Hillsborough County Florida

EST. 1834

Water Resources Department

Annual Financial Report

Water Enterprise Fund

For Fiscal Year
September 30, 2019

EST. 1834

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Hillsborough County Florida

Hillsborough County, Florida

Water Enterprise Fund
Public Utilities Department
Annual Financial Report

Fiscal Year Ended September 30, 2019

Prepared by: County Finance Department
Pat Frank, Clerk of Circuit Court

WATER ENTERPRISE FUND
PUBLIC UTILITIES DEPARTMENT
PRINCIPAL OFFICIALS
September 30, 2019

Board of County Commissioners

Lesley "Les" Miller, Jr., *Chair*
Pat Kemp, *Vice-Chair*
Stacy White, *Chaplain*
Ken Hagan
Sandra Murman
Kimberly Overman
Mariella Smith

Constitutional Officers

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

Appointed Officials

Michael S. Merrill, *County Administrator*
Christine Beck, *County Attorney*
Lucia Garsys, *Deputy County Administrator*
George Cassidy, *Assistant County Administrator – Public Utilities*
Beth Schinella, *Director, Water Resources Department*

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Works Department
Annual Financial Report
For the Year Ended September 30, 2019
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Independent Auditor's Report

The Board of County Commissioners
Hillsborough County, Florida

Report on the Financial Statements
We have audited the accompanying financial statements of the Hillsborough County, Florida, Water Enterprise Fund (the System), an enterprise fund of Hillsborough County, Florida, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express 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 System as of September 30, 2019 and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 1 to the financial statements, the financial statements referred to above present only the System and do not purport to, and do not, present fairly the financial position of Hillsborough County, Florida as of September 30, 2019, 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 and the pension and other postemployment benefit plan schedules, as listed in the table of contents, 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 System'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 supplemental information and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide an assurance on them.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report, under separate cover, dated April 30, 2020 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

RSM US LLP

Tampa, Florida
April 30, 2020

Report of Independent Auditor on Bond Compliance

The Board of County Commissioners
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, Water Enterprise Fund (the System), an enterprise fund of the Hillsborough County, Florida, as of and for the year ended September 30, 2019, and have issued our report thereon dated April 30, 2020.

In connection with our audit, nothing came to our attention that caused us to believe the System failed to comply with the terms, covenants, provisions, or conditions of Article XI of Hillsborough County Resolution No. R03-112, dated June 4, 2003, governing the Utility Revenue Bonds, Series 2010 and Series 2016, 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.

RSM US LLP

Tampa, Florida
April 30, 2020

Hillsborough County Florida

Management's Discussion and Analysis

The Hillsborough County Water Enterprise Fund (System) presents the following review of its financial activities for the fiscal year ended September 30, 2019. Readers of these financial statements are encouraged to consider this information together with the accompanying financial statement notes to obtain a comprehensive view of the System's financial position and operating results for the fiscal year ended September 30, 2019.

Financial Highlights

- Fiscal year 2019 operating revenues of $254,306,000 were $11,091,000 million higher than fiscal year 2018 revenues of $243,215,000. The change was 4.6%.
- The System recognized $82,212,000 in capital contributions from special assessment revenues, impact fees, grants and developer constructed capital improvements.

The fiscal year 2019 Change in Net Position was $72,869,000. This was an increase of $33,922,000 million or 87% from the fiscal year 2018 Change in Net Position of $38.947 million. This change was primarily due to increases in operating revenues and developer capital contributions. The System's Net Position on September 30, 2019, was $1.377 billion compared to $1.337 billion on September 30, 2018.

Management believes the System was compliant with all covenant requirements for the fiscal year ended September 30, 2019.

Overview of the Financial Statements

This analysis is intended to serve as an introduction to the 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.

Required Financial Statements

The System 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 about amounts invested in assets and amounts owed to creditors. The assets and liabilities are presented in a classified format, which lists current and other balances. The System's operating results are reported on the Statement of Activities. This Statement indicates whether the System recovered its operating and nonoperating costs through user fees and other revenues. The last required statement is the Statement of Cash Flows. The purpose of this statement is to provide data about the System's cash activities during the year. The Statement presents cash receipt and disbursement activities, as well as changes in cash balances resulting from operating, capital improvement, borrowing, and investing transactions.

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Management's Discussion and Analysis
For the Year Ended September 30, 2019

Financial Analysis: Condensed Statement of Net Position for 2019 Compared to 2018

To provide financial data for evaluation and comparison, an analysis of the System's Statement of Net Position on September 30, 2019, compared to September 30, 2018, follows**:**

(amounts in thousands)	2019	2018	Change	Percent Change
Assets				
Current and Other Assets	$ 653,392	655,470	(2,078)	(0.3)%
Capital Assets	1,278,474	1,214,856	63,618	5.2 %
Total assets	1,931,866	1,870,326	61,540	3.3 %
Deferred outflows of resources	21,239	21,792	6,092	28.0 %
Liabilities				
Current Liabilities	68,297	76,649	(8,352)	(10.9)%
Long-term liabilities	391,660	393,965	(2,305)	(0.6)%
Total liabilities	459,957	470,614	(10,657)	(2.3)%
Deferred inflows of resources	4,349	5,574	(1,340)	(24.0)%
Net position				
Net investment in capital assets	950,057	940,620	9,437	1.0 %
Restricted	143,755	115,451	28,304	24.5 %
Unrestricted	394,987	359,859	35,128	9.8 %
Total net position	$ 1,488,799	1,415,930	72,869	5.1 %

Total net position - Total net position increased $72,869,000 or 5.1% for the fiscal year ended September 30, 2019, due to various operational factors, but primarily due to a $20,077,000 increase in overall revenue and a $33,922,000 increase in capital contributions.

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Management's Discussion and Analysis
For the Year Ended September 30, 2019

Condensed Statement of Activities

Comparative revenues, expenses and changes in net position for fiscal years ended September 30, 2019 and 2018 were as follows:

(amounts in thousands)	2019	2018	Change	Percent Change
Revenues				
Operating revenues	$ 254,306	243,215	11,091	4.6 %
Nonoperating revenues	23,311	14,325	8,986	62.7 %
Total revenues	277,617	257,540	20,077	7.8 %
Expenses				
Operating expenses before depreciation	199,624	174,871	24,753	14.2 %
Depreciation and amortization	77,102	81,947	(4,845)	(5.9)%
Nonoperating expenses (benefit)	10,234	21,232	(10,998)	(51.8)%
Total Expenses	286,960	278,050	8,910	3.2 %
Income before capital contributions	(9,343)	(20,510)	11,167	(2.6)%
Capital contributions	82,212	59,457	22,755	38.3 %
Change in net position	72,869	38,947	33,922	87.1 %
Net position, beginning of year	1,415,930	1,376,983	38,947	2.8 %
Net position, end of year	$ 1,488,799	1,415,930	72,869	5.1 %

Operating revenues - Fiscal year 2019 operating revenues of $254,306,000 increased $11,091,000 million or 4.6% from the prior year. Water, wastewater and reclaimed water charges increased $9,337,000 or 4.0% over last year and customer billing charges, accrued guaranteed revenue fees, and general operating revenues increased $1,754,000 of 4.3% from fiscal year 2018.

Nonoperating revenues - Fiscal year 2019 nonoperating revenues of $23,311,000 increased $8,986,000 or 62.7% from fiscal year 2018. Interest revenue increased by $9,822,000 or 94.7% and other revenues decreased by $836,000 or 21.2% related primarily to purchase credit from bulk water purchases.

Total operating expenses - Fiscal year 2019 operating expenses of $199,624,000 increased $24,753,000 or 14.2% from last year. The increase was related to the following net factors. **Employee services**: there was a $4,035,000 or 7.1% increase in employee services related to the filling of additional positions and employee performance management increases. **Contractual services** increased $7,921,000 or 9.2% over last year related primarily to additional bulk water purchases from the City of Tampa which increased by $6,500 or 382.3% from 2018. Engineering services also increased by $1,211,000 or 172.6% for additional expansion of the System in the south county area. **Fleet services** increased $312,000 or 12.4% from last year. **Repairs and maintenance** increased $3,294,000 or 25% from 2018 primarily from parking lot resurfacing at the Falkenburg Plant. **Utilities** increased $3,094,000 or 24.9% over last year. **Supplies** decreased $34,000 or 3.2% from last year. **Other expenses** increased $744,000 or 24.7% from last year. **Pension expense** increased $3,069,000 or 139.9% over last year and **OPEB benefits** deceased by $2,318,000 or 93.1% from 2018.

Nonoperating expenses (benefit) - Fiscal year 2019 nonoperating expenses of $10,234,000 decreased $10,998,000 or 51.8% from fiscal year 2018. Interest expense increased by $145,00 or 1.3% and asset disposals decreased ny $10,853 or 104.8%.

Depreciation and amortization costs - There was a $4,845,000 or 5.9% decrease in annual depreciation costs due to disposal of obsolete operating machinery and acquisition of new equipment and improvements other than buildings related to the System's ongoing plant modernization program.

Capital contributions - Fiscal year 2019 capital contributions were $82,212,000 compared to $59,457,000 for fiscal year 2018. The comparative $22,755,000 or 38.3% increase in capital contributions was due to a $12,164,000 or 31.5% increase in developer contributions, a $45,000 or .5% increase in impact fee collections, a $7,611,000 or 14.1% increase in Special assessment contributions and a $2,934,000 increase in grant contributions. Comparative fiscal year 2019 and 2018 capital contributions were as follows:

(amounts in thousands)	2019	2018
Contributed capital assets	$ 38,641	26,477
Impact fees collections	8,055	8,010
Special assessments collections	32,581	24,970
Grants	2,935	-
Total capital contributions	$ 82,212	59,457

Capital Assets and Debt Administration

Capital assets - On September 30, 2019, capital assets, net of accumulated depreciation, were $1,278,000 compared to $1,215,000 for fiscal year 2018. The $63,618,000 or 4.9% increase over last year was related to the following net factors. First, $101,702 was expended on capital outlay for buildings, equipment, intangible assets, equipment and improvements other than buildings. Second, the System received contributed assets of $38,641 from developers. Third, these capital asset additions were offset by the combined fiscal year 2019 net charge for depreciation and amortization and net disposals of $76,725,000. See Note 5 in the accompanying financial statement notes for additional information on fiscal year 2019 capital asset activities.

Debt Administration - On September 30, 2019, outstanding bonds payable were $349,916,000 compared to $353,310,000 for fiscal year 2018. The $3,394,000 or 0.96% decrease from last year was due to a $2,805,000 Utility Revenue Bonds, Series 2010A, principal payment, an decrease in amortized bond issuance premiums of $625,000 and a decrease of amortized bond issuance discounts of $36,000.

Economic Factors

The residential customer base is expected to remain stable in the south county service area which is reflected in increases of special assessments and customer revenues. This increase has been offset by the additional bulk water purchases in fiscal year 2019. The System is reviewing the projected growth and current rate schedule and operating expenses to meet the new demand. To address the continued growth, the construction of a new water and wastewater plant is necessary to stabilize operating expenses and a review of the current 6-year rate schedule is being conducted to fund the construction of the new facilities.

To Obtain Further 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 System's financial position and operating results for the fiscal years ended September 30, 2019. Additional information concerning the System's operations and the services provided to Hillsborough County residents may be obtained from:

Hillsborough County Public Utilities Department
Attention: Director
PO Box 1110
Tampa, Florida 33601-1110

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Statement of Net Position
September 30, 2019
(amounts in thousands)

	September 30, 2019
ASSETS	
Current assets:	
Cash and cash equivalents	$ 47,204
Investments	200,454
Accounts receivable, net	23,085
Other receivables, current portion	1,380
Interest receivable	894
Due from other governmental units	19
Inventories	3,805
Prepaid items	1,542
Total unrestricted current assets	278,383
Restricted current assets:	
Cash and cash equivalents	33,567
Accounts receivable, net	13
Other receivables, current portion	7,300
Interest receivable	670
Total restricted current assets	41,550
Total current assets	319,933
Noncurrent assets:	
Cash, restricted	1,772
Investments, restricted	150,069
Due from other governments, restricted	4,629
Capital assets (net of accumulated depreciation and amortization):	
Land	29,242
Construction in progress	274,956
Total non-depreciable assets	304,198
Buildings	193,364
Improvements other than buildings	766,368
Equipment	11,538
Intangibles	3,006
Total depreciable assets	974,276
Total capital assets, net	1,278,474
Other assets:	
Other receivables, long term	176,989
Total other assets	176,989
Total noncurrent assets	1,611,933
Total assets	1,931,866
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	14,286
Purchase price in excess of book value	6,251
OPEB	702
Total deferred outflows of resources	$ 21,239

The accompanying notes are an integral part of these financial statements

	September 30, 2019
LIABILITIES	
Current liabilities:	
Accounts and contracts payable	20,385
Accrued liabilities	2,460
Unearned revenues	718
Compensated absences, current	3,184
Total unrestricted current liabilities	26,747
Current liabilities payable from restricted assets:	
Accounts and contracts payable	15,026
Accrued interest payable	2,427
Unearned revenues	58
Deposits held	16,169
Bonds payable, current	7,870
Total current liabilities payable from restricted assets	41,550
Total current liabilities	68,297
Noncurrent liabilities:	
Bonds payable, net	342,046
Total OPEB liability	3,563
Net pension liability	46,051
Total noncurrent liabilities	391,660
Total liabilities	459,957
DEFERRED INFLOWS OF RESOURCES	
Pensions	4,138
OPEB	211
Total deferred inflows of resources	4,349
NET POSITION	
Net investment in capital assets	950,057
Restricted for:	
Bond covenants, renewal and replacement	49,589
Debt service	94,166
Unrestricted	394,987
Total net position	$ 1,488,799

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Statement of Activities
For the fiscal year ended September 30, 2019
(amounts in thousands)

	September 30, 2019
Operating revenues:	
Charges for services	$ 254,306
Total operating revenues	254,306
Operating expenses	
Personnel services	60,473
Contractual services	94,449
Fleet services	2,823
Repairs and maintenance	16,460
Utilities	15,532
Supplies	1,037
Depreciation and amortization	77,102
Other operating expenses	3,761
Pension expense	5,262
OPEB expense (benefit)	(173)
Total operating expenses	276,726
Operating income (loss)	(22,420)
Nonoperating revenues (expenses)	
Interest revenue	20,198
Interest expense	(10,733)
Gain (loss) on disposal of capital assets	499
Other revenues	3,113
Total nonoperating revenues (expenses)	13,077
Income (loss) before capital contributions	(9,343)
Capital contributions	82,212
Change in net position	72,869
Net position, beginning of year, as previously reported	1,415,930
Net position, end of year	$ 1,488,799

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Statement of Cash Flows
For the fiscal year ended September 30, 2019
(amounts in thousands)

Cash flows from operating activities:	
Receipts from customers	$ 252,816
Payments to suppliers	(122,264)
Payments to employees	(59,431)
Cash from (to) other sources	2,783
Net cash provided by operating activities	73,904
Cash flows from noncapital financing activities:	
Cash flows from capital and related financing activities:	
Contributed capital	16,115
Acquisition/construction of capital assets	(127,073)
Principal paid on capital debt	(2,805)
Interest paid on capital debt	(11,390)
Proceeds from sale of assets	511
Net cash used for capital and related financing activities	(124,642)
Cash flows from investing activities:	
Proceeds from sales and maturities of investments	322,251
Purchase of investment securities	(253,781)
Interest and dividends received	21,054
Net cash provided by investing activities	89,524
Net change in cash and cash equivalents	38,786
Cash and cash equivalents, beginning of year	43,755
Cash and cash equivalents, end of year	82,541
Cash and cash equivalent components:	
Cash and cash equivalents	47,204
Restricted cash and cash equivalents	33,567
Total cash and cash equivalents, end of year	$ 80,771

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Statement of Cash Flows
For the fiscal year ended September 30, 2019
(amounts in thousands)

Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)		(22,420)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization expense		77,102
Changes in assets, liabilities, deferred outflows and deferred inflows:		
Miscellaneous revenues (expenses)		2,783
(Increase) decrease in accounts receivable		(1,164)
(Increase) decrease in due from other funds/governments		(37)
(Increase) decrease in inventories and prepaids		(229)
(Increase) decrease in deferred outflows		862
Increase (decrease) in accounts and contracts payable		12,027
Increase (decrease) in accrued and other liabilities		317
Increase (decrease) in due to other funds/governments		1
Increase (decrease) in unearned revenues		(951)
Increase (decrease) in compensated absences payable		23
Increase (decrease) in pension liability		5,599
Increase (decrease) in OPEB liability		555
Increase (decrease) in deposits		660
Increase (decrease) in deferred inflows		(1,224)
Total adjustments		96,324
Net cash provided by operating activities		73,904
Noncash investing, capital, and financing activities:		
Contributed capital assets	$	65,669
Disposal of capital assets at book value		(12)
Amortization of bond premiums/discounts		590
Acquisition/construction of capital assets included in accounts and contracts payable		11,951

The accompanying notes are an integral part of these financial statements

Hillsborough County Florida

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The System is an enterprise fund of the Hillsborough County, Florida, Board of County Commissioners (BOCC). The System's financial statements are included in the Hillsborough County, Florida, Comprehensive Annual Financial Report. The financial statements referred to above present only the System and do not purport to, and do not, present the financial position of Hillsborough County, Florida as of September 30, 2019, and the changes in its financial position, or where applicable, its cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

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 basis of accounting was used to report the System's operations. Under this accounting basis, revenues are recognized in the period earned and expenses are recognized in the period liabilities are incurred, regardless of the timing of the related cash flows. The financial statements distinguish operating revenues and operating expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection the System's principal ongoing operations. The System's principal operating revenues are charges to customers for water usage and wastewater treatment. Billings are generally based on metered consumption, which is determined at various dates each month. Operating expenses of the System include employee wages and benefits, purchases of services, supplies and materials and other expenses related to operating the System and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

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. The System follows GASB Statement No. 72, *Fair Value Measurement and Application.* See Note 2, *Deposits and Investments,* for more information.

E. Accounts Receivable

Accounts recievable consists of special assessments recievables and billed and unbilled recievables.

Special Assessment Receivable - A non-current special assessment receivable is recorded for contributed capital resulting from special assessment projects. Recognition of the contributed capital is described in the revenue recognition section. A portion of the balance is reclassified as a current special assessment receivable. This current portion is estimated based on the actual tax billed by the Tax Collector. No allowance is recorded because liens are recorded against the assessed property.

Accounts Receivable and unbilled recievables - Accounts receivable are composed primarily of monthly billings to retail and wholesale customers. Unbilled revenues for services delivered during the last month of the fiscal year are accrued based on meter readings for September consumption. An allowance for doubtful accounts is provided for receivables where there is a question as to ultimate collectability. Receivables for the Fund are presented in the accompanying financial statements, net of an allowance for uncollectible accounts.

F. Allowance for Doubtful Accounts

The System utilizes the allowance method for recognizing bad debt expense and for recording bad debt recoveries. During fiscal year 2019, the System's allowance for doubtful accounts was $276,000.

G. Inventories and Prepaid Items

Inventories are valued at the lower of cost (using the first-in, first-out or average cost methods), or net realizable value. The cost of inventory or prepaid items in proprietary funds is recorded as an expense at the time individual inventory or prepaid items are consumed (consumption method). Inventories on hand at fiscal year-end are reported as assets on the Statement of Net Position.

H. Capital Assets

The System records capital asset additions, other than intangibles, with an original cost of at least one thousand dollars and with 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. Reimbursable water and sewer line construction costs incurred by the System on behalf of customers, developers, and property owners are capitalized and recorded as capital contributions. Any amounts collected that are deemed to not be capital contributions and are owed back to customers are reimbursed to customers and recorded as a reduction of capital contributions. Depreciation is provided in amounts sufficient to allocate depreciable capital asset costs to operations over their estimated service lives using the straight-line method. Additionally, intangible capital assets include software and easements. Intangible assets are capitalized with an original cost of at least five thousand dollars.

The System's capital assets have estimated useful lives as follows:

Capital Asset Categories	Estimated Useful Life (in years)
Buildings and utility plants	5 - 50
Building improvements	10 - 35
Equipment	1 - 10
Intangible	1 - 3

I. Restricted Assets

Restricted assets represent amounts set aside for debt service, construction, operating and maintenance, and renewal, replacement and improvements under the terms of outstanding bond agreements and regulatory requirements. Bond construction accounts include bond proceeds available for design and construction of capital projects. The debt service accounts contain principal and interest amounts required for payments due within one year. The bond reserve accounts contain the maximum amount of principal and interest requirements pursuant to bond resolutions. The operating and maintenance accounts, renewal, replacement and improvement accounts also contain amounts required by bond resolutions to be set aside.

J. Bond Issue Premiums and Discounts

Bond issue premiums and discounts are recorded as an increase and decrease, respectively in bonds payable on the Statement of Net Position. These costs are amortized to interest expense using the effective interest method over the life of the debt issue. For fiscal year 2019, reductions of unamortized bond premiums and discounts amortized to interest expense were $589,000.

K. Compensated Absences

GAAP requires accruing a liability for compensated absences, such as vacation and sick leave, as well as 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 the employee earns the benefit, but only to the extent that it is probable that employees will be compensated for this benefit through cash payments at termination or retirement.

The System's compensated sick leave liability consists of two parts. Under Human Resources Policies and Procedures, sick leave is paid at termination under two conditions. First, sick leave compensation for employees in "Plan A" includes payment at termination for all sick time hours accrued up to four hundred eighty hours and half of the sick time accrued over nine hundred 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 sick time hour up to four hundred eighty hours and half of the sick time accrued over nine hundred sixty hours as of that date. Sick time is not paid for hours accrued between four hundred eighty hours and nine hundred sixty hours. 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 System's share of Social Security and Medicare taxes.

L. Operating and Nonoperating Revenues and Expenses

The System reports its operating revenues and expenses separately from its nonoperating revenues and expenses. Operating revenues are earned from the principal activities of providing potable water and the treatment and environmentally safe disposal of wastewater. 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 System's principal activities, such as investment earnings and long-term debt interest charges.

M. Self-Insurance

The System participates in a self-insurance internal service fund, maintained 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 $650,000 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 $200,000 per person and $300,000 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 2019, settled claims did not exceed insurance coverage. During fiscal year 2019, the System paid premiums of $3,233,000 to the BOCC Self-Insurance Internal Service Fund for workers' compensation, automotive, general liability, and property insurance coverage.

The System, 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 is self-insured up to $550,000 per person annually. Stop-loss insurance was purchased to cover an unlimited lifetime amount per person above the $550,000 per person deductible. During fiscal year 2019, the System paid $8,366,000 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 System are reflected in the financial statements as a current year operating expense.

N. Employee Retirement Plans

With a few exceptions, all full-time and part-time employees working for the System 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 System's proportionate shares of the net pension liabilities associated with the retirement plans offered by the Florida Retirement System. The System 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.* 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. The System follows GASB Statement No. 82, *Pension Issues, and an amendment of GASB Statements No. 67, No. 68, and No. 73*. This statement provides for covered payroll to be used in required supplementary information. See Note 12, *Employee Retirement Plans*, for more information.

In the Statement of Net Position, pension liabilities are recognized for the System's proportionate share of the County's share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan (Pension Plan) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan, and additions to and deductions from the Pension Plan's and the HIS's fiduciary net position, have been determined on the same basis as they are reported by the Pension Plan and HIS plans.

Changes in the net pension liability during the period are recorded as pension expense, deferred outflows of resources, or deferred inflows of resources, depending on the nature of the change. Those changes in the net pension liability that are recorded as deferred outflows of resources or deferred inflows of resources that arise from changes in actuarial assumptions or other inputs, changes in the proportionate share of the net pension liability, and differences between expected or actual experience, are amortized over the average expected remaining service lives of all active and inactive participants that are provided with pensions through the pension plans, and recorded as a component of pension expense beginning with the period in which they arose. Differences between projected and actual investment earnings are reported as deferred outflows of resources or deferred inflows of resources, and are amortized as a component of pension expense using a systematic and rational method over a five year period beginning with the period in which a difference arose.

O. Other Postemployment Benefits (OPEB)

The System, 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. This monthly stipend is $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. See Note 9, *Other Postemployment Benefits (OPEB)*, for more information.

The total OPEB liability is measured as portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period. The total OPEB liability is reported in the statement of net position.

P. Deferred Outflows of Resources and Deferred Inflows of Resources

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 System had pension-related items, OPEB-related items, and purchase price in excess of book value items that qualify as deferred outflows of resources. These items totaled $21,239,000 at September 30, 2019. See Note 9 and 11, *Other-Post Employment Benefits* and *Employee Retirement Plans*, for more information. At September 30, 2019 the System had deferred outflows of resources in the amount of $6,251,000 for the purchase price in excess of book value acquired during the purchase of private water/wastewater utility systems, which is being amortized over its 30 year useful life.

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 System had pension-related and OPEB-related items that qualify as deferred inflows of resources. These items were $4,138,000 and $211,000, respectively, at September 30, 2019. See Note 12, *Employee Retirement Plans* and Note 9, *Other Post Employment Benefits (OPEB)*, for more information.

Q. Use of Restricted Versus Unrestricted Net Position

Net position represents the residual interest in the System's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consists of three components: net investment in capital assets, restricted, and unrestricted net position. Net investment in capital assets includes capital assets, net of accumulated depreciation, reduced by outstanding debt incurred to acquire, construct, or improve those capital assets, excluding unexpended proceeds. The restricted category represents the balance of assets restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of the net position not meeting the definition of either of the other two components. When an expense is incurred for which both restricted and unrestricted resources are available, System policy is to liquidate the expense with restricted resources first, as appropriate and feasible.

R. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

S. GASB Statements

The System adopted the following Governmental Accounting Standards Board (GASB) Statements during the fiscal year ended September 30, 2019:

GASB Statement No. 83, "***Certain Asset Retirement Obligations***"

Issued in November 2016, the Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The Statement requirements are effective for reporting periods beginning after June 15, 2018 however earlier application is encouraged. The System adopted this Statement for fiscal year 2019. The adoption of Statement No. 83 did not impact the Systems financial position of results in operations.

GASB Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements"

Issued in April 2018, this Statement improves the information that is disclosed in notes to governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The System implemented this Statement for fiscal year 2019. The adoption of Statement No. 88 did not impact the System's financial position or results in operations.

Management is evaluating the following issued and unadopted Governmental Accounting Standards Board (GASB) Statements during fiscal year ended September 30, 2019:

GASB Statement No. 84, "***Fiduciary Activities***"

Issued in January 2017, this Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement will be effective for the System beginning with its fiscal year ending September 30, 2020. Management is currently evaluating the impact of the adoption of this Statement on the System's financial statements but does not expect it to be significant.

GASB Statement No. 87, ***"Leases"***

Issued in June 2017, this Statement is to improve the accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Statement establishes a single model for lease accounting based on the foundational principle that leases are financing's of the right of use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement will be effective for the System beginning with its fiscal year ending September 30. 2021. Management is currently evaluating the impact of the adoption of this statement of the System's financial statement but does not expect it to have a significant effect on its financial statements.

GASB Statement No. 90, ***"Majority equity interest - An amendment of GASB Statements No. 14 and No. 61"***

Issued in August 2018, the Statement was issued to improve the consistency and comparability of reporting a government's majority equity interest in a legal separate organization and to improve the relevance of financial statement information for certain component units. This Statement will be effective for the System beginning with its fiscal year ending September 30, 2021. Management is still evaluating the impact of the adoption of this Statement on the System's financial statements but does not expect it to be significant.

GASB Statement No. 91, ***"Conduit Debt Obligations"***

Issued in May 2019, this Statement is to improve the accounting and financial reporting for conduit debt obligations for governments. This Statement's objective is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Statement No. 91 clarifies the existing definition of conduit debt obligations; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement will be effective for the System beginning with its fiscal year ending September 30, 2022. The adoption of Statement No. 91 is not expected to impact the System's financial position or results of operations.

GASB Statement No. 92, ***"Omnibus 2020"***

Issued in January 2020, this Statement addresses various accounting issues including: the modification of the effective date of Statement No. 87; reporting of intra-entity transfers of assets between a primary government and a component unit defined benefit pension plan or defined benefit OPEB plan; the applicability of certain GASB statements to reporting assets accumulated for pension and OPEB; the applicability of certain requirements of Statements No. 84; and measurements of liabilities and assets, if any, related to asset retirement obligations in a government acquisition. The change change in the effective date for GASB Statement No. 87 was immediate and the other provisions are effective for the System beginning with its fiscal year ending September 30, 2022. Management is currently evaluating the impact of the adoption of this Statement on the System's financial statements.

2. Deposits and Investments

A. Deposits

On September 30, 2019, the System's total cash deposits were $37,754,000 and the total bank balance was $38,802,000. Bank balances are fully insured by federal depository insurance and/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.

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. 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.

The System's cash, cash equivalents, and investments on September 30, 2019 were as follows:

(amounts in thousands)	Fair Value Level	Modified Duration	Credit Rating	2019
U. S. treasury securities	2	1.0	AA+/A-1+	$ 297,536
Federal agency securities	2	1.9	AA+/A-1+	33,408
Corporate notes	2	1.4	AA+/AA/AAA	15,329
Municipal bonds	2	1.5	AA	1,029
Commercial paper notes	2	0.3	A-1/A-1+	3,222
Total investments				350,524
Open-ended money market funds	--	0.1	AAA	1,695
State Board Administration (SBA): Florida PRIME	--	0.2	AAAm	43,093
Total cash equivalents and investments				395,312
Cash deposits				37,754
Total cash, cash equivalents, investments and deposits				$ 433,066

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

(Amounts in thousands)	2019
Cash and cash equivalents:	
Current	$ 47,204
Restricted	35,339
Total cash and cash equivalents	82,543
Investments	
Current	200,454
Restricted	150,069
Total investments	350,523
Total cash, cash equivalents and investments	$ 433,066

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 .09. 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 System's investments are insured or registered, or held by the BOCC or its agent in the BOCC's name. On September 30, 2019, there was no amount held by counterparties. Excluding the United States Treasury 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 State Board Administration (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.

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 or and the amount and purpose of such fees are disclosed in the enrollment materials, the SBA has not imposed such penalties. As of September 30, 2019, 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 Local Government Investment Pool, known as Florida PRIME.

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 United States 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 money market funds with the highest credit quality ratings from a nationally recognized rating agency.

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 10 years, but investments in Treasury Strips are limited to 10% of the portfolio.

b. A maximum of 50% of the portfolio may be invested in the state of Florida's Local Government Investment Pool, known as Florida PRIME.

c. A maximum of 50% of the portfolio may be invested in United States government agency securities, with no more than 10% of the portfolio invested in any individual United States government agency.

d. A maximum of 60% of the portfolio may be invested in obligations of United States government instrumentalities, with a maturity length of 10 years, provided that no more than 30% of the portfolio is invested in any one issuer and no more than 25% of the portfolio is invested in callable securities.

e. A maximum of 20% of the portfolio may be invested in repurchase agreements excluding one-business day agreements and overnight sweep agreements, with no more than 10% of the portfolio in the repurchase agreements of a single institution.

f. A maximum of 20% of the portfolio may be invested in nonnegotiable interest-bearing time certificates of deposit of an institution with deposits secured by the Florida Security for Public Deposits Act, provided that the maximum maturity on any certificate is no greater than one year and no more than 10% of the portfolio is deposited with any one issuer.

g. A maximum of 20% 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), with no more than 5% of the portfolio in the commercial paper of a single issuer. The maximum length to maturity shall be 270 days from the date of purchase.

h. A maximum of 50% 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 or AAAm-G or better by Standard & Poor's or the equivalent by another nationally recognized rating agency. No more than 25% of the portfolio may be invested in any one money market fund.

i. A maximum of 15% of the portfolio may be invested in high quality corporate notes (rated Aa by Moody's and AA by Standard & Poor's), with no more than 5% of the portfolio in the notes of a single issuer.

j. A maximum of 20% of the portfolio may be invested in intergovernmental investment pools, provided that the total investment does not exceed 25% of the intergovernmental pool.

k. A maximum of 25% of the total portfolio may be invested in state or local government taxable and/or tax exempt general obligation and/or revenue bonds (rated at least Aa by Moody's and AA by Standard and Poor's) or short-term debt (rated at least MIG-2 by Moody's and SP-2 by Standard & Poor's).

l. A maximum of 20% of the total portfolio may be invested in bankers' acceptances issued by a domestic bank or federally chartered domestic office of a foreign bank (rated at least P-1 by Moody's Investors Service and A-1 by Standard & Poor's), with a maximum of 5% of available funds with any one issuer. The maximum length to maturity shall be 180 days from purchase.

m. Reverse repurchase agreements and securities lending transactions are not permitted.

n. The maximum maturities shown above may be exceeded if investments are purchased to fulfill long-term debt service reserve requirements, in which case investments are permitted to have maturity dates up through the life of the debt service reserves.

Deposits in excess of the System'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. Receivables

Accounts receivable and other receivables have three components. The first component consists of customer billings based on metered consumption determined at various dates each month. At fiscal year-end, a receivable was recorded and revenue was recognized for the estimated unbilled consumption since the last monthly meter reading. The second component consists of restricted impact fee billings, representing developer water and wastewater service fee connection charges due prior to issuance of a certificate of occupancy. The third component consists of long-term impact fee charges, impact fee special assessments, reclaimed water improvement special assessments for lawn irrigation and water conservation construction projects, and amounts due from Tampa Bay Water (TBW). The twenty-year impact fee and reclaimed water improvement special assessment receivables are fully guaranteed through a lien on real property and through delinquent ad-valorem tax certificate sales.

The September 30, 2019 accounts receivable and other receivables components were as follows:

(Amounts in thousands)	**2019**
Customer receivables:	
Customer receivables - billed	$ 11,550
Customer receivables - unbilled	11,811
Other receivables - current	1,380
Total customer receivables	24,741
Less: allowance for doubtful accounts	276
Net customer receivables	24,465
Restricted receivables	
Customer impact fee receivables	13
Other receivables (impact fee assessments)	7,300
Total current account receivables	31,778
Other accounts receivable, less current portion:	
Impact fees	168
Special assessment units	170,254
Tampa Bay Water	7,995
TBW unamortized asset sale gain	(1,428)
Total other receivables	176,989
Total accounts receivable, net	$ 208,767

4. Due From Other Governments

Due from other governments represents unrestricted special assessment revenues and collection fee refunds due from the Hillsborough County Tax Collector, and restricted amounts due for unreimbursed capital and operating grant expenditures. On September 30, 2019, current and restricted amounts due from other governments was $4,648,000.

5 Capital Assets

Changes in capital assets for the year ended September 30, 2019 were as follows:

(amounts in thousands)	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable:				
Land	$ 29,242	--	--	29,242
Construction work in progress	255,175	95,211	75,430	274,956
Total non-depreciable capital assets	284,417	95,211	75,430	304,198
Capital assets, depreciable:				
Buildings and utility plant	521,015	6,164	--	527,179
Building improvements	1,510,397	108,261	--	1,618,658
Equipment	30,901	3,684	1,532	33,053
Intangibles -- software	1,636	2,448	--	4,084
Total depreciable capital assets	2,063,949	120,557	1,532	2,182,974
Accumulated depreciation:				
Buildings and utility plant	(310,019)	(23,796)	--	(333,815)
Building improvements	(803,537)	(48,753)	--	(852,290)
Equipment	(19,389)	(3,646)	(1,520)	(21,515)
Intangibles -- software	(565)	(513)	--	(1,078)
Total accumulated depreciation	(1,133,510)	(76,708)	(1,520)	(1,208,698)
Total depreciated capital assets, net	930,439	43,849	12	974,276
Total capital assets, net	$ 1,214,856	139,060	75,442	1,278,474

6. Reporting Excess Contribution on Acquisition

On August 24, 2015, Hillsborough County Public Utilities Water Enterprise Fund acquired the operations of the Hillsborough County Waterworks, Inc., a privately owned water/wastewater utility system in exchange for $230,000. The County will operate and maintain the water and wastewater enterprise for public use and account for its operations in the enterprise fund. The acquisition included all the assets of Hillsborough Waterworks, Inc., which consisted of improvements other than buildings.

For fiscal year 2019, the System recorded deferred outflows of resources - price paid in excess of book value of $6,251,000 of which $394,000 was amortized to operating expense and included in "depreciation and amortization". Also, as required by GASB Statement 85, the 2003 acquisitions of FSW Utility and the GFUA Carrollwood Utility assets were recorded to deferred outflows of resources.

(Amounts in thousands)	Beginning Balance	Increases	Decreases	Ending Balance
(Amounts in thousands)				
Deferred Outflow - price paid in excess of book value	$ 6,645	--	(394)	6,251

7. Current Liabilities

A. Accounts and Contracts Payable

Accounts and contracts payable balances on September 30, 2019 were as follows:

(Amounts in thousands)	**2019**
Accounts payable	$ 23,453
Contracts payable	11,958
Total accounts and contracts payable	$ 35,411

B. Unearned Revenues

Unearned revenues represent developer advance payments on the accrued guaranteed revenue fee (AGRF). The AGRF reimburses the System for a portion of the capital carrying costs and maintenance expenses incurred and paid by the System to provide the developer access to water and wastewater connections. The deposit is earned when the developer is issued a certificate of occupancy. On September 30, 2019, unearned AGRF restricted and unrestricted deposits were $776,000.

8. Other Liabilities

A. Revenue Bonds

On November 16, 2010, the System issued $150,000,000 in capital expansion and improvement bonds as follows:

$18,035,000 Tax Exempt Utility Revenue Bonds, Series 2010A. The interest rate is 2.05% with interest payable semiannually. As of August 1, 2019 the bond was fully matured.

$110,265,000 Utility Revenue Bonds, Federally Taxable-Build America Bonds-Direct Payment-35% interest subsidy, Series 2010B, serial and term bonds. The net interest rate, after deducting the 35% interest subsidy, is 3.43% with interest payable semiannually. On September 30, 2019, the unpaid Series 2010B Bonds principal was $110,265,000. The serial bonds mature on August 1, 2030 and the term bonds mature on August 1, 2037.

$21,700,000 Utility Revenue Bond, Federally Taxable Recovery Zone Economic Development Bonds-Direct Payment-45% interest subsidy, Series 2010C term bond. The net interest rate, after deducting the 45% interest subsidy, is 3.22% with interest payable semiannually. On September 30, 2019, the unpaid Series 2010C Bonds principal was $21,700,000. The term bond matures on August 1, 2040.

On July 26, 2016, the BOCC issued $207,795,000 in capital expansion and improvement bonds as follows:

$207,795,000 Tax Exempt Utility Revenue Bonds, Series 2016. The interest rate is 2.83% with interest payable semiannually. On September 30, 2019, the unpaid Series 2016 Bonds principal, (including current maturities of $0 was $207,795,000. The bonds mature on August 1, 2046.

B. Revenues Pledged for Debt Service and Future Debt Service Requirements

Under BOCC Bond Resolution R03-112, as amended by Resolution R10-151, article XI, section 11.02, operating revenues are pledged and distributed as follows: first, to payment of the costs of operations and maintenance and second, to annual debt service requirement on the outstanding bonds. Pledged revenues are operating revenues plus unrestricted interest income, less cost of operations plus certain unrestricted water capacity fees (impact fees).

There are other various requirements relating to the flow and to the amount of money required to be on deposit in bond covenant established accounts. The bonds are collateralized by a pledge of System net revenues and pledged impact fees. The bonds are also collateralized by proceeds from the sale or condemnation of System property and by property and casualty insurance proceeds.

A summary of the outstanding bonds debt service requirements, including current maturities of $7,870,000, follows:

(amounts in thousands)	Principal	Interest	Interest Subsidy	Total
2020	$ 7,870	13,692	(2,544)	19,018
2021	8,035	13,464	(2,481)	19,018
2022	8,325	13,108	(2,413)	19,020
2023	8,625	12,731	(2,341)	19,015
2024	8,950	12,333	(2,264)	19,019
2025-2029	50,000	55,024	(9,941)	95,083
2030-2034	59,150	43,051	(7,114)	95,087
2035-2039	70,340	28,328	(3,587)	95,081
2040-2044	82,075	13,218	(203)	95,090
2045-2046	36,390	1,646	--	38,036
Total principal and interest	339,760	206,595	(32,888)	513,467
Plus unamortized issue premium	10,493			
Less unamortized bond issuance discount	(337)			
Revenue bonds payable, net	349,916			
Less current maturities	(7,870)			
Revenue bonds payable, net	$ 342,046			

C. Compensated Absences

GAAP requires recording a liability for unpaid compensated absences. On September 30, 2019, the compensated absence liabilities were $3,184,000, which was all a current liability.

D. Changes in Total Other Liabilities

The System's changes in total other liabilities for the fiscal year ended September 30, 2019 were as follows:

(amounts in thousands) Description	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2010 bonds	$ 134,770	--	2,805	131,965	4,675
2016 bonds	207,795	--	--	207,795	3,195
Unamortized bond issue premium	11,118	--	625	10,493	--
Unamortized bond issue discount	(373)	--	(36)	(337)	--
Compensated absences	3,161	3,419	3,396	3,184	3,184
Net pension liability	40,452	5,599	--	46,051	--
Total OPEB liability	3,008	555	--	3,563	--
Total other liabilities	$ 399,931	9,573	6,790	402,714	11,054

9. Other Postemployment Benefits (OPEB)

The County has a single-employer defined benefit OPEB plan. The County 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 their future benefits over their working careers. The County Plan is allocated to the System based on percentage of the System's total covered employee payroll divided by the total County covered employee payroll.

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. The stipend is payable to regular retired employees from ages 62 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, 2019, the County's OPEB Plan covered approximately 6,065 active County employees, consisting of those currently eligible and those not yet fully eligible, as well as 611 County retirees or other inactive employees.

Total OPEB Liability

Actuarial Method and Assumptions - The total OPEB liability was actuarially determined based on several actuarial assumptions. September 30, 2019 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, 2019 OPEB Plan valuation were based on the results of an actuarial experience study for the period from October 1, 2018 through September 30, 2019.

The entry age normal actuarial cost method was used in the September 30, 2019 actuarial valuation. Other actuarial assumptions included a composite inflation rate of 3.5% and a discount rate of 2.66% (Bond Buyer 20-Bond GO index). In addition, the initial annual healthcare cost trend rate assumptions were 6.5% grading down to an ultimate rates of 4.5% for the BOCC. In addition, the average age of active participants was 46 years and the average age of inactive participants was 62 years. Mortality rates were based on the PUB-2010 generational table for general purpose employees scaled using MP-19 and applied on a gender-specific basis.

Sensitivity of Total OPEB Liability to Changes in Either the Discount Rate or Changes in the Healthcare Trend Rate – The first chart below presents the System's total OPEB liability, as well as what the System's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.66%) or one percentage-point higher (3.66%) than the current discount rate. The second chart below presents the System's total OPEB liability, as well as what the System's total OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage point lower (5.5%) or one percentage-point higher (7.5%) than the current healthcare trend rate.

Sensitivity of Total OPEB Liability to Changes in Discount Rate			Sensitivity of Total OPEB Liability to Changes in Healthcare Trend Rate		
1% Decrease (1.66%)	**Discount Rate (2.66%)**	**1% Increase (3.66%)**	**1% Decrease (5.50%)**	**Healthcare Trend Rate (6.50%)**	**1% Increase (7.50%).**
$ 3,822,000	3,563,000	3,224,000	3,086,000	3,563,000	3,900,000

The healthcare trend rate of 6.5% is an initial rate. The total OPEB liability shown on the preceding chart, however, is based on the following healthcare trend rates. Approximately 6.5% grading down .5% per year to ultimate rates of 4.5% for the BOCC.

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

OPEB Liabilities - At September 30, 2019, the System reported total OPEB liabilities of $3,563,000. The total OPEB liability was measured as of September 30, 2019. The components of the System's total OPEB liability at September 30, 2019 were as follows:

(Amounts in thousands)	OPEB Plan
Total OPEB Liability	$ 3,563
Covered employee payroll (active plan members)	41,595
Total OPEB liability as a percentage of covered employee payroll	8.6 %

If cash and investments were placed in an irrevocable trust for OPEB, then the cash and investments would also be subtracted from "total OPEB liability" to determine the "net OPEB liability." The County has set aside $36,605,000 in the Self-Insurance Internal Service Fund for OPEB. Fair value was used to value the cash and investments set aside. This $36,605,000 represents 30.79% of the County's total OPEB liability at September 30, 2019. However, since an irrevocable trust was not established, none of this $36,605,000 in cash and investments is considered to be "plan fiduciary net position." Total OPEB liability is reported in the accompanying statements of net position because an irrevocable trust was not established.

The change in the total OPEB liability during fiscal year 2019 as well as the beginning and ending total OPEB liability is shown below:

	Total OPEB Liability
Balance at October 1, 2018	$ 3,008
Changes for the fiscal year:	
Service cost	39
Interest	118
Differences between expected and actual experience	269
Changes in assumptions and other inputs	474
Benefit payments	(345)
Net changes	555
Balance at September 30, 2019	$ 3,563

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 System did not "fund" the total OPEB obligation, but instead chose to appropriate and set aside amounts annually in the Self-Insurance Internal Service Fund so the total 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 4.18% to 2.66%.

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 System's intent to continue setting aside additional monies each year for OPEB. Total assessments were $129 for fiscal year 2019. The status of the plan as of September 30, 2019, was as follows:

OPEB Benefit - For the fiscal year ended September 30, 2019, the System recognized OPEB benefit of $173,000. Changes in total 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 System that is applicable to a future reporting period. "Deferred inflows of resources" are an acquisition of net position by the System that is applicable to a future reporting period. For each of the following, a portion was recognized in OPEB expense during fiscal year 2019, 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:

- 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.
- 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.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 254,000	--
Changes in assumptions	448,000	(211,000)
Total	$ 702,000	(211,000)

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:

Year Ended September 30	OPEB Expense	OPEB Benefit
2020	$ 40,000	$ (21,000)
2021	40,000	(21,000)
2022	40,000	(21,000)
2023	40,000	(21,000)
2024	40,000	(21,000)
Thereafter	502,000	(106,000)

The System did not have any interfund payables to the Self-Insurance Fund's OPEB Plan at September 30, 2019.

10. Capital Contributions

Capital contributions for fiscal year ended September 30, 2019 were as follows:

(Amounts in thousands)	**2019**
Contributed capital assets	$ 38,641
Impact fees collections	8,055
Special assessments	32,581
Grants	2,935
Total	$ 82,212

11. 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 laws; or (b) restricted by enabling legislation to the sole purpose specified by that legislation. The restricted net position for the fiscal year ended September 30, 2019 was $143,755,000.

12. Employee Retirement Plans

Florida Retirement System – General Information

Substantially all System 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 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

The County Plan for FRS is allocated to the System based on a percentage of contributions (System contributions divided by the total County FRS contributions). 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.

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.

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, 2019, 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, 2018 through June 30, 2019 and from July 1, 2019 through September 30, 2019, respectively, were as follows: Regular—7.52% and 7.92%; Senior Management Service—21.77% and 22.71%; and DROP participants—12.99% and 13.26%. These employer contribution rates include 1.66% and 1.66% HIS Program subsidies.

HIS Program

The County Plan for HIS is allocated to the System based on a percentage of covered payroll (System covered payroll divided by total County covered payroll). 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, 2018 through September 30, 2019 was 1.66%. The employer contribution rates shown in the FRS Pension Plan section above include the HIS Program contribution rate of 1.66%, for the periods of October 1, 2018 through September 30, 2019. 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 System's contributions, including employee contributions, to the FRS Pension Plan were $2,626,000 for the fiscal year ended September 30, 2019. The System's contributions to the HIS Program were $690,000 for the fiscal year ended September 30, 2019.

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

Pension Liabilities - At September 30, 2019, the System reported net pension liabilities of $32,796,000 and $13,255,000, 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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The System's proportionate share of the net pension liability was based on the System's contributions as a percentage of all contributions from participating members for the state of Florida fiscal year ended June 30, 2019. At June 30, 2019, the System's proportionate shares for the FRS Pension Plan and HIS Program were 3.947% and 6.867%, respectively of the County's proportionate share. The System's proportionate shares for the FRS Pension Plan and HIS Program, which were 0.02 and 0.03 percentage points higher than the respective proportionate shares measured as of June 30, 2018. The components of the System's net pension liabilities at September 30, 2019 were as follows:

	FRS Pension Plan	HIS Program	Total
Total pension liability	$ 188,566	$ 13,613	202,179
Plan fiduciary net position	(155,770)	(358)	(156,128)
Net pension liability	$ 32,796	13,255	46,051
Plan fiduciary net position as a percentage of the total pension liability	82.61 %	2.63 %	77.22 %

"Plan fiduciary net position" represents cash and investment assets held to pay pension liabilities as they mature. 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 report, see the second paragraph of this note.

Pension (Benefit) Expense - For the fiscal year ended September 30, 2019, the System recognized pension expense of $4,847,000 and $415,000 for the Pension Plan and HIS Program, respectively.

Deferred Outflows/Inflows of Resources – For the fiscal year ended September 30, 2019, the System reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

	FRS Pension Plan		HIS Program	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,923	(22)	160	(16)
Changes in assumptions	8,327	--	1,526	(1,094)
Net difference between projected and actual earnings on plan investments	--	(1,931)	8	--
Changes in proportion and differences between System's contributions and proportionate share of contributions	833	(742)	568	(333)
System's contributions subsequent to the measurement date	776	--	165	--
Total	$ 11,859	(2,695)	2,427	(1,443)

The deferred outflows of resources totaling $776,000 and $165,000, resulting from System's contributions to the Pension Plan and HIS Program, respectively, which were subsequent to the June 30, 2019 measurement date, will be recognized as a pension expense in the fiscal year ending September 30, 2020. 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
2020	$ 3,042	349
2021	918	279
2022	2,217	153
2023	1,673	(111)
2024	431	20
Thereafter	107	129

Actuarial Assumptions – The total pension liabilities for the FRS Pension Plan and HIS Program in the June 30, 2019 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 6.90%, including inflation for FRS Pension Plan; this was a decrease from 7.00% in the prior year
- Investment rate of return, net of pension plan investment expense of 3.50%, including inflation for HIS Plan; this was a decrease from 3.85% in the prior year

- Average expected remaining service life of active and inactive participants in the FRS Pension Plan at June 30, 2019 was 6.4 years

- Average expected remaining service life of active and inactive participants in the HIS Program at June 30, 2019 was 7.2 years

- Mortality rates were based on the PUB-2010 base table, projected generational with scale MP-2018 for the FRS Pension Plan and the Generational RP-2000 with projected scale BB tables were used for the HIS Program..

The actuarial assumptions used in the July 1, 2019, FRS Pension Plan valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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 1.7%. 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:

	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1 %	3.3 %	3.3 %	1.2 %
Fixed income	18 %	4.1 %	4.1 %	3.5 %
Global equity	54 %	8.0 %	6.8 %	16.5 %
Real estate (property)	10 %	6.7 %	6.1 %	11.7 %
Private equity	11 %	11.2 %	8.4 %	25.8 %
Strategic investments	6 %	5.9 %	5.7 %	6.7 %
	100 %			

Discount Rates – The FRS Pension Plan discount rate used to measure the total pension liability was 6.90%. 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 3.50%. 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 System'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 shows 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 5.90%, 6.90% or 7.90% as well as the net pension liability of the HIS Program if its discount rates were 2.50%, 3.50% or 4.50%.

Proportionate Share of FRS 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
5.90 %	6.90 %	7.90 %	2.50 %	3.50 %	4.50 %
$56,693,000	32,796,000	12,838,000	15,131,000	13,255,000	11,692,000

The System remits contractually required FRS Pension Plan and HIS Program contributions as established by the Florida Legislature. The System did not have a payable for outstanding contributions to the FRS Pension Plan, HIS Program or Investment Plan at September 30, 2019.

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.

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. Nonvested 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, 2019, 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 System.

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 System remits contractually required FRS Investment Plan contributions as established by the Florida Legislature. The System's total contributions to the Investment Plan were approximately $350,000 for fiscal year 2019.

13. Outstanding Purchase Orders and Contracts

On September 30, 2019, construction or capital improvement commitments measured by purchase orders and contracts were $78,554,000.

The Capital Improvement Program is a financial plan of proposed capital projects covering a five or six-year period. Project costs can include project development, site acquisition, design, construction, renovations, initial fixtures and equipment, and administration. The Capital Improvement Program does not identify all project costs. It only identifies what is expected to be appropriated during the period. Total capital costs will be greater. The Capital Improvement Program for fiscal years 2020 though 2025 incorporates projects with a total cost of $247,213,000.

14. Regional Water Supply Authority

On May 1, 1998, the West Coast Regional Water Supply Authority (WCRWSA) members reorganized in accordance with Section 30, Chapter 97-160, Laws of Florida, and Chapter 373, Florida Statutes. The purpose of the reorganization was to establish a sole water supplier to meet the region's current and future water supply requirements. The reorganization resulted in a forty-year master regional water supply contract and interlocal governance agreement. The WCRWSA was renamed Tampa Bay Water. The new regional water supply agreement obligates Tampa Bay Water to provide water to the members from existing water supply sources and to develop new water supply sources for the future, while securing the System's ability to meet its customers' water supply requirements. The regional water supply agreement commenced on September 29, 1998, to coincide with Tampa Bay Water's issuance of Utility System Revenue Bonds, Series 1998A and 1998B. As a part of the agreement, members agreed to sell certain capital assets to Tampa Bay Water and Tampa Bay Water agreed to assume all outstanding member debt and to contribute certain capital assets to the members. Tampa Bay Water purchased capital assets from, and contributed assets to, the BOCC in the amounts of $19,326,000 and $18,818,000, respectively. With respect to Tampa Bay Water's $19,326,000 capital asset purchase, the BOCC agreed to defer this payment by recording a long-term receivable. Payments will be received as water supply purchase credits plus interest over the thirty year term of Tampa Bay Water's 1998A and 1998B bond issues. The amount due from Tampa Bay Water on September 30, 2019, including current maturities of $796,000, was $8,791,000.

This transaction resulted in a $12,926,000 unamortized gain. On September 30, 1998, this gain was recorded as a reduction of Tampa Bay Water's long-term receivable. The gain will be amortized on the installment method over the thirty year term of Tampa Bay Water's 1998A and the 1998B bond issues. The gain on September 30, 2019 was $1,428,000. For fiscal years 2019, the gain amortized to other nonoperating revenues was $330,000.

The BOCC, as one of six participants governing Tampa Bay Water, has a direct ongoing financial responsibility to contractually purchase water solely from Tampa Bay Water. Tampa Bay Water has set water rates to produce sufficient revenue from its members to meet fiscal year 2019 operating costs and debt service requirements. Tampa Bay Water's audited financial statements for the fiscal year ended September 30, 2019 may be obtained from:

Finance Director
Tampa Bay Water
2575 Enterprise Road
Clearwater, Florida 33763-1102

15. Contingencies

A. Litigation

The System is involved in certain litigation arising in the ordinary course of operations. Management believes, after consulting with legal counsel, that any potential losses would not materially affect the System's financial condition.

B. State and Federal Grants

Grant funds received and disbursed 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 expenditures. Management believes that such repayments, if any, would not materially affect the System's financial condition.

C. Environmental Protection

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

16. Non-Commitment Special Assessment Debt

The following non-commitment special assessment debt obligation is not recorded in the System's financial statements, since the System is not, and has not been, legally obligated to repay the bonds.

On September 4, 2015 the BOCC issued $42,835,000 in Capacity Assessment Special Assessment Revenue Note, Series 2015, to refinance the Capacity Assessment Special Assessment Revenue Bonds, Series 2006, with a fixed interest rate of 1.67%. Interest is payable semiannually to Wells Fargo Municipal Capital Strategies, LLC. $8,895,000 of the debt service reserve and $7,219,000 of excess fund equity were used to refinance the Series 2006 Bonds and pay note issuance costs of $116,000. To secure repayment of the note, the System irrevocably pledged the related special assessment collections of approximately $10,000,000 annually to Wells Fargo Municipal Capital Strategies, LLC. This refinance resulted in a savings of $25,308,000 in debt service costs over the remaining 10 years of the outstanding Series 2006 bonds. On September 30, 2019, the Capacity Assessment Special Refunding Revenue Note, Series 2015, outstanding balance was $9,265,000.

17 Subsequent Events

During fiscal year 2020, SARS-Coronavirus-2, causing Coronavirus Disease 2019 (COVID-19), surfaced in Wuhan, China and started spreading around the world, with resulting business and social disruptions. There are ongoing activities to address the COVID-19 pandemic at the federal, state and local levels that may affect the System. The operations and business results of the System could be significantly adversely affected. At this time the economic and other impacts of COVID-19 and related governmental and societal activities to address it, have not been determined.

EST. 1834

Hillsborough County Florida

HILLSBOROUGH COUNTY, FLORIDA

Water Enterprise Fund
Public Utilities Department
Schedule of Proportionate Share of the
Florida Retirement System Net Pension Liabilities for the
Pension Plan and Health Insurance Subsidy Program (Unaudited)
Last Six Fiscal Years
(Required Supplementary Information)
Amounts in Thousands

FRS Pension Plan

	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15	9/30/14
System's proportion of net pension liability	0.095 %	0.093 %	0.095 %	0.095 %	0.099 %	0.101 %
System's proportionate share of net pension liability	$ 32,796	28,189	28,722	24,360	11,799	5,718
System's covered payroll	41,595	39,029	38,151	36,709	35,455	34,953
System's proportionate share of net pension liability as a percentage of its covered payroll	78.85 %	72.23 %	75.29 %	66.36 %	33.28 %	16.36 %
FRS Plan fiduciary net position as a percentage of the total pension liability	82.61 %	84.26 %	83.89 %	84.88 %	92.00 %	96.09 %

Health Insurance Subsidy Program

	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15	9/30/14
System's proportion of net pension liability	0.118 %	0.118 %	0.120 %	0.115 %	0.114 %	0.114 %
System's proportionate share of net pension liability	$ 13,255	12,263	12,686	13,583	11,639	10,677
System's covered payroll	41,595	39,029	38,151	36,709	35,455	34,953
System's proportionate share of net pension liability as a percentage of its covered payroll	31.87 %	31.42 %	33.25 %	37.00 %	32.83 %	30.55 %
HIS Plan fiduciary net position as a percentage of the total pension liability	2.63 %	2.15 %	1.64 %	0.97 %	0.50 %	0.99 %

*Data was unavailable prior to FY 2014.

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Schedule of Contributions
Florida Retirement System Pension Plan and Health Insurance Subsidy Program (Unaudited)
Last Six Fiscal Years
(Required Supplementary Information)
Amounts in Thousands

FRS Pension Plan

	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15	9/30/14
Contractually required contributions	$ 2,881	1,530	2,421	2,620	2,175	2,005
Contributions in relation to the contractually required contributions	2,881	1,530	2,421	2,620	2,175	2,005
Contribution deficiency (excess)	$ --	--	--	--	--	--
System's covered payroll	$ 41,595	39,029	38,151	36,709	35,455	34,953
System's contributions as a percentage of covered payroll	6.93 %	3.92 %	6.35 %	3.86 %	6.13 %	5.74 %

Health Insurance Subsidy Program

	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15	9/30/14
Contractually required contributions	$ 690	2,661	277	253	335	300
Contributions in relation to the contractually required contributions	690	2,661	277	253	335	300
Contribution deficiency (excess)	$ --	--	--	--	--	--
System's covered payroll	$ 41,595	39,029	38,151	36,709	35,455	34,953
System's contributions as a percentage of covered payroll	1.66 %	6.82 %	0.73 %	0.69 %	0.94 %	0.86 %

*Data was unavailable prior to FY 2014.

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)
Last Four Fiscal Years
(Required Supplementary Information)
Amounts in Thousands

	2019	2018	2017	2016 (Restated)
System's total OPEB liability	$ 3,563	3,008	5,630	5,693
System's covered employee payroll	41,595	39,029	38,151	36,709
System's total OPEB liability as a percentage of its covered employee payroll	8.6 %	7.7 %	14.80 %	15.50 %
Plan fiduciary net position as a percentage of the OPEB liability	11.1 %	11.5 %	- %	- %

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

Hillsborough County has set aside $36,605,000 in the Self-Insurance Internal Service Fund for OPEB. This amount represents 30.79% of the County's total OPEB liability at September 30, 2019. However, since an irrevocable trust was not established, none of this $36,605,000 in cash and investment is considered to be "plan fiduciary net position." The Water Enterprise Fund's total OPEB liability represents 6.77% of the County's total OPEB liability.

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Schedule of Contributions
OPEB Plan (Unaudited)
Last Four Fiscal Years
(Required Supplementary Information)
Amounts in Thousands

	2019	2018	2017	2016
Actuarially determined contribution*	$ 345	362	5,630	Not available
System contributions in relation to the actuarially determined contribution**	345	362	5,630	Not available
System's covered employee payroll	41,595	39,029	38,151	36,709
System's contributions as a percentage of covered employee payroll	0.8 %	0.9 %	14.80 %	0.60 %

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

**These contributions represents amounts "set aside" for OPEB during fiscal years 2019, 2019, 2017 and 2016. The County has set aside a total of $36,605,000 in the Self-Insurance Internal Service Fund for OPEB at September 30, 2019. This amount represents 30.79% of the total OPEB liability at September 30, 2019. However, since an irrevocable trust was not established, none of this $36,605,000 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, 2019. Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Inflation	3.5 %
Discount rate	2.66 %
Initial healthcare cost trend rate	6.5 %

Hillsborough County Florida

HILLSBOROUGH COUNTY, FLORIDA
Schedule of Revenues and Expenditures - Budget and Actual (Unaudited)
Water Enterprise Fund
Public Utilities Department
For the fiscal year ended September 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Operating Revenues				
Charges for services	$ 250,709	250,709	254,306	3,597
Total operating revenues	250,709	250,709	254,306	3,597
Operating Expenditures				
Personnel services	63,065	63,065	60,473	2,592
Contractual services	90,886	95,886	94,449	1,437
Fleet services	3,296	3,296	2,823	473
Repairs and maintenance	16,887	16,885	16,460	425
Utilities	14,839	17,839	15,532	2,307
Supplies	509	509	1,037	(528)
Other operating expenses	3,414	3,414	3,761	(347)
Total operating expense before depreciation, amortization, pension and OPEB expense	192,896	200,894	194,535	6,359
Operating income before unbudgeted depreciation, amortization, pension and OPEB expense	$ 57,813	49,815	59,771	9,956
Depreciation and amortization *			77,102	
Pension expense			5,262	
Annual OPEB (benefit)			(173)	
Operating income (loss)			$ (22,420)	

* Pension, depreciation and amortization expenses are not budgeted.

EXHIBIT A

HILLSBOROUGH COUNTY, FLORIDA

Water Enterprise Fund
Public Utilities Department
Utility Revenue Bonds Series, 2010B
(Federally Taxable-Build America Bonds-Direct Payment)
Issued November 16, 2010
Debt Service Schedule (Unaudited)

(Amounts in thousands)

Fiscal Year	Principal	Interest	Less 35% Subsidy	Total Requirement
2020	$ 4,675	5,637	1,973	8,339
2021	4,790	5,457	1,910	8,337
2022	4,920	5,263	1,842	8,341
2023	5,050	5,056	1,770	8,336
2024	5,195	4,837	1,693	8,339
2025	5,350	4,598	1,609	8,339
2026	5,515	4,341	1,519	8,337
2027	5,695	4,065	1,423	8,337
2028	5,885	3,775	1,321	8,339
2029	6,085	3,469	1,214	8,340
2030	6,295	3,146	1,101	8,340
2031	6,515	2,806	982	8,339
2032	6,750	2,448	857	8,341
2033	6,990	2,077	727	8,340
2034	7,240	1,692	592	8,340
2035	7,495	1,294	453	8,336
2036	7,770	878	307	8,341
2037	8,050	445	156	8,339
	$ 110,265	61,284	21,449	150,100

*The entire Build America Bonds federal subsidy is shown, however the subsidy for fiscal year 2020 will be reduced by 5.9% due to sequestration mandated by the American Taxpayer Relief Act of 2012.

EXHIBIT B

HILLSBOROUGH COUNTY, FLORIDA

Water Enterprise Fund
Public Utilities Department
Utility Revenue Bonds Series, 2010C
(Federally Taxable-Recovery Zone Economic Development Bonds-Direct Payment)
Issued November 16, 2010
Debt Service Schedule (Unaudited)
(Amounts in thousands)

Fiscal Year	Principal	Interest	Less 45% Subsidy	Total Requirement
2020	$ --	1,269	571	698
2021	--	1,269	571	698
2022	--	1,269	571	698
2023	--	1,269	571	698
2024	--	1,269	571	698
2025	--	1,269	571	698
2026	--	1,269	571	698
2027	--	1,269	571	698
2028	--	1,269	571	698
2029	--	1,269	571	698
2030	--	1,269	571	698
2031	--	1,269	571	698
2032	--	1,269	571	698
2033	--	1,269	571	698
2034	--	1,269	571	698
2035	--	1,269	571	698
2036	--	1,269	571	698
2037	--	1,269	571	698
2038	7,005	1,269	571	7,703
2039	7,230	860	387	7,703
2040	7,465	449	203	7,711
	$ 21,700	25,420	11,439	35,681

*The entire Build America Bonds federal subsidy is shown, however the subsidy for fiscal year 2020 will be reduced by 5.9% due to sequestration mandated by the American Taxpayer Relief Act of 2012.

HILLSBOROUGH COUNTY, FLORIDA
EXHIBIT C
Water Enterprise Fund
Public Utilities Department
Utility Revenue Bonds Series, 2016
(Tax-Exempt)
Issued July 26, 2016
Debt Service Schedule (Unaudited)
(Amounts in thousands)

Fiscal Year	Principal	Interest	Total Requirement
2020	$ 3,195	6,786	9,981
2021	3,245	6,738	9,983
2022	3,405	6,576	9,981
2023	3,575	6,406	9,981
2024	3,755	6,227	9,982
2025	3,940	6,039	9,979
2026	4,140	5,842	9,982
2027	4,305	5,676	9,981
2028	4,475	5,504	9,979
2029	4,610	5,370	9,980
2030	4,745	5,232	9,977
2031	4,890	5,089	9,979
2032	5,035	4,943	9,978
2033	5,240	4,741	9,981
2034	5,450	4,532	9,982
2035	5,670	4,314	9,984
2036	5,835	4,143	9,978
2037	6,010	3,968	9,978
2038	7,525	3,788	11,313
2039	7,750	3,562	11,312
2040	7,980	3,330	11,310
2041	15,925	3,091	19,016
2042	16,405	2,613	19,018
2043	16,895	2,121	19,016
2044	17,405	1,614	19,019
2045	17,925	1,091	19,016
2046	18,465	555	19,020
	$ 207,795	119,891	327,686

HILLSBOROUGH COUNTY, FLORIDA

Water Enterprise Fund
Public Utilities Department
Schedule of Restricted/Reserved Receipts and Disbursements
for Accounts Restricted by Bond Covenant or Reserved by BOCC Policy (Unaudited)
For the fiscal year ended September 30, 2019

	Restricted by Bond Covenant or Other Legislation *										Reserved by BOCC Policy		
Amounts in thousands	Impact Fee Revenues	Debt Service Sinking Fund	Fund A Renewal and Replacement	Fund B Renewal and Replacement	Non - Bonded Impact Fee Assmt Units	2010 Bonds Construction Proceeds	2016 Construction Proceeds	2010 Bonds DSR	Water Grants	Restricted Totals	2010 Bonds BAB & RZED Subsidies	Non- Bonded Assmt Units	Total System
Balance, October 1, 2018	$ 36,464	4,798	43,416	27	18,335	497	65,964	11,581	830	181,912	2,884	9,063	193,859
Receipt:													
Impact fee investment earnings	1,909	--	--	--	6,206	--	--	--	--	8,115	--	--	8,115
Debt service account investment earnings	--	813	--	--	--	--	--	--	--	813	2	--	815
Investment earnings from construction accounts	--	--	--	--	--	--	1,881	--	--	1,881	1,851	603	4,335
Proceeds from asset sales	--	--	510	--	--	--	--	--	--	510	--	--	510
Other revenues	803	--	1,259	--	--	--	--	--	--	2,062	--	--	2,062
Transfer in from impact fee account	31,256	--	--	--	--	--	--	--	--	31,256	--	--	31,256
Transfers in from the revenue account	--	14,857	15,413	--	--	--	--	--	--	30,270	--	7,897	38,167
Transfer in from bond subsidy account	--	3,785	--	--	--	--	--	--	--	3,785	--	--	3,785
Total receipts	33,968	19,455	17,182	--	6,206	--	1,881	--	--	78,692	1,853	8,500	89,045
Disbursements:													
Capital outlay	--	--	11,029	--	--	--	46,615	--	--	57,644	--	519	58,163
Operating expenses	--	3	7	--	196	--	598	--	--	804	--	11	815
Interest payments	--	13,763	--	--	--	--	--	--	--	13,763	503	--	14,266
Principal Expenditures	--	2,805	--	--	--	--	--	--	--	2,805	--	--	2,805
Transfer to debt service sinking fund	2,943	--	--	--	--	497	--	--	--	3,440	3,785	3,404	10,629
Transfers out to the revenue account	--	--	--	--	16,940	--	--	--	830	17,770	--	--	17,770
Total disbursements	2,943	16,571	11,036	--	17,136	497	47,213	--	830	96,226	4,288	3,934	104,448
Balance, September 30, 2019	$ 67,489	7,682	49,562	27	7,405	--	20,632	11,581	--	164,378	449	13,629	178,456
	B	B	A	A	B		C	B	-	-	D	D	

Restricted by bond covenant or other legislation includes the following accounts:

Federal and State grants and the System's bond proceed and impact fee funded capital improvement program.

Components of restricted and reserved net position:	
(A) Bond covenants	$ 49,589
(B) Debt service	94,166
Total restricted net position	143,755
(D) Reserved by BOCC policy	14,067
(C) Invested in capital assets	20,634
Balance, September 30, 2019	$ 178,456

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Statistical Section Contents

Financial Trends Information:

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

Schedules:

Components of Net Position

Current Ratio

Return on Capital Assets

Accounts Receivable Collection Days

Statement of Activities

Components of Charges for Services

Components of Other Nonoperating Revenue

Debt Capacity Information:

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

Schedule:

Outstanding Debt Compared to Net Position

General Operating Statistics:

This schedule presents the System's key operating data and general statistics.

Capital Assets

Staffing

Average number of Customer Accounts

Annual Use/Flow

Operating Costs

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Financial Trend Schedules (Unaudited)
Last Ten Fiscal Years

(amounts in thousands)

Components of Net Position

This schedule shows the System's changes in comparative net value (total assets plus deferred outflows of resources less total liabilities and less deferred inflows of resources = net position).

	2019	2018	2017	2016*** Restated	2015	2014**	2013 Restated	2012 **Restated**	2011 Restated	2010*
Net investment in capital assets	$ 950,057	940,620	931,704	901,940	826,175	786,009	727,689	738,301	756,401	788,041
Restricted net position	143,755	115,451	90,916	67,670	72,759	77,980	76,115	70,311	67,335	48,603
Unrestricted net position	394,987	359,859	354,363	367,663	398,173	389,567	405,887	359,377	308,849	277,397
Total net position	$1,488,799	1,415,930	1,376,983	1,337,273	1,297,107	1,253,556	1,209,691	1,167,989	1,132,585	1,114,041

*Not restated for GASB Statement No. 65

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

***Restated for GASB Statement No. 75

Current Ratio

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Current assets	$ 319,933	501,736	553,319	573,662	384,060	403,393	425,365	436,866	414,535	261,383
Current liabilities	68,297	76,649	56,134	48,563	41,730	54,633	50,859	52,907	53,808	58,161
Current ratio	4.7	6.5	9.9	11.8	9.2	7.4	8.4	8.3	7.7	4.5

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Financial Trend Schedules (Unaudited) (Continued)
Last Ten Fiscal Years
(amounts in thousands)

Return on Capital Assets

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

	2019	2018	2017	2016	2015	2014**	2013 Restated	2012 Restated	2011*	2010*
Change in net position	$ 72,869	38,947	39,710	45,974	69,241	41,702	41,702	35,404	21,000	7,961
Average total capital assets	1,246,664	1,171,096	1,096,776	1,028,546	949,751	864,160	864,160	847,892	849,652	868,287
Return on capital assets	5.85 %	3.33 %	3.62 %	4.47 %	7.29 %	4.83 %	4.83 %	4.18 %	2.47 %	0.92 %

*Not restated for GASB Statement No. 65

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

Accounts Receivable Collection Days Over 365 Collection Days and Associated Allowance for Doubtful Accounts

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Charges for services	$ 254,306	243,215	235,116	209,549	209,549	205,716	205,197	202,199	196,512	177,315
Average accounts receivable	22,740	23,373	22,371	22,220	20,912	21,105	20,536	20,383	17,798	18,079
Accounts receivable collection days	32.6	35.1	34.7	38.7	36.4	37.4	36.5	36.8	33.1	37.2
Allowance for doubtful accounts	$ 276	224	51	192	390	415	581	476	425	358
Percent of charges for services	0.11 %	0.09 %	0.02 %	0.09 %	0.19 %	0.20 %	0.28 %	0.24 %	0.22 %	0.20 %

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Financial Trend Schedules (Unaudited) (Continued)
Last Ten Fiscal Years
(amounts in thousands)

Statement of Activities:

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

	2019	2018	2017	2016	2015	2014**	2013 Restated	2012 Restated	2011 Restated	2010*
Operating revenues:										
Charges for services	$ 254,306	243,215	235,116	220,724	209,549	205,716	205,197	202,199	196,512	177,315
Operating expenses:										
Personnel services	60,473	56,438	55,103	54,296	48,660	46,536	39,052	39,257	41,111	40,869
Contractual services	94,449	86,528	77,369	81,481	73,533	73,543	69,678	69,450	70,291	69,445
Communication services	--	--	--	--	--	--	1,245	1,275	1,269	1,319
Fleet services	2,823	2,511	2,315	2,439	2,585	2,396	2,403	2,513	2,075	1,816
Repairs and maintenance	16,460	13,166	10,506	10,588	11,647	9,653	8,859	8,117	7,964	5,924
Utilities	15,532	12,438	12,161	12,609	11,891	12,312	9,508	10,230	9,256	8,876
Supplies	1,037	1,071	986	722	587	536	354	325	324	297
Depreciation and amortization	77,102	81,947	67,805	59,875	51,143	51,238	54,986	55,650	57,391	58,536
Other operating expenses	3,761	3,017	3,158	2,675	2,055	2,262	2,144	2,047	1,827	2,003
Pension expense	5,262	2,193	2,522	1,598	(1,363)	--	--	--	--	--
OPEB expense (benefit)	(173)	(2,491)	(72)	--	--	--	--	--	--	--
Total operating expense	276,726	256,818	231,853	226,283	200,738	198,476	188,229	188,864	191,508	189,085
Operating expense as a percentage of revenue	108.82 %	105.59 %	98.61 %	102.52 %	95.80 %	96.48 %	91.73 %	93.41 %	97.45 %	106.64 %
Operating income (loss)	(22,420)	(13,603)	3,263	(5,559)	8,811	7,240	16,968	13,335	5,004	(11,770)
Nonoperating revenues (expenses):										
Interest revenue	20,198	10,376	9,228	7,674	7,902	5,807	7,232	9,071	9,011	9,974
Interest expense	(10,733)	(10,878)	(5,911)	618	(4,757)	(3,566)	(3,975)	(3,764)	(6,046)	(2,327)
Other revenues	3,113	3,949	3,406	7,584	107	3,044	1,730	1,591	3,585	4,082
Other expenses	499	(10,354)	(6,690)	661	(485)	(679)	(299)	(278)	(2,970)	(312)
Total nonoperating revenues (expenses)	13,077	(6,907)	33	16,537	2,767	4,606	4,688	6,620	3,580	11,417
Income before contributions and transfers	(9,343)	(20,510)	3,296	10,978	11,578	11,846	21,656	19,955	8,584	(353)
Capital contributions	82,212	59,457	36,414	34,996	57,663	32,019	19,925	15,330	9,770	7,847
Transfers	--	--	--	--	--	--	121	119	190	467
Change in net position	72,869	38,947	39,710	45,974	69,241	43,865	41,702	35,404	18,544	7,961
Net position, beginning of year	1,415,930	1,376,983	1,343,081	1,297,107	1,253,556	1,209,691	1,167,989	1,132,585	1,114,041	1,106,080
Restatement for GASB 68 implementation	--	--	--	--	(25,690)	--	--	--	--	--
Restatement for GASB 75 implementation	--	--	(5,808)	--	--	--	--	--	--	--
Net position, beginning of year, as restated	1,415,930	1,376,983	1,337,273	1,297,107	1,227,866	1,209,691	1,167,989	1,132,585	1,114,041	1,106,080
Net position, end of year	$ 1,488,799	1,415,930	1,376,983	1,343,081	1,297,107	1,253,556	1,209,691	1,167,989	1,132,585	1,114,041

*Not restated for GASB Statement No. 65

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

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Financial Trend Schedules (Unaudited) (Continued)
Last Ten Fiscal Years
(amounts in thousands)

Components of Charges for Services

This schedule identifies the principal components of charges for services.

	2019	%	2018		2017	%	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%	2010	%
Water charges	$123,212	48.5	118,210	48.4	114,891	48.9	106,016	48.0	99,912	47.7	94,562	46.0	93,628	45.6	94,772	46.9	92,182	46.9	77,859	43.9
Wastewater charges	116,980	46.0	112,667	46.3	107,931	45.9	103,020	46.7	98,376	46.9	98,416	47.8	91,350	44.5	89,997	44.5	87,544	44.6	84,114	47.4
Reclaimed water charges	2,406	0.9	2,384	1.0	2,426	1.0	2,200	1.0	2,165	1.0	2,190	1.1	2,039	1.0	2,050	1.0	2,049	1.0	1,911	1.1
Accrued guaranteed revenue fees	958	0.4	558	0.2	64	--	103	--	283	0.1	2,384	1.2	9,464	4.6	7,009	3.5	6,164	3.1	5,171	2.9
Customer billing charges	9,630	3.8	9,230	3.8	8,862	3.8	8,517	3.9	8,214	4.0	7,435	3.6	7,909	3.9	7,488	3.7	7,450	3.8	7,262	4.1
General operating revenues	1,120	0.4	166	0.3	942	0.4	868	0.4	599	0.3	729	0.3	807	0.4	883	0.4	1,123	0.6	998	0.6
Charges for services	$254,306	100.0	243,215	100.0	235,116	100.0	220,724	100.0	209,549	100.0	205,716	100.0	205,197	100.0	202,199	100.0	196,512	100.0	177,315	100.0

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Debt Schedules (Unaudited)
Last ten fiscal years
(amounts in thousands)

Outstanding Debt Compared to Net Position

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

	2019	2018	2017	2016*** Restated	2015	2014**	2013 Restated	2012 Restated	2011*	2010*
Bonds outstanding	$ 339,760	342,565	345,305	347,940	142,720	155,720	167,720	179,110	197,150	64,255
Net position	1,488,799	1,415,930	1,376,983	1,337,273	1,297,107	1,253,556	1,209,691	1,170,254	1,135,041	1,114,041
Percentage	45.1 %	48.2 %	50.0 %	51.8 %	21.8 %	23.8 %	26.7 %	29.6 %	33.1 %	10.0 %

*Not restated for GASB Statement No. 65

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

***Restated for GASB Statement No. 75

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
General Operating Statistics (Unaudited)
Last Ten Fiscal years

This schedule shows various general operating statistics.

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Capital Assets (amounts are actual)										
Number of water plants	4	4	4	4	4	4	4	4	4	4
Number of wastewater treatment plants	7	7	7	7	7	7	7	7	7	7
Water distribution line miles (estimated)	2,484	2,414	2,414	2,326	2,246	2,246	2,214	2,399	2,391	2,336
Wastewater Transmission line miles (estimated)	2,235	2,180	2,180	2,091	2,019	2,019	2,084	2,229	2,215	2,105
Reclaimed water transmissions line miles (estimated)	377	366	366	--	--	--	--	--	--	--
Number of pump stations (estimated)	822	796	796	775	737	737	721	709	703	699
Staffing										
Number of budgeted positions per 1,000 customers	4.9	4.9	4.9	4.9	4.9	4.9	5.1	4.3	4.4	4.6
Average number of customer accounts billed monthly										
Water customers	168,038	160,358	160,358	155,384	153,812	153,812	148,740	147,379	144,317	141,988
Percent change from prior year	4.8 %	0.0 %	3.2 %	1.0 %	0.0 %	3.4 %	0.9 %	2.1 %	1.6 %	0.3 %
Wastewater customers	154,753	148,408	148,408	144,339	142,416	140,040	136,275	135,240	133,979	134,904
Percent change from prior year	4.3 %	0.0 %	2.8 %	1.4 %	1.7 %	2.8 %	0.8 %	0.9 %	(0.7)%	2.5 %
Annual use/flows										
Annual water consumption (thousands of gallons)	20,608	20,608	20,608	19,062	19,332	17,281	16,646	17,407	17,566	16,461
Annual treated wastewater flows (thousands of gallons)	15,110	15,110	15,110	14,290	13,841	13,573	13,131	13,143	13,007	12,508
Operating costs (amounts in thousands)										
Operating expenses	$ 276,726	256,818	231,853	226,283	200,738	198,476	188,229	188,864	191,508	189,085
Less: depreciation and amortization	77,102	81,947	67,805	59,875	51,143	51,238	54,986	55,650	57,391	58,536
Less: purchased water	66,298	59,914	53,077	57,221	52,954	52,524	49,279	49,184	48,164	46,659
Net operating costs	$ 133,326	114,957	110,971	109,187	96,641	94,714	83,964	84,030	85,953	83,890
Number of accounts billed annually	1,920	1,920	1,920	1,920	1,991	1,980	1,752	1,880	1,845	1,839
Monthly operating costs per account (actual)	$ 69	60	58	57	49	48	48	45	47	46

Sources:
Water Enterprise Fund Annual Audited Financial Reports for Fiscal Years 2010 through 2019.
Water Enterprise Fund Operating Data

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