

A bald eagle is perched on a weathered tree branch, looking towards the right. The eagle has a white head and neck, a yellow beak, and dark brown feathers on its body. The background is a clear, bright blue sky. The text of the report is overlaid on the image in a white, cursive font.

Comprehensive Annual Financial Report
Hernando County, Florida

for the
Fiscal Year Ended
September 30, 2014

Eagle sighting along Hernando's coastline

Home of the *Nature Coast*

**HERNANDO COUNTY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014**

PRINCIPAL OFFICIALS

as of September 30, 2014

BOARD OF COUNTY COMMISSIONERS

Wayne Dukes, *Chairman* - District 2
Nicholas W. Nicholson, *Vice Chairman* – District 1
Diane B. Rowden - District 3
David D. Russell, Jr. - District 4
James Adkins - 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

Don Barbee, Jr.



INTRODUCTORY SECTION

This section contains the following:

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Letter of Transmittal

Certificate of Achievement Award

Organizational Chart



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Don Barbee Jr.

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

March 10, 2015

To the Citizens of Hernando County:

The Comprehensive Annual Financial Report (CAFR) of Hernando County, Florida, for the fiscal year ended September 30, 2014 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 174,955, 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 477 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 7,687 is rich in history and traditions; and the City of Weeki Wachee with a population of 5 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 with an estimated population of over 99,907, depending on undefined boundary lines.

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 ten 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 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 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, mass transportation services, health and social services, cultural and recreational services, water, sewer, 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 174,955 which is an increase of 20% over what it was 10 years ago. The County's population is projected to be almost 197,600 five years from now and over 215,000 ten years from now.
- 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 recruited two new companies, Baker Parts and Tradesmith, while retaining and growing six existing businesses representing 162,300 square feet of space, 139 new jobs and 465 existing jobs.

- Although limited residential development is currently occurring, a significant number of developments have been approved and are expected to develop as the economy continues to improve. There are also several Developments of Regional Impact (DRI's) that have been approved by the State. These include the Quarry Preserve DRI, Lake Hideaway DRI, Sunrise DRI and Hickory Hill DRI. In total, these projects would add over 16,000 dwelling units, 425,000 square feet of retail, 850,000 square feet of business park, 795,000 square feet of commercial and 108 holes of golf. In addition, the County recently renegotiated a Development Agreement for a project known as Seville. This project includes provisions for 854,000 square feet of commercial space and 3,900 dwelling units. Commercial development has also increased along SR 50 in Spring Hill, a major shopping corridor in the County.

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 Clerk of Court and Comptroller opened their first auxiliary office at the Westside Government Center to make accessing Clerk services more convenient for citizens living on that side of the County. Staffed with existing personnel, services include official records, marriage licenses, traffic tickets and criminal payments.
- The Clerk of Court and Comptroller implemented e-filing in all court divisions in a move to continue with a paperless court system. Attorneys file all documents electronically and all court records are kept electronically.
- Implemented a new education and workforce development initiative, the Industry Certification Training Center, will offer training to high school students and continued education upon graduation to provide a trained workforce for the county's industries.
- Improvements to the permitting processes include 'concurrent' distribution and review of residential permit applications, reducing processing time by 50 percent.
- The Kass Circle Neighborhood Revitalization Project was initiated. A grant funded planning project done in collaboration with the University of South Florida resulted in a concept vision plan for the commercial and multi-family center. The plan won a statewide "Grassroots Initiative" award from the Florida Planning and Zoning Association.
- The County's Public Library System was the recipient of the inaugural 2014 Florida Library Association Excellence in Marketing and Public Relations Award.
- Improvements were made to the Hernando County Transit System, THE Bus, by implementing the following: established a fourth bus route; improved the frequency of a route from 75 to 60 minutes; partnered with a vendor to install shelters and/or benches at 45 of the 175 bus stops; expanded a current route to include additional stops and added a connection to the Pasco County Public Transportation System.

- Over 30 road paving or resurfacing, sidewalk or drainage projects are in the design stage, and another 30 are in the construction stage or were completed during the year.
- Completed a Water and Wastewater Revenue Sufficiency Analysis and a 5-year Financial/Rate Model which projects capital projects and operating costs in comparison to revenue projections. The results of the analysis provided information to the Board to establish user rates for fiscal year 2015 through 2019.
- Successfully completed the closure of a cell at the Northwest Waste Management Facility. The project was within budget at \$2.9 million.
- Elections voting by mail continues to increase in popularity, now representing 50%, which is the largest sector of total ballots cast. The next largest sector, voting on election day, represents 40% of total ballots cast.
- Grant funds were provided to implement a program at the County's Detention Center in which all meals (1500 per day), are prepared on site by inmates in the trustee program, supervised by detention deputies. In conjunction with this, the Food Handler Certificate Program is available for those inmates that work in the kitchen, providing them with an additional skill set for use upon release from detention.
- Other notable accomplishments include: maintained and improved county parks through beach sand replacement, playground equipment replacement, and improvements to boat ramps, athletic fields, ball courts and parking lots; installed signs at Bayport Park recognizing its historic significance; completed a three-year sandhill/scrub habitat restoration plan for Cypress Lakes Preserve; opened the Weeki Wachee Springs State Park Visitor Information Center; used grant proceeds for marketing the inaugural Brooksville Native American Festival; adopted a fertilizer application ordinance which restricts the use of fertilizers aimed at ensuring protection of our valuable springs and waterways; used grant proceeds to help homeless residents secure and maintain housing; obtained training and assisted residents with their knowledge and enrollment in the affordable healthcare insurance; purchased property known as 'The Lake House' to serve as an additional venue for recreational activities of the county; completed renovation and improvements at the county's detention center; completed renovation of the East Hernando Library; paved 9.92 miles of limerock roadway; improved and/or completed four water navigation marking systems and began the process for two additional reefs; installed the latest generation Automated Traffic Management System software.

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 budget is prepared in compliance with the County's Budget Reserve Policy and Reserve Stabilization Policy; a minimum reserve policy requires reserves in the General Fund to be maintained at 18.5% and

Hernando County maintains a five-year Capital Improvement Program (CIP) and updates it annually.

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, 2013.

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.

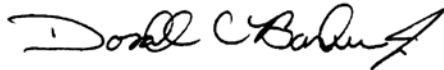
A Certificate of Achievement is valid for a period of one year only. Hernando County has received a Certificate of Achievement for the last 29 consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the 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,



Don Barbee, Jr.
Clerk of Circuit Court and Comptroller



Amy Gillis, CPA, CGFO
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, 2013. 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 twenty-nine 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

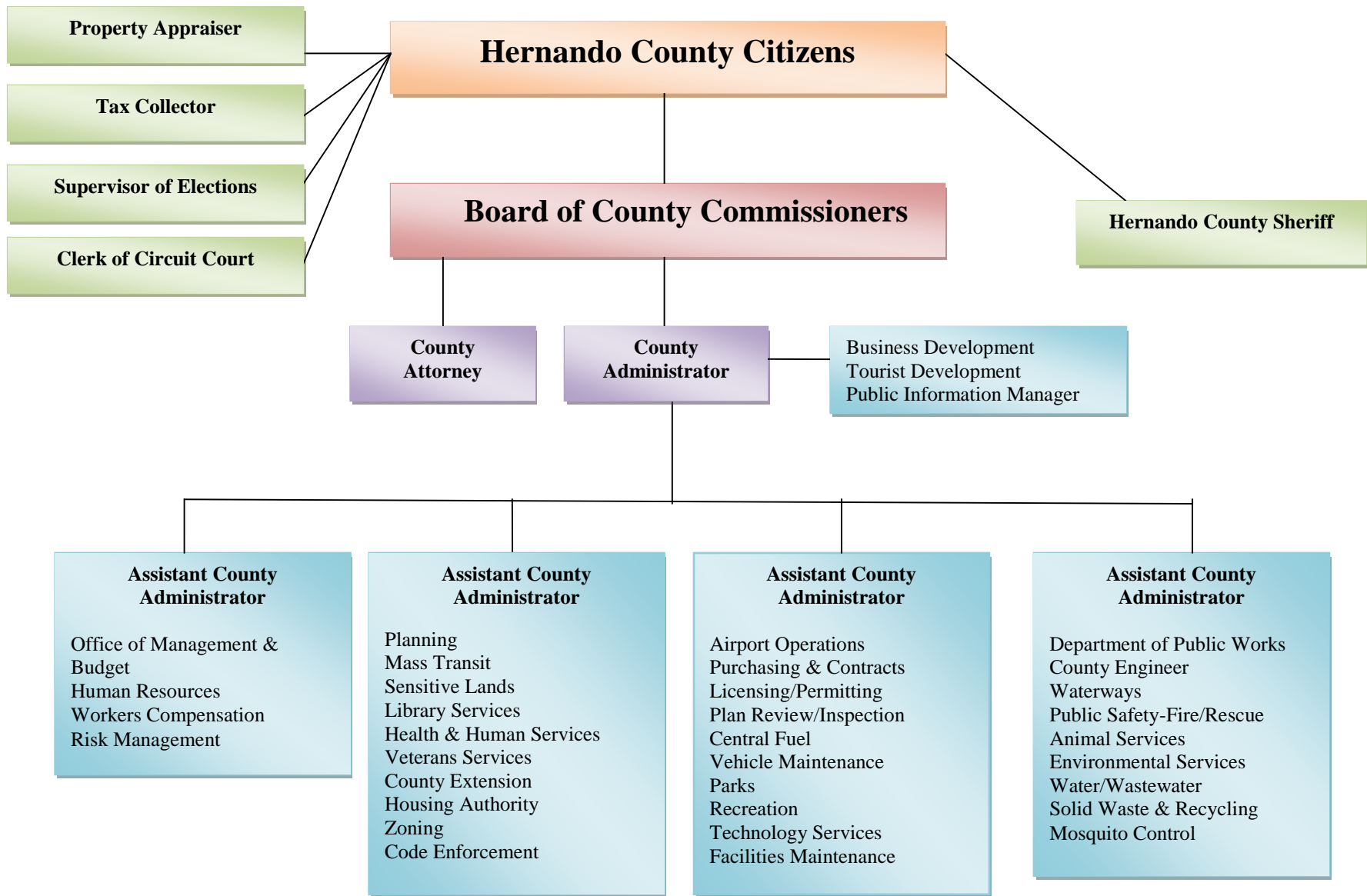
**County of Hernando
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO







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

INDEPENDENT AUDITORS' 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, 2014, 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.

Auditors' 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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Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309

MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

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

INDEPENDENT AUDITORS' REPORT
(Continued)

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, 2014, 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.

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 the 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. The introductory section, combining and individual fund statements and schedules, statistical section, and bond compliance section, 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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.

The combining and individual fund statements and schedules and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management, 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 fund statements and schedules, and the schedule of expenditures of federal awards and state financial assistance, are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

INDEPENDENT AUDITORS' REPORT

(Concluded)

Other Matters *(Concluded)*

Other Information (Concluded)

The introductory, statistical, and bond covenant 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 March 10, 2015, 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 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 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.

Purvis, Gray and Company, LLP

March 10, 2015
Sarasota, Florida

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, 2014. 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, 2014, the County's assets and deferred outflows exceeded its liabilities by \$609,892,423. This represents an increase of \$3,676,671 over the prior year net position (as restated). In addition, beginning net position was reduced by \$933,278 to comply with Governmental Accounting Standards Board, Statement 65 (See Note Q for further explanation). Of the \$609,892,423 difference between assets and liabilities, \$65,837,330 was unrestricted and available at year-end to meet the County's ongoing obligations to citizens and creditors.

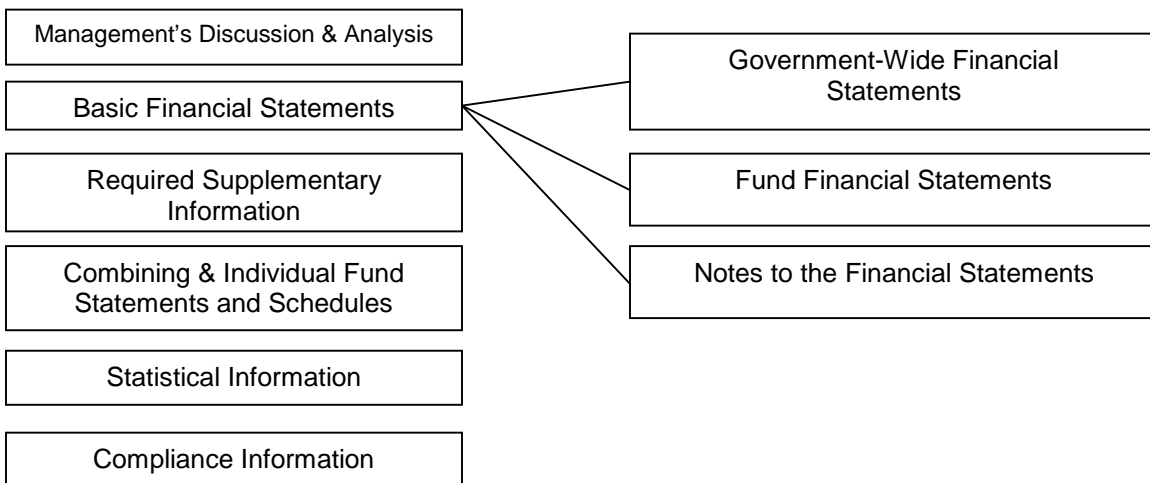
Net position of governmental activities increased \$159,014. Net position of business-type activities increased \$3,517,657. Accordingly, net position of both the governmental activities and business-type activities increased a total of \$3,676,671.

As of September 30, 2014, unassigned fund balance in the governmental funds was \$12,033,898; representing a 22% increase from the previous year unassigned fund balance of \$9,824,884. The net change in fund balances in the governmental funds improved from a negative \$12,206,102 for the fiscal year 2012-13 to a negative \$4,176,047 for the fiscal year 2013-14. The current year increase is predominantly due to an increase in the fund balance of the General Fund of \$4,178,546 as compared to a decrease in the fund balance of \$7,925,165 in the prior year. That represents a \$12,103,710 improvement over the prior year.

The County's largest enterprise fund, the Water & Sewer District, had an increase in net position of \$3,212,385 for the year with the increase mostly being in the operating income. The Water and Sewer operating income of \$3,353,715 represents a 27% increase over operating income of the previous year. Waste Management had an increase in net position of \$1,176,874 for the year. Aviation Authority had a decrease in net position of \$832,357 for the year.

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. Below 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, deferred outflows and liabilities of the County, with the difference between assets plus deferred outflows, and liabilities 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 of 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	
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Current and other assets	\$ 135,538,663	\$ 133,762,323	\$ 57,671,858	\$ 61,622,151	\$ 193,210,521	\$ 195,384,474
Capital and other long-term assets	328,448,186	331,465,061	236,131,691	230,647,987	564,579,877	562,113,048
Total assets	<u>463,986,849</u>	<u>465,227,384</u>	<u>293,803,549</u>	<u>292,270,138</u>	<u>757,790,398</u>	<u>757,497,522</u>
Deferred Outflows of Resources		1,044,893		1,828,360		2,873,253
Long-term liabilities	55,086,863	56,996,872	78,037,046	74,831,781	133,123,909	131,828,653
Other liabilities	11,466,277	11,944,189	6,051,182	6,705,510	17,517,459	18,649,699
Total liabilities	<u>66,553,140</u>	<u>68,941,061</u>	<u>84,088,228</u>	<u>81,537,291</u>	<u>150,641,368</u>	<u>150,478,352</u>
Net position:						
Net Investment in capital assets	290,020,445	292,319,949	171,016,960	168,614,309	461,037,405	460,934,258
Restricted	82,666,388	72,678,248	10,311,887	10,442,587	92,978,275	83,120,835
Unrestricted	24,746,876	32,333,019	28,386,474	33,504,311	53,133,350	65,837,330
Total net position	<u>\$ 397,433,709</u>	<u>\$ 397,331,216</u>	<u>\$ 209,715,321</u>	<u>\$ 212,561,207</u>	<u>\$ 607,149,030</u>	<u>\$ 609,892,423</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 \$609,892,423 at the close of the most recent fiscal year. This represents an increase of \$2,743,393 or 0.5% from the prior year.

The largest portion of Hernando County's net position (75%) 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 (14%) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of the County's net position (11%) is unrestricted and may be used to meet the County's ongoing obligations to citizenry and creditors.

Hernando County's Changes in Net Position

	Governmental		Business-Type		Totals	
	Activities		Activities			
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Revenues						
Program revenues:						
Charges for services	\$ 38,836,848	\$ 51,402,741	\$ 36,524,172	\$ 37,837,071	\$ 75,361,020	\$ 89,239,812
Operating grants and contributions	4,527,933	2,407,913	75,104	245,296	4,603,037	2,653,209
Capital grants and contributions	4,322,603	1,886,804	2,036,328	1,548,619	6,358,931	3,435,423
General revenues:						
Property taxes	57,140,650	59,178,394	-	-	57,140,650	59,178,394
Other taxes	15,499,870	20,212,976	-	-	15,499,870	20,212,976
Investment earnings	72,792	1,474,778	31,437	604,857	104,229	2,079,635
Other	<u>5,687,326</u>	<u>4,378,905</u>	<u>976,145</u>	<u>949,447</u>	<u>6,663,471</u>	<u>5,328,352</u>
Total revenues	<u>126,088,022</u>	<u>140,942,511</u>	<u>39,643,186</u>	<u>41,185,290</u>	<u>165,731,208</u>	<u>182,127,801</u>
Expenses						
General government	20,629,481	21,043,709	-	-	20,629,481	21,043,709
Public safety	69,195,503	74,078,608	-	-	69,195,503	74,078,608
Physical environment	1,316,323	988,256	-	-	1,316,323	988,256
Transportation	19,118,962	19,983,504	-	-	19,118,962	19,983,504
Economic environment	2,376,938	1,688,753	-	-	2,376,938	1,688,753
Human services	8,818,543	10,008,932	-	-	8,818,543	10,008,932
Culture and recreation	5,326,493	5,172,869	-	-	5,326,493	5,172,869
Court operations	6,140,248	6,656,376	-	-	6,140,248	6,656,376
Interest on long-term debt	1,223,532	1,144,137	-	-	1,223,532	1,144,137
Water and sewer	-	-	25,147,500	25,504,932	25,147,500	25,504,932
Aviation authority	-	-	2,561,616	2,914,076	2,561,616	2,914,076
Waste management	-	-	6,901,679	6,918,240	6,901,679	6,918,240
Building department	-	-	1,723,975	1,989,514	1,723,975	1,989,514
Zoning department	-	-	<u>350,088</u>	<u>359,224</u>	<u>350,088</u>	<u>359,224</u>
Total expenses	<u>134,146,023</u>	<u>140,765,144</u>	<u>36,684,858</u>	<u>37,685,986</u>	<u>170,830,881</u>	<u>178,451,130</u>
Change in net position before transfers	(8,058,001)	177,367	2,958,328	3,499,304	(5,099,673)	3,676,671
Transfers	<u>(75,887)</u>	<u>(18,353)</u>	<u>75,887</u>	<u>18,353</u>	-	-
Change in net position	(8,133,888)	159,014	3,034,215	3,517,657	(5,099,673)	3,676,671
Net position –beginning of year	405,567,597	397,433,709	206,681,106	209,715,321	612,248,703	607,149,030
Adjustment to beginning net position – See Note Q	-	<u>(261,507)</u>	-	<u>(671,771)</u>	-	<u>(933,278)</u>
Net position –end of year	<u>\$ 397,433,709</u>	<u>\$ 397,331,216</u>	<u>\$ 209,715,321</u>	<u>\$ 212,561,207</u>	<u>\$ 607,149,030</u>	<u>\$ 609,892,423</u>

Governmental Activities

Net position of governmental activities increased \$159,014 or 0.04%, which is an increase of \$8,292,902 from the negative change in net position in the prior year. Program revenues in the amount of \$55,697,458 were used to offset program expenses of \$140,765,144, resulting in a net program loss of \$85,067,686. General revenues less transfers in the amount of \$85,226,700 offset a portion of the difference in those program expenses and resulted in a total net increase of \$159,014.

Program revenues increased 17% during the year. The increase in Program Revenues is attributable to a \$12.6 million or 32% increase in Charges for Services offset by a \$4.6 million or 51% decrease in Operating and Capital Grants and Contributions.

Charges for Services increased \$12,565,893 from the prior year mostly due to a flat rate assessment being charged for all areas which receive fire protection in the current year. The flat rate assessment resulted in an additional \$7.6 million in revenue in Charges for Services. Prior to fiscal year 2014, areas receiving service from Spring Hill Fire Rescue were categorized as property taxes in the Statement of Activities. The property tax, or ad valorem assessment, was replaced with a flat rate assessment when Spring Hill Fire Rescue was included with Hernando County Fire Rescue. The County also entered into a contractual agreement with a local hospital for the receipt of \$3 million for indigent services.

Operating Grants and Contributions decreased 47% from prior year due to a decrease of grants for Economic Environment. There was a decrease in grant funding received in the current year for Neighborhood Stabilization Program activities. There was also non-recurring disaster recovery assistance received in prior year. The Good Neighbor Trail Phase IIB project was also completed in the prior year.

Capital Grants and Contributions decreased 56% from the prior year due to a \$2.7 million addition to the County-owned hospital in fiscal year 2013.

Investment earnings increased \$1.4 million from prior year due to an increase in the fair market value of investments at fiscal year-end.

Miscellaneous revenue increased 198% from the prior year due to a \$2.1 million settlement received on the dredge project in the current year. There were also total receipts of \$460,000 in employee wellness contributions which included \$312,000 refund under the County's group insurance plan for a good claims history for the prior year.

Program expenses increased 5% over the prior year. Increases in the categories of General Government, Public Safety, Transportation, Human Services and Court Operations were offset by decreases in Physical Environment, Economic Environment, and Culture and Recreation expense.

Public Safety expenses increased 7% due to additional fire and EMS personnel being added in the beginning of fiscal year 2014 to meet minimum staffing requirements for providing fire and emergency medical services.

Transportation expenses increased 5% from prior year due to an update to the Long Range Transportation Plan completed by the general planning consultant. A major update is required every four to five years per Federal and State legislation. There were also additional costs due to maintenance on aging vehicles.

Human Services expenses increased 13% from the prior year due to a contractual agreement with a local hospital for indigent care.

Physical Environment expenses decreased 25% from the prior year due to the completion of the Peck Sink Stormwater Project in fiscal year 2013.

Economic Environment expenses decreased 29% from the prior year due to a reduction in the homes purchased under the Neighborhood Stabilization Program during fiscal year 2014.

Business-Type Activities

Net position of the business-type activities increased \$3,517,657 or 1.4% over prior year net position balances. Program revenues in the amount of \$39,630,986 were used to offset program expenses of \$37,685,986, resulting

in net program income of \$1,945,000. General revenues and transfers of \$1,572,657 resulted in a total net increase of \$3,517,657.

Charges for services increased mostly due to increases in charges for water and sewer services.

Capital Grants and Contributions decreased 24% from prior year. In fiscal year 2013, the Aviation Authority received a capital grant to purchase an existing fixed base operator facility including hangars. The purchase was completed in April 2013.

Investment earnings increased \$573,420 from prior year for the same reason as for governmental activities.

ANALYSIS OF THE FUND FINANCIAL STATEMENTS

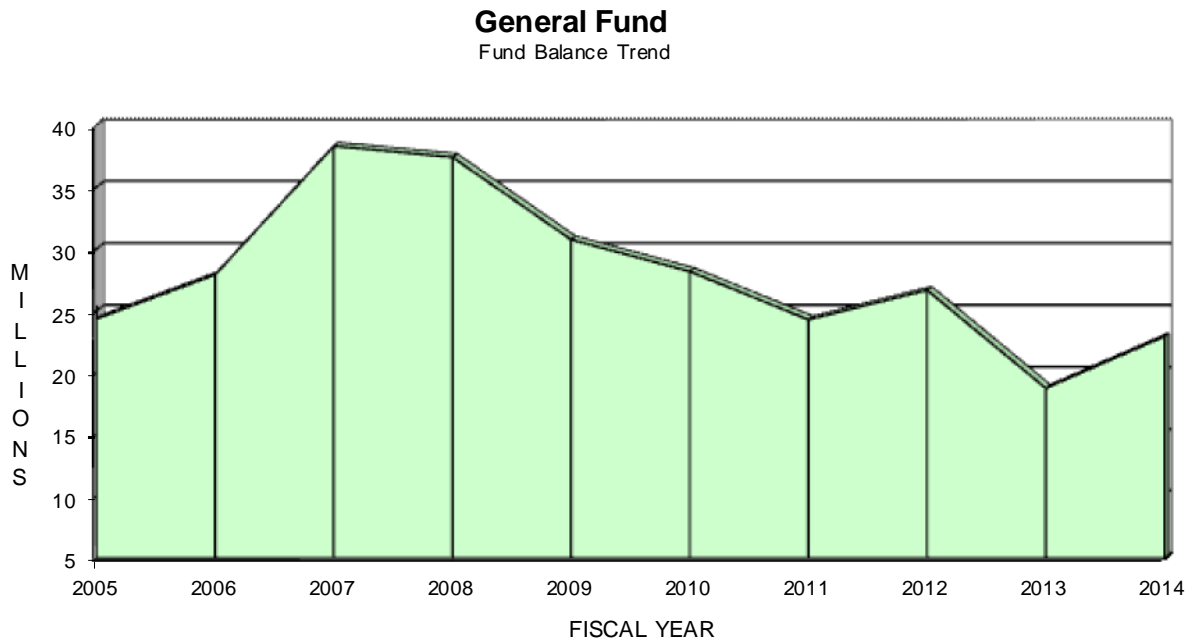
As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Following is a discussion of the financial statements on a fund accounting level.

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 \$102,856,431, a decrease of \$4,176,047 or 4% from prior year balances. Of the \$102,856,431 fund balance in governmental funds, \$12,033,898 constitutes unassigned fund balance, which is available for spending at the County's discretion and \$124,724 which is non-spendable. The remainder of fund balance available for spending consists of the following: \$69,937,074 in 'Restricted Fund Balance' which is restricted by law or externally imposed requirements; \$5,828,831 in 'Committed Fund Balance' which is committed for a specific purposes by the Board; and \$14,931,904 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 \$22,916,171, representing a 22% increase from the previous year. Following is a chart of the fund balance trend over the past ten years of the General Fund:



In the General Fund, the fund balance increased \$4,178,546, or 22%. General Fund revenues increased 18% and General Fund expenditures increased 6% from prior year. Revenue from Taxes increased \$6,459,891 from the prior year due to an increase in the General Fund millage rate of 0.95 mills. Miscellaneous revenue increase included a lease with a local hospital for \$3,300,000 and a settlement for the dredge project of \$1.6 million. Expenses for General Government increased due to personnel items including the movement of technology department employees from the Water and Sewer District to Technology Services department, and increases in the contribution rates for Florida Retirement System. Human Service expenses increased due to the County entering into a contractual agreement with a local hospital for indigent care.

The Transportation Trust Fund fund balance decreased \$1,927,409 or 6%. Interest Income increased \$435,569 from prior year due to a significant increase in the fair market value of investments at the end of the current year. Miscellaneous Income increased 522% from prior year due to a settlement of \$500,000 on the dredge project. Capital Outlay increased \$3,961,399 or 95% from prior year. This is mainly due to a grant project entering into its construction phase which results in capital outlay.

In the Impact Fee Fund, the fund balance decreased 17%. Impact Fee Fund revenues increased 64% and Impact Fee Fund expenditures increased 31%. The increase in revenues is in spite of a continued moratorium on impact fees. The increase in expenditures is due to an increase in Capital Outlay of 32%.

Effective October 1, 2013, Spring Hill Fire Department was combined with Hernando County Fire Rescue-Fire and Hernando County Fire Rescue-Rescue. Because Spring Hill Fire Department included fire and rescue services, the assets and liabilities of the fund were divided between fire and rescue services and combined with the respective Hernando County fund. Hernando County Fire Rescue-Fire met the criteria for presentation as a major fund in 2014. For 2014, the fund balance decreased \$775,875, or 11%, to \$6,365,490.

Proprietary Funds

The Water and Sewer District experienced an increase in net position of \$3,212,385 compared to prior year's increase of \$1,447,543. Operating revenues of \$26,969,293 less operating expenses of \$23,615,578 resulted in operating income of \$3,353,715. Operating revenues increased 6% from prior year due to increased water consumption and the phased in increase in rates as part of a five-year rate plan. Operating expenses increased 3% due to an increase in personal services and other services and charges. Non-operating Revenues (Expenses) improved 27% due to a decrease in interest expense and an increase in interest income over the prior year.

Aviation Authority experienced a decrease in net position of \$832,357. Operating revenues of \$1,701,674 less operating expenses of \$2,390,629 resulted in an operating loss of \$688,955. Revenue decreased 13% from prior year. Approximately \$443,000 in revenue was received last year from federal and state grants to repair sinkhole damage incurred during tropical storm Debby. Operating expenses decreased 6% from the prior year due to a decrease in other services and charges. A project was discontinued resulting in additional non-operating expenses of \$510,326. The operating loss was offset by \$147,019 received in Capital Grants and Contributions, which was mainly comprised of grants received to construct airport hangars at the Hernando County Airport.

The Waste Management fund had an increase in net position of \$1,176,874 compared to prior year's increase of \$791,162. This is mainly due to a decrease in the estimated long term care costs of the landfill and an increase in interest income for the current fiscal year.

Building Department experienced an increase in net position of \$24,867. This is lower than the increase in net position for the prior year of \$215,649. Operating Revenues increased 3% from the prior year due to an increase in Charges for Services revenue. Operating Expenses increased 15% from the prior year. This resulted in operating income of \$7,475.

Zoning Department experienced a decrease in net position of \$34,375. This is lower than the decrease in net position for prior year of \$104,142. Operating revenues increased 30% from the prior year mainly due to Licenses and Permits revenue. Expenses increased 3% from the prior year due to a slight increase in Other Services and Charges. This resulted in an operating loss of \$39,556. The Zoning Department will be moved into the General Fund in fiscal year 2014-15.

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:

- Actual ad-valorem taxes collected for the General Fund were 1% higher than budgeted. Typically, actual taxes collected are between 2 and 5 percent less than the total amount assessed due to discounts allowed for early payment.
- Intergovernmental revenue sources were 11% less than budgeted due in part to the manner in which 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. This causes a variance between the budgeted and actual grant activity.
- Charges for Services revenue was 4% higher than budget. A large portion of this increase is due to the Sheriff's Office receiving higher than anticipated detention revenues and charges for school resource officers in the current year.
- Interest income was 90% over budget. This is mainly due to a significant increase in fair market value of investments at the end of the fiscal year.
- The original budget for Economic Environment expenditures increased 85% due to grant funding increases higher than originally expected.
- The original budget for Human Services expenditures increased 73% due to the County entering into an agreement with a local hospital for indigent care.
- There was an increase of 127% to the original budget for Capital Outlay. Additional projects were budgeted which included the acquisition of land through a federal grant program. The Sheriff also increased their Capital Outlay budget due to Emergency Management grant funding.

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, 2014, amounts to \$562,041,872, 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 1% increase for governmental activities and a 2% decrease for business-type activities.

Following is a schedule of the County's capital assets, net of accumulated depreciation, as of September 30, 2013 and 2014:

	Governmental Activities		Business-Type Activities		Totals	
	2013	2014	2013	2014	2013	2014
Land	\$ 26,407,822	\$ 28,354,743	\$ 8,390,244	\$ 8,380,601	\$ 34,798,066	\$ 36,735,344
Buildings	85,975,192	82,830,532	11,057,002	10,723,016	97,032,194	93,553,548
Infrastructure	174,915,641	178,091,284	2,397,344	2,326,293	177,312,985	180,417,577
Improvements other than Buildings	9,381,362	8,533,550	197,693,373	191,989,110	207,074,735	200,522,660
Equipment	13,738,002	15,122,883	3,495,963	3,168,081	17,233,965	18,290,964
Construction in Progress	16,685,307	17,635,197	12,347,063	13,989,710	29,032,370	31,624,907
Intangible Assets	<u>1,083,353</u>	<u>896,872</u>	<u>-</u>	<u>-</u>	<u>1,083,353</u>	<u>896,872</u>
Total	\$ <u>328,186,679</u>	\$ <u>331,465,061</u>	\$ <u>235,380,989</u>	\$ <u>230,576,811</u>	\$ <u>563,567,668</u>	\$ <u>562,041,872</u>

Additional information on Hernando County's capital assets can be found in Note F to the basic financial statements. The increase in capital asset activity for 2014 occurred in the Governmental Activities primarily due to an increase in Land, Infrastructure, Equipment and Construction in Progress. For Business-Type Activities, Improvements and Buildings decreased due to the depreciation of improvements with few additions being made in fiscal year 2014.

Debt Administration

Loans and notes payable amounted to \$54,095,702 of which \$30,899,921 is for Governmental Activities and \$23,195,781 is for Business-Type Activities. Loans for business-type activities include \$23,195,781 of financing from the State Revolving Loan program for water & sewer improvement projects.

Leases payable in the amount of \$216,819 are for governmental activities.

Hernando County had total bonded debt outstanding of \$47,649,736. 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, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance
Loans & Notes Payable	\$ 54,508,952	\$ 1,713,502	\$ 2,126,752	\$ 54,095,702
Leases Payable	535,213	-	318,394	216,819
Revenue Bonds	51,568,816	-	3,919,080	47,649,736
	\$ <u>106,612,981</u>	\$ <u>1,713,502</u>	\$ <u>6,364,226</u>	\$ <u>101,962,257</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 three of its bonds. In addition to insuring the Capital Improvement and Refunding Revenue Bonds, Series 2004, the County obtained an original underlying rating of "A-" from Standard & Poor's and "A2" from Moody's. In addition to insuring the Non-Ad Valorem Refunding

Revenue Bonds, Series 2010, the County obtained an original underlying rating of “A” from Standard & Poor’s and “A2” from Moody’s. In addition to insuring the Water and Sewer Refunding Revenue Bonds, Series 2013A, the County obtained an original underlying rating of “AA-” from Fitch, “Aa3” from Moody’s, and (A+” from Standard & Poor’s.

Following are the County’s underlying ratings as of September 30, 2014:

	<u>Moody’s</u>	<u>Fitch</u>	<u>S&P</u>
Capital Improvement and Refunding Revenue Bonds, Series 2004	A1	NR	A
Non-Ad Valorem Refunding Revenue Bonds, Series 2010	Aa3	NR	A
Water and Sewer Refunding Revenue Bonds, Series 2013A	Aa3	AA-	A+

NR represents No Rating. Additional information on Hernando County’s long-term debt can 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 145,207 in 2004 to 174,955 in 2014, a 20% increase over a period of 10 years.
- Unemployment in Hernando County decreased to an average of 8.1% and the County’s personal income per capita decreased slightly to \$31,422 in 2013, the most recent year available.
- Total taxable property value has increased 13% over the last 10 years and increased 3% over the most recent year.
- Residential development has experienced a significant decrease in prior years over the staggering growth rates of the previous years. During this same time period, commercial development has not experienced decreases as significant. Many large residential projects considered a “Development of Regional Impact,” or DRI, have been approved by the Board over the last three years. Some of these DRIs have been approved by the State and some are still in the approval process. When the economy improves, these developments will commence and have a significantly positive impact on the County. However, the number of building permits issued in 2013-14 increased 6% from prior year.

For fiscal year 2013-14, property value declines experienced in recent years leveled off, with final property values approximately the same as the prior year. The County recently experienced significant retail development along the State Road 50 corridor, but those properties will not be added to the property values until fiscal year 2015-16.

Mosquito Control, a municipal services taxing unit, was previously funded by a 0.1000 mill on property taxes. In fiscal year 2014-15, the millage of Mosquito Control was reduced to zero, and the General Fund millage was increased by a proportionate amount. Due to this and other immaterial items, the General Fund millage was increased from 6.8669 to 6.9912 for the fiscal year 2014-15 budget.

The County continued to meet its General Fund fund balance reserve requirements of 18.5% (See Note A, Governmental Fund Balance Classification) for both fiscal year 2013-14 and 2014-15, and is anticipating the same for fiscal year 2015-16.

In addition to the 18.5% reserve requirement in the General Fund which equates to \$13.3 million, the County has set aside \$4.3 million. The \$4.3 million consists of \$1.3 million the County received from a legal settlement plus \$3.0 million the County established to meet Other Post Employment Benefit (OPEB) obligations.

In fiscal year 2013-14, the Board of County Commissioners approved moving to a self-insurance fund for the fiscal year 2014-15 employee medical health insurance. This reduced the increase the County was previously expecting for these costs. During the first third of fiscal year 2014-15, the County saved over \$500,000. If the County continues to experience savings, they will consider making other health insurance coverage self-funded.

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@hernandocounty.us

It is also suggested you visit our website at www.hernandocounty.us for general information about the County, and www.hernandoclerk.com for additional financial information.



Basic Financial Statements

HERNANDO COUNTY, FLORIDA
STATEMENT OF NET POSITION
September 30, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 7,795,469	\$ 37,355	\$ 7,832,824
Pooled Cash and Investments	112,825,405	53,132,612	165,958,017
Cash with Fiscal Agent	7,589,160	1,762,948	9,352,108
Other Investments	623,941	-	623,941
Accounts Receivable (net)	1,865,180	3,492,343	5,357,523
Internal Balances	(2,639,966)	2,639,966	-
Due from Other Governments	5,331,740	211,474	5,543,214
Inventories	254,470	345,453	599,923
Prepaid Items	116,924	-	116,924
Capital Assets, net of accumulated depreciation:			
Land	28,354,743	8,380,601	36,735,344
Buildings	82,830,532	10,723,016	93,553,548
Infrastructure	178,091,284	2,326,293	180,417,577
Improvements Other than Buildings	8,533,550	191,989,110	200,522,660
Equipment	15,122,883	3,168,081	18,290,964
Construction in Progress	17,635,197	13,989,710	31,624,907
Intangible Assets	896,872	-	896,872
Prepaid Bond Insurance	-	71,176	71,176
Total Assets	\$ 465,227,384	\$ 292,270,138	\$ 757,497,522
Deferred Outflows of Resources			
Deferred Charge on Debt Refunding	\$ 1,044,893	\$ 1,828,360	\$ 2,873,253
LIABILITIES			
Accounts Payable	5,363,572	1,425,197	6,788,769
Retainage Payable	172,455	-	172,455
Accrued Liabilities	3,356,695	1,424,530	4,781,225
Due to Other Governments	906,743	13,754	920,497
Unearned Revenue	1,943,854	324,641	2,268,495
Deposits	200,870	2,864,183	3,065,053
Payable from Restricted Assets:			
Accounts Payable	-	577,668	577,668
Retainage Payable	-	75,537	75,537
Non-Current Liabilities:			
Due Within One Year:			
Loans & Notes Payable	1,032,371	1,021,632	2,054,003
Leases Payable	162,676	-	162,676
Bonds Payable	1,774,698	2,328,783	4,103,481
Compensated Absences	6,341,042	792,518	7,133,560
Claims Liabilities	2,621,998	-	2,621,998
Due In More Than One Year:			
Loans & Notes Payable	29,867,550	22,174,149	52,041,699
Leases Payable	54,143	-	54,143
Bonds Payable	5,208,781	38,337,474	43,546,255
Compensated Absences	1,362,451	59,652	1,422,103
Other Post Employment Benefits	7,171,162	728,945	7,900,107
Claims Liabilities	1,400,000	-	1,400,000
Unearned Revenue	-	1,540,795	1,540,795
Accrued Landfill Closure/Postclosure	-	7,847,833	7,847,833
Total Liabilities	\$ 68,941,061	\$ 81,537,291	\$ 150,478,352

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

HERNANDO COUNTY, FLORIDA
STATEMENT OF NET POSITION
September 30, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
NET POSITION			
Net Investment in Capital Assets	\$ 292,319,949	\$ 168,614,309	\$ 460,934,258
Restricted for:			
Grant Funded Programs	689,250	-	689,250
Court Programs	4,502,770	-	4,502,770
Special Assessment Projects	828,575	-	828,575
Environment Conservation	11,138,033	-	11,138,033
Bond Covenants or Debt Service	2,026,221	-	2,026,221
Public Safety	12,509,309	-	12,509,309
Capital Projects	37,910,517	6,962,028	44,872,545
Renewal and Replacement	-	3,480,559	3,480,559
Other Purposes	3,073,573	-	3,073,573
Unrestricted	32,333,019	33,504,311	65,837,330
Total Net Position	\$ 397,331,216	\$ 212,561,207	\$ 609,892,423



HERNANDO COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2014

	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
Function/Program Activities							
Governmental Activities:							
General Government	\$ 21,043,709	\$ 13,729,650	\$ 40,720	\$ 222,873	\$ (7,050,466)	\$ -	\$ (7,050,466)
Public Safety	74,078,608	27,930,952	309,223	382,603	(45,455,830)	-	(45,455,830)
Physical Environment	988,256	305,565	4,687	-	(678,004)	-	(678,004)
Transportation	19,983,504	3,165,317	1,366,886	968,200	(14,483,101)	-	(14,483,101)
Economic Environment	1,688,753	54,738	28,466	-	(1,605,549)	-	(1,605,549)
Human Services	10,008,932	244,996	29,456	54,223	(9,680,257)	-	(9,680,257)
Culture and Recreation	5,172,869	851,404	322,336	258,905	(3,740,224)	-	(3,740,224)
Court Operations	6,656,376	5,120,119	306,139	-	(1,230,118)	-	(1,230,118)
Interest on Long-term Debt	1,144,137	-	-	-	(1,144,137)	-	(1,144,137)
Total Governmental Activities	140,765,144	51,402,741	2,407,913	1,886,804	(85,067,686)	-	(85,067,686)
Business-type Activities:							
Water and Sewer District	25,504,932	26,567,996	40,715	1,401,600	-	2,505,379	2,505,379
Aviation Authority	2,914,076	1,628,829	204,581	147,019	-	(933,647)	(933,647)
Waste Management	6,918,240	7,420,103	-	-	-	501,863	501,863
Building Department	1,989,514	1,900,442	-	-	-	(89,072)	(89,072)
Zoning Department	359,224	319,701	-	-	-	(39,523)	(39,523)
Total Business-type Activities	37,685,986	37,837,071	245,296	1,548,619	-	1,945,000	1,945,000
Total	\$ 178,451,130	\$ 89,239,812	\$ 2,653,209	\$ 3,435,423	(85,067,686)	1,945,000	(83,122,686)
General Revenues:							
Property Taxes					59,178,394	-	59,178,394
Fuel Taxes					6,089,252	-	6,089,252
Sales Tax					8,028,951	-	8,028,951
Other Taxes					1,666,613	-	1,666,613
State Shared Revenue - Unrestricted					4,428,160	-	4,428,160
Investment Earnings					1,474,778	604,857	2,079,635
Gain on Sale of Capital Assets					27,842	49,384	77,226
Miscellaneous					4,351,063	900,063	5,251,126
Transfers					(18,353)	18,353	-
Total General Revenues and Transfers					85,226,700	1,572,657	86,799,357
Change in Net Position					159,014	3,517,657	3,676,671
Net Position - Beginning					397,172,202	209,043,550	606,215,752
Net Position - Ending					\$ 397,331,216	\$ 212,561,207	\$ 609,892,423

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

HERNANDO COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2014

ASSETS	General Fund	Transportation Trust and Gas Taxes	Impact Fees Capital Project Fund
Cash and Cash Equivalents	\$ 3,651,855	\$ 395	\$ -
Pooled Cash and Investments	20,639,831	30,580,927	12,685,497
Cash with Fiscal Agent	-	337,852	2,524,964
Other Investments	-	-	-
Accounts Receivable (net)	483,704	8,882	-
Due from Other Funds	126,336	112,239	-
Due from Other Governments	3,057,764	1,760,938	1,375
Advances to Other Funds	6,000	-	-
Inventories	-	-	-
Prepaid Items	40,143	-	-
Total Assets	\$ 28,005,633	\$ 32,801,233	\$ 15,211,836
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 1,610,657	\$ 1,485,574	\$ 142,338
Retainage Payable	-	159,156	4,120
Accrued Liabilities	1,804,810	215,133	-
Due to Other Funds	546,019	-	-
Due to Other Governments	179,022	-	-
Unearned Revenue	73,481	-	1,523,838
Deposits	71,030	3,348	-
Advances from Other Funds	-	-	-
Total Liabilities	4,285,019	1,863,211	1,670,296
Deferred Inflows of Resources			
Unavailable Revenue	804,443	611,408	-
Fund Balances			
Nonspendable:			
Advances	6,000	-	-
Inventories	-	-	-
Prepaid Items	40,143	-	-
Restricted for:			
Grant Funded Programs	311,789	-	-
Court Programs	-	-	-
Special Assessment Projects	-	-	-
Environment Conservation	-	-	-
Bond covenants or debt service	-	617,360	-
Public Safety	-	-	-
Capital Projects	-	23,757,570	13,541,540
Other Purposes	-	-	-
Committed to:			
Budgeted Emergency and Contingency Reserves	2,406,000	-	-
Budgeted Stabilization Reserves	2,406,000	-	-
Other Purposes	-	-	-
Assigned to:			
Economic Development	-	-	-
Capital Projects	1,800,000	5,951,684	-
Budgeted Post Employment Reserves	3,450,000	-	-
Other Purposes	462,341	-	-
Unassigned	12,033,898	-	-
Total Fund Balances	22,916,171	30,326,614	13,541,540
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 28,005,633	\$ 32,801,233	\$ 15,211,836

Hernando County Fire Rescue-Fire	Nonmajor Governmental Funds	Total Governmental Funds
\$ 150	\$ 3,942,349	\$ 7,594,749
6,907,350	27,916,774	98,730,379
-	-	2,862,816
-	623,941	623,941
16,872	1,156,579	1,666,037
358,540	124,455	721,570
11,711	499,743	5,331,531
-	-	6,000
-	1,800	1,800
18,426	58,355	116,924
\$ 7,313,049	\$ 34,323,996	\$ 117,655,747

\$ 285,957	\$ 721,990	\$ 4,246,516
-	9,179	172,455
661,602	441,795	3,123,340
-	461,416	1,007,435
-	727,721	906,743
-	7,290	1,604,609
-	126,492	200,870
-	78,000	78,000
947,559	2,573,883	11,339,968
-	2,043,497	3,459,348

-	-	6,000
-	1,800	1,800
18,426	58,355	116,924
-	369,772	681,561
-	4,501,626	4,501,626
-	828,575	828,575
-	11,138,033	11,138,033
-	1,408,861	2,026,221
6,347,064	4,066,594	10,413,658
-	-	37,299,110
-	3,048,290	3,048,290
-	-	2,406,000
-	-	2,406,000
-	1,016,831	1,016,831
-	2,313,431	2,313,431
-	954,448	8,706,132
-	-	3,450,000
-	-	462,341
-	-	12,033,898
6,365,490	29,706,616	102,856,431
\$ 7,313,049	\$ 34,323,996	\$ 117,655,747



HERNANDO COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2014

Fund Balances - Total Governmental Funds \$ 102,856,431

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	\$ 481,592,762	
Less Accumulated Depreciation	(157,759,093)	323,833,669

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

Deferred Revenue	\$ 3,459,348	
Deferred Charges on Debt Refunding	1,044,893	4,504,241

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

Accrued Liabilities - Interest	\$ (192,291)	
Loans and Notes Payable	(30,766,104)	
Leases Payable	(216,819)	
Bonds Payable	(6,983,479)	
Compensated Absences	(7,656,734)	
Other Post Employment Benefits	(7,119,571)	(52,934,998)

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

Assets net of liabilities of the Internal Service Funds that are reported in the Governmental Activities portion of the Statement of Net Position.	21,348,133
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Accumulated net assets of the Internal Service Funds are allocated between governmental activities and business-type activities. Internal Service Fund net assets allocated to business-type activities.	(2,276,260)

Net Position of Governmental Activities **\$ 397,331,216**

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, 2014

	General Fund	Transportation Trust and Gas Taxes	Impact Fees Capital Project Fund
Revenues			
Taxes	\$ 49,333,564	\$ 11,035,962	\$ -
Licenses and Permits	29,280	1,320	-
Intergovernmental	15,388,359	3,657,596	-
Charges for Services	9,937,988	1,053,966	-
Fines and Forfeitures	94,522	951	-
Special Assessments	-	-	-
Impact Fees	-	-	421,805
Interest	311,288	389,197	165,625
Miscellaneous	6,813,485	588,560	61
Total Revenues	81,908,486	16,727,552	587,491
Expenditures			
Current			
General Government	17,582,331	-	-
Public Safety	40,174,325	-	7,738
Physical Environment	217,920	-	-
Transportation	2,167,372	10,108,789	-
Economic Environment	719,489	-	-
Human Services	7,168,329	-	-
Culture and Recreation	4,300,868	-	-
Court Operations	1,142,680	-	-
Debt Service			
Principal	473,906	-	-
Interest and Fiscal Charges	105,412	-	-
Capital Outlay	1,934,363	8,124,938	3,116,085
Total Expenditures	75,986,995	18,233,727	3,123,823
Excess of Revenues Over (Under) Expenditures	5,921,491	(1,506,175)	(2,536,332)
Other Financing Sources (Uses)			
Transfers In	451,407	965,402	-
Transfers Out	(2,945,088)	(1,386,636)	(265,070)
Additions to Long-Term Debt	750,736	-	-
Bond Premium	-	-	-
Discount on Refunding Bonds	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-
Excess Fees-Constitutional Officers	-	-	-
Fees-Constitutional Officers	-	-	-
Total Other Financing Sources (Uses)	(1,742,945)	(421,234)	(265,070)
Net Change in Fund Balances	4,178,546	(1,927,409)	(2,801,402)
Fund Balances at Beginning of Year	18,737,625	32,254,023	16,342,942
Fund Balances at End of Year	\$ 22,916,171	\$ 30,326,614	\$ 13,541,540

Hernando County Fire Rescue-Fire	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 6,522,440	\$ 66,891,966
29,579	-	60,179
57,466	1,612,355	20,715,776
99,584	9,942,609	21,034,147
-	1,597,001	1,692,474
17,435,455	1,719,099	19,154,554
-	-	421,805
156,380	311,067	1,333,557
195,200	937,396	8,534,702
<u>17,973,664</u>	<u>22,641,967</u>	<u>139,839,160</u>
-	933,066	18,515,397
19,008,114	11,259,309	70,449,486
-	747,656	965,576
-	1,224,144	13,500,305
-	919,893	1,639,382
-	1,369,460	8,537,789
-	14,579	4,315,447
-	5,381,804	6,524,484
-	-	-
-	2,611,230	3,085,136
-	972,945	1,078,357
268,717	2,219,260	15,663,363
<u>19,276,831</u>	<u>27,653,346</u>	<u>144,274,722</u>
<u>(1,303,167)</u>	<u>(5,011,379)</u>	<u>(4,435,562)</u>
1,225,331	4,170,013	6,812,153
(698,039)	(2,971,307)	(8,266,140)
-	962,766	1,713,502
-	-	-
-	-	-
-	-	-
-	-	-
<u>527,292</u>	<u>2,161,472</u>	<u>259,515</u>
<u>(775,875)</u>	<u>(2,849,907)</u>	<u>(4,176,047)</u>
<u>7,141,365</u>	<u>32,556,523</u>	<u>107,032,478</u>
<u>\$ 6,365,490</u>	<u>\$ 29,706,616</u>	<u>\$ 102,856,431</u>



HERNANDO COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2014

Net Change in Fund Balances - Total Governmental Funds \$ (4,176,047)

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 assets 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	\$	15,709,832	
Less current year depreciation		(13,157,046)	
Donation of Capital Assets		54,223	
Capital Asset Disposals		(628,196)	1,978,813

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		(1,713,502)	
Principal Payments		3,085,136	1,371,634

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:

Decrease in Accrued Interest on Long-Term Debt	\$	2,135	
Amortization of current year Bond Discount/Premium		14,698	
Amortization of current year Bond Prepaid Bond Insurance		(80,101)	
Increase in Compensated Absences		(771,893)	
Increase in Accrued Other Post Employment Benefits		(994,097)	(1,829,258)

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		(33,269)	
Change in earned revenue from charges for services		790,814	
Change in earned revenue from taxes		70,942	828,487

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

1,985,385

Change in Net Position of Governmental Activities **\$ 159,014**

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
GENERAL FUND
For the Fiscal Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 47,915,897	\$ 49,063,708	\$ 49,333,564	\$ 269,856
Licenses and Permits	24,000	24,000	29,280	5,280
Intergovernmental	15,562,526	17,310,574	15,388,359	(1,922,215)
Charges for Services	8,790,182	9,525,518	9,937,988	412,470
Fines and Forfeitures	60,940	60,940	94,522	33,582
Interest	164,200	164,200	311,288	147,088
Miscellaneous	1,223,997	6,716,146	6,813,485	97,339
Total Revenues	73,741,742	82,865,086	81,908,486	(956,600)
Expenditures				
Current				
General Government	17,181,908	18,751,636	17,582,331	1,169,305
Public Safety	42,043,347	41,147,851	40,174,325	973,526
Physical Environment	231,072	231,072	217,920	13,152
Transportation	2,306,876	2,511,470	2,167,372	344,098
Economic Environment	753,097	1,390,336	719,489	670,847
Human Services	4,269,656	7,396,656	7,168,329	228,327
Culture and Recreation	4,424,515	4,620,689	4,300,868	319,821
Court Operations	1,137,165	1,192,783	1,142,680	50,103
Debt Service				
Principal	531,890	473,909	473,906	3
Interest and Fiscal Charges	72,793	72,793	105,412	(32,619)
Capital Outlay	1,681,494	3,822,755	1,934,363	1,888,392
Total Expenditures	74,633,813	81,611,950	75,986,995	5,624,955
Excess of Revenues Over Expenditures	(892,071)	1,253,136	5,921,491	4,668,355
Other Financing Sources (Uses)				
Transfers In	457,844	457,844	451,407	(6,437)
Transfers Out	(2,857,586)	(2,945,086)	(2,945,088)	(2)
Additions to Long-term Debt	-	750,736	750,736	-
Reserve for Contingencies	(16,545,952)	(18,254,255)	-	18,254,255
Total Other Financing Sources (Uses)	(18,945,694)	(19,990,761)	(1,742,945)	18,247,816
Net Change in Fund Balance	(19,837,765)	(18,737,625)	4,178,546	22,916,171
Fund Balance at Beginning of Year	19,837,765	18,737,625	18,737,625	-
Fund Balance at End of Year	\$ -	\$ -	\$ 22,916,171	\$ 22,916,171

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 10,885,946	\$ 11,027,222	\$ 11,035,962	\$ 8,740
Licenses and Permits	800	800	1,320	520
Intergovernmental	4,150,941	6,386,085	3,657,596	(2,728,489)
Charges for Services	677,500	677,500	1,053,966	376,466
Fines and Forfeitures	-	-	951	951
Special Assessments	170,500	170,500	389,197	218,697
Interest	59,000	559,000	588,560	29,560
Total Revenues	<u>15,944,687</u>	<u>18,821,107</u>	<u>16,727,552</u>	<u>(2,093,555)</u>
Expenditures				
Current				
Transportation	11,060,105	11,780,489	10,108,789	1,671,700
Culture and Recreation	32,653	32,653	-	32,653
Capital Outlay	11,859,410	19,080,752	8,124,938	10,955,814
Total Expenditures	<u>22,952,168</u>	<u>30,893,894</u>	<u>18,233,727</u>	<u>12,660,167</u>
Excess of Revenues Over Expenditures	<u>(7,007,481)</u>	<u>(12,072,787)</u>	<u>(1,506,175)</u>	<u>10,566,612</u>
Other Financing Sources (Uses)				
Transfers In	171,406	873,961	965,402	91,441
Transfers Out	(889,308)	(1,392,904)	(1,386,636)	6,268
Reserve for Contingencies	(27,026,397)	(19,662,291)	-	19,662,291
Total Other Financing Sources (Uses)	<u>(27,744,299)</u>	<u>(20,181,234)</u>	<u>(421,234)</u>	<u>19,760,000</u>
Net Change in Fund Balance	<u>(34,751,780)</u>	<u>(32,254,021)</u>	<u>(1,927,409)</u>	<u>30,326,612</u>
Fund Balance at Beginning of Year	<u>34,751,780</u>	<u>32,254,021</u>	<u>32,254,023</u>	<u>2</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,326,614</u>	<u>\$ 30,326,614</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
HERNANDO COUNTY FIRE RESCUE - FIRE
For the Fiscal Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and Permits	\$ 34,550	\$ 34,550	\$ 29,579	\$ (4,971)
Intergovernmental	47,280	47,280	57,466	10,186
Charges for Services	105,235	105,235	99,584	(5,651)
Special Assessments	17,550,261	17,550,261	17,435,455	(114,806)
Interest	94,000	94,000	156,380	62,380
Miscellaneous	253,643	253,643	195,200	(58,443)
Total Revenues	<u>18,084,969</u>	<u>18,084,969</u>	<u>17,973,664</u>	<u>(111,305)</u>
Expenditures				
Current				
Public Safety	17,510,420	19,479,164	19,008,114	471,050
Capital Outlay	28,125	361,255	268,717	92,538
Total Expenditures	<u>17,538,545</u>	<u>19,840,419</u>	<u>19,276,831</u>	<u>563,588</u>
Excess of Revenues Over Expenditures	<u>546,424</u>	<u>(1,755,450)</u>	<u>(1,303,167)</u>	<u>452,283</u>
Other Financing Sources (Uses)				
Transfers In	613,698	613,698	1,225,331	611,633
Transfers Out	(584,287)	(601,506)	(698,039)	(96,533)
Reserve for Contingencies	(6,985,425)	(6,044,736)	-	6,044,736
Total Other Financing Sources (Uses)	<u>(6,956,014)</u>	<u>(6,032,544)</u>	<u>527,292</u>	<u>6,559,836</u>
Net Change in Fund Balance	<u>(6,409,590)</u>	<u>(7,787,994)</u>	<u>(775,875)</u>	<u>7,012,119</u>
Fund Balance at Beginning of Year	6,409,590	7,787,994	7,141,365	(646,629)
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,365,490</u>	<u>\$ 6,365,490</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, 2014

	Business-Type		
	Water & Sewer District	Aviation Authority	Waste Management
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 35,205	\$ 675	\$ 1,115
Pooled Cash and Investments	16,263,691	2,742,737	15,030,538
Cash with Fiscal Agent	-	-	-
Restricted Cash and Investments:			
Pooled Cash and Investments	336,435	-	279,814
Accounts Receivable (net)	3,210,082	24,335	257,194
Due from Other Funds	373,495	-	71,101
Due from Other Governments	77,671	133,803	-
Advances to Other Funds	72,000	-	-
Inventories	328,765	-	16,688
Total Current Assets	20,697,344	2,901,550	15,656,450
Non-Current Assets			
Restricted Assets:			
Pooled Cash and Investments	10,359,863	-	5,964,598
Cash with Fiscal Agent	1,762,948	-	-
Capital Assets, net of accumulated depreciation:			
Land	6,052,389	209,611	1,903,601
Buildings	3,793,995	5,610,338	251,787
Infrastructure	-	2,326,293	-
Improvements Other Than Buildings	177,375,335	5,874,155	8,677,596
Equipment	2,584,123	156,871	398,787
Construction in Progress	12,672,648	1,291,212	25,850
Prepaid Bond Insurance	71,176	-	-
Total Non-Current Assets	214,672,477	15,468,480	17,222,219
Total Assets	\$ 235,369,821	\$ 18,370,030	\$ 32,878,669
Deferred Outflows of Resources			
Deferred Charge on Debt Refunding	1,828,360	-	-
LIABILITIES			
Current Liabilities			
Accounts Payable	831,095	183,991	359,330
Accrued Liabilities	1,253,581	23,760	77,364
Due to Other Funds	99,039	-	-
Due to Other Governments	-	-	-
Unearned Revenues	262,733	61,908	-
Deposits	2,508,546	62,026	24,500
Loans & Notes Payable	908,810	112,822	-
Bonds Payable	2,328,783	-	-
Compensated Absences	491,296	38,474	118,306
Claims Liabilities	-	-	-
Payable from Restricted Assets:			
Accounts Payable	297,854	-	279,814
Retainage Payable	75,537	-	-
Total Current Liabilities	9,057,274	482,981	859,314

Activities - Enterprise Funds			Governmental
Building	Zoning	Total	Activities-
Department	Department		Internal
			Service Funds
\$ 360	\$ -	\$ 37,355	\$ 200,720
1,699,547	455,389	36,191,902	14,095,026
-	-	-	4,726,344
-	-	616,249	-
732	-	3,492,343	199,143
-	-	444,596	375
-	-	211,474	209
-	-	72,000	-
-	-	345,453	252,670
<u>1,700,639</u>	<u>455,389</u>	<u>41,411,372</u>	<u>19,474,487</u>
-	-	16,324,461	-
-	-	1,762,948	-
215,000	-	8,380,601	-
1,066,896	-	10,723,016	1,706,200
-	-	2,326,293	-
62,024	-	191,989,110	-
28,300	-	3,168,081	5,921,364
-	-	13,989,710	3,828
-	-	71,176	-
<u>1,372,220</u>	<u>-</u>	<u>248,735,396</u>	<u>7,631,392</u>
<u>\$ 3,072,859</u>	<u>\$ 455,389</u>	<u>\$ 290,146,768</u>	<u>\$ 27,105,879</u>
-	-	1,828,360	-
50,185	596	1,425,197	1,117,056
57,839	11,986	1,424,530	41,064
53,851	-	152,890	6,216
13,754	-	13,754	-
-	-	324,641	339,245
269,111	-	2,864,183	-
-	-	1,021,632	66,666
-	-	2,328,783	-
111,609	32,833	792,518	43,485
-	-	-	2,621,998
-	-	577,668	-
-	-	75,537	-
<u>556,349</u>	<u>45,415</u>	<u>11,001,333</u>	<u>4,235,730</u>

Continued

HERNANDO COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2014

	Business-Type		
	Water & Sewer District	Aviation Authority	Waste Management
Non-Current Liabilities			
Loans & Notes Payable	21,827,150	346,999	-
Bonds Payable	38,337,474	-	-
Compensated Absences	36,980	2,896	8,904
Other Post-Employment Benefits	491,576	26,572	103,969
Claims Liabilities	-	-	-
Payable from Restricted Assets:			
Unearned Revenues	1,540,795	-	-
Accrued Landfill Closure/Postclosure Care	-	-	7,847,833
Total Non-Current Liabilities	<u>62,233,975</u>	<u>376,467</u>	<u>7,960,706</u>
Total Liabilities	<u>\$ 71,291,249</u>	<u>\$ 859,448</u>	<u>\$ 8,820,020</u>
NET POSITION			
Net Investment in Capital Assets	140,975,809	15,008,659	11,257,621
Restricted for			
Capital Projects	6,962,028	-	-
Renewal and Replacement	3,480,559	-	-
Unrestricted	<u>14,488,536</u>	<u>2,501,923</u>	<u>12,801,028</u>
Total Net Position	<u>\$ 165,906,932</u>	<u>\$ 17,510,582</u>	<u>\$ 24,058,649</u>

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

Net Position of business-type activities

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

Activities - Enterprise Funds			Governmental
Building	Zoning		Activities -
Department	Department	Total	Internal
			Service Funds
-	-	22,174,149	67,151
-	-	38,337,474	-
8,401	2,471	59,652	3,274
84,801	22,027	728,945	51,591
-	-	-	1,400,000
-	-	1,540,795	-
-	-	7,847,833	-
<u>93,202</u>	<u>24,498</u>	<u>70,688,848</u>	<u>1,522,016</u>
<u>\$ 649,551</u>	<u>\$ 69,913</u>	<u>\$ 81,690,181</u>	<u>\$ 5,757,746</u>
1,372,220	-	168,614,309	7,497,575
-	-	6,962,028	-
-	-	3,480,559	-
<u>1,051,088</u>	<u>385,476</u>	<u>31,228,051</u>	<u>13,850,558</u>
<u>\$ 2,423,308</u>	<u>\$ 385,476</u>	<u>210,284,947</u>	<u>\$ 21,348,133</u>
		<u>2,276,260</u>	
		<u>\$ 212,561,207</u>	

HERNANDO COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2014

	Business-Type		
	Water & Sewer District	Aviation Authority	Waste Management
Operating Revenues			
Licenses and Permits	\$ 7,540	\$ -	\$ 30,000
Charges for Services	26,555,419	1,634,425	7,401,640
Miscellaneous	406,334	67,249	347,607
Total Operating Revenues	26,969,293	1,701,674	7,779,247
Operating Expenses			
Personal Services	7,338,481	432,368	1,683,434
Other Services & Charges	8,559,089	1,138,520	4,142,035
Depreciation	7,718,008	819,741	1,092,771
Total Operating Expenses	23,615,578	2,390,629	6,918,240
Operating Income (Loss)	3,353,715	(688,955)	861,007
Non-Operating Revenues (Expenses)			
Interest Income	300,214	28,445	253,625
Interest Expense	(2,068,137)	(13,121)	-
Operating Grants	40,715	204,581	-
Gain (Loss) on Sale of Capital Assets	23,433	-	25,951
Discontinued Project	-	(510,326)	-
Amortization of Bond Discount/Premium	178,783	-	-
Total Non-Operating Revenues (Expenses)	(1,524,992)	(290,421)	279,576
Income (Loss) Before Contributions and Transfers	1,828,723	(979,376)	1,140,583
Capital Grants and Contributions	1,401,600	147,019	-
Transfers In	16,964	-	71,101
Transfers Out	(34,902)	-	(34,810)
Total Contributions and Transfers	1,383,662	147,019	36,291
Change in Net Position	3,212,385	(832,357)	1,176,874
Net Position-Beginning	162,694,547	18,342,939	22,881,775
Net Position-Ending	\$ 165,906,932	\$ 17,510,582	\$ 24,058,649

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.

Activities - Enterprise Funds			Governmental
Building	Zoning		Activities -
Department	Department	Total	Internal
			Service Funds
\$ 1,838,787	\$ 295,325	\$ 2,171,652	\$ -
79,329	24,343	35,695,156	14,885,533
78,873	-	900,063	220,545
<u>1,996,989</u>	<u>319,668</u>	<u>38,766,871</u>	<u>15,106,078</u>
1,305,787	263,031	11,023,101	933,286
637,711	96,193	14,573,548	12,767,020
46,016	-	9,676,536	1,052,309
<u>1,989,514</u>	<u>359,224</u>	<u>35,273,185</u>	<u>14,752,615</u>
7,475	(39,556)	3,493,686	353,463
17,392	5,181	604,857	141,221
-	-	(2,081,258)	(2,512)
-	-	245,296	-
-	-	49,384	27,842
-	-	(510,326)	-
-	-	178,783	-
<u>17,392</u>	<u>5,181</u>	<u>(1,513,264)</u>	<u>166,551</u>
24,867	(34,375)	1,980,422	520,014
-	-	1,548,619	-
-	-	88,065	1,472,808
-	-	(69,712)	(37,174)
<u>-</u>	<u>-</u>	<u>1,566,972</u>	<u>1,435,634</u>
24,867	(34,375)	3,547,394	1,955,648
<u>2,398,441</u>	<u>419,851</u>		<u>19,392,485</u>
<u>\$ 2,423,308</u>	<u>\$ 385,476</u>		<u>\$ 21,348,133</u>

(29,737)

\$ 3,517,657

HERNANDO COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2014

	Business-type	
	Water & Sewer District	Aviation Authority
Cash Flows from Operating Activities		
Receipts from Customers	\$ 26,017,372	\$ 3,161,099
Receipts from Inter-Fund Services	-	-
Payments to Suppliers	(8,005,663)	(2,170,148)
Payments to Employees	(7,157,221)	(423,875)
Other Receipts	406,334	67,249
Net Cash provided by (used for) Operating Activities	<u>11,260,822</u>	<u>634,325</u>
Cash Flows from Noncapital Financing Activities		
Operating Grants	40,715	204,581
Transfers From Other Funds	16,964	-
Transfers to Other Funds	(34,902)	-
Net Cash Provided by (used for) Noncapital Financing Activities	<u>22,777</u>	<u>204,581</u>
Cash Flows from Capital and Related Financing Activities		
Additions to Capital Assets	(4,487,292)	(358,930)
Principal Paid on Capital Debt	(2,907,998)	(111,430)
Interest Paid on Capital Debt	(2,028,364)	(14,282)
Capital Grants Revenue	-	147,019
Connection Fee Collections	1,378,740	-
Proceeds From Sale of Capital Assets	33,076	-
Landfill Closure Costs	-	-
Net Cash provided by (used for) Capital and Related Financing Activities	<u>(8,011,838)</u>	<u>(337,623)</u>
Cash Flows from Investing Activities		
Interest Received	300,214	28,445
Net Cash Provided by Investing Activities	<u>300,214</u>	<u>28,445</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,571,975	529,728
Cash and Cash Equivalents at Beginning of Year	<u>25,186,167</u>	<u>2,213,684</u>
Cash and Cash Equivalents at End of Year	<u>\$ 28,758,142</u>	<u>\$ 2,743,412</u>
Classified as:		
Current Assets	16,298,896	2,743,412
Restricted Assets - Current	336,435	-
Restricted Assets - Non-current	12,122,811	-
Totals	<u>\$ 28,758,142</u>	<u>\$ 2,743,412</u>

Activities - Enterprise Funds				Governmental
Waste Management	Building Department	Zoning Department	Total	Activities - Internal Service Funds
\$ 7,480,277	\$ 2,096,420	\$ 319,668	\$ 39,074,836	\$ 11,676,188
-	-	-	-	4,392,861
(2,572,008)	(659,141)	(90,715)	(13,497,675)	(9,660,527)
(1,649,200)	(1,258,575)	(259,263)	(10,748,134)	(3,407,389)
347,607	78,873	-	900,063	220,546
<u>3,606,676</u>	<u>257,577</u>	<u>(30,310)</u>	<u>15,729,090</u>	<u>3,221,679</u>
-	-	-	245,296	-
71,101	-	-	88,065	1,472,808
<u>(34,810)</u>	<u>-</u>	<u>-</u>	<u>(69,712)</u>	<u>(37,174)</u>
<u>36,291</u>	<u>-</u>	<u>-</u>	<u>263,649</u>	<u>1,435,634</u>
(296,740)	(5,712)	-	(5,148,674)	(2,351,878)
-	-	-	(3,019,428)	(66,184)
-	-	-	(2,042,646)	(2,512)
-	-	-	147,019	-
-	-	-	1,378,740	-
35,000	-	-	68,076	27,842
<u>(3,158,604)</u>	<u>-</u>	<u>-</u>	<u>(3,158,604)</u>	<u>-</u>
<u>(3,420,344)</u>	<u>(5,712)</u>	<u>-</u>	<u>(11,775,517)</u>	<u>(2,392,732)</u>
<u>253,625</u>	<u>17,392</u>	<u>5,181</u>	<u>604,857</u>	<u>141,221</u>
<u>253,625</u>	<u>17,392</u>	<u>5,181</u>	<u>604,857</u>	<u>141,221</u>
476,248	269,257	(25,129)	4,822,079	2,405,802
<u>20,799,817</u>	<u>1,430,650</u>	<u>480,518</u>	<u>50,110,836</u>	<u>16,616,288</u>
<u>\$ 21,276,065</u>	<u>\$ 1,699,907</u>	<u>\$ 455,389</u>	<u>\$ 54,932,915</u>	<u>\$ 19,022,090</u>
15,031,653	1,699,907	455,389	36,229,257	19,022,090
279,814	-	-	616,249	-
<u>5,964,598</u>	<u>-</u>	<u>-</u>	<u>18,087,409</u>	<u>-</u>
<u>\$ 21,276,065</u>	<u>\$ 1,699,907</u>	<u>\$ 455,389</u>	<u>\$ 54,932,915</u>	<u>\$ 19,022,090</u>

Continued

HERNANDO COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2014

	Business-type	
	Water & Sewer District	Aviation Authority
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 3,353,715	\$ (688,955)
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided by (used for) Operating Activities		
Depreciation	7,718,008	819,741
Other Post-Employment Benefits	140,635	8,823
Landfill Closure/Postclosure Care Amortization	-	-
(Increase) Decrease in		
Accounts Receivable	(382,147)	1,133,672
Due from Other Funds	(369,784)	-
Due from Other Governments	(22,625)	382,843
Advances to Other Funds	-	-
Inventories	(53,143)	-
Prepaid Expenses	7,756	40,989
Increase (Decrease) in		
Accounts Payable	507,456	(1,031,628)
Retainage Payable	(7,681)	-
Accrued Liabilities	40,624	(330)
Due to Other Funds	99,039	-
Due to Other Governments	-	-
Unearned Revenues	5,292	(38,852)
Deposits	223,677	8,022
Claims Liabilities	-	-
Total Adjustments	<u>7,907,107</u>	<u>1,323,280</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ 11,260,822</u>	<u>\$ 634,325</u>
Non-cash Investing, Financing, and Capital Activities:		
Contributions of Capital Assets from Developers	<u>\$ 22,860</u>	<u>\$ -</u>

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

Activities - Enterprise Funds				Governmental
Waste Management	Building Department	Zoning Department	Total	Activities - Internal Service Funds
\$ 861,007	\$ 7,475	\$ (39,556)	\$ 3,493,686	\$ 353,463
1,092,771	46,016	-	9,676,536	1,052,309
29,764	25,220	5,487	209,929	17,493
985,539	-	-	985,539	-
53,232	(702)	-	804,055	239,426
1,075	-	-	(368,709)	(375)
-	-	-	360,218	(209)
-	-	-	-	-
13,452	-	-	(39,691)	(42,313)
-	-	-	48,745	835,002
571,036	30,707	5,478	83,049	296,347
-	-	-	(7,681)	-
4,470	21,992	(1,719)	65,037	(4,320)
-	(53,852)	-	45,187	6,216
-	1,715	-	1,715	-
(2,410)	-	-	(35,970)	12,767
(3,260)	179,006	-	407,445	(1,148)
-	-	-	-	457,021
<u>2,745,669</u>	<u>250,102</u>	<u>9,246</u>	<u>12,235,404</u>	<u>2,868,216</u>
<u>\$ 3,606,676</u>	<u>\$ 257,577</u>	<u>\$ (30,310)</u>	<u>\$ 15,729,090</u>	<u>\$ 3,221,679</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,860</u>	<u>\$ -</u>

HERNANDO COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
September 30, 2014

		Agency Funds
<hr/>		
ASSETS		
Cash and Cash Equivalents	\$	2,229,426
Pooled Cash and Investments		5,992,542
Accounts Receivable (net)		300
Due from Other Governments		6,215
<hr/>		
Total Assets	\$	8,228,483
<hr/> <hr/>		
LIABILITIES		
Accounts Payable	\$	941,749
Accrued Liabilities		3,358,830
Due to Other Governments		943,623
Deposits		2,984,281
<hr/>		
Total Liabilities	\$	8,228,483
<hr/> <hr/>		

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

HERNANDO COUNTY, FLORIDA
September 30, 2014

NOTES TO THE FINANCIAL STATEMENTS

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HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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, 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.

Hernando County Health Facilities Authority - established by Resolution 75-41 for the purpose of assisting health facilities in the acquisition, construction and financing of projects.

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 that benefit the County even if they do not provide the services directly:

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.

Hernando County Aviation Authority - established by Ordinance 81-3 to provide advisory services in the administration of the County airport.

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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, 2014

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 – 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 Authority – 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, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Zoning Department – This fund is used to account for the operations of providing zoning permits and conducting inspections.

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 and a copier service.

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. An exception to this general rule includes accumulated sick and vacation pay, claims and judgments, and principal and interest on general long-term debt, which are recognized when they have matured.

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 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.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 supplement. 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 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.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Cash, Cash Equivalents 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.

All investments, except non-participation investments, (i.e., certificates of deposits and repurchase agreements), are reported at fair value in accordance with GASB. All fair valuations are based on quoted market prices. The Local Government Surplus Funds Trust Fund, an external 2a-7 like investment pool, is reported at amortized cost, which approximates Net Asset Value (NAV). The Florida Trust reports all share information at NAV and reflects fair values in its 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 will sometimes 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, only one type of item qualifies for reporting in this category. It is the deferred charge on debt refunding. A deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its requisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The County does not currently have any deferred inflows in the Statement of Net Position. The County does however, have a deferred inflow in the Balance Sheet of the Governmental Funds. This deferred inflow, unavailable revenue, consists of funds received 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.

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.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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	\$ -		-
Easements	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
Leasehold Improvements	10,000		Life of lease or life of improvement
			Whichever is shorter
Equipment	1,000		5-10
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 estimated fair 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 also charged as an expense at the fund level.

Compensated Absences

The County maintains a policy that permits employees to accumulate earned but unused vacation, sick and 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 moved from a sick and vacation accrual to a paid time off accrual. The County's policy also permits employees to either bank a limited amount of unused sick and paid time off benefits or receive a limited cash buyout on an annual basis.

These benefits plus their related tax and retirement costs 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 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.

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 Sheriff 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. Based on actuarial estimates, "Claims Liabilities" have been established in the Worker's Compensation Fund 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.

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, except the Spring Hill Fire Rescue MSTU Fund, have legally adopted annual budgets for the fiscal year ended September 30, 2014.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2014, the following funds had an excess of actual expenditures over budgeted expenditures. Only those funds with legally adopted budgets are considered for purposes of this note.

	Budgeted Expenditures		Actual Expenditures
Municipal Service Benefit Units	\$ 2,263,312	\$	2,532,699
Non-Ad Valorem Refunding Revenue Bonds 2010	442,846		442,866

3. DEFICIT FUND BALANCES/NET POSITION

There were no funds with deficit fund balances/net position at September 30, 2014.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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.

Investment risk is managed in the following forms:

- 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 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.

DEPOSITS

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.

INVESTMENTS

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

- Municipal Notes which are rated A or better by at least one nationally recognized statistical rating organization;
- Certain Corporate Notes which are rated A or better by at least two nationally recognized statistical rating organizations;
- The Florida Local Government Investment Trust, Florida Trust;
- The Local Government Surplus Funds Trust Fund, Florida Prime;
- Registered money market funds;
- Interest-bearing time deposits or savings accounts in qualified public depositories;
- Direct obligations of the United States Treasury;
- Federal agencies and instrumentalities;
- Certain obligations issued or guaranteed by the United States Government Agencies;
- Certain commercial paper which is rated as prime by at least two nationally recognized statistical rating organizations;
- Certain Domestic Bankers' Acceptances.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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 50% for each of the remaining types of investments. More than 5% of the County's total investments are invested in Federal Farm Credit Bank and Federal Home Loan Bank.

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.

To manage interest rate risk, the County maintains a formal investment policy that limits investment maturities not to exceed seven (7) years. 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.

The County participates in the State of Florida Local Government Surplus Funds Trust Fund, administered by the State Board of Administration (SBA). The purpose of this pool is to promote, through State assistance, the maximization of net interest earnings on invested surplus funds of local units of government, thereby reducing the need for imposing additional taxes. During the fiscal year ended September 30, 2008, the SBA reported that the investment pool was exposed to potential risks due to indirect exposure in the sub-prime mortgage financial market. Consequently, the SBA placed some restrictions on how participants could access portions of their surplus funds and ultimately restructured the investment pool into two separate pools, Florida Prime and Fund B. As of December 23, 2008 full liquidity was restored to Florida Prime, formerly known as Fund A. Florida Prime is a 2a-7 like external investment pool and therefore uses amortized cost which is reported at a stable Net Asset Value (NAV), typically \$1.00 per share. Florida Prime is rated AAAM for Credit Quality by Standard & Poor's Rating Agency. On September 5, 2014, the final portion of original principal for all participants of Fund B was transferred to Florida Prime. Fund B participants did not realize any losses on their original principal balances. Remaining reserve balances of Fund B will be transferred to Florida Prime after expenses, and with direction from SBA Trustees. Fund B was reported at fluctuating NAV, determined by the fair value per share of the pool's underlying portfolio. The investment objective of Fund B was to maximize the present value of distributions. Fund B was not rated by any nationally recognized statistical rating agency.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE C – CASH AND INVESTMENTS (CONTINUED)

The County also participates in Securities Exchange Commission Registered Money Market Funds. Money Market Funds are 2a-7 funds which 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.

In addition, the County participates in the Florida Trust, formerly known as the Florida Local Government Investment Trust, which is administered by a Board of Trustees appointed by the Florida Association of Court Clerks and County Comptroller, and the Florida Association of Counties, Inc. The Florida Trust was created in December 1991 to provide a means for public entities to pool surplus funds to maximize net earnings. As of September 30, 2014, all non-cash investments held by the Florida Trust were money market, U.S. Treasury Notes, Commercial Paper, Collateralized Mortgage Obligations, Asset-Backed Securities, Agency ARM Pass-throughs, Corporate Notes, Government Related securities, Agency Discount Notes, and Municipal Notes. The Florida Trust reports all share information at Net Asset Value and reflects share value, in accordance with GASB 31. The Florida Trust is rated AAAf for Credit Quality and S1 for Bond Fund Volatility by Standard and Poor's Ratings.

At September 30, 2014, the County's investments consisted of the following:

<u>Type of Investment</u>	<u>Fair Value Method</u>	<u>Weighted Average Maturity (in days)</u>	<u>Par Value</u>	<u>Fair Value</u>
Federal Home Loan Bank	Quoted Market	1,520	\$ 22,000,000	\$ 21,574,850
Federal Home Loan Mortgage Corporation	Quoted Market	1,273	5,000,000	4,935,550
Federal National Mortgage Association	Quoted Market	1,309	7,598,000	7,549,211
Federal Farm Credit Bank	Quoted Market	1,304	27,600,000	27,457,246
Money Market Fund	Amortized Cost	52	18,150,000	18,150,000
Corporate Notes	Quoted Market	834	6,500,000	6,453,945
Municipal Notes	Quoted Market	989	965,000	964,024
Local Government Surplus Funds Trust Fund, (Florida Prime)	Amortized Cost (Approximates fair value)	39	27,000,000	27,000,000
Florida Trust	Amortized Cost (Approximates fair value)	664	37,473,034	37,473,034
			<u>\$ 152,286,034</u>	<u>\$ 151,557,860</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE C – CASH AND INVESTMENTS (CONTINUED)

A reconciliation of cash and investments as shown on the Statement of Net Position and Statement of Fiduciary Net Position-Agency Funds follows:

Deposits	\$ 31,078,890
Carrying Amount of Investments	151,557,860
Total	\$ 182,636,750

	Statement of Net Position	Statement of Fiduciary Net Position	Total
Cash and Cash Equivalents	\$ 7,832,824	\$ 2,229,426	\$ 10,062,250
Pooled Cash and Investments	165,958,017	5,992,542	171,950,559
Other Investments	623,941	-	623,941
Total	\$ 174,414,782	\$ 8,221,968	\$ 182,636,750

NOTE D – RECEIVABLES

Accounts receivable at September 30, 2014, for the County's individual major funds and non-major funds in total, including applicable allowances for uncollectibles were as follows:

	Accounts Receivable, Gross	Allowance for Uncollectible Accounts	Accounts Receivable, Net
General Fund	\$ 1,217,878	\$ 734,174	\$ 483,704
Transportation Trust and Gas Tax	210,576	201,694	8,882
Hernando County Fire Rescue -Fire	75,248	58,376	16,872
Water and Sewer District	3,340,582	130,500	3,210,082
Aviation Authority	121,335	97,000	24,335
Waste Management	262,793	5,599	257,194
Building Department	20,381	19,649	732
Non-major government funds	16,653,817	15,497,238	1,156,579
Internal Service Funds	199,143	-	199,143
Total	\$ 22,101,753	\$ 16,744,230	\$ 5,357,523

Included in accounts receivable in the Water and Sewer District are unbilled amounts totaling \$1,300,897 earned in September 2014, but billed in October 2014.

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 \$13 million, offset entirely by an allowance for uncollectible receivables.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE D – RECEIVABLES (CONTINUED)

Due from Other Governments at September 30, 2014, for the County's individual major funds and non-major funds were as follows:

	<u>Due from Grantors</u>	<u>Due from State</u>	<u>Other</u>	<u>Total</u>
General Fund	\$ 1,465,800	\$ 1,557,792	\$ 34,172	\$ 3,057,764
Transportation Trust and Gas Tax Impact Fees Capital Project Fund	413,949	1,321,157	25,832	1,760,938
Hernando County Fire Rescue- Fire	-	-	1,375	1,375
Water and Sewer District	-	11,711	-	11,711
Aviation Authority	-	36,956	40,715	77,671
Non-major governmental funds	38,362	95,441	-	133,803
Internal Service Funds	94,184	252,967	152,592	499,743
Total	\$ <u>2,012,295</u>	\$ <u>3,276,024</u>	\$ <u>254,895</u>	\$ <u>5,543,214</u>

NOTE E – RESTRICTED ASSETS

As of September 30, 2014, restricted assets were held for the following purposes:

	<u>Cash with Fiscal Agent</u>	<u>Pooled Cash and Investments and Other Investments</u>	<u>Total</u>
Debt Service Funds	\$ -	\$ 657,812	\$ 657,812
Water and Sewer District			
Construction	\$ 1,762,948	\$ 5,764,974	\$ 7,527,922
Debt Retirement	-	1,309,059	1,309,059
Renewal and Replacement	-	3,622,265	3,622,265
Total Water and Sewer District	<u>1,762,948</u>	<u>10,696,298</u>	<u>12,459,246</u>
Waste Management			
Landfill Closure/Post-closure	-	6,244,412	6,244,412
Total Waste Management	<u>-</u>	<u>6,244,412</u>	<u>6,244,412</u>
Total Business-Type Activities	\$ <u>1,762,948</u>	\$ <u>16,940,710</u>	\$ <u>18,703,658</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE F – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014, 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	\$ 26,407,822	\$ 1,950,359	\$ 3,438	\$ 28,354,743
Construction in Progress	<u>16,685,307</u>	<u>949,890</u>	<u>-</u>	<u>17,635,197</u>
Total Capital Assets not being depreciated	<u>43,093,129</u>	<u>2,900,249</u>	<u>3,438</u>	<u>45,989,940</u>
Capital assets being depreciated:				
Building	123,664,300	100,005	-	123,764,305
Infrastructure	243,596,054	9,188,210	-	252,784,264
Improvements other than buildings	23,287,113	144,843	-	23,431,956
Equipment	59,197,362	5,782,626	4,196,804	60,783,184
Intangible assets	<u>1,485,769</u>	<u>-</u>	<u>-</u>	<u>1,485,769</u>
Total Capital Assets being depreciated	<u>451,230,598</u>	<u>15,215,684</u>	<u>4,196,804</u>	<u>462,249,478</u>
Less Accumulated Depreciation:				
Buildings	37,689,108	3,244,665	-	40,933,773
Infrastructure	68,680,413	6,012,567	-	74,692,980
Improvements other than buildings	13,905,751	992,655	-	14,898,406
Equipment	45,459,360	3,772,987	3,572,046	45,660,301
Intangible assets	<u>402,416</u>	<u>186,481</u>	<u>-</u>	<u>588,897</u>
Total Accumulated Depreciation	<u>166,137,048</u>	<u>14,209,355</u>	<u>3,572,046</u>	<u>176,774,357</u>
Total Capital Assets being depreciated, net	<u>285,093,550</u>	<u>1,006,329</u>	<u>624,758</u>	<u>285,475,121</u>
Governmental Activities Capital Assets, Net	<u>\$ 328,186,679</u>	<u>\$ 3,906,578</u>	<u>\$ 628,196</u>	<u>\$ 331,465,061</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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	\$ 8,390,244	\$ -	\$ 9,643	\$ 8,380,601
Construction in Progress	<u>12,347,063</u>	<u>2,849,278</u>	<u>1,206,631</u>	<u>13,989,710</u>
Total Capital Assets not being depreciated	<u>20,737,307</u>	<u>2,849,278</u>	<u>1,216,274</u>	<u>22,370,311</u>
Capital assets being depreciated:				
Building	14,345,672	92,334	-	14,438,006
Infrastructure	2,652,910	-	-	2,652,910
Improvements other than buildings	315,312,405	2,905,631	-	318,218,036
Equipment	<u>7,821,380</u>	<u>250,438</u>	<u>129,712</u>	<u>7,942,106</u>
Total Capital Assets being depreciated	<u>340,132,367</u>	<u>3,248,403</u>	<u>129,712</u>	<u>343,251,058</u>
Less Accumulated Depreciation:				
Buildings	3,288,670	426,320	-	3,714,990
Infrastructure	255,566	71,051	-	326,617
Improvements other than buildings	117,619,032	8,609,894	-	126,228,926
Equipment	<u>4,325,417</u>	<u>569,271</u>	<u>120,663</u>	<u>4,774,025</u>
Total Accumulated Depreciation	<u>125,488,685</u>	<u>9,676,536</u>	<u>120,663</u>	<u>135,044,558</u>
Total Capital Assets being depreciated, net	<u>214,643,682</u>	<u>(6,428,133)</u>	<u>9,049</u>	<u>208,206,500</u>
Business-Type Activities Capital Assets, Net	\$ <u>235,380,989</u>	\$ <u>(3,578,855)</u>	\$ <u>1,225,323</u>	\$ <u>230,576,811</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 2,752,589
Public Safety	2,545,848
Physical Environment	83,569
Transportation	6,423,791
Economic Environment	33,583
Human Services	1,456,767
Culture and Recreation	830,244
Court Operations	82,964
Total Depreciation for Governmental Activities	\$ <u>14,209,355</u>
Business-Type Activities	
Water and Sewer	\$ 7,718,008
Aviation Authority	819,741
Waste Management	1,092,771
Building Department	46,016
Total Depreciation for Business-Type Activities	\$ <u>9,676,536</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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, 2014, interest costs incurred totaled \$2,297,979 for the Water and Sewer District and \$13,121 for the Aviation Authority, of which \$229,842 was capitalized as an asset of the Water and Sewer District.

It was determined that the Aviation Authority had design projects in the amount of \$510,326 that no longer meet the future master plan for the airport and therefore have been discontinued.

Construction or capital improvement commitments outstanding as measured by purchase orders and contracts outstanding at September 30, 2014 were as follows:

		<u>Construction Commitments Outstanding</u>
General Fund	\$	458,411
Transportation Trust and Gas Taxes		1,255,065
Impact Fees Capital Project Fund		1,807,386
Hernando County Fire Rescue-Fire		138,495
Non-major governmental funds:		
Stormwater Management		290,579
Capital Improvement Program		50,128
Water and Sewer District		5,444,266
Aviation Authority		217,040
Waste Management		48,612
Internal service funds:		
Fleet Replacement		1,386,010
Total	\$	<u>11,095,992</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE G – INTERFUND TRANSACTIONS

1. DUE TO / DUE FROM OTHER FUNDS

Interfund balances at September 30, 2014 were as follows:

	Interfund Receivable	Interfund Payable
General Fund		
Transportation Trust and Gas Taxes	\$ -	\$ 90,948
Hernando County Fire Rescue-Fire	-	259,501
Non-major governmental funds	66,269	124,094
Waste Management	-	71,101
Building Department	53,851	-
Internal Service Funds	6,216	375
Total General Fund	126,336	546,019
Transportation Trust and Gas Taxes		
General Fund	90,948	-
Non-major governmental funds	21,291	-
Total Transportation Trust	112,239	-
Hernando County Fire Rescue-Fire		
General Fund	259,501	-
Water and Sewer District	99,039	-
Total Hernando County Fire Rescue-Fire	358,540	-
Non-major governmental funds		
General Fund	124,094	66,269
Transportation Trust and Gas Taxes	-	21,291
Non-major governmental funds	361	361
Water and Sewer District	-	373,495
Total Non-major governmental funds	124,455	461,416
Water and Sewer District		
Hernando County Fire Rescue-Fire	-	99,039
Non-major governmental funds	373,495	-
Total Water and Sewer District	373,495	99,039
Waste Management Fund		
General Fund	71,101	-
Building Department		
General Fund	-	53,851
Internal Service Funds		
General Fund	375	6,216
Total Due To/Due From Other Funds	\$ 1,166,541	\$ 1,166,541

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, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE G – INTERFUND TRANSACTIONS (CONTINUED)

2. ADVANCES TO / ADVANCES FROM OTHER FUNDS

Individual interfund advances were as follows:

	Advances to Other Funds	Advances from Other Funds
General Fund	\$ 6,000	\$ -
Special Revenue Funds		
MSBU Special Revenue Funds		
The General Fund advanced \$6,000 at 2% interest, to the Oaks Ground Maintenance MSBU for necessary repairs. Final reimbursement is scheduled for fiscal year 2016.	-	6,000
The Water and Sewer District advanced \$72,000 at 0% interest to the River Run and Waters of Weeki Wachee Force Main to cover anticipated shortfall in funding. Final reimbursement is scheduled for fiscal year 2019.	-	72,000
Business-Type Activities		
Water and Sewer District	72,000	-
Total Advances To/Advances From Other Funds	\$ 78,000	\$ 78,000

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE G – INTERFUND TRANSACTIONS (CONTINUED)

3. INTERFUND TRANSFERS

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (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>
General Fund		
Transportation Trust and Gas Taxes	\$ 265,511	\$ 90,948
Hernando County Fire Rescue-Fire	-	259,501
Non-major governmental funds	185,896	2,523,538
Waste Management	-	71,101
Total General Fund	<u>451,407</u>	<u>2,945,088</u>
Transportation Trust and Gas Taxes		
General Fund	90,948	265,511
Non-major governmental funds	874,454	620,304
Internal Service Funds	-	500,821
Total Transportation Trust	<u>965,402</u>	<u>1,386,636</u>
Impact Fees Capital Project Fund		
Non-major governmental funds	-	265,070
Hernando County Fire Rescue-Fire		
General Fund	259,501	-
Non-major governmental funds	965,830	124,557
Internal Service Funds	-	573,482
Total Hernando County Fire Rescue-Fire	<u>1,225,331</u>	<u>698,039</u>
Non-major governmental funds		
General Fund	2,523,538	185,896
Transportation Trust and Gas Taxes	620,304	874,454
Impact Fees Capital Project Fund	265,070	-
Hernando County Fire Rescue-Fire	124,557	965,830
Non-major governmental funds	611,370	611,370
Water and Sewer District	-	4,964
Internal Service Funds	25,174	328,793
Total Non-major governmental funds	<u>4,170,013</u>	<u>2,971,307</u>
Water and Sewer District		
Non-major governmental funds	4,964	-
Internal Service Funds	12,000	34,902
Total Water and Sewer District	<u>16,964</u>	<u>34,902</u>
Waste Management Fund		
General Fund	71,101	-
Internal Service Funds	-	34,810
Total Waste Management Fund	<u>71,101</u>	<u>34,810</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE G – INTERFUND TRANSACTIONS (CONTINUED)

	<u>Transfers In</u>	<u>Transfers Out</u>
Internal Service Funds		
Transportation Trust and Gas Taxes	\$ 500,821	\$ -
Hernando County Fire Rescue-Fire	573,482	-
Non-major governmental funds	328,793	25,174
Water and Sewer District	34,902	12,000
Waste Management Fund	<u>34,810</u>	<u>-</u>
Total Internal Service Funds	<u>1,472,808</u>	<u>37,174</u>
Total Interfund Transfers	\$ <u>8,373,026</u>	\$ <u>8,373,026</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE H – LONG-TERM LIABILITIES

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

	<u>Beginning Balance Restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds Payable	\$ 8,645,000	\$ -	\$ 1,705,000	\$ 6,940,000	\$ 1,760,000
Net Bond Premium	<u>58,177</u>	<u>-</u>	<u>14,698</u>	<u>43,479</u>	<u>14,698</u>
Total Bonds Payable	8,703,177	-	1,719,698	6,983,479	1,774,698
Loans & Notes Payable	30,314,345	1,713,502	1,127,926	30,899,921	1,032,371
Leases Payable	535,213	-	318,394	216,819	162,676
Compensated Absences	6,934,573	6,670,013	5,901,093	7,703,493	6,341,042
Other Post Employment Benefits	6,159,572	1,011,590	-	7,171,162	-
Claims Liabilities	<u>3,564,977</u>	<u>4,382,361</u>	<u>3,925,340</u>	<u>4,021,998</u>	<u>2,621,998</u>
Total	\$ <u>56,211,857</u>	\$ <u>13,777,466</u>	\$ <u>12,992,451</u>	\$ <u>56,996,872</u>	\$ <u>11,932,785</u>
Business-Type Activities					
	<u>Beginning Balance Restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable	\$ 39,185,550	\$ -	\$ 2,020,600	\$ 37,164,950	\$ 2,150,000
Net Bond Premium	<u>3,680,089</u>	<u>-</u>	<u>178,782</u>	<u>3,501,307</u>	<u>178,783</u>
Total Bonds Payable	42,865,639	-	2,199,382	40,666,257	2,328,783
Loans & Notes Payable	24,194,607	-	998,826	23,195,781	1,021,632
Compensated Absences	841,610	779,955	769,395	852,170	792,518
Other Post Employment Benefits	519,015	209,930	-	728,945	-
Landfill Closure/Postclosure	<u>10,020,898</u>	<u>985,539</u>	<u>3,158,604</u>	<u>7,847,833</u>	<u>-</u>
Total	\$ <u>78,441,769</u>	\$ <u>1,975,424</u>	\$ <u>7,126,207</u>	\$ <u>73,290,986</u>	\$ <u>4,142,933</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE H – LONG-TERM LIABILITIES (CONTINUED)

The beginning balances have been restated to comply with GASB 65. Unamortized bond refunding losses totaling \$40,379 in Governmental Activities, and \$1,945,515 in Business-type Activities have been reclassified out of long-term liabilities and into deferred outflows.

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 PAYABLE

Governmental Activities-Governmental Funds

The following are summaries of Non-Revolving Lines of Credit at September 30, 2014:

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. As of year-end the following notes had been executed under this agreement:

River Run/The Waters of Weeki Wachee Force Main System. Applicable rate of interest: 4.76%. Average annual principal payments of \$94,707 due until May 1, 2015. Interest is paid semi-annually May 1 and November 1.	\$ 46,303
Desert Sparrow Paving. Applicable rate of interest: 4.76%. Average annual principal payments of \$12,937 due until May 1, 2018. Interest is paid semi-annually May 1 and November 1.	46,132
Bahama Sparrow Paving. Applicable rate of interest: 4.76%. Average annual principal payments of \$13,051 due until May 1, 2018. Interest is paid semi-annually May 1 and November 1.	46,537
Eskimo Curlew Paving. Applicable rate of interest: 4.76%. Average annual principal payments of \$8,711 due until May 1, 2018. Interest is paid semi-annually May 1 and November 1.	31,063
Flock Avenue Paving. Applicable rate of interest: 4.04%. Average annual principal payments of \$10,140 due until May 1, 2019. Interest is paid semi-annually May 1 and November 1.	45,090
Olsen Road Paving. Applicable rate of interest: 4.04%. Average annual principal payments of \$11,097 due until May 1, 2019. Interest is paid semi-annually May 1 and November 1.	49,348
Osprey Avenue Paving. Applicable rate of interest: 4.04%. Average annual principal payments of \$6,402 due until November 1, 2019. Interest is paid semi-annually May 1 and November 1.	28,469

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE H – LONG-TERM LIABILITIES (CONTINUED)

Dotted Wren Paving. Applicable rate 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.	\$ 28,495
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.	36,592
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.	14,963
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.	51,918
Croft Lane Paving. Applicable rate of interest: 3.41%. Average annual principal payments of \$2,661 due until May 1, 2021. Interest is paid semi-annually May 1 and November 1.	16,245
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.	<u>69,549</u>
	\$ 510,704
<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. As of year-end the following notes had been executed under this agreement:</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.	\$ 42,805
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.	9,810
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.	44,501
Lomita Wren Paving. Applicable rate of interest: 1.81%. Average annual principal payments of \$2,885 due until May 1, 2023. Interest is paid semi-annually May 1 and November 1.	22,605

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE H – LONG-TERM LIABILITIES (CONTINUED)

Marvelwood Paving. Applicable rate of interest: 1.81%. Average annual principal payments of \$13,610 due until May 1, 2023. Interest is paid semi-annually May 1 and November 1.	\$ 106,633
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.	62,072
Flicker Road Paving. Applicable rate of interest: 2.55%. Average annual principal payments of \$4,081 due until May 1, 2023. Interest is paid semi-annually May 1 and November 1.	32,334
State Road Canal Dredge. Applicable rate of interest: 2.55%. Average annual principal payments of \$11,757 due until May 1, 2023. Interest is paid semi-annually May 1 and November 1.	93,162
Hernando County Fire Rescue District Fire Engine. Applicable rate of interest: 1.81%. Average annual principal payments of \$75,163 due until May 1, 2018. Interest is paid semi-annually May 1 and November 1.	288,242
County Radio System Upgrade. Applicable rate of interest: 1.91%. Average annual principal payments of \$422,965 due until May 1, 2023. Interest is paid semi-annually May 1 and November 1.	3,451,506
Hernando Beach Volunteer Fire Department Fire Engine. Applicable rate of interest: 2.29%. Average annual principal payment of \$46,809 due May 1, 2013. Interest is paid semi-annually May 1 and November 1.	<u>398,144</u>
	\$ 4,551,814
<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. As of year-end the following notes had been executed under this agreement:</p>	
Courthouse Energy Performance Study. Applicable rate of interest: 2.8%. Average annual principal payment of \$62,848 due May 1, 2029. Interest is paid semi-annually May 1 and November 1.	\$ 750,736
Phillips East Paving. Applicable rate of interest: 2.51%. Average annual principal payments of \$8,808 due May 1, 2024. Interest is paid semi-annually May 1 and November 1.	101,540
Puffin Paving. Applicable rate of interest: 2.51%. Average annual principal payments of \$1,296 due May 1, 2024. Interest is paid semi-annually May 1 and November 1.	14,940
Grass Finch Paving. Applicable rate of interest: 2.51%. Average annual principal payments of \$3,181 due May 1, 2024. Interest is paid semi-annually May 1 and November 1.	36,670

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE H – LONG-TERM LIABILITIES (CONTINUED)

Harris Hawk Paving. Applicable rate of interest: 2.51%. Average annual principal payments of \$9,500 due May 1, 2024. Interest is paid semi-annually May 1 and November 1.	\$ 109,520
Royal Highlands Paving. Applicable rate of interest: 2.53%. Average annual principal payments of \$12,361 due May 1, 2024. Interest is paid semi-annually May 1 and November 1.	109,045
Ostrom/Allen Paving. Applicable rate of interest: 2.53%. Average annual principal payments of \$4,588 due May 1, 2024. Interest is paid semi-annually May 1 and November 1.	40,475
Benes Roush Paving. Applicable rate of interest: 2.53%. Average annual principal payments of \$3,604 due May 1, 2024. Interest is paid semi-annually May 1 and November 1.	31,800
Elder Paving. Applicable rate of interest: 2.53%. Average annual principal payments of \$2,914 due May 1, 2024. Interest is paid semi-annually May 1 and November 1.	25,710
Helene Paving. Applicable rate of interest: 2.53%. Average annual principal payments of \$6,025 due May 1, 2024. Interest is paid semi-annually May 1 and November 1.	<u>53,150</u>
	\$ 1,273,586
<p>The following is a summary of other loans at September 30, 2014:</p>	
<p>Non-Ad Valorem Refunding Revenue Note, Series 2012 dated November 13, 2012 with a bank for \$24,430,000 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 these notes is secured by covenant to budget and appropriate legally available non-ad valorem revenues.</p>	
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.	\$ <u>24,430,000</u>
Total	\$ <u><u>30,766,104</u></u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE H – LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities-Internal Service Funds

The following are summaries of Loans & Notes Payable at September 30, 2014:

Non-revolving line of credit dated November 13, 2012 with a bank for \$7,500,000 to be used to finance road 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.

Inventory Parts. Applicable rate of interest: 1.46%. Average annual principal payments of \$68,700 due until May 1, 2016. Interest is paid semi-annually May 1 and November 1.

\$ 133,817

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

<u>Year ended September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,032,371	\$ 755,244	\$ 1,787,615
2016	2,384,153	719,427	3,103,580
2017	2,368,661	659,580	3,028,241
2018	3,380,556	588,732	3,969,288
2019	3,355,523	503,704	3,859,227
2020-2024	12,202,165	1,421,692	13,623,857
2025-2028	<u>6,176,492</u>	<u>320,628</u>	<u>6,497,120</u>
Total	\$ <u>30,899,921</u>	\$ <u>4,969,007</u>	\$ <u>35,868,928</u>

Business-Type Activities

The following is a summary of Loans & Notes Payable at September 30, 2014:

Aviation Authority

Non-revolving line of credit dated October 22, 2008 with a bank for \$4,000,000 to be used to refinance Florida Local Government Finance Commission Pooled Commercial Paper Note, Series A, Draw No. A-1-5, originally issued to finance costs of the extension of Sgt. Lea Mills Boulevard and the Aerial Way extension to Spring Hill Drive at Hernando County Airport. 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. As of year-end the following note had been executed under this agreement:

Applicable rate of interest: 2.50%. Average annual principal payments of \$123,350 due until May 2018. Interest is paid semi-annually May 1 and November 1.

\$ 459,822

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE H – LONG-TERM LIABILITIES (CONTINUED)

Water & Sewer District

Each of the following State Revolving Loans is secured by a lien on net revenues and connections fees. 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.	\$ 1,619,231
State Revolving Fund Construction Loan due in semi-annual installments of \$358,255 beginning October 15, 2012. The loan has an interest rate of 2.29% to 2.41% and matures April 2032.	10,422,727
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.	2,571,779
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.	5,576,857
State Revolving Fund Construction Loan due in semi-annual installments of \$118,700 beginning December 15, 2014. The loan has an interest rate of 2.23%. Maturity will be determined when the final financed amount has been determined.	2,545,365
Total	\$ <u>23,195,781</u>

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

Year Ended September 30	Principal	Interest	Total
2015	\$ 1,021,632	\$ 547,670	\$ 1,569,302
2016	1,282,375	520,050	1,802,425
2017	1,306,266	489,436	1,795,702
2018	1,330,719	458,244	1,788,963
2019	1,237,179	426,456	1,663,635
2020-2024	6,559,887	1,678,878	8,238,765
2025-2029	6,462,746	894,769	7,357,515
2030-2032	3,994,977	169,694	4,164,671
Total	\$ 23,195,781	\$ 5,185,197	\$ 28,380,978

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE H – LONG-TERM LIABILITIES (CONTINUED)

2. LEASES PAYABLE

Governmental Activities

Installment purchase used to finance computer equipment for the County:

Computer Equipment

Applicable rate of interest: 0%. Annual payments of \$108,287 payable until October 2015. \$ 162,430

Installment purchase used to finance computer equipment for Clerk's office:

Computer Equipment

Applicable rate of interest: 0%. Monthly payments of \$5,438 payable until August 2015. 54,389

\$ 216,819

3. BONDS PAYABLE

Governmental Activities

GAS TAX REVENUE REFUNDING BONDS, SERIES 2002

Gas Tax Revenue Refunding Bonds, Series 2002, dated June 15, 2002 in the aggregate amount of \$5,945,000, were issued during the fiscal year ended September 30, 2002. The bonds were issued to: legally defease the outstanding Gas Tax Revenue Refunding Bonds, Series 1992, to pay costs of issuance of the Series 2002 bonds and to fund the required reserve account.

These bonds are secured by a pledge of two cents of the six cents the County receives via the State from collections of the Local Option Gas Tax levied by the County pursuant to Section 336.025, Florida Statutes, and County Ordinance 85-15, enacted on July 9, 1985, and the County gas tax collected pursuant to Section 206.60, Florida Statutes. For the fiscal year 2014, pledged revenues in the amount of \$1.4 million provided a coverage ratio of 2.33 times the annual debt service.

Interest on the bonds is payable April 1 and October 1 of each year, commencing October, 2002. The bonds carry interest rates ranging from 3.0% to 4.3%, depending upon maturity date. The bonds are not subject to early redemption.

CAPITAL IMPROVEMENT AND REFUNDING REVENUE BONDS, SERIES 2004

The Hernando County Capital Improvement and Refunding Revenue Bonds, Series 2004, dated March 10, 2004, in the amount of \$23,950,000 were issued during the fiscal year ended September 30, 2004. The bonds were issued to: legally defease the remaining Certificates of Participation, Series 1992; to fund all or a portion of the costs of the acquisition, construction and equipping of various capital improvements within the county, including, but not limited to the County Jail expansion, an emergency operations center, courtroom improvements and library improvements; and to pay certain costs and expenses related to the issuance of the Series 2004 bonds, including the premiums for a municipal bond insurance policy and a reserve account insurance policy.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE H – LONG-TERM LIABILITIES (CONTINUED)

The bonds are secured by a pledge of the receipts of the County from the proceeds of the local government half-cent sales tax pursuant to Part VI, Chapter 218, Florida Statutes. In addition, the bonds are secured by the monies and investments in the accounts established under the resolution and the income and earnings from investments in those funds. For the fiscal year 2014, pledged revenues in the amount of \$8 million provided a coverage ratio of 8.37 times the annual debt service for the Capital Improvement Bonds, Series 2004.

Interest on the bonds is payable February 1 and August 1 of each year commencing August 1, 2004. The bonds carry interest rates ranging from 2.0% to 4.25% depending upon maturity date. Bonds maturing before February 1, 2015 are not subject to optional redemption prior to maturity. The bonds maturing on February 1, 2015 and thereafter are subject to redemption prior to stated maturity at the option of the County, in whole or in part, on February 1, 2014 or on any date thereafter at a redemption price equal to 100% of the principal amount of the Series 2004 bonds plus accrued interest. The bonds maturing February 1, 2024 are subject to mandatory redemption in part prior to maturity through amortization installments by operation of the bond amortization account, at par plus accrued interest to date of redemption.

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 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.

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 2014, pledged revenues in the amount of \$34.2 million provided a coverage ratio of 31.9 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.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE H – LONG-TERM LIABILITIES (CONTINUED)

The following are the debt service requirements until maturity for the governmental activity bonds outstanding as of September 30, 2014:

<u>Year</u>	<u>Gas Tax Revenue Refunding Bonds Series 2002</u>		<u>Capital Improvement and Refunding Revenue Bonds Series 2004</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 565,000	\$ 24,295	\$ 875,000	\$ 77,933
2016	-	-	905,000	48,110
2017	-	-	935,000	16,363
2018	-	-	-	-
2019	-	-	-	-
2020-2024	-	-	-	-
Total	\$ <u>565,000</u>	\$ <u>24,295</u>	\$ <u>2,715,000</u>	\$ <u>142,406</u>

<u>Year</u>	<u>Non-Ad Valorem Refunding Revenue Bonds Series 2010</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 320,000	\$ 124,175	\$ 1,760,000	\$ 226,403
2016	325,000	116,309	1,230,000	164,419
2017	335,000	107,019	1,270,000	13,382
2018	345,000	96,388	345,000	96,388
2019	350,000	84,656	350,000	84,656
2020-2024	<u>1,985,000</u>	<u>205,516</u>	<u>1,985,000</u>	<u>205,516</u>
Total	\$ <u>3,660,000</u>	\$ <u>734,063</u>	\$ <u>6,940,000</u>	\$ <u>900,764</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 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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE H – LONG-TERM LIABILITIES (CONTINUED)

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.

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 during the fiscal year ended September 30, 2010. Of the total bonds issued, the portion attributable to the Water and Sewer District Fund is \$4,280,000. 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.

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. Because the pledge for these bonds is from Non-Ad Valorem revenues, and not from revenues of the Water and Sewer system, these bonds are not considered legal debt of the Water and Sewer Fund. It is, however, expected that Water and Sewer will pay their portion of the debt service. We have, therefore, included the debt as a liability for financial statement purposes. For the fiscal year 2014, pledged revenues in the amount of \$13 million provided a coverage ratio of 3.68 times the annual debt service for the combined Water and Sewer 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 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.

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 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.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE H – LONG-TERM LIABILITIES (CONTINUED)

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 2014, pledged revenues in the amount of \$13 million provided a coverage ratio of 3.68 times the annual debt service for the combined Water and Sewer Refunding Revenue Bonds, Series 2013, 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 and the Dogwood Estates Revenue Certificates, as noted previously:

Year	Non-Ad Valorem Refunding Revenue Bonds Series 2010		Water and Sewer Refunding Revenue Bonds Series 2013A	
	Principal	Interest	Principal	Interest
2015	\$ 475,000	\$ 68,688	\$ 1,675,000	\$ 1,583,606
2016	485,000	56,978	1,725,000	1,533,356
2017	505,000	43,038	1,800,000	1,464,356
2018	515,000	27,094	1,870,000	1,392,356
2019	535,000	9,363	1,960,000	1,298,856
2020-2024	-	-	6,630,000	5,373,780
2025-2029	-	-	8,350,000	3,652,530
2030-2034	-	-	10,600,000	1,403,056
Total	\$ <u>2,515,000</u>	\$ <u>205,161</u>	\$ <u>34,610,000</u>	\$ <u>17,701,896</u>

Total		
Year	Principal	Interest
2015	\$ 2,150,000	\$ 1,652,294
2016	2,210,000	1,590,334
2017	2,305,000	1,507,394
2018	2,385,000	1,419,450
2019	2,495,000	1,308,219
2020-2024	6,630,000	5,373,780
2025-2029	8,350,000	3,652,530
2030-2034	<u>10,600,000</u>	<u>1,403,056</u>
Total	\$ <u>37,125,000</u>	\$ <u>17,907,057</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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, 2014, per the Statement of Net Assets and the preceding amortization schedule:

Principal per amortization schedule	\$	37,125,000
Unamortized discount/premium as of September 30, 2014		3,501,307
Bonds not included in amortization schedule, as noted above:		
Holland Springs Bonds		39,950
Total Principal, Revenue Bonds		40,666,257
Current Portion, Revenue Bonds		(2,150,000)
Current Portion of unamortized discount/premium		(178,783)
		(2,328,783)
Long-Term Portion, Revenue Bonds	\$	38,337,474

4. 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, 2014, there were no defeased bonds.

5. 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.

6. 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.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE H – LONG-TERM LIABILITIES (CONTINUED)

As of September 30, 2014 there were three series of outstanding Industrial Revenue Development Bonds, with an aggregate principal amount of \$7,158,961.

NOTE I – RETIREMENT SYSTEM

1. PLAN DESCRIPTION

Membership in the Florida Retirement system (FRS) is required for all full-time and part-time employees in regularly established positions for state agencies, county governments, district school boards, state universities and state community colleges. Additionally cities, independent special districts, metropolitan planning districts, and public charter schools can make an irrevocable election to participate. Certain members, including elected officials and local government senior managers, may elect to not participate in the system. The FRS Pension Plan is a cost-sharing, multiple employer, defined benefit public retirement system administered by the State of Florida, Division of Retirement. The FRS also offers eligible employees participation in an alternative defined contribution plan (the Investment Plan).

During its 2011 regular session, the State Legislature adopted legislation that made significant changes to the FRS with respect to employee contributions, employer contributions and other items. These changes have been incorporated into the remainder of this note.

For employees participating in the FRS Pension Plan, the normal retirement date depends on the employee's FRS enrollment date. For employees initially enrolled before July 1, 2011, normal retirement is reached at or after age 62 with six years of credited service, or with 30 years of service regardless of age. For employees initially enrolled on or after July 1, 2011, normal retirement is reached at or after age 65 with eight years of credited service, or with 33 years of service regardless of age.

The normal retirement benefit is payable monthly for life, at one-twelfth the yearly benefit. The yearly benefit depends on the membership class and payment option chosen. Under option one, a benefit for the retiree's life only, the yearly benefit at normal retirement is equal to 1.6% for regular employees, 2% for senior management, and 3% for special risk and county elected officials, for each year of credited service times their average final compensation. Benefits are increased annually by a Cost of Living Adjustment (COLA), except that there is no COLA on service earned on or after July 1, 2011. Average final compensation is the employee's average of the five highest years of salary earned during credited service (eight if the employee is initially enrolled on or after July 1, 2011).

Vesting in the Pension Plan occurs with six years of creditable service (eight years if initially enrolled on or after July 1, 2011). Vested employees may retire before age 62 and receive retirement benefits that are reduced 5% for each year the actual retirement date precedes the normal retirement age. Employees participating in the Investment Plan are vested after one year of service with no age requirement. The System also provided death and disability benefits. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S-4, Florida Administrative Code.

The Deferred Retirement Option Program (DROP) is available under the FRS Pension Plan when the member first reaches eligibility for normal retirement. DROP allows a member to retire while continuing employment for up to sixty months. While in the DROP, the member's retirement benefits accumulate in the FRS trust fund (increased by a cost of living adjustment each July, but only through July 2011) and earn monthly interest equivalent to an annual rate of 6.5% (1.30% for employees entering DROP on or after July 1, 2011). When the

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE I – RETIREMENT SYSTEM (CONTINUED)

DROP period ends, the DROP account is paid out as a lump sum payment, a rollover, or a combination, and monthly benefits are subsequently paid to the member in the amount as calculated upon entry into DROP, plus COLA's for intervening years. In most cases, the DROP participant must cease employment when the DROP period ends.

2. FUNDING POLICY

Each year, the Florida Legislature establishes the uniform contribution rates applicable to both the Pension Plan and the Investment Plan. Prior to July 1, 2011, members were not required to make employee contributions; the employers paid all required contributions. Effective July 1, 2011, all FRS Investment Plan and Pension Plan members (except those in the DROP) are required to contribute 3% of their gross compensation on a pre-tax basis. Actuarial information and related disclosures attributable to the County's employees are not determinable.

The State's fiscal year-end June 30, 2015, 2014 and 2013 employer contribution rates by member class are as follows: regular employees (7.37%, 6.95% and 5.18%), special risk employees (19.82%, 19.06% and 14.9%), DROP employees (12.28%, 12.84% and 5.44%), senior management (21.14%, 18.31% and 6.3%), and elected officials (43.24%, 33.03% and 10.23%).

Following is a summary of the required and actual employer contributions for the three years:

2013-14	\$	8,737,022
2012-13		6,597,492
2011-12		5,766,549

The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. That report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-5706.

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 the employ of 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. As a rule, the cost of health care increases with age. Thus age-adjusted healthcare premiums for active employees can normally be expected to be less than age-adjusted premiums for retirees. 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 any retiree savings 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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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

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.

At October 1, 2012, the date of the latest actuarial valuation, plan participation consisted of:

Active Plan Participants	1,381
Retirees and Beneficiaries Receiving Benefits	<u>250</u>
Total Membership	<u><u>1,631</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. The County set aside funds in a budgeted reserve to cover the Annual Required Contribution (ARC) for each fiscal year since September 30, 2008. The balance of those reserves at fiscal year end was \$3,778,049.

3. ANNUAL OPEB COST AND NET OPEB OBLIGATION

The County's annual cost (expense) for Other Post-Employment Benefits (OPEB) is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed, and the changes in the net OPEB obligation.

Annual required contribution	\$ 1,567,799
Interest on net OPEB obligation	267,143
Less: Adjustment to annual required contribution	<u>(256,869)</u>
Annual OPEB cost (expense)	1,578,073
Less: Contributions made	<u>(356,554)</u>
Increase in net OPEB obligation	1,221,519
Net OPEB obligation-beginning of year	<u>6,678,587</u>
Net OPEB obligation-end of year	<u><u>\$ 7,900,106</u></u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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

<u>Year Ended September 30</u>	<u>Annual OPEB Cost</u>	<u>Estimated Amount Contributed</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Estimated Net OPEB Obligation</u>
2009	\$ 1,073,000	\$ 338,000	31.50%	\$ 1,530,000
2010	1,137,000	368,000	32.37%	2,299,000
2011	1,849,570	482,280	26.08%	3,666,290
2012	2,129,373	528,780	24.83%	5,563,883
2013	1,490,925	376,221	25.23%	6,678,587
2014	1,578,073	356,554	22.59%	7,900,106

4. FUNDED STATUS AND FUNDING PROGRESS

As of the October 1, 2012 actuarial valuation date, the actuarial accrued liability (AAL) was \$13.3 million, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the OPEB Plan) was \$62.1 million and the ratio of the unfunded actuarial accrued liability (UAAL) to covered payroll was 20.6%.

5. ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Calculations for financial reporting purposes are based on the benefits provided under terms of the substantive plan (the plan as understood by the employer and the plan members) in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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

The actual methods are:

Actuarial cost method	Entry Age
Amortization method	Level of percentage of projected payroll, closed
Amortization period	25 years on a closed basis
Asset valuation method	Unfunded, fair value

The actuarial assumptions are:

Inflation rate	3.0%
Investment rate of return	4.0%
Projected annual salaries increase	4.5% - 9.5%
Healthcare cost trend rate	6% for the initial year increased to 8.0% in the second year and varying each subsequent year until reaching 5.3% in 2020

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, 2014 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.

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE L – PROPERTY TAXES (CONTINUED)

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 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. With the exception of the Sheriff, the County is fully insured for health benefits. For insured programs, there have been no significant reductions in insurance coverage. 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, 2014 claims accrued, including an estimate for claims incurred but not reported, were \$3,770,000.

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.

See Subsequent Events, Note R, for a description of additional self-insurance program established in Fiscal Year 2014-15.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE M – RISK MANAGEMENT (CONTINUED)

CLAIMS LIABILITIES

	<u>Sheriff Health Insurance</u>	<u>Workers' Compensation</u>
Liability balance September 30, 2012	\$ 667,309	\$ 3,160,000
Claims incurred	1,977,252	1,345,236
Claims paid	<u>(2,409,584)</u>	<u>(1,175,236)</u>
Liability balance September 30, 2013	234,977	3,330,000
Claims incurred	3,258,476	1,123,885
Claims paid	<u>(3,241,455)</u>	<u>(683,885)</u>
Liability balance September 30, 2014	\$ <u>251,998</u>	\$ <u>3,770,000</u>
Cash available to pay claims September 30, 2014 Reported in governmental activities	\$ <u>4,726,344</u>	\$ <u>5,595,179</u>

NOTE N – CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the Waste Management Division (the Division) to place a final cover on the Northwest 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 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, 2014, the Division has accrued a total of \$7,847,833 in liabilities related to estimated closure and postclosure care costs.

The \$6,966,957 reported as Northwest Landfill Cells #1, #2 and #3 closure and postclosure care liability at September 30, 2014, represents the cumulative amount accrued to date based on the use of 55% of the estimated capacity of the landfill, less the costs of actual closure activities performed to date. Phase 1 closure of the Class 1 landfill was completed on August 18, 2014. Closure costs totaling \$3,158,604 were incurred in 2014 for the partial closing of NW Cells 1 & 2. The Division will recognize the remaining estimated cost of closure and postclosure care of \$8,194,614 as the remaining estimated capacity is filled. The amortization expense for the current year was \$864,577. The estimated closure date is September 2024.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE N – CLOSURE AND POSTCLOSURE CARE COSTS (CONTINUED)

Location	Estimated Total Closure Costs	Estimated Total Postclosure Costs	Total Closure and Postclosure Costs	Incurred to Date	Remaining Closure and Postclosure Costs	Accrued Liability at 9/30/14	Percent Accrued
NW Cells 1, 2 & 3	\$ 8,941,169	\$ 9,379,006	\$ 18,320,175	\$ (3,158,604)	\$ 15,161,571	\$ 6,966,957	55.27%
NW Cells C & D	<u>766,114</u>	<u>141,539</u>	<u>907,653</u>	<u>-</u>	<u>907,653</u>	<u>880,876</u>	97.05%
	<u>\$ 9,707,283</u>	<u>\$ 9,520,545</u>	<u>\$ 19,227,828</u>	<u>\$ (3,158,604)</u>	<u>\$ 16,069,224</u>	<u>\$ 7,847,833</u>	48.84%

Estimated closure and postclosure care cost of \$880,876 have been accrued as of September 30, 2014 for the Northwest Landfill C&D Debris Disposal Facility. The cost estimates were based upon estimated landfill dimensions with postclosure care to be provided for a period of five years. The useful life of the landfill has been calculated to close in 2015 based upon the most recent engineering report. The amortization expense for the current year was \$120,962.

These amounts are based on what it would cost to perform all closure and postclosure care on September 30, 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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, 2014, cash and investments of \$6,244,412 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.

NOTE O – SEGMENT INFORMATION

The County has five 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 P – 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, 2014

NOTE P – 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. Any disallowance resulting from a federal or state audit may become a liability of the County.

All County agencies and departments are required to comply with various federal and state regulations if such agency or department is a recipient of a federal or state grant, contract or their sponsored agreement. Certain agencies and departments may not be in total compliance with these regulations. Failure to comply may result in questions concerning the allowability of related direct and indirect charges pursuant to such agreements. It is believed that the ultimate disallowance pertaining to these regulations, if any, will be immaterial to the overall financial condition of the County.

NOTE Q – ADJUSTMENT TO BEGINNING NET POSITION

During the fiscal year ended September 30, 2014, the County implemented GASB 65, "Items Previously Reported as Assets and Liabilities". Per GASB 65, certain items previously reported as assets or liabilities are now reported as deferred outflows of resources or deferred inflows of resources. GASB 65 indicates that debt issuance costs, except any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred. In compliance with this statement, the County's unamortized bond issuance costs (unrelated to prepaid insurance) from prior years have been reclassified as a restatement of beginning net position as follows:

	<u>Net Position Beginning of Year</u>	<u>Cumulative Effect of Implementing GASB 65</u>	<u>Net Position Beginning of Year, Restated</u>
Governmental Activities	\$ <u>397,433,709</u>	\$ <u>(261,507)</u>	\$ <u>397,172,202</u>
Business-Type Activities	\$ <u>209,715,321</u>	\$ <u>(671,771)</u>	\$ <u>209,043,550</u>
Enterprise Funds:			
Water & Sewer District	\$ <u>163,366,318</u>	\$ <u>(671,771)</u>	\$ <u>162,694,547</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE R – SUBSEQUENT EVENTS DISCLOSURE

SELF-INSURANCE PROGRAM

As of October 1, 2014, the Board of County Commissioners established a 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. Funding to establish the program has been budgeted in each fund in Fiscal Year 2014-15, and will be transferred during the year. The program will be reported in an internal service fund.

**HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2014**

OTHER POST EMPLOYMENT BENEFIT PLAN

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date (a)	Actuarial Value of Assets	Actuarial Amortization Method	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UALL as a Percentage Of Covered Payroll
10/01/06	-	Projected Unit Credit	\$ 8,813,000	\$ 8,813,000	0.00%	\$ 40,607,170	21.7%
10/01/08	-	Projected Unit Credit	\$ 11,794,000	\$ 11,794,000	0.00%	\$ 58,465,695	20.1%
10/01/10	-	Entry Age	\$ 17,993,474	\$ 17,993,474	0.00%	\$ 61,325,882	29.3%
10/01/12	-	Entry Age	\$ 13,293,147	\$ 13,293,147	0.00%	\$ 62,075,001	21.4%

(a) Seventh year of plan disclosure, no prior data available



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 the purpose of funding Stormwater Management.

Sensitive Lands

To account for the proceeds of ad valorem taxes and other revenues for the purpose of 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: Florida Boating Improvement Program, Health Department, State and Local Mosquito Control, Law Enforcement Trust Fund, Crime Prevention, Tourist Development Tax, Affordable Housing, Landscape Enhancement, Industrial/Economic Incentives and Dori Slosberg Driver Education Safety.

Clerk of Court & Comptroller Special Revenue Funds

To account for the funds received in the Clerk of Circuit Court's Records Modernization Fund, Fines and Forfeitures Fund, and Court Facility Trust 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 Sheriff's Law Enforcement Education Fund, Child Saver Program Fund, Inmate Welfare Fund, Grants and Contributions Fund, Federal Forfeitures Fund, Sheriff E911 Fund and 800MHz Fund.

Debt Service Funds

Capital Improvement Revenue Bonds 2004

To account for the debt service requirements of the Capital Improvement and Refunding Revenue Bonds, Series 2004.

Non-Ad Valorem Refunding Revenue Bonds 2010

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

Gas Tax Revenue Refunding Bonds 2002

To account for the debt service requirements of the Gas Tax Revenue Refunding Bonds, Series 2002.

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

Capital Improvement Program

To account for the capital outlay expenditures of the Board of County Commissioners General Fund.

**HERNANDO COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2014**

	Special Revenue Funds		
	Stormwater Management	Sensitive Lands	State Housing Initiative Partnership
ASSETS			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Pooled Cash and Investments	4,750,907	6,375,768	393,780
Other Investments	-	-	-
Accounts Receivable (net)	5,242	338	13,124
Due from Other Funds	14,589	43	-
Due from Other Governments	133,390	-	-
Inventories	-	-	-
Prepaid Items	-	-	-
Total Assets	\$ 4,904,128	\$ 6,376,149	\$ 406,904
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 78,672	\$ 39,874	\$ 60,506
Retainage Payable	9,179	-	-
Accrued Liabilities	7,227	6,787	-
Due to Other Funds	-	5	-
Due to Other Governments	-	-	-
Unearned Revenue	-	-	-
Deposits	-	500	-
Advances from Other Funds	-	-	-
Total Liabilities	95,078	47,166	60,506
Deferred Inflows of Resources			
Unavailable Revenue	-	-	-
Fund Balances			
Nonspendable:			
Inventories	-	-	-
Prepaid Items	-	-	-
Restricted for:			
Grant Funded Programs	-	-	346,398
Court Programs	-	-	-
Special Assessment Projects	-	-	-
Environment Conservation	4,809,050	6,328,983	-
Bond covenants or debt service	-	-	-
Public Safety	-	-	-
Other Purposes	-	-	-
Committed to:			
Other Purposes	-	-	-
Assigned to:			
Economic Development	-	-	-
Capital Projects	-	-	-
Total Fund Balances	4,809,050	6,328,983	346,398
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,904,128	\$ 6,376,149	\$ 406,904

See accompanying independent auditors' report.

Special Revenue Funds

Court-Related Funds	Municipal Service Benefit Units	Hernando County Fire Rescue - Rescue	Miscellaneous Special Revenue Funds
\$ -	\$ 500	\$ -	\$ 100
4,486,644	2,241,062	2,026,561	4,857,980
-	-	-	-
88,341	508	1,001,934	20,848
-	23,504	71,587	14,732
-	-	4,960	12,500
-	-	1,800	-
1,144	-	31,928	-
\$ 4,576,129	\$ 2,265,574	\$ 3,138,770	\$ 4,906,160
\$ 57,053	\$ 175,344	\$ 139,160	\$ 35,961
-	-	-	-
15,714	-	305,899	21,338
592	432,606	-	276
-	-	-	-
-	-	-	1,883
-	-	-	-
-	78,000	-	-
73,359	685,950	445,059	59,458
-	-	1,919,237	-
-	-	1,800	-
1,144	-	31,928	-
-	-	-	23,374
4,501,626	-	-	-
-	828,575	-	-
-	-	-	-
-	751,049	-	-
-	-	740,746	-
-	-	-	2,195,647
-	-	-	314,250
-	-	-	2,313,431
-	-	-	-
4,502,770	1,579,624	774,474	4,846,702
\$ 4,576,129	\$ 2,265,574	\$ 3,138,770	\$ 4,906,160

Continued

**HERNANDO COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2014**

	Special Revenue Funds		
	Clerk of Court and Comptroller Special Revenue Funds	Property Appraiser Special Revenue Funds	Sheriff Special Revenue Funds
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 730,690	\$ 3,211,059
Pooled Cash and Investments	1,722,549	-	-
Other Investments	-	-	-
Accounts Receivable (net)	-	-	26,244
Due from Other Funds	-	-	-
Due from Other Governments	57,207	-	291,686
Inventories	-	-	-
Prepaid Items	25,283	-	-
Total Assets	\$ 1,805,039	\$ 730,690	\$ 3,528,989
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 8,397	\$ -	\$ 53,819
Retainage Payable	-	-	-
Accrued Liabilities	65,435	-	19,395
Due to Other Funds	-	27,937	-
Due to Other Governments	727,549	172	-
Unearned Revenue	-	-	5,407
Deposits	125,732	-	260
Advances from Other Funds	-	-	-
Total Liabilities	927,113	28,109	78,881
Deferred Inflows of Resources			
Unavailable Revenue	-	-	124,260
Fund Balances			
Nonspendable:			
Inventories	-	-	-
Prepaid Items	25,283	-	-
Restricted for:			
Grant Funded Programs	-	-	-
Court Programs	-	-	-
Special Assessment Projects	-	-	-
Environment Conservation	-	-	-
Bond covenants or debt service	-	-	-
Public Safety	-	-	3,325,848
Other Purposes	852,643	-	-
Committed to:			
Other Purposes	-	702,581	-
Assigned to:			
Economic Development	-	-	-
Capital Projects	-	-	-
Total Fund Balances	877,926	702,581	3,325,848
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,805,039	\$ 730,690	\$ 3,528,989

Debt Service Funds

Total Special Revenue Funds	Capital Improvement and Refunding Revenue Bonds 2004	Non-Ad Valorem Refunding Revenue Bonds 2010	Gas Tax Revenue Refunding Bonds 2002	Non-Ad Valorem Refunding Revenue Note 2012
\$ 3,942,349	\$ -	\$ -	\$ -	\$ -
26,855,251	7,447	8,622	14,250	3,552
-	-	-	623,941	-
1,156,579	-	-	-	-
124,455	-	-	-	-
499,743	-	-	-	-
1,800	-	-	-	-
58,355	-	-	-	-
\$ 32,638,532	\$ 7,447	\$ 8,622	\$ 638,191	\$ 3,552
\$ 648,786	\$ -	\$ -	\$ -	\$ -
9,179	-	-	-	-
441,795	-	-	-	-
461,416	-	-	-	-
727,721	-	-	-	-
7,290	-	-	-	-
126,492	-	-	-	-
78,000	-	-	-	-
2,500,679	-	-	-	-
2,043,497	-	-	-	-
1,800	-	-	-	-
58,355	-	-	-	-
369,772	-	-	-	-
4,501,626	-	-	-	-
828,575	-	-	-	-
11,138,033	-	-	-	-
751,049	7,447	8,622	638,191	3,552
4,066,594	-	-	-	-
3,048,290	-	-	-	-
1,016,831	-	-	-	-
2,313,431	-	-	-	-
-	-	-	-	-
28,094,356	7,447	8,622	638,191	3,552
\$ 32,638,532	\$ 7,447	\$ 8,622	\$ 638,191	\$ 3,552

Continued

**HERNANDO COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2014**

	<u>Capital Project Fund</u>		
	<u>Total Debt Service Funds</u>	<u>Capital Improvement Program</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ -	\$ -	\$ 3,942,349
Pooled Cash and Investments	33,871	1,027,652	27,916,774
Other Investments	623,941	-	623,941
Accounts Receivable (net)	-	-	1,156,579
Due from Other Funds	-	-	124,455
Due from Other Governments	-	-	499,743
Inventories	-	-	1,800
Prepaid Items	-	-	58,355
Total Assets	\$ 657,812	\$ 1,027,652	\$ 34,323,996
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ -	\$ 73,204	\$ 721,990
Retainage Payable	-	-	9,179
Accrued Liabilities	-	-	441,795
Due to Other Funds	-	-	461,416
Due to Other Governments	-	-	727,721
Unearned Revenue	-	-	7,290
Deposits	-	-	126,492
Advances from Other Funds	-	-	78,000
Total Liabilities	-	73,204	2,573,883
Deferred Inflows of Resources			
Unavailable Revenue	-	-	2,043,497
Fund Balances			
Nonspendable:			
Inventories	-	-	1,800
Prepaid Items	-	-	58,355
Restricted for:			
Grant Funded Programs	-	-	369,772
Court Programs	-	-	4,501,626
Special Assessment Projects	-	-	828,575
Environment Conservation	-	-	11,138,033
Bond covenants or debt service	657,812	-	1,408,861
Public Safety	-	-	4,066,594
Other Purposes	-	-	3,048,290
Committed to:			
Other Purposes	-	-	1,016,831
Assigned to:			
Economic Development	-	-	2,313,431
Capital Projects	-	954,448	954,448
Total Fund Balances	657,812	954,448	29,706,616
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 657,812	\$ 1,027,652	\$ 34,323,996



HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2014

	Special Revenue Funds		
	Stormwater Management	Sensitive Lands	State Housing Initiative Partnership
Revenues			
Taxes	\$ 794,054	\$ 3,891	\$ -
Intergovernmental	230,655	15,000	-
Charges for Services	-	-	-
Fines and Forfeitures	-	-	-
Special Assessments	-	-	-
Interest	59,219	75,590	8,045
Miscellaneous	39,396	5,100	127,902
	<hr/>	<hr/>	<hr/>
Total Revenues	1,123,324	99,581	135,947
	<hr/>	<hr/>	<hr/>
Expenditures			
Current			
General Government	-	-	-
Public Safety	-	-	-
Physical Environment	407,968	335,173	-
Transportation	-	-	-
Economic Environment	-	-	464,346
Human Services	-	-	-
Culture and Recreation	-	-	-
Court Operations	-	-	-
Debt Service			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Capital Outlay	878,896	87,000	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	1,286,864	422,173	464,346
	<hr/>	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenditures	(163,540)	(322,592)	(328,399)
	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses)			
Transfers In	102,089	43	-
Transfers Out	-	-	-
Additions to Long-Term Debt	-	-	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	102,089	43	-
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	(61,451)	(322,549)	(328,399)
	<hr/>	<hr/>	<hr/>
Fund Balances at Beginning of Year	4,870,501	6,651,532	674,797
	<hr/>	<hr/>	<hr/>
Fund Balances at End of Year	\$ 4,809,050	\$ 6,328,983	\$ 346,398
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying independent auditors' report.

Special Revenue Funds

Court-Related Funds	Municipal Service Benefit Units	Spring Hill Fire Rescue MSTU	Hernando County Fire Rescue - Rescue	Miscellaneous Special Revenue Funds
\$ -	\$ -	\$ -	\$ 3,890,778	\$ 1,833,717
-	-	-	17,982	86,676
1,173,578	7,837	-	4,341,512	18,097
52	-	-	-	152,635
-	1,719,099	-	-	-
50,164	24,761	-	24,598	49,299
-	54,230	-	37,353	60,630
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,223,794	1,805,927	-	8,312,223	2,201,054
-	-	-	-	-
-	171,248	-	9,374,405	139,490
-	3,285	-	-	1,230
-	1,224,144	-	-	-
-	-	-	-	455,547
-	-	-	-	1,369,460
-	-	-	-	14,579
797,845	-	-	-	-
-	625,452	-	70,671	-
-	48,698	-	5,615	-
92,107	459,872	-	149,534	75,122
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
889,952	2,532,699	-	9,600,225	2,055,428
<u>333,842</u>	<u>(726,772)</u>	<u>-</u>	<u>(1,288,002)</u>	<u>145,626</u>
-	26,449	-	539,664	855,865
-	(874,238)	(1,080,464)	(625,168)	-
-	962,766	-	-	-
<u>-</u>	<u>114,977</u>	<u>(1,080,464)</u>	<u>(85,504)</u>	<u>855,865</u>
<u>333,842</u>	<u>(611,795)</u>	<u>(1,080,464)</u>	<u>(1,373,506)</u>	<u>1,001,491</u>
<u>4,168,928</u>	<u>2,191,419</u>	<u>1,080,464</u>	<u>2,147,980</u>	<u>3,845,211</u>
<u>\$ 4,502,770</u>	<u>\$ 1,579,624</u>	<u>\$ -</u>	<u>\$ 774,474</u>	<u>\$ 4,846,702</u>

Continued

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2014

	Special Revenue Funds		
	Clerk of Court and Comptroller Special Revenue Funds	Property Appraiser Special Revenue Funds	Sheriff Special Revenue Funds
Revenues			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	253,968	826,984	181,090
Charges for Services	3,111,786	32,963	1,256,836
Fines and Forfeitures	1,129,539	-	314,775
Special Assessments	-	-	-
Interest	10,408	458	941
Miscellaneous	(574)	-	613,299
Total Revenues	4,505,127	860,405	2,366,941
Expenditures			
Current			
General Government	146,793	783,327	-
Public Safety	-	-	1,485,885
Physical Environment	-	-	-
Transportation	-	-	-
Economic Environment	-	-	-
Human Services	-	-	-
Culture and Recreation	-	-	-
Court Operations	4,583,959	-	-
Debt Service			
Principal	65,259	-	144,848
Interest and Fiscal Charges	-	-	3,250
Capital Outlay	95,882	1,033	252,381
Total Expenditures	4,891,893	784,360	1,886,364
Excess of Revenues Over (Under) Expenditures	(386,766)	76,045	480,577
Other Financing Sources (Uses)			
Transfers In	-	-	-
Transfers Out	-	(27,937)	(163,500)
Additions to Long-Term Debt	-	-	-
Total Other Financing Sources (Uses)	-	(27,937)	(163,500)
Net Change in Fund Balances	(386,766)	48,108	317,077
Fund Balances at Beginning of Year	1,264,692	654,473	3,008,771
Fund Balances at End of Year	\$ 877,926	\$ 702,581	\$ 3,325,848

Debt Service Funds

Total Special Revenue Funds	Capital Improvement and Refunding Revenue Bonds 2004	Non-Ad Valorem Refunding Revenue Bonds 2010	Gas Tax Revenue Refunding Bonds 2002	Non-Ad Valorem Refunding Revenue Note 2012
\$ 6,522,440	\$ -	\$ -	\$ -	\$ -
1,612,355	-	-	-	-
9,942,609	-	-	-	-
1,597,001	-	-	-	-
1,719,099	-	-	-	-
303,483	148	126	(7,261)	94
937,336	-	-	-	-
22,634,323	148	126	(7,261)	94
930,120	16	14	2,831	18
11,171,028	-	-	-	-
747,656	-	-	-	-
1,224,144	-	-	-	-
919,893	-	-	-	-
1,369,460	-	-	-	-
14,579	-	-	-	-
5,381,804	-	-	-	-
906,230	850,000	310,000	545,000	-
57,563	106,545	132,852	47,645	628,340
2,091,827	-	-	-	-
24,814,304	956,561	442,866	595,476	628,358
(2,179,981)	(956,413)	(442,740)	(602,737)	(628,264)
1,524,110	956,547	442,828	592,186	629,342
(2,771,307)	-	-	-	-
962,766	-	-	-	-
(284,431)	956,547	442,828	592,186	629,342
(2,464,412)	134	88	(10,551)	1,078
30,558,768	7,313	8,534	648,742	2,474
\$ 28,094,356	\$ 7,447	\$ 8,622	\$ 638,191	\$ 3,552

Continued

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2014

	<u>Debt Service Funds</u>	<u>Capital Project Fund</u>	
	<u>Total Debt Service Funds</u>	<u>Capital Improvement Program</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues			
Taxes	\$ -	\$ -	\$ 6,522,440
Intergovernmental	-	-	1,612,355
Charges for Services	-	-	9,942,609
Fines and Forfeitures	-	-	1,597,001
Special Assessments	-	-	1,719,099
Interest	(6,893)	14,477	311,067
Miscellaneous	-	60	937,396
	<hr/>	<hr/>	<hr/>
Total Revenues	(6,893)	14,537	22,641,967
	<hr/>	<hr/>	<hr/>
Expenditures			
Current			
General Government	2,879	67	933,066
Public Safety	-	88,281	11,259,309
Physical Environment	-	-	747,656
Transportation	-	-	1,224,144
Economic Environment	-	-	919,893
Human Services	-	-	1,369,460
Culture and Recreation	-	-	14,579
Court Operations	-	-	5,381,804
Debt Service			
Principal	1,705,000	-	2,611,230
Interest and Fiscal Charges	915,382	-	972,945
Capital Outlay	-	127,433	2,219,260
	<hr/>	<hr/>	<hr/>
Total Expenditures	2,623,261	215,781	27,653,346
	<hr/>	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenditures	(2,630,154)	(201,244)	(5,011,379)
	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses)			
Transfers In	2,620,903	25,000	4,170,013
Transfers Out	-	(200,000)	(2,971,307)
Additions to Long-Term Debt	-	-	962,766
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	2,620,903	(175,000)	2,161,472
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	(9,251)	(376,244)	(2,849,907)
	<hr/>	<hr/>	<hr/>
Fund Balances at Beginning of Year	667,063	1,330,692	32,556,523
	<hr/>	<hr/>	<hr/>
Fund Balances at End of Year	\$ 657,812	\$ 954,448	\$ 29,706,616
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 169,989	\$ 216,483	\$ -	\$ (216,483)
Impact Fees	-	-	421,805	421,805
Interest	38,100	38,100	165,625	127,525
Miscellaneous	-	-	61	61
Total Revenues	<u>208,089</u>	<u>254,583</u>	<u>587,491</u>	<u>332,908</u>
Expenditures				
Current				
General Government	-	-	-	-
Public Safety	35,000	42,738	7,738	35,000
Transportation	-	27	-	27
Capital Outlay	4,024,119	7,233,251	3,116,085	4,117,166
Total Expenditures	<u>4,059,119</u>	<u>7,276,016</u>	<u>3,123,823</u>	<u>4,152,193</u>
Excess of Revenues Over Expenditures	<u>(3,851,030)</u>	<u>(7,021,433)</u>	<u>(2,536,332)</u>	<u>4,485,101</u>
Other Financing Sources (Uses)				
Transfers Out	(265,070)	(265,070)	(265,070)	-
Reserve for Contingencies	(10,970,410)	(9,080,420)	-	9,080,420
Total Other Financing Sources (Uses)	<u>(11,235,480)</u>	<u>(9,345,490)</u>	<u>(265,070)</u>	<u>9,080,420</u>
Net Change in Fund Balance	(15,086,510)	(16,366,923)	(2,801,402)	13,565,521
Fund Balance at Beginning of Year	15,086,510	16,366,923	16,342,942	(23,981)
Fund Balance at End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,541,540</u></u>	<u><u>\$ 13,541,540</u></u>

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

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STORMWATER MANAGEMENT
For the Fiscal Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 758,968	\$ 781,660	\$ 794,054	\$ 12,394
Intergovernmental	9,018	253,695	230,655	(23,040)
Interest	10,000	10,000	59,219	49,219
Miscellaneous	6,300	6,300	39,396	33,096
Total Revenues	<u>784,286</u>	<u>1,051,655</u>	<u>1,123,324</u>	<u>71,669</u>
Expenditures				
Current				
Physical Environment	917,632	1,007,650	407,968	599,682
Capital Outlay	235,000	1,399,493	878,896	520,597
Total Expenditures	<u>1,152,632</u>	<u>2,407,143</u>	<u>1,286,864</u>	<u>1,120,279</u>
Excess of Revenues Over (Under) Expenditures	<u>(368,346)</u>	<u>(1,355,488)</u>	<u>(163,540)</u>	<u>1,191,948</u>
Other Financing Sources (Uses)				
Transfers In	-	87,500	102,089	14,589
Reserve for Contingencies	(4,586,994)	(3,602,512)	-	3,602,512
Total Other Financing Sources (Uses)	<u>(4,586,994)</u>	<u>(3,515,012)</u>	<u>102,089</u>	<u>3,617,101</u>
Net Change in Fund Balance	(4,955,340)	(4,870,500)	(61,451)	4,809,049
Fund Balance at Beginning of Year	4,955,340	4,870,500	4,870,501	1
Fund Balance at End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,809,050</u></u>	<u><u>\$ 4,809,050</u></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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 2,000	\$ 3,358	\$ 3,891	\$ 533
Intergovernmental	-	-	15,000	15,000
Interest	60,000	60,000	75,590	15,590
Miscellaneous	4,800	4,800	5,100	300
Total Revenues	66,800	68,158	99,581	31,423
Expenditures				
Current				
Physical Environment	607,623	612,528	335,173	277,355
Capital Outlay	105,000	107,440	87,000	20,440
Total Expenditures	712,623	719,968	422,173	297,795
Excess of Revenues Over (Under) Expenditures	(645,823)	(651,810)	(322,592)	329,218
Other Financing Sources (Uses)				
Transfers In	-	-	43	43
Reserve for Contingencies	(6,140,709)	(5,999,721)	-	5,999,721
Total Other Financing Sources (Uses)	(6,140,709)	(5,999,721)	43	5,999,764
Net Change in Fund Balance	(6,786,532)	(6,651,531)	(322,549)	6,328,982
Fund Balance at Beginning of Year	6,786,532	6,651,531	6,651,532	1
Fund Balance at End of Year	\$ -	\$ -	\$ 6,328,983	\$ 6,328,983

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 258,225	\$ 616,450	\$ -	\$ (616,450)
Interest	2,000	2,000	8,045	6,045
Miscellaneous	60,000	60,000	127,902	67,902
Total Revenues	<u>320,225</u>	<u>678,450</u>	<u>135,947</u>	<u>(542,503)</u>
Expenditures				
Current				
Economic Environment	535,808	1,353,246	464,346	888,900
Total Expenditures	<u>535,808</u>	<u>1,353,246</u>	<u>464,346</u>	<u>888,900</u>
Net Change in Fund Balance	(215,583)	(674,796)	(328,399)	346,397
Fund Balance at Beginning of Year	215,583	674,796	674,797	1
Fund Balance at End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 346,398</u></u>	<u><u>\$ 346,398</u></u>

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 1,220,240	\$ 1,220,240	\$ 1,173,578	\$ (46,662)
Fines and Forfeitures	900	900	52	(848)
Interest	23,100	23,100	50,164	27,064
	<u>1,244,240</u>	<u>1,244,240</u>	<u>1,223,794</u>	<u>(20,446)</u>
Total Revenues				
	<u>1,244,240</u>	<u>1,244,240</u>	<u>1,223,794</u>	<u>(20,446)</u>
Expenditures				
Current				
Court Operations	828,468	834,765	797,845	36,920
Capital Outlay	109,694	109,694	92,107	17,587
	<u>938,162</u>	<u>944,459</u>	<u>889,952</u>	<u>54,507</u>
Total Expenditures				
	<u>938,162</u>	<u>944,459</u>	<u>889,952</u>	<u>54,507</u>
Excess of Revenues Over (Under) Expenditures	<u>306,078</u>	<u>299,781</u>	<u>333,842</u>	<u>34,061</u>
Other Financing Sources (Uses)				
Reserve for Contingencies	(4,545,501)	(4,468,707)	-	4,468,707
	<u>(4,545,501)</u>	<u>(4,468,707)</u>	<u>-</u>	<u>4,468,707</u>
Total Other Financing Sources (Uses)				
	<u>(4,545,501)</u>	<u>(4,468,707)</u>	<u>-</u>	<u>4,468,707</u>
Net Change in Fund Balance	<u>(4,239,423)</u>	<u>(4,168,926)</u>	<u>333,842</u>	<u>4,502,768</u>
Fund Balance at Beginning of Year	4,239,423	4,168,926	4,168,928	2
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,502,770</u>	<u>\$ 4,502,770</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 3,000	\$ 3,000	\$ 7,837	\$ 4,837
Special Assessments	1,583,959	1,583,959	1,719,099	135,140
Interest	15,452	15,452	24,761	9,309
Miscellaneous	-	-	54,230	54,230
Total Revenues	1,602,411	1,602,411	1,805,927	203,516
Expenditures				
Current				
Public Safety	179,256	173,243	171,248	1,995
Physical Environment	3,235	3,235	3,285	(50)
Transportation	1,237,591	1,286,532	1,224,144	62,388
Debt Service				
Principal	246,505	244,545	625,452	(380,907)
Interest and Fiscal Charges	44,376	44,256	48,698	(4,442)
Capital Outlay	71,039	511,501	459,872	51,629
Total Expenditures	1,782,002	2,263,312	2,532,699	(269,387)
Excess of Revenues Over (Under) Expenditures	(179,591)	(660,901)	(726,772)	(65,871)
Other Financing Sources (Uses)				
Transfers In	-	2,771	26,449	23,678
Transfers Out	(171,406)	(873,961)	(874,238)	(277)
Additions to Long-Term Debt	138,113	578,029	962,766	384,737
Reserve for Contingencies	(2,120,116)	(1,218,302)	-	1,218,302
Total Other Financing Sources (Uses)	(2,153,409)	(1,511,463)	114,977	1,626,440
Net Change in Fund Balance	(2,333,000)	(2,172,364)	(611,795)	1,560,569
Fund Balance at Beginning of Year	2,333,000	2,172,364	2,191,419	19,055
Fund Balance at End of Year	\$ -	\$ -	\$ 1,579,624	\$ 1,579,624

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPRING HILL FIRE RESCUE MSTU
For the Fiscal Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current				
Public Safety	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Capital Outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenditures	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	(1,080,464)	(1,080,464)
Additions to Long-Term Debt	-	-	-	-
Reserve for Contingencies	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	-	(1,080,464)	(1,080,464)
	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	-	-	(1,080,464)	(1,080,464)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance at Beginning of Year	-	-	1,080,464	1,080,464
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance at End of Year	\$ -	\$ -	\$ -	\$ -

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 3,725,640	\$ 3,837,171	\$ 3,890,778	\$ 53,607
Intergovernmental	15,352	15,352	17,982	2,630
Charges for Services	5,615,699	5,615,699	4,341,512	(1,274,187)
Interest	41,898	41,898	24,598	(17,300)
Miscellaneous	32,588	32,588	37,353	4,765
	<u>9,431,177</u>	<u>9,542,708</u>	<u>8,312,223</u>	<u>(1,230,485)</u>
Total Revenues				
Expenditures				
Current				
Public Safety	8,991,162	10,522,622	9,374,405	1,148,217
Debt Service				
Principal	69,635	70,672	70,671	1
Interest and Fiscal Charges	5,856	5,856	5,615	241
Capital Outlay	28,875	149,535	149,534	1
	<u>9,095,528</u>	<u>10,748,685</u>	<u>9,600,225</u>	<u>1,148,460</u>
Total Expenditures				
Excess of Revenues Over (Under) Expenditures	<u>335,649</u>	<u>(1,205,977)</u>	<u>(1,288,002)</u>	<u>(82,025)</u>
Other Financing Sources (Uses)				
Transfers In	-	-	539,664	539,664
Transfers Out	(322,074)	(637,373)	(625,168)	12,205
Reserve for Contingencies	(3,613,575)	(1,582,501)	-	1,582,501
	<u>(3,935,649)</u>	<u>(2,219,874)</u>	<u>(85,504)</u>	<u>2,134,370</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	<u>(3,600,000)</u>	<u>(3,425,851)</u>	<u>(1,373,506)</u>	<u>2,052,345</u>
Fund Balance at Beginning of Year	<u>3,600,000</u>	<u>3,425,851</u>	<u>2,147,980</u>	<u>(1,277,871)</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 774,474</u>	<u>\$ 774,474</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,751,430	\$ 1,806,841	\$ 1,833,717	\$ 26,876
Intergovernmental	67,456	79,956	86,676	6,720
Charges for Services	-	-	18,097	18,097
Fines and Forfeitures	170,000	170,000	152,635	(17,365)
Interest	24,200	24,200	49,299	25,099
Miscellaneous	56,313	56,313	60,630	4,317
Total Revenues	<u>2,069,399</u>	<u>2,137,310</u>	<u>2,201,054</u>	<u>63,744</u>
Expenditures				
Current				
Public Safety	224,990	244,990	139,490	105,500
Physical Environment	1,486	1,486	1,230	256
Economic Environment	658,340	949,261	455,547	493,714
Human Services	1,447,706	1,516,959	1,369,460	147,499
Culture and Recreation	31,000	31,600	14,579	17,021
Capital Outlay	54,000	149,000	75,122	73,878
Total Expenditures	<u>2,417,522</u>	<u>2,893,296</u>	<u>2,055,428</u>	<u>837,868</u>
Excess of Revenues Over (Under) Expenditures	<u>(348,123)</u>	<u>(755,986)</u>	<u>145,626</u>	<u>901,612</u>
Other Financing Sources (Uses)				
Transfers In	641,133	841,133	855,865	14,732
Reserve for Contingencies	(3,736,173)	(3,930,353)	-	3,930,353
Total Other Financing Sources (Uses)	<u>(3,095,040)</u>	<u>(3,089,220)</u>	<u>855,865</u>	<u>3,945,085</u>
Net Change in Fund Balance	<u>(3,443,163)</u>	<u>(3,845,206)</u>	<u>1,001,491</u>	<u>4,846,697</u>
Fund Balance at Beginning of Year	<u>3,443,163</u>	<u>3,845,206</u>	<u>3,845,211</u>	<u>5</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,846,702</u>	<u>\$ 4,846,702</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 SPECIAL REVENUE FUNDS
For the Fiscal Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 205,903	\$ 205,903	\$ 253,968	\$ 48,065
Charges for Services	2,917,300	2,917,300	3,111,786	194,486
Fines and Forfeitures	891,500	891,500	1,129,539	238,039
Interest	2,500	2,500	10,408	7,908
Miscellaneous	-	-	(574)	(574)
	<u>4,017,203</u>	<u>4,017,203</u>	<u>4,505,127</u>	<u>487,924</u>
Total Revenues				
	<u>4,017,203</u>	<u>4,017,203</u>	<u>4,505,127</u>	<u>487,924</u>
Expenditures				
Current				
General Government	288,350	288,350	146,793	141,557
Court Operations	4,370,853	4,452,193	4,583,959	(131,766)
Debt Service				
Principal	72,000	72,000	65,259	6,741
Capital Outlay	235,000	210,000	95,882	114,118
	<u>4,966,203</u>	<u>5,022,543</u>	<u>4,891,893</u>	<u>130,650</u>
Total Expenditures				
	<u>4,966,203</u>	<u>5,022,543</u>	<u>4,891,893</u>	<u>130,650</u>
Excess of Revenues Over (Under) Expenditures	<u>(949,000)</u>	<u>(1,005,340)</u>	<u>(386,766)</u>	<u>618,574</u>
Other Financing Sources (Uses)				
Reserve for Contingencies	(151,000)	(101,000)	-	101,000
	<u>(151,000)</u>	<u>(101,000)</u>	<u>-</u>	<u>101,000</u>
Total Other Financing Sources (Uses)				
	<u>(151,000)</u>	<u>(101,000)</u>	<u>-</u>	<u>101,000</u>
Net Change in Fund Balance	<u>(1,100,000)</u>	<u>(1,106,340)</u>	<u>(386,766)</u>	<u>719,574</u>
Fund Balance at Beginning of Year	1,100,000	1,106,340	1,264,692	158,352
	<u>1,100,000</u>	<u>1,106,340</u>	<u>1,264,692</u>	<u>158,352</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 877,926</u>	<u>\$ 877,926</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 826,984	\$ 826,984	\$ 826,984	\$ -
Charges for Services	-	-	32,963	32,963
Interest	-	-	458	458
	<u>826,984</u>	<u>826,984</u>	<u>860,405</u>	<u>33,421</u>
Expenditures				
Current				
General Government	818,984	818,984	783,327	35,657
Capital Outlay	8,000	8,000	1,033	6,967
	<u>826,984</u>	<u>826,984</u>	<u>784,360</u>	<u>42,624</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>76,045</u>	<u>76,045</u>
Other Financing Uses				
Transfers Out	-	-	(27,937)	(27,937)
	<u>-</u>	<u>-</u>	<u>(27,937)</u>	<u>(27,937)</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>48,108</u>	<u>48,108</u>
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>654,473</u>	<u>654,473</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 702,581</u>	<u>\$ 702,581</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 192,304	\$ 214,736	\$ 181,090	\$ (33,646)
Charges for Services	1,264,152	1,264,152	1,256,836	(7,316)
Fines and Forfeitures	230,000	230,000	314,775	84,775
Interest	700	700	941	241
Miscellaneous	59,924	599,924	613,299	13,375
Total Revenues	1,747,080	2,309,512	2,366,941	57,429
Expenditures				
Current				
Public Safety	1,888,739	2,033,877	1,485,885	547,992
Debt Service				
Principal	144,847	144,847	144,848	(1)
Interest and Fiscal Charges	4,869	4,869	3,250	1,619
Capital Outlay	662,940	890,688	252,381	638,307
Total Expenditures	2,701,395	3,074,281	1,886,364	1,187,917
Excess of Revenues Over (Under) Expenditures	(954,315)	(764,769)	480,577	1,245,346
Other Financing Sources (Uses)				
Transfers Out	-	(163,500)	(163,500)	-
Reserve for Contingencies	(1,791,246)	(1,817,292)	-	1,817,292
Total Other Financing Sources (Uses)	(1,791,246)	(1,980,792)	(163,500)	1,817,292
Net Change in Fund Balance	(2,745,561)	(2,745,561)	317,077	3,062,638
Fund Balance at Beginning of Year	2,745,561	2,745,561	3,008,771	263,210
Fund Balance at End of Year	\$ -	\$ -	\$ 3,325,848	\$ 3,325,848

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT AND REFUNDING REVENUE BONDS 2004
For the Fiscal Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 60	\$ 60	\$ 148	\$ 88
Total Revenues	<u>60</u>	<u>60</u>	<u>148</u>	<u>88</u>
Expenditures				
Current				
General Government	20	20	16	4
Debt Service				
Principal	850,000	850,000	850,000	-
Interest and Fiscal Charges	106,545	106,545	106,545	-
Total Expenditures	<u>956,565</u>	<u>956,565</u>	<u>956,561</u>	<u>4</u>
Excess of Revenues Over (Under) Expenditures	<u>(956,505)</u>	<u>(956,505)</u>	<u>(956,413)</u>	<u>92</u>
Other Financing Sources (Uses)				
Transfers In	956,547	956,547	956,547	-
Reserve for Contingencies	(7,854)	(7,355)	-	7,355
Total Other Financing Sources (Uses)	<u>948,693</u>	<u>949,192</u>	<u>956,547</u>	<u>7,355</u>
Net Change in Fund Balance	<u>(7,812)</u>	<u>(7,313)</u>	<u>134</u>	<u>7,447</u>
Fund Balance at Beginning of Year	<u>7,812</u>	<u>7,313</u>	<u>7,313</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,447</u>	<u>\$ 7,447</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 40	\$ 40	\$ 126	\$ 86
Total Revenues	<u>40</u>	<u>40</u>	<u>126</u>	<u>86</u>
Expenditures				
Current				
General Government	21	21	14	7
Debt Service				
Principal	310,000	310,000	310,000	-
Interest and Fiscal Charges	132,825	132,825	132,852	(27)
Total Expenditures	<u>442,846</u>	<u>442,846</u>	<u>442,866</u>	<u>(20)</u>
Excess of Revenues Over (Under) Expenditures	<u>(442,806)</u>	<u>(442,806)</u>	<u>(442,740)</u>	<u>66</u>
Other Financing Sources (Uses)				
Transfers In	442,826	442,826	442,828	2
Reserve for Contingencies	(8,445)	(8,554)	-	8,554
Total Other Financing Sources (Uses)	<u>434,381</u>	<u>434,272</u>	<u>442,828</u>	<u>8,556</u>
Net Change in Fund Balance	<u>(8,425)</u>	<u>(8,534)</u>	<u>88</u>	<u>8,622</u>
Fund Balance at Beginning of Year	<u>8,425</u>	<u>8,534</u>	<u>8,534</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,622</u>	<u>\$ 8,622</u>

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GAS TAX REVENUE REFUNDING BONDS 2002
For the Fiscal Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 17,000	\$ 17,000	\$ (7,261)	\$ (24,261)
Total Revenues	<u>17,000</u>	<u>17,000</u>	<u>(7,261)</u>	<u>(24,261)</u>
Expenditures				
Current				
General Government	1,648	2,831	2,831	-
Debt Service				
Principal	545,000	545,000	545,000	-
Interest and Fiscal Charges	47,686	47,686	47,645	41
Total Expenditures	<u>594,334</u>	<u>595,517</u>	<u>595,476</u>	<u>41</u>
Excess of Revenues Over (Under) Expenditures	<u>(577,334)</u>	<u>(578,517)</u>	<u>(602,737)</u>	<u>(24,220)</u>
Other Financing Sources (Uses)				
Transfers In	592,186	592,186	592,186	-
Reserve for Contingencies	(679,647)	(662,410)	-	662,410
Total Other Financing Sources (Uses)	<u>(87,461)</u>	<u>(70,224)</u>	<u>592,186</u>	<u>662,410</u>
Net Change in Fund Balance	<u>(664,795)</u>	<u>(648,741)</u>	<u>(10,551)</u>	<u>638,190</u>
Fund Balance at Beginning of Year	<u>664,795</u>	<u>648,741</u>	<u>648,742</u>	<u>1</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 638,191</u>	<u>\$ 638,191</u>

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NON-AD VALOREM REVENUE REFUNDING NOTE 2012
For the Fiscal Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 20	\$ 20	\$ 94	\$ 74
Total Revenues	<u>20</u>	<u>20</u>	<u>94</u>	<u>74</u>
Expenditures				
Current				
General Government	21	21	18	3
Debt Service				
Interest and Fiscal Charges	<u>629,340</u>	<u>629,340</u>	<u>628,340</u>	<u>1,000</u>
Total Expenditures	<u>629,361</u>	<u>629,361</u>	<u>628,358</u>	<u>1,003</u>
Excess of Revenues Over (Under) Expenditures	<u>(629,341)</u>	<u>(629,341)</u>	<u>(628,264)</u>	<u>1,077</u>
Other Financing Sources (Uses)				
Transfers In	629,341	629,341	629,342	1
Reserve for Contingencies	<u>-</u>	<u>(2,474)</u>	<u>-</u>	<u>2,474</u>
Total Other Financing Sources (Uses)	<u>629,341</u>	<u>626,867</u>	<u>629,342</u>	<u>2,475</u>
Net Change in Fund Balance	-	<u>(2,474)</u>	<u>1,078</u>	<u>3,552</u>
Fund Balance at Beginning of Year	<u>-</u>	<u>2,474</u>	<u>2,474</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,552</u>	<u>\$ 3,552</u>

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT PROGRAM
For the Fiscal Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 10,000	\$ 10,000	\$ 14,477	\$ 4,477
Miscellaneous	-	-	60	60
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>14,537</u>	<u>4,537</u>
Expenditures				
Current				
General Government	100	100	67	33
Public Safety	964,037	964,037	88,281	875,756
Capital Outlay	<u>303,245</u>	<u>201,555</u>	<u>127,433</u>	<u>74,122</u>
Total Expenditures	<u>1,267,382</u>	<u>1,165,692</u>	<u>215,781</u>	<u>949,911</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,257,382)</u>	<u>(1,155,692)</u>	<u>(201,244)</u>	<u>954,448</u>
Other Financing Sources (Uses)				
Transfers In	25,000	25,000	25,000	-
Transfers Out	-	(200,000)	(200,000)	-
Reserve for Contingencies	<u>(102,950)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(77,950)</u>	<u>(175,000)</u>	<u>(175,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>(1,335,332)</u>	<u>(1,330,692)</u>	<u>(376,244)</u>	<u>954,448</u>
Fund Balance at Beginning of Year	<u>1,335,332</u>	<u>1,330,692</u>	<u>1,330,692</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 954,448</u>	<u>\$ 954,448</u>

See accompanying independent auditors' report.



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.

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, 2014

	<u>Central Fueling System</u>	<u>Risk Management</u>	<u>Workers' Compen- sation</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ -	\$ -	\$ 200,000
Pooled Cash and Investments	320,653	1,379,151	5,395,179
Cash with Fiscal Agent	-	-	-
Accounts Receivable (net)	12,411	41,998	-
Due from Other Funds	-	-	-
Due from Other Governments	-	-	-
Inventories	65,199	-	-
Total Current Assets	<u>398,263</u>	<u>1,421,149</u>	<u>5,595,179</u>
Non-Current Assets			
Capital Assets, net of accumulated depreciation:			
Buildings	-	-	-
Equipment	-	1,596	-
Construction in Progress	3,828	-	-
Total Non-Current Assets	<u>3,828</u>	<u>1,596</u>	<u>-</u>
Total Assets	<u>\$ 402,091</u>	<u>\$ 1,422,745</u>	<u>\$ 5,595,179</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	141,534	26,591	55,185
Accrued Liabilities	1,525	2,621	3,719
Due to Other Funds	-	-	-
Compensated Absences	2,594	5,866	1,932
Unearned Revenues	-	-	-
Loans & Notes Payable	-	-	-
Claims Liabilities	-	-	2,370,000
Total Current Liabilities	<u>145,653</u>	<u>35,078</u>	<u>2,430,836</u>
Non-Current Liabilities:			
Compensated Absences	196	442	145
Loans & Notes Payable	-	-	-
Other Post-Employment Benefits	1,855	6,058	8,219
Claims Liabilities	-	-	1,400,000
Total Non-Current Liabilities	<u>2,051</u>	<u>6,500</u>	<u>1,408,364</u>
Total Liabilities	<u>\$ 147,704</u>	<u>\$ 41,578</u>	<u>\$ 3,839,200</u>
NET POSITION			
Net Investment in Capital Assets	3,828	1,596	-
Unrestricted	250,559	1,379,571	1,755,979
Total Net Position	<u>\$ 254,387</u>	<u>\$ 1,381,167</u>	<u>\$ 1,755,979</u>

<u>Computer Replacement</u>	<u>Vehicle Maintenance</u>	<u>Fleet Replacement</u>	<u>Sheriff Health Insurance</u>	<u>Total</u>
\$ -	\$ 720	\$ -	\$ -	\$ 200,720
503,906	887,993	5,608,144	-	14,095,026
-	-	-	4,726,344	4,726,344
-	-	-	144,734	199,143
375	-	-	-	375
-	209	-	-	209
-	187,471	-	-	252,670
<u>504,281</u>	<u>1,076,393</u>	<u>5,608,144</u>	<u>4,871,078</u>	<u>19,474,487</u>
-	1,706,200	-	-	1,706,200
231,774	592	5,687,402	-	5,921,364
-	-	-	-	3,828
<u>231,774</u>	<u>1,706,792</u>	<u>5,687,402</u>	<u>-</u>	<u>7,631,392</u>
<u>\$ 736,055</u>	<u>\$ 2,783,185</u>	<u>\$ 11,295,546</u>	<u>\$ 4,871,078</u>	<u>\$ 27,105,879</u>
1,822	129,922	135,014	626,988	1,117,056
-	30,230	2,969	-	41,064
6,216	-	-	-	6,216
-	30,213	2,880	-	43,485
-	-	-	339,245	339,245
-	66,666	-	-	66,666
-	-	-	251,998	2,621,998
<u>8,038</u>	<u>257,031</u>	<u>140,863</u>	<u>1,218,231</u>	<u>4,235,730</u>
-	2,274	217	-	3,274
-	67,151	-	-	67,151
-	33,094	2,365	-	51,591
-	-	-	-	1,400,000
<u>-</u>	<u>102,519</u>	<u>2,582</u>	<u>-</u>	<u>1,522,016</u>
<u>\$ 8,038</u>	<u>\$ 359,550</u>	<u>\$ 143,445</u>	<u>\$ 1,218,231</u>	<u>\$ 5,757,746</u>
231,774	1,572,975	5,687,402	-	7,497,575
<u>496,243</u>	<u>850,660</u>	<u>5,464,699</u>	<u>3,652,847</u>	<u>13,850,558</u>
<u>\$ 728,017</u>	<u>\$ 2,423,635</u>	<u>\$ 11,152,101</u>	<u>\$ 3,652,847</u>	<u>\$ 21,348,133</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, 2014

	Central Fueling System	Risk Management	Workers' Compen- sation
Operating Revenues			
Charges for Services	\$ 1,424,987	\$ 3,286,120	\$ 1,104,668
Miscellaneous	-	72,903	81,359
Total Operating Revenues	<u>1,424,987</u>	<u>3,359,023</u>	<u>1,186,027</u>
Operating Expenses			
Personal Services	36,522	58,409	64,445
Other Services & Charges	1,455,290	3,473,485	1,790,280
Depreciation and Amortization	3,191	319	-
Total Operating Expenses	<u>1,495,003</u>	<u>3,532,213</u>	<u>1,854,725</u>
Operating Income (Loss)	<u>(70,016)</u>	<u>(173,190)</u>	<u>(668,698)</u>
Non-Operating Revenues (Expenses)			
Interest Income	1,584	17,961	61,794
Interest Expense	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-
Total Non-Operating Revenues (Expenses)	<u>1,584</u>	<u>17,961</u>	<u>61,794</u>
Income (Loss) Before Contributions and Transfers	<u>(68,432)</u>	<u>(155,229)</u>	<u>(606,904)</u>
Transfers In	-	-	-
Transfers Out	(12,000)	-	-
Total Contributions and Transfers	<u>(12,000)</u>	<u>-</u>	<u>-</u>
Change in Net Position	(80,432)	(155,229)	(606,904)
Net Position-Beginning	<u>334,819</u>	<u>1,536,396</u>	<u>2,362,883</u>
Net Position-Ending	<u>\$ 254,387</u>	<u>\$ 1,381,167</u>	<u>\$ 1,755,979</u>

See accompanying independent auditors' report.

Computer Replacement	Vehicle Maintenance	Fleet Replacement	Sheriff Health Insurance	Total
\$ 93,294	\$ 2,122,124	\$ 2,232,427	\$ 4,621,913	\$ 14,885,533
1,789	3,720	12,046	48,728	220,545
<u>95,083</u>	<u>2,125,844</u>	<u>2,244,473</u>	<u>4,670,641</u>	<u>15,106,078</u>
-	705,158	68,752	-	933,286
28,630	1,565,272	485,372	3,968,691	12,767,020
53,418	60,421	934,960	-	1,052,309
<u>82,048</u>	<u>2,330,851</u>	<u>1,489,084</u>	<u>3,968,691</u>	<u>14,752,615</u>
13,035	(205,007)	755,389	701,950	353,463
5,263	7,509	43,558	3,552	141,221
-	(2,512)	-	-	(2,512)
-	-	27,842	-	27,842
<u>5,263</u>	<u>4,997</u>	<u>71,400</u>	<u>3,552</u>	<u>166,551</u>
18,298	(200,010)	826,789	705,502	520,014
-	-	1,472,808	-	1,472,808
-	(25,174)	-	-	(37,174)
<u>-</u>	<u>(25,174)</u>	<u>1,472,808</u>	<u>-</u>	<u>1,435,634</u>
18,298	(225,184)	2,299,597	705,502	1,955,648
<u>709,719</u>	<u>2,648,819</u>	<u>8,852,504</u>	<u>2,947,345</u>	<u>19,392,485</u>
<u>\$ 728,017</u>	<u>\$ 2,423,635</u>	<u>\$ 11,152,101</u>	<u>\$ 3,652,847</u>	<u>\$ 21,348,133</u>

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2014

	Central Fueling System	Risk Management	Workers' Compensation
Cash Flows from Operating Activities			
Receipts from Customers	\$ 1,379,607	\$ 3,575,675	\$ 1,145,000
Receipts from Inter-Fund Services	51,578	-	-
Payments to Suppliers	(1,415,901)	(3,686,649)	(1,796,375)
Payments to Employees	(34,035)	(56,501)	366,754
Other Receipts (Payments)	-	72,903	81,359
Net Cash provided by (used in) Operating Activities	<u>(18,751)</u>	<u>(94,572)</u>	<u>(203,262)</u>
Cash Flows from Noncapital Financing Activities			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(12,000)	-	-
Net Cash Provided by (used for) Noncapital Financing Activities	<u>(12,000)</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities			
Additions to Capital Assets	(3,828)	(1,915)	-
Principal Paid on Capital Debt	-	-	-
Interest Paid on Capital Debt	-	-	-
Proceeds From Sale of Capital Assets	-	-	-
Net Cash Provided by (used for) Capital and Related Financing Activities	<u>(3,828)</u>	<u>(1,915)</u>	<u>-</u>
Cash Flows from Investing Activities			
Interest Received	1,584	17,961	61,794
Net Cash Provided by Investing Activities	<u>1,584</u>	<u>17,961</u>	<u>61,794</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(32,995)	(78,526)	(141,468)
Cash and Cash Equivalents at Beginning of Year	<u>353,648</u>	<u>1,457,677</u>	<u>5,736,647</u>
Cash and Cash Equivalents at End of Year	<u>\$ 320,653</u>	<u>\$ 1,379,151</u>	<u>\$ 5,595,179</u>

See accompanying independent auditors' report.

Computer Replacement	Vehicle Maintenance	Fleet Maintenance	Sheriff Health Insurance	Total
\$ 92,919	\$ 1,464,065	\$ 3,067,429	\$ 951,493	\$ 11,676,188
-	658,097	-	3,683,186	4,392,861
(20,592)	(1,617,270)	(396,504)	(727,236)	(9,660,527)
-	(690,219)	(66,112)	(2,927,276)	(3,407,389)
1,789	3,720	12,046	48,729	220,546
<u>74,116</u>	<u>(181,607)</u>	<u>2,616,859</u>	<u>1,028,896</u>	<u>3,221,679</u>
-	-	1,472,808	-	1,472,808
-	(25,174)	-	-	(37,174)
-	(25,174)	1,472,808	-	1,435,634
(109,740)	-	(2,236,395)	-	(2,351,878)
-	(66,184)	-	-	(66,184)
-	(2,512)	-	-	(2,512)
-	-	27,842	-	27,842
<u>(109,740)</u>	<u>(68,696)</u>	<u>(2,208,553)</u>	<u>-</u>	<u>(2,392,732)</u>
5,263	7,509	43,558	3,552	141,221
<u>5,263</u>	<u>7,509</u>	<u>43,558</u>	<u>3,552</u>	<u>141,221</u>
(30,361)	(267,968)	1,924,672	1,032,448	2,405,802
534,267	1,156,681	3,683,472	3,693,896	16,616,288
<u>\$ 503,906</u>	<u>\$ 888,713</u>	<u>\$ 5,608,144</u>	<u>\$ 4,726,344</u>	<u>\$ 19,022,090</u>

Continued

**HERNANDO COUNTY, FLORIDA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 For the Fiscal Year Ended September 30, 2014**

	<u>Central Fueling System</u>	<u>Risk Management</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	\$ (70,016)	\$ (173,190)
Adjustments to Reconcile Operating Income (Loss)		
to Net Cash provided by (used in) Operating Activities		
Depreciation and Amortization	3,191	319
Other Post-Employment Benefits	641	1,365
(Increase) Decrease in		
Accounts Receivable	6,198	289,555
Due from Other Funds	-	-
Due from Other Governments	-	-
Inventories	(25,240)	-
Prepaid Expenses	-	-
Increase (Decrease) in		
Accounts Payable	64,629	(213,164)
Accrued Liabilities	1,846	543
Due to Other Funds	-	-
Unearned Revenues	-	-
Deposits	-	-
Claims Liabilities	-	-
Total Adjustments	<u>51,265</u>	<u>78,618</u>
 Net Cash Provided by (used in) Operating Activities	 <u><u>\$ (18,751)</u></u>	 <u><u>\$ (94,572)</u></u>

<u>Workers' Compensation</u>	<u>Computer Replacement</u>	<u>Vehicle Maintenance</u>	<u>Fleet Replacement</u>	<u>Sheriff Health Insurance</u>	<u>Total</u>
\$ (668,698)	\$ 13,035	\$ (205,007)	\$ 755,389	\$ 701,950	\$ 353,463
-	53,418	60,421	934,960	-	1,052,309
1,796	-	12,541	1,150	-	17,493
40,332	-	1,395	-	(98,054)	239,426
-	(375)	-	-	-	(375)
-	-	(209)	-	-	(209)
-	-	(17,073)	-	-	(42,313)
-	-	-	835,002	-	835,002
(6,095)	1,822	(34,925)	88,868	395,212	296,347
(10,597)	-	2,398	1,490	-	(4,320)
-	6,216	-	-	-	6,216
-	-	-	-	12,767	12,767
-	-	(1,148)	-	-	(1,148)
440,000	-	-	-	17,021	457,021
<u>465,436</u>	<u>61,081</u>	<u>23,400</u>	<u>1,861,470</u>	<u>326,946</u>	<u>2,868,216</u>
<u>\$ (203,262)</u>	<u>\$ 74,116</u>	<u>\$ (181,607)</u>	<u>\$ 2,616,859</u>	<u>\$ 1,028,896</u>	<u>\$ 3,221,679</u>



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, 2014**

	Board of County Commissioners	Clerk of the Circuit Court	Tax Collector
ASSETS			
Cash and Cash Equivalents	\$ -	\$ -	\$ 2,142,761
Pooled Cash and Investments	2,547,411	2,973,334	471,797
Accounts Receivable (net)	-	300	-
Due from Other Governments	-	-	6,215
Total Assets	\$ 2,547,411	\$ 2,973,634	\$ 2,620,773
LIABILITIES			
Accounts Payable	\$ 841,477	\$ 5,055	\$ 35,673
Accrued Liabilities	1,686,147	1,672,683	-
Due to Other Governments	-	491,541	442,370
Deposits	19,787	804,355	2,142,730
Total Liabilities	\$ 2,547,411	\$ 2,973,634	\$ 2,620,773

See accompanying independent auditors' report.

<u>Sheriff</u>	<u>Total</u>
\$ 86,665	\$ 2,229,426
-	5,992,542
-	300
-	6,215
<u>\$ 86,665</u>	<u>\$ 8,228,483</u>

\$ 59,544	\$ 941,749
-	3,358,830
9,712	943,623
17,409	2,984,281
<u>\$ 86,665</u>	<u>\$ 8,228,483</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, 2014

	<u>Balance 9/30/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2014</u>
ASSETS				
Pooled Cash and Investments	\$ 1,887,642	\$ 659,769	\$ -	\$ 2,547,411
Accounts Receivable (net)	4,371	-	4,371	-
Due from Other Governments	134,024	-	134,024	-
Total Assets	<u>\$ 2,026,037</u>	<u>\$ 659,769</u>	<u>\$ 138,395</u>	<u>\$ 2,547,411</u>
LIABILITIES				
Accounts Payable	\$ 122,345	\$ 719,132	\$ -	\$ 841,477
Accrued Liabilities	1,879,639	-	193,492	1,686,147
Due to Other Governments	4,266	-	4,266	-
Deposits	19,787	-	-	19,787
Total Liabilities	<u>\$ 2,026,037</u>	<u>\$ 719,132</u>	<u>\$ 197,758</u>	<u>\$ 2,547,411</u>

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, 2014

	<u>Balance 9/30/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2014</u>
ASSETS				
Pooled Cash and Investments	\$ 2,638,294	\$ 335,040	\$ -	\$ 2,973,334
Accounts Receivable (net)	300	-	-	300
Total Assets	<u>\$ 2,638,594</u>	<u>\$ 335,040</u>	<u>\$ -</u>	<u>\$ 2,973,634</u>
LIABILITIES				
Accounts Payable	\$ 5,489	\$ -	\$ 434	\$ 5,055
Accrued Liabilities	1,471,706	200,977	-	1,672,683
Due to Other Governments	608,974	-	117,433	491,541
Deposits	552,425	251,930	-	804,355
Total Liabilities	<u>\$ 2,638,594</u>	<u>\$ 452,907</u>	<u>\$ 117,867</u>	<u>\$ 2,973,634</u>

See accompanying 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, 2014

	<u>Balance 9/30/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2014</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,966,881	\$ 175,880	\$ -	\$ 2,142,761
Pooled Cash and Investments	628,978	-	157,181	471,797
Due from Other Governments	1,972	4,243	-	6,215
Total Assets	<u>\$ 2,597,831</u>	<u>\$ 180,123</u>	<u>\$ 157,181</u>	<u>\$ 2,620,773</u>
LIABILITIES				
Accounts Payable	\$ 139,296	\$ -	\$ 103,623	\$ 35,673
Due to Other Governments	491,684	-	49,314	442,370
Deposits	1,966,851	175,879	-	2,142,730
Total Liabilities	<u>\$ 2,597,831</u>	<u>\$ 175,879</u>	<u>\$ 152,937</u>	<u>\$ 2,620,773</u>

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, 2014

	<u>Balance 9/30/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2014</u>
ASSETS				
Cash and Cash Equivalents	\$ 109,328	\$ -	\$ 22,663	\$ 86,665
Total Assets	<u>\$ 109,328</u>	<u>\$ -</u>	<u>\$ 22,663</u>	<u>\$ 86,665</u>
LIABILITIES				
Accounts Payable	\$ 81,531	\$ -	\$ 21,987	\$ 59,544
Due to Other Governments	11,340	-	1,628	9,712
Deposits	16,457	952	-	17,409
Total Liabilities	<u>\$ 109,328</u>	<u>\$ 952</u>	<u>\$ 23,615</u>	<u>\$ 86,665</u>

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Fiscal Year Ended September 30, 2014

	Balance 9/30/2013	Additions	Deletions	Balance 9/30/2014
ASSETS				
Cash and Cash Equivalents	\$ 2,076,209	\$ 175,880	\$ 22,663	\$ 2,229,426
Pooled Cash and Investments	5,154,914	994,809	157,181	5,992,542
Accounts Receivable (net)	4,671	-	4,371	300
Due from Other Governments	135,996	4,243	134,024	6,215
Total Assets	\$ 7,371,790	\$ 1,174,932	\$ 318,239	\$ 8,228,483
LIABILITIES				
Accounts Payable	\$ 348,661	\$ 719,132	\$ 126,044	\$ 941,749
Accrued Liabilities	3,351,345	200,977	193,492	3,358,830
Due to Other Governments	1,116,264	-	172,641	943,623
Deposits	2,555,520	428,761	-	2,984,281
Total Liabilities	\$ 7,371,790	\$ 1,348,870	\$ 492,177	\$ 8,228,483

See accompanying independent auditors' report.

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.



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.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	S-1 through S-9
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	S-10 through S-14
Debt Capacity 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-15 through S-19
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	S-20 through S-23
Operating Information 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.	S-24 through S-29

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)

	Fiscal Year				
	2005	2006	2007	2008	2009
Governmental Activities					
Net Investment in Capital Assets	\$ 166,882	\$ 216,866	\$ 231,151	\$ 240,796	\$ 257,885
Restricted	744	631	3,799	69,441	80,026
Unrestricted	68,044	89,533	105,197	55,722	49,724
Total Governmental Activities Net Position	<u>\$ 235,670</u>	<u>\$ 307,030</u>	<u>\$ 340,147</u>	<u>\$ 365,959</u>	<u>\$ 387,635</u>
Business-type Activities					
Net Investment in Capital Assets	\$ 119,563	\$ 130,384	\$ 138,995	\$ 154,168	\$ 161,722
Restricted	10,616	19,502	21,771	14,632	37,246
Unrestricted	19,873	27,785	29,032	26,750	25,097
Total Business-type Activities Net Position	<u>\$ 150,052</u>	<u>\$ 177,671</u>	<u>\$ 189,798</u>	<u>\$ 195,550</u>	<u>\$ 224,065</u>
Primary Government					
Net Investment in Capital Assets	\$ 286,445	\$ 347,250	\$ 370,146	\$ 394,964	\$ 419,607
Restricted	11,360	20,133	25,570	84,073	117,272
Unrestricted	87,917	117,318	134,229	82,472	74,821
Total Primary Government Net Position	<u>\$ 385,722</u>	<u>\$ 484,701</u>	<u>\$ 529,945</u>	<u>\$ 561,509</u>	<u>\$ 611,700</u>

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

Hernando County, Florida
Changes in Net Position

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Expenses					
Governmental Activities:					
General Government	\$ 20,495	\$ 21,422	\$ 25,058	\$ 24,579	\$ 23,141
Public Safety	57,291	61,327	70,596	75,116	63,261
Physical Environment	1,416	1,283	1,502	1,175	1,731
Transportation	15,007	18,419	19,539	18,872	18,864
Economic Environment	2,872	2,736	5,654	2,549	2,891
Human Services	5,469	5,974	6,933	6,832	6,622
Culture and Recreation	6,257	6,858	7,400	7,711	7,126
Court Operations	4,264	6,772	7,343	7,817	7,165
Interest on Long-term Debt	2,402	2,275	2,206	2,072	2,095
Total Governmental Activities Expenses	<u>115,473</u>	<u>127,066</u>	<u>146,231</u>	<u>146,723</u>	<u>132,896</u>
Business-type Activities:					
Water and Sewer District	20,194	22,503	24,245	25,469	25,669
Aviation Authority	1,099	1,304	1,330	1,523	1,664
Waste Management	10,698	7,577	8,361	7,197	9,748
Building Department	4,401		5,628	4,350	2,204
Zoning Department	-	5,790	-	-	991
Total Business-type Activities Expenses	<u>36,392</u>	<u>37,174</u>	<u>39,564</u>	<u>38,539</u>	<u>40,276</u>
Total Primary Government Expenses	<u>\$ 151,865</u>	<u>\$ 164,240</u>	<u>\$ 185,795</u>	<u>\$ 185,262</u>	<u>\$ 173,172</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$ 12,479	\$ 11,641	\$ 10,620	\$ 10,550	\$ 11,322
Public Safety	10,893	13,341	14,939	15,757	19,068
Physical Environment	119	228	238	258	615
Transportation	12,040	18,348	12,270	7,292	4,792
Economic Environment	1	2	325	2	12
Human Services	219	278	279	278	236
Culture and Recreation	1,223	2,584	1,302	596	657
Court Operations	4,948	7,145	6,875	6,478	5,145
Operating Grants and Contributions	7,358	4,017	7,658	5,709	4,938
Capital Grants and Contributions	2,811	2,274	8,617	7,695	18,733
Total Government Activities Program Revenues	<u>52,091</u>	<u>59,858</u>	<u>63,123</u>	<u>54,615</u>	<u>65,518</u>
Business-type Activities:					
Charges for Services:					
Water and Sewer District	24,548	26,029	24,875	22,790	22,164
Aviation Authority	1,054	1,174	1,423	1,585	1,726
Waste Management	6,989	7,307	7,468	7,019	7,067
Building Department	6,802		3,693	2,377	1,482
Zoning Department	-	6,684	-	-	503
Operating Grants and Contributions	377	61	100	48	36
Capital Grants and Contributions	16,502	18,317	7,683	5,282	3,554
Total Business-type Activities Program Revenues	<u>56,272</u>	<u>59,572</u>	<u>45,242</u>	<u>39,101</u>	<u>36,532</u>
Total Primary Government Program Revenues	<u>\$ 108,363</u>	<u>\$ 119,430</u>	<u>\$ 108,365</u>	<u>\$ 93,716</u>	<u>\$ 102,050</u>

(a) In fiscal year 2009, the Building Department and Zoning Department Business-Type Activities were split and reported separately.

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$	20,142	\$ 18,750	\$ 17,511	\$ 20,629	\$ 21,044
	61,896	59,674	69,359	69,196	74,079
	1,088	1,236	1,114	1,316	988
	22,998	25,265	20,939	19,119	19,983
	5,919	3,828	2,691	2,377	1,689
	6,159	7,280	10,404	8,819	10,009
	5,839	5,557	5,004	5,326	5,173
	5,852	5,771	5,609	6,140	6,656
	1,887	1,730	1,654	1,224	1,144
	<u>131,780</u>	<u>129,091</u>	<u>134,285</u>	<u>134,146</u>	<u>140,765</u>
	25,797	25,648	25,976	25,147	25,505
	1,717	2,588	2,232	2,561	2,914
	368	6,072	6,040	6,902	6,918
	1,774	1,710	1,794	1,724	1,990
	609	446	378	350	359
	<u>30,265</u>	<u>36,464</u>	<u>36,420</u>	<u>36,684</u>	<u>37,686</u>
\$	<u>162,045</u>	<u>165,555</u>	<u>170,705</u>	<u>170,830</u>	<u>178,451</u>

\$	10,729	\$ 12,696	\$ 12,666	\$ 10,116	\$ 13,730
	16,014	16,153	19,961	18,180	27,931
	172	100	630	79	306
	4,588	4,460	4,194	4,327	3,165
	24	57	2	115	54
	245	249	238	231	245
	655	724	809	811	851
	4,196	4,336	4,399	4,978	5,120
	7,027	7,818	3,864	4,528	2,408
	11,995	15,538	3,652	4,323	1,887
	<u>55,645</u>	<u>62,131</u>	<u>50,415</u>	<u>47,688</u>	<u>55,697</u>

	21,941	22,988	24,491	25,275	26,568
	1,704	1,587	1,558	1,878	1,629
	6,867	6,965	7,085	7,331	7,420
	1,641	1,737	1,921	1,792	1,900
	302	319	274	247	320
	38	583	85	75	245
	1,315	2,300	2,409	2,036	1,549
	<u>33,808</u>	<u>36,479</u>	<u>37,823</u>	<u>38,634</u>	<u>39,631</u>
\$	<u>89,453</u>	<u>98,610</u>	<u>88,238</u>	<u>86,322</u>	<u>95,328</u>

Hernando County, Florida
Changes in Net Position (Continued)

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Net (Expense)/Revenue					
Governmental Activities	\$ (63,382)	\$ (67,208)	\$ (83,108)	\$ (92,108)	\$ (67,378)
Business-type Activities	19,880	22,398	5,678	562	(3,744)
Total Primary Government Net Expense	<u>\$ (43,502)</u>	<u>\$ (44,810)</u>	<u>\$ (77,430)</u>	<u>\$ (91,546)</u>	<u>\$ (71,122)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes					
Property Taxes	\$ 61,619	\$ 74,032	\$ 90,478	\$ 85,150	\$ 67,314
Fuel Taxes	6,731	6,880	7,192	6,952	6,573
Sales Taxes	7,734	8,591	8,228	7,631	7,098
Other Taxes	1,610	1,707	1,919	1,927	2,155
State Shared Revenue	3,854	4,241	4,159	3,967	3,592
Investment Earnings	2,426	5,562	8,129	8,371	5,599
Miscellaneous	3,586	2,847	2,240	282	1,113
Gain on Sale of Capital Assets	-	-	-	-	-
Extraordinary Item	-	34,603	(5,110)	3,695	-
Transfers	158	105	(1,009)	(56)	(3,663)
Total Governmental Activities	<u>87,718</u>	<u>138,568</u>	<u>116,226</u>	<u>117,919</u>	<u>89,781</u>
Business-type Activities:					
Investment Earnings	898	2,387	3,725	3,294	1,976
Gain on Sale of Capital Assets	11	1,564	93	6	12
Miscellaneous	1,376	1,375	1,622	1,834	1,510
Transfers	(158)	(105)	1,009	56	3,664
Total Business-type Activities	<u>2,127</u>	<u>5,221</u>	<u>6,449</u>	<u>5,190</u>	<u>7,162</u>
Total Primary Government	<u>\$ 89,845</u>	<u>\$ 143,789</u>	<u>\$ 122,675</u>	<u>\$ 123,109</u>	<u>\$ 96,943</u>
Change in Net Position					
Governmental Activities	\$ 24,336	\$ 71,360	\$ 33,118	\$ 25,811	\$ 22,403
Business-type Activities	22,007	27,619	12,127	5,752	3,418
Total Primary Government	<u>\$ 46,343</u>	<u>\$ 98,979</u>	<u>\$ 45,245</u>	<u>\$ 31,563</u>	<u>\$ 25,821</u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ (76,135)	\$ (66,960)	\$ (83,870)	\$ (86,458)	\$ (85,068)
3,543	15	1,404	1,950	1,945
<u>\$ (72,592)</u>	<u>\$ (66,945)</u>	<u>\$ (82,466)</u>	<u>\$ (84,508)</u>	<u>\$ (83,123)</u>
\$ 61,237	\$ 52,091	\$ 56,605	\$ 57,141	\$ 59,178
6,696	7,112	6,216	6,058	6,089
7,154	7,817	7,367	7,638	8,029
1,892	1,946	1,768	1,804	1,667
3,611	3,758	4,013	4,227	4,428
2,449	1,297	2,209	73	1,475
1,532	941	1,787	1,460	4,351
354	47	-	-	28
-	-	-	-	-
(85)	121	(77)	(76)	(18)
<u>84,840</u>	<u>75,130</u>	<u>79,888</u>	<u>78,325</u>	<u>85,227</u>
846	382	664	31	605
4	1	(1,091)	116	50
1,242	1,116	(454)	860	900
85	(121)	77	76	18
<u>2,177</u>	<u>1,378</u>	<u>(804)</u>	<u>1,083</u>	<u>1,573</u>
<u>\$ 87,017</u>	<u>\$ 76,508</u>	<u>\$ 79,084</u>	<u>\$ 79,408</u>	<u>\$ 86,800</u>
\$ 8,705	\$ 8,170	\$ (3,981)	\$ (8,133)	\$ 159
5,720	1,393	600	3,033	3,518
<u>\$ 14,425</u>	<u>\$ 9,563</u>	<u>\$ (3,381)</u>	<u>\$ (5,100)</u>	<u>\$ 3,677</u>



Schedule 3

Hernando County, Florida
Fund Balances of Governmental Funds

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

	Fiscal Year				
	2005	2006	2007	2008	2009
General Fund					
Reserved	\$ 565	\$ 743	\$ 522	\$ 670	\$ 687
Unreserved	23,779	27,172	37,782	36,750	30,054
Total General Fund	<u>\$ 24,344</u>	<u>\$ 27,915</u>	<u>\$ 38,304</u>	<u>\$ 37,420</u>	<u>\$ 30,741</u>
All other Government Funds					
Reserved	\$ 13,167	\$ 10,490	\$ 6,333	\$ 1,946	\$ 10,982
Unreserved, reported in:					
Special Revenue Funds	44,415	54,898	66,442	81,675	79,719
Capital Projects Funds	1,738	3,202	5,349	9,144	13,630
Total all other Governmental Funds	<u>\$ 59,320</u>	<u>\$ 68,590</u>	<u>\$ 78,124</u>	<u>\$ 92,765</u>	<u>\$ 104,331</u>
	2010	2011	2012	2013	2014
General Fund					
Nonspendable	\$ 206	\$ 215	\$ 187	\$ 145	\$ 46
Restricted	4,435	3,630	2,783	981	312
Committed	4,776	4,854	4,968	4,436	4,812
Assigned	1,725	2,300	8,500	3,350	5,712
Unassigned	17,027	13,277	10,225	9,825	12,034
Total General Fund	<u>\$ 28,169</u>	<u>\$ 24,276</u>	<u>\$ 26,663</u>	<u>\$ 18,737</u>	<u>\$ 22,916</u>
All other Governmental Funds					
Nonspendable	\$ 58	\$ 56	\$ 674	\$ 574	\$ 78
Restricted	80,134	81,256	83,527	79,282	69,625
Committed	1,184	925	965	966	1,017
Assigned	22,933	18,598	7,410	7,473	9,220
Total all other Governmental Funds	<u>\$ 104,309</u>	<u>\$ 100,835</u>	<u>\$ 92,576</u>	<u>\$ 88,295</u>	<u>\$ 79,940</u>

(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.

Schedule 4

Hernando County, Florida
Changes in Fund Balances of Governmental Funds

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

	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenue										
Taxes	\$ 69,961	\$ 82,619	\$ 99,588	\$ 94,029	\$ 76,043	\$ 69,826	\$ 60,486	\$ 64,669	\$ 65,009	\$ 66,892
Licenses and Permits	220	223	107	120	104	109	97	157	62	60
Intergovernmental	25,291	23,527	26,505	21,889	26,752	34,852	29,968	24,855	24,149	20,716
Charges for Services	18,235	21,170	21,354	22,911	19,741	15,015	14,476	18,020	18,276	21,034
Fines and Forfeitures	1,128	2,192	2,422	2,378	3,940	996	635	974	1,060	1,692
Special Assessments	6,966	8,064	9,397	11,225	11,248	11,269	11,302	11,388	11,348	19,155
Impact Fees	10,094	17,352	7,633	5,995	3,050	478	783	146	(6)	422
Interest	2,309	5,301	7,683	8,030	5,278	2,296	1,204	2,012	99	1,334
Miscellaneous	2,605	2,192	3,884	1,927	1,824	1,950	4,832	5,646	2,513	8,535
Total Revenues	\$ 136,809	\$ 162,640	\$ 178,573	\$ 168,504	\$ 147,980	\$ 136,791	\$ 123,783	\$ 127,867	\$ 122,510	\$ 139,840
Expenditures										
Current										
General Government	\$ 18,700	\$ 20,084	\$ 22,763	\$ 22,552	\$ 20,624	\$ 18,264	\$ 16,905	\$ 15,891	\$ 18,563	\$ 18,516
Public Safety	54,801	59,161	68,420	71,908	60,334	60,096	58,051	67,047	67,047	70,449
Physical Environment	1,388	1,250	1,492	1,097	1,643	1,004	1,148	1,057	1,140	966
Transportation	11,889	14,206	14,593	14,837	14,547	13,374	13,112	12,666	13,037	13,500
Economic Environment	2,828	2,691	5,620	2,516	2,838	5,881	3,799	2,646	2,350	1,639
Human Services	4,545	4,321	5,272	5,448	5,234	4,757	5,882	9,054	7,402	8,538
Culture and Recreation	5,546	6,208	6,746	6,774	6,326	5,004	4,749	4,228	4,500	4,316
Court Operations	4,212	6,756	7,297	7,732	7,084	5,756	5,602	5,461	6,034	6,525
Debt Service										
Principal	3,754	3,672	3,740	3,058	3,209	3,376	3,141	3,204	3,319	3,085
Interest and Fiscal Charges	2,315	2,226	2,177	2,047	2,040	2,037	1,691	1,627	963	1,078
Capital Outlay	33,375	30,477	21,112	18,626	16,240	20,042	17,602	15,095	14,227	15,663
Total Expenditures	\$ 143,353	\$ 151,052	\$ 159,232	\$ 156,595	\$ 140,119	\$ 139,591	\$ 131,682	\$ 137,976	\$ 138,582	\$ 144,275
Excess of Revenues										
Over (Under) Expenditures	(6,544)	11,588	19,341	11,909	7,861	(2,800)	(7,899)	(10,109)	(16,072)	(4,435)

Schedule 4

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

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Other Financing Sources (Uses)										
Transfers In	19,489	10,795	13,545	13,489	17,351	12,226	6,488	12,851	10,276	6,812
Transfers Out	(19,451)	(10,906)	(12,963)	(12,637)	(20,922)	(12,152)	(6,256)	(12,964)	(10,889)	(8,266)
Additions to Long-Term Debt	476	1,364	-	996	1,323	50	299	196	29,786	1,713
Proceeds of Refunding Bonds	-	-	-	-	-	5,700	-	-	-	-
Premium on Refunding Bonds	-	-	-	-	-	23	-	-	-	-
Discount on Refunding Bonds	-	-	-	-	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	(5,640)	-	-	(25,308)	-
Total Other Financing Sources (Uses)	<u>514</u>	<u>1,253</u>	<u>582</u>	<u>1,848</u>	<u>(2,248)</u>	<u>207</u>	<u>531</u>	<u>83</u>	<u>3,865</u>	<u>259</u>
Net Change in Fund Balances	<u>(6,030)</u>	<u>\$ 12,841</u>	<u>\$ 19,923</u>	<u>\$ 13,757</u>	<u>\$ 5,613</u>	<u>\$ (2,593)</u>	<u>\$ (7,368)</u>	<u>(10,026)</u>	<u>(12,207)</u>	<u>(4,176)</u>
 Debt Service as a Percentage of Noncapital Expenditures	5.4%	4.9%	4.3%	3.7%	4.2%	4.3%	4.0%	3.8%	3.4%	3.2%



Schedule 5

Hernando County, Florida
General Government State Shared Revenues by Source

Last Ten Fiscal Years
(dollars expressed in thousands)

Fiscal Year	Local Government Half-Cent Sales Tax	State Revenue Sharing Proceeds	Constitutional Fuel Tax	County Fuel Tax	Local Option 1 - 6 cents	State Housing Initiative Partnership
2005	7,734	3,477	1,691	743	4,625	1,060
2006	8,591	3,790	1,736	773	4,732	1,066
2007	8,228	3,758	1,783	777	4,916	1,721
2008	7,631	3,562	1,728	753	4,746	1,110
2009	7,098	3,228	1,696	735	4,450	1,604
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	0
2013	7,608	3,838	1,657	731	4,136	428
2014	8,000	4,063	1,701	734	4,143	0

(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.

Schedule 6

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)	Centrally Assessed (h) Total		
2005	11,004,597	959,181	9,098,120	939,176	2,193,314	182,425	6,904,806	756,751	6,579	7,668,136	9.9341
2006	14,737,836	961,199	11,719,661	942,889	2,566,896	177,754	9,152,765	765,135	6,506	9,924,406	9.4023
2007	16,518,236	1,105,701	13,238,586	1,085,763	2,695,549	244,027	10,543,037	841,735	13,699	11,398,471	7.7456
2008	15,836,287	1,185,886	13,371,281	1,167,054	3,920,192	325,882	9,451,089	841,172	6,398	10,298,659	7.6981
2009	13,471,361	1,403,422	11,638,948	1,111,661	3,752,551	339,154	8,229,029	1,044,563	6,924	9,280,516	7.6826
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	8,460,724	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

- (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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
DIRECT RATES (a)										
Countywide										
Hernando County Government:										
General Fund	7.2400	6.7400	5.4394	5.4394	5.4394	5.4394	5.6279	5.9169	6.8669	6.9912
Special Revenue										
Transportation Trust Fund	0.8400	0.8400	0.7091	0.7091	0.7091	0.7091	0.7091	0.7091	0.7091	0.7091
Health Department	0.1306	0.1306	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102
Sensitive Lands Fund (voted)	0.1000	0.1000	0.0844	0.0844	0.0844	0.0844	-	-	-	-
Total Countywide	<u>8.3106</u>	<u>7.8106</u>	<u>6.3431</u>	<u>6.3431</u>	<u>6.3431</u>	<u>6.3431</u>	<u>6.4472</u>	<u>6.7362</u>	<u>7.6862</u>	<u>7.8105</u>
Maximum Allowed (b)	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>
Unincorporated Area										
Hernando County Government:										
Municipal Services Taxing Units										
Stormwater Management Program	0.1350	0.1350	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139
Emergency Medical Services	0.6700	0.6700	0.5839	0.5598	0.5598	0.5598	0.5598	0.5598	0.5534	0.5534
Mosquito Control	-	-	-	-	-	-	0.0844	0.0844	0.1000	-
Spring Hill Fire and Rescue (e)	2.6500	2.5500	2.2686	2.2686	2.2686	2.5000	2.5000	2.5000	-	-
Maximum Allowed Per Taxpayer (b)	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>
Total Direct Tax Rates (c)	<u>9.9341</u>	<u>9.4023</u>	<u>7.7456</u>	<u>7.6981</u>	<u>7.6826</u>	<u>7.7206</u>	<u>7.7912</u>	<u>8.2396</u>	<u>8.4478</u>	<u>8.4775</u>
OVERLAPPING RATES (d)										
Countywide										
School Board	8.5140	8.1890	8.0650	7.7790	7.4790	0.7417	7.5080	7.4540	7.2800	7.1670
Southwest Florida Water Management District	0.4220	0.4220	0.3866	0.3866	0.3866	0.3770	0.3928	0.3928	0.3818	0.3658
Not Countywide										
Municipalities										
City of Brooksville	7.5000	7.5000	6.3230	6.0690	6.0690	6.3700	6.3700	6.3700	6.7317	6.6962
City of Weeki Wachee	2.4856	2.3898	2.1744	2.1173	2.5769	2.6587	2.7838	2.7137	2.7654	2.6237
Southwest Florida Water Management District										
Withlacoochee Basin	0.2650	0.2650	0.2308	0.2308	0.2308	0.2380	-	-	-	-
Coastal Basin	0.2350	0.2050	0.1885	0.1885	0.1885	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 (MSTU).
- (c) Total Direct Tax Rate is the weighted average of the direct rates in each
- (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.

Hernando County, Florida
Principal Property Taxpayers

Latest Fiscal year compared to the Fiscal Year Ten Years Earlier
(dollars expressed in thousands)

Taxpayer	Type of Business	2014			2004		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Cemex, Inc.	Cement Manufacturing	\$ 284,834	1	3.96%	\$		
Withlacoochee River Electric Co-op	Electric Utility	176,804	2	2.46%	99,778	2	1.56%
Wal-Mart Stores, Inc.	Retail Sales, Distribution	115,458	3	1.61%	103,201	1	1.61%
Duke Energy	Electric Utility	74,457	4	1.04%			
Florida Gas Transmissions	Utility	49,076	5	0.68%			
HCA Health Services of Florida, Inc.	Hospital/Health Care	46,813	6	0.65%	50,540	5	0.78%
AT&T Telecommunications	Telecommunications	42,575	7	0.59%			
Bright House Networks	Cable Utility	31,323	8	0.44%	29,096	8	0.45%
Millennium Venture Limited	Senior Care	22,280	9	0.31%			
MIS SCV LLC	Apartments	21,984	10	0.31%			
Bell South Telecommunications	Public Utility				73,613	3	1.15%
Florida Crushed Stone Corporation	Rock Mining				58,402	4	0.91%
Cemex, Inc.	Cement Manufacturing				45,033	6	0.70%
Florida Power	Public Utility				33,012	7	0.51%
CSX (Seaboard Coast Line RR CO)	Public Utility				27,760	9	0.43%
Central Power & Lime, Inc.	Power & Lime				27,621	10	0.43%
Totals		<u>\$ 865,604</u>		<u>12.05%</u>	<u>\$ 548,056</u>		<u>8.53%</u>

Source: Hernando County Property Appraiser

Schedule 9

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	
				Levied Collections	Discounts/Penalties	Adjusted Collections		Percentage Collected	Amount
2005	74,748			74,203			282	74,486	99.65
2006	91,770			91,395			90	91,485	99.69
2007	107,611			107,132			41	107,173	99.59
2008	104,359			103,128			326	103,454	99.13
2009	95,401			93,822			698	94,520	99.08
2010	(e) 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

- (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, 2013 through March 31, 2014 are reflected as levied for the Fiscal Year Ended September 30, 2014. Tax Certificates for unpaid taxes and assessments for that year will be sold no later than June 1, 2014.
- (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.
- (e) Effective fiscal year 2010, it has been deemed more informative to provide additional information.

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)	Solid Waste Revenue Bonds (a)	Notes Payable			
2005	53,467	3,416	10	56,660	4,622	600	118,775	3.03%	788
2006	51,050	3,084	-	54,994	-	400	109,528	2.44%	698
2007	48,554	1,732	-	53,283	-	1,235	104,804	2.21%	643
2008	45,987	1,238	946	51,512	-	965	100,648	2.01%	606
2009	43,351	2,076	807	49,701	-	1,559	97,494	1.89%	590
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	104,321	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	-	583

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 13, "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)

<u>Fiscal Year Ended September 30</u>	<u>Revenue and Revenue Refunding Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Net General Bonded Debt</u>	<u>Percentage of Taxable Value of Property (a)</u>	<u>General Debt Per Capita (b)</u>
2005	53,467	743	52,724	0.69%	348
2006	51,050	631	50,419	0.51%	320
2007	48,554	652	47,902	0.42%	293
2008	45,987	688	45,299	0.44%	272
2009	43,351	753	42,598	0.45%	257
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

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

- (a) Taxable Value information can be found on Schedule 6, Schedule of Fair Market, Assessed Value and Taxable Value of Property for property value data.
- (b) Population data can be found on Schedule 13, Schedule of Demographic and Economic Statistics.

Hernando County, Florida
Computation of Direct and Overlapping Debt

	<u>Payable from Ad Valorem Taxes</u>	<u>Non-Self- Supporting Revenue Debt</u>	<u>Total</u>	<u>Percentage of Debt to Total Debt</u>
COUNTY BOARD:				
Non-revolving line of credit draws	\$ -	\$ 6,336,104	\$ 6,336,104	3.35%
Non-Ad Valorem Refunding Revenue Note, Series 2012	-	24,430,000	24,430,000	12.92%
Gas Tax Revenue Refunding Bonds, Series 2002	-	565,000	565,000	0.30%
Capital Improvement and Refunding Revenue Bonds, Series 2004	-	2,715,000	2,715,000	1.44%
Non-Ad Valorem Refunding Revenue Bonds, Series 2010	-	6,175,000	6,175,000	3.26%
Leases Payable	-	216,819	216,819	0.11%
Subtotal Direct Debt \$	-	\$ 40,437,923	\$ 40,437,923	21.38%
SCHOOL BOARD: (1)				
State Board of Education Bonds, Series 2004A	-	270,000	270,000	0.14%
State Board of Education Bonds, Series 2005A	-	340,000	340,000	0.18%
State Board of Education Bonds, Series 2005B Refunding	-	1,815,000	1,815,000	0.96%
State Board of Education Bonds, Series 2009A Refunding	-	160,000	160,000	0.08%
State Board of Education Bonds, Series 2010A	-	1,260,000	1,260,000	0.67%
State Board of Education Bonds, Series 2011A Refunding	-	340,000	340,000	0.18%
State Board of Education Bonds, Series 2014A Refunding	-	523,000	523,000	0.28%
Certificates of Participation, Series 2005	-	100,390,000	100,390,000	53.07%
Certificates of Participation, Series 2013A	-	26,239,963	26,239,963	13.87%
Capital Improvement bonds, Series 2001	-	241,000	241,000	0.13%
Sales Tax Revenue Bonds, Series 2006	-	6,415,000	6,415,000	3.39%
Notes Payable	-	7,262,686	7,262,686	3.84%
Obligations under Capital Lease	-	50,273	50,273	0.03%
CITY OF BROOKSVILLE:				
General Fund Promissory Note	336,341	-	336,341	0.18%
USDA Loan	-	164,000	164,000	0.09%
Florida Capital Improvement Revenue Note, Series 2011	-	2,907,986	2,907,986	1.54%
Subtotal Overlapping Debt \$	\$ 336,341	\$ 148,378,908	\$ 148,715,249	78.62%
Total Direct and Overlapping Debt \$	\$ 336,341	\$ 188,816,831	\$ 189,153,172	100.00%

(1) Outstanding debt obligations for Hernando County School Board at June 30, 2014.

Schedule 13A

Hernando County, Florida
Schedule of Revenue Bond Coverage
Capital Improvement Revenue Bonds, Series 2004

Last Ten 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	Interest	Total	
2005	7,734	-	7,734	1,885	1,943	3,828	2.02
2006	8,591	-	8,591	1,770	1,897	3,667	2.34
2007	8,228	-	8,228	1,820	1,848	3,668	2.24
2008	7,631	-	7,631	1,870	1,795	3,665	2.08
2009	7,098	-	7,098	1,920	1,737	3,657	1.94
2010	7,154	-	7,154	1,500	1,388	2,888	2.48
2011	7,232	-	7,232	1,545	1,342	2,887	2.51
2012	7,354	-	7,354	1,595	1,292	2,887	2.55
2013	7,608	-	7,608	825	131	956	7.96
2014	8,000	-	8,000	850	106	956	8.37

- (a) Gross revenues reflect the pledged revenues for the bonds. Pledged revenues for these bonds consist of the distribution of the State "Half-Cent Sales Tax".
- (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.
- (c) In 2013, a Non-Ad Valorem Refunding Revenue Note for \$24,430,000 was used to refinance Capital Improvement and Refunding Bonds, Series 2002 and a portion of Capital Improvement and Refunding Bonds, Series 2004.

Schedule 13B

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 Four 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	Interest	Total	
2010	31,290	-	31,290	0	75	75	417.20
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

- (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 13C

Hernando County, Florida
Schedule of Revenue Bond Coverage
Gas Tax Revenue Refunding Bonds, Series 2002

Last Ten Fiscal Years
(dollars expressed in thousands)

Fiscal Year Ended September 30	Gross		Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
	Revenues(a)	Expenditures(b)		Principal	Interest	Total	
2005	1,542	-	1,542	400	197	597	2.58
2006	1,577	-	1,577	405	185	590	2.67
2007	1,639	-	1,639	425	172	597	2.75
2008	1,582	-	1,582	435	159	594	2.66
2009	1,483	-	1,483	445	143	588	2.52
2010	1,516	-	1,516	470	127	597	2.54
2011	1,486	-	1,486	485	108	593	2.51
2012	1,409	-	1,409	495	88	583	2.42
2013	1,426	-	1,426	520	69	589	2.42
2014	1,381	-	1,381	545	47	592	2.33

- (a) Gross revenues reflect the pledged revenue for the bonds. Pledged revenues for these bonds consist of two cents of the State's distribution of the gas tax commonly referred to as "Local Option Gas Tax 1 - 6 cents".
- (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 13D

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 Available for Debt Service	Connection Fees	Pledged Funds(c)	Debt Service Requirements			Coverage
	Revenues(a)	Expenses (b)				Principal	Interest	Total	
2005	25,150	12,790	12,360	7,316	19,676	1,645	2,433	4,078	4.82
2006	27,623	14,241	13,382	8,234	21,616	1,680	2,394	4,074	5.31
2007	27,342	15,715	11,627	2,427	14,054	1,725	2,353	4,078	3.45
2008	25,386	17,066	8,320	1,437	9,757	1,770	2,310	4,080	2.39
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	15,609	11,661	1,379	13,040	2,015	1,525	3,540	3.68

- (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.

**Hernando County, Florida
Demographic and Economic Statistics**

Last Ten Fiscal Years

Fiscal Year	Population (a)				Permanent Households (b)	Personal Income Per Capita (c)(f)	Total Personal Income (in thousands) (c)(f)	Median Age (c)	Citizens With a Bachelors Degree(b)	Public School Enrollment (d)	Unemployment Rate (e)
	City of Brooksville	City of Weeki Wachee	Unincorporated Hernando County	Total							
2005	7,279	8	143,497	150,784	64,100	25,975	3,916,614	46.6	10.5%	21,458	4.3%
2006	7,322	8	149,676	157,006	67,421	27,478	4,489,690	46.6	10.5%	22,172	3.7%
2007	7,309	8	154,876	162,876	68,789	28,064	4,737,480	45.3	9.9%	23,382	6.0%
2008	7,640	8	158,325	165,973	70,263	29,148	4,997,414	44.3	14.7%	22,492	9.2%
2009	7,633	7	157,408	165,154	70,022	29,950	5,147,746	44.8	15.1%	22,598	13.8%
2010	7,592	7	157,973	165,572	70,231	29,397	5,079,155	46.8	15.5%	22,316	14.8%
2011	7,711	12	165,355	173,078	71,864	30,729	5,318,514	47.7	16.2%	22,146	13.5%
2012	7,702	12	165,397	173,111	72,106	31,927	5,536,867	47.7	16.2%	21,855	10.4%
2013	7,643	5	166,160	173,808	72,238	31,422	5,481,211	48.0	15.5%	21,541	8.5%
2014	7,687	5	167,263	174,955	72,492	-	-	48.5	14.9%	21,470	8.1%

(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

(e) Source: Florida Department of Economic Opportunity, September 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)(b)
Non-retail, Non-government

Latest Fiscal Year compared to the Eight Prior Fiscal Years

Employer	Type of Operation	2014			2013			2012		
		Employees	%	Rank	Employees	%	Rank	Employees	%	Rank
Oak Hill Hospital	Healthcare	1,136	1.93	1	1,089	1.71	1	1,070	1.70	1
Walmart Distribution Center	Distribution Center	1,020	1.73	2	1,020	1.60	2	1,008	1.60	3
Bayfront Regional Healthcare	Healthcare	965	1.64	3	913	1.44	3	1,018	1.62	2
HealthSouth	Healthcare	288	0.49	4	355	0.56	4	272	0.43	6
Accuform Signs Inc	Manufacturer	274	0.47	5	280	0.44	5	280	0.45	5
Cemex (formerly Rinker Materials/FCS)	Manufacturer	240	0.41	6	250	0.39	6	288	0.46	4
Sparton Electronics	Manufacturer	215	0.37	7	219	0.34	8	180	0.29	8
HPH Hospice	Healthcare	181	0.31	8	221	0.35	7	221	0.35	7
Sun Trust Bank	Service	85	0.14	9	110	0.17	9	105	0.17	10
Withlacoochee River Electric Coop	Utility	80	0.14	10	80	0.13	10	-	-	-
Evergreen Woods	Healthcare	-	-	-	-	-	-	130	0.21	9
Alumi Guard	Manufacturer	-	-	-	-	-	-	-	-	-
Commercial Carrier Corp	Trucking	-	-	-	-	-	-	-	-	-
Gale Insulation	Manufacturer/Service	-	-	-	-	-	-	-	-	-
Cemex	Manufacturer	-	-	-	-	-	-	-	-	-
Totals		<u>4,484</u>	<u>7.62 %</u>		<u>4,537</u>	<u>7.14 %</u>		<u>4,572</u>	<u>7.27 %</u>	
Total Employment		<u>58,867</u>			<u>63,581</u>			<u>62,895</u>		

(a) Percentages shown represent the number of employees as a percent of Hernando County's total employment.

(b) Data is unavailable for years prior to 2006.

Hernando County, Florida
Principal Employers (a)(b)
Non-retail, Non-government

Latest Fiscal Year compared to the Eight Prior Fiscal Years

Employer	Type of Operation	2011			2010			2009		
		Employees	%	Rank	Employees	%	Rank	Employees	%	Rank
Oak Hill Hospital	Healthcare	950	1.51	2	947	1.49	2	900	1.43	1
Bayfront Regional Healthcare	Healthcare	900	1.43	3	1,200	1.89	1	900	1.43	1
Walmart Distribution Center	Distribution Center	1,032	1.64	1	1,032	1.62	3	763	1.22	3
Sun Trust Bank	Service	125	0.20	9	125	0.20	9	-	-	-
Accuform Signs Inc	Manufacturer	247	0.39	5	245	0.39	5	245	0.39	5
Cemex (formerly)Rinker Materials/FCS	Manufacturer	288	0.46	4	264	0.42	4	300	0.48	4
HPH Hospice	Healthcare	159	0.25	7	225	0.35	6	225	0.36	6
Sparton Electronics	Manufacturer	170	0.27	6	207	0.33				
HealthSouth	Healthcare	105	0.17	10	135	0.21	8	113	0.18	8
Withlacoochee River Electric Coop	Utility	77	0.12		100	0.16	10	-	-	-
Evergreen Woods	Healthcare	135	0.21	8	160	0.25	7	140	0.22	7
Alumi Guard	Manufacturer	-	-	-	-	-	-	100	0.16	9
Commercial Carrier Corp	Trucking	-	-	-	-	-	-	100	0.16	9
Gale Insulation	Manufacturer/Service	-	-	-	-	-	-	50	0.08	10
Cemex	Manufacturer	-	-	-	-	-	-	-	-	-
Totals		<u>4,188</u>	<u>6.66</u> %		<u>4,640</u>	<u>7.31</u> %		<u>3,836</u>	<u>6.11</u> %	
		<u>62,895</u>			<u>63,511</u>			<u>62,747</u>		

Hernando County, Florida
Principal Employers (a)(b)
Non-retail, Non-government

Latest Fiscal Year compared to the Eight Prior Fiscal Years

Employer	Type of Operation	2008			2007			2006		
		Employees	%	Rank	Employees	%	Rank	Employees	% (a)	Rank
Oak Hill Hospital	Healthcare	900	1.40	2	896	1.43	2	896	1.58	2
Walmart Distribution Center	Distribution Center	1,044	1.62	1	1,500	2.40	1	1,600	2.82	1
Bayfront Regional Healthcare	Healthcare	763	1.19	3	763	1.22	3	763	1.34	3
HealthSouth	Healthcare	-	-	-						
Accuform Signs Inc	Manufacturer	245	0.38	6	200	0.32	7	185	0.33	7
Cemex (formerly Rinker Materials/FCS)	Manufacturer	300	0.47	5	300	0.48	6	300	0.53	6
Sparton Electronics	Manufacturer	325	0.51	4	325	0.52	4	325	0.57	4
HPH Hospice	Healthcare									
Sun Trust Bank	Service	113	0.18	8	308	0.50	5	308	0.54	5
Withlacoochee River Electric Coop	Utility	-	-	-						
Evergreen Woods	Healthcare	140	0.22	7	160	0.26	8	160	0.28	8
Alumi Guard	Manufacturer	100	0.16	9	-	-	-	-	-	-
Commercial Carrier Corp	Trucking	100	0.16	9	145	0.23	9	145	0.26	10
Gale Insulation	Manufacturer/Service	100	0.16	9	100	0.16	-	160	0.28	9
Cemex	Manufacturer	-	-	-	126	0.20	10	126	0.22	-
Totals		<u>4,130</u>	<u>6.45 %</u>		<u>4,823</u>	<u>7.52 %</u>		<u>\$ 4,968</u>	<u>8.75 %</u>	
Total Employment		<u>64,355</u>			<u>62,510</u>					

(a) Percentages shown represent the number of employee

(b) Data is unavailable for years prior to 2006.

Hernando County, Florida
County Government Employees by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2005	2006	2007	2008	2009 (b)
Governmental Activities:					
General Government	303	304	306	297	271
Public Safety	475	509	504	507	362
Physical Environment	11	13	10	10	7
Transportation	99	108	108	97	99
Economic Environment	10	9	10	8	8
Human Services	26	27	30	35	32
Culture and Recreation	106	115	112	95	93
Courts	82	91	93	84	74
Business-type Activities:					
Airport	6	5	5	5	5
Water and Wastewater	153	167	163	167	164
Business Development	73	80	67	43	34
Solid Waste	48	51	52	55	52
Total	1,392	1,479	1,460	1,403	1,201

(a) Source: Hernando County Department of Financial Services.

(b) Spring Hill Fire and Rescue District became an independent District in fiscal year 2009 and subsequently was dissolved becoming dependent on the County on October 1, 2011.

(c) Increase is due to addition of jail employees to the Hernando County Sheriff department.

<u>2010</u>	<u>2011</u>	<u>2012 (b)</u>	<u>2013 (c)</u>	<u>2014</u>
238	243	227	221	227
368	471	566	750	773
7	5	7	6	7
99	79	91	91	92
8	7	7	7	7
25	20	21	21	21
72	62	65	65	66
77	78	79	84	88
5	5	5	5	5
154	149	147	142	139
31	29	28	26	28
<u>28</u>	<u>28</u>	<u>29</u>	<u>29</u>	<u>28</u>
1,112	1,176	1,272	1,447	1,481

Hernando County, Florida
Operating Indicators by Function

Last Ten Fiscal Years

Function	Fiscal Year				
	2005	2006	2007	2008	2009
General Government					
Number of programs broadcast	312	308	342	310	299
Number of employee records managed	923	950	994	1,091	785
Public Safety					
Total incidents responded to (HCFR)	11,639	13,040	15,013	13,895	14,234
Number of emergency citizen volunteers	400	500	600	656	655
Number of building permits issued	22,796	22,275	16,140	11,210	9,194
Physical Environment					
Extension Classes/programs	28,691	33,379	30,756	40,993	30,480
Transportation					
Number of signals maintained	77	80	84	88	83
Number of lane miles of roads re-surfaced	128	97	80	129	61
Economic Environment					
Number of successful business projects	11	13	19	48	16
Number of veteran clients served	26,563	34,854	29,860	33,590	32,719
Human Services					
Animals impounded	5,855	6,314	6,557	6,659	5,773
Number of human service requests processed	7,761	9,148	18,797	19,723	25,513
Culture and Recreation					
Registered library card holders	83,294	82,059	72,562	84,579	86,204
Number of participants in the County Recreation programs	9,180	12,793	13,750	21,445	20,563
Court Operations					
Number of judicial cases managed	51,619	61,069	59,149	52,168	55,476
Water and Sewer					
Water consumption in millions of gallons a day	19.1	20.9	20.7	22.9	19.5
Average number of water accounts	58,144	61,128	61,253	57,667	57,378
Number of meter reads	697,728	733,536	742,571	719,043	688,536
Aviation Authority					
Number of airport & industrial park leases	129	140	146	146	145
Waste Management					
Total tons landfilled	113,836	118,520	118,356	119,599	105,697
Tons of Convenience Center Waste Collected	8,087	8,295	7,780	5,975	7,244
Tons of recyclables collected & processed	6,969	6,816	6,012	5,905	5,497

Source: Various County Departments.

2010	2011	2012	2013	2014
207	212	208	208	206
683	645	859	745	772
14,020	14,076	22,868	27,222	26,254
750	838	825	903	982
10,074	11,316	11,904	10,492	11,104
27,015	20,055	17,863	30,480	20,172
86	80	88	88	88
199	70	64	32	36
9	7	8	7	9
21,955	6,681	23,540	6,857	6,918
5,117	4,256	3,578	3,095	2,923
27,043	13,256	23,540	8,288	9,099
93,685	85,284	90,623	97,642	102,910
21,115	19,485	19,185	13,799	17,955
60,109	57,394	65,520	63,060	64,290
15.6	18.9	18.4	17.1	16.8
60,966	61,260	61,363	56,975	57,376
749,652	752,244	736,400	737,748	740,748
178	173	140	140	141
77,770	99,346	104,281	103,733	114,370
7,012	7,681	15,701	7,317	6,161
5,264	5,638	4,881	4,910	11,976

Hernando County, Florida
Capital Asset and Infrastructure Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2005	2006	2007	2008	2009
General Government					
Number of buildings	172	184	180	174	169
Fleet Vehicles	472	480	488	453	434
Public Safety					
Sheriff's patrol vehicles:	280	332	334	343	346
Radio Towers	3	3	3	3	5
Transportation					
Lane miles	2,272	2,275	2,305	2,332	2,345
Culture and Recreation					
Park acreage - developed	285	285	302	310	310
Park acreage - undeveloped	846	896	1,540	1,230	1,230
Trails-Jogging/Exercise/Nature	10	10	23	30	30
Playgrounds	14	14	14	14	14
Boat ramps (lanes)	13	13	16	16	16
Picnic shelters	182	182	185	189	189
Number of libraries/branches	6	6	6	6	6
Aviation Authority					
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)	2,661,689	2,846,689	2,846,689	3,189,269	3,337,115
Remaining available landfill capacity (cubic yards)	822,951	745,751	590,998	692,408	298,940
Water					
Trans & dist lines (miles)	-	-	1,050	1,050	1,232
Maximum daily storage capacity (million gallons)	-	-	10.25	10.25	17.72
Number of meters in service	-	-	61,260	57,730	57,089
Sewer					
Number of pumping or lift stations	-	-	267	298	298
Collection & Trans lines (miles)	-	-	388	421	465
Reclaimed water trans & dist lines (miles)	-	-	0.38	0.38	2.90
Number of manholes	-	-	6,133	6,462	6,732

(a) Source: Various County Departments.

(b) Water and Sewer data for years prior to 2007 is unavailable.

2010	2011	2012	2013	2014
169	172	151	156	160
405	395	370	403	423
341	343	336	336	324
5	5	5	5	5
2,364	2,371	2,380	2,393	2,407
323	323	323	323	340
1,206	1,206	1,206	1,206	1,206
30	30	30	30	30
14	14	14	14	14
16	16	16	16	16
189	189	189	189	190
6	6	6	6	5
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
3,547,487	3,346,936	3,255,100	2,941,953	2,704,818
1,232	1,247	1,232	1,232	1,232
15.58	19.46	20.90	20.90	19.08
58,455	59,131	61,290	56,805	57,376
300	297	298	298	301
465	486	486	486	501
2.00	4.30	4.30	4.30	4.30
6,732	6,946	6,945	6,945	6,952



COMPLIANCE SECTION

This section contains the following:

Single Audit Reports
and Grant Compliance

Bond Compliance Information



Single Audit Reports and Grant Compliance

INDEPENDENT AUDITORS' 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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 10, 2015.

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.

Certified Public Accountants

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

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

**INDEPENDENT AUDITORS' 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
(Concluded)**

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, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Punzio, Gray and Company, LLP

March 10, 2015
Sarasota, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 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/State Project

We have audited Hernando County, Florida (the County)'s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, and the requirements described in the Florida 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 projects for the year ended September 30, 2014. The County's major federal programs and state projects are identified in the summary of audit 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 projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs and state 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*. Those standards, rules, and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state 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 project. However, our audit does not provide a legal determination of the County's compliance.

Certified Public Accountants

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL
(Concluded)**

Opinion on Each Major Federal Program and State Project

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 projects for the year ended September 30, 2014.

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 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 project, and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, *Rules for 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, noncompliance with a type of compliance requirement of a federal program or state 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 noncompliance with a type of compliance requirement of a federal program or state 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 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 OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Purvis, Gray and Company, LLP

March 10, 2015
Sarasota, Florida

HERNANDO COUNTY FLORIDA
Schedule Expenditures of Federal Awards and State Financial Assistance
Year Ended September 30, 2014

Federal/State/Pass Through Grantor Grant Program Name	CFDA / CSFA #	Grant ID	Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct			
Recovery Act Community Development Block Grant (CDBG)- NSP3	14.228	B-11-UN-12-0021	\$ 370,311
Passed through Florida Department of Children and Families Emergency Solutions Grant Program	14.231	PPZ19	11,783
Total Department of Housing and Urban Development			<u>\$ 382,094</u>
DEPARTMENT OF THE INTERIOR			
Direct			
Fish & Wildlife Service Refuge Revenue Sharing	15.659	--	\$ 13,666
Total Department of the Interior			<u>\$ 13,666</u>
DEPARTMENT OF JUSTICE			
Direct			
Violence Against Women Act Court Training & Improvement Program	16.013	2012-WC-AX-0008	\$ 33,855
State Criminal Alien Assistance Program (SCAAP)	16.606	2013-AP-BX-0578	6,915
Bulletproof Vest Partnership Program	16.607	2012BOBX12063114	2,130
Equitable Sharing Program	16.922	FL0270000	105,095
Passed through Florida Office of Attorney General Crime Victim Assistance	16.575	V13009	38,878
Passed through Florida Coalition Against Domestic Violence STOP Violence Against Women	16.588	14-8015-LE	\$ 79,735
STOP Violence Against Women	16.588	15-8015-LE-ENH	20,490
Subtotal CFDA 16.588			<u>\$ 100,225</u>
Passed Through Florida Department of Law Enforcement Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014JAGC-HERN3E5178	\$ 18,316
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014JAGCHERN-2E5-177	26,149
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0843	38,740
Subtotal CFDA 16.738			<u>\$ 83,205</u>
Total Department of Justice			<u>\$ 370,303</u>
DEPARTMENT OF TRANSPORTATION			
Direct			
Airport Improvement Program	20.106	3-12-0008-16-2013	\$ 158,607
Airport Improvement Program	20.106	3-12-0008-17-2013	29,274
Subtotal CFDA 20.106			<u>\$ 187,881</u>
Passed Through Florida Department of Transportation			
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	AQ919	\$ 243
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	AQ953	956
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	AR062	3,975
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	AR137	272,768
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	AQV23	3,481
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	AR075	304,104
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	AR059	48,414
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	AR060	72,034
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	AR061	9,964
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	AQK80	5,895
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	AQK81	1,211
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	AQL23	1,811
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	AQV97	85,784
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	ARC28	361
Highway Planning & Construction- Federal Aid Highway Program (PL)	20.205	A9773 PL FY14	282,783
Highway Planning & Construction- Federal Aid Highway Program (PL)	20.205	A9773 PL FY15	262,526

HERNANDO COUNTY FLORIDA
Schedule Expenditures of Federal Awards and State Financial Assistance
Year Ended September 30, 2014

Federal/State/Pass Through Grantor Grant Program Name	CFDA / CSFA #	Grant ID	Expenditures
Subtotal CFDA 20.205			\$ 1,356,310
Metropolitan Transportation Planning (Sec 5303)	20.505	AQF48	\$ 14,832
Metropolitan Transportation Planning (Sec 5303)	20.505	AQT93	52,708
Metropolitan Transportation Planning (Sec 5305d)	20.505	ARA86	31,444
Subtotal CFDA 20.505			\$ 98,984
Urbanized Area Formula Program (Section 5307)	20.507	X794 FY12	\$ 428,264
Urbanized Area Formula Program (Section 5307)	20.507	X864	371,822
Subtotal CFDA 20.507			\$ 800,086
Total Department of Transportation			\$ 2,443,261
ENVIRONMENTAL PROTECTION AGENCY			
Passed through Florida Department of Environmental Protection			
Clean Water State Revolving Funds (CWSRF)	66.458	WW270100	\$ 50,629
Clean Water State Revolving Funds (CWSRF)	66.458	WW270150	36,956
Subtotal CFDA 66.458			\$ 87,585
Total Environmental Protection Agency			\$ 87,585
ELECTION ASSISTANCE COMMISSION			
Passed through Florida Department of State Division of Elections			
Help America Vote Act Requirements Payments	90.401	MOD Dated 7/17/2013	\$ 20,720
Total Election Assistance Commission			\$ 20,720
US DEPARTMENT OF HEALTH & HUMAN SERVICES			
Passed through Florida Department of Revenue			
Child Support Enforcement	93.563	CD 327	\$ 251,803
Child Support Enforcement	93.563	CD 327	2,165
Subtotal CFDA 93.563			\$ 253,968
Total US Department of Health & Human Services			\$ 253,968
DEPARTMENT OF HOMELAND SECURITY			
Passed through Florida Division of Emergency Management			
Emergency Management Performance Grant	97.042	14FG-1M-05-37-01-094	\$ 48,839
Emergency Management Performance Grant	97.042	14CI-K1-05-37-02-224	12,400
Emergency Management Performance Grant	97.042	14CC-K1-05-37-02-220	11,188
Subtotal CFDA 97.042			\$ 72,427
Homeland Security Grant Program	97.067	14DS-L5-05-37-01-202	\$ 4,593
Homeland Security Grant Program	97.067	14DS-C2-05-37-01-489	55,000
Homeland Security Grant Program	97.067	13DS-97-05-37-01-406	17,750
Homeland Security Grant Program	97.067	12DS-20-05-37-01-452	17,000
Subtotal CFDA 97.067			\$ 94,343
Total Department of Homeland Security			\$ 166,770
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,738,367

HERNANDO COUNTY FLORIDA
Schedule Expenditures of Federal Awards and State Financial Assistance
Year Ended September 30, 2014

Federal/State/Pass Through Grantor Grant Program Name	CFDA / CSFA #	Grant ID	Expenditures
FLORIDA EXECUTIVE OFFICE OF THE GOVERNOR			
Emergency Management Program	31.063	14BG-83-05-37-01-027	\$ 94,064
Emergency Management Program	31.063	15BG-83-05-37-01-027	3,448
Subtotal CSFA 31.063			<u>\$ 97,512</u>
Emergency Management Projects	31.067	14-CP-11-05-37-01-357	3,609
Total Florida Executive Office of the Governor			<u>\$ 101,121</u>
FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY			
Visit Florida	40.006	M-08623	\$ 5,000
Visit Florida	40.006	M-08520	7,500
Subtotal CSFA 40.006			<u>\$ 12,500</u>
Growth Management Implementation	40.024	P0057	20,000
Total Florida Department of Economic Opportunity			<u>\$ 32,500</u>
FLORIDA DEPARTMENT AGRICULTURE & CONSUMER SERVICES			
Mosquito Control	42.003	020291	\$ 11,853
Total Florida Department Agriculture & Consumer Services			<u>\$ 11,853</u>
FLORIDA DEPARTMENT OF STATE			
State Aid to Libraries	45.030	11-ST-20	\$ 302,415
State Aid to Libraries	45.030	12-ST-19	403,287
State Aid to Libraries	45.030	13-ST-19	262,585
State Aid to Libraries	45.030	14-ST-19	17,564
Subtotal CSFA 52.901			<u>\$ 985,851</u>
Total Florida Department of State			<u>\$ 985,851</u>
FLORIDA HOUSING FINANCE CORPORATION			
State Housing Initiatives Partnership (SHIP)	52.901	2011/2012	\$ 5,688
State Housing Initiatives Partnership (SHIP)	52.901	2012/2013	77,498
State Housing Initiatives Partnership (SHIP)	52.901	2013/2014	358,143
State Housing Initiatives Partnership (SHIP)	52.901	2014/2015	23,017
Subtotal CSFA 52.901			<u>\$ 464,346</u>
Total Florida Housing Finance Corporation			<u>\$ 464,346</u>
FLORIDA DEPARTMENT OF TRANSPORTATION			
Commission for Transportation Disadvantaged Planning Grant	55.002	AR256 TD FY14	\$ 14,454
Commission for Transportation Disadvantaged Planning Grant	55.002	ARH75 TD FY15	4,274
Subtotal CSFA 55.002			<u>\$ 18,728</u>
Aviation Development Grants	55.004	APF09	\$ 67,522
Aviation Development Grants	55.004	AQ134	29,706
Aviation Development Grants	55.004	AQV71	16,701
Aviation Development Grants	55.004	AQ178	13,050
Aviation Development Grants	55.004	AQ176	9,561
Aviation Development Grants	55.004	ARD41	8,291
Aviation Development Grants	55.004	ARD13	18,889
Subtotal CSFA 55.004			<u>\$ 163,720</u>
Public Transit Block Grant Program	55.010	AQ179 SBG FYs 11 12 13	261,908
Transit Corridor Program	55.013	ARA86	3,931
NPDES/TMDL Stormwater Retrofit Projects	55.024	AQX46	4,687
County School District Infrastructure Pilot Program	55.029	APV66	\$ 334,660
County School District Infrastructure Pilot Program	55.029	APV67	26,728

HERNANDO COUNTY FLORIDA
Schedule Expenditures of Federal Awards and State Financial Assistance
Year Ended September 30, 2014

Federal/State/Pass Through Grantor Grant Program Name	CFDA / CSFA #	Grant ID	Expenditures
Subtotal CSFA 55.029			\$ 361,388
Total Florida Department of Transportation			\$ 814,362
FLORIDA DEPARTMENT OF HEALTH			
County Grant Awards (EMS)	64.005	C1027	\$ 4,250
County Grant Awards (EMS)	64.005	C2027	\$ 31,185
Subtotal CSFA 64.005			\$ 35,435
Total Florida Department of Health			\$ 35,435
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ 2,445,468

**HERNANDO COUNTY, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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 *Single Audit Act of 1984*, the *Single Audit Act Amendments of 1996*, U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (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, 2014. 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, 2014:

Program	CSFA Number	Loan Outstanding
State Housing Initiatives Partnership	52.901	\$ 12,955,771

Only current year loans issued to eligible recipients are included as expenditures on the accompanying schedule.

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, 2014
(Concluded)

Note 5 - Other Matters

Program income generated by and expended on a Federal or State award during the period of performance is only included on the *Schedule of Expenditures of Federal Awards and State Financial Assistance* 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 is expended by reducing the total program expenditures (deduction method) is not included on this schedule.

- In accordance with the direction from the grantor, program income totaling \$328,859 was expended on the Community Development Block Grant (14.228) during 2014, and is included in the total expended amount recorded on the *Schedule of Expenditures of Federal Awards and State Financial Assistance*.
- In accordance with the terms of the grant, program income generated during 2014 totaled \$146,694, and was used to reduce the program expenditures for the Urbanized Area Formula Program (20.507). These expenditures are not reported on the *Schedule of Expenditures of Federal Awards and State Financial Assistance*.
- In accordance with the terms of the grant, program income received in the State Housing Initiative Partnership (SHIP) program (52.901) during 2014, is added to the original award amount in the corresponding year the program income was earned. Expense of this program income may not occur until subsequent fiscal years.

Beginning in 2014, grant financial assistance expended for the State Aid to Libraries Program (45.030) is reported on the *Schedule of Expenditures of Federal Awards and State Financial Assistance*. Previous years' *Schedules of Expenditures of Federal Awards and State Financial Assistance* included the amount of financial assistance received during that fiscal year.

Under the pre-award authorization for the Urbanized Area Formula Program (20.507)—Section 5307, expenditures of \$371,822 incurred during the fiscal year, but not expected to be reimbursed until a later fiscal year when the award is granted, are included on the *Schedule of Expenditures of Federal Awards and State Financial Assistance*.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

PART A - SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses unqualified opinions on 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, 2014, which collectively comprise the County's basic financial statements.
2. No material weaknesses or significant deficiencies in the internal control over financial reporting were disclosed during the audit of the basic financial statements (see independent auditors' 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*).
3. No instances of noncompliance material to the financial statements of the County were disclosed during the audit (see the same report referenced in 2).
4. No material weaknesses or significant deficiencies in internal control over major federal awards programs or major state financial assistance projects were disclosed (see independent auditors' report on compliance for each major federal program and state project and on internal control over compliance required by OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*).
5. An unqualified opinion was issued on compliance over major federal programs and major state projects (see the same report referenced in 4).
6. Audit findings relative to the major federal award programs for the County are reported in Part C of this schedule. Audit findings relative to the major state financial assistance projects are reported in Part D of this schedule.
7. The programs/projects tested as major programs/projects included the following:
 - **Major Federal Programs**
 1. U.S. Department of Housing and Urban Development:
 - Recovery Act Community Development Block Grant – Neighborhood Stabilization Program 3, CFDA No. 14.228
 2. U.S. Department of Justice Passed Through Florida Coalition Against Domestic Violence:
 - STOP Violence Against Women, CFDA No. 16.588
 3. U.S. Department of Transportation, Passed Through Florida Department of Transportation:
 - Urbanized Area Formula Program, CFDA No. 20.507

HERNANDO COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(Concluded)

PART A - SUMMARY OF AUDIT RESULTS *(Concluded)*

7. *(Concluded)*

■ **Major State Projects**

1. Florida Department of State:
 - State Aid to Libraries, CSFA No. 45.030
 2. Florida Housing Finance Corporation:
 - State Housing Initiatives Partnership (SHIP), CSFA No. 52.901
 3. Florida Department of Transportation:
 - County School District Infrastructure Pilot Program, CSFA No. 55.029
8. The threshold for distinguishing Type A and Type B programs/projects was \$300,000 for major federal award programs and \$300,000 for major state financial assistance projects.
9. The County did qualify as a low-risk auditee pursuant to OMB Circular A-133.

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*.

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, 2014, and have issued our report thereon dated March 10, 2015.

Auditors' 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; U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*; and Chapter 10.550, *Rules of the Auditor General*.

Other Reports and Schedule

We have issued our Independent Auditors' 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 Auditors' Report on Compliance for Each Major Federal Program and State Project and on Internal Control over Compliance required by OMB Circular A-133; Chapter 10.550, *Rules of the Auditor General*; Schedule of Findings and Questioned Costs; and our Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes. Disclosures in those reports and schedule, which are all dated March 10, 2015, 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. There were no findings or recommendations made in the preceding annual 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.

Certified Public Accountants

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

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

MANAGEMENT LETTER

(Continued)

Financial Condition

Section 10.554(1)(i)5.a., *Rules of the Auditor General*, requires that we 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 identification of the specific condition(s) met. 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.c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. 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.

Annual Financial Report

Section 10.554(1)(i)5.b., *Rules of the Auditor General*, requires that we report the results of our determination as to whether the annual financial report for the County for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., *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 determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance 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.

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

MANAGEMENT LETTER
(Concluded)

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.

Purvis, Gray and Company, LLP

March 10, 2015
Sarasota, Florida

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

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

Report on Compliance

We have examined Hernando County, Florida (the County)'s compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2014, as required by Section 10.556(10)(a), *Rules of the Auditor General*.

Management's Responsibility

Management is responsible for the County's compliance with those requirements.

Accountants' Responsibility

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 and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements.

Opinion

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

Restriction on Use

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.

Purvis, Gray and Company, LLP

March 10, 2015
Sarasota, Florida

Certified Public Accountants

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Bond Compliance

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
September 30, 2014
(UNAUDITED)**

BOND COMPLIANCE INFORMATION

CAPITAL IMPROVEMENT AND REFUNDING REVENUE BONDS, SERIES 2004

**HISTORICAL COLLECTIONS OF STATE SALES TAX
LAST TEN FISCAL YEARS**

The following table sets forth data regarding the collection of overall State Sales Tax and the annual percentage increases for the State of Florida and for Hernando County, Florida.

<u>State Fiscal Year Ended June 30</u>	<u>State of Florida</u>	<u>% Change</u>	<u>Hernando County</u>	<u>% Change</u>
2005	19,847,945,740	12.52	89,629,394	22.33
2006	21,813,625,970	9.90	102,372,955	14.22
2007	21,750,646,000	(0.29)	102,017,532	(0.35)
2008	20,569,094,349	(5.43)	94,967,233	(6.91)
2009	17,368,889,418	(15.60)	79,335,172	(16.50)
2010	16,768,646,720	(3.46)	79,707,979	0.47
2011	17,575,218,111	4.81	81,297,441	1.99
2012	18,487,539,555	5.10	82,488,028	1.46
2013	19,657,996,927	6.33	85,819,584	4.04
2014	21,097,421,292	7.32	90,149,675	5.05

Source: Department of Revenue

**PERCENTAGE DISTRIBUTION OF HALF-CENT SALES TAX REVENUE
FOR HERNANDO COUNTY AND THE CITY OF BROOKSVILLE (1)**

The following table sets forth the respective percentage distribution of the State of Florida Half-Cent Sales Tax Revenues to Hernando County, Florida and to the City of Brooksville, Florida for the last ten State fiscal years.

<u>State Fiscal Year Ended June 30</u>	<u>Hernando County</u>	<u>City of Brooksville</u>
2005	94.95	5.05
2006	95.10	4.90
2007	95.26	4.74
2008	95.42	4.58
2009	95.57	4.43
2010	95.52	4.48
2011	95.50	4.50
2012	95.70	4.30
2013	95.70	4.30
2014	95.70	4.30

(1) The City of Weeki Wachee receives an immaterial percentage of the State of Florida Half-Cent Sales Tax Revenues for Hernando County. The percentage is so small that it is not included in this table.

(2) Percentages are estimated based on data provided by the Florida Department of Revenue.

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
September 30, 2014
(UNAUDITED)**

**RECEIPT OF HALF-CENT SALES TAX REVENUES
BY HERNANDO COUNTY, FLORIDA**

The historical State of Florida Half-Cent Sales Tax Revenues received by Hernando County, Florida during the last ten fiscal years are set forth in the table below.

<u>Fiscal Year</u>	<u>Sales Tax Revenues</u>	<u>% Change</u>
2005	7,733,905	9.53
2006	8,590,918	11.08
2007	8,228,307	(4.22)
2008	7,631,497	(7.25)
2009	7,098,139	(6.99)
2010	7,153,868	0.79
2011	7,231,814	1.09
2012	7,354,197	1.69
2013	7,607,684	3.45
2014	8,000,302	4.91

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:

<u>Fiscal Year</u>	<u>Number of Active Accounts (1)</u>	
	<u>Water</u>	<u>Sewer</u>
2005	59,267	26,895
2006	61,253	28,593
2007	60,509	28,114
2008	57,667	27,366
2009	57,089	27,014
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

(1) Figures represent number of active accounts at the close of each Fiscal Year ended September 30.

Source: Hernando County Utilities Department

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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:

<u>Fiscal Year</u>	<u>Average Daily Flow (MGD)</u>	<u>Peak Day Flow (MGD)</u>
2005	21.575	37.297
2006	29.776	41.050
2007	23.995	38.538
2008	22.879	38.968
2009	19.543	29.643
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

Source: Hernando County Utilities Department

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>
2005	3.549
2006	3.753
2007	3.869
2008	3.644
2009	3.817
2010	3.827
2011	3.692
2012	3.966
2013	3.978
2014	4.128

Source: Hernando County Utilities Department

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COUNTY SYSTEM RATES
Monthly Water Rates

As of September 30, 2014

Residential

Minimum Monthly Billing Charge:		
All Meter Sizes	\$	5.95
Consumption Charge (Per 1,000 Gallons)		
0-5000	\$	1.11
5,001-10,000		1.31
10,001-20,000		1.96
20,001-30,000		2.63
30,001-50,000		3.93
50,001-75,000		6.55
Above 75,000		13.10

Commercial

Minimum Monthly Billing Charge:		
Per ERU	\$	5.95
Consumption Charge (Per 1,000 Gallons)		
0-10,000	\$	1.31
10,001-20,000		1.96
20,001-30,000		2.63
30,001-50,000		3.93
50,001-75,000		6.55
Above 75,000		13.10

Irrigation

Minimum Monthly Billing Charge:		
Per ERU	\$	5.95
Consumption Charge (Per 1,000 Gallons)		
0-10,000	\$	1.31
10,001-20,000		1.96
20,001-30,000		2.63
30,001-50,000		3.93
50,001-75,000		6.55
Above 75,000		13.10

Monthly Wastewater Rates

Residential

Minimum Monthly Billing Charge (per Account)	\$	16.35
Consumption Charge (Per 1,000 Gallons) (Capped at 10,000 Gallons per Month)		3.52

Commercial

Minimum Monthly Billing Charge (per ERU)	\$	16.35
Consumption Charge (Per 1,000 Gallons)		3.52

1) Amounts shown to be applied on a per ERU basis.
Source: *Hernando County Utilities Department*

**HERNANDO COUNTY, FLORIDA
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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	2010		2011		2012		2013		2014	
		Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	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	407,506	131,905	407,506

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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	2010	2011	2012	2013	2014
Water Hook-up Fees:					
Meter Size:					
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
Wastewater Hook-Up Fee:					
Residential	N/A	N/A	N/A	N/A	N/A
Commercial	N/A	N/A	N/A	N/A	N/A
Utility Service Fee:					
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

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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					
	2015	2016	2017	2018	2019	Total
WATER SYSTEM						
Water Production	\$ 2,225,000	\$ 300,000	\$ 1,100,000	\$ 2,000,000	\$ -	\$ 5,625,000
Water Distribution/Storage	2,553,000	2,728,000	800,000	2,875,000	250,000	9,206,000
Water Decommission	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>1,050,000</u>	<u>-</u>	<u>1,100,000</u>
Total Water Systems	4,778,000	3,028,000	1,950,000	5,925,000	250,000	15,931,000
WASTEWATER SYSTEM						
Treatment and Effluent Disposal	16,500,000	5,500,000	-	-	2,000,000	24,000,000
Reclaimed Water Facilities	-	7,800,000	-	-	15,975,000	23,775,000
W.W. Collection/Effluent Transmission	<u>8,355,000</u>	<u>2,275,000</u>	<u>150,000</u>	<u>1,725,000</u>	<u>150,000</u>	<u>12,655,000</u>
Total Wastewater System	24,855,000	15,575,000	150,000	1,725,000	18,125,000	60,430,000
PUBLIC FACILITIES	1,720,000	-	-	-	-	1,720,000
TOTAL – Water & Wastewater System	<u>\$ 31,353,000</u>	<u>\$ 18,603,000</u>	<u>\$ 2,100,000</u>	<u>\$ 7,650,000</u>	<u>\$ 18,375,000</u>	<u>\$ 78,081,000</u>

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FUNDING SOURCES FOR FIVE-YEAR WATER AND SEWER CAPITAL IMPROVEMENTS PROGRAM

FUNDING SOURCES	Fiscal Year Ending September 30					
	2015	2016	2017	2018	2019	Total
WATER SYSTEM						
Proceeds from issuance of debt & State Revolving Loan Proceeds	\$ -	\$ -	\$ 1,100,000	\$ 4,075,000	\$ -	\$ 5,175,000
Capital Reserves	2,225,000	400,000	550,000	550,000	-	3,725,000
Renewal & Replacement Fund	2,553,000	2,628,000	250,000	250,000	250,000	5,931,000
Operating Reserves	-	-	50,000	1,050,000	-	1,100,000
Total Water System	4,778,000	3,028,000	1,950,000	5,925,000	250,000	15,931,000
WASTEWATER SYSTEM						
Proceeds from issuance of debt & State Revolving Loan Proceeds	23,805,000	6,025,000	-	1,575,000	2,000,000	33,405,000
Capital Reserves	-	5,400,000	-	-	7,987,500	13,387,500
Renewal & Replacement Fund	450,000	250,000	150,000	150,000	150,000	1,150,000
Connection Fees	600,000	-	-	-	-	600,000
Other Funding Sources	-	3,900,000	-	-	7,987,500	11,877,500
Total Wastewater System	24,855,000	15,575,000	150,000	1,725,000	18,125,000	60,430,000
PUBLIC FACILITIES						
Operating Reserves	1,720,000	-	-	-	-	1,720,000
TOTAL – Water & Wastewater System	\$ 29,633,000	\$ 18,603,000	\$ 2,100,000	\$ 7,650,000	\$ 18,375,000	\$ 76,361,000

**HERNANDO COUNTY, FLORIDA
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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,				
	2010	2011	2012	2013	2014
Water & Wastewater Sales Revenues	\$ 21,835,627	\$ 22,857,573	\$ 24,192,129	\$ 25,241,583	\$ 26,555,419
Other Operating Revenues	336,909	426,693	391,513	318,425	413,874
Interest Income	494,041	211,645	310,588	62,792	300,214
Total Gross Revenues (1)	<u>22,666,577</u>	<u>23,495,911</u>	<u>24,894,230</u>	<u>25,622,800</u>	<u>27,269,507</u>
Operating Expenses: (2)					
Personal Services	8,381,662	8,035,863	7,422,585	6,950,981	7,338,481
Other Operating Expenses	9,420,454	9,371,413	8,940,837	8,350,666	8,559,089
Depreciation Equivalent Charges (3)	<u>(323,582)</u>	<u>(297,731)</u>	<u>(277,508)</u>	<u>(275,374)</u>	<u>(280,955)</u>
Total Operating Expenses	<u>17,478,534</u>	<u>17,109,545</u>	<u>16,085,914</u>	<u>15,026,273</u>	<u>15,616,615</u>
Net Revenues (4)	5,188,043	6,386,366	8,808,316	10,596,527	11,652,892
Connection Fees:					
Water Connection Fees	208,391	173,186	189,508	252,476	390,692
Wastewater Connection Fees	<u>344,989</u>	<u>379,196</u>	<u>348,780</u>	<u>541,610</u>	<u>988,048</u>
Total Connection Fees	<u>553,380</u>	<u>552,382</u>	<u>538,288</u>	<u>794,086</u>	<u>1,378,740</u>
Pledged Funds (5)	5,741,423	6,938,748	9,346,604	11,390,613	13,031,632
Actual Senior Lien Debt Service	\$ 4,078,215	\$ 4,033,543	\$ 4,037,493	\$ 4,041,262	\$ 3,540,182
Actual Coverage on Net Revenues (6)	1.27	1.58	2.18	2.62	3.29
Required Coverage	1.00	1.00	1.00	1.00	1.00
Actual Coverage on Pledged Funds (6)	1.41	1.72	2.31	2.82	3.68
Required Coverage	1.10	1.10	1.10	1.10	1.10

(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 accounted for in this table.

(6) The Series 1998 Bonds were refunded with Non-Ad Valorem Refunding Revenue Bonds, Series 2010. The Pledge for the 2010 bonds is from non-ad valorem revenues, not from revenue of the water and sewer system, and is therefore not a legal obligation of the water and sewer system. For purposes of this report, however, we have included the portion of debt service attributed to the water and sewer fund. If the Non-Ad Valorem Bond debt service were not included in the calculation, the coverage for each of the Net Revenues and Pledged Funds would increase by 0.6 and the Pledged Funds would increase by 0.67.

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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, 2014:

<u>Customer</u>	<u>Class</u>	<u>Meter Size</u>	<u>Type of Service</u>	<u>System Revenue</u>	<u>% of Total County Sales Revenue</u>
Hernando Correctional Institution	Commercial	6"	Water & Sewer	\$ 134,489	0.5%
Oak Hill Hospital	Commercial	6"	Water & Sewer	127,638	0.5%
Hernando County School Board	Commercial	3"-6"	Water & Sewer	98,090	0.4%
Oak Hill Hospital Cooling Tower	Commercial	2"	Water	95,643	0.4%
Hernando County Jail	Commercial	6"	Water & Sewer	83,152	0.3%
Brooksville Regional Hospital	Commercial	6"	Water & Sewer	69,109	0.3%
Bridgewater Club Apartments	Commercial	6"	Water & Sewer	64,192	0.2%
Atria Evergreen Woods	Commercial	4"	Water & Sewer	55,336	0.2%
Evergreen Woods	Commercial	4"	Water & Sewer	40,010	0.2%
Spring Hill Hospital Cooling Tower	Commercial	2"	Water	28,157	0.1%
Total				\$ <u>795,814</u>	

Source: Hernando County Utilities Department.

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GAS TAX REVENUE REFUNDING BONDS, SERIES 2002

ALLOCATION OF GAS TAX

Effective October 1, 2007, the County, City of Brooksville and City of Weeki Wachee entered into a new interlocal agreement (the "Interlocal Agreement") pursuant to which Brooksville's distribution of the Local Option Gas Tax is to be based on its population. The County will receive the remainder and will continue to be responsible for the maintenance of the roads within Weeki Wachee. The Interlocal Agreement is effective for the fiscal year ending September 30, 2008 through and including fiscal year ending September 30, 2014. Pursuant to the terms of the Interlocal Agreement, on or about June 1st of each year the City's proportionate share of the gas tax shall be computed and adjusted annually based upon the latest population estimates provided by the University of Florida's Bureau of Economic and Business Research. In accordance with the formula set forth in the Interlocal Agreement, the County is to receive 95.53% of the Local Option Gas Tax for the fiscal year ending September 30, 2014. The following table shows Brooksville's population as of September 30 for each of the last five years:

Year	Brooksville Population	As a Percentage of Total County Population
2010	7,592	4.6
2011	7,711	4.5
2012	7,702	4.5
2013	7,643	4.4
2014	7,687	4.4

Source: Florida Statistical Abstract

HISTORICAL GAS TAX COLLECTIONS

The following table sets forth the amount of Gas Tax Revenues collected in the years indicated and distributed to the County:

Year Ending September 30	One Cent per Gallon Section 206.60	Two Cents per Gallon Local Option Gas Tax (1)	Total
2010	722,849	1,515,945	2,238,794
2011	725,159	1,485,793	2,210,952
2012	736,989	1,425,616	2,162,605
2013	731,269	1,378,625	2,109,894
2014	733,556	1,381,044	2,114,600

(1) Figures shown are one-third of the six cents per gallon of Local Option Gas Tax actually remitted to the County.

Source: Florida Department of Revenue and Hernando County

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HISTORICAL DEBT SERVICE COVERAGE

Set forth below is a table showing the amount of Gas Tax Revenues distributed to the County in the year indicated, and the historical coverage afforded thereby for each such Fiscal Year of the Maximum Annual Debt Service on the Series 2002 Bonds:

<u>Year</u>	<u>Gas Tax Revenues (1)</u>	<u>Debt Service (2)</u>	<u>Debt Service Coverage</u>
2010	2,238,794	597,523	3.75
2011	2,210,952	597,523	3.70
2012	2,162,605	597,523	3.62
2013	2,109,894	597,523	3.53
2014	2,114,600	597,523	3.54

- (1) Florida Department of Revenue and Hernando County, Florida.
(2) Maximum Annual Debt Service for the Series 2002 Bonds.

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.

**HERNANDO COUNTY, FLORIDA
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HISTORICAL NON-AD VALOREM REVENUES IN GENERAL FUND ⁽¹⁾

	Fiscal Year Ending September 30,					
	2009	2010	2011	2012	2013	2014
Revenues						
Taxes:						
Local Communications Services Tax	\$ 1,813,236	\$ 1,575,810	\$ 1,504,949	\$ 1,449,390	\$ 1,435,395	\$ 1,633,894
Licenses and Permits:						
Other	\$ 85,338	\$ 89,454	\$ 84,855	\$ 114,792	\$ 25,045	\$ 29,280
Intergovernmental:						
Local Governmental Half-Cent Sales Tax ⁽²⁾	\$ 7,098,139	\$ 7,153,868	\$ 7,231,814	\$ 7,354,197	\$ 7,607,684	\$ 8,000,302
State Revenue Sharing	3,227,582	3,251,643	3,398,058	3,653,304	3,837,535	4,063,333
Other ⁽³⁾	5,791,774	8,631,480	6,333,825	5,214,191	4,442,909	3,324,724
Charges for Services:						
General Government	7,336,847	6,887,906	6,115,380	6,186,098	7,728,143	8,757,401
Public Safety	2,058,560	957,390	900,651	1,446,821	40,943	39,371
Physical Environment	23,570	12,397	-	13,535	14,387	46,486
Transportation	136,879	106,005	124,650	105,383	153,139	146,528
Human Services	201,823	215,342	184,711	166,362	205,263	215,707
Recreation and Culture	531,646	530,112	653,264	720,273	696,200	716,081
Other	14,390	18,457	17,188	18,867	16,997	16,414
Fines and Forfeitures	145,510	101,447	81,279	72,890	80,083	94,522
Interest Income	1,433,294	583,777	199,819	439,913	(50,679)	311,288
Miscellaneous Revenue ⁽⁴⁾	1,373,760	1,174,792	4,391,048	4,856,984	1,854,816	6,813,485
Total Sources of Non-Ad Valorem Revenues	\$ 31,272,348	\$ 31,289,880	\$ 31,221,491	\$ 31,813,000	\$ 28,087,860	\$ 34,208,816

(1) Includes non-ad valorem revenues in General Fund only.

(2) This revenue source is pledged as the source of security for the Capital Improvement and Refunding Revenue Bonds, Series 2004, and parity bonds issued in the future, and this revenue source will only be available as a source for payment for the Series 2010 Bonds, Non-Ad Valorem Refunding Revenue Note, Series 2012, and the Non-Revolving Lines of Credit after the satisfaction of such debt service payment obligations.

(3) Increases/decreases predominantly due to changes in grant funding provided by other governmental agencies.

(4) Increase in fiscal year ending 2011 due to \$3,000,000 new hospital lease agreement.

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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	\$ 6,795,926	05/01/2029	\$ 1,267,461
Non-Ad Valorem Refunding Revenue Bonds, Series 2010	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	\$ 3,660,000	02/01/2024	\$ 1,290,806
Capital Improvement and Refunding Revenue Bonds, Series 2004	Half-Cent Sales Tax	\$ 2,715,000	02/01/2017	\$ 956,095
Non-Ad Valorem Refunding Revenue Note, Series 2012	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	\$ 24,430,000	02/01/2028	\$ 3,159,419
		<u>\$ 37,600,926</u>		<u>\$ 6,673,781</u>

(1) The amount outstanding on each bond issue currently outstanding is calculated as of September 30, 2014.

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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, 2009 through September 30, 2014:

	Fiscal Year Ending September 30,					
	2009	2010	2011	2012	2013	2014
REVENUES						
Taxes	\$ 55,858,094	\$ 50,700,035	\$ 43,279,100	\$ 41,670,959	\$ 42,873,673	\$ 49,333,564
Licenses and Permits	85,338	89,454	84,855	114,792	25,045	29,280
Intergovernmental	16,117,495	19,036,991	16,963,697	16,221,692	15,888,128	15,388,359
Charges for Services	10,303,715	8,727,609	7,995,844	8,657,339	8,855,072	9,937,988
Fines and Forfeitures	145,510	101,447	81,279	72,890	80,083	94,522
Interest	1,433,294	583,777	199,819	439,913	(50,679)	311,288
Miscellaneous	1,373,760	1,174,792	4,391,048	4,856,984	1,854,816	6,813,485
TOTAL REVENUES	\$ 85,317,206	\$ 80,414,105	\$ 72,995,642	\$ 72,034,569	\$ 69,526,138	\$ 81,908,486
EXPENDITURES						
Current:						
General Government	\$ 19,775,632	\$ 17,240,739	\$ 16,123,765	\$ 15,207,200	\$ 16,087,274	\$ 17,582,331
Public Safety	43,794,354	43,561,797	41,616,383	40,358,747	39,307,247	40,174,325
Physical Environment	417,137	347,798	279,628	231,525	203,783	217,920
Transportation	2,882,204	2,290,390	2,216,598	1,735,042	1,700,081	2,167,372
Economic Environment	901,830	3,929,069	2,621,067	1,908,289	1,489,083	719,489
Human Services	3,397,354	3,084,478	4,360,482	7,632,578	6,044,268	7,168,329
Culture and Recreation	6,293,212	4,987,710	4,519,654	4,188,493	4,041,556	4,300,868
Court Operations	1,369,756	1,039,698	995,679	1,029,061	1,094,414	1,142,680
Debt Service:						
Principal	-	-	-	-	54,144	473,906
Interest and Fiscal Charges	-	-	-	-	10,992	105,412
Capital Outlay	1,959,367	2,280,451	1,304,956	1,170,228	1,849,119	1,934,363
TOTAL EXPENDITURES	\$ 80,790,846	\$ 78,762,130	\$ 74,035,212	\$ 73,461,163	\$ 71,881,961	\$ 75,986,995
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 4,526,360	\$ 1,651,975	\$ (1,039,570)	\$ (1,426,594)	\$ (2,355,823)	\$ 5,921,491
OTHER FINANCING SOURCES (USES)						
Transfers In (1)	\$ 992,096	\$ 3,060,901	\$ 1,076,937	\$ 7,327,586	\$ 767,796	\$ 451,407
Transfers Out (1)	(12,197,051)	(7,284,681)	(3,931,092)	(3,513,768)	(6,661,999)	(2,945,088)
Additions to Long-Term Debt	-	-	-	-	324,861	750,736
TOTAL OTHER FINANCING SOURCES (USES)	\$ (11,204,955)	\$ (4,223,780)	\$ (2,854,155)	\$ 3,813,818	\$ (5,569,342)	\$ (1,742,945)
Net Change in Fund Balances	(6,678,595)	(2,571,805)	(3,893,725)	2,387,224	(7,925,165)	4,178,546
BEGINNING FUND BALANCE	37,419,691	30,741,096	28,169,291	24,275,566	26,662,790	18,737,625
ENDING BALANCE	\$ 30,741,096	\$ 28,169,291	\$ 24,275,566	\$ 26,662,790	\$ 18,737,625	\$ 22,916,171

(1) Transfers from or to other funds of the County.

