

Hillsborough County, Florida

Financial Summary Report



Fiscal Year Ended September 30, 2013



To the Residents of Hillsborough County:

I am pleased to provide you with the *Hillsborough County, Florida Financial Summary Report for the Fiscal Year Ended September 30, 2013*. It presents the County's fiscal year 2013 financial activity in a concise and easy-to-read format. This year's cover spotlights environmental conservation, solar energy generation and energy saving projects in Hillsborough County.

The information in this *Financial Summary Report* was derived from the *Hillsborough County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2013 (CAFR)*. The CAFR consists of 253 pages of detailed financial statements, notes, schedules, and reports. The CAFR is posted at www.hillsclerk.com (select "Clerks in the Sunshine" and then "Financial Reports - County"). It is also available at the County Finance Department, County Center 12th Floor, 601 E. Kennedy Blvd, Tampa, FL 33602 or by calling (813) 307-7026. The *Financial Summary Report* presents the financial information of all County government operations, including those of the Board of County Commissioners, Clerk of Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector, but excludes discretely presented component units. Since the *Financial Summary Report* contains simplified information, it does not conform to Generally Accepted Accounting Principles (GAAP) for governmental entities. As the Chief Financial Officer of Hillsborough County, I am fully responsible for the accuracy of these financial reports. I hope that you find this report interesting and informative.

Sincerely,

Pat Frank

Principal Officials

BOARD OF COUNTY COMMISSIONERS

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

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

CONSTITUTIONAL OFFICERS

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

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

APPOINTED OFFICIALS

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



County's website:
hillsboroughcounty.org

Revenues

Total revenues fell \$15 million or 0.9% from the previous year.

Amounts in millions	Fiscal Yr 2013	Fiscal Yr 2012	Increase (Decrease)	Change
Governmental activities:				
Property taxes	\$ 530	546	(16)	-3 %
Sales taxes and state shared revenues	397	388	9	2 %
Other taxes	47	49	(2)	-4 %
Investment earnings	5	11	(6)	-55 %
Charges for services	190	174	16	9 %
Grants and contributions	138	138	-	--
Other revenues	25	47	(22)	-47 %
Total governmental activities	<u>1,332</u>	<u>1,353</u>	<u>(21)</u>	-2 %
Business-type activities:				
Water	234	226	8	4 %
Solid Waste	102	104	(2)	-2 %
Total business-type activities	<u>336</u>	<u>330</u>	<u>6</u>	2 %
Total revenues	<u>\$ 1,668</u>	<u>1,683</u>	<u>(15)</u>	-1 %

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

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

Property taxes fell \$15.6 million or 2.9% due to a \$1.59 billion or 2.9% reduction in the assessed value of taxable real property in Hillsborough County during fiscal year 2012. This decline was primarily the result of real property market values falling \$1.8 billion, offset by property tax exemptions falling only \$0.2 billion (since market values less exemptions equal assessed values).

Sales taxes consist of discretionary sales surtaxes such as the Community Investment Tax and Health Care Sales Surtax. **State shared revenues** consist of revenues received from the state of Florida such as the Local Government Half-Cent Sales Tax, state revenue sharing proceeds, the Constitutional Fuel Tax, and County Fuel Tax. There was an overall increase of \$8.5 million from the prior year due to higher retail sales.

Investment earnings declined \$6.0 million or 54.1% from the previous year because interest earnings on the County's investment pool dropped from 0.58% for fiscal year 2012 to 0.46% for fiscal year 2013 due to a continued decline in market interest rates, but it was partially offset by an increase in the market values of securities in the County's investment portfolio, which was also the result of declining market interest rates.

Charges for services increased \$15.8 million primarily due to the following: Impact fee revenues used for schools, culture and recreation, transportation and special assessments increased \$8.7 million, while Sheriff charges for services fell \$1.2 million. A change in Florida Statutes resulted in an increase in fines and forfeitures revenues by \$8.5 million in the Clerk of Circuit Court's Court Operations and Public Records Fund. There was also a decrease in general government charges and fees of \$0.9 million in the General Fund.

Other revenues decreased \$22.6 million or 50.8% primarily due to the following: The elimination of internal service fund transactions totaling \$23.7 million. This decrease was partially offset by a \$1.3 million increase in donations and contributions from developers and other private sources for transportation related capital projects.

Water utility revenues increased \$5.8 million primarily due to a \$3 million increase in charges stemming from higher consumption with an increased customer base and a \$4.6 million increase in capital contributions from developers

Expenses

Total expenses fell \$19 million or 0.3% from the previous year.

Amounts in millions	Fiscal Yr 2013	Fiscal Yr 2012	Increase (Decrease)	Change
Governmental Activities:				
General government	\$ 290	294	(4)	-1 %
Public safety	518	523	(5)	-1 %
Physical environment	27	26	1	4 %
Transportation	95	100	(5)	-5 %
Economic environment	56	53	3	6 %
Human services	202	211	(9)	-4 %
Culture and recreation	70	71	(1)	-1 %
Interest on long-term debt	24	25	(1)	-4 %
Total governmental activities	<u>1,282</u>	<u>1,303</u>	<u>(21)</u>	-2 %
Business-type Activities:				
Water	193	193	-	-- %
Solid Waste	105	103	2	2 %
Total business-type activities	<u>298</u>	<u>296</u>	<u>2</u>	1 %

General government expenses include categories such as administrative, financial, court-related, budgeting and accounting, property assessments and tax collection, master planning, and zoning. General government expenses decreased \$3.6 million primarily due to: a \$18.0 million payment of impact fees to the School Board in fiscal year 2012 for building an elementary school that was not repeated; a \$2.7 million increase in General Fund personnel cost; a \$5.7 million increase in depreciation expenses allocated to the general government category; a \$4.7 million increase due to a loss on the disposal of capital assets; and a \$3.9 million increase due to transmitting more excess revenues to the state of Florida by the Clerk's Court Operation and Public Records Fund as required by law.

Public safety expenses are for protecting people and property. This category includes costs of the Sheriff, Fire Rescue, the Medical Examiner, Consumer Affairs, building inspections, and emergency and disaster relief services. Expenses decreased \$4.6 million due to: a \$11.0 million decrease due to elimination of internal service fund transactions; a \$10.2 million decrease in depreciation expenses allocated, partially offset by an increase in public safety expenses of \$6.3 million in the Sheriff's Office and \$8.5 million in the Fire Rescue Department.

Physical environment expenses are associated with conserving and managing natural resources such as air, water, soil, wildlife, as well as controlling pollution. Expenses increased by \$0.9 million from last year as a result of fiscal year 2012 expenditures being lowered by a \$1.5 million expenditure refund from the Florida Department of Transportation that was not repeated in fiscal year 2013.

Transportation expenses are related to maintaining county roads, bridges, street lighting, other infrastructure, and highway safety projects. Expenses decreased \$4.9 million primarily due to: a \$2.6 million decrease in resurfacing costs compared to fiscal year 2012 and a \$1.2 million decrease in expenses due to elimination of internal service fund transactions.

Economic environment expenses are related to new business promotion and development; housing assistance and rehabilitation programs; disadvantaged minority; women owned; and small business enterprise programs. Expenses increased \$3.1 million primarily due to: a \$3.5 million increase in expenditures for improvements to the Tampa Bay Times Forum; a \$1.1 million increase in US Department of Housing and Urban Development grant spending to meet contractual deadlines; offset by a \$1.3 million decrease due to a job creation program that had no activity in fiscal year 2013.

Human services expenses include providing services such as health care for the poor, public assistance, care for the elderly, social services, as well as animal and mosquito control. Expenses decreased \$9.5 million primarily due to: a \$7.1 million decrease in Hillsborough Health Care Plan expenses for low income residents, partly offset by a \$1.7 million increase in family and aging-related expenses; and a \$3.9 million decrease in expenses due to elimination of internal service fund transactions.

Culture and recreation expenses are associated with libraries, parks, and recreational facilities.

Balance Sheet

September 30, 2013

Amounts in Millions

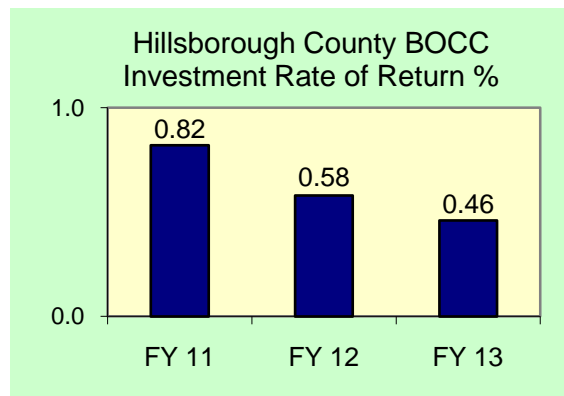
	Governmental Activities	Business-Type Activities	Total	Prior Year-End
ASSETS				
Cash and investments	\$ 1,229	564	1,793	1,776
Due from state/federal governments	85	--	85	81
Receivables/other current assets	27	32	59	58
Capital assets, net of depreciation	6,955	1,113	8,068	7,975
Notes receivable/noncurrent assets	79	111	190	202
	<u>8,375</u>	<u>1,820</u>	<u>10,195</u>	<u>10,092</u>
LIABILITIES				
Accounts payable	70	38	108	84
Accrued payroll liabilities, etc.	48	3	51	45
Unearned revenues (taxes or other revenues received but not yet earned)	85	18	103	118
Deposits payable	--	13	13	12
Long-term liabilities	756	380	1,136	1,137
	<u>959</u>	<u>452</u>	<u>1,411</u>	<u>1,396</u>
NET ASSETS (Equity)				
Invested in capital assets, net of debt	6,314	805	7,119	7,106
Restricted net assets	428	86	514	468
Unrestricted net assets	674	477	1,151	1,122
Total net assets	<u>\$ 7,416</u>	<u>1,368</u>	<u>8,784</u>	<u>8,696</u>

The balance sheet shows the financial position of the County at the end of the fiscal year compared to the prior year. The balance sheet and other statements in this report were summarized from the *Hillsborough County, Florida Comprehensive Annual Financial Report*. To simplify presentation, the statements in this *Financial Summary Report* are not in GAAP format. Restricted net assets represent equity that may be used only as specified by debt covenants, grantors, laws or regulations, other governments, or other external restrictions. The County had unrestricted net assets of \$674 million and \$477 million, for governmental and business-type activities, respectively.

Cash & Investments

The County manages its investment portfolio with the primary objectives of safeguarding principal, ensuring liquidity to meet daily cash needs, and maximizing investment earnings within statutory and fiduciary requirements. The Board of County Commissioners Investment Pool is in full compliance with the investment policy and had an overall annual rate of return for fiscal year 2013 of 0.46%, compared to the benchmark rate of 0.37%. At September 30, 2013, the County investment portfolio was invested as shown below.

	Amount in Millions	Percent of Total
US treasury and govt. sponsored agency securities	\$ 1,229	65 %
Bank accounts	147	8 %
Government-only money market mutual funds	43	2 %
State Board of Administration's Florida PRIME and Fund B investment pools	256	14 %
Corporate notes and commercial paper	165	9 %
Municipal bonds	42	2 %
Total cash and investments	<u>1,882</u>	<u>100 %</u>
Less amounts held in trust for non-County entities	(89)	
County's total cash and investments	<u>\$ 1,793</u>	



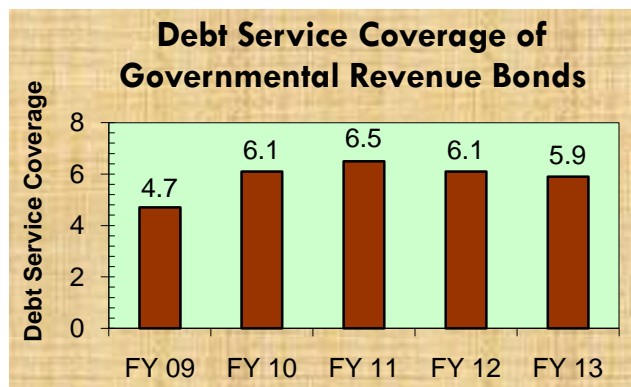
Along with general interest rates, the County's investment returns have continued to decline. For safety and flexibility, the County kept the overall average life of investments at only "1.0 years" at September 30, 2013. Standard & Poor's awarded the County's Investment Pool its second highest fund credit quality rating of AA+f.

Long-Term Liabilities

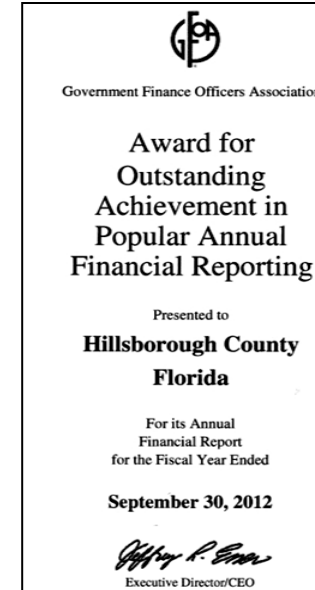
At September 30, 2013, the County had twenty-one bonded debt issues outstanding for a variety of purposes including the construction or acquisition of parks and recreation facilities, environmentally sensitive land, tourist development, court facilities, and solid waste. Bonded debt outstanding and other long-term liabilities at September 30, 2013 were as follows:

Amounts in Millions	Year-End	Year-End	Change
	2013	2012	
General obligation bonds	\$ 68	70	(2)
Revenue bonds	803	819	(16)
Total bonded debt	871	889	(18)
Notes payable	109	98	11
Sick & vacation benefits payable	63	65	(2)
Insurance claims payable	35	37	(2)
Other long-term debt	58	48	10
Total long-term liabilities	\$ 1,136	1,137	(1)

At September 30, 2013, the County's general obligation debt was rated **Aaa** by Moody's Investors Service, **AAA** by Standard & Poor's, and **AAA** by Fitch Ratings. These are the highest attainable credit ratings.



This chart shows that pledged revenues were 5.9 times greater than the amount needed for debt service on the County's governmental revenue bonds during fiscal year 2013.



The Government Finance Officers Association of United States and Canada has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Hillsborough County, Florida for its *Financial Summary Report for the Fiscal Year Ended September 30, 2012*. This prestigious national award recognizes conformance with the highest standards for the preparation of state and local government popular reports. To receive this Award a government must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for only one year. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements and we are submitting it to the Government Finance Officers Association for review.

Green Activities in Hillsborough County...

- Hillsborough County Facilities uses a downtown central chiller plant to supply chilled water for air conditioning to the George Edgecomb County Courthouse and five other downtown buildings, which saves \$1.5 million annually as well as preventing the release of over 9,600 tons of carbon dioxide.
- The County operates seven electric car charging stations at six County facilities. This effort serves to develop infrastructure for increased electric vehicle use by consumers seeking cleaner and cheaper energy alternatives.
- The County's Resource Recovery Facility burns approximately 562,000 tons of garbage annually, generating 293,970,000 kilowatt-hours of electricity - enough to power approximately 26,000 homes.
- Hillsborough County has three major sets of solar arrays. These solar cells have generated over 1,512,000 kilowatt-hours of electricity for the county since their installations.