



Solid Waste Management
Public Utilities Department



Hillsborough County's Resource Recovery Facility, located on Falkenburg Road, turns waste into energy.

Annual Financial Report

Solid Waste Management Division Enterprise Fund

For Fiscal Years Ended
September 30, 2010 and 2009

HILLSBOROUGH COUNTY, FLORIDA

**PUBLIC UTILITIES DEPARTMENT
SOLID WASTE MANAGEMENT DIVISION ENTERPRISE FUND
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

Prepared by:

**FINANCE DEPARTMENT
CLERK OF CIRCUIT COURT
PAT FRANK, Clerk**

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE MANAGEMENT DIVISION ENTERPRISE FUND
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2010**

Board of County Commissioners

Ken Hagan, Chair
Kevin Beckner
Rose Ferlita
Al Higginbotham
Jim Norman
Mark Sharpe
Kevin White

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, Interim County Administrator
Renee Lee, County Attorney
Paul Vanderploog, Director, Public Utilities Department

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE MANAGEMENT DIVISION ENTERPRISE FUND
ANNUAL FINANCIAL REPORT
FOR FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Hillsborough County Solid Waste Management Division Enterprise Fund (the "Division"), formerly Solid Waste Resource Recovery Enterprise Fund, an enterprise fund of Hillsborough County, Florida, as of and for the year ended September 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these financial statements based on our audit. The Division's financial statements as of and for the year ended September 30, 2009 were audited by other auditors whose report dated January 19, 2010 expressed an unqualified opinion on those statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Division as of September 30, 2010, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the financial statements referred to above present only the Division and do not purport to, and do not, present fairly the financial position of Hillsborough County, Florida as of September 30, 2010, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2011 on our consideration of the Division's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Division's basic financial statements. The accompanying supplementary information and statistical section listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The accompanying supplementary information and statistical section as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cheng, Behaert & Holland, L.L.P.

Tampa, Florida
February 18, 2011



INDEPENDENT AUDITORS' REPORT 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 Solid Waste Management Division Enterprise Fund (the "Division"), formerly Solid Waste Resource Recovery Enterprise Fund, an enterprise fund of Hillsborough County, Florida, as of and for the year ended September 30, 2010, and have issued our report thereon dated February 18, 2011.

In connection with our audit, nothing came to our attention that caused us to believe the Division failed to comply with the terms, covenants, provisions, or conditions of Article XI of Ordinance No. 06-28, as supplemented by Resolution No. R06-231 of the bond resolution governing the Solid Waste Resource and Recovery Revenue Bonds, Series 2006A, and the Solid Waste Resource and Recovery Revenue Bonds, Series 2006B, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of any such noncompliance.

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

Cherry, Bekaert & Holland, L.L.P.

Tampa, Florida
February 18, 2011

Financial Statements

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE MANAGEMENT DIVISION ENTERPRISE FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

The Hillsborough County Public Utilities Department, Solid Waste Management Division Enterprise Fund (Division) presents the following review of its financial activities for the fiscal years ended September 30, 2010 and 2009. Financial statement readers are encouraged to consider information presented here together with the accompanying financial statement notes to obtain a complete overview of the Division's financial condition and operating results for the fiscal years ended September 30, 2010 and 2009. All amounts, unless otherwise stated, are presented in thousands of dollars.

Fiscal Year 2010 Financial Summary

Fiscal year 2010 operating revenues of \$97,793 increased \$2,953 or 3.1% over fiscal year 2009. The revenue increase was due to the 2006 bond covenant requirement to increase collection assessments 4.7% and disposal fees 3% per annum.

Fiscal year 2010 Change in Net Assets of \$967 represented a decrease of \$5,847 or 85.8% from the fiscal year 2009 Change in Net Assets of \$6,814. This decrease was primarily due to a decline in investments earnings, a decrease in capitalized construction interest cost and to a significant increase in depreciation expense as approximately \$158 million in completed capital projects were transferred from construction work in progress to depreciable assets during fiscal years 2010 and 2009. The Division's total Net Assets on September 30, 2010 and 2009, respectively, were \$163,068 and \$162,101, respectively.

The Division implemented GASB Statement Number 51, *Accounting and Financial Reporting for Intangible Assets*, with a capitalization threshold of five thousand dollars. As the Division did not incur any eligible capitalizable intangible costs during fiscal year 2010, the implementation of this statement did not have any impact on the Division's capital assets or operating results for the fiscal year ended September 30, 2010.

The Rate Covenant, Test 1, demonstrates that total gross revenues exceeded the total costs of operations, bond service requirements and other required bond covenant deposits by \$7,893.

Fiscal Year 2009 Financial Summary

On October 1, 2008, the Division implemented Governmental Accounting Standard Board Statement Number 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement requires governmental entities to identify and to record a liability for environmental pollution remediation in instances where the government determines it is an obligated party under certain criteria. Responding to this pronouncement, the Division determined there was one incident that occurred prior to fiscal year 2008. This incident involved a Florida Department of Environmental Protection Consent Order (CO) related to groundwater pollution. After conducting an assessment in accordance with the CO, the Division determined the full liability to correct the pollution was approximately \$206, which was approved and appropriated in the fiscal year 2010 and 2011 operating budgets, respectively. Also, as the pollution occurred prior to fiscal year 2008, GASB 49 requires restating beginning net assets for the amount of the pollution liability. Complying with this requirement, the Division restated and reduced fiscal year 2008 beginning net assets by \$206 or from \$134,260 to \$134,054. Please refer to Note 1(O[b]) in the accompanying financial statement notes for additional information.

**HILLSBOROUGH COUNTY, FLORIDA
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Fiscal year 2009 operating revenues of \$94,840 increased \$2,874 or 3.1% over fiscal year 2008. The revenue increase was due to the 2006 bond covenant requirement to increase collection assessments and disposal fees.

Fiscal year 2009 Change in Net Assets of \$6,814 represented a decrease of \$14,419 or 67.9% from the fiscal year 2008 Change in Net Assets of \$21,233. This decrease was primarily due to a decline in investments earnings and to a non-recurring fiscal year 2008 recovery of landfill closure and postclosure care costs. The Division's total Net Assets on September 30, 2009, were \$162,101 compared to \$155,287, as restated, last year.

The Rate Covenant Test demonstrated that total gross revenues exceeded the total costs of operations, bond service requirements, and other required bond covenant deposits by \$4,791.

The Division was compliant with all bond covenant requirements for the fiscal years ended September 30, 2010 and 2009. 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 Division'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 Division reports its financial activities by using accounting methods similar to those in the private business sector. The financial statements offer both current and noncurrent data about its financial activities. The Balance Sheet includes the Division's assets and liabilities and provides summary information for amounts invested in capital assets and for amounts owed to creditors. The assets and liabilities are presented in a classified format, which lists current and noncurrent amounts separately. The Division's operating results are recorded on the Statements of Revenues, Expenses, and Changes in Net Assets. This statement displays the Division's operating activities over the past fiscal year, and indicates whether the Division 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 Division's cash activities such as receipts, payments, and other changes in cash balances resulting from operating, capital expansion, borrowing, and investing transactions.

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE MANAGEMENT DIVISION ENTERPRISE FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

Financial Analysis

A key measure of an enterprise's financial health is its net assets and the percentage of unrestricted net assets compared to the total amount of net assets. An analysis of the Division's 2010 net assets compared to 2009 follows:

Condensed Balance Sheets

Assets:	2010	2009	Change	Percent
Current, restricted and other assets	\$147,985	\$152,369	\$(4,384)	(2.9%)
Capital assets, net	235,300	235,073	227	.1
Total assets	\$383,285	\$387,442	(\$4,157)	(1.1%)
Liabilities:				
Current liabilities	\$34,179	\$40,565	\$(6,386)	(15.7%)
Noncurrent liabilities	186,038	184,776	1,262	.7
Total liabilities	220,217	225,341	(5,124)	(2.3)
Net assets:				
Invested in capital, net of related debt	98,636	98,510	126	.1
Restricted net assets:				
Bond covenants	24,747	18,155	6,592	36.3
Unrestricted net assets	39,685	45,436	(5,751)	(12.7)
Total net assets	163,068	162,101	967	.6
Total liabilities and net assets	\$383,285	\$387,442	(\$4,157)	(1.1%)

Total net assets - Fiscal year 2010 net assets increased \$967 or .6% over last year. The small increase in net assets was primarily attributable to the annual bond covenant required user rate increase, offset by reduced investment earnings and higher depreciation costs compared to fiscal year 2009.

As shown above, the Balance Sheet presents the Division's financial position and its net asset components on September 30, 2010, compared to September 30, 2009. The Statement of Revenues, Expenses, and Changes in Net Assets presents the Division's operating results for the fiscal year ended September 30, 2010, compared to 2009 as follows:

Condensed Statements of Revenues, Expenses and Changes in Net Assets

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

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

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

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

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

Operating expenses before depreciation: there was an increase in fiscal year 2010 operating expenses before depreciation of \$296 or .4% compared to last year. This was primarily due to the following net factors: a decrease \$1,667 or 17.8% decrease in personal services costs primarily related to a \$1,073 refund of prior years worker's compensation premiums, and to a reduction in salaries and benefits due to non-paid furlough days; a \$1,263 or 2.0% increase in contractual services costs primarily related to the annual increase in the Resource Recovery Plant's operating contract based on the consumer price index; a \$748 or 67.1% increase in landfill closure and post-closure cost due to the volume of waste buried at the landfill during the year and changes in future landfill closure and long-term care cost estimates. Those cost changes were offset by a combined \$48 net decrease in communications, fleet services, repair and maintenance, utilities, supplies, and other operating costs compared to last year. The net decrease in these categories was due to BOCC mandated operating cost budget reductions responding to the continuing economic down-turn.

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

Nonoperating expenses: these expenses increased \$1,828 or 38.4% primarily due to higher comparative net interest costs, as \$1,997 or 80.0% less in project bonds interest costs were capitalized to construction work in progress compared to fiscal year 2009.

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SOLID WASTE MANAGEMENT DIVISION ENTERPRISE FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

An analysis of the Division's Balance Sheet including net assets on September 30, 2009 compared to September 30, 2008 follows:

Condensed Balance Sheets

	2009	Restated 2008	Change	Percent
Assets:				
Current, restricted and other assets	\$152,369	\$190,012	\$(37,643)	(19.8%)
Capital assets, net	235,073	194,666	40,407	20.8
Total assets	\$387,442	\$384,678	\$2,764	.7%
Liabilities:				
Current liabilities	\$40,565	\$43,193	\$(2,628)	(6.1%)
Noncurrent liabilities	184,776	186,198	(1,422)	(.8)
Total liabilities	225,341	229,391	(4,050)	(1.8)
Net assets:				
Invested in capital, net of related debt	98,510	94,407	4,103	4.3
Restricted net assets	18,155	23,828	(5,673)	(23.8)
Unrestricted net assets	45,436	37,052	8,384	22.6
Total net assets	162,101	155,287	6,814	4.4
Total liabilities and net assets	\$387,442	\$384,678	\$2,764	.7%

Total net assets - Fiscal year 2009 net assets increased \$6,814 or 4.4% over last year. The increase in net assets was primarily attributable to the annual bond covenant required user rate increase, and to a slight decrease in long-term debt interest charges.

As shown above, the Balance Sheet presents the Division's financial position and its net asset components on September 30, 2009, compared to September 30, 2008. The Statement of Revenues, Expenses, and Changes in Net Assets presents the Division's operating results for the fiscal year ended September 30, 2009, compared to last year as follows:

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	2009	Restated 2008	Change	Percent
Revenues:				
Operating revenues	\$94,840	\$91,966	\$2,874	3.1%
Nonoperating revenues	6,161	9,029	(2,868)	(31.8)
Total revenues	101,001	100,995	\$6	-
Expenses:				
Operating expenses, before depreciation	78,720	63,911	14,809	23.2
Depreciation expense	10,710	10,862	(152)	(1.4)
Nonoperating expenses	4,757	4,989	(232)	(4.7)
Total expenses	94,187	79,762	14,425	18.1
Change in net assets	6,814	21,233	(14,419)	(67.9)
Net assets, beginning of year	155,287	134,054	21,233	15.8
Net assets, end of year	\$162,101	\$155,287	\$6,814	4.4%

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE MANAGEMENT DIVISION ENTERPRISE FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

Operating revenues - Fiscal year 2009 operating revenues of \$94,890 increased \$2,874 or 3.1% over the previous fiscal year primarily due to the bond ordinance required user rate increase.

Nonoperating revenues - Fiscal year 2009 nonoperating revenues of \$6,161 decreased \$2,868 or 31.8% compared to last year. This decrease was primarily due to a \$2,971 or 34.5% decrease in investment earnings related to expenditure of the 2006 bond proceeds and to lower market rates of interest earned on invested funds.

Total expenses - Fiscal year 2009 total expenses of \$94,187 increased \$14,425 or 18.1% compared to last year. This change was primarily related to the following expense category transactions.

Operating expenses: there was an increase in fiscal year 2009 operating expenses before depreciation of \$14,809 or 23.2% compared to last year. This was primarily due to: an increase in personal services costs of \$204 primarily related to the annual market equity adjustment and increased benefits costs; an increase of \$7,069 in contractual service costs primarily related to the annual increase in the Resource Recovery Plant's operating contract based on the consumer price index, and to an increase in indirect administrative charges over last year; a \$8,392 comparative increase in landfill closure and postclosure care costs. This increase was related to the fiscal year 2008 non-recurring capture of \$7,278 in life to date closure costs due to a change in environmental landfill closure rules. These increases were partially offset by a decrease of \$856 in the other combined operating cost categories.

Depreciation expense: there was a \$152 or 1.4% decrease in depreciation costs. This decrease was due to a large number of assets becoming fully depreciated during the prior fiscal year.

Nonoperating expenses: these expenses decreased \$232 or 4.7% primarily due to a reduction in bond interest costs related to the scheduled 2009 bond principal payment.

Fiscal Year 2010 Capital Asset Activities

The Division's capital assets on September 30, 2010, net of accumulated depreciation, were \$235,300 compared to \$235,073 last year for an increase of \$227 or .1%. The change was attributable to the following net factors. First, the Division added \$14,243 in capital assets primarily funded from bond proceeds. Second, long-term debt net interest expense of \$503 was capitalized to construction work in progress. The capitalization represented the 2010 net interest cost on the bonds after deducting the related bond proceed investment earnings. Third, those increases were offset by the fiscal year 2010 charge to accumulated depreciation of \$14,251 and to a loss on asset disposals of \$268. Please refer to Note 5(A) in the accompanying financial statement notes for additional information on the Division's 2010 capital asset activities.

Fiscal Year 2009 Capital Asset Activities

The Division's capital assets on September 30, 2009, net of accumulated depreciation, were \$235,073 compared to \$194,666 last year for an increase of \$40,407 or 20.8%. This increase was attributable to the following net factors. First, the Division added \$48,791 in capital assets primarily funded from capital improvement bond proceeds. Second, long-term debt net interest expense of \$2,500 was capitalized to construction work in progress. The capitalization represented the 2009 net interest cost on the bonds after deducting the related bond proceed investment earnings. Third, these increases were partially offset by the fiscal year 2009 charge to accumulated depreciation of \$10,710 and to a loss on asset disposals of \$174. Please refer to Note 5(B) in the accompanying financial statement notes for additional information on the Division's 2009 capital asset activities.

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE MANAGEMENT DIVISION ENTERPRISE FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

Fiscal Year 2010 Debt Administration

The Division's total noncurrent liabilities on September 30, 2010, were \$186,038 compared to \$184,776 for fiscal year 2009. The fiscal year 2010 net increase in noncurrent liabilities of \$1,262 or .7% was primarily due to an increase in landfill closure and long-term care costs of \$1,862, offset by reductions due to the amortization of the deferred bond market issuance premium of \$169, and combined decreases in compensated absences, closed landfill investigation costs, and pollution remediation obligations of \$431. The Division'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 the Division's total noncurrent liabilities.

Fiscal Year 2009 Debt Administration

Total noncurrent liabilities on September 30, 2009, were \$184,776 compared to \$186,198 for fiscal year 2008. The fiscal year 2009 decrease in noncurrent liabilities of \$1,422 or .8% was primarily due to the 2009 payment of the scheduled serial bond maturity, to amortization of deferred bond market issuance premium, and to a reduction in the 2006 bonds arbitrage rebate liability. These decreases were partially offset by an increase in landfill closure cost and long-term care costs. The Division'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 the Division's total noncurrent liabilities.

Economic Factors (amounts are in whole dollars)

Overall the residential customer base that pays by annual assessment is expected to remain stable with an increase in revenues related to a 4.0% change in the annual combined collection and disposal assessment from \$222.28 to \$231.17, effective January 1, 2011. The billable tonnage from non-residential customers is also expected to remain stable with an increase in revenues related to a 3% change in various tipping fees, effective October 1, 2010, as required by the Bond Ordinance 06-28.

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 Division's financial position and operating results for the fiscal years ended September 30, 2010 and 2009. Additional information concerning the Division'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 MANAGEMENT DIVISION ENTERPRISE FUND
BALANCE SHEETS
SEPTEMBER 30, 2010 AND 2009
(Amounts in Thousands)**

ASSETS	September 30,	
	2010	2009
Current assets:		
Cash and cash equivalents	\$ 39,254	\$ 24,065
Investments	54,390	64,017
Accounts receivable, net	2,950	3,844
Interest receivable	164	347
Due from other governments	936	915
Other current assets	150	130
Current unrestricted assets	97,844	93,318
Restricted current assets:		
Cash and cash equivalents	20,027	15,402
Investments	27,753	40,978
Interest receivable	82	220
Due from other governments	-	21
Total restricted current assets	47,862	56,621
Total current assets	145,706	149,939
Capital assets, net of accumulated depreciation:		
Buildings and utility plant	43,945	25,986
Building improvements	167,345	161,884
Construction work in progress	4,655	29,056
Equipment	5,728	4,520
Land	13,627	13,627
Total capital assets, net	235,300	235,073
Other noncurrent assets:		
Deferred costs	2,279	2,430
Total noncurrent assets	237,579	237,503
Total assets	\$ 383,285	\$ 387,442

LIABILITIES AND NET ASSETS

	September 30,	
	2010	2009
Current liabilities:		
Accounts and contracts payable	\$ 11,584	\$ 9,212
Accrued liabilities	403	384
Unearned revenues	14,313	13,588
Due to other governments	1	1
Compensated absences, current portion	579	572
Revenue bonds payable, current maturities	-	1,915
Other liabilities, current maturities	287	225
Current liabilities	27,167	25,897
Current liabilities payable from restricted assets:		
Accounts and contracts payable	5,873	13,573
Deposits	553	502
Accrued interest on debt	586	593
Current liabilities payable from restricted assets	7,012	14,668
Total current liabilities	34,179	40,565
Noncurrent liabilities:		
Compensated absences, less current portion	206	273
Revenue bonds payable, net, less current maturities	151,174	151,343
Other noncurrent liabilities, less current maturities	34,658	33,160
Total noncurrent liabilities	186,038	184,776
Total liabilities	220,217	225,341
Net Assets:		
Invested in capital assets, net of related debt	98,636	98,510
Restricted net assets:		
Bond covenants and debt service	24,747	18,155
Unrestricted net assets	39,685	45,436
Total net assets	163,068	162,101
Total liabilities and net assets	\$ 383,285	\$ 387,442

The accompanying notes are an integral part of this statement.

**HILSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE MANAGEMENT DIVISION ENTERPRISE FUND
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
FOR FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009
(Amounts in Thousands)**

	Year ended September 30,	
	2010	2009
Operating revenues:		
Charges for services	\$ 97,793	\$ 94,840
Operating expenses:		
Personnel services	7,710	9,377
Contractual services	64,750	63,487
Communication services	266	278
Fleet services	1,728	1,712
Repairs and maintenance	442	484
Utilities	1,207	1,296
Supplies	136	158
Landfill closure and postclosure care	1,862	1,114
Depreciation	14,251	10,710
Other	915	814
Total operating expenses	93,267	89,430
Operating income	4,526	5,410
Nonoperating (expenses) revenues:		
Investment earnings	2,854	5,633
Interest expense	(6,434)	(4,603)
Asset disposal gain	22	218
Other revenues	150	310
Other expenses	(151)	(154)
Total nonoperating (expense) revenues	(3,559)	1,404
Change in net assets	967	6,814
Net assets, beginning of year	162,101	155,287
Net assets, end of year	\$ 163,068	\$ 162,101

The accompanying notes are an integral part of this statement.

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE MANAGEMENT DIVISION ENTERPRISE FUND
STATEMENTS OF CASH FLOWS
FOR FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009
(Amounts in Thousands)**

	Year ended September 30,	
	2010	2009
Cash flows from operating activities:		
Cash received from customers	\$ 98,649	\$ 96,555
Cash received from other operating sources	150	290
Cash payments to suppliers for goods and services	(74,279)	(70,565)
Cash payments for personnel services	(7,752)	(9,330)
	16,768	16,950
Cash flows from capital and related financing activities:		
Surplus capital asset sale proceeds	289	218
Capital asset acquisition and construction	(14,243)	(48,602)
Revenue bond interest payments	(7,112)	(7,291)
Revenue bond principal maturity payment	(1,915)	(4,525)
	(22,981)	(60,200)
Cash flows from investing activities:		
Investment maturities and sale proceeds	236,929	312,208
Investment purchases	(213,414)	(267,274)
Investment earnings	2,512	5,735
	26,027	50,669
Change in cash and cash equivalents	19,814	7,419
Cash and cash equivalents, beginning of year	39,467	32,048
Cash and cash equivalents, end of year	\$ 59,281	\$ 39,467
Cash and cash equivalent components:		
Cash and cash equivalents	\$ 39,254	\$ 24,065
Restricted cash and cash equivalents	20,027	15,402
Total cash and cash equivalents	\$ 59,281	\$ 39,467

	Year ended September 30,	
	2010	2009
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 4,526	\$ 5,410
Depreciation	14,251	10,710
Other nonoperating revenues	150	290
Changes in assets and liabilities:		
Change in accounts receivable	894	(258)
Change in due from other governments	-	(76)
Change in other current assets	(20)	(12)
Change in accounts and contracts payable	(5,328)	(1,386)
Change in deposits	51	11
Change in accrued and other liabilities	2,305	2,253
Change in compensated absences	(61)	8
Total adjustments	12,242	11,540
Net cash provided by operating activities	\$ 16,768	\$ 16,950
Noncash investing, capital, and financing activities:		
Interest expense capitalized to construction work in progress	\$ 503	\$ 2,500
GASB Statement 31 - change in investment fair value	663	(198)

The accompanying notes are an integral part of this statement.

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE MANAGEMENT DIVISION ENTERPRISE FUND
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009
(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 Management Division Enterprise Fund (Division), formerly Solid Waste Resource Recovery Enterprise Fund, financial statements:

(A) Reporting Entity

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

(B) Presentation Basis

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

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

(C) Accounting Basis

The accrual accounting basis was utilized to report the Division'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 Division 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 Division records capital equipment additions with an original cost of at least one thousand dollars and an estimated useful life in excess of two years, while intangible assets are capitalized with an original cost of at least five thousand dollars. Donated capital assets are valued at their estimated fair value after receipt and acceptance by the BOCC, and are recorded as capital contributions on the Statement of Revenues, Expenses, and Changes in Net Assets. Maintenance and repair costs are expensed as incurred, while expenses for renewals and betterments are capitalized and depreciated over their estimated useful lives. Depreciation is provided in amounts sufficient to allocate depreciable asset costs to operations over their estimated service lives using the straight-line method.

Division capital assets have estimated useful lives as follows:

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

(F) Bond Issuance Costs and Bond Market Issue Premiums

Bond issuance costs are deferred and recorded as deferred bond issuance costs, while bond market issue premiums are deferred and recorded as an increase in bonds payable, respectively, on the Balance Sheet. These deferrals are amortized using the effective interest method over the debt issue's life. Bond issuance costs are amortized to other nonoperating expense, while bond market issue premiums are amortized to interest expense. For fiscal years 2010 and 2009, bond issuance costs, amortized to and increasing other nonoperating expenses, were \$151 and \$154, respectively. Deferred bond market issue premiums, amortized to and decreasing interest expense, were \$169 and \$174, respectively.

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(G) Capitalized Interest Costs

During fiscal years 2010 and 2009, interest costs of \$503 and \$2,500, respectively, were capitalized to construction work in progress on the Balance Sheet and deducted from interest expense on the Statement of Revenues, Expenses, and Changes in Net Assets. Interest expense is capitalized into the related capital asset to extent that the interest cost incurred on the tax-exempt borrowing exceeds the investment income earned on the related unspent bond proceeds. Total interest costs incurred during fiscal years 2010 and 2009, were \$6,937 and \$7,103, respectively.

(H) Compensated Absences

Governmental accounting standards require the Division 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 Division will compensate the employee for this benefit through cash payments at termination or retirement.

The Division'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 Division's share of social security and medicare taxes as well as the Division's required Florida Retirement System pension contribution.

(I) Landfill Closure and Postclosure Care Costs

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

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(J) Operating and Nonoperating Revenues and Expenses

The Division 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 Division'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, Division policy is to liquidate the expense with restricted resources first, as appropriate.

(L) Proprietary Division Financial Reporting

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

(M) Self-Insurance

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

Risk management includes workers' compensation, automotive, and general liability. The BOCC is self-insured for workers' compensation claims up to a maximum of \$350 per occurrence with unlimited excess coverage above the self-insurance cap. Also, the BOCC is self-insured against general liability and automotive claims with limited liability, per Section 768.28, Florida Statutes, of \$100 per person and \$200 per occurrence. The BOCC has commercial insurance with a limit of \$2,000 per occurrence to address automotive and general liability claims above the State statutory limits. Negligence claims in excess of the statutory limits can only be recovered through a special State of Florida legislative act.

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For fiscal years 2010, 2009, and 2008, settled claims did not exceed insurance coverage. During fiscal years 2010 and 2009, the Division paid \$1,261 and \$966, respectively, to the BOCC Self-Insurance Internal Service Fund for workers' compensation, automotive and general liability insurance coverage.

The Division, 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 \$400 per person annually. Stop-loss insurance was purchased to cover an unlimited amount per person above the \$400 per person deductible. Claims exceeding the \$1,000 policy limit are paid through the group health plan. Maximum stop-loss reimbursements are limited to \$600 per person per year. During fiscal years 2010 and 2009, the Division paid \$1,035 and \$1,168, respectively, to the BOCC Internal Service Fund for group health, life and disability insurance coverage.

Based on actuarial estimates, liabilities have been established in the BOCC self-insurance fund for claims reported but not paid, and incurred but not reported. GASB 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, establishes accounting and financial reporting standards for the BOCC's Self-Insurance Internal Service Fund transactions. Insurance coverage costs paid by the Division are reflected in the financial statements as a current year operating expense.

(N) Fair Value Investment Accounting and Financial Reporting

Governmental accounting standards require governmental entities, as of the Balance Sheet date, to calculate investments at fair value and to record the related change as a component of investment earnings on the Statement of Revenues, Expenses, and Changes in Net Assets. For the fiscal years ended September 30, 2010 and 2009, the investment earnings components were as follows:

	2010	2009
Interest and dividends	\$2,191	\$5,831
Fair value change	663	(198)
Investment earnings, as reported	\$2,854	\$5,633

(O) GASB Statement Implementations

(a) Fiscal Year 2010 GASB Statement Implementation

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

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(b) Fiscal Year 2009 GASB Statement Implementation

On October 1, 2009, the Division implemented GASB Statement Number 49, *Accounting and Financial Reporting for Pollution Remediation*, applying the standard retroactively. This GASB standard requires the recognition of a pollution liability when any one of five specified obligating events occurs as follows: a government is compelled to take pollution remediation action because of an imminent endangerment; a government violates a pollution prevention–related permit or license; a government is named, or evidence indicates that it will be named, by a regulator as a responsible party or potentially responsible party for remediation, or as a party responsible for sharing costs; a government is named, or evidence indicates that it will be named, in a lawsuit to compel participation in pollution remediation; and, a government commences or legally obligates itself to commence pollution remediation. Under GASB 49, liabilities and expenses are estimated using an “expected cash flow” measurement method, which will be used by governments for the first time to measure this type of liability. GASB 49 also requires governments to disclose information about their pollution remediation obligations associated with clean-up efforts in the financial statement notes. As required by this GASB pronouncement, the Division retroactively implemented this accounting change as of October 1, 2008. The cumulative effect was a \$206 reduction in beginning fiscal year 2009 Net Assets. See Note 7D for more information on pollution remediation costs.

(P) Reclassifications

Certain 2009 financial statement amounts were reclassified for consistency with the fiscal year 2010 presentation.

(2) Deposits and Investments

(A) Deposits

On September 30, 2010 and 2009, the Division's total cash deposits were \$11,821 and \$13,085, respectively, and the total bank balances were \$16,542 and \$5,299, respectively. Bank balances are fully insured by federal depository insurance or through financial institutions participating in the Florida Security for Public Deposits Act pursuant to Chapter 280, Florida Statutes.

(B) Investments

In accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. If quoted market prices are available, they are used to determine fair value. For investments in open-end mutual funds, fair value is determined by the fund's current share price.

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

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

Fund B is an unrated fund and is not evidenced by securities that exist in physical or book entry form. The System's investment in Fund B represents moneys invested on November 29, 2007, when the Florida State Board of Administration implemented a temporary freeze on investments held. Participants are prohibited from withdrawing funds from Fund B, and a formal withdrawal policy has not been developed. On September 30, 2010, the estimated fair value of the Fund B underlying investments was (70.70%) of original cost, and the estimated weighted average life of Fund B investments was (7.49 years). However, because Fund B consists of restructured or defaulted securities, there is considerable uncertainty regarding the weighted average life. On September 30, 2010, the cost basis of the System's investment in Fund B was \$3.95 million and the fair value was \$2.79 million. Fund B investment earnings were reported at fair value on the Statement of Revenues, Expenses, and Change in Net Assets.

Division cash, cash equivalents, and investments on September 30, 2010 and 2009 were as follows:

	Duration (years)	Credit Rating	Fair Value	
			2010	2009
U. S. Treasury Securities	1.5	Exempt	\$14,846	\$35,500
Federal Agency Securities	1.9	AAA	56,677	60,848
Corporate Notes-FDIC guaranteed	1.2	AAA	3,071	6,395
Corporate notes	2.1	AAA	5,880	621
Fund B	7.5	Unrated	1,669	1,631
Total investments			82,143	104,995
Commercial paper notes	.1	A1+	12,695	8,168
Open-end mutual funds	.1	AAA	11,492	1,047
FLORIDA PRIME	.1	AAAm	23,273	17,167
Total cash equivalents and investments			129,603	131,377
Cash deposits			11,821	13,085
Total cash, cash equivalents, and investments			\$141,424	\$144,462

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Reconciliation of total cash, cash equivalents, and investments to amounts reported on the Balance Sheet follows:

	2010	2009
Cash and cash equivalents:		
Current	\$39,254	\$24,065
Restricted	20,027	15,402
Total cash and cash equivalents	59,281	39,467
Investments:		
Current	54,390	64,017
Restricted	27,753	40,978
Total investments	82,143	104,995
Total cash, cash equivalents, and investments	\$141,424	\$144,462

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, 2010 and 2009 was 1.2 and 1.1 years, respectively.

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 Division'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, 2010 and 2009, there were no amounts held by counterparties. Excluding the United States Government, its agencies or instrumentalities, and mutual Divisions or investment pools that invest in such securities, no one issuer represents five percent or more of the BOCC's total investments.

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.

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- e. Interest bearing time deposits or savings accounts in qualified public depositories as defined in Section 280.02 Florida Statutes.
- f. United States Securities and Exchange Commission money market funds with the highest credit quality ratings from a nationally recognized rating agency.
- g. Securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, as amended, provided the portfolio of such investment company or investment trust is limited to United States Government obligations and to repurchase agreements fully collateralized by United States Government obligations and provided such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.
- h. Other investments authorized for the BOCC by law, county ordinance, or resolution.

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

- a. The entire portfolio may be invested in United States Treasury securities with a maximum maturity length of ten-years, but investments in Treasury Strips are limited to ten percent of the portfolio.
- b. A maximum of fifty percent of the portfolio may be invested in the State of Florida's Florida PRIME.
- c. A maximum of fifty percent of the portfolio may be invested in United States Government agency securities, with no more than ten percent of the portfolio invested in any individual United States Government agency.
- d. A maximum of sixty percent of the portfolio may be invested in obligations of United States Government instrumentalities, with a maturity length of ten-years, provided that no more than thirty percent of the portfolio is invested in any one issuer and no more than twenty-five percent of the portfolio is invested in callable securities.
- 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 repurchase agreements of a single institution.
- f. A maximum of twenty percent of the portfolio may be invested in non-negotiable interest bearing certificates of deposit with a institution having deposits secured by the Florida Security for Public Deposits Act, provided that the maximum maturity on any certificate of deposit is no greater than one year and no more than ten percent of the portfolio is invested with any one issuer.
- g. A maximum of twenty percent of the portfolio may be invested in prime commercial paper (i.e. rated Prime-1 by Moody's, A-1 by Standard and Poor's, or AA by two nationally recognized rating agencies if backed by a letter of credit), provided no more than five percent of the portfolio is invested in the commercial paper of a single issuer. The maximum length to maturity shall be two hundred seventy days from the purchase date.

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- 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 and AA by Standard and Poor's) or short-term debt (rated MIG-2 by Moody's and SP-2 by Standard and Poor's).
- l. A maximum of twenty percent of the portfolio may be invested in banker's acceptances issued by a domestic bank or federally chartered domestic office of a foreign bank (rated P-1 by Moody's and A-1 by Standard and Poor's) with a maximum of five percent of available funds invested with any one issuer. The maximum length to maturity shall be one hundred eighty days from purchase date.
- m. Investment in reverse repurchase agreements is prohibited.
- n. The maximum maturities shown above may be exceeded if investments are acquired to fulfill long-term debt service reserve requirements in which case investments are permitted to have maturities dates throughout the term of the debt service reserve.

Deposits in excess of each fund's operating requirements are pooled and invested by the BOCC in various investments, as specified, to attain maximum yield. Investment earnings are distributed based on the average daily balance of each fund's equity in the pool or as prescribed by the investment ordinance. In accordance with bond resolutions or other legal agreements, certain deposits are invested outside the pool to prevent commingling of moneys.

(3) Accounts Receivable, net

Accounts receivable represents solid waste disposal fees charged to franchise haulers, delinquent residential special assessment fees, and other charges for services billed but not collected. The September 30, 2010 and 2009 accounts receivable balances of \$2,950 and \$3,844, respectively, were net of an allowance for doubtful accounts of \$70 and \$56, respectively.

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(4) Due From Other Governments

Due from other governments has two components. The first component is excess collection fees refunded by the Hillsborough County Tax Collector. These fees relate to residential special assessment collections. The second component is amounts due for unreimbursed operating grant expenditures. The amounts due were as follows:

	2010	2009
Due from Hillsborough County, Florida Tax Collector	\$936	\$915
Grant receivables	-	21
Total due from other governments	<u>\$936</u>	<u>\$936</u>

(5) Capital Asset Changes

Division capital asset activities for the fiscal years ended September 30, 2010 and 2009 were as follows:

(A) Fiscal Year 2010 Changes:

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

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

On September 30, 2010 and 2009, the Division's construction work in progress of \$4,655 and \$29,056, respectively, related to ongoing Resource Recovery Plant upgrades, to landfill capacity enhancement, and to regional waste collection and transfer station expansions.

(B) Fiscal Year 2009 Changes:

	Balance 10/01/08	Additions/ Transfers-in	Disposals/ Transfers-out	Balance 9/30/09
Capital assets, non-depreciable:				
Land	\$13,627	\$ -	\$ -	\$13,627
Construction work in progress	109,905	49,202	130,051	29,056
Total non-depreciable capital assets	123,532	49,202	130,051	42,683
Capital assets, depreciable:				
Buildings and utility plant	130,120	-	-	130,120
Building improvements	72,646	130,477	-	203,123
Equipment	14,805	1,663	1,335	15,133
Total depreciable capital assets	217,571	132,140	1,335	348,376
Less accumulated depreciation:				
Buildings and utility plant	(99,271)	(4,863)	-	(104,134)
Building improvements	(37,239)	(4,000)	-	(41,239)
Equipment	(9,927)	(1,847)	(1,161)	(10,613)
Total accumulated depreciation	(146,437)	(10,710)	(1,161)	(155,986)
Total depreciated capital assets, net	71,134	121,430	174	192,390
Total capital assets, net	<u>\$194,666</u>	<u>\$170,632</u>	<u>\$130,225</u>	<u>\$235,073</u>

During fiscal year 2009, substantially completed construction projects of \$130,051 were transferred from construction work in progress to building improvements. Also, accounting principles required capitalizing \$2,500 in long-term debt interest charges net of the related investment earnings to construction work in progress. The Division's construction work in progress of \$29,056 and \$109,905, respectively, related to ongoing Resource Recovery Plant upgrades, to landfill capacity enhancement, and to regional waste collection and transfer station expansions.

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(6) Current Liabilities

(A) Accounts and Contracts Payable

Accounts and contracts payable balances on September 30, 2010 and 2009 were as follows:

	2010	2009
Vouchers payable	\$14,897	\$14,624
Contracts payable	2,560	8,161
Total accounts and contracts payable	<u>\$17,457</u>	<u>\$22,785</u>

(B) Unearned Revenues

Unearned revenues represent that quarterly portion of the calendar year solid waste residential customer special assessment fee collected for the period October through December but not earned until the ensuing fiscal year. On September 30, 2010 and 2009, unearned special assessment revenues were \$14,313 and \$13,588, respectively.

(7) Noncurrent Liabilities

(A) Compensated Absences

Governmental accounting rules require recording a liability for unpaid compensated absences. On September 30, 2010 and 2009, the combined current and noncurrent accumulated compensated absence liabilities were \$785 and \$845, 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, 2010 and 2009, the combined unpaid principal of the Series 2006 bonds, including current maturities of \$0 and \$1,915, were \$148,625 and \$150,540, 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.

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

Under the Division's Bond resolution, R06-231, and BOCC Ordinance R06-28, operating revenues are pledged and distributed as follows: first, to payment of operations and maintenance costs; and, second, to annual debt service requirements on the outstanding bonds. More information is provided in the Rate Covenant Test in the Supplemental Information Section of this annual financial report.

A combined summary of the Series 2006A and 2006B bonds debt service including current maturities of \$0 follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2011	\$ -	\$7,035	\$7,035
2012	945	7,035	7,980
2013	2,070	6,997	9,067
2014	3,025	6,914	9,939
2015	4,355	6,763	11,118
2016-2020	25,250	30,323	55,573
2021-2025	32,225	23,345	55,570
2026-2030	40,885	14,692	55,577
2031-2034	39,870	4,584	44,454
Total principal and interest	148,625	\$107,688	\$256,313
Plus: deferred issue premium	2,549		
Revenue bonds payable, net	151,174		
Less current maturities	0		
Noncurrent revenue bonds payable , net	\$151,174		

(D) Other Noncurrent Liabilities

Open Landfill Closure and Postclosure Costs. On September 30, 2010 and 2009, the liability for landfill closure and postclosure care costs were \$29,207 and \$27,345, respectively. More information on these expenses and the related noncurrent liabilities is disclosed in Note 12(A).

Closed Landfill Remediation and Monitoring Costs. On September 30, 2010 and 2009, the Division had recorded liabilities of \$5,363 and \$5,603, respectively, related to potential remediation and monitoring costs at landfill sites closed prior to October 9, 1991. More information on these reserves is disclosed in Note 12(B).

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Arbitrage Rebate. The Series 2006 bond issue is subject to Section 148 of the Internal Revenue Code. Section 148 requires rebate to the federal government of all debt proceed investment earnings that exceed the related tax-exempt debt interest costs. On September 30, 2010 and 2009, the arbitrage rebate liability was \$231 for both fiscal years.

Pollution Remediation Obligation: During fiscal year 2007, the Florida Department of Environmental Protection (FDEP) issued a draft consent order (CO) after discovering indicators of groundwater pollution outside of the Division's closed Northwest Landfill regulated and permitted discharge area. Responding to the draft CO, Division management commenced a pollution assessment and, with BOCC approval, appropriated \$206 to reimburse the FDEP for certain costs, and to commence remediation action. On September 2, 2009, the FDEP issued the final CO in the agreed upon amount of \$206. As the incident occurred prior to fiscal year 2009, the Division was required to reduce beginning fiscal year 2009 Net Assets by \$206, from \$134,260 to \$134,054. The Division classified the pollution remediation obligation (PRO) on September 30, 2010 and 2009 as follows:

	2010	2009
PRO - current portion	\$144	\$100
PRO - noncurrent portion	-	106
Total PRO	<u>\$144</u>	<u>\$206</u>

There were no applicable remediation costs incurred during fiscal years 2010 and 2009.

A summary of other noncurrent liabilities on September 30, 2010 and 2009, including current maturities of \$287 and \$225, respectively, was as follows:

	2010	2009
Landfill closure and postclosure costs	\$29,207	\$27,345
Pollution remediation	144	206
Arbitrage rebate	231	231
Closed landfill remediation	5,363	5,603
Total other liabilities	<u>34,945</u>	<u>33,385</u>
Less current maturities	(287)	(225)
Other noncurrent liabilities	<u>\$34,658</u>	<u>\$33,160</u>

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On September 30, 2010, these amounts were scheduled for payment in fiscal year ending (FYE) as follows:

FYE September 30,	Amount	FYE September 30,	Amount
2011	\$287	2021-2025	\$350
2012	70	2026-2030	350
2013	301	2031-2035	350
2014	70	2036-2040	13,704
2015	70	2041-2045	5,225
2016-2020	350	2046-2050	5,225
		2051-2055	8,593
Total other noncurrent liabilities			\$34,945

(E) Changes in Total Noncurrent Liabilities

The change in the Division's total noncurrent liabilities for the fiscal years ended September 30, 2010 and 2009 were as follows:

Fiscal Year 2010 Changes:

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

Fiscal Year 2009 Changes:

	Restated Balance 10/1/08	Additions	Reductions	Balance 09/30/09	Due within one year
2006A and 2006B bonds	\$155,065	\$ -	\$4,525	\$150,540	\$1,915
2006 bonds-deferred issue premium	2,892	-	174	2,718	-
Compensated absences	837	580	572	845	572
Landfill closure and postclosure care costs	26,231	1,114	-	27,345	-
Closed landfill remediation	5,728	-	125	5,603	125
Pollution obligation-GASB 49	206	-	-	206	100
Arbitrage rebate	450	-	219	231	-
Total noncurrent liabilities	\$191,409	\$1,694	\$ 5,615	\$187,488	\$2,712

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(8) Net Asset Restrictions

Under governmental accounting standards, restricted net assets are either: (a) restricted externally by constraints imposed by creditors through bond covenants, grant agreements and laws; or (b) restricted by enabling legislation to the sole purpose specified by that legislation. The Division restricts net assets in accordance with these requirements as follows:

	September 30,	
	2010	2009
Bond covenants and debt service	\$24,747	\$18,155
Total restricted net assets	\$24,747	\$18,155

(9) Defined Benefit Pension Plan

Plan Description. With a few exceptions, all full and part-time Division 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) to participants.

DROP provides payment of FRS member retirement benefits for a maximum of five years. Under this program, an employee may retire and have his benefits accumulate in the FRS Trust Division, earning interest, while continuing to work for a system employer. When the DROP period ends, employment terminates, the employee receives payment of the accumulated DROP benefits, and the monthly retirement benefits or investment plan withdrawals commence.

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. Average final compensation is the average of the employee's five highest fiscal years of salary earned during credited service. Regular class employees who retire at 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. Final average compensation is equal to the average of the employee's five highest years of salary earned during credited service. Vested employees with less than thirty years of service 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. Additionally, the Division provides post-employment benefits in the form of a health insurance stipend based on an employee's credit years of service. The stipend is provided until the employee qualifies for Medicare.

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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, 2009. 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. FRS is noncontributory for members. Governmental employers are required to make contributions to the FRS based on established contribution rates. FRS establishes contribution rates by calendar year. For fiscal years 2010 and 2009, the contribution rate for the regular job classification was 9.85% of covered payroll. The Division's contributions to the FRS for the fiscal years ended September 30, 2008 through 2010 were \$626, \$629, and \$604, respectively, which equaled each fiscal year's actuarially determined contribution. All pension expenses and related liabilities are recorded in the financial statements in accordance with governmental accounting standards. The Division's pension expenses and related liabilities, which are included in accrued liabilities at year-end, were reported in conformity with GASB No. 27, *Accounting for Pensions by State and Local Governmental Employers*.

(10) Other Post-Employment Benefits (OPEB)

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

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

On September 30, 2010, the BOCC's annual OPEB cost, as calculated by an independent actuary in accordance with GASB 45, was \$5.2 million. This annual cost represents a thirty-year annual funding level, that will subsidize 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 2010 and 2009, the BOCC OPEB liability allocated to and paid by the Division was \$37 and \$92, respectively. For fiscal year 2011, the Division's budgeted OPEB expense is \$48.

(11) Outstanding Purchase Orders and Contracts

On September 30, 2010 and 2009, outstanding purchase orders and contracts were \$6,161 and \$9,681 respectively.

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(12) Accounting for Municipal Solid Waste Landfill Financial Responsibilities

(A) Open Landfill

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

GASB 18 requires the Division to record a portion of the future closure and postclosure care costs as a current period operating expense and as a noncurrent liability based on the cumulative amount of landfill capacity consumed as of each balance sheet date. Division management estimates, based on an independent engineer's cost projection on September 30, 2010, that total future closure and postclosure care costs will be \$63,764. The actual costs for future landfill closure and postclosure care costs may differ from projections due to inflation, deflation, technology, and environmental law changes. Of the total cost projection of \$63,764, life to date liabilities of \$29,207 and \$27,345 were recorded on September 30, 2010 and 2009, respectively, based on the amount of cubic yards consumed as of those dates. For the fiscal years ended September 30, 2010 and 2009, the Division recorded future closure and postclosure care expenses of \$1,862 and \$1,114, respectively.

The Division'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 46,460cy. Each section is treated separately and will close on different dates. On September 30, 2010, the total future closure and postclosure care liabilities for Sections One and Two were \$50,462 and \$13,302, respectively. On September 30, 2010, Section One and Two closure cost liabilities, based on management's calculations, were \$28,461 and \$746, respectively, for a combined liability of \$29,207. These pro-rated liabilities were calculated based on the amount of cubic yards consumed by section. On September 30, 2010, management calculated that 12,773cy or 63.7% of the Section One landfill capacity and 1,481y or 5.6% of the Section Two landfill was fully consumed. The Division will record the combined projected future balance of the closure and postclosure care costs of \$34,557, as adjusted by future estimated cost revisions, as the remaining capacity is consumed by section. The Division anticipates closing Section One in fiscal year 2038 and Section Two in 2051. On September 30, 2010 and 2009, the Division had restricted assets of \$34,920 and \$34,269, respectively, to meet future landfill closure and long-term postclosure care obligations.

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(B) Closed Landfills

Division 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, 2010 and 2009, the estimated liability for future remediation and monitoring costs of these closed landfill sites was \$5,363 and \$5,603, respectively.

(C) Fiscal Responsibility for Future Landfill Closure Costs

Division management, as required by state law, must certify annually that sufficient financial resources are available to pay future landfill closure and postclosure care costs. Management chose an annual financial test to comply with this requirement. This financial test requires a governmental entity to demonstrate that its tangible net worth is at least six times greater than the combined total estimated amount of closure and postclosure care costs as of the balance sheet date. The BOCC net assets are used to meet this test. As of September 30, 2010 and 2009, management believes the Division was compliant with all financial responsibility requirements.

(13) Contingencies

(A) Litigation

The Division 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 Division's financial condition.

(B) Landfills

The Division conducts monitoring and maintenance programs at closed landfill sites to detect potential environmental contamination incidents. If contamination is detected, the Division will submit a plan to the Florida Department of Environmental Protection to correct the problems detected. On September 30, 2010 and 2009, the estimated liability for future remediation and monitoring costs of those closed landfill sites was \$5,363 and \$5,603, respectively.

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

(C) State and Federal Grants

Grants received and disbursed by the Division are for specific purposes and are subject to review by grantor agencies and their independent auditors. Such audits may result in requests for repayments due to disallowed expenditures. Management believes that such repayments, if any, would not materially affect the Division's financial condition on September 30, 2010 and 2009.

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(14) Subsequent Event

Southeast Landfill Sinkhole

On December 14, 2010, a sinkhole developed along the west side of Phase VI of the Southeast County Landfill, within the footprint of Phases I-VI. Waste Management Inc. of Tampa, the landfill operator, ceased placing waste in Phases I-VI and relocated the active working face to Section 9 of the Capacity Expansion Area. Division management immediately directed engineers, sinkhole experts, and other individuals to begin evaluating the sinkhole, preparing preliminary plans to remediate the sinkhole, and to monitor for potential environmental impacts. Based on the last measurement, the sinkhole was approximately one hundred and twenty-nine feet wide and sixty feet below the pre-sinkhole grade. The soil and waste volume displaced into the hole is thirty-five percent ash from the County's and City of Tampa's waste-to-energy facilities, thirty-five percent other waste, and thirty percent soil. As the clay liner slopes to the east, the potential for leachate (contaminated water escaping the landfill) and entering the sinkhole is considered minimal. The Southeast County Landfill site was developed in this area because it was not prone to sinkhole development. The appearance of this sinkhole was unexpected and the cause is unknown.

The Division's current priorities are monitoring for potential environmental impacts, remediating the sinkhole, and, remediating impacts to the environment, if necessary. Recent groundwater sampling shows no impact on the water quality in the upper Floridan aquifer. The Division installed two additional groundwater monitoring wells west and down-gradient of the sinkhole to monitor the upper Floridan and surficial aquifers. As a result, the Division plans to evaluate samples weekly from eleven groundwater monitoring wells, three surface water sampling points, and selected private water wells, to assess the condition of surface water in the upper Floridan and surficial aquifers.

On December 22, 2010, the County submitted a sinkhole action plan to the Florida Department of Environmental Protection (FDEP). In addition, a detailed sinkhole stabilization plan was submitted to the FDEP on January 12, 2011. The initial plan is to stabilize the sinkhole by injecting concrete grout under the soil and waste plug that has formed at the bottom of the sinkhole. Next, the soils and wastes near the sinkhole will be excavated to provide a safe working area for further investigation and remediation. Then a complete geotechnical and geophysical investigation will be done to understand the sinkhole formation and to develop a final remediation plan for submission to the FDEP. The final remediation plan is expected to include repair of the clay liner with a liner that is of equal or greater permeability and structural strength compared to the pre-sinkhole liner system. The financial impact of this sinkhole or related remediation efforts cannot be determined until a complete geotechnical and geophysical investigation and monitoring well sampling results are evaluated.

As agreed to by the FDEP, the Division will continue to operate a pump station to minimize the potential for leachate buildup over the sinkhole liner within the west perimeter of Phases I-VI. In addition, to ensure surrounding areas are not affected by negative pressure, gas collection within a two-hundred foot radius of the sinkhole was discontinued and a new isolation valve was installed in the sinkhole area for landfill gas collection and control. Also, berms and stormwater piping were installed to divert stormwater away from the sinkhole area.

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Division management expects to complete the entire sinkhole remediation project, including repair of the clay liner, and submission of the Construction Quality Assurance Certification to the FDEP by September 2011. It is important to note, this schedule is aggressive and delays may occur due to unanticipated work requirements, problems during remediation efforts, and inclement weather.

Source: Sinkhole Action Plan, Hillsborough County Southeast County Landfill FDEP Permit No. 35435-014-SO/01 submitted to FDEP by Solid Waste Management Division of Public Utilities Department December 22, 2010:
<http://www.hillsboroughcounty.org/solidwaste/resources/sinkhole/SinkholeActionPlan122210.pdf>

Supplemental Information

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE MANAGEMENT DIVISION ENTERPRISE FUND
COMPARISON OF ACTUAL REVENUES AND EXPENSES
TO BUDGET
UNAUDITED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010
(Amounts in Thousands)**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>CHANGE POSITIVE (NEGATIVE)</u>
Operating revenues:			
Charges for services	\$ 100,374	\$ 97,793	\$ (2,581)
Operating expenses:			
Personal services	8,824	7,710	1,114
Contractual services	68,160	64,750	3,410
Communication services	440	266	174
Fleet services	2,688	1,728	960
Repairs and maintenance	1,007	442	565
Utilities	1,455	1,207	248
Supplies	262	136	126
Landfill closure and postclosure care	1,862	1,862	-
Other	949	915	34
Total operating expenses before depreciation expense	<u>85,647</u>	<u>79,016</u>	<u>6,631</u>
Operating income before depreciation expense	<u>\$ 14,727</u>	<u>18,777</u>	<u>\$ 4,050</u>
Depreciation expense *		14,251	
Operating income		<u>\$ 4,526</u>	

* Depreciation expense is not budgeted.

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

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL
2011	-	\$ 5,194	\$ 5,194
2012	945	5,194	6,139
2013	-	5,156	5,156
2014	3,025	5,156	8,181
2015	-	5,005	5,005
2016	1,900	5,005	6,905
2017	4,800	4,910	9,710
2018	5,035	4,670	9,705
2019	5,290	4,417	9,707
2020	5,555	4,153	9,708
2021	5,830	3,875	9,705
2022	6,125	3,584	9,709
2023	6,430	3,277	9,707
2024	6,750	2,956	9,706
2025	7,090	2,618	9,708
2026	7,445	2,264	9,709
2027	-	1,892	1,892
2028	-	1,892	1,892
2029	-	1,892	1,892
2030	2,175	1,892	4,067
2031	9,320	1,794	11,114
2032	9,740	1,375	11,115
2033	10,175	936	11,111
2034	10,635	479	11,114
	<u>\$ 108,265</u>	<u>\$ 79,586</u>	<u>\$ 187,851</u>

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

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL
2011	-	\$ 1,841	\$ 1,841
2012	-	1,841	1,841
2013	2,070	1,841	3,911
2014	-	1,758	1,758
2015	4,355	1,758	6,113
2016	2,670	1,540	4,210
2017	-	1,407	1,407
2018	-	1,407	1,407
2019	-	1,407	1,407
2020	-	1,407	1,407
2021	-	1,407	1,407
2022	-	1,407	1,407
2023	-	1,407	1,407
2024	-	1,407	1,407
2025	-	1,407	1,407
2026	-	1,407	1,407
2027	7,815	1,407	9,222
2028	8,170	1,055	9,225
2029	8,535	688	9,223
2030	6,745	303	7,048
	<u>\$ 40,360</u>	<u>\$ 28,102</u>	<u>\$ 68,462</u>

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE MANAGEMENT DIVISION ENTERPRISE FUND
RATE COVENANT TESTS
UNAUDITED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010
(Amounts in Thousands)**

		<u>REQUIREMENTS</u>	
		<u>1</u>	<u>2</u>
Operating revenues	\$97,793		
Operating grant revenue	100		
Investment earnings	2,854		
Less: Fair value change	663		
Debt service account investment earnings	49		
2006 bond proceeds investment earnings	371		
Landfill closure escrow account investment earnings	497		
Total gross revenues		\$ 99,167	\$ 99,167
Total operating expenses	93,267		
Less depreciation expense	14,251		
Total cost of operation and maintenance		79,016	79,016
Net revenues		20,151	20,151
Bond service requirements:			
Series 2006 bonds - interest requirement	7,105		
Series 2006 bonds - principal requirement	1,915		
Total debt service requirement	9,020		
Less debt service sinking fund investment earnings	49		
Total bond service requirements		8,971	8,971
10% of bond service requirements		897	-
Total bond service requirements		9,868	8,971
Other required deposits:			
Renewal and replacement account		2,390	-
Total funds required		91,274	87,987
Excess funds available -- September 30, 2010		\$ 7,893	\$ 11,180
Ratio		1.086	1.127
Required ratio		1.000	1.000

Ratio 1 = Gross revenues divided by total requirements.

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

**HILLSBOROUGH COUNTY, FLORIDA
SOLID WASTE RESOURCE RECOVERY ENTERPRISE FUND
RATE COVENANT TESTS
UNAUDITED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

REQUIREMENTS

For the fiscal year ended September 30, 2010, the following requirements as stated in Ordinance Number 06-28 and Resolution Number 06-231, (collectively the Bond Ordinance) Article XI, Section 11.04 was met as follows:

- 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;
- 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; and,

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE MANAGEMENT DIVISION ENTERPRISE FUND
RATE COVENANT TEST EXCESS FUNDS RECONCILED
TO CHANGE IN NET ASSETS
UNAUDITED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010
(Amounts in Thousands)**

Excess rate covenant test funds - September 30, 2010	<u>\$ 7,893</u>
Items considered in determining change in net assets, but not considered for rate covenant requirements:	
Depreciation expense	(14,251)
Difference in interest expense:	
Statement of Revenues, Expenses and Changes in Net Assets	\$ 6,434
Rate Covenant Test	<u>7,105</u> 671
Landfill closure escrow account investment earnings	497
Bond proceed investment earnings	371
Fair value change	663
Asset disposal gain	22
Other nonoperating revenues	50
Other nonoperating expenses	(151)
Items considered for rate covenant requirements, but not considered for determining the change in net assets:	
Renewal and replacement account deposit	2,390
Bond principal payment	1,915
Additional 10% of bond service requirement	897
Change in net assets, September 30, 2010	<u><u>\$ 967</u></u>

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE MANAGEMENT DIVISION ENTERPRISE FUND
SCHEDULE OF RESTRICTED RECEIPTS AND DISBURSEMENTS
FOR ACCOUNTS RESTRICTED BY BOND COVENANT OR BY BOCC POLICY
UNAUDITED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010
(Amounts in Thousands)**

	Restricted by Bond Covenant or by Law						Restricted by BOCC Policy						Total Division
	2006 Bond Proceeds	Debt Service Sinking	Renewal and Replacement	General Purpose	Operating Grants	Rate Stabilization	Restricted Totals	Southeast Landfill Closure Cells I-VI	Southeast Landfill Closure Cells VII-VIII	Northwest Landfill Closure	Closed Landfill Maintenance	Internal Capital Improvement	
Balance, October 1, 2009	\$ 23,798	\$ 837	\$ 10,039	\$ 4,793	\$ -	\$ 2,486	\$ 41,953	\$ 32,846	\$ 1,423	\$ 219	\$ 942	\$ 1,947	\$ 79,330
Receipts:													
Beginning Balance	-	-	-	-	-	-	0	-	-	-	-	13,907	13,907
Investment earnings from construction accounts	371	-	-	-	-	-	371	-	-	-	-	199	570
Investment earnings from debt service/reserve accounts	-	49	-	-	-	-	49	-	-	-	-	-	49
Investment earnings from other reserve accounts	-	-	-	-	-	-	0	476	21	-	-	-	497
Fair value change	113	24	-	-	-	-	137	148	6	-	-	65	356
Operating grant revenue	-	-	-	-	100	-	100	-	-	-	-	-	100
Transfers-in from non-revenue accounts	-	-	103	-	-	72	175	-	-	-	73	-	248
Transfers-in from the revenue account	-	8,832	2,390	1,298	-	4,649	17,169	-	-	-	1,425	1,700	20,294
Total receipts	484	8,905	2,493	1,298	100	4,721	18,001	624	27	0	1,498	15,871	36,021
Disbursements:													
Expenditures	8,179	-	1,702	-	100	-	9,981	-	-	-	1,447	4,356	15,784
Interest payments	-	7,105	-	-	-	-	7,105	-	-	-	-	-	7,105
Principal payments	-	1,915	-	-	-	-	1,915	-	-	-	-	-	1,915
Transfers-out to non-revenue accounts	-	-	-	103	-	-	103	-	-	73	-	72	248
Total disbursements	8,179	9,020	1,702	103	100	0	19,104	0	0	73	1,447	4,428	25,052
Balance, September 30, 2010	\$ 16,103	\$ 722	\$ 10,830	\$ 5,988	\$ -	\$ 7,207	\$ 40,850	\$ 33,470	\$ 1,450	\$ 146	\$ 993	\$ 13,390	\$ 90,299
	(1)	(2)	(2)	(2)		(2)		(3)	(3)	(3)	(3)	(3)	

Investment earnings from the Renewal and Replacement, General Purpose, Northwest Landfill long-term maintenance, Closed Landfill Maintenance, Capital Improvement, and the Rate Stabilization accounts were deposited in the General Revenue Account. The investment earnings on these accounts, including the fair value change, was \$471.

Net Asset Distribution:	
(1) Restricted - bond proceeds, included in capital assets, net of related debt	\$16,103
(2) Restricted - bond covenants and debt service	24,747
Total restricted	\$40,850
(3) Unrestricted - BOCC Policy	49,449
Total restricted and unrestricted	\$90,299

**HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
SOLID WASTE MANAGEMENT DIVISION 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 Division's financial management and performance.

Schedules:

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

Debt Capacity Information:

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

Schedules:

- Outstanding Debt Compared to Net Assets
- Rate Covenant Tests

General Operating Data:

- 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 MANAGEMENT DIVISION ENTERPRISE FUND
UNAUDITED**

Financial Trend Schedules:

**Net Assets by Component
Fiscal Years - 2001 through 2010
(amounts in thousands)**

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

	2010	2009	Restated 2008	2007	2006	2005	2004	2003	2002	2001
Invested in capital assets, net of related debt	\$98,636	\$98,510	\$94,407	\$86,388	\$79,715	\$69,694	\$61,459	\$50,700	\$49,637	\$31,230
Restricted net assets	24,747	18,155	23,828	19,708	15,484	16,968	15,531	40,706	39,921	55,238
Unrestricted net assets	39,685	45,436	37,052	27,958	29,759	29,633	32,994	13,490	15,323	13,376
Total net assets	\$163,068	\$162,101	\$155,287	\$134,054	\$124,958	\$116,295	\$109,984	\$104,896	\$104,881	\$99,844

**Current Ratio
Fiscal Years - 2001 through 2010
(amounts in thousands)**

This schedule shows the Division'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.

	2010	2009	Restated 2008	2007	2006	2005	2004	2003	2002	2001
Current assets	\$145,706	\$149,939	\$187,428	\$235,966	\$100,062	\$97,931	\$97,850	\$113,609	\$109,624	\$111,327
Current liabilities	\$34,179	\$40,565	\$43,193	\$37,140	\$29,973	\$28,800	\$28,532	\$25,223	\$24,425	\$24,253
Ratio	4.3:1	3.7:1	4.3:1	6.4:1	3.3:1	3.4:1	3.4:1	4.5:1	4.4:1	4.6:1

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

Financial Trend Schedules (Continued):

**Return on Capital Assets
Fiscal Years - 2001 through 2010
(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.

	2010	2009	Restated 2008	2007	2006	2005	2004	2003	2002	2001
Change in net assets	\$967	\$6,814	\$21,233	\$9,096	\$8,663	\$6,311	\$5,088	\$15	\$5,037	\$13,614
Average total capital assets	\$235,187	\$214,870	\$162,650	\$112,272	\$94,605	\$96,684	\$100,579	\$106,898	\$109,713	\$110,786
Return on Capital Assets	0.4%	3.2%	13.1%	8.1%	9.2%	6.5%	5.1%	0.0%	4.6%	12.3%

**Accounts Receivable Turnover on a 365 collection day basis
Fiscal Years - 2001 through 2010
(amounts in thousands)**

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

	2010	2009	Restated 2008	2007	2006	2005	2004	2003	2002	2001
Charges for services	\$97,793	\$94,840	\$91,966	\$84,138	\$81,651	\$77,562	\$73,595	\$69,570	\$66,219	\$65,257
Average accounts receivable	\$3,397	\$3,715	\$3,847	\$3,800	\$3,364	\$3,329	\$3,099	\$3,953	\$4,441	\$3,825
Accounts Receivable Turnover Days	12.7	14.3	15.3	16.5	15.1	15.7	15.4	20.8	24.5	21.4

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

Financial Trend Schedules (Continued):

**Revenues, Expenses, and Changes in Net Assets
Fiscal Years - 2001 through 2010
(amounts in thousands)**

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

	2010	2009	Restated 2008	2007	2006	2005	2004	2003	2002	2001
Operating revenues:										
Charges for services	\$97,793	\$94,840	\$91,966	\$84,138	\$81,651	\$77,562	\$73,595	\$69,570	\$66,219	\$65,257
Operating expenses:										
Personal services	7,710	9,377	9,173	9,218	8,620	8,159	7,711	6,761	6,344	6,008
Contractual services	64,750	63,487	56,418	53,560	49,944	47,760	44,676	42,653	40,973	38,132
Communication services	266	278	352	364	272	268	347	463	450	490
Fleet services	1,728	1,712	2,379	2,365	2,613	2,628	2,227	1,484	1,498	1,492
Repairs and maintenance	442	484	607	398	354	370	397	553	350	455
Utilities	1,207	1,296	1,121	1,055	1,194	924	1,079	926	741	909
Supplies	136	158	182	126	134	202	184	188	107	134
Landfill closure and post closure care	1,862	1,114	(7,278)	2,388	3,008	2,292	1,582	2,040	1,957	-
Depreciation	14,251	10,710	10,862	10,321	10,069	9,845	9,586	9,718	8,905	8,471
Other	915	814	957	1,028	856	657	516	1,281	1,179	2,135
Total operating expenses	93,267	89,430	74,773	80,823	77,064	73,105	68,305	66,067	62,504	58,226
Operating income	\$4,526	\$5,410	\$17,193	\$3,315	\$4,587	\$4,457	\$5,290	\$3,503	\$3,715	\$7,031
No operating revenues (expenses):										
Investment earnings	2,854	5,633	8,604	11,005	4,863	2,490	1,526	2,507	5,865	10,060
Interest expense	(6,434)	(4,603)	(4,833)	(5,557)	(1,118)	(1,603)	(3,250)	(3,920)	(4,418)	(4,873)
Gain on asset disposals	22	218	398	181	163	62	-	-	-	-
Other revenues	150	310	27	192	284	286	1,707	220	178	1,599
Other expenses	(151)	(154)	(156)	(120)	(116)	(167)	(185)	(2,295)	(303)	(203)
Total nonoperating (expenses) revenues	(3,559)	1,404	4,040	5,701	4,076	1,068	(202)	(3,488)	1,322	6,583
Income before contributions and transfers	\$967	\$6,814	\$21,233	\$9,016	\$8,663	\$5,525	\$5,088	\$15	\$5,037	\$13,614
Capital contributions	-	-	-	80	-	-	-	-	-	-
Transfers in	-	-	-	-	-	786	-	-	-	-
Change in net assets	\$967	\$6,814	\$21,233	\$9,096	\$8,663	\$6,311	\$5,088	\$15	\$5,037	\$13,614
Net assets, beginning of year	162,101	155,287	134,054	124,958	116,295	109,984	104,896	104,881	99,844	86,230
Net assets, end of year	\$163,068	\$162,101	\$155,287	\$134,054	\$124,958	\$116,295	\$109,984	\$104,896	\$104,881	\$99,844

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

Financial Trend Schedules (Continued):

**Charges for Services - Components
Fiscal Years - 2001 through 2010
(amounts in thousands)**

This schedule identifies the principal components of charges for services.

	Restated																			
	2010	PCT	2009	PCT	2008	PCT	2007	PCT	2006	PCT	2005	PCT	2004	PCT	2003	PCT	2002	PCT	2001	PCT
Residential disposal assessments	\$ 23,858	24.4%	\$22,665	23.9%	\$22,035	24.0%	\$20,381	24.2%	\$19,458	23.8%	\$18,382	23.7%	\$17,543	23.8%	\$16,861	24.2%	\$16,270	24.6%	\$15,842	24.3%
Residential collection assessments	30,782	31.5%	28,065	29.6%	24,040	26.1%	19,737	23.5%	19,060	23.3%	17,927	23.1%	16,189	22.0%	14,914	21.4%	14,362	21.7%	14,045	21.5%
Franchise haulers	15,566	15.9%	16,905	17.8%	18,373	20.0%	17,678	21.0%	16,817	20.6%	17,082	22.0%	17,268	23.5%	16,399	23.6%	16,519	24.9%	15,856	24.3%
Electricity generation revenues	18,726	19.1%	18,984	20.0%	17,129	18.6%	16,542	19.7%	15,812	19.4%	14,921	19.2%	13,871	18.8%	13,416	19.3%	11,664	17.6%	9,677	14.8%
Municipal disposal fees	4,519	4.6%	4,785	5.0%	5,656	6.2%	5,267	6.3%	6,140	7.5%	5,344	6.9%	5,530	7.5%	5,071	7.3%	4,692	7.1%	7,385	11.3%
Commercial disposal fees	3,251	3.3%	3,026	3.2%	4,056	4.4%	3,935	4.7%	3,579	4.4%	3,524	4.5%	2,866	3.9%	2,690	3.9%	2,454	3.7%	2,322	3.6%
Recycle revenues	333	0.4%	321	0.4%	612	0.6%	553	0.5%	714	0.9%	345	0.6%	312	0.5%	179	0.3%	131	0.2%	102	0.2%
Other general operating revenues	758	0.8%	89	0.1%	65	0.1%	45	0.1%	71	0.1%	37	0.0%	16	0.0%	40	0.0%	127	0.2%	28	0.0%
Charges for services	\$97,793	100.0%	\$94,840	100.0%	\$91,966	100.0%	\$84,138	100.0%	\$81,651	100.0%	\$77,562	100.0%	\$73,595	100.0%	\$69,570	100.0%	\$66,219	100.0%	\$65,257	100.0%

**Other Non-Operating Revenues
Fiscal Years - 2001 through 2010
(amounts in thousands)**

This schedule identifies the principal components of other nonoperating revenues.

	Restated																			
	2010	PCT	2009	PCT	2008	PCT	2007	PCT	2006	PCT	2005	PCT	2004	PCT	2003	PCT	2002	PCT	2001	PCT
Investment earnings	\$ 2,854	94.3%	\$5,633	91.4%	\$8,604	95.3%	\$11,005	96.0%	\$4,863	91.6%	\$2,490	68.7%	\$1,526	47.2%	\$2,507	91.9%	\$5,865	97.1%	\$10,060	85.0%
Other general revenues	172	5.7%	528	8.6%	425	4.7%	373	3.3%	447	8.4%	348	9.6%	1,707	52.8%	220	8.1%	178	2.9%	1,777	15.0%
Capital contributions	-	-	-	-	-	-	80	0.7%	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	786	21.7%	-	-	-	-	-	-	-	-
Total other non-operating revenue	\$ 3,026	100.0%	\$6,161	100.0%	\$9,029	100.0%	\$11,458	100.0%	\$5,310	100.0%	\$3,624	100.0%	\$3,233	100.0%	\$2,727	100.0%	\$6,043	100.0%	\$11,837	100.0%

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

**Outstanding Debt Compared to Net Assets
Fiscal Years - 2001 through 2010
(amounts in thousands)**

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

	2010	2009	Restated 2008	2007	2006	2005	2004	2003	2002	2001
Bonds outstanding	\$148,625	\$150,540	\$155,065	\$157,350	\$14,365	\$26,040	\$37,425	\$62,720	\$71,400	\$79,655
Net assets	\$163,068	\$162,101	\$155,287	\$134,054	\$124,958	\$116,295	\$109,984	\$104,896	\$104,881	\$99,844
Percent	91.1%	92.9%	99.9%	117.4%	11.5%	22.4%	34.0%	59.8%	68.1%	79.8%

**Rate Covenant Tests
Fiscal Years - 2001 through 2010
(amounts in thousands)**

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

	2010	2009	Restated 2008	2007	2006	2005	2004	2003	2002	2001
Gross Covenant Revenues	\$99,167	\$97,217	\$94,817	\$93,624	\$84,716	\$80,428	\$76,089	\$73,359	\$70,305	\$72,046
Operating expenses	79,016	78,720	63,911	70,502	66,995	63,260	58,719	56,349	53,599	49,755
Net Debt service	8,971	11,691	9,560	588	12,053	12,339	12,146	11,391	11,559	11,505
10% of net debt service	897	1,169	956	59	1,205	1,234	1,215	1,139	1,156	1,151
Total debt service	9,868	12,860	10,516	647	13,258	13,573	13,361	12,530	12,715	12,656
Other requirements	2,390	846	1,343	1,684	1,624	1,370	694	378	1,392	2,091
Total requirements	\$91,274	\$92,426	\$75,770	\$72,833	\$81,877	\$78,203	\$72,774	\$69,257	\$67,706	\$64,502
Excess funds available	\$7,893	\$4,791	\$19,047	\$20,791	\$2,839	\$2,225	\$3,315	\$4,102	\$2,599	\$7,544
Test 1 (Required ratio = 1.00)	1.086	1.052	1.251	1.285	1.035	1.028	1.046	1.059	1.038	1.117
Test 2 (Required ratio = 1.00)	1.127	1.075	1.291	1.317	1.072	1.064	1.074	1.083	1.079	1.176

Ratio 1 = Gross revenues divided by total requirements.

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

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

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

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Number of full time employees	159	154	154	154	150	143	143	139	137	137
Solid Waste tonnage buried in the landfill	258,815	393,653	517,024	573,296	506,269	568,452	515,840	486,514	448,854	532,846
Solid Waste tonnage incinerated	545,389	405,708	347,355	351,665	360,259	350,408	362,891	359,793	359,001	345,147
Yard and Wood Waste tonnage processed	138,083	152,720	172,397	198,867	200,924	212,805	173,186	150,699	130,878	107,781

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 hurricane damage.

Sources:

Solid Waste Management Division Enterprise Fund Audited Annual Financial Reports for Fiscal Years 2001 through 2010.
FAMIS: Solid Waste Management Division