

**PASCO COUNTY, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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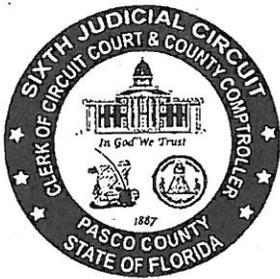
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INTRODUCTORY SECTION



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New Port Richey, FL 34654

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Excellence...Always

Paula S. O'Neil, Ph.D.
Clerk & Comptroller
Pasco County, Florida

March 23, 2012

The Honorable Ann Hildebrand, Chairman
Board of County Commissioners
Pasco County, Florida
37918 Meridian Avenue
Dade City, FL 33525

Dear Chairman Hildebrand:

The Comprehensive Annual Financial Report (CAFR) of Pasco County, Florida (the "County") for the fiscal year ended September 30, 2011 is submitted herewith. The Office of the Clerk of Circuit Court and County Comptroller prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, are accurate in all material aspects and are presented in a manner designed to present fairly the financial position and results of operations of the various funds. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

The firm of KPMG LLP audited Pasco County's financial statements, in accordance with Florida Statutes, which require each county to have an annual financial audit of its accounts and records by an independent certified public accountant. The goal of the independent audit was to obtain reasonable assurance about whether the financial statements are free of material misstatement. The independent audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also included assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. KPMG LLP concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Pasco County, Florida's financial statements for the fiscal year ended September 30, 2011, are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles (GAAP). KPMG LLP's independent auditors' report is presented as the first component of the Financial Section of the CAFR.

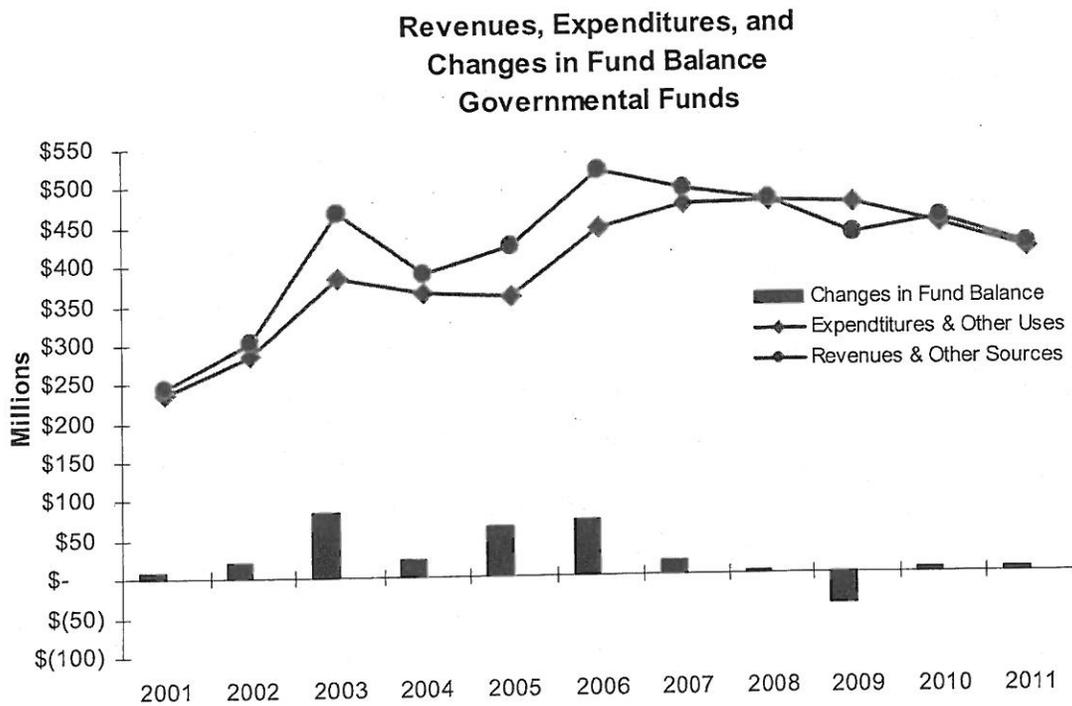
ORGANIZATION AND CONTENT OF THE CAFR

The Comprehensive Annual Financial Report complies with the financial reporting model as required by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

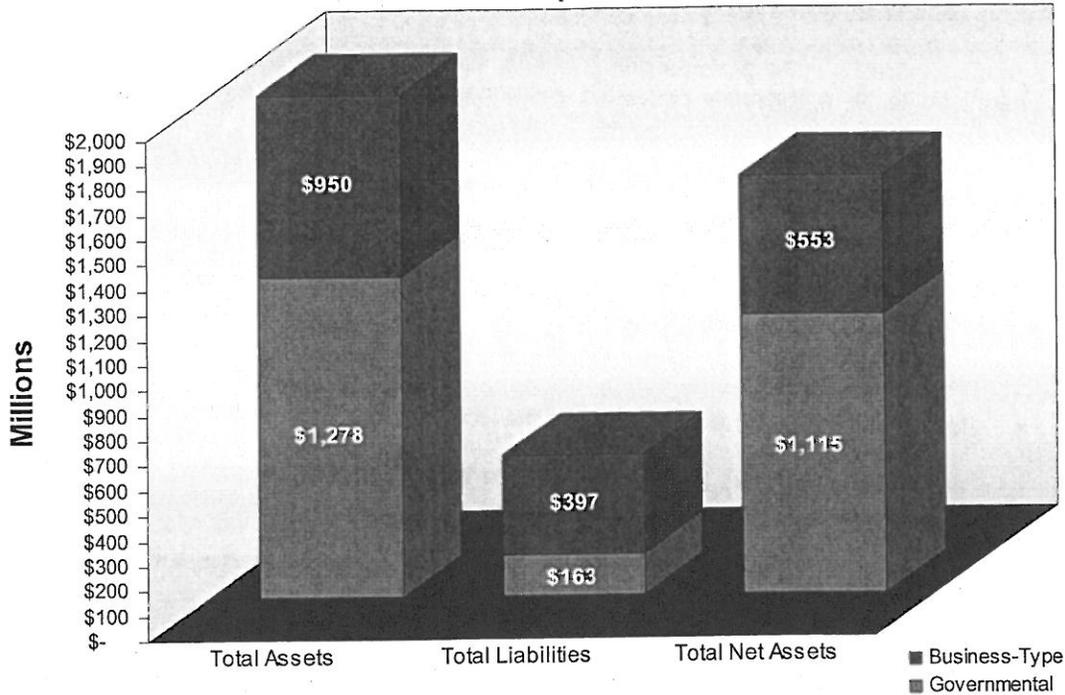
The CAFR is organized into three sections:

- **Introductory Section**
This section is intended to familiarize the reader with the organizational structure of the County, the nature and scope of the services it provides, and the specifics of its legal environment. It also provides economic and major initiative highlights.
- **Financial Section**
This section includes the audited Basic Financial Statements, notes to the financial statements, and supporting statements and schedules necessary to fairly present the financial position and the results of operations of the County in conformity with U.S. generally accepted accounting principles, as well as the independent auditors' report on the Basic Financial Statements. Also included in this section are the narrative introduction, overview and analysis found in management's discussion and analysis (MD&A). MD&A is intended to disclose any known significant events or decisions that affect or may affect the financial condition of the County.
- **Statistical Section**
This section includes selected financial and demographic information, generally presented on a multi-year basis.

In addition to fund-by-fund financial information in the County's financial statements, the CAFR includes government-wide financial statements. The government-wide financial statements include a Statement of Net Assets that provides information on the total net assets of the County, including infrastructure, and the Statement of Activities that reports the cost of providing County services. The government-wide financial statements have been prepared using the accrual basis of accounting versus the modified accrual basis of accounting used in the governmental fund financial statements. The current reporting model includes an emphasis on the County's major funds.



**Net Assets
at September 30, 2011**



THE REPORTING ENTITY AND ITS SERVICES

Pasco County is a Non-Charter County established under the Constitution and the laws of the State of Florida. This Comprehensive Annual Financial Report is a County-wide report which discloses the results of operations for the following entities: the Board of County Commissioners (the "Board"); the Clerk of Circuit Court and County Comptroller (the "Clerk and Comptroller"); the Property Appraiser; the Sheriff; the Supervisor of Elections; and the Tax Collector. The Board of County Commissioners is the legislative body for Pasco County and, as such, it budgets and provides all funding used by the Board's departments and the separate Constitutional Officers, with the exception of certain fees and service charges collected by the Clerk and Comptroller, Property Appraiser, Supervisor of Elections and Tax Collector. Under the direction of the Clerk and Comptroller, the Financial Services Division maintains separate accounting systems for the Board of County Commissioners and the Clerk and Comptroller operations. The Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector maintain their own accounting systems. However, for purposes of this Comprehensive Annual Financial Report, the operations of the County as a whole, including those of the Constitutional Officers, have been presented.

The process of evaluating potential component units involved the application of criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The definition of the reporting entity is based primarily on the notion of financial accountability. The primary government is financially accountable for the organizations that make up its legal entity - the Board of County Commissioners and the Constitutional Officers. It is also

financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and, either it is able to impose its will on that organization or, there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government.

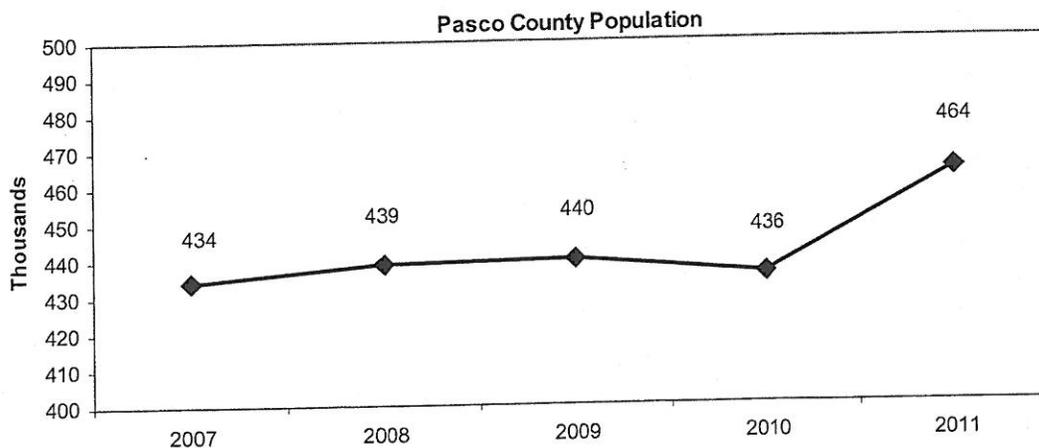
Based on the application of the aforementioned criteria, the Pasco County Housing Finance Authority was determined to be a discretely presented component unit properly included in the County's reporting entity.

Pasco County provides a full range of services. These include public safety (police and fire), culture and recreation, health and social services, streets and highways, public improvements, planning and zoning, water and sewer, resource recovery, as well as general and administrative services.

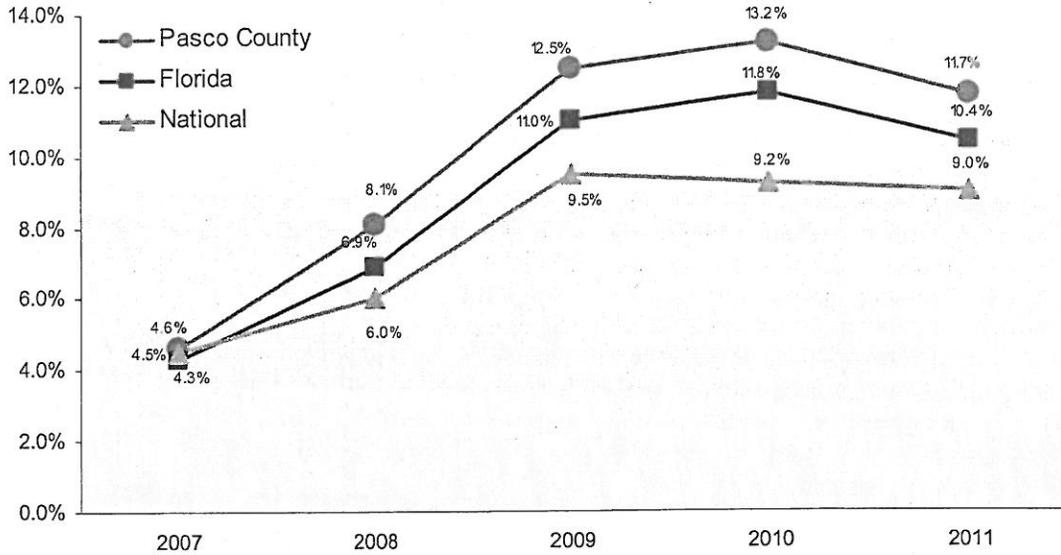
ECONOMIC CONDITION AND OUTLOOK

Pasco County is comprised of three distinct demographic areas:

- The largely rural, agricultural eastside is the location of the County Seat in Dade City.
 - The heavily developed, residential west side is home to the Government Center in New Port Richey.
 - The developing central part of the County contains growing office space and a correctional facility in Land O'Lakes.
- Five major north-south highways and three main east-west highways serve the County. Interstate 75, which bisects the County north to south, connects Pasco County with Interstate 4, the City of Tampa, and other major cities along Florida's west coast. The most heavily traveled road in the County is U.S. 19 on the West Side, which connects Pasco County with Hernando County to the north and with Pinellas County to the south. The Suncoast Parkway, part of the Florida Turnpike system, connects Pasco County to Hillsborough County in the south, and to Hernando County in the north.
- The population of Pasco County increased to 464,697 in 2011, following a three-year period of slowed growth or decline. In contrast, the previous decade saw the County's population increase by more than 27%. The County's unemployment rate at September 30, 2011 is 11.7, a decrease of 1.5% from the previous year, but still well above the State of Florida rate of 10.4%.

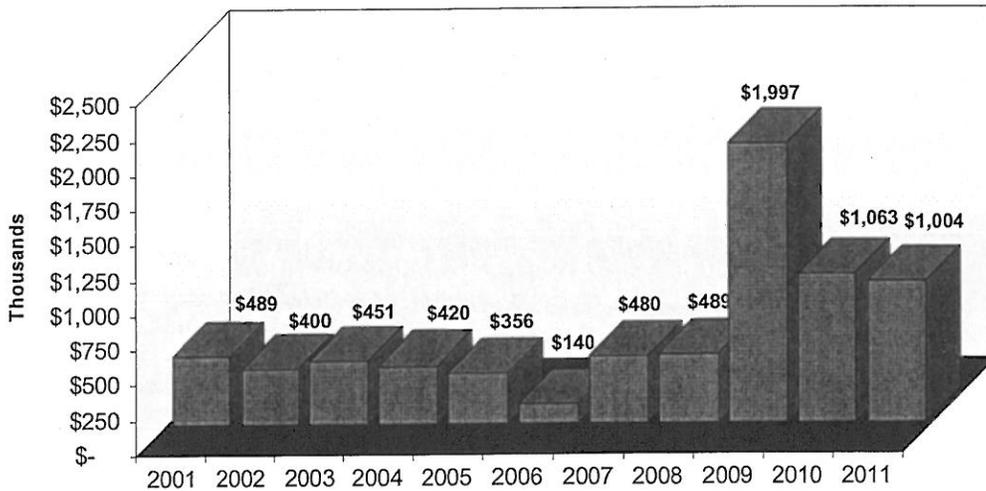


Unemployment Rate



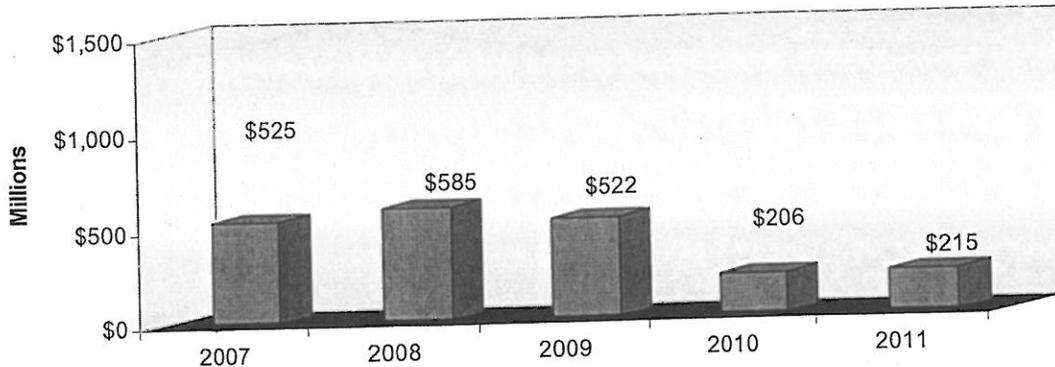
- The County's 2011 Florida Price Level Index of 98.93, calculated by the Bureau of Economic and Business Research at the University of Florida, under the direction of the Florida Department of Education and the Florida Legislature, ranks Pasco County 17th in the State. The County was ranked 20th in 2010. The index indicates, in general, that Pasco County's cost of living compares favorably with the Florida State average of 100.00.
- Given the economic environment over the past three years, the level of delinquent property taxes had risen dramatically between 2008 and 2009. However, in 2011 there was a decline of 5.5%. This followed a significant decline of 47% in 2010.

Outstanding Delinquent Taxes at September 30



Building permit values were \$214.9 million in 2011, a slight increase over the \$206.1 million values in 2010, but well off the 2009 level of \$521.8 million.

**Building Permit Values
at September 30**



- Pasco County primarily attracts companies from the Tampa Bay Region that are interested in the relative lack of traffic congestion and good land values that the County offers.
- The County's Economic Development Incentive Ordinance, adopted in 1995, is used to attract value-added jobs. Incentives are available to companies that create jobs, construct facilities, and pay wages above stated minimum standards. The incentives are in the form of reduced transportation, water, and sewer impact fees.

MAJOR INITIATIVES

The following capital projects give only a partial listing of major improvements recently completed or currently being made by, or for, the County:

- Acquired 390 acres of environmentally sensitive lands through the Penny for Pasco Program.
- Completed the construction of a bus wash and fueling center at the Community Services facility in New Port Richey.
- Completed construction of the Rocky Sink stormwater drainage improvement to alleviate flooding conditions.
- State Road/County Road 581 from State Road 54 to Hillsborough County Line was widened from two to six lanes by a developer. This project provides increased capacity, enhanced access for future economic development opportunities, and is integral to Tampa Bay Area Region Transit Authority (TBARTA) plans for transit improvements in accordance with the adopted master plan.
- Safety and operational improvements were made along Little Road south of State Road 54 by a developer.
- Construction of two new lanes on Gulf Trace Boulevard to align with a new traffic signal on U.S. 19 for two new car dealerships. This project was completed by a developer.

- Starkey Trail Extension (multi-use path) was constructed along Wilderness Road from the existing trailhead in Starkey Park to Starkey Boulevard and then along Starkey Boulevard from Wilderness Road to Alico Pass. This project promotes both bicycle and pedestrian safe movement to access the 8,000-acre wilderness park and provides connectivity to the Jay B. Starkey Wilderness Park Trail and Suncoast Trail from the existing multi-use path at State Road 54 and Starkey Boulevard.
- Construction of the first two lanes of Collier Parkway from Hale Road to Parkway Boulevard. This provides a parallel facility to U.S. 41.
- Construction of two new lanes on East Road from Sherman Drive north, for a distance of .358 mile, to align the road with a new traffic signal on County Line Road in Hernando County.
- Construction of the Embassy Boulevard and Morehead median channelization safety project.
- Construction of turn lanes, ramps, and drainage/lighting improvements at State Road 54 and Suncoast Parkway funded through the American Recovery and Reinvestment Act (ARRA).
- Florida Department of Transportation (FDOT) received funding through ARRA for the widening of U.S. 41 from two lanes to four lanes from Tower Road to the future Ridge Road Extension.
- Construction of turn lanes and traffic signal at State Road 54 and Trinity Boulevard intersection.
- Construction of turn lanes at State Road 52 and Prospect Road intersection.
- Construction of turn lanes and traffic signal at Milestretch Drive and Arcadia Road intersection.
- Several safety and operational improvements were made throughout the County as part of the School Infrastructure Program and included:
 - Construction of a traffic signal, turn lanes, and sidewalk at Grand Boulevard and Cecelia Drive for Gulf High School and Marlowe Elementary School.
 - Construction of a traffic signal on Sunlake Boulevard for Sunlake High School.
 - Extension of turn lanes; median improvements; and installation of solar-powered warning flashers on State Road 54 at Community Drive for the Odessa Elementary School.
 - Extension of turn lanes, milling and resurfacing, construction of a new traffic signal and sidewalk with new ADA ramps at Sweetbriar Boulevard and Anclote Boulevard for Anclote High School.
- Purchased two aerial ladder trucks for Fire/Rescue, one to service the citizens of East Pasco and one for west Pasco.
- Completed construction of the Boyette Water Treatment Plant that included a five million gallon potable water storage tank, high-service pump station, and operations building.
- Substantially completed construction of a reclaimed water main from State Road 54 to Eiland Boulevard.

- Completed construction of the Trouble Creek Master Pump Station, the River Crossing Force Main, and the DeCubellis Road Force Main. These projects are part of the planned Deer Park Wastewater Treatment Plant diversion.
- Constructed reclaimed water mains at Epperson Groves.

FINANCIAL INFORMATION

The County's accounting records for general governmental operations are maintained on the modified accrual basis, with revenues recorded when measurable and available and expenditures recorded when the services or goods are received and the liabilities are incurred, except for principal and interest on general long-term debt and compensated absences, which are recognized as expenditures to the extent that they have matured. Accounting records for the County's enterprise and internal service operations are maintained on the accrual basis, with the revenues recorded when earned and expenses recorded when the liabilities are incurred. Procedures have been developed for financial report adjustments and reconciliation data in order to apply the accrual method of accounting across all funds in accordance with GASB Statement No. 34.

In developing the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

- the safeguarding of assets against loss from unauthorized use or disposition; and
- the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that:

- the cost of a control should not exceed the benefits likely to be derived; and
- the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the subfunction level by encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders, which would result in an overrun of subfunction balances, are not released until additional appropriations are made available. Open encumbrances at September 30, 2011 are reported in the assigned classification of fund balance.

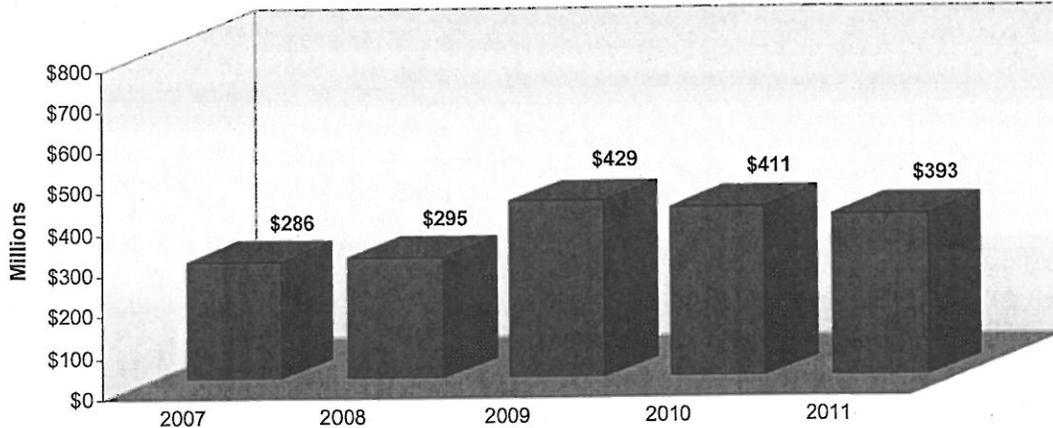
Capital Assets

The capital assets of the County are used in the performance of governmental and business-type activities. Under Florida Statutes, only assets that cost \$1,000 or more, and which have a useful life of one year or more, are considered capital assets. In accordance with U.S. generally accepted accounting principles, capital assets in Pasco County are recorded at either historical (original) costs or estimated historical costs if original cost data is not available, except for contributed property which is recorded at its estimated fair value at the date of contribution. In accordance with Governmental Accounting Standards Board Statement No. 34, the County has recorded and reported all infrastructure acquired since 1980. Infrastructure includes streets, roads, sidewalks, and bridges.

Debt Administration

Long-term debt, including bonds, notes payable, and compensated absences, totaled \$393.6 million as of September 30, 2011.

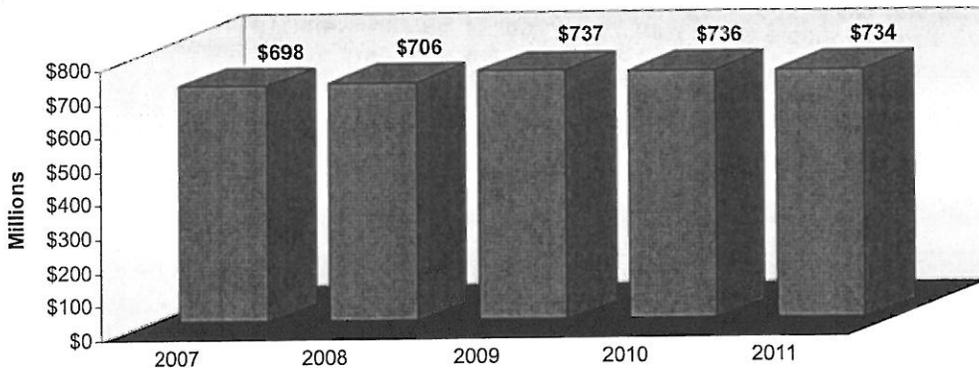
Long Term Debt
at September 30



Cash Management

The County uses a pooled cash concept in order to invest greater amounts of cash at favorable interest rates. At September 30, 2011, the County's equity in pooled cash and various other deposits and investments were principally in accounts with the State Board of Administration of Florida ("SBA") and qualified public depositories, in the Florida Local Government Investment Trust (FLGIT), and in certificates of deposit and certain money market funds, and totaled \$734 million. During fiscal 2011, the ranges of rates of return/yields on investments and deposits were as follows: SBA (Florida PRIME), .20% to .32%; FLGIT Investment Trust fund (SEC yield), .82% to 2.81%; FLGIT Day to Day Fund (30 day yield), .06% to .17%; certificates of deposit, 1.93% to 2.63%; and money market funds, .01% to .02%. The amount of interest and investment earnings during fiscal 2011 was \$5.7 million. Certain excess funds are transferred daily between various County bank accounts and the SBA, FLGIT, as well as money market funds.

Pooled Cash, Cash Equivalents, and Investments
at September 30



Risk Management

The County is self-insured for workers compensation, general and automobile liability, and certain group health claims, with outside contractors providing various administrative services. Participating funds make payment to the County's applicable Internal Service Funds based upon their personnel staffing levels. Resources have been accumulated in order to meet potential losses.

Independent Audit

Section 218.39 of the Florida Statutes requires an independent certified public accountant's financial audit of counties in the State. This requirement has been complied with and the report of our independent auditor, KPMG LLP, has been included in this report. As a recipient of federal and state assistance, the County is responsible for maintaining an adequate internal control framework to ensure compliance with applicable laws and regulations related to these assistance programs. This internal control framework is reviewed by the independent certified public accountant in the annual Single Audit, which covers major federal grant programs, and in the annual Florida Single Audit, which covers major state grant programs. The federal and state Single Audits were designed to meet the requirements of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of Local Governments, and Non-Profit Organizations*, as well as Section 215.97, Florida Statutes, respectively. The independent certified public accountants' *Single Audit Report* is issued separately.

Reporting Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Pasco County, Florida for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2010. This was the twenty-eighth consecutive year that Pasco County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

We would like to express our appreciation to the members of the staff of the Financial Services Division, who so greatly contributed to the preparation of this report. In particular, we acknowledge the hard work and professionalism of Colleen Scott, Assistant Director, Financial Services, and Patrice Monaco, Manager, Accounting and Financial Reporting.

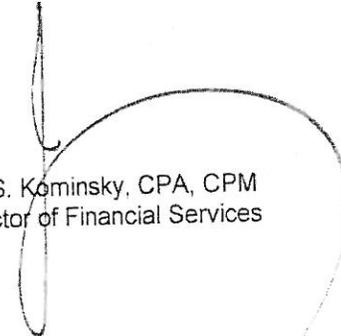
We would also like to offer our gratitude to the Board of County Commissioners and its staff, Pasco County's Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector and the certified public accounting firm of KPMG LLP, to name a few, who have been instrumental in the completion of this report.

We want to further extend our thanks to all of the departments and agencies outside the County that contributed financial information for use in this report.

Sincerely,



Paula S. O'Neil, Ph.D., CPM -
Clerk of Circuit Court and County Comptroller
Chief Fiscal Officer



Jay S. Kominsky, CPA, CPM
Director of Financial Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Pasco County
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



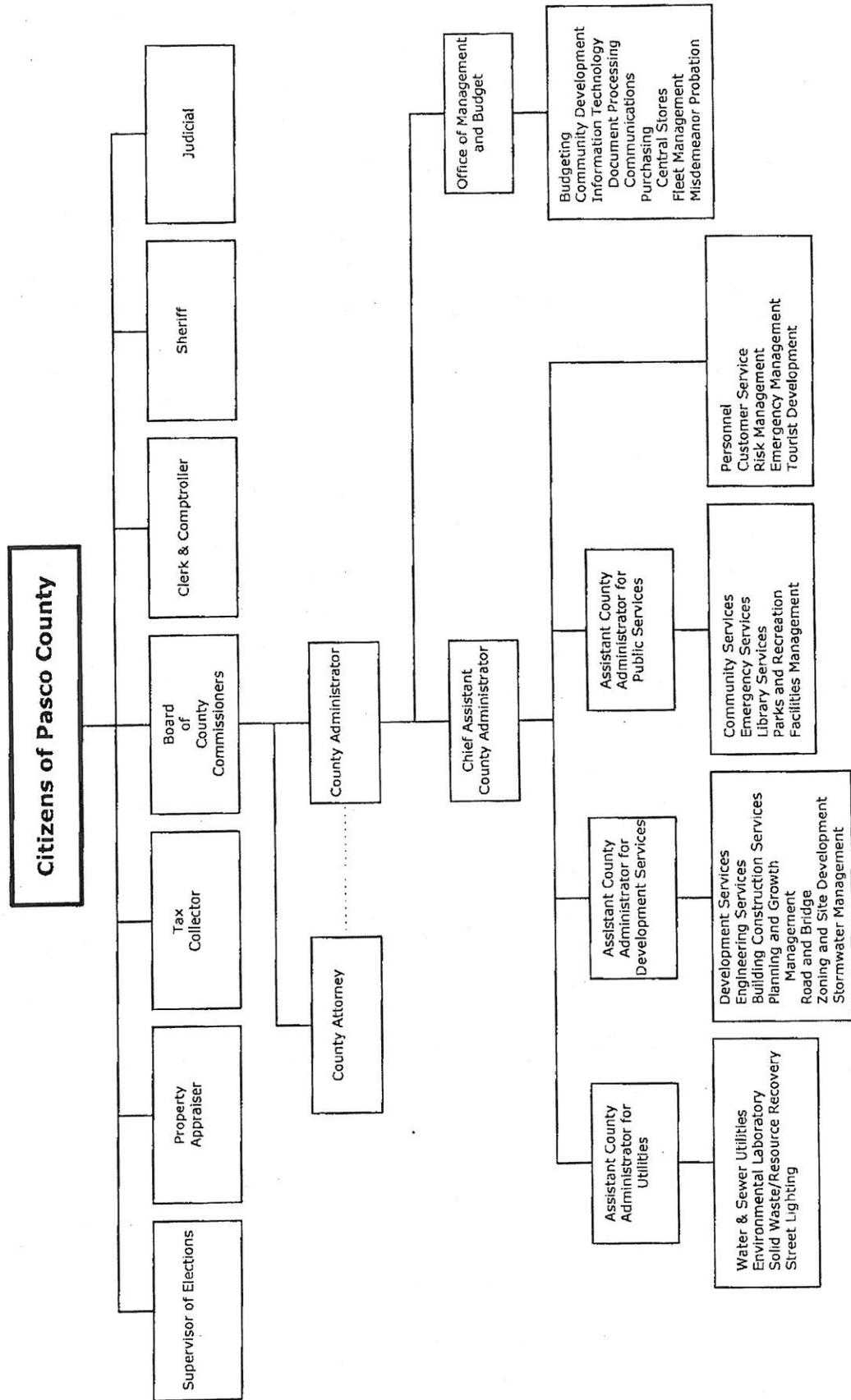
Linda C. Danson

President

Jeffrey R. Enos

Executive Director

Organizational Chart of Pasco County



FINANCIAL SECTION

- **Independent Auditors' Report**

- **Management's Discussion and Analysis**
(Unaudited)
 - **Basic Financial Statements**
Government-Wide Financial Statements
Fund Financial Statements
Notes to Financial Statements

- **Combining and Individual Fund
Statements and Schedules**



KPMG LLP
Suite 1700
100 North Tampa Street
Tampa, FL 33602-5145

Independent Auditors' Report

Distinguished Members of the Board of County Commissioners
Pasco County, Florida:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pasco County, Florida, as of and for the year ended September 30, 2011, which collectively comprise Pasco County, Florida's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Pasco County, Florida's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 Pasco County, Florida'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, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pasco County, Florida, as of September 30, 2011, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the general and state housing initiatives partnership funds for the year then ended, in conformity with U.S. generally accepted accounting principles.

As discussed in note 1.K. to the financial statements, Pasco County, Florida, adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective October 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2012 on our consideration of Pasco County, Florida'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 and Schedule of Funding Progress and Schedule of Employer Contributions on pages 3 through 16 and 81 and 82, respectively, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. 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 opinions on the financial statements that collectively comprise the Pasco County, Florida's basic financial statements. The introductory section, combining and individual fund statements and schedules, statistical section, and schedule in compliance with Section 714(3) of the indenture of trust are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, statistical section, and schedule in compliance with Section 714(3) of the indenture of trust 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.

KPMG LLP

March 23, 2012
Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)

Management's discussion and analysis provides an overview of the financial activities of Pasco County, Florida (the "County") for the fiscal year ended September 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Letter of Transmittal on page iv and in the County's financial statements that begin on page 17.

Financial Highlights

- At September 30, 2011, the County's total assets exceeded its total liabilities by \$1.668 billion (net assets), an increase of \$34.8 million over net assets in 2010 of \$1.634 billion.
- At September 30, 2011, governmental funds reported a combined ending fund balance total of \$402.2 million, an increase of \$4.8 million (or 1.0%) over the prior year. Of the total, \$53.5 million is available for spending at the County's discretion (assigned or unassigned fund balance), subject to the intent of the Board of County Commissioners or the Office of the Clerk & Comptroller, to which the authority to assign amounts for specific purposes has been delegated by the Board.
- At September 30, 2011, the fund balance of the County's General Fund was \$54.2 million, representing a decrease of \$3.2 million (or 5.6%) from the prior year. \$2.2 million of the fund balance total was unassigned.
- The County's total long-term liabilities declined by \$17.1 million during the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Pasco County's *Basic Financial Statements*. The *Basic Financial Statements* include three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This comprehensive annual financial report also contains other statements and schedules which are presented as supplemental information.

Government-wide Financial Statements

The government-wide financial statements provide a broad overview of Pasco County's finances, using the accrual basis of accounting that is similar to the accounting method used by private-sector business. They are comprised of the statement of net assets and the statement of activities.

The statement of net assets presents information on the assets and liabilities of the County as a whole. The difference between assets and liabilities is reported as net assets. Net assets are reported in three categories: invested in capital assets, net of related debt; restricted; and unrestricted. The assets, liabilities and net assets of governmental activities are reported separately from the assets, liabilities, and net assets of business-type activities. The governmental activities of the County include general government, public safety, physical environment, transportation, economic environment, human services, culture and recreation, and court-related functions. The business-type activities of the County are the Water and Sewer Unit and the Solid Waste Disposal and Resource Recovery System. In the government-wide financial statements, emphasis is placed on the net assets of governmental activities and business-type activities and on the change in those net assets. Over time, changes in net assets may serve as an indicator as to whether the financial position of the County is improving or deteriorating.

The statement of activities presents information on all revenues and expenses of the County and shows how the County's net assets changed during the fiscal year. Expenses are reported by major function. Program revenues related to those functions are reported, resulting in the net cost of all functions provided by the County. Changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of when cash is received or paid. Therefore, some of the revenues and

expenses reported in the statement of activities will only result in cash flows in future periods. For example, certain uncollected taxes are shown as revenues although cash receipts will occur in the following year. Also, an increase in earned, unused vacation leave is recorded as an expense although the related cash outflows will occur in the future.

Both of the government-wide financial statements distinguish between activities of the County that are supported primarily by program revenues, taxes, and intergovernmental revenues (governmental activities) and activities that recover all or most of their costs through user fees and charges (business-type activities).

Within the government-wide financial statements, all assets of the County, including land, buildings, improvements other than buildings, equipment, infrastructure, and intangible assets are reported in the statement of net assets, as are all liabilities, including the principal outstanding on bonds, and future employment benefits obligated but not yet paid by the County. The statement of activities includes depreciation on all long lived assets of the County, but transactions between the different functions of the County have been eliminated in order to avoid "doubling up" the revenues and expenses.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate entity, the Pasco County Housing Finance Authority, for which the County is financially accountable. The financial information for this component unit is reported separately from the financial information of the primary government. To obtain separately issued financial statements of this discretely presented component unit, see Note 1, *Summary of Significant Accounting Policies, Reporting Entity*, in the *Notes to Financial Statements*.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, including those involving legislative, administrative and contractual obligations. The fund financial statements provide a picture of each of the major funds of the County as well as a column that groups all nonmajor funds.

All of the County's funds can be divided into three categories: governmental, proprietary, and fiduciary. The governmental fund financial statements provide information on the current assets and liabilities of the funds, as well as changes in current financial resources (revenues and expenditures) and current available resources. In the case of governmental activities, outlays for long-lived assets are reported as expenditures and long-term liabilities, such as bonds, are not included in the fund financial statements. The proprietary funds financial statements provide information on all assets and liabilities of the funds, as well as changes in economic resources (revenues and expenses), and total economic resources. The fiduciary fund statement provides information concerning assets held in an agency capacity by the County on behalf of others.

Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in both the government-wide financial and fund financial statements. The notes begin on page 34 of this report.

Reconciliations – The Link Between Government-Wide and Fund Financial Statements

The government-wide financial statements and the fund financial statements provide different pictures of the County. In order to link the fund financial statements to the government-wide financial statements, reconciliations are provided *from* the fund financial statements *to* the government-wide financial statements.

The reconciliations describe the relationship (or differences) between governmental *activities* (reported in the *Statement of Net Assets* and the *Statement of Activities* in the government-wide financial statements) and governmental *funds* (reported in the fund financial statements). These reconciliations are located after the *Balance Sheet – Governmental Funds* and after the *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*, in the *Basic Financial Statements*.

The Funds of the County

Governmental Funds

Most of the County's basic services are reported in governmental funds. Governmental funds are used to account for essentially the same functions as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. Consequently, governmental fund financial statements provide a detailed focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a government's near-term financing requirements.

Funds that are most significant in terms of revenues, expenditures, assets or liabilities are identified as major funds in the *Basic Financial Statements*. In addition, budget and actual comparison statements are presented in the *Basic Financial Statements* for the General Fund and for each major special revenue fund with a legally adopted annual budget. The County's nonmajor funds, and budget and actual comparison schedules for any nonmajor funds with legally adopted annual budgets, are presented as supplemental information in the *Combining and Individual Fund Statements and Schedules* section of this report.

Proprietary Funds

The County maintains two types of proprietary funds. The first type, enterprise funds, is used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Water and Sewer Unit and its Solid Waste Disposal and Resource Recovery System. Both of these operations are considered to be major funds of the County. The second type of proprietary funds, internal service funds, is used to account for the Equipment Service, County Insurance, and Clerk and Comptroller's Insurance operations. Internal service funds are used to accumulate and allocate costs internally among the County's various functions. As these operations predominantly benefit governmental rather than business-type functions, they are included within governmental activities in the government-wide financial statements. The three internal service funds are combined into a single column in the proprietary fund financial statements. The proprietary fund financial statements can be found in the *Basic Financial Statements*. Individual fund data for the internal service funds are provided in the *Combining and Individual Fund Statements and Schedules* section of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Agency funds are the only type of fiduciary fund used by the County in fiscal year 2011. These agency funds are not included in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. However, the separate *Statement of Fiduciary Net Assets – Agency Funds* is included in the *Basic Financial Statements*, since the County has custodial responsibility. Additionally, the individual agency funds are included in the *Combining and Individual Fund Statements and Schedules* section of this report.

Other Information

The combining statements for the nonmajor funds, internal service funds, agency funds, as well as individual fund budget and actual comparison schedules, are found in the *Combining and Individual Fund Statements and Schedules* section of this report beginning on page 83.

Also, see the Statistical Section beginning on page 164 for additional financial, demographic and economic information about the County.

Government-Wide Financial Analysis

In accordance with the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASBS No. 34), the government-wide financial statements have been prepared using accrual accounting for all of the County's activities. Accrual accounting measures not just current assets and liabilities but also long-term assets and liabilities, such as capital assets and bond issue debt. The use of accrual accounting results in the reporting of all revenues and all costs of providing services each year, not just those received or paid in the current year or soon after year-end, as does modified accrual basis accounting.

As noted earlier, net assets may serve, over time, as a useful gauge of a government's financial position. At September 30, 2011, the County's total net assets, or total assets less total liabilities, were \$1.668 billion. The largest portion of the County's net assets, \$1.1 billion (or 66.4%), is reflected in its investment in capital assets (e.g., land, buildings, equipment, infrastructure, intangibles), less any related debt outstanding that was used to acquire those assets. Since Pasco County uses these capital assets to provide services to its citizens, the net assets represented by "investment in capital assets, net of related debt", are not available for future spending. Although the County's investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Pasco County's net assets include restricted net assets of \$295.2 million (or 17.7%) that are subject to external restrictions on how they may be used, such as those imposed by debt covenants, grantors, laws and regulations. The balance in net assets, \$265.6 million (or 15.9%), is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.

Table of Net Assets and Table of Changes in Net Assets

As shown in the table of Net Assets, below, the County reported positive Net Assets balances at September 30, 2011 and 2010 for both governmental activities and business-type activities.

**Pasco County, Florida
Net Assets
September 30, 2011 and 2010
(in thousands)**

	Governmental Activities		Business-Type Activities		Total – All Activities	
	2010	2011	2010	2011	2010	2011
Current Assets:						
Unrestricted	\$ 510,404	\$ 502,603	\$ 52,977	\$ 60,955	\$ 563,381	\$ 563,558
Restricted	-	-	65,596	64,207	65,596	64,207
Noncurrent assets:						
Restricted	-	-	168,988	163,837	168,988	163,837
Unrestricted	46,696	48,709	34,686	24,418	81,382	73,127
Capital, net	704,447	726,976	634,356	636,977	1,338,803	1,363,953
Total assets	1,261,547	1,278,288	956,603	950,394	2,218,150	2,228,682
Current Liabilities:						
Payable from						
Current assets	52,862	47,010	21,141	17,693	74,003	64,703
Payable from						
restricted assets	-	-	15,616	17,384	15,616	17,384
Noncurrent liabilities	119,534	115,982	375,516	362,319	495,050	478,301
Total liabilities	172,396	162,992	412,273	397,396	584,669	560,388
Net assets:						
Invested in capital assets, net of related debt	628,162	656,243	447,067	451,324	1,075,229	1,107,567
Restricted	258,877	183,279	110,988	111,888	369,865	295,167
Unrestricted (deficit)	202,112	275,773	(13,725)	(10,214)	188,387	265,559
Total net assets	\$ 1,089,151	\$ 1,115,295	\$ 544,330	\$ 552,998	\$ 1,633,481	\$ 1,668,293

The changes in net assets for the years ended September 30, 2011 and 2010 are presented below, followed by information regarding those governmental and business-type activities contributing most significantly to the changes.

Pasco County, Florida
Changes in Net Assets
For the Years Ended September 30, 2011 and 2010
(in thousands)

	Governmental Activities		Business-Type Activities		Total – All Activities	
	2010	2011	2010	2011	2010	2011
Revenues:						
Program revenues:						
Charges for services	\$ 55,867	\$ 50,616	\$ 128,361	\$ 128,490	\$ 184,228	\$ 179,106
Operating grants and contributions	76,855	80,959	592	866	77,447	81,825
Capital grants and contributions	31,743	23,250	32,009	12,630	63,752	35,880
General revenues:						
Property taxes	168,384	154,299	-	-	168,384	154,299
State-shared revenue	29,805	30,876	-	-	29,805	30,876
Grants/contributions	935	6,333	-	-	935	6,333
Other taxes	31,986	32,690	-	-	31,986	32,690
Investment earnings	5,698	2,691	6,243	2,962	11,941	5,653
Miscellaneous	24,170	19,004	831	52	25,001	19,056
Total revenues	425,443	400,718	168,036	145,000	593,479	545,718
Expenses:						
General government	78,208	71,687	-	-	78,208	71,687
Public Safety	158,504	152,618	-	-	158,504	152,618
Physical environment	1,809	2,065	-	-	1,809	2,065
Transportation	121,436	66,416	-	-	121,436	66,416
Economic environment	30,985	25,284	-	-	30,985	25,284
Human services	8,408	15,141	-	-	8,408	15,141
Culture and recreation	16,920	16,431	-	-	16,920	16,431
Court-related	21,672	20,492	-	-	21,672	20,492
Interest – long-term debt	4,626	4,383	-	-	4,626	4,383
Water/Sewer and Solid Waste Disposal/Resource Recovery			128,387	136,389	128,387	136,389
Total expenses	442,568	374,517	128,387	136,389	570,955	510,906
Increase (decrease) in net assets before transfers	(17,125)	26,201	39,649	8,611	22,524	34,812
Transfers (net)	(57)	(57)	57	57	-	-
Change in net assets	(17,182)	26,144	39,706	8,668	22,524	34,812
Net assets, October 1	1,106,333	1,089,151	504,624	544,330	1,610,957	1,633,481
Net assets, September 30	\$ 1,089,151	\$ 1,115,295	\$ 544,330	\$ 552,998	\$ 1,633,481	\$ 1,668,293

Governmental Activities

Governmental activities increased Pasco County's net assets by \$26.1 million during fiscal year 2011. The cost of all governmental activities in 2011 was \$374.5 million. However, the amount that taxpayers paid for these activities through property, sales, franchise, telecommunications, gasoline, and tourist development taxes was only \$187.0 million. Those who directly benefited from the programs paid some of the cost (\$50.6 million), while other governments and organizations subsidized programs with grants and contributions, and shared revenues (\$141.4 million). Interest earnings and a variety of other general revenues and transfers (\$21.6 million) offset the balance of the costs.

Business-type Activities

As stated earlier, the County has two business-type activities, the Water and Sewer Unit and the Solid Waste Disposal and Resource Recovery System.

The **Water and Sewer Unit** provides a potable water supply, and its distribution, as well as wastewater collection and treatment, disposal and reuse. These services are provided through facilities owned by the County and through contracts with other entities. The water distribution system, including pump stations, treatment plants, water mains, and water storage facilities, is connected to two major supply sources - Tampa Bay Water (Starkey, Cypress Creek, and Lake Bridge) and fifty-eight individual water supply wells throughout the County. The County also operates eight wastewater treatment plants, in addition to a Residual Management Facility and a Grease Facility. Effluent disposal is primarily accomplished through the use of reclaimed water systems, spray irrigation evaporation/percolation ponds, and cooling tower water for the County's Waste-to Energy Facility (see below).

The County is proceeding with a Reclaimed Water Reuse Master Plan and a Capital Improvements Plan Update which will produce population and wastewater flow projections, examine service areas, wastewater treatment and disposal alternatives, and include recommendations concerning construction and implementation schedules.

The **Solid Waste Disposal and Resource Recovery System** provides an integrated approach to waste management. Collection is primarily achieved by private hauling firms that are licensed by the Board of County Commissioners. Processible solid waste is trucked either directly to the mass-burn resource recovery facility (the "Facility") or to the East Pasco Transfer Station, for subsequent transportation to the Facility. The Facility converts solid waste to electrical power through a combustion process that generates approximately 23 megawatts of electricity per hour for sale to Progress Energy under a power purchase agreement. The facility has a current capacity of 1,050 tons per day.

Non-processible solid waste disposal is provided for by landfill facilities. The County also actively pursues recycling, following the mandate provided for in the Recycling Act. The recycling rate in the County was 38% (2009 rate published by the State of Florida, the latest reporting period available).

The activities of the Water and Sewer Unit, and the Solid Waste Disposal and Resource Recovery System are analyzed below in the proprietary funds section of the **Financial Analysis of the County's Funds**.

Financial Analysis of the County's Funds

As noted earlier, Pasco County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing Pasco County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the net resources available for spending at the end of the fiscal year. The governmental fund types include the general, special revenue, debt service, and capital projects funds.

As noted above, at September 30, 2011, Pasco County governmental funds reported an increase in combined fund balances of \$4.8 million over the prior year. Of the total combined ending fund balances of \$402.2 million, 45.6%, or \$183.3 million, represents restricted amounts that can only be used for specific purposes that are imposed by external constraints such as bond covenants, grantors, or regulations of other governments; 40.9%, or \$164.7 million, are committed amounts that can only be used in accordance with the formal action taken by the Board of County Commissioners; and 0.6%, or \$2.3 million, are amounts assigned by either the Board, or the Office of the Clerk & Comptroller, to be used for specific purposes that are neither restricted nor committed, such as disaster recovery.

Major Governmental Funds

As noted above, the fund balance of the **General Fund**, the chief operating fund of the County, decreased by \$3.2 million during fiscal 2011. Overall, revenues decreased by \$7.3 million from 2010, primarily due to a decrease in tax revenues of \$15.6 million. The County's tax base declined for the third consecutive year, with assessed values decreasing by \$2.4 billion, or 10.4%, from the previous year. The General Fund's expenditures increased by \$.910 million, or .5%, over 2010. The **State Housing Initiatives Partnership Fund**, a special revenue fund, experienced a modest decline in fund balance from the prior year. While the fund's expenditures decreased by \$.670 million, to \$1.35 million, its revenues totaled \$1.32 million.

Nonmajor Governmental Funds

Those funds that do not meet the GASBS No. 34 criteria for major fund classification are considered nonmajor. Total fund balances of all nonmajor special revenue funds increased by \$.433 million over the prior year. The largest decreases were found in the Local Option Gas Tax Fund (\$1.7 million), the Transportation Impact Fee West Fund (\$3.9 million), the Transportation Impact Fee East Fund (\$5.2 million), and the Combat Impact Fee Fund (\$1.3 million). These and other decreases were offset by various increases, most significantly in the Municipal Services Fund (\$1.3 million), the Court Facilities Improvement 939.185 F.S. Fund (\$1.0 million), and the Stormwater Management Fund (\$5.5 million).

Debt service funds, all of which are classified as nonmajor, are used to account for the accumulation of resources for, and the payment of long-term debt principal and interest. During fiscal year 2011, there was no significant overall change in fund balances in the debt service funds.

Capital projects funds, which account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds), exhibited an overall increase in fund balances of \$7.6 million during fiscal 2011. Among the capital projects funds, fund balance increased by \$3.7 million in the Penny for Pasco Fund, as total revenues increased by \$1.1 million to \$14.1 million, coupled with expenditures of \$10.4 million. The Board Capital Improvements Fund experienced an increase of \$2.3 million in fund balance, as revenues of \$2.6 million outdistanced expenditures of \$2.3 million.

Analyzing General Governmental Functions

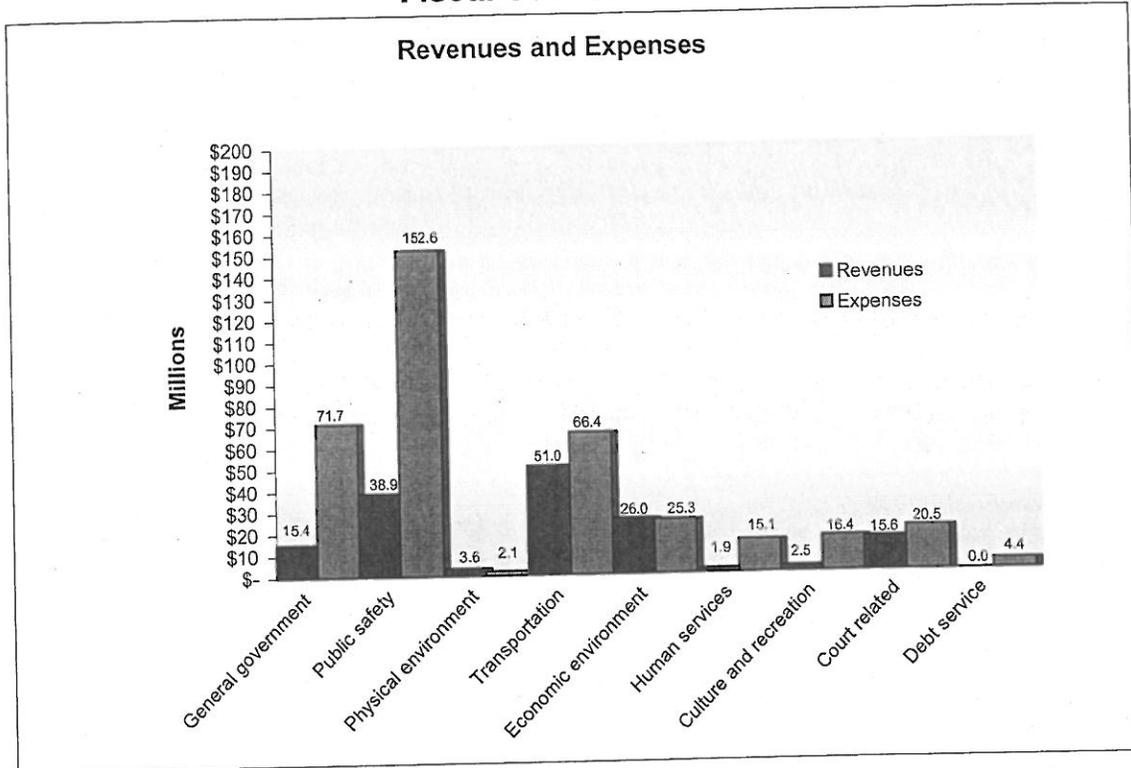
In addition to the information above, the tables that follow provide analyses of changes in revenues and expenditures for general governmental functions from the prior year that resulted in changes in the various fund balances, as noted above.

General Governmental Functions

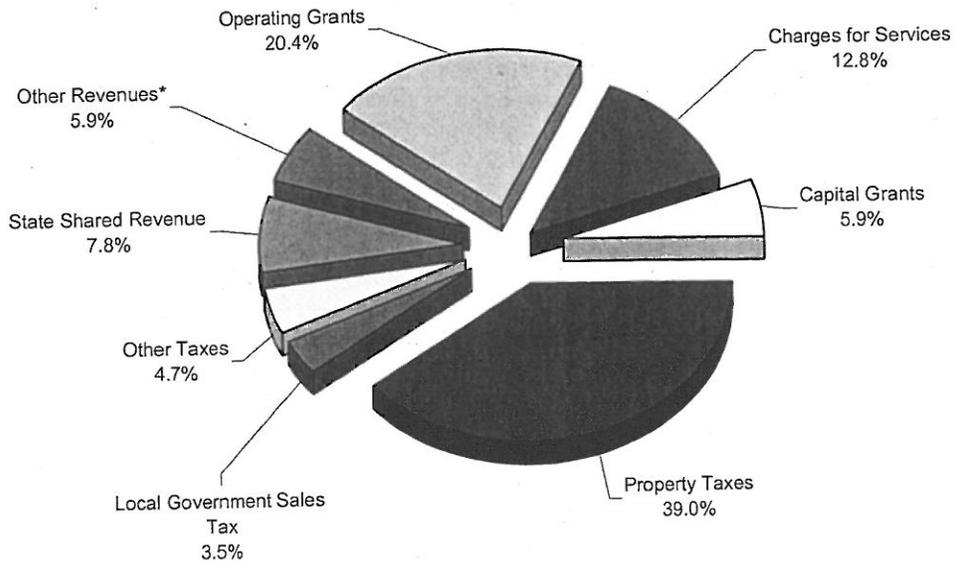
For the purpose of this section, general governmental functions are defined as those that include the General, Special Revenue, Debt Service, and Capital Projects Funds. This data is the result of the application of the modified accrual basis of accounting for general governmental functions.

Governmental Activities Fiscal Year 2011

Revenues and Expenses

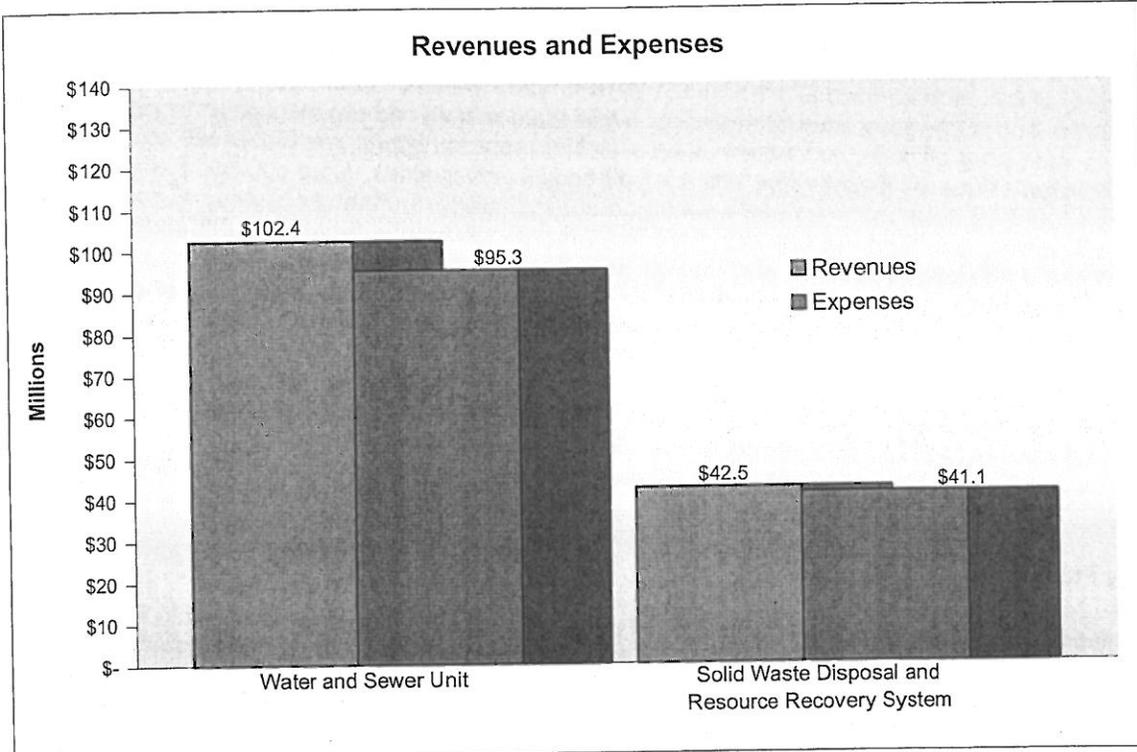


Revenues by Type

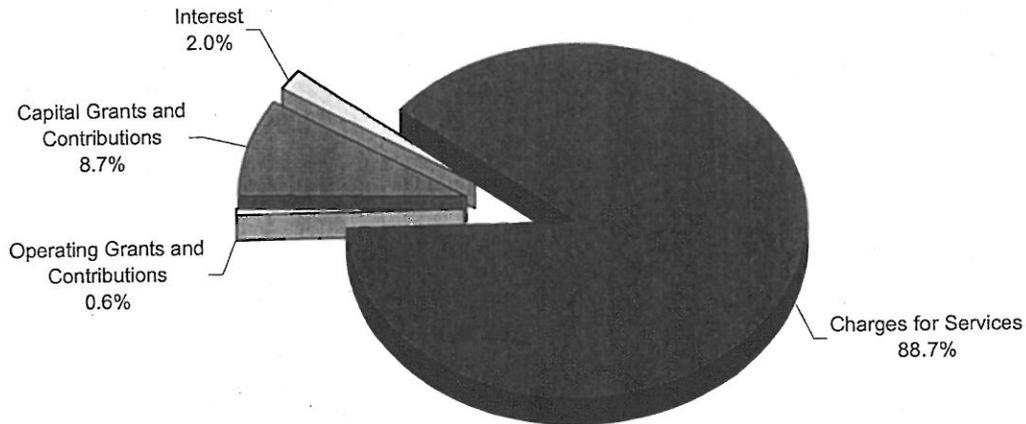


* Includes Interest earnings, Unrestricted Grants and Contributions, and Miscellaneous

Business-type Activities Fiscal Year 2011



Revenues by Type



Revenues for general governmental functions totaled \$401.1 million in fiscal 2011, a decline of 4.1% from fiscal 2010. Current tax collections were 96.3% of the tax levy, an increase of .2% over the prior year. The ratio of total collections (current and delinquent) to the current tax levy was 96.4%, an increase of .2% over the prior year.

The decrease of \$13.2 million in tax revenues was primarily due to the decrease in the assessed taxable value of property which declined from \$23.1 billion in 2010 to \$20.7 billion in 2011. There was an overall increase of \$3.3 million in intergovernmental revenues. While the General Fund experienced an increase of \$10.8 million in state grant revenue, and there was an overall increase in Federal grant revenues across all funds of \$1.6 million, these increases were offset by declines in other funds. Most notably, state grant revenues in the Municipal Services Fund saw a reduction of \$10.2 million from the prior year. In contrast, the American Recovery and Reinvestment Act Fund exhibited an increase of \$2.4 million in state grant revenues. Special assessments declined \$5.5 million, with the Transportation Impact Fee East and the School Impact Fee Funds reporting \$3.0 million and \$1.1 million less, respectively, than in 2010, as the slowed pace of the County's development and construction continued, in line with general economic conditions.

Expenditures for general governmental functions totaled \$396.2 million in fiscal 2011, a decrease of \$16.4 million, or 4.0%, from fiscal 2010. While physical environment and human services expenditures increased by \$2.4 million and \$.1.7 million, respectively, overall expenditures in all other functions declined by \$20.5 million.

Proprietary Funds

Proprietary funds statements provide the same type of information found in the government-wide financial statements, because they follow the accrual method of accounting; however, the information is in more detail.

As noted above, the County's proprietary funds include enterprise funds, comprised of the Water and Sewer Unit Fund and the Solid Waste Disposal and Resource Recovery System Fund, both of which are classified as major funds of the County, and internal service funds that account for equipment and insurance services.

The **Water and Sewer Unit Fund** had total net assets of \$532.5 million at September 30, 2011, which represented a \$7.3 million increase over the prior year. Net asset changes are a result of operations, and of non-operating revenues and expenses, including interest earnings, interest expense, grants, and capital contributions. While operating revenues, in the form of charges for services, increased slightly in 2011, by \$.2 million, operating expenses were \$1.8 million higher than in 2010, with the largest component being depreciation, which rose by \$2.4 million.

The **Solid Waste Disposal and Resource Recovery System Fund's** net assets at year-end were \$20.5 million, which represented an increase of \$1.3 million from the prior year, as compared with the prior year's increase of nearly \$7.0 million. Total revenues (operating and non-operating) were \$42.5 million, a decrease of \$.2 million, the result of small declines in both charges for services and interest and other earnings. This was coupled with the nonoperating expense of \$5.7 million representing the payment for the termination of a swap investment that was made in connection with the issuance of the \$45,700,000 Solid Waste Disposal and Resource Recovery System Revenue Bonds, Series 2008A, which was refunded in 2011 (see Note 9).

The **Internal Service Funds** had net assets at year-end of \$53.9 million, an increase of \$5.0 million over the prior year. The most significant change involved the increase in capital contributions of \$2.7 million, which represented equipment purchased by other operating funds of the County.

General Fund Budgetary Highlights

The budget and actual comparison statement for the General Fund displays the original adopted budget, the final revised budget, and actual costs. The original budget, as approved, may be revised during the year for a number of reasons. The General Fund's amendments and supplemental appropriations for the year were not material. Actual expenditures for fiscal year 2011 were \$33.4 million less than budgeted. This included \$8.9 million less in general government (non-court related) costs, of which \$3.4 million and \$1.8 million related to the Tax Collector and to Information Technology Projects and Capital, respectively. Total court-related expenditures were under budget by more than \$2.9 million, primarily due to Court-technology-Administration costs closing at \$2.6 million under budget. Culture and Recreation expenditures, including those for parks and recreation and libraries, were \$1.0 million under budget. Appropriations of \$20.4 million, in reserve for contingencies, were not expended. Generally, the County continued to exercise numerous cost-cutting measures in light of the adverse economic environment. Overall, actual revenues in the General Fund exceeded budgeted revenues by more than \$8.0 million. The largest positive variances were in taxes, state grants, and charges for services, where actual revenues for the year exceeded the budget by \$1.9 million, \$1.6 million, and \$4.1 million, respectively.

Capital Assets

The County's capital assets, for both governmental and business-type activities at September 30, 2011, totaled approximately \$1.36 billion, net of accumulated depreciation. Capital assets include land, buildings, improvements other than buildings, equipment, construction in process, infrastructure, and intangibles. Infrastructure includes roads, streets, and sidewalks; the County's intangible assets include easements and internally generated software. The balances are summarized below.

Pasco County, Florida
Capital Assets
At September 30, 2011 and 2010
(in thousands)

	Governmental Activities		Business-Type Activities		Total All Activities	
	2010	2011	2010	2011	2010	2011
Land	\$ 86,687	\$ 93,637	\$ 22,083	\$ 24,844	\$ 108,770	\$ 118,481
Buildings	216,112	219,980	143,959	152,863	360,071	372,843
Improvements	39,289	39,545	709,412	732,663	748,701	772,208
Equipment	126,936	134,907	4,995	4,927	131,931	139,834
Construction in process	95,502	75,448	45,255	41,028	140,757	116,476
Infrastructure	411,379	461,615	-	-	411,379	461,615
Intangibles	417	2,562		176	417	2,738
	976,322	1,027,694	925,704	956,501	1,902,026	1,984,195
Accumulated depreciation	(271,875)	(300,718)	(291,348)	(319,524)	(563,223)	(620,242)
Total capital assets	\$ 704,447	\$ 726,976	\$ 634,356	\$ 636,977	\$ 1,338,803	\$ 1,363,953

The total increase in the investment in capital assets from the prior year was \$25.2 million, or 1.9%.

Additional information about Pasco County's capital assets can be found in Note 7.

Debt Administration

At September 30, 2011 Pasco County had total bonded debt (net) outstanding of \$364.0 million. Of this amount, \$75.3 million comprises debt related to governmental activities, and \$288.7 million of the total is bonded debt of business-type activities. All bonded debt of the County is in the form of revenue bonds.

Additional information regarding bond issues can be found in Note 9.

**Pasco County, Florida
Bonded Debt – Revenue Bonds
At September 30, 2010 and 2011
(in thousands)**

Governmental Activities		Business-Type Activities		Total – All Activities	
2010	2011	2010	2011	2010	2011
\$80,610	\$75,360	\$298,877	\$288,667	\$379,487	\$364,027

Debt Ratings

The following table shows the ratings for each County bond issue as of September 30, 2011:

Debt Issues	Standard and Poors	Fitch	Moody's
Governmental Activities:			
\$32,250,000 Guaranteed Entitlement Refunding Revenue Bonds, Series 2003	-	-	Aa3
\$47,870,000 Half-cent Sales Tax Revenue Bonds, Series 2003	-	-	Aa3
\$19,435,000 Gas Tax Refunding Revenue Bonds, Series 2002	-	-	-
Business-Type Activities:			
\$71,160,000 Water and Sewer Refunding Revenue Bonds, Series 2006	AA	AA	Aa2
\$31,715,000 Water and Sewer Revenue Bonds, Series 2009A (1)	AA	AA	Aa2
\$115,655,000 Water and Sewer Revenue Bonds, Series 2009B (1)	AA	AA	Aa2
\$15,090,000 Solid Waste Disposal and Resource Recovery System, Revenue Bonds, Series 2008B	AA-	-	Aa3
\$4,545,000 Solid Waste Disposal and Resource Recovery System Revenue Bonds, Series 2008C	AA-	-	Aa3
\$19,945,000 Solid Waste Disposal and Resource Recovery System Refunding Revenue Bonds, Series 2008D	AA-	-	Aa3
\$39,150,000 Solid Waste Disposal and Resource Recovery System Refunding Revenue Bonds, Series 2011 (AMT)	AA-	-	A1

The highest quality ratings available from the respective services are as follows: S&P AAA; Fitch AAA; Moody's Aaa. With the exception of the bank qualified issues (1), all Pasco County bond issues are insured, and the payment of principal and interest is guaranteed. Such insurance is noncancellable.

(Note: Bonds with higher ratings offer cost savings to issuers like Pasco County)

Currently Known Facts and Conditions

While the County has experienced growth, it is markedly slowed, as the economic downturns that are being felt nationwide are still affecting Pasco County, as well. While there continues to be a decline in taxable property values, the approved County budget for fiscal 2012 is \$1.023 billion, an increase of 5.6% over the 2011 budget.

In 2008 the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment, referred to as Amendment 1, increases the current homestead exemption by an additional \$25,000 (for property values between \$50,000 and \$75,000), except for school district taxes. Amendment 1 also allows property owners to transfer (make portable) up to \$500,000 of their Save Our Homes benefits to their next homestead, when they move. Save Our Homes became effective in 1995 and limits (caps) the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less. With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for such property (e.g., businesses, industrial property, rental property, and second homes) to ten percent (10%), except for school district taxes. The Amendment also provides a \$25,000 exemption for tangible personal property.

County Administration estimates that with the reduction in taxable value, and given no change in the millage rates in the General Fund and the Municipal Fire Service Unit Fund, there will be a resulting loss of nearly \$3.3 million in property taxes across those two funds.

Economic Factors and Next Year's Budgets and Rates

Pasco County considered many factors in preparing the budget for the 2012 fiscal year, including the following:

- In the last four years, Amendment 1, and the dramatic drop in real estate values, has resulted in a reduction of taxable property values in the General Fund of nearly \$11.7 billion. This decline is more than the total value of all new construction in Pasco County for the last 19 years.
- Building permit values were \$214.9 million in 2011, a slight increase over the \$206.1 million values in 2010, but well off the 2009 level of \$521.8 million.
- The County experienced a 6.2% population increase of 27,197 from the prior year. This followed a three year period of declining growth rates.
- The unemployment rate for Pasco County at September 30, 2011 was 11.7%, a 1.5% decline from 2010, and the first decline since 2005. However, the 2011 rate is well above the State of Florida rate of 10.4%.

Requests for Information

This financial report is designed to provide a general overview of Pasco County's finances. Questions concerning information provided in this report, or requests for additional information, should be addressed to the Director of Financial Services, Office of the Clerk & Comptroller, Pasco County, 38053 Live Oak Avenue, Dade City, FL 33523.

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements include:

Government-Wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

The Government-Wide Financial Statements are prepared using the accrual method of accounting and provide a broad overview of the County's finances. The Government-Wide Financial Statements include the Statement of Net Assets, and the Statement of Activities.

The Fund Financial Statements are prepared using the modified accrual or accrual basis of accounting and provide additional and detailed information for the County's major funds, individually, and nonmajor funds, in the aggregate, for governmental, proprietary and fiduciary fund types, including budgetary comparison statements.

Notes to Financial Statements include disclosures necessary to provide a complete picture of the financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS
AND
FUND FINANCIAL STATEMENTS**

PASCO COUNTY, FLORIDA

STATEMENT OF NET ASSETS
September 30, 2011

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 446,345,306	\$ 44,519,921	\$ 490,865,227	\$ 12,848
Investments	21,735	-	21,735	-
Accrued interest receivable	12,511	-	12,511	-
Restricted assets:				
Cash and cash equivalents	-	64,207,787	64,207,787	-
Accounts receivable, net	4,174,642	14,752,951	18,927,593	74,065
Notes receivable	3,666,256	-	3,666,256	-
Assessments receivable	13,355,066	-	13,355,066	-
Impact fee receivable	3,777,305	-	3,777,305	-
Due from other governments	29,774,008	824,848	30,598,856	-
Inventories	641,096	857,403	1,498,499	-
Other	835,102	-	835,102	-
Total current assets	<u>502,603,027</u>	<u>125,162,910</u>	<u>627,765,937</u>	<u>86,913</u>
Noncurrent assets:				
Restricted cash and cash equivalents	-	52,574,371	52,574,371	-
Restricted investments	-	111,262,716	111,262,716	-
Notes receivable	48,708,834	-	48,708,834	-
Due from other governments	-	21,430,414	21,430,414	-
Deferred charges	-	1,543,671	1,543,671	-
Water entitlements	-	1,443,877	1,443,877	-
Capital assets:				
Land	93,636,929	24,843,935	118,480,864	-
Intangibles	2,562,360	176,487	2,738,847	-
Buildings	219,979,558	152,862,902	372,842,460	-
Improvements other than buildings	39,544,736	732,662,871	772,207,607	-
Equipment	134,906,831	4,926,976	139,833,807	-
Construction in process	75,447,835	41,027,803	116,475,638	-
Infrastructure	461,614,873	-	461,614,873	-
Less accumulated depreciation	<u>(300,717,493)</u>	<u>(319,524,395)</u>	<u>(620,241,888)</u>	-
Capital assets, net	<u>726,975,629</u>	<u>636,976,579</u>	<u>1,363,952,208</u>	-
Total noncurrent assets	<u>775,684,463</u>	<u>825,231,628</u>	<u>1,600,916,091</u>	-
Total assets	<u>1,278,287,490</u>	<u>950,394,538</u>	<u>2,228,682,028</u>	<u>86,913</u>

The notes to the financial statements are an integral part of this statement.

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
LIABILITIES				
Current liabilities:				
Vouchers payable	20,194,006	9,753,985	29,947,991	-
Contracts payable	2,468,913	1,808,952	4,277,865	-
Accrued liabilities	5,740,487	326,443	6,066,930	-
Claims payable	3,659,095	-	3,659,095	-
Internal balances	(87,295)	87,295	-	-
Due to other governments	562,278	5,025	567,303	12,938
Deposits	1,821,960	-	1,821,960	-
Unearned revenue	4,106,557	5,623,003	9,729,560	68,390
Interest payable	1,229,461	-	1,229,461	-
Other liabilities	24,861	-	24,861	-
Compensated absences	1,325,878	88,118	1,413,996	-
Notes payable	474,000	-	474,000	-
Bonds payable, net	5,490,000	-	5,490,000	-
Payable from restricted assets:				
Deposits	-	3,493,780	3,493,780	-
Interest payable	-	7,348,690	7,348,690	-
Bonds payable, net	-	6,541,853	6,541,853	-
Total current liabilities	<u>47,010,201</u>	<u>35,077,144</u>	<u>82,087,345</u>	<u>81,328</u>
Noncurrent liabilities:				
Estimated landfill closure costs	-	54,987,540	54,987,540	-
Pollution remediation costs	-	430,000	430,000	-
Claims payable	7,209,328	-	7,209,328	-
Compensated absences	15,479,097	1,708,331	17,187,428	-
Unearned revenue	-	21,903,741	21,903,741	-
Notes payable	10,463,000	-	10,463,000	-
Other post employee benefits	12,960,787	1,163,508	14,124,295	-
Bonds payable, net	69,870,000	282,125,473	351,995,473	-
Total noncurrent liabilities	<u>115,982,212</u>	<u>362,318,593</u>	<u>478,300,805</u>	<u>-</u>
Total liabilities	<u>162,992,413</u>	<u>397,395,737</u>	<u>560,388,150</u>	<u>81,328</u>
NET ASSETS				
Invested in capital assets, net of related debt	656,242,873	451,324,277	1,107,567,150	-
Restricted for:				
Debt service	4,373,904	48,100,619	52,474,523	-
Road projects	110,250,357	-	110,250,357	-
Public safety	23,049,683	-	23,049,683	-
Economic environment	11,792,685	-	11,792,685	-
Culture and recreation	22,518,091	-	22,518,091	-
Impact fees	-	25,213,541	25,213,541	-
Renewal and replacement	-	9,927,943	9,927,943	-
Landfill closure	-	18,710,652	18,710,652	-
Other purposes	11,294,110	9,935,266	21,229,376	5,585
Unrestricted	<u>275,773,374</u>	<u>(10,213,497)</u>	<u>265,559,877</u>	<u>-</u>
Total net assets	<u>\$ 1,115,295,077</u>	<u>\$ 552,998,801</u>	<u>\$ 1,668,293,878</u>	<u>\$ 5,585</u>

PASCO COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 71,686,951	\$ 9,897,928	\$ 5,449,414	\$ 30,287
Public safety	152,617,627	24,874,721	13,304,023	686,017
Physical environment	2,065,620	630,194	2,925,105	-
Transportation	66,415,705	8,553,161	20,828,549	21,617,432
Economic environment	25,283,941	2,164,248	23,766,377	56,346
Human services	15,140,960	724,348	1,224,447	-
Culture and recreation	16,431,504	1,289,473	348,018	860,224
Court-related	20,492,450	2,482,359	13,113,407	-
Interest and debt service charges	4,382,798	-	-	-
Total governmental activities	<u>374,517,555</u>	<u>50,616,432</u>	<u>80,959,340</u>	<u>23,250,306</u>
Business-type activities:				
Water and sewer unit	95,309,091	86,403,253	866,765	12,625,861
Solid waste and resource recovery	41,080,414	42,087,187	-	4,555
Total business-type activities	<u>136,389,505</u>	<u>128,490,440</u>	<u>866,765</u>	<u>12,630,416</u>
Total primary government	<u>\$ 510,907,060</u>	<u>\$ 179,106,872</u>	<u>\$ 81,826,105</u>	<u>\$ 35,880,722</u>
COMPONENT UNIT:				
Housing Finance Authority	<u>\$ 37,182</u>	<u>\$ -</u>	<u>\$ 36,224</u>	<u>\$ -</u>

General revenues:

- Taxes:
 - Property taxes
 - Sales tax
 - Franchise tax
 - Telecommunications tax
 - Gas taxes
 - Tourist development tax
- State shared revenues not restricted to specific programs
- Grants and contributions not restricted to specific programs
- Interest earnings
- Miscellaneous
- Transfers
 - Total general revenues and transfers
 - Change in net assets
- Net assets - beginning
- Net assets - ending

The notes to the financial statements are an integral part of this statement.

NET (EXPENSE) REVENUE AND
CHANGES IN NET ASSETS

PRIMARY GOVERNMENT				COMPONENT UNIT
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL		
\$ (56,309,322)	\$ -	\$ (56,309,322)	\$ -	-
(113,752,866)	-	(113,752,866)	-	-
1,489,679	-	1,489,679	-	-
(15,416,563)	-	(15,416,563)	-	-
703,030	-	703,030	-	-
(13,192,165)	-	(13,192,165)	-	-
(13,933,789)	-	(13,933,789)	-	-
(4,896,684)	-	(4,896,684)	-	-
(4,382,798)	-	(4,382,798)	-	-
<u>(219,691,477)</u>	<u>-</u>	<u>(219,691,477)</u>	<u>-</u>	<u>-</u>
-	4,586,788	4,586,788	-	-
-	<u>1,011,328</u>	<u>1,011,328</u>	-	-
-	<u>5,598,116</u>	<u>5,598,116</u>	-	-
<u>(219,691,477)</u>	<u>5,598,116</u>	<u>(214,093,361)</u>	<u>-</u>	<u>-</u>
-	-	-	-	(958)
154,299,396	-	154,299,396	-	-
13,920,804	-	13,920,804	-	-
428,876	-	428,876	-	-
5,661,891	-	5,661,891	-	-
11,992,130	-	11,992,130	-	-
684,937	-	684,937	-	-
30,876,402	-	30,876,402	-	-
6,332,990	-	6,332,990	-	-
2,690,560	2,961,874	5,652,434	80	80
19,004,337	51,928	19,056,265	2,940	2,940
(56,991)	56,991	-	-	-
<u>245,835,332</u>	<u>3,070,793</u>	<u>248,906,125</u>	<u>3,020</u>	<u>3,020</u>
26,143,855	8,668,909	34,812,764	2,062	2,062
<u>1,089,151,222</u>	<u>544,329,892</u>	<u>1,633,481,114</u>	<u>3,523</u>	<u>3,523</u>
\$ <u>1,115,295,077</u>	\$ <u>552,998,801</u>	\$ <u>1,668,293,878</u>	\$ <u>5,585</u>	

PASCO COUNTY, FLORIDA

GOVERNMENTAL FUNDS

BALANCE SHEET
September 30, 2011

	GENERAL FUND	STATE HOUSING INITIATIVES PARTNERSHIP	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 42,565,248	\$ 77,757	\$ 360,284,041	\$ 402,927,046
Investments	21,735	-	-	21,735
Accrued interest receivable	12,511	-	-	12,511
Accounts receivable	3,012,685	-	1,159,047	4,171,732
Notes receivable	-	23,984,289	28,390,801	52,375,090
Assessments receivable	163	-	13,354,903	13,355,066
Due from:				
Other funds	24,595,747	-	5,258,495	29,854,242
Other governments	1,671,523	12,938	28,082,033	29,766,494
Inventories	143,779	-	334,479	478,258
Other assets	89,877	-	189,224	279,101
Total assets	\$ 72,113,268	\$ 24,074,984	\$ 437,053,023	\$ 533,241,275
LIABILITIES AND FUND BALANCES				
Liabilities:				
Vouchers payable	\$ 5,933,577	\$ 13,822	\$ 13,396,227	\$ 19,343,626
Contracts payable	-	-	2,468,913	2,468,913
Accrued liabilities	4,692,057	-	1,013,894	5,705,951
Due to:				
Other funds	4,736,822	-	25,929,454	30,666,276
Other governments	363,906	2,623	195,749	562,278
Deposits	1,667,294	-	154,666	1,821,960
Deferred revenue	534,730	23,984,289	45,909,385	70,428,404
Other liabilities	5,009	-	19,852	24,861
Total liabilities	17,933,395	24,000,734	89,088,140	131,022,269
Fund balances:				
Nonspendable:				
Inventories and prepaid items	169,754	-	523,723	693,477
Spendable:				
Restricted for:				
Bond covenants or debt service	-	-	4,373,904	4,373,904
Grant programs and projects	75,491	-	4,190,584	4,266,075
Federal or state law	-	74,250	23,101,597	23,175,847
Impact fees	-	-	149,355,434	149,355,434
Other purposes	192,087	-	1,915,483	2,107,570
Committed to:				
Capital projects	-	-	74,057,729	74,057,729
Major maintenance & repair	-	-	51,598,948	51,598,948
By ordinances or other	120,320	-	38,948,409	39,068,729
Assigned to:				
Other purposes	2,170,909	-	101,035	2,271,944
Unassigned:	51,451,312	-	(201,963)	51,249,349
Total fund balances	54,179,873	74,250	347,964,883	402,219,006
Total liabilities and fund balances	\$ 72,113,268	\$ 24,074,984	\$ 437,053,023	\$ 533,241,275

The notes to the financial statements are an integral part of this statement.

PASCO COUNTY, FLORIDA

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

Total fund balances for governmental funds	\$ 402,219,006
Total net assets reported for governmental activities in the Statement of Net Assets is different because:	
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	706,108,020
Long-term liabilities, including bonds payable (\$75,360,000), notes payable (\$10,937,000) and accrued compensated absences (\$16,573,472) are not due and payable in the current period and, therefore, are not reported in the funds.	(102,870,473)
Accrued long-term debt interest expense is not a financial use and, therefore, is not reported in the fund.	(1,229,459)
Notes receivables are not financial resources in the current period and, therefore, are deferred in the funds.	52,375,090
Impact fee receivables are not financial resources in the current period and, therefore, are not reported in the funds.	3,777,305
Special assessment receivables are not financial resources in the current period and, therefore, are deferred in the fund.	13,946,757
Other post employee benefits are not due and payable in the current period and, therefore, are not reported in the funds	(12,960,787)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and equipment services, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.	<u>53,929,618</u>
Total net assets of governmental activities	<u>\$ 1,115,295,077</u>

The notes to the financial statements are an integral part of this statement.

PASCO COUNTY, FLORIDA

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	GENERAL FUND	STATE HOUSING INITIATIVES PARTNERSHIP	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 127,909,055	\$ -	\$ 59,122,669	\$ 187,031,724
Special assessments	-	-	32,935,718	32,935,718
Licenses and permits	8,278	-	6,046,596	6,054,874
Intergovernmental:				
Federal	342,278	-	36,657,389	36,999,667
State	12,797,530	502,438	59,428,528	72,728,496
Local	79,237	-	577,314	656,551
Charges for services	26,932,196	-	9,835,615	36,767,811
Fines and forfeits	326,822	-	2,648,657	2,975,479
Interest and other earnings	361,993	30,945	2,119,399	2,512,337
Miscellaneous	11,920,033	786,415	9,692,096	22,398,544
Total revenues	<u>180,677,422</u>	<u>1,319,798</u>	<u>219,063,981</u>	<u>401,061,201</u>
EXPENDITURES				
Current:				
General government (noncourt-related)	49,903,126	-	11,170,976	61,074,102
Public safety	101,262,798	-	47,735,628	148,998,426
Physical environment	332,350	-	3,427,368	3,759,718
Transportation	-	-	76,818,981	76,818,981
Economic environment	206,359	1,349,802	23,731,423	25,287,584
Human services	10,361,554	-	2,957,408	13,318,962
Culture and recreation	13,223,880	-	866,281	14,090,161
Court-related	4,517,766	-	15,477,149	19,994,915
Miscellaneous	6,657,796	-	5,092,276	11,750,072
Capital outlay	-	-	10,925,987	10,925,987
Debt service:				
Principal	-	-	5,700,000	5,700,000
Interest and debt service charges	-	-	4,434,990	4,434,990
Total expenditures	<u>186,465,629</u>	<u>1,349,802</u>	<u>208,338,467</u>	<u>396,153,898</u>
Excess (deficiency) of revenues over expenditures	<u>(5,788,207)</u>	<u>(30,004)</u>	<u>10,725,514</u>	<u>4,907,303</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	7,127,004	-	13,167,653	20,294,657
Transfers out	(4,571,046)	-	(15,780,602)	(20,351,648)
Total other financing sources (uses)	<u>2,555,958</u>	<u>-</u>	<u>(2,612,949)</u>	<u>(56,991)</u>
Net change in fund balances	(3,232,249)	(30,004)	8,112,565	4,850,312
Fund balances at beginning of year, as restated	<u>57,412,122</u>	<u>104,254</u>	<u>339,852,318</u>	<u>397,368,694</u>
Fund balances at end of year	<u>\$ 54,179,873</u>	<u>\$ 74,250</u>	<u>\$ 347,964,883</u>	<u>\$ 402,219,006</u>

The notes to the financial statements are an integral part of this statement.

PASCO COUNTY, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

Net change in fund balances reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Total Governmental Funds	\$ 4,850,312
The change in net assets reported for governmental activities in the Statement of Activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$44,517,496) exceeded depreciation (\$28,636,875) in the current period.	15,880,621
The net effect of various miscellaneous transactions involving capital assets that are not reported in governmental funds (i.e., sales, trade-ins) is to an increase net assets.	264,229
Governmental funds do not report capital asset donations. In the Statement of Activities, donations of capital assets (road infrastructure) are reported as revenue.	6,853,002
Repayments of bond principal (\$5,250,000) and notes payable (\$450,000) are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Assets.	5,700,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds [Compensated absences of (\$1,148,644) and accrued bond and note interest of \$52,192, the net of prior year accrual of \$1,281,653 and current year accrual of \$1,229,461].	1,200,836
Internal service funds are used by management to charge the costs of insurance and equipment services to individual funds. \$1,815,885 of total operating income and \$919,080 of total non-operating revenues and capital contributions of the internal service funds are reported with governmental activities.	5,046,461
Revenues reported in the Statement of Activities do not provide current financial resources (related to collection of Notes Receivable) and, therefore, are not reported as revenues in governmental funds.	2,164,248
Some impact fee revenues reported in the Statement of Activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds.	(12,585,091)
Other post - employment benefits reported in the Statement of Activities do not require the use of current financial resources and, are not reported as expenditures in governmental funds.	(3,151,235)
Some special assessment revenues reported in the Statement of Activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds.	(79,528)
Change in net assets of governmental activities	<u>\$ 26,143,855</u>

The notes to the financial statements are an integral part of this statement.

PASCO COUNTY, FLORIDA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL -BUDGET BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 126,010,316	\$ 126,010,316	\$ 127,909,055	\$ 1,898,739
Licenses and permits	6,555	6,555	8,278	1,723
Intergovernmental:				
Federal	314,594	305,394	342,278	36,884
State	11,190,368	11,194,855	12,797,530	1,602,675
Local	125,957	125,957	79,237	(46,720)
Charges for services	22,984,527	22,843,627	26,932,196	4,088,569
Fines and forfeits	304,950	304,950	326,822	21,872
Interest and other earnings	292,840	346,840	360,660	13,820
Miscellaneous	12,149,122	11,526,316	11,920,033	393,717
Total revenues	<u>173,379,229</u>	<u>172,664,810</u>	<u>180,676,089</u>	<u>8,011,279</u>
EXPENDITURES				
Current:				
General government (noncourt-related):				
Board of County Commissioners	886,426	886,426	836,341	50,085
County administration	649,147	683,767	602,665	81,102
Customer service department	330,818	330,818	308,435	22,383
Office of management and budget	5,943,345	5,981,667	5,463,280	518,387
County Attorney	1,264,547	1,497,985	1,396,694	101,291
Property Appraiser	4,618,384	4,618,384	3,976,693	641,691
Tax Collector	11,308,220	11,308,220	7,919,040	3,389,180
Supervisor of Elections	2,678,830	2,678,830	2,626,267	52,563
Clerk & Comptroller	8,382,861	8,004,098	7,736,490	267,608
Facilities management	11,013,118	11,076,827	10,260,022	816,805
Information technology	5,675,621	5,775,468	4,836,271	939,197
Information technology projects and capital	1,631,192	1,862,717	54,677	1,808,040
Document processing	386,568	386,568	374,423	12,145
Communications	1,535,869	1,596,502	1,433,353	163,149
Purchasing	432,647	432,647	400,428	32,219
Central stores	242,765	242,765	252,609	(9,844)
County personnel	1,012,769	1,064,924	1,030,682	34,242
GIS	224,043	224,043	171,126	52,917
Contracts	-	8,550	8,550	-
Public services - administration	216,371	216,371	215,080	1,291
Total general government (noncourt-related)	<u>58,433,541</u>	<u>58,877,577</u>	<u>49,903,126</u>	<u>8,974,451</u>
Public safety:				
Sheriff	82,771,305	83,637,293	84,834,980	(1,197,687)
Medical examiner	1,250,000	1,388,500	1,383,982	4,518
Public defender-jail diversion	198,000	198,000	197,983	17
S.A.V.E. Program	74,558	74,558	71,461	3,097
Ambulance billing	762,848	762,848	691,262	71,586
Rescue	15,036,012	15,043,036	14,062,547	980,489
Incident support unit	9,500	30,083	20,583	9,500
Total public safety	<u>100,102,223</u>	<u>101,134,318</u>	<u>101,262,798</u>	<u>(128,480)</u>
Physical environment:				
Cooperative extension	215,231	221,831	218,963	2,868
Florida yards and neighborhoods	61,250	61,250	52,180	9,070
Cooperative - SWFWMD	56,336	56,336	61,207	(4,871)
Total physical environment	<u>332,817</u>	<u>339,417</u>	<u>332,350</u>	<u>7,067</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

PASCO COUNTY, FLORIDA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
Economic environment:				
Veteran services	<u>218,475</u>	<u>211,875</u>	<u>206,359</u>	<u>5,516</u>
Human services:				
Community services administration	234,455	226,455	205,383	21,072
Human services	9,142,427	9,650,655	9,597,124	53,531
Contracts - ADA 2/3	53,350	53,350	5,086	48,264
Elderly nutrition	<u>540,007</u>	<u>540,585</u>	<u>553,961</u>	<u>(13,376)</u>
Total human services	<u>9,970,239</u>	<u>10,471,045</u>	<u>10,361,554</u>	<u>109,491</u>
Culture and recreation:				
Parks and recreation	8,074,910	8,088,083	7,650,639	437,444
Libraries - community services	<u>6,030,811</u>	<u>6,041,252</u>	<u>5,478,595</u>	<u>562,657</u>
Total culture and recreation	<u>14,105,721</u>	<u>14,129,335</u>	<u>13,129,234</u>	<u>1,000,101</u>
Court-related:				
Misdemeanor program	697,675	698,174	660,777	37,397
Guardian ad litem	9,819	9,819	5,022	4,797
Court costs-judges	300	18,281	17,981	300
Court tech-administration	2,910,240	2,910,240	319,373	2,590,867
Court tech-state attorney	99,759	99,759	76,509	23,250
Court tech-public defender	73,689	73,689	44,444	29,245
Court tech-CJIS	368,866	368,866	294,850	74,016
Court technology - G.A.L.	14,452	14,452	4,227	10,225
Court technology - conflict counsel	14,810	14,810	-	14,810
Court innovations	174,494	164,220	96,654	67,566
State attorney administration	9,000	9,000	2,163	6,837
Public defender administration	4,234	5,434	4,955	479
Public defender-costs	100	100	-	100
Sheriff	<u>2,926,492</u>	<u>3,078,327</u>	<u>2,990,811</u>	<u>87,516</u>
Total court-related	<u>7,303,930</u>	<u>7,465,171</u>	<u>4,517,766</u>	<u>2,947,405</u>
Miscellaneous:				
Intergovernmental services	6,655,030	6,655,030	6,655,029	1
Refund prior year revenue	50,000	50,000	2,767	47,233
Reserve for contingencies	<u>23,185,905</u>	<u>20,452,936</u>	-	<u>20,452,936</u>
Total miscellaneous	<u>29,890,935</u>	<u>27,157,966</u>	<u>6,657,796</u>	<u>20,500,170</u>
Total expenditures	<u>220,357,881</u>	<u>219,786,704</u>	<u>186,370,983</u>	<u>33,415,721</u>
Excess (deficiency) of revenues over expenditures	<u>(46,978,652)</u>	<u>(47,121,894)</u>	<u>(5,694,894)</u>	<u>41,427,000</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,330,824	6,330,824	7,127,004	796,180
Transfers out	<u>(5,019,473)</u>	<u>(5,333,150)</u>	<u>(4,571,046)</u>	<u>762,104</u>
Total other financing sources	<u>1,311,351</u>	<u>997,674</u>	<u>2,555,958</u>	<u>1,558,284</u>
Net change in fund balances	(45,667,301)	(46,124,220)	(3,138,936)	42,985,284
Fund balances at beginning of year	<u>45,667,301</u>	<u>46,124,220</u>	<u>57,122,998</u>	<u>10,998,778</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,984,062</u>	<u>\$ 53,984,062</u>

PASCO COUNTY, FLORIDA

STATE HOUSING INITIATIVES PARTNERSHIP FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental - State	\$ -	\$ -	\$ 502,438	\$ 502,438
Interest and other earnings	20,000	20,000	30,945	10,945
Miscellaneous	<u>600,000</u>	<u>600,000</u>	<u>786,415</u>	<u>186,415</u>
Total revenues	<u>620,000</u>	<u>620,000</u>	<u>1,319,798</u>	<u>699,798</u>
EXPENDITURES				
Current:				
Economic environment:				
SHIP administration	74,408	74,408	68,994	5,414
SHIP other	<u>1,315,592</u>	<u>1,315,592</u>	<u>1,280,808</u>	<u>34,784</u>
Total economic environment	<u>1,390,000</u>	<u>1,390,000</u>	<u>1,349,802</u>	<u>40,198</u>
Net change in fund balances	(770,000)	(770,000)	(30,004)	739,996
Fund balances at beginning of year	<u>770,000</u>	<u>770,000</u>	<u>104,254</u>	<u>(665,746)</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,250</u>	<u>\$ 74,250</u>

The notes to the financial statements are an integral part of this statement.

PASCO COUNTY, FLORIDA

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS
September 30, 2011

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
	WATER AND SEWER UNIT	SOLID WASTE DISPOSAL AND RESOURCE RECOVERY SYSTEM	TOTALS	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 22,382,515	\$ 22,137,406	\$ 44,519,921	\$ 43,418,260
Accounts receivable, net	10,315,379	4,437,572	14,752,951	2,910
Restricted assets:				
Cash and cash equivalents	10,829,981	53,377,806	64,207,787	-
Due from:				
Other funds	5,102	405,904	411,006	912,112
Other governments	824,848	-	824,848	7,514
Inventories	857,403	-	857,403	162,838
Other	-	-	-	556,000
Total current assets	<u>45,215,228</u>	<u>80,358,688</u>	<u>125,573,916</u>	<u>45,059,634</u>
Noncurrent assets:				
Restricted cash and cash equivalents	52,574,371	-	52,574,371	-
Restricted investments	111,262,716	-	111,262,716	-
Due from other governments	21,430,414	-	21,430,414	-
Deferred charges	563,579	980,092	1,543,671	-
Advances to other funds	-	1,632,387	1,632,387	-
Water entitlements	1,443,877	-	1,443,877	-
Capital assets:				
Land	20,052,671	4,791,264	24,843,935	1,817,318
Intangibles	176,487	-	176,487	-
Buildings	120,131,612	32,731,290	152,862,902	2,359,636
Improvements other than buildings	615,235,809	117,427,062	732,662,871	2,326,545
Equipment	4,282,580	644,396	4,926,976	55,694,474
Construction in process	38,802,048	2,225,755	41,027,803	-
Less accumulated depreciation	(236,640,182)	(82,884,213)	(319,524,395)	(41,330,364)
Capital assets, net	<u>562,041,025</u>	<u>74,935,554</u>	<u>636,976,579</u>	<u>20,867,609</u>
Total noncurrent assets	<u>749,315,982</u>	<u>77,548,033</u>	<u>826,864,015</u>	<u>20,867,609</u>
Total assets	<u>794,531,210</u>	<u>157,906,721</u>	<u>952,437,931</u>	<u>65,927,243</u>

The notes to the financial statements are an integral part of this statement.

**BUSINESS-TYPE ACTIVITIES-
ENTERPRISE FUNDS**

	WATER AND SEWER UNIT	SOLID WASTE DISPOSAL AND RESOURCE RECOVERY SYSTEM	TOTALS	GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
LIABILITIES				
Current liabilities:				
Vouchers payable	5,918,227	3,835,758	9,753,985	850,380
Contracts payable	1,804,186	4,766	1,808,952	-
Accrued liabilities	288,786	37,657	326,443	34,537
Claims payable	-	-	-	3,659,095
Due to:				
Other funds	498,301	-	498,301	12,783
Other governments	-	5,025	5,025	-
Compensated absences	77,025	11,093	88,118	39,916
Unearned revenue	863,203	4,759,800	5,623,003	-
Payable from restricted assets:				
Deposits	3,469,651	24,129	3,493,780	-
Interest payable	6,088,177	1,260,513	7,348,690	-
Bonds payable (net)	2,271,153	4,270,700	6,541,853	-
Total current liabilities	<u>21,278,709</u>	<u>14,209,441</u>	<u>35,488,150</u>	<u>4,596,711</u>
Noncurrent liabilities:				
Claims payable	-	-	-	7,209,328
Compensated absences	1,405,367	302,964	1,708,331	191,586
Estimated landfill closure and post closure costs	-	54,987,540	54,987,540	-
Pollution remediation costs	-	430,000	430,000	-
Unearned revenue	21,903,741	-	21,903,741	-
Advances from other funds	1,632,387	-	1,632,387	-
Other post employment benefits	507,609	655,899	1,163,508	-
Revenue bonds (net)	215,304,292	66,821,181	282,125,473	-
Total noncurrent liabilities	<u>240,753,396</u>	<u>123,197,584</u>	<u>363,950,980</u>	<u>7,400,914</u>
Total liabilities	<u>262,032,105</u>	<u>137,407,025</u>	<u>399,439,130</u>	<u>11,997,625</u>
NET ASSETS				
Invested in capital assets, net of related debt	443,244,190	8,080,087	451,324,277	20,867,609
Restricted for:				
Debt service	25,302,187	22,798,432	48,100,619	-
Impact fees	25,213,541	-	25,213,541	-
Renewal and replacement	7,926,385	2,001,558	9,927,943	-
Landfill closure	-	18,710,652	18,710,652	-
Other purposes	5,623,444	4,311,822	9,935,266	-
Unrestricted (deficit)	25,189,358	(35,402,855)	(10,213,497)	33,062,009
Total net assets	<u>\$ 532,499,105</u>	<u>\$ 20,499,696</u>	<u>\$ 552,998,801</u>	<u>\$ 53,929,618</u>

PASCO COUNTY, FLORIDA

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
	WATER AND SEWER UNIT	SOLID WASTE DISPOSAL AND RESOURCE RECOVERY SYSTEM	TOTALS	
OPERATING REVENUES				
Charges for services	\$ 86,403,253	\$ 42,087,187	\$ 128,490,440	\$ 29,117,039
OPERATING EXPENSES				
Personal services	17,933,115	2,584,985	20,518,100	2,309,626
Contractual services	26,842,758	22,813,170	49,655,928	10,674,824
Travel	-	-	-	2,234
Materials and supplies	4,118,666	337,539	4,456,205	8,154,353
Heat, light and power	5,680,603	182,199	5,862,802	59,073
Equipment rental and maintenance	2,463,049	687,144	3,150,193	281,137
Communications	132,809	14,496	147,305	13,238
Administrative charge from General Fund	1,680,108	156,735	1,836,843	653,810
Depreciation	24,881,647	3,553,517	28,435,164	4,962,626
Miscellaneous	1,591,324	786,670	2,377,994	-
Total operating expenses	85,324,079	31,116,455	116,440,534	27,110,921
Operating income	1,079,174	10,970,732	12,049,906	2,006,118
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental revenue	866,765	-	866,765	-
Interest and other earnings	2,518,237	443,637	2,961,874	178,223
Interest and debt service charges	(9,975,855)	(4,181,748)	(14,157,603)	-
Net amortization of bond premium (discount)	156,862	(104,934)	51,928	-
Termination of swap investment	-	(5,710,000)	(5,710,000)	-
Miscellaneous	(9,157)	(72,211)	(81,368)	102,864
Total nonoperating revenues (expenses)	(6,443,148)	(9,625,256)	(16,068,404)	281,087
Income (loss) before contributions and transfers	(5,363,974)	1,345,476	(4,018,498)	2,287,205
Capital contributions	12,625,861	4,555	12,630,416	2,759,256
Transfers in	56,991	-	56,991	-
Change in net assets	7,318,878	1,350,031	8,668,909	5,046,461
Net assets - beginning	525,180,227	19,149,665	544,329,892	48,883,157
Net assets - ending	\$ 532,499,105	\$ 20,499,696	\$ 552,998,801	\$ 53,929,618

The notes to the financial statements are an integral part of this statement.

PASCO COUNTY, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
	WATER AND SEWER UNIT	SOLID WASTE DISPOSAL AND RESOURCE RECOVERY SYSTEM	TOTALS	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 89,864,358	\$ 41,667,169	\$ 131,531,527	\$ 804,621
Receipts from employees	-	-	-	553,477
Receipts from interfund services provided	12,673	181,343	194,016	27,591,621
Payments to suppliers for goods and services	(36,670,667)	(21,500,840)	(58,171,507)	(19,162,640)
Payments for interfund services used	(5,580,217)	(1,089,004)	(6,669,221)	(923,754)
Payments for personal services	(16,643,584)	(2,601,975)	(19,245,559)	(1,801,413)
Payments for other operating expenses	(840,958)	(786,592)	(1,627,550)	-
Net cash provided by operating activities	<u>30,141,605</u>	<u>15,870,101</u>	<u>46,011,706</u>	<u>7,061,912</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating grants received	866,765	-	866,765	21,476
Transfers in	56,991	-	56,991	-
Cash provided by noncapital financing activities	<u>923,756</u>	<u>-</u>	<u>923,756</u>	<u>21,476</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital debt	-	39,150,000	39,150,000	-
Principal payments - bonds and notes	(1,395,000)	(50,300,000)	(51,695,000)	-
Amortization of bond issue premium	(21,713)	1,860,458	1,838,745	-
Interest and fiscal charges paid	(12,217,987)	(4,379,748)	(16,597,735)	-
Proceeds from sale of assets	29,925	-	29,925	115,559
Acquisition of capital assets	(3,192,791)	(15,888)	(3,208,679)	(1,768,065)
Loss on termination of interest rate swap	-	(5,710,000)	(5,710,000)	-
Construction	(20,625,368)	(4,505)	(20,629,873)	-
Capital contributions	9,003,410	4,555	9,007,965	-
Cash used for capital and related financing activities	<u>(28,419,524)</u>	<u>(19,395,128)</u>	<u>(47,814,652)</u>	<u>(1,652,506)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	9,148,200	-	9,148,200	-
Investment income	2,518,237	443,866	2,962,103	178,223
Cash provided by investing activities	<u>11,666,437</u>	<u>443,866</u>	<u>12,110,303</u>	<u>178,223</u>
Net increase (decrease) in cash and cash equivalents	14,312,274	(3,081,161)	11,231,113	5,609,105
Cash and cash equivalents at October 1, 2010	71,474,593	78,596,373	150,070,966	37,809,155
Cash and cash equivalents at September 30, 2011	<u>\$ 85,786,867</u>	<u>\$ 75,515,212</u>	<u>\$ 161,302,079</u>	<u>\$ 43,418,260</u>

The notes to the financial statements are an integral part of this statement.

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
	WATER AND SEWER UNIT	SOLID WASTE DISPOSAL AND RESOURCE RECOVERY SYSTEM	TOTALS	
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 1,079,174	\$ 10,970,732	\$ 12,049,906	\$ 2,006,118
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	24,881,647	3,553,517	28,435,164	4,962,626
Non-capital, non-financing activity:				
(Increase) decrease in accounts receivable	1,189,609	(379,810)	809,799	336
Decrease in other assets	124,788	-	124,788	-
(Increase) in due from other funds	(4,749)	(405,904)	(410,653)	(696,897)
(Increase) decrease in due from other governments	3,246,586	-	3,246,586	(4,928)
(Increase) decrease in advances from other funds	498,301	(1,632,387)	(1,134,086)	-
(Increase) in inventory	(130,383)	-	(130,383)	(34,544)
Increase (decrease) in vouchers payable	(1,327,296)	(1,861,786)	(3,189,082)	330,699
(Decrease) in contracts payable	-	(180,990)	(180,990)	-
(Decrease) in accrued liabilities	(279,867)	(39,864)	(319,731)	(37,404)
(Decrease) in due from other agencies	(863,203)	-	(863,203)	-
Increase in claims payable	-	-	-	551,510
Increase (decrease) in compensated absences	(58,240)	22,874	(35,366)	(28,387)
Increase in advances to other funds	1,632,387	-	1,632,387	12,783
Increase (decrease) in due to other governments	(660)	(1,515)	(2,175)	-
(Decrease) in unearned revenue	(23,067)	(39,388)	(62,455)	-
Increase in deposits	46,224	1,250	47,474	-
Increase in other post employment benefits	130,354	180,600	310,954	-
Increase in estimated landfill closure costs	-	5,682,772	5,682,772	-
Total adjustments	29,062,431	4,899,369	33,961,800	5,055,794
Net cash provided by operating activities	\$ 30,141,605	\$ 15,870,101	\$ 46,011,706	\$ 7,061,912
Noncash capital activities:				
Contributed capital assets	\$ 12,625,861	\$ -	\$ 12,625,861	\$ 2,759,256
Total noncash capital activities	\$ 12,625,861	\$ -	\$ 12,625,861	\$ 2,759,256

PASCO COUNTY, FLORIDA

AGENCY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS
September 30, 2011

	TOTAL AGENCY FUNDS
ASSETS	
Cash and cash equivalents	<u>\$ 15,113,012</u>
LIABILITIES	
Due to other governments	\$ 6,970,125
Deposits	<u>8,142,887</u>
Total liabilities	<u>\$ 15,113,012</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

PASCO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

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PASCO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements in this report have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The following is a summary of Pasco County's significant accounting policies.

The following is a brief overview of major components of the current reporting model, as prescribed by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*:

Management's Discussion and Analysis

This is a narrative introduction and analytical overview of the County's financial activities and is similar to the analysis provided in private sector annual reports.

Government-wide Financial Statements

These financial statements are prepared using full accrual accounting for all of the County's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. Included in the government-wide financial statements are the following:

Statement of Net Assets

This statement is designed to display the financial position of the County, as to both its government and business-type activities. In this statement, the County reports all capital assets, including infrastructure acquired since 1980. The net assets of the County are reported in three categories: invested in capital assets, net of related debt; restricted; and unrestricted.

Statement of Activities

This statement reports revenues and expenses in a format that focuses on each of the government's functions. It identifies the extent to which each function draws from the general revenues of the County or is self-financing through program revenue (fees and intergovernmental aid).

A. Reporting Entity

Pasco County (the "County"), founded in 1887, is a non-chartered political subdivision of the State of Florida and is authorized the power of self-government by the Constitution of the State of Florida and Florida Statutes. The Board of County Commissioners (the "Board") is the legislative and governing body of the County. A County Administrator is appointed by the Board and is responsible for administrative and budgetary control of the resources of the Board.

The Constitution of the State of Florida also provides for five Constitutional Officers with specific duties and reporting responsibilities prescribed by Statute. These Officers are:

Clerk of Circuit Court and County Comptroller ("Clerk & Comptroller")
Property Appraiser
Sheriff
Supervisor of Elections
Tax Collector

The Constitutional Officers and the Board maintain separate accounting records and budgets.

PASCO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Annual operating budgets of the Clerk & Comptroller, Sheriff, and Supervisor of Elections are submitted to the Board for approval, as the Board's share of the funding for the operations of these Officers is provided primarily from general revenues of the County and is supplemented by fees charged by these Officers pursuant to Statute. The budgets of the Property Appraiser and the Tax Collector are submitted to the State's Department of Revenue for approval. The budget for court-related functions of the Clerk & Comptroller's operations is submitted to and approved by the Florida Clerks of Court Operations Corporation, a public corporation created under Section 28.35, Florida Statutes.

Separate financial reports are prepared for each of the Constitutional Officers. The financial statements in this report represent a combination of those separate financial reports, together with the operations of the Board. The Board and the Constitutional Officers constitute the Pasco County *primary government*.

As required by generally accepted accounting principles, these financial statements comprise the Pasco County reporting entity, which includes the primary government and its component units. The process of evaluating potential component units involves the application of criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units (an amendment of GASB Statement No. 14)*. In accordance with the criteria of GASB Statement No. 14, component units are organizations for which the primary government is financially accountable, or other organizations, for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body *and* either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. GASB Statement No. 39 provides additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. Generally, it requires reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of a governmental unit.

Based on the aforementioned criteria, the following determinations have been made:

Discretely Presented Component Unit

Pasco County Housing Finance Authority

The Pasco County Housing Finance Authority was created by County ordinance as a public body corporate and politic under authority granted by Sec. 159.604, Florida Statutes. The Housing Finance Authority functions to alleviate a shortage of housing and capital for investment in housing within the territorial boundaries of Pasco County. The Board of County Commissioners appoints all members of the Housing Finance Authority and may remove members without cause. The Board is empowered to terminate the Housing Finance Authority and may, at its sole discretion, and at any time, alter or change the structure, organization, programs, or activities of the Authority. All rules, regulations, and program guidelines of the Authority are effective only upon approval by the Board. Any and all fees earned by the Authority are required to be placed in a separate fund and the Board shall determine how such funds are to be used; funds are to be used only for low and moderate

PASCO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

income housing purposes in Pasco County. The component unit column in the government-wide financial statements includes the financial data of the Pasco County Housing Finance Authority.

For information on obtaining separate component unit financial statements, contact the Clerk & Comptroller, Division of Financial Services, 38053 Live Oak Avenue, Dade City, Florida 33523.

Related Organizations

Pasco County Health Facilities Authority

The Pasco County Health Facilities Authority was created by County ordinance as a public body corporate and politic under Sec. 154.207, Florida Statutes. It functions to assist health facilities in the acquisition, construction, financing, and refinancing of projects within Pasco County.

Pasco County Educational Facilities Authority

The Pasco County Educational Facilities Authority was created by County resolution as a public body corporate and politic under authority granted by Sec. 243.21, Florida Statutes. The Educational Facilities Authority functions to assist institutions of higher education in the construction, financing, and refinancing of facilities or projects.

While the Board of County Commissioners appoints the members of these authorities, and may abolish the authorities by ordinance or resolution, the Board is not able to impose its will on these organizations. In addition, the Board is not able to gain access to their economic resources and the authorities are neither financially accountable to nor fiscally dependent upon the Board. Consequently, these related organizations are not component units and are not included in the accompanying financial statements.

B. Basic Financial Statements

The County's Basic Financial Statements consist of the government-wide financial statements (based on the County as a whole) and the fund financial statements, with the focus on the County as a whole as well as on its major individual funds.

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These statements report information on the government's activities as a whole, which include the primary government and its component unit. For the most part, the effect of interfund activity has been eliminated from these statements in order to avoid a distortion of financial results. Net residual amounts due between governmental and business-type activities are presented as internal balances on the Statement of Net Assets where they are eliminated in the total primary government column. Fiduciary funds of the government are also excluded from this presentation since their resources are not available for government funding purposes. The Statement of Net Assets reports all financial and capital resources of the governmental and business-type activities. It is presented in a net assets format (assets less liabilities equal net assets) and is shown with three components: amounts invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Statement of Activities reports functional categories of programs provided by the County and demonstrates the degree to which the direct expenses of a given function are offset by program revenues.

Program revenues are classified into three categories: charges for services; operating grants and contributions; and capital grants and contributions. Charges for services refer to direct recovery of costs from customers for services rendered, such as those for emergency services, libraries, court operations, etc. Grants and contributions refer to revenues restricted for specific programs whose use may be restricted further to operational or capital items. The general revenues section displays revenue collected which helps support all

PASCO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

functions of Pasco County government and contribute to the change in the net assets for the fiscal year. General revenues include all taxes.

Fund Financial Statements

The fund financial statements appear after the government-wide financial statements and report additional and detailed information about Pasco County's operations for its major funds, individually, and nonmajor funds, in the aggregate, for governmental, proprietary and fiduciary fund types. A major fund is one that meets the criteria set forth in GASB Statement No. 34 or one which the County considers to be of particular importance. Funds that do not meet the criteria for classification as a major fund are considered to be nonmajor funds. Included are budgetary comparison statements, which report the County's original budget together with the comparison of final budget and actual results. In addition, reconciliations are provided that convert the results of governmental fund accounting to the government-wide presentation.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus is used to describe the types of transactions and events that are reported, or measured. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, respectively. Under the economic resources measurement focus, net assets (total assets less total liabilities) are measured. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The operating revenues of the County's enterprise funds, the Water and Sewer Unit and the Solid Waste Disposal and Resource Recovery System, are charges for services to customers. Operating expenses of these operations include salaries, contractual services, materials and supplies, utilities, equipment rental and maintenance, administrative charges, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. In addition, when both restricted and unrestricted resources are available for use, it is the County's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

All governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, under this measurement focus, only current assets except as noted below, and current liabilities are included on their balance sheets, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements report increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of available spendable resources during a period.

Noncurrent portions of long-term receivables due in governmental funds are reported on their balance sheets. However, recognition of governmental fund type revenues represented by these noncurrent receivables is deferred until they become current receivables since they do not represent "available spendable resources" in the spending measurement focus used for governmental funds.

PASCO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

All governmental funds follow the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual; that is, measurable and available to finance expenditures of the current period. *Available* means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for grant revenues for which the collection period is 365 days.

Expenditures are recorded when the related liability is incurred except for: (1) principal and interest on general long-term debt, which are recognized when due; (2) the noncurrent portion of accrued compensated absences, which is recorded as a long-term liability on the government-wide financial statements; and (3) prepaid items, reported only on the balance sheet when they occur, and do not affect expenditures.

In applying the susceptibility-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the County; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are substantially irrevocable, the exception being a failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt, or earlier if they meet the availability criterion.

Licenses and permits and miscellaneous revenues (except investment earnings) are not recorded until actually received, as, generally, these revenues are not measurable and available until that time. Property taxes and investment earnings are recorded as earned since they are considered to be measurable and available.

Special assessments are measurable when they are levied. They become available when they are due as long as the County receives them soon enough after year-end to pay current liabilities. Amounts that are measurable but not available are recorded as deferred revenue.

Major and Non-major Funds

GASB Statement No. 34 establishes criteria for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements and are detailed in the combining statements.

Major Funds of the County:

The following governmental funds are reported as major funds:

General Fund

The General Fund is the County's primary operating fund. It accounts for all financial resources of the County, except for those required to be accounted for in another fund.

State Housing Initiatives Partnership Fund

This special revenue fund is used to account for assistance provided for the production and preservation of affordable housing, primarily for homeowners.

PASCO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Both of the County's enterprise funds are reported as major funds:

Water and Sewer Unit and Solid Waste Disposal and Resource Recovery System Funds

These funds account for the financing of their respective services to the general public where all or most of the costs involved are paid in the form of charges to the users of such services.

Non-major Funds

In addition to those funds that are reported as major, the County also reports as nonmajor all funds that are included in the following fund types:

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Funds

These funds are used to account for the accumulation of resources for, and the payment of, principal, interest and related costs of governmental activities long-term debt.

Capital Projects Funds

These funds account for resources provided by transfers from the General Fund that are used for the acquisition or construction of capital facilities and other projects (other than those financed by Proprietary Fund Types), as well as bond proceeds.

In addition, the County reports the following:

Internal Service Funds

These funds account for the County insurance, Clerk & Comptroller's insurance, and equipment service operations that provide respective services and commodities to other operations of the County.

Agency Funds

These funds account for assets and liabilities held in an agency capacity for other governments and individuals.

D. Cash, Cash Equivalents, and Investments

Cash, cash equivalents and investments consist of cash on hand (petty cash), demand deposits, certificates of deposit, deposits with the Florida State Board of Administration's (SBA) Florida PRIME and Fund B Surplus Funds Trust Fund (Fund B), and deposits with the Florida Local Government Investment Trust (FLGIT). In addition, the County considers short-term, highly liquid investments with a maturity of three months or less when purchased, that are both readily convertible to cash and so near their maturity that any changes in interest rates would cause only immaterial risk of change in value, as cash equivalents.

The County pools substantially all cash and temporary investments, except for those situations requiring separate cash and investment accounts in accordance with legal restrictions. During the year, such temporary investments included deposits with the SBA and FLGIT, and in savings accounts. Each fund's equity in pooled cash is stated at the respective fund's contributed cost plus interest.

PASCO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash, Cash Equivalents, and Investments (Continued)

Earnings from pooled cash are allocated to each fund based on a three-month average of the equity balance of each fund. In fiscal 2011, deposits earned interest at the following rates: SBA's Florida PRIME, .20% to .32%; FLGIT Investment Trust Fund (reported at NAV), .82% to 2.81% (SEC yield); FLGIT Day to Day Fund, (reported at NAV) .06% to .17%; certificates of deposit, 1.93% to 2.63%; and money market funds, .01% to .02%.

The County accounts for its investments in accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. This statement requires governmental entities to report investments at fair value (See Note 3). All changes in fair value of investments are recognized as gains or losses in the operating statement. The SBA's Florida PRIME is a 2a7-like pool and is, therefore, reported at its actual pooled share price (its value) as the pool account balance (amortized cost) is the same as its fair value. A 2a7-like pool is an external investment pool that is not registered with the SEC as an investment company, but nevertheless has a policy that it will, and does operate in a manner consistent with the SEC's Rule 2a7. Rule 2a7 allows SEC-registered mutual funds to use amortized cost to report net assets to compute share prices if certain conditions are met (see Notes 3.B. and 3.C.). The SBA's Fund B was created to segregate and hold the distressed portfolio investments previously contained in the pool, as a whole.

Fund B is accounted for as a fluctuating net asset value (NAV) pool. The assets of Fund B are not accessible by its depositors until released by the SBA. The SBA reports all share information at Net Asset Value (NAV). For purposes of the Statement of Cash Flows, investments in money market funds are considered cash and cash equivalents.

E. Receivables, Payables, and Amounts Due From/Due To

Trade accounts receivable and various payables of the County are recorded in the government-wide, and in the governmental and proprietary fund financial statements. In proprietary fund types, accounts receivable are recorded with appropriate allowances for uncollectible accounts, which totaled \$1,779,763 at September 30, 2011. Related revenues are recognized as earned. In governmental fund types, accounts receivable are recorded with appropriate allowances for uncollectible accounts, which totaled \$47,216,469 at September 30, 2011, primarily related to ambulance billings. In governmental fund types, amounts generated as a result of operations of the County are offset by deferred revenue, and related revenues are not recognized until the amounts are both measurable and available. In addition, a receivable was recorded and revenue recognized in the Water and Sewer Unit Fund for estimated unbilled consumption at year-end. Such unbilled receivables totaled \$4,703,171 at September 30, 2011. Activities between funds resulting in balances at year-end are reported as "Due From" and "Due To" amounts and represent interfund loans. Any residual balances outstanding between governmental and business-type activities are reported in the government-wide financial statements of net assets as internal balances.

F. Inventories

Inventories are determined by physical count and are stated at average cost using a moving average cost basis. Purchases of inventories for governmental fund types are reported as expenditures when used (consumption method). Inventories for governmental fund types are reported on the balance sheet as an asset of their respective funds with a corresponding classification as a nonspendable amount in fund balance since they do not represent "available spendable resources". Inventories of proprietary fund types, consisting primarily of operating materials held for consumption, are reported as an expense when consumed in the operations of the fund.

PASCO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Restricted Assets

Certain assets are classified as restricted on the Statement of Net Assets because of requirements imposed by law, regulation, creditors, grantors, contributors or other controlling provisions.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, streets, bridges and sidewalks) acquired subsequent to October 1, 1980, as well as intangible assets acquired subsequent to October 1, 2009, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as those assets with an initial, individual cost of \$1,000 or more (\$5,000 in the case of intangible assets) and a useful life of at least one year. Capital contributions or donations are recorded at their estimated fair value at the time received. The cost of normal maintenance and repairs that do not add to the value of a capital asset or materially extend its useful life are not capitalized.

Depreciation (termed amortization for intangible assets with identifiable useful lives) is recorded on capital assets on a government-wide basis. Capital outlays of proprietary funds are recorded as capital assets that are depreciated over their estimated useful lives on a straight-line basis on both the funds basis and the government-wide basis. Depreciation is provided over the following estimated useful lives (straight-line method):

Buildings	20-50 years
Improvements other than buildings	10-40 years
Machinery and equipment	3-10 years
Infrastructure	35-40 years
Intangibles:	
Computer software	3-5 years
Easements and rights-of-way	See (1) below

- (1) If the value is separable from the underlying land, the useful life is the shorter of the legal or the estimated useful life; if the life is indefinite or unlimited, then it is not amortized. If the value is inseparable from the underlying land, it is not amortized.

I. Long-term Obligations and Amortization

In the government-wide financial statements, and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net assets, net of unamortized bond discount, premium, and deferred losses on debt refundings.

Bond issue costs, discounts and premiums related to Water and Sewer and to Solid Waste Disposal and Resource Recovery System revenue bonds have been capitalized and are amortized over the term of the bonds using the effective interest method. Losses related to the refunding and legal defeasance of certain Solid Waste Disposal and Resource Recovery System Fund debt have been deferred and are being amortized as a component of interest expense in accordance with GASB Statement No. 23 (See Note 9).

PASCO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Unearned Revenues

Unearned revenues will be recognized as revenue in the fiscal year they are earned. In accordance with the modified accrual basis of accounting, unearned revenues or revenues which are measurable, but not available, are reported as deferred revenues in the governmental fund financial statements.

K. Fund Equity

Governmental Funds

Effective October 1, 2010, the County implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

In accordance with GASB Statement No. 54, the components of the fund balances of governmental funds are classified as follows:

Nonspendable Fund Balance

Amounts that are not in spendable form (such as inventory, prepaid items), or are legally or contractually required to be maintained intact.

Spendable Fund Balance

Restricted Fund Balance

Amounts that can be used only for the specific purposes stipulated by either external resource providers, such as creditors, grantors, contributors, or laws and regulations of other governments; or by laws imposed through constitutional provisions or enabling legislation.

Committed Fund Balance

Amounts that can be used only for the specific purposes determined by a formal action (ordinance or resolution) by the Board of County Commissioners, with formal action occurring prior to fiscal year end. Commitments may be changed or removed only by the Board taking the same formal action that imposed the constraint originally.

Assigned Fund Balance

Amounts established by the Board, or its designee, which are intended to be used for specific purposes that are neither considered restricted or committed.

Unassigned Fund Balance

This is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund, except the General Fund, if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The County considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. In addition, the County will first

PASCO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

consider committed fund balance to have been spent, followed by assigned, then unassigned, when an expenditure is incurred for purposes for which any of these unrestricted classifications could be used.

GASB Statement No. 54 requires that governments should discontinue reporting a special revenue fund, and instead report a fund's remaining resources in the general fund, if the government no longer expects that a substantial portion of the inflows will derive from restricted or committed revenue sources. Consequently, the remaining resources of the following funds, as noted, are reported in the General Fund at September 30, 2011: The Board's Education and Park Development Funds. The effect was to increase the fund balance of the General Fund at October 1, 2010 from \$56,863,117 to \$57,412,122.

L. Pension Costs

The County participates in the Florida Retirement System (the "System") which covers substantially all of the County's full-time employees. The County's rate of contribution, based upon total salaries, is defined by the System. Pension costs are recorded in the period that salaries are earned (see Note 15).

M. Compensated Absences

The County accrues accumulated, unpaid vacation, sick pay and associated fringe benefits when such benefits are earned. Both the current and long-term portion of these compensated absences are accrued and reported in the government-wide and proprietary fund financial statements. In governmental funds, compensated absences that have matured are accrued as current-year expenditures.

N. Property Taxes

Property taxes are levied each November 1, based on assessed values on the previous January 1 (the lien date). Property taxes become due and payable on November 1 of each year. The Pasco County Tax Collector bills and collects property taxes on behalf of the County. The tax rate to finance general governmental services for the fiscal year ended September 30, 2011 was \$6.3668 per \$1,000 of assessed taxable property value.

Taxes become delinquent on April 1 of each year. The County records delinquent property tax collections on a cash basis as delinquent taxes receivable are immaterial at September 30. This is primarily due to an annual tax certificate sale, held each year, which is advertised by law and creates a lien on the property which must be paid in full with interest.

O. Application of Financial Accounting Standards Board (FASB) Pronouncements to Proprietary Funds

The County follows the provisions of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, with regard to the application of Financial Accounting Standards Board (FASB) Pronouncements to its proprietary funds. In accordance with the provisions of GASB Statement No. 20, the County has elected not to apply those FASB Statements and Interpretations issued after November 30, 1989.

Additionally, the County follows the provisions of FASB Statement No. 71, *Accounting for the Effects of Certain Types of Regulation*, as it applies to the Tampa Bay Water transaction of the Water and Sewer Unit enterprise fund, as discussed in Note 10.

PASCO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

2. BUDGETS AND BUDGETARY DATA

Chapters 129 and 200, Florida Statutes govern the preparation, adoption, and administration of the County's annual appropriated budget. Pursuant to those Statutes, the following procedures are followed by the County in establishing the operating budget:

- The Clerk & Comptroller, the Sheriff and the Supervisor of Elections must submit a tentative budget to the Board by June 1. In addition to the budget for funding provided by the Board, the Clerk & Comptroller submits a budget, for court-related functions, to the Florida Clerks of Court Corporation, a public corporation, for approval.
- The Property Appraiser and the Tax Collector prepare budgets, which are approved by the Florida Department of Revenue.
- No later than 15 days after certification of the ad valorem tax roll by the Property Appraiser, the County budget officer submits, to the Board, a tentative budget for the fiscal year beginning on the following October 1.
- The public is informed of the proposed budget and tentative millage rates through legal advertising. Public hearings are held to hear comments from the public regarding the budget.
- Prior to September 30 the Board legally adopts the budget by resolution.
- Budgetary control is generally maintained at the departmental level. The County Administrator acts on intradepartmental budget changes that do not alter a total departmental budget. All other budgetary changes must be submitted to and approved by the Board in open session.
- Budgets are monitored at varying levels of classification detail with control generally maintained at the subfunction level. In accordance with Sec. 129.07, Florida Statutes, expenditures cannot legally exceed total appropriations.
- Beginning funds available for financing current appropriations are considered in the budgetary process but are not included in the financial statements of the Governmental Fund Types as budgeted revenue.
- Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Debt Service and Capital Projects Funds.
- The actual results of operations in the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – General Fund are presented on a budgetary basis. Adjustments to convert the results of operations at the end of the year from the budgetary basis of accounting to the GAAP basis of accounting for the General Fund are as follows:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Fund Balance</u>
Budgetary basis	\$ 180,676,089	\$ 186,370,983	\$ 53,984,062
Non budgeted activity			
Park Development Fund	756	94,646	75,491
Education Fund	577	-	120,320
GAAP basis	<u>\$ 180,677,422</u>	<u>\$ 186,465,629</u>	<u>\$ 54,179,873</u>

PASCO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

2. BUDGETS AND BUDGETARY DATA (CONTINUED)

- Budgets for certain Capital Projects Funds, certain Special Revenue Funds, and certain Debt Service Funds are adopted on a basis consistent with GAAP. Budgets were not prepared for the Mobility Fee District West, Central and East Funds, the Drug Abuse, Department of Juvenile Justice, Office of State Courts Administrator, Criminal Justice (FDLE), HUD Housing and Recovery NSP II, American Recovery and Reinvestment Act, HUD Housing and Recovery, Department of Transportation, HUD Housing and Recovery NSP 3, U.S. Department of Health and Human Services, Division of Library Services, U.S. Department of Justice, Title III-B Transportation, Elderly Nutrition, U.S. Environmental Protection, Department of Homeland Security, Clerk & Comptroller, Sheriff, and Supervisor of Election's special revenue funds.
- All appropriations, except those of Special Revenue Funds representing grants that overlap fiscal years and are budgeted on a life-to-date basis, lapse at year-end, even if encumbered. However, the County intends to honor those purchase orders, contracts and commitments represented by encumbrances outstanding at year-end and reported as assigned fund balance. The subsequent year's appropriations will provide authority to complete these encumbered transactions.
- Budgeted amounts are as originally adopted, or as amended by Board approval. Such amendments resulted in supplemental appropriations during the year of approximately \$90,430,000. Included in this amount was approximately \$8,167,000 in grants appropriations, \$12,491,000 in capital projects, and \$49,225,000 in various impact fee funds.

For comparative purposes, certain line items of the budgets in the financial statements have been reclassified to conform to reporting classifications of actual revenues and expenditures. In accordance with Sec. 129.01, Florida Statutes, only 95% of receipts reasonably anticipated from all appropriate sources, including taxes to be levied, are included in the budgetary data for revenues. This is accomplished through the use of a line-item reduction, in the affected Statements of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, equal to 5% of such appropriated receipts.

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The County maintains a pooled cash program that is available for use by all Board and Clerk & Comptroller controlled funds. Earnings are allocated to each of the participating funds based on a three-month average of the equity balance of each fund. Cash and investments which must be segregated due to bond covenants or other legal restrictions are not included in this program.

PASCO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Cash, cash equivalents and investments consist of the following at September 30, 2011:

	Maturity	Fair Value	Portfolio Percentage	(1) Rating
Petty Cash	N/A	\$ 31,436	-	N/A
Cash in bank	N/A	60,459,818	-	N/A
Cash with fiscal agent	N/A	7,543,177	-	N/A
		<u>68,034,431</u>	-	
Florida PRIME (SBA)	38 days (weighted avg. days)	99,021,575	14.9	AAAm
SBA Fund B	4.82 years (weighted avg. life)	9,168,448	1.4	Unrated
FLGIT Investment Trust (2)	1.97 years (avg.)	137,101,649	20.6	AAAf
FLGIT Day-to-Day (2)	50.0 days	369,711,883	55.5	AAAm
First American Treasury Obligations Fund	N/A	24,650,092	3.7	AAAm
Federated Treasury Obligation Fund IS	N/A	9,358,390	1.4	AAAm
Certificates of deposit	.57 years	5,416,666	0.8	N/A
Ridgeworth U.S. Treasury Money Market Fund	N/A	6,701,414	1.0	AAAm
Repurchase Agreement	9/30/2016	4,880,300	0.7	AAA
		<u>666,010,417</u>	<u>100.0</u>	
		<u>\$ 734,044,848</u>		

Notes:

- (1) All ratings are Standard & Poor's
- (2) Florida Local Government Investment Trust (FLGIT)

A. Insurance and Collateralization of Demand Deposits

The County's demand deposits are insured by Federal depository insurance or collateralized in accordance with Chapter 280, Florida Statutes. This statute establishes a multiple financial institution collateral pool in which all financial institutions holding public deposits together pledge a pool of collateral against all public deposits they collectively hold. In the event of a default or insolvency by a qualified public depository, any loss not covered by deposit insurance or the proceeds from the sale of securities pledged by the defaulting depository is covered by an assessment against the other qualified public depositories of the same type as the depository in default. The assessment is based upon the average share of the public fund deposits held by each of these depositories during the previous 12 months in relation to total public deposits held by all depositories of the same type during the same period.

B. Investments

The County's formally adopted Investment Policy, originally developed in accordance with Section 125.31, Florida Statutes, and subsequently superseded by Section 218.415, Florida Statutes, gives the County the authority to invest surplus public funds in certain permitted investments, establishes limits for investment allocation, issuers and maturities, and prescribes collateralization and safekeeping requirements, among other controls.

PASCO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Credit Risk

The Investment Policy limits credit risk by restricting authorized investments to the following:

- State of Florida Local Government Surplus Funds Trust Fund Investment Pool (SBA).
- Florida Local Government Investment Trust (FLGIT).
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- Interest-bearing time deposits or savings accounts in qualified public depositories as defined in Section 280.02, Florida Statutes.
- Direct obligations of the United States Treasury.
- Federal agencies and instrumentalities.
- 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 provided the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.
- Repurchase agreements with Primary Dealers of the Federal Reserve Bank of New York, or Qualified Public Depositories under Chapter 280, Florida Statutes, fully collateralized by United States Government obligations. Collateral requirements are based on economic and financial conditions existing at the time of execution, as well as the credit risk of the broker/dealer or financial institution which enters into a repurchase agreement with the County. Generally, the broker/dealer or financial institution may substitute equal value securities for any pledged securities only with the written consent of the County and, at all times, the aggregate value of such securities must be marked to market.

Custodial Credit Risk

The Investment Policy, pursuant to Section 218.415(18), Florida Statutes, requires that all securities purchased by, and all collateral obtained by the County, must be held in the County's name through execution of a third-party custodial safekeeping agreement. As of September 30, 2011, \$4,880,300 was held in the County's name.

Interest Rate Risk

The Investment Policy limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements. In addition, the investment portfolio must be diversified as to maturity. The maximum stated investment maturity is ten (10) years, and applies to direct obligations of the United States Treasury and to designated United States Government Agencies and Instrumentalities, only.

Concentration of Credit Risk

The Investment Policy establishes limitations within the investment portfolio in order to reduce the concentration of credit risk. The Investment Policy allows 100% of the portfolio to be invested in the Local Government Surplus Funds Trust Fund (SBA, Florida PRIME), 50% to be placed in direct obligations of the United States Treasury, 20% to be invested in both United States Instrumentalities and identified Agencies, 75% in certificates of deposit, 15% in repurchase agreements, 55% in fixed income money market/mutual

PASCO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

funds, and 75% in the Florida Local Government Investment Trust (FLGIT). Except for investments with the SBA, the United States Treasury, and certain United States Agencies, no more than 75% of the total portfolio can be placed with one financial institution.

Reconciliation of Cash, Cash Equivalents and Investments to Basic Financial Statements

Primary government	
Current Assets	
Cash and cash equivalents	\$ 490,865,227
Investments	21,735
Restricted:	
Cash and cash equivalents	64,207,787
Noncurrent Assets	
Restricted cash	
and cash equivalents	52,574,371
Restricted investments	111,262,716
Agency Funds:	
Cash and cash equivalents	15,113,012
Total	<u>\$ 734,044,848</u>

The unrestricted total of \$505,999,974 included \$446,345,306, \$44,519,921 and \$15,113,012 in cash and cash equivalents reported in governmental, business-type activities and fiduciary funds, respectively, as well as \$21,735 in investments reported in governmental activities. The restricted total of \$228,044,874 included \$116,782,158 in cash and cash equivalents, as well as \$111,262,716 in investments reported in business-type activities.

C. State Board of Administration (SBA) Investment Holdings

The Florida State Board of Administration (SBA) administers the Florida Local Government Surplus Funds Trust Fund (Florida PRIME). Florida PRIME's investment policies can be found at www.sbafla.com/prime. As stated in Note 1.D., above, Florida PRIME is a 2A-7 like external investment pool and is rated AAAm by Standard & Poors.

The SBA's Fund B, consists of segregated securities which (1) defaulted in the payment of principal and interest; (2) were extended; (3) were restructured or otherwise subject to workout; (4) experienced elevated market illiquidity; or (5) did not meet the criteria that provide Florida PRIME's AAAm rating. Fund B does not meet the requirements of a SEC 2a7-like fund. Therefore, SBA provided a fair value factor of .7568386 (total net asset value of Fund B divided by total participant balances of Fund B) at September 30, 2011 to be applied against a participant's account balances in order to determine the fair value of investments in Fund B. Consequently, the fair value of the County's investment in Fund B at September 30, 2011 is \$9,168,448.

D. Repurchase Agreements

In connection with the issuance of the \$71,160,000 Water and Sewer Refunding Revenue Bonds, Series 2006 (see Note 9), the County entered into a repurchase agreement involving the investment of various proceeds from the bond issue, including \$4,880,300 representing a reserve account. At September 30, 2011, the balance of the repurchase agreement, which is fully collateralized in accordance with Section 218.415, Florida Statutes, is \$4,880,300. The County also entered into a tri-party custodial agreement in connection with this repurchase agreement. Under the custodial agreement, all securities are held by the custodian in the County's name.

PASCO COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2011

4. ACCOUNTS AND NOTES RECEIVABLE, AND DUE FROM OTHER GOVERNMENTS

A. Accounts and Notes Receivable

Accounts and notes receivable at September 30, 2011, for the County's individual major funds and for the total of nonmajor funds, including related allowances for doubtful accounts, were as follows:

	Accounts/ Notes Receivable (Gross)	Allowance for Doubtful Accounts	Accounts/ Notes Receivable (Net)
Accounts Receivable			
Major Funds:			
General	\$ 50,229,154	\$ 47,216,469	\$ 3,012,685
Water and Sewer Unit	11,945,142	1,629,763	10,315,379
Solid Waste Disposal and Resource Recovery System	4,587,572	150,000	4,437,572
Total, major funds	66,761,868	48,996,232	17,765,636
Nonmajor Funds	1,159,047	-	1,159,047
Internal Service Funds	2,910	-	2,910
Total, all funds	\$ 67,923,825	\$ 48,996,232	\$ 18,927,593
Notes Receivable			
Major Fund:			
State Housing Initiatives Partnership	\$ 23,984,289	\$ -	\$ 23,984,289
Nonmajor Funds	28,390,801	-	28,390,801
Total, all funds	\$ 52,375,090	\$ -	\$ 52,375,090

B. Due from Other Governments

The amounts due from other governments at September 30, 2011, for the County's individual major funds and for the total of nonmajor funds, were as follows:

Major Funds:	
General	\$ 1,671,523
State Housing Initiatives Partnership	12,938
Water and Sewer Unit	824,848
Total, major funds	2,509,309
Nonmajor Funds	28,082,033
Internal Service Funds	7,514
Total, all funds	\$ 30,598,856

See Note 10 for discussion of long-term amounts due from other governments.

PASCO COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2011

5. PAYABLES AND DUE TO OTHER GOVERNMENTS

A. Payables

Payables (vouchers and contracts) at September 30, 2011, for the County's individual major funds and for the total of nonmajor funds, were as follows:

Major Funds:	
General	\$ 5,933,577
State Housing Initiatives Partnership	13,822
Water and Sewer Unit	7,722,413
Solid Waste Disposal and Resource Recovery System	<u>3,840,524</u>
Total, major funds	17,510,336
Nonmajor Funds	15,865,140
Internal Service Funds	850,380
Total, all funds	<u><u>\$ 34,225,856</u></u>

B. Due To Other Governments

Amounts due to other governments at September 30, 2011, for the County's individual major funds and for the total of nonmajor funds, were as follows:

Major Funds:	
General	\$ 363,906
State Housing Initiatives Partnership	2,623
Solid Waste Disposal and Resource Recovery System	<u>5,025</u>
Total, major funds	371,554
Nonmajor Funds	195,749
Total, all funds	<u><u>\$ 567,303</u></u>

PASCO COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2011

6. INTERFUND BALANCES AND INTERFUND TRANSFERS

A. Interfund Balances

Amounts due from/due to other funds, and advances to/from other funds at September 30, 2011, were as follows:

Due From/To Other Funds

	Due From Other Funds	Due To Other Funds
Major Funds:		
General	\$ 24,595,747	\$ 4,736,822
Water and Sewer Unit	5,102	498,301
Solid Waste Disposal and Resource Recovery System	405,904	-
Total, major funds	25,006,753	5,235,123
Nonmajor Funds:		
Special Revenue	\$ 3,050,605	\$ 18,704,573
Debt Service	2,207,890	7,132,439
Capital Projects	-	92,442
Total, nonmajor funds	5,258,495	25,929,454
Internal Service Funds	912,112	12,783
Total, all funds	\$ 31,177,360	\$ 31,177,360

Advance To/From Other Funds

	Advance From Other Funds	Advance To Other Funds
Major Funds:		
Water and Sewer Unit	\$ 1,632,387	\$ -
Solid Waste Disposal and Resource Recovery System	-	1,632,387
Total all major and all funds	\$ 1,632,387	\$ 1,632,387

The purposes of these interfund transactions are to:

- eliminate deficits in the equity in pooled cash of certain grant funds.
- recognize excess amounts to be distributed to other funds by debt service funds after all debt service reserve amounts have been satisfied for the period.
- recognize amounts representing interfund transfers occurring after the posting of interest allocations among the various funds.
- provide short-term loans to other governmental funds.
- recognize July, 2011 Solid Waste System advance to/due from Water and Sewer Unit for property acquisition, payable monthly in 5 years at .5% interest. Of the advanced funds, \$1,305,910 is not expected to be repaid within the next fiscal year.

PASCO COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2011

6. INTERFUND BALANCES AND INTERFUND TRANSFERS (CONTINUED)

B. Interfund Transfers

Amounts transferred between funds for the fiscal year ended September 30, 2011 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General	\$ 7,127,004	\$ 4,571,046
Water and Sewer Unit	56,991	-
Total, major funds	7,183,995	4,571,046
Nonmajor Funds		
Special Revenue	\$ 4,966,715	\$ 8,702,478
Debt Service	8,200,938	7,078,124
Total, nonmajor funds	13,167,653	15,780,602
Internal Service Funds	-	-
Total, all funds	\$ 20,351,648	\$ 20,351,648

Transfers are used to:

- provide matching funds for grants.
- provide unrestricted General Fund revenues to finance capital projects which must be accounted for in another fund.
- distribute excess amounts to other funds after all debt service reserve amounts have been satisfied for the period in the debt service funds.
- provide funding from the Municipal Service Fund to the General Fund for the Sheriff's road patrol in the unincorporated area of the County.

PASCO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

7. CAPITAL ASSETS

A. Capital Assets Activity

Capital assets activity for the fiscal year ended September 30, 2011 was as follows:

Governmental Activities:	Balance September 30, 2010	Increase	Decrease	Balance September 30, 2011
Capital Assets, not being depreciated:				
Land	\$ 86,686,889	\$ 7,256,582	\$ 306,542	\$ 93,636,929
Intangibles - easements	72,104	1,862,105	-	1,934,209
Construction in process	95,502,171	23,724,474	43,778,810	75,447,835
Total capital assets not being depreciated	<u>182,261,164</u>	<u>32,843,161</u>	<u>44,085,352</u>	<u>171,018,973</u>
Capital assets, being depreciated:				
Buildings	216,112,312	4,869,207	1,001,961	219,979,558
Improvements other than buildings	39,288,878	255,858	-	39,544,736
Equipment	126,935,476	13,200,168	5,228,813	134,906,831
Infrastructure	411,379,444	50,235,429	-	461,614,873
Intangibles - other	345,350	282,801	-	628,151
Total capital assets being depreciated	<u>794,061,460</u>	<u>68,843,463</u>	<u>6,230,774</u>	<u>856,674,149</u>
Less accumulated depreciation for:				
Buildings	85,895,777	9,336,707	-	95,232,484
Improvements other than buildings	26,507,821	2,305,952	-	28,813,773
Equipment	87,379,348	11,342,580	4,867,033	93,854,895
Infrastructure	72,092,423	10,608,801	-	82,701,224
Intangibles	-	115,117	-	115,117
Total accumulated depreciation	<u>271,875,369</u>	<u>33,709,157</u>	<u>4,867,033</u>	<u>300,717,493</u>
Total capital assets, being depreciated, net	<u>522,186,091</u>	<u>35,134,306</u>	<u>1,363,741</u>	<u>555,956,656</u>
Governmental activities capital assets, net	<u>\$ 704,447,255</u>	<u>\$ 67,977,467</u>	<u>\$ 45,449,093</u>	<u>\$ 726,975,629</u>

PASCO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

7. CAPITAL ASSETS (CONTINUED)

A. Capital Assets Activity (Continued)

Business-type Activities:	Balance September 30, 2010	Increase	Decrease	Balance September 30, 2011
Water and Sewer Unit:				
Capital Assets, not being depreciated:				
Land	17,292,152	2,760,519	-	20,052,671
Intangibles - easements	-	176,487	-	176,487
Construction in process	37,361,861	25,745,851	24,305,664	38,802,048
Total capital assets not being depreciated	<u>54,654,013</u>	<u>28,682,857</u>	<u>24,305,664</u>	<u>59,031,206</u>
Capital assets, being depreciated:				
Buildings	111,227,226	8,904,386	-	120,131,612
Improvements other than buildings	598,910,667	16,325,142	-	615,235,809
Equipment	4,257,501	255,919	230,840	4,282,580
Total capital assets being depreciated	<u>714,395,394</u>	<u>25,485,447</u>	<u>230,840</u>	<u>739,650,001</u>
Less accumulated depreciation for:				
Buildings	15,508,709	3,912,389	-	19,421,098
Improvements other than buildings	193,908,534	20,602,664	-	214,511,198
Equipment	2,537,085	366,594	195,793	2,707,886
Total accumulated depreciation	<u>211,954,328</u>	<u>24,881,647</u>	<u>195,793</u>	<u>236,640,182</u>
Total capital assets, being depreciated, net	<u>502,441,066</u>	<u>603,800</u>	<u>35,047</u>	<u>503,009,819</u>
Water and Sewer Unit Total capital assets, net	<u>557,095,079</u>	<u>29,286,657</u>	<u>24,340,711</u>	<u>562,041,025</u>

PASCO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

7. CAPITAL ASSETS (CONTINUED)

<u>Business-type Activities (Continued):</u>	<u>Balance September 30, 2010</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance September 30, 2011</u>
Solid Waste Disposal and Resource Recovery System:				
Capital Assets, not being depreciated:				
Land	\$ 4,791,264	\$ -	\$ -	\$ 4,791,264
Construction in process	7,892,934	1,280,409	6,947,588	2,225,755
Total capital assets not being depreciated	<u>12,684,198</u>	<u>1,280,409</u>	<u>6,947,588</u>	<u>7,017,019</u>
Capital assets, being depreciated:				
Buildings	32,731,290	-	-	32,731,290
Improvements other than buildings	110,501,322	6,952,093	26,353	117,427,062
Equipment	737,446	15,889	108,939	644,396
Total capital assets being depreciated	<u>143,970,058</u>	<u>6,967,982</u>	<u>135,292</u>	<u>150,802,748</u>
Less accumulated depreciation for:				
Buildings	15,906,206	851,241	-	16,757,447
Improvements other than buildings	63,086,108	2,650,074	21,191	65,714,991
Equipment	401,462	52,202	41,889	411,775
Total accumulated depreciation	<u>79,393,776</u>	<u>3,553,517</u>	<u>63,080</u>	<u>82,884,213</u>
Total capital assets, being depreciated, net	<u>64,576,282</u>	<u>3,414,465</u>	<u>72,212</u>	<u>67,918,535</u>
Solid Waste Disposal and Resource Recovery System Total capital assets, net	<u>77,260,480</u>	<u>4,694,874</u>	<u>7,019,800</u>	<u>74,935,554</u>
Business-Type Activities Total capital assets, net	<u>\$ 634,355,559</u>	<u>\$ 33,981,531</u>	<u>\$ 31,360,511</u>	<u>\$ 636,976,579</u>

PASCO COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2011

7. CAPITAL ASSETS (CONTINUED)

B. Depreciation Expense

Depreciation expense in fiscal year 2011 was charged to the functions or programs of the County as follows:

Governmental Activities	
General government	\$ 6,888,891
Public safety	7,197,401
Physical environment	1,057,144
Transportation	13,010,819
Economic environment	991
Human services	1,023,301
Culture and recreation	3,470,353
Court-related	1,060,257
Total	<u>\$ 33,709,157</u>
 Business-type Activities	
Water and Sewer Unit	\$ 24,881,647
Solid Waste Disposal and Resource Recovery System	3,553,517
Total	<u>\$ 28,435,164</u>

C. Construction in Process

Construction in process at September 30, 2011 consists of the following:

Governmental Activities	
Public safety	\$ 827,233
General government	3,330,077
Transportation	65,375,290
Physical environment	812,091
Human services	4,186,390
Culture and recreation	916,754
Total	<u>\$ 75,447,835</u>
 Business-type Activities	
Water and Sewer unit	
Water supply and distribution	\$ 1,475,389
Water and sewer combined	1,402,918
Wastewater treatment, collection and transmission	7,308,334
Effluent reuse	12,421,214
Pipe relocation	15,514,969
Other	679,224
Total	<u>\$ 38,802,048</u>
 Solid Waste Disposal and Resource Recovery System	
Landfill leachate management	2,225,755
Total, business-type activities	<u>41,027,803</u>
Total	<u>\$ 116,475,638</u>

PASCO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

8. CAPITALIZATION OF INTEREST

Interest costs incurred in enterprise funds during the period of construction of qualifying assets are capitalized as a part of the historical cost of those assets in accordance with FASB Statement No. 34, as amended by FASB Statement 62. For the fiscal year ended September 30, 2011, the Water and Sewer Unit Fund incurred total interest expense of \$12,178,110 of which \$2,215,196 was capitalized; the Solid Waste Disposal and Resource Recovery System Fund incurred total interest expense of \$3,588,585, of which \$293,991 was capitalized.

9. LONG-TERM LIABILITIES

A. Changes in Long-term Liabilities

Changes in Long-term liabilities for the year ended September 30, 2011 were as follows:

	Balance September 30, 2010	Issuances/ Additions	Retirements	Balance September 30, 2011	Amount Due In One Year
Business-Type Activities:					
Water and Sewer Unit:					
\$71,160,000 Water and Sewer Refunding Revenue Bonds, Series 2006	\$ 70,900,000	\$ -	\$ 1,395,000	\$ 69,505,000	\$ 1,455,000
\$31,715,000 Water and Sewer Revenue Bonds Series 2009A	31,715,000	-	-	31,715,000	1,000,000
\$115,655,000 Water and Sewer Revenue Bonds Series 2009B - "Build America Bonds"	115,655,000	-	-	115,655,000	-
Total, Bonded Debt	218,270,000	-	1,395,000	216,875,000	2,455,000
Less: unamortized bond discount (premium)	(884,550)	-	(184,105)	(700,445)	(183,847)
Less: unamortized loss on early retirement of debt	5,530	-	5,530	-	-
Total bonded debt, net	219,149,020	-	1,573,575	217,575,445	2,271,153
Compensated absences	1,540,632	9,036	67,276	1,482,392	77,025
Total long-term liabilities, Water and Sewer Unit	220,689,652	9,036	1,640,851	219,057,837	2,348,178

PASCO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

9. LONG-TERM LIABILITIES (CONTINUED)

A. Changes in Long-term Liabilities (Continued)

	Balance September 30, 2010	Issuances/ Additions	Retirements	Balance September 30, 2011	Amount Due In One Year
Business-Type Activities:					
Solid Waste Disposal and Resource Recovery System:					
\$45,700,000 Solid Waste Disposal and Resource Recovery System Refunding Revenue Bonds, Series 2008A (Taxable)	45,700,000	-	45,700,000	-	-
\$15,090,000 Solid Waste Disposal and Resource Recovery System Refunding Revenue Bonds, Series 2008B (Non-AMT)	11,865,000	-	3,490,000	8,375,000	3,770,000
\$4,545,000 Solid Waste Disposal and Resource Recovery System Refunding Revenue Bonds, Series 2008C (AMT)	3,475,000	-	1,110,000	2,365,000	1,160,000
\$19,945,000 Solid Waste Disposal and Resource Recovery System Revenue Bonds, Series 2008D (Non-AMT)	19,945,000	-	-	19,945,000	-
\$39,150,000 Solid Waste Disposal and Resource Recovery System Refunding Revenue Bonds, Series 2011 (AMT)	-	39,150,000	-	39,150,000	-
Total, bonded debt	<u>80,985,000</u>	<u>39,150,000</u>	<u>50,300,000</u>	<u>69,835,000</u>	<u>4,930,000</u>
Less: unamortized bond discount (premium)	(589,268)	(2,324,585)	199,786	(2,714,069)	437,151
Less: unamortized loss on early retirement of debt	1,846,613	1,440,879	1,830,304	1,457,188	222,149
Total bonded debt, net	<u>79,727,655</u>	<u>40,033,706</u>	<u>48,269,910</u>	<u>71,091,881</u>	<u>4,270,700</u>
Compensated absences	291,183	22,874	-	314,057	11,093
Total long-term liabilities, Solid Waste Disposal and Resource Recovery System	<u>80,018,838</u>	<u>40,056,580</u>	<u>48,269,910</u>	<u>71,405,938</u>	<u>4,281,793</u>
Total long-term liabilities, business-type activities	<u>\$300,708,490</u>	<u>\$40,065,616</u>	<u>\$49,910,761</u>	<u>\$290,463,775</u>	<u>\$ 6,629,971</u>

PASCO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

9. LONG-TERM LIABILITIES (CONTINUED)

A. Changes in Long-term Liabilities (Continued)

	Balance September 30, 2010	Issuances/ Additions	Retirements	Balance September 30, 2011	Amount Due In One Year
Governmental Activities:					
\$32,250,000 Guaranteed Entitlement Refunding Revenue Bonds, Series 2003	\$ 27,905,000	\$ -	\$ 705,000	\$ 27,200,000	\$ 730,000
\$47,870,000 Half-Cent Sales Tax Revenue Bonds, Series 2003	41,520,000	-	1,005,000	40,515,000	1,035,000
\$19,435,000 Gas Tax Refunding Revenue Bonds, Series 2002	11,185,000	-	3,540,000	7,645,000	3,725,000
Total, bonded debt	80,610,000	-	5,250,000	75,360,000	5,490,000
\$13,000,000 Note, HUD Section 108, 2006	11,387,000	-	450,000	10,937,000	474,000
Compensated absences	17,982,006	842,838	2,019,869	16,804,975	1,325,878
Total long-term liabilities, Governmental activities	109,979,006	842,838	7,719,869	103,101,975	7,289,878
Total long-term liabilities	<u>\$410,687,496</u>	<u>\$40,908,454</u>	<u>\$57,630,630</u>	<u>\$393,565,750</u>	<u>\$ 13,919,849</u>

Compensated absences typically have been liquidated in the General and other governmental funds.

PASCO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

9. LONG-TERM LIABILITIES (CONTINUED)

B. Debt Service Requirements

Debt service requirements on long-term debt, including current maturities, at September 30, 2011 are as follows:

Governmental Activities:

September 30	Revenue Bonds		Notes Payable		Total
	Principal	Interest	Principal	Interest	
2012	5,490,000	4,383,005	474,000	598,139	10,945,144
2013	5,745,000	3,131,725	499,000	574,297	9,950,022
2014	1,885,000	3,070,525	529,000	549,097	6,033,622
2015	1,945,000	3,004,680	556,000	522,277	6,027,957
2016	2,015,000	2,934,593	588,000	493,976	6,031,569
2017-2021	11,570,000	13,186,999	3,514,000	1,964,020	30,235,019
2022-2026	14,605,000	10,161,300	4,777,000	854,730	30,398,030
2027-2031	18,610,000	6,062,956	-	-	24,672,956
2032-2034	13,495,000	1,371,500	-	-	14,866,500
	<u>\$ 75,360,000</u>	<u>\$ 47,307,283</u>	<u>\$ 10,937,000</u>	<u>\$ 5,556,535</u>	<u>\$ 139,160,818</u>

Business-Type Activities:

Water and Sewer Unit:

September 30	Revenue Bonds		
	Principal	Interest	Total
2012	2,455,000	12,147,254	14,602,254
2013	4,680,000	12,081,979	16,761,979
2014	5,040,000	11,985,448	17,025,448
2015	5,325,000	11,763,692	17,088,692
2016	5,685,000	11,577,154	17,262,154
2017-2021	29,675,000	54,007,962	83,682,962
2022-2026	33,440,000	46,637,215	80,077,215
2027-2031	42,920,000	36,555,887	79,475,887
2032-2036	58,565,000	22,933,400	81,498,400
2036-2039	29,090,000	5,141,792	34,231,792
	<u>\$ 216,875,000</u>	<u>\$ 224,831,783</u>	<u>\$ 441,706,783</u>

Solid Waste Disposal and Resource Recovery System:

September 30	Revenue Bonds		
	Principal	Interest	Total
2012	4,930,000	3,028,600	7,958,600
2013	5,810,000	2,842,250	8,652,250
2014	4,125,000	2,718,500	6,843,500
2015	4,325,000	2,502,250	6,827,250
2016	4,505,000	2,277,000	6,782,000
2017-2021	26,195,000	7,652,750	33,847,750
2022-2025	19,945,000	1,556,250	21,501,250
	<u>\$ 69,835,000</u>	<u>\$ 22,577,600</u>	<u>\$ 92,412,600</u>
Total, business-type activities	<u>\$ 286,710,000</u>	<u>\$ 247,409,383</u>	<u>\$ 534,119,383</u>

PASCO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

9. LONG-TERM LIABILITIES (CONTINUED)

C. Debt Issues

Business-Type Activities - Enterprise Funds

\$71,160,000 Water and Sewer Refunding Revenue Bonds, Series 2006

Purpose:	to advance refund and legally defease the outstanding Subordinate Water and Sewer Revenue Bonds, Series 2003 (East Pasco Utilities, Inc.) and 2004 (Forest Hills Utilities, Inc.), pay certain issuance costs, and finance certain costs associated with the 2006
Range of principal installments:	\$65,000 to \$19,965,000 (\$34,860,000 serial bonds through 2026 and \$36,245,000 term bonds with redemptions in 2031 and 2036).
Range of interest rates:	3.75% to 5.00% (serial bonds); 4.75% (2031 term bonds); 5% (2036
Source of payments:	revenues of the Water and Sewer System and available impact fees.
Year of final maturity:	2036
Insured by Financial Security Assurance, Inc. (FSA)	guaranteed payment of principal and interest; insurance is noncancellable.

\$31,715,000 Water and Sewer Revenue Bonds, Series 2009A

Purpose:	to pay the cost of terminating, canceling and unwinding the County's rights, duties and obligations under the forward interest Swap Agreement, funding the 2009A Bonds' Reserve Account Requirement in the 2009A Bonds' Reserve Subaccount, and pay certain costs associated with the issuance of the 2009A Bonds.
Range of principal installments:	\$1,000,000 to \$4,570,000
Range of interest rates:	3.00% to 5.00%
Source of payments:	revenues of the Water and Sewer System and available impact fees.
Year of final maturity:	2021
Insured by Financial Security Assurance, Inc. (FSA)	guaranteed payment of principal and interest; insurance is noncancellable.

\$115,655,000 Water and Sewer Revenue Bonds, Series 2009B - "Build America Bonds"

Purpose:	to pay the cost of acquiring, constructing and erecting a portion of the 2009 Project, funding capitalized interest, funding the 2009B Bonds' Reserve Account Requirement in the 2009B Bonds' Reserve Subaccount, and to pay certain costs associated with the issuance of the 2009B Bonds.
Range of principal installments:	\$3,455,000 to 12,715,000
Range of interest rates:	5.36% to 6.76%
Source of payments:	revenues of the Water and Sewer System and available impact fees.
Year of final maturity:	2039
Insured by Financial Security Assurance, Inc. (FSA)	guaranteed payment of principal and interest; insurance is noncancellable.

PASCO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

9. LONG-TERM LIABILITIES (CONTINUED)

C. Debt Issues (Continued)

Business-Type Activities - Enterprise Funds (Continued)

\$15,090,000 Solid Waste Disposal and Resource Recovery System Refunding Revenue Bonds, Series 2008B (Non-AMT)

Purpose:	to advance refund and legally defease the outstanding Solid Waste Disposal and Resource Recovery System Refundng Revenue Bonds, Series 1992 and the outstanding Solid Waste Disposal and Resource Recovery System Refunding Revenue Bonds, Series 1997A.
Range of principal installments:	\$3,225,000 to \$4,605,000
Range of interest rates:	3.00% to 4.00%
Source of payments:	assessment revenues and net revenues of the Solid Waste Disposal and Resource Recovery System and available impact fees.
Year of final maturity:	2012
Insured by Financial Security Assurance, Inc. (FSA)	guaranteed payment of principal and interest; insurance is noncancellable.

\$4,545,000 Solid Waste Disposal and Resource Recovery System Refunding Revenue Bonds, Series 2008C (AMT)

Purpose:	to advance refund and legally defease the outstanding Solid Waste Disposal and Resource Recovery System Refundng Revenue Bonds, Series 1997B.
Range of principal installments:	\$1,070,000 to \$1,205,000
Range of interest rates:	4.00% to 4.50%
Source of payments:	assessment revenues and net revenues of the Solid Waste Disposal and Resource Recovery System and available impact fees.
Year of final maturity:	2012
Insured by Financial Security Assurance, Inc. (FSA)	guaranteed payment of principal and interest; insurance is noncancellable.

PASCO COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2011

9. LONG-TERM LIABILITIES (CONTINUED)

C. Debt Issues (Continued)

Business-Type Activities - Enterprise Funds (Continued)

\$19,945,000 Solid Waste Disposal and Resource Recovery System Revenue Bonds, Series 2008D (Non-AMT)

Purpose:	to fund the 2008 Project Improvement of the Solid Waste Disposal and Resource Recovery System and certain costs associated with the 2008 Project.
Range of principal installments:	\$4,630,000 to \$5,355,000 (\$9,490,000 term bond due 2022 with mandatory redemption of \$4,630,000 due 2021 and \$4,860,000 due 2022; and \$10,455,000 term bond due 2024 with mandatory redemption of \$5,100,000 due 2023 and \$5,355,000 due 2024).
Range of interest rates:	5.00%
Source of payments:	assessment revenues and net revenues of the Solid Waste Disposal and Resource Recovery System and available impact fees.
Year of final maturity:	2022 and 2024
Insured by Financial Security Assurance, Inc. (FSA)	guaranteed payment of principal and interest; insurance is noncancellable.

\$39,150,000 Solid Waste Disposal and Resource Recovery System Refunding Revenue Bonds, Series 2011 (AMT)

Purpose:	to advance refund and legally defease the outstanding Solid Waste Disposal and Resource Recovery System Revenue Bonds, Series 2008A, and terminate the Swap Agreement associated with Series 2008A.
Range of principal installments:	\$2,525,000 to \$5,750,000
Range of interest rates:	3.00% to 5.00%
Source of payments:	assessment revenues and net revenues of the Solid Waste Disposal and Resource Recovery System and available impact fees.
Year of final maturity:	2020
Insured by Financial Security Assurance, Inc. (FSA)	guaranteed payment of principal and interest; insurance is noncancellable.

Governmental Activities

\$19,435,000 Gas Tax Refunding Revenue Bonds, Series 2002

Purpose:	to refund and legally defease the County's Gas Tax Refunding Revenue Bonds, Series 1992.
Range of principal installments:	\$160,000 to \$3,920,000
Range of interest rates:	4.00% to 5.25%
Source of payments:	six cent local option gas tax.
Year of final maturity:	2013
Insured by FGIC:	guaranteed payment of principal and interest; insurance is noncancellable.

PASCO COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2011

9. LONG-TERM LIABILITIES (CONTINUED)

C. Debt Issues (Continued)

Governmental Activities (Continued)

\$47,870,000 Half-cent Sales Tax Revenue Bonds, Series 2003

Purpose: to finance the cost of various capital projects.
 Range of principal installments: \$920,000 to \$1,745,000 (\$21,220,000 serial bonds through 2023); \$1,830,000 to \$2,240,000 (\$10,150,000 term bonds with mandatory redemptions from 2024 through 2028); \$2,350,000 to \$2,860,000
 Range of interest rates: 3.0 to 5.0% (serial bonds); 5.125% (2028 term bonds); 5.0% (2033 term bonds).
 Source of payments: half-cent local sales tax
 Year of final maturity: 2033
 Insured by Ambac Financial Group: guaranteed payment of principal and interest; insurance is noncancellable.

\$32,250,000 Guaranteed Entitlement Refunding Revenue Bonds, Series 2003

Purpose: to legally defease all of the outstanding Guaranteed Entitlement Refunding Revenue Bonds, both Series 1989 and Series 1992.
 Range of principal installments: \$655,000 to \$1,170,000 (\$14,705,000 serial bonds through 2023); \$1,220,000 to \$1,345,000 (\$3,845,000 term bonds with mandatory redemptions from 2024 through 2026); \$1,415,000 to \$1,615,000 (\$6,050,000 term bonds with mandatory redemptions from 2027 through 2030); \$1,685,000 to \$1,860,000 (\$5,315,000 term bonds with mandatory redemptions from 2031 through 2033).
 Range of interest rates: 2.0% to 4.5% (serial bonds); 5.0% (2026 term bonds); 4.5%(2030 term bonds).
 Source of payments: guaranteed entitlement and second guaranteed entitlement monies from State of Florida Revenue Sharing Trust Funds.
 Year of final maturity: 2033
 Insured by FSA: guaranteed payment of principal and interest; insurance is noncancellable.

\$13,000,000 Housing and Urban Development (HUD) Section 108 Note, Series 2006

Purpose: to provide funding for the Tommytown Neighborhood revitalization project.
 Range of principal installments: \$394,000 to \$1,077,000
 Interest rate: 4.96 to 5.77%
 Source of payments: pledged future Community Development Block Grant (CDBG) funds and other non ad valorem funds as security for the guaranteed loan funds.
 Year of final maturity: 2026

9. LONG-TERM LIABILITIES (CONTINUED)

D. Other Long-term Liabilities Matters

Bonds Refunded and Swap Termination Payment

As noted above, during the fiscal year ended September 30, 2011, the County issued \$39,150,000 Solid Waste Disposal and Resource Recovery System Refunding Revenue Bonds, Series 2011 (AMT) for the purpose of advance refunding and legally defeasing the outstanding \$45,700,000 Solid Waste Disposal and Resource Recovery System Refunding Revenue Bonds, Series 2008A (Taxable). This refunding resulted in an increase in debt service payments of \$3.9 million and an economic gain of \$4.4 million. The County also made a swap termination payment of \$5,710,000, related to the refunded 2008A bonds.

Arbitrage Rebate

The Tax Reform Act of 1986 generally requires earnings from investments of bond proceeds that exceed the issuer's bond yield to be rebated to the U.S. Treasury at periodic intervals, usually every five years. Computations are performed to determine the yield on the bonds, the yield on the invested funds and the determination of the resulting arbitrage rebate liability. The computation period begins at issue date and extends to the 2011 fiscal year end. When arbitrage rebate liabilities occur they are included in amounts Due to Other Governments and are charged against interest income.

The County had no rebate liability as of September 30, 2011.

Legal Debt Limits

The Florida Constitution and Pasco County set no legal debt limits.

Restrictions

The official statements and Commission resolutions authorizing the issuance of the bonds contain certain restrictive covenants. The Board of County Commissioners has covenanted that, on a monthly basis, it will deposit specified amounts derived from specific revenue sources into accounts and funds established by resolutions. The deposits into these accounts and funds are used to repay principal and interest coming due on the bonds and to provide sinking funds established for the purpose of retiring term bonds due in future years. The most restrictive of these covenants include rate covenants of not less than 125% of the current Debt Service Requirements and 100% of all reserve and other required payments. The Board believes that it is in compliance with all significant bond covenants.

Conduit Debt

Pasco County, through the Board, has issued various bonded debt to provide financial assistance to private-sector entities for the acquisition, construction and equipping of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance.

As of September 30, 2011, there were several series of industrial revenue and industrial development bonds outstanding for which the Board was unable to determine the outstanding balances; however, the original aggregate principal amount payable of these bonds was approximately \$ 46.9 million.

Additionally, as of September 30, 2011, the Pasco County Housing Finance Authority, a discretely presented component unit, had issued \$8.4 million Multifamily Housing Revenue Bonds and \$500,000 Taxable Multifamily Housing Revenue Bonds to provide assistance in the construction of an apartment project; the bonds are secured by loan payments and other trust funds. Also, the Pasco County Educational Facilities Authority, a related organization, had issued \$8.3 million Variable Rate Demand Revenue Bonds (the Saint Leo Project) in order to provide financial assistance to Saint Leo University for construction of facilities; the bonds are secured by a line of credit and loan payments.

9. LONG-TERM LIABILITIES (CONTINUED)

D. Other Long-term Liabilities Matters (Continued)

Neither the Board, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds issued by the County or by the Pasco County Housing Finance Authority or the Pasco County Educational Facilities Authority. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements.

10. DUE FROM TAMPA BAY WATER

In May, 1998 the County, along with the counties of Hillsborough and Pinellas, and the cities of New Port Richey, St. Petersburg and Tampa, entered into an interlocal agreement to reorganize the West Coast Regional Water Supply Authority (the "Authority") from which the County purchased the majority of its water. In October 1998, the Authority was reorganized under the new name of Tampa Bay Water, A Regional Water Supply Authority. As part of this agreement, each party conveyed certain assets (consisting primarily of land, equipment and water rights) to the Authority in exchange for credits that will be applied against the cost of purchased water over the next thirty years. These credits are to be applied on a monthly basis, with interest (3.43% to 5.03%) compounded semi-annually.

Pasco County conveyed 6.328 acres at the North Pasco Wellfield, its production capacity at the North Pasco and Starkey Wellfields, and its equity in the Regional System and Cypress Creek Wellfield for a net amount of \$32,235,683 (\$3,000,000 in cash and \$29,235,683 recorded as due from other governments, a receivable that will be received in the form of credits, as noted above).

These deferred credits will be recognized as a reduction of the cost of purchased water as the credits are received from the Authority. These deferred credits are recorded in the Water and Sewer Fund.

The amount outstanding at September 30, 2011 totaled \$21,112,504 and is receivable in future fiscal years as follows:

2012	\$ 824,848
2013	863,203
2014	903,946
2015	947,245
2016	993,092
2017-2021	5,751,101
2022-2026	7,346,919
2027-2028	3,482,149
Total	<u>\$ 21,112,504</u>

11. RESTRICTED ASSETS OF ENTERPRISE FUNDS

Amounts accumulated as restricted assets at September 30, 2011, in the County's two Enterprise Funds (Water and Sewer Unit Fund, and Solid Waste Disposal and Resource Recovery System Fund, both classified as major funds), in accordance with the terms of bond indentures and state grant requirements, consisted of the following:

	Cash and Cash Equivalents	Investments	Total
Water and Sewer Unit:			
Cash with fiscal agent	\$ 7,543,177	\$ -	\$ 7,543,177
Construction funds	-	98,772,530	98,772,530
Debt service	13,628,154	12,490,186	26,118,340
Impact fees	25,213,541	-	25,213,541
Operations & maintenance	5,623,444	-	5,623,444
Renewal and replacement	7,926,385	-	7,926,385
Customer deposits	3,469,651	-	3,469,651
Total	<u>\$ 63,404,352</u>	<u>\$ 111,262,716</u>	<u>\$ 174,667,068</u>
Solid Waste Disposal and Resource Recovery System:			
Cash with fiscal agent	\$ 3,885,744	\$ -	\$ 3,885,744
Debt service	22,798,432	-	22,798,432
Renewal and replacement	2,001,558	-	2,001,558
System reserve	5,957,291	-	5,957,291
Customer deposits	24,129	-	24,129
Landfill closure	18,710,652	-	18,710,652
Total	<u>\$ 53,377,806</u>	<u>\$ -</u>	<u>\$ 53,377,806</u>

12. ENTERPRISE FUNDS' RESTRICTED NET ASSETS

At September 30, 2011, restrictions of net assets in the County's Enterprise Funds comprised the following:

	Water and Sewer Unit	Solid Waste and Resource Recovery System	Total
Debt service	25,302,187	22,798,432	48,100,619
Operations and maintenance	5,623,444	-	5,623,444
Renewal and replacement	7,926,385	2,001,558	9,927,943
Impact fees	25,213,541	-	25,213,541
System reserve	-	4,311,822	4,311,822
Landfill closure	-	18,710,652	18,710,652
Total	<u>\$ 64,065,557</u>	<u>\$ 47,822,464</u>	<u>\$ 111,888,021</u>

13. LANDFILL CLOSURE AND LONG-TERM CARE COSTS - SOLID WASTE DISPOSAL AND RESOURCE RECOVERY SYSTEM OPERATIONS

State and federal laws require that Pasco County place a final cover on its landfill sites when it stops accepting waste and that these sites be monitored for thirty years after closure. Although closure and long-term care costs will be paid only near or after the date that the landfills stop accepting waste, the County reports a portion of these costs as an operating expense in each period based on landfill capacity used as of the balance sheet date.

For the year ended September 30, 2011 the combined liability for landfill closure and post closure costs increased by \$5,682,772. The accrued costs of closure and long-term care as of September 30, 2011 are \$19,156,439 (an increase of \$708,064 from 2010) and \$35,831,101 (an increase of \$4,974,708 over 2010), respectively. The estimated total current costs of closure and long-term care remaining to be recognized are \$7,128,832 and \$13,121,624, respectively. All amounts recognized are based on an estimate by the County's consulting engineers of the cost to perform all closure and long-term care as of September 30, 2011. Actual costs may be higher due to inflation.

The County is required by state and federal laws to make annual contributions to an escrow account to meet financial assurance requirements. The County believes that it is in compliance with these requirements at September 30, 2011 with cash of \$18,710,652 held for this purpose. In the event that the annual escrow contributions and interest earnings prove to be inadequate due to inflation, changes in technology or additional closure and long-term requirements, these costs may need to be covered by charges to future landfill users.

The capacity utilized and estimated remaining useful life for each of the County's landfills is as follows:

Landfill	Capacity Utilized	Estimated Remaining Life (Years)
East Pasco Class I (13 and 107 acres)	100.00%	0
West Pasco Class 1 AI, AII, and AIII	71.38%	8.12
West Pasco Class III	41.41%	50.00
West Pasco Class 1SW-I and SW-2	71.03%	40.00
Ridge Road	100.00%	0

14. POLLUTION REMEDIATION

Governmental Accounting Standards Board Statement (GASBS) 49

GASBS 49 provides guidance for estimating and reporting the potential costs of pollution remediation. While GASBS 49 does not require the County to search for pollution, it does require the County to reasonably estimate and report a remediation liability when any of the following obligating events has occurred:

- Pollution poses an imminent danger to the public and the County is compelled to take action;
- The County is in violation of a pollution related permit or license;
- The County is named or has evidence that it will be named as a responsible party by a regulator;
- The County is named or has evidence that it will be named in a lawsuit to enforce a cleanup; or
- The County commences or legally obligates itself to conduct remediation activities.