Public Utilities Department

Hillsborough County

Annual Financial Report

Water Enterprise Fund

For Fiscal Years Ended
September 30, 2013 and 2012

HILLSBOROUGH COUNTY, FLORIDA

PUBLIC UTILITIES DEPARTMENT

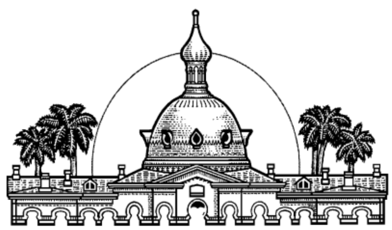
WATER ENTERPRISE FUND

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012

Prepared by:

FINANCE DEPARTMENT
CLERK OF CIRCUIT COURT
PAT FRANK, Clerk

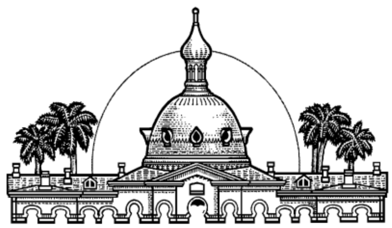


HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
WATER ENTERPRISE FUND
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2013

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

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

Appointed Officials
Mike Merrill, County Administrator
George Cassidy, Director, Public Utilities Department, Water Enterprise Fund



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

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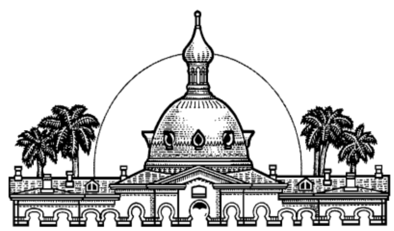


Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

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

Cherry Bekaert LLP

Tampa, Florida
March 24, 2014

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor
on Bond Compliance

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

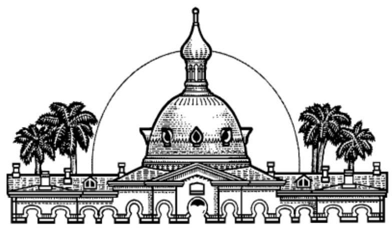
We have audited, in accordance with auditing standards generally accepted in the United States, the basic financial statements of the Hillsborough County, Florida, Water Enterprise Fund (the “System”), an enterprise fund of Hillsborough County, Florida, as of and for the year ended September 30, 2013, and have issued our report thereon dated March 24, 2014.

In connection with our audit, nothing came to our attention that caused us to believe the System failed to comply with the terms, covenants, provisions, or conditions of Article XI of Hillsborough County Resolution No. R03-112, dated June 4, 2003, governing the Refunding Utility Revenue Bonds, Series 2001, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of any such noncompliance.

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

Cherry Bekaert LLP

Tampa, Florida
March 24, 2014



FINANCIAL STATEMENTS

HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
WATER ENTERPRISE FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012

The Hillsborough County Water Enterprise Fund (System) presents the following review of its financial activities for the fiscal years ended September 30, 2013 and 2012. Readers of these financial statements are encouraged to consider this information together with the accompanying financial statement notes to obtain a comprehensive view of the System's financial position and operating results for the fiscal years ended September 30, 2013 and 2012. All amounts, unless otherwise stated, are presented in thousands of dollars.

Fiscal Year 2013
Financial Summary

❒ Fiscal year 2013 operating revenues of $205,197 were $2,998 or 1.5% higher than fiscal year 2012 revenues of $202,199. The increase was primarily due to automatic user rate index adjustments based on an index factor published by the Florida Public Service Commission together with an increase in System customers over last year.

❒ The System recognized $19,925 in capital contributions from impact fees and developer constructed capital improvements.

❒ The System exceeded its rate covenant test requirements by the following amounts:

Test Requirements	**I**	**II**	**III**
Excess Funds over Requirements	$60,648	$67,388	$58,882

The fiscal year 2013 Change in Net Position was $41,530. This was an increase of $6,317 or 17.9% over the $35,213 fiscal year 2012 Change in Net Position. This change was primarily due to increases in operating revenues and capital contributions. The System's Net Position on September 30, 2013, was $1,211,784 compared to $1,170,254 on September 30, 2012.

Fiscal Year 2012
Financial Summary

❒ Fiscal year 2012 operating revenues of $202,199 were $5,687 or 2.9% higher than fiscal year 2011 revenues of $196,512. The increase was attributed to the following: the Purchase Water Pass Through Consumption Charge changed from two dollars and seventy-seven cents to two dollars and ninety-three cents or 5.8% per thousand gallons effective October 1, 2011; increased water consumption enhanced by a return to twice-weekly lawn irrigation; and, automatic user rate index adjustments based on an index factor published by the Florida Public Service Commission.

❒ The System recognized $15,330 in capital contributions from impact fees and developer constructed capital improvements.

❒ The System exceeded its rate covenant test requirements by the following amounts:

Test Requirements	**I**	**II**	**III**
Excess Funds over Requirements	$56,790	$62,744	$54,753

The fiscal year 2012 Change in Net Position was $35,213. This was an increase of $14,213 or 67.7% over the $21,000 fiscal year 2011 Change in Net Position. This change was primarily due to increases in operating revenues and capital contributions. The System's Net Position on September 30, 2012, was $1,170,254 compared to $1,135,041 on September 30, 2011.

The System was compliant with all covenant requirements for the fiscal years ended September 30, 2013 and 2012.

Overview of the Financial Statements

This analysis is intended to serve as an introduction to the 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 users.

Required Financial Statements

The System reports its financial activities by using accounting methods similar to those in the private business sector. The financial statements offer both current and other data about its financial activities. The Statement of Net Position includes assets and liabilities and provides summary information about amounts invested in assets and amounts owed to creditors. The assets and liabilities are presented in a classified format, which list current and other balances. The System's operating results are reported on the Statement of Activities. This statement indicates whether the System recovered its operating and nonoperating costs through user fees and other revenues. The last required statement is the Statement of Cash Flows. The purpose of this statement is to provide data about the System's cash activities during the year. The statement presents cash receipt and disbursement activities, as well as changes in cash balances resulting from operating, capital improvement, borrowing, and investing transactions.

HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
WATER ENTERPRISE FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012

Financial Analysis
Fiscal Year 2013 Financial Comparison with Fiscal Year 2012
Condensed Statement of Net Position

To provide financial data for evaluation and comparison, an analysis of the System's Statement of Net Position on September 30, 2013, compared to September 30, 2012, follows:

			($)	(%)
Assets:	**2013**	**2012**	**Change**	**Change**
Current, restricted and other assets	$535,174	$542,592	($7,418)	(1.4%)
Capital assets, net	883,514	848,596	34,918	4.1
Total assets	**1,418,688**	**1,391,188**	**27,500**	**2.0%**
Liabilities:				
Current liabilities	$50,859	$52,907	($2,048)	(3.9%)
Other liabilities	156,045	168,027	(11,982)	(7.1)
Total liabilities	**206,904**	**220,934**	**(14,030)**	**(6.4%)**
Components of net position:				
Net investment in capital assets	727,689	738,301	(10,612)	(1.4%)
Restricted components	76,115	70,311	5,804	8.3
Unrestricted components	407,980	361,642	46,338	12.8
Total net position	**$1,211,784**	**$1,170,254**	**$41,530**	**3.5%**

Total net position – Total net position increased $41,530 or 3.5% for the fiscal year ended September 30, 2013, primarily due to increases in operating revenues and capital contributions.

Condensed Statements of Activities

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

			($)	(%)
	2013	**2012**	**Change**	**Change**
Revenues:				
Operating revenues	$205,197	$202,199	$2,998	1.5%
Nonoperating revenues	10,278	13,031	(2,753)	(21.1)
Total revenues	**215,475**	**215,230**	**245**	**0.1**
Expenses:				
Operating expenses, before depreciation	133,243	133,214	29	-
Depreciation and amortization	54,986	55,650	(664)	(1.2)
Nonoperating expenses	5,762	6,602	(840)	(12.7)
Total expenses	**193,991**	**195,466**	**(1,475)**	**(0.8)**
Income before capital contributions	**21,484**	**19,764**	**1,720**	**8.7**
Capital contributions and transfers in	20,046	15,449	4,597	29.8
Change in net position	**41,530**	**35,213**	**6,317**	**17.9**
Net position, beginning of year	**1,170,254**	**1,135,041**	**35,213**	**3.1**
Net position, end of year	**$1,211,784**	**$1,170,254**	**$41,530**	**3.5%**

Operating revenues - Fiscal year 2013 operating revenues of $205,197 increased $2,998 or 1.5% over fiscal year 2012. The increase was primarily due to automatic user rate index adjustments based on an index factor published by the Florida Public Service Commission together with an increase in System customers over last year.

Nonoperating revenues - Fiscal year 2013 nonoperating revenues of $10,278 decreased $2,753 or 21.1% from fiscal year 2012. The decrease was caused by a comparative decline in investment earnings and to a drop in damage claim payments from last year.

Total operating expenses - Fiscal year 2013 operating expenses of $133,243 increased $29 over last year. The slight increase was related to the following net factors. **Employee services**: there was a $205 or 0.5% decrease in employee services related to a $1,718 workers' compensation premium refund received from the BOCC Self-Insurance Internal Service Fund and to a decline in compensated absence costs. **Contractual services**: there was a $228 or 0.3% increase in contractual service costs primarily relating to the water suppliers' annual pass-through cost adjustment. **Other operating costs**: there was a combined net $6 increase in the System's other combined operating costs for communications, fleet, repair and maintenance, utilities, supplies, and other general operating costs.

Depreciation and amortization costs: there was a $664 or 1.2% decrease in annual depreciation costs due to disposed obsolete operating machinery related to the System's ongoing plant modernization program.

Nonoperating expenses: there was a net $840 or 12.7% cost decrease due a comparative $1,053 decline in loss on asset disposals from last year, partially offset by a $211 increase in long-term debt interest costs related to the "across the board" federal government budget reductions referred to as sequestration. The sequestration reduced the System's series 2010 bonds federal subsidy support payments 8.7% during fiscal year 2013.

Capital contributions and transfers-in - Fiscal year 2013 capital contribution revenues were $19,925 compared to $15,330 for fiscal year 2012. While fiscal year 2013 interfund transfers-in were $121 compared to $119 last year. The comparative $4,595 or 30.0% capital contributions increase was primarily due to a boost in developer constructed capital asset contributions, as well as higher special assessment contributions over last year. Comparative fiscal year 2013 and 2012 capital contributions were as follows:

	2013	**2012**
Contributed capital assets	$8,803	$7,180
Impact fees and grant revenues	3,178	2,664
Special assessment contributions	7,944	5,486
Total capital contributions	**$19,925**	**$15,330**

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

To provide additional financial data for evaluation and comparison, an analysis of the System's Statement of Net Position on September 30, 2012, compared to September 30, 2011, follows:

Assets:	**2012**	**2011**	**Change**	**Change**
Current, restricted and other assets	$542,592	$520,884	$21,708	4.2%
Capital assets, net	848,596	847,187	1,409	0.2
Total assets	**1,391,188**	**1,368,071**	**23,117**	**1.7%**
Liabilities:				
Current liabilities	$52,907	$53,808	($901)	(1.7%)
Other liabilities	168,027	179,222	(11,195)	(6.2)
Total liabilities	**220,934**	**233,030**	**(12,096)**	**(5.2%)**
Components of net position:				
Net investment in capital assets	738,301	756,401	(18,100)	(2.4%)
Restricted components	70,311	67,335	2,976	4.4
Unrestricted components	361,642	311,305	50,337	16.2
Total net position	**$1,170,254**	**$1,135,041**	**$35,213**	**3.1%**

Total net position – Total net position increased $35,213 or 3.1% for the fiscal year ended September 30, 2012, primarily due to the increase in operating revenues and capital contributions, while unrestricted net position increased $50,337 or 16.2% due to the decline in net investment in capital assets and the fiscal year 2012 Change in Net Position.

Condensed Statement of Activities

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

	2012	**2011**	**($) Change**	**(%) Change**
Revenues:				
Operating revenues	$202,199	$196,512	$5,687	2.9%
Nonoperating revenues	13,031	12,596	435	3.5
Total revenues	**215,230**	**209,108**	**6,122**	**2.9**
Expenses:				
Operating expenses, before depreciation	133,214	134,117	(903)	(0.7)
Depreciation and amortization	55,650	57,391	(1,741)	(3.0)
Nonoperating expenses	6,602	6,560	42	0.6
Total expenses	**195,466**	**198,068**	**(2,602)**	**(1.3)**
Income before capital contributions	**19,764**	**11,040**	**8,724**	**79.0**
Capital contributions and transfers in	15,449	9,960	5,489	55.1
Change in net position	**35,213**	**21,000**	**14,213**	**67.7**
Net position, beginning of year	**1,135,041**	**1,114,041**	**21,000**	**1.9**
Net position, end of year	**$1,170,254**	**$1,135,041**	**$35,213**	**3.1%**

Operating revenues - Fiscal year 2012 operating revenues of $202,199 increased $5,687 or 2.9% compared to fiscal year 2011. The increase was attributed to the following: the Purchase Water Pass Through Consumption Charge changed from two dollars and seventy-seven cents to two dollars and ninety-three cents or 5.8% per thousand gallons effective October 1, 2011; increased water consumption enhanced by a return to twice-weekly lawn irrigation and, automatic user rate index adjustments based on an index factor published by the Florida Public Service Commission.

Nonoperating revenues - Fiscal year 2012 nonoperating revenues of $13,031 increased $435 or 3.5% compared to fiscal year 2011. The increase was primarily due from restitution and settlement of prior year damage claims.

Total operating expenses - Fiscal year 2012 operating expenses of $133,214 decreased $903 or 0.7% from last year. The decrease was related to the following net factors. **Employee services**: there was a $1,854 or 4.5% decrease in employee services primarily related to a decline in compensated absence costs and to the fiscal year 2011 voluntary separation incentive program (VSIP). The VSIP provided an incentive for long-time employees nearing retirement to terminate employment early on June 30, 2011. These employees were subsequently replaced by entry level or mid-range compensated employees. **Contractual services**: there was a net $841 or 1.2% decrease in contractual service costs. This net increase relates to the water suppliers' annual pass-through cost adjustment, offset by a $1.8 million decrease in BOCC indirect administrative charges from last year. **Fleet services:** there was a $438 or 21.1% increase in fleet service costs related to higher fuel costs to operate certain plant machinery as well as to fuel additional vehicles to accommodate an expanding geographical service area. **Utilities**: there was a $974 or 10.5% increase in power costs to accommodate the ongoing water and wastewater treatment plant expansion program, especially at the sludge processing facility over last year. **Communications, repairs, and supply costs:** there was a $160 or 1.7% increase in these expenses related to cost inflation over last year. **Other general operating costs**: there was a $220 or 12.4% increase in general costs primarily related to higher equipment rental costs as well as higher general and automotive insurance costs over last year.

Depreciation and amortization costs: there was a $1,741 or 3% decrease in annual depreciation costs due to a significant amount of heavy plant machinery reaching full depreciation status as well as to an increase in obsolete and disposed plant improvements related to the ongoing plant modernization program.

Nonoperating expenses: there was a $42 or 0.6% increase in costs primarily related to a comparative loss on asset disposals from last year, offset by a decrease in interest expense cost due to a life to date customer deposit interest expense liability reduction.

Capital contributions and transfers-in - Fiscal year 2012 capital contribution revenues were $15,330 compared to $9,770 for fiscal year 2011. While fiscal year 2012 interfund transfers-in were $119 compared to $190 last year. The comparative $5,560 or 56.9% capital contributions increase was primarily due to a boost in developer constructed capital asset contributions, as well as higher special assessment contributions. Comparative fiscal year 2012 and 2011 capital contributions were as follows:

	2012	2011
Contributed capital assets	$7,180	$3,788
Impact fees collections	2,664	3,679
Special assessment contributions	5,486	2,303
Total capital contributions	**$15,330**	**$9,770**

Capital Asset Activities

Fiscal Year 2013

On September 30, 2013, capital assets, net of accumulated depreciation, were $883,514 compared to $848,596 for fiscal year 2012. The $34,918 or 4.1% increase over last year was related to the following net factors. First, $79,779 was expended on the acquisition and construction of capital and intangible assets. Second, the System received contributed assets of $8,803 from developers. Third, eligible current period eligible net interest costs of $2,663 were capitalized to construction work in progress. Fourth, these capital asset additions were offset by the combined fiscal year 2013 charge for depreciation and amortization plus net disposals of $56,327. See Note 5(A) in the accompanying financial statement notes for additional information on fiscal year 2013 capital asset activities.

Fiscal Year 2012

On September 30, 2012, capital assets, net of accumulated depreciation, were $848,596 compared to $847,187 for fiscal year 2011. The $1,409 or 0.2% increase over last year was related to the following net factors. First, $49,687 was expended on the acquisition and construction of capital and intangible assets. Second, the System received contributed assets of $7,180 from developers. Third, eligible current period eligible interest costs of $2,650 were capitalized to construction work in progress. Fourth, these capital asset additions were offset by the combined fiscal year 2012 charge for depreciation and amortization plus net disposals of $58,108. See Note 5(B) in the accompanying financial statement notes for additional information on fiscal year 2012 capital asset activities.

Debt Administration

Fiscal Year 2013

On September 30, 2013, outstanding bonds payable and other liabilities were $170,714 compared to $182,053 for fiscal year 2012. The $11,339 or 6.2% decrease from last year was primarily due to the following net transactions: a $11,390 scheduled bond maturity payment; a $46 net decrease in compensated absences and VSIP liabilities; and, a combined $97 net increase in the following: amortized deferred refunding losses of $326, amortized bond issuance premiums of ($264), and amortized bond issuance discounts of $35. Refer to Note 7(E) in the accompanying financial statement notes for changes and other information regarding fiscal year 2013 total other liabilities.

Fiscal Year 2012

On September 30, 2012, outstanding bonds payable and other liabilities were $182,053 compared to $200,073 for fiscal year 2011. The $18,020 or 9% decrease from last year was primarily due to the following net transactions: a $18,040 scheduled bond maturity payment; a $183 decrease in compensated absences and VSIP liabilities; and, a combined $203 net increase in the following: amortized deferred refunding losses $528, amortized deferred bond issuance premiums ($361), and amortized deferred bond issuance discounts $36. Refer to Note 7(E) in the accompanying financial statement notes for changes and other information regarding fiscal year 2012 total other liabilities.

Fiscal Year 2014 Outlook

Economic Factors and Next Year's Budget and Rates (amounts are in actual dollars).

Overall the System's revenues are expected to remain stable with a very slight increase in the customer base while water consumption patterns will continue to be influenced by rainfall as well as mandated water restrictions. Signs of a mild economic recovery continue showing a modest recover in the general economy. Rates are expected to be marginally increased (approximately 1%) by the inflationary index effective on June 1, 2014, as Tampa Bay Water did not increase the annual Purchased-Water-Pass-Through Consumption Charge for fiscal year 2014.

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 System's financial position and operating results for the fiscal years ended September 30, 2013 and 2012. Additional information concerning System 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 33602

HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
WATER ENTERPRISE FUND
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013 AND 2012
(Amounts in Thousands)

	September 30,	
ASSETS	**2013**	**2012**
Current assets:		
Cash and cash equivalents	$54,942	$47,372
Investments	235,011	197,566
Accounts receivable, net	18,923	19,671
Accounts receivable, current portion	1,032	999
Interest receivable	596	633
Due from other governments	12	89
Inventories	2,014	1,781
Other current assets	824	763
Total current assets	**313,354**	**268,874**
Restricted current assets:		
Cash and cash equivalents	20,397	31,473
Investments	87,248	131,243
Accounts receivable	179	236
Accounts receivable, current portion	3,800	4,600
Interest receivable	224	399
Due from other governments	163	41
Total restricted current assets	**112,011**	**167,992**
Total current assets	**425,365**	**436,866**
Capital assets, net of accumulated depreciation and amortization:		
Buildings and utility plants	166,897	175,873
Building improvements	567,209	544,633
Construction work in progress	110,170	88,368
Equipment	3,057	3,149
Land	28,577	28,572
Intangibles	7,604	8,001
Total capital assets, net	**883,514**	**848,596**
Other assets:		
Accounts receivable	107,716	103,461
Unamortized bond issuance costs	2,093	2,265
Total other assets	**109,809**	**105,726**
Total capital assets, net, and other assets	**993,323**	**954,322**
Total assets	**1,418,688**	**1,391,188**

LIABILITIES	September 30,	
	2013	**2012**
Current liabilities:		
Accounts and contracts payable	$12,657	$4,919
Accrued payroll	832	650
Compensated absences, current portion	2,640	2,600
Unearned revenues	2,129	3,988
Revenue bonds payable, current maturities	12,000	11,390
General liabilities, current maturities	29	36
Total current liabilities	**30,287**	**23,583**
Current liabilities payable from restricted assets:		
Accounts and contracts payable	6,199	15,528
Accrued interest	1,773	1,889
Deposits	12,530	11,840
Unearned revenues	70	67
Total current liabilities payable from restricted assets	**20,572**	**29,324**
Total current liabilities	**50,859**	**52,907**
Other liabilities:		
Compensated absences, less current portion	686	736
Revenue bonds payable, net, less current maturities	155,359	167,262
General liabilities, less current maturities	-	29
Total other liabilities	**156,045**	**168,027**
Total liabilities	**206,904**	**220,934**
NET POSITION		
Net investment in capital assets	727,689	738,301
Restricted components of net position:		
Bond covenants-renewal and replacement	57,790	49,458
Debt service	18,325	20,853
Unrestricted component of net position	407,980	361,642
Total net position	**$1,211,784**	**$1,170,254**

The accompanying notes are an integral part of this statement.

HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
WATER ENTERPRISE FUND
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012
(Amounts in Thousands)

	Year ended September 30,	
	2013	**2012**
Operating revenues:		
Charges for services	**$205,197**	**$202,199**
Operating expenses:		
Employee services	39,052	39,257
Contractual services	69,678	69,450
Communication services	1,245	1,275
Fleet services	2,403	2,513
Repairs and maintenance	8,859	8,117
Utilities	9,508	10,230
Supplies	354	325
Depreciation and amortization	54,986	55,650
Other	2,144	2,047
Total operating expenses	**188,229**	**188,864**
Operating income	**16,968**	**13,335**
Nonoperating revenues (expenses):		
Investment earnings	7,232	9,071
Interest expense	(3,975)	(3,764)
Asset disposal loss	(1,316)	(2,369)
Other revenues	3,046	3,960
Other expenses	(471)	(469)
Total nonoperating revenues	**4,516**	**6,429**
Income before capital contributions and transfers	**21,484**	**19,764**
Capital contributions	19,925	15,330
Transfers-in	121	119
Change in net position	**41,530**	**35,213**
Net position, beginning of year	**1,170,254**	**1,135,041**
Net position, end of year	**$1,211,784**	**$1,170,254**

The accompanying notes are an integral part of this statement.

HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
WATER ENTERPRISE FUND
STATEMENTS OF CASH FLOWS
FOR FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012
(Amounts in Thousands)

	Year ended September 30,	
	2013	**2012**
Cash flows from operating activities:		
Cash received from customers	$204,791	$198,901
Cash received from other operating sources	3,206	4,095
Cash payments to suppliers for goods and services	(96,076)	(85,606)
Cash payments for employee services	(38,916)	(39,426)
Net cash provided by operating activities	**73,005**	**77,964**
Cash flows from capital and related financing activities:		
Capital contributions	7,966	7,695
Proceeds from surplus capital asset sales	23	89
Capital asset acquisition and construction	(79,779)	(49,687)
Revenue bonds interest payments	(6,657)	(7,079)
Revenue bonds principal maturity payments	(11,390)	(18,040)
Net cash used in capital and related financing activities	**(89,837)**	**(67,022)**
Cash flows from investing activities:		
Investment maturity and sale proceeds	328,809	269,341
Investment purchases	(322,259)	(304,424)
Investment earnings	6,776	7,402
Net cash provided (used) by investing activities	**13,326**	**(27,681)**
Change in cash and cash equivalents	**(3,506)**	**(16,739)**
Cash and cash equivalents, beginning of year	**78,845**	**95,584**
Cash and cash equivalents, end of year	**$75,339**	**$78,845**
Cash and cash equivalent components:		
Cash and cash equivalents	$54,942	$47,372
Restricted cash and cash equivalents	20,397	31,473
Total cash and cash equivalents	**$75,339**	**$78,845**

	Year ended September 30,	
	2013	**2012**
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	**$16,968**	**$13,335**
Depreciation and amortization	54,986	55,650
Other nonoperating revenues	3,206	4,095
Changes in assets and liabilities:		
Change in accounts receivable	647	(2,585)
Change in allowance for doubtful accounts	105	51
Change in accrued and other liabilities	(1,674)	(1,489)
Change in accounts and contracts payable	(1,591)	8,053
Change in compensated absences and VSIP liability	(46)	(182)
Change in deposits	690	653
Change in due from other governments	8	85
Change in inventories	(233)	392
Change in other current assets	(61)	(94)
Total adjustments	**56,037**	**64,629**
Net cash provided by operating activities	**$73,005**	**$77,964**
Noncash investing, capital, and financing activities:		
Contributed capital assets	$8,803	$7,180
Special assessment impact fee contributions	7,944	5,486
Interest expense capitalized to construction work in progress	2,663	2,650

The accompanying notes are an integral part of this statement.

HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
WATER ENTERPRISE FUND
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012
(Amounts in Thousands)

(1) Significant Accounting Policies Summary

The following is a summary of the significant accounting policies applied in the preparation of the accompanying Water Enterprise Fund (System).

(A) Financial Reporting Entity

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

(B) Presentation Basis

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

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

(C) Accounting Basis

The accrual accounting basis was used to report the System'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, and is collectively designated as demand deposits. Demand deposits are carried at cost, which approximates fair value. For financial statement presentation purposes, cash equivalents are highly liquid investments with an original maturity of three months or less.

Cash is deposited in qualified public depositories. Deposits are fully insured by the Federal Deposit Insurance Corporation and secured by multiple financial institutions collateral pool established under Chapter 280, Florida Statutes. In accordance with these statutes, qualified public depositories must pledge eligible collateral in varying percentages. Public depositor losses are covered by applicable deposit insurance, by sale of pledged securities, and if necessary, by assessments against other qualified public depositories. County Ordinance 08-6 and Section 218.415, Florida Statutes, authorize investments in United States Government obligations or its agencies and certain other investments. Investments are stated at fair value. See Note 2 for more information.

(E) Allowance for Doubtful Accounts

The System utilizes the allowance method for recognizing bad debt expense and for recording bad debt recoveries. During fiscal year 2013 and 2012, the System's bad debt expenses were $330 and $275, respectively.

(F) Inventories

Inventories, consisting of maintenance materials and supplies, are stated at the lower of cost, based on the average cost method, or market. Materials are charged to operating expense when consumed.

(G) Capitalized Interest Costs

The System capitalized fiscal year 2013 and 2012 interest costs of $2,663 and $2,650, respectively, to construction work in progress. Total interest costs incurred during fiscal years 2013 and 2012 were $6,638 and $6,414, respectively.

(H) Capital Assets

The System records capital asset equipment additions with an original cost of at least one thousand dollars and with an estimated useful life in excess of two years. Donated capital assets are valued at their estimated fair value on the date received and are recorded as capital contributions on the Statement of Activities. Maintenance and repair costs are expensed as incurred, while renewal and betterment disbursements are capitalized and depreciated over their estimated useful lives. Reimbursable water and sewer line construction costs incurred by the System on behalf of customers, developers, and property owners are capitalized. Subsequent customer reimbursements are recorded as an offset to capital contributions. Depreciation is provided in amounts sufficient to allocate depreciable capital asset costs to operations over their estimated service lives using the straight-line method. Additionally, capital assets include goodwill, software, and easements. Goodwill represents the excess paid to acquire four independent water and wastewater franchise providers over the fair value of the tangible capital assets acquired and is amortized over thirty years.

(Amounts in Thousands)

The System's capital assets have estimated useful lives as follows:

Capital asset categories	Estimated useful life (in years)
Buildings and utility plants	5 – 50
Building improvements	10 – 35
Equipment	5 – 10
Intangible	2 – 30

(I) Bond Issuance Costs and Bond Market Issue Premiums

Bond issuance costs are recorded as unamortized bond issuance costs on the Statement of Net Position. Bond market issue premiums are recorded as an increase in bonds payable on the Statement of Net Position. These costs are amortized using the installment method over the life of the debt issue. Bond issuance costs are amortized to nonoperating expense, while bond market issue premiums are amortized to interest expense. For fiscal years 2013 and 2012, bond issuance costs, amortized to and increasing other nonoperating expenses were $172 and $191, respectively. Combined bond market issue premiums and discounts, net, amortized to and decreasing interest expense, were $229 and $325, respectively.

(J) Compensated Absences Obligation

GAAP requires accruing a liability for compensated absences, such as vacation and sick leave, as well as 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 the employee earns the benefit, but only to the extent that it is probable that employees will be compensated for this benefit through cash payments at termination or retirement.

The System’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 sick time hours 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 sick time hour 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 System's share of social security and medicare taxes as well as the System's required Florida Retirement System pension contributions.

(K) Unamortized Refunding Debt Losses

GAAP requires the amortization of losses incurred on refunding debt transactions. The amount unamortized is reported as a component of bonds payable on the Statement of Net Position. The amount amortized, using the effective interest method, was added to interest expense on the Statement of Activities. The refunding loss amortization period is the shorter of the remaining life of the old debt, or the life of the new debt. For fiscal years 2013 and 2012, refunding losses, amortized to and increasing interest expense, were $326 and $528, respectively.

(L) Operating and Nonoperating Revenues and Expenses

The System reports its operating revenues and expenses separately from its nonoperating revenues and expenses. Operating revenues are earned from the principal activities of providing potable water and the treatment and environmentally safe disposal of wastewater. Operating expenses include 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 System's principal activities such as investment earnings, long-term debt interest charges and losses incurred on refunded debt transactions.

(M) Use of Restricted or Unrestricted Current Assets

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

(N) Self-Insurance

The System participates in a self-insurance internal service fund maintained by the BOCC. This fund encompasses two major sections -- risk management and employee group health insurance.

Risk management includes workers' compensation, automotive, and general liability. The BOCC is self-insured for workers' compensation claims up to a maximum of $500 per occurrence with unlimited excess coverage above the self-insurance cap. Also, the BOCC is self-insured against general liability and automotive claims with limited liability per Section 768.28, Florida Statutes, of $200 per person and $300 per occurrence. The BOCC has commercial insurance with a limit of $2 million per occurrence with a general aggregate limit of $5 million to address automotive and general liability claims above the State statutory limits. Negligence claims in excess of the statutory limits can only be recovered through a special State of Florida legislative act. For fiscal years 2013, 2012, and 2011, settled claims did not exceed insurance coverage. During fiscal years 2013 and 2012, the System paid premiums of $2,137 and $2,272, respectively, to the BOCC Internal Service Fund for workers' compensation, automotive, general liability, and property insurance coverage.

The System, through the BOCC, provides health, life and disability insurance for its employees and eligible dependents on a cost-sharing basis with employees. The BOCC has an employee group health self-insurance plan to account for and to finance its uninsured losses. Under this plan, the BOCC provides coverage of up to $500 per person annually. Stop-loss insurance was purchased to cover an unlimited lifetime amount per person above the

(Amounts in Thousands)

$500 per person deductible. During fiscal years 2013 and 2012, the System paid $4,751 and $4,762, respectively, to the BOCC Internal Service Fund for group health, life and disability insurance coverage.

Based on actuarial estimates, liabilities have been established in the BOCC self-insurance fund for claims reported but not paid, and incurred but not reported. Insurance coverage costs paid by the System are reflected in the financial statements as a current year operating expense.

(O) Fair Value Investment Accounting and Financial Reporting

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

	2013	2012
Interest and dividends	$7,848	$8,088
Fair value change	(616)	983
Investment earnings, as reported	$7,232	$9,071

(P) Voluntary Separation Incentive Program for System Employees

In May 2011, the BOCC approved a “Voluntary Separation Incentive Program” (VSIP) for BOCC employees who were eligible for normal retirement under the Florida Retirement System (FRS) on June 30, 2011 or current FRS Deferred Retirement Option Plan (DROP) participants who were scheduled to terminate January 1, 2012 or later. A total of 165 employees accepted the separation incentive from a total of approximately six hundred and sixty eligible employees. The incentive program offered (a) three consecutive years of single employee premium payments for the Coverage First Group Health Plan or a one-time cash payment of $10 and (b) twelve weeks of salary up to a maximum of $25. To participate in the VSIP, eligible employees had to terminate by June 30, 2011. Ninety-five employees chose to receive three consecutive years of single employee health insurance coverage, five of which were System employees. On September 30, 2013 and 2012, the System’s VSIP liability was $29 and $65, respectively, representing thirty three months single employee coverage for those five employees. The VSIP liability was based on a 10% escalation rate for health care costs in fiscal years 2013 and 2014. Future estimated payments considered in determining the VSIP liability were not discounted as the discounting effect was immaterial.

(Q) GASB Statement 63

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

(Amounts in Thousands)

(R) Subsequent Events

The System has evaluated subsequent events through March 24, 2014, in connection with the preparation of these financial statements, which is the date the financial statements were available for publication.

(2) Cash Deposits and Investments

(A) Deposits

On September 30, 2013 and 2012, total cash deposits were $14,465 and $12,038, respectively, and total bank balances were $18,997 and $15,270, respectively. Bank balances are fully insured by federal depository insurance or through financial institutions participating in the Florida Security for Public Deposits Act pursuant to Chapter 280, Florida Statutes.

(B) Investments

In accordance with GAAP, investments are reported at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. If quoted market prices are available, they are used to determine fair value. For investments in open-end mutual funds, fair value is determined by the fund's current share price.

System cash, cash equivalents, and investments on September 30, 2013 and 2012, were as follows:

			Fair Value	
Description	Duration (years)	Credit Rating	2013	2012
U. S. Treasury Securities	1.2	AA+/A-1+	$127,947	$133,002
Federal Agency Securities	1.6	AA+/A-1+	163,317	163,408
Corporate Notes	1.9	AAA	19,244	18,255
Municipal bonds	1.4	AA	9,830	10,408
Fund B	4.8	Unrated	1,921	3,736
Total Investments			322,259	328,809
Open-ended mutual funds	.1	AAA	10,337	2,991
Commercial paper notes	.2	A-1,A-1+	19,840	12,078
Florida PRIME	.1	AAAm	30,697	51,738
Total cash equivalents and investments			383,133	395,616
Cash deposits			14,465	12,038
Total cash, cash equivalents, and investments			$397,598	$407,654

(Amounts in Thousands)

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

	2013	2012
Cash and cash equivalents: Current	$54,942	$47,372
Restricted	20,397	31,473
Total cash and cash equivalents	75,339	78,845
Investments: Current	235,011	197,566
Restricted	87,248	131,243
Total investments	322,259	328,809
Total cash, cash equivalents, and investments	$397,598	$407,654

Effective duration is a measure of interest rate risk. It measures the sensitivity of an investment's price to interest rate changes. To illustrate, 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 investment portfolio at September 30, 2013 and 2012, was approximately 1.2 years for both fiscal years.

The 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 counterparty fails to fulfill its obligations. All the System's investments are insured or registered, or held by the BOCC or its agent in the BOCC's name, except for overnight repurchase agreements, which are held by the counterparty. On September 30, 2013 and 2012, there were no amounts held by counterparties. Excluding the United States Government, its agencies or instrumentalities, and mutual funds or investment pools that invest in such securities, no one issuer represents five percent or more of the BOCC's total investments.

C. SBA's Florida PRIME and Fund B Surplus Funds Trust Fund

The 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 Activities.

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 freeze on investments held. Participants are prohibited from withdrawing funds from Fund B, and a formal withdrawal policy has not been developed, because Fund B consists of restructured or defaulted securities, there is considerable uncertainty regarding the weighted average life. On September 30, 2013, the Fund B investment earnings were reported at fair value on the Statement of Activities.

D. Investment Policy

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

a. The State of Florida's Florida PRIME Fund.

b. Direct obligations of the United States.

c. Obligations of the United States Government such as Government National Mortgage Association.

d. Obligations of United States Government sponsored agencies such as the Federal Farm Credit Banks, Freddie Mac and the Federal Home Loan Mortgage Corporation.

e. Interest bearing time deposits or savings accounts in qualified public depositories as defined in Section 280.02 Florida Statutes.

f. United States Securities and Exchange Commission money market funds with the highest credit quality ratings from a nationally recognized rating agency.

g. Securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, as amended, provided the portfolio of such investment company or investment trust is limited to United States Government obligations and to repurchase agreements fully collateralized by United States Government obligations and provided such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

h. Other investments authorized for the BOCC by law, county ordinance, or resolution.

In addition to the preceding, Hillsborough County Ordinance 08-6 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 fund.

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 the 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 an institution having deposits secured by the Florida Security for Public Deposits Act, provided that the maximum maturity on any certificate of deposit is no greater than one-year and no more than ten percent of the portfolio is invested with any one issuer.

g. A maximum of twenty percent of the portfolio may be invested in prime commercial paper (i.e. rated Prime-1 by Moody's, A-1 by Standard and Poor's, or AA by two nationally recognized rating agencies if backed by a letter of credit), provided no more than five percent of the portfolio is invested in the commercial paper of a single issuer. The maximum length to maturity shall be two hundred seventy days from the purchase date.

h. A maximum of fifty percent of the portfolio may be invested in money market funds offered by registered investment companies and operated in accordance with 17 CFR 270.2a-7, provided that the money market funds are rated AAAM-G or better by Standard &Poor's or the equivalent by another nationally recognized rating agency. No more than twenty-five percent of the portfolio may be invested in any one money market fund.

i. A maximum of fifteen percent of the portfolio may be invested in high quality corporate notes (rated Aa by Moody's and AA by Standard and Poor's) provided no more than five percent of the portfolio is invested in a single issuer's notes.

j. A maximum of twenty percent of the portfolio may be invested in intergovernmental investment pools, provided that the total does not exceed twenty five percent of the intergovernmental pool.

k. A maximum of twenty-five percent of the portfolio may be invested in state or local government taxable or tax exempt general obligation or revenue bonds (rated Aa by Moody's an AA by Standard and Poor's) or short-term debt (rated MIG-2 by Moody's and SP-2 by Standard and Poor's).

l. A maximum of twenty percent of the portfolio may be invested in bankers 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 debt service reserve term.

(Amounts in Thousands)

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

(3) Accounts Receivable, net

Accounts receivable has three components. The first component consists of customer billings based on metered consumption determined at various dates each month. At fiscal year end, a receivable was recorded and revenue was recognized for the estimated unbilled consumption since the last monthly meter reading. The second component consists of restricted impact fee billings, representing developer water and wastewater service fee connection charges due prior to issuance of a certificate of occupancy. The third component consists of accounts receivable, which represent long-term impact fee charges, impact fee special assessments, reclaimed water improvement special assessments for lawn irrigation and water conservation construction projects, and amounts due from Tampa Bay Water (TBW). The twenty-year impact fee and reclaimed water improvement special assessment receivables are fully guaranteed through a lien on real property and through delinquent ad-valorem tax certificate sales. The September 30, 2013 and 2012, accounts receivable components were as follows:

Customer receivables:	2013	2012
Customer receivables–billed	$11,535	$12,643
Customer receivables–unbilled	7,969	7,504
Non-current receivables-current	1,032	999
Total customer receivables	20,536	21,146
Less allowance for doubtful accounts	581	476
Net customer receivables	19,955	20,670
Restricted receivables:		
Customer impact fee receivables	179	236
Impact fee assessments	3,800	4,600
Total current account receivables	23,934	25,506
Other accounts receivable, less current portion:		
Impact fees	404	471
Special assessment units	98,879	94,441
Tampa Bay Water	12,242	12,840
TBW unamortized asset sale gain	(3,809)	(4,291)
Total other receivables	107,716	103,461
Total accounts receivable, net	$131,650	$128,967

(Amounts in Thousands)

(4) Due from Other Governments

Due from other governments represents unrestricted special assessment revenues and collection fee refunds due from the Hillsborough County Tax Collector, and restricted amounts due for unreimbursed capital and operating grant expenditures. On September 30, 2013 and 2012, current and restricted amounts due from other governments were $175 and $130, respectively.

(5) Capital Asset Changes

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

(A) Fiscal Year 2013

	Balance 10/01/12	Additions/ Transfers-in	Deletions/ Transfers-out	Balance 9/30/13
Capital assets, non-depreciable:				
Land	$28,572	$5	$ -	$28,577
Construction work in progress	88,368	72,789	50,987	110,170
Total non-depreciable capital assets	116,940	72,794	50,987	138,747
Capital assets, depreciable:				
Buildings and utility plants	386,288	174	-	386,462
Building improvements	1,103,808	67,879	6,155	1,165,532
Equipment	19,830	1,378	340	20,868
Intangibles	11,068	4	-	11,072
Total depreciable capital assets	1,520,994	69,435	6,495	1,583,934
Accumulated depreciation:				
Buildings and utility plants	(210,415)	(9,150)	-	(219,565)
Building improvements	(559,175)	(43,967)	(4,819)	(598,323)
Equipment	(16,681)	(1,468)	(338)	(17,811)
Intangibles	(3,067)	(401)	-	(3,468)
Total accumulated depreciation	(789,338)	(54,986)	(5,157)	(839,167)
Total depreciated capital assets, net	731,656	14,449	1,338	744,767
Total capital assets, net	$848,596	$87,243	$52,325	$883,514

During fiscal year 2013, substantially completed construction projects of $50,987 were transferred from construction work in progress to building improvements. Also, in accordance with GAAP, $2,663 of long-term debt interest charges, net of investment earnings, were capitalized to construction work in progress. The September 30, 2013 and 2012, the System's construction work in progress of $106,380 and $88,368, respectively, related to the expansion of the water and wastewater system to accommodate customer growth and to rehabilitate existing facilities. Projects include installation of new water and sewer lines, reclaimed water distribution facilities, and water and wastewater treatment plant construction and modernization.

(Amounts in Thousands)

(B) Fiscal Year 2012

	Balance 10/01/11	Additions/ Transfers-in	Deletions/ Transfers-out	Balance 9/30/12
Capital assets, non-depreciable:				
Land	$28,559	$13	$ -	$28,572
Construction work in progress	61,608	47,159	20,399	88,368
Total non-depreciable capital assets	90,167	47,172	20,399	116,940
Capital assets, depreciable:				
Buildings and utility plants	380,863	5,425	-	386,288
Building improvements	1,084,780	26,668	7,640	1,103,808
Equipment	19,906	510	586	19,830
Intangibles	10,980	88	-	11,068
Total depreciable capital assets	1,496,529	32,691	8,226	1,520,994
Accumulated depreciation:				
Buildings and utility plants	(201,342)	(9,073)	-	(210,415)
Building improvements	(520,103)	(44,324)	(5,252)	(559,175)
Equipment	(15,402)	(1,848)	(569)	(16,681)
Intangibles	(2,662)	(405)	-	(3,067)
Total accumulated depreciation	(739,509)	(55,650)	(5,821)	(789,338)
Total depreciated capital assets, net	757,020	(22,959)	2,405	731,656
Total capital assets, net	$847,187	$24,213	$22,804	$848,596

During fiscal year 2012, substantially completed construction projects of $20,399 were transferred from construction work in progress to building improvements. Also, in accordance with GAAP, $2,650 of long-term debt interest charges, net of investment earnings, were capitalized to construction work in progress. The September 30, 2012 and 2011, the System's construction work in progress of $88,368 and $61,608, respectively, related to the expansion of the water and wastewater system to accommodate customer growth and to rehabilitate existing facilities. Projects include installation of new water and sewer lines, reclaimed water distribution facilities, and water and wastewater treatment plant construction and modernization.

(6) Current Liabilities

(A) Accounts Payable

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

	2013	2012
Vouchers payable	$12,605	$17,771
Contracts payable	6,251	2,676
Total accounts and contracts payable	$18,856	$20,447

(B) Unearned Revenues

Unearned revenues represent developer advance payments on the accrued guaranteed revenue fee (AGRF). The AGRF reimburses the System for a portion of the capital carrying costs and maintenance expenses incurred and paid by the System to provide the developer access to water and wastewater connections. The deposit is earned when the developer is issued a certificate of occupancy. On September 30, 2013 and 2012, unearned AGRF restricted and unrestricted deposits were $2,199 and $4,055, respectively.

(7) Other Liabilities

(A) Revenue Bonds

On May 17, 2001, the BOCC issued $186,105 Junior Lien Refunding Utility Revenue Bonds, Series 2001, to refund outstanding debt obligations as follows: $181,145 Refunding Utility Revenue Bonds, Series 1991A, $13,145 Refunding Utility Revenue Bonds, Series 1991B, and $18,570 Refunding Utility Revenue Bonds, Series 1993. The Series 2001 bonds consist of $186,105 in serial bonds. The interest rate is 5.06% with interest payable semiannually. On September 30, 2013 and 2012, the unpaid Series 2001 bonds principal, including current maturities of $9,575 and $9,035 respectively, was $20,075 and $29,110, respectively.

On November 16, 2010, the BOCC issued $150,000 in capital expansion and improvement bonds as follows:

$18,035 Tax Exempt Utility Revenue Bonds, Series 2010A. The interest rate is 2.05% with interest payable semiannually. On both September 30, 2013 and 2012, the unpaid Series 2010A Bonds principal, including current maturities of $2,425 and $2,355, was $15,680 and $18,035, respectively. The bonds mature on August 1, 2019;

$110,265 Utility Revenue Bonds, Federally Taxable-Build America Bonds-Direct Payment-35% interest subsidy, Series 2010B, serial and term bonds. The net interest rate, after deducting the 35% interest subsidy, is 3.43% with interest payable semiannually. On both September 30, 2013 and 2012, the unpaid Series 2010B Bonds principal was $110,265. The serial bonds mature on August 1, 2030, and the term bonds mature on August 1, 2034 and 2037, respectively; and,

$21,700 Utility Revenue Bond, Federally Taxable Recovery Zone Economic Development Bonds-Direct Payment-45% interest subsidy, Series 2010C term bond. The net interest rate, after deducting the 45% interest subsidy, is 3.22% with interest payable semiannually. On both September 30, 2013 and 2012, the unpaid Series 2010C Bonds principal was $21,700. The term bond matures on August 1, 2040.

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

Under the System’s Bond Resolution, R03-112, as amended by Resolution R10-151, article XI, section 11.02, operating revenues are pledged and distributed as follows: first, to payment of the costs of operations and maintenance and second, to annual debt service requirement on the outstanding bonds.

(Amounts in Thousands)

There are other various requirements relating to the flow and to the amount of money required to be on deposit in bond covenant established accounts. The bonds are collateralized by a pledge of System net revenues and pledged impact fees. The bonds are also collateralized by proceeds from the sale or condemnation of System property and by property and casualty insurance proceeds.

A summary of the outstanding bonds debt service requirements, including current maturities of $12,000 follows:

Fiscal Year Ending September 30,	Principal	Interest	Interest Subsidy	Total
2014	$12,000	$8,465	($2,544)	$17,921
2015	13,000	7,867	(2,544)	18,323
2016	2,575	7,222	(2,544)	7,253
2017	2,635	7,164	(2,544)	7,255
2018	2,740	7,059	(2,544)	7,255
2019-2023	22,240	33,479	(12,323)	43,396
2024-2028	27,640	27,961	(10,420)	45,181
2029-2033	32,635	20,291	(7,736)	45,190
2034-2038	37,560	10,654	(4,363)	43,851
2039-2040	14,695	1,309	(590)	15,414
Total principal and interest	167,720	$131,471	($48,152)	$251,039
Add unamortized bond issue premium	533			
Deduct: unamortized refunding losses	(342)			
unamortized bond issuance discount	(552)			
Revenue bonds payable, net	167,359			
Deduct current maturities	(12,000)			
Revenue bonds payable, net	$155,359			

(D) Compensated Absences Obligation

GAAP requires recording a liability for unpaid compensated absences. On September 30, 2013 and 2012, the current and long term accumulated compensated absences liabilities were $3,326 and $3,336, respectively.

HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
WATER ENTERPRISE FUND
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012
(Amounts in Thousands)

(E) Total Other Liability Changes

The System's total other liability changes for the fiscal years ended September 30, 2013 and 2012 follows:

Fiscal Year 2013	Balance 10/1/12	Additions	Reductions	Balance 9/30/13	Due within one year
2001 bonds	$29,110	$ -	$9,035	$20,075	$9,575
2010 bonds	150,000	-	2,355	147,645	2,425
Unamortized bond issuance premiums	797	-	264	533	-
Unamortized bond issuance discounts	(587)	-	(35)	(552)	-
Unamortized bond refunding losses	(668)	-	(326)	(342)	-
Compensated absences	3,336	2,631	2,641	3,326	2,640
VSIP insurance	65	-	36	29	29
Total other liabilities	$182,053	$2,631	$13,970	$170,714	$14,669

Fiscal Year 2012	Balance 10/1/11	Additions	Reductions	Balance 9/30/12	Due within one year
2001 bonds	$47,150	$ -	$18,040	$29,110	$9,035
2010 bonds	150,000	-	-	150,000	2,355
Unamortized bond issuance premiums	1,158	-	361	797	-
Unamortized bond issuance discounts	(623)	-	(36)	(587)	-
Unamortized bond refunding losses	(1,196)	-	(528)	(668)	-
Compensated absences	3,486	2,439	2,589	3,336	2,600
VSIP insurance	98	-	33	65	36
Total other liabilities	$200,073	$2,439	$20,459	$182,053	$14,026

(8) Defeased Debt Summary

On September 30, 2013 and 2012, outstanding principal balances on defeased debt were as follows:

	2013	2012
2001 Refunding Utility Revenue Bonds	$ -	$10,000
2003 Refunding Utility Revenue Bonds	-	3,700
Total Defeased Debt	$ -	$13,700

(Amounts in Thousands)

(9) Capital Contributions

Capital contributions for fiscal years 2013 and 2012 were as follows:

	2013	2012
Contributed capital assets	$8,803	$7,180
Impact fee collections and capital grants	3,178	2,664
Special assessment contributions	7,944	5,486
Total capital contributions	$19,925	$15,330

(10) Restricted Components of Net Position

Under GAAP restricted components of net position 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 restricted net position for the fiscal years ended September 30, 2013 and 2012 was $76,115 and $70,311, respectively.

(11) Defined Benefit Pension Plan

Plan Description. With a few exceptions, all full and part-time System employees working in regularly established positions are Florida Retirement System (FRS) members. 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, FRS membership is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries as well as a Deferred Retirement Option Program (DROP).

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

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

The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report was for the fiscal year ended June 30, 2013. That report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, 2639 North Monroe Street, Tallahassee, Florida 32399-1560.

Funding Policy. Effective July 1, 2011, FRS requires all members to contribute three percent of their annual compensation to the plan, while governmental employers are required to contribute the balance to FRS based on established contribution rates. FRS establishes contribution rates by calendar year. For fiscal years 2013 and 2012, the contribution rate for the regular job classification was 6.95% and 5.18%, respectively, of covered payroll. The System's FRS contributions for the fiscal years ended September 30, 2011, 2012, and 2013 were $2,620, $1,438, and $1,674, respectively. These annual contributions 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 requirements. The System’s pension expenses and related liabilities, which are included in accrued liabilities at year-end, were reported in conformity with GAAP.

(12) Other Post-Employment Benefits (OPEB)

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

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

On September 30, 2013, the County’s annual OPEB cost, as calculated by an independent actuary in accordance with GAAP was $6 million. This annual cost represents a thirty-year annual funding level that will 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 2013 and 2012, the OPEB liability allocated to and paid by the System was $97 and $98, respectively.

(13) Outstanding Purchase Orders and Contracts

On September 30, 2013 and 2012, outstanding purchase orders and contracts were $72,786 and $94,378, respectively.

(14) Regional Water Supply Authority

On May 1, 1998, the West Coast Regional Water Supply Authority (WCRWSA) members reorganized in accordance with Section 30, Chapter 97-160, Laws of Florida, and Chapter 373, Florida Statutes. The purpose of the reorganization was to establish a sole water supplier to meet the region's current and future water supply requirements. The reorganization resulted in a forty-year master regional water supply contract and interlocal governance agreement. The WCRWSA was renamed Tampa Bay Water. The new regional water supply agreement obligates Tampa Bay Water to provide water to the members from existing water supply sources and to develop new water supply sources for the future. This new agreement secures the System's ability to meet its customer's water supply requirements. The new regional water supply agreement commenced on September 29, 1998, to coincide with Tampa Bay Water's issuance of Utility System Revenue Bonds, Series 1998A and 1998B. As a part of the agreement, members agreed to sell certain capital assets to Tampa Bay Water and Tampa Bay Water agreed to assume all outstanding member debt and to contribute certain capital assets to the members. Tampa Bay Water purchased capital assets from, and contributed assets to, the BOCC in the amounts of $19,326 and $18,818, respectively. With respect to Tampa Bay Water's $19,326 capital asset purchase, the BOCC agreed to defer this payment by recording a long-term receivable. Payments will be received as water supply purchase credits plus interest over the thirty year term of Tampa Bay Water's 1998A and 1998B bond issues. The amount due from Tampa Bay Water on September 30, 2013 and 2012, including current maturities of $598 and $571 respectively, was $12,840 and $13,411, respectively.

This transaction resulted in a $12,926 unamortized gain. On September 30, 1998, this gain was recorded as a reduction of Tampa Bay Water's long-term receivable. The gain will be amortized on the installment method over the thirty year term of Tampa Bay Water's 1998A and the 1998B bond issues. The gain on September 30, 2013 and 2012 was $3,809 and $4,291, respectively. For fiscal years 2013 and 2012, the gain amortized to other nonoperating revenues was $482 and $503, respectively.

The BOCC, as one of six participants governing Tampa Bay Water, has a direct ongoing financial responsibility to contractually purchase water solely from Tampa Bay Water. Tampa Bay Water has set water rates to produce sufficient revenue from its members to meet fiscal year 2014 operating costs and debt service requirements. Tampa Bay Water's audited financial statements for the fiscal year ended September 30, 2013, may be obtained from:

Finance Director
Tampa Bay Water
2575 Enterprise Road
Clearwater, Florida 33763-1102

(15) Contingent Liabilities

(A) Litigation

The System is involved in certain litigation arising in the ordinary course of operations. Management believes, after consulting with legal counsel, that any potential losses would not materially affect the System's financial condition.

(B) State and Federal Grants

Grant funds received and disbursed 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 System's financial condition.

(C) Environmental Protection

Occasionally, the Florida Department of Environmental Protection (DEP) may cite the System for accidental environmental infractions. These infractions and the related remediation activities are considered a routine part of System business operations. Management believes that any contingent liabilities arising from an accidental environmental infraction, if any, would be immaterial.

(16) No Commitment Special Assessment Debt

(A) Fiscal Year 2001

On December 8, 2000, the BOCC issued $4.9 million in Reclaimed Water Special Assessment Revenue Bonds, Series 2000 and $29.6 million in Capacity Assessment Special Assessment Revenue Bonds, Series 2000. These bonds have interest rates that vary from 4.30% to 5.00% with interest payable semiannually. Reclaimed Water Special Assessment net bond proceeds were used to redeem approximately $4 million in outstanding System notes payable. Impact Fee Assessment bond proceeds were used to expand the System's water and wastewater facilities. Payment of debt service is secured and payable from impact fee assessment unit and reclaimed water improvement unit special assessment revenues. On September 30, 2013 and 2012, the Capacity Assessment Special Assessment Revenue Bonds, Series 2000, outstanding balance was $11,845 and $13,585, respectively, and the Reclaimed Water Improvement Special Assessment Revenue Bonds, Series 2000, outstanding balance was $1,485 and $1,820, respectively.

(B) Fiscal Year 2006

On May 3, 2006, the BOCC issued $101.1 million in Capacity Assessment Special Assessment Revenue Bonds, Series 2006, with interest rates from 3.55% to 5.00%. Interest is payable semiannually. Bond proceeds were combined with a market issue premium of $5 million and used to fund a System capital improvement account deposit of $93.8 million, to fund a debt service reserve of $9 million, to fund capitalized interest costs of $3 million, and to pay bond issuance costs of $.3 million. To secure repayment of the bonds, the System irrevocably pledged ("sold") $97.8 million in long-term impact fee assessment accounts receivable and the related annual special assessment collections of approximately $10 million to the bondholders for the $93.8 million capital improvement account funding. On September 30, 2013 and 2012, the Capacity Assessment Special Assessment Revenue Bonds, Series 2006, outstanding balance was $68,930 and $74,245, respectively.

These no-commitment special assessment debt obligations are not recorded in the County's financial statements, since neither the BOCC nor the System are legally obligated to repay the bonds.

SUPPLEMENTAL INFORMATION

HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
WATER ENTERPRISE FUND
COMPARISON OF ACTUAL REVENUES AND EXPENSES TO BUDGET
UNAUDITED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013
(Amounts in Thousands)

	BUDGET	ACTUAL	CHANGE POSITIVE (NEGATIVE)
Operating revenues:			
Charges for services	**$201,352**	**$205,197**	**$3,845**
Operating expenses:			
Employee services	40,618	39,052	1,566
Contractual services	76,077	69,678	6,399
Communication services	1,640	1,245	395
Fleet services	2,167	2,403	(236)
Repairs and maintenance	8,348	8,859	(511)
Utilities	10,798	9,508	1,290
Supplies	224	354	(130)
Other	2,793	2,144	649
Total operating expenses before depreciation and amortization expense	**142,665**	**133,243**	**9,422**
Operating income before depreciation and amortization expense	**$58,687**	**71,954**	**$13,267**
Depreciation and amortization expense *		54,986	
Operating income		**$16,968**	

*** Depreciation and amortization expenses are not budgeted.**

EXHIBIT A
HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
WATER ENTERPRISE FUND
REFUNDING UTILITY REVENUE BONDS SERIES, 2001
ISSUED MAY 17, 2001
DEBT SERVICE SCHEDULE
UNAUDITED
(Amounts in Thousands)

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL
2014	$9,575	$1,095	$10,670
2015	10,500	570	11,070
	$20,075	**$1,665**	**$21,740**

EXHIBIT B
HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
WATER ENTERPRISE FUND
UTILITY REVENUE BONDS SERIES, 2010A
(TAX-EXEMPT)
ISSUED NOVEMBER 16, 2010
DEBT SERVICE SCHEDULE
UNAUDITED
(Amounts in Thousands)

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL
2014	$2,425	$464	$2,889
2015	2,500	391	2,891
2016	2,575	316	2,891
2017	2,635	258	2,893
2018	2,740	153	2,893
2019	2,805	84	2,889
	$15,680	**$1,666**	**$17,346**

EXHIBIT C

HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
WATER ENTERPRISE FUND
UTILITY REVENUE BONDS, SERIES 2010B
(FEDERALLY TAXABLE-BUILD AMERICA BONDS-DIRECT PAYMENT)
ISSUED NOVEMBER 16, 2010
DEBT SERVICE SCHEDULE
UNAUDITED
(Amounts in Thousands)

FISCAL YEAR	PRINCIPAL	INTEREST	LESS 35% DIRECT PAY SUBSIDY	TOTAL
2014	$ -	$5,637	$1,973	$3,664
2015	-	5,637	1,973	3,664
2016	-	5,637	1,973	3,664
2017	-	5,637	1,973	3,664
2018	-	5,637	1,973	3,664
2019	-	5,637	1,973	3,664
2020	4,675	5,637	1,973	8,339
2021	4,790	5,457	1,910	8,337
2022	4,920	5,263	1,842	8,341
2023	5,050	5,056	1,770	8,336
2024	5,195	4,837	1,693	8,339
2025	5,350	4,598	1,609	8,339
2026	5,515	4,341	1,519	8,337
2027	5,695	4,065	1,423	8,337
2028	5,885	3,775	1,321	8,339
2029	6,085	3,469	1,214	8,340
2030	6,295	3,146	1,101	8,340
2031	6,515	2,806	982	8,339
2032	6,750	2,448	857	8,341
2033	6,990	2,077	727	8,340
2034	7,240	1,692	592	8,340
2035	7,495	1,294	453	8,336
2036	7,770	878	307	8,341
2037	8,050	445	156	8,339
	$110,265	**$95,106**	**$33,287**	**$172,084**

EXHIBIT D

HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
WATER ENTERPRISE FUND
UTILITY REVENUE BONDS, SERIES 2010C
(FEDERALLY TAXABLE-RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS-DIRECT PAYMENT)
ISSUED NOVEMBER 16, 2010
DEBT SERVICE SCHEDULE
UNAUDITED
(Amounts in Thousands)

FISCAL YEAR	PRINCIPAL	INTEREST	LESS 45% DIRECT PAY SUBSIDY	TOTAL
2014	$ -	$1,269	$571	$698
2015	-	1,269	571	698
2016	-	1,269	571	698
2017	-	1,269	571	698
2018	-	1,269	571	698
2019	-	1,269	571	698
2020	-	1,269	571	698
2021	-	1,269	571	698
2022	-	1,269	571	698
2023	-	1,269	571	698
2024	-	1,269	571	698
2025	-	1,269	571	698
2026	-	1,269	571	698
2027	-	1,269	571	698
2028	-	1,269	571	698
2029	-	1,269	571	698
2030	-	1,269	571	698
2031	-	1,269	571	698
2032	-	1,269	571	698
2033	-	1,269	571	698
2034	-	1,269	571	698
2035	-	1,269	571	698
2036	-	1,269	571	698
2037	-	1,269	571	698
2038	7,005	1,269	571	7,703
2039	7,230	860	387	7,703
2040	7,465	449	203	7,711
	$21,700	**$33,034**	**$14,865**	**$39,869**

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

		REQUIREMENTS		
		I	**II**	**III**
Operating revenues	$205,197			
Additions:				
Investment earnings	7,232			
Other operating receipts	129			
Non-impact fee special assessment revenues	819			
Deductions:				
Non-covenant investment earnings:				
Bond proceed construction accounts	220			
Debt service sinking fund account	6			
Impact fee assessment unit non-bonded revenues (A)	25			
Impact fee revenue account (B)	6			
Non-impact fee special assessments revenue accounts	9			
Special assessment revenue installment interest charges	4,957			
Gross revenues		**$208,154**	**$208,154**	**$208,154**
Pledged available impact fees:				
Impact fee revenues	8,859			
Impact fee assessment unit revenues	3,194			
Investment earnings (A+B)	31			
Pledged available impact fees		**12,084**	**12,084**	**-**
Total funds available		**220,238**	**220,238**	**208,154**
Funds and deposits required:				
Total operating expenses	188,229			
Deductions:				
Depreciation and amortization	54,986			
Capitalized operating expenses	1,738			
County-wide Water Conservation Trust refund	121			
Operation and maintenance costs		**131,384**	**131,384**	**131,384**
Renewal and replacement deposit		**10,318**	**-**	**-**
Bond service requirements:				
2001 bond interest requirement	1,509			
2001 bond principal requirement	9,035			
2010A/B/C bonds interest requirement	7,429			
2010A/B/C principal requirement	2,355			
Deductions:				
2010B/C bonds interest subsidy	2,434			
Total bond service requirement	**17,894**			
Less debt service sinking fund investment earnings	6			
Total bond service requirement		**17,888**	**17,888**	**17,888**
Requirement II - 20% of total bond service requirements		**-**	**3,578**	**-**
Total funds and deposits required		**159,590**	**152,850**	**149,272**
Funds in excess of requirements - September 30, 2013		**$60,648**	**$67,388**	**$58,882**

HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
WATER ENTERPRISE FUND
RATE COVENANT TESTS
UNAUDITED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

REQUIREMENTS

This report was prepared in accordance with BOCC Resolutions R03-112, the amended and restated BOCC Utility System Bond Resolution, Article XI, Section 11.02. The following requirements were met for the fiscal year ended September 30, 2013.

I. Gross Revenues together with Pledged Impact Fees, exceeded Required Deposits;

II. Net Revenues, together with Pledged Impact Fees, exceeded 120% of Bond Service Requirements; and,

III. Net Revenues exceeded Bond Service Requirements.

(Net Revenues = Gross Revenues less the Cost of Operations and Maintenance)

HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
WATER ENTERPRISE FUND
EXCESS RATE COVENANT TEST FUNDS RECONCILED TO CHANGE IN NET POSITION
UNAUDITED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013
(Amounts in thousands)

		REQUIREMENTS		
		I	**II**	**III**
Excess Funds over Covenant Requirements - September 30, 2013		**$60,648**	**$67,388**	**$58,882**
Items considered in determining the change in net position, but not considered in the rate covenant calculation:				
Investment earnings on restricted accounts:				
Bond proceed construction accounts		220	220	220
Impact fee revenue account		6	6	6
Impact assessment unit account		25	25	25
Non-impact fee special assessment revenue accounts		9	9	9
Special assessment revenue installment interest charges		4,957	4,957	4,957
Non-impact fee special assessment revenues		(819)	(819)	(819)
Other-operating receipts		(129)	(129)	(129)
Depreciation and amortization		(54,986)	(54,986)	(54,986)
Capitalized operating expenses		(1,738)	(1,738)	(1,738)
Asset disposal loss		(1,316)	(1,316)	(1,316)
Nonoperating revenues		3,046	3,046	3,046
Nonoperating expenses		(471)	(471)	(471)
Difference between interest expense as reported on the Statement of Activities and the Rate Covenant Test due to amortization of deferred refunding losses, bond issuance premiums, and capitalized long-term debt interest costs:				
Rate Covenant Test	$6,504			
Statement of Activities	3,975			
Difference		2,529	2,529	2,529
Items considered for rate covenant requirements, but not considered in determining the change in net position:				
Pledged impact fees		(12,084)	(12,084)	-
Bonds principal bond service requirement		11,390	11,390	11,390
Additional 20% of bond service requirements		-	3,578	-
Renewal and replacement account deposit		10,318	-	-
Capital contributions		19,925	19,925	19,925
Change in net position - September 30, 2013		**$41,530**	**$41,530**	**$41,530**

HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
WATER ENTERPRISE FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR ACCOUNTS RESTRICTED BY BOND COVENANT OR RESERVED BY BOCC POLICY
UNAUDITED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Restricted by Bond Covenant or Other Legislation								Reserved by BOCC Policy			
(Amounts in thousands)	Impact Fee Revenues	Debt Service Sinking Fund	Fund A Renewal and Replacement	Fund B Renewal and Replacement	Non-Bonded Impact Fee Assmt Units	2010 Bonds Construction Proceeds	2010 Bonds DSR Proceeds	Total Restricted	2010 Bonds BAB & RZED Subsidies	Non-Bonded RWIU Assmt Units	Non-Bonded Infrastructure Assmt Units	Total System
Balance, October 1, 2012	**$1**	**$4,618**	**$49,198**	**$260**	**$4,653**	**$68,357**	**$11,581**	**$138,668**	**$2,565**	**$1,361**	**$91**	**$142,685**
Receipts:												
Impact fee revenues	3,194	-	-	-	-	-	-	3,194	-	-	-	**3,194**
Impact fee investment earnings	6	-	-	-	25	-	-	31	-	-	-	**31**
Investment earnings - debt service account	-	6	-	-	-	-	-	6	10	-	-	**16**
Investment earnings - construction accounts	-	-	-	-	-	220	-	220	-	8	1	**229**
2010 bonds--BAB & RZED subsidies	-	-	-	-	-	-	-	0	2,434	-	-	**2,434**
Proceeds from asset sales	-	-	23	-	-	-	-	23	-	-	-	**23**
Special assessment revenues	-	-	-	-	8,859	-	-	8,859	-	813	6	**9,678**
Other revenues	-	-	206	-	7	-	-	213	-	-	-	**213**
Transfer from impact fee account	8,347	7,350	-	-	-	-	-	15,697	-	-	-	**15,697**
Transfers from the revenue account	-	7,062	12,000	-	-	-	-	19,062	-	-	-	**19,062**
Transfers from bond subsidy accounts	-	2,544	-	-	-	-	-	2,544	-	-	-	**2,544**
Tampa Bay Water - water purchase credits	-	-	1,238	-	-	-	-	1,238	-	-	-	**1,238**
Total receipts	**11,547**	**16,962**	**13,467**	**0**	**8,891**	**220**	**0**	**51,087**	**2,444**	**821**	**7**	**54,359**
Disbursements:												
Capital outlay	-	-	5,119	16	-	53,253	-	58,388	-	-	-	**58,388**
Operating expenses	-	4	-	-	134	-	-	138	-	12	1	**151**
Interest payments	-	8,938	-	-	-	-	-	8,938	-	-	-	**8,938**
Principal payments	-	11,390	-	-	-	-	-	11,390	-	-	-	**11,390**
Transfers to impact fee account	-	-	-	-	8,347	-	-	8,347	-	-	-	**8,347**
Transfers to operating and maintenance account	3,019	-	-	-	800	-	-	3,819	-	-	-	**3,819**
Transfers to debt service sinking account	7,350	-	-	-	-	-	-	7,350	2,544	-	-	**9,894**
Total disbursements	**10,369**	**20,332**	**5,119**	**16**	**9,281**	**53,253**	**0**	**98,370**	**2,544**	**12**	**1**	**100,927**
Balance, September 30, 2013	**$1,179**	**$1,248**	**$57,546**	**$244**	**$4,263**	**$15,324**	**$11,581**	**$91,385**	**$2,465**	**$2,170**	**$97**	**$96,117**
Notes:	**(B)**	**(B)**	**(A)**	**(A)**	**(B)**	**(C)**	**(B)**		**(D)**	**(D)**	**(D)**	

(*) Restricted by bond covenant or other legislation includes the following accounts:
Federal and State grants and the System's bond proceed and impact fee funded capital improvement program.

Components of restricted and reserved net position:

(A) Bond covenants	$57,790
(B) Debt service	18,271
(C) Invested in capital assets	15,324
Total restricted	**$91,385**
(D) Reserved	4,732
Total	**$96,117**

HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
WATER ENTERPRISE FUND
STATISTICAL SECTION
UNAUDITED

SECTION CONTENTS

Financial Trends Information:

These schedules present comparative financial data over the last ten fiscal years. This provides information to financial statement user concerning the System's financial management and performance.

Schedules:

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

Debt Capacity Information:

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

Schedules:

Outstanding Debt Compared to Net Position
Historical Debt Service Coverage

General Operating Statistics:

This schedule presents the System's key operating data and general statistics.

Capital Assets
Staffing
Average number of Customer Accounts
Annual Use/Flow
Operating Costs

HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
WATER ENTERPRISE FUND
UNAUDITED

Financial Trend Schedules:

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

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

	2013	2012	2011	2010	2009	2008	2007	Restated 2006	Restated 2005	Restated 2004
Net investment in capital assets	$727,689	$738,301	$756,401	$788,041	$801,480	$726,046	$545,229	$467,644	$434,986	$405,444
Restricted net position	76,115	70,311	67,335	48,603	31,582	51,073	132,958	157,340	73,570	53,496
Unrestricted net position	407,980	361,642	311,305	277,397	273,018	289,885	341,544	313,058	337,114	319,423
Total net position	**$1,211,784**	**$1,170,254**	**$1,135,041**	**$1,114,041**	**$1,106,080**	**$1,067,004**	**$1,019,731**	**$938,042**	**$845,670**	**$778,363**

Current Ratio
Fiscal Years - 2004 through 2013
(amounts in thousands)

This schedule shows the System's ability to pay its current liabilities such as accounts payable, payroll, and short-term borrowing costs. The generally accepted current ratio standard is 2:1, whereby current assets exceed current liabilities.

	2013	2012	2011	2010	2009	2008	2007	Restated 2006	Restated 2005	Restated 2004
Total current assets	$425,365	$436,866	$414,535	$261,383	$235,122	$336,776	$482,379	$478,811	$348,522	$317,486
Total current liabilities	$50,859	$52,907	$53,808	$58,161	$57,117	$81,974	$70,642	$54,052	$54,721	$44,044
Ratio	**8.4:1**	**8.3:1**	**7.7:1**	**4.5:1**	**4.1:1**	**4.1:1**	**6.8:1**	**8.9:1**	**6.4:1**	**7.2:1**

HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
WATER ENTERPRISE FUND
UNAUDITED

Financial Trend Schedules (continued):

Return on Capital Assets
Fiscal Years - 2004 through 2013
(amounts in thousands)

Return on capital assets provides a means for evaluating management's effectiveness at generating an operating profit from the investment in capital assets.

	2013	2012	2011	2010	2009	2008	2007	Restated 2006	Restated 2005	Restated 2004
Change in net position	$41,530	$35,213	$21,000	$7,961	$39,076	$47,273	$81,689	$92,372	$67,307	$89,520
Average total capital assets, net	$866,055	$847,892	$849,652	$868,287	$867,157	$769,037	$658,314	$619,669	$603,338	$592,019
Return on Capital Assets	**4.8%**	**4.2%**	**2.5%**	**0.9%**	**4.5%**	**6.1%**	**12.4%**	**14.9%**	**11.2%**	**15.1%**

Accounts Receivable Collection Days over 365 Collection Days and Bad Debt Expenses
Fiscal Years - 2004 through 2013
(amounts in thousands)

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

	2013	2012	2011	2010	2009	2008	2007	Restated 2006	Restated 2005	Restated 2004
Charges for services	$205,197	$202,199	$196,512	$177,315	$175,692	$180,715	$188,386	$188,120	$173,094	$163,016
Accounts receivable before allowance	$19,683	$20,383	$17,798	$18,079	$16,049	$17,499	$17,839	$15,640	$15,373	$14,050
Accounts Receivable Collection days	**35.0**	**36.8**	**33.1**	**37.2**	**33.3**	**35.3**	**34.6**	**30.3**	**32.4**	**31.5**
Bad debt expense	$330	$275	$278	$253	$453	$395	$472	$463	$229	$328
Percent of charges for services	**0.02%**	**0.01%**	**0.01%**	**0.01%**	**0.03%**	**0.02%**	**0.03%**	**0.03%**	**0.01%**	**0.02%**

HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
WATER ENTERPRISE FUND
UNAUDITED

Financial Trend Schedules (continued):

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

This schedule presents annual operating data to assist the financial statement user with evaluating the System's annual financial performance.

	2013	2012	2011	2010	2009	2008	2007	Restated 2006	Restated 2005	Restated 2004
Operating revenues:										
Charges for services	**$205,197**	**$202,199**	**$196,512**	**$177,315**	**$175,692**	**$180,715**	**$188,386**	**$188,120**	**$173,094**	**$163,016**
Operating expenses:										
Employee services	39,052	39,257	41,111	40,869	47,486	45,618	42,625	39,275	36,058	33,155
Contractual services	69,678	69,450	70,291	69,445	68,320	73,650	68,063	58,437	55,255	48,520
Communication services	1,245	1,275	1,269	1,319	1,350	1,393	1,287	1,178	1,058	941
Fleet services	2,403	2,513	2,075	1,816	1,506	2,131	1,701	1,669	1,570	1,426
Repairs and maintenance	8,859	8,117	7,964	5,924	7,692	7,903	6,801	6,373	6,640	6,882
Utilities	9,508	10,230	9,256	8,876	10,917	10,411	7,822	7,246	5,825	5,192
Supplies	354	325	324	297	1,196	3,840	5,012	2,804	3,534	1,792
Depreciation and amortization	54,986	55,650	57,391	58,536	52,754	51,445	49,846	48,144	47,772	41,929
Other	2,144	2,047	1,827	2,003	2,306	2,774	2,429	2,338	3,105	2,255
Total operating expenses	**188,229**	**188,864**	**191,508**	**189,085**	**193,527**	**199,165**	**185,586**	**167,464**	**160,817**	**142,092**
Operating expenses - percentage of revenue	**91.73%**	**93.41%**	**97.45%**	**106.64%**	**110.2%**	**110.2%**	**98.5%**	**89.0%**	**92.9%**	**87.2%**
Operating income (loss)	**16,968**	**13,335**	**5,004**	**(11,770)**	**(17,835)**	**(18,450)**	**2,800**	**20,656**	**12,277**	**20,924**
Nonoperating revenues (expenses):										
Investment earnings	7,232	9,071	9,011	9,974	12,091	17,564	28,297	24,928	13,636	10,605
Interest expense	(3,975)	(3,764)	(6,046)	(2,327)	(6,814)	(10,184)	(11,580)	(13,042)	(14,432)	(15,846)
Other revenues	3,046	1,591	3,585	4,082	3,156	3,822	4,062	4,989	5,016	6,568
Loss on debt defeasance	-	-	-	-	(6,813)	-	-	-	-	-
Other expenses	(1,787)	(469)	(514)	(312)	(716)	(542)	(523)	(3,350)	(882)	(3,999)
Total nonoperating revenue (expense)	**4,516**	**6,429**	**6,036**	**11,417**	**904**	**10,660**	**20,256**	**13,525**	**3,338**	**(2,672)**
Income (loss) before contributions and transfers	**21,484**	**19,764**	**11,040**	**(353)**	**(16,931)**	**(7,790)**	**23,056**	**34,181**	**15,615**	**18,252**
Capital contributions	19,925	15,330	9,770	7,847	56,007	55,063	58,633	58,141	49,875	71,163
Transfers in	121	119	190	467	-	-	-	50	1,817	105
Change in net position	**41,530**	**35,213**	**21,000**	**7,961**	**39,076**	**47,273**	**81,689**	**92,372**	**67,307**	**89,520**
Net position, beginning of year, as restated	**1,170,254**	**1,135,041**	**1,114,041**	**1,106,080**	**1,067,004**	**1,019,731**	**938,042**	**845,670**	**778,363**	**688,843**
Net position, end of year	**$1,211,784**	**$1,170,254**	**$1,135,041**	**$1,114,041**	**$1,106,080**	**$1,067,004**	**$1,019,731**	**$938,042**	**$845,670**	**$778,363**

Financial Trend Schedules (Continued):

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

This schedule identifies the System's principal components of charges for services.

															Restated		Restated		Restated	
	2013	PCT	2012	PCT	2011	PCT	2010	PCT	2009	PCT	2008	PCT	2007	PCT	2006	PCT	2005	PCT	2004	PCT
Water charges	$93,628	45.6%	$94,772	46.9%	$92,182	46.9%	$77,859	43.9%	$76,203	43.4%	$79,101	43.8%	$82,788	43.9%	$80,008	42.5%	$67,638	39.1%	$62,982	38.6%
Wastewater charges	91,350	44.5%	89,997	44.5%	87,544	44.5%	84,114	47.4%	83,201	47.4%	84,159	46.6%	83,274	44.2%	81,063	43.1%	76,736	44.3%	72,852	44.7%
Reclaimed water charges	2,039	1.0%	2,050	1.0%	2,049	1.0%	1,911	1.1%	1,819	1.0%	1,818	1.0%	1,401	0.7%	1,312	0.7%	1,302	0.8%	1,296	0.8%
Accrued guaranteed revenue fees	9,464	4.6%	7,009	3.5%	6,164	3.1%	5,171	2.9%	5,030	2.9%	5,840	3.2%	11,063	5.9%	16,056	8.5%	17,841	10.3%	17,579	10.8%
Customer billing charges	7,909	3.9%	7,488	3.7%	7,450	3.8%	7,262	4.1%	7,030	4.0%	7,082	3.9%	6,970	3.7%	6,873	3.7%	6,593	3.8%	6,256	3.8%
General operating revenues	807	0.4%	883	0.4%	1,123	0.7%	998	0.6%	2,409	1.4%	2,715	1.5%	2,890	1.5%	2,808	1.5%	2,984	1.7%	2,051	1.3%
Charges for services	**$205,197**	**100.0%**	**$202,199**	**100.0%**	**$196,512**	**100.0%**	**$177,315**	**100.0%**	**$175,692**	**100.0%**	**$180,715**	**100.0%**	**$188,386**	**100.0%**	**$188,120**	**100.0%**	**$173,094**	**100.0%**	**$163,016**	**100.0%**

Other Nonoperating Revenue Components
Fiscal Years - 2004 through 2013
(amounts in thousands)

This schedule identifies the principal components of the System's other nonoperating revenues.

															Restated		Restated		Restated	
	2013	PCT	2012	PCT	2011	PCT	2010	PCT	2009	PCT	2008	PCT	2007	PCT	2006	PCT	2005	PCT	2004	PCT
Investment earnings	$7,232	23.8%	$9,071	31.9%	$9,011	39.9%	$9,974	44.6%	$12,091	17.0%	$17,564	23.0%	$28,297	31.1%	$24,928	28.3%	$13,636	19.4%	$10,605	12.0%
Capital contributions	19,925	65.7%	15,330	53.8%	9,770	43.4%	7,847	35.1%	56,007	78.6%	55,063	72.0%	58,633	64.4%	58,141	66.0%	49,875	70.9%	71,163	80.5%
General revenues	3,046	10.0%	3,960	13.9%	3,585	15.9%	4,082	18.2%	3,156	4.4%	3,822	5.0%	4,062	4.5%	4,989	5.7%	5,016	7.1%	6,568	7.4%
Transfers in	121	0.4%	119	0.4%	190	0.8%	467	0.0%	0	0.0%	-	0.0%	-	0.0%	50	0.1%	1,817	2.6%	105	0.1%
Total other nonoperating revenues	**$30,324**	**100.0%**	**$28,480**	**100.0%**	**$22,556**	**100.0%**	**$22,370**	**100.0%**	**$71,254**	**100.0%**	**$76,449**	**100.0%**	**$90,992**	**100.0%**	**$88,108**	**100.0%**	**$70,344**	**100.0%**	**$88,441**	**100.0%**

HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
WATER ENTERPRISE FUND
UNAUDITED

Debt Schedules:

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

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

	2013	2012	2011	2010	2009	2008	2007	Restated 2006	Restated 2005	Restated 2004
Revenue bonds and notes outstanding	$167,720	$179,110	$197,150	$64,255	$80,525	$130,470	$151,628	$171,980	$190,015	$207,555
Net position	$1,211,784	$1,170,254	$1,135,041	$1,114,041	$1,106,080	$1,067,004	$1,019,731	$938,042	$845,670	$778,363
Percent	**13.8%**	**15.3%**	**17.4%**	**5.8%**	**7.3%**	**12.2%**	**14.9%**	**18.3%**	**22.5%**	**26.7%**

HILSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
WATER ENTERPRISE FUND
UNAUDITED

Debt Schedules (Continued):

Historical Debt Service Coverage
Fiscal Years - 2004 through 2013
(amounts in thousands)

	2013	2012	2011	2010	2009	2008	2007	Restated 2006	Restated 2005	Restated 2004
Gross Revenues (1)	$208,154	$206,358	$200,442	$180,351	$183,260	$193,349	$206,971	$202,554	$182,309	$170,338
Less Cost of Operation & Maintenance (3)	131,384	131,264	132,296	128,323	139,269	145,429	134,471	118,220	110,271	96,780
Total Net Revenues	**$76,770**	**$75,094**	**$68,146**	**$52,028**	**$43,991**	**$47,920**	**$72,500**	**$84,334**	**$72,038**	**$73,558**
Pledged Impact Fees (2)	**12,084**	**12,059**	**12,663**	**11,559**	**10,088**	**8,211**	**11,798**	**20,535**	**15,184**	**19,916**
Total Pledged System Revenues	**$88,854**	**$87,153**	**$80,809**	**$63,587**	**$54,079**	**$56,131**	**$84,298**	**$104,869**	**$87,222**	**$93,474**
Required Deposits										
Cost of Operation and Maintenance (3)	$131,384	$131,264	$132,296	$128,323	$139,269	$145,429	$134,471	$118,220	$110,271	$96,780
Bond Service Requirement	17,888	20,341	20,545	20,347	20,820	26,912	26,455	26,506	27,556	27,309
Deposit to Renewal and Replacement Account	10,318	10,022	9,018	9,163	9,667	10,446	10,161	9,083	8,603	8,083
Total Required Deposits	**$159,590**	**$161,627**	**$161,859**	**$157,833**	**$169,756**	**$182,787**	**$171,087**	**$153,809**	**$146,430**	**$132,172**
20% of Bond Service Requirements	**$3,578**	**$4,068**	**$4,109**	**$4,069**	**$4,164**	**$5,382**	**$5,291**	**$5,301**	**$5,511**	**$5,462**
Subordinate Debt Service Requirement	-	-	-	-	-	-	-	**$3,778**	-	-
Required Coverage:										
(A).=> 100%	**1.38**	**1.35**	**1.32**	**1.22**	**1.14**	**1.10**	**1.28**	**1.45**	**1.35**	**1.44**
(B).=> 120%	**4.97**	**4.28**	**3.93**	**3.13**	**2.60**	**2.09**	**3.19**	**3.96**	**3.17**	**3.42**
(C).=> 100%	**4.29**	**3.69**	**3.32**	**2.56**	**2.11**	**1.78**	**2.74**	**3.18**	**2.61**	**2.69**
(D).=> 100%	-	-	-	-	-	-	-	**2.78**	-	-

(A). Gross Revenues, plus Pledged Impact Fees Divided by Required Deposits (Required Coverage = 1.00).
(B). Net Revenues, plus Pledged Impact Fees Divided by Bond Service Requirement (Required Coverage = 1.20).
(C). Net Revenues Divided by the Bond Service Requirement (Required Coverage = 1.00).
(D). Net Revenues Divided by the Sum of the Bond Service Requirement and Subordinate Debt Service requirement (Required Coverage = 1.00).

(1) Includes meter installation fees and interest income on operating reserves.
(2) Impact Fees are pledged to the extent that Water and Wastewater Impact Fees, respectively, do not exceed the respective Expansion Project Percentage.
(3) Includes the Tampa Bay Water contracted water supply cost.

HILLSBOROUGH COUNTY, FLORIDA
PUBLIC UTILITIES DEPARTMENT
WATER ENTERPRISE FUND
UNAUDITED

General Operating Statistics:
Fiscal Years - 2004 through 2013

	2013	2012	2011	2010	2009	2008	2007	Restated 2006	Restated 2005	Restated 2004
Capital Assets (amounts are actual):										
Number of Water Plants	4	4	4	4	4	3	3	3	3	3
Number of Wastewater Treatment Plants	7	7	7	7	7	7	7	7	7	7
Water Distribution line miles (estimated)	2,214	2,399	2,391	2,336	2,255	2,227	2,192	1,994	1,930	1,910
Wastewater Transmission line miles (estimated)	2,084	2,229	2,215	2,105	2,063	2,007	1,864	1,740	1,710	1,680
Reclaimed Water Transmissions line miles (estimated)	344	335	333	331	328	325	323	310	300	290
Number of Pump Stations	721	709	703	699	690	682	674	640	622	602
Staffing:										
Number of budgeted positions per 1,000 customers	5.1	4.3	4.4	4.6	4.6	4.7	4.3	4.4	4.5	4.6
Average Number of Customer Accounts Billed Monthly										
Water Customers	**148,740**	**147,379**	**144,317**	**141,988**	**141,615**	**141,690**	**141,355**	**139,609**	**135,033**	**128,080**
Percent Change	0.9%	2.1%	1.6%	0.3%	-0.1%	0.2%	1.3%	3.4%	5.4%	5.4% (2)
Wastewater Customers	**136,275**	**135,240**	**133,979**	**134,904**	**131,588**	**131,890**	**132,420**	**130,821**	**126,308**	**119,483**
Percent Change	0.8%	0.9%	-0.7%	2.5%	-0.2%	-0.4%	1.2%	3.6%	5.7%	5.7% (2)

(1) Acquisition of 3,500 connections from a private franchise in September 2003
(2) Acquisition of 1,200 connections from a private franchise in April 2004

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Annual Use/Flows										
Annual Water Consumption (thousands of gallons)	16,646	17,407	17,566	16,461	16,379	17,014	18,137	17,971	15,633	15,262
Annual Treated Wastewater Flows (thousands of gallons)	13,131	13,143	13,007	12,508	12,641	12,434	12,303	12,473	11,873	11,277
Operating Costs (amounts in thousands):										
Operating Expenses	$188,229	$188,864	$191,508	$189,085	$193,527	$199,165	$185,586	$167,464	$160,817	$142,092
Less: Depreciation and amortization	54,986	55,650	57,391	58,536	52,754	51,445	49,846	48,144	47,772	41,929
Less: Purchased Water	49,279	49,184	48,164	46,659	42,733	43,395	41,380	39,326	34,572	31,631
Net Operating Cost	$83,964	$84,030	$85,953	$83,890	$98,040	$104,325	$94,360	$79,994	$78,473	$68,532
Number of Accounts Billed Annually	1,752	1,880	1,845	1,839	1,844	1,845	1,837	1,805	1,728	1,651
Monthly Operating Cost per Statement (amounts are actual)	**$48**	**$45**	**$47**	**$46**	**$53**	**$57**	**$51**	**$44**	**$45**	**$42**

Sources:
Water Enterprise Fund Annual Audited Financial Reports for Fiscal Years 2004 through 2013
Water Enterprise Fund Operating Data

Hillsborough County
Florida

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