Hillsborough County
Florida

Annual Financial Report

The Brandon Support Operations Complex on Falkenburg Road was completed in 2009. The complex consolidates several mission support functions, including customer service and warehouse operations, at one location.

Water Resource Services Enterprise Fund

For Fiscal Years Ended
September 30, 2009 and 2008

HILLSBOROUGH COUNTY, FLORIDA

WATER RESOURCE SERVICES ENTERPRISE FUND

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2009 AND 2008

Prepared by:

FINANCE DEPARTMENT
CLERK OF CIRCUIT COURT
PAT FRANK, Clerk

HILLSBOROUGH COUNTY, FLORIDA
WATER RESOURCE SERVICES ENTERPRISE FUND
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2009

Board of County Commissioners

Ken Hagan, Vice-Chair
Mark Sharpe, Vice-Chair
Kevin Beckner
Rose Ferlita
Al Higginbotham
Jim Norman
Kevin White

Constitutional Officers

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

Appointed Officials

Pat Bean, County Administrator
Renee Lee, County Attorney
Paul Vanderploog, Director, Water Resource Services
James Barnes, Internal Performance Auditor

HILLSBOROUGH COUNTY, FLORIDA
WATER RESOURCE SERVICES ENTERPRISE FUND
ANNUAL FINANCIAL REPORT
FOR FISCAL YEARS ENDED SEPTEMBER 30, 2009 AND 2008

REPORT CONTENTS

Ernst & Young LLP
Suite 1200
401 East Jackson Street
Tampa, Florida 33602

Tel: +1 813 225 4800
Fax: +1 813 225 4711
www.ey.com

Report of Independent Certified Public Accountants

The Board of County Commissioners
Hillsborough County, Florida

We have audited the accompanying financial statements of Hillsborough County, Florida, Water Resource Services Enterprise Fund (the System) as of and for the years ended September 30, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express our opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States 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 of material misstatement. We were not engaged to perform an audit of the System's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, these financial statements present only the System and do not purport to, and do not, present fairly the financial position of Hillsborough County, Florida as of September 30, 2009 and 2008, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hillsborough County, Florida, Water Resource Services Enterprise Fund as of September 30, 2009 and 2008, and the changes in financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

A member firm of Ernst & Young Global Limited

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2010 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the System's basic financial statements. The accompanying supplementary information and statistical section 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 accompanying supplementary information and statistical section as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Ernst & Young LLP

January 19, 2010

A member firm of Ernst & Young Global Limited

Ernst & Young LLP
Suite 1200
401 East Jackson Street
Tampa, FL 33602

Tel: +1 813 225 4800
Fax: +1 813 225 4711
www.ey.com

Report of Independent Certified Public Accountants on Bond Compliance

The Board of County Commissioners
Hillsborough County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States, the basic financial statements of the Hillsborough County, Florida, Water Resource Services Enterprise Fund (the System), as of and for the year ended September 30, 2009, and have issued our report thereon dated January 19, 2010.

In connection with our audit, nothing came to our attention that caused us to believe that the Hillsborough County, Florida, Water Resource Services Enterprise Fund failed to comply with the terms, covenants, provisions, or conditions of Hillsborough County Resolution No. 03-112, dated June 4, 2003, governing the Refunding Utility Revenue Bonds, Series 2001 insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of any such noncompliance.

This report is intended solely for the information and use of Hillsborough County, Florida officials and management, and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

January 19, 2010

A member firm of Ernst & Young Global Limited

FINANCIAL STATEMENTS

The Hillsborough County Water Resource Services Enterprise Fund (System) management presents the following review of its financial activities for the fiscal years ended September 30, 2009 and 2008. Readers of these financial statements are encouraged to consider information presented here together with the accompanying financial statement notes to obtain a comprehensive view of the System's financial condition and operating results for the fiscal years ended September 30, 2009 and 2008. All amounts, unless otherwise stated, are presented in thousands of dollars.

Fiscal Year 2009 Financial Summary

System fiscal year 2009 operating revenues of $175,692 were $5,023 or 2.8% less than fiscal year 2008 primarily due to the severe drought triggering mandatory lawn watering restrictions and to increased service disconnections caused by the continuing economic down-turn in the residential and commercial real estate markets.

The System recognized $43,733 from impact fee and reclaimed water improvement unit special assessment contributions and related accounts receivables during fiscal year 2009.

On June 16, 2009, the System, as permitted under the governing bond resolution, defeased all outstanding Series 2003 Bonds in the amount of $24,385 and a portion of outstanding Series 2001 Bonds in the amount of $10,000. As a result, these transactions reduced System fiscal year 2009 bond service requirements paid from user rates by approximately $6 million. See Note 7(B) in the accompanying financial statement for additional information.

On December 13, 2008, the System's $75 million Commercial Paper Note Program and supporting Letter of Credit expired. Rather than renew the program, System management will participate in the BOCC's $300 million County-wide Commercial Paper Note Program to meet future short-term capital funding requirements.

The System exceeded its rate covenant test requirements by the following amounts:

Test Requirements	**I**	**II**	**III**
Funds in Excess of Requirements	$23,592	$29,095	$23,171

Fiscal Year 2008 Financial Summary

System fiscal year 2008 operating revenues of $180,715 were $7,671 or 4.1% less than fiscal year 2007 primarily as the result of mandatory lawn watering restrictions and a significant increase in service disconnections related to the economic down-turn affecting the residential housing market.

The System recognized $27,403 from impact fee and reclaimed water improvement unit special assessment contributions and related accounts receivable during the fiscal year.

The System exceeded its rate covenant test requirements by the following amounts:

Test Requirements	**I**	**II**	**III**	**IV**
Funds in Excess of Requirements	\$18,773	\$23,837	\$21,008	\$21,008

The System was compliant with all covenant requirements for the fiscal years ended September 30, 2009 and 2008. Rate Covenant Test IV was no longer required for the fiscal year ended September 30, 2009, due to expiration of the System's Commercial Paper Note Program. Please refer to Note 6(C) in the accompanying financial statement notes and to the rate covenant test in the supplemental information section of this annual financial report.

System net assets increased \$39,076 and \$47,273, respectively, for the fiscal years ended September 30, 2009 and 2008. A significant portion of each fiscal year's net asset increase was attributable to capital contributions of \$56,007 and \$55,063, respectively. System total net assets on September 30, 2009, were \$1,106,080 compared to \$1,067,004 last year.

Overview of the Financial Statements

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

Required Financial Statements

The System reports its financial activities by using accounting methods similar to those in the private business sector. The financial statements offer both current and noncurrent data about its financial activities. The Balance Sheet includes the System's assets and liabilities and provides summary information about amounts invested in assets and amounts owed to creditors. The assets and liabilities are presented in a classified format, which list current and noncurrent amounts. The System's operating results are reported on the Statement of Revenues, Expenses, and Changes in Net Assets. This statement displays the System's operating activities for the fiscal year concluded. Also, this statement indicates whether the System recovered all its operating and nonoperating costs through user fees and other revenues. The last required statement is the Statement of Cash Flows. The purpose of this statement is to provide data about the System's cash activities during the year. The statement presents cash receipt and disbursement activities, as well as changes in cash balances resulting from the System's operating, capital improvement, borrowing, and investing transactions.

Financial Analysis

A measure of the System's financial viability is its net assets and the percentage of unrestricted net assets compared to total net assets. An analysis of the System's Balance Sheet including net assets on September 30, 2009, compared to September 30, 2008, follows:

Condensed Balance Sheets

Assets:	**2009**	**2008**	**Change**	**Percent**
Current, restricted and other assets	$342,402	$403,984	$(61,582)	(15.2%)
Capital assets, net	884,455	849,859	34,596	4.1
Total assets	**$1,226,857**	**$1,253,843**	**$(26,986)**	**(2.2%)**
Liabilities:				
Current liabilities	$57,117	$81,974	$(24,857)	(30.3%)
Noncurrent liabilities	63,660	104,865	(41,205)	(39.3)
Total liabilities	**120,777**	**186,839**	**(66,062)**	**(35.4)**
Net assets:				
Invested in capital assets, net of related debt	811,720	726,046	85,674	11.8
Restricted net assets	32,686	51,073	(18,387)	(36.0)
Unrestricted net assets	261,674	289,885	(28,211)	(9.7)
Total net assets	**1,106,080**	**1,067,004**	**39,076**	**3.7**
Total liabilities and net assets	**$1,226,857**	**$1,253,843**	**$(26,986)**	**(2.2%)**

Total net assets – Total net assets increased $39,076 or 3.7% for the fiscal year ended September 30, 2009, primarily due to capital contributions.

As shown above, the Balance Sheet presents the System's financial position and its net asset components as of September 30, 2009, compared to September 30, 2008. The Statement of Revenues, Expenses, and Changes in Net Assets presents the System's operating results for fiscal year 2009 compared to fiscal year 2008 as follows:

Condensed Statements of Revenues, Expenses, and Changes in Net Assets

	2009	**2008**	**Change**	**Percent**
Revenues:				
Operating revenues	$175,692	$180,715	$(5,023)	(2.8%)
Nonoperating revenues	15,247	21,386	(6,139)	(28.7)
Total revenues	**190,939**	**202,101**	**(11,162)**	**(5.5%)**
Expenses:				
Operating expenses, before depreciation	140,773	147,720	(6,947)	(4.7)
Nonoperating expenses	14,343	10,726	3,617	33.7
Depreciation and amortization	52,754	51,445	1,309	2.5
Total expenses	**207,870**	**209,891**	**(2,021)**	**(1.0)**
Loss before capital contributions	**(16,931)**	**(7,790)**	**(9,141)**	**117.3**
Capital contributions	56,007	55,063	944	1.7
Change in net assets	**39,076**	**47,273**	**(8,197)**	**(17.3)**
Net assets, beginning of year	**1,067,004**	**1,019,731**	**47,273**	**4.6**
Net assets, end of year	**$1,106,080**	**$1,067,004**	**$39,076**	**3.7%**

Operating revenues - Fiscal year 2009 operating revenues of $175,692 decreased $5,023 or 2.8% compared to fiscal year 2008. This was primarily due to the commercial and residential real estate market down-turn and to mandatory water use restrictions related to the prolonged region-wide drought.

Nonoperating revenues - Fiscal year 2009 nonoperating revenues of $15,247 decreased $6,139 or 28.7% compared to fiscal year 2008. This was primarily due to a reduction in investment earnings related to the upheaval in the financial markets and to a decline in funds available for investment due to cash outflows on planned capital improvement and modernization projects.

Total expenses - Fiscal year 2009 total expenses of $207,870 decreased $2,021 or 1.0% compared to fiscal year 2008. This decrease was related to the following net factors. First, there was an increase of $1,868 or 4.1% in personnel costs. This was related to a cost of living salary increase and to increased employee benefit costs. Second, there was a net decrease in contractual service costs of $5,330 or 7.2%. This net decrease was primarily related to a comparative reduction in new accounting and inventory systems' consultant fees from last year and a decrease in purchased water supply costs related to severe water use restrictions reducing total water consumption compared to last year. These decreases were partially offset by an increase in administrative overhead costs assessed by the BOCC to the System. Third, there was a decrease of $3,817 or 20.7% in communications, fleet, repair and maintenance, supplies and other general operating and nonoperating costs related to the fiscal year 2009 decrease in System operating revenues. Fourth, there was a comparative decrease in long-term debt interest costs of $3,370 or 33.1% related to the June 16, 2009, debt refunding. These cost decreases were partially offset by an increase of $1,815 or 2.9% in plant utility costs, an increase in depreciation and amortization costs over last year, and a $6,813 non-cash debt defeasance loss.

Capital contributions - Fiscal year 2009 capital contributions were $56,007 compared to $55,063 last year. The $944 or 1.7% increase was primarily due to special assessment impact fee contributions partially offset by a reduction in capital asset contributions from developers compared to last year. Comparative 2009 and 2008 capital contributions were as follows:

	2009	**2008**
Contributed assets	$9,122	$25,323
Impact fees collections	3,152	2,810
Special assessment contributions	43,733	27,403
Capital improvement grants	-	(473)
Total capital contributions	**$56,007**	**$55,063**

An analysis of the System's Balance Sheet including net assets on September 30, 2008, compared to September 30, 2007, follows:

Condensed Balance Sheets

Assets:	2008	2007	Change	Percent
Current, restricted and other assets	$403,984	$525,553	$(121,569)	(23.1)%
Capital assets, net	849,859	688,214	161,645	23.5
Total assets	**$1,253,843**	**$1,213,767**	**$40,076**	**3.3%**
Liabilities:				
Current liabilities	$81,974	$70,642	$11,332	16.0%
Noncurrent liabilities	104,865	123,394	(18,529)	(15.0)
Total liabilities	**186,839**	**194,036**	**(7,197)**	**(3.7)**
Net assets:				
Invested in capital assets, net of related debt	726,046	545,229	180,817	33.2
Restricted net assets	51,073	132,958	(81,885)	(61.6)
Unrestricted net assets	289,885	341,544	(51,659)	(15.1)
Total net assets	**1,067,004**	**1,019,731**	**47,273**	**4.6**
Total liabilities and net assets	**$1,253,843**	**$1,213,767**	**$40,076**	**3.3%**

Total net assets – Total net assets increased $47,273 or 4.6% for the fiscal year ended September 30, 2008, primarily due to capital contributions.

As shown above, the Balance Sheet presents the System's financial position and its net asset components as of September 30, 2008, compared to September 30, 2007. The Statement of Revenues, Expenses, and Changes in Net Assets presents the System's operating results for fiscal year 2008, compared to 2007, as follows:

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	2008	2007	Change	Percent
Revenues:				
Operating revenues	$180,715	$188,386	$(7,671)	(4.1)%
Nonoperating revenues	21,386	32,359	(10,973)	(33.9)
Total revenues	**202,101**	**220,745**	**(18,644)**	**(8.4)**
Expenses:				
Operating expenses, before depreciation	147,720	135,740	11,980	8.8
Nonoperating expenses	10,726	12,103	(1,377)	(11.4)
Depreciation and amortization	51,445	49,846	1,599	3.2
Total expenses	**209,891**	**197,689**	**12,202**	**6.2**
(Loss) income before capital contributions	**(7,790)**	**23,056**	**(30,846)**	**(133.8)**
Capital contributions	55,063	58,633	(3,570)	(6.1)
Change in net assets	**47,273**	**81,689**	**(34,416)**	**(42.1)**
Net assets, beginning of year	**1,019,731**	**938,042**	**81,689**	**8.7**
Net assets, end of year	**$1,067,004**	**$1,019,731**	**$47,273**	**4.6%**

Operating revenues - Fiscal year 2008 operating revenues of $180,715 decreased $7,671 or 4.1% compared to fiscal year 2007. This was primarily due to the following factors: negligible customer growth; mandatory lawn irrigation restrictions to lessen the impact of the continuing region-wide drought; and to an increase in service disconnections caused by the economic down-turn.

Nonoperating revenues - Fiscal year 2008 nonoperating revenues of $21,386 decreased $10,973 or 33.9% compared to fiscal year 2007. This was primarily due to a reduction in investment earnings related to the upheaval in the financial markets and to the reduced level of funds to invest as moneys were expended on planned capital improvement projects.

Total expenses - Fiscal year 2008 total expenses of $209,891 increased $12,202 or 6.2% over fiscal year 2007. This increase was related to the following factors. First, there was an increase of $2,993 or 7.0% in personnel costs. This was related to annual salary increases, and to increased employee benefit costs. Second, there was an increase in contractual service costs of $5,587 or 8.2%. This was primarily due to an increase in the contractual water supply cost and to other contractual costs related to implementing new capital asset and customer accounting financial systems. Third, there were net increases in communications, fleet, utilities, supplies, depreciation, and other costs of $5,018 or 6.7% due to inflation and other costs related to system operations. These cost increases were partially offset by a decrease in long-term debt interest costs of $1,396 due to scheduled bond principal payments.

Capital contributions - Fiscal year 2008 capital contributions were $55,063 compared to $58,633 last year. The $3,570 or 6.1% decrease was primarily due to a reduction in impact fee collections and special assessment contributions, partially offset by an increase in contributed assets from developers compared to fiscal year 2007. Comparative 2008 and 2007 capital contributions were as follows:

	2008	**2007**
Contributed assets	$25,323	$19,522
Impact fees collections	2,810	9,176
Special assessment contributions	27,403	29,194
Capital improvement grants	(473)	741
Total capital contributions	**$55,063**	**$58,633**

Fiscal Year 2009 Capital Asset Activities

On September 30, 2009, System capital assets, net of accumulated depreciation, were $884,455 compared to $849,859 for fiscal year 2008. The net increase of $34,596 or 4.1% over last year was related to the following net factors. First, the System expended $78,943 on the acquisition and construction of capital assets. Second, the System received contributed assets of $9,122 from developers. Third, these capital asset additions were partially offset by the fiscal year 2009 charge for depreciation and amortization together with net asset disposals for combined deductions of $53,469. See Note 5(B) in the accompanying financial statement notes for additional information on the System's fiscal year 2009 capital asset activities.

Fiscal Year 2008 Capital Asset Activities

On September 30, 2008, System's capital assets, net of accumulated depreciation, were $849,859 compared to $688,214 for fiscal year 2007. The net increase of $161,645 or 23.5% over last year was related to the following net factors. First, the System expended $188,437 on the acquisition and construction of capital assets. Second, the System received contributed assets of $25,323 from developers. Third, these capital asset additions were partially offset by the fiscal year 2008 depreciation and amortization charge together with net asset disposals for combined deductions of $52,115. See Note 5(C) in the accompanying financial statement notes for additional information on the System's fiscal year 2008 capital asset activities.

Fiscal Year 2009 Debt Administration

The System's noncurrent liabilities on September 30, 2009, were $63,660 compared to $104,865 for fiscal year 2008. This decrease of $41,205 or 39.3% from last year was primarily due to the scheduled fiscal year 2009 principal bond payments of $15,560 in conjunction with the June 16, 2009, debt defeasance. The refunding reduced the System's total fiscal year 2009 bond service obligation by approximately $6 million. See Note 7(E) in the accompanying financial statement notes for additional information on the System's fiscal year 2009 noncurrent liability transactions.

Fiscal Year 2008 Debt Administration

The System's noncurrent liabilities on September 30, 2008, were $104,865 compared to $123,394 for fiscal year 2007. This decrease of $18,529 or 15.0% from last year was primarily due to the scheduled fiscal year 2008 principal bond payments of $19,815 combined with related net amortization of deferred refunding losses and bond issuance premiums. See Note 7(E) in the accompanying financial statement notes for additional information on the System's fiscal year 2008 noncurrent liability transactions.

Economic Factors and Next Year's Budget and Rates

The System did not require a fiscal year 2009 general rate increase with the exception of the water supplier's annual cost of increase pass-through adjustment. However, based on the continued decline in operating revenues related to lack of new housing starts, continued water restrictions during a fourth year of drought conditions, and the adverse impact on the general economy in the service area, management identified seventeen efficiencies that are expected to result in an annual savings of $5.5 million in fiscal year 2010. Nine of these efficiencies were implemented in the third quarter of fiscal year 2009, including the elimination of twenty-eight funded positions. In addition, System management, as permitted under the governing bond resolution, refunded all outstanding Series 2003 Bonds in the amount of $24,385, and a portion of outstanding Series 2001 Bonds in the amount of $10,000. As a result, these transactions reduced System fiscal year 2009 bond service requirements paid from user rates by approximately $6 million.

On May 20, 2009, the Board of County Commissioners approved an amendment to the rate resolution that provides for automatic annual rate adjustments by indexing of the user changes by an index factor published by the Florida Public Service Commission. As a result, the user charges [excluding the purchased-water pass-through charge, which is subject to pass-through] will be indexed by 1.72% beginning October 2009. This indexing is expected to enhance annual operating revenue by approximately $1.3 million. The indexing will be automatically applied not later than June 1 in subsequent fiscal years, subject to suspension when the Pledged Revenues in the prior fiscal year exceeds 135% of the amount of the Required Deposits in that same fiscal year. These actions were taken to manage the System costs within the available revenues, while achieving continued compliance with the provisions in the Rate Covenant Section of the Bond Resolution.

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 System's financial position and operating results for the fiscal years ended September 30, 2009 and 2008. Additional information concerning System operations and the services provided to Hillsborough County residents may be obtained from:

Hillsborough County Water Resource Services
Attention: Director
P. O. Box 1110
Tampa, FL 33601

HILLSBOROUGH COUNTY, FLORIDA
WATER RESOURCE SERVICES ENTERPRISE FUND
BALANCE SHEETS
SEPTEMBER 30, 2009 AND 2008
(Amounts in Thousands)

	September 30,	
ASSETS	**2009**	**2008**
Current assets:		
Cash and cash equivalents	$ 41,825	$ 73,973
Investments	111,264	170,498
Accounts receivable, net	15,665	17,099
Accounts receivable, long-term, current portion	1,186	909
Interest receivable	589	1,590
Due from other governments	13	13
Inventories	1,350	1,679
Other current assets	319	40
Total unrestricted current assets	**172,211**	**265,801**
Restricted current assets:		
Cash and cash equivalents	16,234	20,768
Investments	43,192	47,864
Accounts receivable	7,566	1,816
Interest receivable	245	449
Due from other governments	137	78
Total restricted current assets	**67,374**	**70,975**
Total current assets	**239,585**	**336,776**
Capital assets, net of accumulated depreciation and amortization:		
Buildings and utility plants	183,957	191,650
Building improvements	555,574	375,453
Construction work in progress	86,709	224,058
Equipment	8,992	9,627
Land	40,490	40,489
Intangibles	8,733	8,582
Total capital assets, net	**884,455**	**849,859**
Other noncurrent assets:		
Accounts receivable	102,593	66,659
Deferred costs	224	549
Total other noncurrent assets	**102,817**	**67,208**
Total noncurrent assets	**987,272**	**917,067**
Total assets	**$ 1,226,857**	**$ 1,253,843**

LIABILITIES AND NET ASSETS	September 30, 2009	September 30, 2008
Current liabilities:		
Accounts and contracts payable	$ 13,041	$ 30,674
Accrued liabilities	1,915	1,839
Compensated absences, current portion	2,976	2,746
Unearned revenues	7,377	7,861
Current liabilities	**25,309**	**43,120**
Current liabilities payable from restricted assets:		
Accounts and contracts payable	3,131	5,200
Accrued interest on debt	2,355	2,911
Deposits	9,972	9,938
Unearned revenues	80	35
Revenue bonds payable, current maturities	16,270	20,770
Current liabilities payable from restricted assets	**31,808**	**38,854**
Total current liabilities	**57,117**	**81,974**
Noncurrent liabilities:		
Compensated absences, less current portion	1,210	1,557
Revenue bonds payable, net, less current maturities	62,450	103,308
Total noncurrent liabilities	**63,660**	**104,865**
Total liabilities	**120,777**	**186,839**
Net Assets:		
Invested in capital assets, net of related debt	811,720	726,046
Restricted net assets:		
Bond covenants and debt service	30,367	32,519
Capital projects	2,319	18,554
Unrestricted net assets	261,674	289,885
Total net assets	**1,106,080**	**1,067,004**
Total liabilities and net assets	**$ 1,226,857**	**$ 1,253,843**

The accompanying notes are an integral part of this statement.

HILLSBOROUGH COUNTY, FLORIDA
WATER RESOURCE SERVICES ENTERPRISE FUND
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR FISCAL YEARS ENDED SEPTEMBER 30, 2009 AND 2008

	Year ended September 30,	
	2009	**2008**
Operating revenues:		
Charges for services	**$ 175,692**	**$ 180,715**
Operating expenses:		
Personnel services	47,486	45,618
Contractual services	68,320	73,650
Communication services	1,350	1,393
Fleet services	1,506	2,131
Repairs and maintenance	7,692	7,903
Utilities	10,917	10,411
Supplies	1,196	3,840
Depreciation and amortization	52,754	51,445
Other	2,306	2,774
Total operating expenses	**193,527**	**199,165**
Operating loss	**(17,835)**	**(18,450)**
Nonoperating revenues (expenses):		
Investment earnings	12,091	17,564
Interest expense	(6,814)	(10,184)
Loss on debt refunding	(6,813)	-
Asset disposal (loss) gain	(303)	153
Other revenues	3,156	3,669
Other expenses	(413)	(542)
Total nonoperating revenues	**904**	**10,660**
Loss before capital contributions	**(16,931)**	**(7,790)**
Capital contributions	56,007	55,063
Change in net assets	**39,076**	**47,273**
Net assets, beginning of year	**1,067,004**	**1,019,731**
Net assets, end of year	**$ 1,106,080**	**$ 1,067,004**

The accompanying notes are an integral part of this statement.

HILLSBOROUGH COUNTY, FLORIDA
WATER RESOURCE SERVICES ENTERPRISE FUND
STATEMENTS OF CASH FLOWS
FOR FISCAL YEARS ENDED SEPTEMBER 30, 2009 AND 2008
(Amounts in Thousands)

	Year ended September 30, 2009	Year ended September 30, 2008
Cash flows from operating activities:		
Cash received from customers	$ 176,608	$ 180,654
Cash received from other operating sources	9,876	9,151
Cash payments to suppliers for goods and services	(112,939)	(91,249)
Cash payments for personnel services	(47,527)	(45,164)
Net cash provided by operating activities	**26,018**	**53,392**
Cash flows from capital and related financing activities:		
Capital grant revenue	-	2,335
Capital contributions - impact fees	3,152	3,245
Surplus capital asset sale proceeds	398	827
Short-term note proceeds	-	1,376
Capital asset acquisition and construction	(78,943)	(188,437)
Revenue bond and short-term note interest payments	(6,090)	(7,964)
Revenue bond and short-term note principal maturity payments	(15,560)	(22,534)
Revenue bonds defeased	(37,697)	-
Other debt service costs	(88)	(167)
Net cash used by capital and related financing activities	**(134,828)**	**(211,319)**
Cash flows from investing activities:		
Investment maturity and sale proceeds	461,668	534,132
Investment purchases	(398,254)	(510,335)
Investment earnings	8,714	15,736
Net cash provided by investing activities	**72,128**	**39,533**
Change in cash and cash equivalents	**(36,682)**	**(118,394)**
Cash and cash equivalents, beginning of year	**94,741**	**213,135**
Cash and cash equivalents, end of year	**$ 58,059**	**$ 94,741**
Cash and cash equivalent components:		
Cash and cash equivalents	$ 41,825	$ 73,973
Restricted cash and cash equivalents	16,234	20,768
Total cash and cash equivalents	**$ 58,059**	**$ 94,741**

	Year ended September 30, 2009	2008
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	**$ (17,835)**	**$ (18,450)**
Depreciation and amortization	52,754	51,445
Other nonoperating revenues	9,876	9,151
Changes in assets and liabilities:		
Change in accounts receivable	1,346	(148)
Change in allowance for doubtful accounts	34	(188)
Change in inventories	329	(79)
Change in due from other governments	(59)	(79)
Change in other current assets	(279)	(2)
Change in accounts and contracts payable	(19,702)	10,934
Change in deposits	34	821
Change in accrued and other liabilities	(363)	(107)
Change in compensated absences	(117)	94
Total adjustments	**43,853**	**71,842**
Net cash provided by operating activities	**$ 26,018**	**$ 53,392**
Noncash investing, capital, and financing activities:		
Contributed capital assets	$ 9,122	$ 25,323
Special assessment impact fee contributions	43,733	27,403
GASB Statement 31- investment fair value change	(492)	(1,351)

The accompanying notes are an integral part of this statement.

HILLSBOROUGH COUNTY, FLORIDA
WATER RESOURCE SERVICES ENTERPRISE FUND
FINANCIAL STATEMENT NOTES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2009 AND 2008
(Amounts in Thousands)

(1) Significant Accounting Policies Summary

The following is a summary of the significant accounting policies applied in the preparation of the accompanying Water Resource Services Enterprise Fund (System) financial statements:

(A) Financial Reporting Entity

The System is an enterprise fund of the Hillsborough County, Florida, Board of County Commissioners (BOCC). The System's financial statements are included in the BOCC's basic financial statements and in the Hillsborough County, Florida, Comprehensive Annual Financial Report.

(B) Presentation Basis

The accompanying financial statements were prepared in conformity with accounting principles generally accepted 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 accounting basis was used to report the System's operations. Under this accounting basis, revenues are recognized in the period earned and expenses are recognized in the period liabilities are incurred.

(D) Cash, Cash Equivalents, and Investments

Cash consists of checking and savings accounts, and is collectively designated as demand deposits. Demand deposits are carried at cost, which approximates fair value. For financial statement presentation purposes, cash equivalents are highly liquid investments with an original maturity of three months or less.

Cash is deposited in qualified public depositories. Deposits are fully insured by the Federal Deposit Insurance Corporation and 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.

(Amounts in Thousands)

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. See Note 2 for more information.

(E) Allowance for Doubtful Accounts

The System utilizes the allowance method for recognizing bad debt expense and for recording bad debt recoveries. During fiscal year 2009 and 2008, the System's bad debt expense, recorded as an operating expense, was $453 and $395, respectively.

(F) Inventories

Inventories, consisting of maintenance materials and supplies, are stated at the lower of cost, based the average cost method, or market. Materials are charged to operating expense when consumed.

(G) Capital Assets

The System records capital asset equipment additions with an original cost of at least one thousand dollars and with an estimated useful life in excess of two years. Donated capital assets are valued at their estimated fair value on the date received and are recorded as capital contributions on the Statement of Revenues, Expenses, and Changes in Net Assets. Maintenance and repair costs are expensed as incurred, while renewal and betterment disbursements are capitalized and depreciated over their estimated useful lives. Reimbursable water and sewer line construction costs incurred by the System on behalf of customers, developers, and property owners are capitalized. Subsequent customer reimbursements are recorded as capital contributions. Depreciation is provided in amounts sufficient to allocate depreciable capital asset costs to operations over their estimated service lives using the straight-line method.

The System's capital assets have estimated useful lives as follows:

Capital asset categories	Estimated useful life (in years)
Buildings and utility plants	5 – 50
Building improvements	10 – 35
Equipment	5 – 10

(H) Bond Issuance Costs and Bond Market Issue Premiums

Bond issuance costs are deferred and recorded as deferred bond issuance costs on the Balance Sheet. Bond market issue premiums are deferred and recorded as an increase in bonds payable on the Balance Sheet. These deferrals are amortized using the installment method over the life of the debt issue. Bond issuance costs are amortized to nonoperating expense, while bond market issue premiums are amortized to interest expense. For fiscal years 2009 and 2008, bond issuance costs, amortized to and increasing other nonoperating expenses were $131 and $210, respectively. Deferred bond market issue premiums, amortized to and decreasing interest expense, were $671 and $1,236, respectively.

(I) Compensated Absences Obligation

Governmental accounting standards require accruing a liability for compensated absences, such as vacation and sick leave, as well as 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 the employee earns the benefit, but only to the extent that it is probable that employees will be compensated for this benefit through cash payments at termination or retirement.

The System’s compensated sick leave liability consists of two parts. Under Hillsborough County Civil Service Rules, sick leave is paid at termination under two conditions. First, sick leave compensation for employees in “Plan A” includes payment at termination for all sick time hours 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 sick time hour up to 480 hours and half of the sick time accrued over 960 hours as of that date. 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 and therefore, no sick leave liability was recorded for those employees.

In addition to the preceding benefits, other salary costs associated with compensated absence payments were included. These costs include the System's share of social security and medicare taxes as well as the System's required Florida Retirement System pension contributions.

(J) Deferred Refunding Debt Losses

Governmental accounting standards require the deferral and amortization of losses incurred on refunding debt transactions. The amount deferred is reported as a component of noncurrent bonds payable on the Balance Sheet. The amount amortized, using the effective interest method, is reported as an interest expense component on the Statement of Revenues, Expenses and Changes in Net Assets. The refunding loss amortization period is the shorter of the remaining life of the old debt, or the life of the new debt. For fiscal years 2009 and 2008, the deferred refunding losses, amortized to and increasing interest expense, were $1,951 and $3,487, respectively.

(K) Operating and Nonoperating Revenues and Expenses

The System reports its operating revenues and expenses separately from its nonoperating revenues and expenses. Operating revenues are earned from the principal activities of providing potable water and the treatment and environmentally safe disposal of wastewater. 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 System’s principal activities such as investment earnings, long-term debt interest charges and losses incurred on debt defeasance transactions.

(L) Use of Restricted or Unrestricted Current Assets

When an expense is incurred for which restricted and unrestricted resources are available, System policy is to liquidate the expense with restricted resources first, as appropriate.

(M) Proprietary Fund Financial Reporting

Governmental accounting standards provide guidance on business-type accounting and financial reporting to governmental entities that use proprietary fund accounting. This guidance offers governmental entities the option of (a) following all applicable GASB pronouncements and those Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 (unless those FASB pronouncements conflict with, or contradict, GASB pronouncements), or (b) following all applicable GASB and FASB pronouncements (unless those FASB pronouncements conflict with, or contradict, GASB pronouncements). The System follows all applicable GASB pronouncements and only those applicable FASB pronouncements issued on or before November 30, 1989.

(N) Self-Insurance

The System participates in a self-insurance internal service fund maintained by the BOCC. This BOCC Self-Insurance Internal Service 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 $350 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 $100 per person and $200 per occurrence. The BOCC has commercial insurance with a limit of $2,000 per occurrence to address automotive and general liability claims above the State statutory limits. Negligence claims in excess of the statutory limits can only be recovered through a special State of Florida legislative act. For fiscal years 2009, 2008, and 2007, settled claims did not exceed insurance coverage. During fiscal years 2009 and 2008, the System paid $2,182 and $2,692, respectively, to the BOCC Internal Service Fund for workers' compensation, automotive and general liability insurance coverage.

The System, 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 losses. Under this plan, the BOCC provides coverage of up to $400 per person annually. Stop-loss insurance was purchased to cover an unlimited lifetime amount per person above the $400 per person deductible. Claims exceeding the $1 million policy limit are paid through the group health plan. Maximum stop-loss reimbursements are limited to $600 per person per year. During fiscal years 2009 and 2008, the System paid $5,993 and $5,144, respectively, to the BOCC Internal Service Fund for group health, life and disability insurance coverage.

(Amounts in Thousands)

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. GASB 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, establishes accounting and financial reporting standards for the BOCC Self-Insurance Internal Service Fund's transactions. Insurance coverage costs paid by the System are reflected in the financial statements as a current year operating expense.

(O) Fair Value Investment Accounting and Financial Reporting

Governmental accounting standards require governmental entities, as of the Balance Sheet date, to calculate investments at fair value and to record the related change as an investment earnings component on the Statement of Revenues, Expenses, and Changes in Net Assets. For the fiscal years ended September 30, 2009 and 2008, the investment earnings components were as follows:

	2009	2008
Interest and dividends	$12,583	$18,915
Fair value change	(492)	(1,351)
Investment earnings, as reported	$12,091	$17,564

(P) GASB Statement Implementation

On October 1, 2008, the System implemented GASB Statement Number 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This GASB standard requires the recognition of a pollution liability when any one of five specified obligating events occurs as follows: a government is compelled to take pollution remediation action because of an imminent endangerment; a government violates a pollution prevention–related permit or license; a government is named, or evidence indicates that it will be named, by a regulator as a responsible party or potentially responsible party for remediation, or as a party responsible for sharing costs; a government is named, or evidence indicates that it will be named, in a lawsuit to compel participation in pollution remediation; and, a government commences or legally obligates itself to commence pollution remediation. The implementation of this standard did not have any impact on the System's Statement of Revenues, Expenses, and Changes in Net Assets for the fiscal years ended September 30, 2009 and 2008.

(Q) Reclassifications

Certain fiscal year 2008 financial statement amounts were reclassified for consistency with the fiscal year 2009 presentation.

(2) Cash Deposits and Investments

(A) Deposits

On September 30, 2009 and 2008, total System cash deposits were $19,249 and $18,087, respectively, and System total bank balances were $7,796 and $6,614, respectively. 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 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. If quoted market prices are available, they are used to determine fair value. For investments in open-end mutual funds, fair value is determined by the fund's current share price.

The Florida Local Government Surplus Funds Trust Fund, (managed by State Board of Administration), now known as SBA FLORIDA PRIME, is a 2a-7 like pool, carried at amortized cost. A 2a-7 like pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which regulates money market funds. Therefore, SBA FLORIDA PRIME operates essentially as a money market fund. The fair value of the System's position in the pool is the same as the value of the pool shares. Regulatory oversight of the State Board of Administration is provided by three elected officials who are accountable to the electorate: the Governor of the State of Florida, as Chairman; the Chief Financial Officer, as Treasurer; and the Attorney General, as Secretary. 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 insights, advice and counsel on these and other matters when appropriate. Audit oversight is provided by the Florida Auditor General's Office.

System investments are listed by category of investment, fair value, effective duration in years, and credit rating. As United States Treasury Securities, with the explicit backing of the United States Government, are considered not to have credit risk, they are shown with the highest credit rating. For repurchase agreements, the credit rating reflects the credit rating of the underlying collateral provided to the BOCC. All investment income, including investment fair value changes, was reported as a component of investment earnings on the Statement of Revenues, Expenses, and Changes in Net Assets.

(Amounts in Thousands)

System cash, cash equivalents, and investments on September 30, 2009 and 2008, were as follows:

			Fair Value	
	Duration (years)	Credit Rating	2009	2008
U. S. Treasury Securities	1.1	Exempt	$52,223	$93,249
Federal Agency Securities	1.5	AAA	89,512	107,264
Corporate Notes-FDIC guaranteed	.3	AAA	9,408	8,871
Corporate Notes	.1	AAA	914	-
SBA Fund B	6.7	Unrated	2,399	5,286
Certificates of Deposit	-	AAA	-	3,692
Total investments			154,456	218,362
Open-end mutual funds	.2	AAA	1,540	5,844
Commercial paper notes	.1	A1+	12,016	-
SBA FLORIDA PRIME	.01	AAAm	25,254	70,810
Total cash equivalents and investments			193,266	295,016
Cash deposits			19,249	18,087
Total cash, cash equivalents, and investments			$212,515	$313,103

Reconciliation of total cash, cash equivalents, and investment components to amounts reported on the Balance Sheet follows:

	2009	2008
Cash and cash equivalents:		
Current	$41,825	$73,973
Restricted	16,234	20,768
Total cash and cash equivalents	58,059	94,741
Investments:		
Current	111,264	170,498
Restricted	43,192	47,864
Total investments	154,456	218,362
Total cash, cash equivalents, and investments	$212,515	$313,103

Effective duration is a measure of interest rate risk. It measures the sensitivity of an investment's price to interest rate changes. To illustrate, if an investment security has an effective 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 an effective duration of two years to increase in value by two percent. The effective duration of the BOCC investment portfolio at September 30, 2009 and 2008, was approximately 1.1 and .09 years, respectively.

The 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 counterparty fails to fulfill its obligations. All the System's investments are insured or registered, or held by the BOCC or its agent in the BOCC's name, except for overnight repurchase agreements, which are held by the counterparty. On September 30, 2009 and 2008, there were no amounts held by counterparties. Excluding the United States Government, its agencies or instrumentalities, and mutual funds or investment pools that invest in such securities, no one issuer represents five percent or more of the BOCC's total investments.

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

a. The State of Florida's SBA FLORIDA PRIME Fund.

b. Direct obligations of the United States.

c. Obligations of the United States Government such as Government National Mortgage Association.

d. Obligations of United States Government sponsored agencies such as the Federal Farm Credit Banks, Freddie Mac and the Federal Home Loan Mortgage Corporation.

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.

In addition to the preceding, Hillsborough County Ordinance 08-6 restricts BOCC investments as follows:

a. The entire portfolio may be invested in United States Treasury securities with a maximum maturity length of ten-years, but investments in Treasury Strips are limited to ten percent of the portfolio.

b. A maximum of fifty percent of the portfolio may be invested in the State of Florida's SBA FLORIDA PRIME fund.

c. A maximum of fifty percent of the portfolio may be invested in United States Government agency securities, with no more than ten percent of the portfolio invested in any individual United States Government agency.

d. A maximum of sixty percent of the portfolio may be invested in obligations of United States Government instrumentalities with a maturity length of ten-years, provided that no more than thirty percent of the portfolio is invested in any one issuer and no more than twenty-five percent of the portfolio is invested in callable securities.

e. A maximum of twenty percent of the portfolio may be invested in repurchase agreements excluding one business day agreements and overnight sweep agreements, with no more than ten percent of the portfolio in the repurchase agreements of a single institution.

f. A maximum of twenty percent of the portfolio may be invested in non-negotiable interest bearing certificates of deposit with a 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 ten percent of the portfolio is invested with any one issuer.

g. A maximum of twenty percent 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 five percent of the portfolio is invested in the commercial paper of a single issuer. The maximum length to maturity shall be two hundred seventy days from the purchase date.

h. A maximum of fifty percent 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-G or better by Standard &Poor's or the equivalent by another nationally recognized rating agency. No more than ten percent of the portfolio may be invested in any one money market fund.

i. A maximum of fifteen percent of the portfolio may be invested in high quality corporate notes (rated Aa by Moody's and AA by Standard and Poor's) provided no more than five percent of the portfolio is invested in a single issuer's notes.

j. A maximum of twenty percent of the portfolio may be invested in intergovernmental investment pools, provided that the total does not exceed twenty-five percent of the intergovernmental pool.

k. A maximum of twenty-five percent 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 an AA by Standard and Poor's) or short-term debt (rated MIG-2 by Moody's and SP-2 by Standard and Poor's).

l. A maximum of twenty percent of the portfolio may be invested in bankers 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 and Poor's) with a maximum of five percent of available funds invested with any one issuer. The maximum length to maturity shall be one hundred eighty days from purchase date.

m. Investment in reverse repurchase agreements is prohibited.

n. 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 maturities dates throughout the debt service reserve term.

Deposits in excess of each fund's operating requirements are pooled 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. In accordance with bond resolutions or other legal agreements, certain deposits are invested outside the pool to prevent commingling of funds.

At year-end, the System had investments in callable United States Government sponsored agency securities. Those securities were purchased because in management's opinion the advantage gained from their higher rate of return more than offsets the reinvestment risk, the risk that the securities may be called and the proceeds reinvested at a lower interest rate.

GASB Technical Bulletin 2003-1, *Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets*. This pronouncement identifies a financial instrument or contract as a derivative security if the instrument has these three characteristics:

a. It has one or more underlying references (interest rate, security price, index, asset price, or other variable) and one or more notional amounts (contract value or currency amounts) or payment provisions.
b. It requires no initial net investment or an initial net investment that is smaller than would be required for other contracts that would be expected to have a similar response to changes in market factors.
c. Its terms require or permit net settlement, it can readily be settled net by a means outside the contract, or it provides for the delivery of an asset that puts the recipient in a position not substantially different from settlement.

During fiscal year 2009, SBA FLORIDA PRIME in which the System invests, held high quality floating rate and adjustable rate securities. This is part of the State Board of Administration's investment strategy to hedge against interest rate risk and to provide portfolio diversification. Floating rate and adjustable rate securities are no longer considered derivative investments as they do not meet the derivative definition criteria (b) and (c) as stated in GASB Technical Bulletin No. 2003-1.

(C) SBA FLORIDA PRIME and SBA Fund B Managed by the State Board of Administration (SBA)

On November 29, 2007, the trustees of the SBA suspended deposits and withdrawals from the Florida Local Government Investment Pool (Investment Pool. This action was taken to stop withdrawals causing the Investment Pool's assets to fall from approximately $27 billion to $14 billion in a month's time. Some local governments initiated withdrawals due to fears associated with securities that were downgraded below the credit quality guidelines set for initial purchase as well as some limited defaults, although the Investment Pool continued to receive most principal and interest payments timely. On December 4, 2007, the SBA split the Investment Pool into two funds: eighty-six percent was allocated to the Local Government Investment Pool, now known as SBA FLORIDA PRIME, designated to hold high-quality money-market appropriate securities and fourteen percent was allocated to the Fund B Surplus Funds Trust Fund, now known as SBA Fund B, a fluctuating net asset value pool, designated to hold higher-risk securities such as those in default, having payment extensions or having significant changes in credit risk. In addition, the Investment Pool's entire November 2007 interest and loan loss reserve was placed in SBA

(Amounts in Thousands)

Fund B to offset a portion of the lost value. Subsequently, the SBA contracted with a third party administrator to manage SBA FLORIDA PRIME and SBA Fund B.

Fiscal year 2009 and 2008 investment earnings were recorded net of all fair value changes through year-end. As a result, the unrealized loss associated with Fund B was included in the fair value component of investment earnings reported on the Statement of Revenues, Expenses, and Changes in Net Assets.

(3) Accounts Receivable, net

Accounts receivable has three components. The first component consists of customer billings based on metered consumption determined at various dates each month. At fiscal year end, a receivable was recorded and revenue was recognized for the estimated unbilled consumption since the last monthly meter reading. The second component consists of restricted impact fee billings. The third component consists of noncurrent accounts receivable. These receivables represent long-term impact fee charges, impact fee special assessments, reclaimed water improvement special assessments for lawn irrigation and water conservation construction projects, and amounts due from Tampa Bay Water (TBW). The twenty-year impact fee and reclaimed water improvement special assessment receivables are fully guaranteed through a lien on real property and through delinquent ad-valorem tax certificate sales. On September 30, 2009 and 2008, accounts receivable components were as follows:

Customer receivables:	2009	2008
Customer receivables – billed	$7,932	$9,744
Customer receivables – unbilled	8,117	7,705
Current-portion long-term receivables	1,186	909
Total customer receivables	17,235	18,358
Less allowance for doubtful accounts	384	350
Net customer receivables	16,851	18,008
Restricted receivables:		
Impact assessment fees	7,566	1,816
Total restricted receivables	7,566	1,816
Non-current accounts receivable, less current portion:		
Impact fees	361	291
Special assessment units	93,616	57,814
Tampa Bay Water	14,478	14,978
TBW deferred asset sale gain	(5,862)	(6,424)
Total non-current receivables	102,593	66,659
Total accounts receivable, net	$127,010	$86,483

(Amounts in Thousands)

(4) Due from Other Governments

Due from other governments represents unrestricted special assessment revenues and collection fee refunds due from the Hillsborough County Tax Collector, and restricted amounts due for unreimbursed capital and operating grant expenditures. On September 30, 2009 and 2008, current and restricted amounts due from other governments were $150 and $91, respectively.

(5) Capital Assets

System capital asset activities for the fiscal years ended September 30, 2009 and 2008 were as follows:

(A) Goodwill

As permitted under the election to follow all applicable GASB pronouncements and those applicable non-conflicting and non-contradicting FASB pronouncements issued before November 30, 1989, the System recorded goodwill of $10,155 during fiscal year 2004. This amount represents the excess paid to acquire four independent water and wastewater franchise providers over the fair value of the tangible capital assets acquired and is amortized over thirty-years. The implementation of GASB Statement 51, *Accounting and Financial Reporting for Intangible Assets*, will have no impact on the System's goodwill accounting.

(B) Fiscal Year 2009 Changes:

	Balance 10/01/08	Additions/ Transfers-in	Deletions/ Transfers-out	Balance 9/30/09
Capital assets, non-depreciable:				
Land	$40,489	$1	$-	$40,490
Construction work in progress	224,058	72,404	209,753	86,709
Total non-depreciable capital assets	264,547	72,405	209,753	127,199
Capital assets, depreciable:				
Buildings and utility plants	364,981	1,666	-	366,647
Building improvements, as adjusted	768,126	220,761	2,715	986,172
Equipment	22,889	2,410	2,208	23,091
Intangibles-goodwill and ROW	10,155	540	3	10,692
Total depreciable capital assets	1,166,151	225,377	4,926	1,386,602
Less accumulated depreciation:				
Buildings and utility plants	173,331	9,359	-	182,690
Building improvements	392,673	40,036	2,111	430,598
Equipment	13,262	2,973	2,136	14,099
Intangibles-goodwill	1,573	386	-	1,959
Total accumulated depreciation	580,839	52,754	4,247	629,346
Total depreciated capital assets, net	585,312	172,623	679	757,256
Total capital assets, net	$849,859	$245,028	$210,432	$884,455

(Amounts in Thousands)

During fiscal year 2009, substantially completed construction projects of $209,753 were transferred from construction work in progress to building improvements. On September 30, 2009 and 2008, the System's construction work in progress of $86,709 and $224,058 respectively, related to the expansion of the water and wastewater system to accommodate customer growth and to rehabilitate existing facilities. Projects include installation of new water and sewer lines, reclaimed water distribution facilities, and water and wastewater treatment plant construction and upgrades.

(C) Fiscal Year 2008 Changes:

	Balance 10/01/07	Additions/ Transfers-in	Deletions/ Transfers-out	Balance 9/30/08
Capital assets, non-depreciable:				
Land	$40,456	$137	$104	$40,489
Construction work in progress	90,451	180,185	46,578	224,058
Total non-depreciable capital assets	130,907	180,322	46,682	264,547
Capital assets, depreciable:				
Buildings and utility plants, as adjusted	337,574	27,407	-	364,981
Building improvements	726,241	47,695	5,810	768,126
Equipment	18,978	4,918	1,007	22,889
Intangibles-goodwill	10,155	-	-	10,155
Total depreciable capital assets	1,092,948	80,020	6,817	1,166,151
Less accumulated depreciation:				
Buildings and utility plants, as adjusted	164,437	8,894	-	173,331
Building improvements	358,276	39,722	5,325	392,673
Equipment	11,685	2,499	922	13,262
Intangibles-goodwill	1,243	330	-	1,573
Total accumulated depreciation	535,641	51,445	6,247	580,839
Total depreciated capital assets, net	557,307	28,575	570	585,312
Total capital assets, net	$688,214	$208,897	$47,252	$849,859

During fiscal year 2008, substantially completed construction projects of $46,578 were transferred from construction work in progress to buildings and building improvements. September 30, 2008 and 2007, the System's construction work in progress of $224,058 and $90,451, respectively, related to the expansion of the water and sewer system to accommodate customer growth and to rehabilitate existing facilities. Projects include installation of new water and sewer lines, reclaimed water distribution facilities, and water and wastewater treatment plant construction and upgrades.

(Amounts in Thousands)

(6) Current Liabilities

(A) Accounts Payable

Accounts and contracts payable balances on September 30, 2009 and 2008 were as follows:

	2009	2008
Vouchers payable	$11,917	$28,167
Contracts payable	4,255	7,707
Total accounts and contracts payable	$16,172	$35,874

(B) Unearned Revenues

Unearned revenues represent developer advance payments on the accrued guaranteed revenue fee (AGRF). The AGRF reimburses the System for a portion of the capital carrying costs and maintenance expenses incurred and paid by the System to provide the developer access to water and wastewater connections. The deposit is earned when the developer is issued a certificate of occupancy. On September 30, 2009 and 2008, unearned AGRF restricted and unrestricted deposits were $7,457 and $7,896, respectively.

(C) Commercial Paper Note Program

On December 13, 2008, the System's $75 million Commercial Paper Note Program and supporting Letter of Credit expired. Rather than renew this program, System management will participate in the BOCC's $300 million County-wide Commercial Paper Note Program to meet future short-term capital funding requirements.

(7) Noncurrent Liabilities

(A) Revenue Bonds

On July 18, 2003, the BOCC issued $50,440 in Junior Lien Refunding Utility Revenue Bonds, Series 2003. Bond proceeds were combined with a bond market issue premium of $6,009 and surplus unrestricted System moneys of $72,883 to refund $112,560 of outstanding Refunding Utility Revenue Bonds, Series 1993, to terminate a forward interest rate swap agreement, and to pay bond issuance costs.

On May 17, 2001, the BOCC issued $186,105 in Junior Lien Refunding Utility Revenue Bonds, Series 2001, to refund outstanding debt obligations as follows:

$181,145 of outstanding Refunding Utility Revenue Bonds, Series 1991A, issued on September 24, 1991;
$13,145 of outstanding Refunding Utility Revenue Bonds, Series 1991B, issued on September 24, 1991; and
$18,570 of outstanding Refunding Utility Revenue Bonds, Series 1993, issued on August 12, 1993.

The Series 2001 bonds consist of $186,105 in serial bonds. The interest rate is 5.06% with interest payable semiannually. On September 30, 2009 and 2008, the unpaid principal of the series 2001 bonds, including current maturities of $16,270 and $15,560, respectively, was $80,525 and $106,085, respectively.

(B) Debt Defeasance Transaction

On June 16, 2009, the System, as permitted by the bond resolution, defeased outstanding bonds with unrestricted cash reserves as follows: $24,385 of Refunding Utility Revenue Bonds, Series 2003; and, $10,000 of Refunding Utility Revenue Bonds, Series 2001. The funds were deposited with a trustee and placed in an irrevocable trust account to meet scheduled debt payments until maturity. The purpose of this transaction was to lower the System's fiscal year 2009 and subsequent fiscal years debt service requirements paid from user fees. On September 30, 2009, these bonds were legally defeased and the related noncurrent liability was removed the System's Balance Sheet.

While the debt defeasance reduced current and future debt service requirements, it resulted in an accounting loss of $6.8 million. Under governmental accounting rules, the entire $6.8 million loss was recorded as a nonoperating expense on the Statements of Revenues, Expenses, and Changes in Net Assets as the related defeased debt was removed from noncurrent liabilities on the Balance Sheet.

(C) Revenues Pledged for Debt Service and Future Debt Service Requirements.

Under the System's Bond Resolution, R03-112, operating revenues are pledged and distributed as follows: first, to payment of the costs of operations and maintenance; and, second, to annual debt service requirement on the outstanding bonds. More information is provided in the Rate Covenant Test in the Supplemental Information section of this annual financial report.

There are other various requirements relating to the flow and to the amount of money required to be on deposit in bond covenant established accounts. The bonds are collateralized by a pledge of System net revenues and pledged impact fees. The bonds are also collateralized by proceeds from the sale or condemnation of System property and by property and casualty insurance proceeds.

(Amounts in Thousands)

A summary of the outstanding bonds debt service requirements, including current maturities of $16,270, follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2010	$16,270	$4,349	$20,619
2011	17,105	3,519	20,624
2012	18,040	2,583	20,623
2013	9,035	1,592	10,627
2014	9,575	1,095	10,670
2015	10,500	570	11,070
Total principal and interest	80,525	$13,708	$94,233
Add deferred bond issuance premiums	1,011		
Deduct deferred refunding losses	(2,816)		
Revenue bonds payable, net	78,720		
Deduct current maturities	16,270		
Noncurrent revenue bonds payable, net	$62,450		

(D) Compensated Absences Obligation

Governmental accounting rules require recording a liability for unpaid compensated absences. On September 30, 2009 and 2008, the current and noncurrent accumulated compensated absences liabilities were $4,186 and $4,303, respectively.

(E) Changes in Total Noncurrent Liabilities

The change in the System's total noncurrent liabilities for the fiscal years ended September 30, 2009 and 2008 were as follows:

Fiscal Year 2009 Changes:

	Balance 10/1/08	Additions	Reductions	Balance 9/30/09	Due within One year
2001 bonds	$106,085	$ -	$25,560	$80,525	$16,270
2003 bonds	24,385	-	24,385	-	-
Deferred bond issuance premiums	3,159	-	2,148	1,011	-
Deferred bond refunding losses	(9,551)	-	(6,735)	(2,816)	-
Compensated absences	4,303	2,858	2,975	4,186	2,976
Total noncurrent liabilities	$128,381	$2,858	$48,333	$82,906	$19,246

(Amounts in Thousands)

Fiscal Year 2008 Changes:

	Balance 10/1/07	Additions	Reductions	Balance 9/30/08	Due within One year
2001 bonds	$120,935	$ -	$14,850	$106,085	$15,560
2003 bonds	29,350	-	4,965	24,385	5,210
Deferred bond issuance premiums	4,395	-	1,236	3,159	-
Deferred bond refunding losses	(13,038)	-	(3,487)	(9,551)	-
Compensated absences	4,210	2,839	2,746	4,303	2,746
Total noncurrent liabilities	$145,852	$2,839	$20,310	$128,381	$23,516

(8) Defeased Debt Summary

On September 30, 2009 and 2008, outstanding principal balances on defeased debt were as follows:

	2009	2008
1983 Refunding Utility Revenue Bonds	$10,800	$15,465
2001 Refunding Utility Revenue Bonds	10,000	-
2003 Refunding Utility Revenue Bonds	19,175	-
Total Defeased Debt	$39,975	$15,465

(9) Capital Contributions

Capital contributions for fiscal years 2009 and 2008 were as follows:

	2009	2008
Special assessment contributions	$43,733	$27,403
Impact fee collections	3,152	2,810
Contributed facilities	9,122	25,323
Capital improvement grants	-	(473)
Total capital contributions	$56,007	$55,063

(10) Net Asset Restrictions

Under governmental accounting standards, restricted net assets are either: (a) restricted externally by constraints imposed by creditors through bond covenants, grant agreements and laws; or (b) restricted by enabling legislation to the sole purpose specified by that legislation. The System restricts net assets in accordance with these requirements as follows:

	2009	2008
Net assets externally restricted - bond covenants and debt service	$30,367	$32,519
Net assets restricted for capital projects	2,319	18,554
Restricted net assets	$32,686	$51,073

(11) Defined Benefit Pension Plan

Plan Description. With a few exceptions, all full and part-time System employees working in regularly established positions are Florida Retirement System (FRS) members. FRS is a cost sharing, multiple-employer, public retirement system administered by the State of Florida. FRS is a defined benefit pension plan, qualified under Section 401(a) of the Internal Revenue Code. As a general rule, FRS membership is compulsory for all 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. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries as well as a Deferred Retirement Option Program (DROP) to participants.

DROP provides payment of FRS member retirement benefits for a maximum of five years. Under this program, an employee may retire and have his benefits accumulate in the FRS Trust Fund, earning interest, while continuing to work for a system employer. When the DROP period ends, employment terminates, the employee receives payment of the accumulated DROP benefits, and the monthly retirement benefits or investment plan withdrawals commence. Benefits are established by Chapter 121, Florida Statutes, and Chapter 22B, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida Legislature.

Benefits are computed on the basis of age, average final compensation, and service credit. Average final compensation is the average of the employee's five highest fiscal years of salary earned during credited service. Regular class employees who retire at or after age sixty-two with six-years credited service years or thirty-years credited service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation. Final average compensation is equal to the average of the employee’s five highest years of salary earned during credited service. Vested employees with less than thirty years of service may retire before age sixty-two and receive reduced retirement benefits. A post-employment health insurance subsidy is also provided to eligible retired employees through the FRS in accordance with Florida Statutes. Additionally, the System provides post-employment benefits in the form of a health insurance stipend based on an employee’s years of service. The stipend is provided until the employee qualifies for Medicare.

The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report was for the fiscal year ended June 30, 2009. That report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, 2639 North Monroe Street, Tallahassee, Florida 32399-1560.

Funding Policy. FRS is non-contributory for members. Governmental employers make required FRS contributions based on state-wide contribution rates. FRS establishes contribution rates by calendar year. For fiscal years 2009 and 2008, the contribution rate for the regular job classification was 9.85% of covered payroll. The System's FRS contributions for the fiscal years ended September 30, 2007 through 2009, were $2,967, $3,167, and $3,216, respectively, which equaled each fiscal year’s actuarially determined contribution. All pension expenses and related liabilities are recorded in the financial statements in accordance with governmental accounting requirements.

The System's pension expenses and related liabilities, which are included in accrued liabilities at year-end, were reported in conformity with GASB No. 27, *Accounting for Pensions by State and Local Governmental Employers*.

(12) Other Post-Employment Benefits (OPEB)

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, requires public sector employers to record an expense for the future portion of post-employment benefits earned by the employee in the current period rather than recognizing these obligations on a "pay as you go" basis.

The BOCC provides the following OPEB to retirees: (a) retirees are permitted to purchase healthcare coverage at the same "group insurance rates" current employees are charged in accordance with Florida Statute 112.0801. Allowing retirees to purchase health insurance at group rates is a benefit and represents an "implicit subsidy" as retirees may purchase health insurance at a cost below the comparable market cost associated with their age category; and, (b) with some exceptions, retirees between the ages of sixty-two and sixty-five are provided a health insurance stipend to partially offset health insurance costs. This benefit is subject to BOCC cancellation at any time.

On September 30, 2009, the BOCC's annual OPEB cost, as calculated by an independent actuary in accordance with GASB 45, was $5.2 million. This annual cost represents a thirty-year annual funding level that will subsidize all current and future employee as well as earned retiree OPEB benefits including amortization of prior year unfunded OPEB liabilities, if any. For fiscal years 2009 and 2008, the BOCC OPEB liability allocated to and paid by the System was $443 and $437, respectively. For fiscal year 2010, the System's budgeted OPEB expense is $212.

(13) Outstanding Purchase Orders and Contracts

On September 30, 2009 and 2008 outstanding purchase orders and contracts were $45,057 and $87,219, respectively.

(14) Regional Water Supply Authority

On May 1, 1998, the West Coast Regional Water Supply Authority (WCRWSA) members reorganized in accordance with Section 30, Chapter 97-160, Laws of Florida, and Chapter 373, Florida Statutes. The purpose of the reorganization was to establish a sole water supplier to meet the region's current and future water supply requirements. The reorganization resulted in a forty-year master regional water supply contract and interlocal governance agreement. The WCRWSA was renamed Tampa Bay Water. The new regional water supply agreement obligates Tampa Bay Water to provide water to the members from existing water supply sources and to develop new water supply sources for the future. This new agreement secures the System's ability to meet its customer's water supply requirements. The new regional water supply agreement commenced on September 29, 1998, to coincide with Tampa Bay Water's issuance of Utility System Revenue Bonds, Series 1998A and 1998B. As a part of the agreement, members agreed to sell certain fixed assets to Tampa Bay Water and Tampa Bay Water agreed to assume all outstanding member debt and to contribute certain fixed assets to the members. Tampa Bay Water purchased capital assets from, and contributed assets to, the BOCC in the amounts of $19,326 and $18,818, respectively. With respect to Tampa Bay Water's $19,326 capital asset purchase, the BOCC agreed to defer this payment by recording a long-term receivable. Payments will be received as water supply purchase credits plus interest over the thirty-year term of Tampa Bay Water's 1998A and 1998B bond issues. The amount due from Tampa Bay Water on September 30, 2009 and 2008, including current receivable maturities of $499 and $478 respectively, was $14,978 and $15,456, respectively.

This transaction resulted in a $12,926 deferred gain. On September 30, 1998, this gain was recorded as a reduction of Tampa Bay Water's long-term receivable. The deferred gain will be amortized on the installment method over the thirty-year term of Tampa Bay Water's 1998A and the 1998B bond issues. The deferred gain on September 30, 2009 and 2008 was $5,862 and $6,424, respectively. For fiscal years 2009 and 2008, the deferred gain amortized to other nonoperating revenues was $562 and $581, respectively.

The BOCC, as one of six participants governing Tampa Bay Water, has a direct ongoing financial responsibility to contractually purchase water solely from Tampa Bay Water. Tampa Bay Water has set water rates to produce sufficient revenue from its members to meet fiscal year 2010 operating costs and debt service requirements. Tampa Bay Water's audited financial statements for the fiscal year ended September 30, 2009, may be obtained from:

Finance Director
Tampa Bay Water
2575 Enterprise Road
Clearwater, Florida 33763-1102

(15) Contingent Liabilities

(A) Litigation

The System is involved in certain litigation arising in the ordinary course of operations. Management believes, after consulting with legal counsel, that any potential losses would not materially affect the System's financial condition.

(B) State and Federal Grants

Grant funds received and disbursed 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 expenditures. Management believes that such repayments, if any, would not materially affect the System's financial condition.

(16) No Commitment Special Assessment Debt

(A) Fiscal Year 2006

On May 3, 2006, the BOCC issued $101.1 million in Capacity Assessment Special Assessment Revenue Bonds, Series 2006, with interest rates from 3.55% to 5.00%. Interest is payable semiannually. Bond proceeds were combined with a market issue premium of $5 million and used to fund a System capital improvement account deposit of $93.8 million, to fund a debt service reserve of $9 million, to fund capitalized interest costs of $3 million, and to pay bond issuance costs of $.3 million. To secure repayment of the bonds, the System irrevocably pledged ("sold") $97.8 million in long-term impact fee assessment accounts receivable and the related annual special assessment collections of approximately $10 million to the bondholders for the $93.8 million capital improvement account funding. On September 30, 2009 and 2008, the Capacity Assessment Special Assessment Revenue Bonds, Series 2006, outstanding balance was $88,685 and $93,035, respectively.

(B) Fiscal Year 2001

On December 8, 2000, the BOCC issued $4.9 million in Reclaimed Water Special Assessment Revenue Bonds, Series 2000 and $29.6 million in Capacity Assessment Special Assessment Revenue Bonds, Series 2000. These bonds have interest rates that vary from 4.30% to 5.00% with interest payable semiannually. Reclaimed Water Special Assessment net bond proceeds were used to redeem approximately $4 million in outstanding System notes payable. Impact Fee Assessment bond proceeds were used to expand the System's water and wastewater facilities. Payment of debt service is secured and payable from impact fee assessment unit and reclaimed water improvement unit special assessment revenues. On September 30, 2009 and 2008, the Capacity Assessment Special Assessment Revenue Bonds, Series 2000, outstanding balance was $18,325 and $19,760, respectively; and the Reclaimed Water Improvement Special Assessment Revenue Bonds, Series 2000, outstanding balance was $2,745 and $3,025, respectively.

These no-commitment special assessment debt obligations are not recorded in the County's financial statements, since neither the BOCC nor the System are legally obligated to repay the bonds.

SUPPLEMENTAL INFORMATION

HILLSBOROUGH COUNTY, FLORIDA
WATER RESOURCE SERVICES ENTERPRISE FUND
COMPARISON OF ACTUAL REVENUES AND EXPENSES
TO BUDGET (BUDGETARY BASIS)
UNAUDITED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009
(Amounts in Thousands)

	BUDGET	ACTUAL	CHANGE POSITIVE (NEGATIVE)
Operating revenues:			
Charges for services	**$ 189,855**	**$ 175,692**	**$ (14,163)**
Operating expenses:			
Personal services	50,864	47,486	3,378
Contractual services	73,623	68,320	5,303
Communication services	1,632	1,350	282
Fleet services	1,514	1,506	8
Repairs and maintenance	7,674	7,692	(18)
Utilities	14,268	10,917	3,351
Supplies	1,870	1,196	674
Other	2,837	2,306	531
Total operating expenses before depreciation and amortization expense	**154,282**	**140,773**	**13,509**
Operating income before depreciation and amortization expense	**$ 35,573**	**34,919**	**$ (654)**
Depreciation and amortization expense *		52,754	
Operating loss		**$ (17,835)**	

*** Depreciation and amortization expenses are not budgeted.**

EXHIBIT A
HILLSBOROUGH COUNTY, FLORIDA
WATER RESOURCE SERVICES ENTERPRISE FUND
REFUNDING UTILITY REVENUE BONDS SERIES, 2001
ISSUED MAY 17, 2001
DEBT SERVICE SCHEDULE
UNAUDITED
(Amounts in Thousands)

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL
2010	$ 16,270	$ 4,349	$ 20,619
2011	17,105	3,519	20,624
2012	18,040	2,583	20,623
2013	9,035	1,592	10,627
2014	9,575	1,095	10,670
2015	10,500	570	11,070
	$ 80,525	**$ 13,708**	**$ 94,233**

HILLSBOROUGH COUNTY, FLORIDA
WATER RESOURCE SERVICE ENTERPRISE FUND
RATE COVENANT TEST
UNAUDITED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009
(Amounts in Thousands)

		REQUIREMENTS		
		I	II	III
Operating revenues	$ 175,692			
Plus Investment earnings	12,091			
Add Fair value change	492			
Less: Investment earnings:				
Impact fee assessment bond proceeds	16			
Impact fee assessment unit non-bonded revenues	69			
Impact fee construction accounts	317			
Impact fee revenue account	6			
Infrastructure assessment non-bonded revenue account	1			
Debt defeasance account	3			
Debt service sinking fund account	274			
RWIU non-bonded revenue account	15			
Special assessment revenue installment interest charges	4,314			
Gross revenues		**$ 183,260**	**$ 183,260**	**$ 183,260**
Pledged available impact fees:				
Impact fee revenues	3,152			
Impact fee assessment unit revenues	6,861			
Investment earnings	75			
Pledged available impact fees		**10,088**	**10,088**	**-**
Total funds available		**193,348**	**193,348**	**183,260**
Funds and deposits required:				
Total operating expenses	193,527			
Less: Depreciation and amortization	52,754			
Capitalized operating expenses	1,504			
Operation and maintenance costs		**139,269**	**139,269**	**139,269**
Renewal and replacement deposit		**9,667**	**-**	**-**
Bond service requirements:				
2001 bond interest requirement	5,128			
2003 bond interest requirement	406			
2001 bond principal requirement	15,560			
Total bond service requirement (Note 1)	**21,094**			
Less debt service sinking fund investment earnings	274			
Total senior lien - bond service requirements		**20,820**	**20,820**	**20,820**
Requirement II - 20% of total bond service requirements		**-**	**4,164**	**-**
Total funds and deposits required		**169,756**	**164,253**	**160,089**
Funds in Excess of requirements - September 30, 2009		**$ 23,592**	**$ 29,095**	**$ 23,171**

Note 1:
On June 16, 2009, the System, as permitted under the bond resolution, refunded all outstanding Series 2003 and a portion of outstanding Series 2001 bonds from available unrestricted cash reserves. As a result, the refunding reduced the reduced the System's total fiscal year 2009 bond service obligation paid from user rates by approximately $6 million.

HILLSBOROUGH COUNTY, FLORIDA
WATER RESOURCE SERVICES ENTERPRISE FUND
RATE COVENANT TEST
UNAUDITED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTES

This report was prepared in accordance with BOCC Resolutions R03-112, the amended and restated BOCC Utility System Bond Resolution, Article XI, Section 11.02. The following requirements were met for the fiscal year ended September 30, 2009.

I. Gross Revenues together with Pledged Impact Fees, exceeded Required Deposits;

II. Net Revenues, together with Pledged Impact Fees, exceeded 120% of Bond Service Requirements; and,

III. Net Revenues exceeded Bond Service Requirements.

(Net Revenues = Gross Revenues less the Cost of Operations and Maintenance)

HILLSBOROUGH COUNTY, FLORIDA
WATER RESOURCE SERVICES ENTERPRISE FUND
RECONCILIATION OF EXCESS RATE
COVENANT TEST FUNDS TO
CHANGE IN NET ASSETS
UNAUDITED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009
(Amounts in Thousands)

		REQUIREMENTS		
		I	II	III
Funds in Excess of Covenant Requirements - September 30, 2009		**$ 23,592**	**$ 29,095**	**$ 23,171**
Items considered in determining the change in net assets, but not considered for the rate covenant calculation:				
Investment earnings on restricted accounts:				
Debt defeasance account		3	3	3
Impact fee revenue account		6	6	6
Impact assessment unit account		69	69	69
Impact fee construction accounts		317	317	317
Impact assessment unit bond proceeds		16	16	16
Infrastructure assessment unit account		1	1	1
Reclaimed water improvement assessment unit account		15	15	15
Special assessment revenue installment interest charges		4,314	4,314	4,314
Fair value change		(492)	(492)	(492)
Depreciation and amortization		(52,754)	(52,754)	(52,754)
Capitalized operating expenses		(1,504)	(1,504)	(1,504)
Loss on asset disposal		(303)	(303)	(303)
Loss on debt defeasance		(6,813)	(6,813)	(6,813)
Nonoperating revenues		3,156	3,156	3,156
Nonoperating expenses		(413)	(413)	(413)
Difference between interest expense as reported on the Statement of Revenues, Expenses and Changes in Net Assets and the Rate Covenant Test due to amortization of deferred refunding losses and bond issuance premiums:				
Rate Covenant Test	$5,534			
Statement of Revenues, Expenses and Changes in Net Assets	6,814			
Difference		(1,280)	(1,280)	(1,280)
Items considered for rate covenant requirements, but not considered in determining the change in net assets:				
Pledged impact fees		(10,088)	(10,088)	-
Principal bond service requirements:				
2003 bond issue		15,560	15,560	15,560
Additional 20% of bond service requirements		-	4,164	-
Renewal and replacement account deposit		9,667	-	-
Capital contributions		56,007	56,007	56,007
Change in net assets - September 30, 2009		**$ 39,076**	**$ 39,076**	**$ 39,076**

HILLSBOROUGH COUNTY, FLORIDA
WATER RESOURCE SERVICES ENTERPRISE FUND
COMBINING SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR ACCOUNTS
RESTRICTED BY BOND COVENANT AND BOCC POLICY
UNAUDITED
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2009

(Amounts in thousands)	Impact Fee Revenues	Impact Fee Construction Accounts	Debt Service Sinking Fund	Debt Defeasance Fund	Renewal and Replacement	Impact Fee Assm Unit Bond Proceeds	Non-Bonded Impact Fee Assmt Units	Non-Bonded RWIU Assmt Units	Non-Bonded Infrastructure Assmt Units	Total System
Balance, October 1, 2008	**$ -**	**$ 18,291**	**$ 3,583**	**$ -**	**$ 28,893**	**$ 265**	**$ 43**	**$ 202**	**$ 61**	**$ 51,338**
Receipts:										
Impact fee revenues	3,152	-	-	-	-	-	-	-	-	**3,152**
Impact fee investment earnings	6	-	-	-	-	-	69	-	-	**75**
GASB 31 - fair value change	7	18	(58)	(3)	-	1	(14)	(1)	-	**(50)**
Investment earnings - debt service account	-	-	274	3	-	-	-	-	-	**277**
Investment earnings - construction accounts	-	317	-	-	-	16	-	15	1	**349**
Other revenues	54	-	-	-	-	-	-	-	-	**54**
Proceeds from asset sales	-	-	-	-	398	-	-	-	-	**398**
Special assessment revenues	-	-	-	-	-	-	6,861	748	6	**7,615**
Transfers from rate stablization account	-	-	-	37,742	-	-	-	-	-	**37,742**
Transfers from IAU non-bonded account	6,835	-	-	-	-	-	-	-	-	**6,835**
Transfer from impact fee account	-	-	3,790	-	-	-	-	-	-	**3,790**
Transfers from the revenue account	-	-	17,122	-	10,233	-	-	-	-	**27,355**
Tampa Bay Water - water purchase credits	-	-	-	-	1,238	-	-	-	-	**1,238**
Total receipts	**10,054**	**335**	**21,128**	**37,742**	**11,869**	**17**	**6,916**	**762**	**7**	**88,830**
Disbursements:										
Capital expenditures	-	17,331	-	-	14,035	282	-	-	-	**31,648**
Operating expenditures	-	-	-	45	-	-	66	8	-	**119**
Interest payments	-	-	5,535	-	-	-	-	-	-	**5,535**
Principal payments	-	-	15,560	-	-	-	-	-	-	**15,560**
Revenue bonds defeased	-	-	-	37,697	-	-	-	-	-	**37,697**
Other debt service costs	-	-	88	-	-	-	-	-	-	**88**
Transfers to impact fee account	-	-	-	-	-	-	6,835	-	-	**6,835**
Transfers to operating and maintenance account	6,210	-	-	-	-	-	-	-	-	**6,210**
Transfers to debt service sinking account	3,790	-	-	-	-	-	-	-	-	**3,790**
Total disbursements	**10,000**	**17,331**	**21,183**	**37,742**	**14,035**	**282**	**6,901**	**8**	**-**	**107,482**
Balance, September 30, 2009	**$ 54**	**$ 1,295**	**$ 3,528**	**$ -**	**$ 26,727**	**$ -**	**$ 58**	**$ 956**	**$ 68**	**$ 32,686**
Notes:	**(A)**	**(B)**	**(A)**		**(A)**		**(A)**	**(B)**	**(B)**	

(1) Investment earnings of $1,422 from the renewal and replacement account were deposited into the revenue account.

(2) The System's fiscal year 2009 fair value change was $(492) of which $(50) was recorded in the above accounts and $(442) was recorded in the System's unrestricted accounts.

(3) Restricted by BOCC Policy includes the following accounts:
Federal and State grants and the System's bond proceed and impact fee funded capital improvement program.

Restricted net assets:	
Bond covenants and debt service (A)	$ 30,367
Capital projects (B)	2,319
Total	**$ 32,686**

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SECTION CONTENTS

Financial Trends Information:

These schedules present comparative financial data over the last nine fiscal years. This provides information to financial statement user concerning the financial management and performance of the System.

Schedules:
- Net Assets Summary
- Current Ratio
- Return on Capital Assets
- Accounts Receivable Collection Days
- Revenues, Expenses, and Changes in Net Assets
- Charges for Services - Components
- Other Revenue Components

Debt Capacity Information:

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

Schedules:
- Outstanding Debt Compared to Net Assets
- Annual Debt Service Compared to Charges for Services
- Historical Debt Service Coverage

General Operating Statistics:

These schedules present key System operating data and general statistics.

- Capital Assets
- Operating Staff
- Number of Customer Accounts
- Average Daily Flow
- Operating Costs

Financial Trend Schedules:

Net Assets by Category
Fiscal Years - 2001 through 2009
(amounts in thousands)

This schedule shows the System's increase in comparative net value (total assets less total liabilities = net assets).

	2009	2008	2007	Restated 2006	Restated 2005	Restated 2004	Restated 2003	2002	2001
Invested in capital assets, net of related debt	$811,720	$726,046	$545,229	$467,644	$434,986	$405,444	$384,945	$309,172	$257,978
Restricted net assets	32,686	51,073	132,958	157,340	73,570	53,496	64,897	45,678	47,484
Unrestricted net assets	261,674	289,885	341,544	313,058	337,114	319,423	239,001	280,692	241,991
Total net assets	**$1,106,080**	**$1,067,004**	**$1,019,731**	**$938,042**	**$845,670**	**$778,363**	**$688,843**	**$635,542**	**$547,453**

Current Ratio
Fiscal Years - 2001 through 2009
(amounts in thousands)

This schedule shows the System's ability to pay its current liabilities such as accounts payable, payroll, and short-term borrowing costs. The generally accepted current ratio standard is 2:1, whereby current assets exceed current liabilities.

	2009	2008	2007	Restated 2006	Restated 2005	Restated 2004	Restated 2003	2002	2001
Total current assets	$239,585	$336,776	$482,379	$478,811	$348,522	$317,486	$278,383	$321,383	$280,884
Total current liabilities	$57,117	$81,974	$70,642	$54,052	$54,721	$44,044	$40,153	$45,755	$32,939
Ratio	**4.2:1**	**4.1:1**	**6.8:1**	**8.9:1**	**6.4:1**	**7.2:1**	**6.9:1**	**7.0:1**	**8.5:1**

Financial Trend Schedules (continued):

Return on Capital Assets
Fiscal Years - 2001 through 2009
(amounts in thousands)

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

	2009	2008	2007	Restated 2006	Restated 2005	Restated 2004	Restated 2003	2002	2001
Change in net assets	$39,076	$47,273	$81,689	$92,372	$67,307	$89,520	$53,301	$88,089	$70,036
Average total capital assets, net	$867,157	$769,037	$658,314	$619,669	$603,338	$592,019	$588,440	$570,168	$556,931
Return on Capital Assets	**4.5%**	**6.1%**	**12.4%**	**14.9%**	**11.2%**	**15.1%**	**9.1%**	**15.4%**	**12.6%**

Accounts Receivable Collection Days over 365 Collection Days and Bad Debt Expenses
Fiscal Years - 2001 through 2009
(amounts in thousands)

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

	2009	2008	2007	Restated 2006	Restated 2005	Restated 2004	Restated 2003	2002	2001
Charges for services	$175,692	$180,715	$188,386	$188,120	$173,094	$163,016	$149,488	$141,712	$134,295
Accounts receivable before allowance	$16,103	$17,499	$17,839	$15,640	$15,373	$14,050	$13,628	$12,916	$10,827
Accounts Receivable Collection days	**33.0**	**34.9**	**34.1**	**29.9**	**31.9**	**31.0**	**32.8**	**32.8**	**29.0**
Bad debt expense	$453	$395	$472	$463	$229	$328	$221	$180	$307
Percent of charges for services	**0.3%**	**0.2%**	**0.3%**	**0.2%**	**0.1%**	**0.2%**	**0.1%**	**0.1%**	**0.2%**

HILLSBOROUGH COUNTY, FLORIDA
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Financial Trend Schedules (continued):

Revenues, Expenses, and Changes in Net Assets
Fiscal Years - 2001 through 2009
(amounts in thousands)

This schedule presents annual operating data to assist the financial statement user with evaluating the System's annual financial performance.

	2009	2008	2007	Restated 2006	Restated 2005	Restated 2004	Restated 2003	2002	2001
Operating revenues:									
Charges for services	**$175,692**	**$180,715**	**$188,386**	**$188,120**	**$173,094**	**$163,016**	**$149,488**	**$141,712**	**$134,295**
Operating expenses:									
Personal services	47,486	45,618	42,625	39,275	36,058	33,155	29,147	26,890	24,683
Contractual services	68,320	73,650	68,063	58,437	55,255	48,520	42,553	36,167	31,575
Communication services	1,350	1,393	1,287	1,178	1,058	941	989	841	770
Fleet services	1,506	2,131	1,701	1,669	1,570	1,426	685	677	733
Repairs and maintenance	7,692	7,903	6,801	6,373	6,640	6,882	8,910	9,352	6,804
Utilities	10,917	10,411	7,822	7,246	5,825	5,192	4,615	4,458	3,865
Supplies	1,196	3,840	5,012	2,804	3,534	1,792	1,203	1,144	1,178
Depreciation and amortization	52,754	51,445	49,846	48,144	47,772	41,929	38,227	34,529	32,449
Other	2,306	2,774	2,429	2,338	3,105	2,255	2,316	1,921	1,845
Total operating expenses	**193,527**	**199,165**	**185,586**	**167,464**	**160,817**	**142,092**	**128,645**	**115,979**	**103,902**
Operating expenses - percentage of revenue	**110.2%**	**110.2%**	**98.5%**	**89.0%**	**92.9%**	**87.2%**	**86.1%**	**81.8%**	**77.4%**
Operating (loss) income	**($17,835)**	**($18,450)**	**$2,800**	**$20,656**	**$12,277**	**$20,924**	**$20,843**	**$25,733**	**$30,393**
Nonoperating revenues (expenses):									
Investment earnings	12,091	17,564	28,297	24,928	13,636	10,605	12,434	21,820	28,853
Interest expense	(6,814)	(10,184)	(11,580)	(13,042)	(14,432)	(15,846)	(19,071)	(19,227)	(26,540)
Other revenues	3,156	3,822	4,062	4,989	5,016	6,568	8,156	4,215	3,086
Loss on debt defeasance	(6,813)			-	-		-	-	-
Other expenses	(716)	(542)	(523)	(3,350)	(882)	(3,999)	(1,470)	(1,459)	(3,685)
Total nonoperating revenues (expenses)	**904**	**10,660**	**20,256**	**13,525**	**3,338**	**(2,672)**	**49**	**5,349**	**1,714**
(Loss) income before contributions and transfers	**(16,931)**	**($7,790)**	**$23,056**	**$34,181**	**$15,615**	**$18,252**	**$20,892**	**$31,082**	**$32,107**
Capital contributions	56,007	55,063	58,633	58,141	49,875	71,163	32,268	56,996	37,926
Transfers in	-	-	-	50	1,817	105	141	11	3
Change in net assets	**39,076**	**$47,273**	**$81,689**	**$92,372**	**$67,307**	**$89,520**	**$53,301**	**$88,089**	**$70,036**
Net assets, beginning of year, as restated	**1,067,004**	**1,019,731**	**938,042**	**845,670**	**778,363**	**688,843**	**635,542**	**547,453**	**477,417**
Net assets, end of year	**$ 1,106,080**	**$1,067,004**	**$1,019,731**	**$938,042**	**$845,670**	**$778,363**	**$688,843**	**$635,542**	**$547,453**

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Financial Trend Schedules (Continued):

Charges for Services - Components
Fiscal Years - 2001 through 2009
(amounts in thousands)

This schedule identifies the principal components of the System's charges for services.

	2009	PCT	2008	PCT	2007	PCT	Restated 2006	PCT	Restated 2005	PCT	Restated 2004	PCT	Restated 2003	PCT	2002	PCT	2001	PCT
Water charges	$76,203	43.4%	$79,101	43.8%	$82,788	43.9%	$80,008	42.5%	$67,638	39.1%	$62,982	38.6%	$53,793	36.0%	$52,579	37.1%	$47,056	35.0%
Wastewater charges	83,201	47.4%	84,159	46.6%	83,274	44.2%	81,063	43.1%	76,736	44.3%	72,852	44.7%	67,566	45.2%	66,026	46.6%	63,101	47.0%
Reclaimed water charges	1,819	1.0%	1,818	1.0%	1,401	0.7%	1,312	0.7%	1,302	0.8%	1,296	0.8%	1,165	0.8%	1,005	0.7%	1,731	1.3%
Accrued guaranteed revenue fees	5,030	2.9%	5,840	3.2%	11,063	5.9%	16,056	8.5%	17,841	10.3%	17,579	10.8%	19,053	12.7%	15,215	10.7%	16,067	12.0%
Customer billing charges	7,030	4.0%	7,082	3.9%	6,970	3.7%	6,873	3.7%	6,593	3.8%	6,256	3.8%	5,836	3.9%	5,589	3.9%	5,253	3.9%
Other general operating revenues	2,409	1.4%	2,715	1.5%	2,890	1.5%	2,808	1.5%	2,984	1.7%	2,051	1.3%	2,075	1.4%	1,298	0.9%	1,087	0.8%
Charges for services	**$175,692**	**100.0%**	**$180,715**	**100.0%**	**$188,386**	**100.0%**	**$188,120**	**100.0%**	**$173,094**	**100.0%**	**$163,016**	**100.0%**	**$149,488**	**100.0%**	**$141,712**	**100.0%**	**$134,295**	**100.0%**

Other Non-Operating Revenues
Fiscal Years - 2001 through 2009
(amounts in thousands)

This schedule identifies the principal components of the System's other nonoperating revenues.

	2009	PCT	2008	PCT	2007	PCT	Restated 2006	PCT	Restated 2005	PCT	Restated 2004	PCT	Restated 2003	PCT	2002	PCT	2001	PCT
Investment earnings	$12,091	17.0%	$17,564	23.0%	$28,297	31.1%	$24,928	28.3%	$13,636	19.4%	$10,605	12.0%	$12,434	16.1%	$21,820	26.3%	$28,853	41.3%
Capital contributions	56,007	78.6%	55,063	72.0%	58,633	64.4%	58,141	66.0%	49,875	70.9%	71,163	80.5%	56,721	73.2%	56,996	68.6%	37,926	54.3%
Other general revenues	3,156	4.4%	3,822	5.0%	4,062	4.5%	4,989	5.7%	5,016	7.1%	6,568	7.4%	8,156	10.5%	4,215	5.1%	3,086	4.4%
Transfers in	0	0.0%	-	0.0%	-	0.0%	50	0.1%	1,817	2.6%	105	0.1%	141	0.2%	11	0.0%	3	0.0%
Total other non-operating revenues	**$71,254**	**100.0%**	**$76,449**	**100.0%**	**$90,992**	**100.0%**	**$88,108**	**100.0%**	**$70,344**	**100.0%**	**$88,441**	**100.0%**	**$77,452**	**100.0%**	**$83,042**	**100.0%**	**$69,868**	**100.0%**

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Debt Schedules:

Outstanding Debt Compared to Net Assets
Fiscal Years - 2001 through 2009
(amounts in thousands)

This schedule shows the System's outstanding debt as a percentage of its net assets.

	2009	2008	2007	Restated 2006	Restated 2005	Restated 2004	Restated 2003	2002	2001
Revenue bonds and notes outstanding	$80,525	$130,470	$151,628	$171,980	$190,015	$207,555	$224,152	$293,883	$309,610
Net assets	$1,106,080	$1,067,004	$1,019,731	$938,042	$845,670	$778,363	$688,843	$635,542	$547,453
Percent	**7.3%**	**12.2%**	**14.9%**	**18.3%**	**22.5%**	**26.7%**	**32.5%**	**46.2%**	**56.6%**

Annual Debt Service Compared to Charges for Services
Fiscal Years - 2001 through 2009
(amounts in thousands)

This schedule shows the annual rate covenant debt service requirements as a percentage of annual charges for services.

	2009	2008	2007	Restated 2006	Restated 2005	Restated 2004	Restated 2003	2002	2001
Rate covenant test-bond service requirement	$20,820	$26,912	$26,455	$26,506	$27,556	$27,309	$29,616	$29,113	$32,398
Charges for services	$175,692	$180,715	$188,386	$188,120	$173,094	$163,016	$149,488	$141,712	$134,295
Percent	**11.9%**	**14.9%**	**14.0%**	**14.1%**	**15.9%**	**16.8%**	**19.8%**	**20.5%**	**24.1%**

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Debt Schedules (Continued):

Historical Debt Service Coverage
Fiscal Years - 2001 through 2009
(amounts in thousands)

	2009	2008	2007	Restated 2006	Restated 2005	Restated 2004	Restated 2003	2002	2001
Gross Revenues (1)	$183,260	$193,349	$206,971	$202,554	$182,309	$170,338	$159,254	$153,250	$146,591
Less Cost of Operation & Maintenance (3)	139,269	145,429	134,471	118,220	110,271	96,780	87,117	80,956	71,157
Total Net Revenues	**$43,991**	**$47,920**	**$72,500**	**$84,334**	**$72,038**	**$73,558**	**$72,137**	**$72,294**	**$75,434**
Pledged Impact Fees (2)	**10,088**	**8,211**	**11,798**	**20,535**	**15,184**	**19,916**	**13,099**	**10,773**	**15,032**
Total Pledged System Revenues	**$54,079**	**$56,131**	**$84,298**	**$104,869**	**$87,222**	**$93,474**	**$85,236**	**$83,067**	**$90,466**
Required Deposits									
Cost of Operation and Maintenance (3)	139,269	145,429	134,471	118,220	110,271	96,780	87,117	80,956	71,157
Bond Service Requirement	20,820	26,912	26,455	26,506	27,556	27,309	29,616	29,113	32,398
Deposit to Renewal and Replacement Account	9,667	10,446	10,161	9,083	8,603	8,083	7,681	7,527	6,845
Total Required Deposits	**$169,756**	**$182,787**	**$171,087**	**$153,809**	**$146,430**	**$132,172**	**$124,414**	**$117,596**	**$110,400**
20% of Bond Service Requirements	**$4,164**	**$5,382**	**$5,291**	**$5,301**	**$5,511**	**$5,462**	**$5,923**	**$5,822**	**$6,479**
Subordinate Debt Service Requirement	-	-	-	**$3,778**	-	-	-	-	-
Required Coverage:									
(A).=> 100%	**1.14**	**1.10**	**1.28**	**1.45**	**1.35**	**1.44**	**1.39**	**1.39**	**1.46**
(B).=> 120%	**2.60**	**2.09**	**3.19**	**3.96**	**3.17**	**3.42**	**2.88**	**2.85**	**2.79**
(C).=> 100%	**2.11**	**1.78**	**2.74**	**3.18**	**2.61**	**2.69**	**2.44**	**2.48**	**2.33**
(D).=> 100%	**1.78**	**1.78**	**2.74**	**2.78**	-	-	-	-	-

(A). Gross Revenues, plus Pledged Impact Fees Divided by Required Deposits (Required Coverage = 1.00).
(B). Net Revenues, plus Pledged Impact Fees Divided by Bond Service Requirement (Required Coverage = 1.20).
(C). Net Revenues Divided by the Bond Service Requirement (Required Coverage = 1.00).
(D). Net Revenues Divided by the Sum of the Bond Service Requirement and Subordinate Debt Service requirement (Required Coverage = 1.00).

(1) Includes meter installation fees and interest income on operating reserves.
(2) Impact Fees are pledged to the extent that Wastewater Impact Fees do not exceed the Wastewater Expansion Project Percentage.
(3) Includes the Tampa Bay Water contracted water supply cost.

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General Operating Statistics:
Fiscal Years - 2001 through 2009

	2009	2008	2007	Restated 2006	Restated 2005	Restated 2004	Restated 2003	2002	2001
Capital Assets:									
Number of Water Plants	4	3	3	3	3	3	3	3	3
Number of Wastewater Treatment Plants	7	7	7	7	7	7	7	7	7
Water Distribution line miles (estimated)	2,255	2,227	2,192	1,994	1,930	1,910	1,890	1,690	1,690
Wastewater Transmission line miles (estimated)	2,063	2,007	1,864	1,740	1,710	1,680	1,650	1,510	1,400
Reclaimed Water Transmissions line miles (estimated)	328	325	323	310	300	290	280	225	220
Number of Pump Stations	690	682	674	640	622	602	573	500	476
Staffing:									
Number of budgeted positions per 1,000 customers	4.6	4.7	4.3	4.4	4.5	4.6	4.6	4.7	4.7
Average Number of Customer Accounts Billed Monthly									
Water Customers	**141,615**	**141,690**	**141,355**	**139,609**	**135,033**	**128,080**	**121,521**	**111,296**	**104,662**
Percent Change	-0.1%	0.2%	1.3%	3.4%	5.6%	6.8% (2)	9.5% (1)	3.6%	4.6%
Wastewater Customers	**131,588**	**131,890**	**132,420**	**130,821**	**126,308**	**119,483**	**113,072**	**103,711**	**97,364**
Percent Change	-0.2%	-0.4%	1.2%	3.6%	4.5%	6.8% (2)	7.8% (1)	4.2%	4.6%

(1) Acquisition of 3,500 connections from a private franchise in September 2003
(2) Acquisition of 1,200 connections from a private franchise in April 2004

	2009	2008	2007	Restated 2006	Restated 2005	Restated 2004	Restated 2003	2002	2001
Use/Flows									
Annual Water Consumption (thousands of gallons)	16,379	17,014	18,137	17,971	15,633	15,262	13,159	13,885	13,506
Annual Treated Wastewater Flows (thousands of gallons)	12,907	12,434	12,303	12,473	11,873	11,277	10,244	10,127	9,656
Operating Costs (amounts in thousands):									
Operating Expenses	$193,527	$199,165	$185,586	$167,464	$160,817	$142,092	$128,645	$115,979	$103,902
Less: Depreciation and amortization	52,754	51,445	49,846	48,144	47,772	41,929	38,227	34,529	32,449
Less: Purchased Water	42,733	43,395	41,380	39,326	34,572	31,631	28,022	23,686	20,030
Net Operating Cost	$ 98,040	$104,325	$94,360	$79,994	$78,473	$68,532	$62,396	$57,764	$51,423
Number of Accounts Billed Annually	1,844	1,845	1,837	1,805	1,728	1,651	1,529	1,453	1,388
Monthly Operating Cost per Statement	**$ 53**	**$ 57**	**$51**	**$44**	**$45**	**$42**	**$41**	**$40**	**$37**

Sources:
Water Resources Services Annual Audited Financial Reports for Fiscal Years 2001 through 2009
FAMIS Accounting Data
Water Resources Services Operating Data