



Hillsborough
County Florida

Public Works Department



Annual Financial Report

Solid Waste Enterprise Fund

For the fiscal year ended
September 30, 2017



**Hillsborough
County** Florida
Public Works

Public Works Department
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Tampa, Florida 33602
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Hillsborough County, Florida

Solid Waste Enterprise Fund

Public Works Department

Annual Financial Report

For the Fiscal Year Ended September 30, 2017

Prepared by:

**County Finance Department
Pat Frank, Clerk of the Circuit Court**

**SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT
PRINCIPAL OFFICIALS
September 30, 2017**

Board of County Commissioners

Stacy White, Chair
Sandra Murman, Vice Chair
Lesley "Les" Miller, Jr., Chaplain
Victor D. Crist
Ken Hagan
Al Higginbotham
Pat Kemp

Constitutional Officers

Pat Frank, Clerk of Circuit Court
Doug Belden, Tax Collector
Chad Chronister, Sheriff
Craig Latimer, Supervisor of Elections
Bob Henriquez, Property Appraiser

Appointed Officials

Michael S. Merrill, County Administrator
Chip Fletcher, County Attorney
John Lyons, Director, Public Works Department, Solid Waste Enterprise

**HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT
ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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Report of Independent Auditor

Board of County Commissioners of
Hillsborough County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Hillsborough County, Florida, Solid Waste Enterprise Fund (the "Fund"), an enterprise fund of Hillsborough County, Florida, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed on 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 an opinion on these financial statements based on our audit. We conducted our audit 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 from 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 of 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 financial position of the Fund as of September 30, 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 10 to the financial statements, the Fund adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the year ended September 30, 2017. Our opinion is not modified with respect to this matter.

Other Information

As discussed in Note 1 to the financial statements, the financial statements referred to above present only the Fund and do not purport to, and do not, present fairly the financial position of Hillsborough County, Florida as of September 30, 2017, and the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-9 and the required supplementary information on pages 49-52 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 an opinion on the financial statements that collectively comprise the Fund's basic financial statements. The supplemental information and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplemental information is the responsibility of management and was derived from and relates 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, the supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The statistical section has 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 the statistical section.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2018, on our consideration of the Fund'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 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 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 Fund's internal control over financial reporting and compliance.



Tampa, Florida
March 26, 2018

Report of Independent Auditor on Bond Compliance

Board of County Commissioners of
Hillsborough County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States, the basic financial statements of the Hillsborough County, Florida, Solid Waste Enterprise Fund (the "Fund"), an enterprise fund of Hillsborough County, Florida, as of and for the year ended September 30, 2017, and have issued our report thereon dated March 26, 2018.

In connection with our audit, nothing came to our attention that caused us to believe the Fund failed to comply with the terms, covenants, provisions, or conditions of Article XI of Ordinance No. 16-158, as supplemented by Resolution No. 16-24, of the bond resolution governing the Solid Waste Resource and Recovery Revenue Bonds, Series 2016A, the Solid Waste Resource and Recovery Revenue Bonds, Series 2016B, and the Solid Waste Resource Recovery Revenue Bonds, Series 2013, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of any such noncompliance.

This report is intended solely for the information and use of management and the Board of County Commissioners of Hillsborough County, Florida and is not intended to be, and should not be, used by anyone other than these specified parties.

Cherry Bekaert LLP

Tampa, Florida
March 26, 2018



HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017
(Amounts in Thousands)

The Hillsborough County Solid Waste Enterprise Fund (Fund) presents the following review of its financial activities for the fiscal year ended September 30, 2017, with respective financial comparisons to the prior fiscal year. Financial statement readers are encouraged to consider information presented here together with the accompanying financial statement notes to obtain a complete overview of the Fund's financial condition and operating results for the fiscal year ended September 30, 2017. All amounts, unless otherwise stated, are presented in thousands of dollars.

Fiscal Year 2017 Financial Summary

- Fiscal year 2017 operating revenues were \$105,689. This represented a \$3,402 or 3.3% revenue increase from fiscal year 2016 revenues of \$102,287.
- For fiscal year 2017, the Fund had a \$9,068 change in net position. This represented a comparative \$8,929 increase from last year's \$139 change in net position. The comparative change was mainly due to a decrease in contractual services expense of \$5,022 and a decrease in interest expense of \$4,975. Total net position on September 30, 2017 was \$166,857.
- The Rate Covenant, Test 1, with the assistance of an \$11,606 million transfer from the Rate Stabilization Account, demonstrated that total gross revenues exceeded the total costs of operations, bond service requirements, and other required bond covenant deposits by \$23,594.

Management believes the Fund was compliant with all bond covenant requirements for the fiscal year ended September 30, 2017. Please refer to the rate covenant test in the supplemental information section of this financial report.

Overview of the Financial Statements

This analysis is intended to serve as an introduction to the Fund's financial statements. These statements consist of two parts: the financial statements and the accompanying financial statement notes. Also, the accompanying report contains supplementary and statistical information, which may provide additional insight to financial statement users.

**HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017
(Amounts in Thousands)**

Required Financial Statements

The Fund reports its financial activities by using accounting methods similar to those in the private business sector. The financial statements offer both current and other data about its financial activities. The Statement of Net Position includes assets, deferred outflows of resources, liabilities, and deferred inflows of resources and provides summary information for amounts invested in capital assets and for amounts owed to creditors. The assets and liabilities are presented in a classified format, which lists current and other amounts separately. The Fund's operating results are recorded on the Statement of Activities. This statement displays operating activities over the past year, and indicates whether the Fund recovered all its costs through user fees and other revenues. The last required statement is the Statement of Cash Flows. The purpose of this statement is to summarize the Fund's cash activities, such as receipts, payments, and other changes in cash balances resulting from operating, capital expansion, borrowing, and investing transactions.

**Financial Analysis: Condensed Statement of Net Position for 2017
Compared to 2016**

A key measure of financial condition is net position. An analysis of 2017 net position compared to 2016 follows:

	2017	2016 Restated	Change	Percent Change
Assets				
Current and other assets	\$ 182,053	168,368	13,685	8.1%
Capital assets, net	194,539	209,982	(15,443)	(7.4%)
Total assets	376,592	378,350	(1,758)	(0.5%)
Deferred outflows of resources	4,225	3,526	699	19.8%
Liabilities				
Current liabilities	30,630	32,005	(1,375)	(4.3%)
Other liabilities	182,734	190,862	(8,128)	(4.3%)
Total liabilities	213,364	222,867	(9,503)	(4.3%)
Deferred inflows of resources	596	1,220	(624)	(51.1%)
Net position				
Net investment in capital assets	49,482	55,721	(6,239)	(11.2%)
Restricted	19,083	12,298	6,785	55.1%
Unrestricted	98,292	89,770	8,522	9.5%
Total net position	\$ 166,857	157,789	9,068	5.7%

**HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**
(Amounts in Thousands)

Total net position - Fiscal year 2017 total net position increased \$9,068 or 5.7% from fiscal year 2016. This was primarily due to a decrease in both operating and nonoperating expenses, including a decrease of \$5,022 in contractual services, and a \$4,975 decrease in interest expense. The Fund increased its unrestricted net position by \$8,522 or 9.5%.

Condensed Statement of Activities

Comparative revenues, expenses, and change in net position for the fiscal years ended September 30, 2017 and 2016 were as follows:

	2017	2016 Restated	Change	Percent Change
Revenues				
Operating revenues	\$105,689	102,287	3,402	3.3%
Nonoperating revenues	2,712	3,722	(1,010)	(27.1%)
Total revenues	<u>108,401</u>	<u>106,009</u>	<u>2,392</u>	<u>2.3%</u>
Expenses				
Operating expenses before depreciation	80,209	82,418	(2,209)	(2.7%)
Depreciation and amortization	17,411	16,764	647	3.9%
Nonoperating expenses	1,713	6,688	(4,975)	(74.4%)
Total expenses	<u>99,333</u>	<u>105,870</u>	<u>(6,537)</u>	<u>(6.2%)</u>
Change in net position	9,068	139	8,929	6,423.7%
Net position, beginning of year, as previously reported		158,702		
Restatement for implementation of GASB statement No. 75		(1,052)		
Net position, beginning of year, as restated	<u>157,789</u>	<u>157,650</u>		
Net position, end of year	<u>\$166,857</u>	<u>157,789</u>	9,068	5.7%

Operating revenues - Fiscal year 2017 operating revenues of \$105,689 increased \$3,402 or 3.3% from last year. Residential disposal and collection assessments, recycling revenues, commercial disposal fees and municipal disposal fee revenues increased by \$3,930 or 4.9% while revenues of electricity generation decreased by \$808 or 5.2%.

Nonoperating revenues - Fiscal year 2017 nonoperating revenues of \$2,712 decreased \$1,010 or 27.1% from last year due to a small decrease in investment earnings and a decrease of refunds of prior year expenditures.

**HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017
(Amounts in Thousands)**

Total expenses - Fiscal year 2017 total expenses of \$99,333 decreased by \$6,537 or 6.2% from last year. The change was primarily related to the following factors:

Operating expenses before depreciation: Contractual services decreased \$5,032 or 8.0% due to decreases in indirect administration of \$2,004, information technology support of \$150 and other contractual services due to recycling plant electricity expense decreases of \$641. Fleet services decreased \$305 or 17.7%. Repairs and maintenance increased by \$542 or 83.5% due to increased cost of building and facility maintenance costs. Utilities increased by \$258 or 17.8%. Supplies increased by \$12 or 44.4% from increases in printing and copier costs, and other operating expenses increased \$368 or 27.2% primarily from public awareness campaigns to increase residential recycling and rental expense for equipment rental for the North West Solid Waste Transfer Station Expansion. Landfill closure and long-term care expenses increased \$1,872 or 124.1% and pension expense increased \$178 or 58.9% from last year.

Depreciation and amortization expense: There was a \$647 or 3.9% increase in depreciation and amortization costs due to the purchase of additional equipment.

Nonoperating expenses: Interest expense decreased by \$4,975, or 74.4% due to refinancing of the 2006 Resource Recovery Bonds.

Capital Asset Activities

On September 30, 2017, capital assets, net of accumulated depreciation, were \$194,539 compared to \$209,982 last year, for a net decrease of \$15,443 or 7.4%.

Debt Administration

On September 30, 2017, outstanding bonds payable were \$144,205 compared to \$153,304 for September 30, 2016. The fiscal year decrease of \$9,099 or 5.9% was due to a decrease of \$25,002 in outstanding bonds principal and an increase of \$15,903 in amortization of bond issue premiums.

Fiscal Year 2017 Outlook

Economic Factors

The special assessment residential customer base is expected to remain stable with a modest amount of growth forecasted for fiscal year 2018 and beyond. The Fund has experienced a little more growth than previously projected but remains conservative in growth projections. The Solid Waste Fund was able to keep residential rates flat for the past four years with modest adjustments to disposal rates planned for fiscal year 2018. Fiscal year 2019 rates will remain constant with fiscal year 2018, and then modest adjustments are planned for future years to keep the Fund current with contracted increases in operating costs. Currently, the Fund's capacity is adequate to serve the County's current and foreseeable future disposal requirements without any major capital expansions.

**HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**
(Amounts in Thousands)

Requests for Information

The purpose of this analysis as well as the financial statements, financial statement notes, and supplemental financial information is to provide a general overview of the financial position and operating results for the fiscal years ended September 30, 2017. Additional information concerning the Fund's operations and the services provided to Hillsborough County residents may be obtained from:

Hillsborough County Public Works Department
Attention: Director
P. O. Box 1110
Tampa, FL 33601-1110

HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017
(Amounts in Thousands)

	<u>September 30, 2017</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 20,576
Investments	133,045
Accounts receivable, net	5,931
Interest receivable	484
Due from other governments	1,250
Prepaid items	412
Current unrestricted assets	<u>161,698</u>
Restricted current assets:	
Cash and cash equivalents	2,718
Investments	17,573
Interest receivable	64
Total restricted current assets	<u>20,355</u>
Total current assets	<u>182,053</u>
Capital assets, net of accumulated depreciation and amortization	
Land	13,877
Buildings and utility plant	29,821
Equipment	7,968
Intangibles	64
Building improvements	141,276
Construction work in progress	1,533
Total capital assets, net	<u>194,539</u>
Total assets	<u>376,592</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred refunding loss	1,146
Pensions	3,079
Total deferred outflows of resources	<u>\$ 4,225</u>

	September 30, 2017
	<hr/>
LIABILITIES	
Current liabilities:	
Accounts and contracts payable	\$ 4,472
Accrued liabilities	396
Unearned revenues	16,646
Due to other governments	158
Compensated absences, current portion	545
Revenue bonds payable, current maturities	7,290
General liabilities, current maturities	217
	<hr/>
Total current liabilities	29,724
	<hr/>
Current liabilities payable from restricted assets:	
Accounts and contracts payable	82
Deposits	356
Accrued interest on debt	468
	<hr/>
Total current liabilities payable from restricted assets	906
	<hr/>
Total current liabilities	30,630
	<hr/>
Other liabilities:	
Revenue bonds payable, net, less current maturities	136,915
General liabilities, less current maturities	37,087
Net pension liability	7,712
Net OPEB liability	1,020
	<hr/>
Total other liabilities	182,734
	<hr/>
Total liabilities	213,364
	<hr/>
DEFERRED INFLOWS OF RESOURCES	
Pensions	577
OPEB	19
	<hr/>
Total deferred inflows of resources	596
	<hr/>
NET POSITION	
Net investment in capital assets	49,482
Restricted for:	
Bond covenants-renewal and replacement	11,087
Debt service	7,996
Unrestricted	98,292
	<hr/>
Total net position	\$ 166,857
	<hr/> <hr/>

The accompanying notes are an integral part of this statement.



**HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**
(Amounts in Thousands)

	Year Ended September 30, 2017
Operating revenues:	
Charges for services	\$ 105,689
Operating expenses:	
Employee services	10,274
Contractual services	63,035
Fleet services	1,419
Repairs and maintenance	1,190
Utilities	1,700
Supplies	39
Landfill closure and postclosure care	364
Depreciation and amortization	17,411
Other	1,721
Pension expense	480
OPEB (benefit)	(13)
Total operating expenses	97,620
Operating income	8,069
Nonoperating revenues (expenses):	
Investment earnings	1,306
Interest expense	(1,713)
Asset disposal gain	471
Other revenues	935
Total nonoperating revenues	999
Change in net position	9,068
Net position, beginning of year, as previously reported	158,841
Restatement for implementation of GASB Statement No. 75	(1,052)
Net position, beginning of year, as restated	157,789
Net position, end of year	\$ 166,857

The accompanying notes are an integral part of this statement.

HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT
STATEMENTS OF CASH FLOWS
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2017
(Amounts in Thousands)

Cash flows from operating activities:	
Cash received from customers	\$ 104,142
Cash received from other operating sources	935
Cash payments to suppliers for goods and services	(70,858)
Cash payments for employee services	(10,324)
	23,895
Net cash provided by operating activities	
Cash flows from capital and related financing activities:	
Surplus capital asset sale proceeds	635
Capital asset acquisition and construction	(2,066)
Revenue bond interest payments	(6,356)
Revenue bond proceeds	133,511
Revenue bond principal maturity payment	(139,232)
	(13,508)
Net cash used for capital and related financing activities	
Cash flows from investing activities:	
Investment maturities and sale proceeds	104,889
Investment purchases	(124,733)
Investment earnings	1,066
	(18,778)
Net cash used for investing activities	
Change in cash and cash equivalents	(8,391)
Cash and cash equivalents, beginning of year	31,685
Cash and cash equivalents, end of year	23,294
Cash and cash equivalent components:	
Cash and cash equivalents	20,576
Restricted cash and cash equivalents	2,718
Total cash and cash equivalents	\$ 23,294

	Year Ended
	September 30, 2017
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 8,069
Depreciation and amortization	17,411
Miscellaneous revenues	935
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(1,885)
(Increase) decrease in due from other governments	(34)
(Increase) decrease in prepaid charges	(76)
(Increase) decrease in deferred outflows	448
Increase (decrease) in accounts and contracts payable	(1,718)
Increase (decrease) in accrued and other liabilities	375
Increase (decrease) in due to other governments	39
Increase (decrease) in unearned revenues	388
Increase (decrease) in compensated absences	(61)
Increase (decrease) in pension liabilities	675
Increase (decrease) in OPEB liabilities	(11)
Increase (decrease) in deposits	(15)
Increase (decrease) in deferred inflows	(645)
Total adjustments	15,826
Net cash provided by operating activities	\$ 23,895
Noncash investing, capital, and financing activities:	
Interest expense capitalized to construction work in progress	\$ 34
Loss on disposal of capital assets at book value	(165)

The accompanying notes are an integral part of this statement.



HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2017
(Amounts in Thousands)

(1) Significant Accounting Policies Summary

The following is a summary of the significant accounting policies applied in the preparation of the accompanying Solid Waste Enterprise Fund (Fund) financial statements.

(A) Reporting Entity

The Fund is an enterprise fund of the Hillsborough County, Florida, Board of County Commissioners (BOCC). The Fund's financial statements are included in the Hillsborough County, Florida, Comprehensive Annual Financial Report.

(B) Presentation Basis

The accompanying financial statements were prepared in conformity with generally accepted accounting principles (GAAP) in the United States as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Governmental accounting requires reporting business activities similar to those found in the private business sector in an enterprise fund. An enterprise fund is used to account for an operation that is financed primarily through user charges, or where the governing body has decided that the determination of net income and capital maintenance is appropriate.

(C) Accounting Basis

The accrual accounting basis was utilized to report the Fund's operations. Under this accounting basis, revenues are recognized in the period earned and expenses are recognized in the period liabilities are incurred.

(D) Cash, Cash Equivalents, and Investments

Cash consists of checking and savings accounts, collectively designated as cash deposits. Cash deposits are carried at cost. For financial statement presentation purposes, cash equivalents are highly liquid investments with maturities of three months or less from the date purchased.

HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2017
(Amounts in Thousands)

Cash is deposited in qualified public depositories. Deposits are fully insured by the Federal Deposit Insurance Corporation and/or secured by multiple financial institutions collateral pool established under Chapter 280, Florida Statutes. In accordance with these statutes, qualified public depositories must pledge eligible collateral in varying percentages. Public depositor losses are covered by applicable deposit insurance, by sale of pledged securities, and if necessary, by assessments against other qualified public depositories. County Ordinance 08-6 and Section 218.415, Florida Statutes, authorize investments in United States Government obligations or its agencies and certain other investments. Investments are stated at fair value, or at amortized cost, which approximates fair value. The County follows GASB Statement No. 72, *Fair Value Measurement and Application*. See Note 2, *Deposits and Investments*, for more information.

(E) Capital Assets

The Fund records capital asset additions, other than intangibles, with an original cost of at least one thousand dollars and an estimated useful life in excess of one year. Donated capital assets are valued at their acquisition value on the date received and are recorded as capital contributions on the Statement of Activities. Maintenance and repair costs are expensed as incurred, while renewal and betterment disbursements are capitalized and depreciated over their estimated useful lives. Depreciation is provided in amounts sufficient to allocate depreciable asset costs to operations over their estimated service lives using the straight-line method. Additionally, intangible capital assets such as software are capitalized if they have an original cost of at least five thousand dollars.

Fund capital assets have estimated useful lives as follows:

<u>Capital asset categories</u>	<u>Estimated useful life (in years)</u>
Buildings and utility plant	5 – 50
Building improvements	10 – 35
Equipment	1 – 10
Intangible	2 – 30

(F) Bond Issue Premiums

Unamortized bond issue premiums are recorded as an increase in bonds payable on the Statement of Net Position. These amounts were amortized using the effective interest method over the debt issue's life. For fiscal year 2017 bond issuance premiums amortized to and decreasing interest expense was \$3,903.

HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2017
(Amounts in Thousands)

(G) Capitalized Interest Costs

During fiscal year 2017, interest costs of \$34 were capitalized to construction work in progress on the Statement of Net Position and deducted from interest expense on the Statement of Activities. Interest expense is capitalized into the related capital asset to the extent that the interest cost incurred on the tax-exempt borrowing exceeds the investment income earned on the related unspent bond proceeds. Total interest costs incurred during fiscal year 2017 were \$6,271.

(H) Compensated Absences

GAAP requires the Fund to accrue a liability for compensated absences along with other salary related costs associated with the payment of compensated absences. Vacation leave accrues as a liability as the employee earns the benefit. Sick leave accrues as a liability as the employee earns the benefit, but only to the extent that it is probable that the Fund will compensate the employee for this benefit through cash payments at termination or retirement.

The Fund's compensated sick leave liability consists of two parts. Under Hillsborough County Civil Service Rules, sick leave is paid at termination under two conditions. First, sick leave compensation for employees in "Plan A" includes payment at termination for all hours of sick time accrued up to four hundred and eighty hours and half of the sick time accrued over nine hundred and sixty hours. Second, sick leave compensation for employees in "Plan B" includes payment at termination for the employee's unused sick leave hours accrued on February 2, 1997. Payment is made only for each hour of sick time up to four hundred eighty hours and half of the sick time accrued over nine hundred sixty hours as of that date. The liability for employees in Plan A and Plan B is calculated using each employee's hourly pay rate. Plan B employees hired after February 2, 1997 will not receive a sick leave payment at termination.

In addition to the preceding benefits, other salary costs associated with compensated absence payments were included. These costs include the Fund's share of social security and Medicare taxes.

(I) Landfill Closure and Postclosure Care Costs

GAAP requires the Fund, as a municipal solid waste landfill owner and operator, to record a current operating expense and a related other liability for future landfill closure and postclosure care costs. A portion of these future costs is recognized each year based on the cumulative landfill capacity consumed as of each Statement of Net Position date. Also, the Fund records an estimated liability for remediation and monitoring costs for those landfills that closed prior to October 9, 1991. More information on these expenses and the related other liabilities is disclosed in Note 12.

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(J) Operating and Nonoperating Revenues and Expenses

The Fund reports its operating revenues and expenses separately from its nonoperating revenues and expenses. Operating revenues are earned from the principal activities of collecting, recycling and disposing solid waste, operating a waste to energy plant, and providing environmentally safe landfill operations and includes leasing property belonging to the Fund. Operating expenses include employee salaries and benefits, contractual costs, plant operating and maintenance costs, and capital asset depreciation. Nonoperating revenues and expenses are those transactions unrelated to the Fund's principal activities, such as operating grant revenue, investment earnings and long-term debt interest charges.

(K) Self-Insurance

The Fund participates in a self-insurance internal service fund, which is managed by the BOCC. This fund encompasses two-major sections - risk management and employee group health insurance.

Risk management includes workers' compensation, automotive, and general liability. The BOCC is self-insured for workers' compensation claims up to a maximum of \$650 per occurrence with unlimited excess coverage above the self-insurance cap. Also, the BOCC is self-insured against general liability and automotive claims with limited liability, per Section 768.28, Florida Statutes, of \$200 per person and \$300 per occurrence. Negligence claims in excess of the statutory limits can only be recovered through Federal lawsuits or acts of the Florida Legislature.

For fiscal year 2017, settled claims did not exceed insurance coverage. During fiscal year 2017, the Fund paid premiums of \$441 to the BOCC Self-Insurance Internal Service Fund for workers' compensation, automotive, general liability, and property insurance coverage.

The Fund, through the BOCC, provides health, life and disability insurance for its employees and eligible dependents on a cost-sharing basis with employees. The BOCC has an employee group health self-insurance plan to account for and to finance its uninsured losses. Under this plan, the BOCC provides coverage of up to \$550 per person annually. Stop-loss insurance was purchased to cover an unlimited amount per person above the \$550 per person deductible. During fiscal year 2017, the Fund paid \$1,540 to the BOCC Internal Service Fund for group health, life and disability insurance coverage.

Based on actuarial estimates, liabilities have been established in the BOCC self-insurance fund for claims reported but not paid, and incurred but not reported. Insurance coverage costs paid by the Fund are reflected in the financial statements as a current year operating expense.

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(L) Employee Retirement Plans

With a few exceptions, all full-time and part-time employees working for the Fund in regularly established positions are members of the Florida Retirement System (FRS), a multiple-employer cost-sharing public retirement system administered by the state of Florida. The financial statements present the Fund's proportionate shares of the net pension liabilities associated with the retirement plans offered by the Florida Retirement System. The Fund follows GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date; an amendment of GASB Statement No. 68*. Effective October 1, 2016, the Fund implemented GASB Statement No. 82, *Pension Issues, and an amendment of GASB Statements No. 67, No. 68, and No. 73*. GASB Statement 68 and 71 cover the measurement of the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense for the retirement plans offered. This statement provides for covered payroll to be used in required supplemental information. See Note 9, *Employee Retirement Plans*, for more information.

(M) Other Postemployment Benefits (OPEB)

The Fund, through the BOCC, provides health-related benefits to retirees and certain former employees through a limited stipend to offset the cost of health insurance for regular retirees from ages 62 to 65 and to special risk retired employees from ages 55 to 65. This monthly stipend is \$6 for each year of service up to a maximum benefit of \$240 per month for Sheriff's employee or \$5 for each year of service up to a maximum benefit of \$150 per month for all other County employees. In addition the County is deemed to provide an "implicit subsidy" because Florida Statute 112.0801 requires governments to allow retirees and certain former employees to obtain healthcare at the same "group rates" that current employees are charged. Effective October 1, 2016, the County elected to early implement GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. See Note 10, *Other Postemployment Benefits (OPEB)*, for more information.

(N) Deferred Outflows of Resources and Deferred Inflows of Resources

The Fund follows GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Deferred outflows of resources represent a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Fund had deferred refunding loss and pension-related items that qualified as deferred outflows of resources. These items totaled \$4,225 at September 30, 2017. See Note 9, *Employee Retirement Plans*, for more information.

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Deferred inflows of resources represent the acquisition of resources that apply to future reporting period(s) and will not be recognized as an inflow of resource (revenue) until then. The Fund had pension and OPEB-related items that qualified as deferred inflows of resources. These items totaled \$596 at September 30, 2017. See Note 9, *Employee Retirement Plans*, and Note 10, *Other Post-Employment Benefits (OPEB)*, for more information.

(O) Use of Restricted Versus Unrestricted Net Position

When an expense is incurred for which both restricted and unrestricted resources are available, Fund policy is to liquidate the expense with restricted resources first, as appropriate.

(P) Subsequent Events

The Fund has evaluated subsequent events through March 26, 2018, in connection with the preparation of these financial statements, which is the date the financial statements were available for publication.

(2) Deposits and Investments

(A) Deposits

On September 30, 2017, the Fund's total cash deposits were \$1,578 and the total bank balance was \$2,467. Bank balances are fully insured by federal depository insurance or through financial institutions participating in the Florida Security for Public Deposits Act pursuant to Chapter 280, Florida Statutes.

(B) Investments

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are unadjusted quoted prices in active markets for identical assets. Level 2 inputs are significant observable inputs other than quoted prices included in Level 1. Level 3 inputs are significant unobservable inputs. If the fair value of an asset or liability is measured using inputs from more than one level of the hierarchy, then the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Bond investments are shown in Level 2 because the price of similar bonds would be a Level 2 input. Bond investments are valued monthly with a pricing service that uses matrix pricing. Investments in Florida Prime and open end money market mutual funds are not placed in a category because their values are measured at amortized cost.

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The Fund's cash, cash equivalents, and investments on September 30, 2017 were as follows:

	Fair Value Level	Duration (Years)	Credit Rating	2017
U. S. treasury securities	2	1.0	AA+/A-1+	\$ 92,433
Federal agency securities	2	1.9	AA+/A-1+	44,487
Corporate notes	2	1.4	AAA & AA	7,172
Municipal bonds	2	1.5	AA	1,858
Commercial paper notes	2	0.3	A-1	4,668
Total investments				<u>150,618</u>
Open-end mutual funds	-	0.1	AAA	93
Florida PRIME	-	0.2	AAAm	21,623
Total cash equivalents and investments				<u>172,334</u>
Cash deposits				<u>1,578</u>
Total cash, cash equivalents and investments and deposits				<u>\$173,912</u>

Reconciliation of total cash, cash equivalents, and investments to amounts reported on the Statement of Net Position follows:

	2017
Cash and cash equivalents:	
Current	\$ 20,576
Restricted	2,718
Total cash and cash equivalents	<u>23,294</u>
Investments:	
Current	133,045
Restricted	17,573
Total investments	<u>150,618</u>
Total cash, cash equivalents, and investments	<u>\$ 173,912</u>

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Modified duration is a measure of interest rate risk. It measures the sensitivity of an investment's price to interest rate changes. For example, if an investment security has a modified duration of two years, then a one percentage point increase in the market interest rate will cause the value of the security to decline by two percent. Conversely, a one percentage point decline in the market interest rate will cause the value of the security with a modified duration of two years to increase in value by two percent. The modified duration of the BOCC's investment portfolio as a whole at year-end was 1.08. The duration of callable securities was calculated using the call date as the maturity date.

A credit rating is a measure of credit risk, the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Custodial credit risk, a subset of credit risk, is the risk that the counterparty fails to fulfill its obligations. All the Fund's investments are insured or registered, or held by the BOCC or its agent in the BOCC's name. On September 30, 2017, there was no amount held by counterparties. Excluding the United States government, its agencies or instrumentalities, and mutual funds or investment pools that invest in such securities, no one issuer represents five percent or more of the BOCC's total investments.

(C) SBA's Florida PRIME

The SBA manages Florida PRIME, an external investment pool that essentially operates as a money market fund for Florida governmental entities. 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, and provides insight, advice and counsel on these and other matters when appropriate. A six-member participant Local Government Advisory Council was created to review the administration of the fund and make recommendations to the trustees. Audit oversight is also provided by the state of Florida Auditor General. Since 2007, Florida PRIME has received Standard & Poor's AAAM rating each year, which is the highest rating for an investment pool.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, Florida PRIME measures its investments at amortized cost, but the County's position in Florida PRIME is considered to be equivalent to fair value. Florida PRIME has a constant net asset value of one dollar and penny rounding.

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Florida PRIME currently does not have withdrawal limits or redemption notice periods. With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes has several provisions. The principal of each account in Florida PRIME is subject to payment at any time from money in Florida PRIME. However, the Executive Director of the SBA may in good faith limit contributions to or withdrawals from Florida PRIME for 48 hours due to the occurrence of an event that has material impact on liquidity or operations. 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. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review of the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity of the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time test, but in no case may the time set by the Trustees exceed 15 days.

Although Florida Statute 218.409(4) gives the SBA authority to impose early withdrawal penalties if the amount and purpose of such fees are disclosed in the enrollment materials, the SBA has not imposed such penalties. As of September 30, 2017, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to full account values.

(D) Investment Policy

Section 218.415, Florida Statutes, authorizes the BOCC to invest surplus money in the following:

- a. The state of Florida's Florida PRIME Fund.
- b. Direct obligations of the United States government.
- c. Obligations of United States government agencies such as the Government National Mortgage Association.
- d. Obligations of US government sponsored agencies (instrumentalities) such as the Federal Farm Credit System Banks, Freddie Mac (Federal Home Loan Mortgage Corporation), the Federal Home Loan Banks, or Fannie Mae (Federal National Mortgage Association).
- e. Interest bearing time deposits or savings accounts in qualified public depositories as defined in Section 280.02, Florida Statutes.
- f. United States Securities and Exchange Commission registered money market funds with the highest credit quality ratings from a nationally recognized rating agency.

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- g. Securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, as amended, provided the portfolio of such investment company or investment trust is limited to United States government obligations and to repurchase agreements fully collateralized by United States government obligations and provided such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.
- h. Other investments authorized for the BOCC by law, county ordinance, or resolution.

In addition to the preceding, County Ordinance 08-06 restricts BOCC investments as follows:

- a. The entire portfolio may be invested in United States Treasury securities with a maximum maturity length of ten years, but investments in Treasury Strips are limited to ten percent of the portfolio.
- b. A maximum of fifty percent of the portfolio may be invested in the state of Florida's Florida PRIME.
- c. A maximum of fifty percent of the portfolio may be invested in United States government agency securities, with no more than ten percent of the portfolio invested in any individual United States government agency.
- d. A maximum of sixty percent of the portfolio may be invested in obligations of United States government instrumentalities, with a maturity length of ten years, provided that no more than thirty percent of the portfolio is invested in any one issuer and no more than twenty five percent of the portfolio is invested in callable securities.
- e. A maximum of twenty percent of the portfolio may be invested in repurchase agreements, excluding one business day agreements and overnight sweep agreements, with no more than ten percent of the portfolio in a single institution repurchase agreements.
- f. A maximum of twenty percent of the portfolio may be invested in non-negotiable interest bearing certificates of deposit with an institution having deposits secured by the Florida Security for Public Deposits Act, provided that the maximum maturity on any certificate of deposit is no greater than one year and no more than ten percent of the portfolio is invested with any one issuer.
- g. A maximum of twenty percent of the portfolio may be invested in prime commercial paper (i.e. rated Prime-1 by Moody's, A-1 by Standard & Poor's, or AA by two nationally recognized rating agencies if backed by a letter of credit), provided no more than five percent of the portfolio is invested in the commercial paper of a single issuer. The maximum length to maturity shall be two hundred seventy days from the purchase date.
- h. A maximum of fifty percent of the portfolio may be invested in money market funds offered by registered investment companies and operated in accordance with 17 CFR 270.2a-7, provided that the money market funds are rated AAAM-G or better by Standard & Poor's or the equivalent by another nationally recognized rating agency. No more than twenty-five percent of the portfolio may be invested in any one money market fund.

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- i. A maximum of fifteen percent of the portfolio may be invested in high quality corporate notes (rated Aa by Moody's and AA by Standard & Poor's) provided no more than five percent of the portfolio is invested in a single issuer's notes.
- j. A maximum of twenty percent of the portfolio may be invested in intergovernmental investment pools, provided that the total does not exceed twenty five percent of the intergovernmental pool.
- k. A maximum of twenty-five percent of the portfolio may be invested in state or local government taxable or tax exempt general obligation or revenue bonds (rated Aa by Moody's and AA by Standard & Poor's) or short-term debt (rated MIG-2 by Moody's and SP-2 by Standard & Poor's).
- l. A maximum of twenty percent of the portfolio may be invested in banker's acceptances issued by a domestic bank or federally chartered domestic office of a foreign bank (rated P-1 by Moody's and A-1 by Standard & Poor's) with a maximum of five percent of available funds invested with any one issuer. The maximum length to maturity shall be one hundred eighty days from purchase date.
- m. Investment in reverse repurchase agreements and securities lending transactions are prohibited.
- n. The maximum maturities shown above may be exceeded if investments are acquired to fulfill long-term debt service reserve requirements in which case investments are permitted to have maturities dates throughout the term of the debt service reserve.

Deposits in excess of the Fund's operating requirements are pooled with and invested by the BOCC in various investments, as specified, to attain maximum yield. Investment earnings are distributed based on the average daily balance of each fund's equity in the pool or as prescribed by the investment ordinance.

(3) Accounts Receivable, Net

Accounts receivable represents solid waste disposal fees charged to franchise haulers, delinquent residential special assessment fees, and other charges for services billed but not collected. The September 30, 2017 accounts receivable balance of \$5,931 was net of an allowance for doubtful accounts of \$41.

(4) Due From/To Other Governments

Due from other governments consists of excess collection fees refunded by the Hillsborough County Tax Collector. These fees relate to residential special assessment collections. On September 30, 2017, the amount due was \$1,250.

Due to other governments of \$158 consists of \$33 due to the Hillsborough County Sheriff's Office for litter enforcement and \$125 due to the Clerk of the Court for postage.

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(5) Capital Asset Changes

Capital asset changes for the fiscal year ended September 30, 2017 were as follows:

	Balance 10/01/16	Additions/ Transfers-in	Disposals/ Transfers-out	Balance 9/30/17
Capital assets, non-depreciable:				
Land	\$ 13,877	-	-	13,877
Construction work in progress	817	726	(10)	1,533
Total non-depreciable capital assets	14,694	726	(10)	15,410
Capital assets, depreciable:				
Buildings and utility plant	153,226	4	-	153,230
Building improvements	248,879	1	-	248,880
Equipment	39,153	1,412	(4,116)	36,449
Intangibles – software	371	1	-	372
Total depreciable capital assets	441,629	1,418	(4,116)	438,931
Accumulated depreciation:				
Buildings and utility plant	(122,502)	(907)	-	(123,409)
Building improvements	(97,832)	(9,772)	-	(107,604)
Equipment	(25,823)	(6,608)	3,950	(28,481)
Intangibles – software	(184)	(124)	-	(308)
Total accumulated depreciation	(246,341)	(17,411)	3,950	(259,802)
Total depreciated capital assets, net	195,288	(15,993)	(166)	179,129
Total capital assets, net	\$ 209,982	(15,267)	(176)	194,539

During fiscal year 2017, \$34 of long-term debt interest charges, net of the related investment earnings, were transferred from investment interest to construction work in progress.

On September 30, 2017, construction work in progress of \$1,533 is related to the ongoing Solid Waste Management of a Facilities Repair and Replacement master project and the Northwest Community Collection Center.

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(6) Current Liabilities

(A) Accounts and Contracts Payable

Accounts and contracts payable balances on September 30, 2017 were as follows:

	2017
Accounts payable	\$ 3,336
Contracts payable	1,218
Total	\$ 4,554

(B) Unearned Revenues

Unearned revenues represent that quarterly portion of the calendar year solid waste residential customer special assessment fees collected for the period October through December but not earned until the ensuing fiscal year. On September 30, 2017, unearned special assessment revenues were \$16,646.

(7) Other Liabilities

(A) Compensated Absences

GAAP requires recording a liability for unpaid compensated absences. On September 30, 2017, the compensated absence liabilities were \$545, which was all a current liability.

(B) Revenue Bonds

On November 14, 2006, the BOCC issued \$117,000 in Solid Waste Resource Recovery Revenue Bonds, Series 2006A (Alternative Minimum Tax), and \$40,400 in Solid Waste Resource Recovery Revenue Bonds, Series 2006B, (Non-AMT). Interest rates range from 4% to 5%, with interest payable semi-annually on March 1 and September 1, respectively. On November 21, 2016 the County legally defeased \$102,395 of Solid Waste Resource Recovery Revenue Bonds, Series 2006A (Alternative Minimum Tax), and \$31,265 in Solid Waste Resource Recovery Revenue Bonds, Series 2006B, (Non-AMT) using proceeds from the issuance of 2016 Solid Waste and Resource Recovery Refunding Revenue Bonds. Proceeds and available cash were deposited in an irrevocable trust fund to pay future debt service on the refunded bonds. The debt defeasance of the 2006 Solid Waste and Resource Recovering Revenue Bonds resulted in an overall economic gain of \$1,718 because the present value of the principal and interest payments avoided exceeded the amount placed in escrow for these bonds.

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On May 8, 2013, the BOCC issued \$25,160 in Solid Waste Resource Recovery Revenue Bonds, Series 2013. The interest rate is 1.791%, with interest payable semi-annually on March 1 and September 1, respectively. On September 30, 2017, the Series 2013 Bonds unpaid principal balance, including the current maturity of \$2,490, was \$15,628. This bond matures on September 1, 2023.

On November 21, 2016, the BOCC issued \$89,010 in Solid Waste Resource Recovery Refunding Revenue Bonds, Series 2016A (Alternative Minimum Tax), and \$25,220 in Solid Waste Resource Recovery Revenue Bonds, Series 2016B, (Non-AMT). Interest rates range from 4.0% to 5.0%, with interest payable semi-annually on March 1 and September 1, respectively. On September 30, 2017, the combined Series 2016 Bonds unpaid principal including current maturities of \$4,800, was \$111,105. The Series 2016 Bonds contain covenants requiring the BOCC to levy user rates to meet operating and maintenance costs, pay scheduled debt service, and to make other required deposits. The 2016A Bonds mature on September 1, 2034 and the 2016B Bonds mature on September 1, 2030.

(C) Revenues Pledged for Debt Service and Future Debt Service Requirements

Under Bond Resolution R16-158 and BOCC Ordinance 16-24, operating revenues are pledged and distributed as follows: first, to payment of operations and maintenance costs, and second, to annual debt service requirements on the outstanding bonds.

A combined summary of the Series 2016A, 2016B, and 2013 bonds debt service requirements, including current maturities of \$7,290, follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2018	\$ 7,290	5,622	12,912
2019	7,615	5,337	12,952
2020	7,765	5,038	12,803
2021	8,067	4,733	12,800
2022	8,389	4,414	12,803
2023-2027	34,687	17,057	51,744
2028-2032	35,880	9,169	45,049
2033-2034	17,040	1,114	18,154
Total principal and interest	126,733	52,484	179,217
Plus unamortized issue premium	17,472		
Revenue bonds payable, net	144,205		
Less current maturities	7,290		
Revenue bonds payable, net	\$ 136,915		

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(D) General Liabilities

Open Landfill Closure and Postclosure Costs. On September 30, 2017, the liability for landfill closure and postclosure care costs was \$33,985. More information on these expenses and the related liabilities is disclosed in Note 12(A).

Closed Landfill Remediation and Monitoring Costs. On September 30, 2017, there were recorded liabilities of \$3,319, related to potential remediation and monitoring costs at landfill sites closed prior to October 9, 1991. More information on these reserves is disclosed in Note 12(C).

A summary of general liabilities on September 30, 2017, less current maturities of \$217, follows:

	2017
Landfill closure and postclosure costs	\$ 33,985
Closed landfill remediation	3,319
Total other liabilities	<u>37,304</u>
Less current maturities	217
General liabilities, less current maturities	<u><u>\$ 37,087</u></u>

On September 30, 2017, these amounts were scheduled for payment in fiscal year ending (FYE) as follows:

FYE September 30,	Amount	FYE September 30,	Amount
2018	\$ 217	2053-2057	5,447
2019	224	2058-2062	5,447
2020	229	2063-2067	5,447
2021	235	2068-2072	5,447
2022	241	2073-2077	5,664
2023-2027	1,192	2078-2082	1,307
2028-2032	653	2083-2087	217
2033-2037	299	2088-2092	217
2038-2042	28	2093-2097	217
2043-2047	-	2098-2102	218
2048-2052	4,358		
Total general liabilities			<u><u>\$ 37,304</u></u>

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(E) Changes in Long-Term Liabilities

The change in total other liabilities for the fiscal year ended September 30, 2017 was:

Description	Balance 10/1/2016	Additions	Reductions	Balance 9/30/2017	Due Within One Year
2006A and 2006B bonds	\$ 133,660	-	133,660	-	-
2016A and 2016B bonds	-	114,230	3,125	111,105	4,800
2013 bond	18,075	-	2,447	15,628	2,490
Bonds unamortized issue premium	1,569	19,281	3,378	17,472	-
Compensated absences	606	557	618	545	545
Net pension liability	7,037	838	163	7,712	-
Net OPEB liability, as restated	1,031	-	11	1,020	-
Landfill closure and postclosure care costs	33,235	750	-	33,985	-
Closed landfill remediation	3,705	-	386	3,319	217
Total other liabilities	\$ 198,918	135,656	143,788	190,786	8,052

Net OPEB liability was restated due to implementation of GASB Statement No. 75. See Note 10, *Other Post Employment Benefits (OPEB)*, for more information.

(8) Components of Restricted Net Position

Under GAAP, restricted net position is either: (a) restricted externally by constraints imposed by creditors through bond covenants, grant agreements and law; or (b) restricted by enabling legislation to the sole purpose specified by that legislation. Net position restricted for bond covenants and future debt service for the fiscal year ended September 30, 2017 was \$19,083.

(9) Employee Retirement Plans

Florida Retirement System – General Information

Substantially all Fund employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two multiple-employer cost-sharing defined benefit plans administered by the Florida Department of Management Services, Division of Retirement: the FRS Pension Plan and the Retiree Health Insurance Subsidy (HIS Program). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (Investment Plan) administered by the State Board of Administration. Employees may choose the Investment Plan as an alternative to the FRS Pension Plan. As a general rule, membership in the FRS is compulsory for employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the state of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes and Chapter 60S, Florida

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Administrative Code. Amendments to the law can be made only by an act of the Florida Legislature.

The state of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. For additional details, see:

www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports. The report may also be obtained by writing to the state of Florida Division of Retirement, PO Box 9000, Tallahassee, Florida 32315-9000.

Plan Descriptions for Cost-Sharing Defined Benefit Plans

- The FRS Pension Plan is a multiple-employer cost-sharing qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees.
- The Retiree Health Insurance Subsidy (HIS) Program is a multiple-employer cost-sharing, defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The Florida Legislature sets and amends the contribution requirements and benefit terms of the HIS Program.

Benefits Provided

FRS Pension Plan

Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. Regular Class, Senior Management Service Class and Elected Officers Class plan members hired prior to July 1, 2011 at age 62 with 6 years of credited service or 30 years of service regardless of age are entitled to an annual retirement benefit payable monthly for life, equal to 1.6% of their final average compensation for each year of credited service. Average final compensation is the average of the employee's five highest fiscal years of salary earned during credited service. Vested employees with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Class and Special Risk Administrative Support Class members employees such as sworn law enforcement officers, firefighters, and correctional officers who retire at or after age 55 with 6 years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life equal to 3.0% of their final average compensation for each year of credited service.

Regular Class, Senior Management Service Class and Elected Officers Class plan members hired after June 30, 2011 at age 65 with 8 years of credited service or 33 years of service regardless of age are entitled to annual retirement benefits payable monthly for life, equal to 1.6% of their final average compensation for each year of credited service. Average final compensation will be the average of the employee's eight highest fiscal years earned during credited service. Vested employees with less than 33 years of service may retire before age 65 and receive reduced retirement benefits. Special risk class employees such as sworn law enforcement officers, firefighters, and correctional officers who retire at or after age 60 with 8 years of credited service, or with 30 years of service regardless of age, are entitled to a retirement benefit payable monthly for life.

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As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% 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% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

HIS Program

The benefit under the HIS Program is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive an HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which may include Medicare.

Contributions

FRS Pension Plan

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute 3% of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2016 through June 30, 2017 and from July 1, 2017 through September 30, 2017, respectively, were as follows: Regular—7.52% and 7.92%; Special Risk Administrative Support—28.06% and 34.63%; Special Risk—22.57% and 23.27%; Senior Management Service—21.77% and 22.71%; Elected Officers—42.47% and 45.50%; and DROP participants—12.99% and 13.26%. These employer contribution rates include 1.66% and 1.66% of HIS Program subsidies.

HIS Program

The HIS Program 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. The HIS contribution for the period October 1, 2016 through September 30, 2017 was 1.66%.

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The employer contribution rates shown in the FRS Pension Plan section above include the HIS Program contribution rate of 1.66%, for the period of October 1, 2016 through September 30, 2017. HIS Program contributions are deposited in a separate trust fund from which payments are authorized. HIS Program benefits are not guaranteed and are subject to annual legislative appropriation. In the event that legislative appropriations and/or available funds are not sufficient, HIS benefits may be reduced or canceled.

The Fund's contributions, including employee contributions, to the FRS Pension Plan were \$532 for the fiscal year ended September 30, 2017. The Fund's contributions to the HIS Program were \$53 for the fiscal year ended September 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities - At September 30, 2017, the Fund reported net pension liabilities of \$5,363 and \$2,349, respectively, for its proportionate shares of the FRS Pension Plan and HIS Program net pension liabilities. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The Fund's proportionate share of the net pension liability was based on the Fund's proportionate share of the County's contributions as a percentage of all contributions from participating members for the state of Florida fiscal year ended June 30, 2017. At June 30, 2017, the Fund's proportionate shares for the FRS Pension Plan and HIS Program were 0.741% and 1.229%, respectively of the County's proportionate share. The Fund's proportionate shares for the FRS Pension Plan and HIS Program, which were -0- and .01 percentage points lower than the respective proportionate shares measured as of June 30, 2016. The components of the Fund's net pension liabilities at September 30, 2017 were as follows:

	FRS Pension Plan	HIS Program	Total
Total pension liability	\$ 33,294	2,388	35,682
Plan fiduciary net position	(27,931)	(39)	(27,970)
Net pension liability	\$ 5,363	2,349	7,712
Plan fiduciary net position as a percentage of the total pension liability	83.89%	1.64%	78.39%

“Plan fiduciary net position” represents cash and investment assets held to pay pension liabilities as they mature. “Net pension liability” represents the equity in the applicable pension plan. “Plan fiduciary net position” represents the portion of the total pension liability that is funded by cash and investments. Detailed information regarding the FRS Pension Plan and HIS Program fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. To obtain this document, see the third paragraph of this note.

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Pension Expense (Benefit) - For the fiscal year ended September 30, 2017, the Fund recognized pension expense of \$406 and \$74 for the Pension Plan and HIS Program, respectively.

Deferred Outflows/Inflows of Resources – For the fiscal year ended September 30, 2017, the Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS Pension Plan		HIS Pension Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 494	(28)	-	(5)
Changes in assumptions	1,808	-	328	(202)
Net difference between projected and actual earnings on pension plan	-	(127)	1	-
Changes in proportion and differences between Fund contributions and proportionate share of contributions	194	(178)	101	(37)
Fund contributions subsequent to the measurement date	124	-	29	-
Total	<u>\$ 2,620</u>	<u>(333)</u>	<u>459</u>	<u>(244)</u>

The deferred outflows of resources totaling \$124 and \$29 resulting from Fund’s contributions to the Pension Plan and HIS Program, respectively, which were subsequent to the June 30, 2017 measurement date, will be recognized as a pension expense in the fiscal year ending September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan and HIS Program will be recognized in pension expense as follows:

Fiscal Year Ending September 30	FRS Pension Plan	HIS Program
2018	\$ 282	58
2019	750	58
2020	525	57
2021	107	43
2022	363	17
Thereafter	136	(47)

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Actuarial Assumptions – The total pension liabilities for the FRS Pension Plan and HIS Program in the June 30, 2017 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate of 2.60%

Average rate of salary increases of 3.25%, including inflation

Investment rate of return, net of pension plan investment expense of 7.10%, including inflation for FRS Pension Plan

Investment rate of return, net of pension plan investment expense of 3.58%, including inflation for HIS Program

Average expected remaining service life of employees provided with FRS Pension Plan at June 30, 2017 was 6.4 years

Average expected remaining service life of employees provided with HIS Program at June 30, 2017 was 7.2 years

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables

The actuarial assumptions used in the July 1, 2017, FRS Pension Plan valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The long-term expected rates of return on FRS Pension Plan and HIS Program investments were not based on historical returns, but instead were 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. A mean inflation rate of 2.6% was assumed along with a standard deviation of 1.9%.

The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	3.0%	3.0%	1.7%
Fixed income	18%	4.7%	4.6%	4.6%
Global equity	53%	8.1%	6.8%	17.2%
Real estate (property)	10%	6.4%	5.8%	12.0%
Private equity	6%	11.5%	7.8%	30.0%
Strategic investments	12%	6.1%	5.6%	11.1%
	<u>100%</u>			

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Discount Rates

The FRS Pension Plan discount rate used to measure the total pension liability was 7.10%. The FRS 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 discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The HIS Program discount rate used to measure the total pension liability was 3.58%. 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 Program sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The Fund’s proportionate share of the FRS Pension Plan and HIS Program will change under varying discount rate assumptions. For example, a higher discount rate would lead to a lower net pension liability. Conversely a lower discount rate would lead to a higher net pension liability. The following chart show the effects on the FRS Pension Plan and HIS Program net pension liabilities under discount rates that are one percentage point higher or lower than the discount rate actually used. The chart specifically shows the net pension liability of the FRS Pension Plan if its discount rates were 6.10%, 7.10% or 8.10% as well as the net pension liability of the HIS Program if its discount rates were 2.58%, 3.58% or 4.58%.

The Fund remits contractually required FRS Pension Plan and HIS Program contributions as established by the Florida Legislature. The Fund did not have a payable for outstanding contributions to the FRS Pension Plan, HIS Program or Investment Plan at September 30, 2017.

Proportionate Share of FRS Net Pension Plan Net Pension Liability			Proportionate Share of HIS Program Net Pension Liability		
1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
6.10%	7.10%	8.10%	2.58%	3.58%	4.58%
\$ 9,607	5,363	1,757	\$ 2,681	2,349	2,073

Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA’s annual financial statements and in the state of Florida Comprehensive Annual Financial Report.

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As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS Pension Plan. County 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 Pension 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 Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members. See FRS Pension Plan contribution rates in the Contributions section of this note for more information.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for 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 five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 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 Fund.

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 Fund remits contractually required FRS Investment Plan contributions as established by the Florida Legislature. The Fund's total contributions to the Investment Plan were approximately \$67 for fiscal year 2017.

(10) Other Post-Employment Benefits (OPEB)

The County has a single-employer defined benefit OPEB plan. Some non-County employers participate in the County OPEB plan, but their participation is immaterial individually and in total. These non-County employers are the Arts Council, Port Authority, Tampa Sports Authority, Children's Board and Expressway

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Authority and they represent less than 5% of total assessments for the County's OPEB plan. The Fund expenses the cost of OPEB over the active service lives of its employees rather than using a "pay-as-you-go" basis. Expensing the cost of a future benefit over the active work-lives of employees is a fiscally sound approach because employees earn the future benefits over their working careers.

OPEB Plan Description and Benefits Provided

County OPEB Plan Description. The County provides the following health-related benefits to retirees and certain former employees, which together represent the County OPEB Plan: (a) The County is required by Florida Statute 112.0801 to allow retirees and certain former employees to buy healthcare coverage at the same "group rates" that current employees are charged. Although retirees pay for healthcare at group rates, they receive a valuable benefit because they can buy insurance at costs that are lower than the costs associated with the experience rating for their age bracket. The availability of this lower cost health insurance represents an *implicit subsidy* for retirees. (b) The County offers a monthly stipend of \$5 for each year of service up to a maximum benefit of \$150 per month (or \$6 for each year of service up to a maximum benefit of \$240 per month). The stipend is payable to regular retired employees from ages 62 to 65 and to special risk retired employees from ages 55 to 65. The stipend is to be used to offset the cost of health insurance. Although the implicit subsidy is required by state law when healthcare is offered as an employee benefit, the stipend may be cancelled at any time. The County does not issue separate OPEB Plan financial statements. As a result, all required disclosures are included in this report.

Substantially all full-time employees may qualify for these OPEB benefits. At September 30, 2017, the OPEB Plan covered approximately 9,011 active employees, consisting of those currently eligible and those not yet fully eligible, as well as 1,404 retirees or other inactive employees.

Net OPEB Liability

Actuarial Method and Assumptions – The net OPEB liability was actuarially determined based on several actuarial assumptions. September 30, 2017 was the actuarial measurement date. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The actuarial assumptions used in the September 30, 2017 OPEB Plan valuation were based on the results of an actuarial experience study for the period from October 1, 2016 through September 30, 2017.

The entry age normal actuarial cost method was used in the September 30, 2017 actuarial valuation. Other actuarial assumptions included a composite inflation rate of 2.8% and a composite discount rate of 3.6%. In addition, the initial annual healthcare cost trend rate assumptions were 6.0% (5.5% post-Medicare) grading down to ultimate rates of 5.0% for the Sheriff, 7.0% (7.0% post-Medicare) grading down to ultimate rates of 4.5% for the BOCC, and 7.31% (8.51% post-Medicare) generally grading down to 5.18% (5.15% post-Medicare) for the Tax Collector. In addition, the average age of active participants was 44.5 years and

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the average age of inactive participants was 61.2 years. Mortality rates were based on the RP-2014 generation table scaled using MP-2017 and applied on a gender-specific basis (except for the Sheriff's portion, which was based on RP-2014 mortality fully generational using scale MP-2016).

Sensitivity of Net OPEB Liability to Changes in Either the Discount Rate or Changes in the Healthcare Trend Rate – The first chart below presents the Fund's net OPEB liability, as well as what the Fund's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.6%) or 1 percentage-point higher (4.6%) than the current discount rate. The second chart below presents the Fund's net OPEB liability, as well as what the Fund's net OPEB liability would be if it were calculated using a healthcare trend rate that is 1 percentage point lower (5.4%) or 1 percentage-point higher (7.4%) than the current healthcare trend rate.

Sensitivity of Net OPEB Liability to Changes in Discount Rate			Sensitivity of Net OPEB Liability to Changes in Healthcare Trend Rate		
1% Decrease (2.6%)	Discount Rate (3.6%)	1% Increase (4.6%)	1% Decrease (5.4%)	Healthcare Trend Rate (6.4%)	1% Increase (7.4%)
\$ 1,148	1,020	906	\$ 907	1,020	1,193

The healthcare trend rate of 6.4% is a composite initial rate. The net OPEB liability shown on the preceding chart, however, is based on the following healthcare trend rates. Approximately 7.0% (7.0% post-Medicare) grading down 1% per year to ultimate rates of 4.5% for the BOCC.

Implementation of New GASB Statement – During fiscal year 2017, the County elected to early implement GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 specifies that governments must recognize their net OPEB liability and related deferred outflows of resources, deferred inflows of resources, and OPEB expense in the financial statement, rather than the smaller net OPEB obligation under GASB Statement No. 45. See the last section of this note for information on the effect of implementation on beginning net position.

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OPEB Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

OPEB Liabilities - At September 30, 2017, the Fund reported net OPEB liabilities of \$1,020. The net OPEB liability was measured as of September 30, 2017. The components of the Fund's total OPEB liability at September 30, 2017 were as follows:

	<u>OPEB Plan</u>
Total OPEB liability	\$ 1,020
Plan fiduciary net position	-
Net OPEB liability	<u>\$ 1,020</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0%</u>
Covered payroll (active plan members)	<u>\$ 6,909</u>
Net OPEB liability as a percentage of covered payroll	<u>14.8 %</u>

If cash and investments were placed in an irrevocable trust for OPEB, then the cash and investments would also be subtracted to determine the "net OPEB liability." The County has set aside \$27.791 million in the Self-Insurance Internal Service Fund for OPEB. Fair value was used to value the cash and investments set aside. This \$27.791 million represents 33.4% of the net OPEB liability at September 30, 2017. However, since an irrevocable trust was not established, none of this \$27.791 million in cash and investment is considered to be "plan fiduciary net position." Net OPEB liability is reported in the accompanying financial statements of net position because an irrevocable trust was not established.

The change in the net OPEB liability during fiscal year 2017 as well as the beginning and ending net OPEB liability is shown below.

	<u>Net OPEB Liability</u>
Balance at October 1, 2016	\$ 1,031
Changes for the fiscal year:	
Service cost	33
Interest	37
Changes in benefit terms	-
Differences between expected and actual experience	(6)
Changes in assumptions and other inputs	(14)
Contributions-employer	-
Benefit payments	(61)
Administrative expense	-
Balance at September 30, 2017	<u>\$ 1,020</u>

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Funding Policy, Status and Progress. In order for OPEB obligations to be considered funded, an irrevocable trust fund must be used. Since that would be considered very restrictive, the County did not “fund” the net OPEB obligation, but instead chose to appropriate and set aside amounts annually in the Self-Insurance Internal Service Fund so the net OPEB liability is completely offset by cash and investments over time.

Since the OPEB Plan was not considered funded, GASB Statement No. 75 requires that the plan’s discount rate be obtained using the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. As a result of implementation, the discount rate was reduced from 4.0% to 3.6%.

Contributions. Assessments were made to participating funds with the goal of accumulating the cash and investments in the Self-Insurance Internal Service Fund to offset the total OPEB liability. The level of assessments are set annually by County management. There are no statutory or other legally required contribution levels. It is the County’s intent to continue setting aside additional money each year for OPEB. Total assessments were \$29 for fiscal year 2017.

OPEB Benefit - For the fiscal year ended September 30, 2017, the County recognized OPEB benefit of \$13. Changes in net OPEB liability are recognized in OPEB expense during the fiscal year except for as indicated in the section on Deferred Outflows/Inflows of Resources.

Deferred Outflows/Inflows of Resources – “deferred outflows of resources” are a consumption of net position by the County that is applicable to a future reporting period. “Deferred inflows of resources” are an acquisition of net position by the County that is applicable to a future reporting period. For each of the following, a portion was recognized in OPEB expense during fiscal year 2017, and the balance was amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- (a) Differences between expected and actual experience regarding economic and demographic factors are amortized over the average expected remaining service life of all employees that are provided with OPEB through the OPEB plan, including both active and inactive employees.
- (b) Changes in assumptions or other inputs are amortized over the average expected remaining service life of all employees covered by the OPEB plan, including both active and inactive employees.
- (c) Differences between expected and actual earnings on OPEB plan investments are amortized over five years.

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Deferred outflows of resources and deferred inflows of resources related to the County's OPEB Plan were as follows:

<u>Description</u>	OPEB Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(6)
Changes in assumptions	-	(13)
Total	<u>\$ -</u>	<u>(19)</u>

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

Fiscal Year Ending September 30	OPEB Benefit
2018	(\$2)
2019	(2)
2020	(2)
2021	(2)
2022	(2)
Thereafter	(9)

The Fund did not have any interfund payables to the Self-Insurance Fund's OPEB Plan at September 30, 2017.

Restatement on Beginning Net Position due to the Adoption of GASB Statement No. 75

	Net OPEB Liability	Deferred Inflows of Resources	Net Position
Beginning of year, as previously reported	-	-	158,841
Restatement for implementation of GASB Statement No. 75	1,031	21	(1,052)
Beginning of year, as restated	<u>1,031</u>	<u>21</u>	<u>157,789</u>

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(11) Outstanding Purchase Orders and Contracts

At September 30, 2017, construction or capital improvement commitments measured by purchase orders and contracts outstanding were \$450.

(12) Accounting for Municipal Solid Waste Landfill Financial Responsibilities

(A) Open Landfill

GAAP requires municipal solid waste landfill owners to record a current expense and the related long-term liability for certain future landfill closure and postclosure care costs. GASB 18 is based on a United States Environmental Protection Agency rule, *Solid Waste Disposal Facility Criteria*, and has two components. The first component establishes closure requirements for landfills receiving solid waste after October 9,

1991. The second component establishes thirty-year postclosure care requirements for landfills receiving solid waste after October 9, 1993. Additionally, the Florida Department of Environmental Protection (FDEP), through Rule 62-701.630, Florida Administrative Code, established other financial accountability standards for landfill closure and postclosure care. As an owner and operator of an open landfill, the Fund must accumulate financial resources to close the landfill after the landfill stops accepting solid waste and to perform postclosure maintenance and monitoring functions at the closed landfill site for thirty years.

GAAP requires recording a portion of the future closure and postclosure care costs as a current period operating expense and as another liability based on the cumulative amount of landfill capacity consumed as of each Statement of Net Position date. Fund management estimates, based on an independent engineer's cost projection on September 30, 2017, that total future closure and postclosure care costs will be \$59,888. The actual costs for future landfill closure and postclosure care costs may differ from projections due to inflation, deflation, technology, and environmental law changes. Of the total cost projection of \$59,888, life to date liabilities of \$33,985 were recorded on September 30, 2017, based on the amount of cubic yards consumed as of those dates. For the fiscal year ended September 30, 2017, the Fund recorded future closure and postclosure care cost, net of current expense of (\$749).

Of the total cost projection of \$59,888, a life-to-date liability of \$33,985 was recorded at September 30, 2017 as a part of other long-term debt for business-type activities. See Note 7.D. This liability for future landfill closure and postclosure care costs was determined from the consulting engineer's certification, that 35.6% or 16,539 cubic yards of the estimated 46,463 cubic yards landfill capacity had been consumed at September 30, 2017. Although only 35.6% of the overall landfill capacity was consumed, a total of 56.7% of the total closure and postclosure costs were reported as a liability because the landfill consists of two separate sections and the calculations were done separately on each section. Section One has total projected closure and postclosure care costs of \$48,867, of which 66.9% was consumed. Section Two has total projected closure and postclosure care costs of \$11,021 of which only 11.8% was consumed. The County will record the balance of the projected future closure and

HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2017
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postclosure care costs of \$33,985, as adjusted by future estimated cost revisions, as the remaining landfill capacity is consumed. The County anticipates closing Section One of the landfill in 31 years (fiscal year 2048) and Section Two of the landfill in 55 years (fiscal year 2072). At September 30, 2017, the County had reserved assets of \$33,985 to meet future landfill closure and postclosure care obligations.

(B) Fiscal Responsibility for Future Landfill Closure Costs

Fund management, as required by state law, must certify annually that sufficient financial resources are available to pay future landfill closure and postclosure care costs. Management chose an annual financial test to comply with this requirement. This financial test requires a governmental entity to demonstrate that its tangible net position is at least six times greater than the combined total estimated amount of closure and postclosure care costs as of the Statement of Net Position date. The BOCC's net position was used to meet this test. As of September 30, 2017 management believes the Fund was compliant with all financial responsibility requirements.

(C) Closed Landfills

Fund management annually reviews, and revises when necessary, the estimates for potential remediation and monitoring costs at landfills closed prior to October 9, 1991. On September 30, 2017, the estimated liability for future remediation and monitoring costs of these closed landfill sites was \$3,319.

(13) Contingencies

(A) Litigation

The Fund is involved in certain litigation in the ordinary course of operations. Management believes, after consulting with legal counsel, that any potential losses would not materially affect the Fund's financial condition for the fiscal years ended September 30, 2017.

There is a reasonable possibility that future charges may occur in excess of the amount recorded to absorb closed landfill remediation costs. Fund management does not believe that potential liabilities in excess of amounts recorded would materially affect the accompanying financial statements.

(B) State and Federal Grants

Grants received and disbursed by the Fund are for specific purposes and are subject to review by grantor agencies and their independent auditors. Such audits may result in requests for repayments due to disallowed costs. Management believes that such repayments, if any, would not materially affect the Fund's financial condition on September 30, 2017.

**HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2017
(Amounts in Thousands)**

(C) Environmental Protection

Occasionally, the FDEP may cite the Fund for accidental environmental infractions. These infractions and the related remediation activities are considered a routine part of Fund business operations. Management believes that any contingent liabilities arising from an accidental environmental infraction, if any, would be immaterial.



**HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT**

**Schedule of Proportionate Share of the Florida Retirement System Net Pension Liabilities for the
Pension Plan and Health Insurance Subsidy Program**

Last Four Fiscal Years

(Required Supplementary Information)

(Amounts in Thousands)

FRS Pension Plan

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Fund's proportion of net pension liability	0.741%	0.739%	0.016%	0.017%
Fund's proportionate share of net pension liability	\$ 5,363	4,525	2,121	1,027
Fund's covered payroll	6,909	6,773	6,559	6,738
Fund's proportionate share of net pension liability as a percentage of its covered payroll	77.62%	66.81%	32.34%	15.24%
FRS Plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%	96.09%

Health Insurance Subsidy Program

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Fund's proportion of net pension liability	1.229%	1.242%	0.021%	0.021%
Fund's proportionate share of net pension liability	\$ 2,349	2,512	2,153	1,975
Fund's covered payroll	6,909	6,773	6,559	6,738
Fund's proportionate share of net pension liability as a percentage of its covered payroll	34.00%	37.09%	32.83%	29.31%
HIS Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.98%	0.50%	0.99%

Note: Data was unavailable prior to 2014

**HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT**

Schedule of Contributions - Florida Retirement System Pension Plan and Health Insurance Subsidy Program

(Required Supplementary Information)

Last Four Fiscal Years

(Amounts in Thousands)

FRS Pension Plan

	2017	2016	2015	2014
Contractually required contributions	\$ 532	501	391	360
Contributions in relation to the contractually required contributions	532	501	391	360
Contributions deficiency (excess)	\$ -	-	-	-
Fund's covered payroll	\$ 6,909	6,773	6,559	6,466
Contributions as a percentage of covered payroll	7.70%	7.40%	5.96%	5.57%

Health Insurance Subsidy Program

	2017	2016	2015	2014
Contractually required contributions	\$ 53	49	42	37
Contributions in relation to the contractually required contributions	53	49	42	37
Contributions deficiency (excess)	\$ -	-	-	-
Fund's covered payroll	\$ 6,909	6,773	\$ 6,559	\$ 6,466
Contributions as a percentage of covered payroll	0.77%	0.72%	0.64%	0.57%

Note: Data was unavailable prior to 2014

HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Two Fiscal Years
(Amounts in Thousands)

Amounts in thousands

	2017	2016
		(Restated)
Fund's net OPEB liability	\$ 1,020	1,031
Fund's covered payroll	6,909	6,773
Fund's net OPEB liability as a percentage of its covered payroll	14.8%	15.2%
Plan fiduciary net position as a percentage of the OPEB liability	0.0%	0.0%

The net OPEB liability was not available prior to fiscal year 2016.

Hillsborough County has set aside \$27.791 million in the Self-Insurance Internal Service Fund for OPEB. This amount represents 33.4% of the County's total OPEB liability at September 30, 2017. However, since an irrevocable trust was not established, none of this \$27.791 million in cash and investment is considered to be "plan fiduciary net position." The Solid Waste Enterprise Fund's net OPEB liability represents 1.225% of the County's net OPEB liability.

HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT
Schedule of Contributions
OPEB Plan
Last Two Fiscal Years
(Amounts in Thousands)

Amounts in thousands

	2017	2016 (Restated)
Actuarially determined contribution*	\$ 1,020	Not available
Fund's contributions in relation to the actuarially determined contribution**	1,020	
Contribution deficiency (excess)	-	Not available
County's covered payroll	\$ 6,909	6,773
County's contributions as a percentage of covered payroll	14.8%	0.0%

*Since GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented for fiscal year 2017, the net OPEB liability was not available prior to fiscal year 2017.

**These contributions represent amounts "set aside" for OPEB during fiscal year 2017 and 2016. The County has set aside a total of \$27.791 million in the Self-Insurance Internal Service Fund for OPEB at September 30, 2017. This amount represents 33.4% of the total OPEB liability at September 30, 2017. However, since an irrevocable trust was not established, none of this \$27.791 million in cash and investment is considered to be "plan fiduciary net position."

Notes to Schedule

Actuarially determined contribution rates were calculated as of September 30, 2017. Methods and assumptions used to determine contribution rates:

Amounts in thousands

Actuarial cost method	Entry age normal
Inflation	2.8%
Discount rate	3.6%
Initial healthcare cost trend rate	6.4%

**HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT
COMPARISON OF ACTUAL REVENUES AND EXPENSES
TO BUDGET
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017
(Amounts in Thousands)**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Operating revenues:			
Charges for services	<u>\$ 105,441</u>	<u>105,689</u>	<u>248</u>
Operating expenses:			
Employee services	10,934	10,274	660
Contractual services	68,378	63,035	5,343
Fleet services	1,628	1,419	209
Repairs and maintenance	778	1,190	(412)
Utilities	1,487	1,700	(213)
Supplies	24	39	(15)
Landfill closure and postclosure care	2,803	364	2,439
Other	<u>2,250</u>	<u>1,721</u>	<u>529</u>
Total operating expenses before unbudgeted depreciation, amortization, pension and OPEB expense	<u>88,282</u>	<u>79,742</u>	<u>8,540</u>
Operating income before unbudgeted depreciation, amortization, pension and OPEB expense	<u>\$ 17,159</u>	<u>25,947</u>	<u>8,788</u>
Depreciation and amortization		17,411	
Pension expense		480	
OPEB (benefit)		<u>(13)</u>	
Operating income		<u>\$ 8,069</u>	

EXHIBIT A
HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Resource Recovery Enterprise Fund
Series 2013
Issued May 8, 2013
Debt Service Schedule
(Amounts in Thousands)

Fiscal			
Year	Principal	Interest	Total
2018	\$ 2,490	280	2,770
2019	2,535	235	2,770
2020	2,580	190	2,770
2021	2,627	144	2,771
2022	2,674	97	2,771
2023	2,722	48	2,770
	\$ 15,628	994	16,622

EXHIBIT B
HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Resource Recovery Bonds
Series 2016A
Issued November 21, 2016
Debt Service Schedule
(Amounts in Thousands)

Fiscal			
Year	Principal	Interest	Total
2018	\$ 4,800	4,207	9,007
2019	5,080	3,967	9,047
2020	5,185	3,713	8,898
2021	5,440	3,454	8,894
2022	5,715	3,182	8,897
2023	6,000	2,896	8,896
2024	6,300	2,596	8,896
2025	6,620	2,281	8,901
2026	6,785	1,950	8,735
2027	-	1,611	1,611
2028	-	1,611	1,611
2029	-	1,611	1,611
2030	1,725	1,611	3,336
2031	7,395	1,525	8,920
2032	7,800	1,155	8,955
2033	8,340	765	9,105
2034	8,700	349	9,049
	\$ 85,885	38,484	124,369

EXHIBIT C
HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Resource Recovery Bonds
Series 2016B
Issued November 21, 2016
Debt Service Schedule
(Amounts in Thousands)

Fiscal			
Year	Principal	Interest	Total
2018	\$ -	1,135	1,135
2019	-	1,135	1,135
2020	-	1,135	1,135
2021	-	1,135	1,135
2022	-	1,135	1,135
2023	-	1,135	1,135
2024	-	1,135	1,135
2025	-	1,135	1,135
2026	-	1,135	1,135
2027	6,260	1,135	7,395
2028	6,580	853	7,433
2029	6,905	557	7,462
2030	5,475	246	5,721
	\$ 25,220	13,006	38,226

**HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT
SCHEDULE OF RESTRICTED/RESERVED RECEIPTS AND DISBURSEMENTS
FOR ACCOUNTS RESTRICTED BY BOND COVENANT OR RESERVED BY BOCC POLICY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017
(Amounts in Thousands)**

	Restricted by Bond Covenant or by Law								Reserved by BOCC Policy				Total Fund	
	2006 Bond Proceeds	2013 Bond Proceeds	2016 Bond Proceeds	Debt Service Sinking	Debt Service Reserves	Renewal and Replacement	Restricted Totals	General Purpose	Rate Stabilization	Southeast Landfill Closure Cells I-VI	Southeast Landfill Closure Cells VII-VIII	Closed Landfill Maintenance		Internal Capital Improvement
Balance, October 1, 2016	\$ 122	158	0	2,188	0	10,110	12,578	4,988	52,794	33,448	1,990	2,257	11,097	119,152
Receipts:														
Bond proceeds	-	-	-	-	5,149	-	5,149	-	-	-	-	-	-	5,149
Investment earnings from construction accounts	-	1	-	-	-	-	1	-	-	-	-	-	5	6
Investment earnings from debt service/reserve accounts	80	-	40	66	-	-	186	-	-	-	-	-	-	186
Investment earnings from landfill reserve accounts	-	-	-	-	-	-	-	-	-	225	13	-	-	238
Other operating receipts	-	-	1,076	-	-	635	1,711	-	-	-	-	-	-	1,711
Transfers-in from non-revenue accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers-in from the revenue account	-	-	200	9,313	-	1,322	10,835	-	11,606	-	-	811	-	23,252
Total receipts	80	1	1,316	9,379	5,149	1,957	17,882	-	11,606	225	13	811	5	30,542
Disbursements:														
Expenditures	37	-	914	36	-	980	1,967	-	-	10	-	698	16	2,691
Interest payments	-	-	-	6,237	-	-	6,237	-	-	-	-	-	-	6,237
Principal payment	-	-	-	2,447	-	-	2,447	-	-	-	-	-	-	2,447
Other debt service costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers-out to the revenue account	165	-	-	-	-	-	165	-	-	-	-	-	-	165
Total disbursements	202	-	914	8,720	-	980	10,816	-	-	10	-	698	16	11,540
Balance, September 30, 2017	\$ -	159	402	2,847	5,149	11,087	19,644	4,988	64,400	33,663	2,003	2,370	11,086	138,154
			(A)	(A)	(A)	(A)	(B)	(B)	(B)	(B)	(B)	(B)	(B)	

Investment earnings from the Renewal and Replacement, General Purpose, Northwest Landfill long-term maintenance, Closed Landfill Maintenance, Capital Improvement, and the Rate Stabilization accounts were deposited in the General Revenue Account, as required by the bond resolution.

Components of restricted net position:

(A) Restricted net position	
Bond covenants	\$ 11,087
Debt service	7,996
Total restricted net position	19,083
(B) Reserved by BOCC policy	118,510
Invested in capital assets	561
Balance, September 30, 2017	\$ 138,154

**HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT
STATISTICAL SECTION
SECTION CONTENTS**

Financial Trends Information:

These schedules present comparative financial data over ten fiscal years, providing information to financial statement users concerning the Fund's financial management and performance.

Schedules:

- Components of Net Position
- Current Ratio
- Return on Capital Assets
- Accounts Receivable Turnover
- Statement of Activities
- Components of Charges for Services
- Components of Other Nonoperating Revenues

Debt Capacity Information:

These schedules present the Fund's outstanding debt compared to net position.

Schedule:

- Outstanding Debt Compared to Net Position

General Operating Statistics:

- Number of Full-time Employees
- Tonnage buried in the landfill
- Tonnage incinerated
- Yard and Wood-Waste tonnage processed

HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT
(Amounts in Thousands)

Financial Trend Schedules:

Components of Net Position
Fiscal Years - 2008 Through 2017
(amounts in thousands)

This schedule shows the Fund's increase in comparative net value (total assets less total liabilities = net position).

	2017	Restated 2016***	2015	2014**	Restated 2013	Restated 2012	Restated 2011	2010*	2009*	Restated 2008*
Net investment in capital assets	\$ 49,482	55,721	63,181	71,035	77,672	80,355	88,636	100,229	98,510	94,407
Restricted net position	19,083	12,298	11,739	11,644	13,869	16,176	15,938	24,747	18,155	23,828
Unrestricted net position	98,292	89,770	83,782	77,031	61,505	60,330	54,340	38,092	45,436	37,052
Total net position	\$ 166,857	157,789	158,702	159,710	153,046	156,861	158,914	163,068	162,101	155,287

*Not restated for GASB Statement No. 65

**Note: Fiscal years 2014 and prior were not restated for implementation of GASB Statements No. 68 and No. 71.

*** Restated for GASB Statement No. 75

Current Ratio
Fiscal Years - 2008 Through 2017
(amounts in thousands)

This schedule shows the Fund's ability to pay its current liabilities such as accounts payable, payroll, and short-term borrowing costs. The generally accepted current ratio standard is 2, whereby current assets are twice as large as current liabilities.

	2017	2016	2015	Restated 2014	2013	2012	2011	2010	2009	Restated 2008
Current assets	\$ 182,053	168,368	160,368	156,318	169,371	148,299	148,284	145,706	149,939	187,428
Current liabilities	30,630	32,005	30,104	31,449	42,302	27,288	29,991	34,179	40,565	43,193
Ratio	6.0	5.3	5.3	5.0	4.0	5.4	4.9	4.3	3.7	4.3

HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT
(Amounts in Thousands)

Financial Trend Schedules (Continued):

Return on Capital Assets
Fiscal Years - 2008 Through 2017
(amounts in thousands)

Return on capital assets provides a means for evaluating management's effectiveness at generating an operating profit from the amounts invested in capital assets.

	2017	2016	2015	2014**	Restated 2013*	Restated 2012	Restated 2011	2010*	2009*	Restated 2008*
Change in net position	\$ 9,068	139	3,664	6,664	(3,815)	(72)	(4,154)	967	6,814	21,233
Average total capital assets	202,261	219,402	228,823	231,179	223,863	221,681	230,123	235,187	214,870	162,650
Return on Capital Assets	4.5%	0.1%	1.6%	2.9%	(1.7%)	0.0%	(1.8%)	0.4%	3.2%	13.1%

*Not restated for GASB Statement No. 65

**Note: Fiscal years 2014 and prior were not restated for implementation of GASB Statements No. 68 and No. 71.

Accounts Receivable Turnover on a 365 collection day basis
Fiscal Years - 2008 Through 2017
(amounts in thousands)

This schedule shows the average number of days required to collect charges for services billed to customers.

	2017	2016	2015	2014	2013	2012	2011	2010	2009	Restated 2008
Charges for services	\$ 105,689	102,287	100,948	103,728	100,744	101,515	98,613	97,793	94,840	91,966
Average accounts receivable	4,913	4,005	3,829	3,420	3,918	3,890	3,021	3,397	3,715	3,847
Accounts Receivable Turnover Days	17.0	14.3	13.8	12.0	14.2	14.0	11.2	12.7	14.3	15.3

HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT
(Amounts in Thousands)

Financial Trend Schedules (Continued):

Statement of Activities
Fiscal Years - 2008 Through 2017
(amounts in thousands)

This schedule presents annual operating data to assist the financial statement user evaluate the Fund's annual financial performance

	2017	Restated 2016	2015	2014**	Restated 2013	Restated 2012	Restated 2011	2010*	2009*	Restated 2008*
Operating revenues:										
Charges for services	\$ 105,689	102,287	100,948	103,728	100,744	101,515	98,613	97,793	94,840	91,966
Operating expenses:										
Employee services	10,274	10,372	9,177	9,102	8,330	8,421	9,134	7,710	9,377	9,173
Contractual services	63,035	68,057	62,690	60,364	72,878	70,079	67,978	64,750	63,487	56,418
Fleet services	1,419	1,724	1,443	1,551	2,001	1,717	1,917	1,728	1,712	2,379
Repairs and maintenance	1,190	649	468	313	439	407	393	442	484	607
Utilities	1,700	1,442	1,437	1,233	1,390	1,389	1,436	1,473	1,574	1,473
Supplies	39	27	14	12	21	32	67	136	158	182
Landfill closure and post closure care	364	(1,508)	763	1,651	1,352	(1,322)	2,123	1,862	1,114	(7,278)
Depreciation	17,411	16,764	15,529	14,346	10,373	14,561	14,510	14,251	10,710	10,862
General	1,721	1,353	1,208	2,386	1,907	1,537	1,004	915	814	957
Pension expense (benefit)	480	302	(243)	-	-	-	-	-	-	-
OPEB expense (benefit)	(13)	-	-	-	-	-	-	-	-	-
Total operating expenses	97,620	99,182	92,486	90,958	98,691	96,821	98,562	93,267	89,430	74,773
Operating income	8,069	3,105	8,462	12,770	2,053	4,694	51	4,526	5,410	17,193
No operating revenues (expenses):										
Investment earnings	1,306	1,367	1,263	518	653	1,330	1,531	2,854	5,633	8,604
Interest expense	(1,713)	(6,688)	(6,864)	(6,966)	(6,825)	(6,655)	(6,726)	(6,434)	(4,603)	(4,833)
Gain on asset disposals	471	407	234	149	143	610	952	22	218	398
Other revenues	935	1,948	569	193	213	98	187	150	310	27
Other expenses	-	-	-	-	(52)	-	(2,279)	(151)	(154)	(156)
Total nonoperating (expenses) revenues	999	(2,966)	(4,798)	(6,106)	(5,868)	(4,617)	(6,335)	(3,559)	1,404	4,040
Income before contributions and transfers	9,068	139	3,664	6,664	(3,815)	77	(6,284)	967	6,814	21,233
Capital contributions	-	-	-	-	-	-	-	-	-	-
Change in net position	9,068	139	3,664	6,664	(3,815)	77	(6,284)	967	6,814	21,233
Net position, beginning of year	157,789	158,702	159,710	153,046	156,861	156,784	163,068	162,101	155,287	134,054
Restatement for GASB 68 implementation	-	-	(4,672)	-	-	-	-	-	-	-
Restatement for GASB 75 implementation	-	(1,052)	-	-	-	-	-	-	-	-
Net position, beginning of year, as restated	157,789	157,650	155,038	153,046	156,861	156,784	163,068	162,101	155,287	134,054
Net position, end of year	\$ 166,857	157,789	158,702	159,710	153,046	156,861	156,784	163,068	162,101	155,287

*Not restated for GASB Statement No. 65

**Note: Fiscal years 2014 and prior were not restated for implementation of GASB Statements No. 68 and No. 71.

HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT
(Amounts in Thousands)

Financial Trend Schedules (Continued):

Componets of Charges for Services
Fiscal Years - 2008 Through 2017
(amounts in thousands)

This schedule identifies the principal components of charges for services.

	2017	PCT	2016	PCT	2015	PCT	2014	PCT	2013	PCT	2012	PCT	2011	PCT	2010	PCT	Restated 2009	PCT	2008	PCT
Residential disposal assessments	\$ 25,393	24.8	24,955	24.4	24,619	24.4	24,394	23.5	26,960	26.8	25,271	24.9	24,844	25.2	23,858	24.4	22,665	23.9	22,035	24.0
Residential collection assessments	35,581	34.8	34,851	34.1	34,316	34.0	34,162	32.9	35,016	34.8	34,268	33.8	32,949	33.4	30,782	31.5	28,065	29.6	24,040	26.1
Franchise haulers	19,254	18.8	19,214	18.8	18,099	17.9	17,702	17.1	16,239	16.1	16,876	16.6	16,351	16.6	15,566	15.9	16,905	17.8	18,373	20.0
Electricity generation revenues	16,618	16.2	17,181	16.8	17,223	17.0	15,953	15.4	16,948	16.8	16,566	16.3	16,037	16.3	18,726	19.1	18,984	20.0	17,129	18.6
Municipal disposal fees	1,754	1.7	1,480	1.4	1,903	1.9	1,946	1.9	1,824	1.8	2,687	2.6	4,834	4.9	4,519	4.6	4,785	5.0	5,656	6.2
Commercial disposal fees	5,081	5.0	3,596	3.5	2,585	2.6	4,255	4.1	2,665	2.6	3,432	3.4	3,017	3.1	3,251	3.3	3,026	3.2	4,056	4.4
Recycle revenues	1,492	1.5	501	0.5	1,945	1.9	3,657	3.5	991	1.0	2,325	2.3	482	0.5	333	0.4	321	0.4	612	0.6
General operating revenues	516	0.5	509	0.5	258	0.3	1,659	1.6	101	0.1	90	0.1	99	0.1	758	0.8	89	0.1	65	0.1
Charges for services	\$ 105,689	100.0	102,287	100.0	100,948	100.0	103,728	100.0	100,744	100.0	101,515	100.0	98,613	100.0	97,793	100.0	94,840	100.0	91,966	100.0

Componets of Other Non-Operating Revenues
Fiscal Years - 2007 Through 2016
(amounts in thousands)

This schedule identifies the principal components of other nonoperating revenues.

	2017	PCT	2016	PCT	2015	PCT	2014	PCT	2013	PCT	2012	PCT	2011	PCT	2010	PCT	Restated 2009	PCT	2008	PCT
Investment earnings	\$ 1,306	130.7%	1,367	(46.1%)	1,263	68.9%	518	60.2%	653	64.7%	1,330	65.3%	1,531	57.3%	2,854	94.3%	5,633	91.4%	8,604	95.3%
Other revenues (expenses)	(307)	(30.7%)	(4,333)	146.1%	569	31.1%	342	39.8%	356	35.3%	708	34.7%	1,139	42.7%	172	5.7%	528	8.6%	425	4.7%
Capital contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other non-operating revenues	\$ 999	100.0%	(2,966)	100.0%	1,832	100.0%	860	100.0%	1,009	100.0%	2,038	100.0%	2,670	100.0%	3,026	100.0%	6,161	100.0%	9,029	100.0%

HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT
(Amounts in Thousands)

Outstanding Debt Compared to Net Position
Fiscal Years - 2008 Through 2017
(amounts in thousands)

This schedule shows the outstanding debt as a percentage of net position.

	2017	Restated 2016***	2015	2014**	Restated 2013	Restated 2012	Restated 2011	2010*	2009*	Restated 2008*
Bonds outstanding	144,205	151,735	158,709	165,425	170,770	147,680	148,625	148,625	150,540	155,065
Net position	166,857	157,789	159,200	159,710	153,046	158,842	158,914	163,068	162,101	155,287
Percent	86.4%	96.2%	99.7%	103.6%	111.6%	93.0%	93.5%	91.1%	92.9%	99.9%

*Not restated for GASB Statement No. 65

**Note: Fiscal years 2014 and prior were not restated for implementation of GASB Statement No. 68 and No. 71.

*** Restated for GASB Statement No. 75

**HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE ENTERPRISE FUND
PUBLIC WORKS DEPARTMENT**

**General Operating Statistics:
(amounts are actual)
Fiscal Years - 2008 Through 2017**

	2017	2016	2015	2014	2013	2012	2011	2010 (a)	2009	2008
Number of full-time employees	129	128	109	109	105	111	99	141	142	140
Solid Waste tonnage buried in the landfill	306,773	213,905	214,711	223,285	213,210	230,263	256,121	258,815	393,653	517,024
Solid Waste tonnage incinerated	570,573	577,662	574,644	594,619	586,393	564,161	538,848	545,389	405,708	347,355
Yard and Wood Waste tonnage processed	118,385	115,615	118,401	116,196	119,522	120,786	129,622	138,083	152,720	172,397

(a) Increase in incinerated tonnage and decline in buried tonnage relates to the Resource Recovery Facility expansion in September 2009.

Sources:

Solid Waste Enterprise Fund Annual Financial Reports for Fiscal Years 2008 through 2017.
BOCC financial records