



*Comprehensive Annual  
Financial Report  
Hernando County, Florida  
for the Fiscal Year Ended September 30, 2019*

**HERNANDO COUNTY, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2019**

**PRINCIPAL OFFICIALS**

*as of September 30, 2019*

**BOARD OF COUNTY COMMISSIONERS**

Jeff Holcomb, *Chairman* - District 4

John Mitten, *Vice Chairman*- District 1

Wayne Dukes - District 2

John Allocco - District 3

Steve Champion - District 5

**TAX COLLECTOR**

Sally L. Daniel, CFC

**SHERIFF**

Al Nienhuis

**PROPERTY APPRAISER**

John C. Emerson, CFA

**SUPERVISOR OF ELECTIONS**

Shirley Anderson

**CLERK OF COURT AND COMPTROLLER**

Doug Chorvat, Jr.

Prepared by the Office of the Clerk of Court and Comptroller, Department of Financial Services

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## **INTRODUCTORY SECTION**

**This section contains the following:**

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Letter of Transmittal

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## Doug Chorvat, Jr.

Clerk of Circuit Court & Comptroller, Hernando County FL  
20 N. Main Street, Brooksville FL, 34601 (352) 754-4201

April 17, 2020

To the Citizens of Hernando County:

The Comprehensive Annual Financial Report (CAFR) of Hernando County, Florida, for the fiscal year ended September 30, 2019 is respectfully submitted. This report was prepared by the Clerk of Circuit Court and Comptroller, Department of Financial Services. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the Clerk of Circuit Court and Comptroller (Clerk and Comptroller) as Chief Financial Officer of Hernando County. To provide a reasonable basis in meeting this responsibility, a comprehensive internal control framework has been established that is designed both to protect the County's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The Management's Discussion and Analysis in the Financial Section of the CAFR should be read in conjunction with this Letter of Transmittal.

### **Profile of the County**

Hernando County, population 188,358, is located in the west central region of the State of Florida, allowing easy access to the Tampa and Orlando metropolitan areas. As part of the Tampa Bay Region, it is bound by the Gulf of Mexico on the west, Citrus County to the north, Sumter County to the east, and Pasco County to the south.

Hernando County, established in 1843, covers 473 square miles and is named in honor of Spanish explorer Hernando De Soto, who led an expedition through the county in 1539. Hernando County has two incorporated cities: the City of Brooksville, the county seat, with a population of 8,661 is rich in history and traditions; and the City of Weeki Wachee with a population of 9 which incorporated many decades ago to promote its tourism attraction, the Buccaneer Bay/Weeki Wachee Resort, commonly known as the "City of Mermaids." Hernando County's unincorporated areas include Ridge Manor, Bayport, Aripeka, Lake Lindsey, Istachatta/Nobleton, Masaryktown, Hernando Beach, and most notably, Spring Hill. Spring Hill located in the southwest part of the County, is the largest unincorporated Hernando County community.

Hernando County is the heart of the Sunshine State's renowned Nature Coast. Hernando County offers scenic rolling hills, spectacular parks and waterways, some of the best paved bike trails in Florida, and eight locations along the Great Florida Birding Trail. Activities of the Nature Coast include hunting, camping, bird watching and hiking, as well as fishing, boating, paddling and kayaking on the County's many waterways.

Situated at the geographic center of the state with easy access to major highways like the Veterans/Suncoast Parkway, Interstate 75, State Road 50 and US Highway 41 make Hernando County a strategic business location. Hernando County is unique in the Tampa Bay area with its variety of industrial and manufacturing site options including a vibrant general aviation airport and

business complex, private land, and existing buildings with significant room for growth. Major industries include manufacturing, precision machining, distribution and healthcare. Growing retail trade and a wide selection of professional services enables Hernando County to offer significant choices for its residents.

Hernando County government provides a full range of services including law enforcement, emergency medical services, fire protection, public and mass transportation services, health and social services, cultural and recreational services, water, wastewater, solid waste disposal and business development.

The Hernando County Board of County Commissioners, as the legislative body for Hernando County, budgets and provides all of the funding used by its Departments and the separate Constitutional Officers with the exception of certain fees collected by the Tax Collector, Clerk and Comptroller, Property Appraiser and Sheriff. Hernando County operates under a five-member policy-making elected Board. The Board appoints a county administrator who in turn appoints various department managers. All five Board members and the five constitutional officers are elected to four-year terms. Under the direction of the Clerk and Comptroller, the Department of Financial Services maintains the accounting system for the Board of County Commissioners and the Clerk and Comptroller. The Tax Collector, Property Appraiser, Supervisor of Elections and Sheriff maintain their own accounting systems. All of the Constitutional Officers invest their funds independently. The Clerk and Comptroller manages the investments of the Board of County Commissioners and the Clerk and Comptroller.

Formal budgetary integration is employed as a management control device during the year for all significant funds. The Board of County Commissioners adopts budgets on a basis consistent with Generally Accepted Accounting Principles (GAAP). The adoption and amendment of the budget is done consistent with the laws of Florida. The legal level of control is established on a fund basis; however, operational control is maintained during the year at the lower of the department or fund level. Budgetary control is maintained through the use of encumbrances.

### Factors Affecting Financial and Economic Conditions

**Local Economy.** Following are some highlights of the County's economic status:

- The population of the County is currently approximately 188,358 which is an increase of 14% over what it was 10 years ago. The County's population is projected to be over 218,000 by 2030 and over 238,000 by 2040.
- As part of the Tampa Bay region, Hernando County enjoys being a part of the largest consumer market in Florida.
- Industrial business expansions and new development were welcomed in a number of sectors. The County assisted five companies with expansion or relocation from other areas in the Country. Jaguar Coffee, Brooksville Rx, Actavent, Delamere Industries and Sunstate Trucking represented 69,000 square feet of either newly occupied or renovated space, and created 65 new jobs. Additionally, new construction and facility development occurred in all three of the County's hospitals.

- The Building Department issued over 14,725 building permits for construction projects. Of those, 49 were for new commercial buildings within the County. Some of the new commercial businesses include Mavis Tire and Brakes, Alliant Partners Realty, Lowery's True Value, Gulf Coast Academy of Science and Technology, Villa's at Spring Hill Apartments.
- Both residential and commercial development remain steady. The inventory of lots in existing developed subdivisions continues to decrease and new phases are being developed. Commercial development continues to be steady along SR 50 in Spring Hill, a major shopping corridor in the County. In addition, a significant number of large mixed-use developments previously approved by the County have retained the approved vested rights and are expected to be of interest to developers as the economy continues to improve.

**Long Term Financial Planning.** The County prepares a 5-year Capital Improvement Plan which is adopted by the Board with the annual budget approval. It identifies all public capital facilities, public infrastructure and equipment, with a value over \$50,000 and a useful life over 10 years. The plan identifies the funding source (taxes, grants, impact fees, etc) for each project.

**Major Initiatives.** Hernando County government takes pride in its accomplishments for the fiscal year. The County is proud of the infrastructure, public facilities and programs that have been realized for the citizens of our County. Following is a list of some of our achievements for the year:

- The County's Emergency Management team made significant technology upgrades to the Emergency Operations Center, conducted emergency simulations, and was recertified to allow citizen discounts on flood insurance.
- The Aquatics and Waterways department deployed a decommissioned concrete sailboat along with reef balls to create an artificial reef habitat for fish.
- Completed approximately 50 miles of roadwork and sidewalk projects, 500 miles of grading projects and performed 161 traffic studies.
- Technology services for the Board of County Commissioners and Clerk of Court were combined, and fall under the direction of the Clerk of Court, with a savings of over \$700,000 to the County taxpayers
- Participated in the Building Code Effectiveness Grading Schedule from the Insurance Services Office. Hernando County's rating is the same as the State of Florida, and in most categories rated higher or the same as the county average, the state average, and the national average.
- Hosted the first ever Tampa Bay Regional Mega Adoption Event in partnership with other regional animal service agencies, completing over 350 adoptions in one weekend.
- In cooperation with the City of Brooksville, Hernando County hosted over 500 cyclists and volunteers from around the world through the Bike Florida Organization. Most common response from the cyclists, "Your trails are beautiful!"

- The Sheriff's Office teamed up with the makers of 'Ring' to join Neighbors app which allows residents to share photos and videos in an effort to apprehend criminals. The Sheriff's Office also launched a new app to connect with residents by providing information quickly. Two new programs were implemented by the Sheriff. A new firearms training program was implemented for concealed weapon permit-holding citizens of the County. And a General Education Development (GED) program for inmates was implemented at the County's Detention Center.
- In partnership with the Property Appraiser, the County launched an on-line tool to display and track performance trends of the independent solid waste collection contractor.
- A new sewage forcemain and pumping station project is being constructed to allow the Brookridge water reclamation facility to be taken offline and its flow diverted to the Glen Water reclamation facility. Additionally, construction is under way to move reclaimed water from the Glen Water reclamation facility to the Timber Pines golf course.
- The County adopted a new comprehensive plan in 2018. With population expected to reach 238,000 by the year 2040, the Plan outlines a comprehensive growth strategy.
- Ridership on the fixed route of THEBus has roughly doubled since 2012, with a current average daily ridership of 556 riders.
- In a joint effort with Southwest Florida Water Management District, improvements were made to the Rogers Park parking area to reduce water and sand run off into the beautiful Weeki Wachee River.
- Hernando County's libraries received almost 300,000 visits to library branches, circulated over 500,000 library materials and offered almost 1,500 programs with overall attendance of 22,000.
- Hernando County continues to have an outstanding ISO Public Protection Classification of 2/2y which is in the top 2% of the 49,000 fire departments in the Country. To assist with one of the busiest response areas in the County, a rescue unit was relocated to Station 4 on Mariner Boulevard.

Hernando County has adopted many budgetary and financial policies and continually monitors them for adherence and relevance. The establishment of budgetary and financial policies enables the Board, management and the community to monitor County performance. Following are some of the more significant budgetary policies: The Board annually adopts a balanced budget; fund balances anticipated at the end of a fiscal year are budgeted as the beginning fund balance for the following year; any variance between budgeted fund balance forward and actual fund balance forward is adjusted through a budget amendment; the Board has adopted a Budget Reserve Policy and Reserve Stabilization Policy. The Budget Reserve Policy requires reserves in the General Fund to be maintained at 18.5%. Beginning in Budget Year 2018-19, and continuing for budget year 2019-20, the Board suspended the Budget Reserve Policy due to a shortfall. See the Management Discussion and Analysis for more information.

## Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Hernando County for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2018.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Hernando County has received a Certificate of Achievement for the last 34 consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

## Acknowledgments

This report is the product of the dedication of the Department of Financial Services of the Clerk of Circuit Court and Comptroller of Hernando County as Auditor and Comptroller to the Board of County Commissioners.

We would like to express our appreciation and thanks to Frances Pioszak, Assistant Director of Financial Services, the County Administration and Budget Offices, and the firm of Purvis, Gray and Company, LLP, who helped us with their comments and advice throughout the year.

Respectfully submitted,



Doug Chorvat, Jr.  
Clerk of Circuit Court and Comptroller



Amy Gillis, CPA, CGFO, CGMA  
Director of Financial Services

## **CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING**

The Governmental Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Hernando County, Florida for its comprehensive annual financial report for the fiscal year ended September 30, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Hernando County has received a Certificate of Achievement for the last thirty-four consecutive years.

We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**County of Hernando  
Florida**

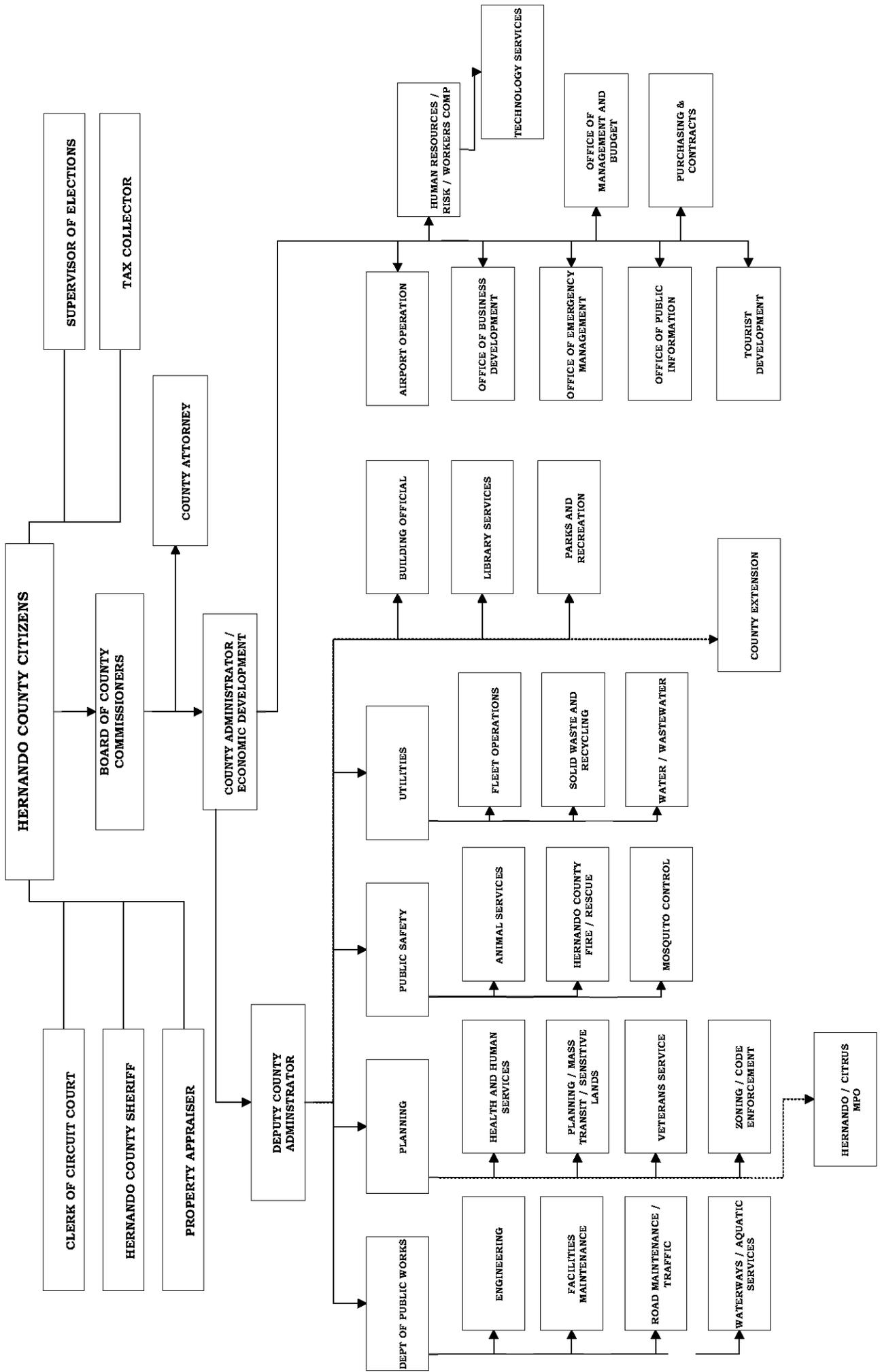
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

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## **FINANCIAL SECTION**

**This section contains the following:**

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Notes to the Financial Statements

Required Supplementary Information

Combining and Individual Fund Statements and Schedules

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## INDEPENDENT AUDITOR'S REPORT

Distinguished Members of the  
Board of County Commission  
Hernando County, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hernando County, Florida (the County) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

CERTIFIED PUBLIC ACCOUNTANTS

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An Independent Member of the BDO Alliance USA.*

Distinguished Members of the  
Board of County Commission  
Hernando County, Florida

## INDEPENDENT AUDITOR'S REPORT

### 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, each major fund, and the aggregate remaining fund information of the County as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, the Transportation Trust and Gas Taxes Fund, and the Hernando County Fire Rescue-Fire Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis-of-Matter

As discussed in Note R - Subsequent Events, the County discloses significant information relevant to the COVID-19 pandemic.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents (collectively, the required supplementary information) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements as a whole. The introductory section, combining and individual non-major fund financial statements and schedules, statistical section, bond compliance section, and schedule of receipt and expenditures of funds related to the Deepwater Horizon oil spill lawsuit proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, *Rules of the Auditor General* of the State of Florida, and is also not a required part of the basic financial statements.

Distinguished Members of the  
Board of County Commission  
Hernando County, Florida

### INDEPENDENT AUDITOR'S REPORT

The combining and individual non-major fund financial statements and schedules, the schedule of expenditures of federal awards and state financial assistance, and schedule of receipt and expenditures of funds related to the Deepwater Horizon oil spill lawsuit proceeds are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedules, the schedule of expenditures of federal awards and state financial assistance, and schedule of receipt and expenditures of funds related to the Deepwater Horizon oil spill lawsuit proceeds are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory, statistical, and bond compliance sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2020, on our consideration of the County'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 solely 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 effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



April 17, 2020  
Sarasota, Florida

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Hernando County's financial statements provides an overview of the financial activity of the County for the fiscal year ended September 30, 2019. We encourage reading this narrative in conjunction with the Transmittal Letter in the Introductory Section.

### FINANCIAL HIGHLIGHTS

At the close of the most recent fiscal year, September 30, 2019, the County's assets and deferred outflows exceeded its liabilities and deferred inflows by \$560,600,145. This represents an increase of \$10,864,609 over the prior year net position. Of the \$560,600,145 difference between assets and liabilities, \$42,658,995 was unrestricted.

Net position of governmental activities decreased \$4,520,392. Net position of business-type activities increased \$15,385,001. Accordingly, net position of both the governmental activities and business-type activities increased a total of \$10,864,609.

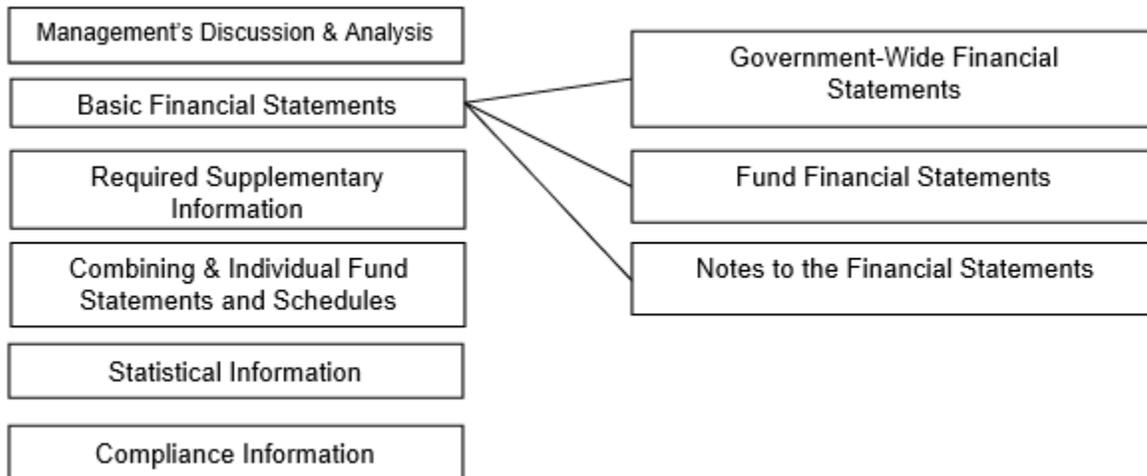
As of September 30, 2019, unassigned fund balance in the governmental funds was \$9,346,191, representing a 25% decrease from the previous year unassigned fund balance of \$12,403,882. The net change in fund balances in the governmental funds increased from \$3,103,987 for the fiscal year 2017-18 to \$13,679,350 for the fiscal year 2018-19. General Fund had a decrease in fund balance of \$1,248,936 for fiscal year 2017-18 compared to a decrease of \$627,243 in the current year. There was an increase in the fund balance of Transportation Trust and Gas Taxes fund of \$970,874 compared to an increase of \$2,454,994 in the prior year. There was an increase in the fund balance of Hernando County Fire Rescue-Fire of \$5,032,031 compared to an increase of \$3,111,860 in the prior year. There was an increase in fund balance of Impact Fees of \$3,022,996 compared to an increase of \$1,919,334 in the prior year. There was also an increase in fund balance \$5,280,692 for Nonmajor Governmental Funds compared to the decrease of \$3,133,265 in the prior year.

The County's largest enterprise fund, the Water & Sewer District, had an increase in net position of \$12,185,655 for the year with the increase from a rate increase and capital grants and contributions. The Water and Sewer capital grants and contributions of \$5,937,606 represents a 21% increase over the previous year. Waste Management had an increase in net position of \$1,830,579 for the year compared to a decrease of \$1,191,083 in the prior year. Aviation Operations had an increase in net position of \$1,519,939 for the year compared to an increase of \$1,419,738 in the prior year.

For Fiscal year 2018-19, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements". This new statement requires the County to disclose additional information related to debt. See Note A.7 and Note H for further information.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The County's Comprehensive Annual Financial Report (CAFR) consists of seven parts: an introductory section; management's discussion and analysis (this overview); the basic financial statements; required supplementary information; an optional section that presents combining statements for non-major governmental funds, internal service funds and certain individual fund financial statements; statistical information; and compliance information. The basic financial statements consist of three parts: government-wide financial statements, fund financial statements and notes to the financial statements. Following is a diagram of the components of the CAFR:



### Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of Hernando County's finances using a governmental or business-type classification. The government-wide financial statements include a statement of net position and a statement of activities. The government-wide financial statements distinguish between functions that are principally supported by taxes and intergovernmental revenues (governmental activities) and those that are principally supported by user fees and charges (business-type activities). The government-wide financial statements are prepared using an economic resources measurement focus and the accrual basis of accounting.

The **statement of net position** presents information on all assets (plus deferred outflows) and liabilities (plus deferred inflows) of the County, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Hernando County is improving or deteriorating.

The **statement of activities** presents information on all revenues and expenses of the County and the change in net position. This statement provides the expenses of a given function or activity offset by related program revenues resulting in the net expense or revenue for the function or activity. General revenues, such as taxes, are then presented resulting in a final change in net position. All revenues and expenses are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

### Fund Financial Statements

The fund financial statements provide more detailed information about the County's major funds individually. 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. Hernando County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required by state or local law, bond covenants or the County's desire to control, manage and account for designated revenues or expenses separately. All the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental fund** financial statements use the current financial resources measurement focus and the modified accrual basis of accounting, which measures current assets and liabilities, changes in current financial resources, and current available resources.

Because the focus of governmental fund financial statements is based on accounting for resources on a more current basis, it is useful to compare with information presented for governmental activities which focus more on long-term resource accounting. Reconciliations of fund balance in governmental funds and changes in fund balance to net position and changes in net position of governmental activities are provided with the governmental fund financial statements.

**Proprietary fund** financial statements consist of two fund types: Enterprise Funds and Internal Service Funds. Proprietary funds use an economic resources measurement focus and the accrual basis of accounting, which measures all assets and liabilities, changes in economic resources, and total economic resources.

**Fiduciary fund** financial statements provide information concerning assets held in trust by the County on behalf of others. Fiduciary funds use the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

## Notes to the Financial Statements

The notes provide additional detail concerning the financial activities and balances of the County and are essential for the reader to have a full understanding of the statements.

## ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

### Hernando County's Net position

	Governmental Activities		Business-type Activities		Totals	
	2018	2019	2018	2019	2018	2019
Current and other assets	\$ 129,986,705	\$ 146,305,796	\$ 99,621,349	\$ 111,416,770	\$ 229,608,054	\$ 257,722,566
Capital and other long-term assets	337,349,961	334,687,011	256,457,090	257,188,728	593,807,051	591,875,739
Total Assets	<u>467,336,666</u>	<u>480,992,807</u>	<u>356,078,439</u>	<u>368,605,498</u>	<u>823,415,105</u>	<u>849,598,305</u>
Deferred Outflows of Resources	55,180,530	54,001,902	4,963,377	4,765,682	60,143,907	58,767,584
Non-Current liabilities	190,300,763	204,380,653	105,122,489	99,854,704	295,423,252	304,235,357
Other liabilities	14,304,815	15,521,048	8,690,810	8,743,658	22,995,625	24,264,706
Total liabilities	<u>204,605,578</u>	<u>219,901,701</u>	<u>113,813,299</u>	<u>108,598,362</u>	<u>318,418,877</u>	<u>328,500,063</u>
Deferred Inflows of Resources	14,417,474	16,119,256	987,125	1,873,380	15,404,599	17,992,636
Net position:						
Net investment in capital assets	304,940,822	306,203,109	172,789,360	178,094,547	477,730,182	484,297,656
Restricted	60,065,806	78,821,059	18,818,210	40,140,425	78,884,016	118,961,484
Unrestricted	(61,512,484)	(86,050,416)	54,633,822	43,391,421	(6,878,662)	(42,658,995)
Total Net Position	<u>\$ 303,494,144</u>	<u>\$ 298,973,752</u>	<u>\$ 246,241,392</u>	<u>\$ 261,626,393</u>	<u>\$ 549,735,536</u>	<u>\$ 560,600,145</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Hernando County, net position was \$560,600,145 at the close of the most recent fiscal year. This represents an increase of \$10,864,609 or 2% from the prior year.

The largest portion of Hernando County's net position (86%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, improvements, construction in progress, intangible assets and equipment), less any accumulated depreciation and related debt used to acquire those assets that is still outstanding. Hernando County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Hernando County's investment in its capital assets is reported net of related debt, it should be noted that 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.

An additional portion of the County's net position (21%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the County's net position, a negative 7% is unrestricted.

### Hernanado County's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2019	2018	2019	2018	2019
<b>Revenues</b>						
<b>Program revenues:</b>						
Charges for services	\$ 62,452,831	\$ 80,243,826	\$ 47,198,666	\$ 49,675,256	\$ 109,651,497	\$ 129,919,082
Operating Grants and Contributions	5,360,735	6,393,259	107,209	1,520,531	5,467,944	7,913,790
Capital Grants and Contributions	6,034,271	4,545,924	6,629,245	7,869,610	12,663,516	12,415,534
<b>General revenues:</b>						
Property taxes	69,647,226	72,134,343	-	-	69,647,226	72,134,343
Other taxes	26,892,297	27,167,628	-	-	26,892,297	27,167,628
Investment earnings	532,075	5,190,100	245,098	3,513,679	777,173	8,703,779
Other	1,735,712	1,613,110	1,372,415	824,482	3,108,127	2,437,592
Total revenues	<u>172,655,147</u>	<u>197,288,190</u>	<u>55,552,633</u>	<u>63,403,558</u>	<u>228,207,780</u>	<u>260,691,748</u>
<b>Expenses</b>						
General government	28,207,741	30,156,075	-	-	28,207,741	30,156,075
Public safety	99,101,326	112,625,098	-	-	99,101,326	112,625,098
Physical environment	1,402,335	6,395,138	-	-	1,402,335	6,395,138
Transportation	25,206,261	26,165,733	-	-	25,206,261	26,165,733
Economic environment	2,856,473	2,565,287	-	-	2,856,473	2,565,287
Human services	7,935,672	8,311,516	-	-	7,935,672	8,311,516
Culture and recreation	6,219,649	6,845,460	-	-	6,219,649	6,845,460
Court operations	7,383,570	7,664,148	-	-	7,383,570	7,664,148
Interest on long-term debt	1,162,221	1,225,420	-	-	1,162,221	1,225,420
Water and sewer	-	-	31,356,893	32,681,379	31,356,893	32,681,379
Aviation operations	-	-	2,256,990	2,694,530	2,256,990	2,694,530
Waste management	-	-	9,791,528	8,957,136	9,791,528	8,957,136
Building department	-	-	3,257,891	3,540,219	3,257,891	3,540,219
Total expenses	<u>179,475,248</u>	<u>201,953,875</u>	<u>46,663,302</u>	<u>47,873,264</u>	<u>226,138,550</u>	<u>249,827,139</u>
Change in net position before transfers	(6,820,101)	(4,665,685)	8,889,331	15,530,294	2,069,230	10,864,609
Transfers	153,637	145,293	(153,637)	(145,293)	-	-
Change in net position	(6,666,464)	(4,520,392)	8,735,694	15,385,001	2,069,230	10,864,609
Net position - beginning of year	310,160,608	303,494,144	237,505,698	246,241,392	547,666,306	549,735,536
Net position - end of year	<u>\$ 303,494,144</u>	<u>\$ 298,973,752</u>	<u>\$ 246,241,392</u>	<u>\$ 261,626,393</u>	<u>\$ 549,735,536</u>	<u>\$ 560,600,145</u>

## **Governmental Activities**

Net position of the governmental activities decreased \$4,520,392 or 1% from prior year net position balance. Program revenues in the amount of \$91,183,009 were used to offset program expenses of \$201,953,875 resulting in a net program loss of \$110,770,866. General revenues and transfers totaling \$106,250,474 offset the difference in those program expenses and resulted in a total net decrease of \$4,520,392.

Program revenues increased 23% during the year. The increase in program revenues is mostly attributable to an \$18 million or 28% increase in charges for services. This is attributable to an increase in special assessments for Hernando County Fire Rescue-Fire (Fire) of \$6 million. Fire received \$3 million in ad valorem taxes in fiscal year 2017-18 or 0.5 mills included in ad valorem tax that was not continued into fiscal year 2018-19. Inmate Revenue fund increased \$1.5 million compared to prior year due to an increase in the housing of federal inmates in the County's jail. Special Revenues increased due to service provided by the Sheriff for the City of Brooksville and for Hernando County School Board resource officers.

Property taxes increased \$2.5 million or 4% due to a 6% increase in the taxable value of property in the County.

Investment earnings increased \$4.7 million compared to prior year. This is mainly due to an unrealized positive change in fair value of assets of \$2.5 million at the end of fiscal year 2018-19 compared to an unrealized negative change in fair value of \$1.3 million at the end of fiscal year 2017-18. The change in fair value is based upon market conditions at the end of the fiscal year. The balance of the difference is due to an increase in interest earned based upon higher rates of return.

Program expenses increased 13% over the prior year. The most significant changes were increases in General Government, Public Safety, Physical Environment, Transportation and Culture & Recreation expenses.

General Government expenses increased 7% due to an increase in retirement costs. This increase is due to \$1.5 million increase in the net pension liability. The Florida Retirement System releases its actuarial report annually which contains the plan's total liability. The County must report its share of the total liability each year.

Public Safety expenses increased 14% due to a variety of factors. There was an increase in retirement costs due to an increase in the net pension liability at year end. Hernando County Fire department had a net increase in employees in fiscal year 2018-19 to provide adequate fire and rescue protection to the County. Inmate expenses increased \$1.5 million due to additional inmates in the jail. This is consistent with the increase in Inmate revenue. There was also an increase in law enforcement and detention personnel to accommodate the additional services being provided to the City of Brooksville and Hernando County schools.

Physical Environment expenses increased \$5 million or 356% due to the addition of a municipal service benefit unit for residential solid waste collection. Funds that are collected are forwarded to the company providing trash collection services, less an amount retained by the County to cover fees and processing. Corresponding charges for services of \$7 million was received in fiscal year 2018-19.

Transportation expenses increased 4% due to an increase in depreciation on transportation assets, and an increase in the net pension liability at year end.

Culture and recreation expense increased 10% due to an increase in the net pension liability at year end. Additional expenses were also incurred for repairs of library buildings.

## **Business-Type Activities**

Net position of the business-type activities increased \$15,385,001 or 6% over prior year net position balance. Program revenues in the amount of \$59,065,397 were used to offset program expenses of \$47,873,264, resulting in net program income of \$11,192,133. General revenues of \$4,338,161 less transfers in the amount of \$145,293 resulted in a total net increase of \$15,385,001.

Charges for services increased due to increases in charges for water and sewer services of \$2.5 million or 5%. This is associated with the final year of rate increases as part of a five-year rate plan. The remaining increase is due to operating grants, capital grants and contributions.

Operating grants increased \$1.4 million from prior year. This is mainly due to \$1.2 million received from Federal Emergency Management Agency (FEMA) public assistance program as reimbursement for debris removal costs incurred from Hurricane Irma.

Capital grants and Contribution increased \$1.2 million from the prior year, mostly associated with additional Water and Sewer reclaimed water projects and expansion of force mains.

Water and Sewer expenses increased 4% due to an increase in the net pension liability at end of the year. Unsuccessful well drilling projects were discontinued in fiscal year 2018-19 for additional expense of \$550,000.

Aviation Authority expenses increased 19% mainly due to an increase in depreciation expense on aviation projects that were placed into operations. There were also increases in additional personnel costs related to health insurance and an increase in the net pension liability at year end.

Waste Management expenses decreased 9% due to a change in the estimated long-term care costs of the landfill. The liability for long term care and closure to maintain landfill cells is updated annually based upon current market prices to estimated future long term care costs. Also, significant debris removal costs were incurred in fiscal year 2017-18 from Hurricane Irma. There were no such costs in fiscal year 2018-19.

## **ANALYSIS OF THE FUND FINANCIAL STATEMENTS**

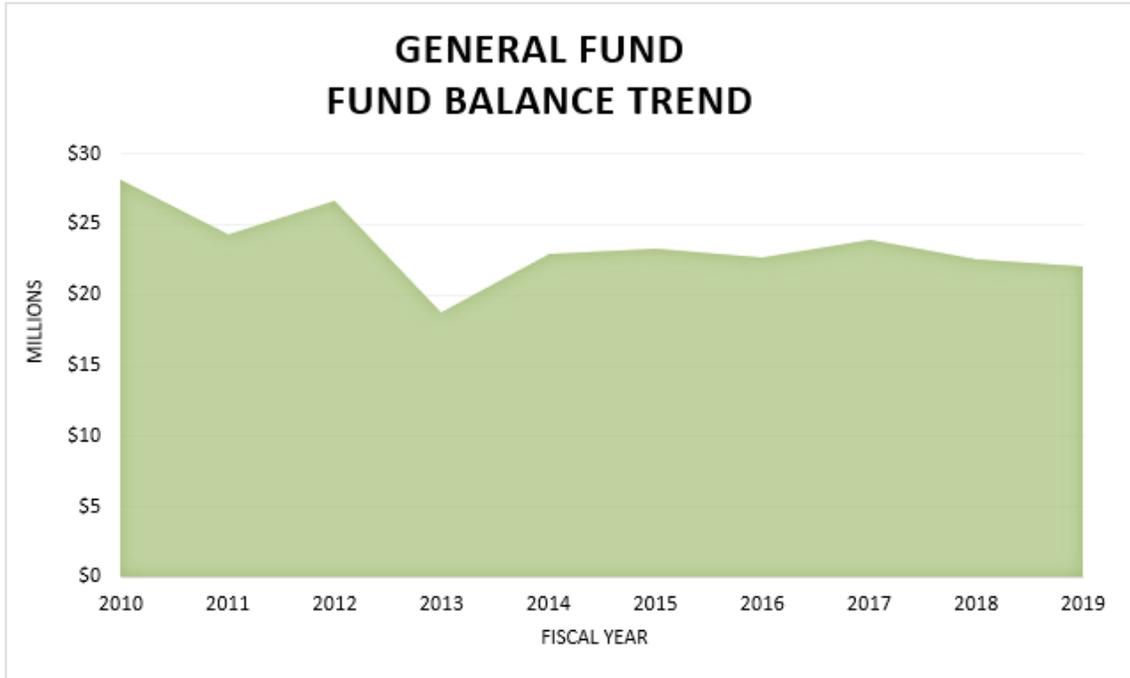
As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Following is a discussion of the financial statements on a fund accounting level.

### **Governmental Funds**

As previously discussed, governmental funds measure current assets and liabilities and current or spendable resources. A fund's unassigned fund balance may provide a useful measure of the fund's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Hernando County governmental funds reported fund balances of \$107,978,303, an increase of \$13,679,350 or 15% from prior year balances. Of the \$107,978,303 fund balance in governmental funds, \$9,346,191 constitutes unassigned fund balance, which is available for spending at the County's discretion and \$4,089,971 which is non-spendable. The remainder of fund balance available for spending consists of the following: \$73,375,923 in 'Restricted Fund Balance' which is restricted by law or externally imposed requirements; \$9,302,431 in 'Committed Fund Balance' which is committed for a specific purpose by the Board; and \$11,863,787 in 'Assigned Fund Balance' which is assigned for a specific purpose by the Board without formal approval. See Note A, Governmental Fund Balance Classifications, for more information.

Governmental funds are comprised of the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds. The General Fund is the chief operating fund of the County. As of the end of the fiscal year, total fund balance for the General Fund was \$21,978,637. Following is a chart of the fund balance trend over the past ten years for the General Fund.



\* During fiscal year 2016-17, the Board approved the creation of a Quality of Life Projects Fund, transferring over \$3 million to it from the General Fund. The intention was to use those funds coupled with potential grant funds for the purpose of infrastructure capital projects. During fiscal year 2017-18, due to budgetary constraints in the General Fund, the Board approved a reimbursing transfer back to the General Fund for both Quality of Life Fund and the Capital Projects Fund. Because there was very little left in the Quality of Life and the Capital Projects Funds, and there was no revenue source other than from General Fund, it has been reported in the General Fund for fiscal year 2017-18. In fiscal year 2018-19, Sensitive Lands and Economic Incentive Funds were transferred into the General Fund for the same reasons. These funds had smaller fund balances.

In the **General Fund**, the fund balance decreased \$627,243 or 3% from prior year. General Fund revenues increased 7% and expenditures increased 5% from prior year. Revenue from taxes increased \$3.2 million from the prior year due to an increase in the taxable value of property. Intergovernmental revenue increased \$1.6 million or 8% due to additional grant funding received in fiscal year 2018-19. Interest income increased \$892,000 or 392%. This is mainly a result of an unrealized positive change in fair value of investments at year end compared to an unrealized negative change in fair value in the prior year.

General government expenditures increased 2% from prior year. The Board of County Commissioners hired outside consultants to aid the County in identifying further operational efficiencies. Additional expenses were incurred to repair the courthouse and Chinsegut Hill property.

Public safety expenditures increased 6%. This is due to additional costs incurred for the increase in inmates at the jail. Additional employees were hired to provide law enforcement and fire & rescue protection services. There was also an increase.

Culture and recreation expenditures increased 9% due to repairs and maintenance to the libraries.

Capital outlay increased compared to prior year due to expenditures for buses, rescue vehicles and patrol vehicles.

The fund balance of **Transportation Trust Fund** increased \$970,874 or 3% from prior year. Intergovernmental Revenue decreased \$1.4 million due to a decline in grant funding for transportation projects. This was offset by an increase in interest income of \$1.1 million mainly due to a positive unrealized change in fair value of investments at year end for fiscal year 2018-19. Expenditures changed less than 0.5% from prior year. Transfers in declined from prior year due to a decrease in grants during fiscal year 2018-19.

In the **Impact Fee Fund**, the fund balance increased \$3 million, or 28%. This is due to an increase in interest income compared to prior year as a result of unrealized positive change in fair value of investments at year end. There was also a decline in capital outlay for fiscal year 2018-19.

The **Hernando County Fire Rescue-Fire** fund balance increased \$5 million, or 190%. This is due to an increase in special assessment revenue for fire protection services of \$6.4 million offset by a decrease in ad valorem taxes of \$3.7 million from prior year. Expenses increased 7% due to an increase in personnel, health insurance and retirement costs. Additional costs were incurred for major repairs on several vehicles.

### **Proprietary Funds**

The **Water and Sewer District** experienced an increase in net position of \$12,185,655 compared to prior year's increase of \$8,568,698. Operating revenues of \$36,653,797 less operating expenses of \$30,065,240 resulted in operating income of \$6,588,557. Non-operating Revenues (Expenses) has a positive change of 87% due to a positive change in fair value of investments at year end compared to a negative value at the end of the prior year.

**Aviation Operations** experienced an increase in net position of \$1,519,939. Operating revenues of \$2,067,182 less operating expenses of \$2,621,036 resulted in an operating loss of \$553,854. Operating revenue increased 5% from increase in the number of rentals and rental rates for fiscal year 2018-19. Also \$145,000 was received from grants for airport improvements.

The **Waste Management** fund had an increase in net position of \$1,830,579 compared to prior year's decrease of \$1,191,083. This is due to a \$1 million decrease in contract services expense for debris removal expenses paid in fiscal year 2017-18 resulting from Hurricane Irma which occurred in September 2017. Grant funding of \$1.2 million was received from Federal Emergency Management Agency (FEMA) in fiscal year 2018-19 for reimbursement of expenses from Hurricane Irma.

**Building Department** experienced an increase in net position of \$324,132 compared to prior year's increase of \$352,366. Operating Revenues increased 4% from the prior year due to a slight increase in permits issued. Interest income increased due to an unrealized positive change in fair value of investments at year end. Expenses increased due to additional health insurance and retirement costs for fiscal year 2018-19.

### **BUDGETARY HIGHLIGHTS -- GENERAL FUND**

Budget and actual comparison statements are provided in the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual for the General Fund and all major special revenue funds with annually appropriated budgets. See page 12 of this report for the financial statement discussed below. This statement shows the original budget, final budget, actual amounts, and the variances between actual and final budgeted amounts. Budget amendments are approved throughout the year. Budgets are revised for a variety of reasons, such as new grant awards, unanticipated revenue sources, new bond or loan proceeds, unforeseen expenditures, etc. Below are a variety of explanations of the notable variances between the original and final budget, and the final budget and actual amounts in the General Fund:

- Budgeted Intergovernmental revenue increased from original budget to final budget \$2.6 million or 1.3% due to additional grant revenue received during the year.
- Final budgeted Public Safety expenditures increased \$2.4 million or 4.8% from original budget due to grant funding for school shelter improvements. Expenditures budgeted by the Sheriff also increased to provide services for City of Brooksville and school resource officers.

- Budgeted Economic Environment expenditures increased \$506,000 or 27% from the original budget to the final budget for additional grant expenditures. The County policy is to budget the entire balance of the grant outstanding each year until the grant project is completed.
- Capital Outlay final budget increased 70% from the original budget due to additional grants received during the year.
- Intergovernmental revenue sources were 6% less than budgeted mainly due to the manner that grant funds are budgeted. Grants that may extend over multiple years are budgeted in full the first year and are reduced each year by the amount of grant funds previously recognized.
- Interest income was \$1 million higher than budgeted due to an unrealized positive change in fair value of investments at year end. The value at year end is based upon market conditions at that time.
- Miscellaneous income was 29% over budget due to rental payments being paid to the County by Veteran's Affairs rather than to an outside party. The Sheriff also received \$230,000 reimbursement from Hurricane Michael and other grant projects.
- General Government expenditures decreased \$3 million due to the County increasing its focus on cost saving efforts. Costs were down in several areas, including repairs and maintenance and insurance.
- Actual Public Safety expenditures were under budget by 2% due to expenditures for a shelter retrofit project begin deferred. Expenses were budgeted for contract services that were not utilized in fiscal year 2018-19.
- Actual expenditures for Economic Environment were 77% less than the final budget due to a decline in applicants who met the qualifications of the Community Development Block Grant (CDBG). The grant-funded program aids with down payments and rehabilitation costs of homes for citizens who meet the program qualifications. Only 6% of the grant-funded program that aids targeting industry for job creation was used.
- Culture and Recreation expenditures were 13% less than budget mainly due to a decline in personnel expenses, as well as repairs and maintenance costs not being incurred for buildings and recreation fields.
- Capital Outlay was \$3 million or 24% less than budget. Over \$1 million in capital outlay relating to grants was budgeted and expenditures were not incurred during fiscal year 2018-19. The full balance of unspent grants are budgeted annually until the project is complete.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

Hernando County's investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounts to \$591,838,455 net of accumulated depreciation. This investment in capital assets includes land, buildings, infrastructure, improvements other than buildings, equipment, construction in progress and intangible assets. The total decrease in Hernando County's investment in capital assets from the prior year was less than 1% which is comprised of a .05% increase for governmental activities and a 1.6% decrease for business-type activities.

Following is a schedule of the County's capital assets, net of accumulated depreciation, as of September 30, 2018 and 2019:

	Governmental Activities		Business-Type Activities		Totals	
	2018	2019	2018	2019	2018	2019
Land	\$ 30,755,734	\$ 31,208,465	\$ 10,326,775	\$ 10,326,775	\$ 41,082,509	\$ 41,535,240
Buildings	81,142,798	77,632,994	17,874,219	17,114,968	99,017,017	94,747,962
Infrastructure	187,805,837	187,749,370	2,699,620	2,614,917	190,505,457	190,364,287
Improvements other than Buildings	10,837,949	9,771,544	211,955,978	205,033,373	222,793,927	214,804,917
Equipment	24,636,107	26,503,456	3,707,639	3,852,468	28,343,746	30,355,924
Construction in Progress	1,638,381	1,816,669	9,852,707	18,208,943	11,491,088	20,025,612
Intangibles Assets	533,155	4,513	-	-	533,155	4,513
<b>Totals</b>	<b>\$ 337,349,961</b>	<b>\$ 334,687,011</b>	<b>\$ 256,416,938</b>	<b>\$ 257,151,444</b>	<b>\$ 593,766,899</b>	<b>\$ 591,838,455</b>

Additional information on Hernando County's capital assets can be found in Note F to the basic financial statements. The decrease in capital asset activity in Governmental Activities for 2019 is mainly due to the depreciation of assets being greater than additions to assets during the year. The increase of infrastructure was attributable to the paving of roads throughout the County. The increase in equipment was due to the purchase of several heavy operations vehicles, and fire and police vehicles. The increase in capital asset activity for Business-Type Activities is due to improvements to water and wastewater plants and force mains. Also construction in progress increased due to the reconstruction of Taxiway B at the Hernando County airport, as well as reclaimed water projects being performed by the Water and Sewer District.

### Debt Administration

Loans and notes payable amounted to \$79,328,299 of which \$27,134,942 is for Governmental Activities and \$52,193,357 is for Business-Type Activities. Loans for business-type activities include \$50,989,038 of financing from the State Revolving Loan program for water & sewer improvement projects.

Hernando County had total bonded debt outstanding of \$30,221,816. All of these bonds represent bonds secured solely by specified non-ad valorem revenue sources (i.e., revenue bonds).

Following is the activity of combined governmental and business-type debt for the fiscal year ended September 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance
Loans & Notes Payable	\$ 85,836,121	\$ 1,055,620	\$ 7,563,442	\$ 79,328,299
Revenue bonds	33,247,145	-	3,025,329	30,221,816
	<u>\$ 119,083,266</u>	<u>\$ 1,055,620</u>	<u>\$ 10,588,771</u>	<u>\$ 109,550,115</u>

The County traditionally insured its bonded debt, and consequently, the County's bonds have historically maintained an insured rating of "Aaa" from Moody's and "AAA" from Standard & Poor's and Fitch. The County also obtained underlying ratings during the issuance of certain bonds.

Following are the County's underlying ratings on bonds outstanding as of September 30, 2019:

	<u>Moody's</u>	<u>Fitch</u>	<u>S&amp;P</u>
Non-Ad Valorem Refunding Revenue Bonds, Series 2010	Aa3	NR	A+
Water and Sewer Refunding Revenue Bonds, Series 2013A	Aa3	AA	AA-

NR represents No Rating. Additional information on Hernando County's long-term debt can be found in Note H to the basic financial statements.

Additional information on Hernando County's debt may be found in Note H to the basic financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Local, state and national economic factors influence the County's revenues in a variety of ways. Positive economic growth correlates with increased revenues from property taxes, sales taxes, fuel taxes, charges for services, state revenue sharing as well as state and federal grants. Depressed economic growth correlates with decreases in the same revenue sources.

Economic growth may be measured by a variety of indicators such as employment growth, unemployment, new construction and assessed values, diversification of the property tax base, enterprise fund revenue and net asset growth.

- Hernando County's population grew from 165,154 in 2009 to 188,358 in 2019, a 14% increase over a period of 10 years.
- Unemployment in Hernando County decreased to 3.6% and the County's personal income per capita increased slightly to \$36,878 in 2018, the most recent year available.
- Total taxable property value has increased 1% over the last 10 years, but increased 32% over tax year 2013, which was the lowest taxable value in recent history. The 10 largest taxpayers accounted for 10% of the total taxable assessed value in 2019. The 10 largest taxpayers accounted for 9% of total taxable value 10 years ago.
- Permanent households rose during the year to a total of 78,718, 12% more than 10 years ago. The building department issued 14,725 permits, 49 were new commercial construction permits.

For the fiscal year 2018-19 budget, certified taxable property values increased 6.51% to approximately \$8.714 billion. The General Fund millage was 6.8912. The increase in property values meant an additoinal \$3.7 million in revenue to the General Fund.

For fiscal year 2019-20 budget, certified property values increased 5.31% to \$9.177 billion. In order to replenish reserves the General Fund millage rate was increased by 1 mill to 7.8912. Between the increase in millage and the increase in property values, the County will be able to generate approximately \$9.2 million more for the General Fund. Budgets and staffing levels were reduced, and the County is closer to achieving the goal to increase and maintain reserve levels to policy and make the County financially sustainable.

Although the increased millage helped to address the depleting reserve levels of the General Fund, there are current capital project and infrastructure needs that still remain unfunded. The most significant and pressing of these is additional space needs for Judicial and County staff, and the replacement of an outdated county-wide emergency communication system. Funding for both these and longer-term projects will be discussed in the development of the 2020-21 budget and future year budgets as necessary.

## **TO OBTAIN FURTHER INFORMATION**

This financial report was designed to provide an overview of the County's finances. If you have any questions concerning budgets, long-term financial planning, or other subjects related to the management of County operations, please contact the County Administrator at:

Hernando County  
20 N Main Street  
Brooksville, Florida 34601  
(352) 754-4000  
administration@hernandocounty.us

If you have any questions concerning financial reports or other accounting information in this report, please contact the Office of the Clerk and Comptroller, Director of Financial Services at:

Hernando County  
20 N. Main Street  
Brooksville, Florida 34601  
(352) 754-4201  
clerkfinance@hernandoclerk.org

It is also suggested you visit our website at [www.hernandocounty.us](http://www.hernandocounty.us) for general information about the County, and [www.hernandoclerk.com](http://www.hernandoclerk.com) for additional financial information.

# **Basic Financial Statements**

**HERNANDO COUNTY, FLORIDA**  
**STATEMENT OF NET POSITION**  
September 30, 2019

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 10,869,631	\$ 40,886	\$ 10,910,517
Pooled Cash and Investments	118,414,189	94,211,094	212,625,283
Cash with Fiscal Agent	6,030,259	8,295,668	14,325,927
Accounts Receivable (net)	6,110,311	4,874,308	10,984,619
Internal Balances-Asset	(2,313,236)	2,313,236	-
Due from Other Governments	6,553,663	1,456,916	8,010,579
Inventories	70,888	224,662	295,550
Prepaid Items	570,091	-	570,091
Capital Assets, not being depreciated	33,025,134	28,535,718	61,560,852
Capital Assets, being depreciated, net	301,661,877	228,615,726	530,277,603
Prepaid Bond Insurance	-	37,284	37,284
<b>Total Assets</b>	<b>\$ 480,992,807</b>	<b>\$ 368,605,498</b>	<b>\$ 849,598,305</b>
<b>Deferred Outflows of Resources</b>	<b>\$ 54,001,902</b>	<b>\$ 4,765,682</b>	<b>\$ 58,767,584</b>
<b>LIABILITIES</b>			
Accounts Payable	7,228,306	1,876,387	9,104,693
Retainage Payable	79,875	-	79,875
Accrued Liabilities	5,192,232	1,354,954	6,547,186
Due to Other Governments	544,557	54,522	599,079
Unearned Revenue	2,145,073	480,923	2,625,996
Deposits	331,005	3,796,409	4,127,414
Payable from Restricted Assets:			
Accounts Payable	-	656,057	656,057
Retainage Payable	-	524,406	524,406
Non-Current Liabilities:			
Due Within One Year	17,089,370	5,417,922	22,507,292
Due in More Than One Year	187,291,283	94,436,782	281,728,065
Unearned Revenue	-	1,273,045	1,273,045
<b>Total Liabilities</b>	<b>\$ 219,901,701</b>	<b>\$ 109,871,407</b>	<b>\$ 329,773,108</b>
<b>Deferred Inflows of Resources</b>	<b>\$ 16,119,256</b>	<b>\$ 1,873,380</b>	<b>\$ 17,992,636</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 306,203,109	\$ 178,094,547	\$ 484,297,656
Restricted for:			
Grant Funded Programs	2,131,840	-	2,131,840
Court Programs	6,939,106	-	6,939,106
Special Assessment Projects	2,730,384	-	2,730,384
Environment Conservation	5,800,642	-	5,800,642
Bond Covenants or Debt Service	772,064	-	772,064
Public Safety	19,322,131	-	19,322,131
Capital Projects	36,710,410	32,231,813	68,942,223
Renewal and Replacement	-	7,908,612	7,908,612
Other Purposes	4,414,482	-	4,414,482
Unrestricted (Deficit)	(86,050,416)	43,391,421	(42,658,995)
<b>Total Net Position</b>	<b>\$ 298,973,752</b>	<b>\$ 261,626,393</b>	<b>\$ 560,600,145</b>

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

**HERNANDO COUNTY, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended September 30, 2019

Function/Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General Government	\$ 30,156,075	\$ 14,555,004	\$ 30,156	\$ 624,266	\$ (14,946,649)	\$ -	\$ (14,946,649)
Public Safety	112,625,098	46,038,001	688,762	641,899	(65,256,436)	-	(65,256,436)
Physical Environment	6,395,138	101,107	723	-	(6,293,308)	-	(6,293,308)
Transportation	26,165,733	13,233,690	3,364,258	2,728,484	(6,839,301)	-	(6,839,301)
Economic Environment	2,565,287	17,989	1,345,453	-	(1,201,845)	-	(1,201,845)
Human Services	8,311,516	277,720	41,643	44,071	(7,948,082)	-	(7,948,082)
Culture and Recreation	6,845,460	961,059	662,084	507,204	(4,715,113)	-	(4,715,113)
Court Operations	7,664,148	5,059,256	260,180	-	(2,344,712)	-	(2,344,712)
Interest on Long-term Debt	1,225,420	-	-	-	(1,225,420)	-	(1,225,420)
<b>Total Governmental Activities</b>	<b>201,953,875</b>	<b>80,243,826</b>	<b>6,393,259</b>	<b>4,545,924</b>	<b>(110,770,866)</b>	<b>-</b>	<b>(110,770,866)</b>
Business-type Activities:							
Water and Sewer District	32,681,379	35,857,865	169,660	5,937,606	-	9,283,752	9,283,752
Aviation Operations	2,694,530	1,972,345	145,860	1,932,004	-	1,355,679	1,355,679
Waste Management	8,957,136	8,167,974	1,205,011	-	-	415,849	415,849
Building Department	3,540,219	3,677,072	-	-	-	136,853	136,853
<b>Total Business-type Activities</b>	<b>47,873,264</b>	<b>49,675,256</b>	<b>1,520,531</b>	<b>7,869,610</b>	<b>-</b>	<b>11,192,133</b>	<b>11,192,133</b>
<b>Total</b>	<b>\$ 249,827,139</b>	<b>\$ 129,919,082</b>	<b>\$ 7,913,790</b>	<b>\$ 12,415,534</b>	<b>(110,770,866)</b>	<b>11,192,133</b>	<b>(99,578,733)</b>
General Revenues:							
Property Taxes					72,134,343	-	72,134,343
Fuel Taxes					8,871,613	-	8,871,613
Sales Tax					10,240,669	-	10,240,669
Other Taxes					2,454,510	-	2,454,510
State Shared Revenue - Unrestricted					5,600,836	-	5,600,836
Investment Earnings					5,190,100	3,513,679	8,703,779
Gain on Sale of Capital Assets					-	12,524	12,524
Miscellaneous					1,613,110	811,958	2,425,068
Transfers					145,293	(145,293)	-
Total General Revenues and Transfers					106,250,474	4,192,868	110,443,342
<b>Change in Net Position</b>					<b>(4,520,392)</b>	<b>15,385,001</b>	<b>10,864,609</b>
<b>Net Position - Beginning</b>					<b>303,494,144</b>	<b>246,241,392</b>	<b>549,735,536</b>
<b>Net Position - Ending</b>					<b>\$ 298,973,752</b>	<b>\$ 261,626,393</b>	<b>\$ 560,600,145</b>

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

**HERNANDO COUNTY, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2019**

	General Fund	Transportation Trust and Gas Taxes	Impact Fees Capital Project Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,679,161	\$ 395	\$ -
Pooled Cash and Investments	16,276,546	29,186,646	15,543,244
Cash with Fiscal Agent	-	749,721	-
Accounts Receivable (net)	317,012	10,965	20,028
Due from Other Funds	290,819	86,079	-
Due from Other Governments	3,286,173	2,181,567	3,401
Advances to Other Funds	3,519,320	-	-
Inventories	-	-	-
Prepaid Items	389,768	42,888	-
<b>Total Assets</b>	<b>\$ 28,758,799</b>	<b>\$ 32,258,261</b>	<b>\$ 15,566,673</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 1,714,553	\$ 793,754	\$ 148,025
Retainage Payable	16,453	48,202	15,220
Accrued Liabilities	3,076,762	250,748	-
Due to Other Funds	664,767	187,861	-
Due to Other Governments	102,506	-	-
Unearned Revenue	211,298	-	1,440,750
Deposits	69,932	3,120	-
Advances from Other Funds	-	-	-
Total Liabilities	5,856,271	1,283,685	1,603,995
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	923,891	947,248	-
<b>Fund Balances</b>			
Nonspendable:			
Advances	3,519,320	-	-
Inventories	-	-	-
Prepaid Items	389,768	42,888	-
Restricted for:			
Grant Funded Programs	1,046,357	-	-
Court Programs	-	-	-
Special Assessment Projects	-	-	-
Environment Conservation	-	-	-
Bond covenants or debt service	-	130,168	-
Public Safety	-	-	-
Capital Projects	-	20,973,623	13,962,678
Other Purposes	-	-	-
Committed to:			
Budgeted Emergency and Contingency Reserves	4,641,938	-	-
Budgeted Stabilization Reserves	3,035,063	-	-
Other Purposes	-	-	-
Assigned to:			
Public Safety	-	-	-
Capital Projects	-	8,880,649	-
Other Purposes	-	-	-
Unassigned	9,346,191	-	-
Total Fund Balances	21,978,637	30,027,328	13,962,678
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 28,758,799</b>	<b>\$ 32,258,261</b>	<b>\$ 15,566,673</b>

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

Hernando County Fire Rescue-Fire	Nonmajor Governmental Funds	Total Governmental Funds
\$ 150	\$ 5,989,205	\$ 10,668,911
11,189,635	30,020,745	102,216,816
-	70,671	820,392
17,850	5,723,662	6,089,517
295,812	1,190,320	1,863,030
156,789	925,733	6,553,663
-	-	3,519,320
-	1,800	1,800
-	137,435	570,091
<b>\$ 11,660,236</b>	<b>\$ 44,059,571</b>	<b>\$ 132,303,540</b>
\$ 106,116	\$ 2,187,111	\$ 4,949,559
-	-	79,875
809,259	751,595	4,888,364
-	1,305,119	2,157,747
-	442,051	544,557
-	14,618	1,666,666
-	257,953	331,005
3,069,320	450,000	3,519,320
3,984,695	5,408,447	18,137,093
-	4,317,005	6,188,144
-	-	3,519,320
-	1,800	1,800
-	136,195	568,851
-	1,078,327	2,124,684
-	6,939,106	6,939,106
-	2,730,384	2,730,384
-	5,800,642	5,800,642
-	641,896	772,064
7,675,541	7,261,811	14,937,352
-	791,129	35,727,430
-	4,344,261	4,344,261
-	-	4,641,938
-	-	3,035,063
-	1,625,430	1,625,430
-	2,958,720	2,958,720
-	-	8,880,649
-	24,418	24,418
-	-	9,346,191
7,675,541	34,334,119	107,978,303
<b>\$ 11,660,236</b>	<b>\$ 44,059,571</b>	<b>\$ 132,303,540</b>

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**HERNANDO COUNTY, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**September 30, 2019**

**Fund Balances - Total Governmental Funds** \$ 107,978,303

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:

Governmental Capital Assets	\$ 541,060,175	
Less Accumulated Depreciation	<u>(221,163,013)</u>	319,897,162

Unearned revenue and deferred outflows of resources are not available to pay for current-period expenditures and are therefore not reported in the governmental funds:

Unearned Revenue	\$ 6,188,144	
Deferred Charges on Debt Refunding	644,388	
Deferred Charges related to Net Pension Liability	49,996,900	
Deferred Charges related to Other Post Employment Benefits	<u>3,078,107</u>	59,907,539

Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds:

Accrued Liabilities - Interest	\$ (200,368)	
Loans and Notes Payable	(23,848,951)	
Bonds Payable	(1,993,348)	
Compensated Absences	(8,973,787)	
Other Post Employment Benefits	(14,885,137)	
Net Pension Liability	<u>(144,884,922)</u>	(194,786,513)

Deferred inflows of resources apply to a future period and will not be recognized as revenue until then:

Deferred Inflows related to Net Pension Liability	(10,784,195)	
Deferred Inflows related to Other Post Employment Benefits	<u>(5,213,263)</u>	(15,997,458)

Internal Service Funds are used by management to charge the costs of certain activities to the individual funds:

Net position of the Internal Service Funds that is reported in the Governmental Activities portion of the Statement of Net Position.		23,988,955
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Accumulated net position of the Internal Service Funds is allocated between governmental activities and business-type activities. Internal Service Fund net position allocated to business-type activities.		<u>(2,014,236)</u>
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**Net Position of Governmental Activities** **\$ 298,973,752**

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

**HERNANDO COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended September 30, 2019**

	<u>General Fund</u>	<u>Transportation Trust and Gas Taxes</u>	<u>Impact Fees Capital Project Fund</u>
<b>Revenues</b>			
Taxes	\$ 58,402,513	\$ 14,794,635	\$ -
Licenses and Permits	489,034	-	-
Intergovernmental	21,360,928	4,176,945	-
Charges for Services	13,330,570	1,124,761	-
Fines and Forfeitures	137,409	376	-
Special Assessments	-	-	-
Impact Fees	-	-	3,176,049
Interest	1,120,746	1,170,289	504,648
Miscellaneous	1,637,594	169,662	-
<b>Total Revenues</b>	<u>96,478,794</u>	<u>21,436,668</u>	<u>3,680,697</u>
<b>Expenditures</b>			
Current			
General Government	22,766,601	-	-
Public Safety	51,776,924	2,236	-
Physical Environment	444,670	-	-
Transportation	2,415,463	12,322,232	-
Economic Environment	558,060	-	-
Human Services	4,686,387	-	-
Culture and Recreation	5,675,994	-	-
Court Operations	1,388,518	-	-
Debt Service			
Principal	441,217	-	-
Interest and Fiscal Charges	69,632	-	-
Capital Outlay	3,607,192	8,873,742	332,281
<b>Total Expenditures</b>	<u>93,830,658</u>	<u>21,198,210</u>	<u>332,281</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>2,648,136</u>	<u>238,458</u>	<u>3,348,416</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	2,390,979	1,535,686	-
Transfers Out	(5,666,358)	(803,270)	(325,420)
Additions to Long-Term Debt	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(3,275,379)</u>	<u>732,416</u>	<u>(325,420)</u>
<b>Net Change in Fund Balances</b>	<b>(627,243)</b>	<b>970,874</b>	<b>3,022,996</b>
Fund Balances at Beginning of Year	22,605,880	29,056,454	10,939,682
<b>Fund Balances at End of Year</b>	<u><b>\$ 21,978,637</b></u>	<u><b>\$ 30,027,328</b></u>	<u><b>\$ 13,962,678</b></u>

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

<u>Hernando County Fire Rescue-Fire</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 9,824	\$ 10,453,005	\$ 83,659,977
135,857	-	624,891
194,762	3,424,188	29,156,823
82,061	17,696,619	32,234,011
-	1,504,724	1,642,509
27,230,714	9,227,426	36,458,140
-	-	3,176,049
614,739	1,169,726	4,580,148
247,320	919,972	2,974,548
<u>28,515,277</u>	<u>44,395,660</u>	<u>194,507,096</u>
-	1,752,046	24,518,647
23,082,356	17,759,629	92,621,145
-	5,725,440	6,170,110
-	1,113,696	15,851,391
-	1,919,830	2,477,890
-	1,761,664	6,448,051
-	107,065	5,783,059
-	6,101,113	7,489,631
167,569	3,712,860	4,321,646
204,407	761,264	1,035,303
31,948	1,305,403	14,150,566
<u>23,486,280</u>	<u>42,020,010</u>	<u>180,867,439</u>
<b><u>5,028,997</u></b>	<b><u>2,375,650</u></b>	<b><u>13,639,657</u></b>
295,812	11,738,164	15,960,641
(292,778)	(9,888,742)	(16,976,568)
-	1,055,620	1,055,620
<u>3,034</u>	<u>2,905,042</u>	<u>39,693</u>
<b><u>5,032,031</u></b>	<b><u>5,280,692</u></b>	<b><u>13,679,350</u></b>
<u>2,643,510</u>	<u>29,053,427</u>	<u>94,298,953</u>
<b><u>\$ 7,675,541</u></b>	<b><u>\$ 34,334,119</u></b>	<b><u>\$ 107,978,303</u></b>

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**HERNANDO COUNTY, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNEMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended September 30, 2019**

Net Change in Fund Balances - Total Governmental Funds \$ 13,679,350

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report Capital Outlays as Expenditures. In the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives. Donations of Capital Assets are not financial resources to Governmental Funds, however increase net position in the Statement of Activities. Governmental Funds report the sale of Capital Assets as a financial resource, however in the Statement of Activities, only the gain/loss on the sale is reported:

Expenditures for Capital Assets	\$ 14,261,303	
Less current year depreciation	(17,005,274)	
Donation of Capital Assets	241,891	
Capital Asset Disposals	<u>(187,495)</u>	(2,689,575)

Additions to Long-Term Debt provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal and payments to refunding escrow agents are expenditures/other financing uses in the Governmental Funds, but reduce long-term liabilities in the Statement of Net Position:

Additions to Long-Term Debt	(1,055,620)	
Principal Payments	<u>4,321,646</u>	3,266,026

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 the Governmental Funds:

Increase in Accrued Interest on Long-Term Debt	\$ 3,814	
Amortization of current year Bond Discount/Premium	1,546	
Amortization of current year Prepaid Bond Insurance	(80,101)	
Increase in Compensated Absences	(372,133)	
Increase in Accrued Other Post Employment Benefits	(661,635)	
Increase in Pension Expenses	<u>(19,677,960)</u>	(20,786,469)

Some revenues reported in the Statement of Activities do not provide a current financial resource, and therefore are not reported as revenue in the Governmental Funds:

Change in earned revenue from grants and contributions	9,097	
Change in earned revenue from charges for services	1,762,814	
Change in earned revenue from taxes	<u>(72,099)</u>	1,699,812

Internal Service Funds are used by management to charge the costs of certain activities to individual funds. A portion of the Change in Net Position of the Internal Service Funds is reported within Governmental Activities.

310,464

**Change in Net Position of Governmental Activities \$ (4,520,392)**

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

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**HERNANDO COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Fiscal Year Ended September 30, 2019**

	<u>Budgeted Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 58,838,075	\$ 58,838,075	\$ 58,402,513	\$ (435,562)
Licenses and Permits	438,500	438,500	489,034	50,534
Intergovernmental	20,227,362	22,835,318	21,360,928	(1,474,390)
Charges for Services	12,720,732	12,772,070	13,330,570	558,500
Fines and Forfeitures	83,068	83,068	137,409	54,341
Interest	186,025	186,042	1,120,746	934,704
Miscellaneous	1,258,179	1,268,596	1,637,594	368,998
<b>Total Revenues</b>	<u>93,751,941</u>	<u>96,421,669</u>	<u>96,478,794</u>	<u>57,125</u>
<b>Expenditures</b>				
<b>Current</b>				
General Government	25,096,401	25,769,941	22,766,601	3,003,340
Public Safety	50,371,027	52,771,733	51,776,924	994,809
Physical Environment	533,088	533,088	444,670	88,418
Transportation	2,566,658	2,656,073	2,415,463	240,610
Economic Environment	1,877,150	2,383,683	558,060	1,825,623
Human Services	4,892,232	4,892,232	4,686,387	205,845
Culture and Recreation	6,045,596	6,392,910	5,675,994	716,916
Court Operations	1,389,042	1,446,905	1,388,518	58,387
<b>Debt Service</b>				
Principal	441,217	441,217	441,217	-
Interest and Fiscal Charges	64,414	69,632	69,632	-
Capital Outlay	2,777,947	4,722,267	3,607,192	1,115,075
<b>Total Expenditures</b>	<u>96,054,772</u>	<u>102,079,681</u>	<u>93,830,658</u>	<u>8,249,023</u>
<b>Excess of Revenues Over Expenditures</b>	<u>(2,302,831)</u>	<u>(5,658,012)</u>	<u>2,648,136</u>	<u>8,306,148</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	479,976	2,281,146	2,390,979	109,833
Transfers Out	(5,381,746)	(5,414,117)	(5,666,358)	(252,241)
Reserve for Contingencies	(12,454,834)	(14,259,458)	-	14,259,458
<b>Total Other Financing Sources (Uses)</b>	<u>(17,356,604)</u>	<u>(17,392,429)</u>	<u>(3,275,379)</u>	<u>14,117,050</u>
<b>Net Change in Fund Balance</b>	<u>(19,659,435)</u>	<u>(23,050,441)</u>	<u>(627,243)</u>	<u>22,423,198</u>
Fund Balance at Beginning of Year	19,659,435	23,050,441	22,605,880	(444,561)
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,978,637</u>	<u>\$ 21,978,637</u>

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

**HERNANDO COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**TRANSPORTATION TRUST AND GAS TAXES**  
**For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 14,657,277	\$ 14,657,277	\$ 14,794,635	\$ 137,358
Intergovernmental	4,832,665	8,170,743	4,176,945	(3,993,798)
Charges for Services	1,304,875	1,304,875	1,124,761	(180,114)
Fines and Forfeitures	-	-	376	376
Interest	-	-	1,170,289	1,170,289
Miscellaneous	114,080	114,080	169,662	55,582
<b>Total Revenues</b>	<b>20,908,897</b>	<b>24,246,975</b>	<b>21,436,668</b>	<b>(2,810,307)</b>
<b>Expenditures</b>				
Current				
Public Safety	-	2,240	2,236	4
Transportation	13,753,838	14,170,134	12,322,232	1,847,902
Capital Outlay	12,757,040	21,643,755	8,873,742	12,770,013
<b>Total Expenditures</b>	<b>26,510,878</b>	<b>35,816,129</b>	<b>21,198,210</b>	<b>14,617,919</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(5,601,981)</b>	<b>(11,569,154)</b>	<b>238,458</b>	<b>11,807,612</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	1,121,420	1,469,900	1,535,686	65,786
Transfers Out	(901,344)	(908,700)	(803,270)	105,430
Reserve for Contingencies	(18,196,600)	(18,048,500)	-	18,048,500
<b>Total Other Financing Sources (Uses)</b>	<b>(17,976,524)</b>	<b>(17,487,300)</b>	<b>732,416</b>	<b>18,219,716</b>
<b>Net Change in Fund Balance</b>	<b>(23,578,505)</b>	<b>(29,056,454)</b>	<b>970,874</b>	<b>30,027,328</b>
Fund Balance at Beginning of Year	23,578,505	29,056,454	29,056,454	-
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 30,027,328</b>	<b>\$ 30,027,328</b>

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

**HERNANDO COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**HERNANDO COUNTY FIRE RESCUE - FIRE**  
**For the Fiscal Year Ended September 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ 9,824	\$ 9,824
Licenses and Permits	65,000	65,000	135,857	70,857
Intergovernmental	53,000	53,000	194,762	141,762
Charges for Services	74,394	74,394	82,061	7,667
Special Assessments	27,818,237	27,818,237	27,230,714	(587,523)
Interest	-	-	614,739	614,739
Miscellaneous	213,865	248,268	247,320	(948)
<b>Total Revenues</b>	<u>28,224,496</u>	<u>28,258,899</u>	<u>28,515,277</u>	<u>256,378</u>
<b>Expenditures</b>				
Current				
Public Safety	23,016,787	23,106,909	23,082,356	24,553
Debt Service				
Principal	1,626,241	1,626,241	167,569	1,458,672
Interest and Fiscal Charges	165,567	204,409	204,407	2
Capital Outlay	-	31,953	31,948	5
<b>Total Expenditures</b>	<u>24,808,595</u>	<u>24,969,512</u>	<u>23,486,280</u>	<u>1,483,232</u>
<b>Excess of Revenues Over Expenditures</b>	<u>3,415,901</u>	<u>3,289,387</u>	<u>5,028,997</u>	<u>1,739,610</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	253,676	253,676	295,812	42,136
Transfers Out	(290,256)	(292,781)	(292,778)	3
Reserve for Contingencies	(6,486,166)	(5,893,792)	-	5,893,792
<b>Total Other Financing Sources (Uses)</b>	<u>(6,522,746)</u>	<u>(5,932,897)</u>	<u>3,034</u>	<u>5,935,931</u>
<b>Net Change in Fund Balance</b>	<u>(3,106,845)</u>	<u>(2,643,510)</u>	<u>5,032,031</u>	<u>7,675,541</u>
Fund Balance at Beginning of Year	3,106,845	2,643,510	2,643,510	-
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,675,541</u>	<u>\$ 7,675,541</u>

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

**HERNANDO COUNTY, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2019**

	<b>Business-Type</b>		
	<b>Water &amp; Sewer District</b>	<b>Aviation Operations</b>	<b>Waste Management</b>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 38,221	\$ 200	\$ 1,665
Pooled Cash and Investments	36,282,229	2,236,840	21,754,351
Cash and Fiscal Agent	-	-	-
Restricted Cash and Investments:			
Pooled Cash and Investments	291,507	-	160
Accounts Receivable (net)	4,452,885	37,166	384,178
Due from Other Funds	252,120	-	53,225
Due from Other Governments	229,791	433,637	793,488
Inventories	206,545	-	18,117
<b>Total Current Assets</b>	<b>41,753,298</b>	<b>2,707,843</b>	<b>23,005,184</b>
Non-Current Assets			
Restricted Assets:			
Pooled Cash and Investments	20,728,028	-	8,854,346
Cash with Fiscal Agent	8,295,668	-	-
Capital Assets, net of accumulated depreciation:			
Capital Assets, not being depreciated	22,343,218	3,336,460	2,641,040
Capital Assets, being depreciated, net	202,388,155	18,979,542	6,285,201
Prepaid Bond Insurance	37,284	-	-
<b>Total Non-Current Assets</b>	<b>253,792,353</b>	<b>22,316,002</b>	<b>17,780,587</b>
<b>Total Assets</b>	<b>\$ 295,545,651</b>	<b>\$ 25,023,845</b>	<b>\$ 40,785,771</b>
<b>Deferred Outflows of Resources</b>	<b>\$ 3,550,419</b>	<b>\$ 134,401</b>	<b>\$ 588,014</b>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	674,837	348,558	803,944
Accrued Liabilities	1,125,324	39,986	95,104
Due to Other Funds	-	456	5,971
Due to Other Governments	44,511	-	-
Unearned Revenues	427,515	53,408	-
Deposits	3,193,500	195,780	49,394
Due Within One Year	4,847,504	235,514	180,540
Payable from Restricted Assets:			
Accounts Payable	655,897	-	160
Retainage Payable	524,406	-	-
<b>Total Current Liabilities</b>	<b>11,493,494</b>	<b>873,702</b>	<b>1,135,113</b>
Non-Current Liabilities			
Due in More Than One Year	82,892,577	1,473,999	-
Payable from Restricted Assets:			
Due in More Than One Year	-	-	8,347,476
Unearned Revenues	1,273,045	-	-
<b>Total Non-Current Liabilities</b>	<b>84,165,622</b>	<b>1,473,999</b>	<b>8,347,476</b>
<b>Total Liabilities</b>	<b>\$ 95,659,116</b>	<b>\$ 2,347,701</b>	<b>\$ 9,482,589</b>
<b>Deferred Inflows of Resources</b>	<b>\$ 962,132</b>	<b>\$ 51,612</b>	<b>\$ 628,277</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	146,878,795	21,111,683	8,926,241
Restricted for			
Capital Projects	32,231,813	-	-
Renewal and Replacement	7,908,612	-	-
Unrestricted	15,455,602	1,647,250	22,336,678
<b>Total Net Position</b>	<b>\$ 202,474,822</b>	<b>\$ 22,758,933</b>	<b>\$ 31,262,919</b>

Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds

Net Position of business-type activities

<b>Activities - Enterprise Funds</b>		<b>Governmental</b>
<b>Building</b>		<b>Activities -</b>
<b>Department</b>	<b>Total</b>	<b>Internal</b>
		<b>Service Funds</b>
\$ 800	\$ 40,886	\$ 200,720
4,063,633	64,337,053	16,197,373
-	-	5,209,867
-	291,667	-
79	4,874,308	20,794
82	305,427	-
-	1,456,916	-
-	224,662	69,088
<u>4,064,594</u>	<u>71,530,919</u>	<u>21,697,842</u>
-	29,582,374	-
-	8,295,668	-
215,000	28,535,718	-
962,828	228,615,726	14,789,849
-	37,284	-
<u>1,177,828</u>	<u>295,066,770</u>	<u>14,789,849</u>
<u>\$ 5,242,422</u>	<u>\$ 366,597,689</u>	<u>\$ 36,487,691</u>
<u>\$ 492,848</u>	<u>\$ 4,765,682</u>	<u>\$ 282,507</u>
49,048	1,876,387	2,278,747
94,540	1,354,954	103,500
-	6,427	4,283
10,011	54,522	-
-	480,923	478,407
357,735	3,796,409	-
154,364	5,417,922	4,367,462
-	656,057	-
-	524,406	-
<u>665,698</u>	<u>14,168,007</u>	<u>7,232,399</u>
1,722,730	86,089,306	5,427,046
-	8,347,476	-
-	1,273,045	-
<u>1,722,730</u>	<u>95,709,827</u>	<u>5,427,046</u>
<u>\$ 2,388,428</u>	<u>\$ 109,877,834</u>	<u>\$ 12,659,445</u>
<u>\$ 231,359</u>	<u>\$ 1,873,380</u>	<u>\$ 121,798</u>
1,177,828	178,094,547	11,503,858
-	32,231,813	-
-	7,908,612	-
<u>1,937,655</u>	<u>41,377,185</u>	<u>12,485,097</u>
<u>\$ 3,115,483</u>	<u>259,612,157</u>	<u>\$ 23,988,955</u>
	<u>2,014,236</u>	
	<u>\$ 261,626,393</u>	

**HERNANDO COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended September 30, 2019

	<b>Business-Type</b>		
	<b>Water &amp; Sewer District</b>	<b>Aviation Operations</b>	<b>Waste Management</b>
<b>Operating Revenues</b>			
Licenses and Permits	\$ 8,550	\$ -	\$ 24,000
Charges for Services	36,133,965	1,987,839	8,270,114
Miscellaneous	511,282	79,343	162,962
Total Operating Revenues	<u>36,653,797</u>	<u>2,067,182</u>	<u>8,457,076</u>
<b>Operating Expenses</b>			
Personnel Services	9,897,899	475,703	2,355,994
Other Services & Charges	10,826,671	977,918	5,589,077
Claims	-	-	-
Depreciation	9,340,670	1,167,415	1,012,065
Total Operating Expenses	<u>30,065,240</u>	<u>2,621,036</u>	<u>8,957,136</u>
<b>Operating Income (Loss)</b>	<u>6,588,557</u>	<u>(553,854)</u>	<u>(500,060)</u>
<b>Non-Operating Revenues (Expenses)</b>			
Interest Income	2,206,169	77,742	1,106,574
Interest Expense	(2,242,087)	(51,213)	-
Operating Grants	169,660	145,860	1,205,011
Discontinued Projects	(552,835)	-	-
Gain (Loss) on Sale of Capital Assets	2,300	(22,281)	10,224
Amortization of Bond Discount/Premium	178,783	-	-
Total Non-Operating Revenues (Expenses)	<u>(238,010)</u>	<u>150,108</u>	<u>2,321,809</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>6,350,547</u>	<u>(403,746)</u>	<u>1,821,749</u>
Capital Grants and Contributions	5,937,606	1,932,004	-
Transfers In	88,277	-	53,225
Transfers Out	(190,775)	(8,319)	(44,395)
Total Contributions and Transfers	<u>5,835,108</u>	<u>1,923,685</u>	<u>8,830</u>
<b>Change in Net Position</b>	12,185,655	1,519,939	1,830,579
Net Position-Beginning	<u>190,289,167</u>	<u>21,238,994</u>	<u>29,432,340</u>
Net Position-Ending	<u>\$ 202,474,822</u>	<u>\$ 22,758,933</u>	<u>\$ 31,262,919</u>

Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds

Change in net position of business-type activities

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

<b>Activities - Enterprise Funds</b>		<b>Governmental Activities - Internal Service Funds</b>
<b>Building Department</b>	<b>Total</b>	
\$ 3,581,049	\$ 3,613,599	\$ -
145,043	46,536,961	30,808,502
58,371	811,958	861,566
<u>3,784,463</u>	<u>50,962,518</u>	<u>31,670,068</u>
2,613,096	15,342,692	3,297,909
880,754	18,274,420	12,111,884
-	-	15,655,258
46,369	11,566,519	2,390,577
<u>3,540,219</u>	<u>45,183,631</u>	<u>33,455,628</u>
<u>244,244</u>	<u>5,778,887</u>	<u>(1,785,560)</u>
123,194	3,513,679	609,952
-	(2,293,300)	(115,376)
-	1,520,531	-
-	(552,835)	-
-	(9,757)	(35,076)
-	178,783	-
<u>123,194</u>	<u>2,357,101</u>	<u>459,500</u>
<u>367,438</u>	<u>8,135,988</u>	<u>(1,326,060)</u>
-	7,869,610	-
82	141,584	1,312,773
<u>(43,388)</u>	<u>(286,877)</u>	<u>(151,553)</u>
<u>(43,306)</u>	<u>7,724,317</u>	<u>1,161,220</u>
324,132	15,860,305	(164,840)
<u>2,791,351</u>		<u>24,153,795</u>
<u>\$ 3,115,483</u>		<u>\$ 23,988,955</u>
	<u>(475,304)</u>	
	<u>\$ 15,385,001</u>	

**HERNANDO COUNTY, FLORIDA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended September 30, 2019**

	Business-type	
	Water & Sewer District	Aviation Operations
<b>Cash Flows from Operating Activities</b>		
Receipts from Customers	\$ 37,378,418	\$ 1,636,175
Receipts from Inter-Fund Services	-	-
Payments to Suppliers	(11,806,838)	(705,941)
Payments to Employees	(8,874,050)	(413,208)
Claims Paid	-	-
Other Receipts	511,282	79,343
Net Cash provided by (used for) Operating Activities	<u>17,208,812</u>	<u>596,369</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Operating Grants	169,660	145,860
Transfers From Other Funds	88,277	-
Transfers to Other Funds	(190,775)	(8,319)
Net Cash Provided by (used for) Noncapital Financing Activities	<u>67,162</u>	<u>137,541</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Additions to Capital Assets	(8,402,837)	(2,480,821)
Proceeds from Capital Debt	-	-
Principal Paid on Capital Debt	(5,173,962)	(175,068)
Interest Paid on Capital Debt	(2,450,364)	(54,072)
Capital Grants Revenue	2,720,072	1,932,004
Connection Fee Collections	2,302,630	-
Proceeds From Sale of Capital Assets	2,300	-
Net Cash provided by (used fo) Capital and Related Financing Activities	<u>(11,002,161)</u>	<u>(777,957)</u>
<b>Cash Flows form Investing Activities</b>		
Interest Received	2,206,169	77,742
Net Cash Provided by Investing Activities	<u>2,206,169</u>	<u>77,742</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	8,479,982	33,695
Cash and Cash Equivalents at Beginning of Year	<u>57,151,671</u>	<u>2,203,345</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 65,631,653</u>	<u>\$ 2,237,040</u>
Classified as:		
Current Assets	36,320,450	2,237,040
Restricted Assets - Current	291,507	-
Restricted Assets - Non-current	<u>29,023,696</u>	<u>-</u>
<b>Totals</b>	<u>\$ 65,635,653</u>	<u>\$ 2,237,040</u>

Activites - Enterprise Fuinds			Governmental
Waste	Building	Total	Activities -
Mangement	Department		Internal
			Service Funds
\$ 7,697,082	\$ 3,864,082	\$ 50,575,757	\$ 24,944,566
-	-	-	5,947,055
(4,528,045)	(898,157)	(17,938,981)	(10,740,587)
(1,713,005)	(2,314,182)	(13,314,445)	(3,144,237)
-	-	-	(16,518,035)
162,962	58,371	811,958	861,566
<u>1,618,994</u>	<u>710,114</u>	<u>20,134,289</u>	<u>1,350,328</u>
1,205,011	-	1,520,531	-
53,225	82	141,584	1,312,773
(44,395)	(43,388)	(286,877)	(151,553)
<u>1,213,841</u>	<u>(43,306)</u>	<u>1,375,238</u>	<u>1,161,220</u>
(818,164)	-	(11,701,822)	(2,570,428)
-	-	-	-
-	-	(5,349,030)	(737,769)
-	-	(2,504,436)	(115,376)
-	-	4,652,076	-
-	-	2,302,630	-
10,224	-	12,524	118,150
<u>(807,940)</u>	<u>-</u>	<u>(12,588,058)</u>	<u>(3,305,423)</u>
1,106,574	123,194	3,513,679	609,952
<u>1,106,574</u>	<u>123,194</u>	<u>3,513,679</u>	<u>609,952</u>
3,131,469	790,002	12,435,148	(183,923)
<u>27,479,053</u>	<u>3,274,431</u>	<u>90,108,500</u>	<u>21,791,883</u>
<u>\$ 30,610,522</u>	<u>\$ 4,064,433</u>	<u>\$ 102,543,648</u>	<u>\$ 21,607,960</u>
21,756,016	4,064,433	64,377,939	21,607,960
160	-	291,667	-
<u>8,854,346</u>	<u>-</u>	<u>37,878,042</u>	<u>-</u>
<u>\$ 30,610,522</u>	<u>\$ 4,064,433</u>	<u>\$ 102,547,648</u>	<u>\$ 21,607,960</u>

Continued

**HERNANDO COUNTY, FLORIDA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended September 30, 2019**

	<b>Business-type</b>	
	<b>Water &amp; Sewer District</b>	<b>Aviation Operations</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>		
Operating Income (Loss)	\$ 6,588,557	\$ (553,854)
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided by (used for) Operating Activities		
Depreciation	9,340,670	1,167,415
Other Post-Employment Benefits	59,623	3,017
Pension Adjustments	863,358	40,519
Landfill Closure/Postclosure Care Amortization	-	-
(Increase) Decrease in		
Accounts Receivable	(144,500)	16,509
Due from Other Funds	99,185	-
Due from Other Governments	1,127,791	(407,269)
Inventories	11,410	-
Prepaid Expenses	2,868	-
Increase (Decrease) in		
Accounts Payable	(1,256,789)	271,521
Retainage Payable	256,346	-
Accrued Liabilities	100,868	18,959
Due to Other Funds	-	456
Due to Other Governments	5,998	-
Unearned Revenues	(7,211)	(1,700)
Deposits	160,638	40,796
Claims Liabilities	-	-
<b>Total Adjustments</b>	<b>10,620,255</b>	<b>1,150,223</b>
<b>Net Cash Provided by (used for) Operating Activities</b>	<b>\$ 17,208,812</b>	<b>\$ 596,369</b>
Non-cash Investing, Financing, and Capital Activities:		
Contributions of Capital Assets from Developers	\$ 914,905	\$ -

Activites - Enterprise Fuinds			Governmental
Waste	Building	Total	Activities -
Mangement	Department		Internal
			Service Funds
\$ (500,060)	\$ 244,244	\$ 5,778,887	\$ (1,785,560)
1,012,065	46,369	11,566,519	2,390,577
14,275	15,703	92,618	8,540
597,220	241,034	1,742,131	126,749
563,285	-	563,285	-
181,799	51,624	105,432	55,518
5,115	541	104,841	-
(793,488)	-	(72,966)	765
6,482	-	17,892	5,961
6,797	-	9,665	-
485,294	(18,017)	(517,991)	411,911
-	-	256,346	-
31,494	42,177	193,498	18,382
5,971	-	6,427	2,948
-	614	6,612	-
-	-	(8,911)	16,130
2,745	85,825	290,004	-
-	-	-	98,407
<u>2,119,054</u>	<u>465,870</u>	<u>14,355,402</u>	<u>3,135,888</u>
\$ 1,618,994	\$ 710,114	\$ 20,134,289	\$ 1,350,328
\$ -	\$ -	\$ 914,905	\$ -

**HERNANDO COUNTY, FLORIDA  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUNDS  
September 30, 2019**

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 121,116
Pooled Cash and Investments	13,678,149
Accounts Receivable	16,552
Due from Other Governments	274
<b>Total Assets</b>	<b>\$ 13,816,091</b>
<b>LIABILITIES</b>	
Accounts Payable	\$ 291,197
Accrued Liabilities	2,023,927
Due to Other Governments	5,655,316
Deposits	4,185,023
Other Current Liabilities	1,660,628
<b>Total Liabilities</b>	<b>\$ 13,816,091</b>

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

**HERNANDO COUNTY, FLORIDA**  
**September 30, 2019**

**NOTES TO THE FINANCIAL STATEMENTS**

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**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. THE REPORTING ENTITY**

Hernando County was created in 1843 as a political subdivision of the State of Florida, under Chapter 107, Section 1, Florida Statutes. It is governed by an elected Board of County Commissioners (the Board) which is governed by state statutes and regulations. In addition to the five members of the Board, there are five elected Constitutional Officers: Clerk of Circuit Court and Comptroller, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector. The Constitutional Officers maintain separate accounting records and budgets. The Board and Constitutional Officers provide the following services: public safety (police, fire and rescue), highways and streets, sanitation, water and sewer utilities, health and social services, culture/recreation, public improvements, planning and zoning, and general administrative services.

In accordance with the provisions of generally accepted accounting standards, these financial statements present the financial position, results of operations, and cash flows of the applicable fund types. The statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance part of the primary government's operations, even though they may be legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Otherwise, discretely presented component units, if there were any, would be reported in a separate column in the government-wide financial statements.

**Blended Component Units**

The following component units are included in the accompanying financial statements as part of the primary government because they satisfy the criteria for blending.

The following component units are in substance part of the County's operations, have the same governing board and management team as the County, and there is a specific benefit or burden relationship with the County:

Hernando County Water and Sewer District - established by Ordinance 80-4 to provide water and sewer service to residents of the County which are not serviced by other agencies or entities.

Kass Circle Community Redevelopment Agency - approved by Resolution 2016-44 to establish the necessary means by which redevelopment can be accomplished in the Kass Circle Neighborhood Revitalization Area, as authorized in Florida Statutes 163.356.

The following component units are in substance part of the County's operations, have the same management team as the County, there is a specific benefit or burden relationship with the County, and they provide services entirely to the County, strictly in an advisory capacity:

Hernando County Port Authority - established pursuant to Laws of Florida, Chapter 65-1618 and 71-666 for the purpose providing advisory services regarding waterway management.

Hernando County Law Library - established pursuant to Laws of Florida, Chapter 65-1627, to provide advisory services regarding a central law library which is available to County officials, judges, officers of the court and the public.

Separate financial statements are not prepared for any of the above component units.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

***NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

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

The basic financial statements are composed of the Government-Wide Financial Statements, the Fund Financial Statements and the Notes to the Financial Statements.

**Government-Wide Financial Statements**

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These statements report on the government as a whole and include separate columns for the governmental and business-type activities of the primary government. An additional separate column would be presented for any discretely presented component unit for which the County is financially accountable.

The Statement of Net Position presents information on all of the assets, deferred outflows, liabilities and deferred inflows of the County except the Fiduciary Funds. The difference between (assets plus deferred outflows) less (liabilities plus deferred inflows) is reported as net position. Changes in net position may serve as an indicator of whether the financial position of the County is improving or deteriorating. The Statement of Fiduciary Net Position is presented separately.

The Statement of Activities reports functional categories of programs provided by the County, and demonstrates how and to what degree those programs are supported by specific revenue. The "Expenses" column reports direct expenses that are clearly identifiable with a specific function or program. "Program Revenues" are directly attributable to a specific function or program and are categorized as charges for services, operating grants and contributions, and capital grants and contributions. The net of program expenses less program revenues reflects the net cost of each function or program. The general revenues section includes revenues that are not program specific such as taxes and investment earnings.

As a general rule, interfund activities, with the exception of interfund services provided and used have been removed from the government-wide financial statements. Residual amounts between governmental and business-type activities are reported as "internal balances." These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

**Fund Financial Statements**

The underlying accounting system of the County is organized and operated on the basis of separate funds. A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. Fund accounting is used to ensure and demonstrate compliance with legal, legislative, contractual and other finance-related provisions. All of the funds of the County may be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The County's major funds are reported as separate columns in the fund financial statements, and non-major funds are aggregated and presented as a single column on each statement. Fund financial statements are presented after the government-wide financial statements. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

***NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

Internal service funds of the County (which traditionally provide services primarily to other funds of the County) are presented, in summary form, as part of the proprietary fund financial statements. Since the principal users of the internal services are the County's governmental activities, financial statements of internal service funds are included in the governmental activities column when presented at the government-wide level. The costs of these services are allocated to the appropriate functional activity (Public Safety, Physical Environment, etc.). When appropriate, surplus or deficits in the Internal Service Funds are allocated back to customers in the government-wide Statement of Activities. This creates a reconciling item between the business-type activities column and the Proprietary Fund statements as reflected on the bottom of each statement.

The County's fiduciary funds are presented in the fund financial statements. Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

GASB sets forth minimum criteria for the determination of what are to be considered major funds for financial statement presentation. The County uses these criteria for major fund determination. The County electively added some proprietary funds as major funds, which either had debt outstanding or specific community focus. The County also electively added the Impact Fee fund as a major-fund for purposes of consistency with prior years. The non-major funds are combined into one column in the respective fund financial statements.

The following are reported as major governmental funds:

General Fund – The general operating fund of the County. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Transportation Trust and Gas Taxes – To account for the proceeds of gas taxes and other revenues for the construction and maintenance of County roads.

Impact Fees Capital Project Fund– To account for the proceeds of impact fees levied by the County, and associated expenditures for roads, parks, public buildings, library, law enforcement and emergency services.

Hernando County Fire Rescue-Fire - To account for assessments levied for fire protection services within the district.

The following are reported as major enterprise funds:

Water and Sewer District – This fund is used to account for the operation of water, wastewater and reclaimed water services owned by Hernando County.

Aviation Operations – This fund is used to account for the operation of the Hernando County Airport and the Industrial Complex located on Airport property.

Waste Management – This fund is used to account for the operation of the sanitary landfill for the handling and disposal of solid waste.

Building Department – This fund is used to account for the operation of providing building permits and other construction-related services to County citizens.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The County also reports the following funds:

Internal Service Funds - These funds are used to account for goods or services provided by one department to other departments of the County or to other governmental units on a cost reimbursement basis. Such goods and services include a central fueling system, vehicle and fleet maintenance and replacement, risk management, workers compensation management, computer replacement and health self-insurance.

Agency Funds – These funds are clearing accounts for the collection and disbursement of funds by the County on behalf of individuals, private organizations, or other governments. Agency Funds include jury and witness, court registry, tax, vehicle tags, payroll deductions, and law enforcement holdings.

**3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The accounting policies of the County conform to generally accepted accounting principles as applicable to governments in accordance with the Government Accounting Standards Board (GASB). GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The following is a summary of the more significant policies:

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements and proprietary fund statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. The government considers Federal Emergency Management Agency (FEMA) Public Assistance (PA) related revenues to be available if they are collected within 45 days of the end of the current fiscal period. These resources are measurable based upon the obligated and validated amounts confirmed by the Florida Division of Emergency Management (FDEM) who is the pass-through entity. The government considers intergovernmental grant revenues, excluding FEMA PA Funding, to be available if they are collected within 180 days of the end of the current fiscal year. A majority of the County's grants are expenditure driven and the reimbursement is often approved after the 45-day availability period used for non-grant revenues. Receivables collected after these periods are reported as deferred inflows of resources until the revenue becomes available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grant entitlements are recorded as revenues when all eligibility requirements are met, and are accrued simultaneously with the grant expenditures. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds record both operating and non-operating revenues and expenses. Operating revenues are those that are obtained from the operations of the proprietary fund such as user fees. Non-operating revenues are not related to the operations of the proprietary fund and include interest income and grants. Operating expenses represent the cost of operations, which includes depreciation. Non-operating expenses are not related to operations, such as interest expense.

The agency fund has no measurement focus, but utilizes the accrual basis of accounting for reporting its assets and liabilities.

**4. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

Governmental fund balances are classified either as non-spendable or spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which constraints are placed on the spending of these fund balances. Fund balances are reported in the governmental fund statements in the following classifications:

**Non-spendable Fund Balance**

This component of fund balance consists of amounts that are not in spendable form, or are legally or contractually required to be maintained intact.

**Spendable Fund Balance**

**Restricted Fund Balance** – This component of fund balance consists of amounts that are constrained either (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.

**Committed Fund Balance** – This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (approval of a resolution by a majority of the Board) of the organization's governing authority (County Commission). These committed amounts cannot be used for any other purpose unless the governing authority removes or changes the specified use by taking the same type of action employed to constrain those amounts.

**Assigned Fund Balance** – This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. The governing authority, the County Commission, has

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

approved the assigned fund balances through action taken during the budget process. The County Commission has not delegated the responsibility to assign fund balances to any individual or body.

Unassigned Fund Balance – This classification is used for (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the general fund that are not restricted, committed, or assigned.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use, it is the County's policy to use unassigned resources first, then assigned, and then committed as needed.

**5. BUDGETARY INFORMATION**

The annual budget, formally adopted by the Board of County Commissioners, serves as the legal authorization for expenditures. Legal budgetary authority and control is established on a fund basis in accordance with Florida Statutes 129.03, however, operational control for management purposes is maintained during the year at the lower of the department or fund level. The adopted budget can only be changed by a budget amendment or a budget resolution. Management can transfer appropriations within a fund without the Board of County Commissioners approval unless the transfer affects a budgeted reserve. Pursuant to Florida Statutes 129.06 budget amendments require the approval of the Board of County Commissioners whenever the effect of the amendment is to increase the total appropriations of the fund, to transfer monies between the funds, or to transfer budgeted reserve funds.

The County's annual budgetary process is governed by Florida Statutes, Chapters 129 and 200. The total of the estimated receipts, including balances brought forward, must equal the total of the appropriations and reserves, therefore enabling a balanced budget. During the budgeting process, budgets are prepared on a basis consistent with generally accepted accounting principles. All appropriations lapse at year-end.

The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations and other legally authorized executive changes applicable to the fiscal year, whenever legally authorized.

In 2009, the County established a General Fund Budget Reserve Policy, creating four reserve categories. Each of the following minimum levels are calculated as a percentage of the total approved General Fund budget, less reserves, transfers, debt and grants: Reserve for Contingencies established at .5% to be used for small unanticipated, non-recurring needs; an Emergency Reserve established at 3.5% to be used for more significant emergencies, those in excess of \$100,000; a Stabilization Reserve established at 3.5% to be used when there is a one-time loss of a major revenue source and/or severe downturn in the economy; and a Reserve for Cash Forward established at 11.0% for the purpose of providing funds to support operations in the new fiscal year until the County's most significant revenue source, property tax, is received. The total of these reserves, 18.5%, is included in the annual approved budget. The policy also establishes the approval required to use these budgeted reserves, and the method in which they are to be replenished. The first three reserves are classified as committed fund balance on the accompanying balance sheet of the General Fund. The fourth reserve (reserve for cash forward) is included within the unassigned fund balance classification. During the budget process to establish the budget for Fiscal Years 2018-19 and 2019-20, due to the inability to fund the entire 18.5% reserve, the Board suspended the budget policy.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

***NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

**6. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION**

**Cash, Cash Equivalents, Pooled Cash and Investments**

The County considers cash and cash equivalents to be cash on hand, demand deposits, and highly liquid investments, including those held as restricted assets, with original maturities of three months or less when purchased. For purposes of the statement of cash flows, the County considers a fund's share of pooled cash and investments to be cash equivalents.

The County pools substantially all cash and investments, except for cash and investments which are maintained in accordance with legal restrictions. Each fund's equity share of the total pooled cash and investments is included under the caption "Pooled Cash and Investments". Interest earned is allocated to the various funds based on their average daily cash balances within the pooled account.

The County's investments are recorded at fair value unless the investment qualifies as an external investment pool under the guidance of GASB, which allows under certain criteria these investments to be recorded at amortized costs. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The method of measuring the fair value of investments uses the fair value hierarchy as defined by GASB. See Note C. The Local Government Surplus Funds Trust Fund (Florida Prime) is an investment pool reported at amortized cost which approximates fair value. The Florida Cooperative Liquid Assets Securities System (FLCLASS) and the Florida Local Government Investment Trust (Florida Trust) report all share information at Net Asset Value and reflects share value.

**Receivables and Payables**

The accounts receivable of the County are recorded in the government-wide and fund financial statements, and are net of an allowance for uncollectibles, which generally is equivalent to the receivables that are over 90 days.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a non-spendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. For the County, there are three items that qualify for reporting in this category. One is a deferred charge on debt refunding. A deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions. The deferred outflows related to pensions result from County contributions to the County's retirement plan subsequent to the retirement plan's measurement date, and other timing differences. The third item is related to timing differences associated with benefits paid after the measurement period for post employment benefits other than pensions.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. There are three items that qualify for reporting in this category. The first two deferred inflows are related to pensions and other post-employment benefits, and are the result of certain timing differences and changes in assumptions related to each plan. The third one, reported in the Business-Type Funds, results from grants and other funds available after the revenue recognition period.

The County also has a deferred inflow in the Balance Sheet of the Governmental Funds. This deferred inflow, unavailable revenue, consists of funds received/receivable by the County that are applicable to a future period.

**Unbilled Revenue**

Unbilled revenue in the Water and Sewer Fund generally represents revenue earned during the last month of the fiscal year for which bills are sent the following month. Revenue is recognized as Charges for Services when the customer has used the services provided by the County which is also considered to be when it is earned.

**Unearned Revenue**

Unearned revenue in the Water and Sewer Fund generally represents prepaid connection fees from developers. Such revenues are considered imposed non-exchange transactions. Revenue is recognized when the County has an enforceable legal claim to such connection fees at which time it is reported as capital grants and contributions. The majority of unearned revenue in the governmental funds represents prepaid impact fees which are refundable.

**Inventories and Prepaid Items**

Inventories are determined by physical count and are valued at cost using the first-in, first-out method. The cost is recorded as an expenditure using the consumption method at the time the individual inventory items are used. Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. In most cases, the prepaid items are recorded as an expenditure using the consumption method at the time the prepaid items are received.

**Restricted Assets**

The use of certain Enterprise Fund assets is restricted by bond resolution and agreements with various parties. Assets so designated are identified as restricted assets on the Statement of Net Position.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

Capital assets, which include property (land), buildings, infrastructure assets (e.g. roads, bridges, sidewalks and similar items), improvements, equipment, construction in progress and intangible assets (e.g. software) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements as well as the proprietary fund financial statements.

The County has established the following thresholds for additions to capital assets, and estimated useful lives for depreciation purposes:

	<u>Threshold</u>		<u>Useful Life-Years</u>
Land	\$ -		-
Easement	150,000		-
Right-of-Way	150,000		-
Buildings	10,000		20-40
Infrastructure	150,000		5-50
Improvements-Other Than Buildings	10,000		20
Improvements-Water/Sewer Lines	10,000		50
General Asset Accounts	100,000	annually	Based upon group characteristics
Leashold Improvements	150,000		Life of lease of life of improvement Whichever is shorter
Equipment	5,000		5-15
Intangible Assets	150,000		Per contractual provisions

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Interest incurred during the construction phase of capital assets in business-type activities is included as part of the capitalized value of the assets constructed. Normal maintenance and repairs to capital assets are not included in the reported value because they do not increase the capacity or extend the useful life of the capital asset.

Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. Depreciation is charged as an expense against the operations of the governmental and business-type activities in the government-wide financial statements. Depreciation of assets in the proprietary funds is charged as an expense at the fund level.

**Compensated Absences**

The County maintains a policy that permits employees to accumulate earned but unused paid time off benefits that will be paid to employees upon separation from County service based on years of service, and if certain criteria are met. The County's policy also permits employees to either bank a limited amount of paid time off benefits or receive a limited cash buyout on an annual basis, depending on budget availability.

These benefits plus their related taxes are classified as compensated absences. Both the current and long-term portion of compensated absences are accrued and reported in the government-wide and proprietary fund financial statements. A liability is reported in the governmental funds only if it has matured, for example, as a result of employee resignations and retirements, and is considered due and payable at year-end. Compensated absences have typically been liquidated by the fund in which the employees' salaries are charged, the most significant of these being General Fund, Transportation Trust and Gas Taxes, Hernando County Fire Rescue-Fire, and the Water and Sewer District.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Other Long-Term Obligations**

In the government-wide financial statements and proprietary fund financial statements, discounts, premiums and bond insurance costs related to long-term debt, and gains/losses on bond refundings are deferred and amortized over the life of the bonds using the straight-line method of accounting. Discounts and premiums are combined with the debt, and classified as a liability. Bond insurance is classified as an asset. Gains/losses are classified as deferred inflows/outflows of resources. Discounts, premiums, bond insurance costs, and other issuance costs related to debt in the governmental fund financial statements are recorded as expenditures or other financing sources/uses when paid and therefore are not accounted for in subsequent periods.

State and federal laws and regulations require the Waste Management Division to place a final cover on the landfill cells when they stop accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Division accrues an estimated portion of these closure and post-closure costs at the balance sheet date.

The County's risk management activities are recorded in Internal Service Funds (Risk Management, Worker's Compensation and Health Insurance). The Worker's Compensation Fund is a self-insurance program for worker's compensation claims on losses up to established maximums, and is insured against losses in excess of those amounts. Both the County Health Insurance and Sheriff Health Insurance are self-insurance funds for medical health insurance claims up to established maximums, and are insured against losses in excess of those amounts.

Based on actuarial estimates, "Claims Liabilities" have been established in the Worker's Compensation, County Health Insurance and Sheriff Health Insurance Funds for claims reported but not paid, and incurred but not reported.

Long-term obligations associated with pensions, compensated absences and post-employment liabilities have typically been liquidated by the fund in which the employees' salaries are charged, the most significant of these being General Fund, Transportation Trust and Gas Taxes, Hernando County Fire Rescue – Fire, and the Water and Sewer District.

**7. EFFECTS OF NEW ACCOUNTING PRONOUNCEMENTS**

During the year ended September 30, 2019, the County implemented the following Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 88 *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placements, requires additional information related to debt be disclosed in the notes to financial statements. The requirements of this statement were implemented in Note H.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**1. BUDGETARY COMPARISONS**

Only funds with legally adopted budgets are included when the budget to actual expenditures or revenues are compared. The actual figures are presented on the same basis of accounting as the budgeted figures on these statements. Only actual expenditures are compared to budgeted expenditures since all encumbrances lapse at year-end. All funds have legally adopted annual budgets for the fiscal year ended September 30, 2019.

**2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended September 30, 2019, there were no funds that had an excess of actual expenditures over budgeted expenditures.

**3. DEFICIT FUND BALANCES/NET POSITION**

There were no funds with deficit fund balances/net position at September 30, 2019.

**NOTE C – CASH AND INVESTMENTS**

In order to minimize its cost basis and limit taxpayer liability in the provision of a full range of county services, the County manages a portfolio of cash and investments to maximize net investment earnings on invested surplus funds. The Board of County Commissioners and Constitutional Officers each maintain an approved investment policy in compliance with guidelines and restrictions established by Florida Statutes. The primary objective of the investment policy is to assure that investment risk is limited upon order entry. The second criterion is the assurance of liquidity and the third consideration is yield.

The County is authorized to invest surplus public funds in the following:

- The Local Government Surplus Funds Trust Fund, Florida Prime;
- The Florida Local Government Investment Trust, Florida Trust;
- Direct obligations of the United States Treasury;
- Federal agencies and instrumentalities;
- Certain obligations issued or guaranteed by the United States Government Agencies;
- Certain Supranationals;
- Certain Mortgage Backed Securities;
- Certain Interest-bearing time deposits or savings accounts in qualified public depositories;
- Certain repurchase agreements;
- Certain Registered money market funds;
- Certain commercial paper which is rated as prime by at least two nationally recognized statistical rating organizations;
- Certain corporate bonds;
- Certain Domestic Bankers' Acceptances;
- Certain Municipal Debt General Obligation securities;
- Certain Corporate Notes which are rated A or better by at least two nationally recognized statistical rating organizations;
- Certain Asset Backed Securities;
- Other Intergovernmental Investment Pools.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE C – CASH AND INVESTMENTS (CONTINUED)**

The following is a summary of the carrying amount of cash, investments and cash held with fiscal agent as of September 30, 2019:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Statement of Fiduciary Net Position</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 10,869,631	\$ 40,886	\$ 121,116	\$ 11,031,633
Pooled Cash and Investments	118,414,189	94,211,094	13,678,149	226,303,432
Cash with Fiscal Agent	<u>6,030,259</u>	<u>8,295,668</u>	-	<u>14,325,927</u>
Total	<u>\$ 135,314,079</u>	<u>\$ 102,547,648</u>	<u>\$ 13,799,265</u>	<u>\$ 251,660,992</u>

The County had the following deposits, investments and cash held with fiscal agent at September 30, 2019:

Deposits	\$ 36,709,963
Cash with Fiscal Agent	14,325,927
Carrying Amount of Investments	<u>200,625,102</u>
Total	<u>\$ 251,660,992</u>

**DEPOSITS**

Deposits represent petty cash and cash held with banks in demand deposit and/or savings accounts. To manage custodial credit risk for deposits, all demand and time deposits, including money market accounts, are insured and collateralized in accordance with Chapter 280, Florida Statutes, which established the Public Deposit Security Trust Fund, a multiple financial institution collateral pool. Florida Statutes Section 280.08 provides for assessments against the members of the pool on a pro rata basis in the event that the collateral pool is insufficient to cover the losses of a member financial institution that fails. As such, all deposits covered by this collateral pool are considered to be fully insured.

**CASH WITH FISCAL AGENT**

At fiscal year end, the County had the following funds held by a fiscal agent for the County:

Sheriff Health Insurance Fund	\$ 5,209,867
Transportation Trust Fund	749,721
Non-major Governmental Funds	70,671
Water & Sewer District	<u>8,295,668</u>
	<u>\$ 14,325,927</u>

The Insurance Fund is held by a third-party administrator for the purpose of managing claims. The other funds are held by the State in conjunction for joint transportation and utility relocation projects.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE C – CASH AND INVESTMENTS (CONTINUED)**

**INVESTMENTS**

At September 30, 2019, the County's investments consisted of the following:

<u>Type of Investment</u>	<u>Par Value</u>	<u>Fair Value</u>	<u>1-3 years</u>	<u>1-5years</u>
United States Treasuries	\$ 90,880,000	\$ 91,900,790	\$ 39,284,718	\$ 52,616,072
Federal Farm Credit Banks Funding Corporation	3,000,000	3,030,816	-	3,030,816
Federal Investors, Inc.	157,219	157,219	101,727	55,492
Federal Home Loan Bank	6,350,000	6,450,154	3,991,360	2,458,794
Federal Home Loan Mortgage Corporation	13,300,714	13,393,924	8,088,695	5,305,229
Federal National Mortgage Association	3,450,000	3,501,199	3,501,199	-
Money Market Fund	1,350,000	1,357,804	1,357,804	-
Corporate Notes	9,590,000	9,744,494	3,997,074	5,747,420
Local Government Surplus Funds Trust Fund, (Florida Prime)	28,500,000	28,701,572	28,701,572	-
Florida Local Government Investment Trust, (Florida Trust)	29,735,377	29,735,377	29,735,377	-
Florida Cooperative Liquid Assets Securities System (FLCLASS)	12,550,000	12,651,753	12,651,753	-
	<u>\$ 198,863,310</u>	<u>\$ 200,625,102</u>	<u>\$ 131,411,279</u>	<u>\$ 69,213,823</u>

The County participates in Securities Exchange Commission Registered Money Market Funds. Money Market Funds use amortized cost which is reported at a stable NAV, typically \$1.00 per share. The money market funds are rated AAAM for Credit Quality by Standard & Poor's Rating Agency.

The County also participates in the following investment pools:

The State of Florida Local Government Surplus Funds Trust Fund (Florida Prime) administered by the State Board of Administration (SBA). This investment pool was created by Section 218.415, Florida Statutes, and operates under investment guidelines established by Section 215.47, Florida Statutes. The County's investments in this pool are reported at amortized cost which approximates fair value, and are not subject to the fair value hierarchy.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE C – CASH AND INVESTMENTS (CONTINUED)**

The Florida Local Government Investment Trust (Florida Trust), which is administered by a Board of Trustees appointed by the Florida Association of Court Clerks and Comptrollers, and the Florida Association of Counties, Inc. The Florida Trust was created in 1992 to provide a means for public entities to pool surplus funds to maintain safety of principal and maximize available yield. The Florida Trust reports all share information at Net Asset Value and reflects share value.

The Florida Cooperative Liquid Assets Securities System (FLCLASS), an independent local government investment pool designed to provide a safe and competitive investment alternative for Florida governmental entities. The management of FLCLASS is under the direction of an appointed Board of Trustees comprised of eligible participants of the FLCLASS program. The FLCLASS reports all share information at Net Asset Value and reflects share value.

None of the pools have limitations or restrictions on participant withdrawals including items such as redemption notices, maximum transaction amounts, or authority to impose liquidity fees or redemption gates.

GASB Statement No. 72, *Fair Value Measurement and Application*, sets forth the framework for measuring fair value. The County's investments are recorded at fair value unless the investment qualifies as an external investment pool under the guidance in GASB Statement No. 79. The County's valuation measurement is reflected in the chart above. The fair value hierarchy categorizes the inputs of valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

The County's valuation measurement levels are reflected in the following chart.

- Level 1 inputs: quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs: certain inputs other than quoted prices that are observable for the asset or liability.
- Level 3 inputs: unobservable inputs for an asset or liability.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE C – CASH AND INVESTMENTS (CONTINUED)**

At September 30, 2019, the County's investments carried the following Credit Rating and Fair Value Hierarchy:

<u>Type of Investment</u>	<u>Credit Rating S&amp;P's/Moody's</u>	<u>Fair Value Hierarchy</u>
United States Treasuries	AA+/Aaa	2
Federal Home Loan Bank	AA+/Aaa	2
Federal Home Loan Mortgage Coporation	AA+/Aaa	2
Federal National Mortgage Association	AA+/Aaa	2
Federal Farm Credit Bank	AA+/Aaa	2
Money Mutual Fund	AAAm/Aaa	1
Corporate Notes	A to AAA/A1 to Aaa	2
Municipal Notes	AA/Aa1	2
Local Government Surplus Funds Trust Fund, (Florida Prime)	AAAm/NA	N/A
Florida Local Government Investment Trust (Florida Trust)	AAAf/NA	N/A
Florida Cooperative Liquid Assets Securities System (FLCLASS)	AAAm/NA	N/A

Management of the following investment risks are addressed below:

- Custodial credit risk – risk that a government will not be able to recover deposits or the value of an investment that's in the possession of a failed institution or counterparty;
- Credit risk – risk of loss from an issuer's failure to repay principal and/or interest on a debt obligation;
- Liquidity risk – risk that an investment cannot be bought or sold quickly enough to minimize a loss stemming from a lack of marketability;
- Concentration of investment risk – increasing probability of loss arising from heavily lopsided exposure to an asset class, issuer, structure or maturity;
- Interest rate risk – risk that a security's value will decrease with a rise in interest rates.

To manage custodial credit risk for investments, the County's investment policy specifies the County will execute a Third-Party Custodial Safekeeping Agreement with a commercial bank's trust department separately chartered by the U.S. Government or State of Florida. In addition, no more than 25% of the entire portfolio may be placed with any one financial institution or securities dealer. All securities purchased by the County are properly designated as an asset of the County and are held in safekeeping by the bank's trust department.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

***NOTE C – CASH AND INVESTMENTS (CONTINUED)***

To manage credit risk, the County's investment policy identifies and limits investments to only top ratings issued by nationally recognized statistical rating organizations. At order entry, the County's investments in Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association were rated Aaa by Moody's Investor Service. At order entry, the County's investments in corporate and municipal notes were rated A or better.

To manage liquidity risk, the County's investment policy identifies and limits investment to only top ratings issued by nationally recognized statistical rating organizations. In order to ensure deep liquid markets, the County's investment policy identifies and limits investment in corporate notes to domestic issuers. Position size is also taken into consideration with regard to liquidity risk.

To manage concentration of investment risk, the County's investment policy stipulates maximum limitation guidelines for diversification by instrument. A maximum of 50% of the portfolio may be invested in each of the Florida Trust and Local Government Surplus Funds Trust Fund (Florida Prime) individually. Investment maximum limitations range from 10% to 80% for each of the remaining types of investments. More than 5% of the County's total investments are invested in US Treasuries and Federal Home Loan Mortgage Corporation.

To manage interest rate risk, the County maintains a formal investment policy that limits investment maturities not to exceed seven (7) years. The County maintains and reports interest rate risk using the segmented time distribution method. This coupled with a diversified portfolio of differing maturities that employ callable, floating, and structured securities limits exposure to fair value losses arising from interest rate risk.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE D – RECEIVABLES**

Accounts receivable at September 30, 2019, for the County's individual major funds and non-major funds in total, including applicable allowances for uncollectibles were as follows:

	<b>Accounts Receivable, Gross</b>	<b>Allowance for Uncollectible Accounts</b>	<b>Accounts Receivable, Net</b>
General Fund	\$ 1,131,911	\$ 814,899	\$ 317,012
Transportation Trust and Gas Taxes	215,822	204,857	10,965
Impact Fees Capital Project Fund	20,028	-	20,028
Hernando County Fire Rescue -Fire	136,562	118,712	17,850
Water and Sewer District	4,580,923	128,038	4,452,885
Aviation Operations	45,966	8,800	37,166
Waste Management	445,402	61,224	384,178
Business Development	242,304	242,225	79
Non-major government funds	21,548,334	15,824,672	5,723,662
Internal Service Funds	20,794	-	20,794
Total	<u>\$ 28,388,046</u>	<u>\$ 17,403,427</u>	<u>\$ 10,984,619</u>

Included in accounts receivable in the Water and Sewer District are unbilled amounts totaling \$2,108,691 earned in September 2019, but billed in October 2019.

The County's State Housing Initiatives Partnership (SHIP) program offers zero-interest rate loans for housing rehabilitation or down payment assistance to qualified recipients. Generally, the loans are required to be repaid at the earlier of thirty years or sale/transfer of the property. The County has recorded the gross amount of the receivable as an asset of \$14 million, offset entirely by an allowance for uncollectible receivables.

Due from Other Governments at September 30, 2019, for the County's individual major funds and non-major funds were as follows:

	<b>Due from Grantors</b>	<b>Due from State</b>	<b>Other</b>	<b>Total</b>
General Fund	\$ 1,022,321	\$ 1,821,112	\$ 442,740	\$ 3,286,173
Transportation Trust and Gas	114,574	1,997,935	69,058	2,181,567
Impact Fees Capital Project Fund	-	-	3,401	3,401
Hernando County Fire Rescue-Fire	-	10,560	146,229	156,789
Water and Sewer District	16,257	933	212,601	229,791
Aviation Operations	433,637	-	-	433,637
Waste Management	-	73,035	720,453	793,488
Non-major governmental funds	641,880	80,067	203,786	925,733
Total	<u>\$ 2,228,669</u>	<u>\$ 3,983,642</u>	<u>\$ 1,798,268</u>	<u>\$ 8,010,579</u>

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE E – RESTRICTED ASSETS**

As of September 30, 2019, restricted assets were held for the following purposes:

	<b>Cash with Fiscal Agent</b>	<b>Pooled Cash and Investments and Others Investments</b>	<b>Total</b>
<b>Transportation Trust and Gas Taxes</b>	\$ 749,721	\$ -	\$ 749,721
<b>Special Revenue Fund</b>	70,671	-	70,671
<b>Debt Service Funds</b>	-	11,549	11,549
<b>Sheriff Health Insurance Fund</b>	5,209,867	-	5,209,867
Total Governmental Activities	<u>6,030,259</u>	<u>11,549</u>	<u>6,041,808</u>
 <b>Water and Sewer District</b>			
Construction	8,295,668	12,752,918	21,048,586
Debt Retirement	-	66,599	66,599
Renewal and Replacement	-	8,200,018	8,200,018
Total Water and Sewer District	<u>8,295,668</u>	<u>21,019,535</u>	<u>29,315,203</u>
 <b>Waste Management</b>			
Landfill Closure/Post-closure	-	8,854,506	8,854,506
Total Waste Management	<u>-</u>	<u>8,854,506</u>	<u>8,854,506</u>
Total Business-Type Activities	<u>\$ 8,295,668</u>	<u>\$ 29,874,041</u>	<u>\$ 38,169,709</u>

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE F – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 30,755,734	\$ 452,731	\$ -	\$ 31,208,465
Construction in Progress	1,638,381	468,692	290,404	1,816,669
Total capital assets, not being depreciated	<u>32,394,115</u>	<u>921,423</u>	<u>290,404</u>	<u>33,025,134</u>
Capital assets, being depreciated:				
Buildings	135,998,624	-	-	135,998,624
Infrastructure	292,739,412	8,572,111	-	301,311,523
Improvements other than buildings	30,183,068	-	-	30,183,068
Equipment	71,329,779	7,717,266	4,548,606	74,498,439
Software	1,540,022	-	692,576	847,446
Total capital assets being depreciated	<u>531,790,905</u>	<u>16,289,377</u>	<u>5,241,182</u>	<u>542,839,100</u>
Less accumulated depreciation for:				
Buildings	54,855,826	3,509,804	-	58,365,630
Infrastructure	104,933,575	8,628,578	-	113,562,153
Improvements other than buildings	19,345,119	1,066,405	-	20,411,524
Equipment	46,693,672	6,185,649	4,884,338	47,994,983
Software	1,006,867	5,415	169,349	842,933
Total accumulated depreciation	<u>226,835,059</u>	<u>19,395,851</u>	<u>5,053,687</u>	<u>241,177,223</u>
Total capital assets, being depreciated, net	<u>304,955,846</u>	<u>(3,106,474)</u>	<u>187,495</u>	<u>301,661,877</u>
Capital assets, net	<u>\$ 337,349,961</u>	<u>\$ (2,185,051)</u>	<u>\$ 477,899</u>	<u>\$ 334,687,011</u>

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE F – CAPITAL ASSETS (CONTINUED)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 10,326,775	\$ -	\$ -	\$ 10,326,775
Construction in Progress	9,852,707	11,016,431	2,660,195	18,208,943
Total capital assets, not being depreciated	<u>20,179,482</u>	<u>11,016,431</u>	<u>2,660,195</u>	<u>28,535,718</u>
Capital assets, being depreciated:				
Buildings	23,697,239	-	39,610	23,657,629
Infrastructure	3,335,468	-	-	3,335,468
Improvements other than buildings	375,064,592	3,145,252	814,575	377,395,269
Equipment	10,030,331	821,818	171,440	10,680,709
Total capital assets being depreciated	<u>412,127,630</u>	<u>3,967,070</u>	<u>1,025,625</u>	<u>415,069,075</u>
Less accumulated depreciation for:				
Buildings	5,823,020	736,971	17,330	6,542,661
Infrastructure	635,848	84,703	-	720,551
Improvements other than buildings	163,108,614	10,067,856	814,574	172,361,896
Equipment	6,322,692	676,989	171,440	6,828,241
Total accumulated depreciation	<u>175,890,174</u>	<u>11,566,519</u>	<u>1,003,344</u>	<u>186,453,349</u>
Total capital assets, being depreciated, net	<u>236,237,456</u>	<u>(7,599,449)</u>	<u>22,281</u>	<u>228,615,726</u>
Capital assets, net	<u>\$ 256,416,938</u>	<u>\$ 3,416,982</u>	<u>\$ 2,682,476</u>	<u>\$ 257,151,444</u>

Depreciation expense was charged to functions as follows:

**Governmental Activities**

General Government	\$ 4,462,688
Public Safety	2,955,856
Physical Environment	173,017
Transportation	9,313,266
Economic Environment	32,398
Human Services	1,721,353
Culture and Recreation	619,972
Court Operations	117,301
Total Depreciation for Governmental Activities	<u>\$ 19,395,851</u>

**Business-Type Activities**

Water and Sewer District	\$ 9,340,670
Aviation Operations	1,167,415
Waste Management	1,012,065
Building Department	46,369
Total Depreciation for Business-Type Activities	<u>\$ 11,566,519</u>

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE F – CAPITAL ASSETS (CONTINUED)**

Interest incurred during the period of construction and preparation for use of business-type assets constructed is capitalized as part of those assets. During the year ended September 30, 2019, interest costs incurred totaled \$2,501,501 for the Water and Sewer District and \$51,213 for the Aviation Operations, of which \$259,414 was capitalized as an asset of the Water and Sewer District.

Construction or capital improvement commitments outstanding as measured by purchase orders and contracts outstanding at September 30, 2019 were as follows:

	<b>Construction Commitments Outstanding</b>
General Fund	\$ 1,254,912
Transportation Trust and Gas Taxes	2,022,235
Impact Fees Capital Project Fund	2,608,929
Non-major governmental funds:	
Stormwater Management	19,977
Municipal Service Benefit Units	75,970
Miscellaneous Special Revenue Funds	8,800
Water and Sewer District	3,223,638
Aviation Operations	5,937,095
Waste Management	329,875
Internal service funds:	
Fleet Replacement	2,943,659
Total	\$ 18,425,090

**HERNANDO COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2019**

**NOTE G – INTERFUND TRANSACTIONS**

**1. DUE TO / DUE FROM OTHER FUNDS**

Interfund balances at September 30, 2019 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
<b>General Fund</b>		
Transportation Trust and Gas Taxes	\$ 187,861	\$ 84,902
Hernando County Fire Rescue-Fire	-	295,812
Non-major Governmental Funds	93,249	230,313
Water and sewer District	-	433
Waste Management	5,971	53,225
Building Department	-	82
Internal Service Funds	3,738	-
	<u>290,819</u>	<u>664,767</u>
<b>Transportation Trust and Gas Taxes</b>		
General Fund	2,186	187,861
Non-major Governmental Funds	82,892	-
Aviation Operations	456	-
Internal Service Fund	545	-
	<u>86,079</u>	<u>187,861</u>
<b>Hernando County Fire Rescue-Fire</b>		
General Fund	295,812	-
<b>Non-major governmental funds</b>		
General Fund	230,215	93,151
Transportation Trust and Gas Taxes	-	176
Non-major Governmental Funds	960,105	960,105
Water and Sewer District	-	251,687
	<u>1,190,320</u>	<u>1,305,119</u>
<b>Water and Sewer District</b>		
General Fund	10,476	-
Nonmajor Governmental Funds	241,644	-
	<u>252,120</u>	<u>-</u>
<b>Aviation Operations</b>		
Transportation Trust and Gas Taxes	-	456
<b>Waste Management Fund</b>		
General Fund	53,225	5,971
<b>Building Department</b>		
General Fund	82	-
<b>Internal Service Funds</b>		
General Fund	-	3,738
Transportation Trust and Gas Taxes	-	545
	<u>-</u>	<u>4,283</u>
<b>Total Due To/Due From Other Funds</b>	<u><u>\$ 2,168,457</u></u>	<u><u>\$ 2,168,457</u></u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The outstanding balances generally are the result of one fund providing services to another fund.

**HERNANDO COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2019**

**NOTE G – INTERFUND TRANSACTIONS (CONTINUED)**

**2. ADVANCES TO / ADVANCES FROM OTHER FUNDS**

Individual interfund advances were as follows:

	<b>Advances to Other Funds</b>	<b>Advances from Other Funds</b>
<b>General Fund</b>	\$ 3,519,320	\$ -
 <b>Hernando County Fire Rescue-Fire</b> The General Fund advanced \$7,000,000 at 2.5% interest, to Hernando County Fire Rescue-Fire to cover a shortfall in funds needed for operations. Final reimbursement is scheduled for fiscal year 2021.	-	3,069,320
 <b>Special Revenue Funds</b> Miscellaneous Special Revenue Funds The General Fund advanced \$450,000 at 0% interest, to establish a separate fund within Miscellaneous Special Revenue funds for the Hernando/Citrus Metropolitan Planning Organization. A date for final reimbursement has not been determined.	-	450,000
 <b>Total Advances To/Advances From Other Funds</b>	\$ 3,519,320	\$ 3,519,320

**HERNANDO COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE G – INTERFUND TRANSACTIONS (CONTINUED)**

**3. INTERFUND TRANSFERS**

Transfers are used to (1) move revenues from the fund in which statute or budget requires the money to be collected to the fund in which statute or budget requires the money to be spent, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>General Fund</b>		
Transportation Trust and Gas Taxes	\$ 515,518	\$ 95,514
Hernando County Fire Rescue-Fire	-	295,812
Non-major governmental funds	1,875,461	4,720,272
Water and Sewer District		433
Waste Management	-	53,225
Building Department	-	82
Internal Service Funds	-	501,020
	<u>2,390,979</u>	<u>5,666,358</u>
<b>Transportation Trust and Gas Taxes</b>		
General Fund	82,716	515,518
Non-major governmental funds	1,452,970	158,727
Internal Service Funds	-	129,025
	<u>1,535,686</u>	<u>803,270</u>
<b>Impact Fees Capital Project Fund</b>		
Non-major governmental funds	-	325,420
<b>Hernando County Fire Rescue-Fire</b>		
General Fund	295,812	-
Non-major governmental funds	-	66,318
Internal Service Funds	-	226,460
	<u>295,812</u>	<u>292,778</u>
<b>Non-major governmental funds</b>		
General Fund	4,733,071	1,875,461
Transportation Trust and Gas Taxes	130,168	263,176
Hernando County Fire Rescue-Fire	66,318	-
Impact Fees Capital Project Fund	325,420	-
Non-major governmental funds	6,353,019	7,592,057
Water and Sewer District	-	10,043
Internal Service Funds	130,168	148,005
	<u>11,738,164</u>	<u>9,888,742</u>
<b>Water and Sewer District</b>		
General Fund	433	-
Non-major governmental funds	87,844	-
Internal Service Funds	-	190,775
	<u>88,277</u>	<u>190,775</u>
<b>Aviation Operations</b>		
Internal Service Funds	-	8,319

**HERNANDO COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2019**

**NOTE G – INTERFUND TRANSACTIONS (CONTINUED)**

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Waste Management Fund</b>		
General Fund	\$ 53,225	\$ -
Internal Service Funds	-	44,395
	<u>53,225</u>	<u>44,395</u>
<b>Building Department</b>		
General Fund	82	-
Internal Service Funds	-	43,388
	<u>82</u>	<u>43,388</u>
<b>Internal Service Funds</b>		
General Fund	501,020	-
Transportation Trust and Gas Taxes	129,025	-
Hernando County Fire Rescue-Fire	226,460	-
Non-major governmental funds	148,005	130,168
Water and Sewer District	190,775	-
Aviation Operations	8,320	-
Waste Management	44,395	-
Building Department	43,388	-
Internal Service Funds	21,385	21,385
	<u>1,312,773</u>	<u>151,553</u>
<b>Total Interfund Transfers</b>	<u>\$ 17,414,998</u>	<u>\$ 17,414,998</u>

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE H – LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds Payable from direct borrowings/direct placements	\$ 2,335,000	\$ -	\$ 350,000	\$ 1,985,000	\$ 370,000
Net Bond Premium	9,894	-	1,546	8,348	1,546
Total Bonds Payable	<u>2,344,894</u>	<u>-</u>	<u>351,546</u>	<u>1,993,348</u>	<u>371,546</u>
Loans & Notes from direct borrowings/direct placements	30,788,734	1,055,620	4,709,412	27,134,942	4,616,021
Compensated Absences	8,690,486	8,090,534	7,711,127	9,069,893	7,565,718
Other Post Employment Benefits	16,382,997	-	1,322,389	15,060,608	420,631
Net Pension Liability	126,706,133	18,996,961	-	145,703,094	396,686
Claims Liabilities	5,387,519	15,366,407	15,335,158	5,418,768	3,718,768
Total	<u>\$ 190,300,763</u>	<u>\$ 43,509,522</u>	<u>\$ 29,429,632</u>	<u>\$ 204,380,653</u>	<u>\$ 17,089,370</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-Type Activities</b>					
Bonds Payable from direct borrowings/direct placements	\$ 28,114,950	\$ -	\$ 2,495,000	\$ 25,619,950	\$ 1,200,000
Net Bond Premium	2,787,301	-	178,783	2,608,518	176,849
Total Bonds Payable	<u>30,902,251</u>	<u>-</u>	<u>2,673,783</u>	<u>28,228,468</u>	<u>1,376,849</u>
Loans & Notes from direct borrowings/direct placements	55,047,387	-	2,854,030	52,193,357	2,919,498
Compensated Absences	1,001,115	989,733	873,431	1,117,417	1,005,676
Other Post Employment Benefits	2,221,423	-	182,763	2,038,660	56,939
Net Pension Liability	8,782,771	1,036,249	-	9,819,020	58,960
Landfill Closure/Postclosure	5,894,497	563,285	-	6,457,782	-
Total	<u>\$ 103,849,444</u>	<u>\$ 2,589,267</u>	<u>\$ 6,584,007</u>	<u>\$ 99,854,704</u>	<u>\$ 5,417,922</u>

**HERNANDO COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2019**

**NOTE H – LONG-TERM LIABILITIES (CONTINUED)**

See Note I for a discussion of the Net Pension Liability. See Note J for a discussion of the liability for Other Post-Employment Benefits. See Note M for a discussion of the liability for Claims Liabilities. See Note N for a discussion of the liability for landfill closure/postclosure.

**1. LOANS & NOTES FROM DIRECT BORROWINGS/DIRECT PLACEMENTS**

**Summary of Loans & Notes**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Non-revolving Lines of Credit	\$ 11,578,942	\$ 1,204,319
State Revolving Loans	-	50,989,038
Other Loans and Notes	15,556,000	-
Total	<u>\$ 27,134,942</u>	<u>\$ 52,193,357</u>

**Governmental Activities-Governmental Funds**

The following are summaries of Non-Revolving Lines of Credit at September 30, 2019:

Non-revolving line of credit dated October 22, 2008 with a bank for \$4,000,000 to be used to finance improvement projects. The minimum draw for a project is \$50,000 and the resulting note is to be amortized over 3, 5, 7 or 10 years, as determined at the time of the draw. Payment of principal and interest on these notes is to be made from special assessments levied and collected for the project. The master notes and the draws are secured by and payable solely from Non-Ad Valorem revenues budgeted and appropriated to pay debt service. In the event of default, the Noteholder may take action in any court to enforce and compel performance. The term to make draws from this line of credit has expired, and thus there is no unused amount available to the County. As of year-end the following notes had been executed under this agreement:

Dotted Wren Paving. Applicable reate of interest: 3.41%. Average annual principal payments of \$4,667 due until May 1, 2021. Interest is paid semi-annually May 1 and November 1.	\$ 8,488
Mountain Mockingbird/Marvista Court Paving. Applicable rate of interest: 3.41%. Average annual principal payments of \$5,993 due until May 1, 2021. Interest is paid semi-annually May 1 and November 1.	10,901
Golden Avenue Paving. Applicable rate of interest: 3.41%. Average annual principal payments of \$2,451 due until May 1, 2021. Interest is paid semi-annually May 1 and November 1.	4,457
Owl Road Paving. Applicable rate of interest: 3.41%. Average annual principal payments of \$8,504 due until May 1, 2021. Interest is paid semi-annually May 1 and November 1.	15,466
Croft Lane Paving. Applicable rate of interest: 3.41%. Average annual principal paymetns of \$2,661 due until May 1 2021. interest is paid semi-annually May 1 and November 1.	4,839

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE H – LONG-TERM LIABILITIES (CONTINUED)**

**Governmental Activities-Internal Service Funds**

<p>Nuzum Paving. Applicable rate of interest: 3.41%. Average annual principal payments of \$11,391 due until May 1, 2021. Interest is paid semi-annually May 1 and November 1.</p>	<p><u>\$ 20,718</u></p>	<p>\$ 64,869</p>
<p>Non-revolving line of credit dated November 13, 2012 with a bank for \$7,500,000 to be used to finance improvement projects. The minimum draw for a project is \$50,000 and the resulting note is to be amortized over 3, 5, 7 or 10 years, as determined at the time of the draw. Payment of principal and interest on these notes is to be made from special assessments levied and collected for the project. The master notes and the draws are secured by and payable solely from Non-Ad Valorem revenues budgeted and appropriated to pay debt service. In the event of default, the Noteholder may take action in any court to enforce and compel performance. The term to make draws from this line of credit has expired, and thus there is no unused amount available to the County. As of year-end the following notes had been executed under this agreement:</p>		
<p>English Sparrow Paving. Applicable rate of interest: 1.81%. Average annual principal payments of \$5,463 due until May 1, 2023. Interest is paid semi-annually May 1 and November 1</p>	<p>\$ 19,283</p>	
<p>Flock West paving. Applicable rate of interest: 1.81%. Average annual principal payments of \$1,252 due until May 1, 2023. Interest is paid semi-annually May 1 and November 1.</p>	<p>4,419</p>	
<p>Flatwood Paving. Applicable rate of interest: 1.81%. Average annual principal payments of \$5,680 due until May 1, 2023. Interest is paid semi-annually May 1 and November 1</p>	<p>20,047</p>	
<p>Lomita Wren Paving. Applicable rate of interest: 1.81%. Average annual principal payments of \$2,885 due until May 1, 2023. Interest paid semi-annually May 1 and November 1</p>	<p>10,183</p>	
<p>Marvelwood Paving. applicable rate of interest: 1.81% Average annual principal payments of \$13,610 dues until May 1, 2023. Interest is paid semi-annually May 1 and November 1</p>	<p>48,036</p>	
<p>Phillips Paving. Applicable rate of interest: 1.81%. Average annual principal payments of \$7,923 due until May 1, 2023. Interest is paid semi-annually May 1 and November 1.</p>	<p>27,963</p>	
<p>Flicker Road Paving. Applicable rate of interest: 2.55% until January 1, 2018 then 3.10%. Average annual principal payments of \$4,081 due until May 1, 2023. Interest paid semi-annually May 1 and November 1.</p>	<p>14,847</p>	
<p>State Road Canal Dredge. Applicable rate of itneret: 2.55% until January 1, 2018 then 3.1%. Avereage annual principa; payments of \$11,757 due until May 1, 2023. Interest is paid semi-annually May 1 and November 1.</p>	<p>42,776</p>	
<p>County Radio System Upgrade. Applicable rate of interest: 1.91% until January 1, 2018 then 2.31%. Average annual principal payments of \$422965 due until May 1, 2023. Interest paid semi-annually May 1 and November 1.</p>	<p>1,572,146</p>	

**HERNANDO COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2019**

**NOTE H – LONG-TERM LIABILITIES (CONTINUED)**

<p>Hernando Beach Volunteer Fire Department Engine. Applicable rate of interest: 2.29% until January 1, 2018 then 2.78%. Average annual principal payment of \$46,809 due until May 1, 2023. Interest is paid semi-annually May 1 and November 1.</p>	<p>\$ 182,220</p>	<p>\$ 1,941,920</p>
<p>Non-revolving line of credit dated August 4, 2014 with a bank for \$10,000,000 to be used to finance improvement projects. The minimum draw for a project is \$50,000 and the resulting note is to be amortized over 3, 5, 7, 10 or 15 years, as determined at the time of the draw. Payment of principal and interest on these notes is secured by covenant to budget and appropriate legally available non-ad valorem revenues or special assessments levied and collected for the project. The master notes and the draws are secured by and payable solely from Non-Ad Valorem revenues budgeted and appropriated to pay debt service. In the event of default, the Noteholder may take action in any court to enforce and compel performance. The term to make draws from this line of credit has expired, and thus there is no unused amount available to the County. As of year-end the following notes had been executed under this agreement:</p>		
<p>Courthouse Energy Performance Study. Applicable rate of interest: 2.8% until January 1, 2018 then 3.40%. Average annual principal payment of \$62,848 due until May 1, 2029. Interest is paid semi-annually May 1 and November 1.</p>	<p>\$ 541,621</p>	
<p>Phillips East Paving. Applicable rate of interest: 2.51% until January 1, 2018 then 3.05%. Average annual principal payments of \$8,808 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.</p>	<p>55,160</p>	
<p>Puffin Paving. Applicable rate of interest: 2.51% until January 1, 2018 then 3.05%. Average annual principal payments of \$1,296 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.</p>	<p>8,116</p>	
<p>Grass Finch Paving. Applicable rate of interest: 2.51% until January 1, 2018 then 3.05%. Average annual principal payments of \$3,181 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.</p>	<p>19,921</p>	
<p>Harris Hawk Paving. Applicable rate of interest: 2.51% until January 1, 2018 then 3.05%. Average annual principal payments of \$9,500 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.</p>	<p>59,496</p>	
<p>Royal Highlands Area A Paving. Applicable rate of interest: 2.53% until January 1, 2018 then 3.07%. Average annual principal payments of \$12,361 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.</p>	<p>57,380</p>	
<p>Ostrom/Allen Paving. Applicable rate of interest: 2.53% until January 1, 2018 then 3.07%. Average annual principal payments of \$4,588 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.</p>	<p>21,298</p>	
<p>Benes Roush Paving. Applicable rate of interest: 2.53% until January 1, 2018 then 3.07%. Average annual principal payments of \$3,604 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.</p>	<p>16,733</p>	

**HERNANDO COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE H – LONG-TERM LIABILITIES (CONTINUED)**

Eider Paving. Applicable rate of interest: 2.53% until January 1, 2018 then 3.07%. Average annual principal payments of \$2,914 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	\$ 13,529
Helene Paving. Applicable rate of interest: 2.53% until January 1, 2018 then 3.07%. Average annual principal payments of \$6,025 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	27,968
Hancock Lake Paving. Applicable rate of interest: 2.44% until January 1, 2018 then 2.96%. Average annual principal payments of \$14,079 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	77,717
Crum Paving. Applicable rate of interest: 2.44% until January 1, 2018 then 2.96%. Average annual principal payments of \$8,529 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	47,081
Hernando County Fire Department Fire Engine. Applicable rate of interest: 2.52% until January 1, 2018 then 3.06%. Average annual principal payment of \$147,080 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	809,593
Hernando County Fire Department Emergency Services Equipment. Applicable rate of interest: 2.52% until January 1, 2018 then 3.06%. Average annual principal payment of \$42,265 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	232,648
	\$ 1,988,261
<p>Non-revolving line of credit dated October 22, 2015 with a bank for \$15,000,000 to be used to finance improvement projects. The minimum draw for a project is \$50,000 and the resulting note is to be amortized over 3, 5, 7, 10 or 15 years, as determined at the time of the draw. Payment of principal and interest on these notes is secured by covenant to budget and appropriate legally available non-ad valorem revenues or special assessments levied and collected for the project. The master notes and the draws are secured by and payable solely from Non-Ad Valorem revenues budgeted and appropriated to pay debt service. In the event of default, the Noteholder may take action in any court to enforce and compel performance. The term to make draws from this line of credit has expired, and thus there is no unused amount available to the County. As of year-end the following notes had been executed under this agreement:</p>	
Royal Highlands Area C Paving. Applicable rate of interest: 2.73% until January 1, 2018 then 3.32%. Average annual principal payments of \$46,817 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	\$ 255,902
Royal Highlands Area E Paving. Applicable rate of interest: 2.73% until January 1, 2018 then 3.32%. Average annual principal payments of \$27,923 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	152,625
Royal Highlands Area F Paving. Applicable rate of interest: 2.73% until January 1, 2018 then 3.32%. Average annual principal payments of \$11,372 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	62,160

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE H – LONG-TERM LIABILITIES (CONTINUED)**

Royal Highlands Area G Paving. Applicable rate of interest: 2.34% until January 1, 2018 then 2.84%. Average annual principal payments of \$34,880 due until May 1, 2026. Interest is paid semi-annually May 1 and November 1.	\$ 249,783
Royal Highlands Area B Paving. Applicable rate of interest: 2.34% until January 1, 2018 then 2.84%. Average annual principal payments of \$15,372 due until May 1, 2026. Interest is paid semi-annually May 1 and November 1.	1,100,784
Golden Warbler Paving. Applicable rate of interest: 2.34% until January 1, 2018 then 2.84%. Average annual principal payments of \$4,690 due until May 1, 2026. Interest is paid semi-annually May 1 and November 1.	33,586
Paramount Area Paving. Applicable rate of interest: 2.34% until January 1, 2018 then 2.84%. Average annual principal payments of \$7,309 due until May 1, 2026. Interest is paid semi-annually May 1 and November 1.	52,338
Pine Warbler Paving. Applicable rate of interest: 2.81% until January 1, 2018 then 3.42%. Average annual principal payments of \$14,095 due until May 1, 2027. Interest is paid semi-annually May 1 and November 1.	99,726
Mexican Canary Paving. Applicable rate of interest: 2.81% until January 1, 2018 then 3.42%. Average annual principal payments of \$9,308 due until May 1, 2027. Interest is paid semi-annually May 1 and November 1.	65,852
Godwit Paving. Applicable rate of interest: 2.81% until January 1, 2018 then 3.42%. Average annual principal payments of \$6,872 due until May 1, 2027. Interest is paid semi-annually May 1 and November 1.	48,759
Pelican Paving. Applicable rate of interest: 2.81% until January 1, 2018 then 3.42%. Average annual principal payments of \$5,225 due until May 1, 2027. Interest is paid semi-annually May 1 and November 1.	36,969
Furley Paving. Applicable rate of interest: 2.81% until January 1, 2018 then 3.42%. Average annual principal payments of \$6,243 due until May 1, 2027. Interest is paid semi-annually May 1 and November 1.	44,169
Royal Highlands Area I Paving. Applicable rate of interest: 3.92%. Average annual principal payments of \$37,859 due until May 1, 2028. Interest is paid semi-annually May 1 and November 1.	344,831
Royal Highlands Driveway Aprons. Applicable rate of interest: 3.92%. Average annual principal payments of \$8,391 due until May 1, 2028. Interest is paid semi-annually May 1 and November 1.	76,428
Maberly Paving. Applicable rate of interest: 3.92%. Average annual principal payments of \$13,124 due until May 1, 2028. Interest is paid semi-annually May 1 and November 1.	119,542
Bayport Pier. Applicable rate of interest: 3.875%. Average annual principal payments of \$14,240 due until May 1, 2028. Interest is paid semi-annually May 1 and November 1.	129,402

**HERNANDO COUNTY, FLORIDA**  
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**NOTE H – LONG-TERM LIABILITIES (CONTINUED)**

Taylor St Millings. Applicable rate of interest: 3.86%. Average annual principal payments of \$5,904 due until May 1, 2028. Interest is paid semi-annually May 1 and November 1.	\$ 53,421
Sweetgum Road Millings. Applicable rate of interest: 3.86%. Average annual principal payments of \$9,233 due until May 1, 2028. Interest is paid semi-annually May 1 and November 1.	83,551
Painted Bunting Paving. Applicable rate of interest: 3.86%. Average annual principal payments of \$10,101 due until May 1, 2028. Interest is paid semi-annually May 1 and November 1.	91,405
Carnes Area Paving. Applicable rate of interest: 3.86%. Average annual principal payments of \$20,090 due until May 1, 2028. Interest is paid semi-annually May 1 and November 1.	181,801
Jackdaw Road Paving. Applicable rate of interest: 4.09%. Average annual principal payments of \$4,928 due until May 1, 2029. Interest paid semi-annually May 1 and November 1	44,604
Jaybird Road Paving. Applicable rate of interest: 4.09%. Average annual principal payments of \$15,289 due until May 1, 2029. Interest paid semi-annually May 1 and November 1	138,383
Kodiak Wren Road Paving. Applicable rate of interest: 4.09%. Average annual principal payments of \$6,478 due until May 1, 2029. Interest paid semi-annually May 1 and November 1	58,633
Old Squaw Avenue Paving. Applicable rate of interest: 4.09%. Average annual principal payments of \$12,859 due until May 1, 2029. Interest paid semi-annually May 1 and November 1	116,389
Quill Paving. Applicable rate of interest: 4.09%. Average annual principal payments of \$3,396 due until May 1, 2029. Interest paid semi-annually May 1 and November 1	30,738
Wood Owl Road Paving. Applicable rate of interest: 3.14%. Average annual principal payments of \$14,010 due until May 1, 2029. Interest paid semi-annually May 1 and November 1	140,100
Tinamou Area Paving. Applicable rate of interest: 3.14%. Average annual principal payments of \$19,150 due until May 1, 2029. Interest paid semi-annually May 1 and November 1	191,500
Alberta Street Paving. Applicable rate of interest: 3.14%. Average annual principal payments of \$10,860 due until May 1, 2029. Interest paid semi-annually May 1 and November 1	108,600
White Road Paving. Applicable rate of interest: 3.03%. Average annual principal payments of \$18,592 due until May 1, 2029. Interest paid semi-annually May 1 and November 1	185,920
	\$ 4,297,901

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE H – LONG-TERM LIABILITIES (CONTINUED)**

The following is a summary of other loans at September 30, 2019

Non-Ad Valorem Refunding Revenue Note, Series 2012 dated November 13, 2012 with a bank for \$24,430,000 is a direct borrowing to be used to refinance Capital Improvement and Refunding Bonds, Series 2002 and a portion of Capital Improvement and Refunding Bonds, Series 2004. Payment of principal and interest on this note is secured by and payable solely from Non-Ad Valorem revenues budgeted and appropriated to pay debt service. In the event of default, the Noteholder may take action in any court to enforce and compel performance.

Applicable rate of interest: 2.572%. Average annual principal payments of \$1,987,624 due until February 1, 2028. Interest is paid semi-annually February 1 and August 1.

\$ 15,556,000

**Governmental Activities - Internal Service Funds**

Non-revolving line of credit dated October 22, 2015 with a bank for \$15,000,000 to be used to finance improvement projects. The minimum draw for a project is \$50,000 and the resulting note is to be amortized over 3, 5, 7, 10 or 15 years, as determined at the time of the draw. Payment of principal and interest on these notes is secured by covenant to budget and appropriate legally available non-ad valorem revenues or special assessments levied and collected for the project. The master notes and the draws are secured by and payable solely from Non-Ad Valorem revenues budgeted and appropriated to pay debt service. In the event of default, the Noteholder may take action in any court to enforce and compel performance. The term to make draws from this line of credit has expired, and thus there is no unused amount available to the County. As of year-end the following notes had been executed under this agreement:

Vehicle purchases. Applicable rate of interest: 2.16% until January 1, 2018 then 2.63%. Average annual principal payments of \$200,000 due until May 1, 2027. Interest is paid semi-annually May 1 and November 1.	\$ 488,716
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Vehicle purchases. Applicable rate of interest 2.81% until January 1, 2018 then 3.42%. Average annual principal payments of \$69,076 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	1,238,213
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Vehicle purchase. Applicable rate of interest 2.19% until January 1, 2018 principal payments of \$139,164 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	702,152
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Vehicle purchases. Applicable rate of interest 3.723%. Average annual payments of \$140,571 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	856,910
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	\$ 3,285,991
Total Governmental Activities Loans and Notes	<u>\$ 27,134,942</u>

**HERNANDO COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2019**

**NOTE H – LONG-TERM LIABILITIES (CONTINUED)**

Below is a summary of debt service requirements until maturity for the Governmental Activities Loans & Notes Payable:

Year ended September 30	Principal	Interest	Total
2020	\$ 4,616,020	\$ 797,874	\$ 5,413,894
2021	4,732,667	657,667	5,390,334
2022	3,201,729	536,490	3,738,219
2023	3,274,602	438,863	3,713,465
2024	2,862,847	339,294	3,202,141
2025-2029	<u>8,447,077</u>	<u>570,761</u>	<u>9,017,838</u>
Total	<u>\$ 27,134,942</u>	<u>\$ 3,340,949</u>	<u>\$ 30,475,891</u>

**Business-Type Activities**

The following is a summary of Loans & Notes at September 30, 2019:

**Aviation Operations**

Non-revolving line of credit dated October 22, 2015 with a bank for \$15,000,000 to be used for construction of multiple T-Hangar buildings known as Southeast T-Hangar Construction Phase III. The minimum draw for a project is \$50,000 and the resulting note is to be amortized over 3, 5, 7, 10, or 15 years, as determined at the time of the draw. The master notes and the draws are secured by and payable solely from Non-Ad Valorem revenues budgeted and appropriated to pay debt service. In the event of default, the Noteholder may take action in any court to enforce and compel performance. The term to make draws from this line of credit has expired, and thus there is no unused amount available to the County.

Applicable rate of interest: 3.92%. Average annual principal payments of \$190,000 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.

\$ 1,204,319

**Water & Sewer District**

Each of the following State Revolving Loan direct borrowings are secured by a lien on net revenues and connections fees. In the event of default, the Florida Department of Environmental Protection may take action in the form of litigation to cause the appointment of a receiver to establish rates for repayment, charge penalties, notify financial markets, and/or accelerate the repayment schedule with increased financing rates. These liens are junior, inferior and subordinate to the senior liens on the Water and Sewer Revenue Bonds.

State Revolving Fund Loan due in semi-annual installments of \$58,053 beginning December 15, 2012. The loan has an interest rate of 2.90% and matures June 2032.

\$ 1,250,036

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE H – LONG-TERM LIABILITIES (CONTINUED)**

State Revolving Fund Construction Loan due in semi-annual installments of \$358,255 beginning October 15, 2012. The loan has an interest rates of 2.29% to 2.41% and matures April 2032.	\$ 7,960,904
State Revolving Fund Construction Loan due in semi-annual installments of \$86,604 beginning October 15, 2012. The loan has an interest rate of 2.16% and matures April 2032.	1,954,063
State Revolving Fund Construction Loan due in semi-annual installments of \$191,200 beginning November 15, 2012. The loan has an interest rate of 2.37% and matures May 2032.	4,256,844
State Revolving Fund Construction Loan due in semi-annual installments of \$87,779 beginning December 15, 2016. The loan has an interest rate of 2.23% and matures June 2036.	2,472,660
State Revolving Fund Construction Loan due in semi-annual installments of \$1,128,372 beginning August 15, 2017. The loan has an interest rates of 1.82% to 2.23% and matures February 2037.	33,094,531
	<u>\$ 50,989,038</u> <u>\$ 52,193,357</u>

Below is a summary of debt service requirements until maturity for the Business-Type Activities Loans & Notes:

Year ended September 30	Principal	Interest	Total
2020	\$ 2,919,498	\$ 1,130,166	\$ 4,049,664
2021	2,986,535	1,063,133	4,049,668
2022	3,055,178	994,488	4,049,666
2023	3,125,471	924,197	4,049,668
2024	3,197,452	852,212	4,049,664
2025-2029	16,157,378	3,174,391	19,331,769
2030-2034	14,936,548	1,389,633	16,326,181
2035-2037	5,815,297	177,679	5,992,976
Total	\$ 52,193,357	\$ 9,705,899	\$ 61,899,256

**2. BONDS PAYABLE**

**Governmental Activities**

**NON-AD VALOREM REFUNDING REVENUE BONDS, SERIES 2010**

Non-Ad Valorem Refunding Revenue Bonds, Series 2010 dated February 19, 2010 in the aggregate amount of \$9,980,000 were issued as a direct placement during the fiscal year ended September 30, 2010. Of the total bonds issued, the portion attributable to the Governmental Fund is \$5,700,000. The bonds were issued to legally defease all of the outstanding Capital Improvement Revenue Refunding Bonds, Series 1998 and a portion of the Water and Sewer Refunding Revenue Bonds, Series 1998, and to pay certain costs and expenses relating to the issuance of the Series 2010 Bonds, including the premium for a financial guaranty insurance policy.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE H-LONG-TERM LIABILITIES (CONTINUED)**

The Series 2010 Bonds are payable solely from the County's covenant to budget and appropriate in its annual budget Non-Ad Valorem revenues sufficient to pay principal and interest when due and pay all required deposits to the Rebate Fund. For the fiscal year 2019, pledged revenues in the amount of \$40 million provided a coverage ratio of 10.73 times the annual debt service for the combined Non-Ad Valorem Refunding Revenue Bonds, Series 2010 and the Non-Ad Valorem Refunding Revenue Note, Series 2012.

Interest on the bonds is payable February 1 and August 1 of each year, commencing August 2010. The bonds carry interest rates varying from 2.0% to 4.125%, depending upon maturity date. Bonds maturing on or before February 1, 2020 are not subject to optional redemption prior to their respective stated dates of maturity. Bonds maturing on February 1, 2021 and thereafter are subject to redemption prior to their respective dates of maturity.

The following are the debt service requirements until maturity for the governmental activity bonds outstanding as of September 30, 2019:

	<b>Non-Ad Valorem Refunding Revenue Bonds Series 2010</b>	
<b>Year</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 370,000	\$ 71,594
2021	380,000	57,294
2022	395,000	42,031
2023	415,000	25,831
2024	425,000	8,766
Total	<u>\$ 1,985,000</u>	<u>\$ 205,516</u>

**Business-Type Activities**

**Water & Sewer District**

**HOLLAND SPRINGS BONDS**

Revenue bonds ("Series E Bonds") were issued to finance the construction of the Holland Springs water project, in the amount of \$659,450. The direct placement bonds were scheduled to mature April 1, 2025 with interest thereon at the rate of 7% per year payable each April 1 and October 1 beginning October 1, 1985. During the fiscal year ended September 30, 1989, an amended agreement was executed whereby \$619,500 of these revenue bonds were cancelled in exchange for connection fee credits to the developer in a like amount. The remaining \$39,950 of bonds remain outstanding and payable in accordance with the original bond provisions. The bonds are payable from Net Revenues only up to an amount per annum equal to twenty-five percent (25%) of that portion of the revenues in the immediately preceding fiscal year derived from the Holland Springs system in excess of \$20,000, as certified by the Consulting Engineer.

In the event that insufficient revenues to pay principal of and interest on the Series E Bonds are so derived from the Holland Springs system at the maturity date of the Series E Bonds, the lien of the Series E Bonds on Net Revenues shall be extinguished, and the County shall be under no obligation to provide for the payment of the principal or interest on the Series E Bonds. As of year-end, insufficient revenues have been generated to require payment of principal or interest on these bonds. As such, these bonds have not been included in the following schedule of debt service requirements.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE H – LONG-TERM LIABILITIES (CONTINUED)**

**WATER AND SEWER REFUNDING REVENUE BONDS, SERIES 2013A**

Water and Sewer Refunding Revenue Bonds, Series 2013A dated July 6, 2013 in the aggregate amount of \$36,160,000 were issued as a direct placement during the fiscal year ended September 30, 2013. The bonds were issued to legally defease all of the outstanding Water and Sewer Refunding Revenue Bonds, Series 2003 and Water and Sewer Revenue Bonds, Series 2004, and to pay certain costs and expenses relating to the issuance of the Series 2013A Bonds, including the premiums for municipal bond insurance policy and reserve account insurance.

The Series 2013A Bonds are payable solely from and secured by a lien upon and pledge of the Net Revenues and Connection Fees of the County's water and sewer system. For the fiscal year 2019, pledged revenues in the amount of \$22 million provided a coverage ratio of 5.46 times the annual debt service for the combined Water and Sewer Refunding Revenue Bonds, Series 2013A, and the Water and Sewer portion of the Non-Ad Valorem Refunding Revenue Bonds, Series 2010.

Interest on the bonds is payable June 1 and December 1 of each year, commencing December 2013. The bonds carry interest rates varying from 2.0% to 5.0%, depending upon maturity date. Bonds maturing on or before June 1, 2023 are not subject to optional redemption prior to their respective stated dates of maturity. Bonds maturing after June 1, 2023 are subject to redemption prior to their respective dates of maturity.

The following are the debt service requirements until maturity for the Hernando County Water and Sewer District revenue bonds, excluding the Holland Springs Bonds, as noted previously:

<b>Water and Sewer Refunding Revenue Bonds Series 2013A</b>		
<b>Year</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 1,200,000	\$ 1,200,856
2021	1,260,000	1,140,856
2022	1,320,000	1,077,856
2023	1,390,000	1,011,856
2024	1,460,000	942,356
2025-2029	8,350,000	3,652,531
2030-2034	10,600,000	1,403,057
Total	<u>\$ 25,580,000</u>	<u>\$ 10,429,368</u>

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE H--LONG-TERM LIABILITIES (CONTINUED)**

The following is a reconciliation of total principal due on the Water and Sewer District's revenue bonds as of September 30, 2019, per the Statement of Net Position and the preceding amortization schedule:

Principal per amortization schedule	\$	25,580,000
Unamortized premium as of September 30, 2019		2,608,518
Bonds not included in amortization schedule, as noted above:		
Holland Springs Bonds		39,950
Total Carrying Value, Revenue Bonds		28,228,468
Current Portion, Revenue Bonds		(1,200,000)
Current Portion of unamortized premium		(176,849)
Long-Term Portion, Revenue Bonds	\$	26,851,619

**3. DEFEASED BONDS**

In prior years, the County defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on old bonds. Accordingly, the trust account assets and the liability for the defeased bonds were not included in the County's financial statements. As of September 30, 2019, there were no defeased bonds.

**4. DEBT COMPLIANCE**

Various bond indentures contain significant limitations and restrictions on the County regarding annual debt service requirements, the use of certain restricted accounts, minimum sinking fund balances, and minimum revenue bond coverage. Management believes that the County has complied with all material financial related covenants.

**5. CONDUIT DEBT OBLIGATIONS**

Periodically, Hernando County has issued Industrial Revenue Development Bonds to provide financial assistance to private-sector entities for the acquisition and construction 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. Hernando County is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2019 there was one series of outstanding Industrial Revenue Development Bonds, with an outstanding principal amount of \$13,078,750.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE I – RETIREMENT SYSTEM**

**General Information about the Florida Retirement System (FRS)**

The Florida Retirement System (FRS) was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

Essentially all regular employees are eligible to enroll as members of the state-administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238, Florida Statutes and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and escribed in detail. Such provisions may be amended at any time by further action from Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined-benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

For the year ended September 30, 2019, the County's contributions to all Plans totaled \$13,833,375. For further information of contributions by plan for each of the Constitutional Officers, see the schedule below:

	Florida Retirement System (FRS)	Health Insurance Subsidy (HIS)	Investment Plan	Total
Board of County Commissioners	\$ 5,769,829	\$ 712,720	\$ 310,948	\$ 6,793,497
Clerk of Circuit Court	359,803	66,291	28,148	454,242
Property Appraiser	228,394	32,615	5,265	266,274
Tax Collector	254,047	34,945	13,256	302,248
Sheriff	5,092,294	489,537	348,391	5,930,222
Supervisor of Elections	76,533	6,665	3,694	86,892
	<u>\$ 11,780,900</u>	<u>\$ 1,342,773</u>	<u>\$ 709,702</u>	<u>\$ 13,833,375</u>

*Payables to the Pension Plan*—The County reported a payable of \$1,303,687 for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2019.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE I – RETIREMENT SYSTEM (CONTINUED)**

**1. FRS PENSION PLAN**

**Plan Description.** The FRS Pension Plan (Plan) is a cost-sharing, multiple-employer qualified defined benefit pension plan, with a DROP available for eligible employees. The general classes of membership applicable for the County are as follows:

- *Regular Class*—Members of the Plan who do not qualify for membership in the other classes.
- *Elected County Officer Class*—Members who hold specified elective offices in local government.
- *Senior Management Service Class*—Members in senior management level positions.
- *Special Risk Class*—Members who are employed as law enforcement, fire and rescue and others who meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the plan on or after July 1, 2011, vest at eight years of creditable service. All vested members enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Members of the plan may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustment to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipts of monthly benefit payments while continuing employment with an FRS employer.

An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE I – RETIREMENT SYSTEM (CONTINUED)**

**Benefits Provided.** Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal year's earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Certain members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment and Retirement Age/Years of Service</u>	<u>Percent Value</u>
Regular Class Members Initially Enrolled Before July 1, 2011:	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 years of service	1.68
Regular Class Members Initially Enrolled on or After July 1, 2011:	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 years of service	1.68
Elected County Officers	3.00
County Court Judges	3.33
Senior Management Service Class	2.00
Special Risk Class	
Service from December 1, 1970 thru September 30, 1974	2.00
Service on and after October 1, 1974	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE I – RETIREMENT SYSTEM (CONTINUED)**

**Contributions.** The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2018-2019 fiscal year (September 30th) were as follows:

Class	Year Ended June 30, 2019		Year Ended June 30, 2020	
	Percent of Gross Compensation		Percent of Gross Compensation	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	6.54	3.00	6.75
FRS, Elected County Officers	3.00	46.98	3.00	47.10
FRS, Senior Management Service	3.00	22.34	3.00	23.69
FRS, Special Risk Regular	3.00	22.78	3.00	23.76
DROP—Applicable to Members from All of the Above Classes	0.00	12.37	0.00	12.94
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

**Notes:** (1) These rates include the normal cost and unfunded actuarial liability contributions but do not include the 1.66% contribution for the Retiree Health Insurance Subsidy and the fee of 0.06% for administration of the FRS Investment Plan and provision of educational tools for both plans.

The County contributions, including employee contributions, to the Plan totaled \$11,780,900 for the fiscal year ended September 30, 2019. This excludes the HIS defined benefit pension plan contributions.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At September 30, 2019, the County reported a liability of \$128,667,529 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The County's proportionate share of the net pension liability was based on the County's 2018-19 fiscal year contributions relative to the 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the County's proportion was .3736142001%, which was an increase of .0065204351 from its proportion measured as of June 30, 2018.

For the year ended September 30, 2019, the County recognized pension expense of \$31,906,070 related to the Plan. At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Subsequent to the Measurement Date	\$ 2,821,773	\$ -
Difference between Expected and Actual Experience	7,631,639	79,850
Changes in Assumptions	33,047,358	-
Employer Specific Amounts Due to Changes in Employer Proportion	4,459,577	1,772,428
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	7,118,559
Total	<u>\$ 47,960,347</u>	<u>\$ 8,970,837</u>

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE I – RETIREMENT SYSTEM (CONTINUED)**

The deferred outflows of resources related to pensions, totaling \$2,821,773, resulting from County contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Amount
<u>Ending</u>	<u>Amount</u>
2020	\$ 13,087,916
2021	4,624,358
2022	9,208,372
2023	6,808,566
2024	1,928,375
Thereafter	510,150
Total	<u>\$ 36,167,737</u>

For information regarding the Net Pension Liability, Deferred Outflows of Resources, and Deferred Inflows of Resources by Constitutional Officer, see the table below:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Board of County Commissioners	\$ 63,126,671	\$ 22,614,989	\$ 4,377,073
Clerk of Circuit Court	3,966,291	1,462,007	365,476
Property Appraiser	2,516,611	888,073	185,659
Tax Collector	2,801,174	1,090,697	178,527
Sheriff	55,401,566	21,562,199	3,816,258
Supervisor of Elections	855,216	342,380	47,846
	<u>\$ 128,667,529</u>	<u>\$ 47,960,345</u>	<u>\$ 8,970,839</u>

**Actuarial Assumptions.** The total pension liability in the July 1, 2019 actuarial valuation was determined using the individual entry age cost method and the following actuarial assumptions:

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Discount Rate	6.90%
Long-term Expected Rate of Return, Net of Investment Expense	7.00%
Municipal Bond Index	N/A

Mortality rates were based on the PUB2010 Base Table, varying by member, category & sex, projected generationally with SCALE MP 2018.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE I – RETIREMENT SYSTEM (CONTINUED)**

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment or the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Annual Arithmetic Return</b>	<b>Compound Annual (Geometric) Return</b>	<b>Standard Deviation</b>
Cash	1.0%	3.3%	3.3%	1.2%
Fixed Income	18.0%	4.1%	4.1%	3.5%
Global Equity	54.0%	8.0%	6.8%	16.5%
Real Estate (Property)	11.0%	6.7%	6.1%	11.7%
Private Equity	10.0%	11.2%	8.4%	25.8%
Strategic Investments	6.0%	5.9%	5.7%	6.7%
Total	<u>100.0%</u>			
Assumed Inflation-Mean			2.6%	1.7%

**Discount Rate.** The discount rate used to measure the total pension liability was 6.90%. The Plan's fiduciary net pension position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate was 6.90% in the July 1, 2019 valuation.

**Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
Employer's Proportionate Share of Net Pension Liability	<u>\$ 222,423,311</u>	<u>\$ 128,667,529</u>	<u>\$ 50,365,592</u>

**Pension Plan Fiduciary Net Position.** Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

**2. HIS PENSION PLAN**

**Plan Description.** The HIS Pension Plan (HIS Plan) is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The Florida Legislature established and amends the contribution requirements and benefit terms of the HIS program. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE I – RETIREMENT SYSTEM (CONTINUED)**

**Benefits Provided.** For the fiscal year ended June 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplies by \$5. The minimum HIS payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under the State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**Contributions.** The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the Plan fiscal years ended June 30, 2019 and 2018, the contribution rates were 1.66% of payroll, pursuant to Section 112.363, Florida Statutes. The County contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide a full subsidy benefit to all participants, benefits may be reduced or cancelled.

The County's contributions to the HIS Plan totaled \$1,342,773 for the fiscal year ended September 30, 2019.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At September 30, 2019, the County reported a liability of \$26,854,586 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The County's proportionate share of the net pension liability was based on the County's 2018-19 fiscal year contributions relative to the 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the County's proportion was .2400088276%, which was an increase of .0045770936 from its proportion measured as of June 30, 2018.

For the year ended September 30, 2019, the County recognized pension expense of \$2,366,690 related to the Plan. At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Subsequent to the Measurement Date	\$ 310,554	\$ -
Difference between Expected and Actual Experience	326,179	32,883
Changes in Assumptions	3,109,507	2,194,875
Employer Specific Amounts Due to Changes in Employer Proportion	1,591,038	375,160
Net Difference between Projected and Actual Earnings on Pension Plan Investments	17,329	-
<b>Total</b>	<b>\$ 5,354,607</b>	<b>\$ 2,602,918</b>

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE I – RETIREMENT SYSTEM (CONTINUED)**

The deferred outflows of resources related to pensions, totaling \$310,554, resulting from County contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
2020	\$ 829,188
2021	748,075
2022	479,679
2023	(53,273)
2024	152,679
Thereafter	284,787
Total	\$ 2,441,135

For information regarding the Net Pension Liability, Deferred Outflows of Resources, and Deferred Inflows of Resources by Constitutional Officer, see the table below:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Board of County Commissioners	\$ 14,285,260	\$ 2,567,302	\$ 1,204,031
Clerk of Circuit Court	1,345,870	200,835	188,325
Property Appraiser	658,107	104,965	65,738
Tax Collector	698,080	206,917	62,131
Sheriff	9,730,884	2,238,937	1,060,782
Supervisor of Elections	136,384	35,648	21,912
	\$ 26,854,585	\$ 5,354,604	\$ 2,602,919

**Actuarial Assumptions.** The total pension liability in the July 1, 2019 actuarial valuation, was determined using the individual entry age cost method and the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Discount Rate	3.50%
Long-term Expected Rate of Return, Net of Investment Expense	N/A
Municipal Bond Index	3.50%

Mortality rates were based on the Generational RP-2000 with Projected Scale BB.

The actuarial assumptions used in the July 1, 2019 valuation, were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE I – RETIREMENT SYSTEM (CONTINUED)**

**Discount Rate.** The discount rate used to measure the total pension liability was 3.50%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 3.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Employer's Proportionate Share of Net Pension Liability	<u>\$ 30,655,887</u>	<u>\$ 26,854,586</u>	<u>\$ 23,688,533</u>

**Pension Plan Fiduciary Net Pension.** Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

**3. FRS-DEFINED CONTRIBUTION PENSION PLAN**

The County contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. County employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to the individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officials, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the Investment members' accounts during the 2018-19 fiscal year are as follows:

**HERNANDO COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2019**

**NOTE I – RETIREMENT SYSTEM (CONTINUED)**

Class	Year Ended June 30, 2019		Year Ended June 30, 2020	
	Percent of Gross Compensation		Percent of Gross Compensation	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	3.30	3.00	3.30
FRS, Special Risk Class	3.00	11.00	3.00	11.00
FRS, Senior Management Service Class	3.00	4.67	3.00	4.67
FRS, Elected County Officers, Judges	3.00	10.23	3.00	10.23
FRS, Elected County Officers	3.00	8.34	3.00	8.34

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Plan is transferred to the Investment Plan, the member must have the years of service required for Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeit benefits of Investment Plan members. For the fiscal year September 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

Pension expense for the County's Investment Plan totaled \$709,702 for the fiscal year ended September 30, 2019.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE J – POST EMPLOYMENT BENEFITS OTHER THAN PENSION**

**1. SUMMARY AND PLAN DESCRIPTION**

In addition to the retirement plan described in Note I, the County provides post-retirement health care benefits in accordance with Section 112.0801, Florida Statutes, to all employees who retire from employment with the County. This is administered via a single-employer defined benefit healthcare plan (the “Plan”). In most cases, the retiree pays 100% of the premium cost for the retiree to participate in the County’s insurance program. Because retirees are paying for insurance at the County group rate, the cost is lower than age adjusted rates they would acquire on their own. When a single premium is established for both active employees and retirees, the retiree ‘benefits’ from an abnormally low premium. Governmental Accounting Standards Board (GASB) Statement No. 45 describes such an arrangement as an ‘implicit rate subsidy’ and mandates that it be treated as Other Post-Employment Benefits (OPEB) even though the employer makes no payments directly on behalf of retirees. The Plan provides healthcare benefits including medical coverage, prescription drug benefits, vision care, dental care and life insurance coverage to both active and eligible retired employees. Dental and vision care benefits are immaterial and are not believed to result in an OPEB; therefore, they are not included in the OPEB calculation. The Plan does not issue a separate financial report.

Currently, there are no direct subsidies provided by any of the County agencies to retired employees. The Sheriff’s Office offered a subsidy to help pay the premium required to continue coverage under the County’s plan, but effective November 1, 2010, that was discontinued.

Eligibility for participation in the Plan is limited to full time employees of the County, employees who are active participants in the Plan at the time of retirement, who retire and are either vested with the Florida Retirement System (FRS), are vested in the FRS and are age 62, have 30 years of creditable service before age 62, or meet alternative criteria if disabled or a member of a Special Risk Class. Surviving spouses or dependents of participating retirees may continue in the Plan if eligibility criteria specific to those classes are met. In an open session, the County approves the Plan rates for the enrollment period, and may amend the Plan with changes to the benefits, premiums and/or levels of participant contribution at any time.

The actuarial valuation of the OPEB liabilities was determined as of September 30, 2018 which is the same as the measurement date. These liabilities are used for the reporting period ending September 30, 2019.

Actuarial Valuation Date	9/30/2018
Measurement Date	9/30/2018
County’s Reporting Date	9/30/2019

At September 30, 2018, the date of the latest actuarial valuation, plan participation consisted of:

Active Plan Participants	1,440
Retirees and Beneficiaries Receiving Benefits	<u>90</u>
Total Membership	<u><u>1,530</u></u>

**2. FUNDING POLICY**

Currently, the County’s OPEB benefits are unfunded. The County has the authority to establish and amend a funding policy; however, no Trust contributions are legally or contractually required, and no assets are accumulated in a trust that meets the criteria of GASB Statement 75.

**HERNANDO COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2019**

**NOTE J – POST EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)**

**3. TOTAL OPEB LIABILITY**

The components of the County's OPEB Liability at the Measurement Date of September 30, 2018 are as follows:

Total OPEB Liability	\$	17,099,268
OPEB Plan Fiduciary Net Position		-
County's Net OPEB Liability	<u>\$</u>	<u>17,099,268</u>
OPEB Plan Fiduciary Net Position as a Percentage of Total OPEB Liability		0.00%

**4. CHANGES IN TOTAL OPEB LIABILITY**

The changes in the OPEB Liability for the Measurement Period Ended September 30, 2019 are as follows:

Total OPEB Liability:		
Service Cost	\$	1,137,228
Interest on Total OPEB Liability		682,764
Changes of Benefit Terms		-
Difference between Expected and Actual Expense		3,055,234
Changes in Assumptions and Other Inputs		(5,912,172)
Benefit Payments		(468,206)
Net Change in Total OPEB Liability		(1,505,152)
Total OPEB Liability-Beginning		<u>18,604,420</u>
Total OPEB Liability-Ending	<u>\$</u>	<u>17,099,268</u>
Covered Employee Payroll	\$	71,544,598
Total OPEB Liability as a Percentage of Covered Payroll		23.90%

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following table presents the total OPEB liability, calculated using the discount rate of 3.83%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (2.83%) or one percentage-point higher (4.83%) than the current discount rate:

	1% Decrease (2.83%)	Current Discount Rate Assumption (3.83%)	1% Increase (4.83%)
Total OPEB Liability	\$ 18,583,762	\$ 17,099,268	\$ 15,720,842

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE J – POST EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)**

**Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates**

The following table presents the total OPEB liability of the County using the discount rate of 6.75% decreasing to 4.24%, as well as what the County's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage-point lower (5.75%) or one percentage-point higher (7.75%) than the current discount rate.

	1% Decrease (5.75%) decreasing to 3.24%)	Current Discount Rate Assumption (6.75%) decreasing to 4.24%)	1% Increase (7.75%) decreasing to 5.24%)
Total OPEB Liability	\$ 15,102,266	\$ 17,099,268	\$ 19,537,435

**5. OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB**

Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period.

At the beginning of the measurement period, the average of the expected remaining service lives for purposes of recognizing the applicable combined deferred outflows and inflows of resources established in the measurement period is 11.8 years.

For the year ended September 30, 2019, the County recognized OPEB expense of \$1,513,679.

OPEB Expense:	
Service Cost	\$ 1,137,228
Interest on Total OPEB Liability	682,764
Current-Period Benefit Changes	-
OPEB Plan Administrative Expense	-
Outflow(Inflow) of Resources due to Liability	(306,313)
Total OPEB Expense	<u>\$ 1,513,679</u>

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE J – POST EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)**

At September 30, 2019, the County has Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between Expected and Actual Experience	\$ 2,796,316	\$ -	\$ 2,796,316
Changes in Assumptions and Other Inputs	-	6,008,189	(6,008,189)
	<u>\$ 2,796,316</u>	<u>\$ 6,008,189</u>	<u>\$ (3,211,873)</u>

Deferred Inflows of Resources by Year are recognized in future OPEB expenses:

<b>Fiscal Year Ended September 30</b>	<b>Deferred Inflow of Resources</b>
2020	\$ (306,313)
2021	(306,313)
2022	(306,313)
2023	(306,313)
2024	(306,313)
Thereafter	(1,680,308)
	<u>\$ (3,211,873)</u>

Estimated Deferred Outflow of Resources due to benefits paid after the measurement date is \$750,886.

Change from Prior Reporting Year (includes Changes in Assumptions and Differences between Expected and Actual Experience):

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Prior Year End Balance	\$ 468,206	\$ 661,248
Additions/Reductions	3,078,996	5,346,941
Current Year End Balances	<u>\$ 3,547,202</u>	<u>\$ 6,008,189</u>

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE J – POST EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)**

**6. ACTUARIAL METHODS AND ASSUMPTIONS**

The total OPEB liability at September 30, 2019 was based on actuarial valuation data, from the Measurement Date of September 30, 2018, using the following actuarial assumptions:

Actuarial cost method	Entry Age Normal
Inflation rate	2.50%
Discount rate	3.83%
Salary Increase Rates	3.7%-7.8%
Retirement Age	FRS actuarial calculated
Mortality Rates	Tables of Regular and Special Risk Class members of 7/1/2018 Florida Retirement System actuarial valuation
Healthcare Cost Trend Rates	Getzen Model, trend starting at 6.75% (0% for premiums to reflect actual increase) for 2019, 6.50% for 2020 and 0.43% increase for excise tax
Aging factors	2013 SOA Study "Health Care Costs-From Birth to Death"
Expenses	Administrative expenses included in the per capita health costs

**NOTE K – ARBITRAGE REBATE LIABILITY**

Hernando County calculates and records the estimated liability for arbitrage rebate on its outstanding bonds. The rebate calculations are done pursuant to Internal Revenue Code Section 148. The amount to be rebated is calculated as the excess of amounts earned on investments of bond proceeds over amounts that would have been earned if investments had been invested at a rate equal to the rate of yield on the bond issue, plus any income attributable to such excess. The regulations provide that the first rebate payment must be made not later than sixty (60) days after the end of the fifth bond year of the issue; the last installment payment must be made within sixty (60) days after the day on which the issue's last obligation is redeemed. As of September 30, 2019, there is no estimated rebate liability on any of the County's bond issues.

**NOTE L – PROPERTY TAXES**

Property tax collections, sales, and liens are governed by Chapter 197 of the Florida Statutes.

The Just/Market Value of all properties in the County is established by the Property Appraiser as of January 1 of each year for the subsequent fiscal year. Taxable Value is computed after deducting from Assessed Value various exemptions including governmental, educational, religious, institutional and qualified personal exemptions e.g.; homestead, widow or widower, blind, disabled, and various veteran's exemptions.

All property taxes are levied and become due and payable on November 1 of each year, and are delinquent on April 1 of the following year. Discounts are allowed for early payment of 4%, 3%, 2% and 1% in November through February, respectively. Delinquent taxes on real property may be paid after the date of delinquency but prior to the sale of a tax certificate by paying all taxes, costs, advertising charges, and interest of 18% per annum. For all real property with delinquent taxes, the Tax Collector advertises as required by Statute and sells tax certificates. All unsold certificates are issued to the County.

Any person owning real property upon which a tax certificate has been sold may redeem the property by paying the face amount of the tax certificate plus interest and costs associated with the sale of the certificate.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

***NOTE L – PROPERTY TAXES (CONTINUED)***

After taxes have been delinquent (April 1) for two years, the owner of a tax certificate may file an application for tax deed sale. The County is able to do the same for two years after taxes were due (November 1). All taxes imposed on any property become a first lien; superior to all other liens, as of January 1, of the year the taxes are levied.

***NOTE M – RISK MANAGEMENT***

The County's risk management activities are recorded in the Internal Service Funds (Risk Management, Workers' Compensation, County and Sheriff Health Insurance). The purpose of these funds is to administer workers' compensation, unemployment and disability insurance, property and liability insurance and health insurance. These funds account for the risk financing activities of the County but do not constitute a transfer of risk from the County.

Significant losses are covered by commercial insurance for all major programs, except workers' compensation. The County and the Sheriff are self-insured for health benefits. For insured programs, there have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or prior three years.

The Workers' Compensation fund is a self-insurance program for workers' compensation claims on losses up to \$1,100,000 per occurrence and is indemnified against losses in excess of these amounts. The Workers' Compensation fund has indemnified each fund against any losses in a given year in excess of the fee charged. In the event actual losses are less than the fee charged, such amounts will be retained in the Workers' Compensation fund. Claim settlements and losses are accrued and subsequently paid from the Workers' Compensation fund. As of September 30, 2019, claims accrued, including an estimate for claims incurred but not reported, were \$4,490,000. The County records an estimated liability for workers' compensation. Claims liabilities are based on estimates of the ultimate cost of reported claims and an estimate for claims incurred but not reported based on historical experience.

On October 1, 2011, the Sheriff's Office established a self-insurance program under Florida Statute 112.08 to reduce employee medical costs. The program is administered by an outside third party, and uses a combination of self-insurance and specific and aggregate stop-loss coverage to minimize risk exposure. It is accounted for in an Internal Service Fund. Fund revenues are primarily contributions from other funds, retirees, and employees, for amounts needed to pay insurance premiums, anticipated self-insured losses, and administrative expenses.

On October 1, 2014, the Board of County Commissioners established a County self-insurance program under Florida Statute 112.08 to reduce employee medical costs. The program facilitates self-insurance for the Board, Clerk of Court and Comptroller, Supervisor of Elections, Tax Collector and Property Appraiser. The program is administered by an outside third party, and uses a combination of self-insurance and aggregate stop-loss coverage to minimize risk exposure. It is accounted for in an Internal Service Fund. Fund revenues are primarily contributions from other funds, retirees, and employees for amounts needed to pay insurance premiums, anticipated self-insured losses, and administrative expenses.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE M – RISK MANAGEMENT (CONTINUED)**

**CLAIMS LIABILITIES**

	<b>Workers’ Compensation</b>	<b>County Health Insurance</b>	<b>Sheriff Health Insurance</b>	<b>Total Claims Liabilities</b>
Liability balance September 30, 2017	\$ 3,200,000	\$ 423,743	\$ 307,563	\$ 3,931,306
Claims incurred	2,062,726	9,842,699	5,032,855	16,938,280
Claims paid	<u>(712,726)</u>	<u>(9,737,155)</u>	<u>(5,032,186)</u>	<u>(15,482,067)</u>
Liability balance September 30, 2018	4,550,000	529,287	308,232	5,387,519
Claims incurred	1,191,616	9,414,722	4,820,069	15,426,407
Claims paid	(1,251,616)	(9,339,603)	(4,803,939)	(15,395,158)
Liability balance September 30, 2019	<u>\$ 4,490,000</u>	<u>\$ 604,406</u>	<u>\$ 324,362</u>	<u>\$ 5,418,768</u>
Cash available to pay claims September 30, 2019 Reported in governmental activities	<u>\$ 5,173,078</u>	<u>\$ 6,549,135</u>	<u>\$ 5,209,867</u>	

**NOTE N – CLOSURE AND POSTCLOSURE CARE COSTS**

The County’s active landfills are at the Northwest facility, and include a Class 1 landfill (Cells 1, 2 & 3) and a Construction & Demolition (C&D) landfill. State and federal laws and regulations require the Waste Management Division (the Division) to place final covers on the active County landfills when they stop accepting waste and to perform certain maintenance and monitoring functions at the site. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Division reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. As of September 30, 2019, the Division has accrued a total of \$6,457,782 in liabilities related to estimated closure and postclosure care costs.

Cells 1 and 2 at the Class 1 landfill were partially closed in 2014 at a cost of \$3,158,604. Remaining closure costs of \$5,577,250 as shown in the table below, are primarily for Cell 3. Cell 3 is approximately 51% filled at September 30, 2019 and has a remaining design life of approximately 9 years. Postclosure maintenance and monitoring functions will be required for thirty years after closure. Remaining estimated postclosure costs for the Class 1 landfill (all Cells) are \$4,653,404. The class 1 landfill (all Cells) is approximately 72% filled at September 30, 2019. The County will recognize the remaining costs that have not been accrued (closure costs of \$2,737,671 and postclosure costs of \$1,292,511) as the remaining estimated capacity is filled.

The C&D landfill is approximately 99% filled at September 30, 2019 and has a remaining design life of less than one year. Postclosure maintenance and monitoring functions will be required for five years after closure. Remaining estimated closure and postclosure costs for the C&D landfill are \$163,601 and \$97,157, respectively. The County will recognize the remaining costs that have not been accrued (closure costs of \$2,163 and postclosure costs of \$1,285) as the remaining estimated capacity is filled.

**HERNANDO COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2019**

**NOTE N – CLOSURE AND POSTCLOSURE CARE COSTS (CONTINUED)**

All cost estimates are in current dollars. Actual costs may be higher or lower due to inflation, changes in technology or processes, or changes in regulations.

Following is a table showing the remaining costs and amount accrued for the combined Northwest facility:

Landfill	Estimated Remaining Closure Costs	Percent Accrued	Closure Accrued Liability at 9/30/19	Estimated Remaining Postclosure Costs	Percent Accrued	Postclosure Accrued Liability at 9/30/19	Total Accrued Liability at 9/30/19
NW Cells 1, 2 & 3	\$ 5,577,250	50.91%	\$ 2,839,579	\$ 4,653,404	72.22%	\$ 3,360,893	\$ 6,200,472
NW C & D	<u>163,601</u>	98.68%	<u>161,438</u>	<u>97,157</u>	98.68%	<u>95,872</u>	<u>257,310</u>
	<u>\$ 5,740,851</u>		<u>\$ 3,001,017</u>	<u>\$ 4,750,561</u>		<u>\$ 3,456,765</u>	<u>\$ 6,457,782</u>

Amortization expense for 2019 was an increase of \$551,627 for the Class 1 landfill and an increase of \$11,658 for the C&D landfill. This expense increased significantly for the Class 1 landfill due to a 5% increase in capacity used and a 3% increase in postclosure costs for fiscal year 2019.

The Division is required by state and federal laws and regulations to make contributions to a trust to finance closure and postclosure care. The Division believes it is in compliance with these requirements, and at September 30, 2019, cash and investments of \$8,854,506 are held for these purposes. These are reported as restricted assets on the Statement of Net Position. The Division expects that future inflation costs will be paid from the interest earnings on these contributions.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE O – DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**

The deferred outflows of resources and deferred inflows of resources in the Statement of Net Position and Statement of Governmental Funds Balance Sheet are aggregated. Following are details of the aggregated amounts.

	Governmental Activities	Business-Type Activities
<b>Statement of Net Position</b>		
Deferred Outflows of Resources:		
Pensions	\$ 50,240,079	\$ 3,074,870
Other Post Employment Benefits	3,117,435	429,767
Deferred charge on debt refunding	644,388	1,261,045
	\$ 54,001,902	\$ 4,765,682
Deferred Inflows of Resources:		
Pensions	\$ 10,839,266	\$ 734,490
Other Post Employment Benefits	5,279,990	728,199
Deferred Grant Funds	-	406,691
Other	-	4,000
	\$ 16,119,256	\$ 1,873,380
<b>Statement of Governmental Funds Balance Sheet</b>		
Deferred Inflows of Resources:		
Receipt of taxes, applicable to a future period	\$ 1,661,564	
Receipt of ambulance fees, applicable to a future period	4,317,005	
Receipt of grant fees, applicable to a future period	7,156	
Receipt of other items, applicable to a future period	202,419	
Total Governmental Funds	\$ 6,188,144	

**NOTE P – SEGMENT INFORMATION**

The County has four enterprise funds and has elected to separately report each as a major fund in the Basic Financial Statements. For this reason, segment information is not provided in the notes.

**NOTE Q – CONTINGENCIES**

**1. GENERAL LITIGATION**

As part of the ordinary course of operations, the County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Currently, the County is at varying stages in certain actions against it. Although the outcome of these actions is not presently determinable, in the opinion of the County Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

***NOTE Q – CONTINGENCIES (CONTINUED)***

**2. GRANTS AND CONTRACTS**

The County participates in various federal and state assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal and state regulations, including the expenditure of resources for allowable purposes. Failure to comply may result in questions concerning the allowability of related direct and indirect charges pursuant to such agreements. Any disallowance resulting from a federal or state audit may become a liability of the County.

It is believed that the ultimate disallowance pertaining to these regulations, if any, will be immaterial to the overall financial condition of the County.

**3. HURRICANE ACTIVITY**

The County encountered damages related to both Hurricane Hermine in August of 2016 and Hurricane Irma in September of 2017. Currently Federal Emergency Management Agency (FEMA) and Florida Division of Emergency Management (FDEM) are in varying stages of validation and obligation to the County on eligible expenditures.

The Florida Division of Emergency Management (FDEM) entered into a Federally Funded Agreement for disaster assistance related to Hurricane Hermine in January 2017. From the date of the event through September 30, 2019, approximately \$531,000 of eligible expenditures have been identified from Hermine. Another \$391,000 was obligated for a pier project in Fiscal Year 2020, and reimbursement for final expenditures is anticipated upon completion of the project in Fiscal Year 2020.

The Grant Agreement with the County for Hurricane Irma was fully executed in Fiscal Year 2019. As of September 30, 2019, approximately \$3.1 million of expenditures have been identified from Irma and another \$158,000 is anticipated to be obligated during Fiscal Year 2020. Actual reimbursement is subject to change pending final review and validation by the funding agency.

Eligible expenditures for this event are estimated to be approximately \$3 million, but that is subject to change pending review and obligation by the funding agency. While the County believes most of the eligible expenses for Hurricane Irma will be funded under the Public Assistance Program, because the agreement had not been approved by fiscal year-end, no receivables associated with expenditures incurred have been recorded.

***NOTE R – SUBSEQUENT EVENTS***

The COVID-19 pandemic has created economic disruptions throughout the country as of the date of this report causing significant declines in the financial markets and economic activity overall. The County expects to experience losses of various local and state shared revenues, declines in user fees, declines in investment values for both the government and in pension plans which could result in increased pension contributions and declines in financial reserves as a result. Depending upon the length and severity of the economic disruption, the county may also not be able to meet all debt covenants. The ultimate effects of these items are expected to be significant and not quantifiable at this time.

**HERNANDO COUNTY, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB)  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
September 30, 2019**

	Fiscal Year	
	2018	2019
<b>Total OPEB Liability:</b>		
Service Cost	\$ 1,181,694	\$ 1,137,228
Interest on Total OPEB Liability	589,509	682,764
Changes of Benefit Terms	-	-
Difference between Expected and Actual Expense	-	3,055,234
Changes in Assumptions and Other Inputs	(725,447)	(5,912,172)
Benefit Payments	(552,150)	(468,206)
Net Change in Total OPEB Liability	493,606	(1,505,152)
Total OPEB Liability-Beginning	18,110,814	18,604,420
Total OPEB Liability-Ending	<u>\$ 18,604,420</u>	<u>\$ 17,099,268</u>
Covered Payroll	\$ 79,723,027	\$ 71,544,598
Total OPEB Liability as a Percentage of Covered Payroll	23.34%	23.90%

Note: No Plan Assets are accumulated in a Trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Changes in Assumptions: The discount rate was changed from 3.50% as of the beginning of the measurement period to 3.83% as of September 30, 2019. This change is reflected in Note J, Schedule of Changes in Total OPEB Liability. There were no benefit changes during the year reported.

Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. Additional information will be provided annually until ten years' data is presented.

**HERNANDO COUNTY, FLORIDA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB)  
 SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
 September 30, 2019**

Valuation Date                      September 30, 2018  
 Measurement Date                  September 30, 2018

**Methods and Assumptions Used to Determine Total OPEB Liability:**

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Discount Rate	3.83%
Salary Increases	Salary increase rates used in the July 1, 2018 actuarial valuation of the Florida Retirement System; 3.7%-7.8%, including inflation.
Retirement Age	Retirement rates used in the July 1, 2018 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Mortality	Mortality tables used for Regular and Special Risk Class members in the July 1, 2018 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013 and include generational projections.
Healthcare Cost Trend Rates	For the Board of County Commissioners Plan, based on the Getzen Model, with trend starting at 6.75% (0% for premiums to reflect actual increase) for 2019, 6.50% for 2020 and gradually trending to an ultimate trend rate of 4.24% plus 0.43% increase for excise tax. For the Sheriff Plan, based on the Getzen Model, with trend starting at 6.75% (15.5% for premiums to reflect actual increase) for 2019, 6.50% for 2020 and gradually trending to an ultimate trend rate of 4.24% plus 0.40% increase for excise tax.
Aging Factors	Based on the 2013 SOA study "Health Care Costs-From Birth to Death"
Expenses	Administrative expenses are included in the per capita health costs.

**HERNANDO COUNTY, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
September 30, 2019**

Last Six Fiscal Years

**FLORIDA RETIREMENT SYSTEM PENSION PLAN**

<b>Year Ended June 30,</b>	<b>County's Proportion of the FRS Net Pension Plan</b>	<b>County's Proportion Share of the FRS Net Pension Plan Liability</b>	<b>County's Covered Payroll (FYE June 30)</b>	<b>County's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2014	0.323724689%	\$ 19,751,966	\$ 63,870,645	30.92%	96.09%
2015	0.336186138%	43,422,948	67,871,564	63.98%	92.00%
2016	0.374836315%	94,646,463	72,504,583	130.54%	84.88%
2017	0.366968106%	108,546,704	73,706,909	147.27%	83.89%
2018	0.367093765%	110,570,546	77,006,547	143.59%	84.26%
2019	0.373614200%	128,667,529	80,431,045	159.97%	82.61%

**HEALTH INSURANCE SUBSIDY PENSION PLAN**

<b>Year Ended June 30,</b>	<b>County's Proportion of the HIS Net Pension Plan</b>	<b>County's Proportion Share of the HIS Net Pension Liability</b>	<b>County's Covered Payroll (FYE June 30)</b>	<b>County's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2014	0.214659060%	\$ 20,064,413	\$ 63,870,645	31.41%	0.99%
2015	0.223082288%	22,750,520	67,871,564	33.52%	0.50%
2016	0.234274954%	27,303,775	72,504,583	37.66%	0.97%
2017	0.230722126%	24,669,874	73,706,909	33.47%	1.64%
2018	0.235431734%	24,918,358	77,006,547	32.36%	2.15%
2019	0.240008828%	26,854,586	80,988,686	33.16%	2.63%

Note: The amounts shown above for both tables as reported on the date indicated have a measurement date three months prior. Covered-employee payroll is for the year shown. Additional information will be provided annually until ten years' data is presented.

**HERNANDO COUNTY, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS  
September 30, 2019**

Last Six Fiscal Years

**FLORIDA RETIREMENT SYSTEM PENSION PLAN**

<u>Year Ended September 30,</u>	<u>Contractually Required Contribution</u>	<u>FRS Contribution in Relation to the Contractually Required Contribution</u>	<u>FRS Contribution Deficiency (Excess)</u>	<u>County's Covered Payroll (FYE September 30)</u>	<u>FRS Contributions as a Percentage of Covered Payroll</u>
2014	\$ 9,065,698	\$ (9,065,698)	-	\$ 64,431,818	14.07%
2015	\$ 8,393,369	\$ (8,393,369)	-	\$ 68,825,669	12.20%
2016	\$ 9,279,559	\$ (9,279,559)	-	\$ 72,387,348	12.82%
2017	\$ 9,637,808	\$ (9,637,808)	-	\$ 74,200,644	12.99%
2018	\$ 10,692,565	\$ (10,692,565)	-	\$ 77,625,482	13.77%
2019	\$ 11,780,902	\$ (11,780,902)	-	\$ 80,988,686	14.55%

**HEALTH INSURANCE SUBSIDY PENSION PLAN**

<u>Year Ended September 30,</u>	<u>Contractually Required Contribution</u>	<u>HIS Contribution in Relation to the Contractually Required Contribution</u>	<u>HIS Contribution Deficiency (Excess)</u>	<u>Authority's Covered Payroll (FYE September 30)</u>	<u>HIS Contributions as a Percentage of Covered Payroll</u>
2014	\$ 939,152	\$ (939,152)	-	\$ 64,431,818	1.46%
2015	\$ 933,326	\$ (933,326)	-	\$ 68,825,669	1.36%
2016	\$ 1,195,301	\$ (1,195,301)	-	\$ 72,387,348	1.65%
2017	\$ 1,233,196	\$ (1,233,196)	-	\$ 74,200,644	1.66%
2018	\$ 1,286,008	\$ (1,286,008)	-	\$ 77,625,482	1.66%
2019	\$ 1,342,774	\$ (1,342,774)	-	\$ 80,988,686	1.66%

Note: Additional information will be provided until ten years' data is presented.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**September 30, 2019**

**NOTE 1 – SCHEDULES OF NET PENSION LIABILITY AND SCHEDULES OF CONTRIBUTIONS**

*Changes in Benefit Terms from the year ended June 30, 2018 to June 30, 2019:*

- FRS—No significant changes.
- HIS—No significant changes.

*Changes in Assumptions from the year ended June 30, 2018 to June 30, 2019:*

- **FRS:** The long-term expected rate of return was decreased from 7.00% to 6.90%, and the active member mortality assumption was updated.
- **HIS:** The municipal bond rate used to determine total pension liability increased from 3.50% to 3.87%.

## **Combining and Individual Fund Statements and Schedules**

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

#### **Stormwater Management**

To account for the proceeds of ad valorem taxes and other revenues for funding Stormwater Management.

#### **Sensitive Lands**

To account for the proceeds of ad valorem taxes and other revenues for purchasing environmentally sensitive lands.

#### **State Housing Initiative Partnership**

To account for the grant proceeds and associated expenditures of a low-income housing assistance program.

#### **Court-Related Funds**

To account for the proceeds of revenues received for the purpose of funding court-related technology, court improvements, court innovations, juvenile alternative programs, law library, legal aid, youth court and treatment of alcohol and other drug abuse.

#### **Municipal Service Benefit Units Special Revenue Fund**

To account for the proceeds of assessments levied for the purpose of funding road improvements, street lighting, fire hydrant maintenance, and other services within the various Municipal Service Benefit Units of the County.

#### **Hernando County Fire Rescue-Rescue**

To account for the revenue and expenditures related to providing ambulance and rescue services within this district.

#### **Miscellaneous Special Revenue Funds**

To account for the revenues from specific taxes or other earmarked revenue sources which by law are designated to finance particular functions or activities of government and which, therefore, cannot be diverted to other uses. Included in this fund are the following: Hernando/Citrus MPO, Florida Boating Improvement Program, Health Department, State and Local Mosquito Control, Law Enforcement Trust Fund, Crime Prevention, Hernando County Sheriff Revenue Fund, Tourist Development Tax, Affordable Housing, Kass Circle Neighborhood Community Redevelopment Agency, Landscape Enhancement, Dori Slosberg Driver Education Safety and Library Estate Fund.

#### **Clerk of Court & Comptroller Special Revenue Funds**

To account for the funds received in the Clerk of Circuit Court's Records Modernization Fund and Fines and Forfeitures Fund.

#### **Property Appraiser Special Revenue Funds**

To account for the funds received in the Property Appraiser's Graphic Information Systems Fund, Addressing Fund, Addressing Fees Fund, GIS Business Units Fund and the County Fees and Commissions Fund.

#### **Sheriff Special Revenue Funds**

To account for the funds received in the Federal Forfeitures, E911 Fund, Inmate Welfare, Inmate Revenue, 800MHz Fund, Sheriff's Law Enforcement Education Fund, Child Saver Program Fund, Grants and Contributions Fund and City of Brooksville Fund.

## **Debt Service Funds**

### **Non-Ad Valorem Refunding Revenue Bonds 2010**

To account for the debt service requirements of the Non-Ad Valorem Refunding Revenue Bonds, Series 2010.

### **Non-Ad Valorem Refunding Revenue Note 2012**

To account for the debt service requirements of the Non-Ad Valorem Refunding Revenue Note, Series 2012.

## **Capital Project Funds**

### **Restore Act**

To account for the capital outlay expenditures under the Restore Act. The Restore Act, passed by Congress in 2012, allocates penalties and fines resulting from the Deepwater Horizon oil spill to Gulf Coast States and local governments.

**HERNANDO COUNTY, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
September 30, 2019**

	Special Revenue Funds			
	Stormwater Management	Sensitive Lands	State Housing Initiative Partnership	Court- Related Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
Pooled Cash and Investments	5,778,919	-	933,993	6,929,450
Cash with Fiscal Agent	70,671	-	-	-
Accounts Receivable (net)	-	-	54,616	82,621
Due from Other Funds	12,000	-	-	32,371
Due from Other Governments	-	-	-	34,587
Inventories	-	-	-	-
Prepaid Items	-	-	-	-
<b>Total Assets</b>	<b>\$ 5,861,590</b>	<b>\$ -</b>	<b>\$ 988,609</b>	<b>\$ 7,079,029</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 52,959	\$ -	\$ 23,862	\$ 123,201
Accrued Liabilities	7,989	-	-	16,722
Due to Other Funds	-	-	-	-
Due to Other Governments	-	-	-	-
Unearned Revenue	-	-	-	-
Deposits	-	-	-	-
Advances from Other Funds	-	-	-	-
<b>Total Liabilities</b>	<b>60,948</b>	<b>-</b>	<b>23,862</b>	<b>139,923</b>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue	-	-	-	-
<b>Fund Balances</b>				
Nonspendable:				
Inventories	-	-	-	-
Prepaid Items	-	-	-	-
Restricted for:				
Grant Funded Programs	-	-	964,747	-
Court Programs	-	-	-	6,939,106
Special Assessment Projects	-	-	-	-
Environment Conservation	5,800,642	-	-	-
Bond covenants or debt service	-	-	-	-
Public Safety	-	-	-	-
Capital Projects	-	-	-	-
Other Purposes	-	-	-	-
Committed to:				
Other Purposes	-	-	-	-
Assigned to:				
Public Safety	-	-	-	-
Other Purposes	-	-	-	-
<b>Total Fund Balances</b>	<b>5,800,642</b>	<b>-</b>	<b>964,747</b>	<b>6,939,106</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 5,861,590</b>	<b>\$ -</b>	<b>\$ 988,609</b>	<b>\$ 7,079,029</b>

See accompanying independent auditors' report.

**Special Revenue Funds**

<b>Municipal Service Benefit Units</b>	<b>Hernando County Fire Rescue - Rescue</b>	<b>Miscellaneous Special Revenue Funds</b>	<b>Clerk of Court and Comptroller</b>
\$ 250	\$ -	\$ 400	\$ -
5,503,967	3,388,955	4,928,459	2,545,453
-	-	-	-
11,374	5,279,994	252,031	-
90,141	92,515	963,293	-
-	56,144	554,995	38,505
-	1,800	-	-
-	65,974	-	71,461
<b>\$ 5,605,732</b>	<b>\$ 8,885,382</b>	<b>\$ 6,699,178</b>	<b>\$ 2,655,419</b>
\$ 1,212,228	\$ 312,216	\$ 111,096	\$ 38,648
-	441,164	49,266	112,396
241,644	-	1,998	37,177
-	2,321	-	439,651
-	-	14,618	-
-	-	-	257,873
-	-	450,000	-
<u>1,453,872</u>	<u>755,701</u>	<u>626,978</u>	<u>885,745</u>
-	4,317,005	-	-
-	1,800	-	-
-	65,974	-	70,221
-	-	113,580	-
-	-	-	-
2,730,384	-	-	-
-	-	-	-
630,347	-	-	-
-	3,744,902	-	-
791,129	-	-	-
-	-	2,644,808	1,699,453
-	-	330,674	-
-	-	2,958,720	-
-	-	24,418	-
<u>4,151,860</u>	<u>3,812,676</u>	<u>6,072,200</u>	<u>1,769,674</u>
<b>\$ 5,605,732</b>	<b>\$ 8,885,382</b>	<b>\$ 6,699,178</b>	<b>\$ 2,655,419</b>

Continued

**HERNANDO COUNTY, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
September 30, 2019**

	<u>Special Revenue Funds</u>			<u>Debt Service Funds</u>
	<u>Property Appraiser Special Revenue Funds</u>	<u>Sheriff Special Revenue Funds</u>	<u>Total Special Revenue Funds</u>	<u>Non-Ad Valorem Refunding Revenue Bonds 2010</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,360,022	\$ 4,628,533	\$ 5,989,205	\$ -
Pooled Cash and Investments	-	-	30,009,196	9,358
Cash with Fiscal Agent	-	-	70,671	-
Accounts Receivable (net)	-	43,026	5,723,662	-
Due from Other Funds	-	-	1,190,320	-
Due from Other Governments	-	241,502	925,733	-
Inventories	-	-	1,800	-
Prepaid Items	-	-	137,435	-
<b>Total Assets</b>	<b>\$ 1,360,022</b>	<b>\$ 4,913,061</b>	<b>\$ 44,048,022</b>	<b>\$ 9,358</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 770	\$ 312,131	\$ 2,187,111	\$ -
Accrued Liabilities	-	124,058	751,595	-
Due to Other Funds	64,417	959,883	1,305,119	-
Due to Other Governments	79	-	442,051	-
Unearned Revenue	-	-	14,618	-
Deposits	-	80	257,953	-
Advances from Other Funds	-	-	450,000	-
<b>Total Liabilities</b>	<b>65,266</b>	<b>1,396,152</b>	<b>5,408,447</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue	-	-	4,317,005	-
<b>Fund Balances</b>				
Nonspendable:				
Inventories	-	-	1,800	-
Prepaid Items	-	-	136,195	-
Restricted for:				
Grant Funded Programs	-	-	1,078,327	-
Court Programs	-	-	6,939,106	-
Special Assessment Projects	-	-	2,730,384	-
Environment Conservation	-	-	5,800,642	-
Bond covenants or debt service	-	-	630,347	9,358
Public Safety	-	3,516,909	7,261,811	-
Capital Projects	-	-	791,129	-
Other Purposes	-	-	4,344,261	-
Committed to:				
Other Purposes	1,294,756	-	1,625,430	-
Assigned to:				
Public Safety	-	-	2,958,720	-
Other Purposes	-	-	24,418	-
<b>Total Fund Balances</b>	<b>1,294,756</b>	<b>3,516,909</b>	<b>34,322,570</b>	<b>9,358</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,360,022</b>	<b>\$ 4,913,061</b>	<b>\$ 44,048,022</b>	<b>\$ 9,358</b>

See accompanying independent auditors' report.

Debt Service Funds		Capital Project Funds	
Non-Ad Valorem Refunding Revenue Note 2012	Total Debt Service Funds	Restore Act Projects	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 5,989,205
2,191	11,549	-	30,020,745
-	-	-	70,671
-	-	-	5,723,662
-	-	-	1,190,320
-	-	-	925,733
-	-	-	1,800
-	-	-	137,435
<b>\$ 2,191</b>	<b>\$ 11,549</b>	<b>\$ -</b>	<b>\$ 44,059,571</b>

\$ -	\$ -	\$ -	\$ 2,187,111
-	-	-	751,595
-	-	-	1,305,119
-	-	-	442,051
-	-	-	14,618
-	-	-	257,953
-	-	-	450,000
-	-	-	5,408,447
-	-	-	4,317,005
-	-	-	1,800
-	-	-	136,195
-	-	-	1,078,327
-	-	-	6,939,106
-	-	-	2,730,384
-	-	-	5,800,642
2,191	11,549	-	641,896
-	-	-	7,261,811
-	-	-	791,129
-	-	-	4,344,261
-	-	-	1,625,430
-	-	-	2,958,720
-	-	-	24,418
2,191	11,549	-	34,334,119
<b>\$ 2,191</b>	<b>\$ 11,549</b>	<b>\$ -</b>	<b>\$ 44,059,571</b>

**HERNANDO COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended September 30, 2019**

	<b>Special Revenue Funds</b>			
	<b>Stormwater Management</b>	<b>Sensitive Lands</b>	<b>State Housing Initiative Partnership</b>	<b>Court- Related Funds</b>
<b>Revenues</b>				
Taxes	\$ 938,815	\$ -	\$ -	\$ -
Intergovernmental	-	-	360,447	43,864
Charges for Services	7,082	-	-	1,117,722
Fines and Forfeitures	-	-	-	208
Special Assessments	-	-	-	-
Interest	209,601	-	41,137	243,545
Miscellaneous	58,980	-	504,898	-
<b>Total Revenues</b>	<b>1,214,478</b>	<b>-</b>	<b>906,482</b>	<b>1,405,339</b>
<b>Expenditures</b>				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Physical Environment	374,875	-	-	-
Transportation	-	-	-	-
Economic Environment	-	-	735,650	-
Human Services	-	-	-	-
Culture and Recreation	-	-	-	-
Court Operations	-	-	-	1,237,554
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Capital Outlay	200,123	-	-	45,749
<b>Total Expenditures</b>	<b>574,998</b>	<b>-</b>	<b>735,650</b>	<b>1,283,303</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>639,480</b>	<b>-</b>	<b>170,832</b>	<b>122,036</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	12,000	-	-	458,374
Transfers Out	(2,600)	(361,642)	-	(6,500)
Additions to Long-Term Debt	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>9,400</b>	<b>(361,642)</b>	<b>-</b>	<b>451,874</b>
<b>Net Change in Fund Balance</b>	<b>648,880</b>	<b>(361,642)</b>	<b>170,832</b>	<b>573,910</b>
Fund Balances at Beginning of Year	5,151,762	361,642	793,915	6,365,196
<b>Fund Balances at End of Year</b>	<b>\$ 5,800,642</b>	<b>\$ -</b>	<b>\$ 964,747</b>	<b>\$ 6,939,106</b>

See accompanying independent auditors' report.

**Special Revenue Funds**

<b>Municipal Service Benefit Units</b>	<b>Hernando County Fire Rescue - Rescue</b>	<b>Miscellaneous Special Revenue Funds</b>	<b>Clerk of Court and Comptroller</b>
\$ -	\$ 7,510,680	\$ 2,003,510	\$ -
-	361,707	882,588	368,062
-	7,615,519	114,430	3,562,777
-	-	144,378	1,134,733
9,227,426	-	-	-
209,513	164,943	198,857	83,833
110,380	57,240	23,956	20
<b>9,547,319</b>	<b>15,710,089</b>	<b>3,367,719</b>	<b>5,149,425</b>
-	-	754,848	63,779
1,683	13,300,422	353,516	-
5,345,158	-	4,707	-
1,108,923	-	4,773	-
-	-	1,184,180	-
-	-	1,761,664	-
-	-	107,065	-
-	-	-	4,863,559
603,352	35,508	-	-
139,202	8,206	-	-
6,127	662,773	29,177	-
<b>7,204,445</b>	<b>14,006,909</b>	<b>4,199,930</b>	<b>4,927,338</b>
<b>2,342,874</b>	<b>1,703,180</b>	<b>(832,211)</b>	<b>222,087</b>
118,700	92,515	4,788,345	-
(1,530,595)	(121,940)	(4,018,506)	(37,177)
1,055,620	-	-	-
<b>(356,275)</b>	<b>(29,425)</b>	<b>769,839</b>	<b>(37,177)</b>
<b>1,986,599</b>	<b>1,673,755</b>	<b>(62,372)</b>	<b>184,910</b>
2,165,261	2,138,921	6,134,572	1,584,764
<b>\$ 4,151,860</b>	<b>\$ 3,812,676</b>	<b>\$ 6,072,200</b>	<b>\$ 1,769,674</b>

Continued

**HERNANDO COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended September 30, 2019**

	Special Revenue Funds			Debt Service Funds
	Property Appraiser Special Revenue Funds	Sheriff Special Revenue Funds	Total Special Revenue Funds	Non-Ad Valorem Refunding Revenue Bonds 2010
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ 10,453,005	\$ -
Intergovernmental	1,213,630	193,167	3,423,465	-
Charges for Services	91,719	5,187,370	17,696,619	-
Fines and Forfeitures	-	225,405	1,504,724	-
Special Assessments	-	-	9,227,426	-
Interest	1,027	16,191	1,168,647	409
Miscellaneous	-	164,498	919,972	-
	1,306,376	5,786,631	44,393,858	409
<b>Total Revenues</b>				
<b>Expenditures</b>				
<b>Current</b>				
General Government	933,396	-	1,752,023	11
Public Safety	-	4,104,008	17,759,629	-
Physical Environment	-	-	5,724,740	-
Transportation	-	-	1,113,696	-
Economic Environment	-	-	1,919,830	-
Human Services	-	-	1,761,664	-
Culture and Recreation	-	-	107,065	-
Court Operations	-	-	6,101,113	-
<b>Debt Service</b>				
Principal	-	-	638,860	350,000
Interest and Fiscal Charges	-	-	147,408	84,656
Capital Outlay	43,893	317,538	1,305,380	-
	977,289	4,421,546	38,331,408	434,667
<b>Total Expenditures</b>				
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>329,087</b>	<b>1,365,085</b>	<b>6,062,450</b>	<b>(434,258)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	2,578,873	8,048,807	435,157
Transfers Out	(64,417)	(3,745,365)	(9,888,742)	-
Additions to Long-Term Debt	-	-	1,055,620	-
	(64,417)	(1,166,492)	(784,315)	435,157
<b>Total Other Financing Sources (Uses)</b>				
<b>Net Change in Fund Balance</b>	<b>264,670</b>	<b>198,593</b>	<b>5,278,135</b>	<b>899</b>
Fund Balances at Beginning of Year	1,030,086	3,318,316	29,044,435	8,459
<b>Fund Balances at End of Year</b>	<b>\$ 1,294,756</b>	<b>\$ 3,516,909</b>	<b>\$ 34,322,570</b>	<b>\$ 9,358</b>

See accompanying independent auditors' report.

Debt Service Funds		Capital Project Funds	
Non-Ad Valorem Refunding Revenue Note 2012	Total Debt Service Funds	Restore Act Projects	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 10,453,005
-	-	723	3,424,188
-	-	-	17,696,619
-	-	-	1,504,724
-	-	-	9,227,426
670	1,079	-	1,169,726
-	-	-	919,972
670	1,079	723	44,395,660
12	23	-	1,752,046
-	-	-	17,759,629
-	-	700	5,725,440
-	-	-	1,113,696
-	-	-	1,919,830
-	-	-	1,761,664
-	-	-	107,065
-	-	-	6,101,113
2,724,000	3,074,000	-	3,712,860
529,200	613,856	-	761,264
-	-	23	1,305,403
3,253,212	3,687,879	723	42,020,010
<b>(3,252,542)</b>	<b>(3,686,800)</b>	-	<b>2,375,650</b>
3,254,200	3,689,357	-	11,738,164
-	-	-	(9,888,742)
-	-	-	1,055,620
3,254,200	3,689,357	-	2,905,042
<b>1,658</b>	<b>2,557</b>	-	<b>5,280,692</b>
533	8,992	-	29,053,427
<b>\$ 2,191</b>	<b>\$ 11,549</b>	<b>\$ -</b>	<b>\$ 34,334,119</b>

**HERNANDO COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**IMPACT FEES CAPITAL PROJECT FUND**  
**For the Fiscal Year Ended September 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Impact Fees	\$ 2,087,805	\$ 2,439,525	\$ 3,176,049	\$ 736,524
Interest	28,230	28,230	504,648	476,418
Total Revenues	<u>2,116,035</u>	<u>2,467,755</u>	<u>3,680,697</u>	<u>1,212,942</u>
<b>Expenditures</b>				
Capital Outlay	<u>6,292,233</u>	<u>7,892,437</u>	<u>332,281</u>	<u>7,560,156</u>
Total Expenditures	<u>6,292,233</u>	<u>7,892,437</u>	<u>332,281</u>	<u>7,560,156</u>
<b>Excess of Revenues Over Expenditures</b>	<b><u>(4,176,198)</u></b>	<b><u>(5,424,682)</u></b>	<b><u>3,348,416</u></b>	<b><u>8,773,098</u></b>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(766,310)	(766,310)	(325,420)	440,890
Reserve for Contingencies	<u>(5,984,941)</u>	<u>(4,748,690)</u>	<u>-</u>	<u>4,748,690</u>
Total Other Financing Sources (Uses)	<u>(6,751,251)</u>	<u>(5,515,000)</u>	<u>(325,420)</u>	<u>5,189,580</u>
<b>Net Change in Fund Balance</b>	<b><u>(10,927,449)</u></b>	<b><u>(10,939,682)</u></b>	<b><u>3,022,996</u></b>	<b><u>13,962,678</u></b>
Fund Balance at Beginning of Year	<u>10,927,449</u>	<u>10,939,682</u>	<u>10,939,682</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 13,962,678</u></b>	<b><u>\$ 13,962,678</u></b>

See accompanying independent auditors' report.

**HERNANDO COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**STORMWATER MANAGEMENT**  
**For the Fiscal Year Ended September 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 941,099	\$ 941,099	\$ 938,815	\$ (2,284)
Intergovernmental	-	1,000,000	-	(1,000,000)
Charges for Services	90,000	90,000	7,082	(82,918)
Interest	-	-	209,601	209,601
Miscellaneous	6,400	6,400	58,980	52,580
<b>Total Revenues</b>	<u>1,037,499</u>	<u>2,037,499</u>	<u>1,214,478</u>	<u>(823,021)</u>
<b>Expenditures</b>				
Current				
Physical Environment	409,411	467,587	374,875	92,712
Capital Outlay	1,628,750	2,741,615	200,123	2,541,492
<b>Total Expenditures</b>	<u>2,038,161</u>	<u>3,209,202</u>	<u>574,998</u>	<u>2,634,204</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(1,000,662)</u>	<u>(1,171,703)</u>	<u>639,480</u>	<u>1,811,183</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	7,000	7,000	12,000	5,000
Transfers Out	(2,600)	(2,600)	(2,600)	-
Reserve for Contingencies	(4,003,738)	(3,984,459)	-	3,984,459
<b>Total Other Financing Sources (Uses)</b>	<u>(3,999,338)</u>	<u>(3,980,059)</u>	<u>9,400</u>	<u>3,989,459</u>
<b>Net Change in Fund Balance</b>	<u>(5,000,000)</u>	<u>(5,151,762)</u>	<u>648,880</u>	<u>5,800,642</u>
Fund Balance at Beginning of Year	5,000,000	5,151,762	5,151,762	-
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,800,642</u>	<u>\$ 5,800,642</u>

See accompanying independent auditors' report.

**HERNANDO COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**SENSITIVE LANDS**  
**For the Fiscal Year Ended September 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Other Financing Sources (Uses)</b>				
Transfers Out	\$ -	\$ (361,642)	\$ (361,642)	\$ -
Total Other Financing Sources (Uses)	-	(361,642)	(361,642)	-
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>(361,642)</b>	<b>(361,642)</b>	<b>-</b>
Fund Balance at Beginning of Year	-	361,642	361,642	-
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying independent auditors' report.

**HERNANDO COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**STATE HOUSING INITIATIVE PARTNERSHIP**  
**For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 685,447	\$ 685,447	\$ 360,447	\$ (325,000)
Interest	2,000	2,000	41,137	39,137
Miscellaneous	-	-	504,898	504,898
Total Revenues	687,447	687,447	906,482	219,035
<b>Expenditures</b>				
Current				
Economic Environment	795,199	795,199	735,650	59,549
Total Expenditures	795,199	795,199	735,650	59,549
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(107,752)</b>	<b>(107,752)</b>	<b>170,832</b>	<b>278,584</b>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(50,000)	(50,000)	-	50,000
Reserve for Contingencies	(327,690)	(636,162)	-	636,162
Total Other Financing Sources (Uses)	(377,690)	(686,162)	-	686,162
<b>Net Change in Fund Balance</b>	<b>(485,442)</b>	<b>(793,914)</b>	<b>170,832</b>	<b>964,746</b>
Fund Balance at Beginning of Year	485,442	793,914	793,915	1
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 964,747</b>	<b>\$ 964,747</b>

See accompanying independent auditors' report.

**HERNANDO COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**COURT-RELATED FUNDS**  
**For the Fiscal Year Ended September 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 422,831	\$ 43,864	\$ (378,967)
Charges for Services	1,057,675	1,059,350	1,117,722	58,372
Fines and Forfeitures	-	-	208	208
Interest	1,000	1,000	243,545	242,545
<b>Total Revenues</b>	<u>1,058,675</u>	<u>1,483,181</u>	<u>1,405,339</u>	<u>(77,842)</u>
<b>Expenditures</b>				
Current				
Court Operations	1,212,156	3,494,253	1,237,554	2,256,699
Capital Outlay	3,096,579	1,294,319	45,749	1,248,570
<b>Total Expenditures</b>	<u>4,308,735</u>	<u>4,788,572</u>	<u>1,283,303</u>	<u>3,505,269</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(3,250,060)</u>	<u>(3,305,391)</u>	<u>122,036</u>	<u>3,427,427</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	426,003	458,374	458,374	-
Transfers Out	(7,150)	(7,150)	(6,500)	650
Reserve for Contingencies	(3,589,539)	(3,511,026)	-	3,511,026
<b>Total Other Financing Sources (Uses)</b>	<u>(3,170,686)</u>	<u>(3,059,802)</u>	<u>451,874</u>	<u>3,511,676</u>
<b>Net Change in Fund Balance</b>	<u>(6,420,746)</u>	<u>(6,365,193)</u>	<u>573,910</u>	<u>6,939,103</u>
Fund Balance at Beginning of Year	6,420,746	6,365,193	6,365,196	3
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,939,106</u>	<u>\$ 6,939,106</u>

See accompanying independent auditors' report.

**HERNANDO COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**MUNICIPAL SERVICE BENEFIT UNITS**  
**For the Fiscal Year Ended September 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Special Assessments	\$ 9,198,295	\$ 9,452,685	\$ 9,227,426	\$ (225,259)
Interest	100	100	209,513	209,413
Miscellaneous	35,265	45,995	110,380	64,385
<b>Total Revenues</b>	<u>9,233,660</u>	<u>9,498,780</u>	<u>9,547,319</u>	<u>48,539</u>
<b>Expenditures</b>				
Current				
Public Safety	42,598	42,598	1,683	40,915
Physical Environment	7,252,037	7,252,037	5,345,158	1,906,879
Transportation	1,150,593	1,143,948	1,108,923	35,025
Debt Service				
Principal	596,105	600,275	603,352	(3,077)
Interest and Fiscal Charges	155,930	155,930	139,202	16,728
Capital Outlay	298,000	83,530	6,127	77,403
<b>Total Expenditures</b>	<u>9,495,263</u>	<u>9,278,318</u>	<u>7,204,445</u>	<u>2,073,873</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(261,603)</u>	<u>220,462</u>	<u>2,342,874</u>	<u>2,122,412</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	500	32,293	118,700	86,407
Transfers Out	(1,071,420)	(1,456,649)	(1,530,595)	(73,946)
Additions to Long-Term Debt	-	1,055,620	1,055,620	-
Reserve for Contingencies	(1,465,493)	(2,687,918)	-	2,687,918
<b>Total Other Financing Sources (Uses)</b>	<u>(2,536,413)</u>	<u>(3,056,654)</u>	<u>(356,275)</u>	<u>2,700,379</u>
<b>Net Change in Fund Balance</b>	<u>(2,798,016)</u>	<u>(2,836,192)</u>	<u>1,986,599</u>	<u>4,822,791</u>
Fund Balance at Beginning of Year	<u>2,798,016</u>	<u>2,836,192</u>	<u>2,165,261</u>	<u>(670,931)</u>
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,151,860</u>	<u>\$ 4,151,860</u>

See accompanying independent auditors' report.

**HERNANDO COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**HERNANDO COUNTY FIRE RESCUE - RESCUE**  
**For the Fiscal Year Ended September 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 7,551,734	\$ 7,551,734	\$ 7,510,680	\$ (41,054)
Intergovernmental	55,860	315,023	361,707	46,684
Charges for Services	6,953,515	6,953,515	7,615,519	662,004
Interest	-	74	164,943	164,869
Miscellaneous	48,091	48,091	57,240	9,149
<b>Total Revenues</b>	<u>14,609,200</u>	<u>14,868,437</u>	<u>15,710,089</u>	<u>841,652</u>
<b>Expenditures</b>				
Current				
Public Safety	13,244,054	13,593,540	13,300,422	293,118
Debt Service				
Principal	35,508	35,508	35,508	-
Interest and Fiscal Charges	8,206	8,206	8,206	-
Capital Outlay	750,100	698,244	662,773	35,471
<b>Total Expenditures</b>	<u>14,037,868</u>	<u>14,335,498</u>	<u>14,006,909</u>	<u>328,589</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>571,332</u>	<u>532,939</u>	<u>1,703,180</u>	<u>1,170,241</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	70,117	70,117	92,515	22,398
Transfers Out	(121,862)	(121,942)	(121,940)	2
Reserve for Contingencies	(3,050,488)	(2,620,035)	-	2,620,035
<b>Total Other Financing Sources (Uses)</b>	<u>(3,102,233)</u>	<u>(2,671,860)</u>	<u>(29,425)</u>	<u>2,642,435</u>
<b>Net Change in Fund Balance</b>	<u>(2,530,901)</u>	<u>(2,138,921)</u>	<u>1,673,755</u>	<u>3,812,676</u>
Fund Balance at Beginning of Year	2,530,901	2,138,921	2,138,921	-
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,812,676</u>	<u>\$ 3,812,676</u>

See accompanying independent auditors' report.

**HERNANDO COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**MISCELLANEOUS SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended September 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 2,014,527	\$ 2,014,527	\$ 2,003,510	\$ (11,017)
Intergovernmental	958,315	1,035,660	882,588	(153,072)
Charges for Services	868,325	127,239	114,430	(12,809)
Fines and Forfeitures	261,250	136,250	144,378	8,128
Interest	10,510	16,860	198,857	181,997
Miscellaneous	76,848	26,328	23,956	(2,372)
<b>Total Revenues</b>	<u>4,189,775</u>	<u>3,356,864</u>	<u>3,367,719</u>	<u>10,855</u>
<b>Expenditures</b>				
Current				
General Government	823,461	895,621	754,848	140,773
Public Safety	1,362,613	834,997	353,516	481,481
Physical Environment	4,123	4,250	4,707	(457)
Transportation	52,912	10,498	4,773	5,725
Economic Environment	1,639,286	1,482,663	1,184,180	298,483
Human Services	1,905,674	1,965,071	1,761,664	203,407
Culture and Recreation	61,749	130,308	107,065	23,243
Capital Outlay	1,709,500	1,251,650	29,177	1,222,473
<b>Total Expenditures</b>	<u>7,559,318</u>	<u>6,575,058</u>	<u>4,199,930</u>	<u>2,375,128</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(3,369,543)</u>	<u>(3,218,194)</u>	<u>(832,211)</u>	<u>2,385,983</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	3,909,874	3,909,874	4,788,345	878,471
Transfers Out	(2,635,838)	(4,058,504)	(4,018,506)	39,998
Reserve for Contingencies	(3,806,092)	(2,767,740)	-	2,767,740
<b>Total Other Financing Sources (Uses)</b>	<u>(2,532,056)</u>	<u>(2,916,370)</u>	<u>769,839</u>	<u>3,686,209</u>
<b>Net Change in Fund Balance</b>	<u>(5,901,599)</u>	<u>(6,134,564)</u>	<u>(62,372)</u>	<u>6,072,192</u>
Fund Balance at Beginning of Year	5,901,599	6,134,564	6,134,572	8
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,072,200</u>	<u>\$ 6,072,200</u>

See accompanying independent auditors' report.

**HERNANDO COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**CLERK OF COURT AND COMPTROLLER**  
**For the Fiscal Year Ended September 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 369,545	\$ 391,746	\$ 368,062	\$ (23,684)
Charges for Services	3,237,153	3,237,153	3,562,777	325,624
Fines and Forfeitures	1,127,000	1,127,000	1,134,733	7,733
Interest	15,000	15,000	83,833	68,833
Miscellaneous	-	-	20	20
<b>Total Revenues</b>	<u>4,748,698</u>	<u>4,770,899</u>	<u>5,149,425</u>	<u>378,526</u>
<b>Expenditures</b>				
General Government	137,000	137,000	63,779	73,221
Court Operations	4,809,698	4,831,899	4,863,559	(31,660)
Capital Outlay	40,000	40,000	-	40,000
<b>Total Expenditures</b>	<u>4,986,698</u>	<u>5,008,899</u>	<u>4,927,338</u>	<u>81,561</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(238,000)</u>	<u>(238,000)</u>	<u>222,087</u>	<u>460,087</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	-	-	(37,177)	(37,177)
Reserve for Contingencies	(1,262,000)	(1,262,000)	-	1,262,000
<b>Total Other Financing Sources (Uses)</b>	<u>(1,262,000)</u>	<u>(1,262,000)</u>	<u>(37,177)</u>	<u>1,224,823</u>
<b>Net Change in Fund Balance</b>	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>184,910</u>	<u>1,684,910</u>
Fund Balance at Beginning of Year	1,500,000	1,500,000	1,584,764	84,764
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,769,674</u>	<u>\$ 1,769,674</u>

See accompanying independent auditors' report.

**HERNANDO COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**PROPERTY APPRAISER SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended September 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 1,213,630	\$ 1,213,630	\$ 1,213,630	\$ -
Charges for Services	3,179	3,179	91,719	88,540
Interest	-	-	1,027	1,027
<b>Total Revenues</b>	<u>1,216,809</u>	<u>1,216,809</u>	<u>1,306,376</u>	<u>89,567</u>
<b>Expenditures</b>				
General Government	1,146,163	1,145,828	933,396	212,432
Capital Outlay	70,646	70,981	43,893	27,088
<b>Total Expenditures</b>	<u>1,216,809</u>	<u>1,216,809</u>	<u>977,289</u>	<u>239,520</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>329,087</u>	<u>329,087</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	-	-	(64,417)	(64,417)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>(64,417)</u>	<u>(64,417)</u>
<b>Net Change in Fund Balance</b>	<u>-</u>	<u>-</u>	<u>264,670</u>	<u>264,670</u>
Fund Balance at Beginning of Year	-	-	1,030,086	1,030,086
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,294,756</u>	<u>\$ 1,294,756</u>

See accompanying independent auditors' report.

**HERNANDO COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**SHERIFF SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended September 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 209,887	\$ 278,071	\$ 193,167	\$ (84,904)
Charges for Services	4,977,064	4,977,064	5,187,370	210,306
Fines and Forfeitures	180,000	180,000	225,405	45,405
Interest	4,900	4,900	16,191	11,291
Miscellaneous	182,383	182,383	164,498	(17,885)
<b>Total Revenues</b>	<u>5,554,234</u>	<u>5,622,418</u>	<u>5,786,631</u>	<u>164,213</u>
<b>Expenditures</b>				
Public Safety	5,522,053	5,527,943	4,104,008	1,423,935
Capital Outlay	293,122	452,182	317,538	134,644
<b>Total Expenditures</b>	<u>5,815,175</u>	<u>5,980,125</u>	<u>4,421,546</u>	<u>1,558,579</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(260,941)</u>	<u>(357,707)</u>	<u>1,365,085</u>	<u>1,722,792</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	2,578,873	2,578,873	2,578,873	-
Transfers Out	(2,864,625)	(2,864,625)	(3,745,365)	(880,740)
Reserve for Contingencies	(2,719,772)	(2,623,006)	-	2,623,006
<b>Total Other Financing Sources (Uses)</b>	<u>(3,005,524)</u>	<u>(2,908,758)</u>	<u>(1,166,492)</u>	<u>1,742,266</u>
<b>Net Change in Fund Balance</b>	<u>(3,266,465)</u>	<u>(3,266,465)</u>	<u>198,593</u>	<u>3,465,058</u>
Fund Balance at Beginning of Year	3,266,465	3,266,465	3,318,316	51,851
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,516,909</u>	<u>\$ 3,516,909</u>

See accompanying independent auditors' report.

**HERNANDO COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**NON-AD VALOREM REFUNDING REVENUE BONDS 2010**  
**For the Fiscal Year Ended September 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest	\$ 96	\$ 96	\$ 409	\$ 313
Total Revenues	<u>96</u>	<u>96</u>	<u>409</u>	<u>313</u>
<b>Expenditures</b>				
Current				
General Government	20	20	11	9
Debt Service				
Principal	350,000	350,000	350,000	-
Interest and Fiscal Charges	<u>85,156</u>	<u>85,156</u>	<u>84,656</u>	<u>500</u>
Total Expenditures	<u>435,176</u>	<u>435,176</u>	<u>434,667</u>	<u>509</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b><u>(435,080)</u></b>	<b><u>(435,080)</u></b>	<b><u>(434,258)</u></b>	<b><u>822</u></b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	435,157	435,157	435,157	-
Reserve for Contingencies	<u>(8,536)</u>	<u>(8,536)</u>	<u>-</u>	<u>8,536</u>
Total Other Financing Sources (Uses)	<u>426,621</u>	<u>426,621</u>	<u>435,157</u>	<u>8,536</u>
<b>Net Change in Fund Balance</b>	<b><u>(8,459)</u></b>	<b><u>(8,459)</u></b>	<b><u>899</u></b>	<b><u>9,358</u></b>
Fund Balance at Beginning of Year	<u>8,459</u>	<u>8,459</u>	<u>8,459</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 9,358</u></b>	<b><u>\$ 9,358</u></b>

See accompanying independent auditors' report.

**HERNANDO COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**NON-AD VALOREM REFUNDING REVENUE NOTE 2012**  
**For the Fiscal Year Ended September 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest	\$ -	\$ -	\$ 670	\$ 670
Total Revenues	-	-	670	670
<b>Expenditures</b>				
Current				
General Government	20	20	12	8
Debt Service				
Principal	2,724,000	2,724,000	2,724,000	-
Interest and Fiscal Charges	530,200	530,200	529,200	1,000
Total Expenditures	3,254,220	3,254,220	3,253,212	1,008
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(3,254,220)</b>	<b>(3,254,220)</b>	<b>(3,252,542)</b>	<b>1,678</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	3,254,200	3,254,200	3,254,200	-
Reserve for Contingencies	(8,011)	(512)	-	512
Total Other Financing Sources (Uses)	3,246,189	3,253,688	3,254,200	512
<b>Net Change in Fund Balance</b>	<b>(8,031)</b>	<b>(532)</b>	<b>1,658</b>	<b>2,190</b>
Fund Balance at Beginning of Year	8,031	532	533	1
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,191</b>	<b>\$ 2,191</b>

See accompanying independent auditors' report.

**HERNANDO COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**RESTORE ACT PROJECTS**  
**For the Fiscal Year Ended September 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 165,000	\$ 172,100	\$ 723	\$ (171,377)
Total Revenues	<u>165,000</u>	<u>172,100</u>	<u>723</u>	<u>(171,377)</u>
<b>Expenditures</b>				
Current				
Physical Environment	-	7,100	700	6,400
Capital Outlay	<u>165,000</u>	<u>165,000</u>	<u>23</u>	<u>164,977</u>
Total Expenditures	<u>165,000</u>	<u>172,100</u>	<u>723</u>	<u>171,377</u>
<b>Net Change in Fund Balance</b>	-	-	-	-
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying independent auditors' report.

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## **Internal Service Funds**

### **Central Fueling System**

To account for the internal operation of the central fueling division of Hernando County.

### **Risk Management**

To account for the internal operation of the general insurance programs used by the County.

### **Workers' Compensation**

To account for the internal operations of the self-insured workers' compensation program.

### **Computer Replacement**

To account for the management and replacement of County computers.

### **Vehicle Maintenance**

To account for the internal operation of the privatized vehicle maintenance program.

### **Fleet Replacement**

To account for the management and replacement of County vehicles.

### **County Health Insurance**

To account for self-insured medical insurance provided to the employees by the County.

### **Sheriff Health Insurance**

To account for self-insured medical insurance provided to the employees by the Sheriff.

**HERNANDO COUNTY, FLORIDA  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
September 30, 2019**

	<b>Central Fueling System</b>	<b>Risk Management</b>	<b>Workers' Compensation</b>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ -	\$ 200,000
Pooled Cash and Investments	518,788	1,466,749	4,973,078
Cash and Fiscal Agent	-	-	-
Accounts Receivable (net)	4,039	3	-
Inventories	69,088	-	-
<b>Total Current Assets</b>	<u>591,915</u>	<u>1,466,752</u>	<u>5,173,078</u>
Non-Current Assets:			
Capital Assets, net of accumulated depreciation:			
Capital Assets, being depreciated, net	14,858	-	-
<b>Total Non-Current Assets</b>	<u>14,858</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 606,773</u>	<u>\$ 1,466,752</u>	<u>\$ 5,173,078</u>
<b>Deferred Outflows of Resources</b>	<u>\$ 11,279</u>	<u>\$ 41,902</u>	<u>\$ 26,032</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	30,887	17,675	136,267
Accrued Liabilities	2,754	8,143	3,507
Due to Other Funds	545	-	-
Unearned Revenues	-	-	-
Due Within One Year	1,778	15,793	2,797,448
<b>Total Current Liabilities</b>	<u>35,964</u>	<u>41,611</u>	<u>2,937,222</u>
Non-Current Liabilities:			
Due in More Than One Year	38,393	113,720	1,794,248
<b>Total Non-Current Liabilities</b>	<u>38,393</u>	<u>113,720</u>	<u>1,794,248</u>
<b>Total Liabilities</b>	<u>\$ 74,357</u>	<u>\$ 155,331</u>	<u>\$ 4,731,470</u>
<b>Deferred Inflows of Resources</b>	<u>\$ 4,890</u>	<u>\$ 8,734</u>	<u>\$ 9,798</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets			
Unrestricted	14,858	-	-
	523,947	1,344,589	457,842
<b>Total Net Position</b>	<u>\$ 538,805</u>	<u>\$ 1,344,589</u>	<u>\$ 457,842</u>

<b>Computer Replacement</b>	<b>Vehicle Maintenance</b>	<b>Fleet Replacement</b>	<b>County Health Insurance</b>	<b>Sheriff Health Insurance</b>	<b>Total</b>
\$ -	\$ 720	\$ -	\$ -	\$ -	\$ 200,720
389,762	598,008	1,701,853	6,549,135	-	16,197,373
-	-	-	-	5,209,867	5,209,867
-	-	-	-	16,752	20,794
-	-	-	-	-	69,088
<u>389,762</u>	<u>598,728</u>	<u>1,701,853</u>	<u>6,549,135</u>	<u>5,226,619</u>	<u>21,697,842</u>
336,495	1,415,167	13,022,852	477	-	14,789,849
<u>336,495</u>	<u>1,415,167</u>	<u>13,022,852</u>	<u>477</u>	<u>-</u>	<u>14,789,849</u>
\$ <u>726,257</u>	\$ <u>2,013,895</u>	\$ <u>14,724,705</u>	\$ <u>6,549,612</u>	\$ <u>5,226,619</u>	\$ <u>36,487,691</u>
\$ -	\$ 185,581	\$ 15,706	\$ 2,007	\$ -	\$ 282,507
-	155,458	160,840	1,212,651	564,969	2,278,747
-	39,040	48,061	1,995	-	103,500
-	3,738	-	-	-	4,283
-	-	-	-	478,407	478,407
-	49,966	562,444	615,671	324,362	4,367,462
-	<u>248,202</u>	<u>771,345</u>	<u>1,830,317</u>	<u>1,367,738</u>	<u>7,232,399</u>
-	659,810	2,800,626	20,249	-	5,427,046
-	659,810	2,800,626	20,249	-	5,427,046
\$ -	\$ <u>908,012</u>	\$ <u>3,571,971</u>	\$ <u>1,850,566</u>	\$ <u>1,367,738</u>	\$ <u>12,659,445</u>
\$ -	\$ 82,078	\$ 10,095	\$ 6,203	\$ -	\$ 121,798
336,495	1,415,167	9,736,861	477	-	11,503,858
<u>389,762</u>	<u>(205,781)</u>	<u>1,421,484</u>	<u>4,694,373</u>	<u>3,858,881</u>	<u>12,485,097</u>
\$ <u>726,257</u>	\$ <u>1,209,386</u>	\$ <u>11,158,345</u>	\$ <u>4,694,850</u>	\$ <u>3,858,881</u>	\$ <u>23,988,955</u>

**HERNANDO COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended September 30, 2019**

	<b>Central Fueling System</b>	<b>Risk Management</b>	<b>Workers' Compensation</b>
<b>Operating Revenues</b>			
Charges for Services	\$ 1,220,302	\$ 4,556,667	\$ 547,117
Miscellaneous	117	-	37,847
Total Operating Revenues	<u>1,220,419</u>	<u>4,556,667</u>	<u>584,964</u>
<b>Operating Expenses</b>			
Personnel Services	60,693	134,405	102,246
Other Services & Charges	1,096,764	4,725,425	250,041
Claims	-	-	1,191,616
Depreciation	6,359	64	-
Total Operating Expenses	<u>1,163,816</u>	<u>4,859,894</u>	<u>1,543,903</u>
<b>Operating Income (Loss)</b>	<u>56,603</u>	<u>(303,227)</u>	<u>(958,939)</u>
<b>Non-Operating Revenues (Expenses)</b>			
Interest Income	12,261	55,617	182,607
Interest Expense	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-
Total Non-Operating Revenues (Expenses)	<u>12,261</u>	<u>55,617</u>	<u>182,607</u>
<b>Income (Loss) Before Transfers</b>	<u>68,864</u>	<u>(247,610)</u>	<u>(776,332)</u>
Transfers In	-	-	-
Transfers Out	(1,170)	(1,690)	(1,365)
Total Contributions and Transfers	<u>(1,170)</u>	<u>(1,690)</u>	<u>(1,365)</u>
<b>Change in Net Position</b>	67,694	(249,300)	(777,697)
Net Position-Beginning	<u>471,111</u>	<u>1,593,889</u>	<u>1,235,539</u>
Net Position-Ending	<u>\$ 538,805</u>	<u>\$ 1,344,589</u>	<u>\$ 457,842</u>

See accompanying independent auditors' report.

<b>Computer Replacement</b>	<b>Vehicle Maintenance</b>	<b>Fleet Replacement</b>	<b>County Health Insurance</b>	<b>Sheriff Health Insurance</b>	<b>Total</b>
\$ 172,118	\$ 2,915,270	\$ 2,843,938	\$ 11,578,376	\$ 6,974,714	\$ 30,808,502
-	1,032	171,704	404,356	246,510	861,566
<u>172,118</u>	<u>2,916,302</u>	<u>3,015,642</u>	<u>11,982,732</u>	<u>7,221,224</u>	<u>31,670,068</u>
-	940,701	115,913	1,943,951	-	3,297,909
171,100	2,112,616	696,409	1,297,592	1,761,937	12,111,884
-	-	-	9,414,722	5,048,920	15,655,258
<u>157,375</u>	<u>62,285</u>	<u>2,164,289</u>	<u>205</u>	<u>-</u>	<u>2,390,577</u>
<u>328,475</u>	<u>3,115,602</u>	<u>2,976,611</u>	<u>12,656,470</u>	<u>6,810,857</u>	<u>33,455,628</u>
<u>(156,357)</u>	<u>(199,300)</u>	<u>39,031</u>	<u>(673,738)</u>	<u>410,367</u>	<u>(1,785,560)</u>
12,520	8,094	69,079	204,236	65,538	609,952
-	-	(115,376)	-	-	(115,376)
<u>3,422</u>	<u>15</u>	<u>(38,513)</u>	<u>-</u>	<u>-</u>	<u>(35,076)</u>
<u>15,942</u>	<u>8,109</u>	<u>(84,810)</u>	<u>204,236</u>	<u>65,538</u>	<u>459,500</u>
<u>(140,415)</u>	<u>(191,191)</u>	<u>(45,779)</u>	<u>(469,502)</u>	<u>475,905</u>	<u>(1,326,060)</u>
-	-	-	1,312,773	-	1,312,773
-	(145,248)	(2,080)	-	-	(151,553)
-	<u>(145,248)</u>	<u>(2,080)</u>	<u>1,312,773</u>	<u>-</u>	<u>1,161,220</u>
(140,415)	(336,439)	(47,859)	843,271	475,905	(164,840)
<u>866,672</u>	<u>1,545,825</u>	<u>11,206,204</u>	<u>3,851,579</u>	<u>3,382,976</u>	<u>24,153,795</u>
<u>\$ 726,257</u>	<u>\$ 1,209,386</u>	<u>\$ 11,158,345</u>	<u>\$ 4,694,850</u>	<u>\$ 3,858,881</u>	<u>\$ 23,988,955</u>

**HERNANDO COUNTY, FLORIDA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Fiscal Year Ended September 30, 2018**

	<b>Central Fueling System</b>	<b>Risk Management</b>	<b>Workers' Compen- sation</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers	\$ 1,198,994	\$ 4,528,330	\$ 547,848
Receipts from Inter-Fund Services	19,646	29,099	-
Payments to Suppliers	(1,262,161)	(4,728,963)	(140,867)
Payments to Employees	(54,471)	(102,484)	(88,591)
Claims Paid	-	-	(1,251,616)
Other Receipts (Payments)	117	-	37,847
Net Cash provided by (used in) Operating Activities	<u>(97,875)</u>	<u>(274,018)</u>	<u>(895,379)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers From Other Funds	-	-	-
Transfers to Other Funds	(1,170)	(1,690)	(1,365)
Net Cash Provided by (used for) Noncapital Financing Activities	<u>(1,170)</u>	<u>(1,690)</u>	<u>(1,365)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Additions to Capital Assets	-	-	-
Proceeds from Capital Debt	-	-	-
Principal Paid on Capital Debt	-	-	-
Interest Paid on Capital Debt	-	-	-
Proceeds From Sale of Capital Assets	-	-	-
Net Cash provided by (used fo) Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash Flows form Investing Activities</b>			
Interest Received	12,261	55,617	182,607
Net Cash Provided by Investing Activities	<u>12,261</u>	<u>55,617</u>	<u>182,607</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(86,784)	(220,091)	(714,137)
Cash and Cash Equivalents at Beginning of Year	<u>605,572</u>	<u>1,686,840</u>	<u>5,887,215</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 518,788</u>	<u>\$ 1,466,749</u>	<u>\$ 5,173,078</u>

**HERNANDO COUNTY, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended September 30, 2019**

<u>Computer Replacement</u>	<u>Vehicle Maintenance</u>	<u>Fleet Maintenance</u>	<u>County Health Insurance</u>	<u>Sheriff Health Insurance</u>	<u>Total</u>
\$ 169,552	\$ 2,915,270	\$ 2,843,938	\$ 11,510,985	\$ 1,110,947	\$ 24,825,864
2,566	-	-	67,391	5,947,055	6,065,757
(171,100)	(2,097,708)	(536,205)	(807,058)	(996,524)	(10,740,586)
-	(850,797)	(112,802)	(1,935,093)	-	(3,144,238)
-	-	-	(9,339,603)	(5,926,816)	(16,518,035)
-	1,032	171,704	404,356	246,510	861,566
<u>1,018</u>	<u>(32,203)</u>	<u>2,366,635</u>	<u>(99,022)</u>	<u>381,172</u>	<u>1,350,328</u>
-	-	-	1,312,773	-	1,312,773
-	(145,248)	(2,080)	-	-	(151,553)
-	(145,248)	(2,080)	1,312,773	-	1,161,220
-	-	(2,570,428)	-	-	(2,570,428)
-	-	-	-	-	-
-	-	(737,769)	-	-	(737,769)
-	-	(115,376)	-	-	(115,376)
3,422	14	114,714	-	-	118,150
<u>3,422</u>	<u>-</u>	<u>(3,308,859)</u>	<u>-</u>	<u>-</u>	<u>(3,305,423)</u>
12,520	8,094	69,079	204,236	65,538	609,952
<u>12,520</u>	<u>8,094</u>	<u>69,079</u>	<u>204,236</u>	<u>65,538</u>	<u>609,952</u>
16,960	(169,343)	(875,225)	1,417,987	446,710	(183,923)
<u>372,802</u>	<u>768,071</u>	<u>2,577,078</u>	<u>5,131,148</u>	<u>4,763,157</u>	<u>21,791,883</u>
<u>\$ 389,762</u>	<u>\$ 598,728</u>	<u>\$ 1,701,853</u>	<u>\$ 6,549,135</u>	<u>\$ 5,209,867</u>	<u>\$ 21,607,960</u>

Continued

**HERNANDO COUNTY, FLORIDA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Fiscal Year Ended September 30, 2019**

	<u>Central Fueling System</u>	<u>Risk Management</u>	<u>Workers' Compen- sation</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>			
Operating Income (Loss)	56,603	(303,227)	(958,939)
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided by (used in) Operating Activities			
Depreciation and Amortization	6,359	64	-
Other Post-Employment Benefits	367	787	633
Pension Adjustments	5,194	17,662	9,350
(Increase) Decrease in			
Accounts Receivable	(1,662)	(3)	731
Due from Other Governments	-	765	-
Inventories	5,961	-	-
Increase (Decrease) in			
Accounts Payable	(171,079)	(3,538)	109,173
Accrued Liabilities	661	13,472	3,673
Due to Other Funds	(279)	-	-
Unearned Revenues	-	-	-
Claims Liabilities	-	-	(60,000)
Total Adjustments	<u>(154,478)</u>	<u>29,209</u>	<u>63,560</u>
<b>Net Cash Provided by (used in) Operating Activities</b>	<b><u>\$ (97,875)</u></b>	<b><u>\$ (274,018)</u></b>	<b><u>\$ (895,379)</u></b>

**HERNANDO COUNTY, FLORIDA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Fiscal Year Ended September 30, 2019**

<u>Computer Replacement</u>	<u>Vehicle Maintenance</u>	<u>Fleet Maintenance</u>	<u>County Health Insurance</u>	<u>Sheriff Health Insurance</u>	<u>Total</u>
(156,357)	(199,300)	39,031	(673,738)	410,367	(1,785,560)
157,375	62,285	2,164,289	205	-	2,390,577
-	5,639	698	416	-	8,540
-	78,959	9,350	6,234	-	126,749
-	-	-	-	-	-
-	-	-	-	56,452	55,518
-	-	-	-	-	765
-	-	-	-	-	5,961
-	-	-	-	-	-
-	11,682	160,204	490,534	(185,065)	411,911
-	5,305	(6,937)	2,208	-	18,382
-	3,227	-	-	-	2,948
-	-	-	-	16,130	16,130
-	-	-	75,119	83,288	98,407
<u>157,375</u>	<u>167,097</u>	<u>2,327,604</u>	<u>574,716</u>	<u>(29,195)</u>	<u>3,135,888</u>
<u>\$ 1,018</u>	<u>\$ (32,203)</u>	<u>\$ 2,366,635</u>	<u>\$ (99,022)</u>	<u>\$ 381,172</u>	<u>\$ 1,350,328</u>

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## **Fiduciary Funds**

### **Board of County Commissioners Agency Fund**

To account for assets held in trust by the Board of County Commissioners as trustee or agent, including employee insurance payments, industrial bond escrow funds and impact fees held for the School Board of Hernando County.

### **Clerk of Circuit Court Agency Fund**

To account for assets held in trust by the Clerk of Circuit Court as trustee or agent, including fines and fees, court registry funds, child support and alimony payments, and juror and witness funds.

### **Tax Collector Agency Fund**

To account for assets held in trust by the Tax Collector as trustee or agent, including tax and tag funds.

### **Sheriff Agency Fund**

To account for assets held in trust by the Sheriff as trustee or agent, including service fees.

**HERNANDO COUNTY, FLORIDA  
COMBINING BALANCE SHEET  
AGENCY FUNDS  
September 30, 2019**

	<u>Board of County Commissioners</u>	<u>Clerk of the Circuit Court</u>	<u>Tax Collector</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Pooled Cash and Investments	2,156,086	3,922,747	7,599,316
Accounts Receivable	16,552	-	-
Due from Other Governments	-	-	274
<b>Total Assets</b>	<b><u>\$ 2,172,638</u></b>	<b><u>\$ 3,922,747</u></b>	<b><u>\$ 7,599,590</u></b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 156,469	\$ 14,196	\$ 57,215
Accrued Liabilities	1,996,382	-	-
Due to Other Governments	-	792,455	4,854,895
Deposits	19,787	1,455,468	2,687,480
Other Current Liabilities	-	1,660,628	-
<b>Total Liabilities</b>	<b><u>\$ 2,172,638</u></b>	<b><u>\$ 3,922,747</u></b>	<b><u>\$ 7,599,590</u></b>

See accompanying independent auditors' report.

<u>Sheriff</u>	<u>Total</u>
\$ 121,116	\$ 121,116
-	13,678,149
-	16,552
-	274
<u>\$ 121,116</u>	<u>\$ 13,816,091</u>
\$ 63,317	\$ 291,197
27,545	2,023,927
7,966	5,655,316
22,288	4,185,023
-	1,660,628
<u>\$ 121,116</u>	<u>\$ 13,816,091</u>

**HERNANDO COUNTY, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**BOARD OF COUNTY COMMISSIONERS' AGENCY FUNDS**  
**For the Fiscal Year Ended September 30, 2019**

	<u>Balance 9/30/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2019</u>
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 2,066,067	\$ 90,019	\$ -	\$ 2,156,086
Accounts Receivable (net)	-	16,552	-	16,552
<b>Total Assets</b>	<b><u>\$ 2,066,067</u></b>	<b><u>\$ 106,571</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,172,638</u></b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 144,825	\$ 11,644	\$ -	\$ 156,469
Accrued Liabilities	1,901,455	94,927	-	1,996,382
Deposits	19,787	-	-	19,787
<b>Total Liabilities</b>	<b><u>\$ 2,066,067</u></b>	<b><u>\$ 106,571</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,172,638</u></b>

See accompanying independent auditors' report.

**HERNANDO COUNTY, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**CLERK OF COURT & COMPTROLLER AGENCY FUNDS**  
**For the Fiscal Year Ended September 30, 2019**

	<u>Balance 9/30/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2019</u>
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 3,641,188	\$ 281,559	\$ -	\$ 3,922,747
Deferred Charges	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 3,641,188</u></b>	<b><u>\$ 281,559</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,922,747</u></b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 6,422	\$ 7,774	\$ -	\$ 14,196
Due to Other Governments	634,589	157,866	-	792,455
Deposits	886,103	569,365	-	1,455,468
Other Current Liabilities	2,114,074	-	453,446	1,660,628
<b>Total Liabilities</b>	<b><u>\$ 3,641,188</u></b>	<b><u>\$ 735,005</u></b>	<b><u>\$ 453,446</u></b>	<b><u>\$ 3,922,747</u></b>

See accompany independent auditors' report.

**HERNANDO COUNTY, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**TAX COLLECTOR AGENCY FUNDS**  
**For the Fiscal Year Ended September 30, 2019**

	<u>Balance</u> <u>9/30/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2019</u>
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 6,083,584	\$ 1,515,732	\$ -	\$ 7,599,316
Due from Other Governments	121	153	-	274
<b>Total Assets</b>	<b><u>\$ 6,083,705</u></b>	<b><u>\$ 1,515,885</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,599,590</u></b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 15,461	\$ 41,754	\$ -	\$ 57,215
Due to Other Governments	3,780,867	1,074,028	-	4,854,895
Deposits	2,287,377	400,103	-	2,687,480
<b>Total Liabilities</b>	<b><u>\$ 6,083,705</u></b>	<b><u>\$ 1,515,885</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,599,590</u></b>

See accompanying independent auditors' report.

**HERNANDO COUNTY, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**SHERIFF AGENCY FUNDS**  
**For the Fiscal Year Ended September 30, 2019**

	<u>Balance 9/30/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2019</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 123,158	\$ -	\$ 2,042	\$ 121,116
<b>Total Assets</b>	<b><u>\$ 123,158</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,042</u></b>	<b><u>\$ 121,116</u></b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 53,373	\$ 9,944	\$ -	\$ 63,317
Accrued Liabilities	32,494	-	4,949	27,545
Due to Other Governments	8,020	-	54	7,966
Deposits	29,271	-	6,983	22,288
<b>Total Liabilities</b>	<b><u>\$ 123,158</u></b>	<b><u>\$ 9,944</u></b>	<b><u>\$ 11,986</u></b>	<b><u>\$ 121,116</u></b>

See accompanying independent auditors' report.

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## **STATISTICAL TABLES**

### **This section contains the following:**

The statistical data is information gathered by the Clerk of Circuit Court and relates to the physical, economic, social and political characteristics of the County.

It is intended to provide financial report users with a broader and more complete understanding of the County and its financial affairs than is possible from the Financial Statements and supporting schedules included in the Financial Section.

Many of these tables cover multiple fiscal years and present data from outside the accounting records. Therefore, the Statistical Section data has not been subjected to independent audit.

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# STATISTICAL SECTION

This part of Hernando County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>Contents</b>	<b>Page</b>
	S-1 through S-9
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	S-10 through S-14
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	S-15 through S-19
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future	S-20 through S-23
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	S-24 through S-29
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Schedule 1

**Hernando County, Florida  
Net Position by Component**

Last Ten Fiscal Years  
(accrual basis of accounting)  
(dollars expressed in thousands)

	<b>Fiscal Year</b>				
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Governmental activities</b>					
Net Invested in Capital Assets	\$ 267,795	\$ 280,327	\$ 285,954	\$ 290,020	\$ 292,320
Restricted	76,929	86,754	88,847	82,667	72,678
Unrestricted (Deficit)	51,616	37,429	30,767	24,747	32,333
<b>Total Governmental Activities Net Position</b>	<b>\$ 396,340</b>	<b>\$ 404,510</b>	<b>\$ 405,568</b>	<b>\$ 397,434</b>	<b>\$ 397,331</b>
<b>Business-type activities</b>					
Net Invested in Capital Assets	\$ 173,889	\$ 179,518	\$ 170,908	\$ 171,017	\$ 168,614
Restricted	9,964	6,956	10,743	10,312	10,442
Unrestricted	20,836	19,608	25,030	28,386	33,505
<b>Total Business-type Activities Net Position</b>	<b>\$ 204,689</b>	<b>\$ 206,082</b>	<b>\$ 206,681</b>	<b>\$ 209,715</b>	<b>\$ 212,561</b>
<b>Primary government</b>					
Net Invested in Capital Assets	\$ 441,684	\$ 459,845	\$ 456,862	\$ 461,037	\$ 460,934
Restricted	86,893	93,710	99,590	92,979	83,120
Unrestricted	72,452	57,037	55,797	53,133	65,838
<b>Total Primary Government Net Position</b>	<b>\$ 601,029</b>	<b>\$ 610,592</b>	<b>\$ 612,249</b>	<b>\$ 607,149</b>	<b>\$ 609,892</b>

(1) GASB 68 was implemented in 2015, requiring a reduction in beginning net position of \$37,122,821 (governmental) and \$4,813,564 (business-type). Prior years have not been restated in this schedule.

	2015 (1)	2016	2017	2018	2019
\$	303,506	\$ 306,373	\$ 304,605	\$ 304,941	\$ 306,203
	61,254	62,476	57,323	60,066	78,821
	(28,753)	(42,266)	(46,513)	(61,512)	(86,050)
\$	<u>336,007</u>	<u>\$ 326,583</u>	<u>\$ 315,415</u>	<u>\$ 303,495</u>	<u>\$ 298,974</u>
\$	171,560	\$ 174,660	\$ 171,817	\$ 172,789	\$ 178,095
	9,597	12,753	17,783	18,818	40,140
	37,215	42,892	49,047	54,634	43,391
\$	<u>218,372</u>	<u>\$ 230,305</u>	<u>\$ 238,647</u>	<u>\$ 246,241</u>	<u>\$ 261,626</u>
\$	475,066	\$ 481,033	\$ 476,422	\$ 477,730	\$ 484,298
	70,851	75,229	75,106	78,884	118,961
	8,462	626	2,534	(6,878)	(42,659)
\$	<u>554,379</u>	<u>\$ 556,888</u>	<u>\$ 554,062</u>	<u>\$ 549,736</u>	<u>\$ 560,600</u>

Schedule 2

**Hernando County, Florida  
Changes in Net Position**

Last Ten Fiscal Years (a)  
(accrual basis of accounting)  
(dollars expressed in thousands)

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Expenses</b>					
Governmental Activities:					
General government	\$ 20,142	\$ 18,750	\$ 17,511	\$ 20,629	\$ 21,044
Public safety	61,896	59,674	69,359	69,196	74,079
Physical Environment	1,088	1,236	1,114	1,316	988
Transportation	22,998	2,565	20,939	19,119	19,983
Economic Environment	5,919	3,828	2,691	2,377	1,689
Human Services	6,159	7,280	10,404	8,819	10,009
Culture and Recreation	5,839	5,557	5,004	5,326	5,173
Court Operations	5,852	5,771	5,609	6,140	6,656
Interest on Long-term Debt	1,887	1,730	1,654	1,224	1,144
Total governmental activities expenses	<u>131,780</u>	<u>106,391</u>	<u>134,285</u>	<u>134,146</u>	<u>140,765</u>
Business-type activities					
Water and Sewer District	25,797	25,648	25,976	25,147	25,505
Aviation Operations	1,717	2,588	2,232	2,561	2,914
Waste Management	368	6,072	6,040	6,902	6,918
Building Department	1,774	1,710	1,794	1,724	1,990
Zoning Department	609	446	378	350	359
Total business-type activities expenses	<u>30,265</u>	<u>36,464</u>	<u>36,420</u>	<u>36,684</u>	<u>37,686</u>
Total primary government expenses	<u>\$ 162,045</u>	<u>\$ 142,855</u>	<u>\$ 170,705</u>	<u>\$ 170,830</u>	<u>\$ 178,451</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services					
General government	\$ 10,729	\$ 12,696	\$ 12,666	\$ 10,116	\$ 13,730
Public safety	16,014	16,153	19,961	18,180	27,931
Highways and streets	172	100	630	79	306
Health and sanitation	4,588	4,460	4,194	4,327	3,165
Human services	24	57	2	115	54
Culture and recreation	245	249	238	231	245
Conservation of natural resources	655	724	809	811	851
Economic development	4,196	4,336	4,399	4,978	5,120
Operating grants and contributions	7,027	7,818	3,864	4,528	2,408
Capital grants and contributions	11,995	15,538	3,652	4,323	1,887
Total governmental activities program revenues	<u>55,645</u>	<u>62,131</u>	<u>50,415</u>	<u>47,688</u>	<u>55,697</u>
Business-type activities:					
Charges for services:					
Water and Sewer District	21,941	22,988	24,491	25,275	26,568
Aviation Operations	1,704	1,587	1,558	1,878	1,629
Waste Management	6,867	6,965	7,085	7,331	7,420
Building Department	1,641	1,737	1,921	1,792	1,900
Zoning Department	302	319	274	247	320
Operating grants and contributions	38	584	85	75	245
Capital grants and contributions	1,315	2,300	2,409	2,036	1,549
Total business-type activities program revenues	<u>33,808</u>	<u>36,480</u>	<u>37,823</u>	<u>38,634</u>	<u>39,631</u>
Total primary government program revenues	<u>\$ 89,453</u>	<u>\$ 98,611</u>	<u>\$ 88,238</u>	<u>\$ 86,322</u>	<u>\$ 95,328</u>

(a) In fiscal year 2009, the Building Department and Zoning Department Business-type Activities were split and reported separately. In fiscal year 2015, the Zoning Department was moved to the General Fund.

	2015	2016	2017	2018	2019
\$	22,134	\$ 24,583	\$ 26,219	\$ 28,208	\$ 30,156
	74,105	86,582	92,685	99,101	112,625
	1,195	1,230	1,304	1,402	6,395
	20,187	23,236	24,465	25,206	26,166
	2,355	3,095	3,487	2,856	2,565
	8,762	7,275	7,504	7,936	8,312
	5,146	5,714	5,712	6,220	6,845
	6,868	6,773	7,163	7,384	7,664
	1,062	1,038	1,074	1,162	1,225
	<u>141,814</u>	<u>159,526</u>	<u>169,613</u>	<u>179,475</u>	<u>201,954</u>
	25,882	27,673	30,933	31,357	32,681
	2,242	2,567	2,233	2,257	2,695
	3,348	6,447	7,594	9,792	8,957
	2,218	2,786	2,807	3,258	3,540
	-	-	-	-	-
	<u>33,690</u>	<u>39,473</u>	<u>43,567</u>	<u>46,664</u>	<u>47,873</u>
\$	<u>175,504</u>	<u>198,999</u>	<u>213,180</u>	<u>226,139</u>	<u>249,827</u>

\$	14,238	\$ 12,050	\$ 12,419	\$ 13,428	\$ 14,555
	29,063	31,168	31,312	35,831	46,038
	214	345	865	503	101
	4,856	5,398	5,692	6,307	13,234
	96	-	66	-	18
	229	250	231	242	278
	833	915	1,037	1,051	961
	5,059	4,832	4,848	5,090	5,059
	5,033	4,935	5,993	5,361	6,393
	3,006	1,777	4,728	6,035	4,546
	<u>62,627</u>	<u>61,670</u>	<u>67,191</u>	<u>73,848</u>	<u>91,183</u>
	28,569	31,032	33,832	33,861	35,858
	1,607	1,806	1,701	1,895	1,972
	7,668	7,653	7,803	7,896	8,168
	2,602	2,970	2,915	3,547	3,677
	-	-	-	-	-
	294	94	110	107	1,521
	<u>2,531</u>	<u>5,306</u>	<u>4,469</u>	<u>6,629</u>	<u>7,870</u>
	<u>43,271</u>	<u>48,861</u>	<u>50,830</u>	<u>53,935</u>	<u>59,065</u>
\$	<u>105,898</u>	<u>110,531</u>	<u>118,021</u>	<u>127,783</u>	<u>150,248</u>

Schedule 2

**Hernando County, Florida  
Changes in Net Position**

Last Ten Fiscal Years (a)  
(accrual basis of accounting)  
(dollars expressed in thousands)

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (76,135)	\$ (66,960)	\$ (83,870)	\$ (86,458)	\$ (85,068)
Business-type Activities	3,543	15	1,404	1,950	1,945
Total Primary Government Net Expense	<u>\$ (72,592)</u>	<u>\$ (66,945)</u>	<u>\$ (82,466)</u>	<u>\$ (84,508)</u>	<u>\$ (83,123)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities					
Taxes					
Property Taxes	\$ 61,237	\$ 52,091	\$ 56,605	\$ 57,141	\$ 59,178
Fuel Taxes	6,696	7,112	6,216	6,058	6,089
Sales Taxes	7,154	7,817	7,367	7,638	8,029
Other Taxes	1,892	1,946	1,768	1,804	1,667
State Shared Revenue	3,611	3,758	4,013	4,227	4,428
Investment Earnings	2,449	1,297	2,209	73	1,475
Miscellaneous	1,532	941	1,787	1,460	4,351
Gain on Sale of Capital Assets	354	47	-	-	28
Extraordinary Item	-	-	-	-	-
Transfers	(85)	121	(77)	(76)	(18)
Total Governmental Activities	<u>84,840</u>	<u>75,130</u>	<u>79,888</u>	<u>78,325</u>	<u>85,227</u>
Business-type Activities					
Investment Earnings	846	382	664	31	605
Gain on Sale of Capital Assets	4	1	(1,091)	116	50
Miscellaneous	1,242	1,116	(454)	860	900
Transfers	85	(121)	77	76	18
Total Business-type Activities	<u>2,177</u>	<u>1,378</u>	<u>(804)</u>	<u>1,083</u>	<u>1,573</u>
Total Primary Government	<u>\$ 87,017</u>	<u>\$ 76,508</u>	<u>\$ 79,084</u>	<u>\$ 79,408</u>	<u>\$ 86,800</u>
<b>Changes in Net Position</b>					
Governmental Activities	\$ 8,705	\$ 8,170	\$ (3,981)	\$ (8,133)	\$ 159
Business-type Activities	5,720	1,393	600	3,033	3,518
Total Primary Government	<u>\$ 14,425</u>	<u>\$ 9,563</u>	<u>\$ (3,381)</u>	<u>\$ (5,100)</u>	<u>\$ 3,677</u>

	2015	2016	2017	2018	2019
\$	(79,187)	\$ (97,856)	\$ (102,422)	\$ (105,627)	\$ (110,771)
	9,581	9,388	7,263	7,271	11,192
\$	<u>(69,606)</u>	<u>(88,468)</u>	<u>(95,159)</u>	<u>(98,356)</u>	<u>(99,579)</u>

\$	58,984	\$ 61,572	\$ 62,915	\$ 69,647	\$ 72,134
	6,242	8,146	8,722	8,970	8,872
	8,697	9,100	9,337	9,878	10,241
	2,530	2,560	2,597	2,710	2,455
	4,756	4,889	5,102	5,335	5,601
	1,671	1,437	562	532	5,190
	1,274	1,378	1,597	1,682	1,613
	221	349	205	53	-
	-	-	-	-	-
	610	(998)	217	154	145
	<u>84,985</u>	<u>88,433</u>	<u>91,254</u>	<u>98,961</u>	<u>106,250</u>

	743	701	348	245	3,514
	46	28	(11)	315	13
	864	818	958	1,057	812
	(610)	998	(217)	(154)	(145)
	<u>1,043</u>	<u>2,545</u>	<u>1,078</u>	<u>1,463</u>	<u>4,193</u>
\$	<u>86,028</u>	<u>90,978</u>	<u>92,332</u>	<u>100,424</u>	<u>110,443</u>

\$	5,798	\$ (9,423)	\$ (11,168)	\$ (6,666)	\$ (4,520)
	10,624	11,933	8,341	8,734	15,385
\$	<u>16,422</u>	<u>2,510</u>	<u>(2,827)</u>	<u>2,068</u>	<u>10,865</u>

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Schedule 3

**Hernando County, Florida**  
**Fund Balance of Government Funds**  
 Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Fund</b>										
Nonspendable	\$ 206	\$ 215	\$ 187	\$ 145	\$ 46	\$ 829	\$ 4,570	\$ 7,503	\$ 5,890	\$ 3,909
Restricted	4,435	3,630	2,783	981	312	142	341	771	1,015	1,046
Committed	4,776	4,854	4,968	4,436	4,812	5,374	5,320	5,717	5,913	7,677
Assigned	1,725	2,300	8,500	3,350	5,712	4,000	3,000	-	28	-
Unassigned	17,027	13,277	10,225	9,825	12,034	12,992	9,443	6,860	9,760	9,346
<b>Total General Fund</b>	<b>\$ 28,169</b>	<b>\$ 24,276</b>	<b>\$ 26,663</b>	<b>\$ 18,737</b>	<b>\$ 22,916</b>	<b>\$ 23,337</b>	<b>\$ 22,674</b>	<b>\$ 20,851</b>	<b>\$ 22,606</b>	<b>\$ 21,978</b>
<b>All other Governmental Funds</b>										
Nonspendable	\$ 58	\$ 56	\$ 674	\$ 574	\$ 78	\$ 65	\$ 57	\$ 51	\$ 51	\$ 181
Restricted	80,134	81,256	83,527	79,282	69,625	59,257	59,914	53,754	58,082	72,330
Committed	1,184	925	965	966	1,017	1,140	1,247	1,286	1,353	1,625
Assigned	22,933	18,598	7,410	7,473	9,220	10,164	8,104	15,252	12,207	11,864
<b>Total all other Government Funds</b>	<b>\$ 104,309</b>	<b>\$ 100,835</b>	<b>\$ 92,576</b>	<b>\$ 88,295</b>	<b>\$ 79,940</b>	<b>\$ 70,626</b>	<b>\$ 69,322</b>	<b>\$ 70,343</b>	<b>\$ 71,693</b>	<b>\$ 86,000</b>

(a) GASB Statement No. 54 was implemented in fiscal year 2011. Fiscal year 2010 data was restated for presentation comparable to GASB Statement No. 54.

**Hernando County, Florida**  
**Changes in Fund Balances of Governmental Funds**

Last Ten Fiscal years  
(modified accrual basis of accounting)  
(dollars expressed in thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Taxes	\$ 69,826	\$ 60,486	\$ 64,669	\$ 65,009	\$ 66,892	\$ 67,733	\$ 72,115	\$ 74,178	\$ 81,305	\$ 83,660
Licenses and Permits	109	97	157	62	60	390	446	504	529	625
Intergovernmental	34,852	29,968	24,855	24,149	20,716	23,624	23,916	27,279	28,931	29,157
Charges for Services	15,015	14,476	18,020	18,276	21,034	28,395	26,403	25,585	29,449	32,234
Fines and Forfeitures	996	635	974	1,060	1,692	1,621	1,543	1,540	1,732	1,643
Special Assessments	11,269	11,302	11,388	11,348	19,155	19,140	20,404	21,479	23,056	36,458
Impact Fees	478	783	146	(6)	422	892	1,299	2,733	3,129	3,176
Interest	2,296	1,204	2,012	99	1,334	1,460	1,281	486	454	4,580
Miscellaneous	1,950	4,832	5,646	2,513	8,535	2,552	2,553	2,428	2,690	2,975
<b>Total Revenues</b>	<b>\$ 136,791</b>	<b>\$ 123,783</b>	<b>\$ 127,867</b>	<b>\$ 122,510</b>	<b>\$ 139,840</b>	<b>\$ 145,807</b>	<b>\$ 149,960</b>	<b>\$ 156,212</b>	<b>\$ 171,275</b>	<b>\$ 194,508</b>
<b>Expenditures</b>										
<b>Current</b>										
General government	\$ 18,264	\$ 16,905	\$ 15,891	\$ 18,563	\$ 18,516	\$ 20,258	\$ 21,271	\$ 21,946	\$ 23,999	\$ 24,519
Public safety	60,096	58,051	67,047	67,047	70,449	75,963	78,707	81,327	86,506	92,621
Physical Environment	1,004	1,148	1,057	1,140	966	1,131	1,094	1,144	1,188	6,170
Transportation	13,374	13,112	12,666	13,037	13,500	13,584	14,932	15,720	15,600	15,851
Economic Environment	5,881	3,799	2,646	2,350	1,639	2,298	3,031	3,415	2,771	2,478
Human Services	4,757	5,882	9,054	7,402	8,538	7,043	5,520	5,710	6,094	6,448
Culture and Recreation	5,004	4,749	4,228	4,500	4,316	4,615	4,758	4,852	5,291	5,783
Court Operations	5,756	5,602	5,461	6,034	6,525	6,708	6,585	6,952	7,222	7,490
Debt service										
Principal	3,376	3,141	3,204	3,319	3,085	2,888	3,854	4,075	4,185	4,322
Interest and other charges	2,037	1,691	1,627	963	1,078	990	978	975	987	1,035
Capital outlay	20,042	17,602	15,095	14,227	15,663	19,297	13,475	12,268	14,878	14,151
<b>Total Expenditures</b>	<b>\$ 139,591</b>	<b>\$ 131,682</b>	<b>\$ 137,976</b>	<b>\$ 138,582</b>	<b>\$ 144,275</b>	<b>\$ 154,775</b>	<b>\$ 154,205</b>	<b>\$ 158,384</b>	<b>\$ 168,721</b>	<b>\$ 180,868</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(2,800)</b>	<b>(7,899)</b>	<b>(10,109)</b>	<b>(16,072)</b>	<b>(4,435)</b>	<b>(8,968)</b>	<b>(4,245)</b>	<b>(2,172)</b>	<b>2,554</b>	<b>13,640</b>

**Hernando County, Florida**  
**Changes in Fund Balances of Governmental Funds (Continued)**

Last Ten Fiscal years  
(modified accrual basis of accounting)  
(dollars expressed in thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Other Financing Sources (Uses)</b>										
Transfers in	12,226	6,488	12,851	10,276	6,812	6,046	10,989	14,063	14,640	15,961
Transfers Out	(12,152)	(6,256)	(12,964)	(10,889)	(8,266)	(7,834)	(9,469)	(15,061)	(15,333)	(16,977)
Sale of capital assets	-	-	-	-	-	-	-	-	53	-
Additions to Long-Term Debt	50	299	196	29,786	1,713	1,864	757	2,368	1,189	1,056
Proceeds og Refunding Bonds	5,700	-	-	-	-	-	-	-	-	-
Premium on Refunding Bonds	23	-	-	-	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	(5,640)	-	-	(25,308)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	207	531	83	3,865	259	76	2,277	1,370	549	40
<b>Net Change in Fund Balances</b>	<b>\$ (2,593)</b>	<b>\$ (7,368)</b>	<b>\$ (10,026)</b>	<b>\$ (12,207)</b>	<b>\$ (4,176)</b>	<b>\$ (8,892)</b>	<b>\$ (1,968)</b>	<b>\$ (802)</b>	<b>\$ 3,103</b>	<b>\$ 13,680</b>
Debt Service as a Percentage of Noncapital Expenditures	4.4%	4.1%	3.8%	3.4%	3.2%	2.8%	3.6%	3.5%	3.4%	3.3%

Schedule 5

**Hernando County, Florida**  
**General Government State Shared Revenues by Source**

Last Ten Fiscal Years  
(dollars expressed in thousands)

<b>Fiscal Year</b>	<b>Local Government Half-Cent Sales Tax</b>	<b>State Revenue Sharing Proceeds</b>	<b>Constitutional Fuel Tax</b>	<b>County Fuel Tax</b>	<b>Local Option 1 - 6 cents</b>	<b>State Housing Initiative Partnership</b>	<b>Other Revenues</b>
2010	7,154	3,252	1,656	723	4,548	350	-
2011	7,232	3,398	1,660	725	4,457	350	-
2012	7,354	3,653	1,702	737	4,277	-	-
2013	7,608	3,838	1,657	731	4,136	428	-
2014	8,000	4,063	1,701	734	4,143	-	-
2015	8,647	4,392	1,724	756	4,257	864	-
2016	9,099	4,519	1,780	787	4,571	878	-
2017	9,306	4,735	1,836	808	4,594	1,167	-
2018	9,823	4,971	1,880	826	4,753	796	237
2019	10,113	5,224	1,947	843	4,754	360	237

(a) Note that these revenue sources are a component of Intergovernmental Revenues on the financial statements. Other Components of Intergovernmental Revenues include federal, state, and local government grants.

**Hernando County, Florida**  
**Fair Market, Assessed Value and Taxable Value of Property**

Last Ten Fiscal Years  
(dollars expressed in thousands)

Tax Roll Year	Fair Market (a)(i)			Assessed Value (b)(i)			Exemptions (c)(i)			Taxable Value (d)(i)			Total Direct Tax Rate (e)
	Real Property (f)	Personal Property (g)	Real Property (f)	Personal Property (g)	Real Property (f)	Personal Property (g)	Real Property (f)	Personal Property (g)	Real Property (f)	Personal Property (g)	Centrally Assessed (h)	Total	
2010	11,572,263	1,669,623	10,731,692	1,652,662	3,593,658	336,472	7,138,035	1,316,191	6,499	8,460,725	7.7206		
2011	10,600,374	1,629,933	9,915,576	1,585,617	3,466,896	325,372	6,448,681	1,260,244	7,199	7,716,124	7.7912		
2012	9,949,202	1,691,643	9,269,516	1,645,987	3,332,500	339,564	5,937,016	1,306,423	7,325	7,250,764	8.2396		
2013	9,989,311	1,602,911	9,341,160	1,594,242	3,349,573	627,890	5,991,587	966,351	7,626	6,965,564	8.4478		
2014	10,349,863	1,606,000	9,531,618	1,604,589	3,350,771	608,798	6,180,847	995,791	7,842	7,184,480	8.4775		
2015	10,800,268	1,585,644	9,795,639	1,584,744	3,403,429	600,482	6,392,210	984,263	7,869	7,384,342	8.5941		
2016	11,208,262	1,703,765	10,044,161	1,703,015	3,473,220	596,952	6,570,941	1,106,163	8,326	7,685,430	8.5942		
2017	12,247,949	1,834,656	10,572,795	1,766,495	3,555,440	600,848	7,017,354	1,165,647	7,483	8,190,484	8.9692		
2018	13,300,360	1,846,816	11,165,701	1,776,293	3,646,183	601,446	7,519,519	1,174,846	7,926	8,702,291	8.7342		
2019	15,210,973	1,721,661	11,880,508	1,693,762	3,780,811	609,861	8,099,697	1,083,901	7,694	9,191,292	9.7344		

(a) Florida law requires that 'Just Value' of all property be determined each year. The Florida Supreme Court has declared Just Value to be legally synonymous to Full Cash Value and Fair Market Value. The Just Value or Fair Market Value is the amount it could sell for in a competitive open market, assuming that the buyer and seller both acted knowledgeably and without duress.

(b) Assessed value is different than just/market value for those properties that have assessment limitations on them. Examples of assessment limitations include Save our Homes (SOH) limitation for homestead properties, "greenbelt" for properties which have an agricultural use classification, and pollution control devices.

(c) There are a number of property tax exemptions which include, but are not limited to; homestead, widow/widowers, blind, disabled, veterans, government and institutional.

(d) Taxable value is the resulting value after all applicable exemptions have been deducted from the assessed value of the property. The taxable value is what the millage rates are applied to develop the ad valorem property tax.

(e) Total Direct Tax Rate is the weighted average of the direct rates in each area. See Schedule 7, "Direct and Overlapping Property Tax Rates" for more information.

(f) Real Property means land, buildings, fixtures, and all other improvements to land.

(g) Personal Property commonly known as Tangible Personal Property (TPP) is defined as furniture, fixtures and equipment used in the operation of a business.

(h) Centrally assessed property are the railroad tracks and train cars which cross county lines and are assessed by the Florida Department of Revenue who provide the assessed values to the respective Property Appraiser. No exemptions are applicable to Centrally Assessed Properties.

(i) The year previous to current year may be restated due to changes made subsequent to release of previous year's values.

Data represents the tax roll for the year effective January 1 of the year reflected, billed in October of that year, and is collected to support the fiscal year beginning in that year.

Source: Hernando County Property Appraiser

**Hernando County, Florida  
Direct and Overlapping Property Tax Rates**

Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>DIRECT RATES (a)</b>										
<b>Countywide</b>										
Hernando County Government:										
General Fund	5.4394	5.6279	5.9169	6.8669	6.9912	6.9912	6.9912	6.8912	6.8912	7.8912
Special Revenue										
Transportation Trust Fund	0.7091	0.7091	0.7091	0.7091	0.7091	0.7091	0.7091	0.7091	0.7091	0.7091
Health Department	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102
Sensitive Lands Fund (voted)	0.0844	-	-	-	-	-	-	-	-	-
Total Countywide	6.3431	6.4472	6.7362	7.6862	7.8105	7.8105	7.8105	7.7105	7.7105	8.7105
Maximum Allowed (b)	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000

**Other**

Hernando County Government:										
Municipal Services Taxing Units										
Stormwater Management Program	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139
Emergency Medical Services	0.5598	0.5598	0.5598	0.5534	0.5534	0.6700	0.6700	0.6700	0.9100	0.9100
Fire Services	-	-	-	-	-	-	-	0.5000	-	-
Mosquito Control	-	0.0844	0.0844	0.1000	-	-	-	-	-	-
Spring Hill Fire and Rescue (e)	2.5000	2.5000	2.5000	-	-	-	-	-	-	-
Total	3.1737	3.2581	3.2581	0.7673	0.6673	0.7839	0.7839	1.2839	1.0239	1.0239
Maximum Allowed Per Taxpayer (b)	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000
Total Direct Tax Rates (c)	7.7206	7.7912	8.2396	8.4478	8.4775	8.5941	8.5942	8.9692	8.7344	9.7344

**OVERLAPPING RATES (d)**

<b>Countywide</b>										
School Board	0.7417	7.5080	7.4540	7.2800	7.1670	7.1960	6.8690	6.6190	6.3400	6.1630
Southwest Florida Water Management District	0.3770	0.3928	0.3928	0.3818	0.3658	0.3488	0.3317	0.3131	0.2955	0.2801
<b>Not Countywide</b>										
Municipalities										
City of Brooksville	6.3700	6.3700	6.3700	6.7317	6.6962	6.6439	6.6426	6.9763	6.2000	6.2000
City of Weeki Wachee	2.6587	2.7838	2.7137	2.7654	2.6237	2.7622	2.8478	2.8470	2.8421	2.8658
Southwest Florida Water Management District										
Withlacoochee Basin	0.2380	-	-	-	-	-	-	-	-	-
Coastal Basin	0.1885	-	-	-	-	-	-	-	-	-

(a) Direct rates support the ad valorem revenue base for County Government operations.

(b) Section 200.071, Florida Statutes, a county may not levy in excess of 10 mills, except for voted levies and for services or facilities provided through a municipal services taxing unit (MSTU).

(c) Total Direct Tax Rate is the weighted average of the direct rates in each area.

(d) Overlapping rates are those rates levied by other local governments who overlap Hernando County's geographic area. Not all rates apply to all Hernando County residents; for example, each incorporated municipality within the County also taxes its respective residents.

(e) On June 11, 2009, a Special Act of the Legislature was passed changing the Spring Hill Fire And Rescue's status to independent of the County and subsequently was dissolved becoming dependent on the County on October 1, 2011.

(f) Data represents the millages used to approve the budget, and calculate taxes to support the following year, but are based on the tax roll which began on January 1 for reflected year.

Schedule 8

**Hernando County, Florida  
Principal Property Taxpayers**

Last Fiscal Year Compared to the Fiscal Year Ten Years Earlier  
(dollars expressed in thousands)

Taxpayer	Type of Business	2019			2009		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Cemex, Inc.	Cement Manufacturing	\$ 285,412	1	3.11%	\$ 315,953	1	3.39%
Withlacoochee River Electric Co-op	Electric Utility	216,202	2	2.35%	154,370	2	1.66%
Duke energy (formerly Progress Energy)	Electric Utility	93,547	3	1.02%	40,585	6	0.44%
Wal-Mart Regional Distribution	Distribution	64,076	4	0.70%	130,615	3	1.40%
HCA Health Services of Florida, Inc.	Hospital/Health Care	54,085	5	0.59%	56,843	5	0.61%
BW Hibiscus Springs LLC	Apartments	46,563	6	0.51%			
Wal-Mart Stores	Retail Sales	44,502	7	0.48%			
Florida Gas Transmissions	Utility	41,334	8	0.45%			
Wal-Mart Stores East LP	Retail Sales	36,352	9	0.40%			
Bright House Networks LLC	Cable Utility	32,442	10	0.35%	32,435	7	0.35%
AT&T Telecommunications	Telecommunications				59,420	4	0.64%
Hampton Ridge Development	Real Estate				30,393	8	0.33%
Hernando HMA	Hospital/Health Care				27,327	9	0.29%
Florida Crushed Stone Corporation	Rock Mining				23,608	10	0.25%
Totals		<u>\$ 914,515</u>		<u>9.96%</u>	<u>\$ 871,549</u>		<u>9.36%</u>

Source: Hernando County Property Appraiser

**Hernando County, Florida  
Property Tax Levies and Collections**

Last Ten Fiscal Years  
(dollars expressed in thousands)

Fiscal Year Ended September 30	Certified Taxes Levied for the Fiscal Year (a) (d)	Certificates of Correction by Property Appraiser	Adjusted Taxes Levied for the Fiscal Year (a)	Collected within the Fiscal Year of the Levy (b)			Prior Year Taxes Collected (c)	Total Taxes Collected Amount	Percentage Collected
				Levied Collections	Discounts/Penalties	Adjusted Collections			
2010	87,787	(335)	87,452	86,578	(2,490)	84,088	772	84,860	97.04
2011	81,473	(1,728)	79,745	76,596	(2,276)	74,320	776	75,096	94.17
2012	77,291	(1,801)	75,490	73,689	(2,197)	71,492	677	72,169	95.60
2013	75,403	(2,870)	72,533	72,114	(2,197)	69,917	320	70,237	96.83
2014	83,274	(204)	83,070	82,776	(2,531)	80,245	404	80,649	97.09
2015	85,321	(419)	84,902	84,555	(2,629)	81,926	229	82,155	96.76
2016	88,933	(112)	88,821	88,485	(2,778)	85,707	403	86,110	96.95
2017	92,969	161	93,130	91,320	(2,890)	88,430	451	88,881	95.44
2018	101,714	(120)	101,594	99,973	(3,189)	96,784	231	97,015	95.49
2019	118,155	(116)	118,039	116,432	(3,715)	112,717	107	112,824	95.58

(a) Certified taxes levied is the original tax assessment due to Hernando County before any adjustments are determined by Property Appraiser and/or the Value Adjustment Board, and before any tax amounts are determined to be uncollectible due to insolvencies and/or litigation. Adjusted Taxes Levied reflects changes made throughout the fiscal year. The tax levy represents only the taxes due to the Hernando County financial reporting entity and therefore, excludes taxes due to the School Board, the City of Brooksville, Southwest Florida Water Management District and certain other governmental entities. This corresponds to the Direct Tax Rates section of Schedules 6 and 7.

(b) In accordance with Florida Statutes, property taxes become due and payable on November 1 of each year and are delinquent on April 1 of the following year. A four percent discount is allowed if the taxes are paid in November, with the discount declining by one percent each month thereafter. Taxes collected will not equal 100% of the tax levy due to insolvencies, litigation and county certificates. In the table above, taxes collected November 1, 2018 through March 31, 2019 are reflected as levied for the Fiscal Year Ended September 30, 2019. Tax Certificates for unpaid taxes and assessments for that year will be sold no later than June 1, 2020.

(c) Includes all delinquent tax collections received during the year regardless of the year in which the taxes were originally levied.

(d) Includes non-ad valorem taxes, which are not a part of the tax notice. Non-ad valorem taxes are separately reported as Special Assessments in the Governmental Funds and are part of Charges for Services in the Proprietary Funds.

Source: Hernando County Tax Collector

**Hernando County, Florida**  
**Ratios of Outstanding Debt by Type**

Last Ten Fiscal Years  
(dollars expressed in thousands, except per capita)

Fiscal Year Ended September 30	Governmental Activities			Business-Type Activities			Total Primary Government	Debt as a Ratio to Personal Income (b)	Debt Per Capita
	Revenue and Refunding Bonds (a)	Notes Payable	Capital Leases	Water and Sewer Revenue Bonds (a)	Notes Payable				
2010	40,970	1,370	657	47,947	11,514		102,458	2.02%	619
2011	38,376	1,278	498	45,962	18,207		206,779	1.96%	603
2012	35,711	916	512	43,915	24,969		106,023	1.91%	613
2013	8,663	29,230	535	40,920	24,195		103,543	1.89%	596
2014 (c)	6,983	30,900	217	40,666	23,196		101,962	2.04%	583
2015	5,209	31,665	54	38,337	40,540		115,805	2.13%	655
2016	3,964	29,852	-	35,949	57,739		127,504	1.97%	712
2017	2,691	29,416	-	33,465	57,955		123,527	1.76%	679
2018	2,345	30,789	-	30,901	55,047		119,082	1.60%	642
2019	1,993	27,135	-	28,228	52,193		109,549	-	-

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(a) Bonds are shown net of related deferred gains or losses on bond refundings and net of related unamortized bond issue premiums or discounts.

(b) Due to a time lag in receiving personal income figures, ratios were not reported for the most recent year(s). See Schedule 14, "Demographic and Economic Statistics", for actual personal income and population figures used above. Source: U.S. Department of Commerce Bureau of Economic Analysis

(c) Effective 2014, debt amounts exclude losses which have been reclassified to deferred outflows on the balance sheet in accordance with GASB 65.

**Hernando County, Florida**  
**Ratios of General Bonded Debt Outstanding**

Last Ten Fiscal Years  
(dollars expressed in thousands, except per capita amount)

Fiscal Year Ended September 30	Revenue and Refunding Bonds	Less: Amounts Available in Debt Service Fund	Net General Bonded Debt	Percentage of Taxable Value of Property (a)	General Debt Per Capita (b)
2010	40,970	723	40,247	0.48%	247
2011	38,376	650	37,726	0.49%	221
2012	35,711	671	35,040	0.48%	206
2013	8,663	667	7,996	0.11%	50
2014	6,983	658	6,325	0.09%	40
2015	5,209	82	5,127	0.07%	29
2016	3,964	22	3,942	0.05%	22
2017	2,691	24	2,667	0.03%	15
2018	2,345	9	2,336	0.03%	13
2019	1,993	12	1,981	0.02%	10

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

- (a) Bonds are shown net of related deferred gains or losses on bond refundings and net of related unamortized bond issue premiums or discounts.
- (b) Taxable Value information can be found on Schedule 6, Schedule of Fair Market, Assessed Value and Taxable Value of Property for property value data.
- (c) Population data can be found on Schedule 14, Schedule of Demographic and Economic Statistics.

Schedule 12

**Hernando County, Florida  
Computation of Direct and Overlapping Debt**

Government Unit	Payable from Ad Valorem Taxes	Non-Self- Supporting Revenue Debt	Estimated Percentage Applicable	Amount Applicable to Primary Government
<b>SCHOOL BOARD: (1)</b>				
State Board of Education Bonds, Series 2009A Refunding	-	35,000		
State Board of Education Bonds, Series 2010A	-	1,030,000		
State Board of Education Bonds, Series 2011A Refunding	-	220,000		
State Board of Education Bonds, Series 2014A Refunding	-	376,000		
State Board of Education Bonds, Series 2014B Refunding	-	102,000		
Bonds Payable-Unamortized Premium		204,869		
Certificates of Participation, Series 2013A	-	15,178,087		
Certificates of Participation, Series 2016A	-	89,400,000		
Unamortized Premium		10,398,238		
Capital Improvement bonds, Series 2001	-	2,040,000		
Notes Payable	-	2,313,347		
<b>Total School Board</b>	<b>\$ -</b>	<b>\$ 121,297,541</b>	<b>100%</b>	<b>\$ 121,297,541</b>
<b>CITY OF BROOKSVILLE:</b>				
General Fund Promissory Note	151,486	-		
USDA Loan	-	170,000		
Florida Capital Improvement Revenue Note, Series 2011	-	2,135,341		
Patch Truck Loan	-	111,407		
USDA Fire Truck Loan	-	89,182		
<b>Total City of Brooksville</b>	<b>\$ 151,486</b>	<b>\$ 2,505,930</b>	<b>5%</b>	<b>\$ 125,297</b>
<b>Subtotal Overlapping Debt</b>	<b>\$ 151,486</b>	<b>\$ 123,803,471</b>		<b>\$ 121,422,838</b>
<b>COUNTY BOARD:</b>				
Non-revolving line of credit draws	\$ -	\$ 11,578,942		
Non-Ad Valorem Refunding Revenue Note, Series 2012	-	15,556,000		
Non-Ad Valorem Refunding Revenue Bonds, Series 2010	-	1,985,000		
<b>Hernando County, Florida Direct Debt</b>	<b>\$ -</b>	<b>\$ 29,119,942</b>	<b>100%</b>	<b>\$ 29,119,942</b>
<b>Total Direct and Overlapping Debt</b>	<b>\$ 151,486</b>	<b>\$ 152,923,413</b>		<b>\$ 150,542,780</b>

Sources: Outstanding debt and applicable percentages provided by each governmental unit.

(1) Outstanding debt obligations for Hernando County School Board at June 30, 2019.

Schedule 13A

**Hernando County, Florida**  
**Schedule of Non-Ad Valorem Debt Coverage**  
**Non-Ad Valorem Refunding Revenue Bonds, Series 2010**  
**Non-Ad Valorem Refunding Revenue Note, Series 2012**

Last Eight Fiscal Years  
(dollars expressed in thousands)

Fiscal Year Ended September 30	Gross Revenues (a)	Expenditures (b)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal (c)	Interest	Total	
2011	31,221	-	31,221	560	178	738	42.30
2012	31,807	-	31,807	570	164	734	43.33
2013	28,088	-	28,088	600	595	1,195	23.50
2014	34,209	-	34,209	310	761	1,071	31.94
2015	33,869	-	33,869	557	749	1,306	25.93
2016	34,711	-	34,711	1,935	720	2,655	13.07
2017	34,003	-	34,003	1,986	667	2,653	12.82
2018	36,328	-	36,328	2,997	601	3,598	10.10
2019	39,570	-	39,570	3,074	614	3,688	10.73

(a) Gross revenues reflect the pledged revenues for the bonds and notes. Pledged revenues consist of non-ad valorem revenues.

(b) There are no expenditures that relate directly to the gross revenue, but gross revenues not used for the purpose of debt service are used for other purposes in the budget.

Schedule 13B

**Hernando County, Florida**  
**Schedule of Revenue Bond Coverage**  
**Water and Sewer Revenue Bonds, Series 2013A**

Last Ten Fiscal Years  
(dollars expressed in thousands)

Fiscal Year Ended September 30	Gross		Net Revenue			Debt Service Requirements			Coverage
	Revenues(a)	Expenses (b)	Available for Debt Service	Connection Fees	Pledged Funds(c)	Principal (e)	Interest	Total	
2009	23,531	17,490	6,041	1,579	7,620	1,815	2,262	4,077	1.87
2010	22,667	17,479	5,188	553	5,741	1,880	2,198	4,078	1.41
2011	23,496	17,110	6,386	552	6,938	1,990	2,044	4,034	1.72
2012	24,894	16,086	8,808	538	9,346	2,055	1,982	4,037	2.32
2013	25,623	15,026	10,597	794	11,391	2,125	1,916	4,041	2.82
2014	27,270	15,617	11,653	1,379	13,032	2,015	1,525	3,540	3.68
2015	29,089	16,062	13,027	1,384	14,411	2,150	1,652	3,802	3.79
2016	31,925	17,805	14,120	2,178	16,298	2,210	1,590	3,800	4.29
2017	34,461	17,863	16,598	2,113	18,711	2,305	1,507	3,812	4.91
2018	34,739	19,276	15,463	2,269	17,732	2,563	1,419	3,982	4.45
2019	38,860	20,359	18,501	2,303	20,804	2,674	1,308	3,982	5.22

- (a) Pursuant to bond definitions, gross revenues include operating revenue and interest income, but do not include sewer connection fees, water connection fees or special assessment proceeds.
- (b) Pursuant to bond definitions, expenses do not include amortizations or depreciation. Similarly, charges associated with replacement of vehicles in lieu of depreciation have not been included.
- (c) Effective with the issuance of the Water and Sewer Refunding Revenue Bonds Series 2003, connection fees are included in the definition of pledged funds.
- (d) Includes Water and Sewer Refunding Revenue Bonds, Series 2013A, and the Water and Sewer portion of the Non-Ad Valorem Refunding Revenue Bonds, Series 2010.
- (e) For FY 2019, the principal amount including the bond premium \$178,783 is \$2,673,783. See Note H.

**Hernando County, Florida  
Demographic and Economic Statistics**

Last Ten Fiscal Years

Fiscal Year	Population (a)			Total Households (a)	Personal Income Per Capita (f)	Total Personal Income (in thousands) (c)(f)	Median Age (b)	Citizens With a		Public School Enrollment (d)	Unemployment Rate (e)
	City of Brooksville	City of Weeki Wachee	Unincorporated Hernando County					Bachelors Degree(h)	School Enrollment (d)		
2010	7,592	7	157,973	70,231	29,397	5,079,155	46.8	15.5%	22,316	14.8%	
2011	7,711	12	165,355	71,864	30,729	5,318,514	47.7	16.2%	22,146	13.5%	
2012	7,702	12	165,397	72,106	31,927	5,536,867	47.7	16.2%	21,855	10.4%	
2013	7,643	5	166,160	72,238	31,422	5,481,211	48.0	15.5%	21,541	8.5%	
2014	7,687	5	167,263	72,492	32,324	5,684,266	48.5	14.9%	21,470	8.1%	
2015	7,780	5	169,034	72,951	33,098	6,033,940	48.0	15.5%	21,421	6.5%	
2016	8,006	5	171,492	73,402	34,899	6,371,015	48.4	15.7%	21,613	6.2%	
2017	8,074	9	173,799	75,883	35,601	6,649,676	49.0	16.0%	22,153	4.3%	
2018	8,410	9	177,185	77,493	36,878	7,038,712	48.9	17.1%	23,615	4.3%	
2019	8,661	9	179,688	78,718	-	-	49.1	17.5%	23,770	3.6%	

(a) Source: Bureau of Economic and Business Research (BEER), University of Florida. These numbers have been adjusted to reflect BEBR data available through April 1 annually.

(b) Source: Hernando County Planning Department

(c) Source: Bureau of Economic and Business Research, University of Florida

(d) Source: Hernando County School Board (Not Including Charter School Enrollment)

(e) Source: Florida Department of Economic Opportunity, December annually (not seasonally adjusted)

(f) Due to a time lag in receiving personal income and population figures, ratios were calculated using income and population figures from the most recently available information.

**Hernando County, Florida  
Principal Employers (a)  
Non-retail, Non-government**

Latest Fiscal Year compared to the Nine Prior Fiscal Years

Employer	Type of Operation	2019			2018			2017		
		Employees	%	Rank	Employees	%	Rank	Employees	%	Rank
Oak Hill Hospital	Healthcare	1,307	1.95	1	1,307	1.98	1	2,036	3.19	1
Walmart Distribution Center	Distribution Center	1,200	1.79	2	1,200	1.82	2	1,020	1.60	2
Bayfront Regional Healthcare	Healthcare	957	1.43	3	939	1.42	3	1,032	1.62	3
HealthSouth	Healthcare	459	0.68	4	459	0.70	4	355	0.56	4
Accuform Signs Inc	Manufacturer	307	0.46	5	307	0.47	5	280	0.44	5
Cemex (formerly Rinker Materials/FCS)	Manufacturer	350	0.52	6	300	0.45	6	250	0.39	6
Alumi Guard	Manufacturer	275	0.41	7	260	0.39	7	-	-	-
Sparton Electronics	Manufacturer	175	0.26	8	180	0.27	8	219	0.34	8
Micro-Matic	Supplier	191	0.28	9	162	0.25	9	-	-	-
Sun Trust Bank	Service	110	0.16	10	110	0.17	10	110	0.17	9
Withlacoochee River Electric Coop	Utility	-	-	-	-	-	-	80	0.13	10
Evergreen Woods	Healthcare	-	-	-	-	-	-	-	-	-
Commercial Carrier Corp	Trucking	-	-	-	-	-	-	-	-	-
HPH Hospice	Healthcare	-	-	-	-	-	-	221	0.35	7
<b>Totals</b>		<b>5,331</b>	<b>7.94 %</b>		<b>5,224</b>	<b>7.92 %</b>		<b>5,192</b>	<b>8.14 %</b>	
<b>Total Employment</b>		<b>67,107</b>			<b>66,001</b>			<b>63,869</b>		

(a) Percentages shown represent the number of employees as a percent of Hernando County's total employment.

Source: Hernando County Office of Business Development.

**Hernando County, Florida  
Principal Employers (a)  
Non-retail, Non-government**

Latest Fiscal Year compared to the Nine Prior Fiscal Years

Employer	Type of Operation	2016			2015			2014		
		Employees	%	Rank	Employees	%	Rank	Employees	%	Rank
Oak Hill Hospital	Healthcare	2,036	3.20	1	1,156	1.84	2	1,136	1.93	1
Walmart Distribution Center	Distribution Center	1,020	1.60	3	1,200	1.91	1	1,020	1.73	2
Bayfront Regional Healthcare	Healthcare	1,032	1.62	2	965	1.53	3	965	1.64	3
HealthSouth	Healthcare	355	0.56	4	288	0.46	4	288	0.49	4
Accuform Signs Inc	Manufacturer	280	0.44	5	290	0.46	5	274	0.47	5
Cemex (formerly Rinker Materials/FCS)	Manufacturer	250	0.39	6	240	0.38	6	240	0.41	6
Alumi Guard	Manufacturer	-	-	-	-	-	-	-	-	-
Sparton Electronics	Manufacturer	219	0.34	8	200	0.32	7	215	0.37	7
Micro-Matic	Supplier	-	-	-	-	-	-	-	-	-
Sun Trust Bank	Service	110	0.17	9	85	0.14	9	85	0.14	9
Withlacoochee River Electric Coop	Utility	80	0.13	10	79	0.13	10	80	0.14	10
Evergreen Woods	Healthcare	-	-	-	-	-	-	-	-	-
Commercial Carrier Corp	Trucking	-	-	-	-	-	-	-	-	-
HPH Hospice	Healthcare	221	0.35	7	119	0.19	8	181	0.31	8
Totals		5,603	8.80 %		4,622	7.36 %		4,484	7.63 %	
Total Employment		63,720			62,873			58,867		

(a) Percentages shown represent the number of employees as

Source: Hernando County Office of Business Development.

**Hernando County, Florida  
Principal Employers (a)  
Non-retail, Non-government**

Latest Fiscal Year compared to the Nine Prior Fiscal Years

Employer	Type of Operation	2013			2012			2011			2010		
		Employees	%	Rank									
Oak Hill Hospital	Healthcare	1,089	1.71	1	1,070	1.70	1	950	1.51	2	947	1.49	2
Walmart Distribution Center	Distribution Center	1,020	1.60	2	1,008	1.60	3	900	1.43	3	1,200	1.89	1
Bayfront Regional Healthcare	Healthcare	913	1.44	3	1,018	1.62	2	1,032	1.64	1	1,032	1.62	3
HealthSouth	Healthcare	355	0.56	4	272	0.43	6	125	0.20	9	125	0.20	9
Accuform Signs Inc	Manufacturer	280	0.44	5	280	0.45	5	247	0.39	5	245	0.39	5
Cemex (formerly Rinker Materials/FCS)	Manufacturer	250	0.39	6	288	0.46	4	288	0.46	4	264	0.42	4
Alumi Guard	Manufacturer	-	-	-	-	-	-	-	-	-	-	-	-
Sparton Electronics	Manufacturer	219	0.34	8	180	0.29	8	159	0.25	7	225	0.35	6
Micro-Matic	Supplier	-	-	-	-	-	-	-	-	-	-	-	-
Sun Trust Bank	Service	110	0.17	9	105	0.17	10	105	0.17	10	135	0.21	8
Withlacoochee River Electric Coop	Utility	80	0.13	10	-	-	-	77	0.12	-	100	0.16	10
Evergreen Woods	Healthcare	-	-	-	130	0.21	9	135	0.21	8	160	0.25	7
Commercial Carrier Corp	Trucking	-	-	-	-	-	-	-	-	-	-	-	-
HPH Hospice	Healthcare	221	0.35	7	221	0.35	7	170	0.27	6	207	0.33	-
Totals		4,537	7.13 %		4,572	7.28 %		4,188	6.65 %		4,640	7.31 %	
Total Employment		63,581			62,895			62,895			63,511		

(a) Percentages shown represent the number of employees as

Source: Hernando County Office of Business Development.

Schedule 16

**Hernando County, Florida**  
**County Government Employees by Function/Program**

Last Ten Fiscal Years

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013 (b)</u>	<u>2014</u>
Function/Program					
Governmental Activities:					
General Government	238	243	227	221	227
Public Safety	368	471	566	750	773
Physical Environment	7	5	7	6	7
Transportation	99	79	91	91	92
Economic Environment	8	7	7	7	7
Human Services	25	20	21	21	21
Culture and Recreation	72	62	65	65	66
Courts	77	78	79	84	88
Business-type Activities:					
Airport	5	5	5	5	5
Water and Wastewater	154	149	147	142	139
Business Development	31	29	28	26	28
Solid Waste	28	28	29	29	28
Total	1,112	1,176	1,272	1,447	1,481

(a) Source: Hernando County Department of Financial Services.

(b) Increase is due to addition of jail employees to the Hernando County Sheriff department.

2015	2016	2017	2018	2019
225	237	244	247	236
776	782	782	791	859
7	8	8	1	1
93	92	96	93	90
8	10	10	10	9
20	19	21	23	21
63	63	70	66	61
85	78	83	79	81
4	4	4	4	6
134	132	131	134	136
27	27	31	34	34
33	32	32	31	30
1,475	1,484	1,512	1,513	1564

Schedule 17

**Hernando County, Florida  
Operating Indicators by Function**

Last Ten Fiscal Years

Function	Fiscal Year				
	2010	2011	2012	2013	2014
General Government					
Number of programs broadcast	207	212	208	208	206
Number of employee records managed	683	645	859	852	772
Public Safety					
Total incidents responded to (HCFR)	14,020	14,076	22,868	27,222	26,254
Number of emergency citizen volunteers	750	838	825	903	982
Number of building permits issued	10,074	11,316	11,904	10,492	11,104
Physical Environment					
Extension Classes/programs	27,015	20,055	17,863	30,480	20,172
Transportation					
Number of signals maintained	86	80	88	88	88
Number of lane miles of roads re-surfaced	199	70	64	32	36
Economic Environment					
Number of successful business projects	9	7	8	7	9
Number of veteran clients served	21,955	6,681	23,540	6,857	6,918
Human Services					
Animals impounded	5,117	4,256	3,578	3,095	2,923
Number of human service requests processed	27,043	13,256	23,540	8,288	9,099
Culture and Recreation					
Registered library card holders	93,685	85,284	90,623	97,642	102,910
Number of participants in the County Recreation programs	21,115	19,485	19,185	13,799	17,955
Court Operations					
Number of judicial cases managed	60,109	57,394	65,520	63,060	64,290
Water and Sewer					
Water consumption in millions of gallons a day	15.6	18.9	18.4	17.1	16.8
Average number of water accounts	60,966	61,260	61,363	56,975	57,376
Number of meter reads	749,652	752,244	736,400	737,748	740,748
Aviation Operations					
Number of airport & industrial park leases	178	173	140	140	141
Waste Management					
Total tons landfilled	77,770	99,346	104,281	103,733	114,370
Tons of Convenience Center Waste Collected	7,012	7,681	15,701	7,317	6,161
Tons of recyclables collected & processed	5,264	5,638	4,881	4,910	11,976

Source: Various County Departments

2015	2016	2017	2018	2019
190	196	288	233	230
771	782	795	783	784
28,951	30,496	31,704	32,023	30,772
1,009	1,440	1,440	1,462	1,469
12,048	12,525	12,370	14,622	14,725
29,730	32,267	30,770	37,798	40,905
85	85	86	88	88
42	39	8	72	11
8	8	3	1	2
7,916	8,909	6,141	8,418	10,030
2,950	2,725	3,143	2,867	3,156
10,789	6,285	9,558	7,843	6,685
109,366	116,994	122,503	110,813	101,723
20,045	22,049	24,790	23,596	31,516
53,796	51,869	66,156	61,550	59,204
16.7	17.7	18.8	18.3	19
58,251	58,281	59,952	62,756	61,425
719,986	751,440	773,101	778,212	787,143
138	133	173	184	190
114,370	122,259	127,047	131,425	130,683
6,161	7,814	7,968	7,986	7,270
11,976	11,685	10,815	10,069	10,088

Schedule 18

**Hernando County, Florida**  
**Capital Asset and Infrastructure Statistics by Function/Program**

Last Ten Fiscal Years

<b>Function/Program</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
General Government					
Number of buildings	169	172	151	156	160
Fleet Vehicles	405	395	370	403	423
Public Safety					
Sheriff's patrol vehicles:	341	343	336	323	324
Radio Towers	5	5	5	5	5
Transportation					
Lane miles	2,364	2,371	2,380	2,393	2,407
Culture and Recreation					
Park acreage - developed	323	323	323	323	340
Park acreage - undeveloped	1,206	1,206	1,206	1,206	1,206
Trails-Jogging/Exercise/Nature	30	30	30	30	30
Playgrounds	14	14	14	14	14
Boat ramps (lanes)	16	16	16	16	16
Picnic shelters	189	189	189	189	190
Number of libraries/branches	6	6	6	6	5
Aviation Operations					
Number of runways	2	2	2	2	2
Runways in linear feet	12,000	12,000	12,000	12,000	12,000
Land (acres)	2,400	2,400	2,400	2,400	2,400
Waste Management					
Volume developed for landfill use (million cubic yards)	6,601,544	6,601,544	6,601,544	6,601,544	6,601,544
Remaining available landfill capacity (cubic yards)	3,547,487	3,346,936	3,255,100	2,941,953	2,704,818
Water					
Trans & dist lines (miles)	1,232	1,247	1,232	1,232	1,232
Maximum daily storage capacity (million gallons)	15.58	19.46	20.90	20.90	19.08
Number of meters in service	58,455	59,131	56,805	56,805	57,376
Sewer					
Number of pumping or lift stations	300	297	298	298	301
Collection & Trans lines (miles)	465	486	486	486	501
Reclaimed water trans & dist lines (miles)	2.00	4.30	4.30	4.30	4.30
Number of manholes	6,732	6,946	6,945	6,945	6,952

(a) Source: Various County Departments

2015	2016	2017	2018	2019
165	169	177	176	160
403	378	392	398	421
325	336	348	365	376
5	4	4	4	4
2,457	2,492	2,516	2,556	2,771
340	340	340	340	340
1,206	1,206	1,206	1,206	1,206
30	30	30	30	30
14	14	13	13	12
16	16	8	8	8
190	190	190	190	190
5	4	4	4	4
2	2	2	2	2
12,000	12,000	12,000	12,000	12,000
2,400	2,400	2,400	2,400	2,400
6,601,544	6,601,544	6,601,544	6,601,544	6,601,544
2,452,353	2,435,065	2,059,982	1,878,573	1,701,456
1,232	1,232	1,709	1,096	1,019
19.08	19.78	19.78	19.78	19.77
58,251	58,281	59,952	62,756	61,425
301	301	307	298	299
501	513	515	507	515
4.30	4.30	4.30	4.30	2.09
7,106	7,165	7,200	7,200	7,300

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## **COMPLIANCE SECTION**

**This section contains the following:**

Single Audit Reports  
and Grant Compliance

Bond Compliance Information

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## **Single Audit Reports and Grant Compliance**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Distinguished Members of the  
Board of County Commission  
Hernando County, Florida

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hernando County, Florida (the County) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 17, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Distinguished Members of the  
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Hernando County, Florida

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



April 17, 2020  
Sarasota, Florida

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

Distinguished Members of the  
Board of County Commission  
Hernando County, Florida

**Report on Compliance for Each Major Federal Program and State Financial Assistance Project**

We have audited Hernando County, Florida's (the County) compliance with the types of compliance requirements described in the OMB *Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the County's major federal programs and state financial assistance projects for the year ended September 30, 2019. The County's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state financial assistance projects.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs and state financial assistance projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*. Those standards, Chapter 10.550, *Rules of the Auditor General*, and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state financial assistance project. However, our audit does not provide a legal determination of the County's compliance.

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Distinguished Members of the  
Board of County Commission  
Hernando County, Florida

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

**Opinion on Each Major Federal Program and State Financial Assistance Projects**

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state financial assistance projects for the year ended September 30, 2019.

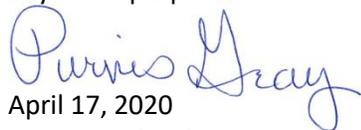
**Report on Internal Control over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state financial assistance project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state financial assistance project, and to test and report on internal control over compliance in accordance with Uniform Guidance; and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program or state financial assistance project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program or state financial assistance project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state financial assistance project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance; and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

  
April 17, 2020

Sarasota, Florida

**HERNANDO COUNTY, FLORIDA**  
**Schedule of Federal Awards and State Financial Assistance**  
**Year Ended September 30, 2019**

Federal/State/Pass Through Grantor Grant Program Name	CFDA/ CSFA#	Grant ID	Expenditures
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Pass Through FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY Community Development Block Grant (CDBG)	14.228	17DB-OL-05-37-01-H 07	\$ 103,538
Total DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>103,538</u>
<b>DEPARTMENT OF JUSTICE</b>			
Pass Through FLORIDA OFFICE OF ATTORNEY GENERAL Crime Victim Assistance (VOCA)	16.575	2018-HCSO-00137	83,252
Pass Through FLORIDA COALITION AGAINST DOMESTIC VIOLENCE STOP Violence Against Women	16.588	19-8015-LE-ENH	60,439
STOP Violence Against Women	16.588	20-8015-LE-ENH	16,873
Subtotal CFDA 16.588			<u>77,312</u>
Direct State Criminal Alien Assistance Program (SCAAP)	16.606	2019-AP-BX-0098	1,827
Direct Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738	2017-DJ-BX-0790	32,603
Pass Through FLORIDA DEPARTMENT OF LAW ENFORCEMENT Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738	2019-JAGC-HERN-2-N2-114	25,563
Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738	2019-JAGC-HERN-1-N2-163	32,534
Subtotal CFDA 16.738			<u>90,700</u>
Direct Equitable Sharing Program/Federal Forfeitures	16.922	FL0270000	29,104
Total DEPARTMENT OF JUSTICE			<u>282,195</u>
<b>DEPARTMENT OF TRANSPORTATION</b>			
Direct Airport Improvement Program	20.106	3-12-0008-021-2018	480,038
Airport Improvement Program	20.106	3-12-0008-022-2019	800
Subtotal CFDA 20.106			<u>480,838</u>
Highway Planning & Construction Cluster:			
Pass Through FLORIDA DEPARTMENT OF TRANSPORTATION Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	GOK42; FPN 436708-1-38-1	9,230
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	GOK43; FPN 436710-1-38-01	8,362
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	ARL25; FPN 427996-4-58/68-01	292,794
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	GOU11; FPN 436709-1-38-01/02	34,405
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	GOU06; FPN 436712-1-38-01/02	27,879
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	GOU58; FPN 433695-1-58/68-01	300,170
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	GOV30; FPN 427996-3-58/68-01	448,204
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	GOK44; FPN 436711-1-38-01	3,089
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G1B18; FPN 436711-1-58/68-01/02	18
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G0Z21; FPN 433714-1-38-01/02	1,822
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G1518; FPN 439509-1-38-01	2,584
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G1708; FPN 436708-1-58/68-01/02	1,758
Highway Planning & Construction- Federal Aid Highway Program (PL)	20.205	GOW90; FPN 439335-2-14-01	623,215
Subtotal CFDA 20.205			<u>1,753,530</u>
Total Highway Planning & Construction Cluster (CFDA 20.205)			<u>1,753,530</u>

**HERNANDO COUNTY, FLORIDA**  
**Schedule of Federal Awards and State Financial Assistance**  
**Year Ended September 30, 2019**

Federal/State/Pass Through Grantor Grant Program Name	CFDA/ CSFA#	Grant ID	Expenditures
Pass Through FLORIDA DEPARTMENT OF TRANSPORTATION			
Metropolitan Transportation Planning (Section 5305d)	20.505	GOD90; FPN 401983-1-14-17	\$ 23,198
Metropolitan Transportation Planning (Section 5305d)	20.505	GOT22; FPN 401983-1-14-18	63,190
Metropolitan Transportation Planning (Section 5305d)	20.505	G1780; FPN 401983-1-14-19	7,734
Subtotal CFDA 20.505			<u>94,122</u>
Federal Transit Cluster:			
Direct			
Urbanized Area Formula Program (Section 5307)	20.507	FL-2017-094; (X016) X951	648,214
Urbanized Area Formula Program (Section 5307)	20.507	FL-90-X865-00	28,528
Urbanized Area Formula Program (Section 5307)	20.507	FL-2017-062; (X015) X940	77,078
Urbanized Area Formula Program (Section 5307)	20.507	FL-2018-031; (X017) X970	945,697
Urbanized Area Formula Program (Section 5307)	20.507	FL2019-082; Y037	53,770
Urbanized Area Formula Program (Section 5307)	20.507	FL-2018-105; X998	352,907
Subtotal CFDA 20.507			<u>2,106,194</u>
Total Federal Transit Cluster (CFDA 20.507)			<u>2,106,194</u>
Pass Through FLORIDA DEPARTMENT OF TRANSPORTATION			
Formula Grants for Rural Areas (Section 5311)	20.509	GOB95; FPN 402628-1-94-16	130,457
Formula Grants for Rural Areas (Section 5311)	20.509	GOJ61; FPN 401982-1-84-17	18,527
Subtotal CFDA 20.509			<u>148,984</u>
<i>Total DEPARTMENT OF TRANSPORTATION</i>			<u>4,583,668</u>
<b>DEPARTMENT OF TREASURY</b>			
Direct			
Gulf Restore- Direct Component	21.015	1RDCGR110034-01-00	723
<i>Total DEPARTMENT OF TREASURY</i>			<u>723</u>
<b>INSTITUTE OF MUSEUM &amp; LIBRARY SERVICES</b>			
Pass Through FLORIDA DIVISION OF LIBRARY & INFORMATION SERVICES			
Grants to States Program	45.310	18-LSTA-D-12	2,875
<i>Total INSTITUTE OF MUSEUM &amp; LIBRARY SERVICES</i>			<u>2,875</u>
<b>US ELECTION ASSISTANCE COMMISSION</b>			
Pass Through FLORIDA DEPARTMENT OF STATE DIVISION OF ELECTIONS			
Help America Vote Act Requirements Payments (HAVA)	90.401	2014-2015-0001-HER	3,222
Help America Vote Act Requirements Payments (HAVA)	90.401	2015-2016-0001-HER	23,735
Help America Vote Act Requirements Payments (HAVA)	90.401	2018-2019-0001-HER	78,278
Help America Vote Act Requirements Payments (HAVA)	90.401	2018-2019-0004-HER	22,825
Subtotal CFDA 90.401			<u>128,060</u>
<i>Total US ELECTION ASSISTANCE COMMISSION</i>			<u>128,060</u>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>			
Direct			
Substance Abuse & Mental Health Service Administration (SAMHSA)	93.243	1H79TI081928-01	18,301
Pass Through FLORIDA DEPARTMENT OF REVENUE			
Child Support Enforcement	93.563	COC27	216,316
<i>Total DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</i>			<u>234,617</u>

**HERNANDO COUNTY, FLORIDA**  
**Schedule of Federal Awards and State Financial Assistance**  
**Year Ended September 30, 2019**

Federal/State/Pass Through Grantor Grant Program Name	CFDA/ CSFA#	Grant ID	Expenditures
<b>DEPARTMENT OF HOMELAND SECURITY</b>			
Pass Through FLORIDA DIVISION OF EMERGENCY MANAGEMENT Disaster Grants - Public Assistance	97.036	Z0291	\$ 2,084,334
Pass Through FLORIDA DIVISION OF EMERGENCY MANAGEMENT Emergency Management Performance Grant	97.042	19-FG-AF-05-37-01-067	50,467
Emergency Management Performance Grant	97.042	G0062	6,328
Pass Through VOLUNTEER FLORIDA Emergency Management Performance Grant	97.042	FY18/19 CERT	4,963
Subtotal CFDA 97.042			<u>61,758</u>
Direct Assistance to Firefighters Grant (AFG)	97.044	EMW-2017-FO-06820	234,626
<b>Total DEPARTMENT OF HOMELAND SECURITY</b>			<u>2,380,718</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 7,716,394</u></u>
<b>FLORIDA EXECUTIVE OFFICE OF THE GOVERNOR</b>			
Emergency Management Program (EMPA)	31.063	19-BG-21-05-37-01-051	\$ 66,269
Emergency Management Program (EMPA)	31.063	A0039	38,178
Subtotal CSFA 31.063			<u>104,447</u>
Emergency Management Projects (Hazard Analyses)	31.067	19-CP-11-05-37-01-254	2,915
<b>Total FLORIDA EXECUTIVE OFFICE OF THE GOVERNOR</b>			<u>107,362</u>
<b>FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>			
Florida Recreation Development Assistance Program	37.017	A17090	500
Florida Recreation Development Assistance Program	37.017	A17091	500
Subtotal CSFA 37.017			<u>1,000</u>
Statewide Surface Water Restoration & Wastewater Projects	37.039	LP27018	50,809
Pass Through SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT Florida Springs Grant Program	37.052	16CF0000244	1,813,381
<b>Total FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>			<u>1,865,190</u>
<b>FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY</b>			
Growth Management Implementation	40.024	P0304	28,052
<b>Total FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY</b>			<u>28,052</u>
<b>FLORIDA HOUSING FINANCE CORPORATION</b>			
State Housing Initiatives Partnership Program (SHIP)	40.901	SHIP FY16/17	157,616
State Housing Initiatives Partnership Program (SHIP)	40.901	SHIP FY17/18	5,153
State Housing Initiatives Partnership Program (SHIP)	40.901	SHIP FY18/19	572,866
State Housing Initiatives Partnership Program (SHIP)	40.901	SHIP FY19/20	14
Subtotal CSFA 40.901			<u>735,649</u>
<b>Total FLORIDA HOUSING FINANCE CORPORATION</b>			<u>735,649</u>

**HERNANDO COUNTY, FLORIDA**  
**Schedule of Federal Awards and State Financial Assistance**  
**Year Ended September 30, 2019**

Federal/State/Pass Through Grantor Grant Program Name	CFDA/ CSFA#	Grant ID	Expenditures
<b>FLORIDA DEPARTMENT ARGICULTURE &amp; CONSUMER SERVICES</b>			
Mosquito Control	42.003	025596	\$ 46,858
Total	FLORIDA DEPARTMENT ARGICULTURE & CONSUMER SERVICES		<u>46,858</u>
<b>FLORIDA DEPARTMENT OF STATE</b>			
State Aid to Libraries	45.030	17-ST-19	350,452
State Aid to Libraries	45.030	18-ST-19	184,169
Subtotal CSFA 45.030			<u>534,621</u>
Total	FLORIDA DEPARTMENT OF STATE		<u>534,621</u>
<b>FLORIDA DEPARTMENT OF TRANSPORTATION</b>			
Commission for Transportation Disadvantaged Planning Grant	55.002	G1854; FPN 4302911401	2,530
Commission for Transportation Disadvantaged Planning Grant	55.002	G1826; FPN 4302911401	2,242
Subtotal CSFA 55.002			<u>4,772</u>
Aviation Development Grants	55.004	G0993; FPN 438692-1-94-01	506,388
Aviation Development Grants	55.004	G0382; FPN 437499-1-94-01	23,004
Aviation Development Grants	55.004	G0J48; FPN 440874-1-94-01	918,047
Aviation Development Grants	55.004	GOV56; FPN 415777-1-94-01	3,656
Aviation Development Grants	55.004	G0Z69; FPN 444182-1-94-01	145,860
Aviation Development Grants	55.004	G1961; FPN 444806-1-94-01	71
Subtotal CSFA 55.004			<u>1,597,026</u>
Public Transit Block Program	55.010	GOJ76; FPN 401982-1-84-17	225,648
Public Transit Block Program	55.010	GOT99; FPN 408104-1-84-18	57,355
Subtotal CSFA 55.010			<u>283,003</u>
Public Transit Service Development Program	55.012	G0692; FPN 401982-3-84-16	77,956
Transit Corridor Program	55.013	G0D90; FPN 401983-1-14-17	2,900
Transit Corridor Program	55.013	GOT22; FPN 401983-1-14-18	7,899
Subtotal CSFA 55.013			<u>10,799</u>
Total	FLORIDA DEPARTMENT OF TRANSPORTATION		<u>1,973,556</u>
<b>FLORIDA DEPARTMENT OF HEALTH</b>			
Emergency Medical Services (EMS) Matching Awards	64.003	M6036	30,291
County Grant Awards (EMS)	64.005	C6027	2,893
County Grant Awards (EMS)	64.005	C7027	24,610
Subtotal CSFA 64.005			<u>27,503</u>
Total	FLORIDA DEPARTMENT OF HEALTH		<u>57,794</u>
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>			<u><u>\$ 5,349,082</u></u>

**HERNANDO COUNTY, FLORIDA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**Note 1 - General**

The accounting policies and presentation of the accompanying schedule of expenditures of federal awards and state financial assistance of Hernando County, Florida (the County) have been designed to conform with generally accepted accounting principles applicable to governmental units, including the reporting and compliance requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) (federal awards); and Chapter 10.550, *Rules of the Auditor General* of the State of Florida.

The County reporting entity is defined in Note A to the County’s basic financial statements for the year ended September 30, 2019. All federal awards and state financial assistance received directly from federal or state agencies, as well as federal awards and state financial assistance passed through other governmental agencies, are included in the schedule.

**Note 2 - Basis of Accounting**

The accompanying schedule of expenditures of federal awards and state financial assistance is presented using the same basis of accounting as the fund in which the grant is recorded, generally the accrual or modified accrual basis, as described in Note A to the County’s financial statements.

**Note 3 - Loans Outstanding**

The County has the following loan balances outstanding at September 30, 2019:

<b>Program</b>	<b>CSFA Number</b>	<b>Loan Outstanding</b>
State Housing Initiatives Partnership	40.901	\$ 14,476,407

Only current year loans issued to eligible recipients are included as expenditures on the accompanying schedule. The County has recorded the gross amount of the loan offset entirely by an allowance for uncollectible receivables.

**Note 4 - Contingencies**

Grant monies received and disbursed by the County are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to the disallowance of expenditures. Based upon prior experience, the County does not believe that such disallowances, if any, would have a material effect on the financial position of the County.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**Note 5 - Expenditures and Program Income**

The amounts shown as current year expenditures on the accompanying schedule represent only the grant portion of the program/project costs. The total expenditures of the program/project may be more than shown. Program income generated by and expended on a federal or state award during the period of performance is included on this schedule if the program income is added to the award amount or if specifically directed by the awarding agency and/or required by program guidance. Program income that reduces the total allowable expenditures (deduction method) is not included.

**Note 6 - Indirect Costs**

Hernando County Board of County Commissioners did not elect to use the 10% de minimis cost rate in 2019 as covered in 2 CFR 200.414.

**Note 7 - Disaster Public Assistance**

Disaster funding received from the FEMA Public Assistance Program (CFDA 97.036) is based on Project Worksheets (PWs) that outline the eligible expenses and the scope of the project. Expenditures recorded on this Schedule are contingent on when funds are obligated and approved, and the County has incurred eligible expenditures. PWs are categorized as either "small" or "large" based on the total expenses. Small PWs are reported based on the amount obligated, while large PWs are determined by actual eligible expenditures. Approximately \$1,988,563 of eligible expenditures incurred in prior years were reported on the Schedule this year. See Note A of the CAFR for additional details regarding the account of funds received under this program

**HERNANDO COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**Part A - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of Auditor's Report Issued	Unmodified
Internal Control over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Non-compliance material to financial statements noted?	No

**Federal Awards and State Financial Assistance Projects**

Internal Control over Major Programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of Auditor's Report Issued on Compliance for Major Programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a) or Chapter 10.557 for local government entities?	No

**Identification of Major Programs/Projects:**

**Federal Program or Cluster**

**Department of Homeland Security**

*Passed through*

Florida Division of Emergency Management:  
Disaster Grants – Public Assistance CFDA No. 97.036

Assistance to Firefighter Grant (AFG) CFDA No. 97.044

**State Financial Assistance Projects**

**Florida Department of Environmental Protection**

*Passed through*

Southwest Florida Water Management District  
Florida Springs Grant Program CSFA No. 37.052

**Florida Housing Finance Corporation**

State Housing Initiatives Partnership Program (SHIP) CSFA No. 40.901

**Florida Department of Transportation**

Public Transit Block Program CSFA No. 55.010

**HERNANDO COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Dollar threshold used to distinguish between Type A and Type B programs - Federal Programs:	\$750,000
Dollar threshold used to distinguish between Type A and Type B programs - State Programs:	\$750,000
Auditee qualified as low-risk auditee pursuant to the Uniform Guidance?	Yes

**PART B - FINDINGS—FINANCIAL STATEMENT AUDIT**

None

**PART C - FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS**

None

**PART D - FINDINGS AND QUESTIONED COSTS—MAJOR STATE FINANCIAL ASSISTANCE PROJECTS**

None

**PART E - OTHER ISSUES**

No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs or state projects.

No corrective action plan is required because there were no current year findings required to be reported under the *Federal or Florida Single Audit Acts*.

**Hernando County Board of County Commissioners**  
**Other Supplemental Information**  
**Schedule of Deepwater Horizon Oil Spill - Related Receipts & Expenditures**  
**For the Fiscal Year Ending September 30, 2019**

CFSA	CFDA	Program	Funding Agency	Project	Award Identifier	Expenditures	Revenue			
							Federal	State	Local	Total
21.015	Gulf RESTORE	DIRECT COMPONENT	Department of Treasury	Bayou Drive Repair & Restoration	1 RDCGR110034-01-00	\$ 723	\$ -	\$ -	\$ -	\$ 723
						\$ 723	\$ -	\$ -	\$ -	\$ 723

**Note 1:** Expenditures included on this schedule are subject to Federal Single Audit requirements of 2CFR Part 200 and will be reported on the County's Schedule of Expenditures of Federal Awards.

**Note 2:** CFDA 21.015 was authorized under the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012, Title 31, Part 34, 126 Stat. 588, 33 U.S.C 1321 (t)(1).

## MANAGEMENT LETTER

Distinguished Members of the  
Board of County Commission  
Hernando County, Florida

### Report on the Financial Statements

We have audited the financial statements of Hernando County, Florida (the County) as of and for the year ended September 30, 2019, and have issued our report thereon dated April 17, 2020.

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with the American Institute of Certified Public Accountants Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are all dated April 17, 2020, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The County has disclosed this information in the notes to the financial statements.

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Distinguished Members of the  
Board of County Commission  
Hernando County, Florida

## MANAGEMENT LETTER

### Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether or not the County has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s). In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the County. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of the County provided the financial information necessary for proper reporting of the component unit within the audited financial statements of the County in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

### Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we communicate non-compliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

### Purpose of the Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Distinguished Members of the Hernando County, Florida, Board of County Commission, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.



April 17, 2020  
Sarasota, Florida

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE  
WITH FLORIDA STATUTE SECTION 218.415 - INVESTMENTS OF PUBLIC FUNDS**

Distinguished Members of the  
Board of County Commission  
Hernando County, Florida

We have examined Hernando County, Florida's (the County) compliance with Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2019. County management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the County complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the County's compliance with specified requirements.

In our opinion, the County complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2019.

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



April 17, 2020  
Sarasota, Florida

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**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE  
WITH SECTION 365.172(10) AND SECTION 365.173(2)(d), FLORIDA STATUTES**

Distinguished Members of the  
Board of County Commission  
Hernando County, Florida

We have examined Hernando County, Florida's (the County) compliance with the requirements of Section 365.172(10), Florida Statutes, Authorized Expenditures of E911 fee and Section 365.173 (2)(d), Florida Statutes, Distribution and Use of E911 funds, during the fiscal year ended September 30, 2019, as required by Section 10.556(10)(b) and 10.557(3)(c), *Rules of the Auditor General*. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the County complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2019.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Distinguished Members of the Board of County Commission, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.



April 17, 2020  
Sarasota, Florida

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# **Bond Compliance**

**HERNANDO COUNTY, FLORIDA  
SUPPLEMENTAL INFORMATION  
September 30, 2019  
(UNAUDITED)**

**BOND COMPLIANCE INFORMATION**

**WATER AND SEWER REFUNDING REVENUE BONDS, SERIES 2013A**

HISTORIC GROWTH OF WATER AND WASTEWATER SYSTEM CUSTOMERS

The following table sets forth data regarding the Historic Growth of Water and Wastewater System Customers for the last ten fiscal years for Hernando County, Florida:

Fiscal Year	Number of Active Accounts (1)	
	Water	Sewer
2010	56,962	26,909
2011	56,597	26,757
2012	56,777	26,811
2013	56,975	26,897
2014	57,376	27,127
2015	58,251	27,688
2016	58,281	27,688
2017	59,952	28,778
2018	62,756	30,770
2019	61,425	29,631

(1) Figures represent number of active accounts at the close of each Fiscal Year ended September 30.

Source: Hernando County Utilities Department

HISTORIC WATER CONSUMPTION FLOWS

The following table sets forth data regarding the Historic Water Consumption Flows for the last ten fiscal years for Hernando County, Florida:

Fiscal Year	Average Daily Flow (MGD)	Peak Day Flow (MGD)
2010	19.832	40.908
2011	18.902	28.945
2012	18.380	25.137
2013	17.088	24.999
2014	16.762	24.426
2015	16.725	23.957
2016	17.707	24.664
2017	18.766	27.684
2018	18.306	26.074
2019	18.832	26.680

Source: Hernando County Utilities Department

**HERNANDO COUNTY, FLORIDA  
SUPPLEMENTAL INFORMATION  
September 30, 2019  
(UNAUDITED)**

**HISTORIC WASTEWATER TREATMENT PLANT FLOWS**

The following table sets forth data regarding the Historic Wastewater Treatment Plant Flows for the last ten fiscal years for Hernando County, Florida:

<u>Fiscal Year</u>	<u>Average Daily Flow (MGD)</u>
2010	3.827
2011	3.692
2012	3.966
2013	3.978
2014	4.128
2015	4.191
2016	4.470
2017	4.802
2018	4.546
2019	4.645

Source: Hernando County Utilities Department

**HERNANDO COUNTY, FLORIDA  
SUPPLEMENTAL INFORMATION  
September 30, 2019  
(UNAUDITED)**

COUNTY SYSTEM RATES  
Monthly Water Rates

	As of September 30, 2019
<b>Residential</b>	
Minimum Monthly Billing Charge:	
All Meter Sizes	\$ 7.37
Consumption Charge (Per 1,000 Gallons)	
0-5000	\$ 1.39
5,001-10,000	1.62
10,001-20,000	2.43
20,001-30,000	3.26
30,001-50,000	4.88
50,001-75,000	8.12
Above 75,000	16.23
<b>Commercial</b>	
Minimum Monthly Billing Charge:	
Per ERU	\$ 7.37
Consumption Charge (Per 1,000 Gallons)	
0-10,000	\$ 1.62
10,001-20,000	2.43
20,001-30,000	3.26
30,001-50,000	4.88
50,001-75,000	8.12
Above 75,000	16.23
<b>Irrigation</b>	
Minimum Monthly Billing Charge:	
Per ERU	\$ 7.37
Consumption Charge (Per 1,000 Gallons)	
0-10,000	\$ 1.62
10,001-20,000	2.43
20,001-30,000	3.26
30,001-50,000	4.88
50,001-75,000	8.12
Above 75,000	16.23
<b>Residential</b>	
Minimum Monthly Billing Charge (per Account)	\$ 20.38
Consumption Charge (Per 1,000 Gallons) (Capped at 10,000 Gallons per Month)	4.39
<b>Commercial</b>	
Minimum Monthly Billing Charge (per ERU)	\$ 20.38
Consumption Charge (Per 1,000 Gallons)	4.39

1) Amounts shown to be applied on a per ERU basis.

Source: *Hernando County Utilities Department*

**HERNANDO COUNTY, FLORIDA  
SUPPLEMENTAL INFORMATION  
September 30, 2019  
(UNAUDITED)**

**COUNTY SYSTEM RATES (CONTINUED)**

**Connection Fee ERU**

Set forth below is a table which summarizes the water and wastewater system Connection Fees for each respective meter size for the last five fiscal years:

Meter Size	ERU Meter Factor	2015		2016		2017		2018		2019	
		Water	Sewer								
5/8	1	\$ 1,147	\$ 3,544	\$ 1,147	\$ 3,544	\$ 1,147	\$ 3,544	\$ 1,147	\$ 3,544	\$ 1,147	\$ 3,544
3/4	1.5	1,721	5,316	1,721	5,316	1,721	5,316	1,721	5,316	1,721	5,316
1	2.5	2,868	8,860	2,868	8,860	2,868	8,860	2,867	8,860	2,867	8,860
1 1/2	5	5,735	17,720	5,735	17,720	5,735	17,720	5,735	17,720	5,735	17,720
2	8	9,176	28,352	9,176	28,352	9,176	28,352	9,176	28,352	9,176	28,352
3	16	18,352	56,704	18,352	56,704	18,352	56,704	18,352	56,704	18,352	56,704
4	25	28,675	88,600	28,675	88,600	28,675	88,600	28,675	88,600	28,675	88,600
6	50	57,350	177,200	57,350	177,200	57,350	177,200	57,350	177,200	57,350	177,200
8	80	91,760	283,520	91,760	283,520	91,760	283,520	91,760	283,520	91,760	283,520
10	115	131,905	407,560	131,905	407,560	131,905	407,560	131,905	407,560	131,905	407,560

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**HERNANDO COUNTY, FLORIDA  
SUPPLEMENTAL INFORMATION  
September 30, 2019  
(UNAUDITED)**

COUNTY SYSTEM RATES (CONTINUED)

Other County System Rates and Charges

The County has several other charges that are applicable to miscellaneous or customer-requested services. Set forth in the table below is a summary of other miscellaneous charges imposed by the County that are common in the utility industry, for the last five fiscal years.

Charges/Fee Descriptions	2015	2016	2017	2018	2019
<b>Water Hook-up Fees:</b>					
<b>Meter Size:</b>					
5/8" x 3/4" Water Meter	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250
5/8" x 3/4" Water Meter Short/Long Tap-In	350	350	350	350	350
1" Water Meter	750	750	750	750	750
1 1/2" Water Meter	1,170	1,170	1,170	1,170	1,170
2" Water Meter	1,400	1,400	1,400	1,400	1,400
3" Compound Water Meter	Contracted	Contracted	Contracted	Contracted	Contracted
4" Compound Water Meter	Contracted	Contracted	Contracted	Contracted	Contracted
6" Compound Water Meter	Contracted	Contracted	Contracted	Contracted	Contracted
8" Compound Water Meter	Contracted	Contracted	Contracted	Contracted	Contracted
<b>Wastewater Hook-Up Fee:</b>					
Residential	N/A	N/A	N/A	N/A	N/A
Commercial	N/A	N/A	N/A	N/A	N/A
<b>Utility Service Fee:</b>					
Workdays - 8:00 a.m. to 5:00 p.m.	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00
After 5:00 p.m., Weekends, Holidays	70.00	70.00	70.00	70.00	70.00

**HERNANDO COUNTY, FLORIDA  
SUPPLEMENTAL INFORMATION  
September 30, 2019  
(UNAUDITED)**

The following two tables set forth a summary of the Hernando County Water and Sewer Capital Improvements and Funding Sources for the next five years.

**FIVE-YEAR CAPITAL IMPROVEMENTS PROGRAM**

	Fiscal Year Ending September 30,					
	2020	2021	2022	2023	2024	Total
<b>WATER SYSTEM</b>						
Water Production	\$ 8,214,250	\$ 1,442,824	\$ -	\$ -	\$ -	\$ 9,657,074
Water Distribution/Storage	1,586,200	1,336,734	-	-	133,317	3,056,251
Water Operations	468,524	135,560	139,627	143,815	148,130	1,035,656
Total Water Systems	<u>10,268,974</u>	<u>2,915,118</u>	<u>139,627</u>	<u>143,815</u>	<u>281,447</u>	<u>13,748,981</u>
<b>WASTEWATER SYSTEM</b>						
Treatment and Effluent Disposal	23,700,000	5,554,770	19,669,181	3,376,526	38,256,093	90,556,570
W.W. Collection/Effluent Transmission	3,405,345	4,232,991	109,273	2,251,018	231,855	10,230,482
W.W. Operations	173,989	179,208	184,585	190,123	195,826	923,731
Total Wastewater System	<u>27,279,334</u>	<u>9,966,969</u>	<u>19,963,039</u>	<u>5,817,667</u>	<u>38,683,774</u>	<u>101,710,783</u>
<b>TOTAL – Water &amp; Wastewater System</b>	<u>\$ 37,548,308</u>	<u>\$ 12,882,087</u>	<u>\$ 20,102,666</u>	<u>\$ 5,961,482</u>	<u>\$ 38,965,221</u>	<u>\$ 115,459,764</u>

**HERNANDO COUNTY, FLORIDA**  
**SUPPLEMENTAL INFORMATION**  
**September 30, 2019**  
**(UNAUDITED)**

**FUNDING SOURCES FOR FIVE-YEAR WATER AND SEWER CAPITAL IMPROVEMENTS PROGRAM**

	2020	2021	2022	2023	2024	Total
<b>FUNDING SOURCES</b>						
<b>WATER SYSTEM</b>						
Capital Reserves	\$ 2,935,500	\$ 2,779,558	\$ -	\$ -	\$ 133,317	\$ 5,848,375
Renewal & Replacement Fund	2,075,450	-	-	-	-	2,075,450
Connection Fees	4,789,500	-	-	-	-	4,789,500
Other Funding Sources	468,524	135,560	139,627	143,815	148,130	1,035,656
<b>Total Water System</b>	<b>10,268,974</b>	<b>2,915,118</b>	<b>139,627</b>	<b>143,815</b>	<b>281,447</b>	<b>13,748,981</b>
<b>WASTEWATER SYSTEM</b>						
Proceeds from issuance of debt & State						
Revolving Loan Proceeds	18,700,000	-	16,391,000	-	28,981,900	64,072,900
Capital Reserves	927,000	5,569,725	3,278,181	3,376,526	8,114,919	21,266,351
Renewal & Replacement Fund	1,972,450	785,066	109,273	2,251,018	231,855	5,349,662
Connection Fees	-	-	-	-	1,159,274	1,159,274
Other Funding Sources	5,679,884	3,612,178	184,585	190,123	195,826	9,862,596
<b>Total Wastewater System</b>	<b>27,279,334</b>	<b>9,966,969</b>	<b>19,963,039</b>	<b>5,817,667</b>	<b>38,683,774</b>	<b>101,710,783</b>
<b>TOTAL – Water &amp; Wastewater System</b>	<b>\$ 37,548,308</b>	<b>\$ 12,882,087</b>	<b>\$ 20,102,666</b>	<b>\$ 5,961,482</b>	<b>\$ 38,965,221</b>	<b>\$ 115,459,764</b>

**HERNANDO COUNTY, FLORIDA  
SUPPLEMENTAL INFORMATION  
September 30, 2019  
(UNAUDITED)**

**HISTORICAL OPERATING RESULTS AND DEBT SERVICE COVERAGE-COUNTY SYSTEM**

The following table shows certain historical operating data for the Water and Sewer System for the last five fiscal years. Presentation of such figures is intended to reflect the provisions of the Resolution. The historical figures are derived from the County's audited financial statements.

	Fiscal Year Ending September 30,				
	2015	2016	2017	2018	2019
Water & Wastewater Sales Revenues	\$ 28,251,427	\$ 31,061,648	\$ 33,735,229	\$ 34,108,510	\$ 36,133,965
Other Operating Revenues	454,335	501,088	492,740	471,155	519,832
Interest Income	383,392	362,002	232,704	159,142	2,206,169
Total Gross Revenues (1)	29,089,154	31,924,738	34,460,673	34,738,807	38,859,966
Operating Expenses: (2)					
Personal Services	7,388,867	8,116,910	8,797,541	9,075,201	9,897,899
Other Operating Expenses	9,002,832	9,857,776	9,290,662	10,517,510	10,826,671
Depreciation Equivalent Charges (3)	(329,876)	(169,459)	(225,368)	(316,453)	(366,071)
Total Operating Expenses	16,061,823	17,805,227	17,862,835	19,276,258	20,358,499
Net Revenues (4)	13,027,331	14,119,511	16,597,838	15,462,549	18,501,467
Connection Fees:					
Water Connection Fees	439,996	644,833	700,853	859,607	807,319
Wastewater Connection Fees	944,020	1,532,964	1,411,720	1,409,732	1,495,310
Total Connection Fees	1,384,016	2,177,797	2,112,573	2,269,339	2,302,629
Pledged Funds (5)	14,411,347	16,297,308	18,710,411	17,731,888	20,804,096
Actual Senior Lien Debt Service	\$ 3,981,077	\$ 3,979,117	\$ 3,991,177	\$ 3,983,233	\$ 3,982,002
Actual Coverage on Net Revenues (6)	3.27	3.55	4.16	3.88	4.65
Required Coverage	1.10	1.10	1.10	1.10	1.10
Actual Coverage on Pledged Funds (6)	3.62	4.10	4.69	4.45	5.22
Required Coverage	1.20	1.20	1.20	1.20	1.20

(1) Pursuant to the Resolution, does not include Sewer Connection Fees, Water Connection Fees or Special Assessment Proceeds.

(2) Pursuant to the Resolution, does not include amortization or depreciation.

(3) For purposes of this table, charges associated with replacement of vehicles in lieu of depreciation have been eliminated. This is consistent with definition of Operating Expenses in the Resolution, which excludes depreciation, amortization and other similar charges.

(4) Net revenues are defined in the Resolution as Gross Revenues less Operating Expenses.

(5) Pledged Revenues are defined in the Resolution as Net Revenues plus Connection Fees, together with certain other funds and accounts which are not accounted for in this table.

(6) Upon issuance of the Series 2013A Bonds, required coverage on Net Revenues increased from 1.00 to 1.10 times and required coverage on Pledged Funds will increase from 1.10 to 1.20 times. For purposes of these calculations, it has been assumed that the Fund Balance equated \$0.

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**TOP TEN UTILITY CUSTOMERS (BASED ON SALES REVENUE)**

The following table shows the ten largest customers of Hernando County for fiscal year ending September 30, 2019:

Customer	Class	Meter Size	Type of Service	System Revenue	% of Total County Sales Revenue
Oak Hill Hospital	Commercial	6"	Water & Sewer	194,403	0.5%
Hernando Correctional Institution	Commercial	6"	Water & Sewer	190,829	0.5%
Hernando County Jail	Commercial	6"	Water & Sewer	171,634	0.5%
Oak Hill Hospital Cooling Tower	Commercial	2"	Water	118,298	0.3%
Brooksville Regional Hospital	Commercial	6"	Water & Sewer	111,982	0.3%
Bridgewater Club Apartments	Commercial	6"	Water & Sewer	97,476	0.3%
Atria Evergreen Woods	Commercial	4"	Water & Sewer	59,472	0.2%
Hernando County School Board	Commercial	6"	Water & Sewer	43,886	0.1%
Spring Hill Hospital Cooling Tower	Commercial	2"	Water	43,714	0.1%
Evergreen Woods	Commercial	4"	Water & Sewer	24,463	0.1%
Total				<u>\$ 1,056,157</u>	

Source: Hernando County Utilities Department.

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**NON-AD VALOREM REFUNDING REVENUE BONDS, SERIES 2010**

The following table represents the County's determination of non-ad valorem revenues for the last six years (excludes non-ad valorem revenues of the County which are not legally available to pay debt service on the Series 2010 Bonds). Certain of such revenue may heretofore or hereinafter be specifically pledged to secure other indebtedness by the County. Any such debt would be payable from such specific revenue sources prior to payment of debt service on the Series 2010 Bonds. Such table is not intended to represent revenues of the County which would necessarily be available to pay debt service on the Series 2010 Bonds; however, they are an indication of the relative amounts of non-ad valorem revenues of the County which may be available for the payment of principal and interest on the Series 2010 Bonds taking into account general government expenditures. Certain categories may cease to exist altogether and new sources may come about from time to time.

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**HISTORICAL NON-AD VALOREM REVENUES IN GENERAL FUND <sup>(1)</sup>**

	Fiscal Year Ending September 30,					
	2014	2015	2016	2017	2018	2019
<b>Revenues</b>						
<b>Taxes:</b>						
Local Communications Services Tax	\$ 1,633,894	\$ 1,786,365	\$ 1,725,437	\$ 1,654,590	\$ 1,658,612	\$ 1,494,033
Licenses and Permits:						
Other	29,280	326,210	363,882	437,911	462,182	489,033
Intergovernmental:						
Local Governmental Half-Cent Sales Tax (2)	8,000,302	8,646,879	9,098,938	9,305,757	9,823,445	10,113,257
State Revenue Sharing	4,063,333	4,392,492	4,519,219	4,735,465	4,970,666	5,223,897
Other (3)	3,324,724	4,082,022	6,225,361	5,068,030	4,916,876	6,023,774
Charges for Services:						
General Government	7,227,029	9,389,625	7,642,009	7,745,846	8,475,322	9,373,508
Public Safety	1,569,743	1,792,748	1,668,836	1,755,579	2,673,726	2,791,145
Physical Environment	46,486	170,986	308,890	342,347	313,140	-
Transportation	146,528	164,232	174,220	153,856	152,677	147,853
Human Services	215,707	212,236	225,273	208,346	204,134	224,203
Recreation and Culture	716,081	687,864	746,590	854,872	854,542	764,664
Other	16,414	30,890	25,368	26,640	28,561	29,197
Fines and Forfeitures	94,522	87,637	76,420	106,757	110,167	137,409
Interest Income	311,288	358,184	402,933	204,633	227,855	1,120,746
Miscellaneous Revenue	6,813,485	1,740,723	1,507,647	1,403,238	1,456,065	1,637,594
<b>Total Sources of Non-Ad Valorem Revenues</b>	<b>\$ 34,208,816</b>	<b>\$ 33,869,093</b>	<b>\$ 34,711,023</b>	<b>\$ 34,003,867</b>	<b>\$ 36,327,970</b>	<b>\$ 39,570,313</b>

(1) Includes non-ad valorem revenues in General Fund only.

(2) This revenue source is pledged as the source of security for payment for the Series 2010 Bonds, Non-Ad Valorem Refunding Revenue Note, Series 2012, and the Non-Revolving Lines of Credit.

(3) Increases/decreases predominantly due to changes in grant funding provided by other governmental agencies.

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**OTHER OBLIGATIONS PAYABLE FROM NON-AD VALOREM REVENUES**

The County has other debt issues outstanding which are secured by and payable from specific non-ad valorem revenues (excluding gas taxes and net revenues of the water and sewer enterprise fund, neither of which are legally available to pay debt service on the Series 2010 Bonds). Such indebtedness is summarized below.

Description	Source of Security	Amount Outstanding (1)	Final Maturity	Maximum Annual Debt Service
Non-Revolving Line of Credit	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	\$ 12,783,261	05/01/2029	\$ 3,345,581
Non-Ad Valorem Refunding Revenue Bonds, Series 2010	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	\$ 1,985,000	2/01/2024	\$ 1,290,806
Non-Ad Valorem Refunding Revenue Note, Series 2012	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	\$ 15,556,000	2/01/2028	\$ 3,145,544
		<u>\$ 30,324,261</u>		<u>\$ 7,781,931</u>

(1) The amount outstanding on each bond issue is calculated as of September 30, 2019.

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**GENERAL FUND REVENUES AND EXPENDITURES**

The Following chart shows information regarding the General Fund for the County's fiscal years ending September 30, 2014 through September 30, 2019:

	Fiscal Year Ending September 30,					
	2014	2015	2016	2017	2018	2019
<b>REVENUES</b>						
Taxes	\$ 49,333,564	\$ 50,405,280	\$ 51,800,500	\$ 52,991,102	\$ 55,176,696	\$ 58,402,513
Licenses and Permits	29,280	326,210	363,882	437,911	462,182	489,034
Intergovernmental	15,388,359	17,121,393	17,392,796	19,109,252	19,718,014	21,360,928
Charges for Services	9,937,988	12,448,581	10,791,186	11,087,486	12,702,102	13,330,570
Fines and Forfeitures	94,522	87,637	76,420	106,757	110,167	137,409
Interest	311,288	358,184	402,933	204,633	227,855	1,120,746
Miscellaneous	6,813,485	1,740,723	1,507,647	1,403,238	1,456,065	1,637,594
<b>TOTAL REVENUES</b>	<b>\$ 81,908,486</b>	<b>\$ 82,488,008</b>	<b>\$ 82,335,364</b>	<b>\$ 85,340,379</b>	<b>\$ 89,853,081</b>	<b>\$ 96,478,794</b>
<b>EXPENDITURES</b>						
Current:						
General Government	\$ 17,582,331	\$ 18,918,049	\$ 19,799,462	\$ 20,384,193	\$ 22,264,779	\$ 22,766,601
Public Safety	40,174,325	42,363,066	44,253,671	45,737,271	48,693,366	51,776,924
Physical Environment	217,920	232,043	264,339	296,056	328,852	444,670
Transportation	2,167,372	1,556,825	2,039,001	2,397,631	2,514,283	2,415,463
Economic Environment	719,489	569,075	468,929	510,631	469,298	558,060
Human Services	7,168,329	5,623,448	4,047,107	4,274,185	4,609,019	4,686,387
Culture and Recreation	4,300,868	4,614,532	4,651,780	4,734,319	5,201,253	5,675,994
Court Operations	1,142,680	1,141,355	1,223,902	1,248,242	1,266,448	1,388,518
Debt Service:						
Principal	473,906	508,414	469,465	420,070	424,739	441,217
Interest and Fiscal Charges	105,412	81,411	116,433	70,632	66,194	69,632
Capital Outlay	1,934,363	2,401,167	2,764,664	3,306,681	3,358,739	3,607,192
<b>TOTAL EXPENDITURES</b>	<b>\$ 75,986,995</b>	<b>\$ 78,009,385</b>	<b>\$ 80,098,753</b>	<b>\$ 83,379,911</b>	<b>\$ 89,196,970</b>	<b>\$ 93,830,658</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 5,921,491</b>	<b>\$ 4,478,623</b>	<b>\$ 2,236,611</b>	<b>\$ 1,960,468</b>	<b>\$ 656,111</b>	<b>\$ 2,648,136</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In (1)	\$ 451,407	\$ 670,107	\$ 1,192,360	\$ 567,136	\$ 3,365,406	\$ 2,390,979
Transfers Out (1)	(2,945,088)	(4,727,066)	(4,092,519)	(5,199,978)	(5,412,852)	(5,666,358)
Additions to Long-Term Debt	750,736	-	-	-	142,399	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ (1,742,945)</b>	<b>\$ (4,056,959)</b>	<b>\$ (2,900,159)</b>	<b>\$ (4,632,842)</b>	<b>\$ (1,905,047)</b>	<b>\$ (3,275,379)</b>
Net Change in Fund Balances	4,178,546	421,664	(663,548)	(2,672,374)	(1,248,936)	(627,243)
<b>BEGINNING FUND BALANCE</b>	<b>18,737,625</b>	<b>22,916,171</b>	<b>23,337,835</b>	<b>23,523,455</b>	<b>23,854,816</b>	<b>22,605,880</b>
<b>ENDING BALANCE</b>	<b>\$ 22,916,171</b>	<b>\$ 23,337,835</b>	<b>\$ 22,674,287</b>	<b>\$ 20,851,081</b>	<b>\$ 22,605,880</b>	<b>\$ 21,978,637</b>

(1) Transfers from or to other funds of the County.

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# Affidavit

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## BOARD OF COUNTY COMMISSIONERS

20 NORTH MAIN STREET ♦ ROOM 263 ♦ BROOKSVILLE, FLORIDA 34601  
P 352.754.4002 ♦ F 352.754.4477 ♦ W [www.HernandoCounty.us](http://www.HernandoCounty.us)

### AFFIDAVIT OF IMPACT FEE COMPLIANCE

Hernando County, Florida has complied with Section 163.31801 of Florida Statutes regarding accounting and reporting of Impact Fee collections and expenditures.

A handwritten signature in black ink that reads "Amy Gillis".

Amy Gillis, CPA, CGFO  
Financial Services Director  
Office of Doug Chorvat Jr., Clerk of Circuit Court and Comptroller

