



# Annual Financial Report

## Solid Waste Enterprise Fund

For Fiscal Year  
September 30, 2018



**Hillsborough**  
**County** Florida

SM

**Hillsborough County, Florida**

**Solid Waste Enterprise Fund**

**Public Works Department**

**Annual Financial Report**

**For the Fiscal Year Ended September 30, 2018**

**Prepared by:**

**County Finance Department**

**Pat Frank, Clerk of the Circuit Court/Comptroller**

**SOLID WASTE ENTERPRISE FUND  
PUBLIC WORKS DEPARTMENT  
PRINCIPAL OFFICIALS  
September 30, 2018**

**Board of County Commissioners**

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

**Constitutional Officers**

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

**Appointed Officials**

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

**HILLSBOROUGH COUNTY, FLORIDA  
SOLID WASTE ENTERPRISE FUND  
PUBLIC WORKS DEPARTMENT  
ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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**Hillsborough**  
**County** Florida

SM

## Report of Independent Auditor

Board of County Commissioners  
Hillsborough County, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Hillsborough County, Florida, Solid Waste Enterprise Fund (the "Fund"), an enterprise fund of Hillsborough County, Florida, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed on the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of September 30, 2018, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matters***

#### ***Other Information***

As discussed in Note 1 to the financial statements, the financial statements referred to above present only the Fund and do not purport to, and do not, present fairly the financial position of Hillsborough County, Florida as of September 30, 2018, and the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



### *Change in Accounting Principle*

As discussed in Notes 1. G. and 5 to the financial statements, the Fund adopted the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, during the year ended September 30, 2018. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 5-9 and the required supplementary information on pages 47-50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund’s basic financial statements. The supplemental information and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2019, on our consideration of the Fund’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund’s internal control over financial reporting and compliance.

*Cherry Bedant* LLP

Tampa, Florida  
March 20, 2019



## **Report of Independent Auditor on Bond Compliance**

Board of County Commissioners  
Hillsborough County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States, the basic financial statements of the Hillsborough County, Florida, Solid Waste Enterprise Fund (the "Fund"), an enterprise fund of Hillsborough County, Florida, as of and for the year ended September 30, 2018, and have issued our report thereon dated March 20, 2019.

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

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

*Cherry Bekaert LLP*

Tampa, Florida  
March 20, 2019



**HILLSBOROUGH COUNTY, FLORIDA**  
**SOLID WASTE ENTERPRISE FUND**  
**PUBLIC WORKS DEPARTMENT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**  
(Amounts in Thousands)

The Hillsborough County Solid Waste Enterprise Fund (Fund) presents the following review of its financial activities for the fiscal year ended September 30, 2018, with respective financial comparisons to the prior fiscal year. Financial statement readers are encouraged to consider information presented, here together with the accompanying financial statement notes, to obtain a complete overview of the Fund's financial condition and operating results for the fiscal year ended September 30, 2018. All amounts, unless otherwise stated, are presented in thousands of dollars.

**Fiscal Year 2018 Financial Summary**

- ❑ Fiscal year 2018 operating revenues were \$107,842. This represented a \$2,153 or 2.0% revenue increase from fiscal year 2017 revenues of \$105,689.
  
- ❑ For fiscal year 2018, the Fund had a \$1,685 change in net position. This represented a comparative \$7,383 decrease from last year's \$9,068 change in net position. The comparative change was mainly due to an increase in contractual services expense of \$5,942, an increase in landfill cost costs of \$2,473 and an increase in interest expense of \$2,321. Total net position on September 30, 2018 was \$168,542.

Management believes the Fund was compliant with all bond covenant requirements for the fiscal year ended September 30, 2018.

**Overview of the Financial Statements**

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

**Required Financial Statements**

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

**HILLSBOROUGH COUNTY, FLORIDA  
SOLID WASTE ENTERPRISE FUND  
PUBLIC WORKS DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**  
(Amounts in Thousands)

**Financial Analysis: Condensed Statement of Net Position for 2018  
Compared to 2017**

A key measure of financial condition is net position. An analysis of 2018 net position compared to 2017 follows:

	<b>2018</b>	<b>2017</b>	<b>Change</b>	<b>Percent Change</b>
Current, restricted and other assets	\$ 196,253	182,053	14,200	7.8%
Capital assets, net	179,277	194,539	(15,262)	(7.8%)
<b>Total assets</b>	<b>375,530</b>	<b>376,592</b>	<b>(1,062)</b>	<b>(0.3%)</b>
<b>Deferred outflows of resources</b>	<b>3,889</b>	<b>4,225</b>	<b>(336)</b>	<b>(8.0%)</b>
<b>Liabilities:</b>				
Current liabilities	34,380	30,630	3,750	12.2%
Other liabilities	175,524	182,734	(7,210)	(3.9%)
<b>Total liabilities</b>	<b>209,904</b>	<b>213,364</b>	<b>(3,460)</b>	<b>(1.6%)</b>
<b>Deferred inflows of resources</b>	<b>973</b>	<b>596</b>	<b>377</b>	<b>0.2%</b>
<b>Components of net position:</b>				
Net investment in capital assets	43,217	49,482	(6,265)	(12.7%)
Restricted components	17,616	19,083	(1,467)	(7.7%)
Unrestricted components	107,709	98,292	9,417	9.6%
<b>Total net position</b>	<b>\$ 168,542</b>	<b>166,857</b>	<b>1,685</b>	<b>1.0%</b>

**Total net position** - Fiscal year 2018 total net position increased \$1,685 or 1.0% from fiscal year 2017. This was primarily due to an increase in operating revenue. Residential disposal assessments and general operating revenues increased by \$2,171 and \$1,577 respectively. These increases were partially offset by a decrease in electricity generation revenues of \$2,941. Overall revenues exceeded total expenses during the year resulting in a positive change in net position. The Fund increased its unrestricted net position by \$9,417 or 9.6%.

**HILLSBOROUGH COUNTY, FLORIDA  
SOLID WASTE ENTERPRISE FUND  
PUBLIC WORKS DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**  
(Amounts in Thousands)

**Condensed Statement of Activities**

Comparative revenues, expenses, and change in net position for the fiscal years ended September 30, 2018 and 2017 were as follows:

	2018	2017	Change	Percent Change
<b>Revenues:</b>				
Operating revenues	\$ 107,842	105,689	2,153	2.0%
Nonoperating revenues	2,518	2,712	(194)	-7.2%
<b>Total revenues</b>	<b>110,360</b>	<b>108,401</b>	<b>1,959</b>	<b>1.8%</b>
<b>Expenses:</b>				
Operating expenses, before depreciation	87,976	80,209	7,767	9.7%
Depreciation and amortization	16,665	17,411	(746)	-4.3%
Nonoperating expenses	4,034	1,713	2,321	135.5%
<b>Total expenses</b>	<b>108,675</b>	<b>99,333</b>	<b>9,342</b>	<b>9.4%</b>
<b>Change in net position</b>	<b>1,685</b>	<b>9,068</b>	<b>(7,383)</b>	<b>-81.4%</b>
<b>Net position, beginning of year</b>	<b>166,857</b>	<b>157,789</b>	<b>9,068</b>	<b>5.7%</b>
<b>Net position, end of year</b>	<b>\$ 168,542</b>	<b>166,857</b>	<b>1,685</b>	<b>1.0%</b>

**Operating revenues** - Fiscal year 2018 operating revenues of \$107,872 increased \$2,153 or 2.0% from last year. Residential disposal and collection assessments, recycling revenues, commercial disposal fees and municipal disposal fee revenues increased by \$5,754 or 4.9% while revenues of electricity generation decreased by \$2,941 or 17.7% and commercial disposal fees decreased by \$660 or 13.0%.

**Nonoperating revenues** - Fiscal year 2018 nonoperating revenues of \$2,518 decreased \$194 or 7.2% from last year due to an increase in investment earnings of \$788 or 60.3%, a decrease of asset disposal gains of \$429 or 91.1% and a \$553 or 59.1% decrease in other revenues.

**Total expenses** - Fiscal year 2018 total expenses of \$108,675 increased by \$9,342 or 9.4% from last year. The change was primarily related to the following factors:

**HILLSBOROUGH COUNTY, FLORIDA**  
**SOLID WASTE ENTERPRISE FUND**  
**PUBLIC WORKS DEPARTMENT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**  
(Amounts in Thousands)

**Operating expenses before depreciation:** Employee services decreased by \$132, or 1.3% due to four vacant positions, contractual services increased by \$5,942 or 9.4%, related to additional contractor recycling costs, fleet services costs increased by \$44 or 3.1%, repairs and maintenance decreased by \$63 or 5.3%, utilities costs increased by \$75 or 4.4%, supplies decreased by \$1 or 2.6%, landfill closure and post closure care increased by \$2,473 or 679.4%, other costs decreased by \$28 or 1.6%, pension expense decreased by \$81 or 16.9% and OPEB benefit increased by \$462.

**Depreciation and amortization expense:** There was a \$746 or 4.3% decrease in depreciation and amortization costs due to the disposal of buildings and equipment.

**Nonoperating expenses:** Interest expense increased by \$2,321, or 135.5% due to refinancing of the 2006 Resource Recovery Bonds and a full year of bond interest payments, amortization of refunding loss and bond premium to interest expense on the refinanced 2016 Solid Waste and Resource Recovery Refunding Revenue Bonds.

#### **Capital Asset Activities**

On September 30, 2018, capital assets, net of accumulated depreciation, were \$179,277 compared to \$194,539 last year, for a net decrease of \$15,262 or 7.8% related to depreciation expense and disposals.

#### **Debt Administration**

On September 30, 2018, outstanding bonds payable were \$135,152 compared to \$144,205 for September 30, 2017. The fiscal year decrease of \$9,053 or 6.3% was due to a decrease of \$7,290 in outstanding bonds principal and a decrease of \$1,763 in amortization of bond issue premiums and discounts.

#### **Fiscal Year 2019 Outlook**

##### **Economic Factors**

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

**HILLSBOROUGH COUNTY, FLORIDA  
SOLID WASTE ENTERPRISE FUND  
PUBLIC WORKS DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018  
(Amounts in Thousands)**

**Requests for Information**

The purpose of this analysis, as well as the financial statements, financial statement notes, and supplemental financial information, is to provide a general overview of the financial position and operating results for the fiscal years ended September 30, 2018. Additional information concerning the Fund's operations and the services provided to Hillsborough County residents may be obtained from:

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



**HILLSBOROUGH COUNTY, FLORIDA**  
**SOLID WASTE ENTERPRISE FUND**  
**PUBLIC WORKS DEPARTMENT**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2018**  
(Amounts in Thousands)

	<u>September 30, 2018</u>
<b>ASSETS</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 16,110
Investments	154,526
Accounts receivable, net	4,562
Interest receivable	652
Delinquent ad valorem taxes receivable	67
Due from other governments	1,272
Prepaid items	246
<b>Current unrestricted assets</b>	<u><b>177,435</b></u>
<b>Restricted current assets:</b>	
Cash and cash equivalents	1,770
Investments	16,976
Interest receivable	72
<b>Total restricted current assets</b>	<u><b>18,818</b></u>
<b>Total current assets</b>	<u><b>196,253</b></u>
<b>Capital assets, net of accumulated depreciation and amortization</b>	
Land	13,877
Buildings and utility plant	29,006
Improvements other than buildings	133,859
Equipment	2,128
Construction work in progress	407
<b>Total capital assets, net</b>	<u><b>179,277</b></u>
<b>Total assets</b>	<u><b>375,530</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Bond refunding loss	1,026
Pensions	2,863
<b>Total deferred outflows of resources</b>	<u><b>\$ 3,889</b></u>

	<b>September 30, 2018</b>
<b>LIABILITIES</b>	
<b>Current liabilities:</b>	
Accounts and contracts payable	\$ 7,250
Accrued liabilities	382
Due to other governments	127
Unearned revenues	17,329
Compensated absences, current portion	515
General liabilities, current maturities	218
<b>Total current liabilities</b>	<b>25,821</b>
<b>Current liabilities payable from restricted assets:</b>	
Accounts and contracts payable	112
Accrued interest payable	445
Deposits held	387
Revenue bonds payable, current maturities	7,615
<b>Total current liabilities payable from restricted assets</b>	<b>8,559</b>
<b>Total current liabilities</b>	<b>34,380</b>
<b>Other liabilities:</b>	
Revenue bonds payable, net, less current maturities	127,537
Net OPEB liability	523
General liabilities, less current maturities	39,923
Net pension liability	7,541
<b>Total other liabilities</b>	<b>175,524</b>
<b>Total liabilities</b>	<b>209,904</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions	932
OPEB	41
<b>Total deferred inflows of resources</b>	<b>973</b>
<b>NET POSITION</b>	
Net investment in capital assets	43,217
Restricted for:	
Bond covenants-renewal and replacement	11,115
Debt service	6,501
Unrestricted	107,709
<b>Total net position</b>	<b>\$ 168,542</b>

**The accompanying notes are an integral part of this statement.**



**HILLSBOROUGH COUNTY, FLORIDA**  
**SOLID WASTE ENTERPRISE FUND**  
**PUBLIC WORKS DEPARTMENT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**  
(Amounts in Thousands)

	<b>Year Ended September 30, 2018</b>
<b>Operating revenues:</b>	
Charges for services	<b>\$ 107,842</b>
<b>Operating expenses:</b>	
Employee services	10,142
Contractual services	68,977
Fleet services	1,463
Repairs and maintenance	1,127
Utilities	1,775
Supplies	38
Landfill closure and postclosure care	2,837
Depreciation and amortization	16,665
Other	1,693
Pension expense	399
OPEB (benefit)	(475)
<b>Total operating expenses</b>	<b>104,641</b>
<b>Operating income</b>	<b>3,201</b>
<b>Nonoperating revenues (expenses):</b>	
Investment earnings	2,094
Interest expense	(4,034)
Asset disposal gain	42
Other revenues	382
<b>Total nonoperating revenues (expenses)</b>	<b>(1,516)</b>
<b>Change in net position</b>	<b>1,685</b>
<b>Net position, beginning of year</b>	<b>166,857</b>
<b>Net position, end of year</b>	<b>\$ 168,542</b>

The accompanying notes are an integral part of this statement.

**HILLSBOROUGH COUNTY, FLORIDA**  
**SOLID WASTE ENTERPRISE FUND**  
**PUBLIC WORKS DEPARTMENT**  
**STATEMENTS OF CASH FLOWS**  
**FOR FISCAL YEAR ENDED SEPTEMBER 30, 2018**  
(Amounts in Thousands)

<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 109,836
Cash received from other operating sources	382
Cash payments to suppliers for goods and services	(72,173)
Cash payments for employee services	(10,185)
<b>Net cash provided by operating activities</b>	<b>27,860</b>
<b>Cash flows from capital and related financing activities:</b>	
Surplus capital asset sale proceeds	58
Capital asset acquisition and construction	(1,375)
Revenue bond interest payments	(5,700)
Revenue bond principal maturity payment	(7,290)
<b>Net cash used for capital and related financing activities</b>	<b>(14,307)</b>
<b>Cash flows from investing activities:</b>	
Investment maturities and sale proceeds	(127,532)
Investment purchases	106,647
Investment earnings	1,918
<b>Net cash used for investing activities</b>	<b>(18,967)</b>
<b>Change in cash and cash equivalents</b>	<b>(5,414)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>23,294</b>
<b>Cash and cash equivalents, end of year</b>	<b>17,880</b>
<b>Cash and cash equivalent components:</b>	
Cash and cash equivalents	16,110
Restricted cash and cash equivalents	1,770
<b>Total cash and cash equivalents</b>	<b>\$ 17,880</b>

	<b>Year Ended</b>
	<b>September 30, 2018</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
<b>Operating income</b>	<b>\$ 3,201</b>
Depreciation and amortization	16,665
Other revenues	382
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	1,301
(Increase) decrease in due from other governments	(22)
(Increase) decrease in prepaid charges	166
(Increase) decrease in deferred outflows	216
Increase (decrease) in accounts and contracts payable	2,764
Increase (decrease) in accrued and other liabilities	2,824
Increase (decrease) in due to other governments	(31)
Increase (decrease) in unearned revenues	683
Increase (decrease) in compensated absences	(30)
Increase (decrease) in pension liabilities	(171)
Increase (decrease) in OPEB liabilities	(497)
Increase (decrease) in deposits	32
Increase (decrease) in deferred inflows	377
<b>Total adjustments</b>	<b>24,659</b>
<b>Net cash provided by operating activities</b>	<b>\$ 27,860</b>
<b>Noncash investing, capital, and financing activities:</b>	
Disposal of capital assets book value	\$ (16)
Amortization of bond issue premiums	1,763

**The accompanying notes are an integral part of this statement.**





**HILLSBOROUGH COUNTY, FLORIDA**  
**SOLID WASTE ENTERPRISE FUND**  
**PUBLIC WORKS DEPARTMENT**  
**FINANCIAL STATEMENT NOTES**  
**FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2018**  
(Amounts in Thousands)

**(1) Significant Accounting Policies Summary**

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

**(A) Reporting Entity**

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

**(B) Presentation Basis**

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

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

**(C) Accounting Basis**

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

**(D) Cash, Cash Equivalents, and Investments**

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

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

**(E) Capital Assets**

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

Fund capital assets have estimated useful lives as follows:

Capital asset categories	Estimated useful life (in years)
Buildings and utility plant	5 – 50
Improvements other than buildings	10 – 35
Equipment	1 – 10
Intangible	2 – 30

**(F) Bond Issue Premiums**

Unamortized bond issue premiums are recorded as an increase in bonds payable on the Statement of Net Position. These amounts were amortized using the effective interest method over the debt issue's life. For fiscal year 2018 the amount of bond issuance premiums amortized to and decreasing interest expense was \$1,763.

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**(G) Capitalized Interest Costs**

Effective October 1, 2017, the Fund early implemented GASB Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*, which changed the way interest costs on construction work in progress are reported. Interest costs are now expensed, as opposed to being included as part of the underlying asset. See Note 5, *Capital Asset Changes*, for more information.

**(H) Compensated Absences**

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

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

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

**(I) Landfill Closure and Postclosure Care Costs**

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

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**(J) Operating and Nonoperating Revenues and Expenses**

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

**(K) Self-Insurance**

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

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

For fiscal year 2018, settled claims did not exceed insurance coverage. During fiscal year 2018, the Fund paid premiums of \$364 to the BOCC Self-Insurance Internal Service Fund for workers' compensation, automotive, general liability, and property insurance coverage.

The Fund, through the BOCC, provides health, life and disability insurance for its employees and eligible dependents on a cost-sharing basis with employees. The BOCC has an employee group health self-insurance plan to account for and to finance its uninsured losses. Under this plan, the BOCC provides coverage of up to \$550 per person annually. Stop-loss insurance was purchased to cover an unlimited amount per person above the \$550 per person deductible. During fiscal year 2018, the Fund paid \$1,546 to the BOCC Internal Service Fund for group health, life and disability insurance coverage.

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

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**(L) Employee Retirement Plans**

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

**(M) Other Postemployment Benefits (OPEB)**

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

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

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

Deferred outflows of resources represent a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Fund had deferred refunding loss and pension-related items that qualified as deferred outflows of resources. These items totaled \$3,889 at September 30, 2018. See Note 9, *Employee Retirement Plans*, for more information.

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Deferred inflows of resources represent the acquisition of resources that apply to future reporting period(s) and will not be recognized as an inflow of resource (revenue) until then. The Fund had pension and OPEB-related items that qualified as deferred inflows of resources. These items totaled \$973 at September 30, 2018. See Note 9, *Employee Retirement Plans*, and Note 10, *Other Post-Employment Benefits (OPEB)*, for more information.

**(O) Use of Restricted Versus Unrestricted Net Position**

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

**(P) Subsequent Events**

The Fund has evaluated subsequent events through March 20, 2019, in connection with the preparation of these financial statements, which is the date the financial statements were available for publication.

**(2) Deposits and Investments**

**(A) Deposits**

On September 30, 2018, the Fund's total cash deposits were \$3,009 and the total bank balance was \$4,622. Bank balances are fully insured by federal depository insurance or through financial institutions participating in the Florida Security for Public Deposits Act pursuant to Chapter 280, Florida Statutes.

**(B) Investments**

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

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

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The Fund's cash, cash equivalents, and investments on September 30, 2018 were as follows:

	Fair Value Level	Duration (Years)	Credit Rating	2018
U. S. treasury securities	2	1.2	AA+/A-1+	\$ 126,007
Federal agency securities	2	1.1	AA+/A-1+	30,426
Corporate notes	2	1.2	AA+/AA/AAA	8,297
Municipal bonds	2	2.4	A	538
Commercial paper notes	2	0.0	A-1/A-1+	6,234
Total investments				<u>171,502</u>
Open-end mutual funds	-	0.1	AAA	244
Florida PRIME	-	0.2	AAAm	14,627
Total cash equivalents and investments				<u>186,373</u>
Cash deposits				<u>3,009</u>
Total cash, cash equivalents and investments and deposits				<u>\$ 189,382</u>

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

	2018
Cash and cash equivalents:	
Current	\$ 16,110
Restricted	1,770
Total cash and cash equivalents	<u>17,880</u>
Investments:	
Current	154,526
Restricted	16,976
Total investments	<u>171,502</u>
Total cash, cash equivalents, and investments	<u>\$ 189,382</u>



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Modified duration is a measure of interest rate risk. It measures the sensitivity of an investment's price to interest rate changes. For example, if an investment security has a modified duration of two years, then a one percentage point increase in the market interest rate will cause the value of the security to decline by two percent. Conversely, a one percentage point decline in the market interest rate will cause the value of the security with a modified duration of two years to increase in value by two percent. The modified duration of the BOCC's investment portfolio as a whole at year-end was 1.05. The duration of callable securities was calculated using the call date as the maturity date.

A credit rating is a measure of credit risk, the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Custodial credit risk, a subset of credit risk, is the risk that the counterparty fails to fulfill its obligations. All the Fund's investments are insured or registered, or held by the BOCC or its agent in the BOCC's name. On September 30, 2018, there was no amount held by counterparties. Excluding the United States government, its agencies or instrumentalities, and mutual funds or investment pools that invest in such securities, no one issuer represents five percent or more of the BOCC's total investments.

**(C) SBA's Florida PRIME**

The SBA manages Florida PRIME, an external investment pool that essentially operates as a money market fund for Florida governmental entities. Regulatory oversight of the SBA is provided by three state of Florida elected officials designated as trustees: the Governor serves as Chairman of the SBA; the Chief Financial Officer serves as Treasurer of the SBA; and the Attorney General serves as Secretary of the SBA. External oversight of the State Board of Administration is provided by the Investment Advisory Council, which reviews investment performance, strategy and decision-making, and provides insight, advice and counsel on these and other matters when appropriate. A six-member participant Local Government Advisory Council was created to review the administration of the fund and make recommendations to the trustees. Audit oversight is also provided by the state of Florida Auditor General. Since 2007, Florida PRIME has received Standard & Poor's AAAM rating each year, which is the highest rating for an investment pool.

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

Florida PRIME currently does not have withdrawal limits or redemption notice periods. With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes has several provisions. The principal of each account in Florida PRIME is subject to payment at any time from money in Florida PRIME. However, the Executive Director of the SBA may in good faith limit contributions to or withdrawals from Florida PRIME for 48 hours due to the occurrence of an event that has material impact on liquidity or operations. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review of the necessity of those measures. If the Trustees are

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unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity of the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time test, but in no case may the time set by the Trustees exceed 15 days.

Although Florida Statute 218.409(4) gives the SBA authority to impose early withdrawal penalties if the amount and purpose of such fees are disclosed in the enrollment materials, the SBA has not imposed such penalties. As of September 30, 2018, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to full account values.

**(D) Investment Policy**

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

- a. The state of Florida's Local Government Investment Pool, known as Florida PRIME.
- b. Direct obligations of the US government.
- c. Obligations of US government agencies such as the Government National Mortgage Association.
- d. Obligations of US government sponsored agencies (instrumentalities) such as the Federal Farm Credit System Banks, Freddie Mac (Federal Home Loan Mortgage Corporation), the Federal Home Loan Banks, or Fannie Mae (Federal National Mortgage Association).
- e. Interest bearing time deposits or savings accounts in qualified public depositories as defined in Section 280.02 Florida Statutes.
- f. US Securities and Exchange Commission registered 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 companies or investment trusts registered under the Investment Company Act of 1940 as amended, provided the portfolio is limited to obligations of the US government or its agencies and instrumentalities, and to repurchase agreements fully collateralized by such investments, provided the investment company or investment trust takes delivery of the collateral either directly or through an authorized custodian.
- h. Other investments authorized for the BOCC by law, county ordinance, or resolution.

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In addition to the preceding, Hillsborough County Ordinance 08-6 restricts BOCC investments as follows:

- a. The entire portfolio may be invested in US Treasury securities with a maximum maturity length of 10 years, but investments in Treasury strips are limited to 10% of the portfolio.
- b. A maximum of 50% of the portfolio may be invested in the state of Florida's Local Government Investment Pool, known as Florida PRIME.
- c. A maximum of 50% of the portfolio may be invested in US government agency securities, with no more than 10% of the portfolio in any individual US government agency.
- d. A maximum of 60% of the portfolio may be invested in obligations of US government instrumentalities with a maturity length of 10 years, provided that no more than 30% of the portfolio is invested in any one issuer and no more than 25% of the portfolio is invested in callable securities.
- e. A maximum of 20% of the portfolio may be invested in repurchase agreements excluding one-business day agreements and overnight sweep agreements, with no more than 10% of the portfolio in the repurchase agreements of a single institution.
- f. A maximum of 20% of the portfolio may be invested in nonnegotiable interest-bearing time certificates of deposit of an institution with deposits secured by the Florida Security for Public Deposits Act, provided that the maximum maturity on any certificate is no greater than one year and no more than 10% of the portfolio is deposited with any one issuer.
- g. A maximum of 20% of the portfolio may be invested in prime commercial paper (i.e. rated Prime-1 by Moody's, A-1 by Standard & Poor's, or AA by two nationally recognized rating agencies if backed by a letter of credit), with no more than 5% of the portfolio in the commercial paper of a single issuer. The maximum length to maturity shall be 270 days from the date of purchase.
- h. A maximum of 50% of the portfolio may be invested in money market funds offered by registered investment companies and operated in accordance with 17 CFR 270.2a-7, provided that the money market funds are rated AAAM or AAAM-G or better by Standard & Poor's or the equivalent by another nationally recognized rating agency. No more than 25% of the portfolio may be invested in any one money market fund.
- i. A maximum of 15% of the portfolio may be invested in high quality corporate notes (rated Aa by Moody's and AA by Standard & Poor's), with no more than 5% of the portfolio in the notes of a single issuer.
- j. A maximum of 20% of the portfolio may be invested in intergovernmental investment pools, provided that the total investment does not exceed 25% of the intergovernmental pool.
- k. A maximum of 25% of the total portfolio may be invested in state or local government taxable and/or tax exempt general obligation and/or revenue bonds (rated at least Aa by Moody's and AA by Standard and Poor's) or short-term debt (rated at least MIG-2 by Moody's and SP-2 by Standard & Poor's).
- l. A maximum of 20% of the total portfolio may be invested in bankers' acceptances issued by a domestic bank or federally chartered domestic office of a foreign bank (rated at least P-1 by Moody's Investors Service and A-1 by Standard & Poor's), with a maximum of 5% of available funds with any one issuer. The maximum length to maturity shall be 180 days from purchase.

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- m. Reverse repurchase agreements and securities lending transactions are not permitted.
- n. The maximum maturities shown above may be exceeded if investments are purchased to fulfill long-term debt service reserve requirements, in which case investments are permitted to have maturity dates up through the life of the debt service reserves.

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

**(3) Accounts Receivable, Net**

Accounts receivable represents solid waste disposal fees charged to franchise haulers, delinquent residential special assessment fees, and other charges for services billed but not collected. The September 30, 2018 accounts receivable balance of \$4,562 was net of an allowance for doubtful accounts of \$37.

**(4) Due From/To Other Governments**

Due from other governments consists of excess collection fees refunded by the Hillsborough County Tax Collector. These fees relate to residential special assessment collections. On September 30, 2018, the amount due was \$1,272.

Due to other governments of \$127 consists of \$67 due to the Hillsborough County Sheriff's Office for litter enforcement and \$60 due to the Clerk of the Court for postage.

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**(5) Capital Asset Changes**

Capital asset changes for the fiscal year ended September 30, 2018 were as follows:

	Balance 10/01/2017	Additions/ Transfers-in	Disposals/ Transfers	Balance 9/30/2018
<b>Capital assets, non-depreciable:</b>				
Land	\$ 13,877	-	-	13,877
Construction in Progress	1,533	856	(1,982)	407
<b>Total non-depreciable assets</b>	<b>15,410</b>	<b>856</b>	<b>(1,982)</b>	<b>14,284</b>
<b>Capital assets, depreciable:</b>				
Buildings and utility plant	153,230	40	-	153,270
Improvements Other than Buildings	248,880	1,525	-	250,405
Equipment	36,449	980	(162)	37,267
Intangibles - software	372	-	-	372
<b>Total depreciable capital assets</b>	<b>438,931</b>	<b>2,545</b>	<b>(162)</b>	<b>441,314</b>
<b>Accumulated depreciation:</b>				
Buildings and utility plant	(123,409)	(856)	1	(124,264)
Improvements Other than Buildings	(107,604)	(8,942)	-	(116,546)
Equipment	(28,481)	(6,803)	145	(35,139)
Intangibles - software	(308)	(64)	-	(372)
<b>Total accumulated depreciation</b>	<b>(259,802)</b>	<b>(16,665)</b>	<b>146</b>	<b>(276,321)</b>
<b>Total depreciated capital assets, net</b>	<b>179,129</b>	<b>(14,120)</b>	<b>(16)</b>	<b>164,993</b>
<b>Total capital assets, net</b>	<b>\$ 194,539</b>	<b>(13,264)</b>	<b>(1,998)</b>	<b>179,277</b>

On September 30, 2018, construction work in progress of \$407 is related to the ongoing Solid Waste Management of a Facilities Repair and Replacement master project, the Resource Recovery Warehouse, the Northwest Community Collection Center, and the Southeast County Landfill Leachate Line Connection to the Sewer Main.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of Construction Period*, was early implemented effective October 1, 2017 on a prospective basis. As a result, no interest will be capitalized starting with fiscal year 2018.

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**(6) Current Liabilities**

**(A) Accounts and Contracts Payable**

Accounts and contracts payable balances on September 30, 2018 were as follows:

	2018
Accounts payable	\$ 6,146
Contracts payable	1,216
Total	\$ 7,362

**(B) Unearned Revenues**

Unearned revenues represent that quarterly portion of the calendar year solid waste residential customer special assessment fees collected for the period October through December but not earned until the ensuing fiscal year. On September 30, 2018, unearned special assessment revenues were \$17,329.

**(7) Other Liabilities**

**(A) Compensated Absences**

GAAP requires recording a liability for unpaid compensated absences. On September 30, 2018, the compensated absence liabilities were \$515, which was all a current liability.

**(B) Revenue Bonds**

On May 8, 2013, the BOCC issued \$25,160 in Solid Waste Resource Recovery Revenue Bonds, Series 2013. The interest rate is 1.791%, with interest payable semi-annually on March 1 and September 1, respectively. On September 30, 2018, the Series 2013 Bonds unpaid principal balance, including the current maturity of \$2,535, was \$13,138. This bond matures on September 1, 2023.

On November 21, 2016, the BOCC issued \$89,010 in Solid Waste Resource Recovery Refunding Revenue Bonds, Series 2016A (Alternative Minimum Tax), and \$25,220 in Solid Waste Resource Recovery Revenue Bonds, Series 2016B, (Non-AMT). Interest rates range from 4.0% to 5.0%, with interest payable semi-annually on March 1 and September 1, respectively. On September 30, 2018, the combined Series 2016 Bonds unpaid principal, including current maturities of \$5,080, was \$106,305. The Series 2016 Bonds contain covenants requiring the BOCC to levy user rates to meet operating and maintenance costs, pay scheduled debt service, and to make other required deposits. The 2016A Bonds mature on September 1, 2034 and the 2016B Bonds mature on September 1, 2030.

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

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

A combined summary of the Series 2016A, 2016B, and 2013 bonds debt service requirements, including current maturities of \$7,615, follows:

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 7,615	5,464	13,079
2020	7,765	5,164	12,929
2021	8,067	4,859	12,926
2022	8,389	4,540	12,929
2023	8,722	4,206	12,928
2024-2028	32,545	16,042	48,587
2029-2033	37,640	7,560	45,200
2034	8,700	348	9,048
<b>Total principal and interest</b>	<b>119,443</b>	<b>48,183</b>	<b>167,626</b>
<b>Plus unamortized premium</b>	<b>15,709</b>		
<b>Revenue bonds payable, net</b>	<b>135,152</b>		
<b>Less: current maturities</b>	<b>7,615</b>		
<b>Revenue bonds payable, net</b>	<b>\$ 127,537</b>		

**(D) General Liabilities**

**Open Landfill Closure and Postclosure Costs.** On September 30, 2018, the liability for landfill closure and postclosure care costs was \$37,122. More information on these expenses and the related liabilities is disclosed in Note 12(A).

**Closed Landfill Remediation and Monitoring Costs.** On September 30, 2018, there were recorded liabilities of \$3,019, related to potential remediation and monitoring costs at landfill sites closed prior to October 9, 1991. More information on these reserves is disclosed in Note 12(C).



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A summary of general liabilities on September 30, 2018, less current maturities of \$218, follows:

	2018
Landfill closure and postclosure costs	\$ 37,122
Closed landfill remediation	3,019
Total other liabilities	40,141
Less current maturities	218
General liabilities, less current maturities	<u>\$ 39,923</u>

On September 30, 2018, these amounts were scheduled for payment in fiscal year ending (FYE) as follows:

FYE September 30,	Amount	FYE September 30,	Amount
2019	\$ 218	2043-2058	5,967
2020	224	2059-2063	5,967
2021	229	2064-2068	5,967
2022	235	2069-2073	5,967
2023	241	2074-2078	6,187
2024-2028	1,128	2079-2083	1,414
2029-2033	496	2084-2088	220
2034-2038	227	2089-2093	220
2039-2043	21	2094-2098	220
2044-2048	-	2099-2102	220
2049-2053	4,773		
Total general liabilities			<u>\$ 40,141</u>

**(E) Changes in Long-Term Liabilities**

The change in total other liabilities for the fiscal year ended September 30, 2018 was:

Description	Balance 10/01/2017	Additions	Reductions	Balance 09/30/2018	Due Within One Year
2013 bond	\$ 15,628	-	2,490	13,138	2,535
2016A and 2016B bonds	111,105	-	4,800	106,305	5,080
Bonds unamortized issue premium	17,472	-	1,763	15,709	-
Compensated absences	545	492	522	515	515
Net pension liability	7,712	-	171	7,541	-
Net OPEB liability	1,020	-	497	523	-
Landfill closure and postclosure care costs	33,985	3,137	-	37,122	-
Closed landfill remediation	3,319	-	300	3,019	218
Total other liabilities	<u>\$ 190,786</u>	<u>3,629</u>	<u>10,543</u>	<u>183,872</u>	<u>8,348</u>

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**(8) Components of Restricted Net Position**

Under GAAP, restricted net position is either: (a) restricted externally by constraints imposed by creditors through bond covenants, grant agreements and law; or (b) restricted by enabling legislation to the sole purpose specified by that legislation. Net position restricted for bond covenants and future debt service for the fiscal year ended September 30, 2018 was \$17,616.

**(9) Employee Retirement Plans**

**Florida Retirement System – General Information**

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

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

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

[www.dms.myflorida.com/workforce\\_operations/retirement/publications/annual\\_reports](http://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports). The report may also be obtained by writing to the state of Florida Division of Retirement, PO Box 9000, Tallahassee, Florida 32315-9000.

**Plan Descriptions for Cost-Sharing Defined Benefit Plans**

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

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**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, 2017, eligible

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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, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2018, respectively, were as follows: Regular—7.92% and 8.26%; Special Risk Administrative Support—34.63% and 34.98%; Special Risk—23.27% and 24.50%; Senior Management Service—22.71% and 24.06%; Elected Officers—45.50% and 48.70%; and DROP participants—13.26% and 14.03%. These employer contribution rates include 1.66% 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, 2017 through September 30, 2018 was 1.66%.

The employer contribution rates shown in the FRS Pension Plan section above include the HIS Program contribution rate of 1.66%, for the period of October 1, 2017 through September 30, 2018. HIS Program contributions are deposited in a separate trust fund from which payments are authorized. HIS Program benefits are not guaranteed and are subject to annual legislative appropriation. In the event that legislative appropriations and/or available funds are not sufficient, HIS benefits may be reduced or canceled.

The Fund's contributions, including employee contributions, to the FRS Pension Plan were \$439 for the fiscal year ended September 30, 2018. The Fund's contributions to the HIS Program were \$113 for the fiscal year ended September 30, 2018.

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

**Pension Liabilities** - At September 30, 2018, the Fund reported net pension liabilities of \$5,265 and \$2,276, 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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The Fund's proportionate share of the net pension liability was based on the Fund's proportionate share of the County's

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contributions as a percentage of all contributions from participating members for the state of Florida fiscal year ended June 30, 2018. At June 30, 2018, the Fund's proportionate shares for the FRS Pension Plan and HIS Program were 0.719% and 1.185%, respectively of the County's proportionate share. The Fund's proportionate shares for the FRS Pension Plan and HIS Program were 0.022% and 0.044% percentage points lower than the respective proportionate shares measured as of June 30, 2017. The components of the Fund's net pension liabilities at September 30, 2018 were as follows:

<b>Pension Liabilities (for CAFR):</b>	<b>FRS Pension</b>	<b>HIS</b>	
(amounts in thousands)	<b>Plan</b>	<b>Program</b>	<b>Total</b>
Total pension liability	\$ 33,442	2,326	35,768
Plan fiduciary net position	(28,177)	(50)	(28,227)
Net pension liability	<u>\$ 5,265</u>	<u>2,276</u>	<u>7,541</u>
Plan fiduciary net position as a percentage of total pension liability	84.26%	2.15%	78.92%

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

**Pension Expense (Benefit)** - For the fiscal year ended September 30, 2018, the Fund recognized pension expense of \$346 and \$53 for the Pension Plan and HIS Program, respectively.

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**Deferred Outflows/Inflows of Resources** – For the fiscal year ended September 30, 2018, the Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	FRS Pension Plan		HIS Program	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 448	(16)	35	(4)
Changes in assumptions	1,727		253	(237)
Net difference between projected and actual earnings on plan investments		(393)	1	
Changes in proportion and differences between County contributions and proportionate share of contributions	150	(209)	84	(73)
County contributions subsequent to the measurement date	135		30	
	<u>\$ 2,460</u>	<u>(618)</u>	<u>403</u>	<u>(314)</u>

The deferred outflows of resources totaling \$135 and \$30 resulting from Fund’s contributions to the Pension Plan and HIS Program, respectively, which were subsequent to the June 30, 2018 measurement date, will be recognized as a reduction of net pension liability in the fiscal year ending September 30, 2019. 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
2019	\$ 661	41
2020	451	41
2021	63	29
2022	301	6
2023	201	(40)
Thereafter	30	(18)
	<u>\$ 1,707</u>	<u>59</u>

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**Actuarial Assumptions** – The total pension liabilities for the FRS Pension Plan and HIS Program in the June 30, 2018 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 7.00%, including inflation for FRS Pension Plan

A municipal bond rate of 3.8% was used as the investment rate of return, including inflation, for the HIS Program

Average expected remaining service life of employees provided with FRS Pension Plan at June 30, 2018 was 6.4 years

Average expected remaining service life of employees provided with HIS Program at June 30, 2018 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, 2018, FRS Pension Plan valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Annual Arithmetic Return</b>	<b>Compound Annual (Geometric) Return</b>	<b>Standard Deviation</b>
Cash	1%	2.90%	2.90%	1.80%
Fixed income	18%	4.40%	4.30%	4.00%
Global equity	54%	7.60%	6.30%	17.00%
Real estate (property)	11%	6.60%	6.00%	11.30%
Private equity	10%	10.70%	7.80%	26.50%
Strategic investments	6%	6.00%	5.70%	8.60%

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**Discount Rates**

The FRS Pension Plan discount rate used to measure the total pension liability was 7.00%. 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 3.87%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Program sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**Sensitivity of Net Pension Liability to Changes in the Discount Rate**

The Fund’s proportionate share of the FRS Pension Plan and HIS Program will change under varying discount rate assumptions. For example, a higher discount rate would lead to a lower net pension liability. Conversely a lower discount rate would lead to a higher net pension liability. The following chart show the effects on the FRS Pension Plan and HIS Program net pension liabilities under discount rates that are one percentage point higher or lower than the discount rate actually used. The chart specifically shows the net pension liability of the FRS Pension Plan if its discount rates were 6.00%, 7.00%, or 8.00% as well as the net pension liability of the HIS Program if its discount rates were 2.87%, 3.87%, or 4.87%.

<b>Proportionate Share of FRS Pension Plan Net Pension Liability</b>			<b>Proportionate Share of HIS Program Net Pension Liability</b>		
<b>Current</b>			<b>Current</b>		
<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
6.00%	7.00%	8.00%	2.87%	3.87%	4.87%
\$ 9,609	5,265	1,657	2,592	2,276	2,012

The Fund remits contractually required FRS Pension Plan and HIS Program contributions as established by the Florida Legislature. The Fund did not have a payable for outstanding contributions to the FRS Pension Plan, HIS Program or Investment Plan at September 30, 2018.

**Investment Plan**

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



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As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS Pension Plan. County employees participating in DROP are not eligible to participate in the Investment Plan.

Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.) as the FRS Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members. See FRS Pension Plan contribution rates in the Contributions section of this note for more information.

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

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

The Fund remits contractually required FRS Investment Plan contributions as established by the Florida Legislature. The Fund's total contributions to the Investment Plan were approximately \$52 for fiscal year 2018.

**(10) Other Post-Employment Benefits (OPEB)**

The County has a single-employer defined benefit OPEB plan. Some non-County employers participate in the County OPEB plan, in the sense of purchasing an insured benefit. Their participation is immaterial individually and in total. These non-County employers are the Arts Council, Port Authority, Tampa Sports Authority, Children's Board and Expressway Authority and they represent less than 5% of total assessments for the County's OPEB plan. The Fund expenses the cost of OPEB over the active service lives of its

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employees rather than using a “pay-as-you-go” basis. Expensing the cost of a future benefit over the active work-lives of employees is a fiscally sound approach because employees earn the future benefits over their working careers.

**OPEB Plan Description and Benefits Provided**

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

Substantially all full-time employees may qualify for these OPEB benefits. At September 30, 2018, the OPEB Plan covered approximately 5,455 active employees, consisting of those currently eligible and those not yet fully eligible, as well as 965 retirees or other inactive employees.

**Net OPEB Liability**

**Actuarial Method and Assumptions** – The net OPEB liability was actuarially determined based on several actuarial assumptions. September 30, 2018 was the actuarial measurement date. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The actuarial assumptions used in the September 30, 2018 OPEB Plan valuation were based on the results of an actuarial experience study for the period from October 1, 2017 through September 30, 2018.

The entry age normal actuarial cost method was used in the September 30, 2018 actuarial valuation. Other actuarial assumptions included an inflation rate of 2.5% and a discount rate of 4.18%. In addition, the initial annual healthcare cost trend rate assumptions were 6.5% (6.5% post-Medicare) grading down to ultimate rates of 4.5% for the BOCC. In addition, the average age of active participants was 46.0 years and the average age of inactive participants was 61.0 years. Mortality rates were based on the RP-2014 generation table scaled using MP-2017 and applied on a gender-specific basis.

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*Sensitivity of Net OPEB Liability to Changes in Either the Discount Rate or Changes in the Healthcare Trend Rate* – The first chart below presents the Fund’s net OPEB liability, as well as what the Fund’s net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.18%) or 1 percentage-point higher (5.18%) than the current discount rate. The second chart below presents the Fund’s net OPEB liability, as well as what the Fund’s net OPEB liability would be if it were calculated using a healthcare trend rate that is 1 percentage point lower (5.5%) or 1 percentage-point higher (7.5%) than the current healthcare trend rate.

<b>Sensitivity of Net OPEB Liability to Changes in Discount Rate</b>			<b>Sensitivity of Net OPEB Liability to Changes in Healthcare Trend Rate</b>		
1% Decrease	Discount Rate	1% Increase	1% Decrease	Healthcare Trend Rate	1% Increase
3.18%	4.18%	5.18%	5.5%	6.5%	7.5%
\$ 566	523	472	\$ 500	523	587

The healthcare trend rate of 6.5% is an initial rate. The net OPEB liability shown on the preceding chart, however, is based on the following healthcare trend rates. Approximately 6.5% (7.0% post-Medicare) grading down 1% per year to ultimate rates of 4.5% for the BOCC.

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

**OPEB Liabilities** - At September 30, 2018, the Fund reported net OPEB liabilities of \$523. The net OPEB liability was measured as of September 30, 2018. The components of the Fund’s total OPEB liability at September 30, 2018 were as follows:

	<b>OPEB Plan</b>
Total OPEB liability	\$ 523
Plan fiduciary net position	-
Net OPEB liability	\$ 523
Plan fiduciary net position as a percentage of the total OPEB liability	0%
Covered payroll (active plan members)	\$ 6,782
Net OPEB liability as a percentage of covered payroll	7.71%

If cash and investments were placed in an irrevocable trust for OPEB, then the cash and investments would be subtracted to determine the “net OPEB liability.” The County has set aside \$17.415 million in the Self-

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Insurance Internal Service Fund for OPEB. Fair value was used to value the cash and investments set aside. This \$17.415 million represents 65.94% of the County’s net OPEB liability at September 30, 2018. However, since an irrevocable trust was not established, none of this \$17.415 million in cash and investment is considered to be “plan fiduciary net position.” Therefore “total OPEB liability” equals “net OPEB liability.” However, net OPEB liability is reported in the accompanying financial statements of net position because OPEB benefit payments are considered employer contributions as shown on the following table.

The change in the net OPEB liability during fiscal year 2018 as well as the beginning and ending net OPEB liability is shown below.

	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Balance at October 1, 2017	\$ 1,020	-	1,020
Changes for the fiscal year:			-
Service cost	8	-	8
Interest	23	-	23
Changes in benefit terms			-
Differences between expected and actual experience	-	-	-
Changes in assumptions and other inputs	(465)		(465)
Contributions-employer	-	(63)	(63)
Benefit payments	(63)	63	-
Net changes	(497)	-	(497)
Balance at September 30, 2018	\$ 523	-	523

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

Since the OPEB Plan was not considered funded, GASB Statement No. 75 requires that the plan’s discount rate be obtained using the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate was increased from 3.6% to 4.18%.

*Contributions.* Assessments were made to participating funds with the goal of accumulating the cash and investments in the Self-Insurance Internal Service Fund to offset the total OPEB liability. The level of assessments are set annually by County management. There are no statutory or other legally required contribution levels. It is the County’s intent to continue setting aside additional money each year for OPEB. Total assessments were \$28 for fiscal year 2018.

**HILLSBOROUGH COUNTY, FLORIDA  
SOLID WASTE ENTERPRISE FUND  
PUBLIC WORKS DEPARTMENT  
FINANCIAL STATEMENT NOTES  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2018  
(Amounts in Thousands)**

**OPEB Benefit** - For the fiscal year ended September 30, 2018, the County recognized OPEB benefit of \$475. Changes in net OPEB liability are recognized in OPEB expense during the fiscal year except for as indicated in the section on Deferred Outflows/Inflows of Resources.

**Deferred Outflows/Inflows of Resources** – “Deferred outflows of resources” are a consumption of net position by the County that is applicable to a future reporting period. “Deferred inflows of resources” are an acquisition of net position by the County that is applicable to a future reporting period. For each of the following, a portion was recognized in OPEB expense during fiscal year 2018, and the balance was amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

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

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

<u>Description</u>	<b>OPEB Plan</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	-
Changes in assumptions	-	(41)
Total	\$ -	(41)

**HILLSBOROUGH COUNTY, FLORIDA  
SOLID WASTE ENTERPRISE FUND  
PUBLIC WORKS DEPARTMENT  
FINANCIAL STATEMENT NOTES  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2018  
(Amounts in Thousands)**

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

<b>Fiscal Year Ending September 30</b>	<b>OPEB Benefit</b>
2019	\$ (4)
2020	(4)
2021	(4)
2022	(4)
2023	(4)
Thereafter	(21)

The Fund did not have any interfund payables to the Self-Insurance Fund's OPEB Plan at September 30, 2018.

**(11) Outstanding Purchase Orders and Contracts**

At September 30, 2018, construction or capital improvement commitments measured by purchase orders and contracts outstanding were \$929.

The Capital Improvement Program is a financial plan of proposed capital projects covering a five or six-year period. Project costs can include project development, site acquisition, design, construction, renovation, initial fixtures and equipment, and administration. The Capital Improvement Program does not identify all project costs. It only identifies what will probably be appropriated during the period. Total capital costs will be greater. The Capital Improvement Program for fiscal years 2019 through 2023 incorporates projects with a total cost of \$9,200.

**(12) Accounting for Municipal Solid Waste Landfill Financial Responsibilities**

**(A) Open Landfill**

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

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

**HILLSBOROUGH COUNTY, FLORIDA**  
**SOLID WASTE ENTERPRISE FUND**  
**PUBLIC WORKS DEPARTMENT**  
**FINANCIAL STATEMENT NOTES**  
**FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2018**  
(Amounts in Thousands)

GAAP requires recording a portion of the future closure and postclosure care costs as a current period operating expense and as another liability based on the cumulative amount of landfill capacity consumed as of each Statement of Net Position date. Fund management estimates, based on an independent engineer's cost projection on September 30, 2018, that total future closure and postclosure care costs will be \$63,251. The actual costs for future landfill closure and postclosure care costs may differ from projections due to inflation, deflation, technology, and environmental law changes. Of the total cost projection of \$63,251, life to date liabilities of \$37,122 were recorded on September 30, 2018, based on the amount of cubic yards consumed as of those dates. For the fiscal year ended September 30, 2018, the Fund recorded future closure and postclosure care cost, net of current expense of \$3,137.

Of the total cost projection of \$63,251, a life-to-date liability of \$37,122 was recorded at September 30, 2018 as a part of other long-term debt for business-type activities. See Note 7.D. This liability for future landfill closure and postclosure care costs was determined from the consulting engineer's certification, that 36.3% or 16,877 cubic yards of the estimated 46,463 cubic yards landfill capacity had been consumed at September 30, 2018. Although only 36.3% of the overall landfill capacity was consumed, a total of 58.7% of the total closure and postclosure costs were reported as a liability because the landfill consists of two separate sections and the calculations were done separately on each section. Section One has total projected closure and postclosure care costs of \$52,230, of which 68.5% was consumed. Section Two has total projected closure and postclosure care costs of \$11,021 of which only 12.0% was consumed. The County will record the balance of the projected future closure and postclosure care costs of \$37,122, as adjusted by future estimated cost revisions, as the remaining landfill capacity is consumed. The County anticipates closing Section One of the landfill in 30 years (fiscal year 2048) and Section Two of the landfill in 54 years (fiscal year 2072). At September 30, 2018, the County had reserved assets of \$37,122 to meet future landfill closure and postclosure care obligations.

**(B) Fiscal Responsibility for Future Landfill Closure Costs**

Fund management, as required by state law, must certify annually that sufficient financial resources are available to pay future landfill closure and postclosure care costs. Management chose an annual financial test to comply with this requirement. This financial test requires a governmental entity to demonstrate that its tangible net position is at least six times greater than the combined total estimated amount of closure and postclosure care costs as of the Statement of Net Position date. The BOCC's net position was used to meet this test. As of September 30, 2018 management believes the Fund was compliant with all financial responsibility requirements.

**(C) Closed Landfills**

Fund management annually reviews, and revises when necessary, the estimates for potential remediation and monitoring costs at landfills closed prior to October 9, 1991. On September 30, 2018, the estimated liability for future remediation and monitoring costs of these closed landfill sites was \$3,019.

**HILLSBOROUGH COUNTY, FLORIDA**  
**SOLID WASTE ENTERPRISE FUND**  
**PUBLIC WORKS DEPARTMENT**  
**FINANCIAL STATEMENT NOTES**  
**FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2018**  
(Amounts in Thousands)

**(13) Contingencies**

**(A) Litigation**

The Fund is involved in certain litigation in the ordinary course of operations. Management believes, after consulting with legal counsel, that any potential losses would not materially affect the Fund's financial condition for the fiscal years ended September 30, 2018.

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

**(B) State and Federal Grants**

Grants received and disbursed by the Fund are for specific purposes and are subject to review by grantor agencies and their independent auditors. Such audits may result in requests for repayments due to disallowed costs. Management believes that such repayments, if any, would not materially affect the Fund's financial condition on September 30, 2018.

**(C) Environmental Protection**

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



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

**Schedule of Proportionate Share of the Florida Retirement System Net Pension Liabilities for the  
Pension Plan and Health Insurance Subsidy Program  
Last Five Fiscal Years  
(Required Supplementary Information)  
(Amounts in Thousands)**

**FRS Pension Plan**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Fund's proportion of net pension liability	0.719%	0.741%	0.739%	0.016%	0.017%
Fund's proportionate share of net pension liability	\$ 5,265	5,363	4,525	2,121	1,027
Fund's covered payroll	\$ 6,782	6,909	6,773	6,559	6,738
Fund's proportionate share of net pension liability as a percentage of its covered payroll	77.63%	77.62%	66.81%	32.34%	15.24%
FRS Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%

**Health Insurance Subsidy Program**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Fund's proportion of net pension liability	1.185%	1.229%	1.242%	0.021%	0.021%
Fund's proportionate share of net pension liability	\$ 2,276	2,349	2,512	2,153	1,975
Fund's covered payroll	\$ 6,782	6,909	6,773	6,559	6,738
Fund's proportionate share of net pension liability as a percentage of its covered payroll	33.56%	34.00%	37.09%	32.83%	29.31%
HIS Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.98%	0.50%	0.99%

**Note: Data was unavailable prior to fiscal year 2014.**

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

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

**(Required Supplementary Information)**

**Last Five Fiscal Years  
(Amounts in Thousands)**

**FRS Pension Plan**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contributions	\$ 769	532	501	391	360
Contributions in relation to the contractually required contributions	769	532	501	391	360
Contributions deficiency (excess)	\$ -	-	-	-	-
Fund's covered payroll	\$ 6,782	6,909	6,773	6,559	6,466
Contributions as a percentage of covered payroll	11.34%	7.70%	7.40%	5.96%	5.57%

**Health Insurance Subsidy Program**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contributions	\$ 112	53	49	42	37
Contributions in relation to the contractually required contributions	112	53	49	42	37
Contributions deficiency (excess)	\$ -	-	-	-	-
Fund's covered payroll	\$ 6,782	6,909	\$ 6,773	\$ 6,559	\$ 6,466
Contributions as a percentage of covered payroll	1.65%	0.77%	0.72%	0.64%	0.57%

**Note: Data was unavailable prior to fiscal year 2014.**

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

*Amounts in thousands*

	<b>2018</b>	<b>2017</b>	<b>(Restated) 2016</b>
Fund's net OPEB liability	\$ 523	1,020	1,031
Fund's covered payroll	\$ 6,782	6,909	6,773
Fund's net OPEB liability as a percentage of its covered payroll	7.7%	14.8%	15.2%
Plan fiduciary net position as a percentage of the OPEB liability	0.0%	0.0%	0.0%

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

Hillsborough County has set aside \$17.415 million in the Self-Insurance Internal Service Fund for OPEB. This amount represents 65.9% of the County's total OPEB liability at September 30, 2018. However, since an irrevocable trust was not established, none of this \$17.415 million in cash and investment is considered to be "plan fiduciary net position." The Solid Waste Enterprise Fund's net OPEB liability represents 1.1622% of the County's net OPEB liability.

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

*Amounts in thousands*

	<b>2018</b>	<b>2017</b>	<b>(Restated) 2016</b>
Actuarially determined contribution*	\$ 523	1,020	Not available
Fund's contributions in relation to the actuarially determined contribution**	523	1,020	
Contribution deficiency (excess)	-	-	Not available
County's covered payroll	\$ 6,782	6,909	6,773
County's contributions as a percentage of covered payroll	7.7%	14.8%	0.0%

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

\*\*These contributions represent amounts "set aside" for OPEB during fiscal years 2018, 2017, and 2016. The County has set aside a total of \$17.415 million in the Self-Insurance Internal Service Fund for OPEB at September 30, 2018. This amount represents 65.9% of the total OPEB liability at September 30, 2018. However, since an irrevocable trust was not established, none of this \$17.415 million in cash and investment is considered to be "plan fiduciary net position."

**Notes to Schedule**

Actuarially determined contribution rates were calculated as of September 30, 2018. Methods and assumptions used to determine contribution rates:

*Amounts in thousands*

Actuarial cost method	Entry age normal
Inflation	2.50%
Discount rate	4.18%
Initial healthcare cost trend rate	6.50%

**HILLSBOROUGH COUNTY, FLORIDA  
SOLID WASTE ENTERPRISE FUND  
PUBLIC WORKS DEPARTMENT  
COMPARISON OF ACTUAL REVENUES AND EXPENSES  
TO BUDGET  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018  
(Amounts in Thousands)**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>Operating revenues:</b>			
Charges for services	<u>\$ 108,269</u>	<u>107,842</u>	<u>(427)</u>
<b>Operating expenses:</b>			
Employee services	11,239	10,142	1,097
Contractual services	72,284	68,977	3,307
Fleet services	1,469	1,463	6
Repairs and maintenance	1,125	1,127	(2)
Utilities	1,524	1,775	(251)
Supplies	56	38	18
Landfill closure and postclosure care	2,837	2,837	-
Other	<u>1,975</u>	<u>1,693</u>	<u>282</u>
Total operating expenses before unbudgeted depreciation, amortization, pension and OPEB expense	<u>92,509</u>	<u>88,052</u>	<u>4,457</u>
<b>Operating income before unbudgeted depreciation, amortization, pension and OPEB expense</b>	<u><b>\$ 15,760</b></u>	<u><b>19,790</b></u>	<u><b>4,030</b></u>
Depreciation and amortization		16,665	
Pension expense		399	
OPEB (benefit)		<u>(475)</u>	
<b>Operating income</b>		<u><b>\$ 3,201</b></u>	

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

<b>Fiscal</b>			
<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 2,535	235	2,770
2020	2,580	190	2,770
2021	2,627	144	2,771
2022	2,674	97	2,771
2023	2,722	50	2,772
	<b>\$ 13,138</b>	<b>716</b>	<b>13,854</b>

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

<b>Fiscal</b>			
<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 5,080	3,967	9,047
2020	5,185	3,713	8,898
2021	5,440	3,454	8,894
2022	5,715	3,182	8,897
2023	6,000	2,896	8,896
2024	6,300	2,596	8,896
2025	6,620	2,281	8,901
2026	6,785	1,950	8,735
2027	-	1,611	1,611
2028	-	1,611	1,611
2029	-	1,611	1,611
2030	1,725	1,611	3,336
2031	7,395	1,525	8,920
2032	7,800	1,155	8,955
2033	8,340	766	9,106
2034	8,700	348	9,048
	<b>\$ 81,085</b>	<b>34,277</b>	<b>115,362</b>

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

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ -	1,261	1,261
2020	-	1,261	1,261
2021	-	1,261	1,261
2022	-	1,261	1,261
2023	-	1,261	1,261
2024	-	1,261	1,261
2025	-	1,261	1,261
2026	-	1,261	1,261
2027	6,260	1,261	7,521
2028	6,580	948	7,528
2029	6,905	619	7,524
2030	5,475	273	5,748
	<b>\$ 25,220</b>	<b>13,189</b>	<b>38,409</b>



**HILLSBOROUGH COUNTY, FLORIDA  
SOLID WASTE ENTERPRISE FUND  
PUBLIC WORKS DEPARTMENT  
SCHEDULE OF RESTRICTED/RESERVED RECEIPTS AND DISBURSEMENTS  
FOR ACCOUNTS RESTRICTED BY BOND COVENANT OR RESERVED BY BOCC POLICY  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018  
(Amounts in Thousands)**

	Restricted by Bond Covenant or by Law					Reserved by BOCC Policy							Total Fund
	2013 Bond Proceeds	2016 Bond Proceeds	Debt Service Sinking	Debt Service Reserves	Renewal and Replacement	Restricted Totals	General Purpose	Rate Stabilization	Southeast Landfill Closure Cells I-VI	Southeast Landfill Closure Cells VII-VIII	Closed Landfill Maintenance	Internal Capital Improvement	
<b>Balance, October 1, 2017</b>	159	402	2,847	5,149	11,087	19,644	4,988	64,400	33,663	2,003	2,370	11,086	138,154
<b>Receipts:</b>													
Bond proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment earnings from construction accounts	-	50	-	-	-	50	-	-	-	-	-	6	56
Investment earnings from debt service/reserve accounts	-	-	86	-	-	86	-	-	-	-	-	-	86
Investment earnings from landfill reserve accounts	-	-	-	-	-	-	-	337	20	-	-	-	357
Other operating receipts	-	-	-	-	58	58	-	-	-	-	-	-	58
Transfers-in from non-revenue accounts	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers-in from the revenue account	-	-	11,395	5	1,246	12,646	-	8,302	2,101	-	1,268	-	24,317
<b>Total receipts</b>	-	50	11,481	5	1,304	12,840	-	8,302	2,438	20	1,268	6	24,874
<b>Disbursements:</b>													
Expenditures	-	195	15	-	1,276	1,486	-	-	-	-	1,179	-	2,665
Interest payments	-	-	5,676	-	-	5,676	-	-	-	-	-	-	5,676
Principal payment	-	-	7,290	-	-	7,290	-	-	-	-	-	-	7,290
Other debt service costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers-out to the revenue account	159	-	-	-	-	159	-	-	-	-	-	10,390	10,549
<b>Total disbursements</b>	159	195	12,981	-	1,276	14,611	-	-	-	-	1,179	10,390	26,180
<b>Balance, September 30, 2018</b>	-	257	1,347	5,154	11,115	17,873	4,988	72,702	36,101	2,023	2,459	702	136,848
			(A)	(A)	(A)		(B)	(B)	(B)	(B)	(B)	(B)	

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

<b>Components of restricted net position:</b>	
(A) Restricted net position	
Bond covenants	\$ 11,115
Debt service	6,501
<b>Total restricted net position</b>	<b>17,616</b>
(B) Reserved by BOCC policy	118,975
Invested in capital assets	257
<b>Balance, September 30, 2018</b>	<b>\$ 136,848</b>

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

**Financial Trends Information:**

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

**Schedules:**

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

**Debt Capacity Information:**

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

**Schedule:**

- Outstanding Debt Compared to Net Position

**General Operating Statistics:**

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

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

**Financial Trend Schedules:**

**Components of Net Position**  
**Fiscal Years - 2009 Through 2018**  
(amounts in thousands)

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

	<b>2018</b>	<b>2017</b>	<b>Restated 2016***</b>	<b>2015</b>	<b>2014**</b>	<b>Restated 2013</b>	<b>Restated 2012</b>	<b>Restated 2011</b>	<b>2010*</b>	<b>2009*</b>
Net investment in capital assets	\$ 43,217	49,482	55,721	63,181	71,035	77,672	80,355	88,636	100,229	98,510
Restricted net position	17,616	19,083	12,298	11,739	11,644	13,869	16,176	15,938	24,747	18,155
Unrestricted net position	107,709	98,292	89,770	83,782	77,031	61,505	60,330	54,340	38,092	45,436
<b>Total net position</b>	<b>\$ 168,542</b>	<b>166,857</b>	<b>157,789</b>	<b>158,702</b>	<b>159,710</b>	<b>153,046</b>	<b>156,861</b>	<b>158,914</b>	<b>163,068</b>	<b>162,101</b>

\*Note: Fiscal years 2009 and 2010 not restated for GASB Statement No. 65

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

\*\*\*Note: Fiscal year 2016 restated for GASB Statement No. 75

**Current Ratio**  
**Fiscal Years - 2009 Through 2018**  
(amounts in thousands)

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

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Current assets	\$ 196,253	182,053	168,368	160,368	156,318	169,371	148,299	148,284	145,706	149,939
Current liabilities	34,380	30,630	32,005	30,104	31,449	42,302	27,288	29,991	34,179	40,565
<b>Ratio</b>	<b>5.7</b>	<b>6.0</b>	<b>5.3</b>	<b>5.3</b>	<b>5.0</b>	<b>4.0</b>	<b>5.4</b>	<b>4.9</b>	<b>4.3</b>	<b>3.7</b>

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

**Financial Trend Schedules (Continued):**

**Return on Capital Assets**  
**Fiscal Years - 2009 Through 2018**  
(amounts in thousands)

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

	<b>2018</b>	<b>2017</b>	<b>Restated 2016***</b>	<b>2015</b>	<b>2014**</b>	<b>Restated 2013*</b>	<b>Restated 2012</b>	<b>Restated 2011</b>	<b>2010*</b>	<b>2009*</b>
Change in net position	\$ 1,685	9,068	139	3,664	6,664	(3,815)	(72)	(4,154)	967	6,814
Average total capital assets	186,908	202,261	219,402	228,823	231,179	223,863	221,681	230,123	235,187	214,870
<b>Return on Capital Assets</b>	<b>0.9%</b>	<b>4.5%</b>	<b>0.1%</b>	<b>1.6%</b>	<b>2.9%</b>	<b>(1.7%)</b>	<b>(0.0%)</b>	<b>(1.8%)</b>	<b>0.4%</b>	<b>3.2%</b>

\*Note: Fiscal years 2009 and 2010 not restated for GASB Statement No. 65

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

\*\*\*Note: Fiscal year 2016 restated for GASB Statement No. 75

**Accounts Receivable Turnover on a 365 collection day basis**  
**Fiscal Years - 2008 Through 2018**  
(amounts in thousands)

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

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Charges for services	\$ 107,842	105,689	102,287	100,948	103,728	100,744	101,515	98,613	97,793	94,840
Average accounts receivable	5,247	4,913	4,005	3,829	3,420	3,918	3,890	3,021	3,397	3,715
<b>Accounts Receivable Turnover Days</b>	<b>17.8</b>	<b>17.0</b>	<b>14.3</b>	<b>13.8</b>	<b>12.0</b>	<b>14.2</b>	<b>14.0</b>	<b>11.2</b>	<b>12.7</b>	<b>14.3</b>

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

**Financial Trend Schedules (Continued):**

**Statement of Activities**  
**Fiscal Years - 2009 Through 2018**  
(amounts in thousands)

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

	2018	2017	Restated 2016***	2015	2014**	Restated 2013	Restated 2012	Restated 2011	2010*	2009*
<b>Operating revenues:</b>										
Charges for services	\$ 107,842	105,689	102,287	100,948	103,728	100,744	101,515	98,613	97,793	94,840
<b>Operating expenses:</b>										
Employee services	10,142	10,274	10,372	9,177	9,102	8,330	8,421	9,134	7,710	9,377
Contractual services	68,977	63,035	68,057	62,690	60,364	72,878	70,079	67,978	64,750	63,487
Fleet services	1,463	1,419	1,724	1,443	1,551	2,001	1,717	1,917	1,728	1,712
Repairs and maintenance	1,127	1,190	649	468	313	439	407	393	442	484
Utilities	1,775	1,700	1,442	1,437	1,233	1,390	1,389	1,436	1,473	1,574
Supplies	38	39	27	14	12	21	32	67	136	158
Landfill closure and post closure care	2,837	364	(1,508)	763	1,651	1,352	(1,322)	2,123	1,862	1,114
Depreciation	16,665	17,411	16,764	15,529	14,346	10,373	14,561	14,510	14,251	10,710
General	1,693	1,721	1,353	1,208	2,386	1,907	1,537	1,004	915	814
Pension expense (benefit)	399	180	302	(243)	-	-	-	-	-	-
OPEB expense (benefit)	(475)	(13)	-	-	-	-	-	-	-	-
<b>Total operating expenses</b>	<b>104,641</b>	<b>97,620</b>	<b>99,182</b>	<b>92,486</b>	<b>90,958</b>	<b>98,691</b>	<b>96,821</b>	<b>98,562</b>	<b>93,267</b>	<b>89,430</b>
<b>Operating income</b>	<b>3,201</b>	<b>8,069</b>	<b>3,105</b>	<b>8,462</b>	<b>12,770</b>	<b>2,053</b>	<b>4,694</b>	<b>51</b>	<b>4,526</b>	<b>5,410</b>
<b>Nonoperating revenues (expenses):</b>										
Investment earnings	2,094	1,306	1,367	1,263	518	653	1,330	1,531	2,854	5,633
Interest expense	(4,034)	(1,713)	(6,688)	(6,864)	(6,966)	(6,825)	(6,655)	(6,726)	(6,434)	(4,603)
Gain on asset disposals	42	471	407	234	149	143	610	952	22	218
Other revenues	382	935	1,948	569	193	213	98	187	150	310
Other expenses	-	-	-	-	-	(52)	-	(2,279)	(151)	(154)
<b>Total nonoperating revenues (expenses)</b>	<b>(1,516)</b>	<b>999</b>	<b>(2,966)</b>	<b>(4,798)</b>	<b>(6,106)</b>	<b>(5,868)</b>	<b>(4,617)</b>	<b>(6,335)</b>	<b>(3,559)</b>	<b>1,404</b>
<b>Income before contributions and transfers</b>	<b>1,685</b>	<b>9,068</b>	<b>139</b>	<b>3,664</b>	<b>6,664</b>	<b>(3,815)</b>	<b>77</b>	<b>(6,284)</b>	<b>967</b>	<b>6,814</b>
Capital contributions	-	-	-	-	-	-	-	-	-	-
<b>Change in net position</b>	<b>1,685</b>	<b>9,068</b>	<b>139</b>	<b>3,664</b>	<b>6,664</b>	<b>(3,815)</b>	<b>77</b>	<b>(6,284)</b>	<b>967</b>	<b>6,814</b>
<b>Net position, beginning of year</b>	<b>166,857</b>	<b>157,789</b>	<b>158,702</b>	<b>159,710</b>	<b>153,046</b>	<b>156,861</b>	<b>156,784</b>	<b>163,068</b>	<b>162,101</b>	<b>155,287</b>
<b>Restatement for GASB 68 implementation</b>	-	-	-	(4,672)	-	-	-	-	-	-
<b>Restatement for GASB 75 implementation</b>	-	-	(1,052)	-	-	-	-	-	-	-
<b>Net position, beginning of year, as restated</b>	<b>166,857</b>	<b>157,789</b>	<b>157,650</b>	<b>155,038</b>	<b>153,046</b>	<b>156,861</b>	<b>156,784</b>	<b>163,068</b>	<b>162,101</b>	<b>155,287</b>
<b>Net position, end of year</b>	<b>\$ 168,542</b>	<b>166,857</b>	<b>157,789</b>	<b>158,702</b>	<b>159,710</b>	<b>153,046</b>	<b>156,861</b>	<b>156,784</b>	<b>163,068</b>	<b>162,101</b>

\*Note: Fiscal years 2009 and 2010 not restated for GASB Statement No. 65

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

\*\*\*Note: Fiscal year 2016 restated for GASB Statement No. 75

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

**Financial Trend Schedules (Continued):**

**Components of Charges for Services**  
**Fiscal Years - 2009 Through 2018**  
(amounts in thousands)

This schedule identifies the principal components of charges for services.

	2018	PCT	2017	PCT	2016	PCT	2015	PCT	2014	PCT	2013	PCT	2012	PCT	2011	PCT	2010	PCT	Restated	
																			2009	PCT
Residential disposal assessments	\$ 27,564	25.6	25,393	24.0	24,955	24.4	24,619	24.4	24,394	23.5	26,960	26.8	25,271	24.9	24,844	25.2	23,858	24.4	22,665	23.9
Residential collection assessments	36,224	33.6	35,581	33.7	34,851	34.1	34,316	34.0	34,162	32.9	35,016	34.8	34,268	33.8	32,949	33.4	30,782	31.5	28,065	29.6
Franchise haulers	19,694	18.3	19,254	18.2	19,214	18.8	18,099	17.9	17,702	17.1	16,239	16.1	16,876	16.6	16,351	16.6	15,566	15.9	16,905	17.8
Electricity generation revenues	13,677	12.7	16,618	15.7	17,181	16.8	17,223	17.1	15,953	15.4	16,948	16.8	16,566	16.3	16,037	16.3	18,726	19.1	18,984	20.0
Municipal disposal fees	2,256	2.1	1,754	1.7	1,480	1.4	1,903	1.9	1,946	1.9	1,824	1.8	2,687	2.6	4,834	4.9	4,519	4.6	4,785	5.0
Commercial disposal fees	4,421	4.1	5,081	4.8	3,596	3.5	2,585	2.6	4,255	4.1	2,665	2.6	3,432	3.4	3,017	3.1	3,251	3.3	3,026	3.2
Recycle revenues	1,913	1.8	1,492	1.4	501	0.5	1,945	1.9	3,657	3.5	991	1.0	2,325	2.3	482	0.4	333	0.3	321	0.3
General operating revenues	2,093	1.8	516	0.5	509	0.4	258	0.2	1,659	1.6	101	0.1	90	0.1	99	0.1	758	0.9	89	0.2
<b>Charges for services</b>	<b>\$ 107,842</b>	<b>100.0</b>	<b>105,689</b>	<b>100.0</b>	<b>102,287</b>	<b>99.9</b>	<b>100,948</b>	<b>100.0</b>	<b>103,728</b>	<b>100.0</b>	<b>100,744</b>	<b>100.0</b>	<b>101,515</b>	<b>100.0</b>	<b>98,613</b>	<b>100.0</b>	<b>97,793</b>	<b>100.0</b>	<b>94,840</b>	<b>100.0</b>

**Components of Other Non-Operating Revenues**  
**Fiscal Years - 2009 Through 2018**  
(amounts in thousands)

This schedule identifies the principal components of other nonoperating revenues.

	2018	PCT	2017	PCT	2016	PCT	2015	PCT	2014	PCT	2013	PCT	2012	PCT	2011	PCT	2010	PCT	Restated	
																			2009	PCT
Investment earnings	\$ 2,094	(138.1%)	1,306	130.7%	1,367	(46.1%)	1,263	68.9%	518	60.2%	653	64.7%	1,330	65.3%	1,531	57.3%	2,854	94.3%	5,633	91.4%
Other revenues (expenses)	(3,610)	238.1%	(307)	(30.7%)	(4,333)	146.1%	569	31.1%	342	39.8%	356	35.3%	708	34.7%	1,139	42.7%	172	5.7%	528	8.6%
<b>Total other non-operating revenues</b>	<b>\$ (1,516)</b>	<b>100.0%</b>	<b>999</b>	<b>100.0%</b>	<b>(2,966)</b>	<b>100.0%</b>	<b>1,832</b>	<b>100.0%</b>	<b>860</b>	<b>100.0%</b>	<b>1,009</b>	<b>100.0%</b>	<b>2,038</b>	<b>100.0%</b>	<b>2,670</b>	<b>100.0%</b>	<b>3,026</b>	<b>100.0%</b>	<b>6,161</b>	<b>100.0%</b>

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

**Outstanding Debt Compared to Net Position**  
**Fiscal Years - 2009 Through 2018**  
(amounts in thousands)

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

	<b>2018</b>	<b>2017</b>	<b>Restated 2016***</b>	<b>2015</b>	<b>2014**</b>	<b>Restated 2013</b>	<b>Restated 2012</b>	<b>Restated 2011</b>	<b>2010*</b>	<b>2009*</b>
Bonds outstanding	135,152	144,205	151,735	158,709	165,425	170,770	147,680	148,625	148,625	150,540
Net position	168,542	168,465	157,789	159,200	159,710	153,046	158,842	158,914	163,068	162,101
<b>Percent</b>	<b>80.2%</b>	<b>85.6%</b>	<b>96.2%</b>	<b>99.7%</b>	<b>103.6%</b>	<b>111.6%</b>	<b>93.0%</b>	<b>93.5%</b>	<b>91.1%</b>	<b>92.9%</b>

**\*Note: Fiscal years 2009 and 2010 not restated for GASB Statement No. 65**

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

**\*\*\*Note: Fiscal year 2016 restated for GASB Statement No. 75**

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

**General Operating Statistics:  
(amounts are actual)  
Fiscal Years - 2009 Through 2018**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010 (a)</b>	<b>2009</b>
Number of full-time employees	125	129	128	109	109	105	111	99	141	142
Solid Waste tonnage buried in the landfill	330,904	306,773	213,905	214,711	223,285	213,210	230,263	256,121	258,815	393,653
Solid Waste tonnage incinerated	534,016	570,573	577,662	574,644	594,619	586,393	564,161	538,848	545,389	405,708
Yard and Wood Waste tonnage processed	125,197	118,385	115,615	118,401	116,196	119,522	120,786	129,622	138,083	152,720

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

**Sources:**

Solid Waste Enterprise Fund Annual Operating Report





**Hillsborough**  
**County** Florida

SM



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