

Hillsborough County, Florida



**Financial Summary Report
Fiscal Year Ended September 30, 2019**



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, 2019*. It presents the County's fiscal year 2019 financial activity in a concise and easy-to-read format. This year's cover spotlights Hillsborough County's Affordable Housing Department.

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, 2019 (CAFR)*. The CAFR consists of over 260 pages of detailed financial statements, notes, schedules, and reports. The CAFR is posted at www.hillsclerk.com (select "Records and Reports" and then "County Financial Reports"). 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:

- Lesley "Les" Miller, Jr., *Chair*
- Pat Kemp, *Vice-Chair*
- Stacy White, *Chaplain*
- Ken Hagan
- Sandra Murman
- Kimberly Overman
- Mariella Smith



County's website:
www.hcflgov.net

CONSTITUTIONAL OFFICERS

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

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

APPOINTED OFFICIALS

- Michael S. Merrill
County Administrator
- Christine Beck
County Attorney

Revenues

Total revenues increased \$504 million or 22.9% from the previous year.

Amounts in millions	Fiscal Yr 2019	Fiscal Yr 2018	Increase (Decrease)	Change
Governmental activities:				
Property taxes	\$ 821	747	74	10 %
Sales taxes and state shared revenues	563	485	78	16 %
Other taxes	56	56	--	-- %
Investment earnings	59	18	41	228 %
Charges for services	270	254	16	6 %
Grants and contributions	413	192	221	115 %
Other revenues	40	18	22	122 %
Total governmental activities	<u>2,222</u>	<u>1,770</u>	<u>452</u>	26 %
Business-type activities:				
Water	360	317	43	14 %
Solid Waste	119	110	9	8 %
Total business-type activities	<u>479</u>	<u>427</u>	<u>52</u>	12 %
Total revenues	<u>\$ 2,701</u>	<u>2,197</u>	<u>504</u>	23 %

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 \$73.2 million due to an \$8.72 billion or 10.3% increase in the assessed value of taxable real estate in Hillsborough County during fiscal year 2018. This increase was primarily the result of real estate market values rising \$10.2 billion, offset by property tax exemptions rising only \$1.72 billion.

Sales taxes consist of discretionary sales surtaxes such as the Community Investment Tax, Health Care Sales Surtax and a new voter-approved 1% Transportation Improvement 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 \$77.8 million from the prior year due to the new voter Transportation Improvement sales surtax, a stronger economy and increased tourism.

Investment earnings increased by \$40.9 million due to a higher rate of return on the County's investment portfolio.

Charges for services increased \$16.3 million primarily due to increases in mobility impact fees, special assessments, building permits, filing fees, court costs, court service fees, ambulance fees and police service fees.

Grants and contributions as a whole increased \$221.2 million from the previous year due to an increase in infrastructure contributions of \$242.6 million partly offset by decreases of impact fee contributions and capital grant funding.

Other revenues increased \$22.0 million primarily due to a \$10.9 million increase in gains on sale of capital assets and refunds of expenditures made in the prior year.

Water utility revenues increased \$42.8 million primarily due to an increase in charges for services of \$11.1 million, an increase of \$23.0 million in capital contributions from developers and an increase in investment earnings of \$8.9 million.

Solid Waste revenues increased \$8.6 million due to a \$1.6 million increase in operating fees, a \$5.1 million increase in investment earnings and a \$1.9 million increase in miscellaneous revenues.

Expenses

Total expenses increased \$165 million or 8.1% from the previous year.

Amounts in millions	Fiscal Yr 2019	Fiscal Yr 2018	Increase (Decrease)	Change
Governmental Activities:				
General government	\$ 414	439	(25)	-6 %
Public safety	689	632	57	9 %
Physical environment	52	47	5	--
Transportation	209	124	85	69 %
Economic environment	65	71	(6)	--
Human services	259	228	31	14 %
Culture and recreation	87	81	6	7 %
Interest on long-term debt	24	17	7	41 %
Total governmental activities	<u>1,799</u>	<u>1,639</u>	<u>160</u>	10 %
Business-type Activities:				
Water	287	279	8	3 %
Solid Waste	106	109	(3)	-3 %
Total business-type activities	<u>393</u>	<u>388</u>	<u>5</u>	1 %
Total expenses	<u>\$ 2,192</u>	<u>2,027</u>	<u>165</u>	8 %

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 \$26.2 million due to a variety of reasons. There was a \$62.1 million decrease in impact fee payments to the School Board. This decrease was offset by an increase in pension expense allocated* to general government of \$16.7 million, an increase in medical and liability claims of \$7.7 million and a \$12.8 million increase due to higher expenses for payroll, professional fees and contract personnel 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 \$56.3 million primarily due to higher pension expense allocation* and increased personnel and professional services costs in the Sheriff, Countywide and Unincorporated Area General Funds and the Unincorporated Area Special Revenue Fund.

Physical environment expenses are associated with conserving and managing natural resources such as air, water, soil, wildlife, as well as controlling pollution. Expenses increased \$5.4 million which was attributable to increased pension expense allocation* and storm water improvements.

Transportation expenses are related to: maintaining county roads, bridges, street lighting, other infrastructure, and highway safety projects. Expenses increased by \$84.6 million mainly due to a \$68.7 million increase in construction and preservation costs, increased pension expense allocation* and an increase in contributions to other governments.

Economic environment expenses are related to new business promotion and development; housing assistance and rehabilitation programs; and disadvantaged minority, women owned, and small business enterprise programs. Expenses decreased \$5.6 million primarily due to increased pension expense allocation* and a reduction of affordable housing rehabilitation expenses.

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 by \$31.1 million primarily due to increased pension expense allocation* and increased indigent health care costs.

Culture and recreation expenses are associated with libraries, parks, and recreational facilities. Expenses increased by \$6.4 million primarily due to increased pension expense allocation*.

*Pension expense allocation increased in each function because all governments that participate in the Florida Retirement System must record their share of changes caused by factors such as changes in actuarial assumptions and related actuarial liability, funding decisions and investment performance.

Balance Sheet

September 30, 2019

Amounts in Millions

ASSETS	Governmental	Business-Type	Total	Prior Yr.
	Activities	Activities		
Cash and investments	\$ 1,866	642	2,508	2,088
Due from state/federal governments	115	4	119	99
Receivables/other current assets	28	45	73	68
Capital assets, net of depreciation	7,712	1,450	9,162	8,820
Notes receivable/noncurrent assets	--	177	177	215
Total assets	<u>9,721</u>	<u>2,318</u>	<u>12,039</u>	<u>11,290</u>
DEFERRED OUTFLOWS OF RESOURCES				
Bond refunding losses	5	1	6	8
Pensions	325	17	342	366
Postemployment benefits (OPEB)	35	1	36	1
Purchase price in excess of book value	--	6	6	7
Total deferred outflows	<u>365</u>	<u>25</u>	<u>390</u>	<u>382</u>
LIABILITIES				
Accounts payable	281	68	349	215
Accrued payroll liabilities, etc.	30	3	33	28
Unearned revenues (taxes or other revenues received but not yet earned)	18	18	36	91
Deposits payable	1	17	18	16
Long-term liabilities	<u>1,845</u>	<u>560</u>	<u>2,405</u>	<u>2,217</u>
Total liabilities	<u>2,175</u>	<u>666</u>	<u>2,841</u>	<u>2,567</u>
DEFERRED INFLOWS OF RESOURCES				
Pensions	81	5	86	113
Postemployment benefits (OPEB)	<u>4</u>	<u>--</u>	<u>4</u>	<u>3</u>
Total deferred inflows	<u>85</u>	<u>5</u>	<u>90</u>	<u>116</u>
NET POSITION (Equity)				
Net invested in capital assets	7,129	996	8,125	7,806
Restricted	847	471	1,318	767
Unrestricted	<u>(150)</u>	<u>205</u>	<u>55</u>	<u>416</u>
Total net position	<u>\$ 7,826</u>	<u>1,672</u>	<u>9,498</u>	<u>8,989</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. “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 (\$150 million) and \$200 million, for governmental and business-type activities, respectively.

The increase in total net position from \$8,989 million to \$9,498 million indicates the County’s financial position increased by 5.7% from the year before.

Cash & Investments

The County manages its investment portfolio with the primary objectives of safeguarding principal, ensuring liquidity to meet daily cash needs, and maximizing investment earnings within statutory and fiduciary requirements. The Board of County Commissioners Investment Pool has Standard & Poor’s highest rating of **AAAf**. It also had an overall annual rate of return for fiscal year 2019 of 2.18%, compared to the benchmark rate of 1.84%. At September 30, 2019, the County investment portfolio was invested as shown below:

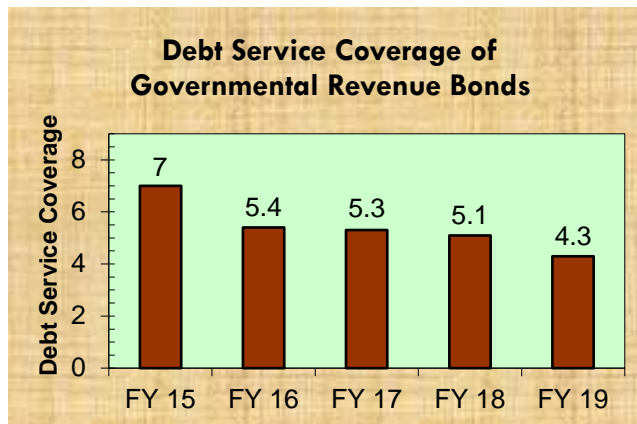
	Amount in Millions	Percent of Total
US treasury and govt. sponsored agency securities	\$ 1,844	71.5 %
Bank accounts	270	10.5 %
Government-only money market mutual funds	9	0.3 %
State Board of Administration’s Florida PRIME investment pool	347	13.5 %
Corporate notes and commercial paper	103	4.0 %
Municipal bonds	<u>6</u>	<u>0.2 %</u>
Total cash and investments	2,579	100 %
Less amounts held in trust for non-County entities	<u>(71)</u>	
County’s total cash and investments	<u>\$ 2,508</u>	

Long-Term Liabilities

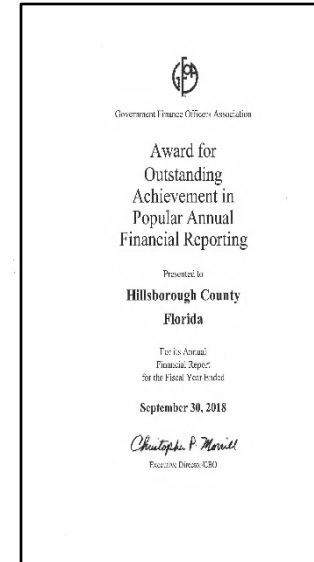
At September 30, 2019, the County had 20 bonded debt issues outstanding for a variety of purposes including the construction or acquisition of parks and recreation facilities, court facilities, environmentally sensitive land, solid waste facilities, and water/wastewater treatment systems. Bonded debt outstanding and other long-term liabilities, which include amounts due within one year, at September 30, 2019 were as follows:

Amounts in Millions	2019	2018	Change
General obligation bonds	\$ 116	56	60
Revenue bonds	1,056	957	99
Total bonded debt	1,172	1,013	159
Notes payable	39	28	11
Direct borrowings and placements	60	65	(5)
Compensated absences payable	54	53	1
Net pension liability	1,031	900	131
Insurance claims payable	32	34	(2)
Net OPEB liability	119	83	36
Other long-term debt	41	40	1
Total long-term liabilities	\$ 2,548	2,216	332

At September 30, 2019, 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 4.3 times greater than the amount needed for debt service on the County's governmental revenue bonds during fiscal year 2019.



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, 2018*. 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 Affordable Housing Department (on Cover)

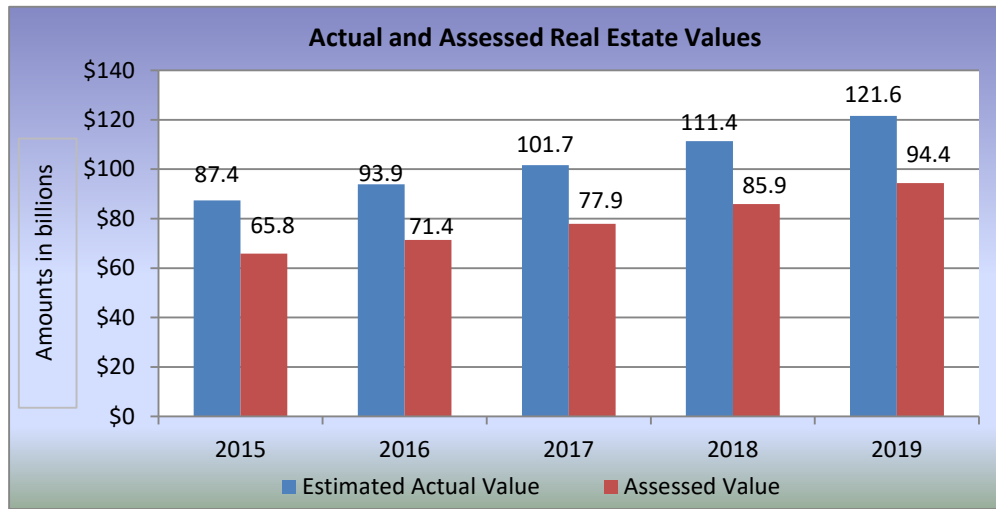
Hillsborough County Affordable Housing Department strives to improve the quality of life for Hillsborough County residents through providing Affordable Housing, Community Development, and Economic Opportunities while delivering the highest level of service. Affordable Housing invested a total of \$14.7 million in affordable housing projects during fiscal year 2019.

2019 Affordable Housing accomplishments include:

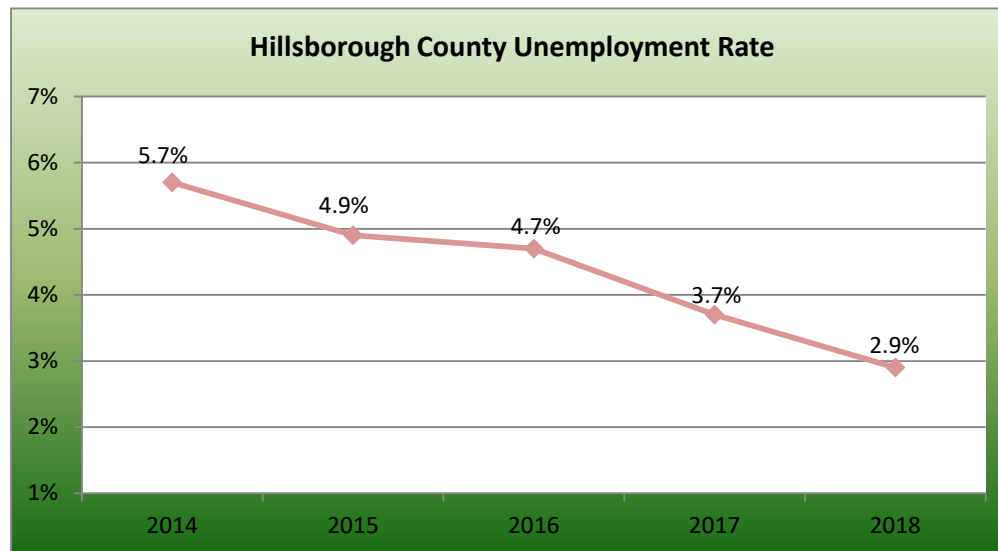
- Invested over \$8.8 million on rental properties during fiscal year 2019, creating more than 329 rental units.
- Invested over \$2.7 million on single family properties during fiscal year 2019, creating more than 250 units.
- Invested over \$1.8 million on housing preservation projects during fiscal year 2019, preserving more than 64 units.
- Invested over \$1.8 million on special needs housing projects during fiscal year 2019, supporting more than 88 bed units.

To learn more about Hillsborough County Affordable Housing and its services, visit: <https://www.hillsboroughcounty.org/government/departments/affordable-housing>

Hillsborough County Statistics



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



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