



Annual Financial Report

Solid Waste Enterprise Fund



For Fiscal Years Ended
September 30, 2012 and 2011

HILLSBOROUGH COUNTY, FLORIDA

**PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

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, 2012**

Board of County Commissioners

Ken Hagan, Chair
Sandra L. Murman, Vice-chair
Kevin Beckner
Victor D. Crist
Al Higginbotham
Les Miller, Jr.
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
John Lyons, Director, Public Utilities Department

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
ANNUAL FINANCIAL REPORT
FOR FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

REPORT CONTENTS

	Page
Report of Independent Auditors	1
Financial Statements:	
Management's Discussion and Analysis	7
Balance Sheets	14
Statements of Revenues, Expenses, and Changes in Net Assets	17
Statements of Cash Flows	18
Financial Statement Notes	21
Supplemental Information (Unaudited):	
Comparison of Actual Revenues and Expenses to Budget	45
Debt Service Schedules - Exhibits A and B	46
Rate Covenant Tests	49
Rate Covenant Test Excess Funds Reconciled to Change in Net Assets	51
Schedule of Restricted/Reserved Receipts and Disbursements for Accounts Restricted by Bond Covenant or Reserved by BOCC Policy	52
Statistical Section (Unaudited):	
Financial Trends	54
Debt Capacity Information	58
General Operating Statistics	59

Report of Independent Auditor

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 "System"), an enterprise fund of Hillsborough County, Florida, as of and for the years ended September 30, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the System'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.

As discussed in Note 1 to the financial statements, the financial statements referred to above present only the System and do not purport to, and do not, present fairly the financial position of Hillsborough County, Florida as of September 30, 2012 and 2011, and the changes in its financial position, or where applicable, cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the System as of September 30, 2012 and 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2013 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* 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 System's basic financial statements. The accompanying supplementary information and statistical section, as 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 is the responsibility of management and was 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 the statistical section.

Cherry Bekant LLP

Tampa, Florida
March 15, 2013

**Report of Independent Auditor
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"), an enterprise fund of Hillsborough County, Florida, as of and for the year ended September 30, 2012, and have issued our report thereon dated March 15, 2013.

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.



Tampa, Florida
March 15, 2013

FINANCIAL STATEMENTS

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

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, 2012 and 2011, with respective financial comparisons to the prior fiscal year. Financial statement readers are encouraged to consider information presented here together with the accompanying financial statement notes to obtain a complete overview of the Fund's financial condition and operating results for the fiscal years ended September 30, 2012 and 2011. All amounts, unless otherwise stated, are presented in thousands of dollars.

Fiscal Year 2012 Financial Summary

- ❑ Fiscal year 2012 operating revenues were \$101,515. This represented a \$2,902 or 2.9% increase over fiscal year 2011 revenues of \$98,613. The fiscal year 2012 revenue increase was due to an uptick in the number of customers, a \$986 prior year positive revenue adjustment, and a \$601 revenue increase in electricity generation over last year. Electricity generation increased as the Resource Recovery Facility (RRF) operated at full capacity during fiscal year 2012. Last year, those revenues declined over \$2 million from fiscal year 2010 due to major RRF maintenance requirements.
- ❑ For fiscal year 2012, the Fund incurred a negative \$72 Change in Net Assets. This represented a comparative \$4,082 positive change over last year's \$4,154 negative Change in Net Assets. The comparative increase was primarily due to the revenue increase, as noted, as well as to a decline in operating costs of \$1,741 or 1.8% primarily in employee services cost and a capture of prior year landfill closure and long-term care costs. Total Net Assets on September 30, 2012 and 2011 were \$158,842 and \$158,914, respectively.
- ❑ The Rate Covenant, Test 1, demonstrated that total gross revenues exceeded the total costs of operations, bond service requirements, and other required bond covenant deposits by \$11,143.

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 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.

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

- ☐ The Rate Covenant, Test 1, demonstrated that total gross revenues exceeded the total costs of operations and service requirements together with other required bond covenant deposits by \$8,150.

The Fund was compliant with all bond covenant requirements for the fiscal years ended September 30, 2012 and 2011. 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.

**Financial Analysis: Fiscal Year 2012 Financial Comparison with Fiscal Year 2011
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 2012 net assets compared to 2011 follows:

	2012	2011	(\$) Change	(%) Change
Assets:				
Current, restricted and other assets	\$150,280	\$150,414	(\$134)	(0.1%)
Capital assets, net	218,416	224,946	(6,530)	(2.9)
Total assets	\$368,696	\$375,360	(\$6,664)	(1.8%)
Liabilities:				
Current liabilities	\$27,288	\$29,991	(\$2,703)	(9%)
Noncurrent liabilities	182,566	186,455	(3,889)	(2.1)
Total liabilities	209,854	216,446	(6,592)	(3%)
Net assets:				
Invested in capital, net of related debt	80,355	88,636	(8,281)	(9.3)
Restricted net assets	16,176	15,938	238	1.5
Unrestricted net assets	62,311	54,340	7,971	14.7
Total net assets	158,842	158,914	(72)	(0.05%)
Total liabilities and net assets	\$368,696	\$375,360	(\$6,664)	(1.8%)

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

Total net assets - Fiscal year 2012 total net assets decreased \$72 or 0.05% from fiscal year 2011. The decrease in total net assets was primarily due to a comparative decline in investment earnings compared to last year. However, the Fund increased its unrestricted net assets by \$7,971 or 14.7%, primarily due to a reduction in total liabilities.

Condensed Statements of Revenues, Expenses and Changes in Net Assets

Comparative revenues, expenses, and changes in net assets for the fiscal years ended September 30, 2012 and 2011 were as follows:

	2012	2011	(\$) Change	(%) Percent
Revenues:				
Operating revenues	\$101,515	\$98,613	\$2,902	2.9%
Nonoperating revenues	2,038	2,670	(632)	(23.7)
Total revenues	103,553	101,283	2,270	2.2%
Expenses:				
Operating expenses before depreciation	82,260	84,052	(1,792)	(2.1)
Depreciation expense	14,561	14,510	51	0.4
Nonoperating expenses	6,804	6,875	(71)	(1.0)
Total expenses	103,625	105,437	(1,812)	(1.7)
Change in net assets	(72)	(4,154)	4,082	98.3
Net assets, beginning of year	158,914	163,068	(4,154)	(2.5)
Net assets, end of year	\$158,842	\$158,914	(\$72)	(0.05%)

Operating revenues - Fiscal year 2012 operating revenues of \$101,515 increased \$2,902 or 2.9% over the previous fiscal year. This was due to the net factors previously discussed under the fiscal year 2012 financial summary.

Nonoperating revenues - Fiscal year 2012 nonoperating revenues of \$2,038 decreased \$632 or 23.7% from last year. This decrease was primarily due to a \$201 or 13.1% decline in investment earnings, a \$342 or 35.9% decrease in asset disposal revenues, and to a decrease of \$89 in restitution payments from last year.

Total expenses - Fiscal year 2012 total expenses of \$103,625 decreased \$1,812 or 1.7% compared to last year. The change was primarily related to the following expense category net activities as follows:

Operating expenses before depreciation: there was a \$1,792 or 2.1% decrease in fiscal year 2012 operating expenses before depreciation from last year. This was primarily due to the following net factors. **Employee services:** there was a \$713 or 7.8% decrease in employee services costs related to the fiscal year 2011 voluntary separation incentive program (VSIP) and to a reduction in compensated absences. The VSIP provided an incentive for long-time employees nearing retirement to early terminate employment on June 30, 2011. These employees were subsequently replaced by entry level or mid-range compensated employees. **Contractual services:** there was a \$2,101 or 3.1% increase in contractual services costs related to the annual RRF operating contract consumer price index increase, and to an increase in trash hauler contractual costs. **Landfill closure and long-term care:** there was a \$3,445 comparative decrease in landfill closure and long-term care costs from last year. This was due to a life to date revision of the estimated landfill capacity consumed due to normal settlement over time. **Other cost increases:** there was a \$557 or 21.3% increase in utility, repairs and maintenance, and other

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

general operating costs compared to last year due to inflation. **Other cost decreases:** there was a \$292 or 13.2% decrease in communications, fleet costs, and office supplies from last year due to reduced usage.

Depreciation expense: there was a \$51 or 0.4% increase in depreciation costs due to completed construction projects transferred to depreciable asset categories.

Nonoperating expenses: these expenses decreased \$71 or 1% primarily due to a small reduction in comparative net interest costs from fiscal year 2011.

**Financial Analysis: Fiscal Year 2011 Financial Comparison with Fiscal Year 2010
Condensed Balance Sheets**

An analysis of the Fund's Balance Sheet including net assets on September 30, 2011 compared to September 30, 2010 follows:

	2011	2010	(\$) Change	(%) Change
Assets:				
Current, restricted and other assets	\$150,414	\$147,985	\$2,429	1.6%
Capital assets, net	224,946	235,300	(10,354)	(4.4)
Total assets	\$375,360	\$383,285	(\$7,925)	(2.1%)
Liabilities:				
Current liabilities	\$29,991	\$34,179	(\$4,188)	(12.3%)
Noncurrent liabilities	186,455	186,038	417	0.2
Total liabilities	216,446	220,217	(3,771)	(1.7)
Net assets:				
Invested in capital, net of related debt	88,636	100,229	(11,593)	(11.6)
Restricted net assets	15,938	24,747	(8,809)	(35.6)
Unrestricted net assets	54,340	38,092	16,248	42.7
Total net assets	158,914	163,068	(4,154)	(2.5)
	\$375,360	\$383,285	(\$7,925)	(2.1%)

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 2011. However, the Fund increased its unrestricted net assets by \$16,248 or 42.7%, primarily due to a reduction in total liabilities.

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

Condensed Statements of Revenues, Expenses and Changes in Net Assets

The Fund's operating results for fiscal year 2011 compared to fiscal year 2010 were as follows:

	2011	2010	(\$) Change	(%) Change
Revenues:				
Operating revenues	\$98,613	\$97,793	\$820	0.8%
Nonoperating revenues	2,670	3,026	(356)	(11.8)
Total revenues	101,283	100,819	464	0.5
Expenses:				
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
Total expenses	105,437	99,852	5,585	5.6
Change in net assets	(4,154)	967	(5,121)	(529.6)
Net assets, beginning of year	163,068	162,101	967	0.6
Net assets, end of year	\$158,914	\$163,068	(\$4,154)	(2.5%)

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.

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

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.

Capital Asset Activities

Fiscal Year 2012

Capital assets on September 30, 2012, net of accumulated depreciation, were \$218,416 compared to \$224,946 last year for a decrease of \$6,530 or 2.9%. The change was attributable to the following net factors. First, the Fund expended \$7,017 on capital additions funded primarily from bond proceeds. Second, the Fund recorded a \$986 asset contribution. Third, \$214 of long-term debt net interest expense was capitalized to construction work in progress. The capitalization represented the 2012 net interest cost on the bonds after deducting the related bond proceed investment earnings. Fourth, those increases were offset by the fiscal year 2012 combined charge to accumulated depreciation and loss on asset disposals of \$14,747. Please refer to Note 5(A) in the accompanying financial statement notes for additional information on fiscal year 2012 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(B) in the accompanying financial statement notes for additional information on fiscal year 2011 capital asset activities

Debt Administration

Fiscal Year 2012

Total noncurrent liabilities on September 30, 2012, were \$182,566 compared to \$186,455 for fiscal year 2011. The fiscal year 2012 net decrease in noncurrent liabilities of \$3,889 or 2.1% was primarily due to decreases in landfill closure and long-term care costs as well as other closed landfill and pollution liabilities of \$1,509, the volunteer separation incentive program liability of \$13, the fiscal year 2013 scheduled 2006 bond principal payment of \$2,070, the amortization of the deferred bond market issuance premium of \$166, and to the change in compensated absences of \$131. 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 2012 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, 2012 AND 2011**

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 2013 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, 2013. However, the department is currently investigating ways to mitigate an expected increase of approximately \$12.49 for a total of \$243.66 effective January 2014. In addition, there is expected a 6% increase in tipping fees anticipated to be implemented in 2014. This increase is primarily due to the cost of contractual services, which comprises the majority of the operating expenses, being indexed for the cost inflation as allowed by the respective agreements for services and a previously scheduled increase in fiscal year 2014 debt service payments. The Fund is in the process of competitively rebidding their collection services and initial responses are cost favorable and should provide an economic benefit to residential customers. The full impact of cost reductions will be determined after the Board takes final action on collection services over the next few months and the yearly rate study is completed. The projections for 2014 rates are expected to be presented to the Board in June 2013.

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, 2012 and 2011. 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, 2012 AND 2011
(Amounts in Thousands)**

ASSETS	September 30,	
	2012	2011
Current assets:		
Cash and cash equivalents	\$21,809	\$27,077
Investments	90,952	82,928
Accounts receivable, net	4,687	3,092
Interest receivable	285	293
Due from other governments	875	1,461
Other current assets	250	169
Current unrestricted assets	118,858	115,020
Restricted current assets:		
Cash and cash equivalents	5,680	8,165
Investments	23,686	25,008
Interest receivable	75	91
Total restricted current assets	29,441	33,264
Total current assets	148,299	148,284
Capital assets, net of accumulated depreciation:		
Buildings and utility plant	34,026	39,342
Building improvements	158,319	160,172
Construction work in progress	7,989	6,702
Equipment	4,455	5,103
Land	13,627	13,627
Total capital assets, net	218,416	224,946
Other noncurrent assets:		
Deferred costs	1,981	2,130
Total noncurrent assets	220,397	227,076
Total assets	\$368,696	\$375,360

LIABILITIES AND NET ASSETS

	September 30,	
	2012	2011
Current liabilities:		
Accounts and contracts payable	\$7,396	\$9,662
Accrued liabilities	133	142
Unearned revenues	15,440	15,663
Due to other governments	3	1
Compensated absences, current portion	590	500
Revenue bonds payable, current maturities	2,070	945
Other liabilities, current maturities	227	452
Current liabilities	25,859	27,365
Current liabilities payable from restricted assets:		
Accounts and contracts payable	476	1,618
Deposits	367	422
Accrued interest on debt	586	586
Current liabilities payable from restricted assets	1,429	2,626
Total current liabilities	27,288	29,991
Noncurrent liabilities:		
Compensated absences, less current portion	42	173
Revenue bonds payable, net, less current maturities	147,826	150,063
Other liabilities, less current maturities	34,698	36,219
Total noncurrent liabilities	182,566	186,455
Total liabilities	209,854	216,446
Net Assets:		
Invested in capital assets, net of related debt	80,355	88,636
Restricted net assets:		
Bond covenants-renewal and replacement	15,188	15,138
Debt service	988	800
Unrestricted net assets	62,311	54,340
Total net assets	158,842	158,914
Total liabilities and net assets	\$368,696	\$375,360

The accompanying notes are an integral part of this statement.

**HILSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
FOR FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts in Thousands)**

	Year ended September 30,	
	2012	2011
Operating revenues:		
Charges for services	\$101,515	\$98,613
Operating expenses:		
Employee services	8,421	9,134
Contractual services	70,079	67,978
Communication services	165	222
Fleet services	1,717	1,917
Repairs and maintenance	407	393
Utilities	1,224	1,214
Supplies	32	67
Landfill closure and postclosure care	(1,322)	2,123
Depreciation	14,561	14,510
Other	1,537	1,004
Total operating expenses	96,821	98,562
Operating income	4,694	51
Nonoperating (expenses) revenues:		
Investment earnings	1,330	1,531
Interest expense	(6,655)	(6,726)
Asset disposal gain	610	952
Other revenues	98	187
Other expenses	(149)	(149)
Total nonoperating expenses	(4,766)	(4,205)
Change in net assets	(72)	(4,154)
Net assets, beginning of year	158,914	163,068
Net assets, end of year	\$158,842	\$158,914

The accompanying notes are an integral part of this statement.

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
STATEMENTS OF CASH FLOWS
FOR FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts in Thousands)**

	Year ended September 30,	
	2012	2011
Cash flows from operating activities:		
Cash received from customers	\$99,243	\$99,165
Cash received from other operating sources	98	110
Cash payments to suppliers for goods and services	(79,059)	(79,196)
Cash payments for employee services	(8,484)	(9,467)
Net cash provided by operating activities	11,798	10,612
Cash flows from capital and related financing activities:		
Surplus capital asset sale proceeds	794	1,025
Capital asset acquisition and construction	(7,017)	(4,009)
Revenue bond interest payments	(7,035)	(7,035)
Revenue bond principal maturity payment	(945)	-
Net cash used in capital and related financing activities	(14,203)	(10,019)
Cash flows from investing activities:		
Investment maturities and sale proceeds	100,238	157,067
Investment purchases	(106,548)	(182,832)
Investment earnings	962	1,133
Net cash used in investing activities	(5,348)	(24,632)
Change in cash and cash equivalents	(7,753)	(24,039)
Cash and cash equivalents, beginning of year	35,242	59,281
Cash and cash equivalents, end of year	\$27,489	\$35,242
Cash and cash equivalent components:		
Cash and cash equivalents	\$21,809	\$27,077
Restricted cash and cash equivalents	5,680	8,165
Total cash and cash equivalents	\$27,489	\$35,242

	Year ended September 30,	
	2012	2011
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$4,694	\$51
Depreciation	14,561	14,510
Other nonoperating revenues	98	110
Changes in assets and liabilities:		
Change in accounts receivable	(1,600)	(142)
Change in due from other governments	591	(525)
Change in due to other governments	2	-
Change in other current assets	(81)	(19)
Change in accounts and contracts payable	(3,408)	(6,177)
Change in deposits	(55)	(131)
Change in compensated absences and VSIP liability	(54)	(72)
Change in accrued and other charges	(2,950)	3,007
Total adjustments	7,104	10,561
Net cash provided by operating activities	\$11,798	\$10,612
Noncash investing, capital, and financing activities:		
Interest expense capitalized to construction work in progress	\$214	\$143
GASB Statement 31 - change in investment fair value	392	28
Capital asset contribution	986	-

The accompanying notes are an integral part of this statement.

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts in Thousands)**

(1) Significant Accounting Policies Summary

The following is a summary of the significant accounting policies applied in the preparation of the accompanying Solid Waste Enterprise Fund (Fund), 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 generally accepted accounting principles (GAAP) in the United States as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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

(C) Accounting Basis

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

(D) Cash, Cash Equivalents, and Investments

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

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts in Thousands)**

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 upon 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 2012 and 2011, bond issuance costs, amortized to and increasing other nonoperating expenses, were \$149 for both years. Deferred bond market issue premiums, amortized to and decreasing interest expense, were \$166 for both years.

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts in Thousands)**

(G) Capitalized Interest Costs

During fiscal years 2012 and 2011, interest costs of \$214 and \$143, 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 2012 and 2011, were \$6,869 for both years.

(H) Compensated Absences

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

The Fund's compensated sick leave liability consists of two-parts. Under Hillsborough County Civil Service Rules, sick leave is paid at termination under two conditions. First, sick leave compensation for employees in "Plan A" includes payment at termination for all hours of sick time accrued up to four hundred and eighty hours and half of the sick time accrued over nine hundred and sixty hours. Second, sick leave compensation for employees in "Plan B" includes payment at termination for the employee's unused sick leave hours accrued on February 2, 1997. Payment is made only for each hour of sick time up to four hundred 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

GAAP requires 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.

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts in Thousands)**

(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

GAAP provides 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 million per occurrence with a general aggregate limit of \$5 million 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.

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts in Thousands)**

For fiscal years 2012, 2011, and 2010, settled claims did not exceed insurance coverage. During fiscal years 2012 and 2011, the Fund paid premiums of \$1,933 and \$1,326 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 2012 and 2011, the Fund paid \$1,069 and \$1,061, 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. 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

GAAP requires 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, 2012 and 2011, the Fund's investment earnings components were as follows:

	2012	2011
Interest and dividends	\$938	\$1,503
Fair value change	392	28
Investment earnings, as reported	\$1,330	\$1,531

(O) 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. On September 30, 2012 and 2011, the Fund's VSIP liability was \$26 and \$39, respectively. 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.

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts in Thousands)**

(P) Reclassifications

Certain 2011 financial statement amounts were reclassified for consistency with the fiscal year 2012 presentation.

(Q) Subsequent Events

The Fund has evaluated subsequent events through March 15, 2013, in connection with the preparation of these financial statements, which is the date the financial statements were available for publication.

(2) Deposits and Investments

(A) Deposits

On September 30, 2012 and 2011, the Fund's total cash deposits were \$4,197 and \$11,442, respectively, and the total bank balances were \$5,324 and \$12,384, 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 GAAP, investments are reported at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. If quoted market prices are available, they are used to determine fair value. For investments in open-end mutual funds, fair value is determined by the fund's current share price.

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts in Thousands)**

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, 2012 and 2011, 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, because Fund B consists of restructured or defaulted securities, there is considerable uncertainty regarding the weighted average life. On September 30, 2012, the Fund B investment earnings were reported at fair value on the Statement of Revenues, Expenses, and Change in Net Assets.

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts in Thousands)**

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 Ordinance 08-06 restricts BOCC investments as follows:

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

HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts in Thousands)

- 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.

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts in Thousands)**

Deposits in excess of the Fund's operating requirements are pooled with and invested by the BOCC in various investments, as specified, to attain maximum yield. Investment earnings are distributed based on the average daily balance of each fund's equity in the pool or as prescribed by the investment ordinance. 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, 2012 and 2011 accounts receivable balances of \$4,687 and \$3,092, respectively, were net of an allowance for doubtful accounts of \$134 and \$62, 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 2012 and 2011 were \$875 and \$1,461, respectively.

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts in Thousands)**

(5) Capital Asset Changes

Capital asset changes for the fiscal years ended September 30, 2012 and 2011 were as follows:

(A) Fiscal Year 2012

	Balance 10/01/11	Additions/ Transfers-in	Disposals/ Transfers-out	Balance 9/30/12
Capital assets, non-depreciable:				
Land	\$13,627	\$ -	\$ -	\$13,627
Construction work in progress	6,702	4,933	3,646	7,989
Total non-depreciable capital assets	<u>20,329</u>	<u>4,933</u>	<u>3,646</u>	<u>21,616</u>
Capital assets, depreciable:				
Buildings and utility plant	153,473	3	1,194	152,282
Building improvements	217,049	6,072	75	223,046
Equipment	14,440	851	1,997	13,294
Total depreciable capital assets	<u>384,962</u>	<u>6,926</u>	<u>3,266</u>	<u>388,622</u>
Accumulated depreciation:				
Buildings and utility plant	(114,131)	(5,223)	(1,098)	(118,256)
Building improvements	(56,877)	(7,925)	(75)	(64,727)
Equipment	(9,337)	(1,413)	(1,911)	(8,839)
Total accumulated depreciation	<u>(180,345)</u>	<u>(14,561)</u>	<u>(3,084)</u>	<u>(191,822)</u>
Total depreciated capital assets, net	<u>204,617</u>	<u>(7,635)</u>	<u>182</u>	<u>196,800</u>
Total capital assets, net	<u>\$224,946</u>	<u>(\$2,702)</u>	<u>\$3,828</u>	<u>\$218,416</u>

During fiscal year 2012, substantially completed construction projects of \$3,646 were transferred from construction work in progress to buildings and to building improvements. Also, GAAP required capitalizing \$214 in long-term debt interest charges net of the related investment earnings to construction work in progress.

On September 30, 2012 and 2011, construction work in progress of \$7,989 and \$6,702, respectively, related to ongoing RRF upgrades, to landfill capacity enhancement, and to regional waste collection and transfer station expansion and rehabilitation.

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts in Thousands)**

(B) 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	<u>18,282</u>	<u>2,195</u>	<u>148</u>	<u>20,329</u>
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	<u>385,635</u>	<u>2,181</u>	<u>2,854</u>	<u>384,962</u>
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	<u>(168,617)</u>	<u>(14,510)</u>	<u>(2,782)</u>	<u>(180,345)</u>
Total depreciated capital assets, net	<u>217,018</u>	<u>(12,329)</u>	<u>72</u>	<u>204,617</u>
Total capital assets, net	<u><u>\$235,300</u></u>	<u><u>(\$10,134)</u></u>	<u><u>\$220</u></u>	<u><u>\$224,946</u></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, GAAP 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 RRF upgrades, to landfill capacity enhancements, 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, 2012 and 2011 were as follows:

	2012	2011
Vouchers payable	\$6,814	\$9,662
Contracts payable	1,058	1,618
Total	<u><u>\$7,872</u></u>	<u><u>\$11,280</u></u>

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts in Thousands)**

(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, 2012 and 2011, unearned special assessment revenues were \$15,440 and \$15,663, respectively.

(7) Noncurrent Liabilities

(A) Compensated Absences

GAAP requires recording a liability for unpaid compensated absences. On September 30, 2012 and 2011, the combined current and noncurrent accumulated compensated absence liabilities were \$632 and \$673, 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, 2012 and 2011, the combined unpaid principal of the Series 2006 bonds, including current maturities of \$2,070 and \$945, respectively, were \$147,680 and \$148,625, respectively. 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 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.

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts in Thousands)**

A combined summary of the Series 2006A and 2006B bonds debt service including \$2,070 in current maturities follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
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	4,800	6,317	11,117
2018-2022	27,835	27,734	55,569
2023-2027	35,530	20,042	55,572
2028-2032	44,685	10,891	55,576
2033-2034	20,810	1,415	22,225
Total principal and interest	147,680	\$93,618	\$241,298
Plus: deferred issue premium	2,216		
Revenue bonds payable, net	149,896		
Less current maturities	2,070		
Noncurrent revenue bonds payable, net	\$147,826		

(D) Other Noncurrent Liabilities

Open Landfill Closure and Postclosure Costs. On September 30, 2012 and 2011, the liability for landfill closure and postclosure care costs were \$30,007 and \$31,330, 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, 2012 and 2011, there were recorded liabilities of \$4,892 and \$5,201, 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(C).

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. There were no additional remediation costs incurred during fiscal years 2012 and 2011. The current liability for pollution remediation on September 30, 2012 and 2011 was \$0 and \$101, respectively.

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts in Thousands)**

A summary of other noncurrent liabilities on September 30, 2012 and 2011, including current maturities of \$227 and \$452, respectively, follows:

	2012	2011
Landfill closure and postclosure costs	\$30,007	\$31,330
Pollution remediation	-	101
VSIP	26	39
Closed landfill remediation	4,892	5,201
Total other liabilities	34,925	36,671
Less current maturities	227	452
Other noncurrent liabilities	<u>\$34,698</u>	<u>\$36,219</u>

On September 30, 2012, these amounts were scheduled for payment in fiscal year ending (FYE) as follows:

FYE September 30,	Amount	FYE September 30,	Amount
2013	\$227	2033-2037	632
2014	225	2038-2042	16,015
2015	213	2043-2047	4,975
2016	213	2048-2052	4,975
2017	213	2053-2057	2,893
2018-2022	1,065	2058-2062	0
2023-2027	1,065	2063-2067	0
2028-2032	1,065	2068-2072	1,149
Total noncurrent liabilities			<u>\$34,925</u>

(E) Changes in Total Noncurrent Liabilities

The change in total noncurrent liabilities for the fiscal years ended September 30, 2012 and 2011 were as follows:

Fiscal Year 2012

Description	Balance			Balance 09/30/12	Due within one year
	10/1/11	Additions	Reductions		
2006A and 2006B bonds	\$148,625	\$ -	\$945	\$147,680	\$2,070
2006 bonds-deferred issue premium	2,383	-	167	2,216	-
Compensated absences	673	591	632	632	590
Landfill closure and postclosure care costs	31,330	129	1,452	30,007	-
Closed landfill remediation	5,201	-	309	4,892	213
Pollution obligation	101	-	101	-	-
VSIP Insurance	39	-	13	26	14
Total noncurrent liabilities	<u>\$188,352</u>	<u>\$720</u>	<u>\$3,619</u>	<u>\$185,453</u>	<u>\$2,887</u>

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts in Thousands)**

Fiscal Year 2011

Description	Balance 10/1/10	Additions	Reductions	Balance 09/30/11	Due within one year
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	144	-	43	101	101
Arbitrage rebate	231	-	231	-	-
VSIP Insurance	-	39	-	39	13
Total noncurrent liabilities	\$186,904	\$2,707	\$1,259	\$188,352	\$1,897

(8) Net Asset Restrictions

Under GAAP, restricted net assets are either: (a) restricted externally by constraints imposed by creditors through bond covenants, grant agreements and law; or (b) restricted by enabling legislation to the sole purpose specified by that legislation. Net assets restricted for bond covenants and future debt service for the fiscal years ended September 30, 2012 and 2011 were \$16,176 and \$15,938, respectively.

(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 their 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

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts in Thousands)**

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-five 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, 2012. 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.

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 year 2012, the regular job classification contribution rate of covered payroll was 4.91% from October 1, 2011 to June 30, 2012 and 5.18% from July 1, 2012 through September 30, 2012. For fiscal year 2011, the job classification contribution rate for covered payroll was 10.77% from October 1, 2010 through June 30, 2011 and 4.91% from July 1, 2011 through September 30, 2011. The Fund's FRS contributions for the fiscal years ended September 30, 2010, 2011, and 2012, were \$604, \$578, and \$296, respectively. Actual contributions for each fiscal year equaled the actuarially determined contribution requirement. The Fund's pension expenses and related liabilities, which are included in accrued liabilities at year-end, were reported in conformity with GAAP.

(10) Other Post-Employment Benefits (OPEB)

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

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

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts in Thousands)**

On September 30, 2012, the BOCC's annual OPEB cost, as calculated by an independent actuary in accordance with GAAP, was \$6.3 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 2012 and 2011, the BOCC OPEB liability allocated to and paid by the Fund was \$24 and \$36, respectively. For fiscal year 2013, the Fund's budgeted OPEB expense is \$32.

(11) Outstanding Purchase Orders and Contracts

On September 30, 2012 and 2011, outstanding purchase orders and contracts were \$1,546 and \$4,745 respectively.

(12) Accounting for Municipal Solid Waste Landfill Financial Responsibilities

(A) Open Landfill

GAAP requires municipal solid waste landfill owners to record a current expense and the related long-term liability for certain future landfill closure and postclosure care costs. GASB 18 is based on a United States Environmental Protection Agency rule, *Solid Waste Disposal Facility Criteria*, and has two components. The first component establishes closure requirements for landfills receiving solid waste after October 9, 1991. The second component establishes thirty-year postclosure care requirements for landfills receiving solid waste after October 9, 1993. Additionally, the Florida Department of Environmental Protection, through rule 62-701.630, Florida Administrative Code, established other financial accountability standards for landfill closure and postclosure care. As an owner and operator of an open landfill, the Fund must accumulate financial resources to close the landfill after the landfill stops accepting solid waste and to perform postclosure maintenance and monitoring functions at the closed landfill site for thirty-years.

GAAP requires recording a portion of the future closure and postclosure care costs as a current period operating expense and as 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, 2012, that total future closure and postclosure care costs will be \$59,439. The actual costs for future landfill closure and postclosure care costs may differ from projections due to inflation, deflation, technology, and environmental law changes. Of the total cost projection of \$59,439, life to date liabilities of \$30,007 and \$31,330 were recorded on September 30, 2012 and 2011, respectively, based on the amount of cubic yards consumed as of those dates. For the fiscal years ended September 30, 2012 and 2011, the Fund recorded future closure and postclosure care cost reduction and expense of (\$1,322) and \$2,123, 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, 2012, the total future cumulative closure and postclosure care liabilities for Sections One and Two were \$45,869 and \$13,570, respectively. On September 30, 2012, Section One and Two closure cost liabilities, based on management's calculations, were \$28,859 and \$1,148, respectively, for a combined liability of \$30,007. These pro-rated liabilities were calculated based on the

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts in Thousands)**

amount of cubic yards consumed by section. On September 30, 2012, management calculated that 12,623cy or 62.9% of the Section One landfill capacity and 2,235cy or 8.5% 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 \$29,432, as adjusted by future estimated cost revisions, as the remaining capacity is consumed by section. The Fund anticipates closing Section One in fiscal year 2048 and Section Two in 2072. On September 30, 2012 and 2011, the Fund had reserved assets of \$30,913 and \$30,656, respectively, to meet future landfill closure and long-term postclosure care obligations.

(B) Fiscal Responsibility for Future Landfill Closure Costs

Fund management, as required by state law, must certify annually that sufficient financial resources are available to pay future landfill closure and postclosure care costs. Management chose an annual financial test to comply with this requirement. This financial test requires a governmental entity to demonstrate that its tangible net 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, 2012 and 2011, management believes the Fund was compliant with all financial responsibility requirements.

(C) Closed Landfills

Fund management annually reviews, and revises when necessary, the estimates for potential remediation and monitoring costs at landfills closed prior to October 9, 1991. On September 30, 2012 and 2011, the estimated liability for future remediation and monitoring costs of these closed landfill sites was \$4,892 and \$5,201, respectively.

(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, 2012 and 2011.

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

(B) 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

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts in Thousands)**

and geotechnical investigation was completed in December 2011, with a report detailing the test results forwarded to the FDEP in April 2012. The Stage 4 final grouting/remediation plan was also submitted along with the Stage 3 report to the FDEP in April 2012. The procurement process for the Stage 4 grouting work is still in progress as of September 30, 2012. Fund management's current estimated completion date for the entire remediation project and report submittal to the FDEP is November 2013.

(C) State and Federal Grants

Grants received and disbursed by the Fund are for specific purposes and are subject to review by grantor agencies and their independent auditors. Such audits may result in requests for repayments due to disallowed costs. Management believes that such repayments, if any, would not materially affect the Fund's financial condition on September 30, 2012 and 2011.

(D) Environmental Protection

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

SUPPLEMENTAL INFORMATION

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
COMPARISON OF ACTUAL REVENUES AND EXPENSES
TO BUDGET
UNAUDITED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012
(Amounts in Thousands)**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>CHANGE POSITIVE (NEGATIVE)</u>
Operating revenues:			
Charges for services	\$102,299	\$101,515	(\$784)
Operating expenses:			
Employee services	9,136	8,421	715
Contractual services	73,061	70,079	2,982
Communication services	223	165	58
Fleet services	2,101	1,717	384
Repairs and maintenance	716	407	309
Utilities	1,162	1,224	(62)
Supplies	112	32	80
Landfill closure and postclosure care	1,100	(1,322)	2,422
Other	1,305	1,537	(232)
Total operating expenses before depreciation expense	88,916	82,260	6,656
Operating income before depreciation expense	\$13,383	\$19,255	\$5,872
Depreciation expense *		14,561	
Operating income		\$4,694	

* Depreciation expense is not budgeted.

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

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL
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
	<u>\$107,320</u>	<u>\$69,198</u>	<u>\$176,518</u>

EXHIBIT B
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)

FISCAL			
YEAR	PRINCIPAL	INTEREST	TOTAL
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
	<u>\$40,360</u>	<u>\$24,420</u>	<u>\$64,780</u>

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
RATE COVENANT TESTS
UNAUDITED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012
(Amounts in Thousands)**

		<u>TESTS</u>	
		<u>1</u>	<u>2</u>
Gross Revenues:			
Operating revenues	\$101,515		
Additions:			
Other covenant receipts	794		
Investment earnings	1,330		
Deductions:			
Non-cash revenue adjustment	986		
Non-covenant investment earnings and fair value change:			
Fair value change	392		
Debt service account investment earnings	19		
Bond proceed investment earnings	82		
Landfill closure escrow account investment earnings	184		
Total gross revenues		<u>\$101,976</u>	<u>\$101,976</u>
Funds required:			
Total operating expenses	96,821		
Deductions:			
Depreciation expense	14,561		
Landfill closure account investment earnings	184		
Total cost of operation and maintenance		<u>82,076</u>	<u>82,076</u>
Net revenues		<u>19,900</u>	<u>19,900</u>
Bond service requirements:			
Series 2006 bonds - interest requirement	7,035		
Series 2006 bonds - principal requirement	945		
Total debt service requirement		<u>7,980</u>	
Less debt service sinking fund investment earnings	19		
Total bond service requirements		<u>7,961</u>	<u>7,961</u>
10% of bond service requirements		<u>796</u>	<u>-</u>
Total bond service requirements		<u>8,757</u>	<u>7,961</u>
Total funds required		<u>90,833</u>	<u>90,037</u>
Excess funds over funds required -- September 30, 2012		<u><u>\$11,143</u></u>	<u><u>\$11,939</u></u>

Note:

There was no fiscal year 2012 Renewal and Replacement Fund deposit required.

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
RATE COVENANT TEST
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

REQUIREMENTS

For fiscal year ended September 30, 2012, the following requirements as stated in Ordinance Number 06-28 and Resolution Number 06-231, (collectively the Bond Ordinance) Article XI, Section 11.04 were met as follows:

- I. Gross revenues surpassed the total of 100% of the Cost of Operation and Maintenance, 110% of Bond Service Requirements, and 100% of Other Required Deposits; and
- II. Gross revenues surpassed the total of 100% of the Cost of Operation and Maintenance, 100% of Bond Service Requirements, and 100% of Other Required Deposits.

**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, 2012
(Amounts in Thousands)**

Excess rate covenant test funds - September 30, 2012	<u>\$11,143</u>
Items considered in determining change in net assets, but not considered for rate covenant requirements:	
Revenue contribution	986
Depreciation expense	(14,561)
Difference in interest expense:	
Statement of Revenues, Expenses and Changes in Net Assets	(\$6,655)
Rate Covenant Test	<u>7,035</u> 380
Bond proceed investment earnings	82
Fair value change	392
Asset disposal cost	(184)
Other nonoperating revenues	98
Other nonoperating expenses	(149)
Items considered for rate covenant requirements, but not considered for determining the change in net assets:	
Principal payment	945
Additional 10% of bond service requirement	796
Change in net assets, September 30, 2012	<u><u>(\$72)</u></u>

**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, 2012
(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	Restricted Totals	General Purpose	Rate Stabilization	Southeast Landfill Closure Cells I-VI	Southeast Landfill Closure Cells VII-VIII	Closed Landfill Maintenance	Internal Capital Improvement	
Balance, October 1, 2011	\$14,699	\$800	\$15,138	\$30,637	\$5,988	\$7,379	\$28,725	\$1,931	\$896	\$17,016	\$92,572
Receipts:											
Investment earnings from construction accounts	82	-	-	82	-	-	-	-	-	94	176
Investment earnings from debt service/reserve accounts	-	19	-	19	-	-	-	-	-	-	19
Investment earnings from landfill reserve accounts	-	-	-	-	-	-	172	12	-	-	184
Fair value change	31	9	-	40	-	-	69	4	-	37	150
Other operating receipts	-	-	794	794	-	-	-	-	11	-	805
Transfers-in from non-revenue accounts	-	-	-	-	-	1,621	-	-	-	-	1,621
Transfers-in from the revenue account	-	8,141	-	8,141	-	20,110	-	-	1,121	1,478	30,850
Total receipts	113	8,169	794	9,076	-	21,731	241	16	1,132	1,609	33,805
Disbursements:											
Expenditures	2,976	-	744	3,720	-	-	-	-	1,599	3,289	8,608
Interest payments	-	7,035	-	7,035	-	-	-	-	-	-	7,035
Principal payment	-	946	-	946	-	-	-	-	-	-	946
Total disbursements	2,976	7,981	744	11,701	-	-	-	-	1,599	3,289	16,589
Balance, September 30, 2012	\$11,836	\$988	\$15,188	\$28,012	\$5,988	\$29,110	\$28,966	\$1,947	\$429	\$15,336	\$109,788
	(1)	(1)	(1)		(2)	(2)	(2)	(2)	(2)	(2)	

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 \$258.

The Fund's fiscal year 2012 fair value change was a positive \$392. The fair value was recorded in two components as follows:

Unrestricted accounts fair value distribution	\$242
Restricted and reserved accounts	150
FY2012 fair value change	\$392

Net Asset Distribution:

(1) Restricted net assets	
bond covenants and	\$15,188
debt service	988
bond proceeds	11,836
Total restricted	\$28,012
(2) Reserved by BOCC policy	81,776
	\$109,788

**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 - 2003 through 2012
(amounts in thousands)**

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

	2012	2011	2010	2009	Restated 2008	2007	2006	2005	2004	2003
Invested in capital assets, net of related debt	\$80,355	\$88,636	\$100,229	\$98,510	\$94,407	\$86,388	\$79,715	\$69,694	\$61,459	\$50,700
Restricted net assets	16,176	15,938	24,747	18,155	23,828	19,708	15,484	16,968	15,531	40,706
Unrestricted net assets	62,311	54,340	38,092	45,436	37,052	27,958	29,759	29,633	32,994	13,490
Total net assets	\$158,842	\$158,914	\$163,068	\$162,101	\$155,287	\$134,054	\$124,958	\$116,295	\$109,984	\$104,896

**Current Ratio
Fiscal Years - 2003 through 2012
(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.

	2012	2011	2010	2009	Restated 2008	2007	2006	2005	2004	2003
Current assets	\$148,299	\$148,284	\$145,706	\$149,939	\$187,428	\$235,966	\$100,062	\$97,931	\$97,850	\$113,609
Current liabilities	\$27,288	\$29,991	\$34,179	\$40,565	\$43,193	\$37,140	\$29,973	\$28,800	\$28,532	\$25,223
Ratio	5.4:1	4.9:1	4.3:1	3.7:1	4.3:1	6.4:1	3.3:1	3.4:1	3.4:1	4.5:1

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

Financial Trend Schedules (Continued):

**Return on Capital Assets
Fiscal Years - 2003 through 2012
(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.

	2012	2011	2010	2009	Restated 2008	2007	2006	2005	2004	2003
Change in net assets	(\$72)	(\$4,154)	\$967	\$6,814	\$21,233	\$9,096	\$8,663	\$6,311	\$5,088	\$15
Average total capital assets	\$221,681	\$230,123	\$235,187	\$214,870	\$162,650	\$112,272	\$94,605	\$96,684	\$100,579	\$106,898
Return on Capital Assets	0.0%	-1.8%	0.4%	3.2%	13.1%	8.1%	9.2%	6.5%	5.1%	0.0%

**Accounts Receivable Turnover on a 365 collection day basis
Fiscal Years - 2003 through 2012
(amounts in thousands)**

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

	2012	2011	2010	2009	Restated 2008	2007	2006	2005	2004	2003
Charges for services	\$101,515	\$98,613	\$97,793	\$94,840	\$91,966	\$84,138	\$81,651	\$77,562	\$73,595	\$69,570
Average accounts receivable	\$3,890	\$3,021	\$3,397	\$3,715	\$3,847	\$3,800	\$3,364	\$3,329	\$3,099	\$3,953
Accounts Receivable Turnover Days	14.0	11.2	12.7	14.3	15.3	16.5	15.0	15.7	15.4	20.7

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

Financial Trend Schedules (Continued):

**Revenues, Expenses, and Changes in Net Assets
Fiscal Years - 2003 through 2012
(amounts in thousands)**

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

	2012	2011	2010	2009	Restated 2008	2007	2006	2005	2004	2003
Operating revenues:										
Charges for services	\$101,515	\$98,613	\$97,793	\$94,840	\$91,966	\$84,138	\$81,651	\$77,562	\$73,595	\$69,570
Operating expenses:										
Employee services	8,421	9,134	7,710	9,377	9,173	9,218	8,620	8,159	7,711	6,761
Contractual services	70,079	67,978	64,750	63,487	56,418	53,560	49,944	47,760	44,676	42,653
Communication services	165	222	266	278	352	364	272	268	347	463
Fleet services	1,717	1,917	1,728	1,712	2,379	2,365	2,613	2,628	2,227	1,484
Repairs and maintenance	407	393	442	484	607	398	354	370	397	553
Utilities	1,224	1,214	1,207	1,296	1,121	1,055	1,194	924	1,079	926
Supplies	32	67	136	158	182	126	134	202	184	188
Landfill closure and post closure care	(1,322)	2,123	1,862	1,114	(7,278)	2,388	3,008	2,292	1,582	2,040
Depreciation	14,561	14,510	14,251	10,710	10,862	10,321	10,069	9,845	9,586	9,718
Other	1,537	1,004	915	814	957	1,028	856	657	516	1,281
Total operating expenses	96,821	98,562	93,267	89,430	74,773	80,823	77,064	73,105	68,305	66,067
Operating income	\$4,694	\$51	\$4,526	\$5,410	\$17,193	\$3,315	\$4,587	\$4,457	\$5,290	\$3,503
No operating revenues (expenses):										
Investment earnings	1,330	1,531	2,854	5,633	8,604	11,005	4,863	2,490	1,526	2,507
Interest expense	(6,655)	(6,726)	(6,434)	(4,603)	(4,833)	(5,557)	(1,118)	(1,603)	(3,250)	(3,920)
Gain on asset disposals	610	952	22	218	398	181	163	62	-	-
Other revenues	98	187	150	310	27	192	284	286	1,707	220
Other expenses	(149)	(149)	(151)	(154)	(156)	(120)	(116)	(167)	(185)	(2,295)
Total nonoperating (expenses) revenues	(4,766)	(4,205)	(3,559)	1,404	4,040	5,701	4,076	1,068	(202)	(3,488)
Income before contributions and transfers	(\$72)	(\$4,154)	\$967	\$6,814	\$21,233	\$9,016	\$8,663	\$5,525	\$5,088	\$15
Capital contributions	-	-	-	-	-	80	-	-	-	-
Transfers in	-	-	-	-	-	-	-	786	-	-
Change in net assets	(\$72)	(\$4,154)	\$967	\$6,814	\$21,233	\$9,096	\$8,663	\$6,311	\$5,088	\$15
Net assets, beginning of year	158,914	163,068	162,101	155,287	134,054	124,958	116,295	109,984	104,896	104,881
Net assets, end of year	\$158,842	\$158,914	\$163,068	\$162,101	\$155,287	\$134,054	\$124,958	\$116,295	\$109,984	\$104,896

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

Financial Trend Schedules (Continued):

**Charges for Services - Components
Fiscal Years - 2003 through 2012
(amounts in thousands)**

This schedule identifies the principal components of charges for services.

	2012		2011		2010		2009		Restated 2008		2007		2006		2005		2004		2003	
	PCT		PCT		PCT		PCT		PCT		PCT		PCT		PCT		PCT		PCT	
Residential disposal assessments	\$25,271	24.9%	\$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%
Residential collection assessments	34,268	33.8%	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%
Franchise haulers	16,876	16.6%	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%
Electricity generation revenues	16,566	16.3%	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%
Municipal disposal fees	2,687	2.6%	4,834	4.9%	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%
Commercial disposal fees	3,432	3.4%	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%
Recycle revenues	2,325	2.3%	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%
Other general operating revenues	90	0.1%	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%
Charges for services	\$101,515	100.0%	\$98,613	100.0%	\$97,793	100.0%	\$94,840	100.0%	\$91,966	100.0%	\$84,138	100.0%	\$81,651	100.0%	\$77,562	100.0%	\$73,595	100.0%	\$69,570	100.0%

**Other Non-Operating Revenues
Fiscal Years - 2003 through 2012
(amounts in thousands)**

This schedule identifies the principal components of other nonoperating revenues.

	2012		2011		2010		2009		Restated 2008		2007		2006		2005		2004		2003	
	PCT		PCT		PCT		PCT		PCT		PCT		PCT		PCT		PCT		PCT	
Investment earnings	\$1,330	65.3%	\$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%
Other general revenues	708	34.7%	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%
Capital contributions	-	-	-	-	-	-	-	-	-	-	80	0.7%	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	786	21.7%	-	-	-	-
Total other non-operating revenues	\$2,038	100.0%	\$2,670	100.0%	\$3,026	100.0%	\$6,161	100.0%	\$9,029	100.0%	\$11,458	100.0%	\$5,310	100.0%	\$3,624	100.0%	\$3,233	100.0%	\$2,727	100.0%

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

**Outstanding Debt Compared to Net Assets
Fiscal Years - 2003 through 2012
(amounts in thousands)**

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

	2012	2011	2010	2009	Restated 2008	2007	2006	2005	2004	2003
Bonds outstanding	\$147,680	\$148,625	\$148,625	\$150,540	\$155,065	\$157,350	\$14,365	\$26,040	\$37,425	\$62,720
Net assets	\$158,842	\$158,914	\$163,068	\$162,101	\$155,287	\$134,054	\$124,958	\$116,295	\$109,984	\$104,896
Percent	93.0%	93.5%	91.1%	92.9%	99.9%	117.4%	11.5%	22.4%	34.0%	59.8%

**Rate Covenant Tests
Fiscal Years - 2003 through 2012
(amounts in thousands)**

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

	2012	2011	2010	2009	Restated 2008	2007	2006	2005	2004	2003
Gross Covenant Revenues	\$101,976	\$100,456	\$99,167	\$97,217	\$94,817	\$93,624	\$84,716	\$80,428	\$76,089	\$73,359
Operating expenses	82,076	83,767	79,016	78,720	63,911	70,502	66,995	63,260	58,719	56,349
Net Debt service	7,961	7,014	8,971	11,691	9,560	588	12,053	12,339	12,146	11,391
10% of net debt service	796	701	897	1,169	956	59	1,205	1,234	1,215	1,139
Total debt service	8,757	7,715	9,868	12,860	10,516	647	13,258	13,573	13,361	12,530
Other requirements	-	824	2,390	846	1,343	1,684	1,624	1,370	694	378
Total requirements	\$90,833	\$92,306	\$91,274	\$92,426	\$75,770	\$72,833	\$81,877	\$78,203	\$72,774	\$69,257
Excess funds available	\$11,143	\$8,150	\$7,893	\$4,791	\$19,047	\$20,791	\$2,839	\$2,225	\$3,315	\$4,102
Test 1 (Required ratio = 1.00)	1.123	1.088	1.086	1.052	1.251	1.285	1.035	1.028	1.046	1.059
Test 2 (Required ratio = 1.00)	1.133	1.107	1.127	1.075	1.291	1.317	1.072	1.064	1.074	1.083

Ratio 1 = Gross revenues divided by total requirements.

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

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

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

**General Operating Statistics:
(amounts are actual)**

	2012	2011	2010 (b)	2009	2008	2007	2006	2005 (a)	2004 (a)	2003
Number of full time employees	111	99	141	142	140	142	139	142	143	132
Solid Waste tonnage buried in the landfill	230,263	256,121	258,815	393,653	517,024	573,296	506,269	568,452	515,840	486,514
Solid Waste tonnage incinerated	564,161	538,848	545,389	405,708	347,355	351,665	360,259	350,408	362,891	359,793
Yard and Wood Waste tonnage processed	120,786	129,622	138,083	152,720	172,397	198,867	200,924	212,805	173,186	150,699

(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 2003 through 2012.

FAMIS: Solid Waste Enterprise Fund Accounts