



Annual Financial Report

Solid Waste Enterprise Fund



For Fiscal Years Ended
September 30, 2013 and 2012

HILLSBOROUGH COUNTY, FLORIDA

PUBLIC UTILITIES DEPARTMENT

SOLID WASTE ENTERPRISE FUND

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012

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, 2013**

Board of County Commissioners

Ken Hagan, Chair
Kevin Beckner
Victor D. Crist
Al Higginbotham
Les Miller, Jr.
Sandra L. Murman
Mark Sharpe

Constitutional Officers

Pat Frank, Clerk of Circuit Court
Doug Belden, Tax Collector
David Gee, Sheriff
Earl Lennard, Supervisor of Elections
Rob Turner, Property Appraiser

Appointed Officials

Mike Merrill, County Administrator
John Lyons, Director, Public Utilities Department, Solid Waste Enterprise Fund

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
ANNUAL FINANCIAL REPORT
FOR FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

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Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Hillsborough County, Florida, Solid Waste Enterprise Fund (the "Fund"), an enterprise fund of Hillsborough County, Florida, as of and for the years ended September 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of September 30, 2013 and 2012, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Other Information

As discussed in Note 1 to the financial statements, the financial statements referred to above present only the Fund and do not purport to, and do not, present fairly the financial position of Hillsborough County, Florida as of September 30, 2013 and 2012, and the changes in its financial position, or where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 – 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2014, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.



Tampa, Florida
March 24, 2014

**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, 2013, and have issued our report thereon dated March 24, 2014.

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 and Resolution No. R13-069 of the bond resolution governing the Solid Waste Resource and Recovery Revenue Bonds, Series 2006A, the Solid Waste Resource and Recovery Revenue Bonds, Series 2006B, and the Solid Waste Resource Recovery Revenue Bonds, Series 2013, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of any such noncompliance.

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

Cherry Bekaert LLP

Tampa, Florida
March 24, 2014

FINANCIAL STATEMENTS

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

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, 2013 and 2012, 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, 2013 and 2012. All amounts, unless otherwise stated, are presented in thousands of dollars.

Fiscal Year 2013 Financial Summary

- ❑ On May 8, 2013, the BOCC issued \$25.2 million in Solid Waste Resource Recovery Revenue Bonds, Series 2013, for the purpose of funding the "Automated Residential and Recycling Collection Service Program." The program commenced on September 30, 2013.
- ❑ Fiscal year 2013 operating revenues were \$100,744. This represented a \$771 or 0.8% revenue decline from fiscal year 2012 revenues of \$101,515. The slight fiscal year 2013 revenue decrease was due to a comparative decline in franchise and municipal customer disposal revenues, combined with a decrease in recycling revenues from last year.
- ❑ For fiscal year 2013, the Fund incurred a negative \$3,920 Change in Net Position. This represented a comparative \$3,848 negative change over last year's \$72 negative Change in Net Position. The comparative negative change was primarily due to slight decrease in operating revenues together with scheduled increases in operating costs, and to a continuing decline in investment earnings. Total Net Position on September 30, 2013 and 2012 were \$154,922 and \$158,842, respectively.
- ❑ The Rate Covenant, Test 1, with the assistance of a \$5.2 million transfer from the Rate Stabilization Account, demonstrated that total gross revenues exceeded the total costs of operations, bond service requirements, and other required bond covenant deposits by \$8,196.

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 Position. This represented a comparative \$4,082 positive change over last year's \$4,154 negative Change in Net Position. 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 Position on September 30, 2012 and 2011 were \$158,842 and \$158,914, respectively.

**HILLSBOROUGH COUNTY, FLORIDA
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

- 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.

The Fund was compliant with all bond covenant requirements for the fiscal years ended September 30, 2013 and 2012. 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 other data about its financial activities. The Statement of Net Position 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 other amounts separately. The Fund's operating results are recorded on the Statement of Activities. 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 2013 Financial Comparison with Fiscal Year 2012
Condensed Statement of Net Position**

A key measure of financial condition is net position. An analysis of 2013 net position compared to 2012 follows:

| | 2013 | 2012 | (\$) Change | (%) Change |
|--------------------------------------|------------------|------------------|------------------------|-----------------------|
| Assets: | | | | |
| Current, restricted and other assets | \$171,247 | \$150,280 | \$20,967 | 14.0% |
| Capital assets, net | 229,310 | 218,416 | 10,894 | 5.0 |
| Total assets | 400,557 | 368,696 | 31,861 | 8.6% |
| Liabilities: | | | | |
| Current liabilities | \$42,302 | \$27,288 | \$15,014 | 55.0% |
| Other liabilities | 203,333 | 182,566 | 20,767 | 11.4 |
| Total liabilities | 245,635 | 209,854 | 35,781 | 17.1% |
| Components of Net Position: | | | | |
| Net investment in capital assets | 77,672 | 80,355 | (2,683) | (3.3) |
| Restricted net position | 13,869 | 16,176 | (2,307) | (14.3) |
| Unrestricted net position | 63,381 | 62,311 | 1,070 | 1.7 |
| Total net position | \$154,922 | \$158,842 | (\$3,920) | (2.5%) |

**HILLSBOROUGH COUNTY, FLORIDA
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FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

Total net position - Fiscal year 2013 total net position decreased \$3,920 or 2.5% from fiscal year 2012. The decrease in total net position was primarily due to a slight decline in operating revenues, increased operating costs and to a comparative decrease in investment earnings from last year.

However, the Fund increased its unrestricted net position by \$1,070 or 1.7%, primarily due to a comparative reduction in restricted net position amounts from last year.

Condensed Statement of Activities

Comparative revenues, expenses, and change in net position for the fiscal years ended September 30, 2013 and 2012 were as follows:

| | 2013 | 2012 | (\$) Change | (%) Percent |
|--|------------------|------------------|------------------|-----------------|
| Revenues: | | | | |
| Operating revenues | \$100,744 | \$101,515 | (\$771) | (0.8%) |
| Nonoperating revenues | 1,009 | 2,038 | (1,029) | (50.5) |
| Total revenues | 101,753 | 103,553 | (1,800) | (1.7%) |
| Expenses: | | | | |
| Operating expenses before depreciation | 88,318 | 82,260 | 6,058 | 7.4 |
| Depreciation expense | 10,373 | 14,561 | (4,188) | (28.8) |
| Nonoperating expenses | 6,982 | 6,804 | 178 | 2.6 |
| Total expenses | 105,673 | 103,625 | 2,048 | 2.0 |
| Change in net position | (3,920) | (72) | (3,848) | (534.44) |
| Net position, beginning of year | 158,842 | 158,914 | (72) | (0.05) |
| Net position, end of year | \$154,922 | \$158,842 | (\$3,920) | (2.5%) |

Operating revenues - Fiscal year 2013 operating revenues of \$100,744 decreased \$771 or 0.8% from last year. This was due to a comparative decline in franchise and municipal customer disposal revenue, a full year of the loss of the City of Tampa's ash disposal, combined with a decrease in recycling revenues from last year. This was due to a comparative decline in franchise and municipal customer disposal revenues, combined with a decrease in recycling revenues from last year.

Nonoperating revenues - Fiscal year 2013 nonoperating revenues of \$1,009 decreased \$1,029 or 50.5% from last year. The decrease was primarily due to a \$677 or 50.9% decline in investment earnings, and a \$352 or 47.0% comparative net decrease in asset disposal and other general revenues from last year.

Total expenses - Fiscal year 2013 total expenses of \$105,673 increased \$2,048 or 2.0% over last year. The change was primarily related to the following transactions:

Operating expenses before depreciation: there was a \$6,058 or 7.4% increase in fiscal year 2013 operating expenses before depreciation over last year. This was primarily due to the following net factors. **Employee services:** there was a \$91 or 1.1% decrease in employee services costs related to a \$575 workers' compensation premium refund received from the BOCC Self-Insurance Internal Service Fund and to a decrease in compensated absences. **Contractual services:** there was a \$2,799 or 4.0% increase in contractual services costs related to the annual RRF operating contract consumer price index increase, and to scheduled increases in trash hauler contractual costs.

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SOLID WASTE ENTERPRISE FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Landfill closure and long-term care: there was a \$2,674 comparative increase 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 and to an increase in future estimated closing costs. **Fleet services costs:** there was a \$284 or 16.5% increase in fleet service costs related higher fuel and vehicle maintenance cost over last year. **Other general operating costs:** there was a \$370 or 24.1% increase in these costs to promote the new trash collection and recycling program and to higher property and casualty insurance over last year. **Other net cost increases:** there was a \$22 or 1.2% net increase in communications, repairs and maintenance, utilities, and office supply costs compared to last year.

Depreciation expense: there was a \$4,188 decrease in depreciation costs related to certain 1984 RRF project assets having become fully depreciated.

Nonoperating expenses: these expenses increased \$178 or 2.6% primarily due to an increase in long-term debt interest costs related to the series 2013 bond issuance compared to last year.

**Financial Analysis: Fiscal Year 2012 Financial Comparison with Fiscal Year 2011
Condensed Statement of Net Position**

An analysis of the Fund's Statement of Net Position on September 30, 2012 compared to September 30, 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%) |
| Other liabilities | 182,566 | 186,455 | (3,889) | (2.1) |
| Total liabilities | 209,854 | 216,446 | (6,592) | (3.0%) |
| Components of Net Position: | | | | |
| Net investment in capital assets | 80,355 | 88,636 | (8,281) | (9.3) |
| Restricted net position | 16,176 | 15,938 | 238 | 1.5 |
| Unrestricted net position | 62,311 | 54,340 | 7,971 | 14.7 |
| Total net position | \$158,842 | \$158,914 | (\$72) | (0.05%) |

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

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

Condensed Statement of Activities

The Fund's operating results for fiscal year 2012 compared to fiscal year 2011 were as follows:

| | 2012 | 2011 | (\$) Change | (%) Change |
|---|------------------|------------------|-----------------------|----------------------|
| 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 position | (72) | (4,154) | 4,082 | 98.3 |
| Net position, beginning of year | 158,914 | 163,068 | (4,154) | (2.5) |
| Net position, 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 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.

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
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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.

Capital Asset Activities

Fiscal Year 2013

On September 30, 2013, capital assets net of accumulated depreciation, were \$229,310 compared to \$218,416 last year for a net increase of \$10,894 or 5.0%. The change was attributable to the following net factors. First, the Fund expended \$21,077 on capital additions primarily funded from bond proceeds. Second, the Fund recorded additions of \$20 in equipment contributions and \$175 of long-term debt interest expense, net of related investment earnings, capitalized to construction work in progress. Third, those increases were partially offset by the fiscal year 2013 combined charge to accumulated depreciation of \$10,373 and loss on asset disposals of \$5. Please refer to Note 5(A) in the accompanying financial statement notes for additional information on fiscal year 2013 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(B) in the accompanying financial statement notes for additional information on fiscal year 2012 capital asset activities.

Debt Administration

Fiscal Year 2013

On September 30, 2013, outstanding bonds payable and other liabilities were \$209,455 compared to \$185,453 for fiscal year 2012. The fiscal year 2013 increase of \$24,002 or 12.9% was primarily due to the following: a \$25,160 bond issuance to fund the new trash collection and recycling program, a \$1,134 net increase in landfill closure and long-term care costs and other closed landfill obligations, a 2,070 scheduled bond maturity payment, a \$14 amortization in the volunteer separation incentive program liability, a \$165 amortization of the deferred bond market issuance premium, and, to a \$43 decrease in compensated absences. 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 2013 total other liabilities.

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Fiscal Year 2012

On September 30, 2012, outstanding bonds payable and other liabilities were \$185,453 compared to \$188,352 for fiscal year 2011. The fiscal year 2012 net decrease of \$2,899 or 1.5% was primarily due to decreases in landfill closure and long-term care costs as well as other closed landfill and pollution liabilities of \$1,733, the volunteer separation incentive program liability amortization of \$13, the fiscal year 2013 scheduled 2006 bond principal payment of \$945, the amortization of the deferred bond market issuance premium of \$167, and to the change in compensated absences of \$41. 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 other liabilities.

Fiscal Year 2014 Outlook

Economic Factors (amounts are in whole numbers)

The special assessment residential customer base is expected to remain stable with a small amount of growth forecasted for fiscal year 2014. Due to the new franchise collection contract, cost savings were passed along to residential customers reducing the fiscal year 2014 annual assessment fee from \$231.17 to \$222.72 per residential unit. It is the Fund's goal to keep user rates stable for the next two years. Currently, the waste system's capacity is adequate to serve the County's current and foreseeable future disposal requirements without any major capital expansion.

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, 2013 and 2012. 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
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013 AND 2012
(Amounts in Thousands)**

| ASSETS | September 30, | |
|---|----------------------|----------------|
| | 2013 | 2012 |
| Current assets: | | |
| Cash and cash equivalents | \$22,365 | \$21,809 |
| Investments | 95,654 | 90,952 |
| Accounts receivable, net | 3,148 | 4,687 |
| Interest receivable | 244 | 285 |
| Due from other governments | 831 | 875 |
| Other current assets | 230 | 250 |
| Current assets | 122,472 | 118,858 |
| Restricted current assets: | | |
| Cash and cash equivalents | 8,867 | 5,680 |
| Investments | 37,936 | 23,686 |
| Interest receivable | 96 | 75 |
| Total restricted current assets | 46,899 | 29,441 |
| Total current assets | 169,371 | 148,299 |
| Capital assets, net of accumulated depreciation: | | |
| Buildings and utility plant | 32,715 | 34,026 |
| Building improvements | 150,624 | 158,319 |
| Construction work in progress | 11,769 | 7,989 |
| Equipment | 20,575 | 4,455 |
| Land | 13,627 | 13,627 |
| Total capital assets, net | 229,310 | 218,416 |
| Other assets: | | |
| Unamortized bond issuance costs | 1,876 | 1,981 |
| Total capital assets, net, and other assets | 231,186 | 220,397 |
| Total assets | 400,557 | 368,696 |

| LIABILITIES | September 30, | |
|---|----------------------|------------------|
| | 2013 | 2012 |
| Current liabilities: | | |
| Accounts and contracts payable | \$8,537 | \$7,396 |
| Accrued liabilities | 175 | 133 |
| Unearned revenues | 15,621 | 15,440 |
| Due to other governments | - | 3 |
| Compensated absences, current portion | 547 | 590 |
| Revenue bonds payable, current maturities | 5,345 | 2,070 |
| General liabilities, current maturities | 230 | 227 |
| Total current liabilities | 30,455 | 25,859 |
| Current liabilities payable from restricted assets: | | |
| Accounts and contracts payable | 10,889 | 476 |
| Deposits | 344 | 367 |
| Accrued interest on debt | 614 | 586 |
| Total current liabilities payable from restricted assets | 11,847 | 1,429 |
| Total current liabilities | 42,302 | 27,288 |
| Other liabilities: | | |
| Compensated absences, less current portion | 42 | 42 |
| Revenue bonds payable, net, less current maturities | 167,476 | 147,826 |
| General liabilities, less current maturities | 35,815 | 34,698 |
| Total other liabilities | 203,333 | 182,566 |
| Total liabilities | 245,635 | 209,854 |
| | | |
| NET POSITION: | | |
| Net investment in capital assets | 77,672 | 80,355 |
| Restricted components of net position | | |
| Bond covenants-renewal and replacement | 13,054 | 15,188 |
| Debt service | 815 | 988 |
| Unrestricted net position | 63,381 | 62,311 |
| Total net position | \$154,922 | \$158,842 |

The accompanying notes are an integral part of this statement.

**HILSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
STATEMENT OF ACTIVITIES
FOR FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012
(Amounts in Thousands)**

| | Year ended September 30, | |
|--|-----------------------------|------------------|
| | 2013 | 2012 |
| Operating revenues: | | |
| Charges for services | \$100,744 | \$101,515 |
| Operating expenses: | | |
| Employee services | 8,330 | 8,421 |
| Contractual services | 72,878 | 70,079 |
| Communication services | 187 | 165 |
| Fleet services | 2,001 | 1,717 |
| Repairs and maintenance | 439 | 407 |
| Utilities | 1,203 | 1,224 |
| Supplies | 21 | 32 |
| Landfill closure and postclosure care | 1,352 | (1,322) |
| Depreciation | 10,373 | 14,561 |
| Other | 1,907 | 1,537 |
| Total operating expenses | 98,691 | 96,821 |
| Operating income | 2,053 | 4,694 |
| Nonoperating (expenses) revenues: | | |
| Investment earnings | 653 | 1,330 |
| Interest expense | (6,825) | (6,655) |
| Asset disposal gain | 143 | 610 |
| Other revenues | 213 | 98 |
| Other expenses | (157) | (149) |
| Total nonoperating expenses | (5,973) | (4,766) |
| Change in net position | (3,920) | (72) |
| Net position, beginning of year | 158,842 | 158,914 |
| Net position, end of year | \$154,922 | \$158,842 |

The accompanying notes are an integral part of this statement.

**HILLSBOROUGH COUNTY, FLORIDA
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SOLID WASTE ENTERPRISE FUND
STATEMENTS OF CASH FLOWS
FOR FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012
(Amounts in Thousands)**

| | Year ended September 30, | |
|--|-----------------------------|-----------------|
| | 2013 | 2012 |
| Cash flows from operating activities: | | |
| Cash received from customers | \$102,485 | \$99,243 |
| Cash received from other operating sources | 194 | 98 |
| Cash payments to suppliers for goods and services | (67,335) | (79,059) |
| Cash payments for employee services | (8,346) | (8,484) |
| Net cash provided by operating activities | 26,998 | 11,798 |
| Cash flows from capital and related financing activities: | | |
| Surplus capital asset sale proceeds | 148 | 794 |
| Bond proceeds | 25,160 | - |
| Capital asset acquisition and construction | (21,077) | (7,017) |
| Revenue bond interest payments | (7,137) | (7,035) |
| Revenue bond principal maturity payment | (2,070) | (945) |
| Net cash used in capital and related financing activities | (4,976) | (14,203) |
| Cash flows from investing activities: | | |
| Investment maturities and sale proceeds | 114,638 | 100,238 |
| Investment purchases | (133,590) | (106,548) |
| Investment earnings | 673 | 962 |
| Net cash used in investing activities | (18,279) | (5,348) |
| Change in cash and cash equivalents | 3,743 | (7,753) |
| Cash and cash equivalents, beginning of year | 27,489 | 35,242 |
| Cash and cash equivalents, end of year | \$31,232 | \$27,489 |
| Cash and cash equivalent components: | | |
| Cash and cash equivalents | \$22,365 | \$21,809 |
| Restricted cash and cash equivalents | 8,867 | 5,680 |
| Total cash and cash equivalents | \$31,232 | \$27,489 |

| | Year ended September 30, | |
|---|-----------------------------|-----------------|
| | 2013 | 2012 |
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Operating income | \$2,053 | \$4,694 |
| Depreciation | 10,373 | 14,561 |
| Other nonoperating revenues | 194 | 98 |
| Changes in assets and liabilities: | | |
| Change in accounts receivable | 1,539 | (1,600) |
| Change in due from other governments | 44 | 591 |
| Change in due to other governments | (3) | 2 |
| Change in other current assets | 20 | (81) |
| Change in accounts and contracts payable | 11,554 | (3,408) |
| Change in deposits | (23) | (55) |
| Change in compensated absences and VSIP liability | (58) | (54) |
| Change in accrued and other charges | 1,305 | (2,950) |
| Total adjustments | 24,945 | 7,104 |
| Net cash provided by operating activities | \$26,998 | \$11,798 |
| Noncash investing, capital, and financing activities: | | |
| Interest expense capitalized to construction work in progress | \$175 | \$214 |
| Capital asset contribution | 20 | 986 |

The accompanying notes are an integral part of this statement.

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
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FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012
(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).

(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.

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

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

(E) Capital Assets

The Fund records capital equipment additions with an original cost of at least one thousand dollars and an estimated useful life in excess of two years, while intangible assets are capitalized with an original cost of at least five thousand dollars. Donated capital assets are valued at their estimated fair value upon and are recorded as capital contributions on the Statement of Activities. 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 recorded as unamortized bond issuance costs, while unamortized bond market issue premiums are recorded as an increase in bonds payable, respectively, on the Statement of Net Position. These amounts 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 2013 and 2012, bond issuance costs, amortized to and increasing other nonoperating expenses, were \$157 and \$149, respectively. Bond market issue premiums, amortized to and decreasing interest expense, were \$165 and \$167, respectively.

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(G) Capitalized Interest Costs

During fiscal years 2013 and 2012, interest costs of \$175 and \$214, respectively, were capitalized to construction work in progress on the Statement of Net Position and deducted from interest expense on the Statement of Activities. 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 2013 and 2012, were \$7,000 and \$6,869, respectively.

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

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(J) Operating and Nonoperating Revenues and Expenses

The Fund reports its operating revenues and expenses separately from its nonoperating revenues and expenses. Operating revenues are earned from the principal activities of collecting, recycling and disposing solid waste, operating a waste to energy plant, and providing environmentally safe landfill operations. 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) Self-Insurance

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

Risk management includes workers' compensation, automotive, and general liability. The BOCC is self-insured for workers' compensation claims up to a maximum of \$500 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.

For fiscal years 2013, 2012, and 2011, settled claims did not exceed insurance coverage. During fiscal years 2013 and 2012, the Fund paid premiums of \$2,057 and \$1,933 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 2013 and 2012, the Fund paid \$1,121 and \$1,069, respectively, to the BOCC Internal Service Fund for group health, life and disability insurance coverage.

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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.

(M) Fair Value Investment Accounting and Financial Reporting

GAAP requires governmental entities, as of the Statement of Net Position date, to calculate investments at fair value and to record the related change as a component of investment earnings on the Statement of Activities. For the fiscal years ended September 30, 2013 and 2012, the Fund's investment earnings components were as follows:

| | 2013 | 2012 |
|----------------------------------|-------|---------|
| Interest and dividends | \$925 | \$938 |
| Fair value change | (272) | 392 |
| Investment earnings, as reported | \$653 | \$1,330 |

(N) 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 six hundred and sixty 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, 2013 and 2012, the Fund's VSIP liability was \$12 and \$26, 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.

(O) GASB Statement 63

The Fund implemented GASB Statement 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" during fiscal year 2013. The implementation of this statement required the Fund to present a Statement of Net Position replacing the previously issued Balance Sheet in Fund's basic financial statements.

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(P) Subsequent Events

The Fund has evaluated subsequent events through March 24, 2014, 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, 2013 and 2012, the Fund's total cash deposits were \$5,996 and \$4,197, respectively, and the total bank balances were \$7,875 and \$5,324, 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.

The Fund's cash, cash equivalents, and investments on September 30, 2013 and 2012 were as follows:

| | Duration (years) | Credit Rating | Fair Value | |
|---|------------------|---------------|------------|-----------|
| | | | 2013 | 2012 |
| U. S. Treasury Securities | 1.2 | AA+/A-1 | \$53,040 | \$46,371 |
| Federal Agency Securities | 1.6 | AA+/A-1 | 67,702 | 56,971 |
| Corporate notes | 1.9 | AAA | 7,950 | 6,364 |
| Municipal bonds | 1.4 | AA | 4,075 | 3,629 |
| Fund B | 4.8 | Unrated | 823 | 1,303 |
| Total investments | | | 133,590 | 114,638 |
| Commercial paper notes | .2 | A-1+ | 8,252 | 4,211 |
| Open-end mutual funds | .1 | AAA | 4,259 | 1,043 |
| FLORIDA PRIME | .1 | AAAm | 12,725 | 18,038 |
| Total cash equivalents and investments | | | 158,826 | 137,930 |
| Cash deposits | | | 5,996 | 4,197 |
| Total cash, cash equivalents, and investments | | | \$164,822 | \$142,127 |

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

| | 2013 | 2012 |
|---|------------------|------------------|
| Cash and cash equivalents: Current | \$22,365 | \$21,809 |
| Restricted | 8,867 | 5,680 |
| Total cash and cash equivalents | <u>31,232</u> | <u>27,489</u> |
| Investments: Current | 95,654 | 90,952 |
| Restricted | 37,936 | 23,686 |
| Total investments | <u>133,590</u> | <u>114,638</u> |
| Total cash, cash equivalents, and investments | <u>\$164,822</u> | <u>\$142,127</u> |

Effective duration is a measure of interest rate risk. It measures the sensitivity of an investment's price to interest rate changes. For example, if an investment security has an effective duration of two years, then a one percentage point increase in the market interest rate will cause the value of the security to decline by two percent. Conversely, a one percentage point decline in the market interest rate will cause the value of the security with an effective duration of two years to increase in value by two percent. The effective duration of the BOCC's investment portfolio for the fiscal years ended September 30, 2013 and 2012 was 1.2 years for both fiscal periods.

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, 2013 and 2012, 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.

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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 Activities.

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, 2013, the Fund B investment earnings were reported at fair value on the Statement of Activities.

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.

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- 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.
- 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 an institution having deposits secured by the Florida Security for Public Deposits Act, provided that the maximum maturity on any certificate of deposit is no greater than one year and no more than ten percent of the portfolio is invested with any one issuer.
- g. A maximum of twenty percent of the portfolio may be invested in prime commercial paper (i.e. rated Prime-1 by Moody's, A-1 by Standard and Poor's, or AA by two nationally recognized rating agencies if backed by a letter of credit), provided no more than five percent of the portfolio is invested in the commercial paper of a single issuer. The maximum length to maturity shall be two hundred seventy days from the purchase date.
- h. A maximum of fifty percent of the portfolio may be invested in money market funds offered by registered investment companies and operated in accordance with 17 CFR 270.2a-7, provided that the money market funds are rated AAAM-G or better by Standard & Poor's or the equivalent by another nationally recognized rating agency. No more than twenty-five percent of the portfolio may be invested in any one money market fund.
- i. A maximum of fifteen percent of the portfolio may be invested in high quality corporate notes (rated Aa by Moody's and AA by Standard and Poor's) provided no more than five percent of the portfolio is invested in a single issuer's notes.
- j. A maximum of twenty percent of the portfolio may be invested in intergovernmental investment pools, provided that the total does not exceed twenty five percent of the intergovernmental pool.
- k. A maximum of twenty-five percent of the portfolio may be invested in state or local government taxable or tax exempt general obligation or revenue bonds (rated Aa by Moody's an AA by Standard and Poor's) or short-term debt (rated MIG-2 by Moody's and SP-2 by Standard and Poor's).

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- 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.

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, 2013 and 2012 accounts receivable balances of \$3,148 and \$4,687, respectively, were net of an allowance for doubtful accounts of \$269 and \$134, 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 for fiscal years 2013 and 2012 were \$831 and \$875, respectively.

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(5) Capital Asset Changes

Capital asset changes for the fiscal years ended September 30, 2013 and 2012 were as follows:

(A) Fiscal Year 2013

| | Balance 10/01/12 | Additions/ Transfers-in | Disposals/ Transfers-out | Balance 9/30/13 |
|---------------------------------------|-------------------------|----------------------------|-----------------------------|-------------------------|
| Capital assets, non-depreciable: | | | | |
| Land | \$13,627 | \$ - | \$ - | \$13,627 |
| Construction work in progress | 7,989 | 3,780 | - | 11,769 |
| Total non-depreciable capital assets | <u>21,616</u> | <u>3,780</u> | <u>-</u> | <u>25,396</u> |
| Capital assets, depreciable: | | | | |
| Buildings and utility plant | 152,282 | - | - | 152,282 |
| Building improvements | 223,046 | 144 | - | 223,190 |
| Equipment | 13,294 | 17,348 | 83 | 30,559 |
| Total depreciable capital assets | <u>388,622</u> | <u>17,492</u> | <u>83</u> | <u>406,031</u> |
| Accumulated depreciation: | | | | |
| Buildings and utility plant | (118,256) | (1,312) | - | (119,568) |
| Building improvements | (64,727) | (7,838) | - | (72,565) |
| Equipment | (8,839) | (1,223) | (78) | (9,984) |
| Total accumulated depreciation | <u>(191,822)</u> | <u>(10,373)</u> | <u>(78)</u> | <u>(202,117)</u> |
| Total depreciated capital assets, net | <u>196,800</u> | <u>7,119</u> | <u>5</u> | <u>203,914</u> |
| Total capital assets, net | <u><u>\$218,416</u></u> | <u><u>\$10,899</u></u> | <u><u>\$5</u></u> | <u><u>\$229,310</u></u> |

During fiscal year 2013, GAAP required capitalizing \$175 in long-term debt interest charges, net of the related investment earnings, to construction work in progress.

On September 30, 2013 and 2012, construction work in progress of \$11,769 and \$7,989, respectively, related to ongoing RRF upgrades, to landfill capacity enhancement, and to regional waste collection and transfer stations expansion and rehabilitation.

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SOLID WASTE ENTERPRISE FUND
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012
(Amounts in Thousands)**

(B) 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><u>\$224,946</u></u> | <u><u>(\$2,702)</u></u> | <u><u>\$3,828</u></u> | <u><u>\$218,416</u></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.

(6) Current Liabilities

(A) Accounts and Contracts Payable

Accounts and contracts payable balances on September 30, 2013 and 2012 were as follows:

| | 2013 | 2012 |
|-------------------|------------------------|-----------------------|
| Vouchers payable | \$18,318 | \$6,814 |
| Contracts payable | 1,108 | 1,058 |
| Total | <u><u>\$19,426</u></u> | <u><u>\$7,872</u></u> |

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(B) Unearned Revenues

Unearned revenues represent that quarterly portion of the calendar year solid waste residential customer special assessment fees collected for the period October through December but not earned until the ensuing fiscal year. On September 30, 2013 and 2012, unearned special assessment revenues were \$15,621 and \$15,440, respectively.

(7) Other Liabilities

(A) Compensated Absences

GAAP requires recording a liability for unpaid compensated absences. On September 30, 2013 and 2012, the combined current and long term accumulated compensated absence liabilities were \$589 and \$632, 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, 2013 and 2012, the combined Series 2006 bonds unpaid principal, including current maturities of \$3,025 and \$2,070, respectively, were \$145,610 and \$147,680, 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.

On May 8, 2013, the BOCC issued \$25,160 in Solid Waste Resource Recovery Revenue Bonds, Series 2013. The interest rate is 1.791% with interest payable semi-annually on March 1 and September 1, respectively. On September 30, 2013, the Series 2013 bonds unpaid principal balance, including the current maturity of \$2,320, was \$25,160. The bond matures on September 1, 2023.

(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.

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PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
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(Amounts in Thousands)**

A combined summary of the Series 2006A, 2006B, and 2013 bonds debt service including \$5,345 in current maturities follows:

| Fiscal Year Ending September 30, | Principal | Interest | Total |
|----------------------------------|-----------|----------|-----------|
| 2014 | \$5,345 | \$7,365 | \$12,710 |
| 2015 | 6,716 | 7,172 | 13,888 |
| 2016 | 6,974 | 6,912 | 13,886 |
| 2017 | 7,247 | 6,641 | 13,888 |
| 2018 | 7,525 | 6,357 | 13,882 |
| 2019-2023 | 42,368 | 27,055 | 69,423 |
| 2024-2028 | 37,270 | 18,305 | 55,575 |
| 2029-2033 | 46,690 | 8,880 | 55,570 |
| 2034 | 10,635 | 479 | 11,114 |
| Total principal and interest | 170,770 | \$89,166 | \$259,936 |
| Plus: unamortized issue premium | 2,051 | | |
| Revenue bonds payable, net | 172,821 | | |
| Less current maturities | 5,345 | | |
| Revenue bonds payable, net | \$167,476 | | |

(D) General Liabilities

Open Landfill Closure and Postclosure Costs. On September 30, 2013 and 2012, the liability for landfill closure and postclosure care costs was \$31,359 and \$30,007, respectively. More information on these expenses and the related liabilities is disclosed in Note 12(A).

Closed Landfill Remediation and Monitoring Costs. On September 30, 2013 and 2012, there were recorded liabilities of \$4,674 and \$4,892, 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).

A summary of general liabilities on September 30, 2013 and 2012, including current maturities of \$230 and \$227, respectively, follows:

| | 2013 | 2012 |
|--|----------|----------|
| Landfill closure and postclosure costs | \$31,359 | \$30,007 |
| VSIP | 12 | 26 |
| Closed landfill remediation | 4,674 | 4,892 |
| Total other liabilities | 36,045 | 34,925 |
| Less current maturities | 230 | 227 |
| General liabilities | \$35,815 | \$34,698 |

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On September 30, 2013, these amounts were scheduled for payment in fiscal year ending (FYE) as follows:

| FYE September 30, | Amount | FYE September 30, | Amount |
|---------------------------|--------|-------------------|-----------------|
| 2014 | \$230 | 2034-2038 | 339 |
| 2015 | 218 | 2039-2043 | - |
| 2016 | 218 | 2044-2048 | 16,320 |
| 2017 | 218 | 2049-2053 | 5,075 |
| 2018 | 218 | 2054-2058 | 5,075 |
| 2019-2023 | 1,090 | 2059-2063 | 3,390 |
| 2024-2028 | 1,090 | 2064-2068 | - |
| 2029-2033 | 1,065 | 2069-2073 | 1,499 |
| Total general liabilities | | | <u>\$36,045</u> |

(E) Changes in Total Other Liabilities

The change in total liabilities for the fiscal years ended September 30, 2013 and 2012 were as follows:

Fiscal Year 2013

| Description | Balance | | | Balance 09/30/13 | Due within one year |
|---|------------------|-----------------|----------------|---------------------|------------------------|
| | 10/1/12 | Additions | Reductions | | |
| 2006A and 2006B bonds | \$147,680 | \$ - | \$2,070 | \$145,610 | \$3,025 |
| 2013 bond | - | 25,160 | - | 25,160 | 2,320 |
| 2006 bonds unamortized issue premium | 2,216 | - | 165 | 2,051 | - |
| Compensated absences | 632 | 545 | 588 | 589 | 547 |
| Landfill closure and postclosure care costs | 30,007 | 1,352 | - | 31,359 | - |
| Closed landfill remediation | 4,892 | - | 218 | 4,674 | 218 |
| VSIP insurance | 26 | - | 14 | 12 | 12 |
| Total other liabilities | <u>\$185,453</u> | <u>\$27,057</u> | <u>\$3,055</u> | <u>\$209,455</u> | <u>\$6,122</u> |

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 unamortized 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 other liabilities | <u>\$188,352</u> | <u>\$720</u> | <u>\$3,619</u> | <u>\$185,453</u> | <u>\$2,887</u> |

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(8) Components of Restricted Net Position

Under GAAP, restricted net position is either: (a) restricted externally by constraints imposed by creditors through bond covenants, grant agreements and law; or (b) restricted by enabling legislation to the sole purpose specified by that legislation. Net position restricted for bond covenants and future debt service for the fiscal years ended September 30, 2013 and 2012 was \$13,869 and \$16,176, 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 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.

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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, 2013. 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 years 2013 and 2012, the contribution rate for the regular job classification was 6.95% and 5.18%, respectively, of covered payroll. The Fund's FRS contributions for the fiscal years ended September 30, 2011, 2012, and 2013, were \$578, \$296, and \$361, 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.

On September 30, 2013, the County's annual OPEB cost, as calculated by an independent actuary in accordance with GAAP, was \$6 million. This annual cost represents a thirty-year annual funding level, that will fund all current and future employee as well as earned retiree OPEB benefits including amortization of prior year unfunded OPEB liabilities, if any. For fiscal years 2013 and 2012, the OPEB liability allocated to and paid by the Fund was \$25 and \$24, respectively.

(11) Outstanding Purchase Orders and Contracts

On September 30, 2013 and 2012, outstanding purchase orders and contracts were \$28,195 and \$1,546 respectively.

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FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012
(Amounts in Thousands)**

(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 other liability based on the cumulative amount of landfill capacity consumed as of each Statement of Net Position date. Fund management estimates, based on an independent engineer's cost projection on September 30, 2013, that total future closure and postclosure care costs will be \$60,612. 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 \$60,612, life to date liabilities of \$31,359 and \$30,007 were recorded on September 30, 2013 and 2012, respectively, based on the amount of cubic yards consumed as of those dates. For the fiscal years ended September 30, 2013 and 2012, the Fund recorded future closure and postclosure care cost, net of current expense of \$1,352 and (\$1,322), 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, 2013, the total future cumulative closure and postclosure care liabilities for Sections One and Two were \$46,771 and \$13,841, respectively. On September 30, 2013, Section One and Two closure cost liabilities, based on management's calculations, were \$29,860 and \$1,499, respectively, for a combined liability of \$31,359. These pro-rated liabilities were calculated based on the amount of cubic yards consumed by section. On September 30, 2013, management calculated that 12,809cy or 63.8% of the Section One landfill capacity and 2,861cy or 10.8% 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 \$29,253, 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, 2013 and 2012, the Fund had reserved assets of \$32,839 and \$30,913, respectively, to meet future landfill closure and long-term postclosure care obligations.

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SOLID WASTE ENTERPRISE FUND
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012
(Amounts in Thousands)**

(B) Fiscal Responsibility for Future Landfill Closure Costs

Fund management, as required by state law, must certify annually that sufficient financial resources are available to pay future landfill closure and postclosure care costs. Management chose an annual financial test to comply with this requirement. This financial test requires a governmental entity to demonstrate that its tangible net position is at least six times greater than the combined total estimated amount of closure and postclosure care costs as of the Statement of Net Position date. The BOCC's net position was used to meet this test. As of September 30, 2013 and 2012, 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, 2013 and 2012, the estimated liability for future remediation and monitoring costs of these closed landfill sites was \$4,674 and \$4,892, 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, 2013 and 2012.

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

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(Amounts in Thousands)**

(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 and geotechnical investigation was completed in December 2011, with a report detailing the results forwarded to the FDEP in April 2012. The Sinkhole Stage 4 Remediation Plan was also submitted along with the Stage 3 Report to the FDEP in April 2012. Construction of the Sinkhole Stage 4 Remediation Plan began on February 11, 2013, and construction was completed on May 8, 2013. The Completion Report for Monitoring of the Stage 4 Remediation/Grouting construction was submitted to the FDEP on September 16, 2013. Stage 5, Isolation of the Impacted Clay Liner Plan, was submitted to the FDEP on February 12, 2013. Procurement for the Stage 5 construction is nearly complete. The Stage 5 construction is anticipated to begin in January 2014 and to be completed in June 2014. Management's current estimated completion date for the entire remediation project and report submittal to the FDEP is August 13, 2014.

(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, 2013 and 2012.

(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, 2013
(Amounts in Thousands)**

| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>CHANGE POSITIVE (NEGATIVE)</u> |
|---|------------------|------------------|---|
| Operating revenues: | | | |
| Charges for services | \$103,053 | \$100,744 | (\$2,309) |
| Operating expenses: | | | |
| Employee services | 9,652 | 8,330 | 1,322 |
| Contractual services | 81,639 | 72,878 | 8,761 |
| Communication services | 235 | 187 | 48 |
| Fleet services | 2,108 | 2,001 | 107 |
| Repairs and maintenance | 451 | 439 | 12 |
| Utilities | 1,161 | 1,203 | (42) |
| Supplies | 152 | 21 | 131 |
| Landfill closure and postclosure care | 1,352 | 1,352 | - |
| Other | 1,966 | 1,907 | 59 |
| Total operating expenses before depreciation expense | 98,716 | 88,318 | 10,398 |
| Operating income before depreciation expense | \$4,337 | \$12,426 | \$8,089 |
| Depreciation expense * | | 10,373 | |
| Operating income | | \$2,053 | |

* Depreciation expense is not budgeted.

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

| FISCAL YEAR | PRINCIPAL | INTEREST | TOTAL |
|------------------------|-------------------------|------------------------|-------------------------|
| 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>\$64,042</u> | <u>\$171,362</u> |

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

| FISCAL | | | |
|---------------|------------------------|------------------------|------------------------|
| YEAR | PRINCIPAL | INTEREST | TOTAL |
| 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>\$38,290</u> | <u>\$22,579</u> | <u>\$60,869</u> |

EXHIBIT C
HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
SOLID WASTE RESOURCE RECOVERY REVENUE BOND, SERIES 2013
ISSUED MAY 8, 2013
DEBT SERVICE SCHEDULE
UNAUDITED
(Amounts in Thousands)

| FISCAL | | | |
|---------------|------------------------|-----------------------|------------------------|
| YEAR | PRINCIPAL | INTEREST | TOTAL |
| 2014 | \$2,320 | \$451 | \$2,771 |
| 2015 | 2,361 | 409 | 2,770 |
| 2016 | 2,404 | 367 | 2,771 |
| 2017 | 2,447 | 324 | 2,771 |
| 2018 | 2,490 | 280 | 2,770 |
| 2019 | 2,535 | 235 | 2,770 |
| 2020 | 2,580 | 190 | 2,770 |
| 2021 | 2,627 | 144 | 2,771 |
| 2022 | 2,674 | 97 | 2,771 |
| 2023 | 2,722 | 48 | 2,770 |
| | <u>\$25,160</u> | <u>\$2,545</u> | <u>\$27,705</u> |

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
RATE COVENANT TESTS
UNAUDITED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013
(Amounts in Thousands)**

| | | TESTS | |
|---|-----------|------------------|------------------|
| | | 1 | 2 |
| Gross Revenues: | | | |
| Operating revenues | \$100,744 | | |
| Additions: | | | |
| Other covenant receipts | 148 | | |
| Investment earnings | 653 | | |
| Transfer from rate stabilization account | 5,200 | | |
| Deductions: | | | |
| Non-covenant investment earnings: | | | |
| Debt service account investment earnings | 12 | | |
| Bond proceed investment earnings | 73 | | |
| Landfill closure escrow account investment earnings | 122 | | |
| Total gross revenues | | \$106,538 | \$106,538 |
| Funds required: | | | |
| Total operating expenses | 98,691 | | |
| Deductions: | | | |
| Depreciation expense | 10,373 | | |
| Landfill closure account investment earnings | 122 | | |
| Total cost of operation and maintenance | | 88,196 | 88,196 |
| Net revenues | | 18,342 | 18,342 |
| Bond service requirements: | | | |
| Series 2006 bonds - interest requirement | 6,987 | | |
| Series 2013 bonds - interest requirement | 179 | | |
| Series 2006 bonds - principal requirement | 2,070 | | |
| Total debt service requirement | | 9,236 | |
| Less debt service sinking fund investment earnings | 12 | | |
| Total bond service requirements | | 9,224 | 9,224 |
| 10% of bond service requirements | | 922 | - |
| Total bond service requirements | | 10,146 | 9,224 |
| Total funds required | | 98,342 | 97,420 |
| Excess funds over funds required -- September 30, 2013 | | \$8,196 | \$9,118 |
| Coverage: Net revenues/bond service requirements | | 1.81X | 1.99X |

Note:

There was no fiscal year 2013 Renewal and Replacement Fund deposit required.

Rate covenant test includes a bond covenant permitted \$5.2 million transfer from rate stabilization account.

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE ENTERPRISE FUND
RATE COVENANT TEST
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

REQUIREMENTS

For fiscal year ended September 30, 2013, the following requirements as stated in Ordinance Numbers 06-28 and 13-069, 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 POSITION
UNAUDITED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013
(Amounts in Thousands)**

| | | |
|--|--------------|--------------------------------|
| Excess rate covenant test funds - September 30, 2013 | | <u>\$8,196</u> |
| Items considered in determining change in net position, but not considered for rate covenant requirements: | | |
| Transfer from rate stabilization account | | (5,200) |
| Depreciation expense | | (10,373) |
| Difference in interest expense: | | |
| Statement of Activities | \$6,825 | |
| Rate Covenant Test | <u>7,166</u> | 341 |
| Bond proceed investment earnings | | 73 |
| Asset disposal cost | | (5) |
| Other nonoperating revenues | | 213 |
| Other nonoperating expenses | | (157) |
| Items considered for rate covenant requirements, but not considered for determining the change in net position: | | |
| Principal payment | | 2,070 |
| Additional 10% of bond service requirement | | 922 |
| Change in net position, September 30, 2013 | | <u><u>(\$3,920)</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, 2013
(Amounts in Thousands)**

| | Restricted by Bond Covenant or by Law | | | | | | Reserved by BOCC Policy | | | | Total Fund | |
|--|---------------------------------------|--------------------|----------------------|-------------------------|-------------------|-----------------|-------------------------|---------------------------------------|---|-----------------------------|-----------------|------------------------------|
| | 2006 Bond Proceeds | 2013 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, 2012 | \$11,836 | \$0 | \$988 | \$15,188 | \$28,012 | \$5,988 | \$29,110 | \$28,966 | \$1,947 | \$429 | \$15,336 | \$109,788 |
| Receipts: | | | | | | | | | | | | |
| Bond proceeds | - | 25,160 | - | - | 25,160 | - | - | - | - | - | - | 25,160 |
| Investment earnings from construction accounts | 53 | 20 | - | - | 73 | - | - | - | - | - | 54 | 127 |
| Investment earnings from debt service/reserve accounts | - | - | 12 | - | 12 | - | - | - | - | - | - | 12 |
| Investment earnings from landfill reserve accounts | - | - | - | - | - | - | - | 114 | 8 | - | - | 122 |
| Other operating receipts | - | - | - | 149 | 149 | - | - | - | - | - | - | 149 |
| Transfers-in from non-revenue accounts | - | - | - | - | - | - | - | - | - | 77 | - | 77 |
| Transfers-in from the revenue account | - | - | 9,053 | - | 9,053 | - | - | 1,804 | - | 737 | - | 11,594 |
| Total receipts | 53 | 25,180 | 9,065 | 149 | 34,447 | 0 | 0 | 1,918 | 8 | 814 | 54 | 37,241 |
| Disbursements: | | | | | | | | | | | | |
| Expenditures | (1,085) | 16,922 | - | 2,283 | 18,120 | - | - | - | - | 1,274 | 2,960 | 22,354 |
| Interest payments | - | - | 7,167 | - | 7,167 | - | - | - | - | - | - | 7,167 |
| Principal payment | - | - | 2,070 | - | 2,070 | - | - | - | - | - | - | 2,070 |
| Other debt service costs | - | 49 | 1 | - | 50 | - | - | - | - | - | - | 50 |
| Transfers-out to the revenue account | - | - | - | - | - | - | 5,200 | - | - | - | - | 5,200 |
| Total disbursements | (1,085) | 16,971 | 9,238 | 2,283 | 27,407 | 0 | 5,200 | 0 | 0 | 1,274 | 2,960 | 36,841 |
| Balance, September 30, 2013 | \$12,974 | \$8,209 | \$815 | \$13,054 | \$35,052 | \$5,988 | \$23,910 | \$30,884 | \$1,955 | (\$31) | \$12,430 | \$110,188 |
| | (1) | (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, as required by the bond resolution.

Components of restricted net position:

| | |
|--------------------------------------|------------------|
| (1) Restricted net position | |
| Bond covenants | \$13,054 |
| Debt service | 815 |
| Invested in capital assets | 21,183 |
| Total restricted net position | \$35,052 |
| (2) Reserved by BOCC policy | 75,136 |
| Balance, September 30, 2013 | \$110,188 |

**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:

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

Debt Capacity Information:

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

Schedules:

- Outstanding Debt Compared to Net Position
- 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:

**Components of Net Position
Fiscal Years - 2004 through 2013
(amounts in thousands)**

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

| | 2013 | 2012 | 2011 | 2010 | 2009 | Restated 2008 | 2007 | 2006 | 2005 | 2004 |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|--------------------------|------------------|------------------|------------------|------------------|
| Net investment in capital assets | \$77,672 | \$80,355 | \$88,636 | \$100,229 | \$98,510 | \$94,407 | \$86,388 | \$79,715 | \$69,694 | \$61,459 |
| Restricted net position | 13,869 | 16,176 | 15,938 | 24,747 | 18,155 | 23,828 | 19,708 | 15,484 | 16,968 | 15,531 |
| Unrestricted net position | 63,381 | 62,311 | 54,340 | 38,092 | 45,436 | 37,052 | 27,958 | 29,759 | 29,633 | 32,994 |
| Total net position | \$154,922 | \$158,842 | \$158,914 | \$163,068 | \$162,101 | \$155,287 | \$134,054 | \$124,958 | \$116,295 | \$109,984 |

**Current Ratio
Fiscal Years - 2004 through 2013
(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.

| | 2013 | 2012 | 2011 | 2010 | 2009 | Restated 2008 | 2007 | 2006 | 2005 | 2004 |
|---------------------|--------------|--------------|--------------|--------------|--------------|--------------------------|--------------|--------------|--------------|--------------|
| Current assets | \$169,371 | \$148,299 | \$148,284 | \$145,706 | \$149,939 | \$187,428 | \$235,966 | \$100,062 | \$97,931 | \$97,850 |
| Current liabilities | \$42,302 | \$27,288 | \$29,991 | \$34,179 | \$40,565 | \$43,193 | \$37,140 | \$29,973 | \$28,800 | \$28,532 |
| Ratio | 4.0:1 | 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 |

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

Financial Trend Schedules (Continued):

**Return on Capital Assets
Fiscal Years - 2004 through 2013
(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.

| | 2013 | 2012 | 2011 | 2010 | 2009 | Restated 2008 | 2007 | 2006 | 2005 | 2004 |
|---------------------------------|--------------|-------------|--------------|-------------|-------------|------------------|-------------|-------------|-------------|-------------|
| Change in net position | (\$3,920) | (\$72) | (\$4,154) | \$967 | \$6,814 | \$21,233 | \$9,096 | \$8,663 | \$6,311 | \$5,088 |
| Average total capital assets | \$223,863 | \$221,681 | \$230,123 | \$235,187 | \$214,870 | \$162,650 | \$112,272 | \$94,605 | \$96,684 | \$100,579 |
| Return on Capital Assets | -1.8% | 0.0% | -1.8% | 0.4% | 3.2% | 13.1% | 8.1% | 9.2% | 6.5% | 5.1% |

**Accounts Receivable Turnover on a 365 collection day basis
Fiscal Years - 2004 through 2013
(amounts in thousands)**

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

| | 2013 | 2012 | 2011 | 2010 | 2009 | Restated 2008 | 2007 | 2006 | 2005 | 2004 |
|--|-------------|-------------|-------------|-------------|-------------|------------------|-------------|-------------|-------------|-------------|
| Charges for services | \$100,744 | \$101,515 | \$98,613 | \$97,793 | \$94,840 | \$91,966 | \$84,138 | \$81,651 | \$77,562 | \$73,595 |
| Average accounts receivable | \$3,918 | \$3,890 | \$3,021 | \$3,397 | \$3,715 | \$3,847 | \$3,800 | \$3,364 | \$3,329 | \$3,099 |
| Accounts Receivable Turnover Days | 14.2 | 14.0 | 11.2 | 12.7 | 14.3 | 15.3 | 16.5 | 15.0 | 15.7 | 15.4 |

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

Financial Trend Schedules (Continued):

**Statement of Activities
Fiscal Years - 2004 through 2013
(amounts in thousands)**

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

| | 2013 | 2012 | 2011 | 2010 | 2009 | Restated 2008 | 2007 | 2006 | 2005 | 2004 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Operating revenues: | | | | | | | | | | |
| Charges for services | \$100,744 | \$101,515 | \$98,613 | \$97,793 | \$94,840 | \$91,966 | \$84,138 | \$81,651 | \$77,562 | \$73,595 |
| Operating expenses: | | | | | | | | | | |
| Employee services | 8,330 | 8,421 | 9,134 | 7,710 | 9,377 | 9,173 | 9,218 | 8,620 | 8,159 | 7,711 |
| Contractual services | 72,878 | 70,079 | 67,978 | 64,750 | 63,487 | 56,418 | 53,560 | 49,944 | 47,760 | 44,676 |
| Communication services | 187 | 165 | 222 | 266 | 278 | 352 | 364 | 272 | 268 | 347 |
| Fleet services | 2,001 | 1,717 | 1,917 | 1,728 | 1,712 | 2,379 | 2,365 | 2,613 | 2,628 | 2,227 |
| Repairs and maintenance | 439 | 407 | 393 | 442 | 484 | 607 | 398 | 354 | 370 | 397 |
| Utilities | 1,203 | 1,224 | 1,214 | 1,207 | 1,296 | 1,121 | 1,055 | 1,194 | 924 | 1,079 |
| Supplies | 21 | 32 | 67 | 136 | 158 | 182 | 126 | 134 | 202 | 184 |
| Landfill closure and post closure care | 1,352 | (1,322) | 2,123 | 1,862 | 1,114 | (7,278) | 2,388 | 3,008 | 2,292 | 1,582 |
| Depreciation | 10,373 | 14,561 | 14,510 | 14,251 | 10,710 | 10,862 | 10,321 | 10,069 | 9,845 | 9,586 |
| General | 1,907 | 1,537 | 1,004 | 915 | 814 | 957 | 1,028 | 856 | 657 | 516 |
| Total operating expenses | 98,691 | 96,821 | 98,562 | 93,267 | 89,430 | 74,773 | 80,823 | 77,064 | 73,105 | 68,305 |
| Operating income | \$2,053 | \$4,694 | \$51 | \$4,526 | \$5,410 | \$17,193 | \$3,315 | \$4,587 | \$4,457 | \$5,290 |
| No operating revenues (expenses): | | | | | | | | | | |
| Investment earnings | 653 | 1,330 | 1,531 | 2,854 | 5,633 | 8,604 | 11,005 | 4,863 | 2,490 | 1,526 |
| Interest expense | (6,825) | (6,655) | (6,726) | (6,434) | (4,603) | (4,833) | (5,557) | (1,118) | (1,603) | (3,250) |
| Gain on asset disposals | 143 | 610 | 952 | 22 | 218 | 398 | 181 | 163 | 62 | - |
| Other revenues | 213 | 98 | 187 | 150 | 310 | 27 | 192 | 284 | 286 | 1,707 |
| Other expenses | (157) | (149) | (149) | (151) | (154) | (156) | (120) | (116) | (167) | (185) |
| Total nonoperating (expenses) revenues | (5,973) | (4,766) | (4,205) | (3,559) | 1,404 | 4,040 | 5,701 | 4,076 | 1,068 | (202) |
| Income before contributions and transfers | (\$3,920) | (\$72) | (\$4,154) | \$967 | \$6,814 | \$21,233 | \$9,016 | \$8,663 | \$5,525 | \$5,088 |
| Capital contributions | - | - | - | - | - | - | 80 | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - | 786 | - |
| Change in net position | (\$3,920) | (\$72) | (\$4,154) | \$967 | \$6,814 | \$21,233 | \$9,096 | \$8,663 | \$6,311 | \$5,088 |
| Net position, beginning of year | 158,842 | 158,914 | 163,068 | 162,101 | 155,287 | 134,054 | 124,958 | 116,295 | 109,984 | 104,896 |
| Net position, end of year | \$154,922 | \$158,842 | \$158,914 | \$163,068 | \$162,101 | \$155,287 | \$134,054 | \$124,958 | \$116,295 | \$109,984 |

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

Financial Trend Schedules (Continued):

Charges for Services - Components
Fiscal Years - 2004 through 2013
(amounts in thousands)

This schedule identifies the principal components of charges for services.

| | 2013 | | 2012 | | 2011 | | 2010 | | 2009 | | Restated 2008 | | 2007 | | 2006 | | 2005 | | 2004 | |
|------------------------------------|------------------|---------------|------------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|------------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|
| | PCT | | PCT | | PCT | | PCT | | PCT | | PCT | | PCT | | PCT | | PCT | | PCT | |
| Residential disposal assessments | \$26,960 | 26.8% | \$25,271 | 25.1% | \$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% |
| Residential collection assessments | 35,016 | 34.8% | 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% |
| Franchise haulers | 16,239 | 16.1% | 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% |
| Electricity generation revenues | 16,948 | 16.8% | 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% |
| Municipal disposal fees | 1,824 | 1.8% | 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% |
| Commercial disposal fees | 2,665 | 2.6% | 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% |
| Recycle revenues | 991 | 1.0% | 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 | 0.6% |
| General operating revenues | 101 | 0.1% | 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% |
| Charges for services | \$100,744 | 100.0% | \$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% |

Other Non-Operating Revenues
Fiscal Years - 2004 through 2013
(amounts in thousands)

This schedule identifies the principal components of other nonoperating revenues.

| | 2013 | | 2012 | | 2011 | | 2010 | | 2009 | | Restated 2008 | | 2007 | | 2006 | | 2005 | | 2004 | |
|---|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|------------------|---------------|-----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|
| | PCT | | PCT | | PCT | | PCT | | PCT | | PCT | | PCT | | PCT | | PCT | | PCT | |
| Investment earnings | \$653 | 64.7% | \$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% |
| General revenues | 356 | 35.3% | 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% |
| Capital contributions | - | - | - | - | - | - | - | - | - | - | - | - | 80 | 0.7% | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 786 | 21.7% | - | - |
| Total other non-operating revenues | \$1,009 | 100.0% | \$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% |

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

**Debt Capacity Information
Outstanding Debt Compared to Net Position
Fiscal Years - 2004 through 2013
(amounts in thousands)**

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

| | 2013 | 2012 | 2011 | 2010 | 2009 | Restated 2008 | 2007 | 2006 | 2005 | 2004 |
|-------------------|---------------|--------------|--------------|--------------|--------------|------------------|---------------|--------------|--------------|--------------|
| Bonds outstanding | \$170,770 | \$147,680 | \$148,625 | \$148,625 | \$150,540 | \$155,065 | \$157,350 | \$14,365 | \$26,040 | \$37,425 |
| Net position | \$154,922 | \$158,842 | \$158,914 | \$163,068 | \$162,101 | \$155,287 | \$134,054 | \$124,958 | \$116,295 | \$109,984 |
| Percent | 110.2% | 93.0% | 93.5% | 91.1% | 92.9% | 99.9% | 117.4% | 11.5% | 22.4% | 34.0% |

**Rate Covenant Tests
Fiscal Years - 2004 through 2013
(amounts in thousands)**

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

| | 2013 | 2012 | 2011 | 2010 | 2009 | Restated 2008 | 2007 | 2006 | 2005 | 2004 |
|---------------------------------------|------------------|------------------|------------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|
| Gross Covenant Revenues | \$106,538 | \$101,976 | \$100,456 | \$99,167 | \$97,217 | \$94,817 | \$93,624 | \$84,716 | \$80,428 | \$76,089 |
| Operating expenses | 88,196 | 82,076 | 83,767 | 79,016 | 78,720 | 63,911 | 70,502 | 66,995 | 63,260 | 58,719 |
| Net Debt service | 9,224 | 7,961 | 7,014 | 8,971 | 11,691 | 9,560 | 588 | 12,053 | 12,339 | 12,146 |
| 10% of net debt service | 922 | 796 | 701 | 897 | 1,169 | 956 | 59 | 1,205 | 1,234 | 1,215 |
| Total debt service | 10,146 | 8,757 | 7,715 | 9,868 | 12,860 | 10,516 | 647 | 13,258 | 13,573 | 13,361 |
| Other requirements | - | - | 824 | 2,390 | 846 | 1,343 | 1,684 | 1,624 | 1,370 | 694 |
| Total requirements | \$98,342 | \$90,833 | \$92,306 | \$91,274 | \$92,426 | \$75,770 | \$72,833 | \$81,877 | \$78,203 | \$72,774 |
| Excess funds available | \$8,196 | \$11,143 | \$8,150 | \$7,893 | \$4,791 | \$19,047 | \$20,791 | \$2,839 | \$2,225 | \$3,315 |
| Test 1 (Required ratio = 1.00) | 1.083 | 1.123 | 1.088 | 1.086 | 1.052 | 1.251 | 1.285 | 1.035 | 1.028 | 1.046 |
| Test 2 (Required ratio = 1.00) | 1.094 | 1.133 | 1.107 | 1.127 | 1.075 | 1.291 | 1.317 | 1.072 | 1.064 | 1.074 |

Ratio 1 = Gross revenues divided by total requirements.

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

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

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

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

| | 2013 | 2012 | 2011 | 2010 (b) | 2009 | 2008 | 2007 | 2006 | 2005 (a) | 2004 (a) |
|--|-------------|-------------|-------------|-----------------|-------------|-------------|-------------|-------------|-----------------|-----------------|
| Number of full time employees | 105 | 111 | 99 | 141 | 142 | 140 | 142 | 139 | 142 | 143 |
| Solid Waste tonnage buried in the landfill | 213,210 | 230,263 | 256,121 | 258,815 | 393,653 | 517,024 | 573,296 | 506,269 | 568,452 | 515,840 |
| Solid Waste tonnage incinerated | 586,393 | 564,161 | 538,848 | 545,389 | 405,708 | 347,355 | 351,665 | 360,259 | 350,408 | 362,891 |
| Yard and Wood Waste tonnage processed | 119,522 | 120,786 | 129,622 | 138,083 | 152,720 | 172,397 | 198,867 | 200,924 | 212,805 | 173,186 |

(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 2004 through 2013.
BOCC financial records



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