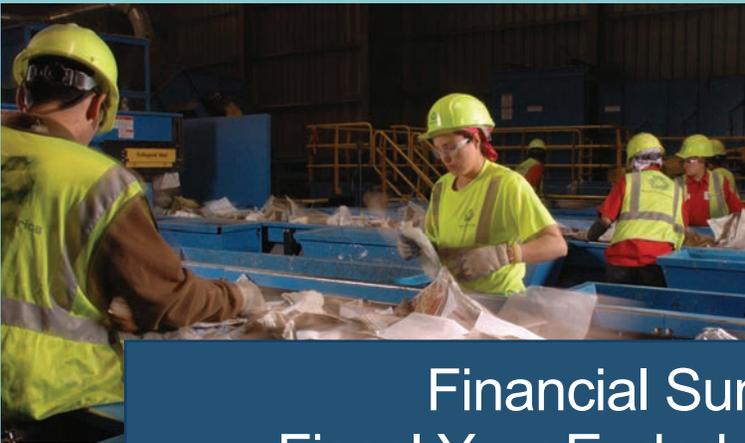
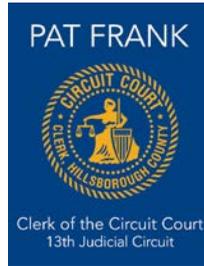


Hillsborough County, Florida



Financial Summary Report
Fiscal Year Ended September 30, 2018



To the Residents of Hillsborough County:

I am pleased to provide you with the *Hillsborough County, Florida Financial Summary Report for the Fiscal Year Ended September 30, 2018*. It presents the County’s fiscal year 2018 financial activity in a concise and easy-to-read format. This year’s cover spotlights Hillsborough County Solid Waste Management.

The information in this *Financial Summary Report* was derived from the *Hillsborough County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2018 (CAFR)*. The CAFR consists of over 250 pages of detailed financial statements, notes, schedules, and reports. The CAFR is posted at www.hillsclerk.com (select “Clerks in the Sunshine” and then “Financial Reports - County”). It is also available at the County Finance Department, County Center 12th Floor, 601 E. Kennedy Blvd, Tampa, FL 33602 or by calling (813) 307-7026. The *Financial Summary Report* presents the financial information of all County government operations, including those of the Board of County Commissioners, Clerk of Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector, but excludes discretely presented component units. Since the *Financial Summary Report* contains simplified information, it does not conform to Generally Accepted Accounting Principles (GAAP) for governmental entities. As the Chief Financial Officer of Hillsborough County, I am fully responsible for the accuracy of these financial reports. I hope that you find this report interesting and informative.

Sincerely,

Pat Frank

Principal Officials

BOARD OF COUNTY COMMISSIONERS

Hillsborough County’s legislative body consists of a seven-member Board of County Commissioners (BOCC) elected by the voters. Board members at fiscal year-end were:

- Sandra Murman, *Chair*
- Victor D. Crist, *Vice-Chair*
- Stacy White, *Chaplain*
- Ken Hagan
- Al Higginbotham
- Pat Kemp
- Lesley “Les” Miller, Jr.



County’s website:
www.hcflgov.net

CONSTITUTIONAL OFFICERS

Constitutional Officers are elected officials responsible for functions of County government specified in the Florida Constitution. Constitutional Officers at fiscal year-end were:

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

APPOINTED OFFICIALS

- Michael S. Merrill
County Administrator
- Chip Fletcher
County Attorney

Revenues

Total revenues increased \$155 million or 7.6% from the previous year.

Amounts in millions	Fiscal Yr 2018	Fiscal Yr 2017	Increase (Decrease)	Change
Governmental activities:				
Property taxes	\$ 747	688	59	9 %
Sales taxes and state shared revenues	485	469	16	3 %
Other taxes	56	54	2	4 %
Investment earnings	18	11	7	64 %
Charges for services	254	235	19	8 %
Grants and contributions	192	167	25	15 %
Other revenues	18	25	(7)	-28 %
Total governmental activities	1,770	1,649	121	7 %
Business-type activities:				
Water	317	284	33	12 %
Solid Waste	110	109	1	1 %
Total business-type activities	427	393	34	9 %
Total revenues	\$ 2,197	2,042	155	8 %

Governmental activities are activities supported primarily by taxes, state shared revenues, charges for service, or federal and state grants. Governmental activities consist of all activities not included in the business-type activities category.

Business-type activities are activities supported by fees and user charges that are set to recover the cost of services provided. Business-type activities consist of the Water and the Solid Waste utilities.

Property taxes increased \$58.7 million due to a \$6.57 billion or 9.2% increase in the assessed value of taxable real estate in Hillsborough County during fiscal year 2017. This increase was primarily the result of real estate market values rising \$7.8 billion, offset by property tax exemptions rising only \$1.23 billion.

Sales taxes consist of discretionary sales surtaxes such as the Community Investment Tax and Health Care Sales Surtax. **State shared revenues** consist of revenues received from the state of Florida such as the Local Government Half-Cent Sales Tax, state revenue sharing proceeds, the Constitutional Fuel Tax, and County Fuel Tax. There was an overall increase of \$16.0 million from the prior year due to a stronger economy and increased tourism.

Investment earnings increased by \$7.0 million due to a higher earnings rate on the County's investment portfolio.

Charges for services increased \$19.2 million primarily due to increases in school impact fees, special assessments, building permits, filing fees, court costs, court service fees, ambulance fees and police service fees.

Grants and contributions as a whole increased \$24.5 million from the previous year due to a developer making a \$16.0 million impact fee offset contribution combined with other infrastructure contributions of \$5.2 million and an increase in economic environment and transportation grants of \$2.9 million.

Other revenues declined \$7.0 million primarily due to a \$7.1 million decrease related to prior year expenditure refunds associated with Hillsborough Health Plan for low income County residents, which took place in fiscal year 2017, but did not repeat in fiscal year 2018.

Water utility revenues increased \$32.8 million primarily due to an increase in charges for services of \$8.1 million as well as an increase of \$23.0 million in capital contributions from developers.

Solid Waste \$1.0 million mainly due to an increase in residential disposal and collection assessments, recycling revenues, commercial and municipal disposal fees.

Expenses

Total expenses increased \$184 million or 10.1% from the previous year.

Amounts in millions	Fiscal Yr 2018	Fiscal Yr 2017	Increase (Decrease)	Change
Governmental Activities:				
General government	\$ 439	334	105	31 %
Public safety	632	604	28	5 %
Physical environment	47	46	1	--
Transportation	124	110	14	13 %
Economic environment	71	72	(1)	--
Human services	228	236	(8)	-3 %
Culture and recreation	81	78	3	4 %
Interest on long-term debt	17	18	(1)	-6 %
Total governmental activities	<u>1,639</u>	<u>1,498</u>	<u>141</u>	9 %
Business-type Activities:				
Water	279	245	34	14 %
Solid Waste	109	100	9	9 %
Total business-type activities	<u>388</u>	<u>345</u>	<u>43</u>	12 %
Total expenses	<u>\$ 2,027</u>	<u>1,843</u>	<u>184</u>	10 %

General government expenses include categories such as administrative, financial, court-related, budgeting and accounting, property assessments and tax collection, master planning, and zoning. General government expenses increased \$105.4 million due to a variety of reasons. There was a \$72.0 million increase in payments to the School Board for a new high school construction and \$9.4 million for additional classrooms at Sickles High School. Another \$6.9 million increase was attributable to higher expenses for payroll, professional fees and contract personnel services in the General Fund. There was a \$4.6 million increase in aid to government agencies due to higher sales tax revenues that are required to be distributed to the School Board and cities of Tampa, Plant City and Temple Terrace. In addition, there was a \$2.7 million increase in Clerk of Circuit Court distribution of excess fees to the state of Florida.

Public safety expenses are for protecting people and property. This category includes costs of the Sheriff, Fire Rescue, the Medical Examiner, Consumer Affairs, building inspections, and emergency and disaster relief services. Expenses increased \$28.3 million primarily due to higher personnel and professional services costs. In addition, there was an \$11.0 million increase related to Hurricane Irma-related expenses such as debris removal, road materials and food supplies.

Physical environment expenses are associated with conserving and managing natural resources such as air, water, soil, wildlife, as well as controlling pollution. Expenses increased \$0.5 million which was relatively unchanged from the prior year.

Transportation expenses are related to maintaining county roads, bridges, street lighting, other infrastructure, and highway safety projects. Expenses increased by \$14.2 million mainly due to an \$11.4 million increase in impact fee offsets bought back at a discount. Another \$2.3 million resulted from an increase in contributions to other governments.

Economic environment expenses are related to: new business promotion and development; housing assistance and rehabilitation programs; and disadvantaged minority, women owned, and small business enterprise programs. Expenses decreased \$1.4 million primarily due to completion of the Yankee spring training stadium project, partly offset by increases in aid to other governments, increased affordable housing grant expenditures and increased economic development grant funding.

Human services expenses include providing services such as health care for the poor, public assistance, care for the elderly, social services, as well as animal and mosquito control. Expenses decreased by \$7.5 million primarily due to a \$6.8 million decrease in Countywide Special Revenue Fund caused by a reduction in claim payments through the Hillsborough Health Plan for low income County residents.

Culture and recreation expenses are associated with libraries, parks, and recreational facilities. Expenses increased by \$3.2 million primarily due to increased library-related expenses and aid to nonprofit organizations.

Balance Sheet

September 30, 2018

Amounts in Millions

ASSETS	Governmental	Business-Type	Total	Prior Yr.
	Activities	Activities		
Cash and investments	\$ 1,431	657	2,088	2,111
Due from state/federal governments	98	1	99	99
Receivables/other current assets	27	41	68	67
Capital assets, net of depreciation	7,426	1,394	8,820	8,658
Notes receivable/noncurrent assets	61	154	215	193
Total assets	9,043	2,247	11,290	11,128
DEFERRED OUTFLOWS OF RESOURCES				
Bond refunding losses	7	1	8	9
Pensions	348	18	366	394
Postemployment benefits (OPEB)	1	--	1	--
Purchase price in excess of book value	--	7	7	2
Total deferred outflows	356	26	382	405
LIABILITIES				
Accounts payable	156	59	215	230
Accrued payroll liabilities, etc.	26	2	28	34
Unearned revenues (taxes or other revenues received but not yet earned)	72	19	91	90
Deposits payable	--	16	16	15
Long-term liabilities	1,633	584	2,217	2,276
Total liabilities	1,887	680	2,567	2,645
DEFERRED INFLOWS OF RESOURCES				
Pensions	107	6	113	67
Postemployment benefits (OPEB)	2	1	3	1
Total deferred inflows	109	7	116	68
NET POSITION (Equity)				
Net invested in capital assets	6,822	984	7,806	7,709
Restricted	502	281	783	634
Unrestricted	79	321	400	477
Total net position	\$ 7,403	1,586	8,989	8,820

The balance sheet shows the financial position of the County at the end of the fiscal year compared to the prior year. The balance sheet and other statements in this report were summarized from the *Hillsborough County, Florida Comprehensive Annual Financial Report*. To simplify presentation, the statements in this *Financial Summary*

Report are not in GAAP format. “Deferred outflows of Resources” are consumptions of resources, like prepaid expenses, which will be recognized as expenses in the future. “Deferred inflows of resources” are acquisitions of resources that will be recognized as revenues in the future. Restricted net position represents equity that may be used only as specified by debt covenants, grantors, laws or regulations, other governments, or other external restrictions. The County had unrestricted net position of \$79 million and \$321 million, for governmental and business-type activities, respectively.

The increase in total net position from \$8,820 million to \$8,989 million indicates the County’s financial position increased by 2% from the year before.

Cash & Investments

The County manages its investment portfolio with the primary objectives of safeguarding principal, ensuring liquidity to meet daily cash needs, and maximizing investment earnings within statutory and fiduciary requirements. The Board of County Commissioners Investment Pool has Standard & Poor’s highest rating of **AAAF**. It also had an overall annual rate of return for fiscal year 2018 of 1.40%, compared to the benchmark rate of 1.11%. At September 30, 2018, the County investment portfolio was invested as shown below:

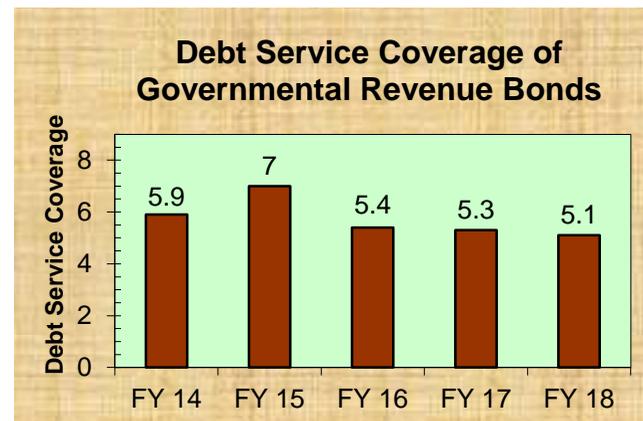
	Amount in Millions	Percent of Total
US treasury and govt. sponsored agency securities	\$ 1,638	76 %
Bank accounts	102	5 %
Government-only money market mutual funds	3	.5 %
State Board of Administration’s Florida PRIME investment pool	252	12 %
Corporate notes and commercial paper	152	6 %
Municipal bonds	6	.5 %
Total cash and investments	2,153	100 %
Less amounts held in trust for non-County entities	(65)	
County’s total cash and investments	\$ 2,088	

Long-Term Liabilities

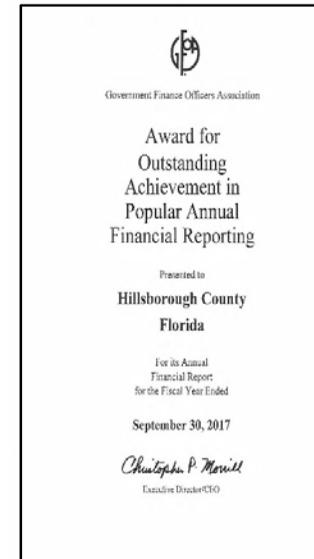
At September 30, 2018, the County had 20 bonded debt issues outstanding for a variety of purposes including the construction or acquisition of parks and recreation facilities, court facilities, environmentally sensitive land, solid waste facilities, and water/wastewater treatment systems. Bonded debt outstanding and other long-term liabilities at September 30, 2018 were as follows:

Amounts in Millions	2018	2017	Change
General obligation bonds	\$ 56	59	(3)
Revenue bonds	957	965	(8)
Total bonded debt	1,013	1,024	(11)
Notes payable	28	83	(55)
Direct borrowings and placements	65	40	25
Compensated absences payable	53	55	(2)
Net pension liability	900	920	(20)
Insurance claims payable	34	34	--
Net OPEB liability	83	83	--
Other long-term debt	40	37	3
Total long-term liabilities	\$ 2,216	2,276	(60)

At September 30, 2018, the County's general obligation debt was rated **Aaa** by Moody's Investors Service, **AAA** by Standard & Poor's, and **AAA** by Fitch Ratings. These are the highest attainable credit ratings.



This chart shows that pledged revenues were 5.1 times greater than the amount needed for debt service on the County's governmental revenue bonds during fiscal year 2018.



The Government Finance Officers Association of United States and Canada has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Hillsborough County, Florida for its *Financial Summary Report for the Fiscal Year Ended September 30, 2017*. This prestigious national award recognizes conformance with the highest standards for the preparation of state and local government popular reports. To receive this award a government must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for only one year. We believe our current report continues to conform to the Popular Annual Financial

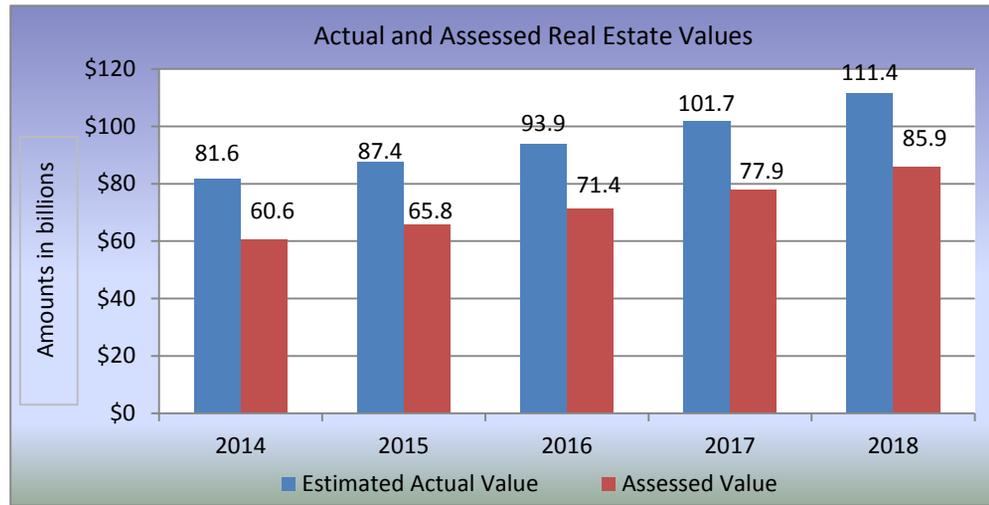
Reporting requirements and we are submitting it to the Government Finance Officers Association for review.

Hillsborough County Solid Waste Management (on Cover)

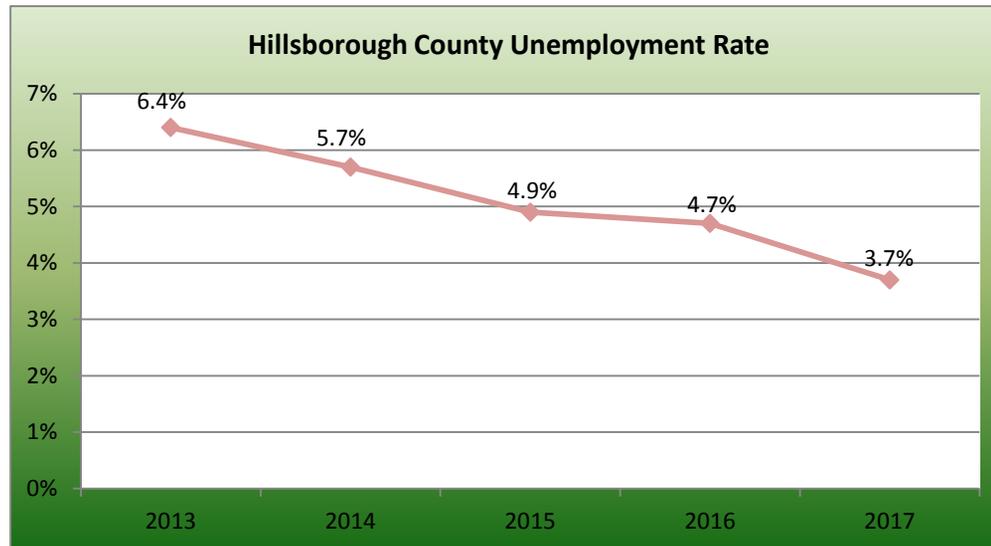
Hillsborough County Solid Waste Services Department oversees waste collection, disposal, and recycling in Hillsborough County. The department contracts with private companies for curbside residential and commercial service, and operates several centers throughout the county that accept trash, hazardous waste such as oil or electronics, and yard waste. 2018 Solid Waste Management accomplishments include:

- Converted 535,000 tons of waste to energy.
- Generated 340,000 megawatts of electricity at the waste-to-energy plant, enough to power 34,000 homes annually.
- Processed over 1 million tons of material.
- Collection providers offered over 59 million collections.
- Transferred over 400,000 tons of solid waste to disposal facilities.
- Collected and processed over 60,000 tons of curbside recyclable material.
- Serviced over 137,000 customers at Community Collection Centers.
- Diverted over 600,000 tons from landfill disposal.

Hillsborough County Statistics



This chart depicts the estimated actual value of real property versus the assessed value of that property in billions for the last five years. The difference between the estimated actual and assessed values is attributable to homestead and other exemptions.



The County's unemployment rate has improved the last five years along with the economy. There are positive signs of sustained economic recovery. Real estate valuations have been on the rise for the past four years. Please refer to the CAFR for more detailed information.