

Comprehensive Annual Financial Report

FOR FISCAL YEARS ENDED
SEPTEMBER 30, 2018 AND 2017



HILLSBOROUGH TRANSIT AUTHORITY
A/K/A HILLSBOROUGH AREA REGIONAL TRANSIT AUTHORITY
TAMPA, FL

Hillsborough Transit Authority
a/k/a
Hillsborough Area Regional Transit Authority
Tampa, Florida

Comprehensive Annual Financial Report

For Fiscal Years Ended September 30, 2018 and 2017

Mission Statement

**The mission of Hillsborough Transit Authority (HART)
is HART takes people to places that enhance their lives.**

Prepared by the Finance Department



FY2016 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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SECTION I

INTRODUCTORY SECTION



Hillsborough Area Regional Transit Authority

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(813) 223-6831 • fax (813) 223-7976 • www.goHART.org



April 15, 2019

Commissioner Les Miller, Board Chair and
Members of the Board of Directors of the Hillsborough Transit Authority
A/K/A Hillsborough Area Regional Transit Authority and
Citizens of our Service Area

Dear Board Chair, Board Members and Citizens:

State law requires that each fiscal year all independent special districts publish each fiscal year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles in the United States (GAAP) and audited in accordance with auditing standards generally accepted in the United States by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Hillsborough Transit Authority, a/k/a Hillsborough Area Regional Transit Authority (“the Authority” or “HART”), for the fiscal year ended September 30, 2018.

This CAFR is indicative of Authority management’s continued commitment to provide high quality, complete, concise, and reliable financial information on the Authority.

This report consists of management’s representations concerning the finances of the Authority. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Authority has established a comprehensive internal control framework that is designed both to provide the Authority’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Authority’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh its benefit, the Authority’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Authority’s basic financial statements have been audited by Cherry Bekaert LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended September 30, 2018, are free of material misstatement. The independent audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements; evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made

and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unmodified, “clean” opinion that the Authority’s financial statements for the fiscal year ended September 30, 2018, are fairly presented in conformity with GAAP. The independent auditors’ report is located at the front of the financial section of this report.

The independent audit of the financial statements of the Authority was part of a broader, mandated “Single Audit” designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state grant awards. These reports are included in the Single Audit section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. This year’s MD&A can be found immediately following the report of the independent auditors.

Profile of the Authority

The Hillsborough Transit Authority, operating and also known as Hillsborough Area Regional Transit Authority, or HART, was created as a body politic and corporate under Chapter 163, Part V, Sections 163.567, et seq., Florida Statutes, on October 3, 1979. HART operates under its Charter, as amended and is comprised of three (3) members, those being the County of Hillsborough, Florida, the City of Tampa, Florida and the City of Temple Terrace, Florida. Any county, municipality, or other political subdivision contiguous to a member of HART may apply to become a member of HART pursuant to the limitations imposed under Chapter 163 and the Amendment and Restatement of the Charter of the Hillsborough Transit Authority, dated January 21, 1980.

The Authority’s Board of Directors is comprised of two (2) directors appointed by the Governor of the State of Florida and a minimum of one (1) director from each member. Each member shall appoint one (1) additional Board Member for each 150,000 persons, or major fraction thereof, resident in that member’s jurisdictional limits. In no event shall the Board be composed of less than five (5) Board Members, including the two (2) appointed by the Governor. At a minimum, one (1) Board Member appointed by each local government member shall be either the public official elected to the chief executive office of the member (if the member has an elected chief executive officer) or a public official elected to the governing legislative body of the member if the elected chief executive officer does not serve. The Authority is governed by its 13-member Board of Directors (“Board”), which makes decisions, designates management, significantly influences operations, and maintains primary fiscal responsibility.

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 mill (.50) 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 three mills, subject to public referendum. The Authority’s ad valorem taxes are reviewed as part of the annual assessment of Hillsborough County, which levies its taxes November 1. Collection of taxes is scheduled 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, other revenue services, and grants from the U.S. Government, the State of Florida, the City of Tampa, and the County of Hillsborough.

Located in Hillsborough County, Florida, on the west coast of the state, the Authority is a *regional* provider of mass transportation services primarily within Hillsborough County. The total area is 1,266 square miles and, according to the 2010 Census, has a population of 1,229,226.

Services and Ridership

The Authority provides virtually all public transportation services in this area. These services include fixed route, flex route, Paratransit, and streetcar. The Authority maintains 2,150 bus stops and 650 shelters (299 HART maintained; 351 vendor maintained), 5 transfer stations, 2 transit centers, and a fleet of 172 buses for fixed and flex routes, 63 vans for Paratransit, and 10 streetcars.

FY2018 ridership:

- Bus & Flex: 11,586,334 (a decrease of 10.2 percent compared to FY2017)
- Paratransit & Taxi: 248,133 (an increase of 12.3 percent compared to FY 2017)*
- Streetcar: 302,872 (an increase of 7.9 percent compared to FY 2017)

*This ridership number includes 76,079 from the Taxi Voucher program.

Tables in the Statistical Section contain service delivery statistics for the prior 10 years.

Governing Board

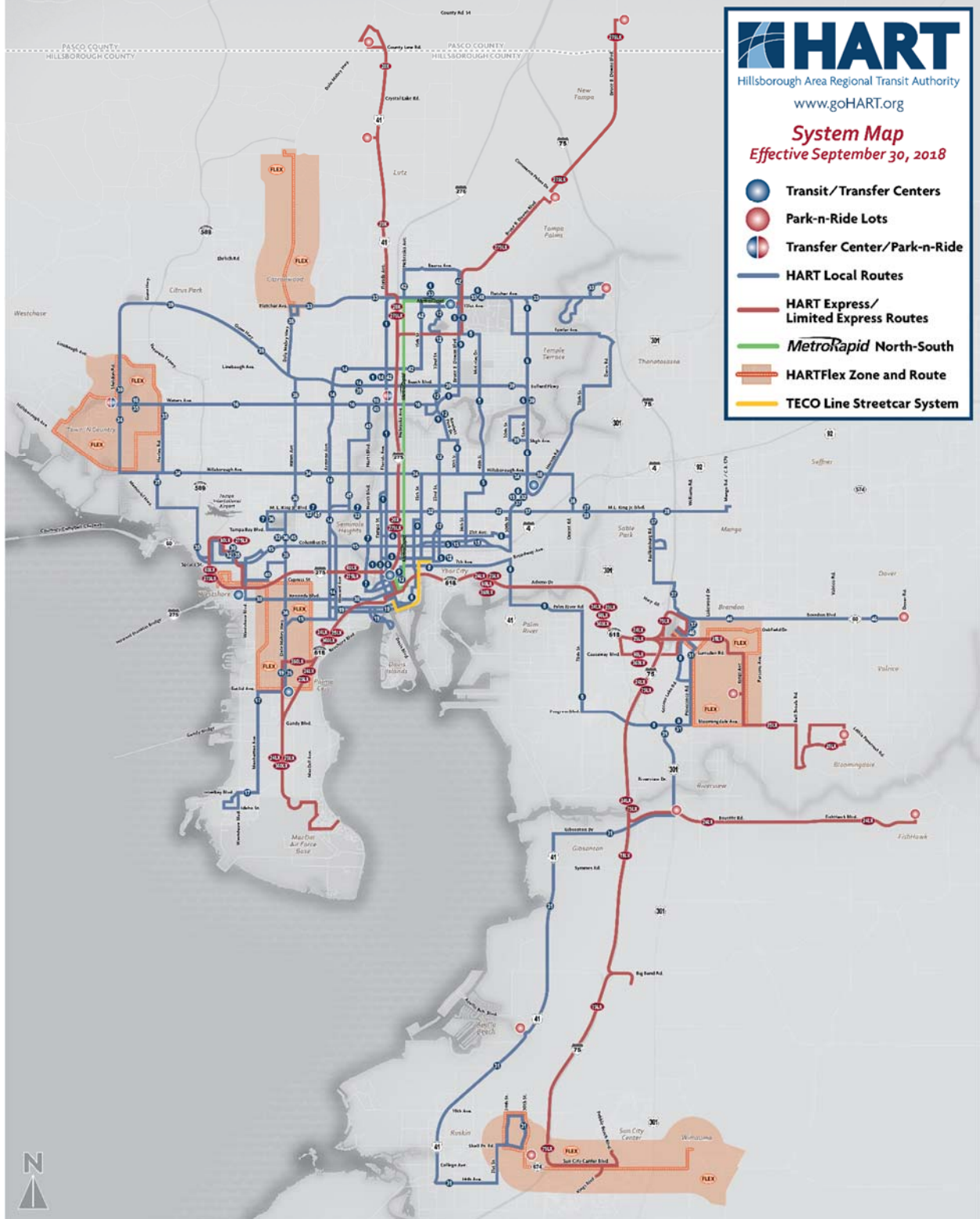
The Authority is governed by a 13-member Board that establishes policies and sets direction for the Authority. The Board consists of a chair and 12 members; seven appointed by the Hillsborough Board of County Commissioners, three (3) members appointed by the City of Tampa, one (1) appointed by the City of Temple Terrace, and two (2) members appointed by the Governor. All Board Members shall be appointed for 3-year terms and each Board Member shall hold office until their successor has been appointed and qualified. Said terms shall end on November 30 of the appropriate year or such other date designated by the member government. If a local government member’s laws or procedures provide for a different appointment time frame for elected officials, said member may create its own procedure for appointing a replacement before the end of the term, in order to avoid a vacancy.

Management

The Authority is managed by a Chief Executive Officer who acts in accordance with the direction, goals and policies articulated by the Board. The Chief Executive Officer is responsible for the Authority's daily operations and directly supervises the core personnel who lead the organization: Chief Operating Officer; Chief Financial Officer; Chief Administrative Officer; Manager of Equal Employment Opportunity and Compliance Programs; and the Public Information Officer. Additionally, there are departments that support these functions.

FY2018 Service Area

Current Local, Limited Express, Express and HARTFlex Service



Budget

The Board is required to adopt an annual operating budget before the beginning of each fiscal year. The budget serves as a financial plan for the Authority. The process for developing the Authority's budget begins with budget review and planning in March through May. This is followed up with a series of meetings and analytical review which results in a balanced operating budget and a prioritized, balanced capital budget. The Authority may not spend more than the approved operating budget without an amendment and Board approval to increase the budget. The Chief Executive Officer and the Chief Financial Officer may permit movement of funds within the approved budget.

The HART Board's adopted FY2018 operating and capital budget totaled \$100 million.

Factors Affecting Financial Condition

Local economy. While there has been a slight upturn in property tax revenue over the last couple of years, the Authority is still experiencing a continued decrease of revenue for operations and capital, while the demand for service increases. The Authority's ability to fund its operations, and this increased service demand, is heavily dependent on a millage levy generated from property taxes. Property tax revenues have increased by approximately \$5.5 million or 15.5% from 2009. The Authority's millage rate in both 2018 and 2017 was .5000.

In lieu of relying solely on property taxes to fund operations, the Authority has chosen to shift Federal 5307 formula funding, intended for capital improvements such as vehicles, facilities and equipment, to fund the preventive maintenance of capital as reflected in the operating budget. In FY2018, 11.4% of the Federal 5307 formula funding was used for capital improvements and the remainder was used to fund operating costs.

Long-Range Financial Planning

The Authority has seen a significant challenge in maintaining the current level of service to the community due to the national and regional economic down-turn. While the economic conditions have reduced available revenue to provide service delivery, those same conditions drive the need and use of those services higher. To ensure the Authority maintains, and can support increases in that service demand in the future, prudent long-range financial planning is critical. Over the past year, the Authority has worked diligently to reduce its overall operating costs. In the coming year, the Authority will look at solidifying and building its reserves, examine a multi-year operating and capital budgeting process, and continue to work on reducing overall expenses through gains in efficiency and productivity.

Major Initiatives

Major initiatives undertaken in FY2018 include the following projects:

- **Heavy Maintenance Building:** The design and build of the new Heavy Maintenance (HM) building was approved by the board of directors in July 2018. This project will not only incorporate the new HM building but also address the stormwater issues on site as well as maximize bus parking at the existing lot.

- Regional Fare Collection Project: HART is the lead agency for this project. Development of a regional fare collection system that will allow interoperability within the respective regional systems for infrastructure and management support, while providing seamless and common fare media for its passengers throughout the Tampa Bay region. The project was initiated in FY2016 and will be completed with phased approach. The first phase is anticipated to be complete in summer FY2019.
- Accessibility Improvements: Completed improvements at forty three bus stops in FY2018 to comply with Americans with Disabilities Act (ADA) guidelines. The accessibility improvements consisted of ADA landing pads, sidewalk segments at bus stops, and realignments.
- Transit Asset Management Plan (TAMP): Under the Federal Transit Administration's (FTA) final rule 49 CFR, Parts 625 and 630, all FTA grantees are required to develop asset management plans for their public transportation assets. In addition, MAP-21 set forth performance and safety management requirements. HART contracted with Gannett Fleming in November 2017 to assist in the development of a Transit Asset Management Plan. Over the last year, HART staff has worked with Gannett Fleming to build the structure for the TAM plan. The TAMP was completed in September 2018 and the implementation process will begin in FY2019.
- Automatic Data Processing Implementation: HART and ADP executed Contract # VC-000679. Implementation of ADP will provide HART with a full range business process outsourcing services. The services include payroll, benefits administration, talent management, HR management, time and attendance management, insurance and compliance services. The project is currently in the final stages of execution and will go-live on January 1, 2019.
- Autonomous Vehicle Project: HART, via a 100% grant from the Florida Department of Transportation, has embarked upon its first project involving an autonomous vehicle (AV) or driverless vehicle. The AV will traverse the Marion Street Transitway connecting downtown Tampa with the Marion Transit Center and newly developed City of Tampa parking. The length of trip is 0.65 miles. The first phase of the project is scheduled to begin February 2019 with actual testing taking place later in the spring of 2019.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Hillsborough Transit Authority for its CAFR for the fiscal year ended September 30, 2017. This was the seventh year that the Authority has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that HART's current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance Department and the HART organization. We wish to

express our appreciation to all members of the organization who assisted and contributed to the preparation of this report. Credit also must be given to the governing Board of Directors for its unfailing support for maintaining the highest standards of professionalism in the management of the Authority's finances.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Jeffrey C. Seward', with a long horizontal flourish extending to the right.

Jeffrey C. Seward
Interim Chief Executive Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Hillsborough Transit Authority
Florida

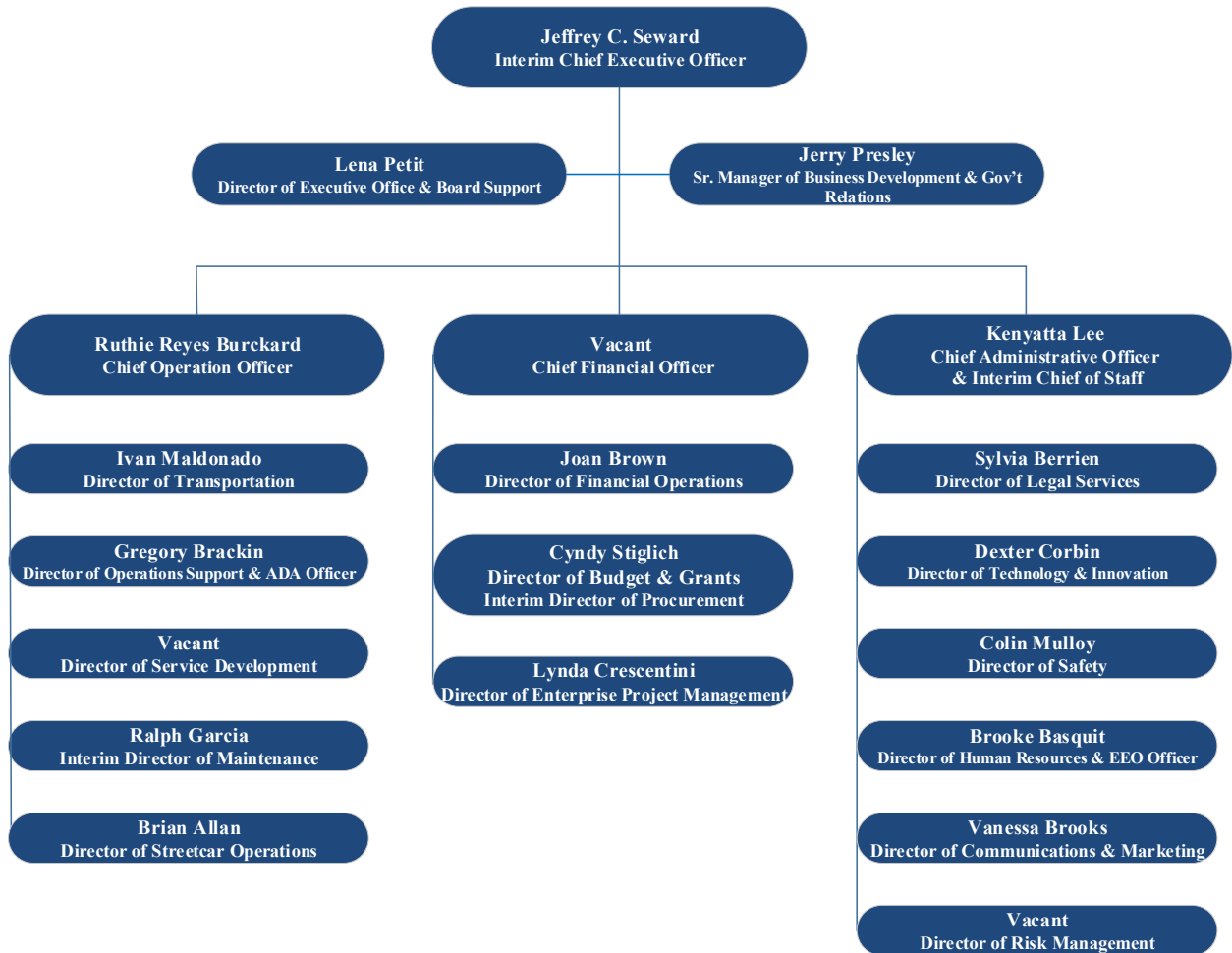
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morrill

Executive Director/CEO

**ORGANIZATIONAL CHART
(As of September 30, 2018)**



ELECTED AND APPOINTED OFFICIALS
(As of September 30, 2018)

Board of Directors – Officers

Commissioner Lesley “Les” Miller, Chairperson
Richard McClain, Vice Chairperson
Councilperson Mike Suarez, Secretary

Hillsborough County

Commissioner Lesley “Les” Miller
Commissioner Patricia Kemp
Commissioner Stacy White
Commissioner Sandra Murman
Adam Harden
Marvin Ray Knight
David Mechanik

City of Tampa

Councilperson Mike Suarez
Kathleen Shanahan
Melanie Williams

State of Florida

C. John Melendez III
Richard McClain

City of Temple Terrace

Councilperson Cheri Donohue

Interim Chief Executive Officer

Jeffrey C. Seward

General Counsel

David Smith, GrayRobinson

Independent Auditors

Cherry Bekaert LLP

DIRECTORY OF OFFICIALS

APPOINTED OFFICIALS
(As of September 30, 2018)

Jeffrey C. Seward, Interim Chief Executive Officer

Ruthie Reyes-Burckard, Chief Operating Officer

Vacant, Chief Financial Officer

Kenyatta Lee, Chief Administrative Officer & Interim Chief of Staff

SECTION II
FINANCIAL SECTION

Report of Independent Auditor

Board of Directors
Hillsborough Transit Authority
Tampa, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Hillsborough Transit Authority, a/k/a Hillsborough Area Regional Transit Authority, or HART (the "Authority"), as of and for the years ended September 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation in the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Hillsborough Transit Authority, as of September 30, 2018 and 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed on the table of contents, in Section II pages 5 through 13 and 58 through 60, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for the purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance") and Chapter 10.550, *Rules of the Auditor General—Local Governmental Entity Audits*, respectively, and are also not a required part of the basic financial statements.

The schedule of expenditures of federal awards and state financial assistance is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Cherry Bekant LLP

Tampa, Florida
February 26, 2019

HILLSBOROUGH TRANSIT AUTHORITY MANAGEMENT’S DISCUSSION AND ANALYSIS

The following Management’s Discussion and Analysis (MD&A) of the Hillsborough Transit Authority’s (“the Authority”), a/k/a Hillsborough Area Regional Transit, financial performance provides an overview of the financial activities for the fiscal years ended September 30, 2018 and 2017. Please read it in conjunction with the financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report consists of three parts: Management Discussion and Analysis (this section), the basic financial statements and notes to the financial statements, and other supplementary information.

The Authority’s financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as applied to an enterprise fund using an accrual basis of accounting. Under this basis, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred.

Included in the financial statements are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows, and the related notes.

The Statement of Net Position presents information on the Authority’s assets and deferred outflows of resources and the liabilities and deferred inflow of resources, of which the difference is net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the Authority is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position present information on the Authority’s operating revenues and expenses and non-operating revenues and expenses for the fiscal year. The net income or loss, when combined with capital grant revenue, determines the change in net position for the year. The change in net position is combined with the previous year-end’s net position total to arrive at the net position total for this fiscal year.

The Statement of Cash Flows presents information on the Authority’s cash and cash equivalent activities for the fiscal year resulting from operating activities, capital and related financing activities, non-capital financing activities and investing activities. The net result of these activities added to the beginning of the year cash balance reconciles to the cash and cash equivalent balance at the end of the current fiscal year.

**HILLSBOROUGH TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FY2018 FINANCIAL HIGHLIGHTS

- Net position of the Authority decreased by \$5,538,240 or 5.6%, of which \$3,781,288 represents a decrease in the amount invested in capital assets and \$1,756,952 represents a decrease in unrestricted assets.
- The \$3.8 million decrease in amount invested in capital assets is due to a decrease of \$1.5 million in capital asset purchases along with the additional accumulated depreciation on all existing capital assets.
- Operating expenses decreased by \$1,644,413 or 2.0%. Salary expense decreased \$1,183,661 or 3.3%. Payroll taxes, fringe benefits and workers' compensation decreased \$2,148,272 or 9.2%. Fuel and Lubricants cost increased \$196,448 or 4.8%. Parts and supplies increased \$199,826 or 4.7%. Contracted services increased \$546,086 or 9.2%. Claims costs increased \$404,415 or 16.8%. All other expenses increased \$340,745 due to: decrease in utilities expense of \$147,559, decrease in marketing and miscellaneous expenses of \$238,182 offset by an increase in expenditures reimbursed by grants of \$726,486.

FY2017 FINANCIAL HIGHLIGHTS

- Net position of the Authority decreased by \$10,738,185 or 9.9%, of which \$1,210,334 represents a decrease in the amount invested in capital assets, \$9,954,858 represents a decrease in unrestricted assets and \$427,007 represents an increase in restricted assets.
- The \$9.9 million decrease in unrestricted assets is largely attributable to a \$2.2 million increase in salary expense mostly due to \$1.5 million in bargaining unit contractual salary increases and a \$4.7 million increase in fringe benefits mostly due to a \$1.8 million increase in health claim costs and a \$1.4 million increase in pension expense due to a \$1.0 million increase in HART's state pension proportionate share as required by GASB 68/71. Also attributing to this is a \$1.0 million decrease in passenger revenue due to an 8.4 percent decrease in bus and flex ridership.
- Operating expenses increased by \$6,701,109 or 8.8%. Salary expense increased \$2,209,757 or 6.5%. Fringe benefits increased \$4,735,139 or 25.4%. Fuel and Lubricants cost decreased \$323,701 or 7.4%. Parts and supplies increased \$103,216 or 2.5%. Contracted services increased \$1,914,225 or 47.5%. Claims costs decreased \$1,869,593 or 43.7%. All other expenses decreased \$67,931 due to: increase in utilities expense of \$118,562, decrease in marketing of \$7,447 and a decrease in miscellaneous expenses and expenditures reimbursed by grants of \$179,046.

**HILLSBOROUGH TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FY2018 FINANCIAL ANALYSIS OF THE AUTHORITY

Statements of Net Position

- As noted earlier, net position serves as a measurement of the Authority's financial position over a period of time. The Authority's assets and deferred outflows exceeded liabilities and deferred inflows by \$92,721,572 and \$98,259,812 as of September 30, 2018 and 2017, respectively.
- The largest portion of the Authority's net position each year represents its net investment in capital assets (i.e., land, buildings and improvements, buses, paratransit vans and non-revenue vehicles). The Authority uses these capital assets to provide services to its customers. These assets are not available for spending in future years. As described above, net investment in capital assets as of September 30, 2018 was \$3,781,288 lower than September 30, 2017.
- The Authority's unrestricted net position as of September 30, 2018 was \$1,756,952 lower than September 30, 2017. The decrease was primarily a result of the cumulative effect of HART's state pension proportionate share.
- The Authority's restricted net position represents funds held in escrow for payment of general liability, workers compensation and medical self-insured claims as well as funds from private developers. The Authority's restricted net position as of September 30, 2018 and 2017 is \$1,037,807 for both fiscal years.
- Additional information on the Authority's capital assets can be found in note 4 to the financial statements.

FY2017 FINANCIAL ANALYSIS OF THE AUTHORITY

Statements of Net Position

- As noted earlier, net position serves as a measurement of the Authority's financial position over a period of time. The Authority's assets and deferred outflows exceeded liabilities and deferred inflows by \$98,259,812 and \$108,997,997 as of September 30, 2017 and 2016, respectively.
- The largest portion of the Authority's net position each year represents its net investment in capital assets (i.e., land, buildings and improvements, buses, paratransit vans and non-revenue vehicles). The Authority uses these capital assets to provide services to its customers. These assets are not available for spending in future years.
- The Authority's unrestricted net position as of September 30, 2017 was \$9,954,858 lower than September 30, 2016. As described above, this decrease was primarily a result of an increase in salary expense and an increase in health claim costs and pension expense along with a decrease in passenger revenues.

**HILLSBOROUGH TRANSIT AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS**

- The Authority’s restricted net position represents funds held in escrow for payment of general liability, workers compensation and medical self-insured claims as well as funds from private developers. The Authority’s restricted net position as of September 30, 2017 and 2016 is \$1,037,807 and \$610,800 respectively.
- Additional information on the Authority’s capital assets can be found in note 4 to the financial statements.

**Table 1
Condensed Statement of Net Position**

	<u>2018</u>	<u>2017</u>	Increase (Decrease)	Percent Change 2017 to 2018	<u>2016</u>	Percent Change 2016 to 2017
Assets						
Current and other assets	\$ 20,245,796	\$ 20,413,608	\$ (167,812)	-0.8%	\$ 26,234,532	-22.2%
Capital assets	117,985,314	121,766,602	(3,781,288)	-3.1%	124,066,314	-1.9%
Total assets	<u>138,231,110</u>	<u>142,180,210</u>	<u>(3,949,100)</u>	<u>-2.8%</u>	<u>150,300,846</u>	<u>-5.4%</u>
Deferred outflows of resources						
Deferred outflows on pension and OPEB related amounts	14,577,121	15,993,288	(1,416,167)	-8.9%	12,704,894	25.9%
Total deferred outflows of resources	<u>14,577,121</u>	<u>15,993,288</u>	<u>(1,416,167)</u>	<u>-8.9%</u>	<u>12,704,894</u>	<u>25.9%</u>
Liabilities						
Current liabilities	7,895,596	9,087,287	(1,191,691)	-13.1%	8,358,929	8.7%
Long-term liabilities	46,995,896	48,428,700	(1,432,804)	-3.0%	44,936,333	7.8%
Total liabilities	<u>54,891,492</u>	<u>57,515,987</u>	<u>(2,624,495)</u>	<u>-4.6%</u>	<u>53,295,262</u>	<u>7.9%</u>
Deferred inflows of resources						
Deferred inflows on pension and OPEB related amounts	5,195,167	2,397,699	2,797,468	116.7%	712,481	236.5%
Total deferred inflows of resources	<u>5,195,167</u>	<u>2,397,699</u>	<u>2,797,468</u>	<u>116.7%</u>	<u>712,481</u>	<u>236.5%</u>
Net position:						
Net investment in capital assets	117,985,314	121,766,602	(3,781,288)	-3.1%	122,976,936	-1.0%
Restricted	1,037,807	1,037,807	-	0.0%	610,800	69.9%
Unrestricted	(26,301,549)	(24,544,597)	(1,756,952)	7.2%	(14,589,739)	68.2%
Total net position	<u>\$ 92,721,572</u>	<u>\$ 98,259,812</u>	<u>\$ (5,538,240)</u>	<u>-5.6%</u>	<u>\$ 108,997,997</u>	<u>-9.9%</u>

OPERATING FINANCIAL ACTIVITY OF THE AUTHORITY

Statements of Revenues, Expenses and Changes in Net Position

The Authority operates as a single enterprise fund providing public transportation to the community. User charges, in the form of passenger fares, as a percentage of total operating revenue and non-operating revenue, were 16.3% and 19.6% for FY2018 and FY2017, respectively. The cost of providing the remainder of the service was subsidized by ad valorem tax revenue collections and federal, state, and local funding. The Authority’s millage rate for the 2018 and 2017 tax year was 0.5000 (the Authority’s charter cap).

FY2018 Operating Results Compared to FY2017

FY2018 operating revenues increased by 7.6% and operating expenses, prior to the recognition of depreciation, decreased by 2.0%.

HILLSBOROUGH TRANSIT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

- Passenger fares decreased \$1,571,991 or 11.1% in FY2018, from \$14,148,572 in FY2017 to \$12,576,581 in FY2018 which is attributable to a 10.2% decrease in ridership on our bus and flex service.
- Salaries and wages decreased \$1,183,661 or 3.3% in FY2018 over FY2017. There were several senior level positions vacant during FY18 including the Chief Financial Officer position while he was serving as Interim CEO through most of FY18.
- Payroll taxes and fringe benefits decreased by \$2,148,272 or 9.2% in FY2018 over FY2017. This is due in part to the corresponding decrease in salaries because of senior level vacancies. Also contributing to this decrease is a \$1,227,746 decrease in health claims and estimated outstanding claims costs. HART had a drop in claims paid during FY2018 when compared to FY2017 which was primarily driven by the absence of large claims. During FY2017 large claims with stop-loss reimbursements totaled approximately \$729,000 versus less than \$297,000 in FY2018.
- Fuel and lubricants increased \$196,448 or 4.8% in FY2018 over FY2017. While there was a decrease of 503,423 in total gallons of diesel purchased, the increase is due to an increase in average diesel fuel cost per gallon from \$1.62 in FY2017 to \$2.10 in FY2018.
- Contract services increased \$546,186 or 9.2% in FY2018 over FY2017. The majority of this increase is attributable to an increase of \$312,552 for the First Mile/Last Mile program. Changes to the fare structure and the pick-up/drop off zone requirements resulted in an increase in ridership which in turn is an increase to our 50% share of the costs to the contracted vendor providing the service.
- Claims increased \$404,415 or 16.8% in FY2018 over FY2017. Claims settlements and estimated outstanding claims for workers compensation increased \$527,296.
- Ad valorem distributions increased \$3,292,241 or 8.8% in FY2018. This is due to an increase in taxable assessed values from FY2017 to FY2018.
- State operating grants increased \$955,963 in FY2018. This was due to an increase in ridership for the First Mile/Last Mile program as well as new routes serving the Temple Terrace/University Area and the Wesley Chapel and TIA airport being implemented in FY18 all of which are funded through the State Block Grant. Federal Capital grants decreased \$1,885,787 in FY2018 which is largely attributed to a 17 unit 40' bus buy in FY2017 and only a 10 unit 40' bus buy in FY2018.

FY2017 Operating Results Compared to FY2016

FY2017 operating revenues decreased by 5.5% and operating expenses, prior to the recognition of depreciation, increased by 8.8%.

HILLSBOROUGH TRANSIT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

- Passenger fares decreased \$1,007,036 or 6.6% in FY2017, from \$15,155,608 in FY2016 to \$14,148,572 in FY2017 which is attributable to an 8.4% decrease in ridership on our bus and flex service.
- Salaries and wages increased \$2,209,757 or 6.5% in FY2017 over FY2016. \$1,527,946 or 4.5% of this increase were bargaining unit contractual increases. There were also several new senior level positions added as well as gap positions which were vacant for over half of the fiscal year being filled which totaled approximately \$400,000.
- Payroll taxes and fringe benefits increased by \$4,735,139 or 25.4% in FY2017 over FY2016. This is primarily due to a \$1.8 million increase in health claims cost. There was a 10% increase in the per employee per month cost based on the increase in paid claims to covered contracts. Also, total large claims paid which exceeded \$100,000 increased from \$1,350,447 in FY16 to \$2,016,903 in FY17. Also contributing to this increase is the booking of the required pension expense for HART's Florida Retirement System proportionate share which was \$2,805,758 for FY2017. This is a \$1,032,107 increase over FY2016 proportionate share.
- Fuel and lubricants decreased \$323,704 or 7.4% in FY2017 over FY2016. This was due to a decrease in average diesel fuel cost per gallon from \$1.66 in FY2016 to \$1.62 in FY2017.
- Contract services increased \$1,914,225 or 47.5% in FY2017 over FY2016. A large part of this increase is attributable to the Taxi Voucher Program. This program, which started in January of 2016, is a partnership HART has with Yellow Cab to provide alternative Paratransit Service and has proved to be very popular. HART's FY2017 expense for this program was \$1,196,538 with a ridership of 66,940. Yellow Cab invoices HART monthly for the rides they provide. The cost to HART is \$20 per ride. Professional services fees increased \$295,492 due to \$230,104 in environmental remediation costs for site activities performed by NOVA Engineering and Environmental, LLC. Security services increased \$126,205 due to an increase in patrol service hours at HART's University Area Transit Center and Yukon Transit Center.
- Claims decreased \$1,869,593 or 43.7% in FY2017 over FY2016. Claims settlements and estimated outstanding claims decreased \$640,319 for workers compensation and \$1,247,882 for general liability.
- Ad valorem distributions increased \$2,640,061 or 7.6% in FY2017. This is due to an increase in taxable assessed values from FY2016 to FY2017.
- Federal operating grants increased \$2,516,697 in FY2017 due to additional grant funds being allocated to fund preventative maintenance for bus and non-fixed route service. Federal capital grants increased \$1,539,485 in FY2017 due to fifteen (15) CNG fueled buses for bus service being purchased in FY2017 whereas there were no large bus purchases in FY2016. State capital grants decreased \$1,294,668 in FY2017 mostly due to revenues for the Regional Farebox Collections System all being received in FY2016.

HILLSBOROUGH TRANSIT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 2
Condensed Statement of Revenues, Expenses and Changes in Net Position

	<u>2018</u>	<u>2017</u>	Increase (Decrease)	Percent Change 2017 to 2018	<u>2016</u>	Percent Change 2016 to 2017
Passenger fares	\$ 12,576,581	\$ 14,148,572	\$ (1,571,991)	-11.1%	\$ 15,155,608	-6.6%
Advertising	1,089,898	1,072,635	17,263	1.6%	1,144,644	-6.3%
Other operating revenues	3,150,349	405,193	2,745,156	677.5%	237,079	70.9%
Total operating revenues	16,816,828	15,626,400	1,190,428	7.6%	16,537,331	-5.5%
Salaries and wages	35,122,040	36,305,701	-1,183,661	-3.3%	34,095,944	6.5%
Payroll taxes and fringe benefits	21,257,654	23,405,926	-2,148,272	-9.2%	18,670,787	25.4%
Fuel and lubricants	4,262,223	4,065,775	196,448	4.8%	4,389,479	-7.4%
Parts and supplies	4,481,531	4,281,705	199,826	4.7%	4,178,489	2.5%
Other Expenses	15,946,843	14,655,597	1,291,246	8.8%	14,678,896	-0.2%
Total operating expenses	81,070,291	82,714,704	-1,644,413	-2.0%	76,013,595	8.8%
Operating loss before depreciation	(64,253,463)	(67,088,304)	2,834,841	-4.2%	(59,476,264)	12.8%
Depreciation	12,194,544	12,164,514	30,030	0.2%	11,652,527	4.4%
Operating loss	(76,448,007)	(79,252,818)	2,804,811	-3.5%	(71,128,791)	11.4%
Federal, state and local grants	19,226,458	18,549,639	676,819	3.6%	16,002,545	15.9%
State operating rebates - Compressed Natural Gas (CNG)	-	250,000	(250,000)	0.0%	-	0.0%
Property tax proceeds	40,801,680	37,509,439	3,292,241	8.8%	34,869,378	7.6%
Other Income	288,659	122,610	166,049	135.4%	60,899	101.3%
Total non-operating revenues	60,316,797	56,431,688	3,885,109	6.9%	50,932,822	10.8%
Loss before capital contributions	(16,131,210)	(22,821,130)	6,689,920	-29.3%	(20,195,969)	13.0%
Capital grants	10,592,970	12,018,257	(1,425,287)	-11.9%	11,941,558	0.6%
Developer contributed assets	-	64,688	(64,688)	0.0%	-	0.0%
Increase (decrease) in net position	\$ (5,538,240)	\$ (10,738,185)	\$ 5,199,945	-48.4%	\$ (8,254,411)	30.1%
Net position at beginning of year	\$ 98,259,812	\$ 108,997,997	(10,738,185)	-9.9%	\$ 118,152,355	-7.7%
Prior period adjustment	\$ -	\$ -	-	100.0%	\$ (899,947)	-100.0%
Net position at beginning of year, restated	\$ 98,259,812	\$ 108,997,997	(10,738,185)	-9.9%	\$ 117,252,408	-7.0%
Net Position at End of Year	\$ 92,721,572	\$ 98,259,812	(5,538,240)	-5.6%	\$ 108,997,997	-9.9%

Capital Assets and Long-Term Debt Administration

The Authority's net investment in capital assets for the fiscal year ending September 30, 2018 included: land, buildings and improvements, construction in progress, shelters, computer software and hardware, revenue and other vehicles and equipment net of accumulated depreciation. (See Note 4 to the financial statements for more detailed information.)

Specifically:

- The Authority's acquisition of revenue vehicles and related equipment included the purchase of 10 Compressed Natural Gas (CNG) fueled buses for bus service and 10 gasoline fueled demand response vehicles for Paratransit service. The CNG buses were ordered in FY2017 and arrived in FY2018 and the gasoline fueled demand response vehicles were ordered and arrived in FY2018. Additionally, two (2) maintenance vehicles and three (3) operations vehicles were purchased and arrived in FY2018.

**HILLSBOROUGH TRANSIT AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS**

- Transit Infrastructure improvements in FY2018 included 43 new landing pads which were built by the Authority throughout the county.
- The Authority has no long-term or short-term debt. Stringent capital funding and project implementation requirements have enabled the Authority to avoid issuing long-term debt instruments for the construction of capital projects.

CAPITAL ASSETS:

The Authority has invested \$118 million in capital assets (net of accumulated depreciation). 28% of the net investment represents buildings and improvements and 33% of the investment represents revenue vehicles at the close of the fiscal year, September 30, 2018.

Capital Assets, Net of Accumulated Depreciation

	2018	2017	Percent of Total		2016
			2018	2017	
Land	19,043,009	19,040,309	16.1%	15.7%	19,040,309
Construction work in progress	5,736,827	4,469,892	4.9%	3.7%	3,378,211
Buildings and improvements	33,014,837	35,727,920	28.0%	29.3%	38,259,905
Operating and transit related equipment	6,733,522	7,886,547	5.7%	6.5%	9,095,662
Other equipment, fixtures, and other vehicles	13,580,290	14,411,188	11.5%	11.8%	15,179,217
Computer equipment and software	979,793	1,120,100	0.8%	0.9%	1,493,112
Non-Revenue Vehicles	214,776	-	0.2%	-	-
Revenue Vehicles	38,682,260	39,110,646	32.8%	32.1%	37,619,898
Total	117,985,314	121,766,602	100%	100%	124,066,314

Additional information regarding capital assets can be found in Note 4 to the financial statements.

Economic Factors and Next Year’s Budget and Rates

The Authority’s primary source of funding is ad valorem property taxes. The FY2018 adopted budget was based on a .5000 millage rate which is unchanged from FY2017 and represents the Authority’s charter cap.

The HART Board adopted the FY2019 budget on September 24, 2018. The total FY2019 adopted operating and capital budget of \$111,554,915 is \$11,564,827 greater than the FY2018 adopted budget, or an increase of 11.6%. The FY2019 adopted operating budget is \$78,927,742, which is \$8,360,354 or 11.8% greater than the FY2018 adopted budget. The annual Capital Improvement Program (CIP) budget for FY2019 is \$32,627,173, which is \$3,204,473 or 10.9% greater than the FY2018 adopted CIP budget. The FY2019 adopted millage rate remained at .5000.

**HILLSBOROUGH TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

REQUESTS FOR INFORMATION

This financial report is intended to provide an overview of the finances of the Authority for those with an interest in this organization. If you have questions concerning information contained within this report, contact Jeffrey Seward, Chief Financial Officer, Hillsborough Transit Authority, Finance Division, 1201 East 7th Avenue, Tampa, Florida 33605.

BASIC FINANCIAL STATEMENTS

**HILLSBOROUGH TRANSIT AUTHORITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets		
Cash and cash equivalents-unrestricted (Note 3)	\$ 14,052,908	\$ 12,768,003
Cash and cash equivalents-restricted for medical self-insured, general liability, workers comp and private developers (Note 3)	1,037,807	1,037,807
Accounts receivable		
Trade and other, net of allowance for uncollectible accounts of \$8,891 in 2018 and \$6,657 in 2017	748,588	2,298,457
Delinquent property tax receivable	47,059	62,134
Federal grants	517,258	1,764,141
State grants	1,759,924	315,322
Local grants	50,543	155,885
Inventory of replacement parts and supplies	1,411,075	1,628,946
Prepaid expenses	<u>620,634</u>	<u>382,913</u>
Total current assets	<u>20,245,796</u>	<u>20,413,608</u>
Capital assets		
Land (Note 4)	19,043,009	19,040,309
Construction in progress (Note 4)	5,736,827	4,469,892
Capital assets, net of accumulated depreciation (Note 4)	<u>93,205,478</u>	<u>98,256,401</u>
Total capital assets, net	<u>117,985,314</u>	<u>121,766,602</u>
Total assets	<u>138,231,110</u>	<u>142,180,210</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows on pension and OPEB related amounts	<u>14,577,121</u>	<u>15,993,288</u>
Total deferred outflows of resources (Note 5 & 8)	<u>14,577,121</u>	<u>15,993,288</u>

(Continued)

See accompanying notes to financial statements.

**HILLSBOROUGH TRANSIT AUTHORITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
LIABILITIES		
Current liabilities		
Accounts payable	3,547,234	3,898,479
Accrued expenses	1,228,463	1,468,902
Unearned revenue	10,109	5,659
Self insurance and loss contingencies due within one year (Note 10 & 11)	2,391,880	3,016,930
Environmental remediation due within one year (Note 11 & 13)	308,019	207,233
Compensated absences due within one year (Note 11)	91,239	115,127
Net pension liability due within one year (Note 11)	318,652	374,957
Total current liabilities	7,895,596	9,087,287
Long-term liabilities		
Self insurance and loss contingencies (Notes 10 & 11)	5,619,072	5,407,660
Compensated absences (Note 11)	2,789,154	2,735,005
Net pension liability (Note 5 & 11)	37,573,767	39,188,888
Total OPEB liability (Note 8 & 11)	1,013,903	1,097,147
Total long-term liabilities	46,995,896	48,428,700
Total liabilities	54,891,492	57,515,987
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows on pension and OPEB related amounts	5,195,167	2,397,699
Total deferred inflows of resources (Note 5 & 8)	5,195,167	2,397,699
NET POSITION		
Net investment in capital assets	117,985,314	121,766,602
Restricted for medical self-insured, general liability, workers comp and private developers (Note 3)	1,037,807	1,037,807
Unrestricted (Note 12)	(26,301,549)	(24,544,597)
Total net position	\$ 92,721,572	\$ 98,259,812

See accompanying notes to financial statements.

HILLSBOROUGH TRANSIT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDING SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Operating revenues		
Passenger fares	\$ 12,576,581	\$ 14,148,572
Advertising	1,089,898	1,072,635
Other revenues	<u>3,150,349</u>	<u>405,193</u>
Total operating revenues	16,816,828	15,626,400
Operating expenses		
Salaries and wages	35,122,040	36,305,701
Payroll taxes, fringe benefits and workers' compensation	21,257,654	23,405,926
Fuel and lubricants	4,262,223	4,065,775
Parts and supplies	4,481,531	4,281,705
Contracted services	6,494,192	5,948,106
Claims	2,812,076	2,407,661
Utilities	993,158	1,140,717
Marketing and promotion	340,216	346,738
Other	2,829,903	3,061,563
Operating expenses reimbursed by grants	<u>2,477,298</u>	<u>1,750,812</u>
Total operating expenses before depreciation	<u>81,070,291</u>	<u>82,714,704</u>
Operating (loss) before depreciation	(64,253,463)	(67,088,304)
Depreciation	<u>12,194,544</u>	<u>12,164,514</u>
Operating loss	(76,448,007)	(79,252,818)
Nonoperating revenues (expenses)		
Operating assistance grants		
Federal	12,038,587	12,409,977
State	6,041,652	5,085,689
Local	1,146,219	1,053,973
State operating rebates - Compressed Natural Gas (CNG)	-	250,000
Property tax proceeds	40,801,680	37,509,439
Investment income	<u>288,659</u>	<u>122,610</u>
Total nonoperating revenues	<u>60,316,797</u>	<u>56,431,688</u>
Net loss before capital contributions	(16,131,210)	(22,821,130)

(Continued)

See accompanying notes to financial statements.

HILLSBOROUGH TRANSIT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDING SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Net loss before capital contributions	(16,131,210)	(22,821,130)
Capital grants		
Federal	9,398,143	11,283,930
State	1,108,304	562,907
Local	86,523	171,420
Developer contributed assets	<u>-</u>	<u>64,688</u>
Total capital contributions	<u>10,592,970</u>	<u>12,082,945</u>
Decrease in net position	(5,538,240)	(10,738,185)
Net position at beginning of year	<u>98,259,812</u>	<u>108,997,997</u>
Net position at end of year	<u><u>\$ 92,721,572</u></u>	<u><u>\$ 98,259,812</u></u>

See accompanying notes to financial statements.

HILLSBOROUGH TRANSIT AUTHORITY
STATEMENTS OF CASH FLOW
YEARS ENDING SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Cash received from customers	\$ 15,216,348	\$ 13,678,766
Cash paid to employees	(54,130,907)	(56,111,538)
Cash paid to suppliers	(25,374,544)	(23,340,483)
Other receipts	<u>3,062,053</u>	<u>421,674</u>
Net cash used in operating activities	<u>(61,227,050)</u>	<u>(65,351,581)</u>
 Cash flows from noncapital financing activities		
Operating grants received	19,079,244	28,965,056
Property tax revenues received	<u>40,816,755</u>	<u>37,527,150</u>
Net cash provided by noncapital financing activities	<u>59,895,999</u>	<u>66,492,206</u>
 Cash flows from capital and related financing activities		
Purchase of capital assets	(8,421,558)	(9,839,908)
Capital assistance grants	10,652,257	12,580,648
Capital lease payments	-	(785,488)
Proceeds from the sale of revenue vehicles	<u>96,598</u>	<u>24,325</u>
Net cash provided by capital and related financing activities	<u>2,327,297</u>	<u>1,979,577</u>
 Cash flows from investing activities		
Investment income	<u>288,659</u>	<u>122,610</u>
Net cash provided by investing activities	<u>288,659</u>	<u>122,610</u>
 Net change in cash and cash equivalents	1,284,905	3,242,812
 Cash and cash equivalents at beginning of year	<u>13,805,810</u>	<u>10,562,998</u>
 Cash and cash equivalents at end of year	<u>\$ 15,090,715</u>	<u>\$ 13,805,810</u>

(Continued)
See accompanying notes to financial statements.

HILLSBOROUGH TRANSIT AUTHORITY
STATEMENTS OF CASH FLOW
YEARS ENDING SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of operating expenses in excess of operating revenues to net cash used in operating activities		
Operating loss	\$ (76,448,007)	\$ (79,252,818)
Adjustments to reconcile operating expenses in excess of operating revenues to net cash used in operating activities		
Add back depreciation	12,194,544	12,164,514
Add back pension expense adjustments	2,325,988	2,805,758
Add back OPEB expense adjustments	132,977	87,107
Add net gain/losses on capital assets	(88,296)	16,482
(Increase) decrease in accounts receivable	1,549,869	(1,542,442)
(Increase) decrease in inventories	217,871	(125,177)
(Increase) decrease in prepaid expenses	(237,721)	(10,451)
Increase (decrease) in accounts payable	(351,245)	396,592
Increase (decrease) in accrued expenses	(240,439)	380,582
Increase (decrease) in self insurance	(413,638)	(667,468)
Increase (decrease) in environmental remediation	100,786	69,097
Increase (decrease) in accumulated unused compensated absences	<u>30,261</u>	<u>326,643</u>
Total adjustments	<u>15,220,957</u>	<u>13,901,237</u>
Net cash used in operating activities	<u>\$ (61,227,050)</u>	<u>\$ (65,351,581)</u>
Noncash investing, capital or financing transactions		
Developer contributed assets, a noncash capital activity	<u>\$ -</u>	<u>\$ 64,688</u>

See accompanying notes to financial statements.

NOTE 1 – ORGANIZATION AND REPORTING ENTITY

General: Hillsborough Transit Authority, operating and also known as Hillsborough Area Regional Transit Authority, or HART (“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 (“the City”) and the unincorporated areas of Hillsborough County, Florida (“the 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 those members’ jurisdictional limits.

Basis of Presentation: The Authority operates the transit system as a single enterprise fund with operational cost centers to account for costs of services: operations, maintenance, and administration. Ad valorem tax revenues, operating grants and other non-capital grant revenue are classified as non-operating revenue. Capital grants are separately presented in the statements of revenue, expenses and changes in fund net position.

The accompanying financial statements are reported on the accrual basis of accounting, under which, revenues are recognized when earned and measurable and expenses are recognized when incurred.

The Authority’s significant financial and accounting policies utilized in formulating these financial statements are as follows:

Cash and Cash Equivalents: The Authority’s cash and cash equivalents include: cash on hand, demand deposits and highly liquid investments which are readily convertible to cash. These are limited to assets with 90 days or less original maturity.

Investment Policy: Florida Statute 218.415 and the Authority’s investment policy authorize the Authority to invest surplus funds in the following:

- a. Negotiable direct obligations of, or obligations of which the principal and interest are unconditionally guaranteed by the U.S. Government;
- b. Interest bearing time deposits or savings accounts in qualified public depositories as defined in Section 280.02, Florida Statutes;
- c. Prime commercial paper with the highest credit quality rating from a nationally recognized agency;
- d. Tax exempt obligations rated “A” or higher and issued by state and local governments;
- e. Money market mutual funds; and
- f. Local government investment pools.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Authority invests funds throughout the year with the Local Government Surplus Funds Trust Fund Investment Pool, (“the Pool”), administered by the State Board of Administration (SBA) under the regulatory oversight of State of Florida, Chapter 19-7 of the Florida Administrative Code. The Authority has no investments measured at fair value.

Accounts Receivable: The Authority provides for an allowance for doubtful accounts based on the expected collectability of outstanding balances.

Inventory: Inventory, principally consisting of vehicle replacement parts and operating supplies, is stated at average cost. The average cost of inventory is based on recently received inventory as well as older received inventory.

Capital Assets: Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$1,000. Such assets are recorded at cost and are depreciated using the straight-line method over the estimated useful lives as follows:

<u>Description</u>	<u>Useful Lives (Years)</u>
Building and improvements	5 to 40
Revenue vehicles (includes Streetcars)	4 to 30
Operating and transit related equipment	3 to 15
Other equipment, fixtures and other vehicles	3 to 7
Computer equipment and software	3 to 7

On an annualized basis, the Authority evaluates the useful lives of the capital assets and writes off net capitalized costs of assets with no future value.

Contributed capital assets are reported at acquisition value. 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.

Unearned Revenue: Unearned Revenue is considered a liability until it becomes relevant to the business at hand, such as payment received for work not performed or revenues received which have not been earned.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 expense and as a liability. Employees are required to transfer accumulated hours in excess of 240 to the sick leave and/or catastrophic sick leave banks. The Authority allows employees to accumulate unused sick leave which is payable to the employee at retirement or resignation. Eligibility is as follows: Amalgamated Transit Union (ATU), Teamsters and Non-Bargaining receive 50% of their balance if they have over 10 years of service and 100% if they have over 20 years of service. Employees in ATU have a maximum pay out of 600 hours with the exception of 4 employees, who were grandfathered-in and are eligible to receive the amount of hours they were capped at on December 7, 1998.

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the compensated absences liability is calculated based on the pay or salary rates in effect at the balance sheet date. 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 Authority is liable to pay the employee all accrued liabilities upon 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 defined contribution pension cost related to the compensated absences amount due to the Authority's employees being covered under the Investment Plan of the Florida Retirement System (FRS).

Pensions: In the statement of net position, liabilities are recognized for the Authority's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the FRS defined benefit plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post Employment Benefits (OPEB): In the statement of net position, a liability is recognized for the Authority's OPEB liability as determined by an actuarial review of the healthcare coverage purchased by retirees to continue participation in the Authority's self-insured health plan. The Authority is responsible for covering the excess of retiree claims over premium payments made by retirees to the Authority, which creates an other post employment benefit. OPEB expense is recognized immediately for changes in the OPEB liability resulting from current-period service cost, interest on the total OPEB liability and changes of benefit terms.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The deferred outflows of resources reported in the Authority's statement of net position represent amounts that will be recognized as increases in pension and OPEB expense in future years.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources reported in the Authority's statement of net position represent amounts that will be recognized as reductions in pension and OPEB expense in future years.

Net Position: The statement of net position presents the difference between assets & deferred outflows of resources and liabilities & deferred inflows of resources. Net position is reported as restricted when there are legal limitations imposed on use by laws or regulations of other governments or external restrictions by creditors, grantors or from external parties that require funds to be segregated and used only for specific purposes. Unrestricted net position may be designated for specific purposes as the option of the Authority's Board of Directors. If restricted and unrestricted net position is available for the same purpose, then restricted will be used before unrestricted.

Net Investment in Capital Assets: Capital assets, net of accumulated depreciation, less outstanding balances of any obligations or other payables that are attributable to the acquisition, construction or improvement of those assets, represents the Authority's investment in capital assets.

Passenger Fares: Passenger cash fares are recorded as revenue at the farebox. Multi-issue passes are recorded as revenue when sold.

Operating Revenue: Revenues resulting from the normal operations of the Authority such as fares and advertising are considered operating revenue.

Non-Operating Revenue: Income that the authority receives that is not part of normal business operations such as operating assistance grants, property tax revenue, and interest income are considered non-operating revenue.

Property Tax Revenue: 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 mill (.50) 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 mill levy, subject to public referendum. Property tax collections are governed by Chapter 197, Florida Statutes. The Hillsborough County Tax Collector bills and collects all property taxes levied within the County. Discounts of 4, 3, 2, and 1% are allowed for early payment in November, December, January, and February, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Tax Collector remits collected taxes at least monthly to the Authority. The Authority recognizes property tax revenue on a cash basis as it is received from the Tax Collector throughout the fiscal year. An estimate is then accrued at the end of the year for current fiscal year taxes not yet received.

Property taxes are levied annually based on the value of real property and tangible personal property as assessed on January 1 and are collected from November through the following March. Accordingly, these revenues are recognized in the same fiscal period in which payment is collected.

Property tax calendar:

Valuation Date	January 1
Levy Date	October 1
Due Date	November 1
Delinquent Date	April 1
Tax Certificate Sale	On or before June 1

Operating Expenses: Operating expenses include the cost of providing transit service and administrative support which includes wages, benefits, supplies, purchased services, utilities, and other expenses.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

The carrying value of the Authority's cash, cash equivalents, and investments as of September 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Cash, cash equivalents and investments		
Cash on hand	\$ 68,423	\$ 103,102
Demand deposits	1,701,457	4,753,914
Florida State Board of Administration - Florida PRIME	12,390,835	8,018,794
Imprest accounts	930,000	930,000
Total cash, cash equivalents, and investments	<u>\$ 15,090,715</u>	<u>\$ 13,805,810</u>

The Federal Deposit Insurance Corporation (FDIC) insures the balances up to \$250,000 for each banking relationship. The remaining balances are collateralized pursuant to Chapter 280, Florida Statutes. The Authority's procedures have been to replenish the bank accounts with transfers from

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

the interest bearing accounts at the Florida State Board of Administration Local Government Surplus Trust Fund Investment Pool to cover cash needs.

State Board of Administration (SBA): The SBA manages Florida PRIME, a 2a-7-like pool, carried at an amortized cost. A 2a-7-like pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which regulates money market funds. Therefore, Florida PRIME operates essentially as a money market fund and the Authority's position in Florida PRIME is considered to be equivalent to its fair value.

Regulatory oversight of the SBA is provided by three state of Florida elected officials designated as trustees: the Governor serves as Chairman of the SBA; the Chief Financial Officer serves as Treasurer of the SBA; and the Attorney General serves as Secretary of the SBA. External oversight of the State Board of Administration is provided by the Investment Advisory Council, which reviews investment performance, strategy and decision-making, provides insight, advice and counsel on these and other matters when appropriate. Audit oversight is also provided by the state of Florida Auditor General.

Qualifying local government investment pools (LGIPs) in the state of Florida must comply with applicable Florida statutory requirements. Chapter 218.409(8)(a), Florida Statutes, states that the principal balance within a LGIP trust fund is subject to withdrawal at any time. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest in the monies entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council.

With regard to liquidity fees, Chapter 218.409(4) provides authority for a LGIP to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made by the SBA.

At September 30, 2018 and 2017, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value within Florida PRIME.

Custodial Risk: For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As authorized by the Authority's investment policy, the Authority invests its surplus funds with the Local Government Surplus Funds Trust Fund Investment Pool administered by the State Board of Administration (SBA) under the regulatory oversight of State of Florida, Chapter 19-7 of the Florida Administrative Code.

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Credit Risk: Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. Per the Authority's investment policy, the Authority invests in the investment pool administered by the SBA. As part of the SBA, Florida Prime is rated by Standard & Poor's with an 'AAAm' rating.

Interest Rate Risk: The dollar weighted average days to maturity (WAM) of Florida PRIME at September 30, 2018 and 2017 was 33 days and 51 days, respectively. The weighted average life (WAL) of Florida PRIME at September 30, 2018 and 2017 was 72 days and 80 days, respectively. The Authority's investment policy does not set limits for investment maturities. As of September 30, 2018, all of the Authority's excess cash was invested with the State Board of Administration Local Government Surplus Trust Funds Investment Pool.

Foreign Currency Risk: Florida PRIME was not exposed to any foreign currency risk during FY2018.

Concentration of Credit Risk: Concentration of credit risk is the risk associated with a government's investment in a single issuer. HART's investment policy allows for the Authority to be 100% invested in external local government investment pools. The Authority is entirely invested in the SBA's Florida PRIME.

NOTE 4 – CAPITAL ASSETS

Capital asset activity and balance for the years ending September 30, 2018 and 2017 are summarized below:

Description	Balance Oct. 1, 2017	Additions and Reclasses	Deletions	Balance Sep. 30, 2018
Non-depreciable capital assets				
Land	\$ 19,040,309	\$ 2,700	\$ -	\$ 19,043,009
Construction work in progress *	4,469,892	1,274,899	7,964	5,736,827
Total non-depreciable capital assets	<u>23,510,201</u>	<u>1,277,599</u>	<u>7,964</u>	<u>24,779,836</u>
Depreciable assets				
Buildings and improvements	74,635,704	270,115	2,438	74,903,381
Operating and transit related equipment	32,018,372	283,604	880,903	31,421,073
Other equipment, fixtures, and other vehicles	24,643,518	55,908	5,970	24,693,456
Computer equipment and software	10,863,561	669,692	246,824	11,286,429
Revenue vehicles	88,448,445	5,864,640	12,160,565	82,152,520
Total depreciable capital assets	<u>230,609,600</u>	<u>7,143,959</u>	<u>13,296,700</u>	<u>224,456,859</u>
Less accumulated depreciation				
Buildings and improvements	38,907,784	2,982,859	2,099	41,888,544
Operating and transit related equipment	24,131,825	1,266,916	880,903	24,517,838
Other equipment, fixtures, and other vehicles	10,232,330	841,744	5,971	11,068,103
Computer equipment and software	9,743,461	809,999	246,824	10,306,636
Revenue vehicles	49,337,799	6,293,026	12,160,565	43,470,260
Total accumulated depreciation	<u>132,353,199</u>	<u>12,194,544</u>	<u>13,296,362</u>	<u>131,251,381</u>
Total depreciable assets, net	<u>98,256,401</u>	<u>(5,050,585)</u>	<u>338</u>	<u>93,205,478</u>
Total capital assets, net	<u>\$ 121,766,602</u>	<u>\$ (3,772,986)</u>	<u>\$ 8,302</u>	<u>\$ 117,985,314</u>

* The construction work in progress at September 30, 2018 is primarily related to the regional fare collection system, IT infrastructure and the Ybor facility renovations.

NOTE 4 – CAPITAL ASSETS (continued)

Description	Balance Oct. 1, 2016	Additions and Reclasses	Deletions	Balance Sep. 30, 2017
Non-depreciable capital assets				
Land	\$ 19,040,309	\$ -	\$ -	\$ 19,040,309
Construction work in progress *	3,378,211	1,164,850	73,169	4,469,892
Total non-depreciable capital assets	22,418,520	1,164,850	73,169	23,510,201
Depreciable assets				
Buildings and improvements	74,142,063	518,575	24,934	74,635,704
Operating and transit related equipment	32,093,536	188,480	263,644	32,018,372
Other equipment, fixtures, and other vehicles	24,559,302	129,286	45,070	24,643,518
Computer equipment and software	10,582,208	310,666	29,313	10,863,561
Revenue vehicles	84,606,914	7,631,605	3,790,074	88,448,445
Total depreciable capital assets	225,984,023	8,778,612	4,153,035	230,609,600
Less accumulated depreciation				
Buildings and improvements	35,882,158	3,050,560	24,934	38,907,784
Operating and transit related equipment	22,997,874	1,396,154	262,203	24,131,825
Other equipment, fixtures, and other vehicles	9,380,085	897,315	45,070	10,232,330
Computer equipment and software	9,089,096	683,678	29,313	9,743,461
Revenue vehicles	46,987,016	6,136,807	3,786,024	49,337,799
Total accumulated depreciation	124,336,229	12,164,514	4,147,544	132,353,199
Total depreciable assets, net	101,647,794	(3,385,902)	5,491	98,256,401
Total capital assets, net	\$ 124,066,314	\$ (2,221,052)	\$ 78,660	\$ 121,766,602

* The construction work in progress at September 30, 2017 is primarily related to the regional fare collection system, IT infrastructure and the Ybor facility renovations.

NOTE 5 – DEFINED BENEFIT PENSION PLANS

Background

The Florida Retirement System (FRS) was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan, which is administered by the State Board of Administration. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Authority are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Authority's pension expense totaled \$5,469,534 and \$5,780,649 for both the FRS Pension Plan and HIS Plan for the fiscal year ended September 30, 2018 and 2017, respectively.

The Authority's deferred outflows totaled \$14,524,965 and \$15,955,551 for both the FRS Pension Plan and HIS plan for the fiscal year ended September 30, 2018 and 2017, respectively.

The Authority's deferred inflows totaled \$4,907,128 and \$2,340,300 for both the FRS Pension Plan and HIS plan for the fiscal year ended September 30, 2018 and 2017, respectively.

Florida Retirement System Pension Plan

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. There are five (5) classes of membership, as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.

NOTE 5 – DEFINED BENEFIT PENSION PLANS (Continued)

- *Senior Management Service Class (SMSC)* – Members in senior management level positions in state and local governments as well as assistant state attorneys, assistant statewide prosecutors, assistant public defenders, assistant attorneys general, deputy court administrators, assistant capital collateral representatives, and judges of compensation claims. Members of the Elected Officers’ Class may elect to withdraw from the FRS or participate in the SMSC in lieu of the Elected Officers’ Class.
- *Special Risk Class* – Members who are employed as law enforcement officers, firefighters, firefighter trainers, fire prevention officers, state fixed-wing pilots for aerial firefighting surveillance, correctional officers, emergency medical technicians, paramedics, community-based correctional probation officers, youth custody officers (from July 1, 2001, through June 30, 2014), certain health-care related positions within state forensic or correctional facilities, or specified forensic employees of a medical examiner’s office or a law enforcement agency, and meet the criteria to qualify for this class.
- *Special Risk Administrative Support Class* – Former Special Risk Class members who are transferred or reassigned to nonspecial risk law enforcement, firefighting, emergency medical care, or correctional administrative support positions within an FRS special risk-employing agency.
- *Elected County Officers Class (EOC)* – Members who are elected state and county officers and the elected officers of cities and special districts that choose to place their elected officials in this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

Deferred Retirement Option Program (DROP), subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

NOTE 5 – DEFINED BENEFIT PENSION PLANS (Continued)

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned. The following chart shows the percentage value for each year of service credit earned:

	<u>% Value</u> (per year of service)
<u>Regular Class members initially enrolled before July 1, 2011</u>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<u>Regular Class members initially enrolled on or after July 1, 2011</u>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<u>Special Risk Class</u>	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00
<u>Special Risk Administrative Support Class members initially enrolled before July 1, 2011</u>	
(With six or more years of special risk service, the service in this class counts towards special risk normal retirement; otherwise, Regular Class requirements apply.)	
Retirement up to age 55; or up to 25 total years special risk service; or at age 52 with 25 years (if total service includes wartime military service)	1.60
Retirement at age 56; or with 26 total years special risk service; or at age 53 with 26 years (if total service includes wartime military service)	1.63
Retirement at age 57; or with 27 total years special risk service; or at age 54 with 27 years (if total service includes wartime military service)	1.65
Retirement at age 58; or with 28 total years special risk service; or at age 55 with 28 years (if total service includes wartime military service)	1.68
<u>Special Risk Administrative Support Class members initially enrolled on or after July 1, 2011</u>	
(With eight or more years of special risk service, the service in this class counts towards special risk normal retirement; otherwise, Regular Class requirements apply.)	
Retirement up to age 60; or up to 30 total years special risk service	1.60
Retirement at age 61; or with 31 total years special risk service	1.63
Retirement at age 62; or with 32 total years special risk service	1.65
Retirement at age 63; or with 33 total years special risk service	1.68
<u>Elected Officers' Class</u>	
Service as Supreme Court Justice, district court of appeal judge, circuit court judge, or county court judge	3.33
Service as Governor, Lt. Governor, Cabinet Officer, Legislator, state attorney, public defender, elected county officer, or elected official of a city or special district that chose EOC membership for its elected officials	3.00
<u>Senior Management Service Class</u>	2.00

NOTE 5 – DEFINED BENEFIT PENSION PLANS (continued)

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The employer contribution rates by job class for the periods from October 1, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2018, respectively, were applied to employee salaries as follows: Regular – 7.92% and 8.26%; Special Risk Administrative Support – 34.63% and 34.98%; Special Risk – 23.27% and 24.50%; Senior Management Service – 22.71% and 24.06%; Elected Officers’ – 45.50% and 48.70%; and DROP participants – 13.26% and 14.03%. These employer contributions rates include the appropriate retirement contribution rate, HIS contribution rate of 1.66% for both 2018 and 2017, administrative/educational fee of 0.06% for both 2018 and 2017 and any applicable UAL rates. The Authority’s contributions to the FRS Plan were \$2,508,308 and \$2,305,879 for the years ended September 30, 2018 and 2017, respectively.

Pension Costs

At September 30, 2018 and 2017, the Authority reported a liability of \$25,422,868 and \$26,230,434, respectively, for its proportionate share of the FRS Plan’s net pension liability. The net pension liability was measured as of June 30, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of July 1. The Authority’s proportion of the net pension liability was based on the Authority’s contributions received by FRS during the measurement period for employer payroll paid dates from July 1 through June 30, relative to the total employer contributions received from all of FRS’s participating employers. At June 30, 2018, the Authority’s proportion was 0.0844%, which was a decrease of 0.0043% from its proportion measured as of June 30, 2017. At June 30, 2017, the Authority’s proportion was 0.0887%, which was an increase of 0.0048% from its proportion measured as of June 30, 2016.

For the year ended September 30, 2018, the Authority recognized pension expense of \$4,427,620 for its proportionate share of FRS’s pension expense. In addition, the Authority reported its proportionate share of FRS’s deferred outflows of resources and deferred inflows of resources from the following sources:

NOTE 5 – DEFINED BENEFIT PENSION PLANS (continued)

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 2,153,699	\$ 78,169
Changes in Actuarial Assumptions	8,306,957	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,964,226
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	778,113	924,530
Authority Contributions Subsequent to the Measurement Date	705,719	-
Total	<u>\$ 11,944,488</u>	<u>\$ 2,966,925</u>

\$705,719 reported as deferred outflows of resources related to pensions resulting from Authority contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ending September 30	Amount
2019	\$ 3,329,182
2020	2,246,550
2021	231,802
2022	1,446,254
2023	918,487
Thereafter	99,569

For the year ended September 30, 2017, the Authority recognized pension expense of \$4,555,527 for its proportionate share of FRS’s pension expense. In addition, the Authority reported its proportionate share of FRS’s deferred outflows of resources and deferred inflows of resources from the following sources:

NOTE 5 – DEFINED BENEFIT PENSION PLANS (continued)

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 2,407,323	\$ 145,303
Changes in Actuarial Assumptions	8,815,278	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	650,057
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	1,047,574	364,224
Authority Contributions Subsequent to the Measurement Date	602,852	-
Total	<u>\$ 12,873,027</u>	<u>\$ 1,159,584</u>

Actuarial Assumptions

The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% per year
Salary Increases	3.25%, Average, Including Inflation
Investment Rate of Return	7.10%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study completed in 2014 for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation, as outlined in the FRS Plan's investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

NOTE 5 – DEFINED BENEFIT PENSION PLANS (continued)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	2.9%	2.9%	1.8%
Fixed Income	18%	4.4%	4.3%	4.0%
Global Equity	54%	7.6%	6.3%	17.0%
Real Estate (Property)	11%	6.6%	6.0%	11.3%
Private Equity	10%	10.7%	7.8%	26.5%
Strategic Investments	6%	6.0%	5.7%	8.6%
Totals	100%			
Assumed Inflation - Mean			2.6%	1.9%

The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% per year
Salary Increases	3.25%, Average, Including Inflation
Investment Rate of Return	7.10%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study completed in 2014 for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation, as outlined in the FRS Plan's investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

NOTE 5 – DEFINED BENEFIT PENSION PLANS (continued)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	3.0%	3.0%	1.7%
Fixed Income	18%	4.5%	4.4%	4.2%
Global Equity	53%	7.8%	6.6%	17.0%
Real Estate (Property)	10%	6.6%	5.9%	12.8%
Private Equity	6%	11.5%	7.8%	30.0%
Strategic Investments	12%	6.1%	5.6%	9.7%
Totals	100%			
Assumed Inflation - Mean			2.6%	1.9%

Discount Rate

The discount rate used to measure the total pension liability in the July 1, 2018 and 2017 actuarial valuation was 7.00 % and 7.10% respectively for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

The following presents the Authority’s proportionate share of the net pension liability for the FRS Plan for fiscal year 2018, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
FRS Plan Discount Rate	6.00%	7.00%	8.00%
Entity's Proportionate Share of the FRS Plan Net Pension Liability (Asset)	\$ 46,397,800	\$ 25,422,868	\$ 8,001,946

The following presents the Authority’s proportionate share of the net pension liability for the FRS Plan for fiscal year 2017, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

NOTE 5 – DEFINED BENEFIT PENSION PLANS (continued)

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
FRS Plan Discount Rate	6.10%	7.10%	8.10%
Entity's Proportionate Share of the FRS Plan Net Pension Liability (Asset)	\$ 47,475,502	\$ 26,230,434	\$ 8,592,161

Pension Plan Fiduciary Net Position

Detailed information about the FRS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website (www.dms.myflorida.com).

Retiree Health Insurance Subsidy Program

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal years ended June 30, 2018 and June 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112,363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2017 and 2016, the contribution rates were 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The Authority contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The Authority's contributions to the HIS Plan were \$644,240 and \$669,012, respectively, for the years ended September 30, 2018 and 2017, respectively.

NOTE 5 – DEFINED BENEFIT PENSION PLANS (continued)

Pension Costs

At September 30, 2018 and 2017, the Authority reported a liability of \$12,469,551 and \$13,333,411, respectively, for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, and the total pension liability used to calculate the net pension liability was determined by annual actuarial valuations as of July 1. The Authority’s proportion of the net pension liability was based on the Authority’s contributions received during the measurement period for employer payroll paid dates from July 1 through June 30, relative to the total employer contributions received from all participating employers. At June 30, 2018, the Authority’s proportion was 0.1178%, which was a decrease of 0.0069% from its proportion measured as of June 30, 2017. At June 30, 2017, the Authority’s proportion was 0.1247%, which was an increase of 0.0048% from its proportion measured as of June 30, 2016.

For the year ended September 30, 2018, the Authority recognized pension expense of \$1,041,914 for its proportionate share of HIS’s pension expense. In addition, the Authority reported its proportionate share of HIS’s deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 190,903	\$ 21,185
Changes in Actuarial Assumptions	1,386,768	1,318,385
Net Difference Between Projected and Actual Earnings on HIS Program Investments	7,527	-
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	818,849	600,633
Authority Contributions Subsequent to the Measurement Date	176,430	-
Total	<u>\$ 2,580,477</u>	<u>\$ 1,940,203</u>

NOTE 5 – DEFINED BENEFIT PENSION PLANS (continued)

\$176,430 reported as deferred outflows of resources related to pensions resulting from Authority contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2019	\$ 285,639
2020	285,004
2021	199,798
2022	98,465
2023	(182,497)
Thereafter	(222,565)

For the year ended September 30, 2017, the Authority recognized pension expense of \$1,225,122 for its proportionate share of HIS's pension expense. In addition, the Authority reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ -	\$ 27,762
Changes in Actuarial Assumptions	1,874,219	1,152,954
Net Difference Between Projected and Actual Earnings on HIS Program		
Investments	7,394	-
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	1,029,813	-
Authority Contributions Subsequent to the Measurement Date	171,098	-
Total	<u>\$ 3,082,524</u>	<u>\$ 1,180,716</u>

NOTE 5 – DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions

The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.60% per year
Salary Increases	3.25%, Average, Including Inflation
Municipal Bond Rate	3.87%

The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.60% per year
Salary Increases	3.25%, Average, Including Inflation
Municipal Bond Rate	3.58%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2018 and 2017, valuation were based on the results of an FRS actuarial experience study of the FRS Plan in 2014 for the period July 1, 2008, through June 30, 2013.

Discount Rate

The discount rate used to measure the total pension liability in the July 1, 2018 and 2017 actuarial valuation was 3.87% and 3.58% respectively for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Pension Liability Sensitivity

The following presents the Authority's proportionate share of the net pension liability for the HIS Plan for FY2017, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

NOTE 5 – DEFINED BENEFIT PENSION PLANS (continued)

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	2.87%	3.87%	4.87%
Authority's Proportionate Share of the HIS Plan Net Pension Liability (Asset)	\$ 14,202,088	\$ 12,469,551	\$ 11,025,381

The following presents the Authority's proportionate share of the net pension liability for the HIS Plan for FY2017, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	2.58%	3.58%	4.58%
Authority's Proportionate Share of the HIS Plan Net Pension Liability (Asset)	\$ 15,215,187	\$ 13,333,411	\$ 11,765,995

Pension Plan Fiduciary Net Position

Detailed information about the HIS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website (www.dms.myflorida.com).

NOTE 6 – DEFINED CONTRIBUTION PLAN

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Authority employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 % of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2017-18 fiscal year, as established by Section 121.72, Florida Statutes, are

NOTE 6 – DEFINED CONTRIBUTION PLAN (continued)

based on a percentage of gross compensation, by class, were as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk class 14.00%, Senior Management Service class 7.67% and County Elected Officers class 11.34%. These allocations include a required employee contribution of 3% of gross compensation for each member class.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the years ended September 30, 2018 and 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Authority.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Authority's Investment Plan pension expense totaled \$410,352 and \$423,205 for the years ended September 30, 2018 and 2017, respectively. Employee contributions to the Investment Plan totaled \$138,491 and \$147,089 for the years ended September 30, 2018 and 2017, respectively.

NOTE 7 – OTHER PENSION PLANS

Deferred Compensation Plan: All full time employees, with the exception of ATU members, are eligible to participate in the Authority's Deferred Compensation Plan. Employees will choose from two available plans. The deferred compensation plan is governed by the Internal Revenue Code (IRC) 457 savings plan authorized by Congress. Under the plan, an employee contributes a set sum each pay period to an investment account in the employee's name. Deferred compensation is a voluntary, payroll-deducted retirement program which offers the opportunity of setting aside a portion of income on a pre-tax basis and investing those monies into one or more funds selected by the employee. Contributions to the investment account are made out of pretax income and the earnings of the account are not taxed until they are withdrawn, usually at retirement. In an effort to encourage employees to save for their retirement, the company will match the employee's contribution dollar for dollar up to the equivalent of three and one-half (3 ½) percent of the employee's salary on an annual basis. The Authority's contribution for FY2018 was \$522,096, for FY2017 was \$412,537 and for FY2016 was \$258,823. This contribution is included in the payroll

NOTE 7 – OTHER PENSION PLANS (continued)

taxes, fringe benefits and workers' compensation in the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

City of Tampa Pension Plan: The Authority is required by the City of Tampa to pay retirement benefits to employees that transitioned from the City to the Authority on March 1, 1980, but chose to remain in the City of Tampa Pension Fund. The Authority's contribution for FY2018 was \$71,176, for FY2017 was \$73,430, and for FY2016 was \$90,039. This contribution is included in the payroll taxes, fringe benefits, and workers' compensation in the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

As required by Florida Statute 112.0801, the Authority allows retirees to purchase healthcare coverage at the same group insurance rates that current employees are charged, but it is incumbent upon the retiree to pay for this coverage. This practice results in an implicit rate subsidy and creates an OPEB liability based on the theory that retirees have higher utilization of health care benefits than active employees. Unless the premium rate for retirees is set to fully recover their health costs, the premium for active employees is implicitly overstated to subsidize utilization by retirees. Similarly, unless the premium rate for retirees is set to fully recover their health costs, the premium for retirees is understated. The difference creates an implicit rate subsidy. This rate subsidy is considered a benefit that should be included in OPEB valuations.

Plan Description

The Authority administers the Hillsborough Area Regional Transit Post-Retirement Medical Plan. The plan is a single-employer defined benefit healthcare plan and does not issue a separate financial statement. The plan provides medical insurance benefits to its employees and their eligible dependents. In accordance with Section 112.0801 of the Florida Statutes, because the Authority provides a medical plan to active employees of the Authority and their eligible dependents, the Authority is also required to provide retirees with the opportunity to participate in the plan. Retirees and their dependents are charged the full premium for coverage through the plan. The benefits are covered by a comprehensive medical plan which includes hospital, medical, vision and prescription coverage and is provided through Cigna. The number of participating retirees purchasing health insurance coverage from the Authority in FY2018 and FY2017 were 8 and 6 respectively.

Eligibility

Employees are eligible to continue the group insurance coverage after retirement for themselves, their spouses and dependent children provided that the following requirements are met. Employees hired prior to July 1, 2011 and retired at age 62 with at least 6 years of service or 30 years of creditable service. Employees hired on or after July 1, 2011 and retired at age 65 with at least 8 years of service or 33 years of creditable service. The surviving spouses and dependent children who are covered under any of HART sponsored health plans do not have the right to continue coverage upon the death of the HART employee/retiree.

NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Participant Data

The actuarial valuation was based on personnel information as of October 1, 2017. Following are some of the pertinent characteristics from the personnel data as of that date. Both age and service have been determined using years and months as of the valuation date.

Active Participants	
Number	694
Average Age	49
Average Service	9
Inactive Participants	
Retirees and Surviving Spouses	8
Average Age	63
Covered Spouses	0
Average Age	<u>N/A</u>
Total Participants	<u>702</u>

Contributions

Current Pre 65/Post 65 retirees who retired from active employment contribute 100% of the following premiums:

Tier	2018 Retiree Premium Paid Monthly
Retiree Only	\$760.33
Retiree + Spouse	\$1,535.30
Retiree + Child(ren)	\$1,315.98
Family	\$2,156.75

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of October 1, 2018 using the following actuarial assumptions:

Inflation	2.50%	
Salary Increases	4.50%	
Discount Rate as of September 30, 2017	3.64%	(based on the municipal bond rate)
Discount Rate as of September 30, 2018	4.18%	(based on the municipal bond rate)

NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Health Care Participation Rate
Future Retirees

The assumption was made that 30% of current active employees not yet age 65 would elect coverage by retirement age and 10% of current active employees age 65 and over would elect coverage by retirement age.

Health Care Cost Trend Rates	Year	Medical w/Rx	
		Pre-65	Post-65
	2017 to 2018	7.00%	8.00%
	2018 to 2019	6.80%	7.50%
	2019 to 2020	6.50%	7.00%
	2020 to 2021	6.20%	6.75%
	2021 to 2022	6.00%	6.25%
	2022 to 2023	5.80%	6.00%
	2023 to 2024	5.60%	5.75%
	2024 to 2025	5.40%	5.50%
	2025 to 2026	5.20%	5.25%
	2026+	5.00%	5.00%

Mortality Rates - Healthy & Disabled

Base table: Aggregate 2006 base rates from the RP-2014 mortality study.

Projection: Mortality rates are projected generationally from 2006 using Scale MP-2017

Changes in Assumptions or Other Inputs Since Prior Measurement Date

Method Changes

There have been no method changes in the financial accounting valuation since the prior year.

Assumption Changes

The financial accounting valuation reflects the following assumption changes:

- The discount rate was changed from 3.64% as of September 30, 2017 to 4.18% as of September 30, 2018 to reflect changes in the Bond Buyer GO 20-Bond Municipal Bond Index.
- The mortality projection scale was changed from MP-2015 as of September 30, 2017 to MP-2017 as of September 30, 2018 to reflect the most recent projection scale released by the Society of Actuaries.

NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

- The healthcare trend rates were updated as of September 30, 2018 to be based on national average information from a variety of sources, including S&P Healthcare Economic Index, NHCE data, plan renewal data, and vendor Rx reports, with adjustments based on the provisions of the benefits sponsored by HART.
- The healthcare participation rate for future retirees was changed from 0% of current active employees age 65 and over would elect coverage by retirement age to 10% of current active employees age 65 and over would elect coverage by retirement age due to recent experience seen in the census data.

Total OPEB Liability

The method used to calculate the service cost and accumulated post-retirement benefit obligation for determining OPEB expense is the entry age normal cost method. Under this cost method, the actuarial accrued liability is based on a prorated portion of the present value of all benefits earned to date over expected future working life time as defined by GASB. The proration is determined so that the cost with respect to service accrued from date of hire is recognized as a level percentage of pay each year. The normal cost is equal to the prorated cost for the year of valuation. Since this is a single employer benefit plan and does not have a special funding situation, it is required to recognize a liability equal to the total OPEB liability. Shown below are details regarding the total OPEB liability for the Measurement Period from October 1, 2017 to September 30, 2018:

<u>Description</u>	<u>Total OPEB Liability</u>
Balance Recognized at 9/30/2017 (Based on 9/30/2017 Measurement Date)	\$ 1,097,147
Changes Recognized for the Fiscal Year:	
Service Cost	102,296
Interest on the Total OPEB Liability	43,885
Changes of Benefit Terms	-
Differences Between Expected and Changes of Assumptions	(262,813)
Benefit Payments	12,475
Net Changes	<u>(83,244)</u>
Balance Recognized at 9/30/2018 (Based on 9/30/2018 Measurement Date)	<u>\$ 1,013,903</u>

NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Shown below are details regarding the total OPEB liability for the Measurement Period from October 1, 2016 to September 30, 2017:

<u>Description</u>	<u>Total OPEB Liability</u>
Balance Recognized at 9/30/2016 (Based on 9/30/2016 Measurement Date)	\$ 1,017,804
Changes Recognized for the Fiscal Year:	
Service Cost	111,561
Interest on the Total OPEB Liability	33,711
Changes of Benefit Terms	-
Differences Between Expected and Actual	17,633
Changes of Assumptions	(27,727)
Benefit Payments	(55,835)
Net Changes	<u>79,343</u>
Balance Recognized at 9/30/2017 (Based on 9/30/2017 Measurement Date)	<u>\$ 1,097,147</u>

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the Authority recognized OPEB expense of \$120,502. In addition the Authority reported deferred outflow of resources and deferred inflow of resources from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Actual and Expected Experience	\$ 13,897	\$ 266,186
Assumption Changes	38,259	21,853
Total	<u>\$ 52,156</u>	<u>\$ 288,039</u>

NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Amounts recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expenses as follows:

Year End September 30:		
2019	\$	(25,679)
2020	\$	(25,679)
2021	\$	(25,679)
2022	\$	(25,679)
2023	\$	(25,679)
Thereafter	\$	(107,488)

For the year ended September 30, 2017, the Authority recognized OPEB expense of \$142,942. In addition the Authority reported deferred outflow of resources and deferred inflow of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Actual and Expected Experience	\$ 15,765	\$ 32,609
Assumption Changes	21,972	24,790
Total	\$ 37,737	\$ 57,399

Interest Rate Sensitivity

The following table illustrates the impact of interest rate sensitivity on the total OPEB liability for fiscal year ended September 30, 2018:

	1% Decrease 3.18%	Current Rate 4.18%	1% Increase 5.18%
Total OPEB Liability	\$1,060,209	\$1,013,903	\$966,009

The following table illustrates the impact of interest rate sensitivity on the total OPEB liability for fiscal year ended September 30, 2017:

	1% Decrease 2.64%	Current Rate 3.64%	1% Increase 4.64%
Total OPEB Liability	\$1,144,169	\$1,097,147	\$1,047,371

NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Healthcare Cost Trend Sensitivity

The following table illustrates the impact of healthcare cost trend sensitivity on the total OPEB Liability for fiscal year ended September 30, 2018:

	1% Decrease	Trend Rate	1% Increase
Total OPEB Liability	\$904,375	\$1,013,903	\$1,140,666

The following table illustrates the impact of healthcare cost trend sensitivity on the total OPEB Liability for fiscal year ended September 30, 2017:

	1% Decrease	Trend Rate	1% Increase
Total OPEB Liability	\$973,724	\$1,097,147	\$1,240,350

NOTE 9 – SELF INSURANCE AND LOSS CONTINGENCIES

The Authority is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 1987, the Authority established a self-insurance program for general liability claims. During 1990, the Authority established a self-insurance program for its workers' compensation claims. The Authority also established a medical self-insured program effective January 1, 2012. Workers' compensation and medical insurance claims are administered internally by the Authority and a third party administrator.

The liabilities currently provided are based upon an actuarial study which is performed annually by an outside professional.

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

General Liability Claims: The Authority's exposure for general liability, including vehicle, property and bodily injury, is subject to the State of Florida sovereign immunity laws, which provide loss limits of \$200,000 per person and \$300,000 per occurrence.

Workers' Compensation Claims: The Authority has excess coverage provided by Safety National Insurance Company subject to a \$600,000 per occurrence deductible.

Property Damage Insurance Coverage: The Authority has an insurance policy for property damage with a \$25,000 deductible per occurrence for all perils; with a three percent Total Insured Value (TIV) subject to a minimum of \$34,000 for named wind storms.

Unemployment Compensation: The Authority is fully self-insured and payments are made quarterly, based on actual claims, to the Florida Department of Revenue, Florida Unemployment

NOTE 9 – SELF INSURANCE AND LOSS CONTINGENCIES (continued)

Compensation Fund.

Group Medical: Effective January 1, 2012, the Authority transitioned to self-insured coverage for health care insurance benefits. To mitigate against substantial claims exposure, HART has contracted for stop-loss coverage for claims in excess of \$150,000.

The liability as of September 30, 2018, was \$8,010,952, as of September 30, 2017 it was \$8,424,590, and as of September 30, 2016, it was \$9,092,058. These are based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires liability for claims to be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the claims liability amount:

<u>Description</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Beginning balance	\$8,424,590	\$9,092,058	\$7,991,529
Current year claims and changes in estimates	7,374,680	7,499,900	9,156,101
Claims payments	(7,788,318)	(8,167,368)	(8,055,572)
Ending balance	<u>\$8,010,952</u>	<u>\$8,424,590</u>	<u>\$9,092,058</u>
Amount due within one year	<u>\$2,391,880</u>	<u>\$3,016,930</u>	<u>\$2,808,134</u>

NOTE 10 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the years ended September 30, 2018 and September 30, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>More than One Year</u>
<u>Balance at September 30, 2018</u>						
Self insurance and loss contingencies	\$ 8,424,590	\$ 7,374,680	\$ 7,788,318	\$ 8,010,952	\$ 2,391,880	\$ 5,619,072
Environmental remediation	207,233	308,019	207,233	308,019	308,019	-
Compensated absences	2,850,132	2,880,393	2,850,132	2,880,393	91,239	2,789,154
Net pension liability	39,563,845	-	1,671,426	37,892,419	318,652	37,573,767
Total OPEB liability	<u>1,097,147</u>	<u>179,569</u>	<u>262,813</u>	<u>1,013,903</u>	<u>-</u>	<u>1,013,903</u>
Total long-term liabilities	<u>\$ 52,142,947</u>	<u>\$ 10,742,661</u>	<u>\$ 12,779,922</u>	<u>\$ 50,105,686</u>	<u>\$ 3,109,790</u>	<u>\$ 46,995,896</u>
<u>Balance at September 30, 2017</u>						
Self insurance and loss contingencies	\$ 9,092,058	\$ 7,499,900	\$ 8,167,368	\$ 8,424,590	\$ 3,016,930	\$ 5,407,660
Environmental remediation	138,136	207,233	138,136	207,233	207,233	-
Compensated absences	2,523,489	2,850,132	2,523,489	2,850,132	115,127	2,735,005
Capital lease obligation	785,487	-	785,487	-	-	-
Net pension liability	35,147,147	4,416,698	-	39,563,845	374,957	39,188,888
Total OPEB liability	<u>1,017,804</u>	<u>162,905</u>	<u>83,562</u>	<u>1,097,147</u>	<u>-</u>	<u>1,097,147</u>
Total long-term liabilities	<u>\$ 48,704,121</u>	<u>\$ 15,136,868</u>	<u>\$ 11,698,042</u>	<u>\$ 52,142,947</u>	<u>\$ 3,714,247</u>	<u>\$ 48,428,700</u>

NOTE 11 – UNRESTRICTED AND RESTRICTED NET POSITION

The Authority's unrestricted net position deficit as of September 30, 2018 was (\$26,301,549), and as of September 30, 2017 was (\$24,544,597). The Authority's restricted net position as of September 30, 2018 and 2017 was \$1,037,807.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Legacy Contamination

The HART Fleet Maintenance Facility operates as the primary administrative, maintenance, parking, and fueling facility for HART bus operations. Historically, there have been six (6) areas designated by environmental regulators at the Environmental Protection Commission of Hillsborough County (EPC) office as Areas of Concern (AOC) at the site due to various environmental releases. Three of these AOC's have been closed and are no longer active, while three remain active at the present date and continue to have unresolved environmental impacts at the facility. A summary of the remaining AOC's is as follows:

- AOC-1: Fueling area of the Main Shop (leak from a former underground fuel line located between a former underground storage tank (UST) and dispenser – reported in April 1985).
- AOC-1a: Former UST farm (two diesel discharges in the amount of three-hundred thirty three (333) and one-hundred nine (109) gallons during fuel delivery operations - reported in February 1988 and December 2003, respectively).
- AOC-2 – on December 20, 2017, on behalf of HART, NOVA Engineering and Environmental LLC (NOVA) submitted a letter to EPC concerning free product recovery activities in the AOC-2 area. In EPC granting approval to discontinue product recovery, HART agreed to collect free product and water level measurements from all AOC-2 wells monthly and submit reports to EPC on a quarterly basis. As such, NOVA continues collect data monthly (water levels and free product thickness) in the AOC-2 area wells at the HM building, with quarterly summaries and submits to EPCHC for review and approval to meet the requirements of Rule 62-780.525, Florida Administrative Code (F.A.C.).

The activities to be continued at AOC's 1 & 1a are per the direction of the EPC's comment letter dated April 17, 2014. Historically, passive remediation via an absorbent sock has been conducted at MW-7R, which is located within the AOC 1/AOC 2 footprint. However, in agreeance with EPC these activities were suspended in FY17 as very little to no free product was being recovered. HART is now proactively reviewing closure options for AOC's 1 & 1a. The Authority entered into a contract (Contract VC-000522) on November 10, 2015 with NOVA Engineering and Environmental, LLC. (NOVA) to perform all site activities related to Enforcement Case #09-24925. The contract has a base performance period of two (2) years and three (3) one-year options to continue the contract for a total of five (5) years and not-to-exceed amount of \$1,727,661. The contract contains negotiated fees for hourly rates and labor burden.

Petroleum Discharge Discovered on January 17, 2017

Pursuant to the petroleum discharge discovered on January 17, 2017 and the agreed upon Option 2 for the site rehabilitation, NOVA Engineering and Environmental submitted the semi-annual status update report to EPC on October 23, 2018. The Semiannual Update Report helps to address

NOTE 12 – COMMITMENTS AND CONTINGENCIES (continued)

the above-referenced estimated 400 – 500 gallon diesel fuel discharge that occurred due to a probe failure on HART above-ground storage tank (AST #3) (aka FDEP AST #18). The excavation activities would occur by April 2020. Excavation activities would include documentation of the horizontal and vertical extent of petroleum impacts through field screening and confirmatory laboratory analysis in a formal Interim Source Removal Report/Site Rehabilitation Completion Report. The endpoint would be a No Further Action (NFA) without Conditions. Option 2 was suggested to coincide with the building demolition and reconstruction on the subject site and the replacement asphalt paving currently covering the area of concern.

The current status for the subject site with regards to this suggested site rehabilitation is that the implementation of this option is still on track with the originally submitted timeframe and schedule. NOVA is scheduled to submit another status update report on or before April 23, 2019. Environmental investigations/assessments can be dynamic in nature. Specifically, at this current time there are a number of unknowns related to both the short-term and long-term liability associated with the environmental contamination at the HART 21st Avenue facility and any potential accidental spills. HART is taking a proactive preventive action approach that addresses the potential for a nonconformity to occur; effective remediation that focuses on the overall HART environmental objective. With that, the aforementioned total contract value is \$1,727,661, the only investigation/assessment costs that can be reasonably estimated for FY 2019 (year three of contract period of performance) is \$308,018.80 which are associated with the specific activities described below.

One year services/activities include but are not limited to the following:

Task #	Description	Budget Estimate¹
1	Interim Engineering Controls/EC Maintenance Plan 1/17/17 - Diesel Spill	\$15,509.98
2	Monthly AOC-2 Product/Water Levels & Quarterly Summary Report	\$12,209.32
3	EPC Meetings	\$7,060.22
4	LCAR and SRFFA Activities	\$20,290.87
5	Annual Tier II Reporting	\$4,942.16
6	Ybor Street Car Maintenance Facility Compliance	\$1,928.56
7	Diesel Tank/Unleaded Fuel Conversion Registration	\$1,059.03
8	SPCC & SWPPP Plan Updates	\$12,063.24
9	Meetings and Assistance with new Environmental Manager	\$5,465.59
10	Bus Wash BMPs	\$3,311.00
11	Compliance Assistance for Environmental Permitting, Etc.	\$16,275.03
12	Contingent Consulting	\$134,013.40
13	Contingent Emergency Responses	\$73,890.40
	TOTAL BUDGET ESTIMATE - FY 2019	\$308,018.80

NOTE 12 – COMMITMENTS AND CONTINGENCIES (continued)

Legal Actions: In the opinion of management there are no legal actions which would have a significant effect on the financial statements of the Authority.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events were evaluated through the report date and there were none found that need to be disclosed.

REQUIRED SUPPLEMENTARY INFORMATION

HILLSBOROUGH TRANSIT AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

Florida Retirement System Pension Plan	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.084403818%	0.088678260%	0.083875483%	0.087636522%	0.084919178%
Authority's Proportionate Share of the Net Pension Liability	\$ 25,422,868	\$ 26,230,434	\$ 21,178,625	\$ 11,319,432	\$ 5,181,319
Authority's Covered Payroll	\$ 32,844,936	\$ 34,349,769	\$ 32,152,579	\$ 28,576,273	\$ 27,170,675
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	77.40%	76.36%	65.87%	39.61%	19.07%
Plan Fiduciary Net Position as a Percentage of the total Net Pension Liability	84.26%	83.89%	84.88%	92.00%	96.09%

Note: The Amounts Presented for Each Fiscal Year were Determined as of June 30.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

Retiree Health Insurance Subsidy Program	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.117813858%	0.124699170%	0.119854302%	0.115730222%	0.111865048%
Authority's Proportionate Share of the Net Pension Liability	\$ 12,469,551	\$ 13,333,411	\$ 13,968,522	\$ 11,802,662	\$ 10,459,655
Authority's Covered Payroll	\$ 38,496,059	\$ 39,250,189	\$ 37,260,356	\$ 35,063,188	\$ 33,294,462
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	32.39%	33.97%	37.49%	33.66%	31.42%
Plan Fiduciary Net Position as a Percentage of the total Net Pension Liability	2.15%	1.64%	0.97%	0.50%	0.99%

Note: The Amounts Presented for Each Fiscal Year were Determined as of June 30.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

**HILLSBOROUGH TRANSIT AUTHORITY
SCHEDULE OF CONTRIBUTIONS**

Florida Retirement System Pension Plan	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 2,508,308	\$ 2,305,879	\$ 2,191,784	\$ 2,120,448	\$ 1,920,319
Contributions in Relation to the Contractually Required Contribution	\$ (2,508,308)	\$ (2,305,879)	\$ (2,191,784)	\$ (2,120,448)	\$ (1,920,319)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered Payroll	\$ 33,169,710	\$ 34,937,134	\$ 33,369,552	\$ 28,972,948	\$ 27,298,037
Contributions as a Percentage of Covered Payroll	7.56%	6.60%	6.57%	7.32%	7.03%

Note: The Amounts Presented for Each Fiscal Year were Determined as of September 30.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

Retiree Health Insurance Subsidy Program	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 644,240	\$ 669,012	\$ 639,553	\$ 480,410	\$ 382,210
Contributions in Relation to the Contractually Required Contribution	\$ (644,240)	\$ (669,012)	\$ (639,553)	\$ (480,410)	\$ (382,210)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered Payroll	\$ 38,846,705	\$ 39,797,742	\$ 38,767,502	\$ 35,487,167	\$ 33,795,904
Contributions as a Percentage of Covered Payroll	1.66%	1.68%	1.65%	1.35%	1.13%

Note: The Amounts Presented for Each Fiscal Year were Determined as of September 30.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

**HILLSBOROUGH TRANSIT AUTHORITY
SCHEDULE OF CHANGES IN OPEB
YEARS ENDING SEPTEMBER 30, 2018 AND 2017**

	Fiscal Year Ended	
	9/30/2018	9/30/2017
Total OPEB Liability		
Service Cost	\$102,296	\$111,561
Interest Cost	43,885	33,711
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experiences	(262,813)	17,633
Changes of Assumptions	20,913	(27,727)
Benefit Payments	12,475	(55,835)
Net Change in Total OPEB Liability	(83,244)	79,343
Total OPEB Liability (Beginning)	1,097,147	1,017,804
Total OPEB Liability (Ending)	<u>\$1,013,903</u>	<u>\$1,097,147</u>
Covered-employee payroll	\$24,563,703	\$26,113,584
Total OPEB liability as a percentage of covered-employee payroll	4.13%	4.20%

Notes to Schedule:

Changes of benefit terms: There are no changes of benefit terms.

Changes of assumptions: The financial accounting valuation reflects the following assumption changes:

- The discount rate was changed from 3.64% as of September 30, 2017, to 4.18% as of September 30, 2018.
- The mortality projection scale was changed from MP-2015 as of September 30, 2017 to MP-2017 as of September 30, 2018.
- The healthcare trend rates were updated as of September 30, 2018 to be based on national average information from a variety of sources.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

OTHER SUPPLEMENTAL INFORMATION

**HILLSBOROUGH TRANSIT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDING SEPTEMBER 30, 2018**

<u>GRANTOR / PROGRAM TITLE</u>	<u>Federal CFDA Number</u>	<u>Federal Grant Number</u>	<u>FY 2018 Program Expenditures</u>	<u>FY 2018 Transfers to Subrecipients</u>
<i>Direct federal grantor awards</i>				
<i>U.S. Department of Transportation - Federal Transit Administration</i>				
<i>Capital Investment Grants</i>				
State of Good Repair HM Rehab/Renov	20.500	FL-04-0167	\$ 68,780	\$ -
Total Federal Transit Capital Investment Grants			68,780	-
<i>Urbanized Area Formula Program</i>				
FY15 Urbanized Area Formula Program	20.507	FL-2016-049	153,311	-
FY16 Urbanized Area Formula Program	20.507	FL-2017-068	502,861	-
Surface Transportation Block Program	20.507	FL-2017-070	615,328	-
FY17 Urbanized Area Formula Program	20.507	FL-2017-106	572,171	-
FY18 Urbanized Area Formula Program	20.507	FL-2018-095	11,758,170	-
Surface Transportation Block Program	20.507	FL-2018-108	5,000	-
FY05 Urbanized Area Formula Program	20.507	FL-90-X538	16,821	-
FY06 Urbanized Area Formula Program	20.507	FL-90-X584	47,004	-
FY10 Urbanized Area Formula Program	20.507	FL-90-X714	3,960	-
FY11 Urbanized Area Formula Program	20.507	FL-90-X752	5,956	-
FY12 Urbanized Area Formula Program	20.507	FL-90-X782	98,311	-
FY13 Urbanized Area Formula Program	20.507	FL-90-X801	122,639	-
FY14 Urbanized Area Formula Program	20.507	FL-90-X831	131,806	-
Total Urbanized Area Formula Program			14,033,338	-
<i>U.S. Department of Transportation - Federal Transit Administration</i>				
<i>State of Good Repair Grants Program</i>				
State of Good Repair Fixed Guideway	20.525	FL-2016-022	76,434	-
State of Good Repair Fixed Guideway	20.525	FL-2016-062	744,245	-
Total State of Good Repair Grants Program			820,679	-
<i>Total Bus & Bus Facilities Formula Program</i>				
Bus Formula Grant	20.526	FL-2017-004	11,700	-
Bus Formula Grant	20.526	FL-2017-086	4,271,276	-
Bus Formula Grant	20.526	FL-2017-065	26,450	-
Bus Formula Grant	20.526	FL-2017-107	956,375	-
Bus Formula Grant	20.526	FL-34-0017	856,064	-
Total Bus & Bus Facilities Formula Program			6,121,865	-
Total Federal Transit Cluster	20.500, 20.507, 20.525, 20.526		21,044,662	-
Total Direct Federal Grantor Awards			\$ 21,044,662	\$ -

**HILLSBOROUGH TRANSIT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDING SEPTEMBER 30, 2018**

Pass-through federal grantor awards

Florida Department of Transportation (pass through from the Federal Transit Administration)

Transportation Regional Incentive Program	20.205	436677-19401	\$	157,810	\$	-
Regional Mobility Fare Collection						
				157,810		-
Enhanced Mobility of Seniors and Individuals with Disabilities HART #G0T64	20.513	438958-18402		200,000		-
Enhanced Mobility of Seniors and Individuals with Disabilities HART #G0053	20.513	437547-19401		34,259		-
				234,259		-
Total Pass Through Federal Assistance				392,069		-
Total Expenditures of Federal Awards			\$	21,436,731	\$	-

(Continued)

See accompanying notes to schedule of expenditures of federal awards
and state financial assistance.

**HILLSBOROUGH TRANSIT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDING SEPTEMBER 30, 2018**

<u>GRANTOR / PROGRAM TITLE</u>	<u>State CSFA Number</u>	<u>State Project Number</u>	<u>FY 2018 Program Expenditures</u>
<i>Direct state financial assistance</i>			
<i>State of Florida Department of Transportation</i>			
Commuter Assistance Program Temple Terrace Route (48)	55.007	443515-18418	\$ 143,980
			<u>143,980</u>
Public Transit Block Grant Program FY18	55.010	402251-18418	4,771,360
			<u>4,771,360</u>
Public Transit Service Development Program. First & Last Mile Access- Hyperlink	55.012	438839-18401	201,962
			<u>201,962</u>
Transit Corridor Development Program. New Tampa/S.Pasco Cnty Exp (51X)	55.013	420741-18409	64,961
Transit Corridor Development Program. New Tampa/S.Pasco Cnty Exp (51X) & Wesley Chapel & TIA (275LX)	55.013	420741-18410	412,225
Transit Corridor Development Program. Pasco/Lutz Express (20X)	55.013	430322-18406	59,736
Transit Corridor Development Program. Pasco/Lutz Express (20X) & Wesley Chapel & TIA (275LX)	55.013	430322-18404	383,146
			<u>920,068</u>
Intermodal Development Program. Autonomous Mobility Service	55.014	422799-39401	58,261
			<u>58,261</u>
Transportation Regional Incentive Program Regional Mobility Fare Collection	55.026	436677-19401	115,769
			<u>115,769</u>
Enhanced Mobility of Seniors and Individuals with Disabilities HART #G0053	n/a	437547-19401	4,282
			<u>4,282</u>
Total state grantor awards			<u>\$ 6,215,682</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 27,652,413</u>

See accompanying notes to schedule of expenditures of federal awards
and state financial assistance.

HILLSBOROUGH TRANSIT AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDING SEPTEMBER 30, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes federal and state activity of the Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the Florida Single Audit Act, and Chapter 10.550, Rules of the Auditor General of the State of Florida.

NOTE 2 – CONTINGENCIES

The federal programs and state projects shown in the Schedule of Expenditures of Federal Awards and State Financial Assistance are subject to financial and compliance audits by grantor agencies, which, if instances of material noncompliance are found, may result in disallowable expenditures, and affect the Authority's continued participation in specific programs. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

NOTE 3 – INDIRECT COSTS

The Authority has elected not to use the 10-percent de minimis indirect cost rate as is allowed under the Uniform Guidance. Instead the Authority derives its cost rate using a Cost Allocation Plan (CAP) to develop a fully allocated rate based on total eligible operating costs to total vehicle hours.

SECTION III
STATISTICAL SECTION

STATISTICAL SECTION

This part of the Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Authority's most significant local revenue source, the property tax.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the Authority provides and the activities it performs.

Note: The statistical section contains "Unaudited" data.

Statistical Section

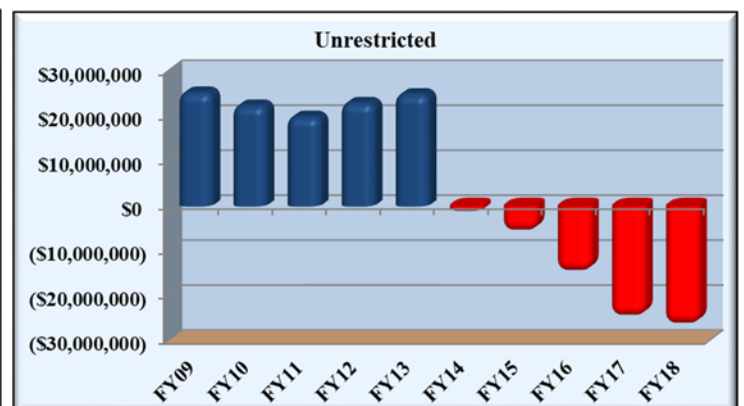
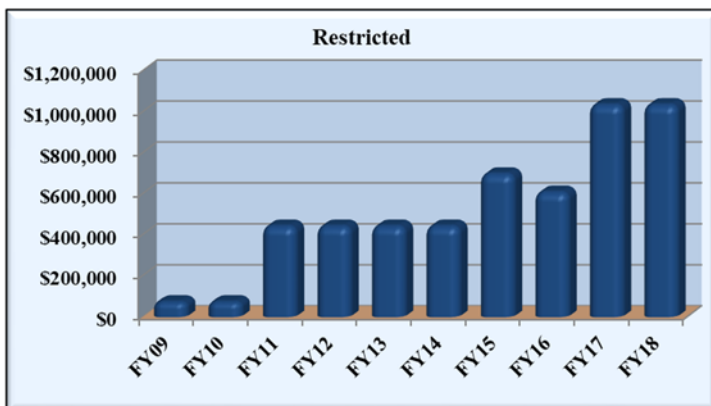
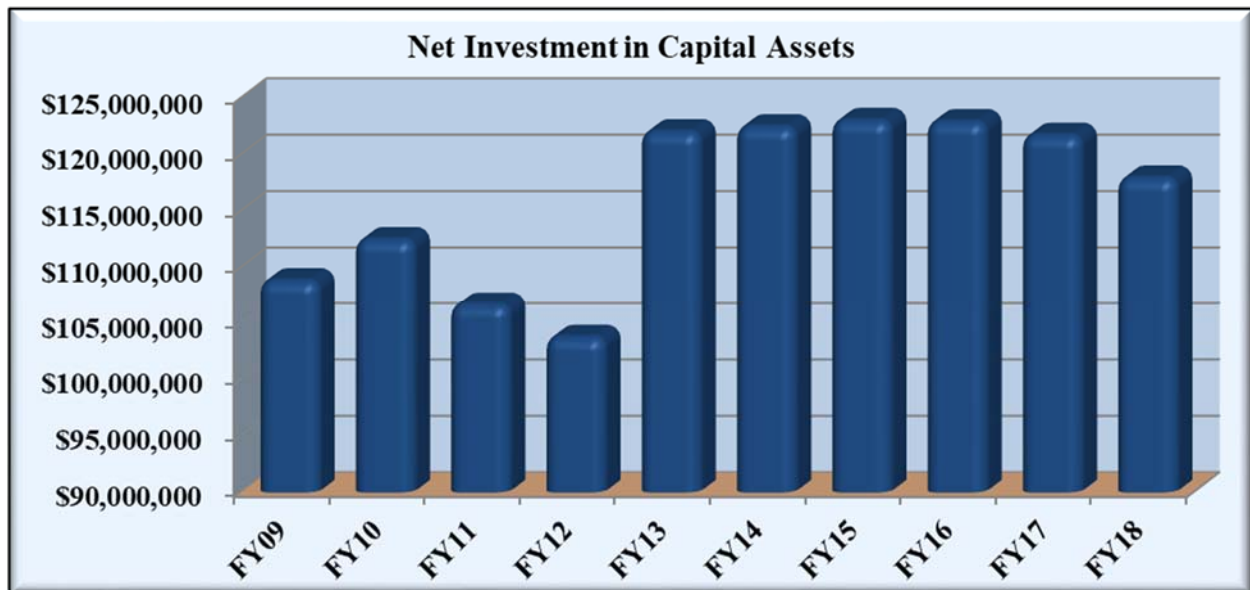
Financial Trends

- Net Position by Component (FY2009 to FY2018)
- Statement of Assets, Deferred Outflows, Liabilities, Deferred Inflows & Net Position (FY2009 to FY2013)
- Statement of Assets, Deferred Outflows, Liabilities, Deferred Inflows & Net Position (FY2014 to FY2018)
- Statement of Revenues, Expenses, & Changes in Net Position (FY2009 to FY2013)
- Statement of Revenues, Expenses, & Changes in Net Position (FY2014 to FY2018)

Note: The statistical section contains “Unaudited” data.

NET POSITION BY COMPONENT FY2009 to FY2018

	FY2009	FY2010	FY2011	FY2012	FY2013
NET POSITION					
Net Investment in Capital Assets	\$108,873,525	\$112,522,829	\$106,688,130	\$103,777,430	\$122,087,138
Restricted	\$75,000	\$75,000	\$445,000	\$445,000	\$445,000
Unrestricted	\$25,278,184	\$22,399,252	\$19,884,546	\$22,952,856	\$24,894,805
Total Net Position	\$134,226,709	\$134,997,081	\$127,017,676	\$127,175,286	\$147,426,943
NET POSITION					
	RESTATED				
Net Investment in Capital Assets	\$122,526,409	\$123,085,260	\$122,976,936	\$121,766,602	\$117,985,314
Restricted	\$445,000	\$700,000	\$610,800	\$1,037,807	\$1,037,807
Unrestricted	(\$1,304,949)	(\$5,632,905)	(\$14,589,739)	(\$24,544,597)	(\$26,301,549)
Total Net Position	\$121,666,460	\$118,152,355	\$108,997,997	\$98,259,812	\$92,721,572



Note: The statistical section contains "Unaudited" data.

STATEMENT OF ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS & NET POSITION FY2009 to FY2013					
	FY2009	FY2010	FY2011	FY2012	FY2013
ASSETS					
Current Assets:					
Cash & Cash Equivalents-Unrestricted	\$29,641,047	\$23,907,978	\$16,954,969	\$20,887,852	\$22,012,439
Cash & Cash Equivalents-Restricted	\$75,000	\$75,000	\$75,000	\$445,000	\$445,000
Investments	\$486,270	\$484,306	\$411,717	\$424,845	\$232,135
Accounts Receivable:					
Trade Receivable, net	\$771,353	\$845,932	\$857,651	\$780,427	\$1,166,770
Delinquent Property Tax Receivable	\$0	\$0	\$0	\$239,002	\$62,276
Federal Grants Receivable	\$5,347,731	\$9,608,332	\$10,970,747	\$5,961,187	\$6,746,845
State Grants Receivable	\$203,459	\$112,192	\$144,701	\$4,436,569	\$463,334
Local Grants Receivable	\$503,355	\$155,133	\$1,005,681	\$2,596,166	\$7,216,827
Inventory of Parts & Supplies	\$1,556,352	\$1,488,164	\$1,565,934	\$1,541,486	\$1,401,416
Prepaid Expenses	\$610,974	\$757,197	\$598,952	\$560,824	\$659,289
Total Current Assets	\$39,195,541	\$37,434,234	\$32,585,352	\$37,873,358	\$40,383,646
Long Term Assets:					
Land	\$13,509,257	\$13,509,257	\$13,509,257	\$15,416,271	\$18,260,818
Construction in Progress	\$1,415,649	\$4,246,423	\$3,638,382	\$9,319,239	\$20,033,244
Capital Assets, net	\$93,948,619	\$94,767,149	\$89,540,491	\$79,041,920	\$85,679,116
Total Long Term Assets	\$108,873,525	\$112,522,829	\$106,688,130	\$103,777,430	\$123,973,178
Total Assets	\$148,069,066	\$149,957,063	\$139,273,482	\$141,650,788	\$164,356,824
DEFERRED OUTFLOWS					
Deferred Outflows on pension and OPEB related amounts	\$0	\$0	\$0	\$0	\$462,335
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$4,266,091	\$4,821,432	\$2,445,335	\$3,973,641	\$5,476,526
Accrued Expenses	\$1,533,626	\$1,654,361	\$1,426,195	\$1,652,953	\$2,024,834
Unearned Revenue	\$873,278	\$915,457	\$946,917	\$726,836	\$826,607
Self-Insurance & Contingency	\$2,421,860	\$1,446,816	\$1,767,455	\$2,541,207	\$2,518,300
Environmental Remediation	\$0	\$0	\$0	\$122,883	\$282,427
Compensated Absences	\$141,000	\$220,000	\$180,000	\$127,000	\$190,000
Capital Lease Obligation	\$0	\$0	\$0	\$0	\$0
Net Pension Liability	\$0	\$0	\$0	\$0	\$0
Net OPEB Liability	\$0	\$0	\$0	\$0	\$0
Total Current Liabilities	\$9,235,855	\$9,058,066	\$6,765,902	\$9,144,520	\$11,318,694
Long Term Liabilities:					
Self-Insurance & Contingency	\$2,340,140	\$3,560,184	\$3,153,448	\$2,731,011	\$3,233,700
Environmental Remediation	\$0	\$0	\$0	\$209,691	\$0
Compensated Absences	\$2,266,362	\$2,341,732	\$2,336,456	\$2,390,280	\$2,377,487
Capital Lease Obligation	\$0	\$0	\$0	\$0	\$0
Net Pension Liability	\$0	\$0	\$0	\$0	\$0
Net OPEB Liability	\$0	\$0	\$0	\$0	\$0
Total Long Term Liabilities	\$4,606,502	\$5,901,916	\$5,489,904	\$5,330,982	\$5,611,187
Total Liabilities	\$13,842,357	\$14,959,982	\$12,255,806	\$14,475,502	\$16,929,881
DEFERRED INFLOWS					
Deferred Inflows on pension and OPEB related amounts	\$0	\$0	\$0	\$0	\$0
NET POSITION					
Net Investment in Capital Assets	\$108,873,525	\$112,522,829	\$106,688,130	\$103,777,430	\$122,087,138
Restricted	\$75,000	\$75,000	\$445,000	\$445,000	\$445,000
Unrestricted	\$25,278,184	\$22,399,252	\$19,884,546	\$22,952,856	\$24,894,805
Total Net Position	\$134,226,709	\$134,997,081	\$127,017,676	\$127,175,286	\$147,426,943

Note: The statistical section contains "Unaudited" data.

STATEMENT OF ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS & NET POSITION FY2014 to FY2018					
	FY2014	FY2015	FY2016	FY2017	FY2018
ASSETS	RESTATED				
Current Assets:					
Cash & Cash Equivalents-Unrestricted	\$20,711,606	\$15,775,962	\$10,137,998	\$12,768,003	\$14,052,908
Cash & Cash Equivalents-Restricted	\$445,000	\$700,000	\$425,000	\$1,037,807	\$1,037,807
Investments	\$0	\$0	\$0	\$0	\$0
Accounts Receivable:					
Trade Receivable, net	\$683,225	\$778,787	\$756,015	\$2,298,457	\$748,588
Delinquent Property Tax Receivable	\$39,591	\$65,759	\$79,845	\$62,134	\$47,059
Federal Grants Receivable	\$11,195,043	\$11,667,050	\$11,275,149	\$1,764,141	\$517,258
State Grants Receivable	\$175,814	\$146,098	\$1,623,079	\$315,322	\$1,759,924
Local Grants Receivable	\$437,953	\$318,397	\$61,215	\$155,885	\$50,543
Inventory of Parts & Supplies	\$1,471,430	\$1,513,189	\$1,503,769	\$1,628,946	\$1,411,075
Prepaid Expenses	\$377,293	\$323,797	\$372,462	\$382,913	\$620,634
Total Current Assets	\$35,536,955	\$31,289,039	\$26,234,532	\$20,413,608	\$20,245,796
Long Term Assets:					
Land	\$18,260,818	\$19,040,309	\$19,040,309	\$19,040,309	\$19,043,009
Construction in Progress	\$16,523,147	\$540,588	\$3,378,211	\$4,469,892	\$5,736,827
Capital Assets, net	\$88,481,029	\$103,904,284	\$101,647,794	\$98,256,401	\$93,205,478
Total Long Term Assets	\$123,264,994	\$123,485,181	\$124,066,314	\$121,766,602	\$117,985,314
Total Assets	\$158,801,949	\$154,774,220	\$150,300,846	\$142,180,210	\$138,231,110
DEFERRED OUTFLOWS					
Deferred Outflows on pension and OPEB related amounts	\$2,515,349	\$4,724,263	\$12,704,894	\$15,993,288	\$14,577,121
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$2,517,083	\$1,866,153	\$3,500,875	\$3,898,479	\$3,547,234
Accrued Expenses	\$1,991,514	\$2,384,932	\$1,088,320	\$1,468,902	\$1,228,463
Unearned Revenue	\$181,703	\$177,300	\$1,946	\$5,659	\$10,109
Self-Insurance & Contingency	\$3,826,224	\$3,337,878	\$2,808,134	\$3,016,930	\$2,391,880
Environmental Remediation	\$49,708	\$119,000	\$138,136	\$207,233	\$308,019
Compensated Absences	\$246,000	\$82,432	\$84,823	\$115,127	\$91,239
Capital Lease Obligation	\$0	\$73,949	\$306,249	\$0	\$0
Net Pension Liability	\$371,057	\$450,452	\$430,446	\$374,957	\$318,652
Net OPEB Liability	\$0	\$0	\$0	\$46,963	\$0
Total Current Liabilities	\$9,183,289	\$8,492,096	\$8,358,929	\$9,134,250	\$7,895,596
Long Term Liabilities:					
Self-Insurance & Contingency	\$3,867,110	\$4,653,651	\$6,283,924	\$5,407,660	\$5,619,072
Environmental Remediation	\$0	\$0	\$0	\$0	\$0
Compensated Absences	\$2,366,586	\$2,231,413	\$2,438,666	\$2,735,005	\$2,789,154
Capital Lease Obligation	\$0	\$325,972	\$479,238	\$0	\$0
Net Pension Liability	\$15,269,917	\$22,671,642	\$34,716,701	\$39,188,888	\$37,573,767
Net OPEB Liability	\$0	\$0	\$1,017,804	\$1,050,184	\$1,013,903
Total Long Term Liabilities	\$21,503,613	\$29,882,678	\$44,936,333	\$48,381,737	\$46,995,896
Total Liabilities	\$30,686,902	\$38,374,774	\$53,295,262	\$57,515,987	\$54,891,492
DEFERRED INFLOWS					
Deferred Inflows on pension and OPEB related amounts	\$8,963,936	\$2,971,354	\$712,481	\$2,397,699	\$5,195,167
NET POSITION					
Net Investment in Capital Assets	\$122,526,409	\$123,085,260	\$122,976,936	\$121,766,602	\$117,985,314
Restricted	\$445,000	\$700,000	\$610,800	\$1,037,807	\$1,037,807
Unrestricted	(\$1,304,949)	(\$5,632,905)	(\$14,589,739)	(\$24,544,597)	(\$26,301,549)
Total Net Position	\$121,666,460	\$118,152,355	\$108,997,997	\$98,259,812	\$92,721,572

Note: The statistical section contains "Unaudited" data.

STATEMENT OF REVENUES, EXPENSES, & CHANGES IN NET POSITION					
FY2009 to FY2013					
	FY2009	FY2010	FY2011	FY2012	FY2013
OPERATING REVENUES:					
Passenger Fare Revenues	\$12,197,462	\$12,409,955	\$13,373,978	\$14,187,514	\$15,536,071
Advertising Revenues	\$591,970	\$724,964	\$718,919	\$770,772	\$770,830
Other Revenues	\$253,357	\$576,924	\$338,586	\$76,325	(\$15,031)
Total Operating Revenues	\$13,042,789	\$13,711,843	\$14,431,483	\$15,034,611	\$16,291,870
OPERATING EXPENSES:					
Salaries & Wages	\$27,331,650	\$28,976,002	\$28,472,681	\$27,633,742	\$28,866,836
Fringe Benefits	\$14,150,767	\$14,875,779	\$14,616,889	\$12,774,304	\$12,783,267
Fuel & Oil	\$6,422,888	\$5,332,088	\$6,240,003	\$7,367,311	\$8,118,427
Parts & Supplies	\$3,638,090	\$3,543,504	\$2,870,170	\$2,941,767	\$3,621,651
Purchased Services	\$3,174,271	\$3,296,307	\$3,492,770	\$2,952,228	\$3,442,716
Insurance	\$1,958,376	\$2,310,511	\$2,267,192	\$1,745,966	\$2,738,407
Utilities	\$1,027,030	\$756,763	\$701,272	\$681,797	\$693,489
Marketing & Printing	\$1,027,373	\$713,228	\$524,863	\$493,667	\$391,819
Other Expenses	\$2,893,627	\$2,060,172	\$1,810,233	\$2,029,073	\$1,802,389
Expenses Reimbursed by Grants	\$3,737,612	\$3,865,188	\$3,607,225	\$3,732,246	\$3,070,237
Total Operating Expenses	\$65,361,684	\$65,729,542	\$64,603,298	\$62,352,101	\$65,529,238
Total Operating Gain (Loss)	(\$52,318,895)	(\$52,017,699)	(\$50,171,815)	(\$47,317,490)	(\$49,237,368)
Depreciation Expense	\$11,482,036	\$13,394,583	\$12,862,670	\$12,292,280	\$11,635,161
Net Operating Gain (Loss)	(\$63,800,931)	(\$65,412,282)	(\$63,034,485)	(\$59,609,770)	(\$60,872,529)
NON-OPERATING REVENUES:					
Federal Operating Grants	\$8,922,111	\$8,566,909	\$11,314,093	\$11,456,242	\$11,410,293
State Operating Grants	\$3,669,407	\$3,937,879	\$4,065,891	\$4,689,055	\$5,351,617
Local Operating Grants	\$1,257,145	\$1,365,858	\$1,281,761	\$817,880	\$812,018
State Operating rebates - CNG	\$0	\$0	\$0	\$0	\$0
Property Tax Proceeds	\$35,325,400	\$31,626,091	\$28,277,219	\$30,028,084	\$28,603,229
Interest Revenue	\$86,189	\$290,111	\$136,840	\$189,196	\$101,034
Total Non-Operating Revenues	\$49,260,252	\$45,786,848	\$45,075,804	\$47,180,457	\$46,278,191
Gain (Loss) before Capital Grants	(\$14,540,679)	(\$19,625,434)	(\$17,958,681)	(\$12,429,313)	(\$14,594,338)
CAPITAL GRANT REVENUES:					
Federal Capital Grants	\$16,746,036	\$19,717,043	\$7,145,036	\$6,816,240	\$15,801,857
State Capital Grants	\$170	\$38,139	\$313,277	\$280,489	\$300,171
Local Capital Grants	\$3,167,964	\$640,624	\$2,520,963	\$5,365,203	\$18,708,777
Developer Contributed Assets	\$0	\$0	\$0	\$124,991	\$35,190
Total Capital Contribution Revenue	\$19,914,170	\$20,395,806	\$9,979,276	\$12,586,923	\$34,845,995
Increase (Decrease) in Net Position	\$5,373,491	\$770,372	(\$7,979,405)	\$157,610	\$20,251,657
Net Position, Beginning Year	\$128,853,218	\$134,226,709	\$134,997,081	\$127,017,676	\$127,175,286
Net Position, End of the Year	\$134,326,709	\$134,997,081	\$127,017,676	\$127,175,286	\$147,426,943

Note: The statistical section contains "Unaudited" data.

STATEMENT OF REVENUES, EXPENSES, & CHANGES IN NET POSITION					
FY2014 to FY2018					
	FY2014	FY2015	FY2016	FY2017	FY2018
OPERATING REVENUES:					
	RESTATED				
Passenger Fare Revenues	\$16,420,800	\$16,593,816	\$15,155,608	\$14,148,572	\$12,576,581
Advertising Revenues	\$903,308	\$1,033,518	\$1,144,644	\$1,072,635	\$1,089,898
Other Revenues	\$392,061	\$116,589	\$237,079	\$405,193	\$3,150,349
Total Operating Revenues	\$17,716,169	\$17,743,923	\$16,537,331	\$15,626,400	\$16,816,828
OPERATING EXPENSES:					
Salaries & Wages	\$30,141,573	\$31,819,094	\$34,095,944	\$36,305,701	\$35,122,040
Fringe Benefits	\$13,960,033	\$16,912,330	\$18,670,787	\$23,405,926	\$21,257,654
Fuel & Oil	\$8,139,358	\$7,206,460	\$4,389,479	\$4,065,775	\$4,262,223
Parts & Supplies	\$3,415,413	\$4,150,983	\$4,178,489	\$4,281,705	\$4,481,531
Purchased Services	\$2,971,681	\$3,300,141	\$4,033,881	\$5,948,106	\$6,494,192
Insurance	\$4,528,743	\$3,000,607	\$4,277,254	\$2,407,661	\$2,812,076
Utilities	\$710,147	\$761,274	\$1,022,155	\$1,140,717	\$993,158
Marketing & Printing	\$313,093	\$339,870	\$354,185	\$346,738	\$340,216
Other Expenses	\$1,778,298	\$2,741,421	\$3,551,218	\$3,061,563	\$2,829,903
Expenses Reimbursed by Grants	\$1,595,894	\$1,793,741	\$1,440,203	\$1,750,812	\$2,477,298
Total Operating Expenses	\$67,554,233	\$72,025,921	\$76,013,595	\$82,714,704	\$81,070,291
Total Operating Gain (Loss)	(\$49,838,064)	(\$54,281,998)	(\$59,476,264)	(\$67,088,304)	(\$64,253,463)
Depreciation Expense	\$10,578,252	\$11,671,433	\$11,652,527	\$12,164,514	\$12,194,544
Net Operating Gain (Loss)	(\$60,416,316)	(\$65,953,431)	(\$71,128,791)	(\$79,252,818)	(\$76,448,007)
NON-OPERATING REVENUES:					
Federal Operating Grants	\$11,508,660	\$10,726,311	\$9,893,280	\$12,409,977	\$12,038,587
State Operating Grants	\$5,295,505	\$4,906,810	\$5,205,625	\$5,085,689	\$6,041,652
Local Operating Grants	\$1,273,864	\$770,884	\$903,640	\$1,053,973	\$1,146,219
State Operating rebates-CNG	\$0	\$0	\$0	\$250,000	\$0
Property Tax Proceeds	\$30,171,450	\$32,398,546	\$34,869,378	\$37,509,439	\$40,801,680
Interest Revenue	\$20,823	\$84,466	\$60,899	\$122,610	\$288,659
Total Non-Operating Revenues	\$48,270,302	\$48,887,017	\$50,932,822	\$56,431,688	\$60,316,797
Gain (Loss) before Capital Grants	(\$12,146,014)	(\$17,066,414)	(\$20,195,969)	(\$22,821,130)	(\$16,131,210)
CAPITAL GRANT REVENUES:					
Federal Capital Grants	\$6,759,290	\$13,088,152	\$9,744,445	\$11,283,930	\$9,398,143
State Capital Grants	\$730,031	\$89,406	\$1,857,575	\$562,907	\$1,108,304
Local Capital Grants	\$1,907,899	\$341,726	\$339,538	\$171,420	\$86,523
Developer Contributed Assets	\$36,408	\$33,025	\$0	\$64,688	\$0
Total Capital Contribution Revenue	\$9,433,628	\$13,552,309	\$11,941,558	\$12,082,945	\$10,592,970
Increase (Decrease) in Net Position	(\$2,712,386)	(\$3,514,105)	(\$8,254,411)	(\$10,738,185)	(\$5,538,240)
Net Position, Beginning Year	\$124,378,846	\$121,666,460	\$117,252,408	\$108,997,997	\$98,259,812
Net Position, End of the Year *	\$121,666,460	\$118,152,355	\$108,997,997	\$98,259,812	\$92,721,572

Note: The statistical section contains “Unaudited” data.

Statistical Section

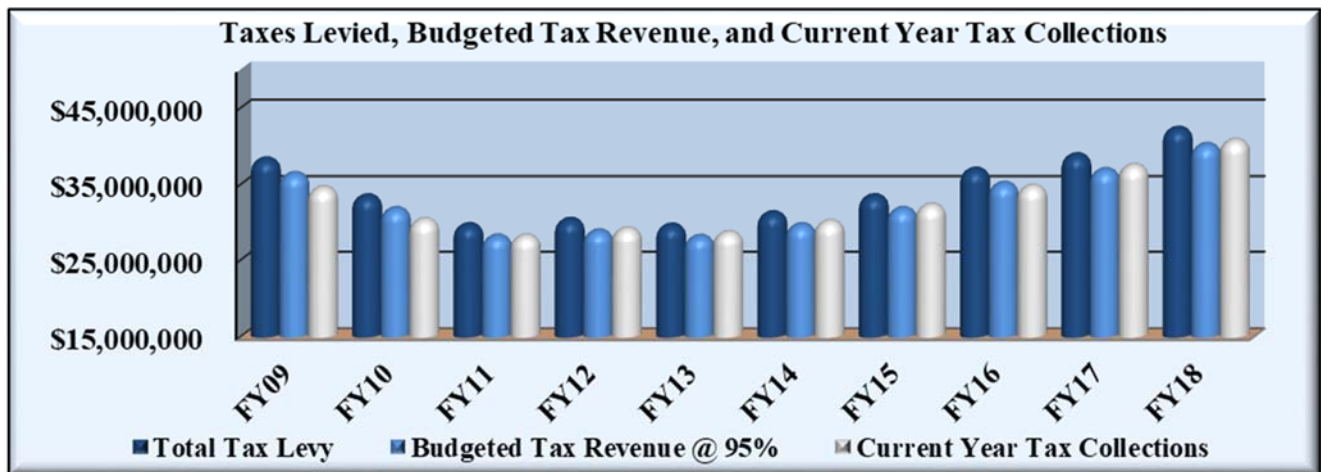
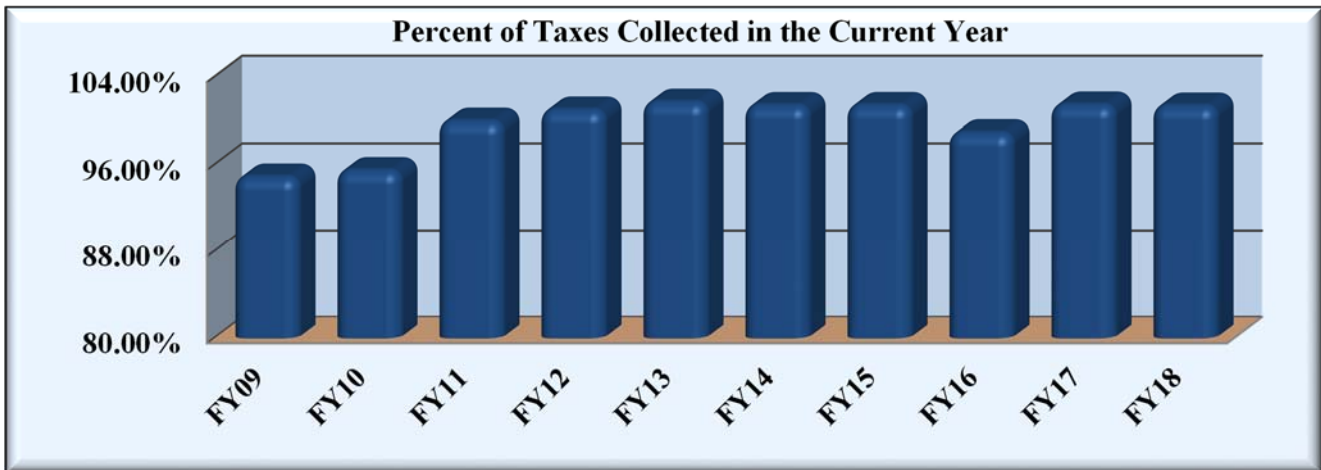
Revenue Capacity

- Hillsborough Transit Authority, Property Tax Levies and Collections (FY2009 to FY2018)
- Hillsborough County, FL, Taxable Assessed Value and Actual Value of Property (FY2003 to FY2018)
- Single Family Taxable Values and Levies (2004 to 2019)
- Millage Rates (2009 to 2018)
- Taxable Sales (2003 to 2018)
- Revenues by Source (FY2009 to FY2018)
- Property Tax Revenue Used for Operations (FY2009 to FY2018)

Note: The statistical section contains “Unaudited” data.

**HILLSBOROUGH TRANSIT AUTHORITY
PROPERTY TAX LEVIES AND COLLECTIONS
FY2009 to FY2018**

Fiscal Year	Total Tax Levy	Budgeted Tax Revenue @ 95%	Current Year Tax Collections	Percent of Current Year to Budget	Other Net Collections during the Year	Total Collections	Percent of Total Collections to Tax Levy	Millage Rate
FY2009	\$38,322,358	\$36,406,240	\$34,547,599	94.89%	\$2,161,227	\$36,708,826	95.79%	0.4682
FY2010	\$33,504,979	\$31,829,730	\$30,393,544	95.49%	\$1,604,511	\$31,998,055	95.50%	0.4682
FY2011	\$29,736,439	\$28,249,617	\$28,242,205	99.97%	\$191,504	\$28,433,709	95.62%	0.4682
FY2012	\$30,418,828	\$28,897,887	\$29,184,561	100.99%	\$354,946	\$29,539,507	97.11%	0.5000
FY2013	\$29,680,363	\$28,196,345	\$28,677,987	101.71%	\$101,968	\$28,779,955	96.97%	0.5000
FY2014	\$31,293,062	\$29,728,409	\$30,145,483	101.40%	\$48,651	\$30,194,134	96.49%	0.5000
FY2015	\$33,519,856	\$31,843,863	\$32,292,256	101.41%	\$80,123	\$32,372,379	96.58%	0.5000
FY2016	\$36,989,171	\$35,139,712	\$34,762,497	98.93%	\$92,795	\$34,855,292	94.23%	0.5000
FY2017	\$38,872,885	\$36,929,241	\$37,465,915	101.45%	\$61,234	\$37,527,149	96.54%	0.5000
FY2018	\$42,329,206	\$40,212,746	\$40,757,120	101.35%	\$59,635	\$40,816,755	96.43%	0.5000



Note: The statistical section contains "Unaudited" data.

**HILLSBOROUGH COUNTY, FLORIDA
TAXABLE ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
2003 to 2018**

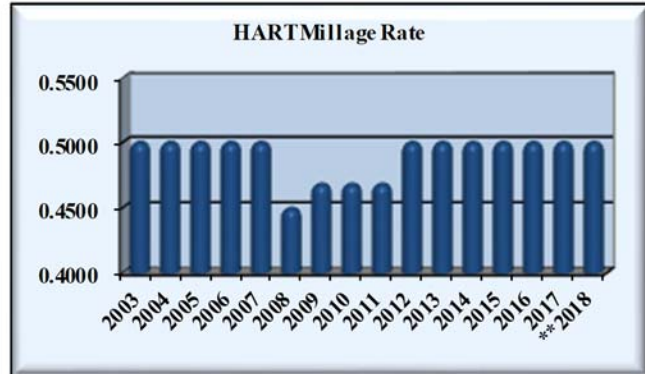
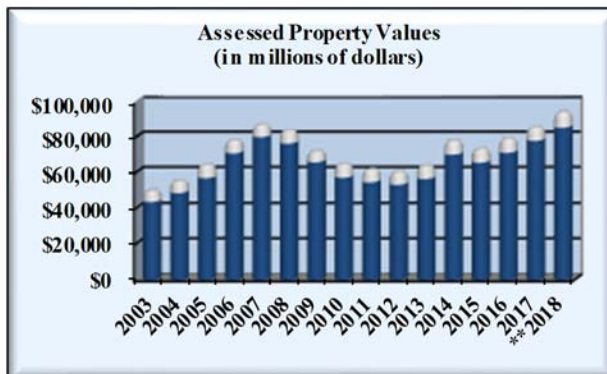
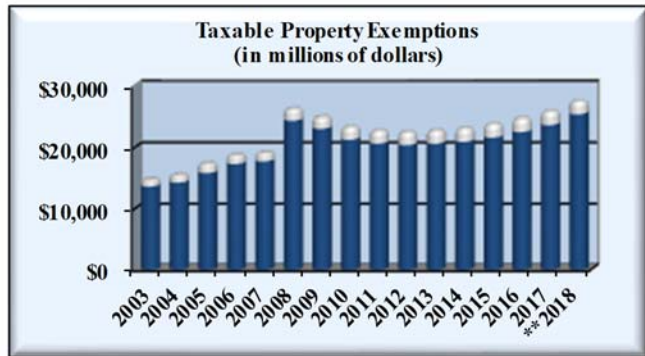
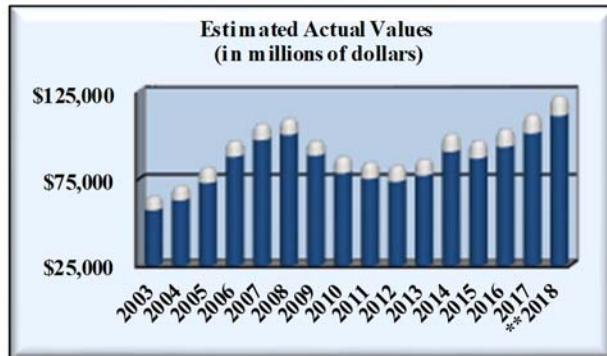
Year	Estimated Actual Value*		Exemptions*		Assessed Value*		HART's
	Real Property	Personal Property	Real Property	Personal Property	Real Property	Personal Property	Millage Rate
2003	\$57,521	\$7,479	\$13,761	\$1,146	\$43,760	\$6,333	0.5000
2004	\$63,183	\$8,011	\$14,398	\$1,281	\$48,785	\$6,730	0.5000
2005	\$73,192	\$8,643	\$15,972	\$1,549	\$57,220	\$7,094	0.5000
2006	\$88,280	\$8,774	\$17,445	\$1,455	\$70,835	\$7,319	0.5000
2007	\$97,915	\$8,988	\$17,866	\$1,432	\$80,049	\$7,556	0.5000
2008	\$100,896	\$9,120	\$24,489	\$1,905	\$76,407	\$7,215	0.4495
2009	\$88,961	\$8,054	\$23,168	\$1,899	\$65,793	\$6,155	0.4682
2010	\$78,832	\$9,453	\$21,393	\$2,143	\$57,439	\$7,310	0.4682
2011	\$75,558	\$9,255	\$20,775	\$2,148	\$54,783	\$7,107	0.4682
2012	\$73,961	\$9,073	\$20,528	\$2,154	\$53,433	\$6,919	0.5000
2013	\$77,492	\$9,048	\$20,761	\$2,153	\$56,731	\$6,895	0.5000
2014	\$91,169	\$10,066	\$21,066	\$2,238	\$70,103	\$7,828	0.5000
2015	\$87,291	\$10,117	\$21,742	\$2,281	\$65,549	\$7,836	0.5000
2016	\$93,867	\$10,182	\$22,655	\$2,258	\$71,212	\$7,924	0.5000
2017	\$101,712	\$10,376	\$23,773	\$2,221	\$77,939	\$8,155	0.5000
**2018	\$111,350	\$11,194	\$25,439	\$2,215	\$85,911	\$8,979	0.5000

Notes: * Values in millions

**2018 Preliminary

Source:

Hillsborough County Tax Collector



Note: The statistical section contains "Unaudited" data.

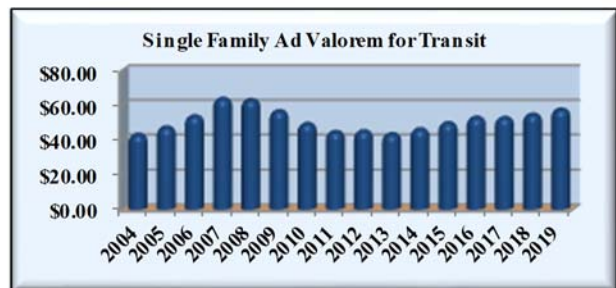
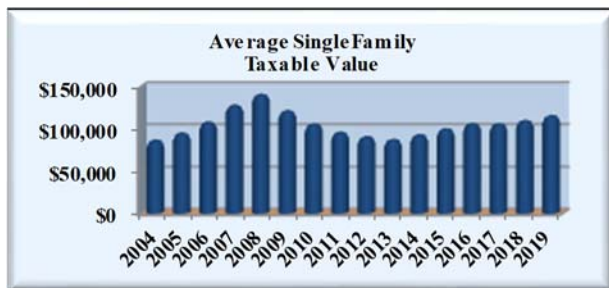
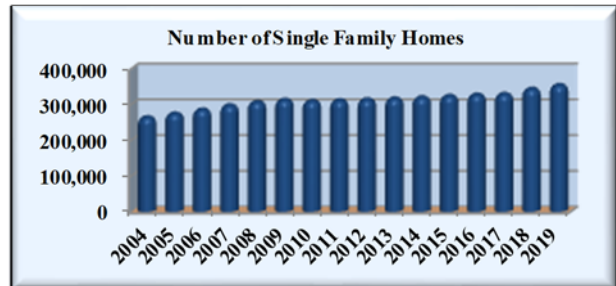
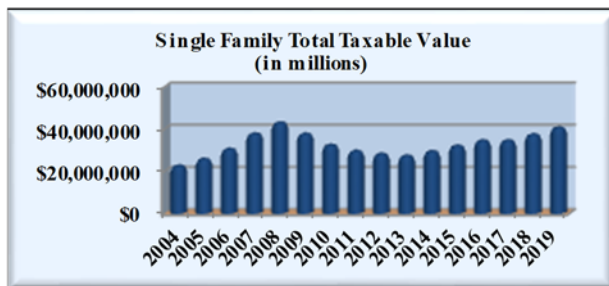
**HILLSBOROUGH COUNTY, FLORIDA
SINGLE FAMILY TAXABLE VALUES AND LEVIES
2004 to 2019**

Fiscal Year	Tax Year	Single Family Taxable Values (000's)	Number of Homes	Single Family Average Value	Percent Change	HART's Millage Rate	Single Family Ad Valorem	Percent Change
2004	2003	\$22,934,737	265,749	\$86,302		0.5000	\$43.15	
2005	2004	\$26,138,771	276,114	\$94,667	9.7%	0.5000	\$47.33	9.7%
2006	2005	\$30,915,682	287,179	\$107,653	13.7%	0.5000	\$53.83	13.7%
2007	2006	\$38,181,152	298,969	\$127,709	18.6%	0.5000	\$63.85	18.6%
2008	2007	\$43,386,630	308,253	\$140,750	10.2%	0.4495	\$63.27	-0.9%
2009	2008	\$38,109,677	314,397	\$121,215	-13.9%	0.4682	\$56.75	-10.3%
2010	2009	\$32,798,590	310,967	\$105,473	-13.0%	0.4682	\$49.38	-13.0%
2011	2010	\$29,953,254	313,022	\$95,691	-9.3%	0.4682	\$44.80	-9.3%
2012	2011	\$28,528,801	315,514	\$90,420	-5.5%	0.5000	\$45.21	0.9%
2013	2012	\$27,669,609	318,074	\$86,991	-3.8%	0.5000	\$43.50	-3.8%
2014	2013	\$29,759,828	321,275	\$92,630	6.5%	0.5000	\$46.32	6.5%
2015	2014	\$32,413,326	325,307	\$99,639	7.6%	0.5000	\$49.82	7.6%
2016	2015	\$34,873,178	329,101	\$105,965	6.3%	0.5000	\$52.98	6.3%
2017	2016	\$34,943,064	330,519	\$105,722	-0.2%	0.5000	\$52.86	-0.2%
2018	2017	\$37,817,808	345,207	\$109,551	3.6%	0.5000	\$54.78	3.6%
2019	2018	\$41,073,218	355,778	\$115,446	5.4%	0.5000	\$57.72	5.4%

Source:

Hillsborough County Property Appraiser

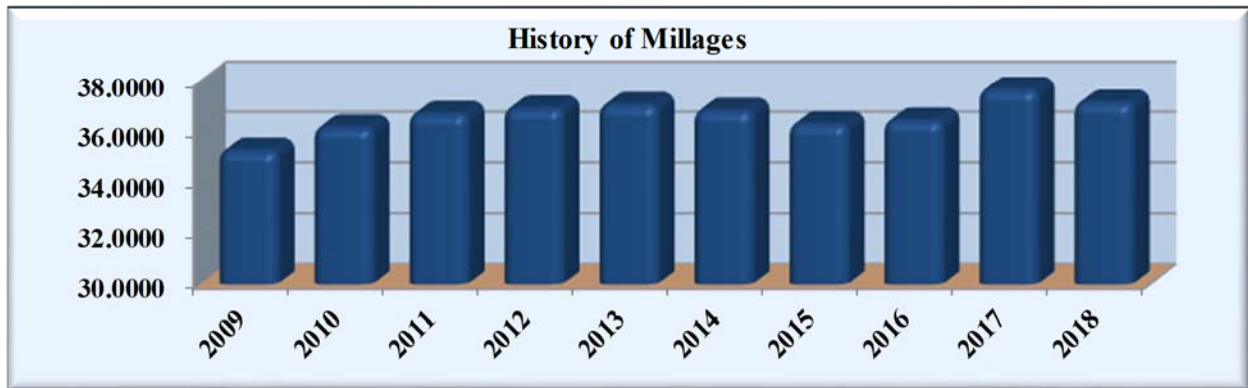
Preliminary Assessment Rolls Reports for Tax Years 2003 to 2018 (or HART Fiscal Years 2004 to 2019)



Note: The statistical section contains "Unaudited" data.

HILLSBOROUGH COUNTY, FLORIDA MILLAGE RATES 2009 to 2018										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
District School Board:										
Local Required Effort	5.3040	5.4440	5.3440	5.6650	5.6290	5.4420	5.1050	4.6580	4.6580	4.3480
Discretionary Local	0.4980	0.7480	0.7480	0.7480	0.7480	0.7480	0.7480	0.7480	0.7480	0.7480
Supplemental Discretionary	0.2250	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Debt Service	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Capital Improvements	1.7500	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000
Total District School Board	7.7770	7.6920	7.5920	7.9130	7.8770	7.6900	7.3530	6.9060	6.9060	6.5960
Other County-Wide:										
Board of County Commissioners	5.8043	5.8027	5.8011	5.7995	5.7978	5.7960	5.7943	5.7322	5.7322	5.7309
Tampa Port Authority	0.1950	0.1925	0.1900	0.1900	0.1850	0.1750	0.1550	0.1550	0.1550	0.1450
Children's Board	0.5000	0.5000	0.5000	0.5000	0.5000	0.4828	0.4599	0.4589	0.4589	0.4589
S.W. Florida River Water Mgt.	0.3866	0.3866	0.3770	0.3928	0.3928	0.3818	0.3488	0.3488	0.3317	0.3131
Total Other County-Wide	6.8859	6.8818	6.8681	6.8823	6.8756	6.8356	6.7580	6.6949	6.6778	6.6479
Total County-Wide	14.6629	14.5738	14.4601	14.7953	14.7526	14.5256	14.1110	13.6009	13.5838	13.2439
Non County-Wide:										
Public Library Service	0.5583	0.5583	0.5583	0.5583	0.5583	0.5583	0.5583	0.5583	0.5583	0.5583
Municipal Service Tax	4.3745	4.3745	4.3745	4.3745	4.3745	4.3745	4.3745	4.3745	4.3745	4.3745
Parks & Recreation (Unincorporated)	0.0259	0.0259	0.0259	0.0259	0.0259	0.0259	0.0259	0.0259	0.0259	0.0259
Independent Special Districts:										
SWFWMD										
Alafia River Basin	0.2163	0.2163	0.2163	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Hillsborough River Basin	0.2547	0.2421	0.2300	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
N.W. Hillsborough River Basin	0.2421	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Transit Authority	0.4682	0.4682	0.4682	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
Tampa Palms C.D.D.	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Municipalities:										
Tampa	5.7326	5.7326	5.7326	5.7326	5.7326	5.7326	5.7326	5.7326	5.7326	6.2076
Plant City	4.1653	4.7157	4.7157	4.7157	4.7157	4.7157	4.7157	4.7157	5.7157	5.7157
Temple Terrace	4.5692	5.2829	5.9500	6.2500	6.4300	6.4300	6.3050	6.9550	7.2050	6.5550
Grand Total Millages	35.2700	36.1903	36.7316	36.9523	37.0896	36.8626	36.3230	36.4629	37.6958	37.1809

Source:
Hillsborough Tax Collector



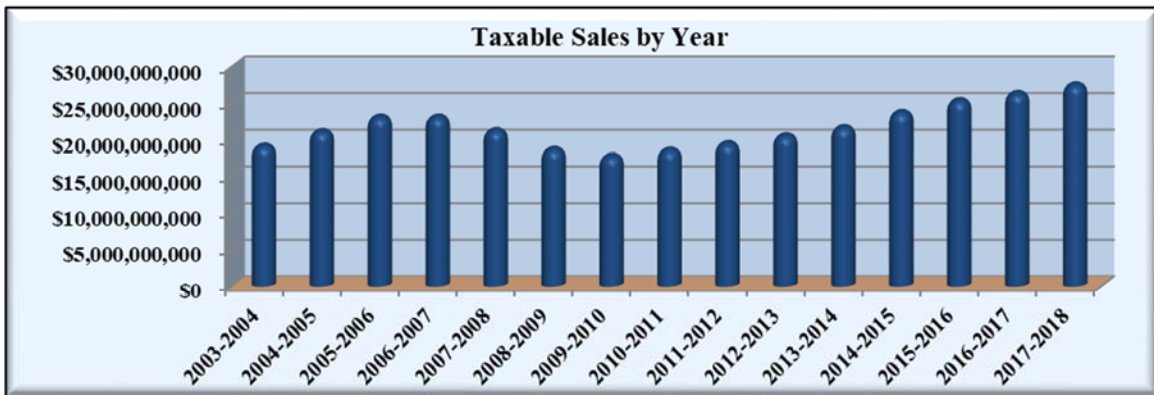
Note: The statistical section contains "Unaudited" data.

**HILLSBOROUGH COUNTY, FLORIDA
TAXABLE SALES
2003 to 2018**

State Fiscal Year	Hillsborough Taxable Sales	Annual Growth	Half Cent	Full Cent	Seven Cent
2003-2004	\$19,276,344,901		\$96,381,725	\$192,763,449	\$1,349,344,143
2004-2005	\$21,243,082,621	10.2%	\$106,215,413	\$212,430,826	\$1,487,015,783
2005-2006	\$23,213,834,873	9.3%	\$116,069,174	\$232,138,349	\$1,624,968,441
2006-2007	\$23,207,999,348	0.0%	\$116,039,997	\$232,079,993	\$1,624,559,954
2007-2008	\$21,377,893,474	-7.9%	\$106,889,467	\$213,778,935	\$1,496,452,543
2008-2009	\$18,831,222,537	-11.9%	\$94,156,113	\$188,312,225	\$1,318,185,578
2009-2010	\$17,929,543,843	-4.8%	\$89,647,719	\$179,295,438	\$1,255,068,069
2010-2011	\$18,730,240,925	4.5%	\$93,651,205	\$187,302,409	\$1,311,116,865
2011-2012	\$19,600,504,529	4.6%	\$98,002,523	\$196,005,045	\$1,372,035,317
2012-2013	\$20,668,297,980	5.4%	\$103,341,490	\$206,682,980	\$1,446,780,859
2013-2014	\$21,779,534,595	5.4%	\$108,897,673	\$217,795,346	\$1,524,567,422
2014-2015	\$23,846,559,173	9.5%	\$119,232,796	\$238,465,592	\$1,669,259,142
2015-2016	\$25,472,830,434	6.8%	\$127,364,152	\$254,728,304	\$1,783,098,130
2016-2017	\$26,452,915,372	3.8%	\$132,264,577	\$264,529,154	\$1,851,704,076
2017-2018	\$27,638,248,195	4.5%	\$138,191,241	\$276,382,482	\$1,934,677,374

Source:

Florida Department of Revenue



Note: The statistical section contains "Unaudited" data.

REVENUES BY SOURCE					
FY2009 to FY2018					
	FY2009	FY2010	FY2011	FY2012	FY2013
GENERAL FUND REVENUES:					
Passenger Fare Revenues	\$12,197,462	\$12,409,955	\$13,373,978	\$14,187,514	\$15,536,071
Property Tax Proceeds	\$35,325,400	\$31,626,091	\$28,277,219	\$30,028,084	\$28,603,229
Advertising Revenues	\$591,970	\$724,964	\$718,919	\$770,772	\$770,830
Interest Revenues	\$86,189	\$290,111	\$136,840	\$189,196	\$101,034
Other Income (Loss)	<u>\$253,357</u>	<u>\$576,924</u>	<u>\$338,586</u>	<u>\$76,325</u>	<u>(\$15,031)</u>
Total General Funds	<u>\$48,454,378</u>	<u>\$45,628,045</u>	<u>\$42,845,542</u>	<u>\$45,251,891</u>	<u>\$44,996,133</u>
OPERATING GRANT REVENUES:					
Federal Operating Grants	\$8,922,111	\$8,566,909	\$11,314,093	\$11,456,242	\$11,410,293
State Operating Grants	\$3,669,407	\$3,937,879	\$4,065,891	\$4,689,055	\$5,351,617
Local Operating Grants	<u>\$1,257,145</u>	<u>\$1,365,858</u>	<u>\$1,281,761</u>	<u>\$817,880</u>	<u>\$812,018</u>
Total Operating Grants	<u>\$13,848,663</u>	<u>\$13,870,646</u>	<u>\$16,661,745</u>	<u>\$16,963,177</u>	<u>\$17,573,928</u>
CAPITAL GRANT REVENUES:					
Federal Capital Grants	\$16,746,036	\$19,717,043	\$7,145,036	\$6,816,240	\$15,801,857
State Capital Grants	\$170	\$38,139	\$313,277	\$280,489	\$300,171
Local Capital Grants	\$3,167,964	\$640,624	\$2,520,963	\$5,365,203	\$18,708,777
Developer Contributed Assets	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$124,991</u>	<u>\$35,190</u>
Total Capital Revenues	<u>\$19,914,170</u>	<u>\$20,395,806</u>	<u>\$9,979,276</u>	<u>\$12,586,923</u>	<u>\$34,845,995</u>
Total Revenue	<u>\$82,217,211</u>	<u>\$79,894,497</u>	<u>\$69,486,563</u>	<u>\$74,801,991</u>	<u>\$97,416,056</u>

	FY2014	FY2015	FY2016	FY2017	FY2018
GENERAL FUND REVENUES:					
Passenger Fare Revenues	\$16,420,800	\$16,593,816	\$15,155,608	\$14,148,572	\$12,576,581
Property Tax Proceeds	\$30,171,450	\$32,398,546	\$34,869,378	\$37,509,439	\$40,801,680
Advertising Revenues	\$903,308	\$1,033,518	\$1,144,644	\$1,072,635	\$1,089,898
Interest Revenues	\$20,823	\$84,466	\$60,899	\$122,610	\$288,659
Other Income (Loss)	<u>\$392,061</u>	<u>\$116,589</u>	<u>\$237,079</u>	<u>\$405,193</u>	<u>\$3,150,349</u>
Total General Funds	<u>\$47,908,442</u>	<u>\$50,226,935</u>	<u>\$51,467,608</u>	<u>\$53,258,449</u>	<u>\$57,907,167</u>
OPERATING GRANT REVENUES:					
Federal Operating Grants	\$11,508,660	\$10,726,311	\$9,893,280	\$12,409,977	\$12,038,587
State Operating Grants	\$5,295,505	\$4,906,810	\$5,205,625	\$5,335,689	\$6,041,652
Local Operating Grants	<u>\$1,273,864</u>	<u>\$770,884</u>	<u>\$903,640</u>	<u>\$1,053,973</u>	<u>\$1,146,219</u>
Total Operating Grants	<u>\$18,078,029</u>	<u>\$16,404,005</u>	<u>\$16,002,545</u>	<u>\$18,799,639</u>	<u>\$19,226,458</u>
CAPITAL GRANT REVENUES:					
Federal Capital Grants	\$6,759,290	\$13,088,152	\$9,744,445	\$11,283,930	\$9,398,143
State Capital Grants	\$730,031	\$89,406	\$1,857,575	\$562,907	\$1,108,304
Local Capital Grants	\$1,907,899	\$341,726	\$339,538	\$171,420	\$86,523
Developer Contributed Assets	<u>\$36,408</u>	<u>\$33,025</u>	<u>\$0</u>	<u>\$64,688</u>	<u>\$0</u>
Total Capital Revenues	<u>\$9,433,628</u>	<u>\$13,552,309</u>	<u>\$11,941,558</u>	<u>\$12,082,945</u>	<u>\$10,592,970</u>
Total Revenue	<u>\$75,420,099</u>	<u>\$80,183,249</u>	<u>\$79,411,711</u>	<u>\$84,141,033</u>	<u>\$87,726,595</u>
Notes: See following page for notes and definitions.					

Note: The statistical section contains "Unaudited" data.

Notes:

Passenger Fares are the fees HART charges it's riders for riding: Fixed Route Buses, Flex Vans, Paratransit Vans or Streetcars.

Property Tax Revenues is the revenue collected based on a millage rate and the taxable value of real and personal property within Hillsborough County. On an annual basis, Hillsborough County Tax Collector collects property tax proceeds and then remits these proceeds to HART on a real-time basis. These proceeds are based on taxable values established by Hillsborough County Property Appraiser and the millage rate which is adopted by the HART Board of Directors.

Advertising Revenues related to advertising by various companies on HART vehicles and facilities. HART has entered into agreements with outside Marketing Agencies to sell Advertising space.

Interest Revenues is the interest earned on idle cash reserves from HART banking partners and state banking agency.

General Fund Revenues include: Passenger Fares, Property Tax Revenues, Advertising Revenues, Interest Revenues and Other Revenues. The General Fund Revenues do not have a stated purpose, other than to provide funding to the authority for operating activities.

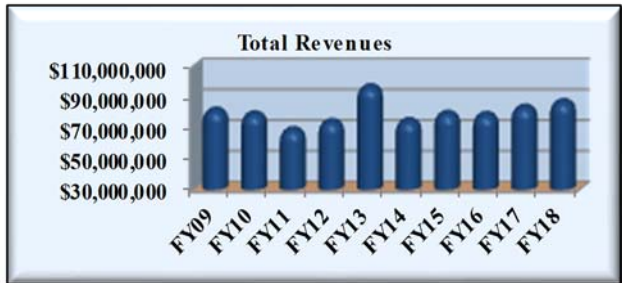
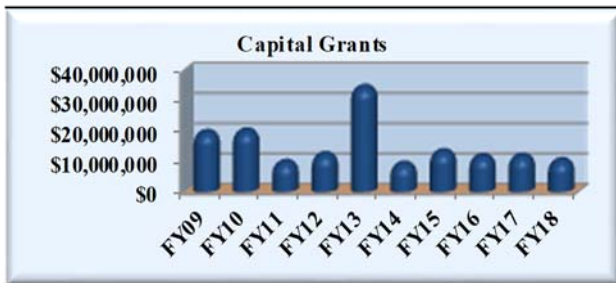
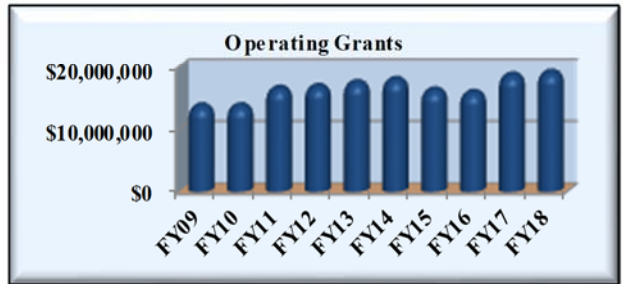
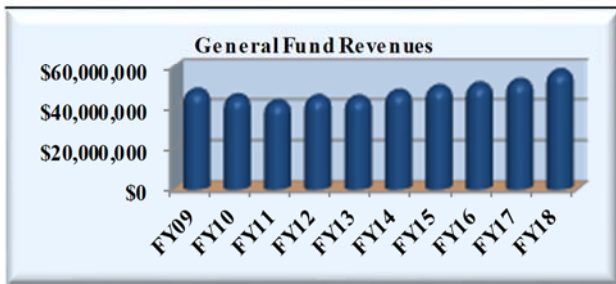
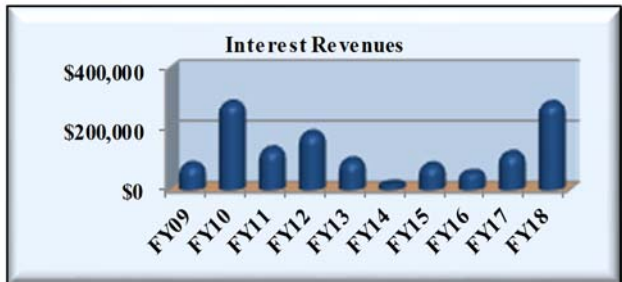
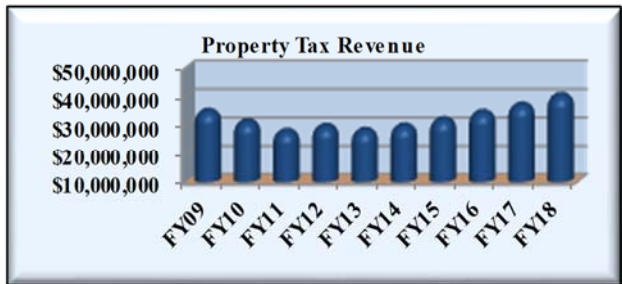
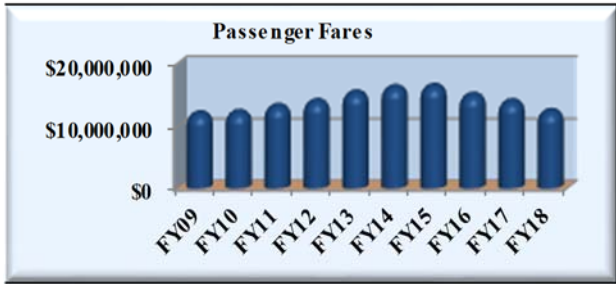
Operating Grant Revenues are revenues earned related to operating activities. The sources of these revenues are Federal, State and Local government agencies. These revenues are earned at the time of the activity and are reimbursed to HART after the fact.

Capital Grant Revenues are revenues earned related to the capital projects and some operating projects of the authority. The sources of these revenues are Federal, State and Local government agencies. These revenues are earned at the time of the activity and are reimbursed to HART after the fact.

Total Revenues include General Fund Revenues, and Operating and Grant Revenues.

Note: The statistical section contains “Unaudited” data.

**REVENUES BY SOURCE
FY2009 to FY2018**

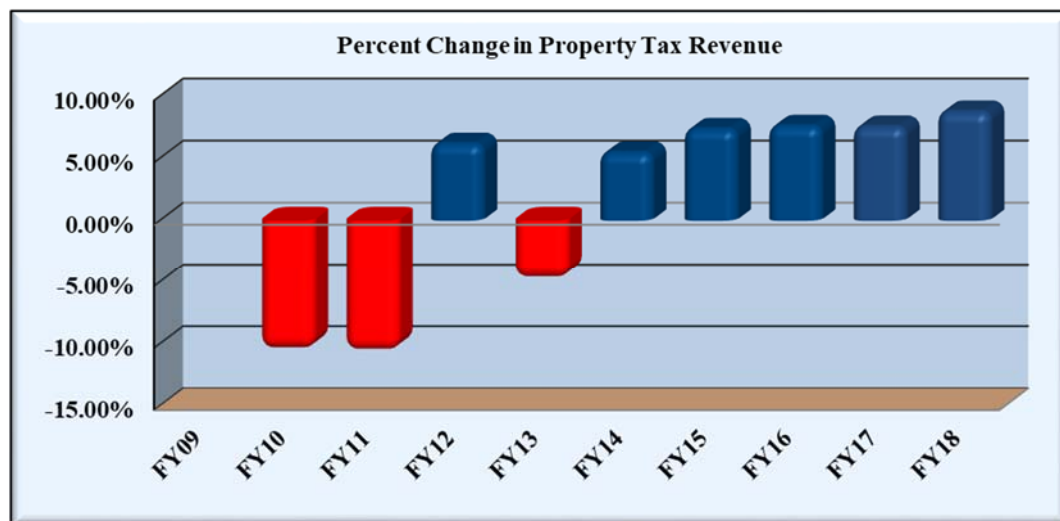
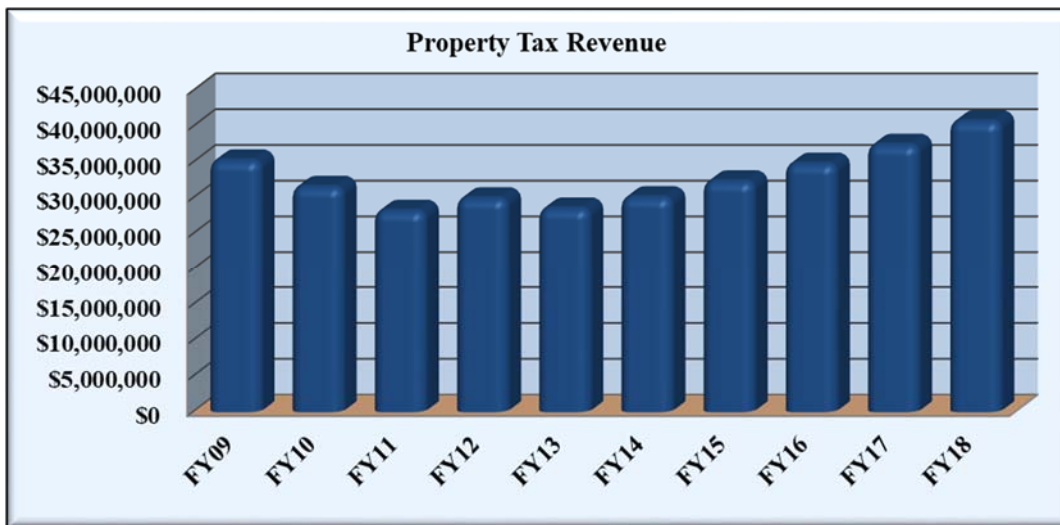


Note: The statistical section contains "Unaudited" data.

**PROPERTY TAX REVENUE USED FOR OPERATIONS
FY2009 to FY2018**

Fiscal Year	Property Tax Revenue	Percent Change	Bus & Paratransit Revenue	Percent of Total	Millage Rate
FY2009	\$35,325,400		\$60,285,496		0.4682
FY2010	\$31,626,091	-10.47%	\$57,490,242	55.01%	0.4682
FY2011	\$28,277,219	-10.59%	\$57,450,769	49.22%	0.4682
FY2012	\$30,028,084	6.19%	\$60,703,030	49.47%	0.5000
FY2013	\$28,603,229	-4.75%	\$61,170,429	46.76%	0.5000
FY2014	\$30,171,450	5.48%	\$64,504,989	46.77%	0.5000
FY2015	\$32,398,546	7.38%	\$65,181,172	49.71%	0.5000
FY2016	\$34,869,378	7.63%	\$65,930,367	52.89%	0.5000
FY2017	\$37,509,439	7.57%	\$70,374,803	53.30%	0.5000
FY2018	\$40,801,680	8.78%	\$75,558,275	54.00%	0.5000

Notes:
 Bus & Paratransit Revenue is total Operating Revenues to include fares, Ad Valorem, advertising, interest, operating grant revenue and other misc less Streetcar Revenues which includes fares, operating grant revenues and other misc revenues.



Note: The statistical section contains "Unaudited" data.

Statistical Section

Demographic and Economic Information

- Hillsborough County, Demographic and Economic Statistics (2003 to 2017)
- Principal Employers (2008 and 2017)

Note: The statistical section contains “Unaudited” data.

**HILLSBOROUGH COUNTY, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
2003 to 2017**

Year	Population	Median Age	Unemployment Rate	Personal Income (millions)	Personal Income (per capita)	Public High School Graduation Rate	Total Public School Enrollment
2003	1,077,462	35.0	5.1%	\$36,763	\$29,807	77.5%	181,755
2004	1,108,225	36.0	4.3%	\$38,338	\$31,045	75.8%	188,610
2005	1,143,154	35.9	3.7%	\$39,993	\$32,662	79.3%	193,669
2006	1,171,826	36.3	3.2%	\$42,277	\$34,343	79.5%	193,480
2007	1,184,686	36.5	4.0%	\$43,827	\$36,417	77.3%	193,062
2008	1,196,773	37.1	6.3%	\$45,364	\$37,473	76.3%	191,965
2009	1,214,050	35.6	10.4%	\$46,692	\$37,923	77.0%	193,239
2010	1,233,900	36.1	11.5%	\$47,336	\$35,914	82.2%	194,353
2011	1,269,354	36.4	10.2%	\$48,477	\$38,382	82.3%	197,001
2012	1,277,746	36.4	8.5%	\$51,284	\$39,180	84.3%	195,198
2013	1,291,578	36.5	7.0%	\$52,321	\$40,206	72.6%	198,659
2014	1,316,298	36.4	6.1%	\$55,156	\$40,680	74.1%	200,684
2015	1,349,050	36.6	5.0%	\$58,569	\$41,902	73.5%	204,491
2016	1,350,910	37.3	4.7%	\$60,283	\$43,803	79.1%	207,469
2017	1,389,374	37.5	2.9%	\$62,976	\$44,709	85.8%	217,072

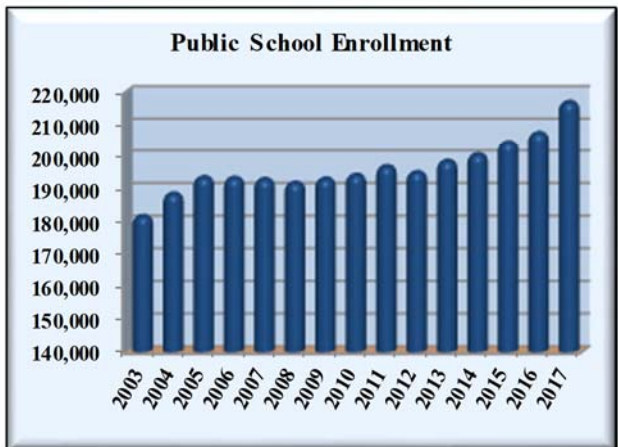
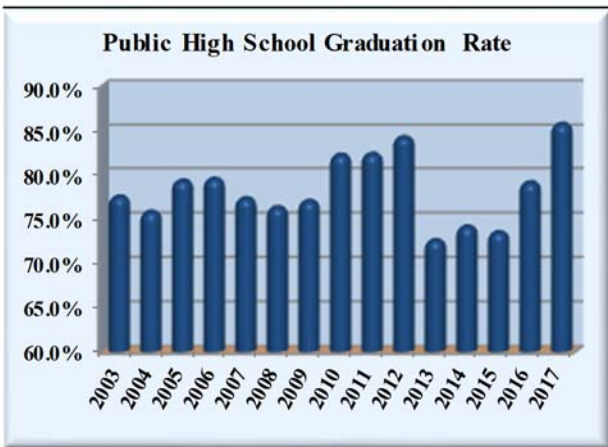
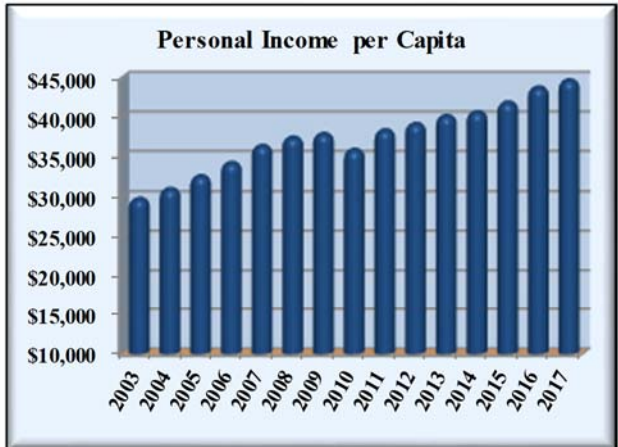
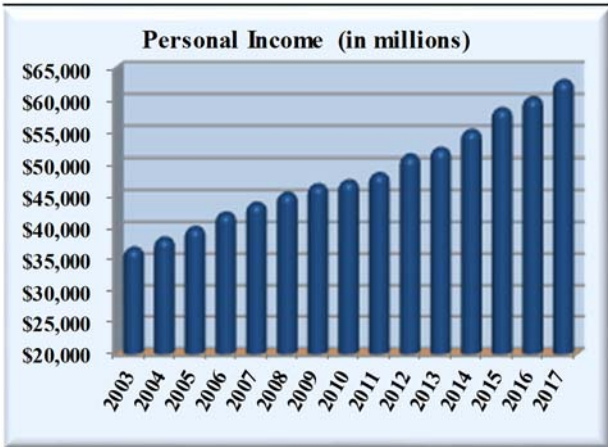
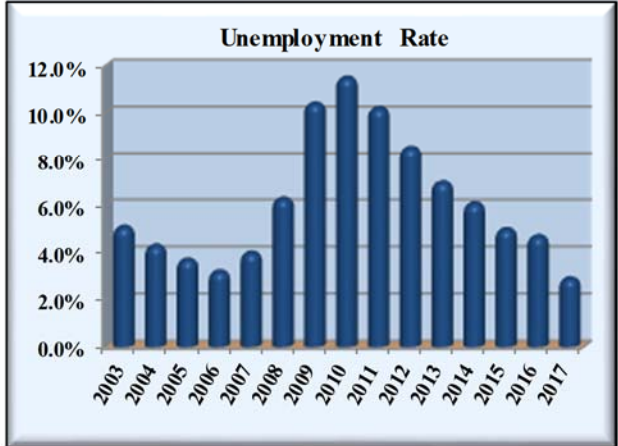
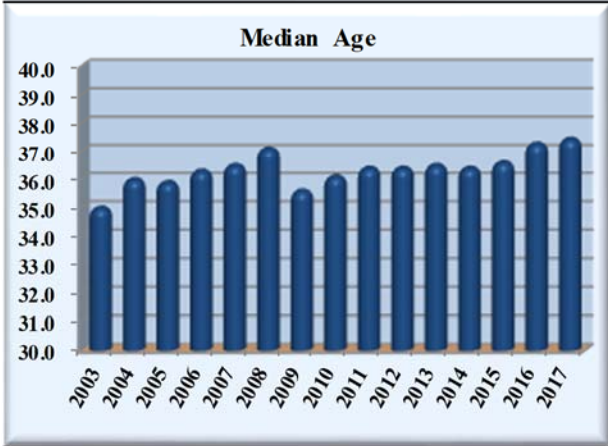
(A) (A) (B) (B) (C) (D) (E)

Sources:

- A. United States Census Bureau, American Fact Finder
- B. Bureau of Labor Statistics, Florida Department of Economic Opportunity
- C. Bureau Economic Analysis, U.S. Department of Commerce
- D. Hillsborough County District School
- E. Hillsborough County District School

Note: The statistical section contains “Unaudited” data.

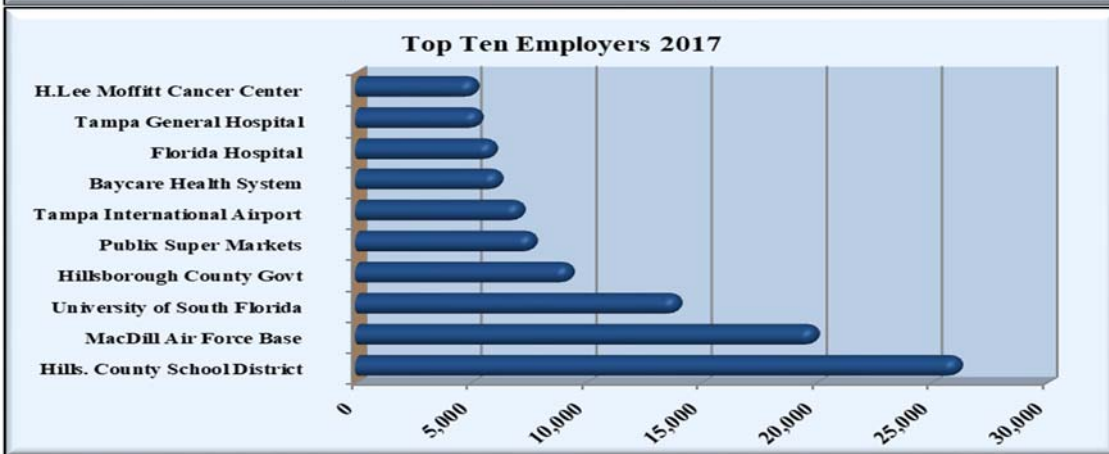
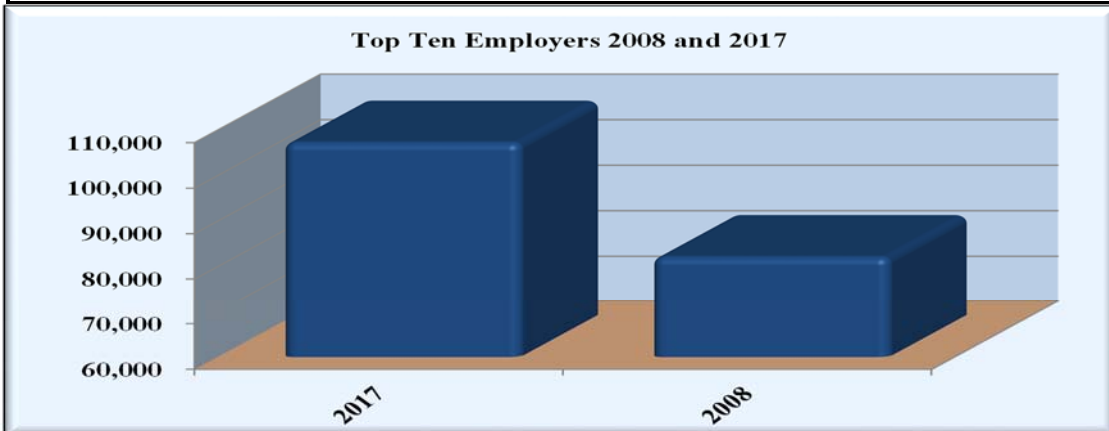
**HILLSBOROUGH COUNTY, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
2003 to 2017**



Note: The statistical section contains “Unaudited” data.

HILLSBOROUGH COUNTY, FLORIDA PRINCIPAL EMPLOYERS 2008 and 2017					
	2017 Rank	2017	2017 Percentage to Total	2008	2008 Percentage to Total
Hills. County School District	1	26,195	24.5%	24,692	30.1%
MacDill Air Force Base	2	19,978	18.6%	6,656	8.1%
University of South Florida	3	14,013	13.1%	6,000	7.3%
Hillsborough County Govt	4	9,336	8.7%	10,442	12.7%
Publix Super Markets	5	7,732	7.2%	4,984	6.1%
Tampa International Airport	6	7,200	6.7%	7,500	9.1%
Baycare Health System	7	6,243	5.8%	-	-
Florida Hospital	8	6,000	5.6%	-	-
Tampa General Hospital	9	5,378	5.0%	5,842	7.1%
H.Lee Moffitt Cancer Center	10	5,200	4.8%	-	-
Verizon Information Technologies		-	-	7,000	8.5%
James A Haley Veterans Hospital		-	-	4,529	5.5%
City of Tampa		-	-	4,502	5.5%
Grand Totals		107,275	100.0%	82,147	100.0%

Source:
State of Florida , Department of Labor & Employment Statistics



Note: The statistical section contains “Unaudited” data.

Statistical Section

Operating Information

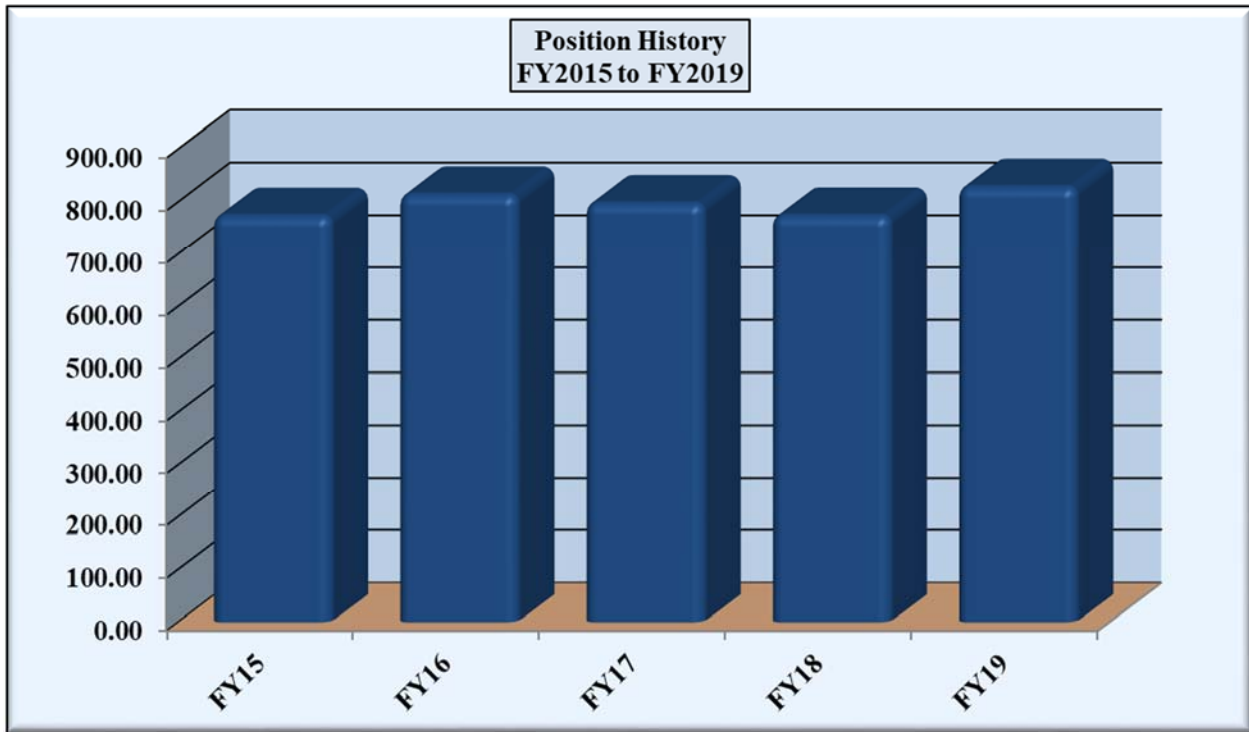
- Miscellaneous HART Statistics
- Staffing – Position Count by Unit (FY2015 to FY2019)
- Bus Service Trends (FY2009 to FY2018)
- Paratransit Service Trends (FY2009 to FY2018)
- Streetcar Service Trends (FY2009 to FY2018)
- Expenses by Program (FY2009 to FY2018)

Note: The statistical section contains “Unaudited” data.

MISCELLANEOUS HART STATISTICS	
Date Authority Created	October 3, 1979
Date Authority Began Operations	March 1980
Form of Government	Board of Directors, Chief Executive Officer
Board of Directors	12
Total Square Miles	1,266 square miles
Type of Tax Support	Property Tax
Property Tax (Millage/Rate) (2015 Adopted Budget)	.5 mil (0.50)
Services	Fixed Route = 26 local routes, 1 MetroRapid route, 7 limited express routes. 100% wheelchair/bicycle accessible buses and vans Flex Service = 5 Flex routes Paratransit = Door-to-door van services for disabled persons Streetcar = Streetcar service operated and maintained under contract to Tampa Historic Streetcar, Inc. (THS)
Bus Stops / Shelters	2150 bus stops; 650 shelters of which 299 are maintained by the Authority and 351 are maintained by a vendor
Transit Fleet	Fixed Route and Flex Service: 172 buses and vans Paratransit: 63 vans Streetcar: 10
Facilities	<ul style="list-style-type: none"> ◦ 21st Avenue Operations and Maintenance Facility ◦ 13 park-and-ride lots ◦ 2 transit centers (Marion Transit Center and University Area Transit Center) ◦ 5 transfer centers (Britton Plaza, Westshore Plaza, Northwest, Netp@rk, Yukon) ◦ Marion Street Transit Parkway ◦ Ybor Station (streetcar operations, streetcar maintenance facility, and administrative staff) ◦ Dick Greco/Southern Transportation Plaza ◦ 10 Streetcar Stations

Note: The statistical section contains “Unaudited” data.

STAFFING - POSITION COUNT BY UNIT						
UNIT	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Proposed	FY2019 Incr (Decr) FY2018
ATU	597.50	628.50	606.00	594.50	644.00	49.50
Teamster	52.00	49.00	49.00	48.00	53.00	5.00
Non-Barganing	125.00	137.50	143.50	120.50	132.50	12.00
Total Positions	774.50	815.00	798.50	763.00	829.50	66.50



Note: The statistical section contains “Unaudited” data.

HILLSBOROUGH TRANSIT AUTHORITY					
TREND OF BUS SERVICE					
FY2009 to FY2013					
	FY2009	FY2010	FY2011	FY2012	FY2013
STATISTICS					
Total Miles	8,449,218	8,773,546	8,830,998	8,432,411	8,516,695
Revenue Miles	7,421,599	7,737,640	7,789,008	7,477,638	7,594,914
Total Hours	622,366	651,550	655,135	630,109	645,804
Revenue Hours	581,600	608,091	611,417	586,224	602,876
Vehicle Trips	532,415	552,195	563,687	546,065	552,869
Ridership	11,638,548	12,270,211	13,351,052	14,314,610	14,732,525
Positions	654.0	679.0	684.0	655.8	670.5
REVENUES					
Passenger Fares	\$ 11,277,703	\$ 11,540,266	\$ 12,450,523	\$ 13,224,477	\$ 14,517,590
Ad Valorem	\$ 34,550,487	\$ 30,580,985	\$ 25,653,762	\$ 27,327,502	\$ 25,574,942
Operating Grant Revenues	\$ 10,235,930	\$ 10,562,407	\$ 14,062,335	\$ 14,829,001	\$ 15,402,438
Other Revenues	\$ 919,153	\$ 1,590,168	\$ 1,187,695	\$ 1,035,955	\$ 856,438
Total Operating Revenues	\$ 56,983,273	\$ 54,273,826	\$ 53,354,315	\$ 56,416,935	\$ 56,351,408
EXPENSES					
Total Operating Expenses	\$ 56,505,604	\$ 56,158,598	\$ 55,024,475	\$ 52,871,104	\$ 56,195,624
KEY OPERATING INDICATORS					
Operating Cost per Total Mile	\$ 6.69	\$ 6.40	\$ 6.23	\$ 6.27	\$ 6.60
Operating Cost per Revenue Mile	\$ 7.61	\$ 7.26	\$ 7.06	\$ 7.07	\$ 7.40
Ridership per Revenue Mile	1.57	1.59	1.71	1.91	1.94
Operating Cost per Rider	\$ 4.86	\$ 4.58	\$ 4.12	\$ 3.69	\$ 3.81
Average Fare per Rider	\$ 0.97	\$ 0.94	\$ 0.93	\$ 0.92	\$ 0.99
Percentage of Passenger Fare to Operating Cost (Fare Recovery)	20.0%	20.5%	22.6%	25.0%	25.8%

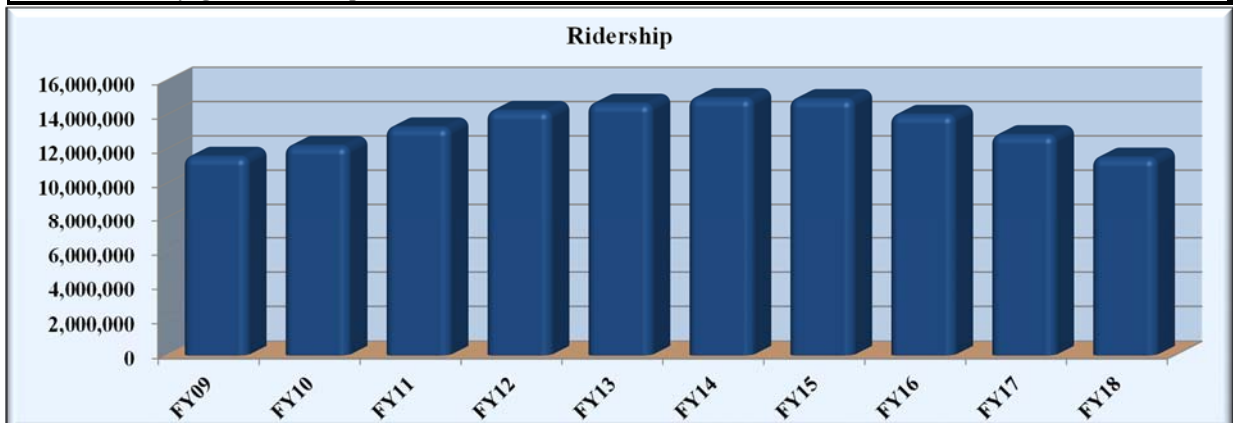
Note: The statistical section contains “Unaudited” data.

**HILLSBOROUGH TRANSIT AUTHORITY
TREND OF BUS SERVICE
FY2014 to FY2018**

	FY2014	FY2015	FY2016	FY2017	FY2018
STATISTICS					
Total Miles	8,908,643	9,052,316	9,378,111	9,294,792	8,450,701
Revenue Miles	7,961,048	8,078,542	8,400,733	8,324,037	7,730,066
Total Hours	678,449	686,304	703,706	696,251	660,283
Revenue Hours	635,945	646,097	661,137	656,116	631,317
Vehicle Trips	574,636	581,113	604,196	599,725	694,737
Ridership	15,056,967	15,003,289	14,081,260	12,901,178	11,586,334
Positions	679.3	676.5	698.0	684.0	646.0
REVENUES					
Passenger Fares	\$ 15,393,039	\$ 15,484,564	\$ 13,981,071	\$ 12,825,045	\$ 11,455,183
Ad Valorem	\$ 26,815,634	\$ 29,583,129	\$ 31,576,314	\$ 33,967,084	\$ 36,958,839
Operating Grant Revenues	\$ 15,825,431	\$ 14,238,190	\$ 13,477,832	\$ 14,898,215	\$ 15,118,795
Other Revenues	\$ 1,264,650	\$ 1,219,233	\$ 1,465,920	\$ 1,599,991	\$ 4,528,343
Total Operating Revenues	\$ 59,298,754	\$ 60,525,116	\$ 60,501,137	\$ 63,290,335	\$ 68,061,160
EXPENSES					
Total Operating Expenses	\$ 59,204,422	\$ 64,165,322	\$ 67,549,582	\$ 72,191,976	\$ 69,518,173
KEY OPERATING INDICATORS					
Operating Cost per Total Mile	\$ 6.65	\$ 7.09	\$ 7.20	\$ 7.77	\$ 8.23
Operating Cost per Revenue Mile	\$ 7.44	\$ 7.94	\$ 8.04	\$ 8.67	\$ 8.99
Ridership per Revenue Mile	1.89	1.86	1.68	1.55	1.50
Operating Cost per Rider	\$ 3.93	\$ 4.28	\$ 4.80	\$ 5.60	\$ 6.00
Average Fare per Rider	\$ 1.02	\$ 1.03	\$ 0.99	\$ 0.99	\$ 0.99
Percentage of Passenger Fare to Operating Cost (Fare Recovery)	26.0%	24.1%	20.7%	17.8%	16.5%

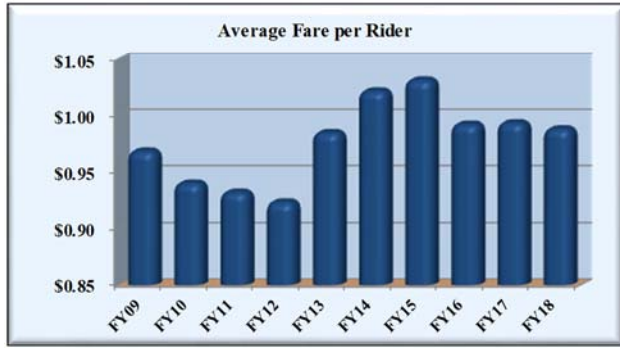
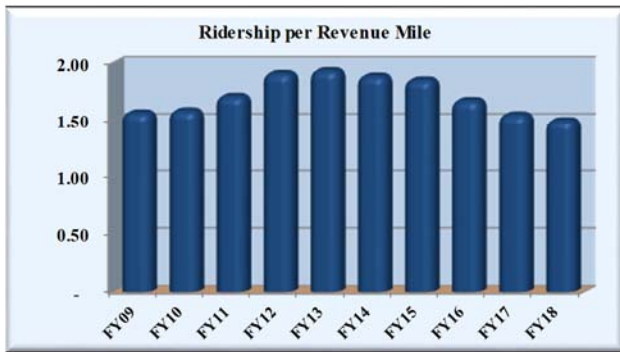
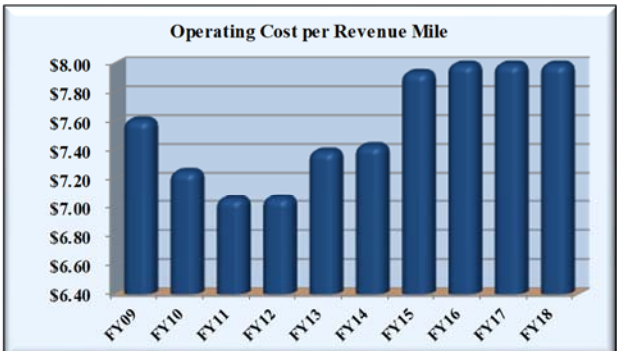
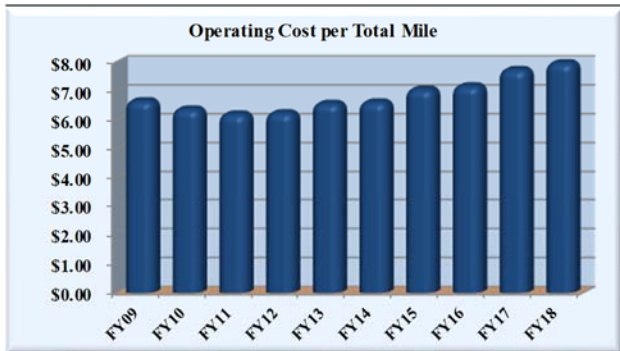
Note :

Total bus operating expenses include salaries, fringes, fuel & lubricants, parts & supplies, contracted services, claims, utilities, marketing and other miscellaneous expenses which are not directly attributable to paratransit or streetcar. It does not include operating expenses reimbursed by grants or depreciation.



Note: The statistical section contains "Unaudited" data.

**HILLSBOROUGH TRANSIT AUTHORITY
TREND OF BUS SERVICE
FISCAL YEARS 2009 to 2018**



Note: The statistical section contains “Unaudited” data.

HILLSBOROUGH TRANSIT AUTHORITY TREND OF PARATRANSIT SERVICE FY2009 to FY2013					
	FY2009	FY2010	FY2011	FY2012	FY2013
STATISTICS					
Total Miles	1,217,037	1,299,813	1,407,700	1,418,818	1,451,139
Revenue Miles	1,003,087	1,104,180	1,218,100	1,226,759	1,253,168
Total Hours	80,837	88,070	95,666	95,102	104,730
Revenue Hours	66,180	69,837	77,565	78,600	84,429
Vehicle Trips	88,788	92,907	106,800	113,912	124,442
Ridership	97,044	104,378	123,077	128,780	141,219
Positions	56.0	58.0	59.0	66.0	75.0
REVENUES					
Passenger Fares	\$ 275,331	\$ 301,398	\$ 314,275	\$ 392,903	\$ 530,893
Ad Valorem	\$ 774,913	\$ 1,045,106	\$ 2,623,457	\$ 2,700,582	\$ 3,028,287
Operating Grant Revenues	\$ 2,251,980	\$ 1,871,381	\$ 1,158,469	\$ 1,192,296	\$ 1,259,472
Other Revenues	\$ 0	\$ 1,501	\$ 253	\$ 314	\$ 368
Total Operating Revenues	\$ 3,302,224	\$ 3,219,386	\$ 4,096,454	\$ 4,286,095	\$ 4,819,020
EXPENSES					
Total Operating Expenses	\$ 3,121,805	\$ 3,712,329	\$ 4,096,454	\$ 4,286,095	\$ 4,819,020
KEY OPERATING INDICATORS					
Operating Cost per Total Mile	\$ 2.57	\$ 2.86	\$ 2.91	\$ 3.02	\$ 3.32
Operating Cost per Revenue Mile	\$ 3.11	\$ 3.36	\$ 3.36	\$ 3.49	\$ 3.85
Ridership per Revenue Mile	0.10	0.09	0.10	0.10	0.11
Operating Cost per Rider	\$ 32.17	\$ 35.57	\$ 33.28	\$ 33.28	\$ 34.12
Average Fare per Rider	\$ 2.84	\$ 2.89	\$ 2.55	\$ 3.05	\$ 3.76
Percentage of Passenger Fare to Operating Cost (Fare Recovery)	8.8%	8.1%	7.7%	9.2%	11.0%

Note: The statistical section contains “Unaudited” data.

**HILLSBOROUGH TRANSIT AUTHORITY
TREND OF PARATRANSIT SERVICE
FY2014 to FY2018**

	FY2014	FY2015	FY2016	FY2017	FY2018
STATISTICS					
Total Miles	1,664,147	1,593,096	1,745,008	1,972,566	2,152,003
Revenue Miles	1,438,299	1,387,828	1,538,575	1,741,816	1,906,975
Total Hours	108,904	108,920	113,010	141,802	126,762
Revenue Hours	90,492	93,469	96,861	123,641	106,738
Vehicle Trips	134,488	141,198	167,318	206,914	231,467
Ridership	147,828	158,090	182,883	220,922	248,133
Positions	86.0	79.0	99.0	88.0	93.0
REVENUES					
Passenger Fares	\$ 562,749	\$ 545,456	\$ 604,772	\$ 773,229	\$ 792,382
Ad Valorem	\$ 3,355,816	\$ 2,815,417	\$ 3,293,064	\$ 3,542,355	\$ 3,842,841
Operating Grant Revenues	\$ 1,287,491	\$ 1,294,931	\$ 1,531,073	\$ 2,768,455	\$ 2,861,444
Other Revenues	\$ 179	\$ 252	\$ 321	\$ 429	\$ 448
Total Operating Revenues	\$ 5,206,235	\$ 4,656,056	\$ 5,429,230	\$ 7,084,468	\$ 7,497,115
EXPENSES					
Total Operating Expenses	\$ 5,206,235	\$ 4,656,056	\$ 5,429,230	\$ 7,084,468	\$ 7,497,115
KEY OPERATING INDICATORS					
Operating Cost per Total Mile	\$ 3.13	\$ 2.92	\$ 3.11	\$ 3.59	\$ 3.48
Operating Cost per Revenue Mile	\$ 3.62	\$ 3.35	\$ 3.53	\$ 4.07	\$ 3.93
Ridership per Revenue Mile	0.10	0.11	0.12	0.13	0.13
Operating Cost per Rider	\$ 35.22	\$ 29.45	\$ 29.69	\$ 32.07	\$ 30.21
Average Fare per Rider	\$ 3.81	\$ 3.45	\$ 3.31	\$ 3.50	\$ 3.19
Percentage of Passenger Fare to Operating Cost (Fare Recovery)	10.8%	11.7%	11.1%	10.9%	10.6%

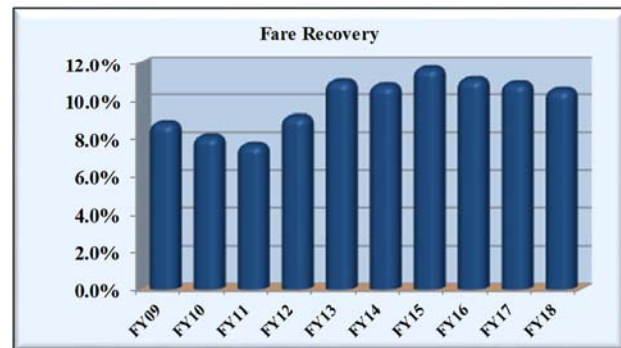
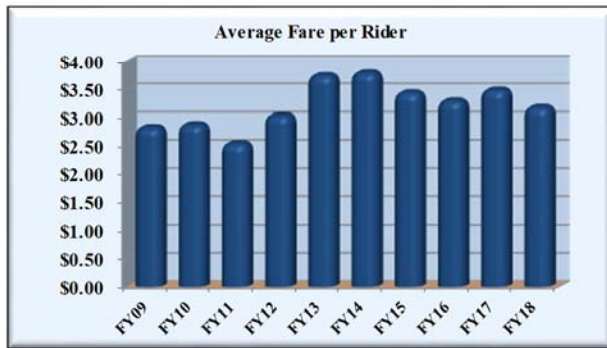
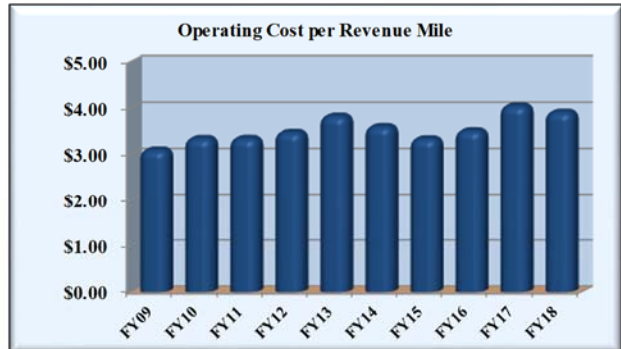
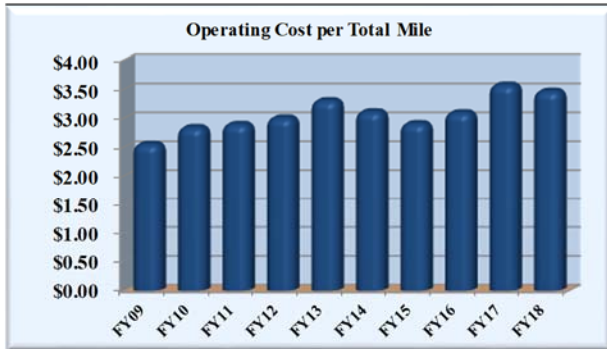
Note :

Total paratransit operating expenses include those expenses directly attributable to paratransit service which include salaries, fringes, fuel & lubricants, parts & supplies, contracted services, claims, utilities, marketing and other miscellaneous expenses. It does not include operating expenses reimbursed by grants or depreciation. Ridership includes the Taxi Voucher Program.



Note: The statistical section contains "Unaudited" data.

**HILLSBOROUGH TRANSIT AUTHORITY
TREND OF PARATRANSIT SERVICE
FISCAL YEARS 2009 to 2018**



Note: The statistical section contains “Unaudited” data.

HILLSBOROUGH TRANSIT AUTHORITY					
TREND OF STREETCAR SERVICE					
FY2009 to FY2013					
	FY2009	FY2010	FY2011	FY2012	FY2013
STATISTICS					
Total Miles	74,913	71,411	76,598	67,621	66,779
Revenue Miles	74,604	71,395	76,471	67,599	66,757
Total Hours	14,650	13,919	14,463	12,634	12,476
Revenue Hours	14,572	13,845	14,385	12,561	12,404
Vehicle Trips	33,053	31,570	30,921	26,733	26,400
Ridership	462,461	407,011	366,808	306,247	295,916
Positions	25.0	24.0	24.0	17.0	16.5
REVENUES					
Passenger Fares	\$ 644,428	\$ 568,291	\$ 609,180	\$ 570,134	487,588
Ad Valorem	\$ 0	\$ 0	\$ 0	\$ 0	0
Operating Grant Revenues	\$ 1,360,753	\$ 1,436,858	\$ 1,440,941	\$ 941,880	912,018
Other Revenues	\$ 12,363	\$ 330	\$ 6,397	\$ 24	27
Total Operating Revenues	\$ 2,017,544	\$ 2,005,479	\$ 2,056,518	\$ 1,512,038	1,399,633
EXPENSES					
Total Operating Expenses	\$ 1,996,663	\$ 1,993,427	\$ 1,875,144	\$ 1,462,656	\$ 1,444,357
KEY OPERATING INDICATORS					
Operating Cost per Total Mile	\$ 26.65	\$ 27.91	\$ 24.48	\$ 21.63	\$ 21.63
Operating Cost per Revenue Mile	\$ 26.76	\$ 27.92	\$ 24.52	\$ 21.64	\$ 21.64
Ridership per Revenue Mile	6.20	5.70	4.80	4.53	4.43
Operating Cost per Rider	\$ 4.32	\$ 4.90	\$ 5.11	\$ 4.78	\$ 4.88
Average Fare per Rider	\$ 1.39	\$ 1.40	\$ 1.66	\$ 1.86	\$ 1.65
Percentage of Passenger Fare to Operating Cost (Fare Recovery)	32.3%	28.5%	32.5%	39.0%	33.8%

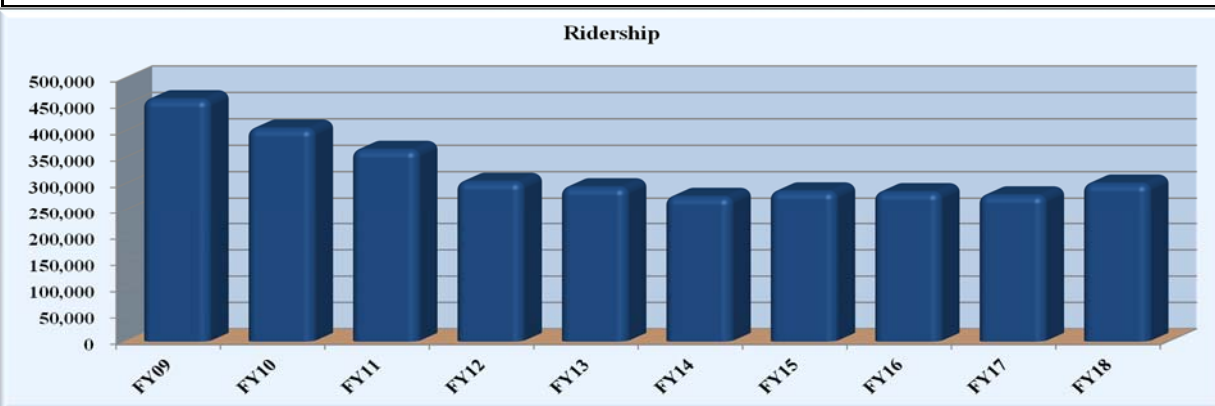
Note: The statistical section contains “Unaudited” data.

**HILLSBOROUGH TRANSIT AUTHORITY
TREND OF STREETCAR SERVICE
FY2014 to FY2018**

	FY2014	FY2015	FY2016	FY2017	FY2018
STATISTICS					
Total Miles	66,611	67,041	67,156	73,183	62,460
Revenue Miles	66,587	67,018	67,134	72,666	60,468
Total Hours	12,446	12,525	12,547	13,659	11,575
Revenue Hours	12,373	12,463	12,475	13,576	11,508
Vehicle Trips	26,334	26,504	28,921	28,760	24,984
Ridership	277,806	288,131	286,685	280,601	302,872
Positions	17.0	19.0	18.0	19.0	24.0
REVENUES					
Passenger Fares	465,012	567,297	569,765	550,298	329,016
Ad Valorem	0	0	0	0	0
Operating Grant Revenues	965,107	870,884	993,640	1,132,969	1,246,219
Other Revenues	51,363	11,587	(23,619)	18	115
Total Operating Revenues	1,481,482	1,449,768	1,539,786	1,683,285	1,575,350
EXPENSES					
Total Operating Expenses	\$ 1,547,682	\$ 1,410,802	\$ 1,594,582	\$ 1,687,448	\$ 1,577,705
KEY OPERATING INDICATORS					
Operating Cost per Total Mile	\$ 23.23	\$ 21.04	\$ 23.74	\$ 23.06	\$ 25.26
Operating Cost per Revenue Mile	\$ 23.24	\$ 21.05	\$ 23.75	\$ 23.22	\$ 26.09
Ridership per Revenue Mile	4.17	4.30	4.27	3.86	5.01
Operating Cost per Rider	\$ 5.57	\$ 4.90	\$ 5.56	\$ 6.01	\$ 5.21
Average Fare per Rider	\$ 1.67	\$ 1.97	\$ 1.99	\$ 1.96	\$ 1.09
Percentage of Passenger Fare to Operating Cost (Fare Recovery)	30.0%	40.2%	35.7%	32.6%	20.9%

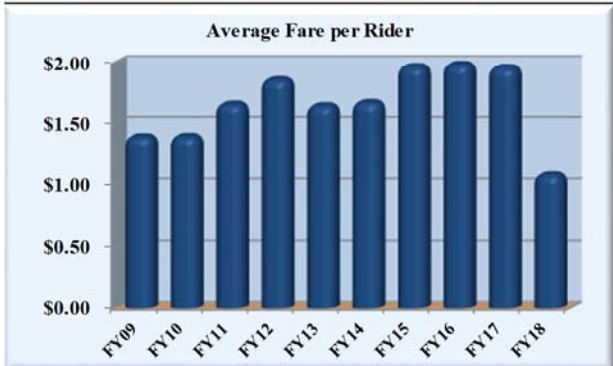
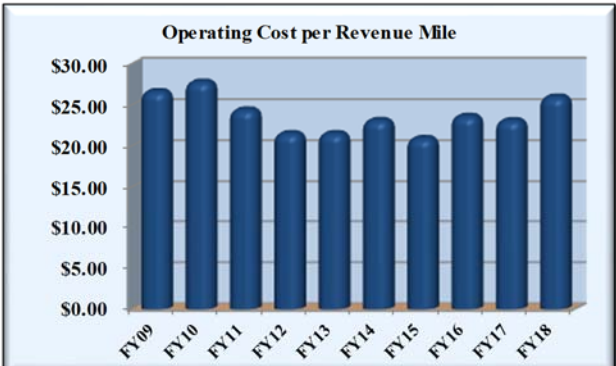
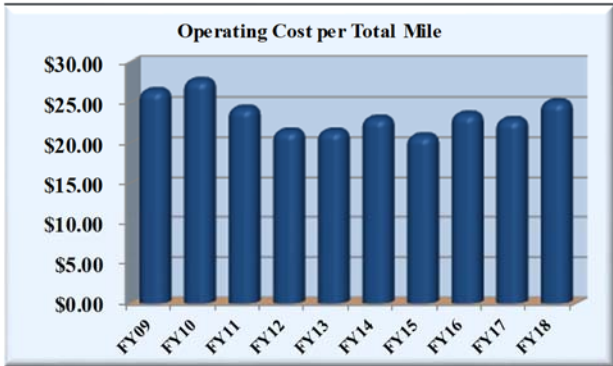
Note :

Total streetcar operating expenses include those expenses directly attributable to streetcar service which include salaries, fringes, fuel & lubricants, parts & supplies, contracted services, claims, utilities, marketing and other miscellaneous expenses. It does not include operating expenses reimbursed by grants or depreciation.



Note: The statistical section contains "Unaudited" data.

**HILLSBOROUGH TRANSIT AUTHORITY
TREND OF STREETCAR SERVICE
FISCAL YEARS 2009 to 2018**



Note: The statistical section contains “Unaudited” data.

HILLSBOROUGH TRANSIT AUTHORITY					
EXPENSES BY PROGRAM					
FY2009 to FY2018					
	FY2009	FY2010	FY2011	FY2012	FY2013
OPERATING EXPENSES :					
Bus Operations	\$40,569,547	\$41,255,611	\$40,685,080	\$39,786,453	\$41,650,103
Paratransit Operations	\$3,121,805	\$3,712,329	\$4,096,459	\$4,286,094	\$4,819,020
Streetcar Operations	\$1,996,663	\$1,993,427	\$1,875,144	\$1,462,658	\$1,444,357
Administration & Other	\$15,333,861	\$14,305,866	\$13,763,729	\$12,472,179	\$14,545,520
Op. Exp Reimb by Grants	\$3,737,612	\$3,865,188	\$3,607,225	\$3,732,246	\$3,070,237
Total Operating Expenses	\$64,759,488	\$65,132,421	\$64,027,637	\$61,739,630	\$65,529,238
Depreciation Expense	\$11,482,036	\$13,394,583	\$12,862,670	\$12,292,280	\$11,635,161
Total Expenses	\$76,241,524	\$78,527,004	\$76,890,307	\$74,031,910	\$77,164,399
	FY2014	FY2015	FY2016	FY2017	FY2018
OPERATING EXPENSES :					
	RESTATED				
Bus Operations	\$37,347,689	\$42,664,566	\$44,182,428	\$47,715,002	\$44,052,634
Paratransit Operations	\$5,206,235	\$4,656,056	\$5,429,230	\$7,084,468	\$7,497,116
Streetcar Operations	\$1,547,682	\$1,410,802	\$1,594,582	\$1,687,448	\$1,577,705
Administration & Other	\$21,856,733	\$21,500,756	\$23,367,153	\$24,476,974	\$25,465,538
Op. Exp Reimb by Grants	\$1,595,894	\$1,793,741	\$1,440,203	\$1,750,812	\$2,477,298
Total Operating Expenses	\$67,554,233	\$72,025,921	\$76,013,596	\$82,714,704	\$81,070,291
Depreciation Expense	\$10,578,252	\$11,671,433	\$11,652,527	\$12,164,514	\$12,194,544
Total Expenses	\$78,132,485	\$83,697,354	\$87,666,123	\$94,879,218	\$93,264,835

Notes:

Bus Operations are those functions and related cost for Bus and Flex Service. These functions include: Vehicle Operators, Maintenance Tech's, Scheduling, Customer Service, Support and Supervisory Personnel.

Paratransit Operations are those functions and related cost for Paratransit Service. These functions include: Vehicle Operators, Maintenance Techs, Scheduling, Customer Service, Support and Supervisory Personnel along with Administrative and Contract Services which directly support Paratransit Operations.

Streetcar Operations are those functions and related cost for Streetcar Service. These functions include: Vehicle Operators, Maintenance Tech's, and Supervisory Personnel along with Administrative and Contract Services which directly support Streetcar Operations.

Administrative & Other are those support functions and related cost which support the whole organization which do not already directly support Paratransit and Streetcar. These functions include: Executive, Finance, Human Resource, Information Technology, Procurement, Marketing, Legal, Risk Management, Insurance Costs, and Other Overhead Costs.

Operating Expense reimbursed by Grants are costs which are grant funded but are not classified as capital assets and need to be recognized as operating costs.

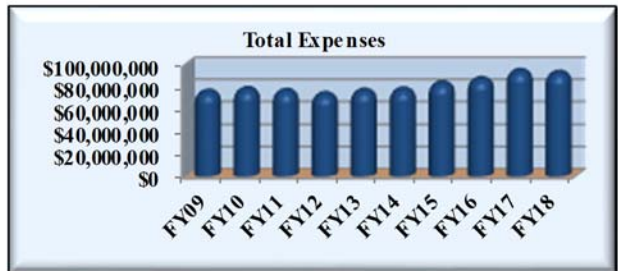
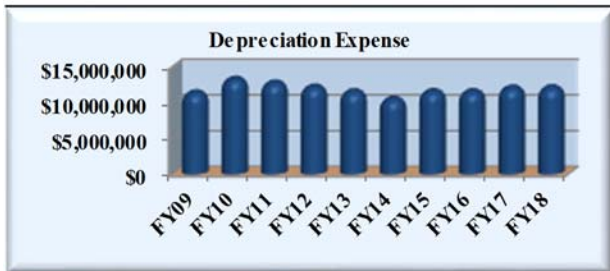
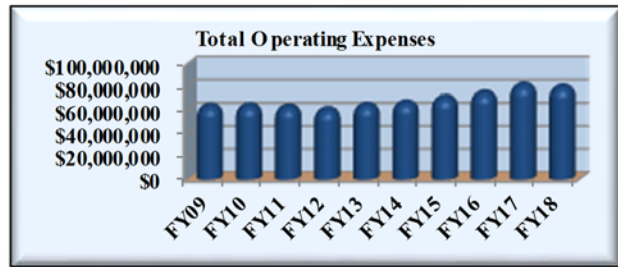
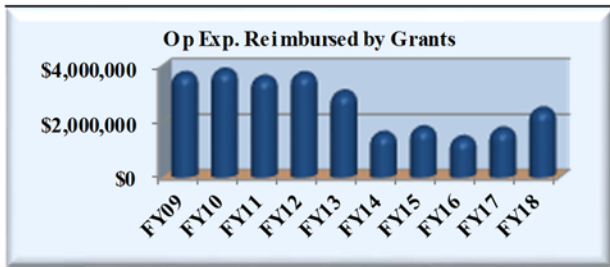
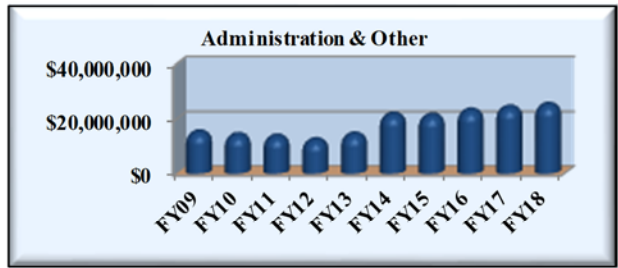
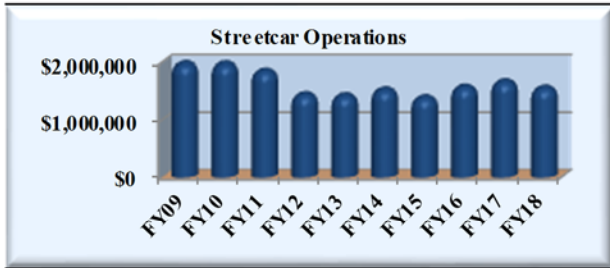
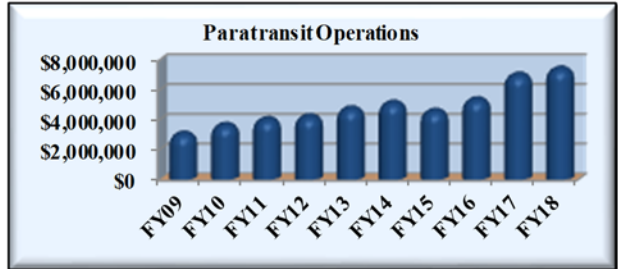
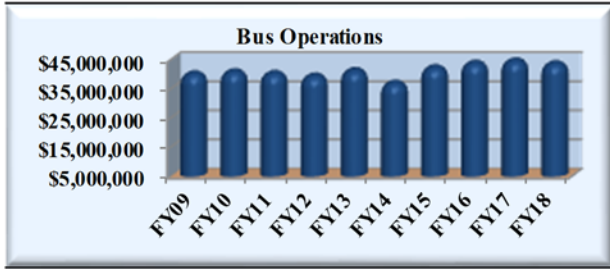
Total Operating Costs include: Bus, Paratransit & Streetcar operations and Administrative & Other functions.

Depreciation Expense is the straight-line amortization of capitalized assets.

Total Expenses include all cost listed above.

Note: The statistical section contains "Unaudited" data.

**HILLSBOROUGH TRANSIT AUTHORITY
EXPENSES BY PROGRAM
FY2009 to FY2018**



Note: The statistical section contains "Unaudited" data.

SECTION IV

COMPLIANCE REPORTS

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Hillsborough Transit Authority
Tampa, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hillsborough Transit Authority, a/k/a Hillsborough Area Regional Transit Authority, or HART (the "Authority") as of and for the years ended September 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated February 26, 2019.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. However, material weaknesses may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekant LLP

Tampa, Florida
February 26, 2019

Report of Independent Auditor on Compliance for Each Major Federal Program and State Financial Assistance Project and on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General

Board of Directors
Hillsborough Transit Authority
Tampa, Florida

Report on Compliance for Each Major Federal Program and State Financial Assistance Project

We have audited the Hillsborough Transit Authority's, a/k/a Hillsborough Area Regional Transit Authority, or HART (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the Florida Department of Financial Services, *State Projects Compliance Supplement* that could have a direct and material effect on its major federal programs and state financial assistance projects for the year ended September 30, 2018. The Authority's major federal programs and state financial assistance projects are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and terms and conditions of its federal and state awards applicable to its federal programs and state assistance projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs and state financial assistance projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, 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 or state financial assistance project occurred. An audit includes 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 a reasonable basis for our opinion on compliance for each major federal program and state financial assistance project. However, our audit does not provide a legal determination on the Authority's compliance.

Opinion on Each Major Federal Program and State Financial Assistance Project

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs and state financial assistance projects for the year ended September 30, 2018.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on each major federal program and state financial assistance project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state financial assistance project and to test and report on internal controls over compliance in accordance with the Uniform Guidance and Chapter 10.550, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program and state financial assistance project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program and state financial assistance project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program and state financial assistance project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.



Tampa, Florida
February 26, 2019

HILLSBOROUGH TRANSIT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2018

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified not considered to be material weakness(es)? yes x none reported

Noncompliance material to financial statements noted yes x no

Federal Awards Programs and State Projects Section

Internal control over major programs:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified not considered to be material weakness(es)? yes x none reported

Type of auditor's report on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 516(a) and Chapter 10.550 yes x no

Identification of major federal programs and state projects:

Federal programs:

CFDA Numbers	Name of Program or Cluster
20.500, 20.507, 20.525, 20.526	Federal Transit Cluster

State projects:

CSFA Numbers	Name of Project
55.010	Public Transit Block Grant Program
55.013	Transit Corridor Development Program

HILLSBOROUGH TRANSIT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED SEPTEMBER 30, 2018

Part I – Summary of Auditor’s Results (continued)

Dollar threshold used to determine Type A programs:

Federal programs	\$ 750,000
State projects	\$ 300,000

Auditee qualified as low-risk auditee for federal purposes? yes x no

Part II – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no findings required to be reported in accordance with *Government Auditing Standards*.

Part III – Findings and Questioned Costs - Major Federal Award Programs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by the Uniform Guidance.

There were no findings required to be reported in accordance with the Uniform Guidance.

Part IV – Findings and Questioned Costs – Major State Financial Assistance Projects

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by the Chapter 10.550, Rules of the Auditor General.

There were no findings required to be reported in accordance with Chapter 10.550, Rules of the Auditor General.

HILLSBOROUGH TRANSIT AUTHORITY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED SEPTEMBER 30, 2018

Major Federal Programs

Finding 2017-001: Significant Deficiency in Internal Control over the Preparation of the Schedule of Expenditures of Federal Awards and State Financial Assistance (“SEFASFA”)

Finding: Hillsborough Transit Authority, operating and also known as Hillsborough Area Regional Transit Authority, or HART (the “Authority”) is responsible for preparing appropriate financial statements, including the SEFASFA for the period covered by the Authority’s financial statements providing the total State awards expended for each individual State project in accordance with Chapter 10.500, Rules of the Auditor General – Local Governmental Entity Audits. In the previous year, the SEFASFA provided to the auditors overstated expenditures of state financial assistance by \$562,907 which impacted the major program determination and related type A program thresholds.

Status: Implemented. The Authority has established a policy to review the first page of the Joint Participation Agreement for the appropriate CAFA and/or CFDA program number to determine if the award is subject to Single Audit requirements.

Independent Auditor's Management Letter

Board of Directors
Hillsborough Transit Authority
Tampa, Florida

Report on the Financial Statements

We have audited the financial statements of the Hillsborough Transit Authority, a/k/a Hillsborough Area Regional Transit Authority, or HART (the "Authority"), as of and for the year ended September 30, 2018, and have issued our report thereon dated February 26, 2019.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Report of Independent Auditor on compliance for Each Major Federal Program and State Financial Assistance Project and on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the State of Florida; Schedule of Findings and Questioned Costs; and Report of Independent Accountant on Compliance with Local Government Investment Policies, regarding compliance in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 26, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Authority was established pursuant to the constitution and laws of Florida, particularly Chapter 91-368, Laws of Florida, as amended, revising and consolidating Chapter 31263, Special Laws of Florida, 1955. There were no component units related to the Authority.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Authority did not meet any of the conditions in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Authority. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not have any such recommendations.

Purpose of this Letter

The purpose of this management letter is to communicate certain matters prescribed by Chapter 10.550, Rules of the Auditor General. Accordingly, this management letter is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cherry Bekant LLP". The signature is written in a cursive, flowing style.

Tampa, Florida
February 26, 2019

**Report of Independent Accountant on Compliance
with Local Government Investment Policies**

Board of Directors
Hillsborough Transit Authority
Tampa, Florida

We have examined the Hillsborough Transit Authority's, a/k/a Hillsborough Area Regional Transit Authority, or HART (the "Authority") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2018. Management of the Authority is responsible for the Authority's compliance with the specified requirements. Our responsibility is to express an opinion on the Authority's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Authority's compliance with the specified requirements.

In our opinion, the Authority complied, in all material respects, with the local investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2018.

The purpose of this report is to comply with the audit requirements of Section 218.415, Florida Statutes, and Rules of the Auditor General.



Tampa, Florida
February 26, 2019



Hillsborough Area Regional Transit Authority

Tampa, Florida

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