



Annual Financial Report

Solid Waste Enterprise Fund

For Fiscal Year
September 30, 2021



Hillsborough
County Florida

Hillsborough County, Florida

Solid Waste Enterprise Fund

Public Works Department

Annual Financial Report

For the Fiscal Year Ended September 30, 2021

Prepared by:

**County Finance Department
Cindy Stuart, Clerk of Circuit Court/Comptroller**

**SOLID WASTE ENTERPRISE FUND
PUBLIC UTILITIES DEPARTMENT
PRINCIPAL OFFICIALS
September 30, 2021**

Board of County Commissioners

Pat Kemp, *Chair*
Kimberly Overman, *Vice Chair*
Stacy White, *Chaplain*
Harry Cohen
Ken Hagan
Gwen Myers
Mariella Smith

Constitutional Officers

Cindy Stuart, *Clerk of Circuit Court*
Bob Henriquez, *Property Appraiser*
Chad Chronister, *Sheriff*
Craig Latimer, *Supervisor of Elections*
Nancy C. Millan, *Tax Collector*

Appointed Officials

Bonnie Wise, *County Administrator*
Christine Beck, *County Attorney*
Lucia Garsys, *Deputy County Administrator*
George Cassady, *Assistant County Administrator – Public Utilities*
Kimberly Byer, *Director, Solid Waste Department*

HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Enterprise Fund
Public Works Department
For the Year Ended September 30, 2021
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Hillsborough
County Florida



RSM US LLP

Independent Auditor's Report

Board of County Commissioners
Hillsborough County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Solid Waste fund of Hillsborough County, Florida (the Fund), an enterprise fund of Hillsborough County, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in 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 Fund as of September 30, 2021 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

As discussed in Note 1, the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of Hillsborough County, Florida as of September 30, 2021, and the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance 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 and the pension and other post-employment benefit plan schedules, as listed in the table of contents, 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 Fund'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 supplemental information and statistical section have 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2022, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Fund's 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 Fund's internal control over financial reporting and compliance.

RSM US LLP

Tampa, Florida

April 29, 2022



RSM US LLP

**Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance With
Governmental Auditing Standards**

Independent Auditor's Report

Board of County Commissioners
Hillsborough County, Florida

We have audited, in accordance with the 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, the financial statements of the Solid Waste fund of Hillsborough County, Florida (the Fund), an enterprise fund of Hillsborough County, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated April 29, 2022. Our report included an emphasis of a matter paragraph to reflect that that these financial statements are intended to present the financial position, the changes in financial position, and the cash flows of the Fund and do not represent a complete presentation of the financial statements of Hillsborough County, Florida.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) as a basis for determining audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Tampa, Florida
April 29, 2022



RSM US LLP

Report of Independent Auditor on Bond Compliance

Board of County Commissioners
Hillsborough County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Solid Waste fund of Hillsborough County, Florida (the Fund), an enterprise fund of the Hillsborough County, Florida, as of and for the year ended September 30, 2021, and have issued our report thereon dated April 29, 2022.

In connection with our audit, nothing came to our attention that caused us to believe the Fund failed to comply with the terms, covenants, provisions, or conditions of Article XI of Ordinance 16-24, as supplemented by Resolution No. R16-158, of the bond resolution governing the Solid Waste Resource and Recovery Revenue Bonds, Series 2016A, and the Solid Waste Resources and Recover Revenue Bonds, Series 2016B, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of any such noncompliance. Accordingly, had we performed additional procedures, other matters might have come to our attention regarding the Fund's noncompliance with the above-referenced terms, covenants, provisions or conditions of Article XI of Ordinance 16-24, as supplemented by Resolution No. R16-158, of the bond resolution, insofar as they relate to accounting matters.

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.

RSM US LLP

Tampa, Florida
April 29, 2022



SM

Hillsborough
County Florida

HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Enterprise Fund
Public Works Department
Management's Discussion and Analysis
For the Year Ended September 30, 2021

Management's Discussion and Analysis

The Hillsborough County Solid Waste Enterprise Fund (Fund) presents the following review of its financial activities for the fiscal year ended September 30, 2021, with respective financial comparisons to the prior fiscal year. Financial statement readers are encouraged to consider information presented here together with the accompanying financial statement notes to obtain a complete overview of the Fund's financial condition and operating results for the fiscal year ended September 30, 2021.

Fiscal Year 2021 Financial Highlights

- Fiscal year 2021 operating revenues were \$135,002,000. This represented a \$23,992,000 or a 21.6% revenue increase from fiscal year 2020 revenues of \$111,010,000.
- For fiscal year 2021, the Fund had a \$913,000 positive Change in Net Position. This represented a comparative \$4,752,000 decrease from last year's \$5,665,000 Change in Net Position. The comparative change was mainly due to an increase in customer service revenues of \$23,992,000, offset by an increase in contracted hauler costs of \$23,618,000, a decrease in nonoperating revenues of \$4,400,000, nonoperating expenses of \$338,000 and an increase in depreciation and amortization of \$1,527,000. The total Net Position on September 30, 2021 was \$187,936,000.

Management believes the Fund was compliant with all bond covenant requirements for the fiscal year ended September 30, 2021.

Overview of the Financial Statements

This analysis is intended to serve as an introduction to the Fund's financial statements. These statements consist of two parts, the financial statements and the accompanying financial statement notes. Also, the accompanying report contains unaudited supplementary and unaudited statistical information, which may provide additional insight to financial statement readers.

Required Financial Statements

The Fund 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, deferred outflows of resources, liabilities, and deferred inflows of resources and provides summary information for amounts invested in capital assets and for amounts owed to creditors. The assets and liabilities are presented in a classified format, which lists current and other amounts separately. The Fund's operating results are recorded on the Statement of Activities. This Statement displays operating activities over the past year, and indicates whether the Fund recovered all its costs through user fees and other revenues. The last required statement is the Statements of Cash Flows. The purpose of this Statement is to summarize the Fund's cash activities such as receipts, payments, and other changes in cash balances resulting from operating, capital expansion, borrowing, and investing transactions.

**HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Enterprise Fund
Public Works Department
Management's Discussion and Analysis
For the Year Ended September 30, 2021**

Financial Analysis: Condensed Statement of Net Position for 2021 Compared to 2020:

A key measure of financial condition is net position. An analysis of 2021 net position compared to 2020 follows:

<i>(Amounts in thousands)</i>	2021	2020	Change	Percent Change
Assets				
Current and other assets	\$ 220,766	211,052	9,714	4.6 %
Capital assets	<u>170,126</u>	<u>170,301</u>	<u>(175)</u>	<u>(0.1)%</u>
Total assets	<u>390,892</u>	<u>381,353</u>	<u>9,539</u>	<u>2.5 %</u>
Deferred outflows of resources	<u>2,808</u>	<u>3,935</u>	<u>(1,127)</u>	<u>(28.6)%</u>
Liabilities				
Current liabilities	45,027	40,435	4,592	11.4 %
Long-term liabilities	<u>155,246</u>	<u>157,493</u>	<u>(2,247)</u>	<u>(1.4)%</u>
Total liabilities	<u>200,273</u>	<u>197,928</u>	<u>2,345</u>	<u>1.2 %</u>
Deferred inflows of resources	<u>5,491</u>	<u>337</u>	<u>5,154</u>	<u>1,529.4 %</u>
Net position:				
Net investment in capital assets	71,862	61,279	10,583	17.3 %
Restricted	5,712	9,354	(3,642)	(38.9)%
Unrestricted	<u>110,362</u>	<u>116,390</u>	<u>(6,028)</u>	<u>(5.2)%</u>
Total net position	<u>\$ 187,936</u>	<u>187,023</u>	<u>913</u>	<u>0.5 %</u>

Total net position - Fiscal year 2021 total net position increased \$913,000 or 0.5% from fiscal year 2020. The comparative change was mainly due to an increase in customer service revenues of \$23,992,000, offset by an increase in contracted hauler costs of \$23,618,000, a decrease in nonoperating revenues of \$4,400,000, nonoperating expenses of \$338,000 and an increase in depreciation and amortization of \$1,527,000. The total Net Position on September 30, 2021 was \$187,936,000.

HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Enterprise Fund
Public Works Department
Management's Discussion and Analysis
For the Year Ended September 30, 2021

Condensed Statement of Revenues, Expenses, and Changes in Net Position

Comparative revenues, expenses, and change in net position for the fiscal years ended September 30, 2021 and 2020 were as follows:

<i>(Amounts in thousands)</i>	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>Percent Change</u>
Revenues:				
Operating revenues	\$ 135,002	111,010	23,992	21.6 %
Nonoperating revenues	914	5,314	(4,400)	(82.8)%
Total revenues	<u>135,916</u>	<u>116,324</u>	<u>19,592</u>	<u>16.8 %</u>
Expenses:				
Operating expenses before depreciation	119,821	96,666	23,155	24.0 %
Depreciation and amortization	11,923	10,396	1,527	14.7 %
Nonoperating expenses	3,259	3,597	(338)	(9.4)%
Total expenses	<u>135,003</u>	<u>110,659</u>	<u>24,344</u>	<u>22.0 %</u>
Change in net position	<u>913</u>	<u>5,665</u>	<u>(4,752)</u>	<u>(83.9)%</u>
Net position, beginning of year	<u>187,023</u>	<u>181,358</u>	<u>5,665</u>	<u>3.1 %</u>
Net position, end of year	<u>\$ 187,936</u>	<u>187,023</u>	<u>913</u>	<u>0.5 %</u>

Operating revenues - Fiscal year 2021 operating revenues of \$135,002,000 increased \$23,992,000 or 21.6% from last year. Residential disposal and collection assessments, franchise hauler fees, electrical generation, municipal disposal fee revenues, recycling revenues and general operating revenues increased by \$24,018,000 or 21.6%.

Nonoperating revenues - Fiscal year 2021 nonoperating revenues of \$914,000 decreased \$4,400,000 or 82.8% from last year due to a decrease in investment earnings of \$5,158,000, a decrease in other revenues \$374,000 and a increase in asset disposal gains \$1,131,000.

Total expenses - Fiscal year 2021 total expenses of \$135,003,000 increased by \$24,344,000 or 22.0% from last year. The change was primarily related to the following factors:

- **Operating expenses before depreciation** - Personnel services increased be \$524,000 or 4.5% due to additional positions being filled to address the increase landfill activities. Contractual services increased by \$25,493,000 or 34.0% primarily related to the increase in contracted hauler costs by \$23,618,000 or 37.2% approved by the Board of County Commissioners. Repairs and maintenance decreased by \$108,000 or 9.8% related to the reduced need rent equipment. Landfill closure and post closure care decreased by \$1,589,000 or 56.3%, fleet costs decreased by \$186,000 or 11.2% and utility costs increased by \$4,000 or 0.3%, pension expense decreased by \$1,794,000 or 159.0%, and OPEB expenses increased by \$26,000 or 60.0%.
- **Depreciation and amortization expense** - There was a \$1,527,000 or 14.7% increase in depreciation and amortization costs due to the capitalization of buildings and the depreciation of prior year improvements other than buildings.
- **Nonoperating expenses** - Interest expense decreased by \$338,000 or 9.4% due to the decreasing outstanding principal on current bonds.

HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Enterprise Fund
Public Works Department
Management's Discussion and Analysis
For the Year Ended September 30, 2021

Capital Assets and Debt Administration

Capital assets - On September 30, 2021, capital assets, net of accumulated depreciation, were \$170,126,000 compared to \$170,300,000 last year, for a net decrease of \$174,000 or 0.1%. See Note 4 Capital Assets for further information.

Debt administration - On September 30, 2021, outstanding bonds payable were \$101,460,000 compared to \$108,440,000 for September 30, 2020. The fiscal year decrease of \$6,980,000 or 6.4% was due to a principal payment of \$5,440,000 in outstanding Series 2016 bonds and \$1,540,000 in amortization of bond issue premiums. In fiscal year 2021, the Fund entered into a short-term borrowing line of credit with the Bank of American and borrowed \$10,600,000 for facility improvements of the Northwest Transfer stations and Leachate Concentrate Evaporator. See Note 6 Other liabilities for further information on long term debt.

Economic Factors

The special assessment residential customer base is expected to remain stable with a modest amount of growth forecasted for fiscal year 2022 and beyond. The Solid Waste Fund increased residential collection and disposal rates fiscal year 2021 in anticipation of a short term borrowing line of credit for 2021. Rates will remain constant with fiscal year 2022, and the modest adjustments are planned for future years to keep the Fund current with contracted increases in operating costs.

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 financial position and operating results for the fiscal years ended September 30, 2021. Additional information concerning the Fund's operations and the services provided to Hillsborough County residents may be obtained from:

Hillsborough County Public Works Department
Attention: Director
PO Box 1110
Tampa, Florida 33601-1110

HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Enterprise Fund
Public Utilities Department
Statement of Net Position
For the fiscal year ended September 30, 2021
Amounts in thousands

	<u>September 30,</u> <u>2021</u>
ASSETS	
Unrestricted Current assets:	
Cash and cash equivalents	\$ 44,767
Investments	153,476
Accounts receivable, net	4,725
Interest receivable	358
Delinquent ad valorem taxes receivable	21
Due from other governments	2,011
Prepaid items	<u>309</u>
Total unrestricted current assets	<u>205,667</u>
Restricted current assets:	
Cash and cash equivalents	3,404
Investments	5,624
Interest receivable	<u>27</u>
Total restricted current assets	<u>9,055</u>
Total current assets	<u>214,722</u>
Noncurrent assets:	
Investments, restricted	6,044
Capital assets, net of accumulated depreciation and amortization:	
Land	13,775
Construction in progress	<u>13,312</u>
Total non-depreciable assets	<u>27,087</u>
Buildings	28,919
Improvements other than buildings	110,253
Equipment	<u>3,867</u>
Total depreciable assets	<u>143,039</u>
Total noncurrent assets	<u>176,170</u>
Total assets	<u>390,892</u>
DEFERRED OUTFLOWS OF RESOURCES	
Refunding losses	703
Pensions	1,880
OPEB	<u>225</u>
Total deferred outflows of resources	<u>\$ 2,808</u>

The accompanying notes are an integral part of these financial statements.

HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Enterprise Fund
Public Utilities Department
Statement of Net Position
For the fiscal year ended September 30, 2021
Amounts in thousands

	<u>September 30, 2021</u>
LIABILITIES	
Current liabilities:	
Accounts and contracts payable	\$ 10,768
Accrued liabilities	632
Due to other governments	103
Unearned revenues	23,518
Compensated absences, current	521
General liabilities, current maturities	<u>430</u>
Total unrestricted current liabilities	<u>35,972</u>
Current liabilities payable from restricted assets:	
Accounts and contracts payable	2,387
Accrued interest payable	358
Deposits held	595
Bonds payable, current portion	<u>5,715</u>
Total current liabilities payable from restricted assets	<u>9,055</u>
Total current liabilities	<u>45,027</u>
Noncurrent liabilities:	
Compensated absences payable	75
Bonds payable, less current maturities	95,745
Total OPEB liability	642
General liabilities, less current maturities	44,756
Notes payable	10,600
Net pension liability	<u>3,428</u>
Total noncurrent liabilities	<u>155,246</u>
Total liabilities	<u>200,273</u>
DEFERRED INFLOWS OF RESOURCES	
Pension	5,435
OPEB	<u>56</u>
Total deferred inflows of resources	<u>5,491</u>
NET POSITION	
Net investment in capital assets	71,862
Restricted for:	
Debt service	5,712
Unrestricted	<u>110,362</u>
Total net position	<u>\$ 187,936</u>

The accompanying notes are an integral part of these financial statements.

HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Enterprise Fund
Public Utilities Department
Statement of Revenues, Expenses, and Changes in Net Position
For the fiscal year ended September 30, 2021
Amounts in thousands

	September 30, 2021
Operating revenues:	
Charges for services	\$ 135,002
Total operating revenues	135,002
Operating expenses	
Personnel services	12,093
Contractual services	100,386
Fleet services	1,849
Repairs and maintenance	999
Utilities	1,515
Supplies	44
Landfill closure and post closure care	1,235
Depreciation and amortization	11,923
Other operating expenses	2,383
Pension benefit	(666)
OPEB benefit	(17)
Total operating expenses	131,744
Operating income	3,258
Nonoperating revenues (expenses)	
Interest revenue	331
Interest expense	(3,259)
Gain on disposal of capital assets	143
Other revenues	440
Total net nonoperating revenues	(2,345)
Change in net position	913
Net position, beginning of year	187,023
Net position, end of year	\$ 187,936

The accompanying notes are an integral part of these financial statements.

HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Enterprise Fund
Public Utilities Department
Statement of Cash Flows
For the fiscal year ended September 30, 2021
Amounts in thousands

Cash flows from operating activities:	
Receipts from customers	\$ 140,061
Payments to suppliers	(108,852)
Payments to employees	(11,940)
Cash from other sources	440
Net cash provided by operating activities	<u>19,709</u>
Cash flows from capital and related financing activities:	
Proceeds from bonds and notes	10,600
Acquisition/construction of capital assets	(10,835)
Principal paid on capital debt	(5,440)
Interest paid on capital debt	(4,733)
Proceeds from sale of assets	500
Net cash (used for) capital and related financing activities	<u>(9,908)</u>
Cash flows from investing activities:	
Proceeds from sales and maturities of investments	99,562
Purchase of investment securities	(107,181)
Interest and dividends received	639
Net cash (used for) investing activities	<u>(6,980)</u>
Net change in cash and cash equivalents	2,821
Cash and cash equivalents, beginning of year	<u>45,350</u>
Cash and cash equivalents, end of year	<u><u>48,171</u></u>
Cash and cash equivalent components:	
Current assets	44,767
Restricted assets	3,404
Total cash and cash equivalents, end of year	<u>\$ 48,171</u>

The accompanying notes are an integral part of these financial statements.

HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Enterprise Fund
Public Utilities Department
Statement of Cash Flows
For the fiscal year ended September 30, 2021
(Amounts in thousands)

Reconciliation of operating income to net cash provided by operating activities:

Operating income	\$	3,258
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense		11,923
Miscellaneous revenues		440
Changes in assets, liabilities, deferred outflows and deferred inflows:		
(Increase) decrease in accounts receivable		640
(Increase) decrease in due from other governments		(371)
(Increase) decrease in prepaids		149
(Increase) decrease in deferred outflows		1,026
Increase (decrease) in accounts and contracts payable		(1,825)
Increase (decrease) in accrued and other liabilities		1,312
Increase (decrease) in unearned revenues		4,658
Increase (decrease) in compensated absences payable		77
Increase (decrease) in pension liability		(6,909)
Increase (decrease) in total OPEB liability		46
Increase (decrease) in deposits		131
Increase (decrease) in deferred inflows		5,154
Total adjustments		<u>16,451</u>
Net cash provided by operating activities	\$	<u><u>19,709</u></u>

Noncash investing, capital, and financing activities:

Disposal of capital assets at book value	\$	(357)
Amortization of bond premiums/discounts		1,540
Amortization of deferred refunding loss		(102)
Acquisition/construction of capital assets included in accounts and contracts payable		2,528

The accompanying notes are an integral part of these financial statements.



Hillsborough
County Florida

HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Enterprise Fund
Public Utilities Department
Notes to Financial Statements
For the Fiscal Year Ended September 30, 2021

Note 1. Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies applied in the preparation of the accompanying Solid Waste Enterprise Fund (Fund) financial statements.

A. Reporting Entity

The Fund is an enterprise fund of the Hillsborough County, Florida, Board of County Commissioners (BOCC). The Fund's financial statements are included in the Hillsborough County, Florida, Annual Comprehensive Financial Report. The financial statements referred to above present only the Fund and do not purport to, and do not, present the financial position of Hillsborough County, Florida as of September 30, 2021, and the changes in its financial position, or where applicable, its cash flows for the year ended in conformity with accounting principles generally accepted in the United State of America.

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 basis of accounting was used to report the Fund's operations. Under this accounting basis, revenues are recognized in the period earned and expenses are recognized in the period liabilities are incurred, regardless of the timing of cash flows. The financial statements distinguish operating revenues and operating expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection the Fund's principal ongoing operations. The Fund's principal operating revenues are charges to customers for solid waste disposal fees. Billings are generally based on a fixed fee each month. Operating expenses of the Fund include employee wages and benefits, purchases of services, supplies and materials and other expenses related to operating the Fund and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Cash, Cash Equivalents, and Investments

Cash consists of checking and savings accounts, collectively designated as cash deposits. Cash deposits are carried at cost. For financial statement presentation purposes, cash equivalents are highly liquid investments with maturities of three months or less from the date purchased.

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D. Cash, Cash Equivalents, and Investments

Cash is deposited in qualified public depositories. Deposits are fully insured by the Federal Deposit Insurance Corporation and/or 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, or at amortized cost, which approximates fair value. The County follows GASB Statement No. 72, *Fair Value Measurement and Application*. See Note 2, *Deposits and Investments*, for more information.

E. Accounts receivable

Accounts receivable represents solid waste disposal fees charged to franchise haulers, delinquent residential special assessment fees, and other charges for services billed but not collected. The September 30, 2021 accounts receivable balance of \$4,725,000 was net of an allowance for doubtful accounts of \$21,000.

F. Prepaids

The cost of prepaid items in the Fund are recorded as an expense at the time individual prepaid items are consumed (consumption method).

G. Capital Assets

The Fund records capital asset additions, other than intangibles, with an original cost of at least one thousand dollars and an estimated useful life in excess of one year. Donated capital assets are valued at their acquisition value on the date received and are recorded as capital contributions on the Statement of Revenues, Expenses, and Changes in Net Position. Maintenance and repair costs are expensed as incurred, while renewal and betterment disbursements are capitalized and depreciated over their estimated useful lives. Depreciation is provided in amounts sufficient to allocate depreciable asset costs to operations over their estimated service lives using the straight-line method. Additionally, intangible capital assets such as software are capitalized if they have an original cost of at least five thousand dollars and a useful life of in excess of one year.

Fund capital assets have estimated useful lives as follows:

<u>Capital Asset Categories</u>	<u>Estimated Useful Life (in Years)</u>
Buildings and utility plant	5-50
Improvements other than buildings	10-35
Equipment	1-10
Intangible	2-30

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H. Restricted Assets

Restricted assets represent amounts set aside for debt service, construction, operating and maintenance, and renewal, replacement and improvements under the terms of outstanding bond agreements and regulatory requirements. Bond construction accounts include bond proceeds available for design and construction of capital projects. The debt service accounts contain principal and interest amounts required for payments due within one year. The bond reserve accounts contain the maximum amount of principal and interest requirements pursuant to bond resolutions. The operating and maintenance accounts, renewal, replacement and improvement accounts also contain amounts required by bond resolutions to be set aside.

I. Bond Issue Premiums

Unamortized bond issue premiums are recorded as an increase in bonds payable on the Statement of Net Position. These amounts are amortized using the effective interest method over the debt issue's life. For fiscal year 2021 bond issuance premiums amortized to and decreased interest expense by \$1,540,000.

J. Compensated Absences

GAAP requires the Fund to accrue a liability for compensated absences along with other salary-related costs associated with the payment of compensated absences. Vacation leave accrues as a liability as the employee earns the benefit. Sick leave accrues as a liability as the employee earns the benefit, but only to the extent that it is probable that the Fund will compensate the employee for this benefit through cash payments at termination or retirement.

The Fund's compensated sick leave liability consists of two parts. Under Hillsborough County Human Resources Policies and Procedures, sick leave is paid at termination under two conditions. First, sick leave compensation for employees in "Plan A" includes payment at termination for all hours of sick time accrued up to 480 hours and half of the sick time accrued over 960 hours. Second, sick leave compensation for employees in "Plan B" includes payment at termination for the employee's unused sick leave hours accrued on February 2, 1997. Payment is made only for each hour of sick time up to 480 hours and half of the sick time accrued over 960 hours as of that date. Sick time is not paid for hours accrued between 480 hours and 960 hours. 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 Fund's share of social security and Medicare taxes.

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K. Landfill Closure and Postclosure Care Costs

GAAP requires the Fund, as a municipal solid waste landfill owner and operator, to record a current operating expense and a related other liability for future landfill closure and postclosure care costs. A portion of these future costs is recognized each year based on the cumulative landfill capacity consumed as of each Statement of Net Position date. Also, the Fund records an estimated liability for remediation and monitoring costs for those landfills that closed prior to October 9, 1991. More information on these expenses and the related other liabilities is disclosed in Note 10.

L. Operating and Nonoperating Revenues and Expenses

The Fund reports its operating revenues and expenses separately from its nonoperating revenues and expenses. Operating revenues are earned from the principal activities of collecting, recycling and disposing solid waste, operating a waste-to-energy plant, and providing environmentally safe landfill operations and includes leasing property belonging to the Fund. 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 Fund's principal activities, such as grant revenue, investment earnings, gain on disposal of capital assets and long-term debt interest charges.

M. Self-Insurance

The Fund participates in a self-insurance internal service fund, which is managed 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 \$650,000 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 \$200,000 per person and \$300,000 per occurrence. Negligence claims in excess of the statutory limits can only be recovered through Federal lawsuits or acts of the Florida Legislature.

For fiscal year 2021, settled claims did not exceed insurance coverage. During fiscal year 2021, the Fund paid premiums of \$238,000 to the BOCC Self-Insurance Internal Service Fund for workers' compensation, automotive, general liability, and property insurance coverage.

The Fund, 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 risks of loss. Under this plan, the BOCC provides coverage of up to \$550,000 per person annually. Stop-loss insurance was purchased to cover an unlimited amount per person above the \$550,000 per person deductible. During fiscal year 2021, the Fund paid \$1,945,000 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 Fund are reflected in the financial statements as a current year operating expense.

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N. Employee Retirement Plans

With a few exceptions, all full-time and part-time employees working for the Fund in regularly established positions are members of the Florida Retirement System (FRS), a multiple-employer cost-sharing public retirement system administered by the state of Florida. The financial statements present the Fund's proportionate shares of the net pension liabilities associated with the retirement plans offered by the Florida Retirement System. The Fund follows GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date; an amendment of GASB Statement No. 68*. The Fund also follows GASB Statement No. 82, *Pension Issues, and an amendment of GASB Statements No. 67, No. 68, and No. 73*. GASB Statement 68 and 71 cover the measurement of the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense for the retirement plans offered. This statement provides for covered payroll to be used in required supplemental information. See Note 7, *Employee Retirement Plans*, for more information.

In the Statement of Net Position, pension liabilities are recognized for the Fund's proportionate share of the County's share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan (Pension Plan) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan, and additions to and deductions from the Pension Plan's and the HIS's fiduciary net position, have been determined on the same basis as they are reported by the Pension Plan and HIS plan.

Changes in the net pension liability during the period are recorded as pension expense, deferred outflows of resources, or deferred inflows of resources, depending on the nature of the change. Those changes in the net pension liability that are recorded as deferred outflows of resources or deferred inflows of resources that arise from changes in actuarial assumptions or other inputs, changes in the proportionate share of the net pension liability, and differences between expected or actual experience, are amortized over the average expected remaining service lives of all active and inactive participants that are provided with pensions through the pension plans, and recorded as a component of pension expense beginning with the period in which they arose. Differences between projected and actual investment earnings are reported as deferred outflows of resources or deferred inflows of resources, and are amortized as a component of pension expense using a systematic and rational method over a five year period beginning with the period in which a difference arose.

O. Other Postemployment Benefits (OPEB)

The Fund, through the BOCC, provides health-related benefits to retirees and certain former employees through a limited stipend to offset the cost of health insurance for regular retirees from ages 62 to 65. This monthly stipend is \$5 for each year of service up to a maximum benefit of \$150 per month. In addition the County is deemed to provide an "implicit subsidy" because Florida Statute 112.0801 requires governments to allow retirees and certain former employees to obtain healthcare at the same "group rates" that current employees are charged. See Note 8, *Other Postemployment Benefits (OPEB)*, for more information.

The total OPEB liability is measured as portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period. The total OPEB liability is reported in the statement of net position.

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P. Use of Restricted Versus Unrestricted Net Position

Net position represents the residual interest in the Fund's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consists of three components: net investment in capital assets, restricted, and unrestricted net position. Net investment in capital assets includes capital assets, net of accumulated depreciation, reduced by outstanding debt incurred to acquire, construct, or improve those capital assets, excluding unexpended debt proceeds. The restricted category represents the balance of assets restricted for use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of the net position not meeting the definition of either of the two components. When an expense is incurred for which both restricted and unrestricted resources are available, Fund policy is to liquidate the expense with restricted resources first, as appropriate and feasible.

Q. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Fund had deferred refunding loss, pension-related items, and OPEB-related items that qualified as deferred outflows of resources. These items totaled \$2,808,000 at September 30, 2021. See Note 7, *Employee Retirement Plans* and Note 8, *Other Postemployment Benefits (OPEB)*, for more information.

Deferred inflows of resources represent the acquisition of resources that apply to future reporting period(s) and will not be recognized as an inflow of resource (revenue) until then. The Fund had pension and OPEB-related items that qualified as deferred inflows of resources. These items totaled \$5,491,000 at September 30, 2021. See Note 7, *Employee Retirement Plans*, and Note 8, *Other Post-Employment Benefits (OPEB)*, for more information.

R. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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S. GASB Statements

Management is evaluating the impact of the following issued and unadopted Governmental Accounting Standards Board (GASB) Statements during fiscal year ended September 30, 2021:

GASB Statement No. 87, *Leases*

Issued in June 2017, this Statement is to improve the accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement will be effective for the Fund beginning with fiscal year September 30, 2022. Management is currently evaluating the impact of the adoption of this Statement but does not expect it to have a significant effect on the Fund's financial statements.

GASB Statement No. 92, *Omnibus 2020*

Issued in January 2020, this Statement addresses various accounting issues including: the modification of the effective date of Statement No. 87; reporting of intra-entity transfers of assets between a primary government and a component unit defined benefit pension plan or defined benefit OPEB plan; the applicability of certain GASB statements to reporting assets accumulated for pension and OPEB; the applicability of certain requirements of Statements No. 84; and measurements of liabilities and assets, if any, related to asset retirement obligations in a government acquisition. The change in the effective date for GASB Statement No. 87 was immediate and the other provisions are effective for the Fund beginning with fiscal year September 30, 2023. Management is currently evaluating the impact of the adoption of this Statement on the Fund's financial statements.

GASB Statement No. 93, "Replacement of Interbank Offered Rates"

Issued in March 2020, this Statement addresses the global reference rate reform and the ceasing of LIBOR as the end of 2021. Under this Statement, governments are required to amend to replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. This Statement will be effective for the Fund beginning with its fiscal year ended September 30, 2022. Management is currently evaluating the impact of the adoption of this Statement on the Fund's financial statements.

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GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements

Issued in March 2020, this Statement addresses issues related to public-private and public-public partnership arrangements. This Statement establishes the definitions of Public-Private Partnerships, Public-Public Partnerships, and Availability Payment Arrangements and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to public-private and public-public partnership's consistently and disclose important information about public-private and public-public partnerships transactions. This Statement will be effective for the Fund beginning with fiscal year September 30, 2023. Management is currently evaluating the impact of the adoption of this Statement on the Fund's financial statements.

GASB Statement No. 96, Subscription-Based Information Technology Arrangement

Issued in May 2020, this Statement is to improve the accounting and financial reporting for subscription-based information technology arrangements (SBITs) by governments. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payment, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. This Statement will be effective for the Fund beginning with fiscal year September 30, 2023. Management is currently evaluating the impact of the adoption of this statement of the Fund's financial statement but does not expect it to have a significant effect on its financial statements.

GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and supersession of GASB Statement No. 32"

Issued in June 2020, this Statements objectives are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Objectives (1) and (2) of this Statement are effective immediately for the Fund and did not impact the Fund' financial position or results in operation. Objective (3) of this Statement will be effective for the Fund beginning with its fiscal year ending September 30, 2022. The adoption of Statement No. 97 is not expected to impact the Fund's financial position or results of operations.

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Note 2. Deposits and Investments

A. Deposits

On September 30, 2021, the Fund's total cash deposits were \$3,808,000 and the total bank balance was \$4,866,000. Bank balances are fully insured by federal depository insurance or through financial institutions participating in the Florida Security for Public Deposits Act pursuant to Chapter 280, Florida Statutes.

B. Investments

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are unadjusted quoted prices in active markets for identical assets. Level 2 inputs are significant observable inputs other than quoted prices included in Level 1. Level 3 inputs are significant unobservable inputs. If the fair value of an asset or liability is measured using inputs from more than one level of the hierarchy, then the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Investments in State Board of Administration's (SBA's) Florida PRIME and open-end money market mutual funds are not placed in a category because their values are measured at amortized cost. Bond investments are shown in Level 2 because the price of similar bonds would be a Level 2 input. Bond investments are valued monthly with a pricing service that uses matrix pricing.

The Fund's cash, cash equivalents, and investments on September 30, 2021 were as follows:

<i>(Amounts in thousands)</i>	Fair Value Level	Modified Duration	Credit Rating	2021
U. S. treasury securities	2	1.0	AA+/A-1+	\$ 130,075
Federal agency securities	2	1.9	AA+/A-1+	30,937
Corporate notes	2	1.4	AA+/AA/AAA	1,931
Municipal bonds	2	1.5	AA	2,202
Total investments				165,145
Open-end mutual funds	--	0.1	AAA	5,310
State Board Administration (SBA) Florida PRIME	--	0.2	AAAm	39,052
Total cash equivalents and investments				209,507
Cash deposits				3,808
Total cash, cash equivalents, investments and deposits				<u>\$ 213,315</u>

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

<i>(Amounts in thousands)</i>	<u>2021</u>
Cash and cash equivalents:	
Current	\$ 44,767
Current, restricted	<u>3,404</u>
Total cash and cash equivalents	<u>48,171</u>
Investments:	
Current	153,476
Current, restricted	5,624
Noncurrent investments, restricted	<u>6,044</u>
Total investments	<u>165,144</u>
Total cash, cash equivalents and investments	<u><u>\$ 213,315</u></u>

Modified duration is a measure of interest rate risk. It measures the sensitivity of an investment's price to interest rate changes. For example, if an investment security has a modified 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 a modified duration of two years to increase in value by two percent. The modified duration of the BOCC's investment portfolio was 1.10 for the fiscal year ended September 30, 2021. The duration of callable securities was calculated using the call date as the maturity date.

A credit rating is a measure of credit risk, the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Custodial credit risk, a subset of credit risk, is the risk that the counterparty fails to fulfill its obligations. All the Fund's investments are insured or registered, or held by the BOCC or its agent in the BOCC's name. On September 30, 2021, there was no amount held by counterparties. Excluding the State Board of Administration's Florida Prime investment pool, United States treasury securities, and mutual funds or investment pools that invest in such securities, the Federal Home Loan Mortgage Corporation represents 5.41% of the BOCC's total investments.

C. SBA's Florida PRIME

The State Board Administration (SBA) manages Florida PRIME, an external investment pool that essentially operates as a money market fund for Florida governmental entities. Regulatory oversight of the SBA is provided by three state of Florida elected officials designated as trustees: the Governor serves as Chairman of the SBA; the Chief Financial Officer serves as Treasurer of the SBA; and the Attorney General serves as Secretary of the SBA. External oversight of the State Board of Administration is provided by the Investment Advisory Council, which reviews investment performance, strategy and decision-making, and provides insight, advice and counsel on these and other matters when appropriate. A six-member participant Local Government Advisory Council was created to review the administration of the fund and make recommendations to the trustees. Audit oversight is also provided by the state of Florida Auditor General. Since 2007, Florida PRIME has received Standard & Poor's AAAM rating each year, which is the highest rating for an investment pool.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, Florida PRIME measures its investments at amortized cost.

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Florida PRIME currently does not have withdrawal limits or redemption notice periods. With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes has several provisions. The principal of each account in Florida PRIME is subject to payment at any time from money in Florida PRIME. However, the Executive Director of the SBA may in good faith limit contributions to or withdrawals from Florida PRIME for 48 hours due to the occurrence of an event that has material impact on liquidity or operations. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review of the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity of the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time test, but in no case may the time set by the Trustees exceed 15 days.

Although Florida Statute 218.409(4) gives the SBA authority to impose early withdrawal penalties if the amount and purpose of such fees are disclosed in the enrollment materials, the SBA has not imposed such penalties. As of September 30, 2021, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to full account values.

D. Investment Policy

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

- a. The state of Florida's Local Government Investment Pool, known as Florida PRIME.
- b. Direct obligations of the United States government.
- c. Obligations of United States government agencies such as the Government National Mortgage Association.
- d. Obligations of US government sponsored agencies (instrumentalities) such as the Federal Farm Credit System Banks, Freddie Mac (Federal Home Loan Mortgage Corporation), the Federal Home Loan Banks, or Fannie Mae (Federal National Mortgage Association).
- 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.

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

- i. The entire portfolio may be invested in United States Treasury securities with a maximum maturity length of 10 years, but investments in Treasury strips are limited to 10% of the portfolio.
- j. A maximum of 50% of the portfolio may be invested in Florida PRIME.
- k. A maximum of 50% of the portfolio may be invested in United States government agency securities, with no more than 10% of the portfolio invested in any individual United States government agency.
- l. A maximum of 60% of the portfolio may be invested in obligations of United States government instrumentalities, with a maturity length of 10 years, provided that no more than 30% of the portfolio is invested in any one issuer and no more than 25% of the portfolio is invested in callable securities.
- m. A maximum of 20% of the portfolio may be invested in repurchase agreements, excluding one business day agreements and overnight sweep agreements, with no more than 10% of the portfolio in a single institution repurchase agreement.
- n. A maximum of 20% 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 10% of the portfolio is invested with any one issuer.
- o. A maximum of 20% 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 5% of the portfolio is invested in the commercial paper of a single issuer. The maximum length to maturity shall be 270 days from the purchase date.
- p. A maximum of 50% 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 or AAAM-G or better by Standard & Poor's or the equivalent by another nationally recognized rating agency. No more than 25% of the portfolio may be invested in any one money market fund.
- q. A maximum of 15% of the portfolio may be invested in high quality corporate notes (rated Aa by Moody's and AA by Standard & Poor's) provided no more than 5% of the portfolio is invested in a single issuer's notes.
- r. A maximum of 20% of the portfolio may be invested in intergovernmental investment pools, provided that the total does not exceed 25% of the intergovernmental pool.
- s. A maximum of 25% of the portfolio may be invested in state or local government taxable or tax exempt general obligation or revenue bonds (rated Aa by Moody's and AA by Standard & Poor's) or short-term debt (rated MIG-2 by Moody's and SP-2 by Standard & Poor's).
- t. A maximum of 20% of the portfolio may be invested in banker's acceptances issued by a domestic bank or federally chartered domestic office of a foreign bank (rated P-1 by Moody's and A-1 by Standard & Poor's) with a maximum of 5% of available funds invested with any one issuer. The maximum length to maturity shall be 180 days from purchase date.

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- u. Investment in reverse repurchase agreements and securities lending transactions are prohibited.
- v. 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 maturity dates throughout the term of the debt service reserve.

Deposits in excess of the Fund'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.

Note 3. Due From/To Other Governments

Due from other governments consists of excess collection fees refunded by the Hillsborough County Tax Collector. These fees relate to residential special assessment collections. On September 30, 2021, the amount due from other governments was \$2,011,000.

Due to other governments consists of \$103,000 due to the Hillsborough County Sheriff's Office for litter and waste dumping related enforcement.

Note 4. Capital Assets

Changes in capital assets for the year ended September 30, 2021 were as follows:

(Amounts in thousands)	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable:				
Land	\$ 13,877	16	118	13,775
Construction work in progress	6,207	10,056	2,951	13,312
Total non-depreciable capital assets	<u>20,084</u>	<u>10,072</u>	<u>3,069</u>	<u>27,087</u>
Capital assets, depreciable:				
Buildings and utility plant	153,270	2,931	429	155,772
Improvements Other than Buildings	253,186	360	623	252,923
Equipment	28,734	2,035	2,290	28,479
Intangibles -- software	372	--	--	372
Total depreciable capital assets	<u>435,562</u>	<u>5,326</u>	<u>3,342</u>	<u>437,546</u>
Accumulated depreciation:				
Buildings and utility plant	(126,241)	(1,003)	(391)	(126,853)
Improvements Other than Buildings	(134,041)	(8,893)	(264)	(142,670)
Equipment	(24,692)	(2,027)	(2,107)	(24,612)
Intangibles -- software	(372)	--	--	(372)
Total accumulated depreciation	<u>(285,346)</u>	<u>(11,923)</u>	<u>(2,762)</u>	<u>(294,507)</u>
Total depreciated capital assets, net	<u>150,216</u>	<u>(6,597)</u>	<u>580</u>	<u>143,039</u>
Total capital assets, net	<u>\$ 170,300</u>	<u>3,475</u>	<u>3,649</u>	<u>170,126</u>

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On September 30, 2021, construction work in progress of \$13,775,000 is related to the ongoing Solid Waste Management of a Facilities Repair and Replacement master project, the Resource Recovery Warehouse, the Northwest Transfer Facility Improvements, and the Southeast County Landfill Leachate Management Improvements and Expansion.

Note 5. Current Liabilities

A. Accounts and Contracts Payable

Accounts and contracts payable balances on September 30, 2021 were as follows:

<i>(Amounts in thousands)</i>	
	2020
Accounts payable	\$ 10,627
Contracts payable	2,528
Total	<u>\$ 13,155</u>

B. Unearned Revenues

Unearned revenues represent that quarterly portion of the calendar year solid waste residential customer special assessment fees collected for the period October through December but not earned until the ensuing fiscal year. On September 30, 2021, unearned special assessment revenues were \$23,518,000.

Note 6. Other Liabilities

A. Compensated Absences

On September 30, 2021, the compensated absence liabilities were \$596,000, of which \$521,000 was a current liability.

B. Revenue Bonds

On November 21, 2016, the BOCC issued \$89,010,000 in Solid Waste Resource Recovery Refunding Revenue Bonds, Series 2016A (Alternative Minimum Tax), and \$25,220,000 in Solid Waste Resource Recovery Revenue Bonds, Series 2016B, (Non-AMT). Interest rates ranged from 4.0% to 5.0%, with interest payable semi-annually on March 1 and September 1, respectively. On September 30, 2021, the combined Series 2016 Bonds unpaid principal, including current maturities of \$5,715,000, was \$90,600,000. The Series 2016 Bonds contain covenants requiring the BOCC to levy user rates to meet operating and maintenance costs, pay scheduled debt service, and to make other required deposits. The 2016A Bonds mature on September 1, 2034 and the 2016B Bonds mature on September 1, 2030.

C. Notes Payable

On December 21, 2020 the BOCC issued a \$22,000,000 Solid Waste and Resource Recovery Revenue Note, Series 2020 (Alternative Minimum Tax) with Bank of America which is a non-revolving credit agreement line of credit with a variable interest rate (80% of the LIBOR index plus .59%) and will mature on September 1, 2040. The interest is payable quarterly. The Note is to finance a portion of costs of capital improvements to the Northwest Solid Waste Transfer Station Facility and the Southeast County Landfill. On September 30, 2021, the outstanding principal balance was \$10,600,000 and the interest rate was 0.75%.

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D. Revenues Pledged for Debt Service and Future Debt Service Requirements

Under Bond Resolution R06-231 and County Ordinance 06-28, operating revenues are pledged and distributed as follows: first, to payment for operations and maintenance costs, and second, to annual debt service requirements on the outstanding bonds.

A combined summary of the Series 2016A, 2016B bonds and the Series 2020 Resource Recovery Revenue Note debt service requirements including current maturities of \$5,715,000 are as follows:

<i>(Amounts in thousands)</i>	Bonds		Notes from Direct Borrowings and Direct Placements		Total
	Principal	Interest	Principal	Interest	
2022	\$ 5,715	4,443	--	130	10,288
2023	6,000	4,157	--	165	10,322
2024	6,300	3,857	850	163	11,170
2025	6,620	3,542	895	157	11,214
2026	6,785	3,211	940	150	11,086
2027-2031	34,340	11,071	5,445	637	51,493
2032-2036	24,840	2,268	2,470	244	29,822
Total principal and interest	90,600	32,549	10,600	1,646	135,395
Plus unamortized issue premium	10,860	--	--	--	10,860
Revenue bonds and notes payable	101,460	32,549	10,600	1,646	146,255
Less current maturities	(5,715)	--	--	--	(5,715)
Revenue bonds and notes payable, net	<u>\$ 95,745</u>	<u>\$ 32,549</u>	<u>10,600</u>	<u>1,646</u>	<u>\$ 140,540</u>

E. General Liabilities

Open Landfill Closure and Postclosure Costs: On September 30, 2021, the liability for landfill closure and postclosure care costs was \$41,918,000. More information on these expenses and the related liabilities is disclosed in Note 10(A).

Closed Landfill Remediation and Monitoring Costs: On September 30, 2021, there were recorded liabilities of \$3,268,000 related to potential remediation and monitoring costs at landfill sites closed prior to October 9, 1991. More information on these reserves is disclosed in Note 10(C).

A summary of general liabilities on September 30, 2021, less current maturities of \$430,000 were as follows:

<i>(Amounts in thousands)</i>	2021
Landfill closure and postclosure costs	\$ 41,918
Closed landfill remediation	3,268
Total other liabilities	45,186
Less current maturities	430
General liabilities, less current maturities	<u>\$ 44,756</u>

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On September 30, 2021, these amounts were scheduled for payment in fiscal year ending as follows:

<i>(Amounts in thousands)</i>	
FYE September 30,	Amount
2022	\$ 430
2023	452
2024	463
2025	475
2026	290
2027-2031	956
2032-2036	174
2037-2041	19
2042-2046	-
2047-2051	5,418
2052-2056	6,773
2057-2061	6,773
2062-2066	6,773
2067-2071	6,773
2072-2076	6,997
2077-2081	1,568
2082-2086	213
2087-2091	213
2092-2096	213
2097-2101	213
Total general liabilities	<u>\$ 45,186</u>

F. Changes in Total Other Liabilities

The changes in total other liabilities for the fiscal year ended September 30, 2021 were:

<i>(Amounts in thousands)</i>	Beginning		Endings	Due Within
Description	Balance	Additions	Reductions	Balance
2016A and 2016B bonds	\$ 96,040	--	5,440	90,600
2020 notes payable -direct borrowings	--	10,600	--	10,600
Unamortized bond issue premium	12,400	--	1,540	10,860
Compensated absences	519	598	521	596
Net pension liability	10,337	89	6,998	3,428
Total OPEB liability	596	46	--	642
Landfill closure and post closure care costs	40,852	1,066	--	41,918
Closed landfill remediation	3,098	170	--	3,268
Total other liabilities	<u>\$ 163,842</u>	<u>12,569</u>	<u>14,499</u>	<u>161,912</u>
				<u>6,666</u>

Note 7. Employee Retirement Plans

Florida Retirement System – General Information

Substantially all Fund employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two multiple-employer cost-sharing defined benefit plans administered by the Florida Department of Management Services, Division of Retirement: the FRS Pension Plan and the Retiree Health Insurance Subsidy (HIS Program). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (Investment Plan) administered by the State Board of Administration. Employees may choose the Investment Plan as an alternative to the FRS Pension Plan. As a general rule, membership in the FRS is compulsory for 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 within the state of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter

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121, Florida Statutes and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida Legislature.

The state of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the FRS.

For additional details, see: www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports. The report may also be obtained by writing to the state of Florida Division of Retirement, PO Box 9000, Tallahassee, Florida 32315-9000.

The County Plan for FRS is allocated to the Fund based on a percentage of contributions (Fund contributions divided by the total County FRS contributions) and for HIS is allocated based on percentage of covered payroll (Fund covered payroll divided by total County covered payroll).

Plan Descriptions for Cost-Sharing Defined Benefit Plans

- The FRS Pension Plan is a multiple-employer cost-sharing qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees.
- The Retiree Health Insurance Subsidy (HIS) Program is a multiple-employer cost-sharing, defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The Florida Legislature sets and amends the contribution requirements and benefit terms of the HIS Program.

Benefits Provided

FRS Pension Plan

Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. Regular Class, Senior Management Service Class and Elected Officers Class plan members hired prior to July 1, 2011 at age 62 with 6 years of credited service or 30 years of service regardless of age are entitled to an annual retirement benefit payable monthly for life, equal to 1.6% of their final average compensation for each year of credited service. Average final compensation is the average of the employee's five highest fiscal years of salary earned during credited service. Vested employees with less than 30 years of service may retire before age 62 and receive reduced retirement benefits.

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Regular Class, Senior Management Service Class and Elected Officers Class plan members hired after June 30, 2011 at age 65 with 8 years of credited service or 33 years of service regardless of age are entitled to annual retirement benefits payable monthly for life, equal to 1.6% of their final average compensation for each year of credited service. Average final compensation will be the average of the employee's eight highest fiscal years earned during credited service. Vested employees with less than 33 years of service may retire before age 65 and receive reduced retirement benefits.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

HIS Program

The benefit under the HIS Program is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive an HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which may include Medicare.

Contributions

FRS Pension Plan

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute 3% of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021, respectively, were as follows: Regular—10.00% and 10.82%; Senior Management Service—27.29% and 29.01%; and DROP participants—16.98% and 18.34%. These employer contribution rates include 1.66% of HIS subsidies for 2021 and 2020.

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HIS Program

The HIS Program is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. The HIS contribution for the period October 1, 2020 through September 30, 2021 was 1.66%. The employer contribution rates shown in the FRS Pension Plan section above include the HIS Program contribution rate of 1.66%, for the periods of October 1, 2020 through September 30, 2021. HIS Program contributions are deposited in a separate trust fund from which payments are authorized. HIS Program benefits are not guaranteed and are subject to annual legislative appropriation. In the event that legislative appropriations and/or available funds are not sufficient, HIS benefits may be reduced or canceled.

The Fund's contributions, including employee contributions, to the FRS Pension Plan were \$634,000 for the fiscal year ended September 30, 2021. The Fund's contributions to the HIS Program were \$132,000 for the fiscal year ended September 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities - At September 30, 2021, the Fund reported net pension liabilities of \$677,000 and \$2,751,000 respectively, for its proportionate shares of the FRS Pension Plan and HIS Program net pension liabilities. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The Fund's proportionate share of the net pension liability was based on the Funds's contributions as a percentage of all contributions from participating members for the state of Florida fiscal year ended June 30, 2021. At June 30, 2021, the Fund's proportionate shares for the FRS Pension Plan and HIS Program were 0.799% and 1.208%, respectively of the County's proportionate share. The Fund's proportionate shares for the FRS Pension Plan, which was .059% higher than the respective proportionate shares measured as of June 30, 2020 and HIS Program, which was 0.021% percentage points lower than the respective proportionate shares measured as of June 30, 2020. The components of the Fund's net pension liabilities at September 30, 2021 were as follows:

	FRS Pension Plan	HIS Program	Total
<i>(Amounts in thousands)</i>			
Total pension liability	\$ 18,777	\$ 2,852	21,629
Plan fiduciary net position	(18,100)	(101)	(18,201)
Net pension liability	\$ 677	2,751	3,428
Plan fiduciary net position as a percentage of the total pension liability	96.40 %	3.56 %	84.15 %

“Plan fiduciary net position” represents cash and investment assets held to pay pension liabilities as they mature. Detailed information regarding the FRS Pension Plan and HIS Program fiduciary net position is available in the separately issued *FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report*. To obtain this report, see the second paragraph of this note.

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Pension (Benefit) Expense - For the fiscal year ended September 30, 2021, the Fund recognized pension benefit of \$749,000 and a pension expense of \$83,000 for the Pension Plan and HIS Program, respectively.

Deferred Outflows/Inflows of Resources – For the fiscal year ended September 30, 2021, the Fund reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>FRS Pension Plan</u>		<u>HIS Program</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<i>(Amounts in Thousands)</i>				
Differences between expected and actual experience	\$ 212	--	92	(1)
Changes in assumptions	846	--	216	(114)
Net difference between projected and actual earnings on plan investments	--	(4,875)	3	--
Changes in proportion and differences between County contributions and proportionate share of contributions	174	(392)	134	(53)
County contributions subsequent to the measurement date	170	--	33	--
Total	<u>\$ 1,402</u>	<u>(5,267)</u>	<u>478</u>	<u>(168)</u>

The deferred outflows of resources totaling \$170,000 and \$33,000 resulting from Fund contributions to the Pension Plan and HIS Program, respectively, which were subsequent to the June 30, 2021 measurement date, will be recognized as a pension expense in the fiscal year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan and HIS Program will be recognized in pension expense as follows:

<i>(Amounts in thousands)</i>		
Fiscal Year Ending September 30	<u>FRS Pension Plan</u>	<u>HIS Program</u>
2022	\$ (711)	76
2023	(829)	24
2024	(1,098)	50
2025	(1,407)	66
2026	10	50
Thereafter	--	11
	<u>\$ (4,035)</u>	<u>\$ 277</u>

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Actuarial Assumptions – The total pension liabilities for the FRS Pension Plan and HIS Program in the June 30, 2021 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation rate of 2.40%
- Average rate of salary increases of 3.25%, including inflation
- Investment rate of return, net of pension plan investment expense of 6.80%, including inflation for FRS Pension Plan; there was no change from the prior year
- Investment rate of return, net of pension plan investment expense of 2.16%, including inflation for HIS Plan; this was a decrease from 2.21% in the prior year
- Average expected remaining service life of active and inactive participants in the FRS Pension Plan at June 30, 2021 was 5.7 years
- Average expected remaining service life of active and inactive participants in the HIS Program at June 30, 2021 was 6.4 years
- Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018 for the FRS Pension Plan and the HIS Program

The actuarial assumptions used in the July 1, 2021, FRS Pension Plan valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rates of return on FRS Pension Plan investments were not based on historical returns, but instead were based on a forward-looking capital market economic model. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions. A mean inflation rate of 2.4% was assumed along with a standard deviation of 1.2%. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0 %	2.1 %	2.1 %	1.1 %
Fixed income	20.0 %	3.8 %	3.7 %	3.3 %
Global equity	54.2 %	8.2 %	6.7 %	17.8 %
Real estate (property)	10.3 %	7.1 %	6.2 %	13.8 %
Private equity	10.8 %	11.7 %	8.5 %	26.4 %
Strategic investments	3.7 %	5.7 %	5.4 %	8.4 %
	<u>100 %</u>			

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Discount Rates – The FRS Pension Plan discount rate used to measure the total pension liability was 6.80%. The FRS Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The HIS Program discount rate used to measure the total pension liability was 2.16%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Program sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of Net Pension Liability to Changes in the Discount Rate – The Fund’s proportionate share of the FRS Pension Plan and HIS Program will change under varying discount rate assumptions. For example, a higher discount rate would lead to a lower net pension liability. Conversely a lower discount rate would lead to a higher net pension liability. The following chart shows the effects on the FRS Pension Plan and HIS Program net pension liabilities under discount rates that are one percentage point higher or lower than the discount rate actually used. The chart specifically shows the net pension liability of the FRS Pension Plan if its discount rates were 5.80%, 6.80% or 7.80% as well as the net pension liability of the HIS Program if its discount rates were 1.16%, 2.16% or 3.16%.

Proportionate Share of FRS Pension Plan Net Pension Liability			Proportionate Share of HIS Program Net Pension Liability			
Current			Current			
1% Decrease	Discount Rate	1% Increase	1% Decrease	Discount Rate	1% Increase	
	5.80 %	6.80 %	7.80 %	1.16 %	2.16 %	3.16 %
\$	3,026	677	(1,287)	3,181	2,751	2,399

The Fund remits contractually required FRS Pension Plan and HIS Program contributions as established by the Florida Legislature. The Fund did not have a payable for outstanding contributions to the FRS Pension Plan, HIS Program or Investment Plan at September 30, 2021.

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Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the state of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS Pension Plan. County employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.) as the FRS Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members. See FRS Pension Plan contribution rates in the contributions section of this note for more information.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Fund.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Fund remits contractually required FRS Investment Plan contributions as established by the Florida Legislature. The Fund's total contributions to the Investment Plan were approximately \$110,000 for fiscal year 2021.

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Note 8. Other Postemployment Benefits (OPEB)

The County has a single-employer defined benefit OPEB plan. Some non-County employers participate in the County OPEB plan, but their participation is immaterial individually and in total. The County expenses the cost of OPEB over the active service lives of its employees rather than using a “pay-as-you-go” basis. Expensing the cost of a future benefit over the active work-lives of employees is a fiscally sound approach because employees earn the future benefits over their working careers.

OPEB Plan Description and Benefits Provided

County OPEB Plan Description. The County provides the following health-related benefits to retirees and certain former employees, which together represent the County OPEB Plan: (a) The County is required by Florida Statute 112.0801 to allow retirees and certain former employees to buy healthcare coverage at the same “group rates” that current employees are charged. Although retirees pay for healthcare at group rates, they receive a valuable benefit because they can buy insurance at costs that are lower than the costs associated with the experience rating for their age bracket. The availability of this lower cost health insurance represents an *implicit subsidy* for retirees. (b) The County offers a monthly stipend of \$5 for each year of service up to a maximum benefit of \$150 per month. The stipend is payable to regular retired employees from ages 62 to 65. The stipend is to be used to offset the cost of health insurance. Although the implicit subsidy is required by state law when healthcare is offered as an employee benefit, the stipend may be cancelled at any time. The County does not issue separate OPEB Plan financial statements. As a result all required disclosures are included in this report.

Substantially all full-time County employees may qualify for these OPEB benefits. At September 30, 2021, the OPEB Plan covered approximately 6,205 active County employees, consisting of those currently eligible and those not yet fully eligible, as well as 526 retirees or other inactive employees.

Total OPEB Liability

Actuarial Method and Assumptions - The total OPEB Liability was actuarially determined based on several actuarial assumptions. September 30, 2021 was the actuarial measurement date. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The actuarial assumptions used in the September 30, 2021 OPEB Plan valuation were based on the results of an actuarial experience study for the period from October 1, 2020 through September 30, 2021.

The entry age normal actuarial cost method was used in the September 30, 2021 actuarial valuation. Other actuarial assumptions included an inflation rate of 2.5% and a discount rate of 2.26%. In addition, the initial annual healthcare cost trend rate assumptions were 6.25% grading down to an ultimate rate of 4.5% for the BOCC. In addition, the average age of active participants was 36 years and the average age of inactive participants was 62.5 years. Mortality rates were based on the PUB-2010 generational table for general employees scaled using MP-20 and applied on a gender-specific basis.

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Sensitivity of Total OPEB Liability to Changes in Either the Discount Rate or Changes in the Healthcare Trend Rate – The first chart below presents the Funds’s total OPEB liability, as well as what the Fund’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.26%) or 1 percentage-point higher (3.26%) than the current discount rate. The second chart below presents the Fund’s total OPEB liability, as well as what the Fund’s total OPEB liability would be if it were calculated using a healthcare trend rate that is 1 percentage-point lower (5.25%) or 1 percentage-point higher (7.25%) than the current healthcare trend rate.

Sensitivity of Total OPEB Liability to Changes in Discount Rate			Sensitivity of Total OPEB Liability to Changes in Healthcare Trend Rate		
1% Decrease (1.26%)	Discount Rate (2.26%)	1% Increase (3.26%)	1% Decrease (5.25%)	Healthcare Trend Rate (6.25%)	1% Increase (7.25%)
\$ 670,000	642,000	577,000	566,000	642,000	686,000

The Healthcare trend rate of 6.25% is an initial rate. The total OPEB liability shown on the preceding chart, however, is based on the following healthcare trend rates. Approximately 6.25% grading down .5% each year to ultimate rates of 4.5% for the BOCC.

OPEB Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

OPEB Liabilities - At September 30, 2021, the Fund reported total OPEB liabilities of \$642,000. The Fund's OPEB liability is allocated based on the percentage of the Fund's covered payroll to the overall covered payroll of the Plan. The total OPEB liability was measured as of September 30, 2021. The components of the Fund’s total OPEB liability at September 30, 2021 were as follows:

<i>(Amounts in thousands)</i>	OPEB Plan
Total OPEB Liability	\$ 642
Covered employee payroll (active plan members)	7,948
Total OPEB liability as a percentage of covered employee payroll	8.1 %

If cash and investments were placed in an irrevocable trust for OPEB, then the cash and investments would be subtracted from “total OPEB liability” to determine the “net OPEB liability.” The County has set aside \$38,732,000 in the Self-Insurance Internal Service Fund for OPEB. Fair value was used to value the cash and investments set aside. This \$38,732,000 represents 33.19% of the County's total OPEB liability at September 30, 2021. However, since an irrevocable trust was not established, none of this \$38,732,000 in cash and investments is considered to be “plan fiduciary net position.” Total OPEB liability is reported in the accompanying statements of net position because an irrevocable trust was not established.

HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Enterprise Fund
Public Utilities Department
Notes to Financial Statements
For the Fiscal Year Ended September 30, 2021

The change in the total OPEB liability during fiscal year 2021, as well as the beginning and ending total OPEB liability is shown below:

	Total OPEB Liability
<i>(Amounts in thousands)</i>	
Balance at October 1, 2020	\$ 596
Changes for the fiscal year:	
Service cost	9
Interest	12
Differences between expected and actual experience	(27)
Changes in assumptions and other inputs	106
Benefit payments	(54)
Net changes	46
Balance at September 30, 2021	\$ 642

Funding Policy, Status and Progress. In order for OPEB obligations to be considered funded, an irrevocable trust fund must be used. Since that would be considered very restrictive, the County did not “fund” the total OPEB obligation, but instead chose to appropriate and set aside amounts annually in the Self-Insurance Internal Service Fund so the total OPEB liability is completely offset by cash and investments over time.

Since the OPEB Plan was not considered funded, GASB Statement No. 75 requires that the plan’s discount rate be obtained using the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate was increased from 2.21% to 2.26%.

Contributions. Assessments were made to participating funds with the goal of accumulating the cash and investments in the Self-Insurance Internal Service Fund to offset the total OPEB liability. The level of assessments are set annually by County management. There are no statutory or other legally required contribution levels. It is the Fund’s intent to continue setting aside additional monies each year for OPEB. Total assessments were \$38,000 for fiscal year 2021.

OPEB Expense - For the fiscal year ended September 30, 2021, the Fund recognized OPEB benefit of \$17,000. Changes in total OPEB liability are recognized in OPEB expense during the fiscal year except for as indicated in the section on Deferred Outflows/Inflows of Resources.

HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Enterprise Fund
Public Utilities Department
Notes to Financial Statements
For the Fiscal Year Ended September 30, 2021

Deferred Outflows/Inflows of Resources – “Deferred outflows of resources” are a consumption of net position by the Fund that is applicable to a future reporting period. “Deferred inflows of resources” are an acquisition of net position by the Fund that is applicable to a future reporting period. For each of the following, a portion was recognized in OPEB expense during fiscal year 2021, and the balance was amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience regarding economic and demographic factors are amortized over the average expected remaining service life of all employees that are provided with OPEB benefits through the OPEB plan, including both active and inactive employees.
- Changes in assumptions or other inputs are amortized over the average expected remaining service life of all employees covered by the OPEB plan, including both active and inactive employees.

Deferred outflows of resources and deferred inflows of resources related to the Fund’s OPEB Plan were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,000	(27,000)
Changes in assumptions	187,000	(29,000)
Total	\$ 225,000	(56,000)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB Plan will be recognized in OPEB expense as follows:

	OPEB Expense	OPEB (Benefit)
2022	\$ 14,000	(5,000)
2023	14,000	(5,000)
2024	14,000	(5,000)
2025	14,000	(5,000)
2026	14,000	(5,000)
Thereafter	155,000	(31,000)

The Fund did not have any interfund payables to the Self-Insurance OPEB Plan at September 30, 2021.

HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Enterprise Fund
Public Utilities Department
Notes to Financial Statements
For the Fiscal Year Ended September 30, 2021

Note 9 Outstanding Purchase Orders and Contracts

On September 30, 2021, outstanding purchase orders and contracts were \$28,586,000.

The Capital Improvement Program is a financial plan of proposed capital projects covering a five or six year period. Project costs can include project development, site acquisition, design, construction, renovation, initial fixtures and equipment, and administration. The Capital Improvement Program does not identify all project costs. It only identifies what is expected to be appropriated during the period. Total capital costs will be greater. The Capital Improvement Program for fiscal years 2022 through 2027 incorporates Solid Waste Fund projects with a total cost of \$568,096,000.

Note 10 Accounting for Municipal Solid Waste Landfill Financial Responsibilities

A. Open Landfill

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

GAAP requires recording a portion of the future closure and postclosure care costs as a current period operating expense and as a liability based on the cumulative amount of landfill capacity consumed as of each Statement of Net Position date. Fund management estimates, based on an independent engineer's cost projection on September 30, 2021, that total future closure and postclosure care costs will be \$67,033,000. The actual costs for future landfill closure and postclosure care costs may differ from projections due to inflation, deflation, technology, and environmental law changes. Of the total cost projection of \$67,033,000, life to date liabilities of \$41,918,000 were recorded on September 30, 2021, based on the amount of cubic yards consumed as of those dates. For the fiscal year ended September 30, 2021, the Fund recorded future closure and postclosure care cost of \$1,066,000.

HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Enterprise Fund
Public Utilities Department
Notes to Financial Statements
For the Fiscal Year Ended September 30, 2021

Of the total cost projection of \$67,033,000, a life-to-date liability of \$41,918,000 was recorded at September 30, 2021 as a part of other long-term debt for business-type activities. See Note 6.E. This liability for future landfill closure and postclosure care costs was determined from the consulting engineer's certification, that 38% or 17,624,000 cubic yards of the estimated 46,463,000 cubic yards landfill capacity had been consumed at September 30, 2021. Although only 38% of the overall landfill capacity was consumed, a total of 60.9% of the total closure and postclosure costs were reported as a liability because the landfill consists of two separate sections and the calculations were done separately on each section. Section One has total projected closure and postclosure care costs of \$56,032,000, of which 72.5% was consumed. Section Two has total projected closure and postclosure care costs of \$11,001,000 of which only 11.6% was consumed. The County will record the balance of the projected future closure and postclosure care costs of \$41,918,000, as adjusted by future estimated cost revisions, as the remaining landfill capacity is consumed. The County anticipates closing Section One of the landfill in 28 years (fiscal year 2048) and Section Two of the landfill in 52 years (fiscal year 2072).

B. Fiscal Responsibility for Future Landfill Closure Costs

Fund management, as required by state law, must certify annually that sufficient financial resources are available to pay future landfill closure and postclosure care costs. Management chose an annual financial test to comply with this requirement. This financial test requires a governmental entity to demonstrate that its tangible net position is at least six times greater than the combined total estimated amount of closure and postclosure care costs as of the Statement of Net Position date. The BOCC's net position was used to meet this test. As of September 30, 2021 management believes the Fund was compliant with all financial responsibility requirements.

C. Closed Landfills

Fund management annually reviews, and revises when necessary, the estimates for potential remediation and monitoring costs at landfills closed prior to October 9, 1991. On September 30, 2021, the estimated liability for future remediation and monitoring costs of these closed landfill sites was \$3,268,000.

Note 11. Contingencies

A. Litigation

The Fund is involved in certain litigation in the ordinary course of operations. Management believes, after consulting with legal counsel, that any potential losses would not materially affect the Fund's financial condition for the fiscal years ended September 30, 2021.

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

B. State and Federal Grants

Grants received and disbursed by the Fund 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 costs. Management believes that such repayments, if any, would not materially affect the Fund's financial condition on September 30, 2021.

HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Enterprise Fund
Public Utilities Department
Notes to Financial Statements
For the Fiscal Year Ended September 30, 2021

C. Environmental Protection

Occasionally, the FDEP may cite the Fund for accidental environmental infractions. These infractions and the related remediation activities are considered a routine part of Fund business operations. Management believes that any contingent liabilities arising from an accidental environmental infraction, if any, would be immaterial.

HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Enterprise Fund
Public Utilities Department
Schedule of Proportionate Share of the
Florida Retirement System Net Pension Liabilities for the
Pension Plan and Health Insurance Subsidy Program (Unaudited)
Last Eight Fiscal Years
(Required Supplementary Information)
Amounts in Thousands

FRS Pension Plan

	<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>	<u>6/30/17</u>	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/14</u>
Fund's proportion of the FRS net pension liability	0.799 %	0.740 %	0.684 %	0.719 %	0.741 %	0.739 %	0.016 %	-- %
Fund's proportionate share of the FRS net pension liability	\$ 677	7,674	6,063	5,265	5,363	4,525	2,121	1,027
Fund's covered payroll	\$ 7,833	7,447	7,031	6,796	6,046	6,953	6,624	6,738
Fund's proportionate share of the FRS net pension liability as a percentage of its covered payroll	8.64 %	103.05 %	86.23 %	77.47 %	88.70 %	66.81 %	32.34 %	-- %
FRS fiduciary net position as a percentage of the total pension liability	96.40 %	78.85 %	82.61 %	84.26 %	83.89 %	84.88 %	92.00 %	96.00 %

Health Insurance Subsidy Program

	<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>	<u>6/30/17</u>	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/14</u>
Fund's proportion of the HIS net pension liability	1.208 %	1.229 %	1.169 %	1.185 %	1.229 %	1.242 %	0.021 %	-- %
Fund's proportionate share of the HIS net pension liability	\$ 2,751	2,663	2,445	2,276	2,349	2,512	2,153	1,975
Fund's covered payroll	\$ 7,833	7,447	7,031	6,796	6,046	6,953	6,624	--
Fund's proportionate share of the HIS net pension liability as a percentage of its covered payroll	35.12 %	35.76 %	34.77 %	33.49 %	38.85 %	37.09 %	32.83 %	-- %
HIS fiduciary net position as a percentage of the total pension liability	3.56 %	3.00 %	2.63 %	2.15 %	1.64 %	0.97 %	0.50 %	-- %

* The data was unavailable prior to FY 2014.

Notes to the schedule:

1. GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" was implemented in fiscal year 2015 requiring ten-year trend data. Additional years will be displayed as the data becomes available.
2. Amounts are as of June 30 of each year.
3. The discount rates used by the FRS Plan for fiscal years 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014 respectively are 6.80%, 6.80%, 6.90%, 7.00%, 7.10%, 7.60%, 7.65% and 7.65%. The discount rates used for the HIS Program for fiscal years 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014 respectively are 2.16%, 2.21%, 3.50%, 3.87%, 3.58%, 2.85%, 3.80% and N/A.

HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Enterprise Fund
Public Utilities Department
Schedule of Contributions
Florida Retirement System Pension Plan and Health Insurance Subsidy Program (Unaudited)
Last Eight Fiscal Years
(Required Supplementary Information)
Amounts in Thousands

FRS Pension Plan

	<u>9/30/21</u>	<u>9/30/20</u>	<u>9/30/19</u>	<u>9/30/18</u>	<u>9/30/17</u>	<u>9/30/16</u>	<u>9/30/15</u>	<u>9/30/14</u>
Contractually required contributions	\$ 634	530	499	769	532	501	391	360
Contributions in relation to the contractually required contribution	<u>634</u>	<u>530</u>	<u>499</u>	<u>769</u>	<u>532</u>	<u>501</u>	<u>391</u>	<u>360</u>
Contribution deficiency (excess)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund's covered payroll	\$ 7,948	7,719	7,080	6,782	6,909	5,773	6,559	--
Contributions as a percentage of covered payroll	7.98 %	6.87 %	7.05 %	11.34 %	7.70 %	7.40 %	-- %	-- %

Health Insurance Subsidy Program

	<u>9/30/21</u>	<u>9/30/20</u>	<u>9/30/19</u>	<u>9/30/18</u>	<u>9/30/17</u>	<u>9/30/16</u>	<u>9/30/15</u>	<u>9/30/14</u>
Contractually required contributions	\$ 132	128	117	112	53	49	42	37
Contributions in relation to the contractually required contribution	<u>132</u>	<u>128</u>	<u>117</u>	<u>112</u>	<u>53</u>	<u>49</u>	<u>42</u>	<u>37</u>
Contribution deficiency (excess)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund's covered payroll	\$ 7,948	7,719	7,080	6,782	6,909	5,773	6,559	--
Contributions as a percentage of covered payroll	1.66 %	1.66 %	1.65 %	1.65 %	0.77 %	0.72 %	-- %	-- %

*Data prior to FY 2014 was unavailable for this schedule.

Notes to the Schedule:

1. GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" was implemented in fiscal year 2015 requiring ten-year trend data. Additional years will be displayed as the data becomes available.

HILLSBOROUGH COUNTY, FLORIDA
Schedule of Changes in Total OPEB
Liability and Related Ratios (Unaudited)
Last Six Fiscal Years
(Required Supplementary Information)
Amounts in Thousands

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>(Restated)</u> <u>2016</u>
Fund's total OPEB liability	\$ 642	596	617	523	1,020	1,031
Fund's covered payroll	7,948	7,719	7,080	6,782	6,909	5,773
Fund's total OPEB liability as a percentage of its covered payroll	8.1 %	7.7 %	8.7 %	7.7 %	14.8 %	17.9 %

**Hillsborough County has set aside \$38,732,000 in the Self-Insurance Internal Service Fund for OPEB. This amount represents 33.19% of the County's total OPEB liability at September 30, 2021. However, since an irrevocable trust was not established, none of this \$38,732,000 in cash and investment is considered to be "plan fiduciary net position." The Solid Waste Enterprise Fund's total OPEB liability represents 1.21% of the County's total OPEB liability.

Notes to schedule:

(1) *Since GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was implemented for fiscal year 2017, certain figures were not available prior to fiscal year 2017. See Note 8, Other Postemployment Benefits (OPEB) for more OPEB information.

(2) No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75

(3) Amounts are as of September 30 each year.

(4) The following are the discount rates used in each period:

2021	2.26%
2020	2.21%
2019	2.80%
2018	3.80%
2017	3.64%



Hillsborough
County Florida

HILLSBOROUGH COUNTY, FLORIDA
Comparison of Actual Revenues and Expenses to Budget
Solid Waste Enterprise Fund (Unaudited)
Public Utilities Department
For the fiscal year ended September 30, 2021
(amounts in thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating Revenues			
Charges for services	\$ 140,066	135,002	(5,064)
Total operating revenues	<u>140,066</u>	<u>135,002</u>	<u>(5,064)</u>
Operating Expenses			
Personnel services	12,912	(59,092)	72,004
Contractual services	108,563	(95,107)	203,670
Fleet services	1,519	(65,948)	67,467
Repairs and maintenance	1,108	(219,372)	220,480
Utilities	1,606	(81,555)	83,161
Supplies	85	(24,125)	24,210
Landfill closure and post closure care	4,912	1,235	3,677
Other operating expenses	2,227	2,383	(156)
Total operating expense before unbudgeted depreciation, amortization, pension and OPEB expense	<u>132,932</u>	<u>(541,581)</u>	<u>674,513</u>
Operating income before unbudgeted depreciation, amortization, pension and OPEB expense	<u>\$ 7,134</u>	676,583	<u>669,449</u>
Depreciation and amortization *		11,923	
Pension expense (benefit)		(318,055)	
OPEB (benefit)		(135,219)	
Total		<u>(441,351)</u>	
Operating income		<u>\$ 1,117,934</u>	

* Pension, OPEB, depreciation and amortization expenses are not budgeted.

EXHIBIT A
HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Resource Recovery Revenue Bonds
Series 2016A
Issued November 21, 2016
Debt Service Schedule (Unaudited)
(amounts in thousands)

Fiscal Year	Principal	Interest	Total Requirement
2022	\$ 5,715	3,182	8,897
2023	6,000	2,896	8,896
2024	6,300	2,596	8,896
2025	6,620	2,281	8,901
2026	6,785	1,950	8,735
2027	--	1,611	1,611
2028	--	1,611	1,611
2029	--	1,611	1,611
2030	1,725	1,611	3,336
2031	7,395	1,525	8,920
2032	7,800	1,155	8,955
2033	8,340	765	9,105
2034	8,700	348	9,048
	<u>\$ 65,380</u>	<u>23,142</u>	<u>88,522</u>

EXHIBIT B
HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Resource Recovery Revenue Bonds
Series 2016B
Issued November 21, 2016
Debt Service Schedule (Unaudited)
(amounts in thousands)

Fiscal Year	Principal	Interest	Total Requirement
2022	\$ --	1,261	1,261
2023	--	1,261	1,261
2024	--	1,261	1,261
2025	--	1,261	1,261
2026	--	1,261	1,261
2027	6,260	1,261	7,521
2028	6,580	948	7,528
2029	6,905	619	7,524
2030	5,475	274	5,749
	<u>\$ 25,220</u>	<u>9,407</u>	<u>34,627</u>

HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Enterprise Fund
Public Utilities Department
Statistical Section Contents

(Unaudited)

Financial Trends Information:

These schedules present comparative financial data over ten fiscal years, providing information to financial statement users concerning the Fund's financial management and performance.

Schedules:

Components of Net Position

Current Ratio

Return on Capital Assets

Accounts Receivable Turnover

Statement of Activities

Components of Charges for Services

Components of Other Nonoperating Revenue

Debt Capacity Information:

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

Schedule:

Outstanding Debt Compared to Net Position

General Operating Statistics:

Number of Full-time Employees

Tonnage buried in the landfill

Tonnage incinerated

Yard and Wood-Waste tonnage processed

HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Enterprise Fund
Public Utilities Department
Financial Trend Schedules (Unaudited)
Last Ten Fiscal Years
(amounts in thousands)

Components of Net Position:

This schedule shows the Fund's changes in comparative net value (total assets plus deferred outflows of resources less total liabilities and less deferred inflows of resources = net position).

	2021	2020	2019	2018	2017	2016** Restated	2015	2014*	2013 Restated	2012 Restated
Net investment in capital assets	\$ 71,862	61,279	45,634	43,217	49,482	55,721	63,181	71,035	77,672	80,355
Restricted net position	5,712	9,354	25,782	17,616	19,083	12,298	11,739	11,644	13,869	16,176
Unrestricted net position	110,362	116,390	109,942	107,709	98,292	89,770	83,782	77,031	61,505	60,330
Total net position	<u>\$ 187,936</u>	<u>187,023</u>	<u>181,358</u>	<u>168,542</u>	<u>166,857</u>	<u>157,789</u>	<u>158,702</u>	<u>159,710</u>	<u>153,046</u>	<u>156,861</u>

* Fiscal year 2014 and prior were not restated for implementation of GASB Statements No. 68 and No. 71

** Restated for GASB Statement No. 75

Current Ratio:

This schedule shows the Fund's ability to pay its current liabilities such as accounts payable, accrued payroll liability, and short-term borrowing costs. The generally accepted current ratio standard is 2, whereby current assets are twice as large as current liabilities.

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Current assets	\$ 214,722	207,140	194,756	196,253	182,053	168,368	160,368	156,318	169,371	148,299
Current liabilities	45,027	40,435	38,106	34,380	30,630	32,005	30,104	31,449	42,302	27,288
Current ratio	4.8	5.1	5.1	5.7	5.9	5.3	5.3	5.0	4.0	5.4

HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Enterprise Fund
Public Utilities Department
Financial Trend Schedules (Unaudited) (Continued)
Last Ten Fiscal Years
(amounts in thousands)

Return on Capital Assets:

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

	2021	2020	2019	2018	2017	2016** Restated	2015	2014*	2013 Restated	2012 Restated
Change in net position	\$ 913	5,665	12,816	1,685	9,068	139	3,664	6,664	(3,815)	(72)
Average total capital assets	170,213	171,057	175,545	186,908	202,261	219,402	228,823	231,179	223,863	221,681
Return on capital assets	0.54 %	3.31 %	7.30 %	0.90 %	4.48 %	0.06 %	1.60 %	2.88 %	(1.70)%	(0.03)%

* Fiscal year 2014 and prior were not restated for implementation of GASB Statements No. 68 and No. 71

** Restated for GASB Statement No. 75

Accounts Receivable Turnover on a 365 collection-day basis:

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Charges for services	\$ 135,002	111,010	109,428	107,842	105,689	102,287	100,948	103,728	100,744	101,515
Average accounts receivable	5,066	4,261	3,882	5,247	4,913	4,005	3,829	3,420	3,918	3,890
Accounts receivable turnover days	13.7	14.0	12.9	17.8	17.0	14.3	13.8	12.0	14.2	14.0

HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Enterprise Fund
Public Utilities Department
Financial Trend Schedules (Unaudited) (Continued)
Last Ten Fiscal Years
(amounts in thousands)

Statement of Changes in Net position:

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

	2021	2020	2019	2018	2017	2016** Restated	2015	2014*	2013 Restated	2012 Restated
Operating revenues:										
Charges for services	\$ 135,002	111,010	109,428	107,842	105,689	102,287	100,948	103,728	100,744	101,515
Operating expenses:										
Personnel services	12,093	11,569	10,572	10,142	10,274	10,372	9,177	9,102	8,330	8,421
Contractual services	100,386	74,893	71,183	68,977	63,035	68,057	62,690	60,364	72,878	70,079
Fleet services	1,849	1,663	1,708	1,463	1,419	1,724	1,443	1,551	2,001	1,717
Repairs and maintenance	999	1,107	735	1,127	1,190	649	468	313	439	407
Utilities	1,515	1,511	2,575	1,775	1,700	1,442	1,437	1,233	1,390	1,389
Supplies	44	45	51	38	39	27	14	12	21	32
Landfill closure and post closure care	1,235	2,824	985	2,837	364	(1,508)	763	1,651	1,352	(1,322)
Depreciation and amortization	11,923	10,396	11,679	16,665	17,411	16,764	15,529	14,346	10,373	14,561
Other operating expenses	2,383	1,969	1,896	1,693	1,721	1,353	1,208	2,386	1,907	1,537
Pension expense (benefit)	(666)	1,128	911	399	480	302	(243)	--	--	--
OPEB benefit	(17)	(43)	(30)	(475)	(13)	--	--	--	--	--
Total operating expenses	131,744	107,062	102,265	104,641	97,620	99,182	92,486	90,958	98,691	96,821
Operating income	3,258	3,948	7,163	3,201	8,069	3,105	8,462	12,770	2,053	4,694
Nonoperating revenues (expenses):										
Interest revenue	331	5,489	7,242	2,094	1,306	1,367	1,263	518	653	1,330
Interest expense	(3,259)	(3,597)	(3,893)	(4,034)	(1,713)	(6,688)	(6,864)	(6,966)	(6,825)	(6,655)
Gain (loss) on disposal of capital assets	143	(988)	45	42	471	407	234	149	143	610
Other revenues	440	813	2,259	382	935	1,948	569	193	213	98
Other expenses	--	--	--	--	--	--	--	--	(52)	--
Total nonoperating revenues (expenses)	(2,345)	1,717	5,653	(1,516)	999	(2,966)	(4,798)	(6,106)	(5,868)	(4,617)
Change in net position	913	5,665	12,816	1,685	9,068	139	3,664	6,664	(3,815)	77
Net position, beginning of year	187,023	181,358	168,542	166,857	157,789	158,702	159,710	153,046	156,861	156,784
Restatement for GASB 68 implementation	--	--	--	--	--	--	(4,672)	--	--	--
Restatement for GASB 75 implementation	--	--	--	--	--	(1,052)	--	--	--	--
Net position, beginning of year, as restated	187,023	181,358	168,542	166,857	157,789	157,650	155,038	153,046	156,861	156,784
Net position, end of year	\$ 187,936	187,023	181,358	168,542	166,857	157,789	158,702	159,710	153,046	156,861

* Fiscal year 2014 and prior were not restated for implementation of GASB Statements No. 68 and No. 71

** Restated for GASB Statement No. 75

HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Enterprise Fund
Public Utilities Department
Financial Trend Schedules (Unaudited) (Continued)
Last Ten Fiscal Years
(amounts in thousands)

Charges for Services - Components:

This schedule identifies the principal components of charges for services.

	2021	%	2020	%	2019	%	2018	%	2017	%	2016	%	2015	%	2014	%	2013	%	2012	%
Residential disposal assessments	\$ 31,153	23.1	29,956	27.0	28,301	25.9	27,564	25.6	25,393	24.0	24,955	24.4	24,619	24.4	24,394	23.5	26,960	26.8	25,271	24.9
Residential collection assessments	50,387	37.3	37,866	34.1	37,173	34.0	36,224	33.6	35,581	33.7	34,851	34.1	34,316	34.0	34,162	32.9	35,016	34.8	34,268	33.8
Franchise haulers	23,271	17.2	21,196	19.1	20,517	18.7	19,694	18.3	19,254	18.2	19,214	18.8	18,099	17.9	17,702	17.1	16,239	16.1	16,876	16.6
Electricity generation revenues	17,365	12.9	13,428	12.1	13,814	12.6	13,677	12.7	16,618	15.7	17,181	16.8	17,223	17.0	15,953	15.4	16,948	16.8	16,566	16.3
Municipal disposal fees	4,859	3.6	2,041	1.8	2,675	2.4	2,256	2.1	1,754	1.7	1,480	1.4	1,903	1.9	1,946	1.9	1,824	1.8	2,687	2.6
Commercial disposal fees	5,184	3.8	5,209	4.7	4,852	4.4	4,421	4.1	5,081	4.8	3,596	3.5	2,585	2.6	4,255	4.1	2,665	2.6	3,432	3.4
Recycle revenues	1,988	1.5	1,041	0.9	1,826	1.7	1,913	1.8	1,492	1.4	501	0.5	1,945	1.9	3,657	3.5	991	1.0	2,325	2.3
General operating revenues	795	0.6	272	0.2	270	0.2	2,093	1.8	516	0.5	509	0.5	258	0.3	1,659	1.6	101	0.1	90	0.1
Charges for services	<u>\$ 135,002</u>	<u>100.0</u>	<u>111,009</u>	<u>99.9</u>	<u>109,428</u>	<u>99.9</u>	<u>107,842</u>	<u>100.0</u>	<u>105,689</u>	<u>100.0</u>	<u>102,287</u>	<u>100.0</u>	<u>100,948</u>	<u>100.0</u>	<u>103,728</u>	<u>100.0</u>	<u>100,744</u>	<u>100.0</u>	<u>101,515</u>	<u>100.0</u>

Other Non-Operating Revenue Components:

This schedule identifies the principal components of other nonoperating revenues.

	2021	%	2020	%	2019	%	2018	%	2017	%	2016	%	2015	%	2014	%	2013	%	2012	%
Investment earnings	\$ 331	(14.1)	5,489	319.6	7,242	128.1	2,094	138.1)	1,306	130.8	1,367	(46.1)	1,263	68.9	518	60.2	653	64.7	1,330	65.3
Other revenues (expenses)	(2,676)	114.1	(3,772)	(219.6)	(1,589)	(28.1)	(3,610)	238.1	(307)	(30.8)	(4,333)	146.1	569	31.1	342	39.8	356	35.3	708	34.7
Total other non-operating revenues	<u>\$ (2,345)</u>	<u>100.0</u>	<u>1,717</u>	<u>100.0</u>	<u>5,653</u>	<u>100.0</u>	<u>(1,516)</u>	<u>100.0</u>	<u>999</u>	<u>100.0</u>	<u>(2,966)</u>	<u>100.0</u>	<u>1,832</u>	<u>100.0</u>	<u>860</u>	<u>100.0</u>	<u>1,009</u>	<u>100.0</u>	<u>2,038</u>	<u>100.0</u>

HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Enterprise Fund
Public Utilities Department
Debt Capacity Information (Unaudited)
Last Ten Fiscal Years
(amounts in thousands)

Outstanding Debt Compared to Net Position:

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

	2021	2020	2019	2018	2017	2016** Restated	2015	2014*	2013 Restated	2012 Restated
Notes and Bonds outstanding	\$ 112,060	108,440	125,845	135,152	144,205	151,735	158,709	165,425	170,770	147,680
Net position	187,936	187,023	181,358	168,542	168,465	157,789	159,200	159,710	153,046	158,842
Percentage	59.6 %	58.0 %	69.4 %	80.2 %	85.6 %	96.2 %	99.7 %	103.6 %	111.6 %	93.0 %

* Fiscal year 2014 and prior were not restated for implementation of GASB Statements No. 68 and No. 71

** Restated for GASB Statement No. 75

HILLSBOROUGH COUNTY, FLORIDA
Solid Waste Enterprise Fund
Public Utilities Department
General Operating Statistics (Unaudited)
Last Ten Fiscal Years

This schedule shows various general operating statistics.

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Number of full time employees	161	149	124	125	129	128	109	109	105	111
Solid Waste tonnage buried in the landfill	449,898	397,516	369,242	330,904	306,773	213,905	214,711	223,285	213,210	230,263
Solid Waste tonnage incinerated	427,720	520,116	522,364	534,016	570,573	577,662	574,644	594,619	586,393	564,161
Yard and wood waste tonnage processed	138,808	140,927	117,432	125,197	118,385	115,615	118,401	116,196	119,522	120,786

Sources:
Solid Waste Enterprise Fund Annual Operating Report



SM

Hillsborough
County Florida



**Hillsborough
County Florida**
Public Utilities

Brandon Support Operations Complex
332 N. Falkenburg Road
Tampa, Florida 33619
(813) 272-5680
HCFLGov.net/SolidWaste