



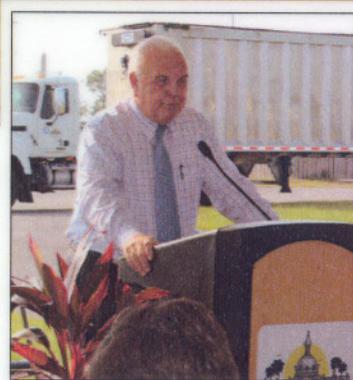
Public Utilities Department

# Annual Financial Report

## Solid Waste Enterprise Fund



Public Utilities Department Director Paul Vanderploog, right, speaks at the dedication of the South County Solid Waste Transfer Station Facility in June 2011. New technology and other features significantly improve daily operations and provide better service to both commercial and residential customers. Far right, the dedication ceremony featured an unusual ribbon-cutting. The \$24.8 million cost for the new construction and improvements was funded by Solid Waste Enterprise Funds.



For Fiscal Years Ended  
September 30, 2011 and 2010

**HILLSBOROUGH COUNTY, FLORIDA**

**PUBLIC UTILITIES DEPARTMENT**

**SOLID WASTE ENTERPRISE FUND**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

**Prepared by:**

**FINANCE DEPARTMENT**

**CLERK OF CIRCUIT COURT**

**PAT FRANK, Clerk**

**HILLSBOROUGH COUNTY, FLORIDA  
PUBLIC UTILITIES DEPARTMENT  
SOLID WASTE ENTERPRISE FUND  
PRINCIPAL OFFICIALS  
SEPTEMBER 30, 2011**

**Board of County Commissioners**

Al Higginbotham, Chair

Kevin Beckner

Victor Crist

Ken Hagan

Les Miller

Sandy Murman

Mark Sharpe

**Constitutional Officers**

Pat Frank, Clerk of Circuit Court

Doug Belden, Tax Collector

David Gee, Sheriff

Earl Lennard, Supervisor of Elections

Rob Turner, Property Appraiser

**Appointed Officials**

Mike Merrill, County Administrator

Paul Vanderploog, Director, Public Utilities Department

**HILLSBOROUGH COUNTY, FLORIDA  
PUBLIC UTILITIES DEPARTMENT  
SOLID WASTE ENTERPRISE FUND  
ANNUAL FINANCIAL REPORT  
FOR FISCAL YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

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## Report of Independent Certified Public Accountants

To the Board of County Commissioners of  
Hillsborough County, Florida:

We have audited the accompanying financial statements of the Hillsborough County, Florida Solid Waste Enterprise Fund (the "Fund"), formerly Solid Waste Management Division Enterprise Fund, an enterprise fund of Hillsborough County, Florida, as of and for the years ended September 30, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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, 2011 and 2010, and the changes in its financial position and its cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2012 on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the Fund's basic financial statements. The accompanying supplementary information and statistical section listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The accompanying supplementary information statements as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 them.

*Cherry, Behart & Holland, L.L.P.*

Tampa, Florida  
February 13, 2012



**Report of Independent Certified Public Accountants  
on Bond Compliance**

To the Board of County Commissioners of  
Hillsborough County, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States, the basic financial statements of the Hillsborough County, Florida, Solid Waste Enterprise Fund (the "Fund"), formerly Solid Waste Management Division Enterprise Fund, an enterprise fund of Hillsborough County, Florida, as of and for the year ended September 30, 2011, and have issued our report thereon dated February 13, 2012.

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. 06-28, as supplemented by Resolution No. R06-231 of the bond resolution governing the Solid Waste Resource and Recovery Revenue Bonds, Series 2006A, and the Solid Waste Resource and Recovery Revenue Bonds, Series 2006B, 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 & Holland, L.L.P.*

Tampa, Florida  
February 13, 2012

## **FINANCIAL STATEMENTS**

**HILLSBOROUGH COUNTY, FLORIDA  
PUBLIC UTILITIES DEPARTMENT  
SOLID WASTE ENTERPRISE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

The Hillsborough County Public Utilities Department, Solid Waste Enterprise Fund (Fund) presents the following review of its financial activities for the fiscal years ended September 30, 2011 and 2010. 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 years ended September 30, 2011 and 2010. All amounts, unless otherwise stated, are presented in thousands of dollars.

**Fiscal Year 2011 Financial Summary**

- Fiscal year 2011 operating revenues were \$98,613. This represented an \$820 or 0.8% increase over fiscal year 2010. The increase was due to the following net factors: a \$3,356 revenue increase related to the series 2006 bonds covenant requirement to increase annual collection and disposal special assessments as well as other disposal fees and a \$983 revenue increase due to customer growth evidenced by a larger number of billed special assessment units over last year. Those increases were offset by a \$2.5 million revenue decrease in electricity generation, due to major maintenance required at the Resource Recovery Facility (RRF); an \$830 revenue decrease related to a declining waste stream caused by the continuing economy recovery; and, to a \$274 electric revenue decrease related to the contractual amount paid per kilowatt hour (KWH) generated at the RRF. The present rate is five dollars and fifty cents per KWH, compared to six dollars and forty-five cents per KWH earned in prior fiscal years.
- For fiscal year 2011, the Fund incurred a negative \$4,154 Change in Net Assets. This represented a comparative \$5,121 negative change from the positive \$967 fiscal year 2010 Change in Net Assets. This comparative decrease was primarily due to: a decline in investments earnings; less long-term debt interest costs capitalized to construction work in progress; and, to a significant increase in operating costs related to the RRF and landfill operating contracts. Total Net Assets on September 30, 2011 and 2010 were \$158,914 and \$163,068, respectively.
- The Rate Covenant, Test 1, demonstrates that total gross revenues exceeded the total costs of operations, bond service requirements and other required bond covenant deposits by \$8,150.

**Fiscal Year 2010 Financial Summary**

- Fiscal year 2010 operating revenues of \$97,793 increased \$2,953 or 3.1% over fiscal year 2009. The revenue increase was due to the 2006 bond covenant requirement to increase collection assessments 4.7% and disposal fees 3% per annum.
- Fiscal year 2010 positive \$967 Change in Net Assets represented a decrease of \$5,847 or 85.8% from the fiscal year 2009 Change in Net Assets of \$6,814. This decrease was primarily due to a decline in investments earnings, a decrease in capitalized construction interest cost and to a significant increase in depreciation expense as approximately \$158 million in completed capital projects were transferred from construction work in progress to depreciable assets during fiscal years 2010 and 2009. Total Net Assets on September 30, 2010 and 2009 were \$163,068 and \$162,101, respectively.

**HILLSBOROUGH COUNTY, FLORIDA  
PUBLIC UTILITIES DEPARTMENT  
SOLID WASTE ENTERPRISE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

- The Fund implemented GASB Statement Number 51, *Accounting and Financial Reporting for Intangible Assets*, with a capitalization threshold of five thousand dollars. As the Fund did not incur any eligible capitalizable intangible costs during fiscal year 2010, the implementation of this statement did not have any impact on capital assets or operating results for the fiscal year ended September 30, 2010.
- The Rate Covenant, Test 1, demonstrates that total gross revenues exceeded the total costs of operations, bond service requirements and other required bond covenant deposits by \$7,893.

The Fund was compliant with all bond covenant requirements for the fiscal years ended September 30, 2011 and 2010. Please refer to the rate covenant test in the supplemental information section of this financial report.

### **Overview of the Financial Statements**

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

### **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 noncurrent data about its financial activities. The Balance Sheet includes assets and liabilities and provides summary information for amounts invested in capital assets and for amounts owed to creditors. The assets and liabilities are presented in a classified format, which lists current and noncurrent amounts separately. The Fund's operating results are recorded on the Statements of Revenues, Expenses, and Changes in Net Assets. This statement displays operating activities over the past two fiscal years, and indicates whether the Fund recovered all its costs through user fees and other revenues. The last required statement is the Statements 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  
PUBLIC UTILITIES DEPARTMENT  
SOLID WASTE ENTERPRISE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

**Financial Analysis: Fiscal Year 2011 Financial Comparison with Fiscal Year 2010**

**Condensed Balance Sheets**

A key measure of financial condition is net assets as well as the amount of unrestricted net assets compared to total net assets. An analysis of 2011 net assets compared to 2010 follows:

<b>Assets:</b>	<b>2011</b>	<b>2010</b>	<b>Change</b>	<b>Percent</b>
Current, restricted and other assets	\$150,414	\$147,985	\$2,429	1.6%
Capital assets, net	224,946	235,300	(10,354)	(4.4)
<b>Total assets</b>	<b>\$375,360</b>	<b>\$383,285</b>	<b>(\$7,925)</b>	<b>(2.1%)</b>
<b>Liabilities:</b>				
Current liabilities	\$29,991	\$34,179	(\$4,188)	(12.3%)
Noncurrent liabilities	186,455	186,038	417	0.2
<b>Total liabilities</b>	<b>216,446</b>	<b>220,217</b>	<b>(3,771)</b>	<b>(1.7)</b>
<b>Net assets:</b>				
Invested in capital, net of related debt	88,636	100,229	(11,593)	(11.6)
Restricted net assets:				
Bond covenants	29,305	24,747	4,558	18.4
Unrestricted net assets	40,973	38,092	2,881	7.6
<b>Total net assets</b>	<b>158,914</b>	<b>163,068</b>	<b>(4,154)</b>	<b>(2.5%)</b>
<b>Total liabilities and net assets</b>	<b>\$375,360</b>	<b>\$383,285</b>	<b>(\$7,925)</b>	<b>(2.1%)</b>

**Total net assets** - Fiscal year 2011 total net assets decreased \$4,154 or 2.5% from fiscal year 2010. The decrease in total net assets was primarily due to higher operating costs, and to decreases in investment earnings and capitalizable interest costs compared to fiscal year 2010. However, the Fund increased its unrestricted net assets by \$2,881 or 7.6%, primarily due to a reduction in total liabilities.

**Condensed Statements of Revenues, Expenses and Changes in Net Assets**

The Statement of Revenues, Expenses, and Changes in Net Assets presents the operating results for the fiscal year ended September 30, 2011, compared to 2010 as follows:

<b>Revenues:</b>	<b>2011</b>	<b>2010</b>	<b>Change</b>	<b>Percent</b>
Operating revenues	\$98,613	\$97,793	\$820	0.8%
Nonoperating revenues	2,670	3,026	(356)	(11.8)
<b>Total revenues</b>	<b>101,283</b>	<b>100,819</b>	<b>464</b>	<b>0.5</b>
<b>Expenses:</b>				
Operating expenses, before depreciation	84,052	79,016	5,036	6.4
Depreciation expense	14,510	14,251	259	1.8
Nonoperating expenses	6,875	6,585	290	4.4
<b>Total expenses</b>	<b>105,437</b>	<b>99,852</b>	<b>5,585</b>	<b>5.6</b>
<b>Change in net assets</b>	<b>(4,154)</b>	<b>967</b>	<b>(5,121)</b>	<b>(529.6)</b>
<b>Net assets, beginning of year</b>	<b>163,068</b>	<b>162,101</b>	<b>967</b>	<b>0.6</b>
<b>Net assets, end of year</b>	<b>\$158,914</b>	<b>\$163,068</b>	<b>(\$4,154)</b>	<b>(2.5 %)</b>

**HILLSBOROUGH COUNTY, FLORIDA  
PUBLIC UTILITIES DEPARTMENT  
SOLID WASTE ENTERPRISE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

**Operating revenues** - Fiscal year 2011 operating revenues of \$98,613 increased \$820 or 0.8% over the previous fiscal year. This was due to the net factors previously discussed under the fiscal year 2011 financial summary.

**Nonoperating revenues** - Fiscal year 2011 nonoperating revenues of \$2,670 decreased \$356 or 11.8% compared to last year. This decrease was primarily due to a \$1,323 or 46.4% decrease in investment earnings, mitigated by an increase in surplus asset disposal revenues of \$930.

**Total expenses** - Fiscal year 2011 total expenses of \$105,437 increased \$5,585 or 5.6% compared to last year. The change was primarily related to the following expense category net transactions.

**Operating expenses before depreciation:** there was an increase in fiscal year 2011 operating expenses before depreciation of \$5,036 or 6.4% compared to last year. This was primarily due to the following net factors: a \$1,424 or 18.5% increase in employee services costs primarily related to higher health costs and to a non-recurring fiscal year 2010 workers' compensation premium refund; a \$3,228 or 5% increase in contractual services costs related to the Resource Recovery Facility operations, the Southeast Landfill, and for code enforcement by the Hillsborough County Sheriff's Office; a \$261 or 14% increase in landfill closure and postclosure care costs related to future inflation; and, to a \$189 or 10.9% increase in fleet costs related to higher vehicle fuel and maintenance costs compared to last year. These cost increases were partially offset by a \$66 or 2.2% net decrease in communications, repairs, office supplies, and other general operating costs compared to last year.

**Depreciation expense:** there was a \$259 or 1.8% increase in depreciation costs. This increase was due to completion and transfer of completed capital improvement projects from construction work in progress to depreciable assets.

**Nonoperating expenses:** these expenses increased \$290 or 4.4% primarily due to higher comparative net interest costs, as \$360 or 71.6% less in eligible project bonds interest costs were capitalized to construction work in progress compared to fiscal year 2010.

**HILLSBOROUGH COUNTY, FLORIDA  
PUBLIC UTILITIES DEPARTMENT  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

**Financial Analysis: Fiscal Year 2010 Financial Comparison with Fiscal Year 2009**

**Condensed Balance Sheets**

An analysis of the Fund's Balance Sheet including net assets on September 30, 2010 compared to September 30, 2009 follows:

<b>Assets:</b>	<b>2010</b>	<b>2009</b>	<b>Change</b>	<b>Percent</b>
Current, restricted and other assets	\$147,985	\$152,369	(\$4,384)	(2.9%)
Capital assets, net	235,300	235,073	227	0.1
<b>Total assets</b>	<b>\$383,285</b>	<b>\$387,442</b>	<b>(\$4,157)</b>	<b>(1.1%)</b>
<b>Liabilities:</b>				
Current liabilities	\$34,179	\$40,565	(\$6,386)	(15.7%)
Noncurrent liabilities	186,038	184,776	1,262	0.7
<b>Total liabilities</b>	<b>220,217</b>	<b>225,341</b>	<b>(5,124)</b>	<b>(2.3)</b>
<b>Net assets:</b>				
Invested in capital, net of related debt	100,229	98,510	1,719	1.7
Restricted net assets	24,747	18,155	6,592	36.3
Unrestricted net assets	38,092	45,436	(7,344)	(16.2)
<b>Total net assets</b>	<b>163,068</b>	<b>162,101</b>	<b>967</b>	<b>0.6</b>
<b>Total liabilities and net assets</b>	<b>\$383,285</b>	<b>\$387,442</b>	<b>(\$4,157)</b>	<b>(1.1%)</b>

**Total net assets** - Fiscal year 2010 net assets increased \$967 or 0.6% over last year. The small increase in net assets was primarily attributable to the annual bond covenant required user rate increase, offset by reduced investment earnings and higher depreciation costs compared to fiscal year 2009.

**Condensed Statements of Revenues, Expenses and Changes in Net Assets**

The Statement of Revenues, Expenses, and Changes in Net Assets presents the operating results for the fiscal year ended September 30, 2010, compared to 2009 as follows:

<b>Revenues:</b>	<b>2010</b>	<b>2009</b>	<b>Change</b>	<b>Percent</b>
Operating revenues	\$97,793	\$94,840	\$2,953	3.1%
Nonoperating revenues	3,026	6,161	(3,135)	(50.9)
<b>Total revenues</b>	<b>100,819</b>	<b>101,001</b>	<b>(182)</b>	<b>(0.2)</b>
<b>Expenses:</b>				
Operating expenses, before depreciation	79,016	78,720	296	0.4
Depreciation expense	14,251	10,710	3,541	33.1
Nonoperating expenses	6,585	4,757	1,828	38.4
<b>Total expenses</b>	<b>99,852</b>	<b>94,187</b>	<b>5,665</b>	<b>6.0</b>
<b>Change in net assets</b>	<b>967</b>	<b>6,814</b>	<b>(5,847)</b>	<b>(85.8)</b>
<b>Net assets, beginning of year</b>	<b>162,101</b>	<b>155,287</b>	<b>6,814</b>	<b>4.4</b>
<b>Net assets, end of year</b>	<b>\$163,068</b>	<b>\$162,101</b>	<b>\$967</b>	<b>0.6%</b>

**HILLSBOROUGH COUNTY, FLORIDA  
PUBLIC UTILITIES DEPARTMENT  
SOLID WASTE ENTERPRISE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

**Operating revenues** - Fiscal year 2010 operating revenues of \$97,793 increased \$2,953 or 3.1% over fiscal year 2009 primarily due the bond ordinance required user rate increase.

**Nonoperating revenues** - Fiscal year 2010 nonoperating revenues of \$3,026 decreased \$3,135 or 50.9% compared to 2009. This decrease was primarily due to a \$2,779 or 49.3% decrease in investment earnings related to expenditure of 2006 bond proceeds and to lower market interest rates earned on invested funds.

**Total expenses** - Fiscal year 2010 total expenses of \$99,852 increased \$5,665 or 6.0% compared to 2009. This change was primarily related to the following expense category activities.

**Operating expenses before depreciation:** there was an increase in fiscal year 2010 operating expenses before depreciation of \$296 or 0.4% compared to 2009. This was primarily due to the following net factors: a decrease \$1,667 or 17.8% decrease in employee services costs primarily related to a \$1,073 refund of prior years worker's compensation premiums, and to a reduction in salaries and benefits due to non-paid furlough days; a \$1,263 or 2% increase in contractual services costs primarily related to the annual increase in the Resource Recovery Plant's operating contract based on the consumer price index; a \$748 or 67.1% increase in landfill closure and post-closure cost due to the volume of waste buried at the landfill during the year and changes in future landfill closure and long-term care cost estimates. Those cost changes were offset by a combined \$48 net decrease in communications, fleet services, repair and maintenance, utilities, supplies, and other operating costs compared to last year. The net decrease in these categories was due to BOCC mandated operating cost budget reductions responding to the continuing economic down-turn.

**Depreciation expense:** there was a \$3,541 or 33.1% increase in depreciation costs. This increase was due to completion and transfer of over \$158 million in construction projects from construction work in progress to depreciable assets. These projects are related to the \$157 million capital improvement and expansion program bonds issued during fiscal year 2007.

**Nonoperating expenses:** these expenses increased \$1,828 or 38.4% primarily due to higher comparative net interest costs, as \$1,997 or 80% less in project bonds interest costs were capitalized to construction work in progress compared to 2009.

### **Capital Asset Activities**

#### **Fiscal Year 2011**

Capital assets on September 30, 2011, net of accumulated depreciation, were \$224,946 compared to \$235,300 last year for a decrease of \$10,354 or 4.4%. The change was attributable to the following net factors. First, the Fund added \$4,085 in capital assets primarily funded from bond proceeds. Second, long-term debt net interest expense of \$143 was capitalized to construction work in progress. The capitalization represented the 2011 net interest cost on the bonds after deducting the related bond proceed investment earnings. Third, those increases were offset by the fiscal year 2011 charge to accumulated depreciation and other adjustments of \$14,582. Please refer to Note 5(A) in the accompanying financial statement notes for additional information on fiscal year 2011 capital asset activities.

**HILLSBOROUGH COUNTY, FLORIDA  
PUBLIC UTILITIES DEPARTMENT  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

**Fiscal Year 2010**

Capital assets on September 30, 2010, net of accumulated depreciation, were \$235,300 compared to \$235,073 last year for an increase of \$227 or 0.1%. The change was attributable to the following net factors. First, the Fund added \$14,243 in capital assets primarily funded from bond proceeds. Second, long-term debt net interest expense of \$503 was capitalized to construction work in progress. The capitalization represented the 2010 net interest cost on the bonds after deducting the related bond proceed investment earnings. Third, those increases were offset by the fiscal year 2010 charge to accumulated depreciation of \$14,251 and to a loss on asset disposals of \$268. Please refer to Note 5(B) in the accompanying financial statement notes for additional information on fiscal year 2010 capital asset activities.

**Debt Administration**

**Fiscal Year 2011**

Total noncurrent liabilities on September 30, 2011, were \$186,455 compared to \$186,038 for fiscal year 2010. The fiscal year 2011 net increase in noncurrent liabilities of \$417 or 0.2% was primarily due to increases in landfill closure and long-term care costs of \$2,123, and the volunteer separation incentive program liability of \$26, offset by reductions due to the amortization of the deferred bond market issuance premium of \$166, arbitrage rebate liability of \$231, compensated absences of \$33, closed landfill investigation costs of \$357, and the 2006 bonds current maturities of \$945. The Fund's outstanding bonds have insured ratings issued by Moody's, Standard and Poor's, and Fitch of "Aaa", "AAA", and "AAA", respectively. Please refer to Note 7(E) in the accompanying financial statement notes for changes and other information regarding fiscal year 2011 total noncurrent liabilities.

**Fiscal Year 2010**

Total noncurrent liabilities on September 30, 2010, were \$186,038 compared to \$184,776 for fiscal year 2009. The fiscal year 2010 net increase in noncurrent liabilities of \$1,262 or 0.7% was primarily due to an increase in landfill closure and long-term care costs of \$1,862, offset by reductions due to the amortization of the deferred bond market issuance premium of \$169, and combined decreases in compensated absences, closed landfill investigation costs, and pollution remediation obligations of \$431. The Fund's outstanding bonds have insured ratings issued by Moody's, Standard and Poor's, and Fitch of "Aaa", "AAA", and "AAA", respectively. Please refer to Note 7(E) in the accompanying financial statement notes for changes and other information regarding fiscal year 2010 total noncurrent liabilities.

**HILLSBOROUGH COUNTY, FLORIDA  
PUBLIC UTILITIES DEPARTMENT  
SOLID WASTE ENTERPRISE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

**Fiscal Year 2012 Outlook**

**Economic Factors (amounts are in whole numbers)**

Overall the residential customer base that pays by annual assessment and related revenue is expected to remain stable with no change in the annual combined collection and disposal assessment of \$231.17, effective January 1, 2011. The billable tonnage and related revenue from non-residential customers is also expected to remain stable with no change in the various tipping fees, effective October 1, 2010. However, the City of Tampa is evaluating disposing ash, generated by the City's resource recovery facility, outside of the County's landfill and the contracted haulers plan to divert a portion of the commercial waste stream to their privately owned recycling centers.

**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, 2011 and 2010. Additional information concerning the Fund's operations and the services provided to Hillsborough County residents may be obtained from:

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

**HILLSBOROUGH COUNTY, FLORIDA  
PUBLIC UTILITIES DEPARTMENT  
SOLID WASTE ENTERPRISE FUND  
BALANCE SHEETS  
SEPTEMBER 30, 2011 AND 2010  
(Amounts in Thousands)**

<b>ASSETS</b>	<b>September 30,</b>	
	<b>2011</b>	<b>2010</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$23,796	\$39,254
Investments	72,878	54,390
Accounts receivable, net	3,092	2,950
Interest receivable	257	164
Due from other governments	1,461	936
Other current assets	169	150
<b>Current unrestricted assets</b>	<b>101,653</b>	<b>97,844</b>
<b>Restricted current assets:</b>		
Cash and cash equivalents	11,446	20,027
Investments	35,058	27,753
Interest receivable	127	82
<b>Total restricted current assets</b>	<b>46,631</b>	<b>47,862</b>
<b>Total current assets</b>	<b>148,284</b>	<b>145,706</b>
<b>Capital assets, net of accumulated depreciation:</b>		
Buildings and utility plant	39,342	43,945
Building improvements	160,172	167,345
Construction work in progress	6,702	4,655
Equipment	5,103	5,728
Land	13,627	13,627
<b>Total capital assets, net</b>	<b>224,946</b>	<b>235,300</b>
<b>Other noncurrent assets:</b>		
Deferred costs	2,130	2,279
<b>Total noncurrent assets</b>	<b>227,076</b>	<b>237,579</b>
<b>Total assets</b>	<b>\$375,360</b>	<b>\$383,285</b>

**LIABILITIES AND NET ASSETS**

	<b>September 30,</b>	
	<b>2011</b>	<b>2010</b>
<b>Current liabilities:</b>		
Accounts and contracts payable	\$9,662	\$11,584
Accrued liabilities	142	403
Unearned revenues	15,663	14,313
Due to other governments	1	1
Compensated absences, current portion	500	579
Revenue bonds payable, current maturities	945	-
Other liabilities, current maturities	452	287
<b>Current liabilities</b>	<b>27,365</b>	<b>27,167</b>
<b>Current liabilities payable from restricted assets:</b>		
Accounts and contracts payable	1,618	5,873
Deposits	422	553
Accrued interest on debt	586	586
<b>Current liabilities payable from restricted assets</b>	<b>2,626</b>	<b>7,012</b>
<b>Total current liabilities</b>	<b>29,991</b>	<b>34,179</b>
<b>Noncurrent liabilities:</b>		
Compensated absences, less current portion	173	206
Revenue bonds payable, net, less current maturities	150,063	151,174
Other noncurrent liabilities, less current maturities	36,219	34,658
<b>Total noncurrent liabilities</b>	<b>186,455</b>	<b>186,038</b>
<b>Total liabilities</b>	<b>216,446</b>	<b>220,217</b>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	88,636	100,229
Restricted net assets:		
Bond covenants and debt service	29,305	24,747
Unrestricted net assets	40,973	38,092
<b>Total net assets</b>	<b>158,914</b>	<b>163,068</b>
<b>Total liabilities and net assets</b>	<b>\$375,360</b>	<b>\$383,285</b>

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

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	Year ended September 30,	
	2011	2010
<b>Operating revenues:</b>		
Charges for services	<b>\$98,613</b>	<b>\$97,793</b>
<b>Operating expenses:</b>		
Employee services	9,134	7,710
Contractual services	67,978	64,750
Communication services	222	266
Fleet services	1,917	1,728
Repairs and maintenance	393	442
Utilities	1,214	1,207
Supplies	67	136
Landfill closure and postclosure care	2,123	1,862
Depreciation	14,510	14,251
Other	1,004	915
<b>Total operating expenses</b>	<b>98,562</b>	<b>93,267</b>
<b>Operating income</b>	<b>51</b>	<b>4,526</b>
<b>Nonoperating (expenses) revenues:</b>		
Investment earnings	1,531	2,854
Interest expense	(6,726)	(6,434)
Asset disposal gain	952	22
Other revenues	187	150
Other expenses	(149)	(151)
<b>Total nonoperating expense</b>	<b>(4,205)</b>	<b>(3,559)</b>
<b>Change in net assets</b>	<b>(4,154)</b>	<b>967</b>
<b>Net assets, beginning of year</b>	<b>163,068</b>	<b>162,101</b>
<b>Net assets, end of year</b>	<b>\$158,914</b>	<b>\$163,068</b>

The accompanying notes are an integral part of this statement.

**HILLSBOROUGH COUNTY, FLORIDA  
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	Year ended September 30,	
	2011	2010
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$99,165	\$98,649
Cash received from other operating sources	110	150
Cash payments to suppliers for goods and services	(79,196)	(74,279)
Cash payments for employee services	(9,467)	(7,752)
<b>Net cash provided by operating activities</b>	<b>10,612</b>	<b>16,768</b>
<b>Cash flows from capital and related financing activities:</b>		
Surplus capital asset sale proceeds	1,025	289
Capital asset acquisition and construction	(4,009)	(14,243)
Revenue bond interest payments	(7,035)	(7,112)
Revenue bond principal maturity payment	-	(1,915)
<b>Net cash used by capital and related financing activities</b>	<b>(10,019)</b>	<b>(22,981)</b>
<b>Cash flows from investing activities:</b>		
Investment maturities and sale proceeds	157,067	236,929
Investment purchases	(182,832)	(213,414)
Investment earnings	1,133	2,512
<b>Net cash (used) provided by investing activities</b>	<b>(24,632)</b>	<b>26,027</b>
<b>Change in cash and cash equivalents</b>	<b>(24,039)</b>	<b>19,814</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>59,281</b>	<b>39,467</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$35,242</b>	<b>\$59,281</b>
<b>Cash and cash equivalent components:</b>		
Cash and cash equivalents	\$23,796	\$39,254
Restricted cash and cash equivalents	11,446	20,027
<b>Total cash and cash equivalents</b>	<b>\$35,242</b>	<b>\$59,281</b>

	Year ended September 30,	
	2011	2010
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
<b>Operating income</b>	<b>\$51</b>	<b>\$4,526</b>
Depreciation	14,510	14,251
Other nonoperating revenues	110	150
Changes in assets and liabilities:		
Change in accounts receivable	(142)	894
Change in due from other governments	(525)	-
Change in other current assets	(19)	(20)
Change in accounts and contracts payable	(6,177)	(5,328)
Change in deposits	(131)	51
Change in accrued and other liabilities	3,007	2,305
Change in compensated absences	(72)	(61)
<b>Total adjustments</b>	<b>10,561</b>	<b>12,242</b>
<b>Net cash provided by operating activities</b>	<b>\$10,612</b>	<b>\$16,768</b>
<b>Noncash investing, capital, and financing activities:</b>		
Interest expense capitalized to construction work in progress	\$143	\$503
GASB Statement 31 - change in investment fair value	28	663

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

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**(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), formerly Solid Waste Management Division Enterprise 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 BOCC's basic financial statements and in the Hillsborough County, Florida, Comprehensive Annual Financial Report.

**(B) Presentation Basis**

The accompanying financial statements were prepared in conformity with accounting principles generally accepted 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.

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The Fund deposits cash in qualified public depositories. The deposits are fully insured by the Federal Deposit Insurance Corporation or secured by the multiple financial institution collateral pool established under Chapter 280, Florida Statutes. In accordance with these statutes, qualified public depositories are required to pledge eligible collateral in varying percentages. Any losses to public depositors are covered by applicable deposit insurance, by the sale of pledged securities, and if necessary, by assessments against other qualified public depositories.

County Ordinance 08-6 and Section 218.415, Florida Statutes, authorizes investments in United States Government obligations, its agencies and instrumentalities, and certain other investments. Investments are stated at fair value. See Note 2, for more information.

**(E) Capital Assets**

The Fund records capital equipment additions with an original cost of at least one thousand dollars and an estimated useful life in excess of two years, while intangible assets are capitalized with an original cost of at least five thousand dollars. Donated capital assets are valued at their estimated fair value after receipt and acceptance by the BOCC, and are recorded as capital contributions on the Statement of Revenues, Expenses, and Changes in Net Assets. Maintenance and repair costs are expensed as incurred, while expenses for renewals and betterments 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.

Fund capital assets have estimated useful lives as follows:

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

**(F) Bond Issuance Costs and Bond Market Issue Premiums**

Bond issuance costs are deferred and recorded as deferred bond issuance costs, while bond market issue premiums are deferred and recorded as an increase in bonds payable, respectively, on the Balance Sheet. These deferrals are amortized using the effective interest method over the debt issue's life. Bond issuance costs are amortized to other nonoperating expense, while bond market issue premiums are amortized to interest expense. For fiscal years 2011 and 2010, bond issuance costs, amortized to and increasing other nonoperating expenses, were \$149 and \$151, respectively. Deferred bond market issue premiums, amortized to and decreasing interest expense, were \$166 and \$169, respectively.

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**(G) Capitalized Interest Costs**

During fiscal years 2011 and 2010, interest costs of \$143 and \$503, respectively, were capitalized to construction work in progress on the Balance Sheet and deducted from interest expense on the Statement of Revenues, Expenses, and Changes in Net Assets. Interest expense is capitalized into the related capital asset to extent that the interest cost incurred on the tax-exempt borrowing exceeds the investment income earned on the related unspent bond proceeds. Total interest costs incurred during fiscal years 2011 and 2010, were \$6,869 and \$6,937, respectively.

**(H) Compensated Absences**

Governmental accounting standards require 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 and eighty hours and half of the sick time accrued over nine hundred and 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 as well as the Fund's required Florida Retirement System pension contribution.

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

Governmental accounting standards require the Fund, as a municipal solid waste landfill owner and operator, to record a current operating expense and a related noncurrent 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 Balance Sheet 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 noncurrent 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. Operating expenses consist of 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) Use of Restricted or Unrestricted Assets**

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

**(L) Proprietary Fund Financial Reporting**

Governmental accounting standards provide guidance on business-type accounting and financial reporting to governmental entities that use proprietary accounting. This guidance offers governmental entities the option of (a) following all applicable GASB pronouncements and those Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 (unless those FASB pronouncements conflict with, or contradict, GASB pronouncements), or (b) following all applicable GASB and FASB pronouncements (unless those FASB pronouncements conflict with, or contradict, GASB pronouncements). The Fund follows all applicable GASB pronouncements and only those applicable FASB pronouncements issued on or before November 30, 1989.

**(M) Self-Insurance**

The Fund participates in a self-insurance internal service fund, which is managed by the BOCC. This Self-Insurance Internal Service 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 \$350 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. The BOCC has commercial insurance with a limit of \$2,000 per occurrence to address automotive and general liability claims above the State statutory limits. Negligence claims in excess of the statutory limits can only be recovered through a special State of Florida legislative act.

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For fiscal years 2011, 2010, and 2009, settled claims did not exceed insurance coverage. During fiscal years 2011 and 2010, the Fund paid premiums of \$1,326 and \$1,261 respectively, 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 \$500 per person annually. Stop-loss insurance was purchased to cover an unlimited amount per person above the \$500 per person deductible. During fiscal years 2011 and 2010, the Fund paid \$1,061 and \$1,035, respectively, 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. GASB 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, establishes accounting and financial reporting standards for the BOCC's Self-Insurance Internal Service Fund transactions. Insurance coverage costs paid by the Fund are reflected in the financial statements as a current year operating expense.

**(N) Fair Value Investment Accounting and Financial Reporting**

Governmental accounting standards require governmental entities, as of the Balance Sheet date, to calculate investments at fair value and to record the related change as a component of investment earnings on the Statement of Revenues, Expenses, and Changes in Net Assets. For the fiscal years ended September 30, 2011 and 2010, the Fund's investment earnings components were as follows:

	2011	2010
Interest and dividends	\$1,503	\$2,191
Fair value change	28	663
Investment earnings, as reported	\$1,531	\$2,854

**(O) GASB Statement Implementations**

On October 1, 2009, the Fund prospectively implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. Intangible assets lack physical substance, are non-financial in nature, and have initial useful lives exceeding one year. Intangible assets under GASB Statement No. 51 include easements and internally or externally generated software meeting certain criteria. Effective with this GASB Statement implementation date, intangible assets exceeding five thousand dollars will be capitalized and amortized for accounting and financial statement reporting purposes.

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**(P) Subsequent Events**

The Fund has evaluated subsequent events through February 13, 2012, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

**(Q) Voluntary Separation Incentive Program for Fund Employees**

In May 2011 the BOCC approved the “Voluntary Separation Incentive Program” (VSIP) for BOCC employees who were eligible for normal retirement under the Florida Retirement System (FRS) on June 30, 2011 or current FRS Deferred Retirement Option Plan (DROP) participants who were scheduled to terminate January 1, 2012 or later. A total of 165 employees took this separation incentive from a total of approximately 660 eligible employees. The incentive program offered (a) three consecutive years of single employee premium payments for the Coverage First Group Health Plan or a one-time cash payment of \$10 and (b) twelve weeks of salary up to a maximum of \$25. To participate in the VSIP, eligible employees had to terminate no later than June 30, 2011. Ninety-five employees chose to receive three consecutive years of single employee health insurance coverage, two of which were Fund employees. The Fund’s VSIP liability on September 30, 2011 representing a total liability of 33 months of single employee coverage was \$39. The VSIP liability was based on a 10% escalation rate for health care costs in fiscal years 2013 and 2014. Future estimated payments considered in determining the VSIP liability were not discounted, as the discounting effect was immaterial.

**(R) Reclassifications**

Certain 2010 financial statement amounts were reclassified for consistency with the fiscal year 2011 presentation.

**(2) Deposits and Investments**

**(A) Deposits**

On September 30, 2011 and 2010, the Fund's total cash deposits were \$11,442 and \$11,821, respectively, and the total bank balances were \$12,384 and \$16,542, respectively. 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 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. If quoted market prices are available, they are used to determine fair value. For investments in open-end mutual funds, fair value is determined by the fund's current share price.



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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, except for overnight repurchase agreements, which are held by the counterparty. On September 30, 2011 and 2010, there were no amounts 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 and Fund B Surplus Funds Trust Fund**

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

Florida PRIME, which is a 2a-7 like pool, is carried at amortized cost. A 2a-7 like pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which regulates money market funds. Therefore, Florida PRIME operates essentially as a money market fund. The fair value of the System's position in the pool is the same as the value of the pool shares. System investments are listed by category of investment, fair value, effective duration in years, and credit rating. As United States Treasury Securities, with the explicit backing of the United States Government, are considered not to have credit risk, they are shown with the highest credit rating. All investment income, including investment fair value changes, was reported as a component of investment earnings on the Statement of Revenues, Expenses, and Changes in Net Assets.

Fund B is an unrated fund and is not evidenced by securities that exist in physical or book entry form. The Fund's investment in Fund B represents moneys invested on November 29, 2007, when the Florida State Board of Administration implemented a freeze on investments held. Participants are prohibited from withdrawing funds from Fund B, and a formal withdrawal policy has not been developed. On September 30, 2011, the estimated weighted average life of Fund B investments was (4.8 years). However, because Fund B consists of restructured or defaulted securities, there is considerable uncertainty regarding the weighted average life. On September 30, 2011, the Fund B investment earnings were reported at fair value on the Statement of Revenues, Expenses, and Change in Net Assets.

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**D. Investment Policy**

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

- a. The State of Florida's Florida PRIME Fund.
- b. Direct obligations of the United States.
- c. Obligations of the United States Government such as Government National Mortgage Association.
- d. Obligations of United States Government sponsored agencies such as the Federal Farm Credit Banks, Freddie Mac and the Federal Home Loan Mortgage Corporation.
- e. Interest bearing time deposits or savings accounts in qualified public depositories as defined in Section 280.02 Florida Statutes.
- f. United States Securities and Exchange Commission money market funds with the highest credit quality ratings from a nationally recognized rating agency.
- g. Securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, as amended, provided the portfolio of such investment company or investment trust is limited to United States Government obligations and to repurchase agreements fully collateralized by United States Government obligations and provided such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.
- h. Other investments authorized for the BOCC by law, county ordinance, or resolution.

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

- a. The entire portfolio may be invested in United States Treasury securities with a maximum maturity length of ten-years, but investments in Treasury Strips are limited to ten percent of the portfolio.
- b. A maximum of fifty percent of the portfolio may be invested in the State of Florida's Florida PRIME.
- c. A maximum of fifty percent of the portfolio may be invested in United States Government agency securities, with no more than ten percent of the portfolio invested in any individual United States Government agency.
- d. A maximum of sixty percent of the portfolio may be invested in obligations of United States Government instrumentalities, with a maturity length of ten-years, provided that no more than thirty percent of the portfolio is invested in any one issuer and no more than twenty-five percent of the portfolio is invested in callable securities.

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- e. A maximum of twenty percent of the portfolio may be invested in repurchase agreements excluding one business day agreements and overnight sweep agreements, with no more than ten percent of the portfolio in a single institution repurchase agreements.
- f. A maximum of twenty percent of the portfolio may be invested in non-negotiable interest bearing certificates of deposit with a institution having deposits secured by the Florida Security for Public Deposits Act, provided that the maximum maturity on any certificate of deposit is no greater than one year and no more than ten percent of the portfolio is invested with any one issuer.
- g. A maximum of twenty percent of the portfolio may be invested in prime commercial paper (i.e. rated Prime-1 by Moody's, A-1 by Standard and Poor's, or AA by two nationally recognized rating agencies if backed by a letter of credit), provided no more than five percent of the portfolio is invested in the commercial paper of a single issuer. The maximum length to maturity shall be two hundred seventy days from the purchase date.
- h. A maximum of fifty percent of the portfolio may be invested in money market funds offered by registered investment companies and operated in accordance with 17 CFR 270.2a-7, provided that the money market funds are rated AAAM-G or better by Standard & Poor's or the equivalent by another nationally recognized rating agency. No more than twenty-five percent of the portfolio may be invested in any one money market fund.
- i. A maximum of fifteen percent of the portfolio may be invested in high quality corporate notes (rated Aa by Moody's and AA by Standard and Poor's) provided no more than five percent of the portfolio is invested in a single issuer's notes.
- j. A maximum of twenty percent of the portfolio may be invested in intergovernmental investment pools, provided that the total does not exceed twenty-five percent of the intergovernmental pool.
- k. A maximum of twenty-five percent of the portfolio may be invested in state or local government taxable or tax exempt general obligation or revenue bonds (rated Aa by Moody's an AA by Standard and Poor's) or short-term debt (rated MIG-2 by Moody's and SP-2 by Standard and Poor's).
- l. A maximum of twenty percent of the portfolio may be invested in banker's acceptances issued by a domestic bank or federally chartered domestic office of a foreign bank (rated P-1 by Moody's and A-1 by Standard and Poor's) with a maximum of five percent of available funds invested with any one issuer. The maximum length to maturity shall be one hundred eighty days from purchase date.
- m. Investment in reverse repurchase agreements is prohibited.
- n. The maximum maturities shown above may be exceeded if investments are acquired to fulfill long- term debt service reserve requirements in which case investments are permitted to have maturities dates throughout the term of the debt service reserve.

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Deposits in excess of each fund's operating requirements are pooled 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. In accordance with bond resolutions or other legal agreements, certain deposits are invested outside the pool to prevent commingling of moneys.

**(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, 2011 and 2010 accounts receivable balances of \$3,092 and \$2,950, respectively, were net of an allowance for doubtful accounts of \$62 and \$70, respectively.

**(4) Due From 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. The amounts due were for fiscal years 2011 and 2010 were \$1,461 and \$936, respectively.

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**(5) Capital Asset Changes**

Capital asset changes for the fiscal years ended September 30, 2011 and 2010 were as follows:

**(A) Fiscal Year 2011**

	Balance 10/01/10	Additions/ Transfers-in	Disposals/ Transfers-out	Balance 9/30/11
Capital assets, non-depreciable:				
Land	\$13,627	\$ -	\$ -	\$13,627
Construction work in progress	4,655	2,195	148	6,702
Total non-depreciable capital assets	18,282	2,195	148	20,329
Capital assets, depreciable:				
Buildings and utility plant	152,851	622	-	153,473
Building improvements	216,538	511	-	217,049
Equipment	16,246	1,048	2,854	14,440
Total depreciable capital assets	385,635	2,181	2,854	384,962
Accumulated depreciation:				
Buildings and utility plant	(108,906)	(5,225)	-	(114,131)
Building improvements	(49,193)	(7,684)	-	(56,877)
Equipment	(10,518)	(1,601)	(2,782)	( 9,337)
Total accumulated depreciation	(168,617)	(14,510)	(2,782)	(180,345)
Total depreciated capital assets, net	217,018	(12,329)	72	204,617
Total capital assets, net	<u>\$235,300</u>	<u>(\$10,134)</u>	<u>\$220</u>	<u>\$224,946</u>

During fiscal year 2011, substantially completed construction projects of \$148 were transferred from construction work in progress to buildings and to building improvements. Also, accounting principles required capitalizing \$143 in long-term debt interest charges net of the related investment earnings to construction work in progress.

On September 30, 2011 and 2010, construction work in progress of \$6,702 and \$4,655, respectively, related to ongoing Resource Recovery Facility upgrades, to landfill capacity enhancement, and to regional waste collection and transfer station expansion and rehabilitation.

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**(B) Fiscal Year 2010**

	Balance 10/01/09	Additions/ Transfers-in	Disposals/ Transfers-out	Balance 9/30/10
Capital assets, non-depreciable:				
Land	\$13,627	\$ -	\$ -	\$13,627
Construction work in progress	29,056	3,128	27,529	4,655
Total non-depreciable capital assets	42,683	3,128	27,529	18,282
Capital assets, depreciable:				
Buildings and utility plant	130,120	22,731	-	152,851
Building improvements	203,123	13,415	-	216,538
Equipment	15,133	3,001	1,888	16,246
Total depreciable capital assets	348,376	39,147	1,888	385,635
Accumulated depreciation:				
Buildings and utility plant	(104,134)	(4,772)	-	(108,906)
Building improvements	(41,239)	(7,954)	-	(49,193)
Equipment	(10,613)	(1,525)	(1,620)	(10,518)
Total accumulated depreciation	(155,986)	(14,251)	(1,620)	(168,617)
Total depreciated capital assets, net	192,390	24,896	268	217,018
Total capital assets, net	<u>\$235,073</u>	<u>\$28,024</u>	<u>\$27,797</u>	<u>\$235,300</u>

During fiscal year 2010, substantially completed construction projects of \$27,529 were transferred from construction work in progress to buildings and to building improvements. Also, accounting principles required capitalizing \$503 in long-term debt interest charges net of the related investment earnings to construction work in progress.

On September 30, 2010 and 2009, construction work in progress of \$4,655 and \$29,056, respectively, related to ongoing Resource Recovery Facility upgrades, to landfill capacity enhancement, and to regional waste collection and transfer station expansion and rehabilitation.

**(6) Current Liabilities**

**(A) Accounts and Contracts Payable**

Accounts and contracts payable balances on September 30, 2011 and 2010 were as follows:

	2011	2010
Vouchers payable	\$9,662	\$11,584
Contracts payable	1,618	5,873
Total accounts and contracts	<u>\$11,280</u>	<u>\$17,457</u>

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**(B) Unearned Revenues**

Unearned revenues represent that quarterly portion of the calendar year solid waste residential customer special assessment fee collected for the period October through December but not earned until the ensuing fiscal year. On September 30, 2011 and 2010, unearned special assessment revenues were \$15,663 and \$14,313, respectively.

**(7) Noncurrent Liabilities**

**(A) Compensated Absences**

Governmental accounting standards require recording a liability for unpaid compensated absences. On September 30, 2011 and 2010, the combined current and noncurrent accumulated compensated absence liabilities were \$673 and \$785, respectively.

**(B) Revenue Bonds**

On November 14, 2006, the BOCC issued \$117 million in Solid Waste Resource Recovery Revenue Bonds, Series 2006A (Alternative Minimum Tax), and \$40.4 million in Solid Waste Resource Recovery Revenue Bonds, Series 2006B, (NON-AMT). Interest rates range from 4% to 5% with interest payable semi-annually on March 1 and September 1, respectively. On September 30, 2011 and 2010, the combined unpaid principal of the Series 2006 bonds, including current maturities of \$945 and \$0, respectively, were \$148,625 for both fiscal years. The Series 2006 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.

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

Under the Bond resolution, R06-231, and BOCC Ordinance R06-28, 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. More information is provided in the Rate Covenant Test in the Supplemental Information Section of this annual financial report.

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A combined summary of the Series 2006A and 2006B bonds debt service including \$945 in current maturities follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2012	\$948	\$7,035	\$7,980
2013	2,070	6,997	9,067
2014	3,025	6,914	9,939
2015	4,355	6,763	11,118
2016	4,570	6,545	11,115
2017-2021	26,510	29,060	55,570
2022-2026	33,840	21,734	55,574
2027-2031	42,760	12,815	55,575
2032-2036	30,550	2,790	33,340
Total principal and interest	148,625	\$100,65	\$249,27
Plus: deferred issue premium	2,383		
Revenue bonds payable, net	151,008		
Less current maturities	945		
Noncurrent revenue bonds payable , net	\$150,063		

**(D) Other Noncurrent Liabilities**

**Open Landfill Closure and Postclosure Costs.** On September 30, 2011 and 2010, the liability for landfill closure and postclosure care costs were \$31,330 and \$29,207, respectively. More information on these expenses and the related noncurrent liabilities is disclosed in Note 12(A).

**Closed Landfill Remediation and Monitoring Costs.** On September 30, 2011 and 2010, there were recorded liabilities of \$5,201 and \$5,363, respectively, 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(B).

**Arbitrage Rebate.** The Series 2006 bond issue is subject to Section 148 of the Internal Revenue Code. Section 148 requires rebate to the federal government of all debt proceed investment earnings that exceed the related tax-exempt debt interest costs. On September 30, 2011 and 2010, the arbitrage rebate liability was \$0 and \$231, respectively.

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**Pollution Remediation Obligation:** During fiscal year 2007, the Florida Department of Environmental Protection (FDEP) issued a draft consent order (CO) after discovering indicators of groundwater pollution outside of the Fund's closed Northwest Landfill regulated and permitted discharge area. Responding to the draft CO, Fund management commenced a pollution assessment and, with BOCC approval, appropriated \$206 to reimburse the FDEP for certain costs, and to commence remediation action. On September 2, 2009, the FDEP issued the final CO in the agreed upon amount of \$206. As the incident occurred prior to fiscal year 2009, the Fund was required to reduce beginning fiscal year 2009 Net Assets by \$206, from \$134,260 to \$134,054. There were no additional remediation costs incurred during fiscal years 2011 and 2010. The current liability for pollution remediation on September 30, 2011 and 2010 was \$101 and \$144, respectively.

A summary of other noncurrent liabilities on September 30, 2011 and 2010, including current maturities of \$452 and \$287, respectively, follows:

	2011	2010
Landfill closure and postclosure costs	\$31,330	\$29,207
Pollution remediation	101	144
Arbitrage rebate	-	231
VSIP	39	-
Closed landfill remediation	5,201	5,363
Total other liabilities	36,671	34,945
Less current maturities	(452)	(287)
Other noncurrent liabilities	<u>\$36,219</u>	<u>\$34,658</u>

On September 30, 2011, these amounts were scheduled for payment in fiscal year ending (FYE) as follows:

FYE September 30,	Amount	FYE September 30,	Amount
2012	\$452	2032-2036	607
2013	238	2037-2041	-
2014	236	2042-2046	15,797
2015	224	2047-2051	4,875
2016	224	2052-2056	4,875
2017-2021	1,120	2057-2061	4,764
2022-2026	1,120	2062-2066	-
2027-2031	1,120	2067-2071	-
		2072-2076	1,019
Total noncurrent liabilities			<u>\$36,671</u>

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**(E) Changes in Total Noncurrent Liabilities**

The change in total noncurrent liabilities for the fiscal years ended September 30, 2011 and 2010 were as follows:

**Fiscal Year 2011**

Description	Balance			Balance 09/30/11	Due within one year
	10/1/10	Additions	Reductions		
2006A and 2006B bonds	\$148,625	\$ -	\$ -	\$148,625	\$945
2006 bonds-deferred issue premium	2,549	-	166	2,383	-
Compensated absences	785	545	657	673	500
Landfill closure and postclosure care costs	29,207	2,123	-	31,330	-
Closed landfill remediation	5,363	-	162	5,201	338
Pollution obligation-GASB 49	144	-	43	101	101
VSIP Insurance		39	-	39	13
Arbitrage rebate	231	-	231	-	-
<b>Total noncurrent liabilities</b>	<b>\$186,904</b>	<b>\$2,707</b>	<b>\$1,259</b>	<b>\$188,352</b>	<b>\$1,897</b>

**Fiscal Year 2010**

Description	Restated Balance			Balance 09/30/10	Due within one year
	10/1/09	Additions	Reductions		
2006A and 2006B bonds	\$150,540	\$ -	\$1,915	\$148,625	\$ -
2006 bonds-deferred issue premium	2,718	-	169	2,549	-
Compensated absences	845	579	639	785	579
Landfill closure and postclosure care costs	27,345	1,862	-	29,207	-
Closed landfill remediation	5,603	-	240	5,363	143
Pollution obligation-GASB 49	206	-	62	144	144
Arbitrage rebate	231	-	-	231	-
<b>Total noncurrent liabilities</b>	<b>\$187,488</b>	<b>\$2,441</b>	<b>\$3,025</b>	<b>\$186,904</b>	<b>\$866</b>

**(8) Net Asset Restrictions**

Under governmental accounting standards, restricted net assets are either: (a) restricted externally by constraints imposed by creditors through bond covenants, grant agreements and laws; or (b) restricted by enabling legislation to the sole purpose specified by that legislation. Restricted net assets for the fiscal years ended September 30, 2011 and 2010 were \$29,305 and \$24,747, respectively.

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**(9) Defined Benefit Pension Plan**

**Plan Description.** With a few exceptions, all full and part-time employees working in regularly established positions are members of the Florida Retirement System (FRS). FRS is a cost-sharing, multiple-employer, public retirement system administered by the State of Florida. FRS is a defined benefit pension plan, qualified under section 401(a) of the Internal Revenue Code. As a general rule, membership in the FRS is compulsory for all 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. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries as well as a Deferred Retirement Option Program (DROP).

Under DROP an employee may retire and have his retirement benefit accumulate in the FRS Trust Fund, earning interest, while continuing to work for the employer up to a maximum of five years. Upon DROP termination, the employee receives the accumulated DROP benefit, and payment of the monthly retirement benefit to the retiree commences.

Benefits are established by Chapter 121, Florida Statutes, and Chapter 22B, Florida Administrative Code (FAC). Amendments to the law can be made only by an act of the Florida Legislature. Benefits are computed on the basis of age, average final compensation, and service credit. During the 2011 Florida Legislature session certain changes to this statute addressing average final compensation and vesting were enacted and became law effective July 1, 2011. These changes primarily affect first time employees enrolling in FRS on July 1, 2011 and thereafter. Under the revised law, there is no change to average final compensation (AFC) for employees hired prior to July 1, 2011. That AFC is the five highest fiscal years of salary earned during credited service; for employees hired on or after July 1, 2011, the AFC becomes the eight highest fiscal years of salary earned during credited service. In addition, regular class employees, hired prior to July 1, 2011, who retire on or after age sixty-two with six years of credited service or thirty years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation; for regular class employees hired on or after July 1, 2011, who retire on or after age sixty-two must have eight years of credited service or thirty-three years of credited service regardless of age before they are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation. Vested employees with less than thirty or thirty-three years of service, respective to hire date, may retire before age sixty-two and receive reduced retirement benefits. A post-employment health insurance subsidy is also provided to eligible retired employees through the FRS in accordance with Florida Statutes.

The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report was for the fiscal year ended June 30, 2011. That report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, 2639 North Monroe Street Building C, Tallahassee, Florida 32399-1560.

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**Funding Policy.** Effective July 1, 2011, FRS requires all members to contribute three percent of their annual compensation to the plan, while governmental employers are required to contribute the balance to FRS based on established contribution rates. FRS establishes contribution rates by calendar year. For fiscal years 2011 and 2010, the contribution rate for the regular job classification was 9.85% of covered payroll. The Fund's FRS contributions for the fiscal years ended September 30, 2009 and 2010 were \$629 and \$604, respectively. The combined Fund and employee contribution to the FRS for fiscal year 2011 was \$578. Actual contributions for each fiscal year equaled the actuarially determined contribution requirement. All pension expenses and related liabilities are recorded in the financial statements in accordance with governmental accounting standards. Pension expenses and related liabilities, which are included in accrued liabilities at year-end, were reported in conformity with GASB No. 27, *Accounting for Pensions by State and Local Governmental Employers*.

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

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires public sector employers to record an expense for the future portion of post-employment benefits earned by the employee in the current period rather than recognizing these obligations on a "pay as you go" basis.

The BOCC provides the following OPEB to retirees: (a) retirees are permitted to purchase healthcare coverage at the same "group insurance rates" current employees are charged in accordance with Florida Statute 112.0801. Allowing retirees to purchase health insurance at group rates is a benefit and represents an "implicit subsidy" as retirees may purchase health insurance at a cost less than the market cost associated with their age category; and (b) with some exceptions, retirees between the ages of 62 to 65 are provided a health insurance stipend to partially offset health insurance costs. This benefit is subject to cancellation at any time by the BOCC.

On September 30, 2011, the BOCC's annual OPEB cost, as calculated by an independent actuary in accordance with GASB 45, was \$6 million. This annual cost represents a thirty-year annual funding level, that will fund all current and future employee as well as earned retiree OPEB benefits including amortization of prior year unfunded OPEB liabilities, if any. For fiscal years 2011 and 2010, the BOCC OPEB liability allocated to and paid by the Fund was \$36 and \$37, respectively. For fiscal year 2012, the Fund's budgeted OPEB expense is \$31.

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

On September 30, 2011 and 2010, outstanding purchase orders and contracts were \$4,745 and \$6,161 respectively.

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

**(A) Open Landfill**

GASB Statement Number 18, Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs (GASB 18), 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, 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.

GASB 18 requires recording a portion of the future closure and postclosure care costs as a current period operating expense and as a noncurrent liability based on the cumulative amount of landfill capacity consumed as of each balance sheet date. Fund management estimates, based on an independent engineer's cost projection on September 30, 2011, that total future closure and postclosure care costs will be \$64,819. 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 \$64,819, life to date liabilities of \$31,330 and \$29,207 were recorded on September 30, 2011 and 2010, respectively, based on the amount of cubic yards consumed as of those dates. For the fiscal years ended September 30, 2011 and 2010, the Fund recorded future closure and postclosure care expenses of \$2,123 and \$1,862, respectively.

The Fund's landfill has two sections. Section One has 20,063 cubic yards (cy) and Section Two has 26,400cy for a combined landfill space of 46,463cy. Each section is treated separately and will close on different dates. On September 30, 2011, the total future closure and postclosure care liabilities for Sections One and Two were \$51,383 and \$13,436, respectively. On September 30, 2011, Section One and Two closure cost liabilities, based on management's calculations, were \$30,311 and \$1,019, respectively, for a combined liability of \$31,330. These pro-rated liabilities were calculated based on the amount of cubic yards consumed by section. On September 30, 2011, management calculated that 13,408cy or 66.8% of the Section One landfill capacity and 2,002cy or 7.6% of the Section Two landfill was fully consumed. The Fund will record the combined projected future balance of the closure and postclosure care costs of \$33,489, as adjusted by future estimated cost revisions, as the remaining capacity is consumed by section. The Fund anticipates closing Section One in fiscal year 2046 and Section Two in 2076. On September 30, 2011 and 2010, the Fund had restricted assets of \$30,656 and \$34,920, respectively, to meet future landfill closure and long-term postclosure care obligations.

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**(B) 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, 2011 and 2010, the estimated liability for future remediation and monitoring costs of these closed landfill sites was \$5,201 and \$5,363, respectively.

**(C) 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 worth is at least six times greater than the combined total estimated amount of closure and postclosure care costs as of the balance sheet date. The BOCC net assets are used to meet this test. As of September 30, 2011 and 2010, management believes the Fund was compliant with all financial responsibility requirements.

**(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, 2011 and 2010.

**(B) Landfills**

The Fund conducts monitoring and maintenance programs at closed landfill sites to detect potential environmental contamination incidents. If contamination is detected, the Fund will submit a plan to the Florida Department of Environmental Protection to correct the problems detected. On September 30, 2011 and 2010, the estimated liability for future remediation and monitoring costs of those closed landfill sites was \$5,201 and \$5,363, respectively.

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.

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**(C) Landfill Sinkhole:**

A sinkhole developed at the Southeast County Landfill on December 14, 2010. Since that date, the Fund has coordinated with engineering consultants and the Florida Department of Environmental Protection (FDEP) to develop and implement a five-stage remediation plan. Stage 1, the initial injection of grout to stabilize the sinkhole area, was completed on April 1, 2011. Stage 2, which was the cut, fill, and relocation of waste from the sinkhole area, was completed on September 19, 2011. This provided a safe working environment for tests to determine if additional grouting is necessary. The Stage 3 geophysical and geotechnical investigation, which began in September, is still in progress as of September 30, 2011. The Stage 3 investigation was completed in November 2011, with a report detailing the test results forwarded to the FDEP at that time. Fund management's current estimated completion date for the entire remediation project and report submittal to the FDEP is August 2012.

**(D) 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 expenditures. Management believes that such repayments, if any, would not materially affect the Fund's financial condition on September 30, 2011 and 2010.

**(E) Environmental Protection**

Occasionally, the Florida Department of Environmental Protection (DEP) 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.

## **SUPPLEMENTAL INFORMATION**

**HILLSBOROUGH COUNTY, FLORIDA  
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COMPARISON OF ACTUAL REVENUES AND EXPENSES  
TO BUDGET  
UNAUDITED  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011  
(Amounts in Thousands)**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>CHANGE POSITIVE (NEGATIVE)</u>
<b>Operating revenues:</b>			
Charges for services	<b>\$99,233</b>	<b>\$98,613</b>	<b>(\$620)</b>
<b>Operating expenses:</b>			
Employee services	10,191	9,134	1,057
Contractual services	68,693	67,978	715
Communication services	377	222	155
Fleet services	2,570	1,917	653
Repairs and maintenance	757	393	364
Utilities	1,826	1,214	612
Supplies	254	67	187
Landfill closure and postclosure care	2,100	2,123	(23)
Other	1,416	1,004	412
<b>Total operating expenses before depreciation expense</b>	<b>88,184</b>	<b>84,052</b>	<b>4,132</b>
<b>Operating income before depreciation expense</b>	<b>\$11,049</b>	<b>\$14,561</b>	<b>\$3,512</b>
Depreciation expense *		14,510	
<b>Operating income</b>		<b>\$51</b>	

\* Depreciation expense is not budgeted.

**EXHIBIT A**

**HILLSBOROUGH COUNTY, FLORIDA  
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SOLID WASTE ENTERPRISE FUND  
SOLID WASTE AND RESOURCE RECOVERY REVENUE BONDS, SERIES 2006A  
ISSUED NOVEMBER 14, 2006  
DEBT SERVICE SCHEDULE  
UNAUDITED  
(Amounts in Thousands)**

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2012	\$945	\$5,194	\$6,139
2013	-	5,156	5,156
2014	3,025	5,156	8,181
2015	-	5,005	5,005
2016	1,900	5,005	6,905
2017	4,800	4,910	9,710
2018	5,035	4,670	9,705
2019	5,290	4,417	9,707
2020	5,555	4,153	9,708
2021	5,830	3,875	9,705
2022	6,125	3,584	9,709
2023	6,430	3,277	9,707
2024	6,750	2,956	9,706
2025	7,090	2,618	9,708
2026	7,445	2,264	9,709
2027	-	1,892	1,892
2028	-	1,892	1,892
2029	-	1,892	1,892
2030	2,175	1,892	4,067
2031	9,320	1,794	11,114
2032	9,740	1,375	11,115
2033	10,175	936	11,111
2034	10,635	479	11,114
	<b><u>\$108,265</u></b>	<b><u>\$74,392</u></b>	<b><u>\$182,657</u></b>

**EXHIBIT B**

**HILLSBOROUGH COUNTY, FLORIDA  
PUBLIC UTILITIES DEPARTMENT  
SOLID WASTE ENTERPRISE FUND  
SOLID WASTE AND RESOURCE RECOVERY REVENUE BONDS, SERIES 2006B  
ISSUED NOVEMBER 14, 2006  
DEBT SERVICE SCHEDULE  
UNAUDITED  
(Amounts in Thousands)**

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2012	\$ -	\$1,841	\$1,841
2013	2,070	1,841	3,911
2014	-	1,758	1,758
2015	4,355	1,758	6,113
2016	2,670	1,540	4,210
2017	-	1,407	1,407
2018	-	1,407	1,407
2019	-	1,407	1,407
2020	-	1,407	1,407
2021	-	1,407	1,407
2022	-	1,407	1,407
2023	-	1,407	1,407
2024	-	1,407	1,407
2025	-	1,407	1,407
2026	-	1,407	1,407
2027	7,815	1,407	9,222
2028	8,170	1,055	9,225
2029	8,535	688	9,223
2030	6,745	303	7,048
	<b><u>\$40,360</u></b>	<b><u>\$26,261</u></b>	<b><u>\$66,621</u></b>

**HILLSBOROUGH COUNTY, FLORIDA  
PUBLIC UTILITIES DEPARTMENT  
SOLID WASTE ENTERPRISE FUND  
RATE COVENANT TESTS  
UNAUDITED  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011  
(Amounts in Thousands)**

		<u>TESTS</u>	
		<u>1</u>	<u>2</u>
Operating revenues	\$98,613		
Other covenant receipts	1,025		
Investment earnings	1,531		
Less non-covenant investment earnings and fair value change:			
Fair value change	28		
Arbitrage rebate liability reduction	231		
Debt service account investment earnings	21		
2006 bond proceeds investment earnings	148		
Landfill closure escrow account investment earnings	285		
<b>Total gross revenues</b>		<b><u>\$100,456</u></b>	<b><u>\$100,456</u></b>
Total operating expenses	98,562		
Less: depreciation expense	14,510		
landfill closure account investment earnings	285		
<b>Total cost of operation and maintenance</b>		<b><u>83,767</u></b>	<b><u>83,767</u></b>
<b>Net revenues</b>		<b><u>16,689</u></b>	<b><u>16,689</u></b>
<b>Bond service requirements:</b>			
Series 2006 bonds - interest requirement	7,035		
Series 2006 bonds - principal requirement	-		
<b>Total debt service requirement</b>	<b><u>7,035</u></b>		
Less debt service sinking fund investment earnings	21		
<b>Total bond service requirements</b>		<b><u>7,014</u></b>	<b><u>7,014</u></b>
10% of bond service requirements		701	-
<b>Total bond service requirements</b>		<b><u>7,715</u></b>	<b><u>7,014</u></b>
<b>Other required deposits:</b>			
Renewal and replacement account		824	-
<b>Total funds required</b>		<b><u>92,306</u></b>	<b><u>90,781</u></b>
<b>Excess funds over funds required -- September 30, 2011</b>		<b><u><u>\$8,150</u></u></b>	<b><u><u>\$9,675</u></u></b>

**HILLSBOROUGH COUNTY, FLORIDA  
PUBLIC UTILITIES DEPARTMENT  
SOLID WASTE ENTERPRISE FUND  
RATE COVENANT TESTS  
UNAUDITED  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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**REQUIREMENTS**

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For the fiscal year ended September 30, 2011, the following requirements as stated in Ordinance Number 06-28 and Resolution Number 06-231, (collectively the Bond Ordinance) Article XI, Section 11.04 was met as follows:

1. Gross surpassed the total of 100% of the Cost of Operation and Maintenance, 110% of Bond Service Requirements, and 100% of Other Required Deposits;
2. Gross revenues (excluding certain transfers from bond funds of which there were none during the fiscal year) surpassed the total of 100% of the Cost of Operation and Maintenance and 100% of Bond Service Requirements.

**HILLSBOROUGH COUNTY, FLORIDA  
PUBLIC UTILITIES DEPARTMENT  
SOLID WASTE ENTERPRISE FUND  
RATE COVENANT TEST EXCESS FUNDS RECONCILED  
TO CHANGE IN NET ASSETS  
UNAUDITED  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011  
(Amounts in Thousands)**

<b>Excess rate covenant test funds - September 30, 2011</b>	<b><u>\$8,150</u></b>
<b>Items considered in determining change in net assets, but not considered for rate covenant requirements:</b>	
Depreciation expense	(14,510)
Difference in interest expense:	
Statement of Revenues, Expenses and Changes in Net Assets	\$7,035
Rate Covenant Test	<u>(6,726)</u> 309
Arbitrage rebate liability reduction	231
Bond proceed investment earnings	148
Fair value change	28
Asset disposal cost	(73)
Other nonoperating revenues	187
Other nonoperating expenses	(149)
<b>Items considered for rate covenant requirements, but not considered for determining the change in net assets:</b>	
Renewal and replacement account deposit	824
Additional 10% of bond service requirement	701
<b>Change in net assets, September 30, 2011</b>	<b><u><u>(\$4,154)</u></u></b>

**HILLSBOROUGH COUNTY, FLORIDA  
PUBLIC UTILITIES DEPARTMENT  
SOLID WASTE ENTERPRISE FUND  
SCHEDULE OF RESTRICTED/RESERVED RECEIPTS AND DISBURSEMENTS  
FOR ACCOUNTS RESTRICTED BY BOND COVENANT OR RESERVED BY BOCC POLICY  
UNAUDITED  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011  
(Amounts in Thousands)**

	Restricted by Bond Covenant or by Law						Reserved by BOCC Policy					Total Fund	
	2006 Bond Proceeds	Debt Service Sinking	Renewal and Replacement	General Purpose	Operating Grants	Rate Stabilization	Restricted Totals	Southeast Landfill Closure Cells I-VI	Southeast Landfill Closure Cells VII-VIII	Northwest Landfill Closure	Closed Landfill Maintenance		Internal Capital Improvement
<b>Balance, October 1, 2010</b>	<b>\$16,103</b>	<b>\$722</b>	<b>\$10,830</b>	<b>\$5,988</b>	<b>\$0</b>	<b>\$7,207</b>	<b>\$40,850</b>	<b>\$33,470</b>	<b>\$1,450</b>	<b>\$146</b>	<b>\$993</b>	<b>\$13,390</b>	<b>\$90,299</b>
<b>Receipts:</b>													
Investment earnings from construction accounts	148	-	-	-	-	-	148	-	-	-	-	111	259
Investment earnings from debt service/reserve accounts	-	21	-	-	-	-	21	-	-	-	-	-	21
Investment earnings from landfill reserve accounts	-	-	-	-	-	-	0	272	13	-	-	-	285
Fair value change	(6)	1	-	-	-	-	(5)	(13)	(1)	-	-	(11)	(30)
Other operating receipts	-	-	39	-	-	-	39	-	-	-	-	-	39
Transfers-in from non-revenue accounts	-	-	5,446	-	-	-	5,446	-	-	-	73	-	5,519
Transfers-in from the revenue account	-	7,091	824	-	-	172	8,087	-	838	-	1,334	5,609	15,868
<b>Total receipts</b>	<b>142</b>	<b>7,113</b>	<b>6,309</b>	<b>0</b>	<b>-</b>	<b>172</b>	<b>13,736</b>	<b>259</b>	<b>850</b>	<b>0</b>	<b>1,407</b>	<b>5,709</b>	<b>21,961</b>
<b>Disbursements:</b>													
Expenditures	1,546	-	2,001	-	-	-	3,547	-	-	-	1,504	461	5,512
Interest payments	-	7,034	-	-	-	-	7,034	-	-	-	-	-	7,034
Other debt service costs	-	1	-	-	-	-	1	-	-	-	-	-	1
Transfers-out to non-revenue accounts	-	-	-	-	-	-	0	5,004	369	146	-	0	5,519
<b>Total disbursements</b>	<b>1,546</b>	<b>7,035</b>	<b>2,001</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,582</b>	<b>5,004</b>	<b>369</b>	<b>146</b>	<b>1,504</b>	<b>461</b>	<b>18,066</b>
<b>Balance, September 30, 2011</b>	<b>\$14,699</b>	<b>\$800</b>	<b>\$15,138</b>	<b>\$5,988</b>	<b>\$0</b>	<b>\$7,379</b>	<b>\$44,004</b>	<b>\$28,725</b>	<b>\$1,931</b>	<b>\$0</b>	<b>\$896</b>	<b>\$18,638</b>	<b>\$94,194</b>
	(2a)	(1)	(1)	(1)		(1)		(2b)	(2b)	(2b)	(2b)	(2b)	

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.

The investment earnings on these accounts, including the fair value change, was \$238.

The Fund's fiscal year 2011 fair value change was a positive \$28. The fair value was recorded in two components as follows

Unrestricted accounts fair value distribution	\$58
Restricted and reserved accounts	(30)
<b>FY2011 fair value change</b>	<b>\$28</b>

**Net Asset Distribution:**

(1) Restricted net assets	
bond covenants and debt service	\$29,305
(2) Unrestricted - net assets	
(a) bond proceeds included in capital asse	14,699
(b) reserved by BOCC Policy	50,190
<b>Total</b>	<b>\$94,194</b>

**HILLSBOROUGH COUNTY, FLORIDA  
PUBLIC UTILITIES DEPARTMENT  
SOLID WASTE ENTERPRISE FUND  
STATISTICAL SECTION  
UNAUDITED  
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:**

- Net Assets by Component
- Current Ratio
- Return on Capital Assets
- Accounts Receivable Turnover
- Revenues, Expenses, and Changes in Net Assets
- Charges for Services - Components
- Other Nonoperating Revenue Components

**Debt Capacity Information:**

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

**Schedules:**

- Outstanding Debt Compared to Net Assets
- Rate Covenant Tests

**General Operating Statistics:**

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

**HILLSBOROUGH COUNTY, FLORIDA  
PUBLIC UTILITIES DEPARTMENT  
SOILD WASTE ENTERPRISE FUND  
UNAUDITED**

**Financial Trend Schedules:**

**Net Assets by Component  
Fiscal Years - 2002 through 2011  
(amounts in thousands)**

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

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>Restated 2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Invested in capital assets, net of related debt	\$88,636	\$100,229	\$98,510	\$94,407	\$86,388	\$79,715	\$69,694	\$61,459	\$50,700	\$49,637
Restricted net assets	29,305	24,747	18,155	23,828	19,708	15,484	16,968	15,531	40,706	39,921
Unrestricted net assets	40,973	38,092	45,436	37,052	27,958	29,759	29,633	32,994	13,490	15,323
<b>Total net assets</b>	<b>\$158,914</b>	<b>\$163,068</b>	<b>\$162,101</b>	<b>\$155,287</b>	<b>\$134,054</b>	<b>\$124,958</b>	<b>\$116,295</b>	<b>\$109,984</b>	<b>\$104,896</b>	<b>\$104,881</b>

**Current Ratio  
Fiscal Years - 2002 through 2011  
(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 2:1, whereby current assets exceed current liabilities.

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>Restated 2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Current assets	\$148,284	\$145,706	\$149,939	\$187,428	\$235,966	\$100,062	\$97,931	\$97,850	\$113,609	\$109,624
Current liabilities	\$29,991	\$34,179	\$40,565	\$43,193	\$37,140	\$29,973	\$28,800	\$28,532	\$25,223	\$24,425
<b>Ratio</b>	<b>4.9:1</b>	<b>4.3:1</b>	<b>3.7:1</b>	<b>4.3:1</b>	<b>6.4:1</b>	<b>3.3:1</b>	<b>3.4:1</b>	<b>3.4:1</b>	<b>4.5:1</b>	<b>4.5:1</b>

**HILLSBOROUGH COUNTY, FLORIDA  
PUBLIC UTILITIES DEPARTMENT  
SOLID WASTE ENTERPRISE FUND  
UNAUDITED**

**Financial Trend Schedules (Continued):**

**Return on Capital Assets  
Fiscal Years - 2002 through 2011  
(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>2011</b>	<b>2010</b>	<b>2009</b>	<b>Restated 2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Change in net assets	(\$4,154)	\$967	\$6,814	\$21,233	\$9,096	\$8,663	\$6,311	\$5,088	\$15	\$5,037
Average total capital assets	\$230,123	\$235,187	\$214,870	\$162,650	\$112,272	\$94,605	\$96,684	\$100,579	\$106,898	\$109,713
<b>Return on Capital Assets</b>	<b>-1.8%</b>	<b>0.4%</b>	<b>3.2%</b>	<b>13.1%</b>	<b>8.1%</b>	<b>9.2%</b>	<b>6.5%</b>	<b>5.1%</b>	<b>0.0%</b>	<b>4.6%</b>

**Accounts Receivable Turnover on a 365 collection day basis  
Fiscal Years - 2002 through 2011  
(amounts in thousands)**

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

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>Restated 2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Charges for services	\$98,613	\$97,793	\$94,840	\$91,966	\$84,138	\$81,651	\$77,562	\$73,595	\$69,570	\$66,219
Average accounts receivable	\$3,021	\$3,397	\$3,715	\$3,847	\$3,800	\$3,364	\$3,329	\$3,099	\$3,953	\$4,441
<b>Accounts Receivable Turnover Days</b>	<b>11.2</b>	<b>12.7</b>	<b>14.3</b>	<b>15.3</b>	<b>16.5</b>	<b>15.0</b>	<b>15.7</b>	<b>15.4</b>	<b>20.7</b>	<b>24.5</b>

**HILLSBOROUGH COUNTY, FLORIDA  
PUBLIC UTILITIES DEPARTMENT  
SOLID WASTE ENTERPRISE FUND  
UNAUDITED**

**Financial Trend Schedules (Continued):**

**Revenues, Expenses, and Changes in Net Assets  
Fiscal Years - 2002 through 2011  
(amounts in thousands)**

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

	2011	2010	2009	Restated 2008	2007	2006	2005	2004	2003	2002
<b>Operating revenues:</b>										
Charges for services	\$98,613	\$97,793	\$94,840	\$91,966	\$84,138	\$81,651	\$77,562	\$73,595	\$69,570	\$66,219
<b>Operating expenses:</b>										
Employee services	9,134	7,710	9,377	9,173	9,218	8,620	8,159	7,711	6,761	6,344
Contractual services	67,978	64,750	63,487	56,418	53,560	49,944	47,760	44,676	42,653	40,973
Communication services	222	266	278	352	364	272	268	347	463	450
Fleet services	1,917	1,728	1,712	2,379	2,365	2,613	2,628	2,227	1,484	1,498
Repairs and maintenance	393	442	484	607	398	354	370	397	553	350
Utilities	1,214	1,207	1,296	1,121	1,055	1,194	924	1,079	926	741
Supplies	67	136	158	182	126	134	202	184	188	107
Landfill closure and post closure care	2,123	1,862	1,114	(7,278)	2,388	3,008	2,292	1,582	2,040	1,957
Depreciation	14,510	14,251	10,710	10,862	10,321	10,069	9,845	9,586	9,718	8,905
Other	1,004	915	814	957	1,028	856	657	516	1,281	1,179
<b>Total operating expenses</b>	<b>98,562</b>	<b>93,267</b>	<b>89,430</b>	<b>74,773</b>	<b>80,823</b>	<b>77,064</b>	<b>73,105</b>	<b>68,305</b>	<b>66,067</b>	<b>62,504</b>
<b>Operating income</b>	<b>\$51</b>	<b>\$4,526</b>	<b>\$5,410</b>	<b>\$17,193</b>	<b>\$3,315</b>	<b>\$4,587</b>	<b>\$4,457</b>	<b>\$5,290</b>	<b>\$3,503</b>	<b>\$3,715</b>
<b>No operating revenues (expenses):</b>										
Investment earnings	1,531	2,854	5,633	8,604	11,005	4,863	2,490	1,526	2,507	5,865
Interest expense	(6,726)	(6,434)	(4,603)	(4,833)	(5,557)	(1,118)	(1,603)	(3,250)	(3,920)	(4,418)
Asset disposal gain	952	22	218	398	181	163	62	-	-	-
Other revenues	187	150	310	27	192	284	286	1,707	220	178
Other expenses	(149)	(151)	(154)	(156)	(120)	(116)	(167)	(185)	(2,295)	(303)
<b>Total nonoperating (expenses) revenues</b>	<b>(4,205)</b>	<b>(3,559)</b>	<b>1,404</b>	<b>4,040</b>	<b>5,701</b>	<b>4,076</b>	<b>1,068</b>	<b>(202)</b>	<b>(3,488)</b>	<b>1,322</b>
<b>Income before contributions and transfers</b>	<b>(\$4,154)</b>	<b>\$967</b>	<b>\$6,814</b>	<b>\$21,233</b>	<b>\$9,016</b>	<b>\$8,663</b>	<b>\$5,525</b>	<b>\$5,088</b>	<b>\$15</b>	<b>\$5,037</b>
Capital contributions	-	-	-	-	80	-	-	-	-	-
Transfers in	-	-	-	-	-	-	786	-	-	-
<b>Change in net assets</b>	<b>(\$4,154)</b>	<b>\$967</b>	<b>\$6,814</b>	<b>\$21,233</b>	<b>\$9,096</b>	<b>\$8,663</b>	<b>\$6,311</b>	<b>\$5,088</b>	<b>\$15</b>	<b>\$5,037</b>
<b>Net assets, beginning of year</b>	<b>163,068</b>	<b>162,101</b>	<b>155,287</b>	<b>134,054</b>	<b>124,958</b>	<b>116,295</b>	<b>109,984</b>	<b>104,896</b>	<b>104,881</b>	<b>99,844</b>
<b>Net assets, end of year</b>	<b>\$158,914</b>	<b>\$163,068</b>	<b>\$162,101</b>	<b>\$155,287</b>	<b>\$134,054</b>	<b>\$124,958</b>	<b>\$116,295</b>	<b>\$109,984</b>	<b>\$104,896</b>	<b>\$104,881</b>

**HILLSBOROUGH COUNTY, FLORIDA  
PUBLIC UTILITIES DEPARTMENT  
SOLID WASTE ENTERPRISE FUND  
UNAUDITED**

**Financial Trend Schedules (Continued):**

**Charges for Services - Components  
Fiscal Years - 2002 through 2011  
(amounts in thousands)**

This schedule identifies the principal components of charges for services.

	2011	PCT	2010	PCT	2009	PCT	Restated		2007	PCT	2006	PCT	2005	PCT	2004	PCT	2003	PCT	2002	PCT
							2008	PCT												
Residential disposal assessments	\$24,844	25.2%	\$23,858	24.4%	\$22,665	23.9%	\$22,035	24.0%	\$20,381	24.2%	\$19,458	23.8%	\$18,382	23.7%	\$17,543	23.8%	\$16,861	24.2%	\$16,270	24.6%
Residential collection assessments	32,949	33.4%	30,782	31.5%	28,065	29.6%	24,040	26.1%	19,737	23.5%	19,060	23.3%	17,927	23.1%	16,189	22.0%	14,914	21.4%	14,362	21.7%
Franchise haulers	16,351	16.6%	15,566	15.9%	16,905	17.8%	18,373	20.0%	17,678	21.0%	16,817	20.6%	17,082	22.0%	17,268	23.5%	16,399	23.6%	16,519	24.9%
Electricity generation revenues	16,037	16.3%	18,726	19.1%	18,984	20.0%	17,129	18.6%	16,542	19.7%	15,812	19.4%	14,921	19.2%	13,871	18.8%	13,416	19.3%	11,664	17.6%
Municipal disposal fees	4,834	4.8%	4,519	4.6%	4,785	5.0%	5,656	6.2%	5,267	6.3%	6,140	7.5%	5,344	6.9%	5,530	7.5%	5,071	7.3%	4,692	7.1%
Commercial disposal fees	3,017	3.1%	3,251	3.3%	3,026	3.2%	4,056	4.4%	3,935	4.7%	3,579	4.4%	3,524	4.5%	2,866	3.9%	2,690	3.9%	2,454	3.7%
Recycle revenues	482	0.5%	333	0.4%	321	0.4%	612	0.6%	553	0.5%	714	0.9%	345	0.6%	312	0.5%	179	0.3%	131	0.2%
Other general operating revenues	99	0.1%	758	0.8%	89	0.1%	65	0.1%	45	0.1%	71	0.1%	37	0.0%	16	0.0%	40	0.0%	127	0.2%
<b>Charges for services</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>	<b>\$91,966</b>	<b>100.0%</b>	<b>\$84,138</b>	<b>100.0%</b>	<b>\$81,651</b>	<b>100.0%</b>	<b>\$77,562</b>	<b>100.0%</b>	<b>\$73,595</b>	<b>100.0%</b>	<b>\$69,570</b>	<b>100.0%</b>	<b>\$66,219</b>	<b>100.0%</b>

**Other Non-Operating Revenues  
Fiscal Years - 2002 through 2011  
(amounts in thousands)**

This schedule identifies the principal components of other nonoperating revenues.

	2011	PCT	2010	PCT	2009	PCT	Restated		2007	PCT	2006	PCT	2005	PCT	2004	PCT	2003	PCT	2002	PCT
							2008	PCT												
Investment earnings	\$1,531	57.3%	\$2,854	94.3%	\$5,633	91.4%	\$8,604	95.3%	\$11,005	96.0%	\$4,863	91.6%	\$2,490	68.7%	\$1,526	47.2%	\$2,507	91.9%	\$5,865	97.1%
Other general revenues	1,139	42.7%	172	5.7%	528	8.6%	425	4.7%	373	3.3%	447	8.4%	348	9.6%	1,707	52.8%	220	8.1%	178	2.9%
Capital contributions	0	0.0%	-	-	-	-	-	-	80	0.7%	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	786	21.7%	-	-	-	-	-	-
<b>Total other non-operating revenue</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>	<b>\$9,029</b>	<b>100.0%</b>	<b>\$11,458</b>	<b>100.0%</b>	<b>\$5,310</b>	<b>100.0%</b>	<b>\$3,624</b>	<b>100.0%</b>	<b>\$3,233</b>	<b>100.0%</b>	<b>\$2,727</b>	<b>100.0%</b>	<b>\$6,043</b>	<b>100.0%</b>

**HILLSBOROUGH COUNTY, FLORIDA  
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**Debt Capacity Information:**

**Outstanding Debt Compared to Net Assets  
Fiscal Years - 2002 through 2011  
(amounts in thousands)**

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

	2011	2010	2009	Restated 2008	2007	2006	2005	2004	2003	2002
Bonds outstanding	\$148,625	\$148,625	\$150,540	\$155,065	\$157,350	\$14,365	\$26,040	\$37,425	\$62,720	\$71,400
Net assets	\$158,914	\$163,068	\$162,101	\$155,287	\$134,054	\$124,958	\$116,295	\$109,984	\$104,896	\$104,881
<b>Percent</b>	<b>93.5%</b>	<b>91.1%</b>	<b>92.9%</b>	<b>99.9%</b>	<b>117.4%</b>	<b>11.5%</b>	<b>22.4%</b>	<b>34.0%</b>	<b>59.8%</b>	<b>68.1%</b>

**Rate Covenant Tests  
Fiscal Years - 2002 through 2011  
(amounts in thousands)**

This schedule shows excess funds available after meeting the bond ordinance rate covenant test.

	2011	2010	2009	Restated 2008	2007	2006	2005	2004	2003	2002
<b>Gross Covenant Revenues</b>	<b>\$100,456</b>	<b>\$99,167</b>	<b>\$97,217</b>	<b>\$94,817</b>	<b>\$93,624</b>	<b>\$84,716</b>	<b>\$80,428</b>	<b>\$76,089</b>	<b>\$73,359</b>	<b>\$70,305</b>
Operating expenses	83,767	79,016	78,720	63,911	70,502	66,995	63,260	58,719	56,349	53,599
Net Debt service	7,014	8,971	11,691	9,560	588	12,053	12,339	12,146	11,391	11,559
10% of net debt service	701	897	1,169	956	59	1,205	1,234	1,215	1,139	1,156
Total debt service	7,715	9,868	12,860	10,516	647	13,258	13,573	13,361	12,530	12,715
Other requirements	824	2,390	846	1,343	1,684	1,624	1,370	694	378	1,392
<b>Total requirements</b>	<b>\$92,306</b>	<b>\$91,274</b>	<b>\$92,426</b>	<b>\$75,770</b>	<b>\$72,833</b>	<b>\$81,877</b>	<b>\$78,203</b>	<b>\$72,774</b>	<b>\$69,257</b>	<b>\$67,706</b>
<b>Excess funds available</b>	<b>\$8,150</b>	<b>\$7,893</b>	<b>\$4,791</b>	<b>\$19,047</b>	<b>\$20,791</b>	<b>\$2,839</b>	<b>\$2,225</b>	<b>\$3,315</b>	<b>\$4,102</b>	<b>\$2,599</b>
<b>Test 1 (Required ratio = 1.00)</b>	<b>1.088</b>	<b>1.086</b>	<b>1.052</b>	<b>1.251</b>	<b>1.285</b>	<b>1.035</b>	<b>1.028</b>	<b>1.046</b>	<b>1.059</b>	<b>1.038</b>
<b>Test 2 (Required ratio = 1.00)</b>	<b>1.107</b>	<b>1.127</b>	<b>1.075</b>	<b>1.291</b>	<b>1.317</b>	<b>1.072</b>	<b>1.064</b>	<b>1.074</b>	<b>1.083</b>	<b>1.079</b>

**Ratio 1 = Gross revenues divided by total requirements.**

**Ratio 2 = Gross revenues divided by the sum of operating expenses plus net debt service.**

**Fiscal year 2007 debt service is net of \$5,886 in capitalized interest.**

**HILLSBOROUGH COUNTY, FLORIDA  
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SOLID WASTE ENTERPRISE FUND  
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**General Operating Statistics:**  
(amounts are actual)

	<b>2011</b>	<b>2010 (b)</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005 (a)</b>	<b>2004 (a)</b>	<b>2003</b>	<b>2002</b>
Number of full time employees	172	159	154	154	154	150	143	143	139	137
Solid Waste tonnage buried in the landfill	256,122	258,815	393,653	517,024	573,296	506,269	568,452	515,840	486,514	448,854
Solid Waste tonnage incinerated	538,848	545,389	405,708	347,355	351,665	360,259	350,408	362,891	359,793	359,001
Yard and Wood Waste tonnage processed	129,622	138,083	152,720	172,397	198,867	200,924	212,805	173,186	150,699	130,878

**(a). The large increases in waste tonnage buried in the landfill as well as yard and wood waste processed during fiscal years 2005 and 2004, compared to other years, was due to hurricanes causing a significant amount of damage.**

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

**Sources:**

Solid Waste Enterprise Fund Audited Annual Financial Reports for Fiscal Years 2002 through 2011.

FAMIS: Solid Waste Enterprise Fund Accounts