

Hillsborough County, Florida

Financial Summary Report

Fiscal Year Ended September 30, 2015





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, 2015*. It presents the County's fiscal year 2015 financial activity in a concise and easy-to-read format. This year's cover spotlights Hillsborough County Pet Resources.

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, 2015 (CAFR)*. The CAFR consists of over 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,

A handwritten signature in cursive that reads "Pat Frank".

Pat Frank

Principal Officials

BOARD OF COUNTY COMMISSIONERS

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

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

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



County's website:
hillsboroughcounty.org

APPOINTED OFFICIALS

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

Revenues

Total revenues increased \$141 million or 8.1% from the previous year.

Amounts in millions	Fiscal Yr 2015	Fiscal Yr 2014	Increase (Decrease)	Change
Governmental activities:				
Property taxes	\$ 595	556	39	7 %
Sales taxes and state shared revenues	427	395	32	8 %
Other taxes	52	50	2	4 %
Investment earnings	9	4	5	125 %
Charges for services	221	209	12	6 %
Grants and contributions	164	165	(1)	-1 %
Other revenues	39	18	21	117 %
Total governmental activities	<u>1,507</u>	<u>1,397</u>	<u>110</u>	8 %
Business-type activities:				
Water	279	246	33	13 %
Solid Waste	103	105	(2)	-2 %
Total business-type activities	<u>382</u>	<u>351</u>	<u>31</u>	9 %
Total revenues	<u>\$ 1,889</u>	<u>1,748</u>	<u>141</u>	8 %

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

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

Property taxes increased \$38.7 million or 7.0% due to a \$5.17 billion or 8.5% increase in the assessed value of taxable real estate in Hillsborough County during fiscal year 2014. This increase was primarily the result of real estate market values rising \$4.1 billion, offset by property tax exemptions rising only \$0.24 billion.

Sales taxes consist of discretionary sales surtaxes such as the Community Investment Tax and Health Care Sales Surtax. **State shared revenues** consist of revenues received from the state of Florida such as the Local Government Half-Cent Sales Tax, state revenue sharing proceeds, the Constitutional Fuel Tax, and County Fuel Tax. There was an overall increase of \$31.7 million from the prior year due to a strengthening economy and increased tourism.

Investment earnings increased \$5.5 million or 149% from the previous year because interest earnings on the County's investment pool rose from 0.44% for fiscal year 2014 to 0.73% for fiscal year 2015.

Charges for services increased \$11.84 million primarily due to the following: There was a \$5.4 million increase in residential impact fees revenues. There was a \$3.4 million increase in code violation and traffic light cameras. There was a \$1.7 million increase in fees earned by the Tax Collector due to collecting more in property taxes.

Grants and contributions as a whole decreased \$0.9 million from the previous year due to decreases in operating grants related to Human Services, Economic Environment, Public Safety, Transportation, and Culture and Recreation; and decreases in capital grants related to transportation; which were almost completely offset by an increase in developer contributions.

Other revenues increased \$21.4 million or 133% primarily because the County received \$22.78 million from a lawsuit settlement related to the Deepwater Horizon oil spill.

Water utility revenues increased \$32.8 million primarily because capital contributions from developers and others increased \$25.6 million, charges for services increased \$3.8 million and interest revenues increased \$2.1 million.

Expenses

Total expenses decreased \$15 million or 0.9% from the previous year.

Amounts in millions	Fiscal Yr	Fiscal Yr	Increase	Change
	2015	2014	(Decrease)	
Governmental Activities:				
General government	\$ 344	353	(9)	-3 %
Public safety	546	521	25	5 %
Physical environment	30	30	-	-
Transportation	84	90	(6)	-7 %
Economic environment	53	53	-	-
Human services	215	203	12	6 %
Culture and recreation	79	80	(1)	-1 %
Pension expense (benefit)	(36)	-	(36)	-100 %
Interest on long-term debt	12	22	(10)	-45 %
Total governmental activities	1,327	1,352	(25)	-2 %
Business-type Activities:				
Water	211	203	8	4 %
Solid Waste	100	98	2	2 %
Total business-type activities	311	301	10	3 %
Total expenses	\$ 1,638	1,653	(15)	-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 \$9.0 million primarily due to a \$38.6 million payment of impact fees to the School Board for building an elementary and a middle school in 2014 that was not repeated in 2015. That decrease was partially offset by higher expenditures in areas including real estate, facilities, development services, nonprofit entities, information technology, animal services, communications, the Sheriff's Office, and family and aging services.

Public safety expenses are for protecting people and property. This category includes costs of the Sheriff, Fire Rescue, the Medical Examiner, Consumer Affairs, building inspections, and emergency and disaster relief services. Expenses increased \$25.6 million due to higher expenditures for the Fire Rescue and the Sheriff's Office. The Sheriff's increase is related to additional employees being hired. There was also an increase in depreciation expense related to the replacement of aging vehicles in the Sheriff's fleet.

Physical environment expenses are associated with conserving and managing natural resources such as air, water, soil, wildlife, as well as controlling pollution. Expenses were basically unchanged from the prior year.

Transportation expenses are related to maintaining county roads, bridges, street lighting, other infrastructure, and highway safety projects. Expenses decreased \$5.8 million primarily due to a reduction in retirements of infrastructure partly offset by higher road resurfacing costs and increased personnel costs.

Economic environment expenses are related to new business promotion and development; housing assistance and rehabilitation programs; and disadvantaged minority, women owned, and small business enterprise programs. Expenses were basically unchanged from the prior year.

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 increased \$11.9 million primarily due to increased medical costs of the Hillsborough Healthcare Plan for low income residents.

Culture and recreation expenses are associated with libraries, parks, and recreational facilities. Expenses were basically unchanged from the prior year.

Pension expense (benefit) is the County's proportionate share of the Florida Retirement System's pension expenses (benefit). This \$35.9 Million amount was a "benefit" due to a combination of favorable changes in pension related deferred outflows and inflows of resources partly offset by pension expense during the year.

Balance Sheet

September 30, 2015

Amounts in Millions

	Governmental	Business-Type		Prior Yr.
ASSETS	Activities	Activities	Total	(Restated)
Cash and investments	\$ 1,238	509	1,747	1,700
Due from state/federal governments	83	--	83	94
Receivables/other current assets	23	35	58	57
Capital assets, net of depreciation	7,157	1,215	8,372	8,205
Notes receivable/noncurrent assets	56	126	182	182
Total assets	8,557	1,885	10,442	10,238
DEFERRED OUTFLOWS OF RESOURCES				
Bond refunding losses	14	--	14	6
Pensions	82	5	87	50
Purchase price in excess of book value	--	2	2	--
Total deferred outflows	96	7	103	56
LIABILITIES				
Accounts payable	98	24	122	127
Accrued payroll liabilities, etc.	32	2	34	29
Unearned revenues (taxes or other revenues received but not yet earned)	64	18	82	103
Deposits payable	--	14	14	14
Long-term liabilities	1,226	373	1,599	1,405
Total liabilities	1,420	431	1,851	1,678
DEFERRED INFLOWS OF RESOURCES				
Pensions	112	6	118	284
NET POSITION (Equity)				
Net Invested in capital assets	6,590	889	7,479	7,270
Restricted	430	85	515	490
Unrestricted	100	481	581	572
Total net position	\$ 7,120	1,455	8,575	8,332

were summarized from the *Hillsborough County, Florida Comprehensive Annual Financial Report*. To simplify presentation, the statements in this *Financial Summary Report* are not in GAAP format. "Deferred outflows of Resources" are consumptions of resources, like prepaid expenses, which will be recognized as expenses in the future. "Deferred inflows of resources" are acquisitions of resources that will be recognized as revenues in the future. Restricted net position represents equity that may be used only as specified by debt covenants, grantors, laws or regulations, other governments, or other external restrictions. The County had unrestricted net position of \$100 million and \$481 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 2015 of 0.73%, compared to the benchmark rate of 0.47%. At September 30, 2015, the County investment portfolio was invested as shown below.

	Amount in Millions	Percent of Total
US treasury and govt. sponsored agency securities	\$ 1,250	69 %
Bank accounts	115	6 %
Government-only money market mutual funds	15	1 %
State Board of Administration's Florida PRIME investment pool	281	15 %
Corporate notes and commercial paper	137	8 %
Municipal bonds	22	1 %
Total cash and investments	1,820	100 %
Less amounts held in trust for non-County entities	(73)	
County's total cash and investments	\$ 1,747	

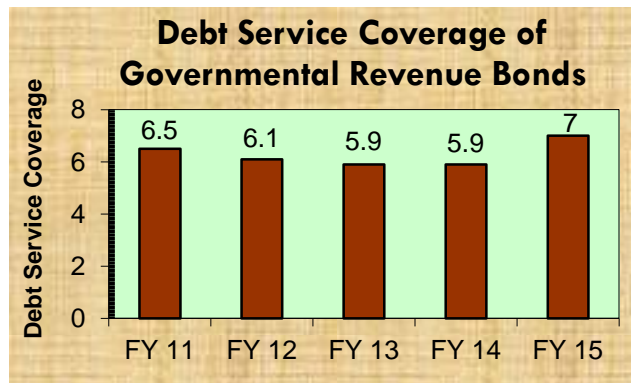
The balance sheet shows the financial position of the County at the end of the fiscal year compared to the prior year. The balance sheet and other statements in this report

Long-Term Liabilities

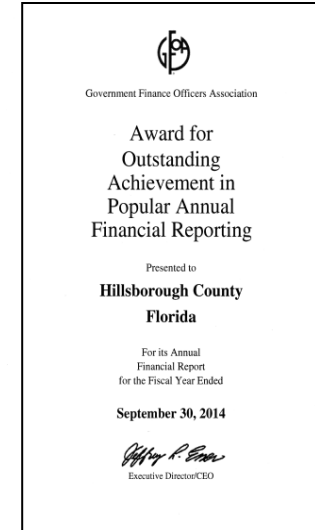
At September 30, 2015, the County had twenty-one bonded debt issues outstanding for a variety of purposes including the construction or acquisition of parks and recreation facilities, court facilities, environmentally sensitive land, solid waste facilities, and water/wastewater treatment systems. Bonded debt outstanding and other long-term liabilities at September 30, 2015 were as follows:

Amounts in Millions	2015	2014 (Restated)	Change
General obligation bonds	\$ 64	66	(2)
Revenue bonds	846	765	81
Total bonded debt	910	831	79
Notes payable	65	116	(51)
Sick & vacation benefits payable	63	63	--
Net pension liability	466	301	165
Insurance claims payable	35	35	--
Other long-term debt	60	59	1
Total long-term liabilities	\$ 1,599	1,405	194

At September 30, 2015, 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 7.0 times greater than the amount needed for debt service on the County's governmental revenue bonds during fiscal year 2015.



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, 2014*. This prestigious national award recognizes conformance with the highest standards for the preparation of state and local government popular reports. To receive this award a government must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for only

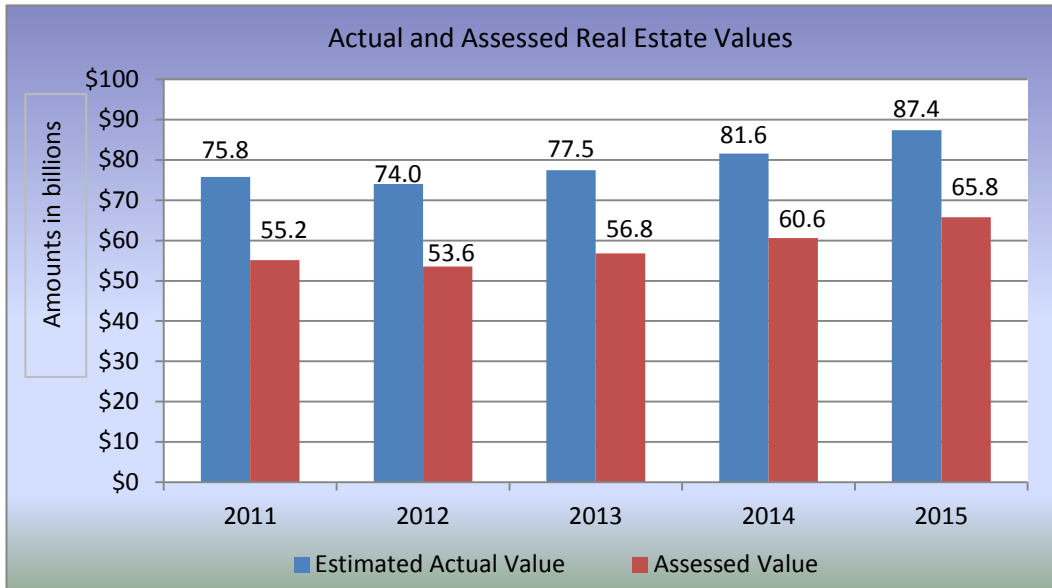
one year. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements and we are submitting it to the Government Finance Officers Association for review.

Hillsborough County Pet Resources...

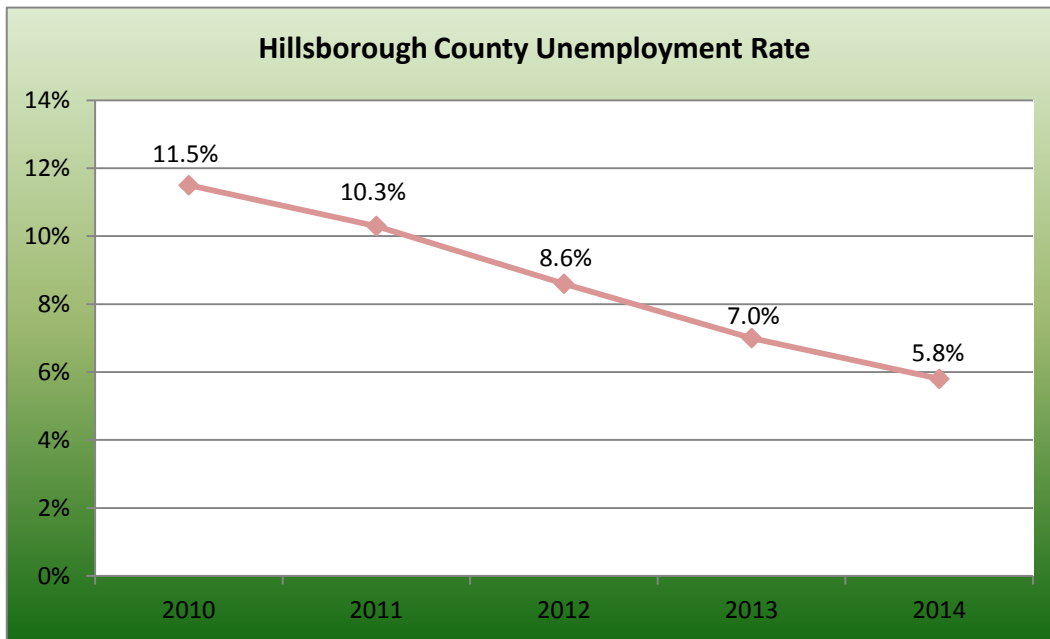
Pet Resources is responsible for the humane treatment of animals and related public safety within Hillsborough County. The Pet Resource Center is the only "open-admission" facility in the County. They accept domestic animals regardless of breed, size or medical condition. Below are some highlights:

- Over 25,000 pets found new homes in the past two years.
- In 2015 nearly 9 out of 10 dogs and 8 out of 10 cats found new homes. That ranks among the best public shelters in the United States.
- Hundreds of dogs and cats may be viewed online or searched by breed, age and gender.
- The Pet Resource Center has inviting and customer friendly surroundings that include amazing cat condos and areas to observe or interact with potential pets.
- Special events are held at offset locations to encourage pet adoptions and to offer free rabies shots, license tags and veterinary exams for Hillsborough County residents.
- Pet Resources is also responsible for enforcement of animal control ordinances, handling cruelty or neglect reports and promoting safety from wild or farm animals.

Hillsborough County Statistics



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



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