1,375,055	\$ 858,823	\$2,400,000	\$2,059,419	\$528,904	\$ 22,030
State of Florida	1,237,078	1,143,938	3,629,375	3,186,680	171,882	106,800	300,000	257,427	66,113	2,754
City of Tampa			668,375	169,530						
Other										
	<u>1,237,078</u>	<u>1,143,938</u>	<u>26,074,000</u>	<u>22,543,731</u>	<u>1,546,937</u>	<u>965,623</u>	<u>2,700,000</u>	<u>2,316,846</u>	<u>595,017</u>	<u>24,784</u>
EXPENDITURES:										
Capital expenditures	<u>1,237,078</u>	<u>1,143,938</u>	<u>29,238,270</u>	<u>25,786,632</u>	<u>1,718,819</u>	<u>1,073,529</u>	<u>3,000,000</u>	<u>2,574,273</u>	<u>661,130</u>	<u>27,537</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-0-</u>	<u>-0-</u>	<u>(3,164,270)</u>	<u>(3,242,901)</u>	<u>(171,882)</u>	<u>(107,906)</u>	<u>(300,000)</u>	<u>(257,427)</u>	<u>(66,113)</u>	<u>(2,753)</u>
OTHER FINANCING SOURCES:										
Transfers in:										
Appropriations of general fund balance			<u>3,164,270</u>	<u>3,205,680</u>	<u>171,882</u>	<u>171,882</u>	<u>300,000</u>	<u>300,000</u>	<u>366,113</u>	<u>309,956</u>
OTHER FINANCING USES:										
Transfers out:										
To General Fund									<u>(300,000)</u>	<u>(300,000)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (37,221)</u>	<u>\$ -0-</u>	<u>\$ 63,976</u>	<u>\$ -0-</u>	<u>\$ 42,573</u>	<u>\$ -0-</u>	<u>\$ 7,203</u>



CERTIFIED PUBLIC ACCOUNTANTS

Compliance Report Based on an Audit of General
Purpose or Basic Financial Statements Performed
in Accordance With Government Auditing Standards

Independent Auditor's Report

To the Board of Directors of
HILLSBOROUGH TRANSIT AUTHORITY:

We have audited the general purpose financial statements of Hillsborough Transit Authority as of and for the year ended September 30, 1990, and have issued our report thereon dated January 18, 1991.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Hillsborough Transit Authority, is the responsibility of Hillsborough Transit Authority management. As part of obtaining reasonable assurance about whether the 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. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, Hillsborough Transit Authority complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Hillsborough Transit Authority had not complied, in all material respects, with those provisions.

To the Board of Directors of
Hillsborough Transit Authority

This report is intended for the information of the Board of Directors, management, State of Florida and the U.S. Department of Transportation. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Henry Davis, Flischel, Pope & Hardy, P.A.

Certified Public Accountants

January 18, 1991



CERTIFIED PUBLIC ACCOUNTANTS

Single Audit Opinion on Compliance With
Specific Requirements Applicable to
Major Federal Financial Assistance Programs

Independent Auditor's Report

To the Board of Directors of
HILLSBOROUGH TRANSIT AUTHORITY:

We have audited Hillsborough Transit Authority compliance with the requirements governing types of services allowed or unallowed; matching, level of effort, or earmarking; reporting charter operations and transportation of students or school personnel; elderly and handicapped fares; disposals of realty and related transit equipment; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance, for the year ended September 30, 1990. The management of Hillsborough Transit Authority, is responsible for Hillsborough Transit Authority, compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about Hillsborough Transit Authority, compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

To the Board of Directors of
Hillsborough Transit Authority

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the schedule of findings and questioned costs accompanying the single audit report on compliance with the general requirements applicable to major federal financial assistance programs.

In our opinion, Hillsborough Transit Authority complied, in all material respects, with the requirements governing types of services allowed or unallowed; matching, level of effort, or earmarking; reporting charter operations and transportation of students or school personnel; elderly and handicapped fares; disposals of realty and related transit equipment; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the year ended September 30, 1990.

Henry E. Davis, Elischel, Pope & Hardy, P.A.

Certified Public Accountants

January 18, 1991



Hillsborough
Transit Authority

CERTIFIED PUBLIC ACCOUNTANTS

Single Audit Report on Compliance With the General
Requirements Applicable to Major Federal Financial
Assistance Programs

Independent Auditor's Report

To the Board of Directors of
HILLSBOROUGH TRANSIT AUTHORITY:

We have applied procedures to test Hillsborough Transit Authority compliance with the following requirements applicable to each of its major federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the year ended September 30, 1990: political activity, Davis-Bacon Act, civil rights, cash management, relocation assistance and real property management and federal financial reports.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Hillsborough Transit Authority compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the first paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Hillsborough Transit Authority had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying schedule of findings.

To the Board of Directors of
Hillsborough Transit Authority

This report is intended for the information of the Board of Directors, management, State of Florida and the U.S. Department of Transportation. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Henry Dennis, Flischel, Pope & Hardy, P.A.

Certified Public Accountants

January 18, 1991

SCHEDULE OF FINDINGS

Immaterial Instances of Noncompliance

- (1) In preparing "Request for Funds" Number 12 (dated January 30, 1990) for the year ended September 30, 1990, the Hillsborough Transit Authority inadvertently requested federal reimbursement of an allowable expenditure of \$13,143 under the incorrect Urban Mass Transportation Administration (UMTA) grant number. The amount was reimbursed under Grant Number FL-90-X064 instead of the correct grant number FL-90-X106. This error was subsequently discovered by the Authority and corrected on "Request for Funds" Number 19. Thus, there was no impact on the general purpose financial statements of the Hillsborough Transit Authority as of September 30, 1990 and for the year then ended. To prevent future errors of this type, a thorough review of each "Request for Funds" and supporting documentation should be made prior to submission by an individual other than the preparer.

- (2) In reviewing the Authority's federal financial reports we noted the Authority was not filing such reports in a timely manner. Specifically, during the year ended September 30, 1990, the Authority filed "UMTA Performance Reports" and "Financial Status Reports" (which are to be prepared on a quarterly basis) several months after the applicable due dates. As of the completion of our field work, the Authority had not completed such reports for the quarter ended September 30, 1990. Thus, the reports for the quarter ended September 30, 1990 were not reviewed by us. In the future, the Authority should take necessary action to avoid untimely filing of such federal financial reports.



CERTIFIED PUBLIC ACCOUNTANTS

Report on the Internal Control Structure in
Accordance With Government Auditing Standards

Independent Auditor's Report

To the Board of Directors of
HILLSBOROUGH TRANSIT AUTHORITY:

We have audited the general purpose financial statements of Hillsborough Transit Authority as of and for the year ended September 30, 1990, and have issued our report thereon dated January 18, 1991.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audit of the general purpose financial statements of Hillsborough Transit Authority for the year ended September 30, 1990, we considered its internal control structure 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 structure.

The management of Hillsborough Transit Authority is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure 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 general purpose financial statements in accordance with generally

To the Board of Directors of
Hillsborough Transit Authority

accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories: revenue/receipts, purchase/disbursements, payroll.

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Reportable conditions noted by us are as follows:

1. Various billings of revenue due to the Authority were not prepared on a timely basis. Most notable were billings of expenditures incurred which were reimburseable under state of Florida Grants. Also, the Authority has not pursued in a timely manner reimbursement available from the Florida Bureau of Waste Cleanup, Department of Environmental Regulations for costs incurred in the clean up of major underground fuel spills discovered during the year ended September 30, 1988. In addition, the Authority has been slow in billing expenditures incurred under various planning studies which are reimburseable under direct federal grants and federal pass through grants. In the future, the Authority should prepare billings in a more timely fashion so that its revenue/billing/collection cycle does not contribute to the existing cash flow problems.
2. While the Authority's internal controls over its disbursement and check issuing functions are reasonable, we believe the high turnover within the accounting department warrants consideration of additional controls:

To the Board of Directors of
Hillsborough Transit Authority

- a. Disbursements in excess of a stated dollar amount should be manually signed and supporting documentation approved by the executive director. Use of facsimile signatures on these large payments should be discontinued.
 - b. All documentation supporting a payment should be effectively and visibly defaced to eliminate the possibility of the documentation entering the payment cycle again.
3. During the year ended September 30, 1990, the Authority inadvertently discarded a box of various payroll deduction Authorizations. Although most of this documentation was several years old, some of the documentation related to Authorization of current payroll deductions. To avoid similar circumstances in the future, the Authority should restructure its filing system with regard to such documentation so as to separate active and inactive payroll deduction Authorizations.
 4. During our audit, we noted that as of September 30, 1990 an employee who had resigned several months earlier was still listed as an authorized check signer. In the future, the Authority should require the removal of separated employees from the list of Authorized check signers no later than the employees last day of service.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the Board of Directors, management, State of Florida, and the U.S. Department of Transportation. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Henry Davis, Flischel, Page & Hardy, P.A.

Certified Public Accountants

January 18, 1991



CERTIFIED PUBLIC ACCOUNTANTS

Report on Internal Controls (Accounting and
Administrative) Based on a Study and Evaluation
Made as a Part of an Audit of the General Purpose
Financial Statements and the Additional Tests
Required by the Single Audit Act

Independent Auditor's Report

To the Board of Directors of
HILLSBOROUGH TRANSIT AUTHORITY:

We have audited the general purpose financial statements of Hillsborough Transit Authority for the year ended September 30, 1990, and have issued our report thereon dated January 18, 1991. As part of our audit, we made a study and evaluation of the internal control systems, including applicable internal administrative controls, used in administering federal financial assistance programs to the extent we considered necessary to evaluate the systems as required by generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the Single Audit Act of 1984, and the provisions of Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. For the purpose of this report, we have classified the significant internal accounting and administrative controls used in administering federal financial assistance programs in the following categories: accounting controls: revenue/receipts, purchases/disbursements; administrative controls: political activity, Davis-Bacon Act, civil rights, cash management, relocation assistance and real property management, federal financial reports, matching level of effort, types of services allowable and reporting.

The management of the Hillsborough Transit Authority is responsible for establishing and maintaining internal control systems used in administering federal financial assistance programs. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of

To the Board of Directors of
Hillsborough Transit Authority

control procedures. The objectives of internal control systems used in administering federal financial assistance programs are to provide management with reasonable, but not absolute, assurance that, with respect to federal financial assistance programs, resource use is consistent with laws, regulations, and policies; resources are safeguarded against waste, loss, and misuse; and reliable data are obtained, maintained, and fairly disclosed in reports.

Because of inherent limitations in any system of internal accounting and administrative controls used in administering federal financial assistance programs, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems 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 included all of the applicable control categories listed above. During the year ended September 30, 1990, Hillsborough Transit Authority, expended 100% of its total federal financial assistance under major federal financial assistance programs. With respect to internal control systems used in administering major federal financial assistance programs, our study and evaluation included considering the types of errors and irregularities that could occur, determining the internal control procedures that should prevent or detect such errors and irregularities, determining whether the necessary procedures are prescribed and are being followed satisfactorily, and evaluating any weaknesses.

Our study and evaluation was more limited than would be necessary to express an opinion on the internal control systems used in administering the federal financial assistance programs of Hillsborough Transit Authority. Accordingly, we do not express an opinion on the internal control systems used in administering the federal financial assistance programs of Hillsborough Transit Authority. Further, we do not express an opinion on the internal control systems used in administering the major federal financial assistance programs of Hillsborough Transit Authority.

To the Board of Directors of
Hillsborough Transit Authority

However, our study and evaluation and our audit disclosed no condition that we believe to be a material weakness in relation to a federal financial assistance program of Hillsborough Transit Authority.

This report is intended solely for the use of the Board of Directors, management, the State of Florida and the U.S. Department of Transportation. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Henry Lewis, Flischel, Pope & Hardy, P.A.

Certified Public Accountants

January 18, 1990