

Hillsborough County, Florida

Financial Summary Report

Fiscal Year Ended September 30, 2016





To the Residents of Hillsborough County:

I am pleased to provide you with the *Hillsborough County, Florida Financial Summary Report for the Fiscal Year Ended September 30, 2016*. It presents the County's fiscal year 2016 financial activity in a concise and easy-to-read format. This year's cover spotlights Hillsborough County Pet Resources.

The information in this *Financial Summary Report* was derived from the *Hillsborough County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2016 (CAFR)*. The CAFR consists of over 250 pages of detailed financial statements, notes, schedules, and reports. The CAFR is posted at www.hillsclerk.com (select "Clerks in the Sunshine" and then "Financial Reports - County"). It is also available at the County Finance Department, County Center 12th Floor, 601 E. Kennedy Blvd, Tampa, FL 33602 or by calling (813) 307-7026. The *Financial Summary Report* presents the financial information of all County government operations, including those of the Board of County Commissioners, Clerk of Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector, but excludes discretely presented component units. Since the *Financial Summary Report* contains simplified information, it does not conform to Generally Accepted Accounting Principles (GAAP) for governmental entities. As the Chief Financial Officer of Hillsborough County, I am fully responsible for the accuracy of these financial reports. I hope that you find this report interesting and informative.

Sincerely,

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

Pat Frank

Principal Officials

BOARD OF COUNTY COMMISSIONERS

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

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

CONSTITUTIONAL OFFICERS

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

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

APPOINTED OFFICIALS

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



County's website:
hillsboroughcounty.org

Revenues

Total revenues increased \$15 million or 0.01% from the previous year.

Amounts in millions	Fiscal Yr 2016	Fiscal Yr 2015	Increase (Decrease)	Change
Governmental activities:				
Property taxes	\$ 641	595	46	8 %
Sales taxes and state shared revenues	448	427	21	5 %
Other taxes	53	52	1	2 %
Investment earnings	11	9	2	22 %
Charges for services	218	221	(3)	-1 %
Grants and contributions	134	164	(30)	-18 %
Other revenues	26	39	(13)	-33 %
Total governmental activities	<u>1,531</u>	<u>1,507</u>	<u>24</u>	2 %
Business-type activities:				
Water	269	279	(10)	-4 %
Solid Waste	104	103	1	1 %
Total business-type activities	<u>373</u>	<u>382</u>	<u>(9)</u>	-2 %
Total revenues	<u>\$ 1,904</u>	<u>1,889</u>	<u>15</u>	1 %

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

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

Property taxes increased \$46.0 million or 7.0% due to a \$5.17 billion or 8.5% increase in the assessed value of taxable real estate in Hillsborough County during fiscal year 2015. This increase was primarily the result of real estate market values rising \$6.5 billion, offset by property tax exemptions rising only \$0.67 billion.

Sales taxes consist of discretionary sales surtaxes such as the Community Investment Tax and Health Care Sales Surtax. **State shared revenues** consist of revenues received from the state of Florida such as the Local Government Half-Cent Sales Tax, state revenue sharing proceeds, the Constitutional Fuel Tax, and County Fuel Tax. There was an overall increase of \$20.8 million from the prior year due to a stronger economy and increased tourism.

Investment earnings increased \$1.6 million from the previous year because interest earnings on the County's investment pool rose from 0.73% for fiscal year 2015 to 0.76% for fiscal year 2016 and because overall cash/investments rose \$239 million.

Charges for services increased \$2.7 million primarily due to increases in residential impact fees, building permits, special assessments, ambulance fees, probation services fees, fire protection services fees and an increase in fees earned by the Tax Collector, partly offset by the removal of indirect cost allocations previously included in charges for services.

Grants and contributions as a whole decreased \$35.9 million from the previous year due to a decrease in developer infrastructure contributions of \$55.5 million partially offset by an increase in capital grant revenues primarily in the transportation function as well as smaller increases in operating grants for human services, transportation and culture and recreation functions.

Other revenues declined \$11.1 million or 29.6% primarily because of a one-time Deepwater Horizon oil spill lawsuit settlement of \$22.78 million received in 2015 partly offset by a \$2.7 million increase in Affordable Housing program related loan repayments and the relinquishment of an \$8.5 million contingent liability.

Water utility revenues decreased \$10.4 million primarily due to a \$22.7 million decrease in capital contributions from developers and others, partly offset by an \$11.3 million increase in charges for services, and a combined increase of \$1.0 million in higher interest revenue and gain on asset sales.

Expenses

Total expenses increased \$147 million or 9.0% from the previous year.

Amounts in millions	Fiscal Yr	Fiscal Yr	Increase	Change
	2016	2015	(Decrease)	
Governmental Activities:				
General government	\$ 344	344	0	0 %
Public safety	561	546	15	3 %
Physical environment	53	30	23	-
Transportation	97	84	13	15 %
Economic environment	64	53	11	-
Human services	210	215	(5)	-2 %
Culture and recreation	72	79	(7)	-9 %
Pension expense (benefit)	34	(36)	70	-100 %
Interest on long-term debt	22	12	10	83 %
Total governmental activities	<u>1,457</u>	<u>1,327</u>	<u>130</u>	<u>10 %</u>
Business-type Activities:				
Water	223	211	12	6 %
Solid Waste	105	100	5	5 %
Total business-type activities	<u>328</u>	<u>311</u>	<u>17</u>	<u>5 %</u>
Total expenses	<u>\$ 1,785</u>	<u>1,638</u>	<u>147</u>	<u>9 %</u>

General government expenses include categories such as administrative, financial, court-related, budgeting and accounting, property assessments and tax collection, master planning, and zoning. General government expenses decreased \$0.1 million. A \$22.4 million increase in the General Fund for salaries, professional services, contract personnel, repair and maintenance, and software support agreements combined with a \$22.5 million increase in payments to the Hillsborough County School Board for new school construction were offset by eliminations of Internal Service Fund activities and indirect cost allocations, a reduction in the amount sent to the Tampa Sports Authority from the Sales Tax revenue fund and a reduction in Civil Service

costs as the talent recruiting responsibilities and personnel were transferred to BOCC departments.

Public safety expenses are for protecting people and property. This category includes costs of the Sheriff, Fire Rescue, the Medical Examiner, Consumer Affairs, building inspections, and emergency and disaster relief services. Expenses increased \$15.4 million due to Sheriff's Office salary increases and the creation of the Sheriff's new Misdemeanor Probation Services activity, as well as higher Fire Rescue Department expenditures

Physical environment expenses are associated with conserving and managing natural resources such as air, water, soil, wildlife, as well as controlling pollution. Expenses increased \$23.9 million primarily due to increased infrastructure preservation costs, stormwater projects costs and due to land disposals.

Transportation expenses are related to maintaining county roads, bridges, street lighting, other infrastructure, and highway safety projects. Expenses increased \$12.2 million due to a \$7.9 million increase of infrastructure preservation costs and a \$4.1 million increase in infrastructure disposals.

Economic environment expenses are related to new business promotion and development; housing assistance and rehabilitation programs; and disadvantaged minority, women owned, and small business enterprise programs. Expenses increased \$11.2 million primarily due to a payment to the Tampa Sports Authority for improvements to the Amalie Arena.

Human services expenses include providing services such as health care for the poor, public assistance, care for the elderly, social services, as well as animal and mosquito control. Expenses fell \$4.9 million primarily due to a decrease in grants and aids received and a decrease in depreciation expense allocated.

Culture and recreation expenses are associated with libraries, parks, and recreational facilities. Expenses decreased \$7.4 million due to library construction projects ending, lower repair and maintenance costs, a decrease in aid to other governments and a decrease in allocated depreciation.

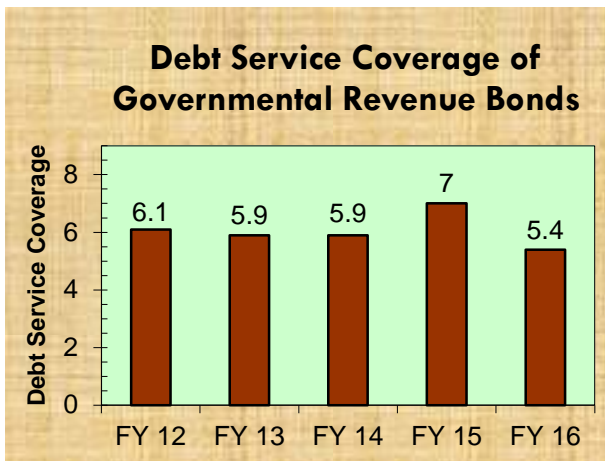
Pension expense is the County's proportionate share of the Florida Retirement System's overall pension expense. This \$33.6 million amount was actuarially determined by the Florida Retirement System and is reported separately to not distort other expense categories.

Long-Term Liabilities

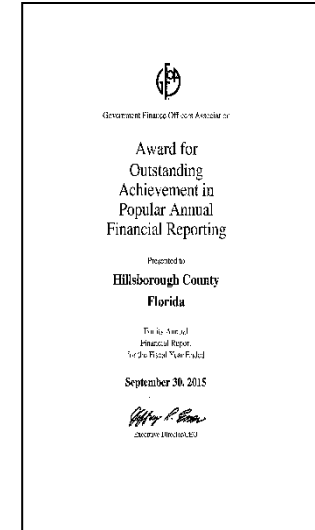
At September 30, 2016, the County had 18 bonded debt issues outstanding for a variety of purposes including the construction or acquisition of parks and recreation facilities, court facilities, environmentally sensitive land, solid waste facilities, and water/wastewater treatment systems. Bonded debt outstanding and other long-term liabilities at September 30, 2016 were as follows:

Amounts in Millions	2016	2015	Change
General obligation bonds	\$ 62	64	(2)
Revenue bonds	984	846	138
Total bonded debt	1,046	910	136
Notes payable	120	65	55
Sick & vacation benefits payable	55	63	(8)
Net pension liability	820	466	354
Insurance claims payable	34	35	(1)
Other long-term debt	51	60	(9)
Total long-term liabilities	\$ 2,126	1,599	527

At September 30, 2016, the County's general obligation debt was rated **Aaa** by Moody's Investors Service, **AAA** by Standard & Poor's, and **AAA** by Fitch Ratings. These are the highest attainable credit ratings.



This chart shows that pledged revenues were 5.4 times greater than the amount needed for debt service on the County's governmental revenue bonds during fiscal year 2016.



The Government Finance Officers Association of United States and Canada has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Hillsborough County, Florida for its *Financial Summary Report for the Fiscal Year Ended September 30, 2015*. This prestigious national award recognizes conformance with the highest standards for the preparation of state and local government popular reports. To receive this award a government must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for only

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

Hillsborough County Economic Development...

The Economic Development Department (EDD) is responsible for growing economic prosperity for all residents and businesses of Hillsborough County. Below are some fiscal year 2016 accomplishments:

- The EDD's Targeted Industry Projects announced 2,271 new jobs, \$91.5 million in annual payroll and \$107 million in private capital investment.
- The successful Entrepreneur Collaborative Center delivered access to business service providers, resources, specialty training and hosted 554 programs with nearly 9,000 attendees.
- Entrepreneur Services conducted 159 workshops throughout the County with nearly 1,400 participants and a satisfaction rating of 4.9 out of 5 stars.
- Supported partners for programs that increased mentorship, corporate engagement in building the start-up ecosystem and access to networking opportunities. This created 877 jobs.
- The *Hillsborough County Manufacturing Alliance*, a partnership between Hillsborough County Schools, Hillsborough Community College, the County and the private sector created a continuum of training and a pathway to quality careers, and helped 1,301 local students connect with their future.

Balance Sheet

September 30, 2016

Amounts in Millions

ASSETS	Governmental	Business-Type	Total	Prior Yr.
	Activities	Activities		
Cash and investments	\$ 1,277	708	1,985	1,747
Due from state/federal governments	92	--	92	83
Receivables/other current assets	24	37	61	58
Capital assets, net of depreciation	7,240	1,276	8,516	8,372
Notes receivable/noncurrent assets	54	133	187	182
Total assets	<u>8,687</u>	<u>2,154</u>	<u>10,841</u>	<u>10,442</u>
DEFERRED OUTFLOWS OF RESOURCES				
Bond refunding losses	9	--	9	14
Pensions	429	22	451	86
Purchase price in excess of book value	--	2	2	2
Total deferred outflows	<u>438</u>	<u>24</u>	<u>462</u>	<u>102</u>
LIABILITIES				
Accounts payable	161	30	191	122
Accrued payroll liabilities, etc.	31	2	33	34
Unearned revenues (taxes or other revenues received but not yet earned)	62	19	81	82
Deposits payable	--	15	15	14
Long-term liabilities	<u>1,527</u>	<u>599</u>	<u>2,126</u>	<u>1,599</u>
Total liabilities	<u>1,781</u>	<u>665</u>	<u>2,446</u>	<u>1,851</u>
DEFERRED INFLOWS OF RESOURCES				
Pensions	157	8	165	118
NET POSITION (Equity)				
Net Invested in capital assets	6,619	958	7,577	7,479
Restricted	523	80	603	514
Unrestricted	45	467	512	582
Total net position	<u>\$ 7,187</u>	<u>1,505</u>	<u>8,692</u>	<u>8,575</u>

were summarized from the *Hillsborough County, Florida Comprehensive Annual Financial Report*. To simplify presentation, the statements in this *Financial Summary Report* are not in GAAP format. "Deferred outflows of Resources" are consumptions of resources, like prepaid expenses, which will be recognized as expenses in the future. "Deferred inflows of resources" are acquisitions of resources that will be recognized as revenues in the future. Restricted net position represents equity that may be used only as specified by debt covenants, grantors, laws or regulations, other governments, or other external restrictions. The County had unrestricted net position of \$45 million and \$467 million, for governmental and business-type activities, respectively.

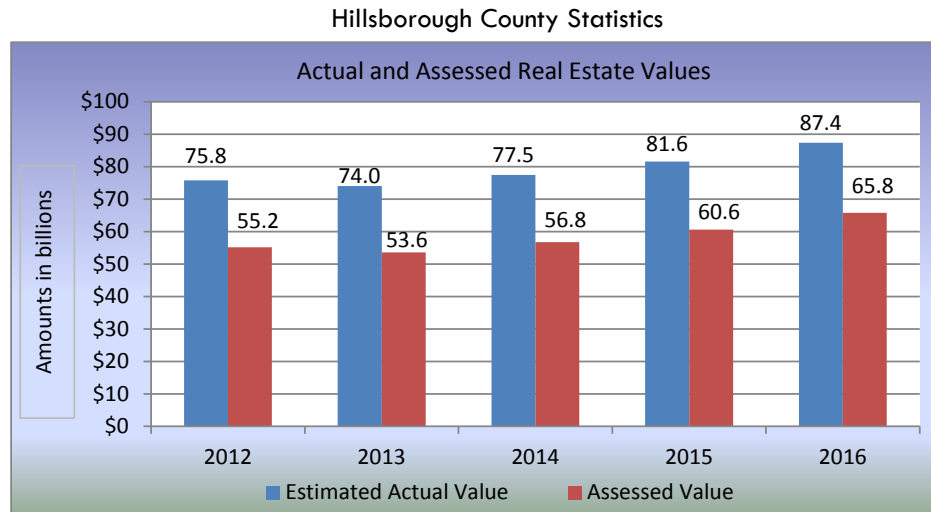
The increase in total net position from \$8,575 million to \$8,692 million indicates the County's financial position is improving.

Cash & Investments

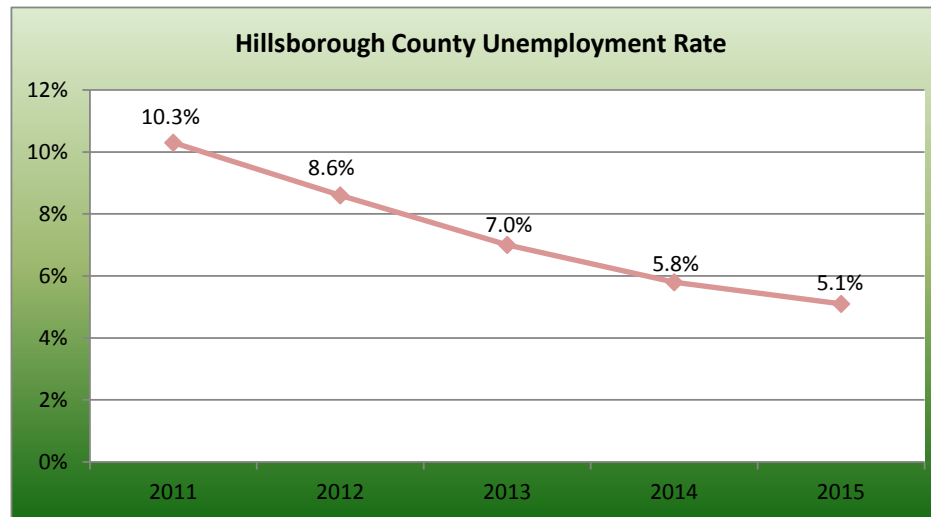
The County manages its investment portfolio with the primary objectives of safeguarding principal, ensuring liquidity to meet daily cash needs, and maximizing investment earnings within statutory and fiduciary requirements. The Board of County Commissioners Investment Pool is in full compliance with the investment policy and had an overall annual rate of return for fiscal year 2016 of 0.76%, compared to the benchmark rate of 0.42%. At September 30, 2016, the County investment portfolio was invested as shown below.

	Amount in Millions	Percent of Total
US treasury and govt. sponsored agency securities	\$ 1,356	65 %
Bank accounts	93	5 %
Government-only money market mutual funds	3	1 %
State Board of Administration's Florida PRIME investment pool	448	21 %
Corporate notes and commercial paper	140	7 %
Municipal bonds	24	1 %
Total cash and investments	<u>2,064</u>	<u>100 %</u>
Less amounts held in trust for non-County entities	(79)	
County's total cash and investments	<u>\$ 1,985</u>	

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



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



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