Annual Financial Report 2015

Water Enterprise Fund
Public Utilities Department

Hillsborough County
Florida

HILLSBOROUGH COUNTY, FLORIDA

WATER ENTERPRISE FUND

PUBLIC UTILITIES DEPARTMENT

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Prepared by:

COUNTY FINANCE DEPARTMENT
CLERK OF CIRCUIT COURT
PAT FRANK, Clerk

WATER ENTERPRISE FUND
PUBLIC UTILITIES DEPARTMENT
PRINCIPAL OFFICIALS
September 30, 2015

Board of County Commissioners
Sandra Murman, Chair
Kevin Beckner
Victor D. Crist
Ken Hagan
Al Higginbotham
Lesley “Les” Miller, Jr.
Stacy White

Constitutional Officers
Pat Frank, Clerk of Circuit Court
Doug Belden, Tax Collector
David Gee, Sheriff
Craig Latimer, Supervisor of Elections
Bob Henriquez, Property Appraiser

Appointed Officials
Michael S. Merrill, County Administrator
Chip Fletcher, County Attorney
George Cassady, Director, Public Utilities Department

HILLSBOROUGH COUNTY, FLORIDA
WATER ENTERPRISE FUND
PUBLIC UTILITIES DEPARTMENT
ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2015

REPORT CONTENTS

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

Board of County Commissioners of
Hillsborough County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Hillsborough County, Florida, Water Enterprise Fund (the "System"), an enterprise fund of Hillsborough County, Florida, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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, 2015 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

Change in Accounting Principle

As discussed in Note 11 to the financial statements, the Fund adopted the provisions of Governmental Accounting Standards Board ("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 Amendments of GASB Statement No. 68*, during the year ended September 30, 2015. Our opinion is not modified with respect to this matter.

Other Information
As discussed in Note 1 to the financial statements, the financial statements referred to above present only the System and do not purport to, and do not, present fairly the financial position of Hillsborough County, Florida as of September 30, 2015, and the changes in its financial position, or where applicable, its cash flows for the years 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
*A*ccounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7-12 and the required supplementary information on pages 47-49 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 audits were 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 accompanying supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2016, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Tampa, Florida
June 7, 2016

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor on Bond Compliance

Board of County Commissioners of
Hillsborough County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States, the basic financial statements of the Hillsborough County, Florida, Water Enterprise Fund (the "System"), an enterprise fund of Hillsborough County, Florida, as of and for the year ended September 30, 2015, and have issued our report thereon dated June 7, 2016.

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, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of any such noncompliance.

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

Cherry Bekaert LLP

Tampa, Florida
June 7, 2016

Hillsborough County
Florida

FINANCIAL STATEMENTS

Hillsborough County
Florida

HILLSBOROUGH COUNTY, FLORIDA
WATER ENTERPRISE FUND
PUBLIC UTILITIES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2015
(Amounts in Thousands)

The Hillsborough County Water Enterprise Fund (System) presents the following review of its financial activities for the fiscal years ended September 30, 2015. 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, 2015. All amounts, unless otherwise stated, are presented in thousands of dollars.

Fiscal Year 2015 Financial Summary

- Fiscal year 2015 operating revenues of $209,549 were $3,833 higher than fiscal year 2014 revenues of $205,716. The change was 1.9%.
- The System recognized $57,663 in capital contributions from special assessment revenues, impact fees and developer constructed capital improvements.
- The System exceeded its rate covenant test requirements by the following amounts:

Test Requirements	**I**	**II**	**III**
Excess Funds over Requirements	$46,985	$54,756	$44,561

The fiscal year 2015 Change in Net Position was $69,241. This was an increase of $25,376 or 57.9% higher from fiscal year 2014 Change in Net Position of $69,241. This change was primarily due to increases in developer and impact fee contributions. The System's Net Position on September 30, 2015, was $1,297,107 compared to $1,227,866 on September 30, 2014, as restated.

Management believes, the System was compliant with all covenant requirements for the fiscal year ended September 30, 2015.

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.

(Amounts in Thousands)

Financial Analysis
Fiscal Year 2015 Financial Comparison with Fiscal Year 2014
Condensed Statement of Net Position

To provide financial data for evaluation and comparison, an analysis of the System's Statement of Net Position on September 30, 2015, compared to September 30, 2014, follows:

Assets	**2015**	**2014 Restated**	**($) Change**	**(%) Change**
Current and other assets	$510,234	514,858	(4,624)	(0.9%)
Capital assets, net	990,878	937,062	53,816	5.7%
Total assets	**1,501,112**	**1,451,920**	**49,192**	**3.4%**
Deferred outflows of resources	**6,278**	**2,348**	**3,930**	**167.4%**
Liabilities				
Current liabilities	$41,730	54,633	(12,903)	(23.6%)
Other liabilities	163,697	160,244	3,453	(2.2%)
Total liabilities	**205,427**	**214,877**	**(9,450)**	**(4.4%)**
Deferred inflows of resources	**4,856**	**11,525**	**(6,669)**	**(57.9%)**
Net position				
Net investment in capital assets	826,175	785,551	40,624	5.2%
Restricted	72,759	77,980	(5,221)	(6.7%)
Unrestricted	398,173	364,335	33,838	9.3%
Total net position	**$1,297,107**	**1,227,866**	**$69,241**	**5.6%**

Total net position – Total net position increased $69,241 or 5.6% for the fiscal year ended September 30, 2015, primarily due to the increase in capital assets, specifically capital contributions and a reduction of long term debt.

HILLSBOROUGH COUNTY, FLORIDA
WATER ENTERPRISE FUND
PUBLIC UTILITIES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2015
(Amounts in Thousands)

Condensed Statements of Activities

Comparative revenues, expenses, and changes in net position for fiscal years ended September 30, 2015 and 2014 were as follows:

	2015	2014 Restated	($) Change	(%) Change
Revenues:				
Operating revenues	$209,549	$205,716	3,833	1.9%
Nonoperating revenues	8,009	8,851	(842)	(9.5%)
Total revenues	**217,558**	**214,567**	**2,991**	**1.4%**
Expenses:				
Operating expenses, before depreciation	149,595	147,238	2,357	1.6%
Nonoperating expenses	5,242	4,245	997	23.5%
Depreciation and amortization	51,143	51,238	(95)	(0.2%)
Total expenses	**205,980**	**202,721**	**3,259**	**1.6%**
Income before capital contributions	**11,578**	**11,846**	**(268)**	**(2.3%)**
Capital contributions and transfers in	57,663	32,019	25,644	80.1%
Change in net position	**69,241**	**43,865**	**25,376**	**57.9%**
Net position, beginning of year, as previously reported	**1,227,866**	**1,253,556**		
Adjustments to beginning balance	-	**(25,690)**		
Net position, end of year	**$1,297,107**	**$1,227,866**	**69,241**	**5.6%**

Operating revenues - Fiscal year 2015 operating revenues of $209,549 increased $3,833 or 1.9% over fiscal year 2014. **Water, wastewater and reclaimed water charges** increased $5,285 or 2.7% over last year and **customer billing charges** increased $779, or 10.5% while **Accrued guaranteed revenue fees** declined by $2,101or 88.1% and **general operating revenues** decreased $130, 17.8% from fiscal year 2014.

Nonoperating revenues - Fiscal year 2015 nonoperating revenues of $8,009 decreased $842 or 9.5% from fiscal year 2015.

Total operating expenses - Fiscal year 2015 operating expenses of $149,595 increased $2,357 or 1.6% over last year. The increase was related to the following net factors. **Employee services**: there was a $2,124 or 4.6% increase in employee services related to the addition of 16 new union contract negotiated positions in 2014 and reclassifications of non-union management positions. **Repairs and maintenance**: there was a $1,994 or 20.7% increase due to repairs at a recently acquired private utility. **Pension expense (benefit):** with the implementation of GASB 68 in fiscal year 2015, there is a new pension expense (benefit) of ($1,363) which was not reported in fiscal year 2014.

Nonoperating expenses: there was a net $997 or 23.5% cost decrease due to long-term debt interest and cost amortization.

Depreciation and amortization costs: there was a $95 or 0.2% decrease in annual depreciation costs due to disposal of obsolete operating machinery related to the System's ongoing plant modernization program.

(Amounts in Thousands)

Capital contributions - Fiscal year 2015 capital contribution revenues were $57,663 compared to $32,019 for fiscal year 2014. The comparative $25,644 or 80.1% increase in capital contributions was primarily due to an increase in developer constructed capital asset contributions, as well as higher special assessment contributions over last year. Comparative fiscal year 2015 and 2014 capital contributions were as follows:

	2015	**2014**
Contributed capital assets	$33,328	$16,791
Impact fees collections	3,789	5,470
Special assessment contributions	20,546	9,758
Total capital contributions	**$57,663**	**$32,019**

Capital Asset Activities

On September 30, 2015, capital assets, net of accumulated depreciation, were $990,878 compared to $937,062 for fiscal year 2014. The $53,816 or 5.7% increase over last year was related to the following net factors. First, $74,257 was expended on the construction of buildings and improvements. Second, the System received contributed assets of $33,327 from developers. Third, these capital asset additions were offset by the combined fiscal year 2015 charge for depreciation and amortization plus net disposals of $485. See Note 5(A) in the accompanying financial statement notes for additional information on fiscal year 2015 capital asset activities.

Debt Administration

On September 30, 2015, outstanding bonds payable were $142,423 compared to $155,530 for fiscal year 2014. The $13,107 or 8.4 % decrease from last year was due to a $10,500 Junior Lien Refunding Revenue Bond, Series 2001 principal payment, a $2,500 Utility Revenue Bonds, Series 2010A principal payment, a decrease in amortized bond issuance premiums of ($143) and amortized bond issuance discounts of $36.

Requests for Information

The purpose of this analysis as well as the financial statements, financial statement notes, and supplemental financial information is to provide a general overview of the System's financial position and operating results for the fiscal years ended September 30, 2015. Additional information concerning System operations and the services provided to Hillsborough County residents may be obtained from:

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

Hillsborough County
Florida

HILLSBOROUGH COUNTY, FLORIDA
WATER ENTERPRISE FUND
PUBLIC UTILITIES DEPARTMENT
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(Amounts in Thousands)

ASSETS	September 30, 2015
Current assets:	
Cash and cash equivalents	$ 45,169
Investments	217,476
Interest receivable	579
Accounts receivable, net	19,402
Accounts receivable, current portion	1,120
Due from other governments	14
Inventories	2,411
Prepaid charges	733
Total current assets	**286,904**
Restricted current assets:	
Cash and cash equivalents	15,870
Investments	76,410
Accounts receivable	119
Accounts receivable, current portion	4,462
Interest receivable	203
Due from other governments	92
Total restricted current assets	**97,156**
Total current assets	**384,060**
Capital assets, net of accumulated depreciation and amortization:	
Land	29,255
Buildings and utility plants	180,040
Building improvements	593,539
Construction in progress	175,465
Equipment	5,607
Intangibles	6,972
Total capital assets, net	**990,878**
Other assets:	
Accounts receivable	126,174
Total other assets	**126,174**
Total capital assets, net, and other assets	**1,117,052**
Total assets	**1,501,112**
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	**3,967**
Purchase price in excess of book value	**2,311**
Total deferred outflows of resources	**$ 6,278**

LIABILITIES

		September 30, 2015
Current liabilities:		
Accounts and contracts payable	$	11,732
Accrued payroll		1,594
Compensated absences, current portion		3,102
Unearned revenues		2,424
Revenue bonds payable, current maturities		2,575
Total current liabilities		**21,427**
Current liabilities payable from restricted assets:		
Accounts and contracts payable		5,116
Accrued interest		1,522
Deposits		13,633
Unearned revenues		32
Total current liabilities payable from restricted assets		**20,303**
Total current liabilities		**41,730**
Other liabilities:		
Compensated absences, less current portion		411
Revenue bonds payable, net, less current maturities		139,848
Pension liability		23,438
Total other liabilities		**163,697**
Total liabilities		**205,427**
DEFERRED INFLOWS OF RESOURCES		
Pensions	**$**	**4,856**
NET POSITION		
Net investment in capital assets		826,175
Restricted for:		
Bond covenants-renewal and replacement		48,554
Debt service		24,205
Unrestricted		398,173
Total net position	**$**	**1,297,107**

The accompanying notes are an integral part of this statement.

HILLSBOROUGH COUNTY, FLORIDA
WATER ENTERPRISE FUND
PUBLIC UTILITIES DEPARTMENT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(Amounts in Thousands)

	Year Ended September 30, 2015
Operating revenues:	
Charges for services	**$ 209,549**
Operating expenses:	
Employee services	48,660
Contractual services	73,533
Fleet services	2,585
Repairs and maintenance	11,647
Utilities	11,891
Supplies	587
Depreciation and amortization	51,143
Other	2,055
Pension expense (benefit)	(1,363)
Total operating expenses	**200,738**
Operating income	**8,811**
Nonoperating revenues (expenses):	
Investment earnings	7,902
Interest expense	(4,757)
Asset disposal loss	(485)
Other revenues	107
Total nonoperating revenues	**2,767**
Income before capital contributions and transfers	**11,578**
Capital contributions	57,663
Change in net position	**69,241**
Net position, beginning of year, as previously reported	**1,253,556**
Restatement for implementation of GASB Statement No. 68	(25,690)
Net position, beginning of year, as restated	**1,227,866**
Net position, end of year	**1,297,107**

The accompanying notes are an integral part of this statement.

HILLSBOROUGH COUNTY, FLORIDA
WATER ENTERPRISE FUND
PUBLIC UTILITIES DEPARTMENT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(Amounts in Thousands)

	Year Ended September 30, 2015
Cash flows from operating activities:	
Cash received from customers	$ 210,008
Cash received from other operating sources	107
Cash payments to suppliers for goods and services	(104,091)
Cash payments for employee services	(48,728)
Net cash provided by operating activities	**57,296**
Cash flows from capital and related financing activities:	
Capital contributions	3,789
Proceeds from surplus capital asset sales	182
Capital asset acquisition and construction	(74,135)
Revenue bonds interest payments	(1,235)
Revenue bonds principal maturity payments	(13,000)
Net cash used in capital and related financing activities	**(84,399)**
Cash flows from investing activities:	
Investment maturity and sale proceeds	328,809
Investment purchases	(322,259)
Investment earnings	9,546
Net cash provided by investing activities	**16,096**
Change in cash and cash equivalents	**(11,007)**
Cash and cash equivalents, beginning of year, as restated	**72,046**
Cash and cash equivalents, end of year	**61,039**
Cash and cash equivalent components:	
Cash and cash equivalents	45,169
Restricted cash and cash equivalents	15,870
Total cash and cash equivalents	**$ 61,039**

	Year Ended September 30, 2015
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	**$ 8,811**
Depreciation and amortization	51,143
Other nonoperating revenues	108
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	100
(Increase) decrease in due from other governments	(10)
(Increase) decrease in inventories	(356)
(Increase) decrease in other prepaid charges	(66)
(Increase) decrease in deferred outflows	(1,737)
Increase (decrease) in accounts and contracts payable	(1,370)
Increase (decrease) in accrued and other liabilities	231
Increase (decrease) in compensated absences	(571)
Increase (decrease) in pension liabilities	7,043
Increase (decrease) in deposits	639
Increase (decrease) in deferred inflows	(6,669)
Total adjustments	**48,485**
Net cash provided by operating activities	**$ 57,296**
Noncash investing, capital, and financing activities:	
Contributed capital assets	$ 53,874
Interest expense capitalized to construction work in progress	658

The accompanying notes are an integral part of this statement.

Hillsborough County
Florida

HILLSBOROUGH COUNTY, FLORIDA
WATER ENTERPRISE FUND
PUBLIC UTILITIES DEPARTMENT
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(Amounts in Thousands)

(1) Significant Accounting Policies Summary

The following is a summary of the significant accounting policies applied in the preparation of the accompanying 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.

(B) Presentation Basis

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

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

(C) Accounting Basis

The accrual accounting basis was 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.

(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. See Note 2 for more information.

(E) Allowance for Doubtful Accounts

The System utilizes the allowance method for recognizing bad debt expense and for recording bad debt recoveries. During fiscal year 2015, the System's bad debt expense, recorded as an operating expense, was $390.

(F) Inventories and Prepaid Charges

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

(G) Capital Assets

The System records capital asset equipment additions 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 estimated fair 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. Subsequent customer reimbursements are recorded as an offset to 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, capital assets include goodwill, software, and easements. Goodwill represents the excess paid to acquire four independent water and wastewater franchise providers over the fair value of the tangible capital assets acquired and is amortized over thirty years.

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	5 – 10
Intangible	2 – 30

(H) 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 using the installment method over the life of the debt issue to interest expense. For fiscal years 2015, reductions of unamortized bond premiums and discounts amortized to interest expense were $107.

(I) Compensated Absences Obligation

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 Hillsborough County Civil Service Rules, sick leave is paid at termination under two conditions. First, sick leave compensation for employees in “Plan A” includes payment at termination for all sick time hours accrued up to four hundred and 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. 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 as well as the System's required Florida Retirement System pension contribution.

(J) 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, long-term debt interest charges and the amortization of losses incurred on refunded debt transactions.

(K) 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 per occurrence with unlimited excess coverage above the self-insurance cap. Also, the BOCC is self-insured against general liability and automotive claims with limited liability per Section 768.28, Florida Statutes, of $200 per person and $300 per occurrence. Negligence claims in excess of the statutory limits can only be recovered through a special state of Florida legislative act. For fiscal year 2015, settled claims did not exceed insurance coverage. During fiscal years 2015, the System paid premiums of $2,573 to the BOCC 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 provides coverage of up to $550 per person annually. Stop-loss insurance was purchased to cover an unlimited lifetime amount per person above the $550 per person deductible. During fiscal year 2015, the System paid $5,201 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.

(L) Employee Retirement Plans

With a few exceptions, all full-time and part-time employees working for the County 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 governmentwide Statement of Net Position and Proprietary Fund Financial Statements present the County's proportionate shares of the net pension liabilities associated with the retirement plans offered by the Florida Retirement System. Effective October 1, 2014, the County implemented 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; See Note 8, Employee Retirement Plans, for more information. GASB Statement numbers 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.

(M) Use of Restricted Versus Unrestricted Net Position

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.

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

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

Deferred outflows of resources represent a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense or expenditure) until then. The System had pension-related items that qualify as deferred outflows of resources. These items totaled $3,967 at September 30, 2015. See Note 11 *Employee Retirement Plans*, for more information. During fiscal year 2015, the System recorded deferred outflows of resources in the amount of $2,342 for the purchase price in excess of book value of Pluris Eastlake Inc., Pluris PCU, Inc. (Pebble Creek) and Hillsborough Waterworks water/wastewater utility systems. For fiscal year 2015, the purchase price in excess of book value of $31 was amortized to operating expense and included in "depreciation and amortization" in the enterprise fund financial statements. The System had no deferred outflows of resources for bond refunding losses as of September 30, 2015.

Deferred inflows of resources represent 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 items that qualify as deferred inflows of resources. These items totaled $4,856 at September 30, 2015. See Note 11 *Employee Retirement Plans*, for more information.

(2) Cash Deposits and Investments

(A) Deposits

On September 30, 2015, total cash deposits were $4,282 and total bank balances were $6,818. 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 GAAP, investments are reported at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. If quoted market prices are available, they are used to determine fair value. For investments in open-end mutual funds, fair value is determined by the fund's current share price.

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System cash, cash equivalents, and investments on September 30, 2015 were as follows:

Description	Duration (years)	Credit Ratings (a)	
U. S. treasury securities	1.1	AA+/A-1+	$ 168,708
Federal agency securities	1.3	AA+/A-1+	102,568
Corporate notes	1.9	AAA/AA	17,944
Municipal bonds	0.9	AA	4,667
Total investments			293,886
Open-ended money market funds	0.1	AAA	3,187
Commercial paper notes	0.3	A-1	11,848
Florida PRIME	0.1	AAAm	41,721
Total cash equivalents and investments			350,642
Cash deposits			4,282
Total cash, cash equivalents and investments			$ 354,925

(a) Standard & Poor's long-term and short-term ratings

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

Cash and cash equivalents:	Current	$ 45,169
	Restricted	15,870
	Total cash and cash equivalents	61,039
Investments:	Current	217,476
	Restricted	76,410
	Total investments	293,886
	Total cash, cash equivalents, and investments	$ 354,925

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 investment portfolio of the primary government, as a whole at year-end, was approximately 0.98 years. 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. Excluding the United States Government, its agencies or instrumentalities, and mutual funds or investment pools that invest in such securities, no one issuer represents five percent or more of the BOCC's total investments.

C. SBA's Florida PRIME

The System has investments with the Florida Local Government Surplus Funds Trust Fund, managed by the State Board of Administration. The Florida Local Government Surplus Funds Trust Fund consists of the Florida PRIME.

Florida PRIME, which is a 2a-7 like pool, is carried at amortized cost. A 2a-7 like pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which regulates money market funds. Therefore, Florida PRIME operates essentially as a money market fund. The fair value of the System's position in the pool is the same as the value of the pool shares. System investments are listed by category of investment, fair value, effective duration in years, and credit rating. All investment income, including investment fair value changes, was reported as a component of investment earnings on the Statement of Activities.

D. Investment Policy

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

a. The state of Florida's Florida PRIME Fund.

b. Direct obligations of the United States government.

c. Obligations of United States government agencies such as the Government National Mortgage Association.

d. Obligations of United States government sponsored agencies such as the Federal Farm Credit Banks, Freddie Mac and the Federal Home Loan Mortgage Corporation.

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, Hillsborough County Ordinance 08-6 restricts BOCC investments as follows:

a. The entire portfolio may be invested in United States Treasury securities with a maximum maturity length of ten years, but investments in Treasury Strips are limited to ten percent of the portfolio.

b. A maximum of fifty percent of the portfolio may be invested in the state of Florida's Florida PRIME fund.

c. A maximum of fifty percent of the portfolio may be invested in United States government agency securities, with no more than ten percent of the portfolio invested in any individual United States government agency.

d. A maximum of sixty percent of the portfolio may be invested in obligations of United States Government instrumentalities with a maturity length of ten years, provided that no more than thirty percent of the portfolio is invested in any one issuer and no more than twenty five percent of the portfolio is invested in callable securities.

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

f. A maximum of twenty percent of the portfolio may be invested in non-negotiable interest bearing certificates of deposit with an institution having deposits secured by the Florida Security for Public Deposits Act, provided that the maximum maturity on any certificate of deposit is no greater than one-year and no more than ten percent of the portfolio is invested with any one issuer.

g. A maximum of twenty percent of the portfolio may be invested in prime commercial paper (i.e. rated Prime-1 by Moody's, A-1 by Standard and Poor's, or AA by two nationally recognized rating agencies if backed by a letter of credit), provided no more than five percent of the portfolio is invested in the commercial paper of a single issuer. The maximum length to maturity shall be two hundred seventy days from the purchase date.

h. A maximum of fifty percent of the portfolio may be invested in money market funds offered by registered investment companies and operated in accordance with 17 CFR 270.2a-7, provided that the money market funds are rated AAAM-G or better by Standard &Poor's or the equivalent by another nationally recognized rating agency. No more than twenty-five percent of the portfolio may be invested in any one money market fund.

i. A maximum of fifteen percent of the portfolio may be invested in high quality corporate notes (rated Aa by Moody's and AA by Standard and Poor's) provided no more than five percent of the portfolio is invested in a single issuer's notes.

j. A maximum of twenty percent of the portfolio may be invested in intergovernmental investment pools, provided that the total does not exceed twenty five percent of the intergovernmental pool.

k. A maximum of twenty-five percent of the portfolio may be invested in state or local government taxable or tax exempt general obligation or revenue bonds (rated Aa by Moody's an AA by Standard and Poor's) or short-term debt (rated MIG-2 by Moody's and SP-2 by Standard and Poor's).

l. A maximum of twenty percent of the portfolio may be invested in bankers acceptances issued by a domestic bank or federally chartered domestic office of a foreign bank (rated P-1 by Moody's and A-1 by Standard and Poor's) with a maximum of five percent of available funds invested with any one issuer. The maximum length to maturity shall be one hundred eighty days from purchase date.

m. Investment in reverse repurchase agreements is prohibited.

n. The maximum maturities shown above may be exceeded if investments are acquired to fulfill long-term debt service reserve requirements in which case investments are permitted to have maturities dates throughout the debt service reserve term.

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) Accounts Receivable, Net

Accounts receivable has 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.

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The September 30, 2015 accounts receivable components were as follows:

Customer receivables:	
Customer receivables–billed	$ 10,477
Customer receivables–unbilled	9,315
Non-current receivables-current	1,120
Total customer receivables	20,912
Less allowance for doubtful accounts	390
Net customer receivables	20,522
Restricted receivables:	
Customer impact fee receivables	119
Impact fee assessments	4,462
Total current account receivables	25,103
Other accounts receivable, less current portion:	
Impact fees	236
Special assessment units	117,890
Tampa Bay Water	10,961
TBW unamortized asset sale gain	(2,913)
Total other receivables	126,174
Total accounts receivable, net	$ 151,277

(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, 2015, current and restricted amounts due from other governments were $106.

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(5) Capital Asset Changes

System capital asset changes for the fiscal years ended September 30, 2015 were as follows:

	Balance 10/01/14	Increases	Decreases	Balance 9/30/15
Capital assets, non-depreciable:				
Land	$ 28,577	1,210	(532)	29,255
Construction work in progress	175,987	73,047	(73,569)	175,465
Total non-depreciable capital assets	204,564	74,257	(74,101)	204,720
Capital assets, depreciable:				
Buildings and utility plants	402,547	22,325	-	424,872
Building improvements	1,185,718	79,111	(1,151)	1,263,278
Equipment	21,036	3,322	(1,072)	23,286
Intangibles	11,147	(77)	-	11,070
Total depreciable capital assets	1,620,448	104,681	(2,623)	1,722,506
Accumulated depreciation:				
Buildings and utility plants	(231,075)	(13,757)	-	(244,832)
Building improvements	(635,653)	(35,534)	1,448	(669,739)
Equipment	(17,457)	(1,259)	1,037	(17,679)
Intangibles	(3,765)	(333)	-	(4,098)
Total accumulated depreciation	(887,950)	(50,883)	2,485	(936,348)
Total depreciated capital assets, net	732,498	53,798	(138)	786,158
Total capital assets, net	$ 937,062	128,055	(74,239)	$990,878

During fiscal year 2015, substantially completed construction projects of $73,569 were transferred from construction work in progress to building improvements. Also, in accordance with GAAP, $658 of long-term debt interest charges, net of investment earnings, were capitalized to construction work in progress. The System's construction work in progress related to the expansion of the water and wastewater system to accommodate customer growth and to rehabilitate existing facilities. Projects include installation of new water and sewer lines, reclaimed water distribution facilities, and water and wastewater treatment plant construction and modernization.

(Amounts in Thousands)

(6) Reporting Excess Contribution on Acquisition

On March 17, 2015, Hillsborough County Water Enterprise Fund acquired the operations of the Pluris Eastlake and Pluris PCU, a privately owned water/wastewater utility system in exchange for $14,100. 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 Pluris Eastlake and Pluris PCU, consisting of inventories, land, buildings, equipment and improvements. In addition, the County assumed the customer deposits liabilities. The transactions settled the outstanding $2,309 Pluris bank note and accrued taxes. The acquisition value of the net position acquired as of March 17, 2015 was determined to be $11,976.

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. 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. The acquisition value of the net position acquired as of August 24, 2015 was determined to be $12.

During fiscal year 2015, the System recorded deferred outflows of resources in the amount of $2,342 for the purchase price in excess of book value of Pluris Eastlake Inc., Pluris PCU, Inc. (Pebble Creek) and Hillsborough Waterworks water/wastewater utility systems. For fiscal year 2015, the purchase price in excess of book value of $31 was amortized to operating expense and included in “depreciation and amortization”.

	Balance 10/01/14	Increases	Decreases	Balance 9/30/15
Deferred outflows of resources				
Deferred outflow – price paid in excess of book value	$ -	2,342	-	2,342
Depreciation and amortization	-	(31)	-	(31)
Net deferred outflows	$ -	2,311	-	2,311

(Amounts in Thousands)

(7) Current Liabilities

(A) Accounts Payable

Accounts and contracts payable balances on September 30, 2015 were as follows:

	2015
Vouchers payable	$ 8,329
Contracts payable	8,519
Total accounts and contracts payable	$ 16,848

(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, 2015, unearned AGRF restricted and unrestricted deposits were $2,456.

(8) Other Liabilities

(A) Revenue Bonds

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

$18,035 Tax Exempt Utility Revenue Bonds, Series 2010A. The interest rate is 2.05% with interest payable semiannually. On September 30, 2015 the unpaid Series 2010A Bonds principal, (including current maturities of $2,575 was $10,755. The bonds mature on August 1, 2019;

$110,265 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, 2015, the unpaid Series 2010B Bonds principal was $110,265. The serial bonds mature on August 1, 2030 and the term bonds mature on August 1, 2037;

$21,700 Utility Revenue Bond, Federally Taxable Recovery Zone Economic Development Bonds-Direct Payment-35% 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, 2015, the unpaid Series 2010C Bonds principal was $21,700. The term bond matures on August 1, 2040.

(Amounts in Thousands)

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

Under the System's 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.

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 $2,575, follows:

Fiscal Year Ending September 30,	Principal	Interest	Interest Subsidy	Total
2016	$ 2,575	7,222	(2,544)	7,253
2017	2,635	7,164	(2,544)	7,255
2018	2,740	7,059	(2,544)	7,255
2019	2,805	6,990	(2,544)	7,251
2020	4,675	6,906	(2,544)	9,037
2021-2025	25,305	31,556	(11,679)	45,182
2026-2030	29,475	25,141	(9,433)	45,183
2031-2035	34,990	16,662	(6,466)	45,186
2036-2040	37,520	6,436	(2,766)	41,190
Total principal and interest	142,720	115,136	(43,064)	214,792
Add unamortized bond issue premium	183			
Less unamortized bond issuance discount	(480)			
Revenue bonds payable, net	142,423			
Deduct current maturities	(2,575)			
Other revenue bonds payable, net	$139,848			

(D) Compensated Absences Obligation

GAAP requires recording a liability for unpaid compensated absences. On September 30, 2015, the current and long term accumulated compensated absences liabilities were $3,513.

(Amounts in Thousands)

(E) Total Other Liability Changes

The System's total other liability changes for the fiscal years ended September 30, 2015 follows:

	Balance 10/1/14	Additions	Reductions	Balance 9/30/15	Due Within one year
2001 bonds	$ 10,500	-	10,500	-	-
2010 bonds	145,220	-	2,500	142,720	2,575
Unamortized bond issuance premiums	326	-	143	183	-
Unamortized bond issuance discounts	(516)	-	(36)	(480)	-
Compensated absences	4,085	2,530	3,102	3,513	3,102
Total other liabilities	$ 159,615	2,530	16,209	145,936	5,677

(9) Capital Contributions

Capital contributions for fiscal years 2015 were as follows:

Contributed capital assets	$ 33,328
Impact fee collections and capital grants	3,789
Special assessment contributions	20,546
Total capital contributions	$ 57,663

(10) Restricted Components of Net Position

Under GAAP restricted components of net position are 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 years ended September 30, 2015 was $72,759.

(11) Employee Retirement Plans

Florida Retirement System – General Information

Substantially all County 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. That report may be obtained by writing to the state of Florida Division of Retirement, PO Box 9000, Tallahassee, Florida 32315-9000. That report may also be viewed on the Florida Retirement System's website located at: www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports.

Plan Descriptions for Cost-Sharing Defined Benefit Plans

- The FRS Pension Plan is a multiple-employer cost-sharing qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees.

- The Retiree Health Insurance Subsidy (HIS) Program is a multiple-employer cost-sharing, defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The Florida Legislature sets and amends the contribution requirements and benefit terms of the HIS Program.

Benefits Provided

FRS Pension Plan

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

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

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, 2015, 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, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively, were as follows: Regular—7.37% and 7.26%; Special Risk Administrative Support—42.07% and 32.95%; Special Risk—19.82% and 22.04%; Senior Management Service—21.14% and 21.43%; Elected Officers—43.24% and 42.27%; and DROP participants—12.28% and 12.88%. These employer contribution rates include 1.26%and 1.66% HIS Program subsidies.

- HIS Program

  The HIS Program is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. The HIS contribution for the period October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015 were 1.26% and 1.66%, respectively. The employer contribution rates shown in the FRS Pension Plan section above include the HIS Program contribution rates of 1.26% and 1.66%, for the periods of October 1, 2014 through June 30, 2015 and July 1, 2015 through September 30, 2015, respectively. 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.

(Amounts in Thousands)

Total System's contributions, including employee contributions, to the FRS Pension Plan were $2,741 for the fiscal year ended September 30, 2015. Total System contributions to the HIS Program were $154 for the fiscal year ended September 30, 2015.

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

Pension Liabilities - At September 30, 2015, the System reported net pension liabilities of $11,799 and $11,639, 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, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Fund's proportionate share of the net pension liability was based on the Fund's proportionate share of the County's contributions as a percentage of all contributions from participating members for the state of Florida fiscal year ended June 30, 2015. At September 30, 2015, the System's proportionate shares for the FRS Pension Plan and HIS Program were 0.099% and 0.114%. The System's proportionate shares for the FRS Pension Plan and HIS Program, which were 0.002 and -0- percentage points lower than the respective proportionate shares measured as of June 30, 2014. The components of the Fund's net pension liabilities at September 30, 2015 were as follows:

	FRS Pension Plan	HIS Program	Total
Total pension liability	$ 147,487	11,697	159,184
Plan fiduciary net position	(135,688)	(58)	(135,746)
Net pension liability	$ 11,799	11,639	23,438
Plan fiduciary net position as a percentage of the total pension liability	92.00%	0.50%	85.28%

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

(Amounts in Thousands)

Pension Expense (Benefit) - For the fiscal year ended September 30, 2015, the Fund recognized pension expense (benefit) of ($1,747) and $384 for the Pension Plan and HIS Program, respectively.

Deferred Outflows/Inflows of Resources – For the fiscal year ended September 30, 2015, the Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS Pension Plan		HIS Pension Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,248	(280)	-	-
Changes in assumptions	782	-	916	-
Net difference between projected and actual earnings on pension plan	-	(2,818)	6	-
Changes in proportion and differences between Fund contributions and proportionate share of contributions	116	(1,561)	163	(197)
Fund contributions subsequent to the measurement date	587	-	149	-
Total	$ 2,733	(4,659)	1,234	(197)

The deferred outflows of resources totaling $587 and $149 resulting from System's contributions to the Pension Plan and HIS Program, respectively, which were subsequent to the June 30, 2015 measurement date, will be recognized as a pension expense in the fiscal year ending September 30, 2016. 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
2016	$ (1,162)	155
2017	(1,162)	155
2018	(1,162)	155
2019	1,162	153
2020	41	152
Thereafter	$ (230)	118

Actuarial Assumptions – The total pension liabilities for the FRS Pension Plan and HIS Program in the June 30, 2015 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate of 2.60%

Average rate of salary increases of 3.25%, including inflation

Investment rate of return, net of pension plan investment expense of 7.65%, including inflation for FRS

Pension Plan Investment rate of return, net of pension plan investment expense of 3.80%, including inflation for HIS Plan

Average expected remaining service life of employees provided with FRS Pension Plan at June 30, 2015 was 6.3 years Average expected remaining service life of employees provided with HIS Program at June 30, 2015 was 7.2 years

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

The actuarial assumptions used in the July 1, 2015, FRS Pension Plan valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The long-term expected rates of return on FRS Pension Plan and HIS Program investments were not based on historical returns, but instead were based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions. A mean inflation rate of 2.6% was assumed along with a standard deviation of 1.9%.

(Amounts in Thousands)

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:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	3.2%	3.1%	1.7%
Fixed income	18%	4.8%	4.7%	4.7%
Global equity	53%	8.5%	7.2%	17.7%
Real estate (property)	10%	6.8%	6.2%	12.0%
Private equity	6%	11.9%	8.2%	30.0%
Strategic investments	12%	6.7%	6.1%	11.4%
	100%			

Discount Rates

The FRS Pension Plan discount rate used to measure the total pension liability was 7.65%. 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 3.80%. 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 show the effects on the FRS Pension Plan and HIS Program net pension (assets) 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 (assets) liability of the FRS Pension Plan if its discount rates were 6.65%, 7.65% or 8.65% as well as the net pension liability of the HIS Program if its discount rates were 2.80%, 3.80% or 4.80%.

(Amounts in Thousands)

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, 2015.

Proportionate Share of FRS Net Pension Plan Net Pension (Asset) Liability			Proportionate Share of HIS Program Net Pension Liability		
1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
6.65%	7.65%	8.65%	6.65%	7.65%	8.65%
30,574	11,799	(3,825)	13,263	11,639	10,286

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 0.04% 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, 2015, 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 County.

(Amounts in Thousands)

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 $231 for fiscal year 2015.

Restatement of Prior Year as a Result of GASB Statement Nos. 68 and 71

	Deferred Outflows of Resources (Pensions)	Net Pension Liability	Deferred Inflows of Resources (Pensions)	Net Position
Beginning of year, as previously reported	$ -	-	-	1,253,556
Restatement for implementation of GASB Statements No. 68 and 71	2,230	(16,395)	(11,525)	(25,690)
Beginning of year, as restated	$ 2,230	(16,395)	(11,525)	1,227,866

(12) Other Post-Employment Benefits (OPEB)

GAAP requires public sector employers to record an expense for the future portion of post-employment benefits earned by the employee in the current period rather than recognizing these obligations on a "pay as you go" basis.

The BOCC provides the following OPEB to retirees: (a) retirees are permitted to purchase healthcare coverage at the same "group insurance rates" current employees are charged in accordance with Florida Statute 112.0801. Retirees purchasing health insurance at group rates is a benefit and represents an "implicit subsidy" as they may purchase health insurance at a cost below the comparable market cost associated with their age category and (b) with some exceptions, retirees between the ages of sixty-two and sixty-five are provided a health insurance stipend to partially offset health insurance costs. This benefit is subject to BOCC cancellation at any time.

On September 30, 2015, the County's annual OPEB cost, as calculated by an independent actuary in accordance with GAAP was $5.9 million. This annual cost represents a thirty-year annual funding level that will subsidize all current and future employee as well as earned retiree OPEB benefits, including amortization of prior year unfunded OPEB liabilities, if any. For fiscal year 2015, the OPEB liability allocated to and paid by the System was $154.

(13) Outstanding Purchase Orders and Contracts

On September 30, 2015, outstanding purchase orders and contracts were $94,532.

(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 and $18,818, respectively. With respect to Tampa Bay Water's $19,326 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, 2015, including current maturities of $656, was $11,617.

This transaction resulted in a $12,926 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, 2015 was $2,913. For fiscal year 2015, the gain amortized to other nonoperating revenues was $436.

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 2015 operating costs and debt service requirements. Tampa Bay Water's audited financial statements for the fiscal year ended September 30, 2015 may be obtained from:

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

(15) Contingent Liabilities

(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 (DEP) 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) No Commitment Special Assessment Debt

The following no-commitment special assessment debt obligations are not recorded in the System’s financial statements, since the System is not, and has not been, legally obligated to repay the bonds.

(A) Fiscal Year 2001

On December 8, 2000, the BOCC issued $4,900 in Reclaimed Water Special Assessment Revenue Bonds, Series 2000 and $29,600 in Capacity Assessment Special Assessment Revenue Bonds, Series 2000. These bonds have interest rates that vary from 4.30% to 5.00% with interest payable semiannually. Reclaimed Water Special Assessment net bond proceeds were used to redeem approximately $4,000 in outstanding System notes payable. Impact Fee Assessment bond proceeds were used to expand the System’s water and wastewater facilities. Payment of debt service is secured and payable from impact fee assessment unit and reclaimed water improvement unit special assessment revenues. On September 4, 2015, Series 2000 Special Assessment Bonds were redeemed using available equity and debt reserves. On September 30, 2015, the Capacity Assessment Special Assessment Revenue Bonds, Series 2000, outstanding balance was $-0-, and the Reclaimed Water Improvement Special Assessment Revenue Bonds, Series 2000, outstanding balance was $-0-.

(B) Fiscal Year 2006

On May 3, 2006, the BOCC issued $101,100 in Capacity Assessment Special Assessment Revenue Bonds, Series 2006, with interest rates from 3.55% to 5.00%. Interest is payable semiannually. Bond proceeds were combined with a market issue premium of $5,000 and used to fund a System capital improvement account deposit of $93,800, to fund a debt service reserve of $9,000, to fund capitalized interest costs of $3,000, and to pay bond issuance costs of $300. To secure repayment of the bonds, the System irrevocably pledged ("sold") $97,800 in long-term impact fee assessment accounts receivable and the related annual special assessment collections of approximately $10,000 to the bondholders for the $93,800 capital improvement account funding. On September 4, 2015 these bonds were refinanced using available equity and debt service reserves into a Capacity Special Assessment Refunding Revenue Note, Series 2015. On September 30, 2015, the Capacity Assessment Special Assessment Revenue Bonds, Series 2006, outstanding balance was $-0-.

(C) Fiscal Year 2015

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

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
(Amounts in Thousands)

FRS Pension Plan
Last 10 FISCAL YEARS
Amounts in thousands

	2015	2014
System's proportion of net pension liability	0.099%	0.101%
System's proportionate share of net pension liability	$ 11,799	$ 5,718
System's covered-employee payroll	$ 35,455	$ 34,953
System's proportionate share of net pension liability as a percentage of its covered-employee payroll	33.28%	16.36%
FRS Plan fiduciary net position as a percentage of the total pension liability	92.00%	96.09%

Health Insurance Subsidy Program
Last 10 FISCAL YEARS
Amounts in thousands

	2015	2014
System's proportion of net pension liability	0.114%	0.114%
System's proportionate share of net pension liability	$ 11,639	$ 10,677
System's covered-employee payroll	$ 35,455	$ 34,953
System's proportionate share of net pension liability as a percentage of its covered-employee payroll	32.83%	30.55%
HIS Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.99%

Note: Data was unavailable prior to 2014

Hillsborough County
Florida

HILLSBOROUGH COUNTY, FLORIDA
WATER ENTERPRISE FUND
PUBLIC UTILITIES DEPARTMENT
Schedule of Contributions - Florida Retirement System and Health Insurance Subsidy
(Amounts in Thousands)

FLORIDA RETIREMENT SYSTEM
Last 10 FISCAL YEARS

	2015	2014
Contractually required contributions	$ 2,175	$ 2,005
Contributions in relation to the contractually required contributions	2,175	$ 2,005
Contributions deficiency (excess)	$ -	-
System's covered employee payroll	$ 35,455	$ 34,953
Contributions as a percentage of covered employee payroll	6.13%	5.74%

HEALTH INSURANCE SUBSIDY PROGRAM
Last 10 FISCAL YEARS

	2015	2014
Contractually required contributions	$ 335	$ 300
Contributions in relation to the contractually required contributions	335	300
Contributions deficiency (excess)	$ -	-
System's covered employee payroll	$ 35,455	$ 34,953
Contributions as a percentage of covered employee payroll	0.94%	0.86%

Note: Data was unavailable prior to 2014

Hillsborough County
Florida

HILLSBOROUGH COUNTY, FLORIDA
WATER ENTERPRISE FUND
PUBLIC UTILITIES DEPARTMENT
COMPARISON OF ACTUAL REVENUES AND
EXPENSES TO BUDGET
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(Amounts in Thousands)

	BUDGET	ACTUAL	CHANGE POSITIVE (NEGATIVE)
Operating revenues:			
Charges for services	**$ 212,586**	**209,549**	**(3,037)**
Operating expenses:			
Employee services	49,319	48,660	659
Contractual services	76,971	73,533	3,438
Fleet services	2,667	2,585	82
Repairs and maintenance	8,147	11,647	(3,500)
Utilities	12,874	11,891	983
Supplies	509	587	(78)
Other	2,614	2,055	559
Pension expense (benefit)	-	(1,363)	1,363
Total operating expenses before depreciation and amortization expense	**153,101**	**149,595**	**3,506**
Operating income before depreciation and amortization expense	**$ 59,485**	**59,954**	**(469)**
Depreciation and amortization expense *		51,143	
Operating income		**8,811**	

*** Depreciation and amortization expenses are not budgeted.**

SUPPLEMENTARY SCHEDULES

EXHIBIT A
HILLSBOROUGH COUNTY, FLORIDA
WATER ENTERPRISE FUND
PUBLIC UTILITIES DEPARTMENT
UTILITY REVENUE BONDS SERIES, 2010A
(TAX-EXEMPT)
ISSUED NOVEMBER 16, 2010
DEBT SERVICE SCHEDULE
(Amounts of Thousands)

Fiscal Year	Principal	Interest	Total
2016	$ 2,575	316	2,891
2017	2,635	258	2,893
2018	2,740	153	2,893
2019	2,805	84	2,889
	$ 10,755	**811**	**11,566**

EXHIBIT B
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
(Amounts of Thousands)

Fiscal Year	Principal	Interest	Less 35% Subsidy	Total
2016	$ -	5,637	1,973	3,664
2017	-	5,637	1,973	3,664
2018	-	5,637	1,973	3,664
2019	-	5,637	1,973	3,664
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	**83,832**	**29,341**	**164,756**

*The entire Build America Bonds federal subsidy is shown, however the subsidy for fiscal year 2016 will be reduced by 6.8% due to sequestration mandated by the American Taxpayer Relief Act of 2012.

EXHIBIT C
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
(Amounts of Thousands)

Fiscal Year	Principal	Interest	Less 35% Subsidy	Total
2016	$ -	1,269	571	698
2017	-	1,269	571	698
2018	-	1,269	571	698
2019	-	1,269	571	698
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	446	203	7,708
	$ 21,700	**30,493**	**13,723**	**38,470**

*The entire Build America Bonds federal subsidy is shown, however the subsidy for fiscal year 2016 will be reduced by 6.8% due to sequestration mandated by the American Taxpayer Relief Act of 2012.

HILLSBOROUGH COUNTY, FLORIDA
WATER ENTERPRISE FUND
PUBLIC UTILITIES DEPARTMENT
RATE COVENANT TEST
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(Amounts in Thousands)

		REQUIREMENTS		
		I	II	III
Operating revenues	$ 209,549			
Additions:				
Investment earnings	7,902			
Other operating receipts	-			
Non-impact fee special assessment revenues	18			
Deductions:				
Non-covenant investment earnings:				
Bond proceed construction accounts	136			
Debt service sinking fund account	73			
Impact fee assessment unit non-bonded revenues (A)	41			
Impact fee revenue account (B)	21			
Non-impact fee special assessments revenue accounts	47			
Special assessment revenue installment interest charges	5,217			
Gross revenues		**211,934**	**211,934**	**211,934**
Pledged available impact fees:				
Impact fee revenues	10,119			
Impact fee assessment unit revenues	3,701			
Investment earnings (A+B)	62			
Pledged available impact fees		**13,882**	**13,882**	**-**
Total funds available		**225,816**	**225,816**	**211,934**
Funds and deposits required:				
Total operating expenses	200,738			
Deductions:				
Depreciation and amortization	51,143			
Capitalized operating expenses	658			
County-wide Water Conservation Trust refund	-			
Operation and maintenance costs		**148,937**	**148,937**	**148,937**
Renewal and replacement deposit		**11,458**	**-**	**-**
Bond service requirements:				
2001 bond interest requirement	570			
2001 bond principal requirement	10,500			
2010A/B/C bonds interest requirement	7,297			
2010A/B/C principal requirement	2,500			
Deductions:				
2010B/C bonds interest subsidy	2,358			
Total bond service requirement	**18,509**			
Less debt service sinking fund investment earnings	73			
Total bond service requirement		**18,436**	**18,436**	**18,436**
Requirement II - 20% of total bond service requirements		**-**	**3,687**	**-**
Total funds and deposits required		**178,831**	**171,060**	**167,373**
Funds in excess of requirements - September 30, 2015		**$ 46,985**	**54,756**	**44,561**

HILLSBOROUGH COUNTY, FLORIDA
WATER ENTERPRISE FUND
PUBLIC UTILITIES DEPARTMENT
EXCESS RATE COVENANT TEST FUNDS RECONCILED TO
CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(Amounts in Thousands)

		REQUIREMENTS		
		I	**II**	**III**
Excess Funds over Covenant Requirements - September 30, 2015		**$ 46,985**	**54,756**	**44,561**
Items considered in determining the change in net position, but not considered in the rate covenant calculation:				
Investment earnings on restricted accounts:				
Bond proceed construction accounts		136	136	136
Impact fee revenue account		21	21	21
Impact assessment unit account		41	41	41
Non-impact fee special assessment revenue accounts		47	47	47
Special assessment revenue installment interest charges		5,217	5,217	5,217
Non-impact fee special assessment revenues		(18)	(18)	(18)
Other-operating receipts		-	-	-
Depreciation and amortization		(51,143)	(51,143)	(51,143)
Capitalized operating expenses		(658)	(658)	(658)
Asset disposal gain (loss)		(485)	(485)	(485)
Nonoperating revenues		107	107	107
Nonoperating expenses		-	-	-
Deferred outflow of resources, loss on refunding		-	-	-
Difference between interest expense as reported on the Statement of Activities and the Rate Covenant Test due to amortization of deferred refunding losses, bond issuance premiums, and capitalized long-term debt interest costs:				
Rate Covenant Test	$ 5,509			
Statement of Activities	4,757			
Difference		752	752	752
Items considered for rate covenant requirements, but not considered in determining the change in net position:				
Pledged impact fees		(13,882)	(13,882)	-
Bonds principal bond service requirement		13,000	13,000	13,000
Additional 20% of bond service requirements		-	3,687	-
Renewal and replacement account deposit		11,458	-	-
Capital contributions		57,663	57,663	57,663
Change in net position - September 30, 2015		**$ 69,241**	**69,241**	**69,241**

HILLSBOROUGH COUNTY, FLORIDA
WATER ENTERPRISE FUND
PUBLIC UTILITIES DEPARTMENT
RATE COVENANT TEST
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

REQUIREMENTS

This report was prepared in accordance with BOCC Resolution R03-112, the amended and restated BOCC Utility System Resolution, Article XI, Section 11.02. The following requirements were met for the fiscal year ended September 30, 2015

I. Gross Revenues together with Pledged Impact Fees, exceeded Required Deposits;

II. Net Revenues, together with Pledged Impact Fees, exceeded 120% of Bond Service Requirements; and,

III. Net revenues exceeded Bond Service Requirements.

(Net Revenues = Gross Revenues less the Cost of Operations and Maintenance.)

HILLSBOROUGH COUNTY, FLORIDA
WATER ENTERPRISE FUND
PUBLIC UTILITIES DEPARTMENT
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR ACCOUNTS RESTRICTED BY BOND COVENANT OR RESERVED BY BOCC POLICY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(Amounts in Thousands)

	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**	**2010 Bonds DSR Proceeds**	**Total Restricted**	**2010 Bonds BAB & RZED Subsidies**	**Non-Bonded RWIU Assmt Units**	**Non-Bonded Infrastructure Assmt Units**	**Total System**
Balance, October 1, 2014	**$ 3,594**	**3,631**	**52,749**	**185**	**6,240**	**4,477**	**11,581**	**82,457**	**2,267**	**2,984**	**103**	**87,811**
Receipts:												
Impact fee revenues	3,700	-	-	-	-	-	-	3,700	-	18	-	**3,718**
Impact fee investment earnings	21	-	-	-	41	-	-	62	-	-	-	**62**
Investment earnings - debt service account	-	73	-	-	-	-	-	73	6	47	-	**126**
Investment earnings - construction accounts	-	-	-	-	-	136	-	136	-	-	-	**136**
2010 bonds--BAB & RZED subsidies	-		-	-	-	-	-	-	2,358	-	-	**2,358**
Proceeds from asset sales	-	22	160	-	-	-	-	182	-	-	-	**182**
Special assessment revenues	-	-	-	-	10,119	-	-	10,119	-	803	7	**10,929**
Other revenues	-	-	-	-	506	-	-	506	-	13	-	**519**
Transfer from impact fee account	8,732	11,070	-	-	-	-	-	19,802	-	-	-	**19,802**
Transfers from the revenue account	-	2,891	12,000	-	-	-	-	14,891	-	-	-	**14,891**
Transfers from bond subsidy accounts	-	2,174	-	-	-	-	-	2,174	-	-	-	**2,174**
Tampa Bay Water - water purchase credits	-	-	1,238	-	-	-	-	1,238	-	-	-	**1,238**
Total receipts	**12,453**	**16,230**	**13,398**	**-**	**10,666**	**136**	**-**	**52,883**	**2,364**	**881**	**7**	**56,135**
Disbursements:												
Capital outlay	-	-	16,805	49	-	1,180	-	18,034	-	-	-	**18,034**
Operating expenses	-	-	924	-	179	-	-	1,103	-	137	-	**1,240**
Interest payments	-	7,868	-	-	-	-	-	7,868	-	-	-	**7,868**
Principal payments	-	13,000	-	-	-	-	-	13,000	-	-	-	**13,000**
Transfers to impact fee account	-	-	-	-	8,073	-	-	8,073	-	-	-	**8,073**
Transfers to operating and maintenance account	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to debt service sinking account	11,070	-	-	-	-	-	-	11,070	2,174	-	-	**13,244**
Total disbursements	**11,070**	**20,868**	**17,729**	**49**	**8,252**	**1,180**	**-**	**59,148**	**2,174**	**137**	**-**	**61,459**
Balance, September 30, 2015	**$ 4,977**	**(1,007)**	**48,418**	**136**	**8,654**	**3,433**	**11,581**	**76,192**	**2,457**	**3,728**	**110**	**82,487**
Notes:	**(B)**	**(B)**	**(A)**	**(A)**	**(B)**	**(C)**	**(B)**		**(D)**	**(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	$ 48,554
(B) Debt service	24,205
Total restricted	**$ 72,759**
(C) Invested in capital assets	3,433
(D) Reserved	6,295

Financial Trends Information:

These schedules present comparative financial data over the last ten fiscal years. This provides information to financial statement user concerning the System's financial management and performance.

Schedules:

Net Position by Components
Current Ratio
Return on Capital Assets
Accounts Receivable Collection Days
Statement of Activities
Components of Charges for Services
Other Nonoperating Revenue Components

Debt Capacity Information:

These schedules present the System's comparative outstanding debt and debt service requirements to net position, charges for services and rate covenant requirements.

Schedules:

Outstanding Debt Compared to Net Position
Historical Debt Service Coverage

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
(Amounts in Thousands)

Financial Trend Schedules:

Components of Net Position
Fiscal Years - 2006 through 2015
(amounts in thousands)

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

	2015	2014**	Restated 2013	Restated 2012	Restated 2011	2010*	2009*	2008*	Restated 2007*	Restated 2006*
Net investment in capital assets	$ 826,175	786,009	727,599	738,301	756,401	788,041	801,480	726,046	545,229	467,644
Restricted net position	72,759	77,980	76,115	70,311	67,335	48,603	31,582	51,073	132,958	157,340
Unrestricted net position	398,173	389,567	377,263	359,377	308,849	277,397	273,018	289,885	341,544	313,058
Total net position	**$ 1,297,107**	**1,253,556**	**1,180,977**	**1,167,989**	**1,132,585**	**1,114,041**	**1,106,080**	**1,067,004**	**1,019,731**	**938,042**

*not restated for GASB 65
**not restated for GASB 68

Current Ratio
Fiscal Years - 2006 through 2015
(amounts in thousands)

This schedule shows the System's ability to pay its current liabilities such as accounts payable, payroll, and short-term borrowing costs. The generally accepted current ratio standard is 2:1, whereby current assets exceed current liabilities.

	2015	2014	2013	2012	2011	2010	2009	2008	2007	Restated 2006
Total current assets	$ 384,060	403,393	425,365	436,866	414,535	261,383	235,122	336,776	482,379	478,811
Total current liabilities	41,730	54,633	50,859	52,907	53,808	58,161	57,117	81,974	70,642	54,052
Ratio	**9.2:1**	**7.4:1**	**8.4:1**	**8.3:1**	**7.7:1**	**4.5:1**	**4.1:1**	**4.1:1**	**6.8:1**	**8.9:1**

HILLSBOROUGH COUNTY, FLORIDA
WATER ENTERPRISE FUND
PUBLIC UTILITIES DEPARTMENT
(Amounts in Thousands)

Financial Trend Schedules (continued):

Return on Capital Assets
Fiscal Years - 2006 through 2015
(amounts in thousands)

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

	2015	2014**	Restated 2013	Restated 2012	2011*	2010*	2009*	2008*	Restated 2007*	Restated 2006*
Change in net position	$ 69,241	41,702	41,702	35,404	21,000	7,961	39,076	47,273	81,689	92,372
Average total capital assets, net	949,451	864,160	864,160	847,892	849,652	868,287	867,157	769,037	658,314	619,669
Return on Capital Assets	**7.3%**	**4.8%**	**4.8%**	**4.2%**	**2.5%**	**0.9%**	**4.5%**	**6.1%**	**12.4%**	**14.9%**

*not restated for GASB 65
**not restated for GASB 68

Accounts Receivable Collection Days over 365 Collection Days and Bad Debt Expenses
Fiscal Years - 2006 through 2015
(amounts in thousands)

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	Restated 2006
Charges for services	$ 209,549	205,716	205,197	202,199	196,512	177,315	175,692	180,715	188,386	188,120
Accounts receivable before allowance	20,912	21,105	19,683	20,383	17,798	18,079	16,049	17,499	17,839	15,640
Accounts Receivable Collection days	**36.4**	**37.4**	**35.0**	**36.8**	**33.1**	**37.2**	**33.3**	**35.3**	**34.6**	**30.3**
Bad debt expense	274	415	330	275	278	253	453	395	472	463
Percent of charges for services	**0.02%**	**0.02%**	**0.02%**	**0.01%**	**0.01%**	**0.01%**	**0.03%**	**0.02%**	**0.03%**	**0.03%**

HILLSBOROUGH COUNTY, FLORIDA
WATER ENTERPRISE FUND
PUBLIC UTILITIES DEPARTMENT
(Amounts in Thousands)

Financial Trend Schedules (continued):

Statement of Activities
Fiscal Years - 2006 through 2015
(amounts in thousands)

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

	2015	2014	Restated 2013	Restated 2012	Restated 2011	2010	2009	2008	2007	Restated 2006
Operating revenues:										
Charges for services	$ 209,549	205,716	205,197	202,199	196,512	177,315	175,692	180,715	188,386	188,120
Operating expenses:										
Employee services	48,660	46,536	39,052	39,257	41,111	40,869	47,486	45,618	42,625	39,275
Contractual services	73,533	73,543	69,678	69,450	70,291	69,445	68,320	73,650	68,063	58,437
Communication services	-	-	1,245	1,275	1,269	1,319	1,350	1,393	1,287	1,178
Fleet services	2,585	2,396	2,403	2,513	2,075	1,816	1,506	2,131	1,701	1,669
Repairs and maintenance	11,647	9,653	8,859	8,117	7,964	5,924	7,692	7,903	6,801	6,373
Utilities	11,891	12,312	9,508	10,230	9,256	8,876	10,917	10,411	7,822	7,246
Supplies	587	536	354	325	324	297	1,196	3,840	5,012	2,804
Depreciation and amortization	51,143	51,238	54,986	55,650	57,391	58,536	52,754	51,445	49,846	48,144
Other	2,055	2,262	2,144	2,047	1,827	2,003	2,306	2,774	2,429	2,338
Pension expense (benefit)	(1,363)	-	-	-	-	-	-	-	-	-
Total operating expenses	**200,738**	**198,476**	**188,229**	**188,864**	**191,508**	**189,085**	**193,527**	**199,165**	**185,586**	**167,464**
Operating expenses - percentage of revenue	**95.80%**	**96.48%**	**91.73%**	**93.41%**	**97.45%**	**106.6%**	**110.2%**	**110.2%**	**98.5%**	**89.0%**
Operating income (loss)	**8,811**	**7,240**	**16,968**	**13,335**	**5,004**	**(11,770)**	**(17,835)**	**(18,450)**	**2,800**	**20,656**
Nonoperating revenues (expenses):										
Investment earnings	7,902	5,807	7,232	9,071	9,011	9,974	12,091	17,564	28,297	24,928
Interest expense	(4,757)	(3,566)	(3,975)	(3,764)	(6,046)	(2,327)	(6,814)	(10,184)	(11,580)	(13,042)
Other revenues	107	3,044	1,730	1,591	3,585	4,082	3,156	3,822	4,062	4,989
Loss on debt defeasance	-	-	-	-	-	-	(6,813)	-	-	-
Other expenses	(485)	(679)	(1,806)	(278)	(2,970)	(312)	(716)	(542)	(523)	(3,350)
Total nonoperating revenue (expense)	**2,767**	**4,606**	**4,688**	**6,620**	**3,580**	**11,417**	**904**	**10,660**	**20,256**	**13,525**
Income (loss) before contributions and transfers	**11,578**	**11,846**	**21,656**	**19,955**	**8,584**	**(353)**	**(16,931)**	**(7,790)**	**23,056**	**34,181**
Capital contributions	57,663	32,019	19,925	15,330	9,770	7,847	56,007	55,063	58,633	58,141
Transfers in	-	-	121	119	190	467	-	-	-	50
Change in net position	**69,241**	**43,865**	**41,702**	**35,404**	**18,544**	**7,961**	**39,076**	**47,273**	**81,689**	**92,372**
Net position, beginning of year	**1,253,556**	**1,209,691**	**1,167,989**	**1,132,585**	**1,114,041**	**1,106,080**	**1,067,004**	**1,019,731**	**938,042**	**845,670**
Restatement for GASB 68 implementation	**(25,690)**	-	-	-	-	-	-	-	-	-
Net position, beginning of year, as restated	**1,227,866**	**1,209,691**	**1,167,989**	**1,132,585**	**1,114,041**	**1,106,080**	**1,067,004**	**1,019,731**	**938,042**	**845,670**
Net position, end of year	**$ 1,297,107**	**1,253,556**	**1,209,691**	**1,167,989**	**1,132,585**	**1,114,041**	**1,106,080**	**1,067,004**	**1,019,731**	**938,042**

HILLSBOROUGH COUNTY, FLORIDA
WATER ENTERPRISE FUND
PUBLIC UTILITIES DEPARTMENT
(Amounts in Thousands)

Financial Trend Schedules (Continued):

Components of Charges for Services
Fiscal Years - 2006 through 2015
(amounts in thousands)

This schedule identifies the System's principal components of charges for services.

	2015	PCT	2014	PCT	2013	PCT	2012	PCT	2011	PCT	2010	PCT	2009	PCT	2008	PCT	2007	PCT	Restated 2006	PCT
Water charges	$ 99,912	47.7	94,562	45.1	93,628	44.7	94,772	45.2	92,182	44.0	77,859	37.2	76,203	36.4	79,101	37.7	82,788	39.5	80,008	38.2
Wastewater charges	98,376	46.9	98,416	47.0	91,350	43.6	89,997	42.9	87,544	41.8	84,114	40.1	83,201	39.7	84,159	40.2	83,274	39.7	81,063	38.7
Reclaimed water charges	2,165	1.0	2,190	1.0	2,039	1.0	2,050	1.0	2,049	1.0	1,911	0.9	1,819	0.9	1,818	0.9	1,401	0.7	1,312	0.6
Accrued guaranteed revenue fees	283	0.1	2,384	1.1	9,464	4.5	7,009	3.3	6,164	2.9	5,171	2.5	5,030	2.4	5,840	2.8	11,063	5.3	16,056	7.7
Customer billing charges	8,214	3.9	7,435	3.5	7,909	3.8	7,488	3.6	7,450	3.6	7,262	3.5	7,030	3.4	7,082	3.4	6,970	3.3	6,873	3.3
General operating revenues	599	0.3	729	0.3	807	0.4	883	0.4	1,123	0.5	998	0.5	2,409	1.1	2,715	1.3	2,890	1.4	2,808	1.3
Charges for services	**$ 209,549**	**100.0**	**205,716**	**100.0**	**205,197**	**100.0**	**202,199**	**100.0**	**196,512**	**100.0**	**177,315**	**100.0**	**175,692**	**100.0**	**180,715**	**100.0**	**188,386**	**100.0**	**188,120**	**100.0**

Other Nonoperating Revenue Components
Fiscal Years - 2006 through 2015
(amounts in thousands)

This schedule identifies the principal components of the System's other nonoperating revenues.

	2015	PCT	2014	PCT	2013	PCT	2012	PCT	2011	PCT	2010	PCT	2009	PCT	2008	PCT	2007	PCT	Restated 2006	PCT
Investment earnings	$ 7,902	12.1	5,807	8.9	7,232	11.1	9,071	13.9	9,011	13.8	9,974	15.3	12,091	18.5	17,564	26.9	28,297	43.4	24,928	38.2
Capital contributions	57,663	88.5	32,019	49.1	19,872	30.5	15,330	23.5	9,770	15.0	7,847	12.0	56,007	85.9	55,063	84.5	58,633	89.9	58,141	89.2
General revenues	(378)	(0.6)	2,365	3.6	3,046	4.7	3,960	6.1	3,585	5.5	4,082	6.3	3,156	4.8	3,822	5.9	4,062	6.2	4,989	7.7
Transfers in	-	-	-	-	121	0.2	119	0.2	190	0.3	467.00	0.7	0	-	-	-	-	-	50	-
Total other nonoperating revenues	**$ 65,187**	**100.0**	**40,191**	**61.7**	**30,271**	**46.4**	**28,480**	**43.7**	**22,556**	**34.6**	**22,370**	**34.3**	**71,254**	**109.3**	**76,449**	**117.3**	**90,992**	**139.6**	**88,108**	**100.0%**

HILLSBOROUGH COUNTY, FLORIDA
WATER ENTERPRISE FUND
PUBLIC UTILITIES DEPARTMENT
(Amounts in Thousands)

Debt Schedules:

Historical Debt Service Coverage
Fiscal Years - 2006 through 2015
(amounts in thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	Restated 2006
Gross Revenues (1)	$ 213,783	211,399	208,154	206,358	200,442	180,351	183,260	193,349	206,971	202,554
Less Cost of Operation & Maintenance (3)	148,937	144,701	131,384	131,264	132,296	128,323	139,269	145,429	134,471	118,220
Total Net Revenues	**64,846**	**66,698**	**76,770**	**75,094**	**68,146**	**52,028**	**43,991**	**47,920**	**72,500**	**84,334**
Pledged Impact Fees (2)	**13,882**	**15,336**	**12,084**	**12,059**	**12,663**	**11,559**	**10,088**	**8,211**	**11,798**	**20,535**
Total Pledged System Revenues	**$ 78,728**	**82,034**	**88,854**	**87,153**	**80,809**	**63,587**	**54,079**	**56,131**	**84,298**	**104,869**
Required Deposits										
Cost of Operation and Maintenance (3)	148,937	144,701	131,384	131,264	132,296	128,323	139,269	145,429	134,471	118,220
Bond Service Requirement	18,436	18,011	17,888	20,341	20,545	20,347	20,820	26,912	26,455	26,506
Deposit to Renewal and Replacement Account	11,458	10,818	10,318	10,022	9,018	9,163	9,667	10,446	10,161	9,083
Total Required Deposits	**$ 178,831**	**173,530**	**159,590**	**161,627**	**161,859**	**157,833**	**169,756**	**182,787**	**171,087**	**153,809**
20% of Bond Service Requirements	**$ 3,687**	**3,602**	**3,578**	**4,068**	**4,109**	**4,069**	**4,164**	**5,382**	**5,291**	**5,301**
Subordinate Debt Service Requirement	-	-	-	-	-	-	-	-	-	3778
Required Coverage:										
(A)=> 100%	**1.27**	**1.31**	**1.38**	**1.35**	**1.32**	**1.22**	**1.14**	**1.10**	**1.28**	**1.45**
(B)=> 120%	**4.27**	**4.55**	**4.97**	**4.28**	**3.93**	**3.13**	**2.60**	**2.09**	**3.19**	**3.96**
(C)=> 100%	**3.52**	**3.70**	**4.29**	**3.69**	**3.32**	**2.56**	**2.11**	**1.78**	**2.74**	**3.18**
(D)=> 100%	-	-	-	-	-	-	-	-	-	2.78

(A) Gross Revenues, plus Pledged Impact Fees Divided by Required Deposits (Required Coverage = 1.00).
(B) Net Revenues, plus Pledged Impact Fees Divided by Bond Service Requirement (Required Coverage = 1.20).
(C) Net Revenues Divided by the Bond Service Requirement (Required Coverage = 1.00).
(D) Net Revenues Divided by the Sum of the Bond Service Requirement and Subordinate Debt Service requirement (Required Coverage = 1.00).

(1) Includes meter installation fees and interest income on operating reserves.
(2) Impact Fees are pledged to the extent that Water and Wastewater Impact Fees, respectively, do not exceed the respective Expansion Project Percentage.
(3) Includes the Tampa Bay Water contracted water supply cost.

HILLSBOROUGH COUNTY, FLORIDA
WATER ENTERPRISE FUND
PUBLIC UTILITIES DEPARTMENT
(Amounts in Thousands)

Debt Schedules:

Outstanding Debt Compared to Net Position
Fiscal Years - 2006 through 2015
(amounts in thousands)

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

	2015	2014**	Restated 2013	Restated 2012	2011*	2010*	2009*	2008*	2007*	Restated 2006*
Revenue bonds and notes outstanding	$ 142,720	155,720	167,720	179,110	197,150	64,255	80,525	130,470	151,628	171,980
Net position	1,297,107	1,253,556	1,180,979	1,167,989	1,135,041	1,114,041	1,106,080	1,067,004	1,019,731	938,042
Percent	**11.0%**	**12.4%**	**14.2%**	**15.3%**	**17.4%**	**5.8%**	**7.3%**	**12.2%**	**14.9%**	**18.3%**

***not restated for GASB 65**
****not restated for GASB 68**

HILLSBOROUGH COUNTY, FLORIDA
WATER ENTERPRISE FUND
PUBLIC UTILITIES DEPARTMENT
General Operating Statistics
Fiscal Years - 2006 through 2015

	2015	2014	2013	2012	2011	2010	2009	2008	2007	Restated 2006
Capital Assets (amounts are actual):										
Number of Water Plants	4	4	4	4	4	4	4	3	3	3
Number of Wastewater Treatment Plants	7	7	7	7	7	7	7	7	7	7
Water Distribution line miles (estimated)	2,326	2,246	2,214	2,399	2,391	2,336	2,255	2,227	2,192	1,994
Wastewater Transmission line miles (estimated)	2,019	2,019	2,084	2,229	2,215	2,105	2,063	2,007	1,864	1,740
Reclaimed Water Transmissions line miles (estimated)	354	348	344	335	333	331	328	325	323	310
Number of Pump Stations (estimated)	775	737	721	709	703	699	690	682	674	640
Staffing:										
Number of budgeted positions per 1,000 customers	4.9	4.9	5.1	4.3	4.4	4.6	4.6	4.7	4.3	4.4
Average Number of Customer Accounts Billed Monthly										
Water Customers	**166,824**	**153,812**	**148,740**	**147,379**	**144,317**	**141,988**	**141,615**	**141,690**	**141,355**	**139,609**
Percent Change	8.5%	3.4%	0.9%	2.1%	1.6%	0.3%	-0.1%	0.2%	1.3%	3.4%
Wastewater Customers	**142,416**	**140,040**	**136,275**	**135,240**	**133,979**	**134,904**	**131,588**	**131,890**	**132,420**	**130,821**
Percent Change	1.7%	2.8%	0.8%	0.9%	-0.7%	2.5%	-0.2%	-0.4%	1.2%	3.6%
Annual Use/Flows										
Annual Water Consumption (thousands of gallons)	19,332	17,281	16,646	17,407	17,566	16,461	16,379	17,014	18,137	17,971
Annual Treated Wastewater Flows (thousands of gallons)	13,841	13,573	13,131	13,143	13,007	12,508	12,641	12,434	12,303	12,473
Operating Costs (amounts in thousands):										
Operating Expenses	$ 200,738	198,476	188,229	188,864	191,508	189,085	193,527	199,165	185,586	167,464
Less: Depreciation and amortization	51,143	51,238	54,986	55,650	57,391	58,536	52,754	51,445	49,846	48,144
Less: Purchased Water	52,954	52,524	49,279	49,184	48,164	46,659	42,733	43,395	41,380	39,326
Net Operating Cost	$ 96,641	94,714	83,964	84,030	85,953	83,890	98,040	104,325	94,360	79,994
Number of Accounts Billed Annually	1,991	1,980	1,752	1,880	1,845	1,839	1,844	1,845	1,837	1,805
Monthly Operating Cost per Statement (amounts are actual)	**$49**	**48**	**48**	**45**	**47**	**46**	**53**	**57**	**51**	**44**

Sources:
Water Enterprise Fund Annual Audited Financial Reports for Fiscal Years 2006 through 2015
Water Enterprise Fund Operating Data

Hillsborough County
Florida