

FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION

Pinellas County, Florida
Solid Waste System Enterprise Fund
Years Ended September 30, 2007 and 2006

Pinellas County, Florida
Solid Waste System Enterprise Fund

Financial Statements and Supplementary Information

Years Ended September 30, 2007 and 2006

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Report of Independent Certified Public Accountants

Members of the Board of County Commissioners
Pinellas County, Florida

We have audited the accompanying financial statements of the Solid Waste System Enterprise Fund (the Solid Waste System) of Pinellas County, Florida as of and for the years ended September 30, 2007 and 2006, as listed in the table of contents. These financial statements are the responsibility of the Solid Waste System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 1, the financial statements present only the Solid Waste System and do not purport to, and do not, present fairly the financial position of Pinellas County, Florida as of September 30, 2007 and 2006, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Solid Waste System Enterprise Fund of Pinellas County, Florida as of September 30, 2007 and 2006, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2008 on our consideration of the Solid Waste System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting, and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Solid Waste System's basic financial statements. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.



February 27, 2008

Pinellas County, Florida
Solid Waste System Enterprise Fund

Management's Discussion and Analysis (Unaudited)

September 30, 2007

This section of the Solid Waste System Enterprise Fund's (Solid Waste System) financial report represents management's analysis of the Solid Waste System's financial performance during the fiscal years then ended on September 30, 2007 and 2006. Please read the information presented here in conjunction with the financial statements and notes to financial statements, which follow this section.

2007 Financial Highlights

- The Solid Waste System's net assets increased by \$29.5 million or 9.2% during fiscal 2007.
- Total operating revenue decreased by \$1.8 million or 2.2% during fiscal 2007.
- Contractual services, utilities and supplies decreased by \$5.3 million or 11.7% during fiscal 2007.
- Construction in progress increased by \$21.9 million as a result of improvements made to the Resource Recovery Facility.

2006 Financial Highlights

- The Solid Waste System's net assets increased by \$25.9 million or 8.7% during fiscal 2006.
- Total operating revenue increased by \$2.4 million or 3% during fiscal 2006.
- Contractual services, utilities and supplies increased by \$2.8 million during fiscal 2006.
- Construction in progress increased by \$5.2 million as a result of Bridgeway landfill development and various improvements.

Overview of the Financial Statements

The Pinellas County Solid Waste System's financial statement contains three components: 1) management's discussion and analysis, 2) financial statements, and 3) supplementary information.

The Solid Waste System is a "Business-type activity" in that the Solid Waste System expenses are financed by fees and user charges from customers. No Pinellas County tax funds are used to support the Solid Waste System.

Pinellas County, Florida
Solid Waste System Enterprise Fund

Management's Discussion and Analysis (Unaudited) (continued)

The Statement of Net Assets presents information on assets and liabilities as well as the difference between the Solid Waste System's assets and liabilities (net assets) using accounting methods similar to those used by private sector companies. This is considered one way in which to measure the Solid Waste System's financial health.

Notes to the Financial Statements

The notes provide additional information that is essential in order for the reader to obtain a full understanding of the information presented in the financial statements.

Solid Waste System Financial Analysis

The comparison of net assets from year to year serves to measure a government's financial position.

Solid Waste System's Net Assets

	2007	2006	2005
Current and other assets	\$ 147,028,197	\$ 116,226,530	\$ 101,593,100
Capital assets	259,820,770	246,798,448	251,779,732
Total assets	406,848,967	363,024,978	353,372,832
Current liabilities	20,848,191	7,948,981	29,867,225
Long-term liabilities	34,405,998	32,975,367	27,302,368
Total liabilities	55,254,189	40,924,348	57,169,593
Net assets:			
Invested in capital assets, net of debt	259,820,770	246,363,448	229,095,428
Restricted	-	7,500,000	7,500,000
Unrestricted	91,774,008	68,237,182	59,607,811
Total net assets	\$ 351,594,778	\$ 322,100,630	\$ 296,203,239

Investment in capital assets (e.g., land, buildings, machinery and equipment), less outstanding debt used in acquiring these assets, represented approximately 74% of the Solid Waste System's total net assets at September 30, 2007. Capital assets are used to provide services to users and customers of the Solid Waste System and therefore are not available for future spending.

Pinellas County, Florida
Solid Waste System Enterprise Fund

Management's Discussion and Analysis (Unaudited) (continued)

Investment in capital assets (e.g., land, buildings, machinery and equipment), less outstanding debt used in acquiring these assets, represented approximately 77% of the Solid Waste System's total net assets at September 30, 2006. Capital assets are used to provide services to users and customers of the Solid Waste System and therefore are not available for future spending.

Unrestricted net assets represent 26% of the total net assets at September 30, 2007, and may be used to meet daily obligations of the Solid Waste System without restriction. Unrestricted net assets represent 21% of the total net assets at September 30, 2006, and may be used to meet daily obligations of the Solid Waste System without restriction.

There are no restricted net assets at September 30, 2007, as the Solid Waste System paid off the Series 1996 Revenue Bonds during the fiscal year. Restricted net assets represent 2% of total net assets at September 30, 2006, and are obligated for future capital asset purposes.

Summary of Changes in Net Assets

The following schedule compares the revenues and expenses for the Solid Waste System for current and previous fiscal years. In 2007, operating revenues for the Solid Waste System decreased 2% over 2006, and in 2005, operating revenues increased 3% over 2004. The primary sources of operating revenues are tipping fees and the sale of electricity. Total operating expenses decreased by 8% over 2006 and in 2006, total operating expenses increased by 6% over 2005. The primary sources of operating expenses are the payments made to the Resource Recovery Facility and landfill contract operators.

Pinellas County, Florida
Solid Waste System Enterprise Fund

Management's Discussion and Analysis (Unaudited) (continued)

Solid Waste System's Revenues, Expenses, and Changes in Net Assets

	2007	2006	2005
Revenues:			
Tipping fees	\$ 39,966,532	\$ 41,336,782	\$ 42,005,570
Electrical sales	36,764,527	37,161,242	34,079,753
Other	850,091	851,381	835,030
Total revenues	77,581,150	79,349,405	76,920,353
Expenses:			
Personal services	3,661,857	3,408,616	3,245,883
Contractual services, utilities and supplies	39,650,727	44,923,933	41,117,850
Depreciation	11,065,560	11,716,087	11,958,146
Total operating expenses	54,378,144	60,048,636	56,321,879
Operating income	23,203,006	19,300,769	20,598,474
Nonoperating revenues (expenses):			
Interest income	6,462,455	3,764,231	1,574,266
Interest expense, net of amounts capitalized	-	-	(1,194,417)
Other nonoperating, net	(225,811)	2,832,391	1,430,944
Capital contributions	54,498	-	-
Increase in net assets	29,494,148	25,897,391	22,409,267
Net assets at beginning of year	322,100,630	296,203,239	273,793,972
Net assets at end of year	\$351,594,778	\$322,100,630	\$296,203,239

Current and Prior Year Impacts

Revenues:

In fiscal 2007, tipping fees decreased by 3.3%, electrical sales decreased by 1%, and other revenue decreased by \$1,290 when compared to 2006.

In fiscal 2006, tipping fees decreased by 1.6%, electrical sales increased by 9%, and other revenue increased by 2% when compared to 2005. The electrical sales increased due to the continuing increase in the capacity payment schedule from the electrical power purchase agreement with Progress Energy and the increase in other revenues was primarily due to revenues from reef re-nourishment and an increase in the price per pound of metal sales.

Pinellas County, Florida
Solid Waste System Enterprise Fund

Management's Discussion and Analysis (Unaudited) (continued)

Expenses:

In fiscal 2007, operating expenses decreased due to contractual services in operations and maintenance of the Resource Recovery Facility.

In fiscal 2006, operating expenses increased due to contractual services for additional operations and maintenance of the Resource Recovery Facility, landfill management services, and landfill closure cost, respectively.

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2007, the Solid Waste System had \$259.8 million, net of accumulated depreciation, invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (additions, deductions and depreciation) of \$13 million from 2006.

As of September 30, 2006, the Solid Waste System had \$246.8 million, net of accumulated depreciation, invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions and depreciation) of \$5 million from 2005.

Solid Waste System's Capital Assets

	As of September 30		
	2007	2006	2005
Land	\$ 8,493,767	\$ 8,503,217	\$ 8,398,217
Buildings	13,790,136	13,790,136	13,688,330
Improvements other than buildings	371,468,648	369,623,237	368,764,426
Equipment	3,872,268	3,757,896	3,531,713
Construction in progress	29,379,920	7,473,553	2,291,347
	427,004,739	403,148,039	396,674,033
Less accumulated depreciation	(167,183,969)	(156,349,591)	(144,894,301)
Total	\$ 259,820,770	\$ 246,798,448	\$ 251,779,732

Pinellas County, Florida
Solid Waste System Enterprise Fund

Management's Discussion and Analysis (Unaudited) (continued)

The following reconciliation summarizes the change in capital assets.

Change in Capital Assets

	2007	2006
Beginning balance	\$ 246,798,448	\$ 251,779,732
Additions/transfer in	26,127,886	7,696,551
Disposals/transfers out	(2,040,004)	(961,748)
Depreciation	(11,065,560)	(11,716,087)
Ending balance	\$ 259,820,770	\$ 246,798,448

Fiscal 2007 and 2006 include the completion of the Resource Recovery Facility Capital Replacement/Life Extension Project and Bridgeway acres water management study. Included in the fiscal 2007 Solid Waste Capital Improvement Program is \$26 million for additional Resource Recovery Facility Capital Replacement/Life Extension Project, slurry wall phase 2, Bridgeway landfill redevelopment, relocation of main lift stations, various equipment, infrastructure and site upgrades and improvements.

Additional information regarding the Solid Waste System's capital assets can be found in Note 3 to the financial statements.

Debt Administration

The Solid Waste System had the following debt:

Outstanding Debt

	As of September 30		
	2007	2006	2005
Revenue Bonds, Series 1996	\$ —	\$ 435,000	\$22,685,000
Less unamortized discount and deferred loss on refunding	—	—	(696)
Total outstanding debt	\$ —	\$ 435,000	\$22,684,304

Pinellas County, Florida
Solid Waste System Enterprise Fund

Management's Discussion and Analysis (Unaudited) (continued)

The Solid Waste System's net revenue was pledged for the payment of the outstanding principal and interest on the bonds as of September 30, 2006 and through the maturity of the bonds in fiscal 2007. Additional information regarding the Solid Waste System's long-term debt can be found in Note 4 to the financial statements.

Economic Factors and Next Year's Budget and Rates

During the preparation of the fiscal 2008 budget, it is anticipated that the current tipping fee rates, electricity sales and electricity capacity payment would continue to cover the above stated costs and to include the required reserve balances.

Financial Contact

This financial report is designed to provide a general overview of the Solid Waste System's finances for interested parties. If you have questions about this report or need additional information, contact Pinellas County Utilities, 14 S. Ft. Harrison Avenue, Clearwater, Florida 33756.

Financial Statements

Pinellas County, Florida
Solid Waste System Enterprise Fund

Statements of Net Assets

	September 30	
	2007	2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,805,030	\$ 6,392,576
Investments	127,881,299	17,044,830
Investments with fiscal agent	–	446,528
Accrued interest receivable	724,191	90,890
Accounts receivable	10,156,578	9,297,297
Due from other County funds	39	344
Due from other governments	–	2,618,279
Other assets	461,060	468,953
Total current assets	147,028,197	36,359,697
Noncurrent restricted assets:		
Cash and cash equivalents	–	1,160,957
Investments	–	78,314,644
Accrued interest receivable	–	391,232
Total noncurrent restricted assets	–	79,866,833
Capital assets:		
Land	8,493,767	8,503,217
Buildings	13,790,136	13,790,136
Improvements other than buildings	371,468,648	369,623,237
Equipment	3,872,268	3,757,896
	397,624,819	395,674,486
Less accumulated depreciation	(167,183,969)	(156,349,591)
	230,440,850	239,324,895
Construction in progress	29,379,920	7,473,553
Net capital assets	259,820,770	246,798,448
Total assets	406,848,967	363,024,978

See accompanying notes.

Pinellas County, Florida
Solid Waste System Enterprise Fund

Statements of Net Assets (continued)

	September 30	
	2007	2006
Liabilities and net assets		
Current liabilities:		
Current maturities of revenue bonds payable	\$ –	\$ 435,000
Contracts payable	940,853	262,540
Vouchers payable	18,897,520	6,416,445
Due to other County funds	579	314
Due to other governments	224,406	166,580
Accrued interest payable	–	11,528
Accrued liabilities	145,075	142,799
Accrued compensated absences	308,729	286,979
Unearned revenue	65,610	–
Deposits	265,419	226,796
Total current liabilities	20,848,191	7,948,981
Long-term liabilities:		
Accrued landfill closure and postclosure care costs	34,387,762	32,952,586
Accrued compensated absences	18,236	22,781
Total long-term liabilities	34,405,998	32,975,367
Total liabilities	55,254,189	40,924,348
Net assets:		
Invested in capital assets, net of related debt	259,820,770	246,363,448
Restricted for renewal and replacement	–	7,500,000
Unrestricted	91,774,008	68,237,182
Total net assets	\$ 351,594,778	\$ 322,100,630

See accompanying notes.

Pinellas County, Florida
Solid Waste System Enterprise Fund

Statements of Revenues, Expenses, and Changes in Net Assets

	Year Ended September 30	
	2007	2006
Operating revenues:		
Tipping fees	\$ 39,966,532	\$ 41,336,782
Electrical sales	36,764,527	37,161,242
Other	850,091	851,381
Total operating revenues	<u>77,581,150</u>	<u>79,349,405</u>
Operating expenses:		
Personal services	3,661,857	3,408,616
Contractual services	35,617,494	40,496,907
Heat, light, and power	1,928,084	2,296,429
Supplies	211,529	269,960
Other operating expenses	1,893,620	1,860,637
Depreciation	11,065,560	11,716,087
Total operating expenses	<u>54,378,144</u>	<u>60,048,636</u>
Operating income	<u>23,203,006</u>	<u>19,300,769</u>
Nonoperating revenues (expenses):		
Interest income	6,462,455	3,764,231
Federal and state operating grants	-	2,323,538
Other nonoperating, net	(225,811)	508,853
Net nonoperating revenues	<u>6,236,644</u>	<u>6,596,622</u>
Income before capital contributions	<u>29,439,650</u>	<u>25,897,391</u>
Capital contributions	54,498	-
Increase in net assets	<u>29,494,148</u>	<u>25,897,391</u>
Nets assets at beginning of year	322,100,630	296,203,239
Net assets at end of year	<u>\$ 351,594,778</u>	<u>\$ 322,100,630</u>

See accompanying notes.

Pinellas County, Florida
Solid Waste System Enterprise Fund

Statements of Cash Flows

	Year Ended September 30	
	2007	2006
Operating activities		
Receipts from customers	\$ 76,826,407	\$ 77,328,300
Payments to other suppliers of goods or services	(37,804,567)	(38,747,503)
Payments to employees	(3,642,376)	(3,369,242)
Cash (paid to) received from other sources	(440,795)	384,510
Net cash provided by operating activities	<u>34,938,669</u>	<u>35,596,065</u>
Noncapital financing activities		
Operating grant proceeds	2,349,172	1,618,213
Net cash provided by noncapital financing activities	<u>2,349,172</u>	<u>1,618,213</u>
Capital financing activities		
Acquisition and construction of capital assets	(11,250,931)	(6,338,612)
Interest paid on revenue bonds payable	(11,528)	(607,116)
Principal paid on revenue bonds payable	(435,000)	(22,250,000)
Proceeds from sale of equipment	203,637	55,936
Net cash used in capital financing activities	<u>(11,493,822)</u>	<u>(29,139,792)</u>
Investing activities		
Withdrawals from investment pool	54,662,653	80,226,129
Deposits to investment pool	(85,516,692)	(96,193,610)
Interest received on investments	5,311,517	3,308,084
Net cash used in investing activities	<u>(25,542,522)</u>	<u>(12,659,397)</u>
Net increase (decrease) in cash and cash equivalents	251,497	(4,584,911)
Cash and cash equivalents at beginning of year	7,553,533	12,138,444
Cash and cash equivalents at end of year	<u>\$ 7,805,030</u>	<u>\$ 7,553,533</u>

Continued on next page.

Pinellas County, Florida
Solid Waste System Enterprise Fund

Statements of Cash Flows (continued)

	Year Ended September 30	
	2007	2006
Operating activities		
Operating income	\$ 23,203,006	\$ 19,300,769
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	11,065,560	11,716,087
Miscellaneous non-operating revenues	(440,795)	384,510
Changes in assets and liabilities:		
Increase in accounts receivable	(859,281)	(2,022,461)
(Increase) decrease in due from other funds	305	(344)
Decrease in prepaid expenses	7,893	2,310
Increase in vouchers and contracts payable	345,000	288,335
Increase in due to other funds	265	75
(Decrease) increase in due to other governments	57,826	(223,987)
Increase in accrued liabilities	2,276	13,026
Increase in accrued compensated absences	17,205	26,348
Increase in deposits and unearned revenue	104,233	1,700
Increase in accrued landfill closure and postclosure care costs	1,435,176	6,109,697
Net cash provided by operating activities	\$ 34,938,669	\$ 35,596,065
 Supplemental disclosure of noncash capital and financing activities:		
Purchase of capital assets on account	\$ 13,505,722	\$ 691,334
Increase in fair value of investments	908,869	341,740

See accompanying notes.

Pinellas County, Florida
Solid Waste System Enterprise Fund

Notes to Financial Statements

September 30, 2007 and 2006

1. Summary of Significant Accounting Policies and Practices

Reporting Entity

The Solid Waste System Enterprise Fund of Pinellas County, Florida (Solid Waste System) accounts for all activities associated with its provision of solid waste services to customers within and around the county. The accompanying financial statements include only the financial activities of the Solid Waste System. The Solid Waste System's operations are accounted for as an enterprise fund of the Pinellas County, Florida Board of County Commissioners (the County). Enterprise funds are used to account for operations (i) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (ii) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurement Focus and Basis of Accounting

The Solid Waste System Enterprise Fund is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred. The Solid Waste System applies all applicable FASB pronouncements issued on or before November 30, 1989 in accounting and reporting for its operations. In accordance with Governmental Accounting Standards Board Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Solid Waste System has elected not to apply FASB pronouncements issued after that date.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits, as well as short-term investments with an original maturity of three months or less at the date acquired. Investments are stated at fair value. The Local Government Surplus Funds Trust Fund is a 2a7-like investment pool and therefore is presented at its actual shared price.

Pinellas County, Florida
Solid Waste System Enterprise Fund

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies and Practices (continued)

Restricted Assets

Certain proceeds of the Pinellas County, Florida Resource Recovery Revenue Bonds, Series 1996, as well as certain resources, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants. Renewal and replacement resources are set aside to meet unexpected contingencies or to fund asset renewals and replacements.

Capital Assets

Capital assets are stated at cost and are items with individual costs of \$1,000 or more and useful lives of greater than one year. Depreciation is provided using the straight-line method over the estimated useful lives of the assets ranging from five to 10 years for equipment, 35 years for buildings, and from 20 to 40 years for improvements other than buildings.

Capitalization of Interest

Interest relating to the cost of constructing certain facilities is capitalized during the construction period. Capitalized interest is recorded as part of the asset to which it is related, and is depreciated over the asset's estimated useful life. No interest expense was capitalized during the years ending September 30, 2007 and 2006.

Accrued Compensated Absences

All full-time employees of the Solid Waste System are entitled to annual vacation and sick leave with pay. Upon separation from County service, employees shall receive a lump-sum payment for all unused annual leave up to a maximum of three times the employee's annual accrual rate for annual leave. Prior to December 24, 1994, sick leave was accumulated with no maximum. As of December 24, 1994, employees are no longer accruing sick leave. Upon termination, the employee is paid for up to one-half of accumulated sick leave, depending on length of service. Vacation payments are included in operating costs as earned.

Bond Issue Costs and Bond Discounts

Bond issue costs are recorded as deferred charges, whereas bond discounts are recorded as a reduction of the face amount of revenue bonds payable. Both bond issue costs and bond discounts are amortized over the term of the related bond issue using the bonds outstanding method, which approximates the effective interest method.

Pinellas County, Florida
Solid Waste System Enterprise Fund

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies and Practices (continued)

Operating Revenues and Expenses

The Solid Waste System distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Solid Waste System's principal ongoing operations. The principal operating revenues for the Solid Waste System are charges to customers for sales and services. Operating expenses for the Solid Waste System include cost of sales and services, administrative costs, and depreciation on capital assets. All revenues and expenses not meeting that definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Solid Waste System's policy to use restricted resources first, then unrestricted resources as needed.

Use of Estimates

The preparation of the financial statements requires management of the Solid Waste System to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the 2006 financial statements to conform with the 2007 presentation.

2. Deposits and Investments

At September 30, 2007 and 2006, the Solid Waste System cash deposits totaled \$7,805,030 and \$7,553,533, respectively.

Pinellas County, Florida
Solid Waste System Enterprise Fund

Notes to Financial Statements (continued)

2. Deposits and Investments (continued)

At September 30, 2007, the Solid Waste System had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities in Years</u>			<u>Credit Rating</u>
		<u>Less Than 1</u>	<u>1-3</u>	<u>3+</u>	
Local Government Surplus Funds Trust Fund	\$ 63,856,057	N/A			Unrated
Federal Agencies and Instrumentalities	<u>64,025,242</u>	<u>29,393,989</u>	<u>28,766,542</u>	<u>5,864,711</u>	Aaa
	<u>\$ 127,881,299</u>				

At September 30, 2006, the Solid Waste System had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities in Years</u>		<u>Credit Rating</u>
		<u>Less Than 1</u>	<u>1-3</u>	
Local Government Surplus Funds Trust Fund	\$ 46,197,845	N/A		Unrated
Federal Agencies and Instrumentalities	<u>49,161,629</u>	<u>29,496,977</u>	<u>19,664,652</u>	Aaa
	<u>\$ 95,359,474</u>			

Additionally, at September 30, 2007 and 2006, the Solid Waste had the following investments held with the fiscal agent:

	<u>Credit Rating</u>	<u>Fair Value</u>	
		<u>2007</u>	<u>2006</u>
Local Government Surplus Funds Trust Fund	Unrated	\$ -	\$ -
Money Market	Aaa	-	446,528
		<u>\$ -</u>	<u>\$ 446,528</u>

Pinellas County, Florida
Solid Waste System Enterprise Fund

Notes to Financial Statements (continued)

2. Deposits and Investments (continued)

All credit ratings indicated in the above are Moody's ratings. The investment in the Local Government Surplus Trust Fund is not rated by a nationally recognized statistical rating organization. The money market fund matures in less than one year.

Investment Policy

Cash in excess of operating requirements of the Solid Waste System is pooled and invested by the County in various investments as described below. Earnings from pooled investments are allocated to the Solid Waste System based on average daily equity balance of the Solid Waste System.

The investment program of Pinellas County is established in accordance with the County's investment policy, pertinent bond resolutions, Sections 125 and 218.415, *Florida Statutes*, and Pinellas County Code Section 2-144 and Resolution 96-88.

The County's Investment Policy is designed to ensure the prudent management of funds, and the availability of operating and capital funds when required, while earning a competitive return within the policy framework. The primary objectives, in order of priority, of investment activity shall be safety, liquidity, and yield.

The County's investment policy, including the Solid Waste System, authorizes the following investments:

- Florida Local Government Surplus Funds Trust Fund;
- Securities and Exchange Commission registered money market funds;
- Savings accounts and certificates of deposit in state-certified qualified public depositories, as defined in Section 280.02, *Florida Statutes*;
- Direct obligations of the U.S. Treasury;
- Obligations of Federal agencies and instrumentalities; and
- Commercial paper, credit quality rated A1, P1.

Pursuant to a Solid Waste Trust Agreement, the Solid Waste Trust is limited to investing in securities, which are issued by or guaranteed as to payment of principal and interest by the full faith and credit of the U.S. Government, and money market mutual funds.

Pinellas County, Florida
Solid Waste System Enterprise Fund

Notes to Financial Statements (continued)

2. Deposits and Investments (continued)

Credit Risk

The County's investment policy limits credit risk by restricting investments to the list provided above. Money market funds must maintain the highest quality rating from a nationally recognized rating organization.

Custodial Credit Risk – Deposits

According to Chapter 280, Florida Statutes, the Solid Waste System monies must be deposited with financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida. In accordance with this statute, qualified public depositories are required to pledge eligible collateral, held in the County's name, in varying percentages. Any losses to public depositors are covered by applicable deposit insurance, by the sale of pledged securities and, if necessary, by assessments against other qualified public depositories.

Custodial Credit Risk – Investments

The County's investment policy requires the County to execute a third-party custodial safekeeping agreement with a commercial bank's trust department, which is separately chartered by the United States Government or the State of Florida. All securities purchased and collateral obtained by the County shall be properly designated as an asset of the County and held in safekeeping by the trust department in the County's name.

Pinellas County, Florida
Solid Waste System Enterprise Fund

Notes to Financial Statements (continued)

2. Deposits and Investments (continued)

Concentration of Credit Risk

The investment policy provides guidelines on maximum limits for security diversification with the option to further restrict or increase investment percentages from time to time based on market conditions, with bond covenant requirements excluded from the concentration calculation. The portfolio was maintained within those guidelines. The portion of the Solid Waste System's portfolio invested in Federal instrumentalities as of September 30, 2007, was as follows:

Issuer	Percent of Portfolio
Federal National Mortgage Association	7%
Federal Farm Credit Bank	9%
Federal Home Loan Bank	20%
Federal Home Loan Mortgage Corporation	5%

These investments are held in trust by the Bank of New York in accordance with terms of its bond indenture.

Interest Rate Risk

Section 218.415 of the *Florida Statutes* requires the County's investment policy be structured to place the highest priority on the safety of principal and liquidity of funds. Accordingly, the County's investment policy requires that all investments of current operating funds be in maturities no longer than 12 months. Investment of construction funds, bond fund reserves, and other nonoperating funds shall have a term appropriate to the need of the funds, but in no event shall the maturities exceed five years. No surplus funds may be invested in a derivative investment, as defined in Section 218.45(5), *Florida Statutes*.

Pinellas County, Florida
Solid Waste System Enterprise Fund

Notes to Financial Statements (continued)

3. Capital Assets

Capital asset activity for the year ended September 30, 2007, was as follows:

	October 1, 2006	Additions and transfers in	Disposals and transfers out	September 30, 2007
Nondepreciable assets:				
Land	\$ 8,503,217	\$ —	\$ 9,450	\$ 8,493,767
Construction in progress	7,473,553	23,914,436	2,008,069	29,379,920
Depreciable assets:				
Buildings	10,417,919	—	—	10,417,919
Lime Softening System	3,372,217	—	—	3,372,217
Resource Recovery Facility and improvements	369,623,237	2,008,069	162,658	371,468,648
Equipment	3,757,896	205,381	91,009	3,872,268
Total cost	403,148,039	26,127,886	2,271,186	427,004,739
Less accumulated depreciation:				
Buildings	5,608,123	204,167	—	5,812,290
Lime Softening System	1,014,522	189,841	—	1,204,363
Resource Recovery Facility and improvements	147,133,142	10,339,685	159,080	157,313,747
Equipment	2,593,804	331,867	72,102	2,853,569
Total accumulated depreciation	156,349,591	11,065,560	231,182	167,183,969
Capital assets, net	\$ 246,798,448	\$ 15,062,326	\$ 2,040,004	\$ 259,820,770

Pinellas County, Florida
Solid Waste System Enterprise Fund

Notes to Financial Statements (continued)

3. Capital Assets (continued)

Capital asset activity for the year ended September 30, 2006, was as follows:

	October 1, 2005	Additions and transfers in	Disposals and transfers out	September 30, 2006
Nondepreciable assets:				
Land	\$ 8,398,217	\$ 105,000	\$ —	\$ 8,503,217
Construction in progress	2,291,347	6,142,823	960,617	7,473,553
Depreciable assets:				
Buildings	10,316,113	101,806	—	10,417,919
Lime Softening System	3,372,217	—	—	3,372,217
Resource Recovery Facility and improvements	368,764,426	858,811	—	369,623,237
Equipment	3,531,713	488,111	261,928	3,757,896
Total cost	<u>396,674,033</u>	<u>7,696,551</u>	<u>1,222,545</u>	<u>403,148,039</u>
Less accumulated depreciation:				
Buildings	5,218,431	389,692	—	5,608,123
Lime Softening System	1,011,665	2,857	—	1,014,522
Resource Recovery Facility and improvements	136,114,914	11,018,228	—	147,133,142
Equipment	2,549,291	305,310	260,797	2,593,804
Total accumulated depreciation	<u>144,894,301</u>	<u>11,716,087</u>	<u>260,797</u>	<u>156,349,591</u>
Capital assets, net	<u>\$ 251,779,732</u>	<u>\$ (4,019,536)</u>	<u>\$ 961,748</u>	<u>\$ 246,798,448</u>

Pinellas County, Florida
Solid Waste System Enterprise Fund

Notes to Financial Statements (continued)

4. Long-Term Liabilities

Revenue bonds payable at September 30, 2007 and 2006 are summarized as follows:

	2007	2006
Pinellas County, Florida, Resource Recovery Revenue Bonds, Series 1996, payable annually through October 1, 2007, with interest ranging from 4.5% to 5.3%, payable semiannually	\$ —	\$ 435,000
Less unamortized discount		—
	—	435,000
Less current maturities		(435,000)
Total	\$ —	\$ —

The Solid Waste System's net revenue is pledged for the payment of the outstanding principal and interest on the bonds as of September 30, 2006 and through the maturity of the bonds in fiscal 2007. The Solid Waste System has obtained a reserve fund insurance policy in place of a reserve fund for the Series 1996 Bonds.

The following is a schedule of changes in long-term liabilities for the fiscal year ended September 30, 2007:

	Beginning Balance	Increase	Decrease	Ending Balance	Due in one year
Pinellas County, Florida, Resource Recovery Revenue Bonds, Series 1996	\$ 435,000	\$ —	\$ (435,000)	\$ —	\$ —
Total bonds payable	435,000	—	(435,000)	—	—
Landfill closure and postclosure care costs	32,952,586	1,435,176	—	34,387,762	—
Compensated absences	309,760	325,934	(308,729)	326,965	308,729
Total long-term obligations	\$ 33,697,346	\$ 1,761,110	\$ (743,729)	\$ 34,714,727	\$ 308,729

Pinellas County, Florida
Solid Waste System Enterprise Fund

Notes to Financial Statements (continued)

4. Long-Term Liabilities (continued)

The following is a schedule of changes in long-term liabilities for the fiscal year ended September 30, 2006:

	Beginning Balance	Increase	Decrease	Ending Balance	Due in one year
Pinellas County, Florida, Resource Recovery Revenue Bonds, Series 1996	\$ 22,685,000	\$ —	\$ (22,250,000)	\$ 435,000	\$ 435,000
Unamortized discount	(696)	—	696	—	—
Total bonds payable	22,684,304	—	(22,249,304)	435,000	435,000
Landfill closure and postclosure care costs	26,842,889	6,109,697	—	32,952,586	—
Compensated absences	283,412	313,327	(286,979)	309,760	286,979
Total long-term obligations	\$ 49,810,605	\$ 6,423,024	\$ (22,536,283)	\$ 33,697,346	\$ 721,979

5. Related Party Transactions

The Solid Waste System purchases various data processing, administrative, accounting, and insurance services from the Pinellas County, Florida Board of County Commissioners. During the years ended September 30, 2007 and 2006, the Solid Waste System purchased services in the amounts of \$1,989,840 and \$1,787,028, respectively. Such amounts are included in other operating expenses in the accompanying statements of revenues, expenses, and changes in net assets.

6. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the Solid Waste System to place a final cover on its Bridgeway Acres landfill site when the landfill site stops accepting waste, and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the landfill stops accepting waste, the Solid Waste System reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of the fiscal year-end. At September 30, 2007, \$34,387,762 (\$32,223,075 for Bridgeway Acres and \$2,164,687 for Toytown) is included in the landfill closure and postclosure care costs liability and represents the cumulative amount reported to date based on the use of 42.6% of the estimated capacity of the

Pinellas County, Florida
Solid Waste System Enterprise Fund

Notes to Financial Statements (continued)

6. Landfill Closure and Postclosure Care Costs (continued)

Bridgeway Acres landfill and 100% of the capacity for Toytown. The Solid Waste System will recognize the remaining estimated cost of \$43,347,725 as the remaining estimated capacity is filled. The Solid Waste System expects to close the Bridgeway Acres landfill in the year 2042.

These amounts are based on what it would cost to perform all closure and postclosure care in 2007. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The Solid Waste System is required by State and Federal laws to establish financial assurance for closure of the landfill facility. There are several options from which the Solid Waste System can choose to demonstrate financial assurance. The Solid Waste System has chosen to meet the financial test as defined in 40 CFR Chapter 1, Subpart H, Section 264.

7. Commitments and Contingencies

Construction

Construction commitments as of September 30, 2007 and 2006 were \$76,100,216 and \$2,201,075, respectively.

Management Contract

The County contracts with Wheelabrator Pinellas Inc. (WPI) and Veolia Es Pinellas Inc. (Veolia) to operate and maintain the solid waste facility on behalf of the County. WPI and Veolia were responsible for processing solid waste, recovery of salable materials and generation of steam and electricity through May 3, 2007 and December 31, 2024, respectively. Expenses for these services are included as contractual services in the accompanying statements of revenues, expenses, and changes in net assets, and were \$25,671,924 and \$30,767,671 for the years ended September 30, 2007 and 2006, respectively. Amounts due to WPI and Veolia at September 30, 2007 and 2006, totaled \$10,896,042 and \$4,453,197, respectively, and are included in vouchers payable in the accompanying statements of net assets.

Electrical Power Purchase Agreement

Under the terms of an amended and restated electrical power purchase agreement dated February 21, 1989, effective January 1, 1995, the Solid Waste System has committed to make available 54.75 megawatts of the facility's capacity to Progress Energy. In exchange, Progress

Pinellas County, Florida
Solid Waste System Enterprise Fund

Notes to Financial Statements (continued)

7. Commitments and Contingencies (continued)

Energy will purchase the committed capacity at rates stated in the agreement. The rates in the agreement vary based on actual capacity provided up to 70% of the total and on-peak committed capacity. No capacity payment is made to the Solid Waste System if less than 60% of on-peak capacity is provided. The Solid Waste System has the ability to revise its committed capacity every five years throughout the term of the agreement, which expires December 31, 2024. During the years ended September 30, 2007 and 2006, the Solid Waste System earned \$27,124,245 and \$25,506,382, respectively, in electrical sales revenue through the sale of committed capacity.

8. Employee Retirement Plan

Substantially all full-time employees of the Solid Waste System are eligible to participate in the State of Florida Retirement System (System), a cost-sharing multiple-employer defined benefit plan administered by the State of Florida, Division of Retirement. The System is a defined benefit plan for all state, and participating county, district school board, community college, and university employees (Pension Plan). The System also offers eligible employees participation in an alternative defined contribution plan (Investment Plan). Contribution rates are established statewide for all participating governmental units. Accordingly, the actuarial information and related disclosures attributable to the Solid Waste System's employees are not determinable.

Employees participating in the Pension Plan who retire at or after age 62 with six years of credited service, or with 30 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 1.6% for regular employees and 2% for senior management of their average final compensation for each year of credited service. Final average compensation is the employee's average of the five highest fiscal years of salary earned during credited service. Vested employees may retire before age 62 and receive benefits that are reduced 5% for each year prior to normal retirement age or date. Employees participating in the Investment Plan are vested after one year of service with no age requirement. The System also provides death and disability benefits. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 22B, *Florida Administrative Code*.

The Deferred Retirement Option Program (DROP) is a program that provides an alternative method for payment of retirement benefits for a specified and limited period for members of the System, effective July 1, 1998. Under this program, the employee may retire and have their benefits accumulate in the Florida Retirement System Trust Fund, earning interest, while continuing to work for a system employer. The participation in the program does not change

Pinellas County, Florida
Solid Waste System Enterprise Fund

Notes to Financial Statements (continued)

8. Employee Retirement Plan (continued)

conditions of employment. When the DROP period ends, maximum of 60 months, employment must be terminated. At the time of termination of employment, the employee will receive payment of the accumulated DROP benefits, and begin receiving their monthly retirement benefit (in the same amount determined at retirement, plus annual cost-of-living increases).

The System publishes an annual report that provides 10-year historical trend information about progress made in accumulating sufficient assets to pay benefits when due. This report may be obtained by writing to the Division of Retirement, Research, Education and Policy Section, 1317 Winewood Boulevard, Building 8, Tallahassee, Florida 32315-9000, or by calling (850) 488-5706, or accessing their Internet site at <http://www.frs.state.fl.us/public/annual/ar0304.pdf>.

The Solid Waste System is required to contribute an actuarially determined rate. The current rate is 7.83% for regular employees, 10.45% for senior management, and 9.33% for DROP employees. The contribution requirements of the Solid Waste System are established and may be amended by the State of Florida. The Solid Waste System contributions to the plan for the years ending September 30, 2007, 2006, and 2005 were \$281,864, \$249,373, and \$215,269, respectively, equal to the required contributions for each year.

9. Risk Management

The County is exposed to various risks of loss, including but not limited to general liability, property and casualty, auto and physical damage, and workers' compensation. The County is substantially self-insured and accounts for and finances its risks of uninsured loss through an internal service fund. The Solid Waste System participates in the County's self-insurance program. All liabilities associated with these self-insured risks are reported in the basic financial statements of the Board of County Commissioners. During the years ended September 30, 2007 and 2006, the Solid Waste System was charged \$425,130 and \$360,376, respectively, by the County for participation in the risk management program.

Under this self-insured program, the County provides coverage for up to \$1.5 million per claim for workers' compensation, auto, and general liability claims under the self-insurance risk management fund. The County has also purchased outside excess coverage for up to \$15 million for each claim in the aggregate.

Pinellas County, Florida
Solid Waste System Enterprise Fund

Notes to Financial Statements (continued)

9. Risk Management (continued)

Negligence claims in excess of the statutory limits set in Section 768.28, *Florida Statutes*, which provides for limited sovereign immunity of \$100,000/\$200,000 per occurrence can only be recovered through an act of the State Legislature, referred to as a Claims Bill. There have been no significant reductions in insurance coverage in the last year. Settled claims have not exceeded commercial coverage in the last three years.

The County is also self-insured for medical and dental claims covering all of its employees and their eligible dependents. As required by Section 112.081, *Florida Statutes*, retirees and their eligible dependents are provided the same health care coverage as is offered to active employees at the same premium cost (borne by the retiree) applicable to active employees. No excess insurance coverage has been acquired for these claims. An actuarial valuation is performed each year to estimate the amounts needed to pay prior and future claims and to establish reserves.

10. Reimbursements for Hurricane-Related Costs

In the 2006 fiscal year, the State indicated previously denied claims of \$2,323,538 were eligible for reimbursement from the Federal Emergency Management Agency. This amount is classified on the Solid Waste System's Statement of Revenues, Expenses, and Changes in Net Assets as nonoperating revenues, and in due from other governments in the statement of net assets at September 30, 2006. At September 30, 2007, no balance remains.

11. Claims and Contingencies

Litigation

The Solid Waste System is involved as defendant or plaintiff in certain litigation and claims arising from the ordinary course of operations. In the opinion of the Solid Waste System's management and legal counsel, the range of potential recoveries or liabilities will not have a materially adverse effect on the financial position of the Solid Waste System.

Federal Grants

Grant funds received by the Solid Waste System are subject to audit by grantor agencies. Audits of these grants may result in disallowed costs, which may constitute a liability of the Solid Waste System. In the opinion of management, disallowed costs, if any, would be immaterial to the financial position of the Solid Waste System.

Pinellas County, Florida
Solid Waste System Enterprise Fund

Notes to Financial Statements (continued)

12. Subsequent Events

As discussed in Note 2, at September 30, 2007, the System had over \$63 million invested in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (Pool). On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub prime mortgage risk. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately \$12 billion or 86% of Pool assets. Pool B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately \$2 billion or 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B.

Currently, Pool A participants may withdraw 15% of their balance or \$2 million, whichever is greater, without penalty. Withdrawals from Pool A in excess of the above limit are subject to a 2% redemption fee. New investments in Pool A are not subject to the redemption fee or withdrawal restrictions. Future withdrawal provisions from Pool A will be subject to further evaluation based on the maturities of existing investments and the liquidity requirements of the Pool. On December 21, 2007, Standard and Poor's Ratings Services assigned its "AAAM" principal stability fund rating to Pool A.

Currently, Pool B participants are prohibited from withdrawing any amount from the Pool and a formal withdrawal policy has not yet been developed. Market valuations of the assets held in Pool B are not readily available. In addition, full realization of the principal value of Pool B assets is not readily determinable.

Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

Other Report

Report of Independent Certified Public Accountants on Internal Control Over
Financial Reporting and on Compliance and Other Matters Based on an
Audit of the Financial Statements Performed in Accordance With
Government Auditing Standards

The Members of the Board of County Commissioners
Pinellas County, Florida

We have audited the financial statements of the Solid Waste System Enterprise Fund of Pinellas County, Florida, as of and for the year ended September 30, 2007, and have issued our report thereon dated February 27, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Solid Waste System Enterprise Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Solid Waste System Enterprise Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Solid Waste System Enterprise Fund's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described below to be a significant deficiency in internal control over financial reporting.

Depreciation of Capital Assets. The Water System Enterprise Fund and Solid Waste System Enterprise Fund did not have adequate internal controls designed to prevent or detect material errors as it relates to over-depreciating of capital assets. We recommend that management continue its current project of developing new procedures to adequately address this risk.

Management's Response: We concur. We are currently working on placing the County's detail fixed asset information in the Oracle fixed asset module. Use of this module will provide management with enhanced analytic capability to more readily identify reporting issues with fixed asset management. Depreciation calculations will be automated based on useful lives, dates placed in service, depreciation methods and conventions established for each asset category, eliminating the need for manual setup of formulas.

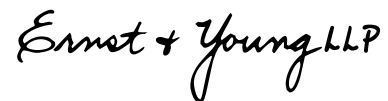
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, the significant deficiency described above, we consider to be a material weakness.

Compliance and Other Matters

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

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



February 27, 2008

Pinellas County, Florida
Solid Waste System Enterprise Fund

Schedule of Operating Expenses (Unaudited)

Years Ended September 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operations		
Personal services	\$ 3,409,966	\$ 3,165,212
Professional services	2,087,392	2,244,761
Accounting and auditing	5,861	3,342
Contractual services	31,527,276	36,429,582
Intragovernmental services	403,516	420,117
Fleet operating and maintenance	1,524,690	1,331,031
Utility services	1,926,629	2,295,003
Office supplies	44,537	142,120
Operating supplies	145,881	90,918
Travel and per diem	34,449	36,248
Communications services	13,155	10,129
Rentals and leases	4,000	70,603
Insurance	1,114,436	1,125,487
Repairs and maintenance	255,880	200,881
Printing and binding	175,883	38,845
Promotional activities	124,192	76,995
Other current charges and obligations	130,221	257,280
Books, publications, subscriptions, and memberships	14,210	3,920
Total operations	<u>42,942,174</u>	<u>47,942,474</u>
Reef Program		
Personal services	251,891	243,404
Professional services	689	31,529
Contractual services	6,437	665
Fleet operating and maintenance	61,633	35,881
Utility services	1,455	1,426
Office supplies	438	29,450
Operating supplies	20,673	7,473
Travel and per diem	3,703	3,373
Communications services	2,828	1,180
Rentals and leases	5,623	2,100
Repairs and maintenance	15,001	33,585
Printing and binding	10	-
Books, publications, subscriptions, and memberships	29	9
Total reef program	<u>370,410</u>	<u>390,075</u>
Total operating expenses (excluding depreciation)	<u>\$ 43,312,584</u>	<u>\$ 48,332,549</u>