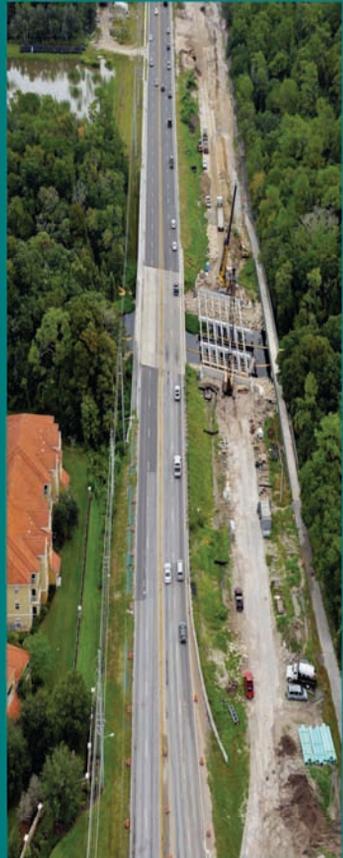
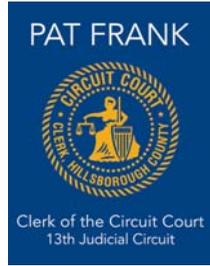


# Hillsborough County, Florida Financial Summary Report



Fiscal Year Ended September 30, 2012



To the Residents of Hillsborough County:

I am pleased to provide you with the *Hillsborough County, Florida Financial Summary Report for the Fiscal Year Ended September 30, 2012*. It presents the County's fiscal year 2012 financial activity in a concise and easy-to-read format. This year's cover spotlights a variety of grant-funded programs within Hillsborough County.

The information in this *Financial Summary Report* was derived from the *Hillsborough County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2012 (CAFR)*. The CAFR consists of 255 pages of detailed financial statements, notes, schedules, and reports. The CAFR is posted at [www.hillsclerk.com](http://www.hillsclerk.com) (select "Clerks in the Sunshine" and then "Financial Reports - County"). It is also available at the County Finance Department, County Center 12<sup>th</sup> Floor, 601 E. Kennedy Blvd, Tampa, FL 33602 or by calling (813) 307-7026. The *Financial Summary Report* presents the financial information of all County government operations, including those of the Board of County Commissioners, Clerk of Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector, but excludes discretely presented component units. Since the *Financial Summary Report* contains simplified information, it does not conform to Generally Accepted Accounting Principles (GAAP) for governmental entities. As the Chief Financial Officer of Hillsborough County, I am fully responsible for the accuracy of these financial reports. I hope that you find this report interesting and informative.

Sincerely,

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

Pat Frank

# Principal Officials

## BOARD OF COUNTY COMMISSIONERS

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

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

## CONSTITUTIONAL OFFICERS

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

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

## APPOINTED OFFICIALS

- Michael S. Merrill  
*County Administrator*
- Donald R. Odom  
*Interim County Attorney*



County's website:  
[hillsboroughcounty.org](http://hillsboroughcounty.org)

# Revenues

Total revenues fell \$7 million from the previous year.

Amounts in millions	Fiscal Yr 2012	Fiscal Yr 2011	Increase (Decrease)	Change
<b>Governmental activities:</b>				
Property taxes	\$ 546	561	(15)	-3 %
Sales taxes and state shared revenues	388	375	13	3 %
Other taxes	49	47	2	4 %
Investment earnings	11	11	0	--
Charges for services	174	169	5	3 %
Grants and contributions	138	156	(18)	-12 %
Other revenues	47	53	(6)	-11 %
Total governmental activities	<u>1,353</u>	<u>1,372</u>	<u>(19)</u>	-1 %
<b>Business-type activities:</b>				
Water	226	216	10	5 %
Solid Waste	104	102	2	2 %
Total business-type activities	<u>330</u>	<u>318</u>	<u>12</u>	4 %
<b>Total revenues</b>	<u>\$ 1,683</u>	<u>1,690</u>	<u>(7)</u>	--

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

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

**Property taxes** fell \$14.8 million or 2.6% due to a \$1.59 billion or 2.9% reduction in the assessed value of taxable real property in Hillsborough County. This decline was primarily the result of real property market values falling \$1.8 billion, offset by property tax exemptions falling only \$0.21 billion (since market values less exemptions equal assessed values).

**Sales taxes** consist of discretionary sales surtaxes such as the Community Investment Tax and Health Care Sales Surtax. **State shared revenues** consist of revenues received from the state of Florida such as the Local Government Half-Cent Sales Tax, state revenue sharing proceeds, the Constitutional Fuel Tax, and County Fuel Tax. There was an overall increase of \$12.9 million from the prior year due to higher retail sales.

**Investment earnings** declined \$0.3 million or 2.4% from the previous year because interest earnings on the County's investment pool dropped from 0.82% for fiscal year 2011 to 0.58% for fiscal year 2012 due to a continued decline in market interest rates.

**Charges for services** increased \$5.2 million primarily due to the following: Impact fee revenues used for schools, culture and recreation, and transportation rose \$6.9 million, while building permit revenue fell \$3.1 million. Revenues from fines rose \$0.8 million due to a new ordinance requiring property in the process of foreclosure to be registered with the County's Code Enforcement Department.

**Other revenues** decreased \$6.0 million or 11.4% primarily due to the following: There was a \$3.7 million reduction in Medicaid-related reimbursements because Medicaid-eligible members of the Hillsborough Healthcare Plan for low-income residents were moved to Medicaid sooner, so expenditures and related reimbursements were lower than expected. There was a \$2.1 million increase in street construction-related infrastructure contributions from real estate developers and a \$0.8 million reduction in gains on sales of capital assets compared to the prior year.

**Water** utility revenues increased \$10 million due to higher consumption from new rules allowing twice weekly lawn sprinkling, automatic rate increases based on an index published by the Florida Public Service Commission, and a higher pass-through consumption charge for purchased water.

# Expenses

Total expenses rose \$5 million or 0.3% from the previous year.

Amounts in millions	Fiscal Yr	Fiscal Yr	Increase	Change
	2012	2011	(Decrease)	
<b>Governmental Activities:</b>				
General government	\$ 294	274	20	7 %
Public safety	523	511	12	2 %
Physical environment	26	30	(4)	-13 %
Transportation	100	73	27	37 %
Economic environment	53	71	(18)	-25 %
Human services	211	227	(16)	-7 %
Culture and recreation	71	80	(9)	-11 %
Interest on long-term debt	25	26	(1)	--
Total governmental activities	<u>1,303</u>	<u>1,292</u>	<u>11</u>	1 %
<b>Business-type Activities:</b>				
Water	193	197	(4)	-2 %
Solid Waste	103	105	(2)	-2 %
Total business-type activities	<u>296</u>	<u>302</u>	<u>(6)</u>	-2 %
<b>Total expenses</b>	<u>\$ 1,599</u>	<u>1,594</u>	<u>5</u>	--

**General government** expenses include categories such as administrative, financial, court-related, budgeting and accounting, property assessments and tax collection, master planning, and zoning. General government expenses increased \$20.1 million primarily due to: an \$18.0 million payment of impact fees to the School Board for building an elementary school; a \$2.7 million increase in General Fund personnel cost; a \$1.1 million increase due to drivers license work shifted to the Tax Collector by the state of Florida; a \$1.8 million increase by the Supervisor of Elections due to the presidential elections; offset by a \$4.1 million decrease in depreciation expenses allocated to the general government category.

**Public safety** expenses are for protecting people and property. This category includes costs of the Sheriff, Fire Rescue, the Medical Examiner, Consumer Affairs, building inspections, and emergency and disaster relief services. Expenses increased \$11.8 million due to: a \$2.1 million increase from a reduction in sick and vacation liabilities as employment fell; a \$14.8 million increase in depreciation expenses allocated; a \$3.0 million decrease from a reduction in Jail Inmate Canteen Fund expenses and the Sheriff's adoption of more commonly used actuarial assumptions for self-insured claims liabilities; and a \$2.5 million decrease in General Fund costs.

**Physical environment** expenses are associated with conserving and managing natural resources such as air, water, soil, wildlife, as well as controlling pollution.

**Transportation** expenses are related to maintaining county roads, bridges, street lighting, other infrastructure, and highway safety projects. Expenses increased \$26.7 million primarily due to: a \$26.7 million increase in infrastructure disposals; a \$2.5 million increase in road resurfacing costs; and a \$2.9 million decrease in personnel costs due to a reduction in Florida Retirement System (FRS) assessments.

**Economic environment** expenses are related to new business promotion and development; disadvantaged minority, women and small business enterprise programs; and housing assistance and rehabilitation programs. Expenses decreased \$18.7 million primarily due to: an \$18.2 million decrease in expenditures for residential construction, housing, and other economic environment grants; a \$1.8 million decrease due to a fiscal year 2011 grant to the Charles Stark Draper Laboratory that was not repeated in fiscal year 2012; offset by a \$1.3 million increase from a program to reimburse for certain new jobs created.

**Human services** expenses include providing services such as health care for the poor, public assistance, care for the elderly, social services, as well as animal and mosquito control. Expenses decreased \$15.8 million primarily due to: a \$9.8 million decrease in the General Fund due to lower employment, FRS assessments, professional services and grants and aids; a \$4.0 million decrease in grant expenses in the Intergovernmental Grants Fund; and a \$3.6 million decrease in depreciation expenses.

**Culture and recreation** expenses are associated with libraries, parks, and recreational facilities. Expenses decreased \$9.4 million primarily due to \$5.4 million and \$2.9 million decreases in the General Fund and Library Fund, respectively, due to lower employment, FRS assessments, repairs and maintenance, grants to private organizations or other governments, and various other operating expenses.

# Balance Sheet

September 30, 2012

Amounts in Millions

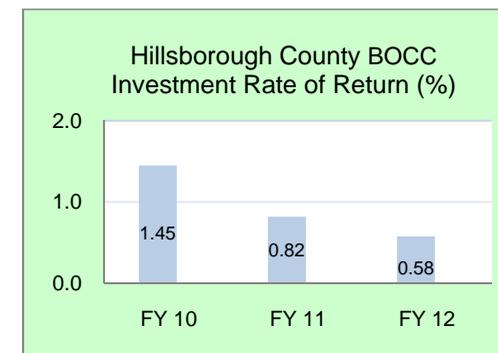
	Governmental	Business-Type	Total	Prior
ASSETS	Activities	Activities	Fiscal Yr	Fiscal Yr
Cash and investments	\$ 1,225	551	1,776	1,749
Due from state/federal governments	81	--	81	57
Receivables/other current assets	23	35	58	77
Capital assets, net of depreciation	6,908	1,067	7,975	7,961
Notes receivable/noncurrent assets	94	108	202	202
	<u>8,331</u>	<u>1,761</u>	<u>10,092</u>	<u>10,046</u>
<b>LIABILITIES</b>				
Accounts payable	56	28	84	125
Accrued payroll liabilities, etc.	42	3	45	32
Deferred revenues (taxes or other revenues received but not yet earned)	98	20	118	124
Deposits payable	--	12	12	12
Long-term liabilities	769	368	1,137	1,141
	<u>965</u>	<u>431</u>	<u>1,396</u>	<u>1,434</u>
<b>NET ASSETS (Equity)</b>				
Invested in capital assets, net of debt	6,287	819	7,106	7,106
Restricted net assets	382	86	468	441
Unrestricted net assets	697	425	1,122	1,065
Total net assets	<u>\$ 7,366</u>	<u>1,330</u>	<u>8,696</u>	<u>8,612</u>

The balance sheet shows the financial position of the County at the end of the fiscal year compared to the prior year. The balance sheet and other statements in this report were summarized from the *Hillsborough County, Florida Comprehensive Annual Financial Report*. To simplify presentation, the statements in this *Financial Summary Report* are not in GAAP format. Restricted net assets represent equity that may be used only as specified by debt covenants, grantors, laws or regulations, other governments, or other external restrictions. The County had unrestricted net assets of \$697 million and \$425 million, for governmental and business-type activities, respectively.

## Cash & Investments

The County manages its investment portfolio with the primary objectives of safeguarding principal, ensuring liquidity to meet daily cash needs, and maximizing investment earnings within statutory and fiduciary requirements. The Board of County Commissioners Investment Pool is in full compliance with the investment policy and had an overall annual rate of return for fiscal year 2012 of 0.58%, compared to the benchmark rate of 0.56%. At September 30, 2012, the County investment portfolio was invested as shown below.

	Amount in Millions	Percent of Total
US treasury and govt. sponsored agency securities	\$ 1,217	66 %
Bank accounts	181	10 %
Government-only money market mutual funds	12	1 %
State Board of Administration's Florida PRIME and Fund B investment pools	264	14 %
Corporate notes and commercial paper	125	7 %
Municipal bonds	43	2 %
Total cash and investments	<u>1,842</u>	<u>100 %</u>
Less amounts held in trust for non-County entities	(66)	
Total County cash and investments	<u>\$ 1,776</u>	



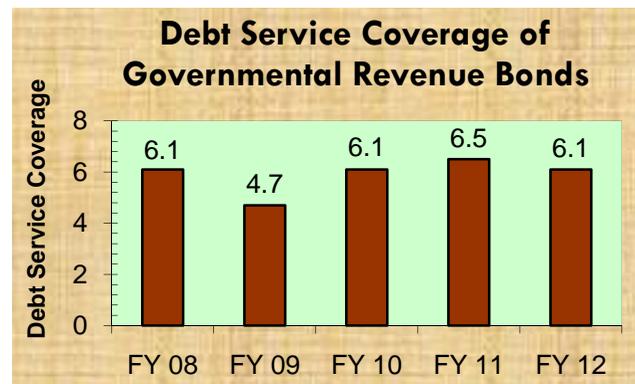
Along with general interest rates, the County's investment returns have continued to decline. For safety and flexibility, the County kept the overall average life of investments at only "1.2 years" at September 30, 2012. Standard & Poor's awarded the County's Investment Pool its second highest fund credit quality rating of AA+f.

# Long-Term Liabilities

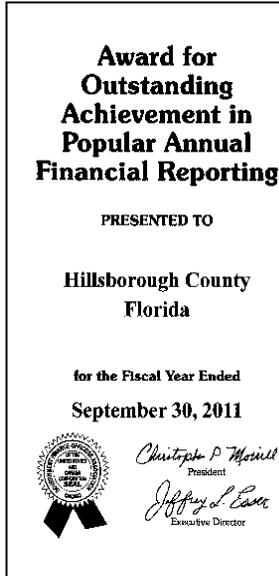
At September 30, 2012, the County had twenty-two bonded debt issues outstanding for a variety of purposes including the construction or acquisition of parks and recreation facilities, environmentally sensitive land, tourist development, court facilities, and solid waste. Bonded debt outstanding and other long-term liabilities at September 30, 2012 were as follows:

Amounts in Millions	Fiscal Yr	Fiscal Yr	Increase
	2012	2011	(Decrease)
General obligation bonds	\$ 70	72	(2)
Revenue bonds	819	779	40
Total bonded debt	889	851	38
Notes payable	98	136	(38)
Sick & vacation benefits payable	65	68	(3)
Insurance claims payable	37	38	(1)
Other long-term debt	48	48	0
Total long-term liabilities	\$ 1,137	1,141	(4)

At September 30, 2012, the County's general obligation debt was rated **Aaa** by Moody's Investors Service, **AAA** by Standard & Poor's, and **AAA** by Fitch Ratings. These are the highest attainable credit ratings.



This chart shows that pledged revenues were 6.1 times greater than the amount needed for debt service on the County's governmental revenue bonds during fiscal year 2012.



The Government Finance Officers Association of United States and Canada has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Hillsborough County, Florida for its *Financial Summary Report for the Fiscal Year Ended September 30, 2011*. This prestigious national award recognizes conformance with the highest standards for the preparation of state and local government popular reports. To receive this Award a government must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for only one year. We believe our current report continues to

conform to the Popular Annual Financial Reporting requirements and we are submitting it to the Government Finance Officers Association for review.

## Did you know...

- Hillsborough County Public Schools is the eighth largest district in the nation and third largest in Florida. A total of 260 elementary, middle, senior high, and adult schools accommodate students, both day and evening. Total student membership from pre-kindergarten through senior high was 200,074 in 2012.
- The Port of Tampa is Florida's largest and most diverse seaport, handling 34 million tons of cargo and 875,611 cruise passengers during FY 2011. The Port of Tampa comprises nearly half of all sea-borne commerce in the state of Florida.
- Hillsborough County has a diversified employment base. The top 18 employers in the County employ only 21% of the total employees within the County. The County's diversified employment base provides a stabilizing effect on the local economy and the County's sales-related revenues.
- Hillsborough County has 2,843 farms, the 2<sup>nd</sup> highest number of farms of any county in the state of Florida and 28<sup>th</sup> highest in the nation.