

Comprehensive Annual Financial Report
Hernando County, Florida



for the
Fiscal Year Ended
September 30, 2015

**HERNANDO COUNTY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2015**

PRINCIPAL OFFICIALS

as of September 30, 2015

BOARD OF COUNTY COMMISSIONERS

Nicholas W. Nicholson, *Chairman* – District 1

James Adkins, *Vice Chairman* - District 5

Wayne Dukes - District 2

Diane B. Rowden - District 3

Jeff Holcomb - District 4

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

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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

April 28, 2016

To the Citizens of Hernando County:

The Comprehensive Annual Financial Report (CAFR) of Hernando County, Florida, for the fiscal year ended September 30, 2015 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 176,819, 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 7,780 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.

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 176,819 which is an increase of 17% over what it was 10 years ago. The County's population is projected to be almost 198,000 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 five new companies, GIME Fitness, Equilam, TreeUmph, Transformation Aviation Services and RMG, while retaining and growing two existing businesses representing 233,400 square feet of space, 230 new jobs and 101 existing jobs.
- Both residential and commercial development are increasing. Commercial development has increased along SR 50 in Spring Hill, a major shopping corridor in the County. Additionally, a

significant number of developments have been approved and are expected to be of interest to developers as the economy continues to improve. Seville includes provisions for 854,000 square feet of commercial space and 3,900 dwelling units. Glen Lakes, a project vested from the State Developments of Regional Impact (DRI) rule is in the process of updating master plans for 1,487 residential units. There are also several other 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 uses, 795,000 square feet of commercial and 108 holes of golf.

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

- The County adopted a new logo and began the process of incorporating it into all sectors of the Board of County Commissioners areas. Tourism Development also adopted a new theme line "Nature's Place to Play" and incorporated a new name "Florida's Adventure Coast" into its media and business efforts.
- The County finished implementation of a self-funded health insurance program and is in the process of implementing an Employee Wellness Center, both in an effort to contain employee insurance costs.
- Hernando County became an official member of the Tampa Bay Regional Planning Council, providing a venue for analyzing, resolving and sharing transportation solutions among the jurisdictions in Citrus, Hernando, Hillsborough, Manatee, Pasco and Pinellas counties.
- The Library System reopened the East Hernando Branch Library which had been closed for more than a year due to major damage caused by a fire. The Library was also host to many outreach programs, including the first "Touch a Truck" event which encouraged citizens to explore the many utility and rescue vehicles used throughout the community. This and other outreach programs attracted almost 2,000 citizens to the Library environment, encouraging them to continue to utilize the County's Library Services.
- The Brooksville-Tampa Bay Regional Airport and Technology Center completed and submitted a new Airport Master Plan and Airport Layout Plan to the Federal Aviation Administration Agency (FAA) and the Florida Department of Transportation (FDOT). This plan will direct the future of the county's public use, general aviation facility. The surrounding area known as the Industrial Park benefitted from an expansion of the Micro-Matic manufacturing facility and road relocation allowing for more development.
- The Department of Public Works completed 43 miles of improved roadways. Some of the more notable projects included Lake Lindsey Road, 14 miles of paving projects in Royal Highlands and limerock road surfacing on Croom, Nobleton Croom, Dan Brown, Peach Orchard and Richbarn Roads.

- This year, the County won 1st place in the Best Tasting Water competition held by American Water Works.
- The Utilities Department began a \$3 million renovation of the Seville Water Treatment Plant, a \$25 million expansion of the Airport Water Reclamation Facility and an \$11 million construction project of new force mains and lift stations to divert flows from the Spring Hill water plant to the Airport and Glen plants.
- The Clerk of Circuit Court and Comptroller consolidated services to better serve its customers, began a payment plan on certain cases to assist in the collection of court fees, and participated in “Operation Green Light” which allowed many citizens to get their drivers licenses reinstated.

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, 2014.

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.

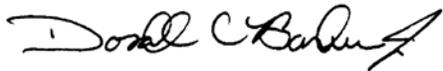
A Certificate of Achievement is valid for a period of one year only. Hernando County has received a Certificate of Achievement for the last 30 consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the 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, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

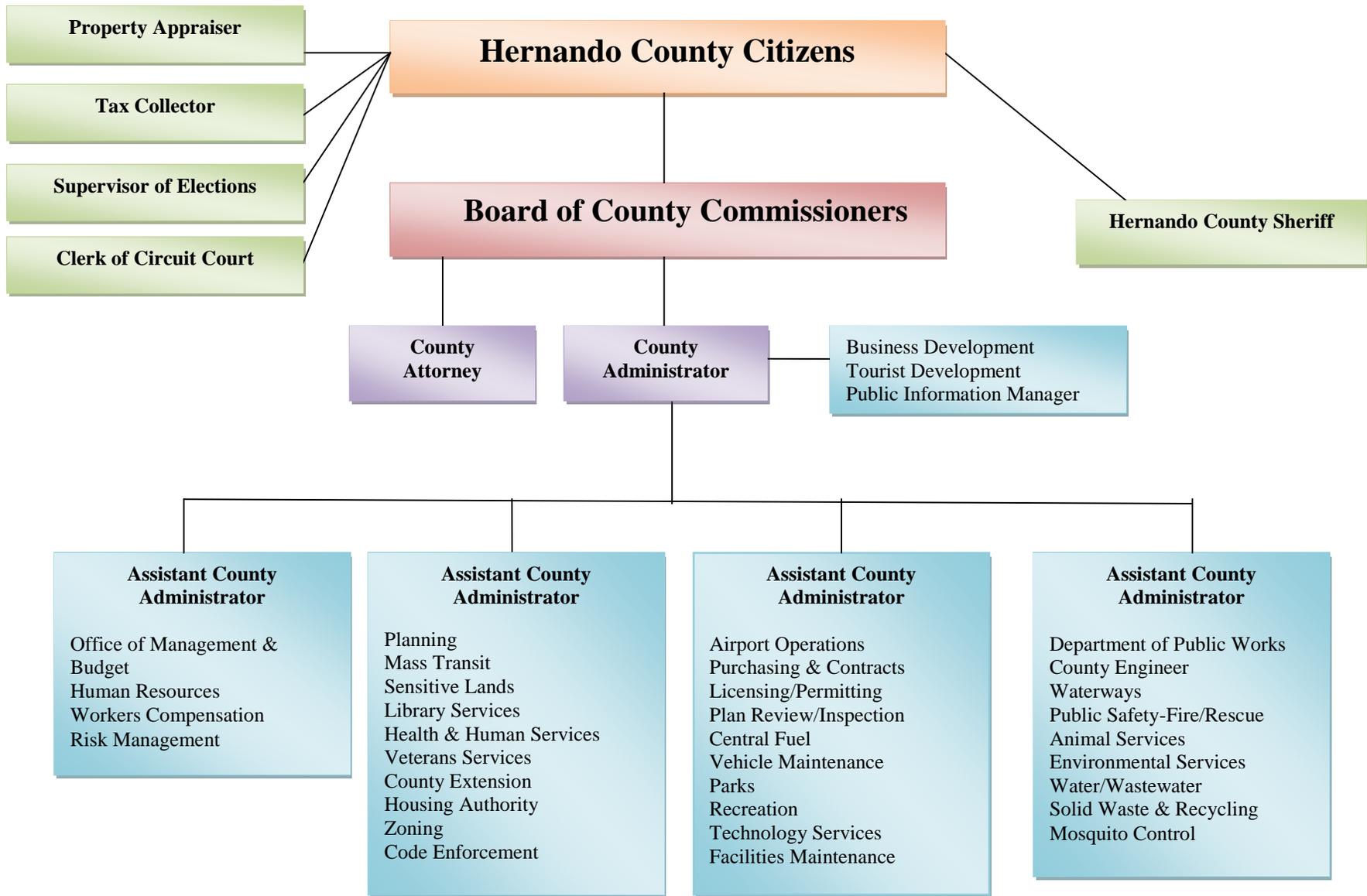
**County of Hernando
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

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, 2015, 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

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, the Transportation Trust and Gas Taxes Fund, and the Hernando County Fire Rescue-Fire Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Implementation of New Accounting Standards

As discussed in Note Q to the financial statements, during the current year the County adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*. These statements require for the first time, that employers participating in multiple-employer cost-sharing pension plans, report the net pension liability and related deferred inflows/outflows related to those plans, on their statements of net position. In connection with the implementation of these statements, the County decreased its beginning net position in governmental activities by \$67,122,821 and in business-type activities by \$4,813,564. Our opinions are not modified with respect to this matter.

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.

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Matters (Concluded)

Other Information (Concluded)

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 and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual 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.

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 April 28, 2016, 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.



April 28, 2016
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, 2015. 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, 2015, the County's assets and deferred outflows exceeded its liabilities and deferred inflows by \$554,378,642. This represents an increase of \$16,422,604 over the prior year net position (as restated). In addition, beginning net position was reduced by \$71,936,385 to comply with Governmental Accounting Standards Board, Statement 68 (See Note R for further explanation). Of the \$554,378,642 difference between assets and liabilities, \$8,461,855 was unrestricted and available at year-end to meet the County's ongoing obligations to citizens and creditors.

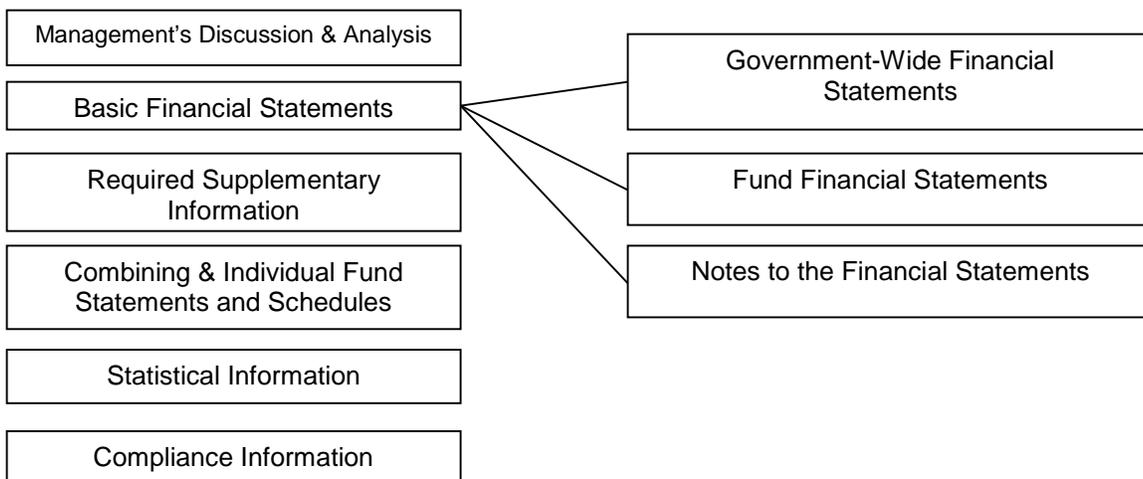
Net position of governmental activities increased \$5,798,363. Net position of business-type activities increased \$10,624,241. Accordingly, net position of both the governmental activities and business-type activities increased a total of \$16,422,604.

As of September 30, 2015, unassigned fund balance in the governmental funds was \$12,992,496; representing an 8% increase from the previous year unassigned fund balance of \$12,033,898. The net change in fund balances in the governmental funds decreased from a negative \$4,176,047 for the fiscal year 2013-14 to a negative \$8,891,678 for the fiscal year 2014-15. The current year decrease is predominantly due to a decrease in the fund balance of the Impact Fees Capital Project Fund of \$5,279,432 and a decrease in Hernando County Fire Rescue-Fire Fund of \$3,406,684 as compared to decreases in the fund balances of \$2,801,402 and \$775,875, respectively in the prior year. The increase in the fund balance of the General Fund declined from \$4,178,546 in prior year to \$421,664 in fiscal year 2014-15.

The County's largest enterprise fund, the Water & Sewer District, had an increase in net position of \$5,311,004 for the year with the increase mostly being in the operating income. The Water and Sewer operating income of \$4,428,686 represents a 32% increase over operating income of the previous year. Waste Management had an increase in net position of \$4,752,672 for the year compared to an increase of \$1,176,874 in the prior 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 (plus deferred outflows) and liabilities (plus deferred inflows) of the County, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Hernando County is improving or deteriorating.

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

Fund Financial Statements

The fund financial statements provide more detailed information about the County's major funds individually. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Hernando County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required by state or local law, bond covenants or the County's desire to control, manage and account for designated revenues or expenses separately. All 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	
	2014	2015	2014	2015	2014	2015
Current and other assets	\$ 133,762,323	\$ 129,528,851	\$ 61,622,151	\$ 74,534,945	\$ 195,384,474	\$ 204,063,796
Capital and other long-term assets	<u>331,465,061</u>	<u>339,469,145</u>	<u>230,647,987</u>	<u>248,725,894</u>	<u>562,113,048</u>	<u>588,195,039</u>
Total assets	<u>465,227,384</u>	<u>468,997,996</u>	<u>292,270,138</u>	<u>323,260,839</u>	<u>757,497,522</u>	<u>792,258,835</u>
Deferred Outflows of Resources	<u>1,044,893</u>	<u>12,362,690</u>	<u>1,828,360</u>	<u>2,546,661</u>	<u>2,873,253</u>	<u>14,909,351</u>
Long-term liabilities	56,996,872	118,736,354	74,831,781	92,518,908	131,828,653	211,255,262
Other liabilities	<u>11,944,189</u>	<u>14,330,012</u>	<u>6,705,510</u>	<u>14,121,393</u>	<u>18,649,699</u>	<u>28,451,405</u>
Total liabilities	<u>68,941,061</u>	<u>133,066,366</u>	<u>81,537,291</u>	<u>106,640,301</u>	<u>150,478,352</u>	<u>239,706,667</u>
Deferred Inflows of Resources	<u>-</u>	<u>12,287,561</u>	<u>-</u>	<u>795,315</u>	<u>-</u>	<u>13,082,876</u>
Net position:						
Net Investment in capital assets	292,319,949	303,505,560	168,614,309	171,559,188	460,934,258	475,064,748
Restricted	72,678,248	61,254,497	10,442,587	9,597,542	83,120,835	70,852,039
Unrestricted	<u>32,333,019</u>	<u>(28,753,299)</u>	<u>33,504,311</u>	<u>37,215,154</u>	<u>65,837,330</u>	<u>8,461,855</u>
Total net position	<u>\$ 397,331,216</u>	<u>\$ 336,006,758</u>	<u>\$ 212,561,207</u>	<u>\$ 218,371,884</u>	<u>\$ 609,892,423</u>	<u>\$ 554,378,642</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 \$554,378,642 at the close of the most recent fiscal year. This represents a decrease of \$55,513,781 or 9% from the prior year (as restated).

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

An additional portion of the County's net position (13%) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of the County's net position (2%) 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 Activities		Business-Type Activities		Totals	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
Revenues						
Program revenues:						
Charges for services	\$ 51,402,741	\$ 54,587,889	\$ 37,837,071	\$ 40,445,060	\$ 89,239,812	\$ 95,032,949
Operating grants and contributions	2,407,913	5,033,327	245,296	294,252	2,653,209	5,327,579
Capital grants and contributions	1,886,804	3,006,364	1,548,619	2,531,225	3,435,423	5,537,589
General revenues:						
Property taxes	59,178,394	58,983,608	-	-	59,178,394	58,983,608
Other taxes	20,212,976	22,224,996	-	-	20,212,976	22,224,996
Investment earnings	1,474,778	1,671,419	604,857	743,457	2,079,635	2,414,876
Other	<u>4,378,905</u>	<u>1,495,368</u>	<u>949,447</u>	<u>910,194</u>	<u>5,328,352</u>	<u>2,405,562</u>
Total revenues	<u>140,942,511</u>	<u>147,002,971</u>	<u>41,185,290</u>	<u>44,924,188</u>	<u>182,127,801</u>	<u>191,927,159</u>
Expenses						
General government	21,043,709	22,134,081	-	-	21,043,709	22,134,081
Public safety	74,078,608	74,105,007	-	-	74,078,608	74,105,007
Physical environment	988,256	1,194,687	-	-	988,256	1,194,687
Transportation	19,983,504	20,187,226	-	-	19,983,504	20,187,226
Economic environment	1,688,753	2,355,434	-	-	1,688,753	2,355,434
Human services	10,008,932	8,761,717	-	-	10,008,932	8,761,717
Culture and recreation	5,172,869	5,145,780	-	-	5,172,869	5,145,780
Court operations	6,656,376	6,868,369	-	-	6,656,376	6,868,369
Interest on long-term debt	1,144,137	1,062,194	-	-	1,144,137	1,062,194
Water and sewer	-	-	25,504,932	25,881,679	25,504,932	25,881,679
Aviation authority	-	-	2,914,076	2,242,278	2,914,076	2,242,278
Waste management	-	-	6,918,240	3,348,066	6,918,240	3,348,066
Building department	-	-	1,989,514	2,218,037	1,989,514	2,218,037
Zoning department	-	-	359,224	-	359,224	-
Total expenses	<u>140,765,144</u>	<u>141,814,495</u>	<u>37,685,986</u>	<u>33,690,060</u>	<u>178,451,130</u>	<u>175,504,555</u>
Change in net position before transfers	177,367	5,188,476	3,499,304	11,234,128	3,676,671	16,422,604
Transfers	<u>(18,353)</u>	<u>609,887</u>	<u>18,353</u>	<u>(609,887)</u>	-	-
Change in net position	159,014	5,798,363	3,517,657	10,624,241	3,676,671	16,422,604
Net position –beginning of year	397,172,202	397,331,216	209,043,550	212,561,207	606,215,752	609,892,423
Adjustment to beginning net position – See Note R	-	<u>(67,122,821)</u>	-	<u>(4,813,564)</u>	-	<u>(71,936,385)</u>
Net position –end of year	<u>\$ 397,331,216</u>	<u>\$ 336,006,758</u>	<u>\$ 212,561,207</u>	<u>\$ 218,371,884</u>	<u>\$ 609,892,423</u>	<u>\$ 554,378,642</u>

Governmental Activities

Net position of the governmental activities increased \$5,798,363 or 1% over prior year net position balance as restated. Program revenues in the amount of \$62,627,580 were used to offset program expenses of \$141,814,495 resulting in a net program loss of \$79,186,915. General revenues and transfers in the amount of \$84,985,278 offset the difference in those program expenses and resulted in a total net increase of \$5,798,363.

Program revenues increased 12% during the year. The increase in Program Revenues is attributable to a \$3.2 million or 6% increase in Charges for Services and a \$3.7 million or 87% increase in Operating and Capital Grants and Contributions.

Charges for Services increased \$3.2 million from the prior year mostly due an increase in ambulance service billings.

Operating Grants and Contributions increased 109% from prior year due to \$865,000 in advance funding received from State Housing Initiatives Partnership in the current year. No such grant funding was received in the prior year due to the timing of the receipt of funds. There was also an increase in funding received from transit grants due to an increase in transit expenditures during 2014-15.

Capital Grants and Contributions increased 59% from the prior year mainly due to the County receiving escheated lands of \$627,000 and the contribution of infrastructure during the year by developers of \$674,000.

Miscellaneous revenue decreased 66% from the prior year mainly due to a \$2.1 million settlement received on the dredge project in the prior year.

Program expenses increased 1% over the prior year. Increases in most of the categories were offset by a decrease in Human Services expense. The most significant increases were in General Government and Economic Environment.

General Government expenses increased 5% due to costs associated with the installation of improvement measures in the government center and an increase in insurance costs for the County.

Economic Environment expenses increased 39% from the prior year due to an increase in Tourist Development Tax marketing strategies in conjunction with an increase in the related tax rate beginning in October 2014. Additionally, there was a significant increase in down payment assistance funding under the State Housing Initiative Partnership during the current year.

Human Services expenses decreased 12% from the prior year due to an agreement between Hernando County and the State of Florida in prior year to pay up to \$3 million to be used to increase the provision of health services for Medicaid, the uninsured and under-insured persons of the County and the State of Florida at large.

Business-Type Activities

Net position of the business-type activities increased \$10,624,241 or 5% over prior year net position balance as restated. Program revenues in the amount of \$43,270,537 were used to offset program expenses of \$33,690,060, resulting in net program income of \$9,580,477. General revenues less transfers in the amount of \$1,043,764 resulted in a total net increase of \$10,624,241.

Charges for services increased mostly due to increases in charges for water and sewer services of \$2.5 million or 7% from increases in water consumption and the phased in increase in rates as part of a five-year rate plan.

Capital Grants and Contributions increased 63% from prior year due to contributions of infrastructure by developers.

Waste Management expenses decreased 52% due to a decrease in the estimated long term care costs of the landfill.

ANALYSIS OF THE FUND FINANCIAL STATEMENTS

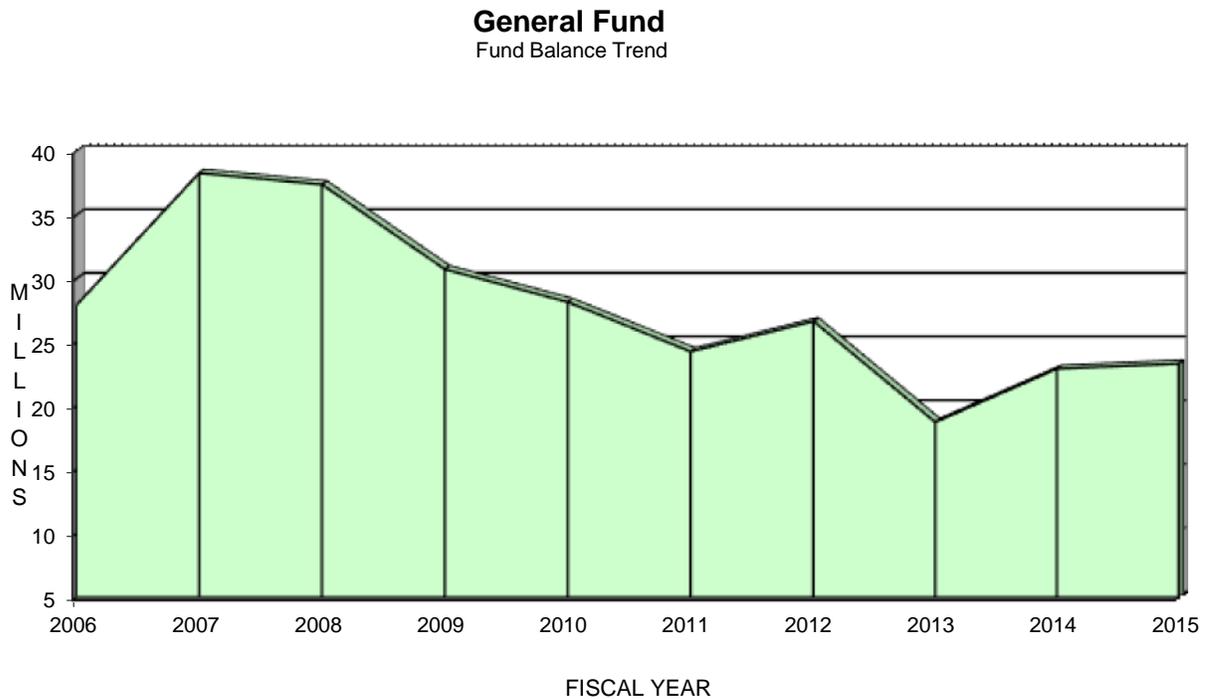
As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Following is a discussion of the financial statements on a fund accounting level.

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 \$93,964,753, a decrease of \$8,891,678 or 9% from prior year balances. Of the \$93,964,753 fund balance in governmental funds, \$12,992,496 constitutes unassigned fund balance, which is available for spending at the County's discretion and \$893,837 which is non-spendable. The remainder of fund balance available for spending consists of the following: \$59,399,397 in 'Restricted Fund Balance' which is restricted by law or externally imposed requirements; \$6,514,585 in 'Committed Fund Balance' which is committed for a specific purpose by the Board; and \$14,164,438 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 \$23,337,835, representing a 2% 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 \$421,664, or 2%. General Fund revenues increased 1% and General Fund expenditures increased 3% from prior year. Revenue from Taxes increased \$1,071,716 from the prior year due to an increase in the taxable value of property from the prior year. Miscellaneous revenue decreased \$5.1 million. Prior year revenue 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 for building energy improvements, aid to private organizations and an increase in insurance costs.

Public Safety expenses increased due to an increase in the Sheriff, Fire and Rescue operational costs.

Transportation expenses decreased mostly due to the Metropolitan Planning Organization being moved into its own fund beginning in fiscal year 2014-15.

Human Services expenses decreased due to an agreement between Hernando County and the State of Florida in the prior fiscal year for the County to pay \$3 million to be used to increase the provision of health services for Medicaid, uninsured and under-insured people of the County.

Culture and Recreation expenses increased due to an increase in expenditures by the libraries.

Capital Outlay expenses decreased due to grant-related expenditures.

The Transportation Trust Fund fund balance decreased \$2,948,064, or 10%. Miscellaneous revenue decreased 85% from prior year due to a settlement of \$500,000 on the dredge project that was received in the prior year. Transportation expenses and Capital Outlay both increased 7% from prior year. This is mainly due to an overall increase in road maintenance costs and resurfacing projects.

In the Impact Fee Fund, the fund balance decreased 39%. Impact Fee Fund revenues increased 117% and Impact Fee Fund expenditures increased 100%. The increase in revenues is in spite of a continued moratorium on most impact fees. The increase in revenue included an increase in Miscellaneous revenue of \$200,000 from the sale of land due to the expansion of the interstate highway.

The Hernando County Fire Rescue-Fire fund balance decreased \$3,406,684, or 54%. Revenue decreased less than 1% from the prior year. Expenses increased 15% in order to maintain enhanced staffing levels for the fire department.

Proprietary Funds

The Water and Sewer District experienced an increase in net position of \$5,311,004 compared to prior year's increase of \$3,212,385. Operating revenues of \$28,705,762 less operating expenses of \$24,277,076 resulted in operating income of \$4,428,686. 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 26% due to a decrease in interest expense over the prior year.

Aviation Authority experienced a slight increase in net position of \$19,977. Operating revenues of \$1,668,635 less operating expenses of \$2,231,957 resulted in an operating loss of \$563,322. Revenue decreased 2% from prior year. Operating expenses decreased 7% from the prior year mainly due to a decrease in other services and charges. The operating loss was offset by \$247,089 received in Operating Grants and \$322,104 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 \$4,752,672 compared to prior year's increase of \$1,176,874. This is mainly due to a decrease in the estimated long term care costs of the landfill. These costs may vary based upon the most recent information available when determining the cost estimates.

Building Department experienced an increase in net position of \$390,663. This is much higher than the increase in net position for the prior year of \$24,867. Operating Revenues increased 31% from the prior year due to an increase in Licenses and Permits revenue. Operating Expenses increased 11% from the prior year. This resulted in operating income of \$404,675.

Zoning Department was closed during fiscal year 2014-15 and the remaining balance was transferred to the General Fund.

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, ad-valorem taxes are budgeted at 95% of the total collectible balance to allow for delinquencies and non-payment of taxes.
- Intergovernmental revenue sources were 5% 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 8% higher than budget. A large portion of this increase is due to additional recording fees received by the Clerk of Court & Comptroller. In 2014-15 Citizens Property Insurance recorded a significant number of sinkhole claim reports.
- The original budget for Charges for Services revenue increased 19% due to an amendment to a lease agreement between the County and Hernando HMA, LLC of \$1.7 million.
- The original budget for General Government expenditures increased 8% due to budgeting for facilities maintenance costs for building improvements of \$815,000. There was also an increase in the budget of Tax Collection commissions of \$255,000 to better match actual expenditures.
- The original budget for Transportation expenditures decreased 33% as a result of moving costs relating to the Metropolitan Planning Organization from the General Fund into to its own Miscellaneous Special Revenue Fund.
- The original budget for Human Services expenditures increased 31% due to an increase in the aid to government agencies for services covered by Medicaid.
- The original budget for Capital Outlay expenditures increased 39% due to the budgeting of grant-related expenditures as well as an increase in capital outlay costs for the Sheriff.
- The original budget for Transfers Out increased 18% due to a budgeted transfer to Capital Improvement Fund for equipment for the Supervisor of Elections.
- The original budget for Reserve for Contingencies decreased 8% as a result of adjusting the budget for purchase orders carried into 2014-15 from the prior year.
- Actual expenditures for Public Safety were less than budgeted due to personnel vacancies and less overtime incurred by the personnel of the Sheriff's office. There was also a decline in fuel costs for the Sheriff's office during the year.
- Actual expenditures for Economic Environment were 51% less than the final budget due to decline in applicants who met the qualifications of the Neighborhood Stabilization Program. This grant-funded program provides assistance for down payments and rehabilitation costs of homes for citizens who meet the program qualifications.
- Actual expenditures for Capital Outlay were 39% less than budgeted for 2014-15 due to a delay in expenditures for projects budgeted in 2014-15 being incurred in the following year.

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, 2015, amounts to \$588,131,619, 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 increase in Hernando County's investment in capital assets from the prior year was 5% which is comprised of a 2% increase for governmental activities and an 8% decrease for business-type activities.

Following is a schedule of the County's capital assets, net of accumulated depreciation, as of September 30, 2014 and 2015:

	Governmental Activities		Business-Type Activities		Totals	
	2014	2015	2014	2015	2014	2015
Land	\$ 28,354,743	\$ 29,510,792	\$ 8,380,601	\$ 8,380,601	\$ 36,735,344	\$ 37,891,393
Buildings	82,830,532	91,150,404	10,723,016	10,340,152	93,553,548	101,490,556
Infrastructure	178,091,284	186,572,284	2,326,293	2,255,242	180,417,577	188,827,526
Improvements other than Buildings	8,533,550	11,703,478	191,989,110	187,659,401	200,522,660	199,362,879
Equipment	15,122,883	18,062,408	3,168,081	3,031,794	18,290,964	21,094,202
Construction in Progress	17,635,197	1,684,905	13,989,710	36,995,284	31,624,907	38,680,189
Intangible Assets	<u>896,872</u>	<u>784,874</u>	<u>-</u>	<u>-</u>	<u>896,872</u>	<u>784,874</u>
Total	\$ <u>331,465,061</u>	\$ <u>339,469,145</u>	\$ <u>230,576,811</u>	\$ <u>248,662,474</u>	\$ <u>562,041,872</u>	\$ <u>588,131,619</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 2015 occurred in the Governmental Activities primarily due to the completion of construction projects which contributed to the increases in Land, Buildings, Infrastructure, Improvements and Equipment. For Business-Type Activities, Improvements and Buildings decreased due to depreciation. There was an increase in capital asset activity relating to Improvements other than buildings and Construction in Progress in fiscal year 2015.

Debt Administration

Loans and notes payable amounted to \$72,205,889 of which \$31,665,453 is for Governmental Activities and \$40,540,436 is for Business-Type Activities. Loans for business-type activities include \$40,193,436 of financing from the State Revolving Loan program for water & sewer improvement projects.

Leases payable in the amount of \$54,143 are for governmental activities.

Hernando County had total bonded debt outstanding of \$43,546,254. 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, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance
Loans & Notes Payable	\$ 54,095,702	\$ 20,230,747	2,120,560	72,205,889
Leases Payable	216,819	-	162,676	54,143
Revenue Bonds	47,649,736	-	4,103,482	43,546,254
	<u>\$ 101,962,257</u>	<u>\$ 20,230,747</u>	<u>6,386,718</u>	<u>115,806,286</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, 2015:

	Moody's	Fitch	S&P
Capital Improvement and Refunding Revenue Bonds, Series 2004	A2	NR	A-
Non-Ad Valorem Refunding Revenue Bonds, Series 2010	Aa3	NR	A
Water and Sewer Refunding Revenue Bonds, Series 2013A	Aa3	NR	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 150,784 in 2005 to 176,819 in 2015, a 17% increase over a period of 10 years.
- Unemployment in Hernando County decreased to an average of 6.5% and the County's personal income per capita increased slightly to \$32,324 in 2014, the most recent year available.
- Total taxable property value has decreased 3% over the last 10 years and increased 6% over tax year 2013, which was the lowest taxable value in recent history.
- 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 and the State of Florida over the last five years. When the economy improves, these developments will commence and have a significantly positive impact on the County. The number of building permits issued in 2014-15 increased 8% from prior year.

For fiscal year 2014-15 budget, property values increased just over 1% to approximately \$233 million. The General Fund millage was 6.9912. The increase in property values meant an additional \$1.7 million in revenue to the General Fund. Due to the increase in property values, the County was able to maintain the same millage rate as the previous year. During fiscal year 2014-15, the County moved to a self-insurance fund for employee medical health insurance in an effort to reduce costs. During fiscal year 2015-16, the County is also implementing an employee wellness center to further reduce healthcare costs.

For fiscal year 2015-16 budget, property values increased just under 1% to \$235 million. The General Fund millage was 6.9912. The increase in property values meant an additional \$1.6 million in revenue to the General Fund. Due to the increase in property values, the County was able to maintain the same millage rates as the previous year.

The County has continued to meet its General Fund fund balance reserve requirements of 18.5% (See Note A, Governmental Fund Balance Classification) since adoption of the policy, and is anticipating the same for fiscal year 2016-17. For fiscal year 2015-16, in addition to the 18.5% reserve requirement in the General Fund which equates to approximately \$14 million, the County has set aside \$3 million to meet Other Post Employment Benefit (OPEB) obligations.

TO OBTAIN FURTHER INFORMATION

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

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

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

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

It is also suggested you visit our website at www.hernandocounty.us 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, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 7,253,685	\$ 63,303	\$ 7,316,988
Pooled Cash and Investments	111,028,497	55,592,985	166,621,482
Cash with Fiscal Agent	6,070,586	1,701,417	7,772,003
Accounts Receivable (net)	2,322,535	3,824,741	6,147,276
Internal Balances	(3,306,356)	3,306,356	-
Due from Other Governments	5,628,446	9,714,035	15,342,481
Inventories	95,421	332,108	427,529
Prepaid Items	436,037	-	436,037
Capital Assets, net of accumulated depreciation:			
Land	29,510,792	8,380,601	37,891,393
Buildings	91,150,404	10,340,152	101,490,556
Infrastructure	186,572,284	2,255,242	188,827,526
Improvements Other than Buildings	11,703,478	187,659,401	199,362,879
Equipment	18,062,408	3,031,794	21,094,202
Construction in Progress	1,684,905	36,995,284	38,680,189
Intangible Assets	784,874	-	784,874
Prepaid Bond Insurance	-	63,420	63,420
Total Assets	\$ 468,997,996	\$ 323,260,839	\$ 792,258,835
Deferred Outflows of Resources	\$ 12,362,690	\$ 2,546,661	\$ 14,909,351
LIABILITIES			
Accounts Payable	7,549,263	1,724,908	9,274,171
Retainage Payable	475,333	-	475,333
Accrued Liabilities	3,147,631	1,380,271	4,527,902
Due to Other Governments	919,184	15,804	934,988
Unearned Revenue	2,031,574	393,488	2,425,062
Deposits	207,027	3,120,052	3,327,079
Payable from Restricted Assets:			
Accounts Payable	-	6,200,667	6,200,667
Retainage Payable	-	1,286,203	1,286,203
Non-Current Liabilities:			
Due Within One Year:			
Loans & Notes Payable	2,492,234	1,044,975	3,537,209
Leases Payable	54,143	-	54,143
Bonds Payable	1,244,698	2,388,783	3,633,481
Compensated Absences	6,711,071	767,236	7,478,307
Claims Liabilities	2,703,747	-	2,703,747
Due In More Than One Year:			
Loans & Notes Payable	29,173,219	39,495,461	68,668,680
Bonds Payable	3,964,083	35,948,690	39,912,773
Compensated Absences	1,164,873	66,716	1,231,589
Other Post Employment Benefits	8,152,257	784,873	8,937,130
Net Pension Liability	61,676,029	4,497,439	66,173,468
Claims Liabilities	1,400,000	-	1,400,000
Unearned Revenue	-	2,636,805	2,636,805
Accrued Landfill Closure/Postclosure	-	4,887,930	4,887,930
Total Liabilities	\$ 133,066,366	\$ 106,640,301	\$ 239,706,667

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

HERNANDO COUNTY, FLORIDA
STATEMENT OF NET POSITION
September 30, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Deferred Inflows of Resources	\$ 12,287,561	\$ 795,315	\$ 13,082,876
NET POSITION			
Net Investment in Capital Assets	\$ 303,505,560	\$ 171,559,188	\$ 475,064,748
Restricted for:			
Grant Funded Programs	772,069	-	772,069
Court Programs	4,970,754	-	4,970,754
Special Assessment Projects	752,071	-	752,071
Environment Conservation	11,110,304	-	11,110,304
Bond Covenants or Debt Service	541,335	-	541,335
Public Safety	10,133,004	-	10,133,004
Capital Projects	29,508,510	6,902,578	36,411,088
Renewal and Replacement	-	2,694,964	2,694,964
Other Purposes	3,466,450	-	3,466,450
Unrestricted (Deficit)	(28,753,299)	37,215,154	8,461,855
Total Net Position	\$ 336,006,758	\$ 218,371,884	\$ 554,378,642



HERNANDO COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2015

Function/Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental	Business-type	Total
					Activities	Activities	
Governmental Activities:							
General Government	\$ 22,134,081	\$ 14,237,883	\$ 627,547	\$ 372,527	\$ (6,896,124)	\$ -	\$ (6,896,124)
Public Safety	74,105,007	29,062,613	428,772	661,907	(43,951,715)	-	(43,951,715)
Physical Environment	1,194,687	213,991	5,405	-	(975,291)	-	(975,291)
Transportation	20,187,226	4,855,641	2,692,860	1,631,360	(11,007,365)	-	(11,007,365)
Economic Environment	2,355,434	96,214	891,121	-	(1,368,099)	-	(1,368,099)
Human Services	8,761,717	229,489	31,540	46,847	(8,453,841)	-	(8,453,841)
Culture and Recreation	5,145,780	833,172	82,216	293,723	(3,936,669)	-	(3,936,669)
Court Operations	6,868,369	5,058,886	273,866	-	(1,535,617)	-	(1,535,617)
Interest on Long-term Debt	1,062,194	-	-	-	(1,062,194)	-	(1,062,194)
Total Governmental Activities	<u>141,814,495</u>	<u>54,587,889</u>	<u>5,033,327</u>	<u>3,006,364</u>	<u>(79,186,915)</u>	<u>-</u>	<u>(79,186,915)</u>
Business-type Activities:							
Water and Sewer District	25,881,679	28,569,165	47,163	2,209,121	-	4,943,770	4,943,770
Aviation Authority	2,242,278	1,606,048	247,089	322,104	-	(67,037)	(67,037)
Waste Management	3,348,066	7,667,178	-	-	-	4,319,112	4,319,112
Building Department	2,218,037	2,602,669	-	-	-	384,632	384,632
Total Business-type Activities	<u>33,690,060</u>	<u>40,445,060</u>	<u>294,252</u>	<u>2,531,225</u>	<u>-</u>	<u>9,580,477</u>	<u>9,580,477</u>
Total	<u>\$ 175,504,555</u>	<u>\$ 95,032,949</u>	<u>\$ 5,327,579</u>	<u>\$ 5,537,589</u>	<u>(79,186,915)</u>	<u>9,580,477</u>	<u>(69,606,438)</u>
General Revenues:							
Property Taxes					58,983,608	-	58,983,608
Fuel Taxes					6,242,183	-	6,242,183
Sales Tax					8,696,908	-	8,696,908
Other Taxes					2,529,678	-	2,529,678
State Shared Revenue - Unrestricted					4,756,227	-	4,756,227
Investment Earnings					1,671,419	743,457	2,414,876
Gain on Sale of Capital Assets					220,831	46,044	266,875
Miscellaneous					1,274,537	864,150	2,138,687
Transfers					609,887	(609,887)	-
Total General Revenues and Transfers					<u>84,985,278</u>	<u>1,043,764</u>	<u>86,029,042</u>
Change in Net Position					<u>5,798,363</u>	<u>10,624,241</u>	<u>16,422,604</u>
Net Position - Beginning, as Restated					<u>330,208,395</u>	<u>207,747,643</u>	<u>537,956,038</u>
Net Position - Ending					<u>\$ 336,006,758</u>	<u>\$ 218,371,884</u>	<u>\$ 554,378,642</u>

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

HERNANDO COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2015

ASSETS	General Fund	Transportation Trust and Gas Taxes	Impact Fees Capital Project Fund
Cash and Cash Equivalents	\$ 3,661,562	\$ 395	\$ -
Pooled Cash and Investments	21,133,335	27,118,663	10,284,851
Cash with Fiscal Agent	-	342,159	132,538
Accounts Receivable (net)	166,202	3,936	-
Due from Other Funds	74,191	77,884	-
Due from Other Governments	2,772,546	2,177,021	1,514
Advances to Other Funds	456,000	-	-
Inventories	-	-	-
Prepaid Items	372,911	-	-
Total Assets	\$ 28,636,747	\$ 29,720,058	\$ 10,418,903
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 1,555,314	\$ 1,254,423	\$ 522,475
Retainage Payable	69,244	295,508	110,581
Accrued Liabilities	1,837,465	162,409	-
Due to Other Funds	470,363	-	-
Due to Other Governments	293,354	-	-
Unearned Revenue	157,600	-	1,523,739
Deposits	61,624	1,148	-
Advances from Other Funds	-	-	-
Total Liabilities	4,444,964	1,713,488	2,156,795
Deferred Inflows of Resources			
Unavailable Revenue	853,948	628,020	-
Fund Balances			
Nonspendable:			
Advances	456,000	-	-
Inventories	-	-	-
Prepaid Items	372,911	-	-
Restricted for:			
Grant Funded Programs	142,094	-	-
Court Programs	-	-	-
Special Assessment Projects	-	-	-
Environment Conservation	-	-	-
Bond covenants or debt service	-	34,533	-
Public Safety	-	-	-
Capital Projects	-	20,658,867	8,262,108
Other Purposes	-	-	-
Committed to:			
Budgeted Emergency and Contingency Reserves	2,866,312	-	-
Budgeted Stabilization Reserves	2,508,022	-	-
Other Purposes	-	-	-
Assigned to:			
Economic Development	-	-	-
Capital Projects	1,300,000	6,685,150	-
Budgeted Post Employment Reserves	2,700,000	-	-
Unassigned	12,992,496	-	-
Total Fund Balances	23,337,835	27,378,550	8,262,108
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 28,636,747	\$ 29,720,058	\$ 10,418,903

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

Hernando County Fire Rescue-Fire	Nonmajor Governmental Funds	Total Governmental Funds
\$ 150	\$ 3,390,858	\$ 7,052,965
3,337,341	29,959,120	91,833,310
-	-	474,697
14,043	2,015,559	2,199,740
232,869	96,086	481,030
12,890	664,266	5,628,237
-	-	456,000
-	1,800	1,800
17,006	46,120	436,037
\$ 3,614,299	\$ 36,173,809	\$ 108,563,816

\$ 97,592	\$ 877,266	\$ 4,307,070
-	-	475,333
557,901	365,333	2,923,108
-	423,362	893,725
-	625,830	919,184
-	10,155	1,691,494
-	144,255	207,027
-	538,000	538,000
655,493	2,984,201	11,954,941

-	1,162,154	2,644,122
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-	-	456,000
-	1,800	1,800
17,006	46,120	436,037

-	582,032	724,126
-	4,970,234	4,970,234
-	752,071	752,071
-	11,110,304	11,110,304
-	506,802	541,335
2,941,800	6,000,079	8,941,879
-	-	28,920,975
-	3,438,473	3,438,473

-	-	2,866,312
-	-	2,508,022
-	1,140,251	1,140,251

-	2,146,618	2,146,618
-	1,332,670	9,317,820
-	-	2,700,000
-	-	12,992,496

2,958,806	32,027,454	93,964,753
\$ 3,614,299	\$ 36,173,809	\$ 108,563,816



HERNANDO COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2015

Fund Balances - Total Governmental Funds \$ 93,964,753

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	\$ 500,234,638	
Less Accumulated Depreciation	(170,529,716)	329,704,922

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	\$ 2,644,122	
Deferred Charges on Debt Refunding	964,792	
Deferred Charges on Pension	11,338,672	14,947,586

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

Accrued Liabilities - Interest	\$ (198,047)	
Loans and Notes Payable	(31,665,453)	
Leases Payable	(54,143)	
Bonds Payable	(5,208,781)	
Compensated Absences	(7,824,997)	
Other Post Employment Benefits	(8,094,522)	
Net Pension Liability	(61,319,805)	(114,365,748)

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

Deferred Inflow on Pension		(12,231,182)
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Internal Service Funds are used by management to charge the costs of certain activities to the individual funds:

Net position of the Internal Service Funds that is reported in the Governmental Activities portion of the Statement of Net Position.		26,798,088
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Accumulated net position of the Internal Service Funds is allocated between governmental activities and business-type activities. Internal Service Fund net position allocated to business-type activities.		(2,811,661)

Net Position of Governmental Activities **\$ 336,006,758**

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, 2015

	General Fund	Transportation Trust and Gas Taxes	Impact Fees Capital Project Fund
Revenues			
Taxes	\$ 50,405,280	\$ 11,164,763	\$ -
Licenses and Permits	326,210	1,215	-
Intergovernmental	17,121,393	3,541,981	-
Charges for Services	12,448,581	984,827	-
Fines and Forfeitures	87,637	-	-
Special Assessments	-	-	-
Impact Fees	-	-	892,104
Interest	358,184	396,218	182,474
Miscellaneous	1,740,723	88,356	199,800
Total Revenues	82,488,008	16,177,360	1,274,378
Expenditures			
Current			
General Government	18,918,049	-	-
Public Safety	42,363,066	-	4,757
Physical Environment	232,043	-	-
Transportation	1,556,825	10,823,584	-
Economic Environment	569,075	-	-
Human Services	5,623,448	-	-
Culture and Recreation	4,614,532	-	-
Court Operations	1,141,355	-	-
Debt Service			
Principal	508,414	-	-
Interest and Fiscal Charges	81,411	-	-
Capital Outlay	2,401,167	8,728,665	6,251,711
Total Expenditures	78,009,385	19,552,249	6,256,468
Excess of Revenues Over (Under) Expenditures	4,478,623	(3,374,889)	(4,982,090)
Other Financing Sources (Uses)			
Transfers In	670,107	839,449	-
Transfers Out	(4,727,066)	(412,624)	(297,342)
Additions to Long-Term Debt	-	-	-
Total Other Financing Sources (Uses)	(4,056,959)	426,825	(297,342)
Net Change in Fund Balances	421,664	(2,948,064)	(5,279,432)
Fund Balances at Beginning of Year	22,916,171	30,326,614	13,541,540
Fund Balances at End of Year	\$ 23,337,835	\$ 27,378,550	\$ 8,262,108

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

Hernando County Fire Rescue-Fire	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 6,162,984	\$ 67,733,027
62,987	-	390,412
55,287	2,905,336	23,623,997
98,814	14,863,271	28,395,493
226	1,532,890	1,620,753
17,312,289	1,827,485	19,139,774
-	-	892,104
104,805	418,604	1,460,285
167,010	356,056	2,551,945
<hr/>	<hr/>	<hr/>
17,801,418	28,066,626	145,807,790
<hr/>	<hr/>	<hr/>
-	1,340,112	20,258,161
21,541,867	12,053,464	75,963,154
-	898,695	1,130,738
-	1,203,860	13,584,269
-	1,729,072	2,298,147
-	1,419,242	7,042,690
-	-	4,614,532
-	5,566,911	6,708,266
-	-	-
-	2,379,345	2,887,759
-	908,486	989,897
643,287	1,272,918	19,297,748
<hr/>	<hr/>	<hr/>
22,185,154	28,772,105	154,775,361
<hr/>	<hr/>	<hr/>
(4,383,736)	(705,479)	(8,967,571)
<hr/>	<hr/>	<hr/>
673,869	3,862,307	6,045,732
(990,603)	(1,406,662)	(7,834,297)
1,293,786	570,672	1,864,458
<hr/>	<hr/>	<hr/>
977,052	3,026,317	75,893
<hr/>	<hr/>	<hr/>
(3,406,684)	2,320,838	(8,891,678)
<hr/>	<hr/>	<hr/>
6,365,490	29,706,616	102,856,431
<hr/>	<hr/>	<hr/>
\$ 2,958,806	\$ 32,027,454	\$ 93,964,753



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, 2015

Net Change in Fund Balances - Total Governmental Funds \$ (8,891,678)

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

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

Expenditures for Capital Assets	\$	19,114,897	
Less current year depreciation		(14,653,240)	
Donation of Capital Assets		1,422,366	
Capital Asset Disposals		<u>(12,770)</u>	5,871,253

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		(1,864,458)	
Principal Payments		<u>2,887,785</u>	1,023,327

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the Governmental Funds:

Increase in Accrued Interest on Long-Term Debt	\$	(5,756)	
Amortization of current year Bond Discount/Premium		14,698	
Amortization of current year Prepaid Bond Insurance		(80,101)	
Increase in Compensated Absences		(168,263)	
Increase in Accrued Other Post Employment Benefits		(974,951)	
Decrease in Pension Charges		<u>4,503,223</u>	3,288,850

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		17,144	
Change in earned revenue from charges for services		(904,841)	
Change in earned revenue from taxes		<u>72,471</u>	(815,226)

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.

5,321,837

Change in Net Position of Governmental Activities \$ 5,798,363

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 49,163,256	\$ 49,163,256	\$ 50,405,280	\$ 1,242,024
Licenses and Permits	254,900	254,900	326,210	71,310
Intergovernmental	18,088,792	18,063,884	17,121,393	(942,491)
Charges for Services	9,625,283	11,482,709	12,448,581	965,872
Fines and Forfeitures	66,100	66,100	87,637	21,537
Interest	171,000	171,000	358,184	187,184
Miscellaneous	1,370,070	1,592,439	1,740,723	148,284
	<u>78,739,401</u>	<u>80,794,288</u>	<u>82,488,008</u>	<u>1,693,720</u>
Expenditures				
Current				
General Government	17,843,114	19,299,654	18,918,049	381,605
Public Safety	43,792,389	43,290,425	42,363,066	927,359
Physical Environment	237,264	241,214	232,043	9,171
Transportation	2,658,421	1,786,779	1,556,825	229,954
Economic Environment	1,098,757	1,157,229	569,075	588,154
Human Services	4,362,548	5,724,496	5,623,448	101,048
Culture and Recreation	4,758,559	4,892,041	4,614,532	277,509
Court Operations	1,232,233	1,248,238	1,141,355	106,883
Debt Service				
Principal	508,416	508,416	508,414	2
Interest and Fiscal Charges	81,412	81,412	81,411	1
Capital Outlay	2,867,732	3,978,272	2,401,167	1,577,105
	<u>79,440,845</u>	<u>82,208,176</u>	<u>78,009,385</u>	<u>4,198,791</u>
Excess of Revenues Over Expenditures	<u>(701,444)</u>	<u>(1,413,888)</u>	<u>4,478,623</u>	<u>5,892,511</u>
Other Financing Sources (Uses)				
Transfers In	602,098	768,509	670,107	(98,402)
Transfers Out	(4,028,418)	(4,739,532)	(4,727,066)	12,466
Reserve for Contingencies	(18,964,576)	(17,531,259)	-	17,531,259
	<u>(22,390,896)</u>	<u>(21,502,282)</u>	<u>(4,056,959)</u>	<u>17,445,323</u>
Net Change in Fund Balance	<u>(23,092,340)</u>	<u>(22,916,170)</u>	<u>421,664</u>	<u>23,337,834</u>
Fund Balance at Beginning of Year	23,092,340	22,916,170	22,916,171	1
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,337,835</u>	<u>\$ 23,337,835</u>

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

HERNANDO COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TRANSPORTATION TRUST AND GAS TAXES
For the Fiscal Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 10,551,219	\$ 10,551,219	\$ 11,164,763	\$ 613,544
Licenses and Permits	1,000	1,000	1,215	215
Intergovernmental	4,442,620	5,428,542	3,541,981	(1,886,561)
Charges for Services	844,000	844,000	984,827	140,827
Special Assessments	155,000	155,000	396,218	241,218
Interest	59,000	59,000	88,356	29,356
Total Revenues	<u>16,052,839</u>	<u>17,038,761</u>	<u>16,177,360</u>	<u>(861,401)</u>
Expenditures				
Current				
Transportation	11,355,364	13,113,856	10,823,584	2,290,272
Culture and Recreation	-	60,000	-	60,000
Capital Outlay	17,780,964	20,139,951	8,728,665	11,411,286
Total Expenditures	<u>29,136,328</u>	<u>33,313,807</u>	<u>19,552,249</u>	<u>13,761,558</u>
Excess of Revenues Over Expenditures	<u>(13,083,489)</u>	<u>(16,275,046)</u>	<u>(3,374,889)</u>	<u>12,900,157</u>
Other Financing Sources (Uses)				
Transfers In	704,472	1,294,348	839,449	(454,899)
Transfers Out	(482,727)	(653,225)	(412,624)	240,601
Reserve for Contingencies	(17,693,917)	(14,692,689)	-	14,692,689
Total Other Financing Sources (Uses)	<u>(17,472,172)</u>	<u>(14,051,566)</u>	<u>426,825</u>	<u>14,478,391</u>
Net Change in Fund Balance	<u>(30,555,661)</u>	<u>(30,326,612)</u>	<u>(2,948,064)</u>	<u>27,378,548</u>
Fund Balance at Beginning of Year	<u>30,555,661</u>	<u>30,326,612</u>	<u>30,326,614</u>	<u>2</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,378,550</u>	<u>\$ 27,378,550</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, 2015

	<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	\$ 20,337	\$ 20,337	\$ 62,987	\$ 42,650
Intergovernmental	43,680	43,680	55,287	11,607
Charges for Services	104,000	104,000	98,814	(5,186)
Fines and Forfeitures	-	-	226	226
Special Assessments	17,398,761	17,398,761	17,312,289	(86,472)
Interest	90,000	90,000	104,805	14,805
Miscellaneous	150,785	150,785	167,010	16,225
	<u>17,807,563</u>	<u>17,807,563</u>	<u>17,801,418</u>	<u>(6,145)</u>
Total Revenues				
	<u>17,807,563</u>	<u>17,807,563</u>	<u>17,801,418</u>	<u>(6,145)</u>
Expenditures				
Current				
Public Safety	18,106,054	21,888,712	21,541,867	346,845
Capital Outlay	1,586,529	671,431	643,287	28,144
	<u>19,692,583</u>	<u>22,560,143</u>	<u>22,185,154</u>	<u>374,989</u>
Total Expenditures				
	<u>19,692,583</u>	<u>22,560,143</u>	<u>22,185,154</u>	<u>374,989</u>
Excess of Revenues Over Expenditures	<u>(1,885,020)</u>	<u>(4,752,580)</u>	<u>(4,383,736)</u>	<u>368,844</u>
Other Financing Sources (Uses)				
Transfers In	322,754	322,754	673,869	351,115
Transfers Out	(290,066)	(917,675)	(990,603)	(72,928)
Additions to Long-term Debt	-	1,293,786	1,293,786	-
Reserve for Contingencies	(9,846,492)	(2,311,775)	-	2,311,775
	<u>(9,813,804)</u>	<u>(1,612,910)</u>	<u>977,052</u>	<u>2,589,962</u>
Total Other Financing Sources (Uses)				
	<u>(9,813,804)</u>	<u>(1,612,910)</u>	<u>977,052</u>	<u>2,589,962</u>
Net Change in Fund Balance	<u>(11,698,824)</u>	<u>(6,365,490)</u>	<u>(3,406,684)</u>	<u>2,958,806</u>
Fund Balance at Beginning of Year	<u>11,698,824</u>	<u>6,365,490</u>	<u>6,365,490</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,958,806</u>	<u>\$ 2,958,806</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, 2015

	Business-Type		
	Water & Sewer District	Aviation Authority	Waste Management
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 60,663	\$ 675	\$ 1,165
Pooled Cash and Investments	19,354,788	2,133,874	16,760,340
Cash with Fiscal Agent	-	-	-
Restricted Cash and Investments:			
Pooled Cash and Investments	96,371	-	227
Accounts Receivable (net)	3,406,167	129,372	289,202
Due from Other Funds	348,589	-	64,106
Due from Other Governments	9,309,938	404,097	-
Advances to Other Funds	82,000	-	-
Inventories	318,177	-	13,931
Total Current Assets	32,976,693	2,668,018	17,128,971
Non-Current Assets			
Restricted Assets:			
Pooled Cash and Investments	8,752,098	-	6,380,139
Cash with Fiscal Agent	1,701,417	-	-
Capital Assets, net of accumulated depreciation:			
Land	6,052,389	209,611	1,903,601
Buildings	3,648,579	5,428,800	232,510
Infrastructure	-	2,255,242	-
Improvements Other Than Buildings	174,314,796	5,512,180	7,771,891
Equipment	2,508,614	104,405	399,036
Construction in Progress	34,260,134	2,303,863	431,287
Prepaid Bond Insurance	63,420	-	-
Total Non-Current Assets	231,301,447	15,814,101	17,118,464
Total Assets	\$ 264,278,140	\$ 18,482,119	\$ 34,247,435
Deferred Outflows of Resources	\$ 2,262,205	\$ 33,298	\$ 133,874
LIABILITIES			
Current Liabilities			
Accounts Payable	1,108,220	353,567	228,834
Accrued Liabilities	1,251,263	15,447	62,816
Due to Other Funds	-	-	-
Due to Other Governments	-	-	-
Unearned Revenues	311,671	81,817	-
Deposits	2,697,049	60,651	24,225
Loans & Notes Payable	930,742	114,233	-
Bonds Payable	2,388,783	-	-
Compensated Absences	479,182	38,380	140,812
Claims Liabilities	-	-	-
Payable from Restricted Assets:			
Accounts Payable	6,200,440	-	227
Retainage Payable	1,235,890	50,313	-
Total Current Liabilities	16,603,240	714,408	456,914

Activities - Enterprise Funds			Governmental
Building Department	Zoning Department	Total	Activities-Internal Service Funds
\$ 800	\$ -	\$ 63,303	\$ 200,720
2,115,148	-	40,364,150	19,195,186
-	-	-	5,595,889
-	-	96,598	-
-	-	3,824,741	122,795
-	-	412,695	-
-	-	9,714,035	209
-	-	82,000	-
-	-	332,108	93,621
<u>2,115,948</u>	<u>-</u>	<u>54,889,630</u>	<u>25,208,420</u>
-	-	15,132,237	-
-	-	1,701,417	-
215,000	-	8,380,601	-
1,030,263	-	10,340,152	1,646,683
-	-	2,255,242	-
60,534	-	187,659,401	-
19,739	-	3,031,794	8,113,712
-	-	36,995,284	3,828
-	-	63,420	-
<u>1,325,536</u>	<u>-</u>	<u>265,559,548</u>	<u>9,764,223</u>
<u>\$ 3,441,484</u>	<u>\$ -</u>	<u>\$ 320,449,178</u>	<u>\$ 34,972,643</u>
<u>\$ 117,284</u>	<u>\$ -</u>	<u>\$ 2,546,661</u>	<u>\$ 59,226</u>
34,287	-	1,724,908	3,242,193
50,745	-	1,380,271	26,476
-	-	-	-
15,804	-	15,804	-
-	-	393,488	340,080
338,127	-	3,120,052	-
-	-	1,044,975	-
-	-	2,388,783	-
108,862	-	767,236	46,872
-	-	-	2,703,747
-	-	6,200,667	-
-	-	1,286,203	-
<u>547,825</u>	<u>-</u>	<u>18,322,387</u>	<u>6,359,368</u>

Continued

HERNANDO COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2015

	Business-Type		
	Water & Sewer District	Aviation Authority	Waste Management
Non-Current Liabilities			
Loans & Notes Payable	39,262,695	232,766	-
Bonds Payable	35,948,690	-	-
Compensated Absences	41,668	3,338	12,244
Other Post-Employment Benefits	543,303	29,407	116,520
Net Pension Liability	3,005,365	197,738	695,081
Claims Liabilities	-	-	-
Payable from Restricted Assets:			
Unearned Revenues	2,636,805	-	-
Accrued Landfill Closure/Postclosure Care	-	-	4,887,930
Total Non-Current Liabilities	<u>81,438,526</u>	<u>463,249</u>	<u>5,711,775</u>
Total Liabilities	<u>\$ 98,041,766</u>	<u>\$ 1,177,657</u>	<u>\$ 6,168,689</u>
Deferred Inflows of Resources	<u>\$ 524,527</u>	<u>\$ 31,698</u>	<u>\$ 127,441</u>
NET POSITION			
Net Investment in Capital Assets	144,028,225	15,467,102	10,738,325
Restricted for			
Capital Projects	6,902,578	-	-
Renewal and Replacement	2,694,964	-	-
Unrestricted	<u>14,348,285</u>	<u>1,838,960</u>	<u>17,346,854</u>
Total Net Position	<u>\$ 167,974,052</u>	<u>\$ 17,306,062</u>	<u>\$ 28,085,179</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
-	-	39,495,461	-
-	-	35,948,690	-
9,466	-	66,716	4,075
95,643	-	784,873	57,735
599,255	-	4,497,439	356,224
-	-	-	1,400,000
-	-	2,636,805	-
-	-	4,887,930	-
<u>704,364</u>	<u>-</u>	<u>88,317,914</u>	<u>1,818,034</u>
<u>\$ 1,252,189</u>	<u>\$ -</u>	<u>\$ 106,640,301</u>	<u>\$ 8,177,402</u>
<u>\$ 111,649</u>	<u>\$ -</u>	<u>\$ 795,315</u>	<u>\$ 56,379</u>
1,325,536	-	171,559,188	9,764,223
-	-	6,902,578	-
-	-	2,694,964	-
<u>869,394</u>	<u>-</u>	<u>34,403,493</u>	<u>17,033,865</u>
<u>\$ 2,194,930</u>	<u>\$ -</u>	<u>215,560,223</u>	<u>\$ 26,798,088</u>
		<u>2,811,661</u>	
		<u>\$ 218,371,884</u>	

HERNANDO COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2015

	Business-Type		
	Water & Sewer District	Aviation Authority	Waste Management
Operating Revenues			
Licenses and Permits	\$ 5,500	\$ -	\$ 30,000
Charges for Services	28,251,427	1,591,320	7,489,211
Miscellaneous	448,835	77,315	257,489
Total Operating Revenues	<u>28,705,762</u>	<u>1,668,635</u>	<u>7,776,700</u>
Operating Expenses			
Personal Services	7,388,867	369,186	1,928,151
Other Services & Charges	9,002,832	1,076,463	344,253
Claims	-	-	-
Depreciation	7,885,377	786,308	1,075,662
Total Operating Expenses	<u>24,277,076</u>	<u>2,231,957</u>	<u>3,348,066</u>
Operating Income (Loss)	<u>4,428,686</u>	<u>(563,322)</u>	<u>4,428,634</u>
Non-Operating Revenues (Expenses)			
Interest Income	383,392	31,913	304,394
Interest Expense	(1,783,387)	(10,321)	-
Operating Grants	47,163	247,089	-
Gain (Loss) on Sale of Capital Assets	40,140	-	5,832
Amortization of Bond Discount/Premium	178,784	-	-
Total Non-Operating Revenues (Expenses)	<u>(1,133,908)</u>	<u>268,681</u>	<u>310,226</u>
Income (Loss) Before Contributions and Transfers	<u>3,294,778</u>	<u>(294,641)</u>	<u>4,738,860</u>
Capital Grants and Contributions	2,209,121	322,104	-
Transfers In	6,822	-	64,106
Transfers Out	(199,717)	(7,486)	(50,294)
Total Contributions and Transfers	<u>2,016,226</u>	<u>314,618</u>	<u>13,812</u>
Change in Net Position	5,311,004	19,977	4,752,672
Net Position-Beginning, As Restated	<u>162,663,048</u>	<u>17,286,085</u>	<u>23,332,507</u>
Net Position-Ending	<u>\$ 167,974,052</u>	<u>\$ 17,306,062</u>	<u>\$ 28,085,179</u>

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

Change in net position of business-type activities

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

Activities - Enterprise Funds			Governmental
Building	Zoning		Activities -
Department	Department	Total	Internal
			Service Funds
\$ 2,475,103	\$ -	\$ 2,510,603	\$ -
67,098	-	37,399,056	26,266,868
80,511	-	864,150	560,915
<u>2,622,712</u>	<u>-</u>	<u>40,773,809</u>	<u>26,827,783</u>
1,535,135	-	11,221,339	837,438
636,218	-	11,059,766	9,516,642
-	-	-	12,131,102
46,684	-	9,794,031	1,314,642
<u>2,218,037</u>	<u>-</u>	<u>32,075,136</u>	<u>23,799,824</u>
404,675	-	8,698,673	3,027,959
23,758	-	743,457	211,134
-	-	(1,793,708)	(1,138)
-	-	294,252	-
72	-	46,044	220,831
-	-	178,784	-
<u>23,830</u>	<u>-</u>	<u>(531,171)</u>	<u>430,827</u>
428,505	-	8,167,502	3,458,786
-	-	2,531,225	-
-	-	70,928	2,457,676
(37,842)	(385,476)	(680,815)	(59,224)
<u>(37,842)</u>	<u>(385,476)</u>	<u>1,921,338</u>	<u>2,398,452</u>
390,663	(385,476)	10,088,840	5,857,238
1,804,267	385,476		20,940,850
<u>\$ 2,194,930</u>	<u>\$ -</u>		<u>\$ 26,798,088</u>

535,401

\$ 10,624,241

**HERNANDO COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2015**

	Business-type	
	Water & Sewer District	Aviation Authority
Cash Flows from Operating Activities		
Receipts from Customers	\$ 20,176,932	\$ 1,234,523
Receipts from Inter-Fund Services	-	-
Payments to Suppliers	(1,743,463)	(856,574)
Payments to Employees	(7,715,758)	(401,500)
Claims Paid	-	-
Other Receipts	448,835	77,315
Net Cash provided by (used for) Operating Activities	<u>11,166,546</u>	<u>53,764</u>
Cash Flows from Noncapital Financing Activities		
Operating Grants	47,163	247,089
Transfers From Other Funds	6,822	-
Transfers to Other Funds	(199,717)	(7,486)
Net Cash Provided by (used for) Noncapital Financing Activities	<u>(145,732)</u>	<u>239,603</u>
Cash Flows from Capital and Related Financing Activities		
Additions to Capital Assets	(24,782,837)	(1,131,929)
Proceeds from Capital Debt	18,366,289	-
Principal Paid on Capital Debt	(3,058,810)	(112,822)
Interest Paid on Capital Debt	(2,147,536)	(11,496)
Capital Grants Revenue	-	322,104
Connection Fee Collections	1,384,013	-
Proceeds From Sale of Capital Assets	41,870	-
Net Cash provided by (used for) Capital and Related Financing Activities	<u>(10,197,011)</u>	<u>(934,143)</u>
Cash Flows from Investing Activities		
Interest Received	383,392	31,913
Net Cash Provided by Investing Activities	<u>383,392</u>	<u>31,913</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,207,195	(608,863)
Cash and Cash Equivalents at Beginning of Year	28,758,142	2,743,412
Cash and Cash Equivalents at End of Year	<u>\$ 29,965,337</u>	<u>\$ 2,134,549</u>
Classified as:		
Current Assets	19,415,451	2,134,549
Restricted Assets - Current	96,371	-
Restricted Assets - Non-current	10,453,515	-
Totals	<u>\$ 29,965,337</u>	<u>\$ 2,134,549</u>

Activities - Enterprise Funds				Governmental
Waste Management	Building Department	Zoning Department	Total	Activities - Internal Service Funds
\$ 7,493,923	\$ 2,611,949	\$ -	\$ 31,517,327	\$ 22,066,327
-	-	-	-	4,208,904
(3,711,482)	(703,917)	(596)	(7,016,032)	(7,169,478)
(1,941,796)	(1,558,490)	(69,317)	(11,686,861)	(895,600)
-	-	-	-	(12,049,353)
257,489	80,511	-	864,150	560,915
<u>2,098,134</u>	<u>430,053</u>	<u>(69,913)</u>	<u>13,678,584</u>	<u>6,721,715</u>
-	-	-	294,252	-
64,106	-	-	70,928	2,457,676
<u>(50,294)</u>	<u>(37,842)</u>	<u>(385,476)</u>	<u>(680,815)</u>	<u>(59,224)</u>
<u>13,812</u>	<u>(37,842)</u>	<u>(385,476)</u>	<u>(315,635)</u>	<u>2,398,452</u>
(575,051)	-	-	(26,489,817)	(3,446,458)
-	-	-	18,366,289	-
-	-	-	(3,171,632)	(133,817)
-	-	-	(2,159,032)	(1,138)
-	-	-	322,104	-
-	-	-	1,384,013	-
24,517	72	-	66,459	219,817
<u>(550,534)</u>	<u>72</u>	<u>-</u>	<u>(11,681,616)</u>	<u>(3,361,596)</u>
304,394	23,758	-	743,457	211,134
<u>304,394</u>	<u>23,758</u>	<u>-</u>	<u>743,457</u>	<u>211,134</u>
1,865,806	416,041	(455,389)	2,424,790	5,969,705
<u>21,276,065</u>	<u>1,699,907</u>	<u>455,389</u>	<u>54,932,915</u>	<u>19,022,090</u>
<u>\$ 23,141,871</u>	<u>\$ 2,115,948</u>	<u>\$ -</u>	<u>\$ 57,357,705</u>	<u>\$ 24,991,795</u>
16,761,505	2,115,948	-	40,427,453	24,991,795
227	-	-	96,598	-
6,380,139	-	-	16,833,654	-
<u>\$ 23,141,871</u>	<u>\$ 2,115,948</u>	<u>\$ -</u>	<u>\$ 57,357,705</u>	<u>\$ 24,991,795</u>

Continued

HERNANDO COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2015

	Business-type	
	Water & Sewer District	Aviation Authority
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 4,428,686	\$ (563,322)
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided by (used for) Operating Activities		
Depreciation	7,885,377	786,308
Other Post-Employment Benefits	51,727	2,835
Pension Adjustments	(264,994)	(28,359)
Landfill Closure/Postclosure Care Amortization	-	-
(Increase) Decrease in		
Accounts Receivable	(196,085)	(105,037)
Due from Other Funds	24,906	-
Due from Other Governments	(9,232,267)	(270,294)
Advances to Other Funds	(10,000)	-
Inventories	10,588	-
Prepaid Expenses	7,756	-
Increase (Decrease) in		
Accounts Payable	6,179,711	169,576
Retainage Payable	1,160,353	50,313
Accrued Liabilities	(113,624)	(6,790)
Due to Other Funds	(99,039)	-
Due to Other Governments	-	-
Unearned Revenues	1,144,948	19,909
Deposits	188,503	(1,375)
Claims Liabilities	-	-
Total Adjustments	<u>6,737,860</u>	<u>617,086</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ 11,166,546</u>	<u>\$ 53,764</u>
Non-cash Investing, Financing, and Capital Activities:		
Contributions of Capital Assets from Developers	<u>\$ 825,106</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
\$ 4,428,634	\$ 404,675	\$ -	\$ 8,698,673	\$ 3,027,959
1,075,662	46,684	-	9,794,031	1,314,642
12,551	10,842	(22,027)	55,928	6,144
(37,494)	(25,421)	-	(356,268)	(53,906)
(2,959,903)	-	-	(2,959,903)	-
(32,008)	732	-	(332,398)	76,348
6,995	-	-	31,901	375
-	-	-	(9,502,561)	-
-	-	-	(10,000)	-
2,757	-	-	13,345	159,048
-	-	-	7,756	-
(410,083)	(15,898)	(596)	5,922,710	2,125,137
-	-	-	1,210,666	-
11,298	(8,776)	(47,290)	(165,182)	(10,400)
-	(53,851)	-	(152,890)	(6,216)
-	2,050	-	2,050	-
-	-	-	1,164,857	835
(275)	69,016	-	255,869	-
-	-	-	-	81,749
<u>(2,330,500)</u>	<u>25,378</u>	<u>(69,913)</u>	<u>4,979,911</u>	<u>3,693,756</u>
<u>\$ 2,098,134</u>	<u>\$ 430,053</u>	<u>\$ (69,913)</u>	<u>\$ 13,678,584</u>	<u>\$ 6,721,715</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 825,106</u>	<u>\$ -</u>

HERNANDO COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
September 30, 2015

		Agency Funds
ASSETS		
Cash and Cash Equivalents	\$	2,265,591
Pooled Cash and Investments		5,486,270
Accounts Receivable (net)		300
Due from Other Governments		302
Total Assets	\$	7,752,463
 LIABILITIES		
Accounts Payable	\$	168,450
Accrued Liabilities		3,380,223
Due to Other Governments		1,102,356
Deposits		3,101,434
Total Liabilities	\$	7,752,463

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

HERNANDO COUNTY, FLORIDA
September 30, 2015

NOTES TO THE FINANCIAL STATEMENTS

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HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. THE REPORTING ENTITY

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

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

Blended Component Units

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

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

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

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 entirely to the County, strictly in an advisory capacity:

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

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

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The following are reported as major governmental funds:

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

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

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

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

The following are reported as major enterprise funds:

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

Aviation 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, 2015

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 Zoning Department was closed during Fiscal Year 2014-15, and the remaining balance was transferred to the General Fund.

The County also reports the following funds:

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

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

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

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

The following is a summary of the more significant policies:

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The availability period used for revenue recognition for intergovernmental grant revenues is when eligibility requirements of the grant are met and related amounts are available from grantors.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

4. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

Non-spendable Fund Balance

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

Spendable Fund Balance

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

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

Assigned Fund Balance – This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. The governing authority, the County Commission, has 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, 2015

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, 2015

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, there are two items that qualify for reporting in this category. One is a deferred charge on debt refunding. A deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its requisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions. The deferred outflows related to pensions result from County contributions to the County's retirement plan subsequent to the retirement plan's measurement date, and other timing differences.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 only deferred inflow in the statement of Net Position is an item related to pensions. The deferred inflow related to pensions is the result of certain timing differences. The County also has a deferred inflow in the Balance Sheet of the Governmental Funds. This deferred inflow, unavailable revenue, consists of funds received/receivable by the County that are applicable to a future period.

Unbilled Revenue

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

Unearned Revenue

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

Inventories and Prepaid Items

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

Restricted Assets

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

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, 2015

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.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Long-Term Obligations

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

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

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

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

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

7. NEW ACCOUNTING PRONOUNCEMENTS

The County participates in the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy (HIS) defined benefit plan administered by Florida Department of Retirement. As a participating employer, beginning in 2015, the County was required to implement the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities and related pension amounts of the defined benefit pension plans. In addition, because FRS has a different fiscal year end from the County, the County was also required to implement the provisions of GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As such, County contributions subsequent to FRS's June 30 measurement date are reported as deferred outflows on the County's statements of net pension. The beginning net position of the County was restated in conjunction with the implementation of these two pronouncements, as more fully discussed in Note R.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. BUDGETARY COMPARISONS

Only funds with legally adopted budgets are included when the budget to actual expenditures or revenues are compared. The actual figures are presented on the same basis of accounting as the budgeted figures on these statements. Only actual expenditures are compared to budgeted expenditures since all encumbrances lapse at year-end. All funds have legally adopted annual budgets for the fiscal year ended September 30, 2015.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2015, 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
Clerk of Court and Comptroller Special Revenue Funds	\$ 4,588,848	\$ 4,809,036
Capital Improvement and Refunding Revenue Bonds 2004	953,953	954,042
Non-Ad Valorem Refunding Revenue Bonds 2010	444,595	444,653
Gas Tax Revenue Refunding Bonds 2002	591,578	591,662

3. DEFICIT FUND BALANCES/NET POSITION

There were no funds with deficit fund balances/net position at September 30, 2015.

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.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE C – CASH AND INVESTMENTS (CONTINUED)

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;
- Certain Supranationals;
- Mortgage Backed Securities;
- Certain Asset Backed Securities;
- Other Intergovernmental Investment Pools.

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.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Investment maximum limitations range from 10% to 80% for each of the remaining types of investments. More than 5% of the County's total investments are invested in US Treasuries, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Corporate Notes 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.

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, 2015, 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/Bonds, Government Related securities, Agency Discount Notes, and Municipal Notes/Bonds. 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 AAAs for Credit Quality and S1 for Bond Fund Volatility by Standard and Poor's Ratings.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE C – CASH AND INVESTMENTS (CONTINUED)

At September 30, 2015, 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>
United States Treasuries	Quoted Market	791	\$ 23,150,000	\$ 23,294,996
Federal Home Loan Bank	Quoted Market	936	34,000,000	34,102,420
Federal Home Loan Mortgage Corporation	Quoted Market	813	11,000,000	11,056,970
Federal National Mortgage Association	Quoted Market	772	14,332,657	14,423,119
Federal Farm Credit Bank	Quoted Market	759	13,000,000	13,015,725
Money Market Fund	Amortized Cost	27	2,172,919	2,174,191
Corporate Notes	Quoted Market	774	10,000,000	10,127,884
Municipal Notes	Quoted Market	760	2,575,000	2,599,564
Local Government Surplus Funds Trust Fund, (Florida Prime)	Amortized Cost (Approximates fair value)	29	6,000,000	6,036,097
Florida Trust	Amortized Cost (Approximates fair value)	558	27,783,986	27,783,986
			\$ 144,014,562	\$ 144,614,952

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

Deposits	\$ 37,075,379
Carrying Amount of Investments	<u>144,614,952</u>
Total	<u>\$ 181,690,331</u>

	<u>Statement of Net Position</u>	<u>Statement of Fiduciary Net Position</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 7,316,988	\$ 2,265,591	\$ 9,582,579
Pooled Cash and Investments	<u>166,621,482</u>	<u>5,486,270</u>	<u>172,107,752</u>
Total	<u>\$ 173,938,470</u>	<u>\$ 7,751,861</u>	<u>\$ 181,690,331</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE D – RECEIVABLES

Accounts receivable at September 30, 2015, 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	\$ 959,709	\$ 793,507	\$ 166,202
Transportation Trust and Gas Tax	205,647	201,711	3,936
Hernando County Fire Rescue -Fire	76,839	62,796	14,043
Water and Sewer District	3,506,167	100,000	3,406,167
Aviation Authority	201,372	72,000	129,372
Waste Management	293,612	4,410	289,202
Non-major government funds	15,349,624	13,334,065	2,015,559
Internal Service Funds	122,795	-	122,795
Total	\$ 20,715,765	\$ 14,568,489	\$ 6,147,276

Included in accounts receivable in the Water and Sewer District are unbilled amounts totaling \$1,507,733 earned in September 2015, but billed in October 2015.

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, 2015

NOTE D – RECEIVABLES (CONTINUED)

Due from Other Governments at September 30, 2015, 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	\$ 981,969	\$ 1,694,113	\$ 96,464	\$ 2,772,546
Transportation Trust and Gas Tax	855,359	1,320,013	1,649	2,177,021
Impact Fees Capital Project Fund	-	-	1,514	1,514
Hernando County Fire Rescue-Fire	-	11,508	1,382	12,890
Water and Sewer District	-	9,262,775	47,163	9,309,938
Aviation Authority	404,097	-	-	404,097
Non-major governmental funds	369,415	271,238	23,613	664,266
Internal Service Funds	-	-	209	209
Total	<u>\$ 2,610,840</u>	<u>\$ 12,559,647</u>	<u>\$ 171,994</u>	<u>\$ 15,342,481</u>

NOTE E – RESTRICTED ASSETS

As of September 30, 2015, 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	\$ -	\$ 81,685	\$ 81,685
Water and Sewer District			
Construction	\$ 1,701,417	\$ 2,755,335	\$ 4,456,752
Debt Retirement	-	(943,185)	(943,185)
Renewal and Replacement	-	7,036,319	7,036,319
Total Water and Sewer District	<u>1,701,417</u>	<u>8,848,469</u>	<u>10,549,886</u>
Waste Management			
Landfill Closure/Post-closure	-	6,380,366	6,380,366
Total Waste Management	<u>-</u>	<u>6,380,366</u>	<u>6,380,366</u>
Total Business-Type Activities	<u>\$ 1,701,417</u>	<u>\$ 15,228,835</u>	<u>\$ 16,930,252</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE F – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015, 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	\$ 28,354,743	\$ 1,156,499	\$ 450	\$ 29,510,792
Construction in Progress	<u>17,635,197</u>	<u>967,746</u>	<u>16,918,038</u>	<u>1,684,905</u>
Total Capital Assets not being depreciated	<u>45,989,940</u>	<u>2,124,245</u>	<u>16,918,488</u>	<u>31,195,697</u>
Capital assets being depreciated:				
Buildings	123,764,305	11,894,926	-	135,659,231
Infrastructure	252,784,264	15,152,491	-	267,936,755
Improvements other than buildings	23,431,956	4,347,720	-	27,779,676
Equipment	60,783,184	7,333,604	4,065,943	64,050,845
Intangible assets	<u>1,485,769</u>	<u>50,238</u>	<u>-</u>	<u>1,536,007</u>
Total Capital Assets being depreciated	<u>462,249,478</u>	<u>38,778,979</u>	<u>4,065,943</u>	<u>496,962,514</u>
Less Accumulated Depreciation:				
Buildings	40,933,773	3,575,054	-	44,508,827
Infrastructure	74,692,980	6,671,491	-	81,364,471
Improvements other than buildings	14,898,406	1,177,792	-	16,076,198
Equipment	45,660,301	4,381,309	4,053,173	45,988,437
Intangible assets	<u>588,897</u>	<u>162,236</u>	<u>-</u>	<u>751,133</u>
Total Accumulated Depreciation	<u>176,774,357</u>	<u>15,967,882</u>	<u>4,053,173</u>	<u>188,689,066</u>
Total Capital Assets being depreciated, net	<u>285,475,121</u>	<u>22,811,097</u>	<u>12,770</u>	<u>308,273,448</u>
Governmental Activities Capital Assets, Net	<u>\$ 331,465,061</u>	<u>\$ 24,935,342</u>	<u>\$ 16,931,258</u>	<u>\$ 339,469,145</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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	\$ 8,380,601	\$ -	\$ -	\$ 8,380,601
Construction in Progress	<u>13,989,710</u>	<u>25,476,946</u>	<u>2,471,372</u>	<u>36,995,284</u>
Total Capital Assets not being depreciated	<u>22,370,311</u>	<u>25,476,946</u>	<u>2,471,372</u>	<u>45,375,885</u>
Capital assets being depreciated:				
Buildings	14,438,006	43,246	-	14,481,252
Infrastructure	2,652,910	-	-	2,652,910
Improvements other than buildings	318,218,036	4,401,582	-	322,619,618
Equipment	<u>7,942,106</u>	<u>451,577</u>	<u>291,482</u>	<u>8,102,201</u>
Total Capital Assets being depreciated	<u>343,251,058</u>	<u>4,896,405</u>	<u>291,482</u>	<u>347,855,981</u>
Less Accumulated Depreciation:				
Buildings	3,714,990	426,110	-	4,141,100
Infrastructure	326,617	71,051	-	397,668
Improvements other than buildings	126,228,926	8,731,291	-	134,960,217
Equipment	<u>4,774,025</u>	<u>565,579</u>	<u>269,197</u>	<u>5,070,407</u>
Total Accumulated Depreciation	<u>135,044,558</u>	<u>9,794,031</u>	<u>269,197</u>	<u>144,569,392</u>
Total Capital Assets being depreciated, net	<u>208,206,500</u>	<u>(4,897,626)</u>	<u>22,285</u>	<u>203,286,589</u>
Business-Type Activities Capital Assets, Net	<u>\$ 230,576,811</u>	<u>\$ 20,579,320</u>	<u>\$ 2,493,657</u>	<u>\$ 248,662,474</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 3,294,093
Public Safety	2,730,590
Physical Environment	97,015
Transportation	7,177,905
Economic Environment	33,516
Human Services	1,759,559
Culture and Recreation	733,863
Court Operations	141,341
Total Depreciation for Governmental Activities	<u>\$ 15,967,882</u>
Business-Type Activities	
Water and Sewer	\$ 7,885,377
Aviation Authority	786,308
Waste Management	1,075,662
Building Department	46,684
Total Depreciation for Business-Type Activities	<u>\$ 9,794,031</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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, 2015, interest costs incurred totaled \$2,368,572 for the Water and Sewer District and \$10,321 for the Aviation Authority, of which \$585,185 was capitalized as an asset of the Water and Sewer District.

Construction or capital improvement commitments outstanding as measured by purchase orders and contracts outstanding at September 30, 2015 were as follows:

		Construction Commitments Outstanding
General Fund	\$	925,529
Transportation Trust and Gas Taxes		3,761,790
Impact Fees Capital Project Fund		1,023,311
Non-major governmental funds:		
Stormwater Management		148,022
Capital Improvement Program		400,470
Water and Sewer District		19,832,463
Aviation Authority		3,547,083
Waste Management		642,361
Building Department		82,156
Internal service funds:		
Fleet Replacement		2,171,069
Total	\$	32,534,254

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE G – INTERFUND TRANSACTIONS

1. DUE TO / DUE FROM OTHER FUNDS

Interfund balances at September 30, 2015 were as follows:

	Interfund Receivable	Interfund Payable
General Fund		
Transportation Trust and Gas Taxes	\$	\$ 77,606
Hernando County Fire Rescue-Fire		232,869
Non-major governmental funds	74,191	95,782
Waste Management		64,106
Total General Fund	74,191	470,363
Transportation Trust and Gas Taxes		
General Fund	77,606	-
Non-major governmental funds	278	-
Total Transportation Trust	77,884	-
Hernando County Fire Rescue-Fire		
General Fund	232,869	-
Non-major governmental funds		
General Fund	95,782	74,191
Transportation Trust and Gas Taxes		278
Non-major governmental funds	304	304
Water and Sewer District		348,589
Total Non-major governmental funds	96,086	423,362
Water and Sewer District		
Non-major governmental funds	348,589	-
Waste Management Fund		
General Fund	64,106	-
Total Due To/Due From Other Funds	\$ 893,725	\$ 893,725

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, 2015

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	\$ 456,000	\$ -
Special Revenue Funds		
MSBU Special Revenue Funds		
The General Fund advanced \$6,000 at 2% interest, to the Oaks Ground Maintenance within Miscellaneous Special Revenue funds for necessary repairs. Final reimbursement is scheduled for fiscal year 2016.	-	6,000
The General Fund advanced \$450,000 at 0% interest, to establish a separate fund within Miscellaneous Special Revenue funds for the Hernando/Citrus Metropolitan Planning Organization. Final reimbursement is scheduled for fiscal year 2016.	-	450,000
The Water and Sewer District advanced \$82,000 at 0% interest to the River Run and Waters of Weeki Wachee Force Main MSBUs to cover anticipated shortfall in funding. Final reimbursement is scheduled for fiscal year 2019.	-	82,000
Business-Type Activities		
Water and Sewer District	82,000	-
Total Advances To/Advances From Other Funds	\$ 538,000	\$ 538,000

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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	\$ 253,440	\$ 77,606
Hernando County Fire Rescue-Fire	-	232,869
Non-major governmental funds	31,191	3,353,988
Waste Management	-	64,106
Zoning Department	385,476	-
Internal Service Funds	-	998,497
Total General Fund	<u>670,107</u>	<u>4,727,066</u>
Transportation Trust and Gas Taxes		
General Fund	77,606	253,440
Non-major governmental funds	761,843	34,533
Internal Service Funds	-	124,651
Total Transportation Trust	<u>839,449</u>	<u>412,624</u>
Impact Fees Capital Project Fund		
Non-major governmental funds	-	<u>297,342</u>
Hernando County Fire Rescue-Fire		
General Fund	232,869	-
Non-major governmental funds	441,000	141,607
Internal Service Funds	-	848,996
Total Hernando County Fire Rescue-Fire	<u>673,869</u>	<u>990,603</u>
Non-major governmental funds		
General Fund	3,353,988	31,191
Transportation Trust and Gas Taxes	34,533	761,843
Impact Fees Capital Project Fund	297,342	-
Hernando County Fire Rescue-Fire	141,607	441,000
Non-major governmental funds	304	304
Water and Sewer District	-	6,822
Internal Service Funds	34,533	165,502
Total Non-major governmental funds	<u>3,862,307</u>	<u>1,406,662</u>
Water and Sewer District		
Non-major governmental funds	6,822	-
Internal Service Funds	-	199,717
Total Water and Sewer District	<u>6,822</u>	<u>199,717</u>
Aviation Authority		
Internal Service Funds	-	<u>7,486</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE G – INTERFUND TRANSACTIONS (CONTINUED)

	<u>Transfers In</u>	<u>Transfers Out</u>
Waste Management Fund		
General Fund	\$ 64,106	\$ -
Internal Service Funds	-	50,294
Total Waste Management Fund	<u>64,106</u>	<u>50,294</u>
Building Department		
Internal Service Funds	-	37,842
Zoning Department		
General Fund	-	385,476
Internal Service Funds		
General Fund	998,497	-
Transportation Trust and Gas Taxes	124,651	-
Hernando County Fire Rescue-Fire	848,996	-
Non-major governmental funds	165,502	34,533
Water and Sewer District	199,717	-
Aviation Authority	7,486	-
Waste Management Fund	50,294	-
Building Department	37,842	-
Internal Service Funds	24,691	24,691
Total Internal Service Funds	<u>2,457,676</u>	<u>59,224</u>
Total Interfund Transfers	\$ <u>8,574,336</u>	\$ <u>8,574,336</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE H – LONG-TERM LIABILITIES

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

	<u>Beginning Balance Restated (1)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds Payable	\$ 6,940,000	\$ -	\$ 1,760,000	\$ 5,180,000	\$ 1,230,000
Net Bond Premium	<u>43,479</u>	<u>-</u>	<u>14,698</u>	<u>28,781</u>	<u>14,698</u>
Total Bonds Payable	6,983,479	-	1,774,698	5,208,781	1,244,698
Loans & Notes Payable	30,899,921	1,864,458	1,098,926	31,665,453	2,492,234
Leases Payable	216,819	-	162,676	54,143	54,143
Compensated Absences	7,703,493	7,812,549	7,640,098	7,875,944	6,711,071
Net Pension Liability	37,090,495	24,585,534	-	61,676,029	-
Other Post Employment Benefits	7,171,162	981,095	-	8,152,257	-
Claims Liabilities	<u>4,021,998</u>	<u>12,631,102</u>	<u>12,549,353</u>	<u>4,103,747</u>	<u>2,703,747</u>
Total	<u>\$ 94,087,367</u>	<u>\$ 47,874,738</u>	<u>\$ 23,225,751</u>	<u>\$ 118,736,354</u>	<u>\$ 13,205,893</u>
Business-Type Activities					
Bonds Payable	\$ 37,164,950	\$ -	\$ 2,150,000	\$ 35,014,950	\$ 2,210,000
Net Bond Premium	<u>3,501,307</u>	<u>-</u>	<u>178,784</u>	<u>3,322,523</u>	<u>178,783</u>
Total Bonds Payable	40,666,257	-	2,328,784	38,337,473	2,388,783
Loans & Notes Payable	23,195,781	18,366,289	1,021,634	40,540,436	1,044,975
Compensated Absences	852,170	755,822	774,040	833,952	767,236
Other Post Employment Benefits	728,945	55,928	-	784,873	-
Net Pension Liability	2,725,884	1,771,555	-	4,497,439	-
Landfill Closure/Postclosure	<u>7,847,833</u>	<u>-</u>	<u>2,959,903</u>	<u>4,887,930</u>	<u>-</u>
Total	<u>\$ 76,016,870</u>	<u>\$ 20,949,594</u>	<u>\$ 7,084,361</u>	<u>\$ 89,882,103</u>	<u>\$ 4,200,994</u>

(1) The beginning balances above have been restated by the inclusion of the net pension liability in conjunction with the implementation of GASB 68.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE H – LONG-TERM LIABILITIES (CONTINUED)

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

1. LOANS & NOTES PAYABLE

Summary of Loans & Notes Payable

	Governmental Activities	Business-Type Activities
Non-revolving Lines of Credit	\$ 7,472,453	\$ 347,000
State Revolving Loans	-	40,193,436
Other Loans and Notes	24,193,000	-
Total	\$ 31,665,453	\$ 40,540,436

Governmental Activities-Governmental Funds

The following are summaries of Non-Revolving Lines of Credit at September 30, 2015:

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:

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.	\$ 35,391
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.	35,701
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.	23,830
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.	36,772
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.	40,244
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.	23,217

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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.	\$ 24,628
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.	31,626
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.	12,932
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.	44,872
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.	14,040
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>60,110</u>
	\$ 383,363
<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.	\$ 38,262
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.	8,769
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.	39,779
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.	20,206
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.	95,317

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE H – LONG-TERM LIABILITIES (CONTINUED)

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.	\$ 55,485
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.	28,921
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.	83,327
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.	217,019
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.	3,082,401
Hernando Beach Volunteer Fire Department Fire Engine. Applicable rate of interest: 2.29%. Average annual principal payment of \$46,809 due until May 1, 2023. Interest is paid semi-annually May 1 and November 1.	<u>355,893</u>
	\$ 4,025,379
<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 until May 1, 2029. Interest is paid semi-annually May 1 and November 1.	\$ 719,714
Phillips East Paving. Applicable rate of interest: 2.51%. Average annual principal payments of \$8,808 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	94,622
Puffin Paving. Applicable rate of interest: 2.51%. Average annual principal payments of \$1,296 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	13,922
Grass Finch Paving. Applicable rate of interest: 2.51%. Average annual principal payments of \$3,181 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	34,172
Harris Hawk Paving. Applicable rate of interest: 2.51%. Average annual principal payments of \$9,500 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	102,058

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE H – LONG-TERM LIABILITIES (CONTINUED)

Royal Highlands Paving. Applicable rate of interest: 2.53%. Average annual principal payments of \$12,361 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	\$ 98,393
Ostrom/Allen Paving. Applicable rate of interest: 2.53%. Average annual principal payments of \$4,588 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	36,521
Benes Roush Paving. Applicable rate of interest: 2.53%. Average annual principal payments of \$3,604 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	28,694
Elder Paving. Applicable rate of interest: 2.53%. Average annual principal payments of \$2,914 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	23,199
Helene Paving. Applicable rate of interest: 2.53%. Average annual principal payments of \$6,025 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	47,958
Hancock Lake Paving. Applicable rate of interest: 2.44%. Average annual principal payments of \$14,079 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	123,854
Crum Paving. Applicable rate of interest: 2.44%. Average annual principal payments of \$8,529 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	75,031
Hernando County Fire Department Fire Engine. Applicable rate of interest: 2.52%. Average annual principal payment of \$147,080 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	1,293,786
Hernando County Fire Department Emergency Services Equipment. Applicable rate of interest: 2.52%. Average annual principal payment of \$42,265 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	<u>371,787</u>
	\$ <u>3,063,711</u>
	\$ 7,472,453

The following is a summary of other loans at September 30, 2015:

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.

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>24,193,000</u>
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Total	\$ <u><u>31,665,453</u></u>
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HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE H – LONG-TERM LIABILITIES (CONTINUED)

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

Year ended September 30	Principal	Interest	Total
2016	\$ 2,492,235	\$ 764,601	\$ 3,256,836
2017	2,537,541	711,457	3,248,998
2018	3,553,663	635,737	4,189,400
2019	3,532,964	505,714	4,038,678
2020	3,574,932	457,322	4,032,254
2021-2025	11,267,383	1,241,569	12,508,952
2026-2029	4,706,735	191,539	4,898,274
Total	\$ 31,665,453	\$ 4,507,939	\$ 36,173,392

Business-Type Activities

The following is a summary of Loans & Notes Payable at September 30, 2015:

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. \$ 347,000

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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.	\$ 1,549,582
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.	9,953,571
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.	2,453,486
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.	5,325,146
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
State Revolving Fund Construction Loan due in semi-annual installments of \$654,140 beginning November 15, 2015. The loan has an interest rate of 2.15% to 2.23%. Maturity will be determined when the final financed amount has been determined.	<u>18,366,286</u>
Total	\$ <u>40,193,436</u>

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

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,044,975	\$ 925,793	\$ 1,970,768
2017	2,614,546	879,696	3,494,242
2018	2,638,999	819,850	3,458,849
2019	2,545,459	759,406	3,304,865
2020	2,569,596	701,319	3,270,915
2021-2025	13,231,051	2,614,301	15,845,352
2026-2030	12,418,637	1,108,445	13,527,082
2031-2032	<u>3,477,173</u>	<u>90,359</u>	<u>3,567,532</u>
Total	\$ <u>40,540,436</u>	\$ <u>7,899,169</u>	\$ <u>48,439,605</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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. \$ 54,143

3. BONDS PAYABLE

Governmental Activities

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.

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 2015, pledged revenues in the amount of \$8.6 million provided a coverage ratio of 9.07 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.

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.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE H – LONG-TERM LIABILITIES (CONTINUED)

The Series 2010 Bonds are payable solely from the County's covenant to budget and appropriate in its annual budget Non-Ad Valorem revenues sufficient to pay principal and interest when due and pay all required deposits to the Rebate Fund. For the fiscal year 2015, pledged revenues in the amount of \$33.9 million provided a coverage ratio of 25.93 times the annual debt service for the combined Non-Ad Valorem Refunding Revenue Bonds, Series 2010 and the Non-Ad Valorem Refunding Revenue Note, Series 2012.

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

The following are the debt service requirements until maturity for the governmental activity bonds outstanding as of September 30, 2015:

	Capital Improvement and Refunding Revenue Bonds Series 2004		Non-Ad Valorem Refunding Revenue Bonds Series 2010	
Year	Principal	Interest	Principal	Interest
2016	\$ 905,000	\$ 48,110	\$ 325,000	\$ 116,309
2017	935,000	16,363	335,000	107,019
2018			345,000	96,388
2019			350,000	84,656
2020			370,000	71,594
2021-2024	_____	_____	1,615,000	133,922
Total	\$ 1,840,000	\$ 64,473	\$ 3,340,000	\$ 609,888
	Total			
Year	Principal	Interest		
2016	\$ 1,230,000	\$ 164,419		
2017	1,270,000	123,382		
2018	345,000	96,388		
2019	350,000	84,656		
2020	370,000	71,594		
2021-2024	1,615,000	133,922		
Total	\$ 5,180,000	\$ 674,361		

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE H – LONG-TERM LIABILITIES (CONTINUED)

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 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 2015, pledged revenues in the amount of \$14 million provided a coverage ratio of 3.72 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.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE H – LONG-TERM LIABILITIES (CONTINUED)

WATER AND SEWER REFUNDING REVENUE BONDS, SERIES 2013A

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

The Series 2013A Bonds are payable solely from and secured by a lien upon and pledge of the Net Revenues and Connection Fees of the County's water and sewer system. For the fiscal year 2015, pledged revenues in the amount of \$14 million provided a coverage ratio of 3.72 times the annual debt service for the combined Water and Sewer Refunding Revenue Bonds, Series 2013A, and the Water and Sewer portion of the Non-Ad Valorem Refunding Revenue Bonds, Series 2010.

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE H – LONG-TERM LIABILITIES (CONTINUED)

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

<u>Year</u>	<u>Non-Ad Valorem Refunding Revenue Bonds Series 2010</u>		<u>Water and Sewer Refunding Revenue Bonds Series 2013A</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	-	-	1,200,000	1,200,856
2021-2025	-	-	6,940,000	5,062,280
2026-2030	-	-	8,770,000	3,235,030
2031-2034	-	-	8,670,000	931,200
Total	\$ <u>2,040,000</u>	\$ <u>136,473</u>	\$ <u>32,935,000</u>	\$ <u>16,118,290</u>

<u>Year</u>	<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>
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	1,200,000	1,200,856
2021-2025	6,940,000	5,062,280
2026-2030	8,770,000	3,235,030
2031-2034	8,670,000	931,200
Total	\$ <u>34,975,000</u>	\$ <u>16,254,763</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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, 2015, per the Statement of Net Position and the preceding amortization schedule:

Principal per amortization schedule	\$	34,975,000
Unamortized premium as of September 30, 2015		3,322,523
Bonds not included in amortization schedule, as noted above:		
Holland Springs Bonds		39,950
Total Carrying Value, Revenue Bonds		38,337,473
Current Portion, Revenue Bonds		(2,210,000)
Current Portion of unamortized premium		(178,783)
Long-Term Portion, Revenue Bonds	\$	35,948,690

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, 2015, 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.

As of September 30, 2015 there was one series of outstanding Industrial Revenue Development Bonds, with an outstanding principal amount of \$346,485.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE I – RETIREMENT SYSTEM

General Information about the Florida Retirement System (FRS)

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

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

For the year ended September 30, 2015, the County recognized pension expense of \$4,902,493 related to FRS (all plans).

1. FRS PENSION PLAN

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

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

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

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE I – RETIREMENT SYSTEM (CONTINUED)

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

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

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

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE I – RETIREMENT SYSTEM (CONTINUED)

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2014-2015 fiscal year were as follows:

Class	Year Ended June 30, 2015		Year Ended June 30, 2016	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	6.07	3.00	5.56
FRS, Elected County Officers	3.00	41.94	3.00	40.57
FRS, Senior Management Service	3.00	19.84	3.00	19.73
FRS, Special Risk Regular	3.00	18.52	3.00	20.34
DROP—Applicable to Members from All of the Above Classes	0.00	11.02	0.00	11.22
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed. Employer contributions are also required for members in the FRS Investment Plan for a portion of the unfunded actuarial accrued liability.

The County contributions, including employee contributions, to the Plan totaled \$10,061,021 for the fiscal year ended September 30, 2015. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2015, the County reported a liability of \$43,422,948 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The County's proportionate share of the net pension liability was based on the County's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the County's proportion was .336186138%, which was an increase of .000124614 from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the County recognized pension expense of \$8,196,503 related to the Plan. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer Contributions after Measurement Date	\$ 2,171,620	\$ -
Difference between Expected and Actual Experience	4,584,178	1,029,860
Changes in Assumptions	2,882,126	-
Changes in Proportion and Difference between County Contributions and Proportionate Share of Contributions	-	1,684,342
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	10,368,674
Total	\$ 9,637,924	\$ 13,082,876

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE I – RETIREMENT SYSTEM (CONTINUED)

The deferred outflows of resources related to pensions, totaling \$2,171,620, resulting from County contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
2016	\$ (3,898,560)
2017	(3,898,560)
2018	(3,898,560)
2019	4,655,918
2020	1,071,132
2021	352,058
Total	\$ (5,616,572)

Actuarial Assumptions. The total pension liability in the July 1, 2014 actuarial valuation was determined using the individual entry age cost method and the following actuarial assumptions:

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Investment Rate of Return	7.65% Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE I – RETIREMENT SYSTEM (CONTINUED)

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Annual (Geometric) Return	Standard Deviation
Cash	1%	3.2%	3.1%	1.7%
Fixed Income	18%	4.8%	4.7%	4.7%
Global Equity	53%	8.5%	7.2%	17.7%
Real Estate (Property)	10%	6.8%	6.2%	12.0%
Private Equity	6%	11.9%	8.2%	30.0%
Strategic Investments	12%	6.7%	6.1%	11.4%
Total	<u>100%</u>			
Assumed Inflation-Mean		2.6%		1.9%

Discount Rate. The discount rate used to measure the total pension liability was 7.65%. The Plan's fiduciary net pension position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate was also 7.65% in the July 1, 2014 valuation.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65%) or 1-percentage-point higher (8.65%) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
County's Proportionate Share of Net Pension Liability	\$ <u>112,518,681</u>	\$ <u>43,422,948</u>	\$ <u>(14,076,051)</u>

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

Payables to the Pension Plan. At September 30, 2015, the County reported a payable of \$848,143 for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2015.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE I – RETIREMENT SYSTEM (CONTINUED)

2. HIS PENSION PLAN

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Systems.

Benefits Provided. For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the Plan fiscal years ended June 30, 2016 and 2015, the contribution rates were 1.66% and 1.26% of payroll respectively, pursuant to Section 112.363, Florida Statutes. The County contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide a full subsidy benefit to all participants, benefits may be reduced or cancelled.

The County's contributions to the HIS Plan totaled \$933,323 for the fiscal year ended September 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2015, the County reported a liability of \$20,064,413 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The County's proportionate share of the net pension liability was based on the County's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the County's proportion was .223078724%, which was an increase of .000023926 from its proportion measured as of June 30, 2014.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE I – RETIREMENT SYSTEM (CONTINUED)

For the year ended September 30, 2015, the County recognized pension expense of \$852,745 related to the Plan. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer Contributions after Measurement Date	\$ 284,630	\$ -
Difference between Expected and Actual Experience	-	-
Changes in Assumptions	1,789,873	-
Changes in Proportion and Difference between County Contributions and Proportionate Share of Contributions	508,613	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	<u>12,316</u>	<u>-</u>
Total	<u>\$ 2,595,432</u>	<u>\$ -</u>

The deferred outflows of resources related to pensions, totaling \$284,630, resulting from County contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2016	\$ 389,071
2017	389,071
2018	389,071
2019	386,567
2020	385,366
2021-2022	<u>371,656</u>
Total	<u>\$ 2,310,802</u>

Actuarial Assumptions. The total pension liability in the July 1, 2014 actuarial valuation, was determined using the individual entry age cost method and the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Investment Rate of Return	3.80% Net of Pension Plan Investment Expense, Including Inflation

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

The actuarial assumptions used in the July 1, 2015 valuation, were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE I – RETIREMENT SYSTEM (CONTINUED)

Discount Rate. The discount rate used to measure the total pension liability was 3.80%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 3.80%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.80%) or 1-percentage-point higher (4.80%) than the current rate:

	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
County's Proportionate Share of Net Pension Liability	\$ <u>24,936,374</u>	\$ <u>21,884,505</u>	\$ <u>19,339,703</u>

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

Payables to the Pension Plan. At September 30, 2015, the County reported a payable of \$92,976 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended September 30, 2015.

3. FRS-DEFINED CONTRIBUTION PENSION PLAN

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

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE I – RETIREMENT SYSTEM (CONTINUED)

to the Investment members' accounts during the 2014-15 fiscal year were as follows:

<u>Class</u>	<u>Percentage of Gross Contributions</u>
FRS, Regular	6.3
FRS, Elected County Officers	11.34
FRS, Senior Management Services	7.67
FRS, Special Risk	14.00

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Plan is transferred to the Investment Plan, the member must have the years of service required for Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeit benefits of Investment Plan members. For the fiscal year September 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

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

The County's Investment Plan pension expense totaled \$489,198 for the fiscal year ended September 30, 2015.

Payable to the Investment Plan. At September 30, 2015, the County reported a payable of \$56,797 for the outstanding amount of contributions to the Investment Plan required for the fiscal year ended September 30, 2015.

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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

employer makes no payments directly on behalf of retirees. The Plan provides healthcare benefits including medical coverage, prescription drug benefits, vision care, dental care and life insurance coverage to both active and eligible retired employees. Dental and vision care benefits are immaterial and are not believed to result in an OPEB; therefore, they are not included in the OPEB calculation. The Plan does not issue a separate financial report.

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

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

At October 1, 2014, the date of the latest actuarial valuation, plan participation consisted of:

Active Plan Participants	1,304
Retirees and Beneficiaries Receiving Benefits	<u>81</u>
Total Membership	<u>1,385</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 partially cover the Annual Required Contribution (ARC) for each fiscal year since September 30, 2008. The balance of those reserves at fiscal year end was \$2,700,000.

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.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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

Annual required contribution	\$	1,689,939
Interest on net OPEB obligation		276,504
Less: Adjustment to annual required contribution		<u>(329,171)</u>
Annual OPEB cost (expense)		1,637,272
Less: Contributions made		<u>(600,248)</u>
Increase in net OPEB obligation		1,037,024
Net OPEB obligation-beginning of year		<u>7,900,106</u>
Net OPEB obligation-end of year	\$	<u><u>8,937,130</u></u>

The County's annual OPEB cost, annual amount contributed (including as a percentage of annual OPEB cost), and net OPEB obligation for the current and the two preceding years were as follows:

Year Ended September 30	Annual OPEB Cost	Estimated Amount Contributed	% of Annual OPEB Cost Contributed	Estimated Net OPEB Obligation
2013	\$ 1,490,925	\$ 376,221	25.23%	\$ 6,678,587
2014	1,578,073	356,554	22.59%	7,900,106
2015	1,637,272	600,248	36.66%	8,937,130

4. FUNDED STATUS AND FUNDING PROGRESS

As of the October 1, 2014 actuarial valuation date, the actuarial accrued liability (AAL) was \$17.9 million, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the OPEB Plan) was \$62.4 million and the ratio of the unfunded actuarial accrued liability (UAAL) to covered payroll was 28.7%.

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 multi-year 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, 2015

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

The actual methods are:

Actuarial cost method	Entry Age Normal
Amortization method	Level of percentage of projected payroll, closed
Amortization period	24 years on a closed basis
Asset valuation method	Unfunded, fair value

The actuarial assumptions are:

Inflation rate	2.5%
Investment rate of return	3.5%
Projected annual salaries increase	3.7% - 7.8%
Healthcare cost trend rate	7.5% for the initial year decreased to 7.0% in the second year and varying each subsequent year until reaching 4.54%

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, 2015 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 imposed on any property become a first lien; superior to all other liens, as of January 1, of the year the taxes are levied.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE M – RISK MANAGEMENT

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

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

The Workers' Compensation fund is a self-insurance program for workers' compensation claims on losses up to \$1,100,000 per occurrence and is indemnified against losses in excess of these amounts. The Workers' Compensation fund has indemnified each fund against any losses in a given year in excess of the fee charged. In the event actual losses are less than the fee charged, such amounts will be retained in the Workers' Compensation fund. Claim settlements and losses are accrued and subsequently paid from the Workers' Compensation fund. As of September 30, 2015 claims accrued, including an estimate for claims incurred but not reported, were \$3,270,000.

The County records an estimated liability for workers' compensation. Claims liabilities are based on estimates of the ultimate cost of reported claims and an estimate for claims incurred but not reported based on historical experience.

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

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE M – RISK MANAGEMENT (CONTINUED)

CLAIMS LIABILITIES

	<u>Workers'</u> <u>Compensation</u>	<u>Sheriff Health</u> <u>Insurance</u>	<u>County Health</u> <u>Insurance</u>
Liability balance September 30, 2013	\$ 3,330,000	\$ 234,977	\$ -
Claims incurred	1,123,885	3,258,476	-
Claims paid	<u>(683,885)</u>	<u>(3,241,455)</u>	-
Liability balance September 30, 2014	3,770,000	251,998	-
Claims incurred	374,958	3,690,198	8,065,946
Claims paid	<u>(874,958)</u>	<u>(3,622,172)</u>	<u>(7,552,223)</u>
Liability balance September 30, 2015	\$ <u>3,270,000</u>	\$ <u>320,024</u>	\$ <u>513,723</u>
Cash available to pay claims September 30, 2015			
Reported in governmental activities	\$ <u>6,154,922</u>	\$ <u>5,595,889</u>	\$ <u>3,891,005</u>

NOTE N – CLOSURE AND POSTCLOSURE CARE COSTS

The County's active landfills are at the Northwest facility, and include a Class 1 landfill (Cells 1, 2 & 3) and a C&D landfill. State and federal laws and regulations require the Waste Management Division (the Division) to place final covers on the active County landfills when they stop accepting waste and to perform certain maintenance and monitoring functions at the site. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Division reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. As of September 30, 2015, the Division has accrued a total of \$4,887,930 in liabilities related to estimated closure and postclosure care costs.

Cells 1 and 2 at the Class 1 landfill were partially closed in 2014 at a cost of \$3,158,604. Remaining closure costs of \$5,244,702, as show in the table below, are primarily for Cell 3. Cell 3 is approximately 28% filled at September 30, 2015, and has a remaining design life of approximately 12 years. Postclosure maintenance and monitoring functions will be required for thirty years after closure. Remaining estimated postclosure costs for the Class 1 landfill (all Cells) are \$4,375,941. The class 1 landfill (all Cells) is approximately 59% filled at September 30, 2015. The County will recognize the remaining costs that have not been accrued (closure costs of \$3,782,899 and postclosure costs of \$1,785,988) as the remaining estimated capacity is filled.

The C&D landfill is approximately 91% filled at September 30, 2015, and has a remaining design life of less than one year. Postclosure maintenance and monitoring functions will be required for five years after closure. Remaining estimated closure and postclosure costs for the C&D landfill are \$776,840 and \$143,521, respectively. The County will recognize the remaining costs that have not been accrued (closure costs of \$71,059 and postclosure costs of \$13,128) as the remaining estimated capacity is filled.

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE N – CLOSURE AND POSTCLOSURE CARE COSTS (CONTINUED)

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

Landfill	Estimated Remaining Closure Costs	Percent Accrued	Closure Accrued Liability at 9/30/15	Estimated Remaining Postclosure Costs	Percent Accrued	Postclosure Accrued Liability at 9/30/15	Total Accrued Liability at 9/30/15
NW Cells 1, 2 & 3	\$ 5,244,702	27.87%	\$ 1,461,803	\$ 4,375,941	59.19%	\$ 2,589,953	\$ 4,051,756
NW C & D	<u>776,840</u>	90.85%	<u>705,781</u>	<u>143,521</u>	90.85%	<u>130,393</u>	<u>836,174</u>
	<u>\$ 6,021,542</u>		<u>\$ 2,167,584</u>	<u>\$ 4,519,462</u>		<u>\$ 2,720,346</u>	<u>\$ 4,887,930</u>

Amortization expense for 2015 was (\$2,915,201) for the Class 1 landfill and (\$44,702) for the C&D landfill. This expense was negative for 2015 primarily because of significantly reduced revised estimates of the remaining postclosure costs. For example, the annual postclosure cost estimated for the Class 1 landfill was reduced from \$312,634 per year to \$145,865 per year during 2015. The primary factor in the reduction was a redesigned leachate disposal process.

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, 2015, cash and investments of \$6,380,366 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 – DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

	Governmental Activities	Business-Type Activities
Statement of Net Position		
Deferred Outflows of Resources:		
Deferred charge on debt refunding	\$ 964,792	\$ 1,711,203
Pensions	\$ 11,397,898	\$ 835,458
Deferred Inflows of Resources:		
Pensions	\$ 12,287,561	\$ 795,315
Statement of Governmental Funds Balance Sheet		
Deferred Inflows of Resources:		
Receipt of taxes, applicable to a future period	\$ 1,441,298	-
Receipt of ambulance fees, applicable to a future period	\$ 1,026,103	-
Receipt of other items, applicable to a future period	\$ 176,721	-

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE P – 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 Q – CONTINGENCIES

1. GENERAL LITIGATION

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

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 R – ADJUSTMENT TO BEGINNING NET POSITION

During the fiscal year ended September 30, 2015, the County implemented GASB 68, "Accounting and Financial Reporting for Pensions" and GASB 71, "Pension Transition for Contributions made Subsequent to the Measurement Date." GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. GASB 71 requires that an employer defer contributions made after the measurement date when the measurement date is different from the reporting date.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE R – ADJUSTMENT TO BEGINNING NET POSITION (CONTINUED)

In compliance with these statements, the County's proportionate share of the net pension liability and deferred outflows of resources has been recorded as a restatement of beginning net position as follows:

	Net Position Beginning of Year	Cumulative Effect of Implementing GASB 68/71	Net Position Beginning of Year, Restated
Governmental Activities	\$ <u>397,331,216</u>	\$ <u>(67,122,821)</u>	\$ <u>330,208,395</u>
Business-Type Activities	\$ <u>212,561,207</u>	\$ <u>(4,813,564)</u>	\$ <u>207,747,643</u>
Enterprise Funds:			
Water & Sewer District	\$ 165,906,932	\$ (3,243,884)	\$ 162,663,048
Aviation Authority	\$ 17,510,582	\$ (224,497)	\$ 17,286,085
Waste Management	\$ 24,058,649	\$ (726,142)	\$ 23,332,507
Building Department	\$ 2,423,308	\$ (619,041)	\$ 1,804,267
Internal Service Funds:			
Central Fueling	\$ 254,387	\$ (14,828)	\$ 239,559
Risk Management	\$ 1,381,167	\$ (24,274)	\$ 1,356,893
Workers Compensation	\$ 1,755,979	\$ (51,826)	\$ 1,704,153
Vehicle Maintenance	\$ 2,423,635	\$ (287,717)	\$ 2,135,918
Fleet Replacement	\$ 11,152,101	\$ (28,638)	\$ 11,123,463

NOTE S – SUBSEQUENT EVENTS

LINE OF CREDIT

On October 22, 2015, the County closed on a \$15,000,000 Non-Revolving Line of Credit for the purpose of financing various capital improvement projects within the County. The Line of Credit agreement has both a tax-exempt and a taxable option, allows for draws with 3, 5, 7, 10 and 15 year terms, and has no prepayment penalty. On the date of closing, the county made its first draw of \$1,900,000 for the purpose of financing a T-Hangar project at the County-owned airport. This first draw is to be repaid over a 10-year term from the Aviation Authority Enterprise Fund.

**HERNANDO COUNTY, FLORIDA
OTHER POST EMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS
September 30, 2015**

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%
10/01/14	-	Entry Age	\$ 17,923,915	\$ 17,923,915	0.00%	\$ 62,434,507	28.7%

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

**HERNANDO COUNTY, FLORIDA
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
September 30, 2015**

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	September 30, 2015
County's Proportion of the FRS Net Pension Plan	0.336186138%
County's Proportionate Share of the FRS Net Pension Liability	\$ 43,422,948
County's Covered-Employee Payroll	\$ 68,651,508
County's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered-Employee Payroll	63.25%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.00%

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

HEALTH INSURANCE SUBSIDY PENSION PLAN

	September 30, 2015
County's Proportion of the FRS Net Pension Plan	0.223078724%
County's Proportionate Share of the FRS Net Pension Liability	\$ 22,750,521
County's Covered-Employee Payroll	\$ 68,632,966
County's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered-Employee Payroll	33.15%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	.50%

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

**HERNANDO COUNTY, FLORIDA
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS
September 30, 2015**

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	2015
Contractually Required Contributions	\$ 8,393,369
FRS Contribution in Relation to the Contractually Required Contributions	(8,393,369)
FRS Contribution Deficiency (Excess)	\$ -
County's Covered-Employee Payroll	\$ 68,651,508
FRS Contributions as a Percentage of Covered-Employee Payroll	12.23%

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

HEALTH INSURANCE SUBSIDY PENSION PLAN

	2015
Contractually Required Contributions	\$ 933,323
FRS Contribution in Relation to the Contractually Required Contributions	(933,323)
FRS Contribution Deficiency (Excess)	\$ -
County's Covered-Employee Payroll	\$ 68,632,966
FRS Contributions as a Percentage of Covered-Employee Payroll	1.36%

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

HERNANDO COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
September 30, 2015

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

Changes in Benefit Terms from the year ended June 30, 2014 to June 30, 2015:

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

Changes in Assumptions from the year ended June 30, 2014 to June 30, 2015:

- **FRS:** No significant changes. The inflation rate assumption remained at 2.60%, the real payroll growth assumption remained at 0.65%, and the overall payroll growth rate assumption remained at 3.25%. The long-term expected rate of return remained at 7.65%.
- **HIS:** The municipal rate used to determine total pension liability decreased from 4.29% to 3.80%.

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: Hernando/Citrus MPO, 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 and Fines and Forfeitures Fund.

Property Appraiser Special Revenue Funds

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

Sheriff Special Revenue Funds

To account for the funds received in the 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 and Refunding 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, 2015**

	Special Revenue Funds		
	Stormwater Management	Sensitive Lands	State Housing Initiative Partnership
ASSETS			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Pooled Cash and Investments	5,070,352	6,132,763	568,722
Accounts Receivable (net)	5,532	-	36
Due from Other Funds	12,478	32	-
Due from Other Governments	670	-	-
Inventories	-	-	-
Prepaid Items	-	-	-
	-	-	-
Total Assets	\$ 5,089,032	\$ 6,132,795	\$ 568,758
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 99,153	\$ 1,949	\$ 21,784
Accrued Liabilities	4,939	4,982	-
Due to Other Funds	-	-	-
Due to Other Governments	-	-	-
Unearned Revenue	-	-	-
Deposits	-	500	-
Advances from Other Funds	-	-	-
	-	-	-
Total Liabilities	104,092	7,431	21,784
Deferred Inflows of Resources			
Unavailable Revenue	-	-	-
Fund Balances			
Nonspendable:			
Inventories	-	-	-
Prepaid Items	-	-	-
Restricted for:			
Grant Funded Programs	-	-	546,974
Court Programs	-	-	-
Special Assessment Projects	-	-	-
Environment Conservation	4,984,940	6,125,364	-
Bond covenants or debt service	-	-	-
Public Safety	-	-	-
Other Purposes	-	-	-
Committed to:			
Other Purposes	-	-	-
Assigned to:			
Economic Development	-	-	-
Capital Projects	-	-	-
Total Fund Balances	4,984,940	6,125,364	546,974
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,089,032	\$ 6,132,795	\$ 568,758

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
4,932,559	1,762,567	2,726,021	5,142,430
115,065	1,128	1,849,187	15,384
-	21,014	60,888	1,674
-	-	4,992	317,356
-	-	1,800	-
520	-	17,623	200
\$ 5,048,144	\$ 1,785,209	\$ 4,660,511	\$ 5,477,144
\$ 68,533	\$ 135,254	\$ 64,254	\$ 151,212
8,857	-	224,441	25,779
-	384,767	-	-
-	-	-	-
-	-	-	4,748
-	-	-	-
-	88,000	-	450,000
77,390	608,021	288,695	631,739
-	-	1,026,104	7,458
-	-	1,800	-
520	-	17,623	200
-	-	-	-
-	-	-	35,058
4,970,234	-	-	-
-	752,071	-	-
-	-	-	-
-	425,117	-	-
-	-	3,326,289	-
-	-	-	2,340,328
-	-	-	-
-	-	-	315,743
-	-	-	-
-	-	-	2,146,618
-	-	-	-
4,970,754	1,177,188	3,345,712	4,837,947
\$ 5,048,144	\$ 1,785,209	\$ 4,660,511	\$ 5,477,144

Continued

**HERNANDO COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2015**

	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	\$ -	\$ 863,730	\$ 2,526,528
Pooled Cash and Investments	1,963,680	-	-
Accounts Receivable (net)	-	-	29,227
Due from Other Funds	-	-	-
Due from Other Governments	37,230	-	304,018
Inventories	-	-	-
Prepaid Items	27,777	-	-
	\$ 2,028,687	\$ 863,730	\$ 2,859,773
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 57,231	\$ 474	\$ 31,751
Accrued Liabilities	76,302	-	20,033
Due to Other Funds	-	38,595	-
Due to Other Governments	625,677	153	-
Unearned Revenue	-	-	5,407
Deposits	143,555	-	200
Advances from Other Funds	-	-	-
	902,765	39,222	57,391
Deferred Inflows of Resources			
Unavailable Revenue	-	-	128,592
Fund Balances			
Nonspendable:			
Inventories	-	-	-
Prepaid Items	27,777	-	-
Restricted for:			
Grant Funded Programs	-	-	-
Court Programs	-	-	-
Special Assessment Projects	-	-	-
Environment Conservation	-	-	-
Bond covenants or debt service	-	-	-
Public Safety	-	-	2,673,790
Other Purposes	1,098,145	-	-
Committed to:			
Other Purposes	-	824,508	-
Assigned to:			
Economic Development	-	-	-
Capital Projects	-	-	-
	1,125,922	824,508	2,673,790
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,028,687	\$ 863,730	\$ 2,859,773

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
\$ 3,390,858	\$ -	\$ -	\$ -	\$ -
28,299,094	7,436	8,660	60,968	4,621
2,015,559	-	-	-	-
96,086	-	-	-	-
664,266	-	-	-	-
1,800	-	-	-	-
46,120	-	-	-	-
\$ 34,513,783	\$ 7,436	\$ 8,660	\$ 60,968	\$ 4,621
\$ 631,595	\$ -	\$ -	\$ -	\$ -
365,333	-	-	-	-
423,362	-	-	-	-
625,830	-	-	-	-
10,155	-	-	-	-
144,255	-	-	-	-
538,000	-	-	-	-
2,738,530	-	-	-	-
1,162,154	-	-	-	-
1,800	-	-	-	-
46,120	-	-	-	-
-	-	-	-	-
582,032	-	-	-	-
4,970,234	-	-	-	-
752,071	-	-	-	-
11,110,304	-	-	-	-
425,117	7,436	8,660	60,968	4,621
6,000,079	-	-	-	-
3,438,473	-	-	-	-
-	-	-	-	-
1,140,251	-	-	-	-
-	-	-	-	-
2,146,618	-	-	-	-
-	-	-	-	-
30,613,099	7,436	8,660	60,968	4,621
\$ 34,513,783	\$ 7,436	\$ 8,660	\$ 60,968	\$ 4,621

Continued

**HERNANDO COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2015**

	<u>Total Debt Service Funds</u>	<u>Capital Project Fund Capital Improvement Program</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ -	\$ -	\$ 3,390,858
Pooled Cash and Investments	81,685	1,578,341	29,959,120
Accounts Receivable (net)	-	-	2,015,559
Due from Other Funds	-	-	96,086
Due from Other Governments	-	-	664,266
Inventories	-	-	1,800
Prepaid Items	-	-	46,120
Total Assets	<u>\$ 81,685</u>	<u>\$ 1,578,341</u>	<u>\$ 36,173,809</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ -	\$ 245,671	\$ 877,266
Accrued Liabilities	-	-	365,333
Due to Other Funds	-	-	423,362
Due to Other Governments	-	-	625,830
Unearned Revenue	-	-	10,155
Deposits	-	-	144,255
Advances from Other Funds	-	-	538,000
Total Liabilities	-	245,671	2,984,201
Deferred Inflows of Resources			
Unavailable Revenue	-	-	1,162,154
Fund Balances			
Nonspendable:			
Inventories	-	-	1,800
Prepaid Items	-	-	46,120
Restricted for:			
Grant Funded Programs	-	-	582,032
Court Programs	-	-	4,970,234
Special Assessment Projects	-	-	752,071
Environment Conservation	-	-	11,110,304
Bond covenants or debt service	81,685	-	506,802
Public Safety	-	-	6,000,079
Other Purposes	-	-	3,438,473
Committed to:			
Other Purposes	-	-	1,140,251
Assigned to:			
Economic Development	-	-	2,146,618
Capital Projects	-	1,332,670	1,332,670
Total Fund Balances	81,685	1,332,670	32,027,454
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 81,685</u>	<u>\$ 1,578,341</u>	<u>\$ 36,173,809</u>



HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2015

	Special Revenue Funds		
	Stormwater Management	Sensitive Lands	State Housing Initiative Partnership
Revenues			
Taxes	\$ 791,156	\$ 2,414	\$ -
Intergovernmental	5,405	-	864,108
Charges for Services	-	-	-
Fines and Forfeitures	-	-	-
Special Assessments	-	-	-
Interest	67,895	82,106	11,218
Miscellaneous	56,659	5,476	116,425
Total Revenues	921,115	89,996	991,751
Expenditures			
Current			
General Government	-	-	-
Public Safety	-	-	-
Physical Environment	602,726	290,969	-
Transportation	-	-	-
Economic Environment	-	-	791,175
Human Services	-	-	-
Court Operations	-	-	-
Debt Service			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Capital Outlay	152,230	-	-
Total Expenditures	754,956	290,969	791,175
Excess of Revenues Over (Under) Expenditures	166,159	(200,973)	200,576
Other Financing Sources (Uses)			
Transfers In	12,478	32	-
Transfers Out	(2,747)	(2,678)	-
Additions to Long-Term Debt	-	-	-
Total Other Financing Sources (Uses)	9,731	(2,646)	-
Net Change in Fund Balances	175,890	(203,619)	200,576
Fund Balances at Beginning of Year	4,809,050	6,328,983	346,398
Fund Balances at End of Year	\$ 4,984,940	\$ 6,125,364	\$ 546,974

See accompanying independent auditors' report.

Special Revenue Funds

Court-Related Funds	Municipal Service Benefit Units	Hernando County Fire Rescue - Rescue	Miscellaneous Special Revenue Funds
\$ -	\$ -	\$ 3,863,819	\$ 1,505,595
-	-	22,598	687,010
1,418,774	-	8,486,453	33,762
-	-	14	148,712
-	1,827,485	-	-
62,167	35,723	39,937	71,394
74	31,107	43,137	7,681
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,481,015</u>	<u>1,894,315</u>	<u>12,455,958</u>	<u>2,454,154</u>
-	-	-	607,600
-	249,587	9,698,626	187,505
-	2,351	-	2,649
-	1,180,357	-	23,503
-	-	-	937,897
-	-	-	1,419,242
882,303	-	-	-
-	256,740	71,223	-
-	50,140	4,496	-
<u>121,113</u>	<u>15,910</u>	<u>39,642</u>	<u>1,367</u>
<u>1,003,416</u>	<u>1,755,085</u>	<u>9,813,987</u>	<u>3,179,763</u>
<u>477,599</u>	<u>139,230</u>	<u>2,641,971</u>	<u>(725,609)</u>
-	21,014	134,742	731,054
(9,615)	(761,565)	(577,262)	(14,200)
-	198,885	371,787	-
<u>(9,615)</u>	<u>(541,666)</u>	<u>(70,733)</u>	<u>716,854</u>
<u>467,984</u>	<u>(402,436)</u>	<u>2,571,238</u>	<u>(8,755)</u>
<u>4,502,770</u>	<u>1,579,624</u>	<u>774,474</u>	<u>4,846,702</u>
<u>\$ 4,970,754</u>	<u>\$ 1,177,188</u>	<u>\$ 3,345,712</u>	<u>\$ 4,837,947</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, 2015

	Special Revenue Funds		
	Clerk of Court and Comptroller Special Revenue Funds	Property Appraiser Special Revenue Funds	Sheriff Special Revenue Funds
Revenues			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	295,713	833,712	196,790
Charges for Services	3,625,415	41,934	1,256,933
Fines and Forfeitures	1,121,775	-	262,389
Special Assessments	-	-	-
Interest	13,667	592	3,874
Miscellaneous	462	163	94,472
Total Revenues	5,057,032	876,401	1,814,458
Expenditures			
Current			
General Government	13,935	700,628	-
Public Safety	-	-	1,812,137
Physical Environment	-	-	-
Transportation	-	-	-
Economic Environment	-	-	-
Human Services	-	-	-
Court Operations	4,684,608	-	-
Debt Service			
Principal	54,382	-	-
Interest and Fiscal Charges	-	-	-
Capital Outlay	56,111	15,251	654,379
Total Expenditures	4,809,036	715,879	2,466,516
Excess of Revenues Over (Under) Expenditures	247,996	160,522	(652,058)
Other Financing Sources (Uses)			
Transfers In	-	-	-
Transfers Out	-	(38,595)	-
Additions to Long-Term Debt	-	-	-
Total Other Financing Sources (Uses)	-	(38,595)	-
Net Change in Fund Balances	247,996	121,927	(652,058)
Fund Balances at Beginning of Year	877,926	702,581	3,325,848
Fund Balances at End of Year	\$ 1,125,922	\$ 824,508	\$ 2,673,790

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
\$ 6,162,984	\$ -	\$ -	\$ -	\$ -
2,905,336	-	-	-	-
14,863,271	-	-	-	-
1,532,890	-	-	-	-
1,827,485	-	-	-	-
388,573	98	116	14,439	80
355,656	-	-	-	-
28,036,195	98	116	14,439	80
1,322,163	9	8	1,807	11
11,947,855	-	-	-	-
898,695	-	-	-	-
1,203,860	-	-	-	-
1,729,072	-	-	-	-
1,419,242	-	-	-	-
5,566,911	-	-	-	-
382,345	875,000	320,000	565,000	237,000
54,636	79,033	124,645	24,855	625,317
1,056,003	-	-	-	-
25,580,782	954,042	444,653	591,662	862,328
2,455,413	(953,944)	(444,537)	(577,223)	(862,248)
899,320	953,933	444,575	-	863,317
(1,406,662)	-	-	-	-
570,672	-	-	-	-
63,330	953,933	444,575	-	863,317
2,518,743	(11)	38	(577,223)	1,069
28,094,356	7,447	8,622	638,191	3,552
\$ 30,613,099	\$ 7,436	\$ 8,660	\$ 60,968	\$ 4,621

Continued

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2015

	<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	\$ -	\$ -	\$ 6,162,984
Intergovernmental	-	-	2,905,336
Charges for Services	-	-	14,863,271
Fines and Forfeitures	-	-	1,532,890
Special Assessments	-	-	1,827,485
Interest	14,733	15,298	418,604
Miscellaneous	-	400	356,056
	<hr/>	<hr/>	<hr/>
Total Revenues	14,733	15,698	28,066,626
	<hr/>	<hr/>	<hr/>
Expenditures			
Current			
General Government	1,835	16,114	1,340,112
Public Safety	-	105,609	12,053,464
Physical Environment	-	-	898,695
Transportation	-	-	1,203,860
Economic Environment	-	-	1,729,072
Human Services	-	-	1,419,242
Court Operations	-	-	5,566,911
Debt Service			
Principal	1,997,000	-	2,379,345
Interest and Fiscal Charges	853,850	-	908,486
Capital Outlay	-	216,915	1,272,918
	<hr/>	<hr/>	<hr/>
Total Expenditures	2,852,685	338,638	28,772,105
	<hr/>	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenditures	(2,837,952)	(322,940)	(705,479)
	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses)			
Transfers In	2,261,825	701,162	3,862,307
Transfers Out	-	-	(1,406,662)
Additions to Long-Term Debt	-	-	570,672
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	2,261,825	701,162	3,026,317
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	(576,127)	378,222	2,320,838
	<hr/>	<hr/>	<hr/>
Fund Balances at Beginning of Year	657,812	954,448	29,706,616
	<hr/>	<hr/>	<hr/>
Fund Balances at End of Year	\$ 81,685	\$ 1,332,670	\$ 32,027,454
	<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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ 20,022	\$ -	\$ (20,022)
Impact Fees	27,500	27,500	892,104	864,604
Interest	24,125	24,125	182,474	158,349
Miscellaneous	-	199,800	199,800	-
Total Revenues	<u>51,625</u>	<u>271,447</u>	<u>1,274,378</u>	<u>1,002,931</u>
Expenditures				
Current				
Public Safety	51,320	51,320	4,757	46,563
Capital Outlay	4,813,675	7,442,574	6,251,711	1,190,863
Total Expenditures	<u>4,864,995</u>	<u>7,493,894</u>	<u>6,256,468</u>	<u>1,237,426</u>
Excess of Revenues Over Expenditures	<u>(4,813,370)</u>	<u>(7,222,447)</u>	<u>(4,982,090)</u>	<u>2,240,357</u>
Other Financing Sources (Uses)				
Transfers Out	(297,341)	(297,341)	(297,342)	(1)
Reserve for Contingencies	(8,907,006)	(6,021,745)	-	6,021,745
Total Other Financing Sources (Uses)	<u>(9,204,347)</u>	<u>(6,319,086)</u>	<u>(297,342)</u>	<u>6,021,744</u>
Net Change in Fund Balance	<u>(14,017,717)</u>	<u>(13,541,533)</u>	<u>(5,279,432)</u>	<u>8,262,101</u>
Fund Balance at Beginning of Year	<u>14,017,717</u>	<u>13,541,533</u>	<u>13,541,540</u>	<u>7</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,262,108</u>	<u>\$ 8,262,108</u>

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STORMWATER MANAGEMENT
For the Fiscal Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 767,609	\$ 789,205	\$ 791,156	\$ 1,951
Intergovernmental	-	18,995	5,405	(13,590)
Interest	15,000	15,000	67,895	52,895
Miscellaneous	6,500	34,930	56,659	21,729
Total Revenues	<u>789,109</u>	<u>858,130</u>	<u>921,115</u>	<u>62,985</u>
Expenditures				
Current				
Physical Environment	1,046,128	1,113,984	602,726	511,258
Capital Outlay	195,000	495,479	152,230	343,249
Total Expenditures	<u>1,241,128</u>	<u>1,609,463</u>	<u>754,956</u>	<u>854,507</u>
Excess of Revenues Over (Under) Expenditures	<u>(452,019)</u>	<u>(751,333)</u>	<u>166,159</u>	<u>917,492</u>
Other Financing Sources (Uses)				
Transfers In	-	-	12,478	12,478
Transfers Out	(2,747)	(2,747)	(2,747)	-
Reserve for Contingencies	(4,317,221)	(4,054,969)	-	4,054,969
Total Other Financing Sources (Uses)	<u>(4,319,968)</u>	<u>(4,057,716)</u>	<u>9,731</u>	<u>4,067,447</u>
Net Change in Fund Balance	<u>(4,771,987)</u>	<u>(4,809,049)</u>	<u>175,890</u>	<u>4,984,939</u>
Fund Balance at Beginning of Year	4,771,987	4,809,049	4,809,050	1
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,984,940</u>	<u>\$ 4,984,940</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,000	\$ 2,000	\$ 2,414	\$ 414
Charges for Services	900	900	-	(900)
Interest	45,000	45,000	82,106	37,106
Miscellaneous	5,160	5,160	5,476	316
	<u>53,060</u>	<u>53,060</u>	<u>89,996</u>	<u>36,936</u>
Total Revenues				
	<u>53,060</u>	<u>53,060</u>	<u>89,996</u>	<u>36,936</u>
Expenditures				
Current				
Physical Environment	495,504	504,808	290,969	213,839
Capital Outlay	21,500	21,500	-	21,500
	<u>517,004</u>	<u>526,308</u>	<u>290,969</u>	<u>235,339</u>
Total Expenditures				
	<u>517,004</u>	<u>526,308</u>	<u>290,969</u>	<u>235,339</u>
Excess of Revenues Over (Under) Expenditures	<u>(463,944)</u>	<u>(473,248)</u>	<u>(200,973)</u>	<u>272,275</u>
Other Financing Sources (Uses)				
Transfers In	-	-	32	32
Transfers Out	(2,678)	(2,678)	(2,678)	-
Reserve for Contingencies	(5,726,963)	(5,853,056)	-	5,853,056
	<u>(5,729,641)</u>	<u>(5,855,734)</u>	<u>(2,646)</u>	<u>5,853,088</u>
Total Other Financing Sources (Uses)				
	<u>(5,729,641)</u>	<u>(5,855,734)</u>	<u>(2,646)</u>	<u>5,853,088</u>
Net Change in Fund Balance	<u>(6,193,585)</u>	<u>(6,328,982)</u>	<u>(203,619)</u>	<u>6,125,363</u>
Fund Balance at Beginning of Year	<u>6,193,585</u>	<u>6,328,982</u>	<u>6,328,983</u>	<u>1</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,125,364</u>	<u>\$ 6,125,364</u>

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 819,634	\$ 819,634	\$ 864,108	\$ 44,474
Interest	10,300	10,300	11,218	918
Miscellaneous	150,000	150,000	116,425	(33,575)
Total Revenues	<u>979,934</u>	<u>979,934</u>	<u>991,751</u>	<u>11,817</u>
Expenditures				
Current				
Economic Environment	1,186,551	1,186,551	791,175	395,376
Total Expenditures	<u>1,186,551</u>	<u>1,186,551</u>	<u>791,175</u>	<u>395,376</u>
Excess of Revenues Over (Under) Expenditures	<u>(206,617)</u>	<u>(206,617)</u>	<u>200,576</u>	<u>407,193</u>
Other Financing Sources (Uses)				
Reserve for Contingencies	-	(139,780)	-	139,780
Total Other Financing Sources (Uses)	<u>-</u>	<u>(139,780)</u>	<u>-</u>	<u>139,780</u>
Net Change in Fund Balance	(206,617)	(346,397)	200,576	546,973
Fund Balance at Beginning of Year	206,617	346,397	346,398	1
Fund Balance at End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 546,974</u></u>	<u><u>\$ 546,974</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 1,240,100	\$ 1,278,783	\$ 1,418,774	\$ 139,991
Interest	23,650	23,650	62,167	38,517
Miscellaneous	-	-	74	74
Total Revenues	1,263,750	1,302,433	1,481,015	178,582
Expenditures				
Current				
Court Operations	941,736	956,956	882,303	74,653
Capital Outlay	129,712	122,820	121,113	1,707
Total Expenditures	1,071,448	1,079,776	1,003,416	76,360
Excess of Revenues Over (Under) Expenditures	192,302	222,657	477,599	254,942
Other Financing Sources (Uses)				
Transfers Out	(9,615)	(9,615)	(9,615)	-
Reserve for Contingencies	(4,767,349)	(4,715,809)	-	4,715,809
Total Other Financing Sources (Uses)	(4,776,964)	(4,725,424)	(9,615)	4,715,809
Net Change in Fund Balance	(4,584,662)	(4,502,767)	467,984	4,970,751
Fund Balance at Beginning of Year	4,584,662	4,502,767	4,502,770	3
Fund Balance at End of Year	\$ -	\$ -	\$ 4,970,754	\$ 4,970,754

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special Assessments	\$ 1,564,548	\$ 1,564,548	\$ 1,827,485	\$ 262,937
Interest	12,225	12,225	35,723	23,498
Miscellaneous	12,070	12,070	31,107	19,037
Total Revenues	<u>1,588,843</u>	<u>1,588,843</u>	<u>1,894,315</u>	<u>305,472</u>
Expenditures				
Current				
Public Safety	246,394	248,394	249,587	(1,193)
Physical Environment	3,360	3,360	2,351	1,009
Transportation	1,229,926	1,255,977	1,180,357	75,620
Debt Service				
Principal	292,055	292,055	256,740	35,315
Interest and Fiscal Charges	56,427	56,427	50,140	6,287
Capital Outlay	15,000	16,559	15,910	649
Total Expenditures	<u>1,843,162</u>	<u>1,872,772</u>	<u>1,755,085</u>	<u>117,687</u>
Excess of Revenues Over (Under) Expenditures	<u>(254,319)</u>	<u>(283,929)</u>	<u>139,230</u>	<u>423,159</u>
Other Financing Sources (Uses)				
Transfers In	-	-	21,014	21,014
Transfers Out	(704,472)	(1,123,850)	(761,565)	362,285
Additions to Long-Term Debt	651,945	651,945	198,885	(453,060)
Reserve for Contingencies	(838,685)	(1,092,289)	-	1,092,289
Total Other Financing Sources (Uses)	<u>(891,212)</u>	<u>(1,564,194)</u>	<u>(541,666)</u>	<u>1,022,528</u>
Net Change in Fund Balance	<u>(1,145,531)</u>	<u>(1,848,123)</u>	<u>(402,436)</u>	<u>1,445,687</u>
Fund Balance at Beginning of Year	<u>1,145,531</u>	<u>1,848,123</u>	<u>1,579,624</u>	<u>(268,499)</u>
Fund Balance at End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,177,188</u></u>	<u><u>\$ 1,177,188</u></u>

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HERNANDO COUNTY FIRE RESCUE - RESCUE
For the Fiscal Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 3,769,192	\$ 3,769,192	\$ 3,863,819	\$ 94,627
Intergovernmental	21,000	21,000	22,598	1,598
Charges for Services	5,603,123	6,302,270	8,486,453	2,184,183
Fines and Forfeitures		-	14	14
Interest	30,000	30,000	39,937	9,937
Miscellaneous	32,906	32,906	43,137	10,231
Total Revenues	<u>9,456,221</u>	<u>10,155,368</u>	<u>12,455,958</u>	<u>2,300,590</u>
Expenditures				
Current				
Public Safety	9,507,045	9,781,675	9,698,626	83,049
Debt Service				
Principal	69,635	71,223	71,223	-
Interest and Fiscal Charges	5,856	4,496	4,496	-
Capital Outlay	3,974	11,498	39,642	(28,144)
Total Expenditures	<u>9,586,510</u>	<u>9,868,892</u>	<u>9,813,987</u>	<u>54,905</u>
Excess of Revenues Over (Under) Expenditures	<u>(130,289)</u>	<u>286,476</u>	<u>2,641,971</u>	<u>2,355,495</u>
Other Financing Sources (Uses)				
Transfers In	35,000	35,000	134,742	99,742
Transfers Out	(458,092)	(948,125)	(577,262)	370,863
Additions to Long-Term Debt	-	371,787	371,787	-
Reserve for Contingencies	(1,336,821)	(519,611)	-	519,611
Total Other Financing Sources (Uses)	<u>(1,759,913)</u>	<u>(1,060,949)</u>	<u>(70,733)</u>	<u>990,216</u>
Net Change in Fund Balance	<u>(1,890,202)</u>	<u>(774,473)</u>	<u>2,571,238</u>	<u>3,345,711</u>
Fund Balance at Beginning of Year	<u>1,890,202</u>	<u>774,473</u>	<u>774,474</u>	<u>1</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,345,712</u>	<u>\$ 3,345,712</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,422,245	\$ 1,422,245	\$ 1,505,595	\$ 83,350
Intergovernmental	69,540	1,155,123	687,010	(468,113)
Charges for Services	-	-	33,762	33,762
Fines and Forfeitures	170,000	170,000	148,712	(21,288)
Interest	26,850	26,850	71,394	44,544
Miscellaneous	45,000	45,092	7,681	(37,411)
Total Revenues	1,733,635	2,819,310	2,454,154	(365,156)
Expenditures				
Current				
General Government	-	1,099,696	607,600	492,096
Public Safety	243,730	272,485	187,505	84,980
Physical Environment	101,830	101,830	2,649	99,181
Transportation	51,000	51,000	23,503	27,497
Economic Environment	1,138,776	1,874,009	937,897	936,112
Human Services	1,485,318	1,584,019	1,419,242	164,777
Capital Outlay	28,800	182,162	1,367	180,795
Total Expenditures	3,049,454	5,165,201	3,179,763	1,985,438
Excess of Revenues Over (Under) Expenditures	(1,315,819)	(2,345,891)	(725,609)	1,620,282
Other Financing Sources (Uses)				
Transfers In	722,640	741,861	731,054	(10,807)
Transfers Out	(12,362)	(14,200)	(14,200)	-
Reserve for Contingencies	(3,553,783)	(3,228,467)	-	3,228,467
Total Other Financing Sources (Uses)	(2,843,505)	(2,500,806)	716,854	3,217,660
Net Change in Fund Balance	(4,159,324)	(4,846,697)	(8,755)	4,837,942
Fund Balance at Beginning of Year	4,159,324	4,846,697	4,846,702	5
Fund Balance at End of Year	\$ -	\$ -	\$ 4,837,947	\$ 4,837,947

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 148,000	\$ 185,848	\$ 295,713	\$ 109,865
Charges for Services	2,941,500	2,941,500	3,625,415	683,915
Fines and Forfeitures	890,000	882,000	1,121,775	239,775
Interest	4,500	4,500	13,667	9,167
Miscellaneous	-	-	462	462
Total Revenues	3,984,000	4,013,848	5,057,032	1,043,184
Expenditures				
Current				
General Government	96,000	96,000	13,935	82,065
Court Operations	4,217,000	4,246,848	4,684,608	(437,760)
Debt Service				
Principal	76,000	76,000	54,382	21,618
Capital Outlay	170,000	170,000	56,111	113,889
Total Expenditures	4,559,000	4,588,848	4,809,036	(220,188)
Excess of Revenues Over (Under) Expenditures	(575,000)	(575,000)	247,996	822,996
Other Financing Sources (Uses)				
Reserve for Contingencies	(275,000)	(275,000)	-	275,000
Total Other Financing Sources (Uses)	(275,000)	(275,000)	-	275,000
Net Change in Fund Balance	(850,000)	(850,000)	247,996	1,097,996
Fund Balance at Beginning of Year	850,000	850,000	877,926	27,926
Fund Balance at End of Year	\$ -	\$ -	\$ 1,125,922	\$ 1,125,922

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 833,712	\$ 833,712	\$ 833,712	\$ -
Charges for Services	-	-	41,934	41,934
Interest	-	-	592	592
Miscellaneous	-	-	163	163
Total Revenues	833,712	833,712	876,401	42,689
Expenditures				
Current				
General Government	796,362	796,362	700,628	95,734
Capital Outlay	37,350	37,350	15,251	22,099
Total Expenditures	833,712	833,712	715,879	117,833
Excess of Revenues Over Expenditures	-	-	160,522	160,522
Other Financing Sources (Uses)				
Transfers Out	-	-	(38,595)	(38,595)
Total Other Financing Sources (Uses)	-	-	(38,595)	(38,595)
Net Change in Fund Balance	-	-	121,927	121,927
Fund Balance at Beginning of Year	-	-	702,581	702,581
Fund Balance at End of Year	\$ -	\$ -	\$ 824,508	\$ 824,508

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 195,569	\$ 212,510	\$ 196,790	\$ (15,720)
Charges for Services	1,238,029	1,238,029	1,256,933	18,904
Fines and Forfeitures	262,820	262,820	262,389	(431)
Interest	750	750	3,874	3,124
Miscellaneous	93,887	95,187	94,472	(715)
Total Revenues	1,791,055	1,809,296	1,814,458	5,162
Expenditures				
Current				
Public Safety	2,159,503	2,220,488	1,812,137	408,351
Capital Outlay	892,408	1,149,200	654,379	494,821
Total Expenditures	3,051,911	3,369,688	2,466,516	903,172
Excess of Revenues Over (Under) Expenditures	(1,260,856)	(1,560,392)	(652,058)	908,334
Other Financing Sources (Uses)				
Reserve for Contingencies	(2,057,593)	(1,761,701)	-	1,761,701
Total Other Financing Sources (Uses)	(2,057,593)	(1,761,701)	-	1,761,701
Net Change in Fund Balance	(3,318,449)	(3,322,093)	(652,058)	2,670,035
Fund Balance at Beginning of Year	3,318,449	3,322,093	3,325,848	3,755
Fund Balance at End of Year	\$ -	\$ -	\$ 2,673,790	\$ 2,673,790

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 70	\$ 70	\$ 98	\$ 28
Total Revenues	<u>70</u>	<u>70</u>	<u>98</u>	<u>28</u>
Expenditures				
Current				
General Government	20	20	9	11
Debt Service				
Principal	875,000	875,000	875,000	-
Interest and Fiscal Charges	<u>78,933</u>	<u>78,933</u>	<u>79,033</u>	<u>(100)</u>
Total Expenditures	<u>953,953</u>	<u>953,953</u>	<u>954,042</u>	<u>(89)</u>
Excess of Revenues Over (Under) Expenditures	<u>(953,883)</u>	<u>(953,883)</u>	<u>(953,944)</u>	<u>(61)</u>
Other Financing Sources (Uses)				
Transfers In	953,935	953,935	953,933	(2)
Reserve for Contingencies	<u>(7,364)</u>	<u>(7,499)</u>	<u>-</u>	<u>7,499</u>
Total Other Financing Sources (Uses)	<u>946,571</u>	<u>946,436</u>	<u>953,933</u>	<u>7,497</u>
Net Change in Fund Balance	<u>(7,312)</u>	<u>(7,447)</u>	<u>(11)</u>	<u>7,436</u>
Fund Balance at Beginning of Year	<u>7,312</u>	<u>7,447</u>	<u>7,447</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,436</u>	<u>\$ 7,436</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 45	\$ 45	\$ 116	\$ 71
Total Revenues	<u>45</u>	<u>45</u>	<u>116</u>	<u>71</u>
Expenditures				
Current				
General Government	20	20	8	12
Debt Service				
Principal	320,000	320,000	320,000	-
Interest and Fiscal Charges	124,575	124,575	124,645	(70)
Total Expenditures	<u>444,595</u>	<u>444,595</u>	<u>444,653</u>	<u>(58)</u>
Excess of Revenues Over (Under) Expenditures	<u>(444,550)</u>	<u>(444,550)</u>	<u>(444,537)</u>	<u>13</u>
Other Financing Sources (Uses)				
Transfers In	444,576	444,576	444,575	(1)
Reserve for Contingencies	(8,560)	(8,647)	-	8,647
Total Other Financing Sources (Uses)	<u>436,016</u>	<u>435,929</u>	<u>444,575</u>	<u>8,646</u>
Net Change in Fund Balance	<u>(8,534)</u>	<u>(8,621)</u>	<u>38</u>	<u>8,659</u>
Fund Balance at Beginning of Year	<u>8,534</u>	<u>8,621</u>	<u>8,622</u>	<u>1</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,660</u>	<u>\$ 8,660</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 3,000	\$ 3,000	\$ 14,439	\$ 11,439
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>14,439</u>	<u>11,439</u>
Expenditures				
Current				
General Government	1,782	1,782	1,807	(25)
Debt Service				
Principal	565,000	565,000	565,000	-
Interest and Fiscal Charges	24,796	24,796	24,855	(59)
Total Expenditures	<u>591,578</u>	<u>591,578</u>	<u>591,662</u>	<u>(84)</u>
Excess of Revenues Over (Under) Expenditures	<u>(588,578)</u>	<u>(588,578)</u>	<u>(577,223)</u>	<u>11,355</u>
Other Financing Sources (Uses)				
Reserve for Contingencies	(60,163)	(49,613)	-	49,613
Total Other Financing Sources (Uses)	<u>(60,163)</u>	<u>(49,613)</u>	<u>-</u>	<u>49,613</u>
Net Change in Fund Balance	<u>(648,741)</u>	<u>(638,191)</u>	<u>(577,223)</u>	<u>60,968</u>
Fund Balance at Beginning of Year	<u>648,741</u>	<u>638,191</u>	<u>638,191</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,968</u>	<u>\$ 60,968</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 NOTE 2012
For the Fiscal Year Ended September 30, 2015

	<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	\$ 80	\$ 40
Total Revenues	<u>40</u>	<u>40</u>	<u>80</u>	<u>40</u>
Expenditures				
Current				
General Government	20	20	11	9
Debt Service				
Principal	237,000	237,000	237,000	-
Interest and Fiscal Charges	<u>626,292</u>	<u>626,292</u>	<u>625,317</u>	<u>975</u>
Total Expenditures	<u>863,312</u>	<u>863,312</u>	<u>862,328</u>	<u>984</u>
Excess of Revenues Over (Under) Expenditures	<u>(863,272)</u>	<u>(863,272)</u>	<u>(862,248)</u>	<u>1,024</u>
Other Financing Sources (Uses)				
Transfers In	863,294	863,294	863,317	23
Reserve for Contingencies	<u>(2,496)</u>	<u>(3,573)</u>	<u>-</u>	<u>3,573</u>
Total Other Financing Sources (Uses)	<u>860,798</u>	<u>859,721</u>	<u>863,317</u>	<u>3,596</u>
Net Change in Fund Balance	(2,474)	(3,551)	1,069	4,620
Fund Balance at Beginning of Year	<u>2,474</u>	<u>3,551</u>	<u>3,552</u>	<u>1</u>
Fund Balance at End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,621</u></u>	<u><u>\$ 4,621</u></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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 8,000	\$ 8,000	\$ 15,298	\$ 7,298
Miscellaneous	-	-	400	400
Total Revenues	<u>8,000</u>	<u>8,000</u>	<u>15,698</u>	<u>7,698</u>
Expenditures				
Current				
General Government	40	66,425	16,114	50,311
Public Safety	860,369	881,273	105,609	775,664
Capital Outlay	39,332	715,911	216,915	498,996
Total Expenditures	<u>899,741</u>	<u>1,663,609</u>	<u>338,638</u>	<u>1,324,971</u>
Excess of Revenues Over (Under) Expenditures	<u>(891,741)</u>	<u>(1,655,609)</u>	<u>(322,940)</u>	<u>1,332,669</u>
Other Financing Sources (Uses)				
Transfers In	-	701,162	701,162	-
Reserve for Contingencies	(28,559)	-	-	-
Total Other Financing Sources (Uses)	<u>(28,559)</u>	<u>701,162</u>	<u>701,162</u>	<u>-</u>
Net Change in Fund Balance	<u>(920,300)</u>	<u>(954,447)</u>	<u>378,222</u>	<u>1,332,669</u>
Fund Balance at Beginning of Year	<u>920,300</u>	<u>954,447</u>	<u>954,448</u>	<u>1</u>
Fund Balance at End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,332,670</u></u>	<u><u>\$ 1,332,670</u></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.

County Health Insurance

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

Sheriff Health Insurance

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

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2015

	<u>Central Fueling System</u>	<u>Risk Management</u>	<u>Workers' Compensation</u>	<u>Computer Replacement</u>
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ -	\$ -	\$ 200,000	\$ -
Pooled Cash and Investments	412,755	1,416,076	5,954,922	467,311
Cash with Fiscal Agent	-	-	-	-
Accounts Receivable (net)	12,840	-	-	-
Due from Other Governments	-	-	-	-
Inventories	47,416	-	-	-
Total Current Assets	<u>473,011</u>	<u>1,416,076</u>	<u>6,154,922</u>	<u>467,311</u>
Non-Current Assets				
Capital Assets, net of accumulated depreciation:				
Buildings	-	-	-	-
Equipment	-	1,213	-	313,149
Construction in Progress	3,828	-	-	-
Total Non-Current Assets	<u>3,828</u>	<u>1,213</u>	<u>-</u>	<u>313,149</u>
Total Assets	<u>\$ 476,839</u>	<u>\$ 1,417,289</u>	<u>\$ 6,154,922</u>	<u>\$ 780,460</u>
Deferred Outflows of Resources	<u>\$ 2,571</u>	<u>\$ 6,148</u>	<u>\$ 4,540</u>	<u>\$ -</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	78,672	4,590	85,154	-
Accrued Liabilities	1,567	2,818	2,060	-
Compensated Absences	2,324	8,033	1,180	-
Unearned Revenues	-	-	-	-
Claims Liabilities	-	-	1,870,000	-
Total Current Liabilities	<u>82,563</u>	<u>15,441</u>	<u>1,958,394</u>	<u>-</u>
Non-Current Liabilities:				
Compensated Absences	202	699	102	-
Other Post-Employment Benefits	2,116	6,726	8,688	-
Net Pension Liability	13,848	26,782	38,976	-
Claims Liabilities	-	-	1,400,000	-
Total Non-Current Liabilities	<u>16,166</u>	<u>34,207</u>	<u>1,447,766</u>	<u>-</u>
Total Liabilities	<u>\$ 98,729</u>	<u>\$ 49,648</u>	<u>\$ 3,406,160</u>	<u>\$ -</u>
Deferred Inflows of Resources	<u>\$ 2,447</u>	<u>\$ 5,852</u>	<u>\$ 4,322</u>	<u>\$ -</u>
NET POSITION				
Net Investment in Capital Assets	3,828	1,213	-	313,149
Unrestricted	374,406	1,366,724	2,748,980	467,311
Total Net Position	<u>\$ 378,234</u>	<u>\$ 1,367,937</u>	<u>\$ 2,748,980</u>	<u>\$ 780,460</u>

<u>Vehicle Maintenance</u>	<u>Fleet Replacement</u>	<u>County Health Insurance</u>	<u>Sheriff Health Insurance</u>	<u>Total</u>
\$ 720	\$ -	\$ -	\$ -	\$ 200,720
1,000,315	6,052,802	3,891,005	-	19,195,186
-	-	-	5,595,889	5,595,889
1,000	-	33,416	75,539	122,795
209	-	-	-	209
46,205	-	-	-	93,621
<u>1,048,449</u>	<u>6,052,802</u>	<u>3,924,421</u>	<u>5,671,428</u>	<u>25,208,420</u>
1,646,683	-	-	-	1,646,683
3,043	7,796,307	-	-	8,113,712
-	-	-	-	3,828
<u>1,649,726</u>	<u>7,796,307</u>	<u>-</u>	<u>-</u>	<u>9,764,223</u>
<u>\$ 2,698,175</u>	<u>\$ 13,849,109</u>	<u>\$ 3,924,421</u>	<u>\$ 5,671,428</u>	<u>\$ 34,972,643</u>
\$ 41,693	\$ 4,274	\$ -	\$ -	\$ 59,226
263,310	948,357	1,169,137	692,973	3,242,193
18,620	1,411	-	-	26,476
32,869	2,466	-	-	46,872
-	-	-	340,080	340,080
-	-	513,723	320,024	2,703,747
<u>314,799</u>	<u>952,234</u>	<u>1,682,860</u>	<u>1,353,077</u>	<u>6,359,368</u>
2,858	214	-	-	4,075
37,447	2,758	-	-	57,735
251,339	25,279	-	-	356,224
-	-	-	-	1,400,000
<u>291,644</u>	<u>28,251</u>	<u>-</u>	<u>-</u>	<u>1,818,034</u>
<u>\$ 606,443</u>	<u>\$ 980,485</u>	<u>\$ 1,682,860</u>	<u>\$ 1,353,077</u>	<u>\$ 8,177,402</u>
\$ 39,690	\$ 4,068	\$ -	\$ -	\$ 56,379
1,649,726	7,796,307	-	-	9,764,223
<u>444,009</u>	<u>5,072,523</u>	<u>2,241,561</u>	<u>4,318,351</u>	<u>17,033,865</u>
<u>\$ 2,093,735</u>	<u>\$ 12,868,830</u>	<u>\$ 2,241,561</u>	<u>\$ 4,318,351</u>	<u>\$ 26,798,088</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, 2015

	Central Fueling System	Risk Management	Workers' Compen- sation
Operating Revenues			
Charges for Services	\$ 1,102,100	\$ 3,930,436	\$ 1,243,247
Miscellaneous	87	54,933	392,550
Total Operating Revenues	<u>1,102,187</u>	<u>3,985,369</u>	<u>1,635,797</u>
Operating Expenses			
Personal Services	37,035	89,952	53,027
Other Services & Charges	927,857	3,903,494	234,233
Claims	-	-	374,958
Depreciation and Amortization	-	383	-
Total Operating Expenses	<u>964,892</u>	<u>3,993,829</u>	<u>662,218</u>
Operating Income (Loss)	<u>137,295</u>	<u>(8,460)</u>	<u>973,579</u>
Non-Operating Revenues (Expenses)			
Interest Income	2,135	20,878	72,622
Interest Expense	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-
Total Non-Operating Revenues (Expenses)	<u>2,135</u>	<u>20,878</u>	<u>72,622</u>
Income (Loss) Before Transfers	<u>139,430</u>	<u>12,418</u>	<u>1,046,201</u>
Transfers In	-	-	-
Transfers Out	(755)	(1,374)	(1,374)
Total Transfers	<u>(755)</u>	<u>(1,374)</u>	<u>(1,374)</u>
Change in Net Position	138,675	11,044	1,044,827
Net Position-Beginning , As Restated	<u>239,559</u>	<u>1,356,893</u>	<u>1,704,153</u>
Net Position-Ending	<u>\$ 378,234</u>	<u>\$ 1,367,937</u>	<u>\$ 2,748,980</u>

See accompanying independent auditors' report.

<u>Computer Replacement</u>	<u>Vehicle Maintenance</u>	<u>Fleet Replacement</u>	<u>County Health Insurance</u>	<u>Sheriff Health Insurance</u>	<u>Total</u>
\$ 137,781	\$ 2,409,012	\$ 2,518,717	\$ 9,814,373	\$ 5,111,202	\$ 26,266,868
-	1,218	9,021	51,911	51,195	560,915
<u>137,781</u>	<u>2,410,230</u>	<u>2,527,738</u>	<u>9,866,284</u>	<u>5,162,397</u>	<u>26,827,783</u>
-	605,977	51,447	-	-	837,438
19,413	1,738,078	466,418	1,418,067	809,082	9,516,642
-	-	-	8,065,946	3,690,198	12,131,102
<u>83,976</u>	<u>60,062</u>	<u>1,170,221</u>	<u>-</u>	<u>-</u>	<u>1,314,642</u>
<u>103,389</u>	<u>2,404,117</u>	<u>1,688,086</u>	<u>9,484,013</u>	<u>4,499,280</u>	<u>23,799,824</u>
<u>34,392</u>	<u>6,113</u>	<u>839,652</u>	<u>382,271</u>	<u>663,117</u>	<u>3,027,959</u>
5,924	7,308	60,469	39,411	2,387	211,134
-	(1,138)	-	-	-	(1,138)
<u>1,014</u>	<u>19</u>	<u>219,798</u>	<u>-</u>	<u>-</u>	<u>220,831</u>
<u>6,938</u>	<u>6,189</u>	<u>280,267</u>	<u>39,411</u>	<u>2,387</u>	<u>430,827</u>
<u>41,330</u>	<u>12,302</u>	<u>1,119,919</u>	<u>421,682</u>	<u>665,504</u>	<u>3,458,786</u>
11,113	-	626,684	1,819,879	-	2,457,676
-	(54,485)	(1,236)	-	-	(59,224)
<u>11,113</u>	<u>(54,485)</u>	<u>625,448</u>	<u>1,819,879</u>	<u>-</u>	<u>2,398,452</u>
52,443	(42,183)	1,745,367	2,241,561	665,504	5,857,238
<u>728,017</u>	<u>2,135,918</u>	<u>11,123,463</u>	<u>-</u>	<u>3,652,847</u>	<u>20,940,850</u>
<u>\$ 780,460</u>	<u>\$ 2,093,735</u>	<u>\$ 12,868,830</u>	<u>\$ 2,241,561</u>	<u>\$ 4,318,351</u>	<u>\$ 26,798,088</u>

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2015

	Central Fueling System	Risk Management	Workers' Compensation
Cash Flows from Operating Activities			
Receipts from Customers	\$ 1,059,711	\$ 3,949,408	\$ 1,243,247
Receipts from Inter-Fund Services	41,960	23,026	-
Payments to Suppliers	(972,936)	(3,925,495)	(204,264)
Payments to Employees	(38,100)	(84,451)	(68,080)
Claims Paid	-	-	(874,958)
Other Receipts (Payments)	87	54,933	392,550
Net Cash provided by (used in) Operating Activities	<u>90,722</u>	<u>17,421</u>	<u>488,495</u>
Cash Flows from Noncapital Financing Activities			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(755)	(1,374)	(1,374)
Net Cash Provided by (used for) Noncapital Financing Activities	<u>(755)</u>	<u>(1,374)</u>	<u>(1,374)</u>
Cash Flows from Capital and Related Financing Activities			
Additions to Capital Assets	-	-	-
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>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities			
Interest Received	2,135	20,878	72,622
Net Cash Provided by Investing Activities	<u>2,135</u>	<u>20,878</u>	<u>72,622</u>
Net Increase (Decrease) in Cash and Cash Equivalents	92,102	36,925	559,743
Cash and Cash Equivalents at Beginning of Year	<u>320,653</u>	<u>1,379,151</u>	<u>5,595,179</u>
Cash and Cash Equivalents at End of Year	<u>\$ 412,755</u>	<u>\$ 1,416,076</u>	<u>\$ 6,154,922</u>

See accompanying independent auditors' report.

<u>Computer Replacement</u>	<u>Vehicle Maintenance</u>	<u>Fleet Maintenance</u>	<u>County Health Insurance</u>	<u>Sheriff Health Insurance</u>	<u>Total</u>
\$ 136,679	\$ 2,407,022	\$ 2,518,717	\$ 9,692,353	\$ 1,059,190	\$ 22,066,327
1,477	990	-	88,604	4,052,847	4,208,904
(27,451)	(1,463,425)	346,925	(248,930)	(673,902)	(7,169,478)
-	(648,375)	(56,594)	-	-	(895,600)
-	-	-	(7,552,223)	(3,622,172)	(12,049,353)
-	1,218	9,021	51,911	51,195	560,915
<u>110,705</u>	<u>297,430</u>	<u>2,818,069</u>	<u>2,031,715</u>	<u>867,158</u>	<u>6,721,715</u>
11,113	-	626,684	1,819,879	-	2,457,676
-	(54,485)	(1,236)	-	-	(59,224)
<u>11,113</u>	<u>(54,485)</u>	<u>625,448</u>	<u>1,819,879</u>	<u>-</u>	<u>2,398,452</u>
(164,337)	(2,995)	(3,279,126)	-	-	(3,446,458)
-	(133,817)	-	-	-	(133,817)
-	(1,138)	-	-	-	(1,138)
-	19	219,798	-	-	219,817
<u>(164,337)</u>	<u>(137,931)</u>	<u>(3,059,328)</u>	<u>-</u>	<u>-</u>	<u>(3,361,596)</u>
5,924	7,308	60,469	39,411	2,387	211,134
<u>5,924</u>	<u>7,308</u>	<u>60,469</u>	<u>39,411</u>	<u>2,387</u>	<u>211,134</u>
(36,595)	112,322	444,658	3,891,005	869,545	5,969,705
<u>503,906</u>	<u>888,713</u>	<u>5,608,144</u>	<u>-</u>	<u>4,726,344</u>	<u>19,022,090</u>
<u>\$ 467,311</u>	<u>\$ 1,001,035</u>	<u>\$ 6,052,802</u>	<u>\$ 3,891,005</u>	<u>\$ 5,595,889</u>	<u>\$ 24,991,795</u>

Continued

**HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2015**

	Central Fueling System	Risk Management	Workers' Compen- sation
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	\$ 137,295	\$ (8,460)	\$ 973,579
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided by (used in) Operating Activities			
Depreciation and Amortization	-	383	-
Other Post-Employment Benefits	261	668	469
Pension Adjustments	(1,104)	2,212	(13,068)
(Increase) Decrease in			
Accounts Receivable	(429)	41,998	-
Due from Other Funds	-	-	-
Inventories	17,783	-	-
Increase (Decrease) in			
Accounts Payable	(62,862)	(22,001)	29,969
Accrued Liabilities	(222)	2,621	(2,454)
Due to Other Funds	-	-	-
Unearned Revenues	-	-	-
Claims Liabilities	-	-	(500,000)
Total Adjustments	(46,573)	25,881	(485,084)
Net Cash Provided by (used in) Operating Activities	\$ 90,722	\$ 17,421	\$ 488,495

<u>Computer Replacement</u>	<u>Vehicle Maintenance</u>	<u>Fleet Replacement</u>	<u>Medical Health Insurance</u>	<u>Sheriff Health Insurance</u>	<u>Total</u>
\$ 34,392	\$ 6,113	\$ 839,652	\$ 382,271	\$ 663,117	\$ 3,027,959
83,976	60,062	1,170,221	-	-	1,314,642
-	4,353	393	-	-	6,144
-	(38,381)	(3,565)	-	-	(53,906)
-	(1,000)	-	(33,416)	69,195	76,348
375	-	-	-	-	375
-	141,265	-	-	-	159,048
(1,822)	133,388	813,343	1,169,137	65,985	2,125,137
-	(8,370)	(1,975)	-	-	(10,400)
(6,216)	-	-	-	-	(6,216)
-	-	-	-	835	835
-	-	-	513,723	68,026	81,749
<u>76,313</u>	<u>291,317</u>	<u>1,978,417</u>	<u>1,649,444</u>	<u>204,041</u>	<u>3,693,756</u>
<u>\$ 110,705</u>	<u>\$ 297,430</u>	<u>\$ 2,818,069</u>	<u>\$ 2,031,715</u>	<u>\$ 867,158</u>	<u>\$ 6,721,715</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, 2015**

	Board of County Commissioners	Clerk of the Circuit Court	Tax Collector
ASSETS			
Cash and Cash Equivalents	\$ -	\$ -	\$ 2,178,203
Pooled Cash and Investments	1,902,433	3,201,827	382,010
Accounts Receivable (net)	-	300	-
Due from Other Governments	-	-	302
Total Assets	\$ 1,902,433	\$ 3,202,127	\$ 2,560,515
LIABILITIES			
Accounts Payable	\$ 93,391	\$ 7,660	\$ 5,099
Accrued Liabilities	1,789,255	1,590,968	-
Due to Other Governments	-	716,074	377,237
Deposits	19,787	887,425	2,178,179
Total Liabilities	\$ 1,902,433	\$ 3,202,127	\$ 2,560,515

See accompanying independent auditors' report.

<u>Sheriff</u>	<u>Total</u>
\$ 87,388	\$ 2,265,591
-	5,486,270
-	300
-	302
\$ 87,388	\$ 7,752,463

\$ 62,300	\$ 168,450
-	3,380,223
9,045	1,102,356
16,043	3,101,434
\$ 87,388	\$ 7,752,463

HERNANDO COUNTY, FLORIDA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 BOARD OF COUNTY COMMISSIONERS' AGENCY FUNDS
 For the Fiscal Year Ended September 30, 2015

	<u>Balance 9/30/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2015</u>
ASSETS				
Pooled Cash and Investments	\$ 2,547,411	\$ -	\$ 644,978	\$ 1,902,433
Total Assets	<u>\$ 2,547,411</u>	<u>\$ -</u>	<u>\$ 644,978</u>	<u>\$ 1,902,433</u>
LIABILITIES				
Accounts Payable	\$ 841,477	\$ -	\$ 748,086	\$ 93,391
Accrued Liabilities	1,686,147	103,108	-	1,789,255
Deposits	19,787	-	-	19,787
Total Liabilities	<u>\$ 2,547,411</u>	<u>\$ 103,108</u>	<u>\$ 748,086</u>	<u>\$ 1,902,433</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, 2015

	<u>Balance 9/30/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2015</u>
ASSETS				
Pooled Cash and Investments	\$ 2,973,334	\$ 228,493	\$ -	\$ 3,201,827
Accounts Receivable (net)	300	-	-	300
Total Assets	<u>\$ 2,973,634</u>	<u>\$ 228,493</u>	<u>\$ -</u>	<u>\$ 3,202,127</u>
LIABILITIES				
Accounts Payable	\$ 5,055	\$ 2,605	\$ -	\$ 7,660
Accrued Liabilities	1,672,683	-	81,715	1,590,968
Due to Other Governments	491,541	224,533	-	716,074
Deposits	804,355	83,070	-	887,425
Total Liabilities	<u>\$ 2,973,634</u>	<u>\$ 310,208</u>	<u>\$ 81,715</u>	<u>\$ 3,202,127</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, 2015

	<u>Balance 9/30/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2015</u>
ASSETS				
Cash and Cash Equivalents	\$ 2,142,761	\$ 35,442	\$ -	\$ 2,178,203
Pooled Cash and Investments	471,797	-	89,787	382,010
Due from Other Governments	6,215	-	5,913	302
Total Assets	<u>\$ 2,620,773</u>	<u>\$ 35,442</u>	<u>\$ 95,700</u>	<u>\$ 2,560,515</u>
LIABILITIES				
Accounts Payable	\$ 35,673	\$ -	\$ 30,574	\$ 5,099
Due to Other Governments	442,370	-	65,133	377,237
Deposits	2,142,730	35,449	-	2,178,179
Total Liabilities	<u>\$ 2,620,773</u>	<u>\$ 35,449</u>	<u>\$ 95,707</u>	<u>\$ 2,560,515</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, 2015

	<u>Balance 9/30/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2015</u>
ASSETS				
Cash and Cash Equivalents	\$ 86,665	\$ 723	\$ -	\$ 87,388
Total Assets	<u>\$ 86,665</u>	<u>\$ 723</u>	<u>\$ -</u>	<u>\$ 87,388</u>
LIABILITIES				
Accounts Payable	\$ 59,544	\$ 2,756	\$ -	\$ 62,300
Due to Other Governments	9,712	-	667	9,045
Deposits	17,409	-	1,366	16,043
Total Liabilities	<u>\$ 86,665</u>	<u>\$ 2,756</u>	<u>\$ 2,033</u>	<u>\$ 87,388</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, 2015

	Balance 9/30/2014	Additions	Deletions	Balance 9/30/2015
ASSETS				
Cash and Cash Equivalents	\$ 2,229,426	\$ 36,165	\$ -	\$ 2,265,591
Pooled Cash and Investments	5,992,542	228,493	734,765	5,486,270
Accounts Receivable (net)	300	-	-	300
Due from Other Governments	6,215	-	5,913	302
Total Assets	\$ 8,228,483	\$ 264,658	\$ 740,678	\$ 7,752,463
LIABILITIES				
Accounts Payable	\$ 941,749	\$ 5,361	\$ 778,660	\$ 168,450
Accrued Liabilities	3,358,830	103,108	81,715	3,380,223
Due to Other Governments	943,623	224,533	65,800	1,102,356
Deposits	2,984,281	118,519	1,366	3,101,434
Total Liabilities	\$ 8,228,483	\$ 451,521	\$ 927,541	\$ 7,752,463

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				
	2006	2007	2008	2009	2010
Governmental Activities					
Net Investment in Capital Assets	\$ 216,866	\$ 231,151	\$ 240,796	\$ 257,885	\$ 267,795
Restricted	631	3,799	69,441	80,026	76,929
Unrestricted (Deficit)	89,533	105,197	55,722	49,724	51,616
Total Governmental Activities Net Position	<u>\$ 307,030</u>	<u>\$ 340,147</u>	<u>\$ 365,959</u>	<u>\$ 387,635</u>	<u>\$ 396,340</u>
Business-type Activities					
Net Investment in Capital Assets	\$ 130,384	\$ 138,995	\$ 154,168	\$ 161,722	\$ 173,889
Restricted	19,502	21,771	14,632	37,246	9,964
Unrestricted	27,785	29,032	26,750	25,097	20,836
Total Business-type Activities Net Position	<u>\$ 177,671</u>	<u>\$ 189,798</u>	<u>\$ 195,550</u>	<u>\$ 224,065</u>	<u>\$ 204,689</u>
Primary Government					
Net Investment in Capital Assets	\$ 347,250	\$ 370,146	\$ 394,964	\$ 419,607	\$ 441,684
Restricted	20,133	25,570	84,073	117,272	86,893
Unrestricted	117,318	134,229	82,472	74,821	72,452
Total Primary Government Net Position	<u>\$ 484,701</u>	<u>\$ 529,945</u>	<u>\$ 561,509</u>	<u>\$ 611,700</u>	<u>\$ 601,029</u>

(1) GASB 68 was implemented in 2015, requiring a reduction in beginning net position of \$67,122,821 (governmental) and \$4,813,564 (business-type). Prior years have not been restated in this schedule.

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015 (1)</u>
\$ 280,327	\$ 285,954	\$ 290,020	\$ 292,320	\$ 303,506
86,754	88,847	82,667	72,678	61,254
37,429	30,767	24,747	32,333	(28,753)
<u>\$ 404,510</u>	<u>\$ 405,568</u>	<u>\$ 397,434</u>	<u>\$ 397,331</u>	<u>\$ 336,007</u>
\$ 179,518	\$ 170,908	\$ 171,017	\$ 168,614	\$ 171,560
6,956	10,743	10,312	10,442	9,597
19,608	25,030	28,386	33,505	37,215
<u>\$ 206,082</u>	<u>\$ 206,681</u>	<u>\$ 209,715</u>	<u>\$ 212,561</u>	<u>\$ 218,372</u>
\$ 459,845	\$ 456,862	\$ 461,037	\$ 460,934	\$ 475,066
93,710	99,590	92,979	83,120	70,851
57,037	55,797	53,133	65,838	8,462
<u>\$ 610,592</u>	<u>\$ 612,249</u>	<u>\$ 607,149</u>	<u>\$ 609,892</u>	<u>\$ 554,379</u>

Schedule 2

Hernando County, Florida
Changes in Net Position

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

	Fiscal Year				
	2006	2007	2008	2009	2010
Expenses					
Governmental Activities:					
General Government	\$ 21,422	\$ 25,058	\$ 24,579	\$ 23,141	\$ 20,142
Public Safety	61,327	70,596	75,116	63,261	61,896
Physical Environment	1,283	1,502	1,175	1,731	1,088
Transportation	18,419	19,539	18,872	18,864	22,998
Economic Environment	2,736	5,654	2,549	2,891	5,919
Human Services	5,974	6,933	6,832	6,622	6,159
Culture and Recreation	6,858	7,400	7,711	7,126	5,839
Court Operations	6,772	7,343	7,817	7,165	5,852
Interest on Long-term Debt	2,275	2,206	2,072	2,095	1,887
Total Governmental Activities Expenses	<u>127,066</u>	<u>146,231</u>	<u>146,723</u>	<u>132,896</u>	<u>131,780</u>
Business-type Activities:					
Water and Sewer District	22,503	24,245	25,469	25,669	25,797
Aviation Authority	1,304	1,330	1,523	1,664	1,717
Waste Management	7,577	8,361	7,197	9,748	368
Building Department		5,628	4,350	2,204	1,774
Zoning Department	5,790	-	-	991	609
Total Business-type Activities Expenses	<u>37,174</u>	<u>39,564</u>	<u>38,539</u>	<u>40,276</u>	<u>30,265</u>
Total Primary Government Expenses	<u>\$ 164,240</u>	<u>\$ 185,795</u>	<u>\$ 185,262</u>	<u>\$ 173,172</u>	<u>\$ 162,045</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$ 11,641	\$ 10,620	\$ 10,550	\$ 11,322	\$ 10,729
Public Safety	13,341	14,939	15,757	19,068	16,014
Physical Environment	228	238	258	615	172
Transportation	18,348	12,270	7,292	4,792	4,588
Economic Environment	2	325	2	12	24
Human Services	278	279	278	236	245
Culture and Recreation	2,584	1,302	596	657	655
Court Operations	7,145	6,875	6,478	5,145	4,196
Operating Grants and Contributions	4,017	7,658	5,709	4,938	7,027
Capital Grants and Contributions	2,274	8,617	7,695	18,733	11,995
Total Government Activities Program Revenues	<u>59,858</u>	<u>63,123</u>	<u>54,615</u>	<u>65,518</u>	<u>55,645</u>
Business-type Activities:					
Charges for Services:					
Water and Sewer District	26,029	24,875	22,790	22,164	21,941
Aviation Authority	1,174	1,423	1,585	1,726	1,704
Waste Management	7,307	7,468	7,019	7,067	6,867
Building Department		3,693	2,377	1,482	1,641
Zoning Department	6,684	-	-	503	302
Operating Grants and Contributions	61	100	48	36	38
Capital Grants and Contributions	18,317	7,683	5,282	3,554	1,315
Total Business-type Activities Program Revenues	<u>59,572</u>	<u>45,242</u>	<u>39,101</u>	<u>36,532</u>	<u>33,808</u>
Total Primary Government Program Revenues	<u>\$ 119,430</u>	<u>\$ 108,365</u>	<u>\$ 93,716</u>	<u>\$ 102,050</u>	<u>\$ 89,453</u>

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

	2011	2012	2013	2014	2015
\$	18,750	\$ 17,511	\$ 20,629	\$ 21,044	\$ 22,134
	59,674	69,359	69,196	74,079	74,105
	1,236	1,114	1,316	988	1,195
	25,265	20,939	19,119	19,983	20,187
	3,828	2,691	2,377	1,689	2,355
	7,280	10,404	8,819	10,009	8,762
	5,557	5,004	5,326	5,173	5,146
	5,771	5,609	6,140	6,656	6,868
	1,730	1,654	1,224	1,144	1,062
	<u>129,091</u>	<u>134,285</u>	<u>134,146</u>	<u>140,765</u>	<u>141,814</u>
	25,648	25,976	25,147	25,505	25,882
	2,588	2,232	2,561	2,914	2,242
	6,072	6,040	6,902	6,918	3,348
	1,710	1,794	1,724	1,990	2,218
	446	378	350	359	0
	<u>36,464</u>	<u>36,420</u>	<u>36,684</u>	<u>37,686</u>	<u>33,690</u>
\$	<u>165,555</u>	<u>170,705</u>	<u>170,830</u>	<u>178,451</u>	<u>175,504</u>

\$	12,696	\$ 12,666	\$ 10,116	\$ 13,730	\$ 14,238
	16,153	19,961	18,180	27,931	29,063
	100	630	79	306	214
	4,460	4,194	4,327	3,165	4,856
	57	2	115	54	96
	249	238	231	245	229
	724	809	811	851	833
	4,336	4,399	4,978	5,120	5,059
	7,818	3,864	4,528	2,408	5,033
	15,538	3,652	4,323	1,887	3,006
	<u>62,131</u>	<u>50,415</u>	<u>47,688</u>	<u>55,697</u>	<u>62,627</u>

	22,988	24,491	25,275	26,568	28,569
	1,587	1,558	1,878	1,629	1,607
	6,965	7,085	7,331	7,420	7,668
	1,737	1,921	1,792	1,900	2,602
	319	274	247	320	0
	583	85	75	245	294
	2,300	2,409	2,036	1,549	2,531
	<u>36,479</u>	<u>37,823</u>	<u>38,634</u>	<u>39,631</u>	<u>43,271</u>
\$	<u>98,610</u>	<u>88,238</u>	<u>86,322</u>	<u>95,328</u>	<u>105,898</u>

Hernando County, Florida
Changes in Net Position (Continued)

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

	Fiscal Year				
	2006	2007	2008	2009	2010
Net (Expense)/Revenue					
Governmental Activities	\$ (67,208)	\$ (83,108)	\$ (92,108)	\$ (67,378)	\$ (76,135)
Business-type Activities	22,398	5,678	562	(3,744)	3,543
Total Primary Government Net Expense	<u>\$ (44,810)</u>	<u>\$ (77,430)</u>	<u>\$ (91,546)</u>	<u>\$ (71,122)</u>	<u>\$ (72,592)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes					
Property Taxes	\$ 74,032	\$ 90,478	\$ 85,150	\$ 67,314	\$ 61,237
Fuel Taxes	6,880	7,192	6,952	6,573	6,696
Sales Taxes	8,591	8,228	7,631	7,098	7,154
Other Taxes	1,707	1,919	1,927	2,155	1,892
State Shared Revenue	4,241	4,159	3,967	3,592	3,611
Investment Earnings	5,562	8,129	8,371	5,599	2,449
Miscellaneous	2,847	2,240	282	1,113	1,532
Gain on Sale of Capital Assets		-	-	-	354
Extraordinary Item	34,603	(5,110)	3,695	-	-
Transfers	105	(1,009)	(56)	(3,663)	(85)
Total Governmental Activities	<u>138,568</u>	<u>116,226</u>	<u>117,919</u>	<u>89,781</u>	<u>84,840</u>
Business-type Activities:					
Investment Earnings	2,387	3,725	3,294	1,976	846
Gain on Sale of Capital Assets	1,564	93	6	12	4
Miscellaneous	1,375	1,622	1,834	1,510	1,242
Transfers	(105)	1,009	56	3,664	85
Total Business-type Activities	<u>5,221</u>	<u>6,449</u>	<u>5,190</u>	<u>7,162</u>	<u>2,177</u>
Total Primary Government	<u>\$ 143,789</u>	<u>\$ 122,675</u>	<u>\$ 123,109</u>	<u>\$ 96,943</u>	<u>\$ 87,017</u>
Change in Net Position					
Governmental Activities	\$ 71,360	\$ 33,118	\$ 25,811	\$ 22,403	\$ 8,705
Business-type Activities	27,619	12,127	5,752	3,418	5,720
Total Primary Government	<u>\$ 98,979</u>	<u>\$ 45,245</u>	<u>\$ 31,563</u>	<u>\$ 25,821</u>	<u>\$ 14,425</u>

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ (66,960)	\$ (83,870)	\$ (86,458)	\$ (85,068)	\$ (79,187)
15	1,404	1,950	1,945	9,581
<u>\$ (66,945)</u>	<u>\$ (82,466)</u>	<u>\$ (84,508)</u>	<u>\$ (83,123)</u>	<u>\$ (69,606)</u>
\$ 52,091	\$ 56,605	\$ 57,141	\$ 59,178	\$ 58,984
7,112	6,216	6,058	6,089	6,242
7,817	7,367	7,638	8,029	8,697
1,946	1,768	1,804	1,667	2,530
3,758	4,013	4,227	4,428	4,756
1,297	2,209	73	1,475	1,671
941	1,787	1,460	4,351	1,274
47	-	-	28	221
-	-	-	-	-
121	(77)	(76)	(18)	610
<u>75,130</u>	<u>79,888</u>	<u>78,325</u>	<u>85,227</u>	<u>84,985</u>
382	664	31	605	743
1	(1,091)	116	50	46
1,116	(454)	860	900	864
(121)	77	76	18	(610)
<u>1,378</u>	<u>(804)</u>	<u>1,083</u>	<u>1,573</u>	<u>1,043</u>
<u>\$ 76,508</u>	<u>\$ 79,084</u>	<u>\$ 79,408</u>	<u>\$ 86,800</u>	<u>\$ 86,028</u>
\$ 8,170	\$ (3,981)	\$ (8,133)	\$ 159	\$ 5,798
1,393	600	3,033	3,518	10,624
<u>\$ 9,563</u>	<u>\$ (3,381)</u>	<u>\$ (5,100)</u>	<u>\$ 3,677</u>	<u>\$ 16,422</u>



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>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>	<u>2015</u>
Revenue										
Taxes	\$ 82,619	\$ 99,588	\$ 94,029	\$ 76,043	\$ 69,826	\$ 60,486	\$ 64,669	\$ 65,009	\$ 66,892	\$ 67,733
Licenses and Permits	223	107	120	104	109	97	157	62	60	390
Intergovernmental	23,527	26,505	21,889	26,752	34,852	29,968	24,855	24,149	20,716	23,624
Charges for Services	21,170	21,354	22,911	19,741	15,015	14,476	18,020	18,276	21,034	28,395
Fines and Forfeitures	2,192	2,422	2,378	3,940	996	635	974	1,060	1,692	1,621
Special Assessments	8,064	9,397	11,225	11,248	11,269	11,302	11,388	11,348	19,155	19,140
Impact Fees	17,352	7,633	5,995	3,050	478	783	146	(6)	422	892
Interest	5,301	7,683	8,030	5,278	2,296	1,204	2,012	99	1,334	1,460
Miscellaneous	2,192	3,884	1,927	1,824	1,950	4,832	5,646	2,513	8,535	2,552
Total Revenues	\$ 162,640	\$ 178,573	\$ 168,504	\$ 147,980	\$ 136,791	\$ 123,783	\$ 127,867	\$ 122,510	\$ 139,840	\$ 145,807
Expenditures										
Current										
General Government	\$ 20,084	\$ 22,763	\$ 22,552	\$ 20,624	\$ 18,264	\$ 16,905	\$ 15,891	\$ 18,563	\$ 18,516	\$ 20,258
Public Safety	59,161	68,420	71,908	60,334	60,096	58,051	67,047	67,047	70,449	75,963
Physical Environment	1,250	1,492	1,097	1,643	1,004	1,148	1,057	1,140	966	1,131
Transportation	14,206	14,593	14,837	14,547	13,374	13,112	12,666	13,037	13,500	13,584
Economic Environment	2,691	5,620	2,516	2,838	5,881	3,799	2,646	2,350	1,639	2,298
Human Services	4,321	5,272	5,448	5,234	4,757	5,882	9,054	7,402	8,538	7,043
Culture and Recreation	6,208	6,746	6,774	6,326	5,004	4,749	4,228	4,500	4,316	4,615
Court Operations	6,756	7,297	7,732	7,084	5,756	5,602	5,461	6,034	6,525	6,708
Debt Service										
Principal	3,672	3,740	3,058	3,209	3,376	3,141	3,204	3,319	3,085	2,888
Interest and Fiscal Charges	2,226	2,177	2,047	2,040	2,037	1,691	1,627	963	1,078	990
Capital Outlay	30,477	21,112	18,626	16,240	20,042	17,602	15,095	14,227	15,663	19,297
Total Expenditures	\$ 151,052	\$ 159,232	\$ 156,595	\$ 140,119	\$ 139,591	\$ 131,682	\$ 137,976	\$ 138,582	\$ 144,275	\$ 154,775
Excess of Revenues										
Over (Under) Expenditures	11,588	19,341	11,909	7,861	(2,800)	(7,899)	(10,109)	(16,072)	(4,435)	(8,968)

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									
	<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>	<u>2015</u>
Other Financing Sources (Uses)										
Transfers In	10,795	13,545	13,489	17,351	12,226	6,488	12,851	10,276	6,812	6,046
Transfers Out	(10,906)	(12,963)	(12,637)	(20,922)	(12,152)	(6,256)	(12,964)	(10,889)	(8,266)	(7,834)
Additions to Long-Term Debt	1,364	-	996	1,323	50	299	196	29,786	1,713	1,864
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>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>	<u>76</u>
Net Change in Fund Balances	<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>	<u>(8,892)</u>
 Debt Service as a Percentage of Noncapital Expenditures	 4.9%	 4.3%	 3.7%	 4.2%	 4.3%	 4.0%	 3.8%	 3.4%	 3.2%	 3.5%



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
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
2015	8,647	4,392	1,724	756	4,257	864

(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		
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
2015	10,800,268	1,585,644	9,795,639	1,584,744	3,403,429	600,482	6,392,210	984,263	7,869	7,384,342	8.5941

- (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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
DIRECT RATES (a)										
Countywide										
Hernando County Government:										
General Fund	6.7400	5.4394	5.4394	5.4394	5.4394	5.6279	5.9169	6.8669	6.9912	6.9912
Special Revenue										
Transportation Trust Fund	0.8400	0.7091	0.7091	0.7091	0.7091	0.7091	0.7091	0.7091	0.7091	0.7091
Health Department	0.1306	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102
Sensitive Lands Fund (voted)	0.1000	0.0844	0.0844	0.0844	0.0844	-	-	-	-	-
Total Countywide	<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>	<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	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139
Emergency Medical Services	0.6700	0.5839	0.5598	0.5598	0.5598	0.5598	0.5598	0.5534	0.5534	0.6700
Mosquito Control	-	-	-	-	-	0.0844	0.0844	0.1000	-	-
Spring Hill Fire and Rescue (e)	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>9.4023</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>	<u>8.5941</u>
OVERLAPPING RATES (d)										
Countywide										
School Board	8.1890	8.0650	7.7790	7.4790	0.7417	7.5080	7.4540	7.2800	7.1670	7.1960
Southwest Florida Water Management District	0.4220	0.3866	0.3866	0.3866	0.3770	0.3928	0.3928	0.3818	0.3658	0.3488
Not Countywide										
Municipalities										
City of Brooksville	7.5000	6.3230	6.0690	6.0690	6.3700	6.3700	6.3700	6.7317	6.6962	6.6439
City of Weeki Wachee	2.3898	2.1744	2.1173	2.5769	2.6587	2.7838	2.7137	2.7654	2.6237	2.7622
Southwest Florida Water Management District										
Withlacoochee Basin	0.2650	0.2308	0.2308	0.2308	0.2380	-	-	-	-	-
Coastal Basin	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 (MSTU).

(c) Total Direct Tax Rate is the weighted average of the

(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	2015			2005		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Cemex, Inc.	Cement Manufacturing	\$ 265,321	1	3.59%	52,671	5	0.69%
Withlacoochee River Electric Co-op	Electric Utility	184,270	2	2.50%	\$ 106,322	2	1.38%
Wal-Mart Stores, Inc.	Retail Sales, Distribution	123,510	3	1.67%	113,162	1	1.47%
Duke Energy (formerly Progress Energy)	Electric Utility	79,704	4	1.08%	35,231	7	0.46%
Florida Gas Transmissions	Utility	47,087	5	0.64%			
HCA Health Services of Florida, Inc.	Hospital/Health Care	46,493	6	0.63%	52,601	6	0.68%
AT&T Telecommunications	Telecommunications	37,475	7	0.51%			
Bright House Networks	Cable Utility	30,850	8	0.42%	28,569	8	0.37%
BRE DDR	Retail Sales	25,648	9	0.35%			
Millennium Venture Limited	Senior Care	22,094	10	0.30%			
Bell South Telecommunications	Public Utility				67,121	3	0.87%
Florida Crushed Stone Corporation	Rock Mining				64,540	4	0.84%
Central Power & Lime, Inc.	Power & Lime				26,485	9	0.34%
VA Development/Ackley	Real Estate				21,139	10	0.28%
Totals		<u>\$ 862,452</u>		<u>11.68%</u>	<u>\$ 567,841</u>		<u>7.38%</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
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
2015	85,321	(419)	84,902	84,555	(2,629)	81,926	229	82,155	96.76

- (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, 2014 through March 31, 2015 are reflected as levied for the Fiscal Year Ended September 30, 2015. Tax Certificates for unpaid taxes and assessments for that year will be sold no later than June 1, 2015.
- (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			
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	2.07%	583
2015	5,209	31,665	54	38,337	-	40,540	115,805	-	666

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

- (a) Bonds are shown net of related deferred gains or losses on bond refundings and net of related unamortized bond issue premiums or discounts.
- (b) Due to a time lag in receiving personal income figures, ratios were not reported for the most recent year(s).
See Schedule 14, "Demographic and Economic Statistics", for actual personal income and population figures used above. Source: U.S. Department of Commerce Bureau of Economic Analysis
- (c) Effective 2014, debt amounts exclude losses which have been reclassified to deferred outflows on the balance sheet in accordance with GASB 65.

Hernando County, Florida
Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years
(dollars expressed in thousands, except per capita amount)

<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>
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
2015	5,209	82	5,127	0.07%	29

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 14, 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	\$ -	\$ 7,472,453	\$ 7,472,453	4.28%
Non-Ad Valorem Refunding Revenue Note, Series 2012	-	24,193,000	24,193,000	13.86%
Capital Improvement and Refunding Revenue Bonds, Series 2004	-	1,840,000	1,840,000	1.05%
Non-Ad Valorem Refunding Revenue Bonds, Series 2010	-	3,340,000	3,340,000	1.91%
Leases Payable	-	54,143	54,143	0.03%
Subtotal Direct Debt \$	-	\$ 36,899,596	\$ 36,899,596	21.14%
SCHOOL BOARD: (1)				
State Board of Education Bonds, Series 2009A Refunding	-	125,000	125,000	0.07%
State Board of Education Bonds, Series 2010A	-	1,205,000	1,205,000	0.69%
State Board of Education Bonds, Series 2011A Refunding	-	315,000	315,000	0.18%
State Board of Education Bonds, Series 2014A Refunding	-	503,000	503,000	0.29%
State Board of Education Bonds, Series 2014B Refunding	-	1,299,000	1,299,000	0.74%
Certificates of Participation, Series 2005	-	99,080,000	99,080,000	56.76%
Certificates of Participation, Series 2013A	-	23,556,690	23,556,690	13.49%
Capital Improvement bonds, Series 2001	-	2,325,000	2,325,000	1.33%
Notes Payable	-	6,097,551	6,097,551	3.49%
CITY OF BROOKSVILLE:				
General Fund Promissory Note	282,694	-	282,694	0.16%
USDA Loan	-	157,000	157,000	0.09%
Florida Capital Improvement Revenue Note, Series 2011	-	2,721,615	2,721,615	1.56%
Subtotal Overlapping Debt \$	282,694	\$ 137,384,856	\$ 137,667,550	78.86%
Total Direct and Overlapping Debt \$	282,694	\$ 174,284,452	\$ 174,567,146	100.00%

(1) Outstanding debt obligations for Hernando County School Board at June 30, 2015.

The percentage of the overlap is calculated as follows:

$$\frac{\text{Total Overlapping Debt}}{\text{Total Direct and Overlapping Debt}}$$

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	
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
2015	8,647	-	8,647	875	78	953	9.07

- (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
2015	33,869	-	33,869	557	749	1,306	25.93

- (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
Capital Improvement Revenue Bonds, Series 2004

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	
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
2015	1,419	-	1,419	565	24	589	2.41

- (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	
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	15,617	11,653	1,379	13,032	2,015	1,525	3,540	3.68
2015	29,089	16,327	12,762	1,384	14,146	2,150	1,652	3,802	3.72

- (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							
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	32,324	5,684,266	48.5	14.9%	21,470	8.1%
2015	7780	5	169,034	176,819	72,951	-	-	48.0	15.5%	21,421	6.5%

(a) Source: Bureau of Economic and Business Research (BEBR), 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 Nine Prior Fiscal Years

Employer	Type of Operation	2015			2014			2013		
		Employees	%	Rank	Employees	%	Rank	Employees	%	Rank
Walmart Distribution Center	Distribution Center	1,200	2.04	1	1,020	1.73	2	1,020	1.60	2
Oak Hill Hospital	Healthcare	1,156	1.96	2	1,136	1.93	1	1,089	1.71	1
Bayfront Regional Healthcare	Healthcare	965	1.64	3	965	1.64	3	913	1.44	3
HealthSouth	Healthcare	288	0.49	4	288	0.49	4	355	0.56	4
Accuform Signs Inc	Manufacturer	290	0.49	5	274	0.47	5	280	0.44	5
Cemex (formerly Rinker Materials/FCS)	Manufacturer	240	0.41	6	240	0.41	6	250	0.39	6
Sparton Electronics	Manufacturer	200	0.34	7	215	0.37	7	219	0.34	8
HPH Hospice	Healthcare	119	0.20	8	181	0.31	8	221	0.35	7
Sun Trust Bank	Service	85	0.14	9	85	0.14	9	110	0.17	9
Withlacoochee River Electric Coop	Utility	79	0.13	10	80	0.14	10	80	0.13	10
Evergreen Woods	Healthcare	-	-	-	-	-	-	-	-	-
Alumi Guard	Manufacturer	-	-	-	-	-	-	-	-	-
Commercial Carrier Corp	Trucking	-	-	-	-	-	-	-	-	-
Gale Insulation	Manufacturer/Service	-	-	-	-	-	-	-	-	-
Cemex	Manufacturer	-	-	-	-	-	-	-	-	-
Totals		<u>3,422</u>	<u>7.85</u> %		<u>3,464</u>	<u>7.62</u> %		<u>3,517</u>	<u>7.14</u> %	
Total Employment		<u>62,873</u>			<u>58,867</u>			<u>63,581</u>		

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

Source: Hernando County Office of Business Development.

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

Latest Fiscal Year compared to the Nine Prior Fiscal Years

Employer	Type of Operation	2012			2011			2010		
		Employees	%	Rank	Employees	%	Rank	Employees	%	Rank
Walmart Distribution Center	Distribution Center	1,008	1.60	3	900	1.43	3	1,200	1.89	2
Oak Hill Hospital	Healthcare	1,070	1.70	1	950	1.51	2	947	1.49	3
Bayfront Regional Healthcare	Healthcare	1,018	1.62	2	1,032	1.64	1	1,032	1.62	1
HealthSouth	Healthcare	272	0.43	6	125	0.20	9	125	0.20	10
Accuform Signs Inc	Manufacturer	280	0.45	5	247	0.39	5	245	0.39	5
Cemex (formerly)Rinker Materials/FCS	Manufacturer	288	0.46	4	288	0.46	4	264	0.42	4
Sparton Electronics	Manufacturer	180	0.29	8	159	0.25	7	225	0.35	6
HPH Hospice	Healthcare	221	0.35	7	170	0.27	6	207	0.33	7
Sun Trust Bank	Service	105	0.17	10	105	0.17	10	135	0.21	9
Withlacoochee River Electric Coop	Utility	-	-	-	-	-	-	-	-	-
Evergreen Woods	Healthcare	130	0.21	9	135	0.21	8	160	0.25	8
Alumi Guard	Manufacturer	-	-	-	-	-	-	-	-	-
Commercial Carrier Corp	Trucking	-	-	-	-	-	-	-	-	-
Gale Insulation	Manufacturer/Service	-	-	-	-	-	-	-	-	-
Cemex	Manufacturer	-	-	-	-	-	-	-	-	-
Totals		<u>4,572</u>	<u>7.27 %</u>		<u>4,111</u>	<u>6.54 %</u>		<u>4,540</u>	<u>7.15 %</u>	
		<u>62,895</u>			<u>62,895</u>			<u>63,511</u>		

(a) Percentages shown represent the number of employee

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

Latest Fiscal Year compared to the Nine Prior Fiscal Years

Employer	Type of Operation	2009			2008			2007			2006		
		Employees	%	Rank	Employees	%	Rank	Employees	%	Rank	Employees	% (a)	Rank
Walmart Distribution Center	Distribution Center	900	1.43	1	1,044	1.62	1	1,500	2.40	1	1,600	2.82	1
Oak Hill Hospital	Healthcare	900	1.43	1	900	1.40	2	896	1.43	2	896	1.58	2
Bayfront Regional Healthcare	Healthcare	763	1.22	3	763	1.19	3	763	1.22	3	763	1.34	3
HealthSouth	Healthcare	-	-	-	-	-	-	-	-	-	-	-	-
Accuform Signs Inc	Manufacturer	245	0.39	5	245	0.38	6	200	0.32	7	185	0.33	7
Cemex (formerly Rinker Materials/FCS)	Manufacturer	300	0.48	4	300	0.47	5	300	0.48	6	300	0.53	6
Sparton Electronics	Manufacturer	225	0.36	6	325	0.51	4	325	0.52	4	325	0.57	4
HPH Hospice	Healthcare												
Sun Trust Bank	Service	113	0.18	8	113	0.18	8	308	0.50	5	308	0.54	5
Withlacoochee River Electric Coop	Utility	-	-	-	-	-	-	-	-	-	-	-	-
Evergreen Woods	Healthcare	140	0.22	7	140	0.22	7	160	0.26	8	160	0.28	8
Alumi Guard	Manufacturer	100	0.16	9	100	0.16	9	-	-	-	-	-	-
Commercial Carrier Corp	Trucking	100	0.16	9	100	0.16	9	145	0.23	9	145	0.26	10
Gale Insulation	Manufacturer/Service	-	-	-	-	-	-	-	-	-	160	0.28	9
Cemex	Manufacturer	-	-	-	-	-	-	126	0.20	10	-	-	-
Totals		2,886	6.03 %		2,986	6.29 %		3,223	7.36 %		\$ 3,242	8.53 %	
Total Employment		62,747			64,355			62,510			56,816		

(a) Percentages were based on the number of employees in the county as of the end of the fiscal year.

Source: Hernando County Office of Business Development.

Hernando County, Florida
County Government Employees by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2006	2007	2008	2009 (b)	2010
Governmental Activities:					
General Government	304	306	297	271	238
Public Safety	509	504	507	362	368
Physical Environment	13	10	10	7	7
Transportation	108	108	97	99	99
Economic Environment	9	10	8	8	8
Human Services	27	30	35	32	25
Culture and Recreation	115	112	95	93	72
Courts	91	93	84	74	77
Business-type Activities:					
Airport	5	5	5	5	5
Water and Wastewater	167	163	167	164	154
Business Development	80	67	43	34	31
Solid Waste	51	52	55	52	28
Total	1,479	1,460	1,403	1,201	1,112

(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>2011</u>	<u>2012 (b)</u>	<u>2013 (c)</u>	<u>2014</u>	<u>2015</u>
243	227	221	227	225
471	566	750	773	776
5	7	6	7	7
79	91	91	92	93
7	7	7	7	8
20	21	21	21	20
62	65	65	66	63
78	79	84	88	85
5	5	5	5	4
149	147	142	139	134
29	28	26	28	27
<u>28</u>	<u>29</u>	<u>29</u>	<u>28</u>	<u>33</u>
1,176	1,272	1,447	1,481	1,475

Hernando County, Florida
Operating Indicators by Function

Last Ten Fiscal Years

Function	Fiscal Year				
	2006	2007	2008	2009	2010
General Government					
Number of programs broadcast	308	342	310	299	207
Number of employee records managed	950	994	1,091	785	683
Public Safety					
Total incidents responded to (HCFR)	13,040	15,013	13,895	14,234	14,020
Number of emergency citizen volunteers	500	600	656	655	750
Number of building permits issued	22,275	16,140	11,210	9,194	10,074
Physical Environment					
Extension Classes/programs	33,379	30,756	40,993	30,480	27,015
Transportation					
Number of signals maintained	80	84	88	83	86
Number of lane miles of roads re-surfaced	97	80	129	61	199
Economic Environment					
Number of successful business projects	13	19	48	16	9
Number of veteran clients served	34,854	29,860	33,590	32,719	21,955
Human Services					
Animals impounded	6,314	6,557	6,659	5,773	5,117
Number of human service requests processed	9,148	18,797	19,723	25,513	27,043
Culture and Recreation					
Registered library card holders	82,059	72,562	84,579	86,204	93,685
Number of participants in the County Recreation programs	12,793	13,750	21,445	20,563	21,115
Court Operations					
Number of judicial cases managed	61,069	59,149	52,168	55,476	60,109
Water and Sewer					
Water consumption in millions of gallons a day	20.9	20.7	22.9	19.5	15.6
Average number of water accounts	61,128	61,253	57,667	57,378	60,966
Number of meter reads	733,536	742,571	719,043	688,536	749,652
Aviation Authority					
Number of airport & industrial park leases	140	146	146	145	178
Waste Management					
Total tons landfilled	118,520	118,356	119,599	105,697	77,770
Tons of Convenience Center Waste Collected	8,295	7,780	5,975	7,244	7,012
Tons of recyclables collected & processed	6,816	6,012	5,905	5,497	5,264

Source: Various County Departments.

2011	2012	2013	2014	2015
212	208	208	206	190
645	859	745	772	771
14,076	22,868	27,222	26,254	28,951
838	825	903	982	1,009
11,316	11,904	10,492	11,104	12,048
20,055	17,863	30,480	20,172	29,730
80	88	88	88	85
70	64	32	36	42
7	8	7	9	8
6,681	23,540	6,857	6,918	7,916
4,256	3,578	3,095	2,923	2,950
13,256	23,540	8,288	9,099	10,789
85,284	90,623	97,642	102,910	109,366
19,485	19,185	13,799	17,955	20,045
57,394	65,520	63,060	64,290	53,796
18.9	18.4	17.1	16.8	16.7
61,260	61,363	56,975	57,376	58,251
752,244	736,400	737,748	740,748	719,986
173	140	140	141	138
99,346	104,281	103,733	114,370	117,230
7,681	15,701	7,317	6,161	6,945
5,638	4,881	4,910	11,976	11,839

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

Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2006	2007	2008	2009	2010
General Government					
Number of buildings	184	180	174	169	169
Fleet Vehicles	480	488	453	434	405
Public Safety					
Sheriff's patrol vehicles:	332	334	343	346	341
Radio Towers	3	3	3	5	5
Transportation					
Lane miles	2,275	2,305	2,332	2,345	2,364
Culture and Recreation					
Park acreage - developed	285	302	310	310	323
Park acreage - undeveloped	896	1,540	1,230	1,230	1,206
Trails-Jogging/Exercise/Nature	10	23	30	30	30
Playgrounds	14	14	14	14	14
Boat ramps (lanes)	13	16	16	16	16
Picnic shelters	182	185	189	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)	2,846,689	2,846,689	3,189,269	3,337,115	6,601,544
Remaining available landfill capacity (cubic yards)	745,751	590,998	692,408	298,940	3,547,487
Water					
Trans & dist lines (miles)	-	1,050	1,050	1,232	1,232
Maximum daily storage capacity (million gallons)	-	10.25	10.25	17.72	15.58
Number of meters in service	-	61,260	57,730	57,089	58,455
Sewer					
Number of pumping or lift stations	-	267	298	298	300
Collection & Trans lines (miles)	-	388	421	465	465
Reclaimed water trans & dist lines (miles)	-	0.38	0.38	2.90	2.00
Number of manholes	-	6,133	6,462	6,732	6,732

(a) Source: Various County Departments.

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

2011	2012	2013	2014	2015
172	151	156	160	165
395	370	403	423	403
343	336	336	324	325
5	5	5	5	5
2,371	2,380	2,393	2,407	2,457
323	323	323	340	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	190	190
6	6	6	5	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
3,346,936	3,255,100	2,941,953	2,704,818	2,452,353
1,247	1,232	1,232	1,232	1,232
19.46	20.90	20.90	19.08	19.08
59,131	61,290	56,805	57,376	58,251
297	298	298	301	301
486	486	486	501	501
4.30	4.30	4.30	4.30	4.30
6,946	6,945	6,945	6,952	7,106



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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 28, 2016.

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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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 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.

Purvis, Gray and Company, LLP

April 28, 2016
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, 2015. The County's major federal programs and state projects are identified in the summary of auditors' 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, 2015.

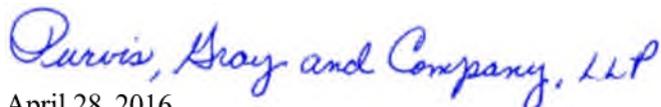
Report on Internal Control over Compliance

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 of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, 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.



April 28, 2016
Sarasota, Florida

HERNANDO COUNTY FLORIDA
Schedule of Federal Awards and State Financial Assistance
Year Ended September 30, 2015

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 (NSP3)	14.228	B-11-UN-12-0021	\$ 65,664
Pass Through			
FLORIDA DEPARTMENT OF CHILDREN AND FAMILIES			
Emergency Solutions Grant Program	14.231	PPZ19	5,910
<i>Total</i>			<u>\$ 71,574</u>
DEPARTMENT OF THE INTERIOR			
Direct			
FISH & WILDLIFE SERVICE			
Refuge Revenue Sharing	15.659	--	\$ 12,791
<i>Total</i>			<u>\$ 12,791</u>
DEPARTMENT OF JUSTICE			
Direct			
State Criminal Alien Assistance Program (SCAAP)	16.606	2013-AP-BX-0578	\$ 672
State Criminal Alien Assistance Program (SCAAP)	16.606	2014-AP-BX-0827	5,288
Subtotal CFDA 16.606			<u>\$ 5,960</u>
Equitable Sharing Program	16.922	FL0270000	\$ 353,307
Pass Through			
FLORIDA OFFICE OF ATTORNEY GENERAL			
Crime Victim Assistance (VOCA)	16.575	V040-14009	\$ 23,134
Pass Through			
FLORIDA DEPARTMENT OF CHILDREN & FAMILIES			
STOP Violence Against Women	16.588	15-8015-LE-ENH	\$ 81,303
STOP Violence Against Women	16.588	16-8015-LE-ENH	19,215
Subtotal CFDA 16.588			<u>\$ 100,518</u>
Pass Through			
FLORIDA DEPARTMENT OF LAW ENFORCEMENT			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-JAGC-HERN-3R3-067	\$ 24,363
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-JAGC-HERN-1-R3-028	21,774
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0915	35,104
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0590	38,569
Subtotal CFDA 16.738			<u>\$ 119,810</u>
<i>Total</i>			<u>\$ 602,729</u>
DEPARTMENT OF TRANSPORTATION			
Direct			
Airport Improvement Program	20.106	3-12-0008-16-2013	\$ 170,670
Airport Improvement Program	20.106	3-12-0008-17-2013	56,248
Airport Improvement Program	20.106	3-12-0008-018-2015	87,724
Subtotal CFDA 20.106			<u>\$ 314,642</u>
Pass Through			
FLORIDA DEPARTMENT OF TRANSPORTATION			
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	ARO62; FPN 430586 1 38 01	\$ 852
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	AQV23; FPN 430584 1 38 01	3,043
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	ARO59; FPN 430503 1 38 01	14,319
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	ARO60; FPN 430504 1 38 01	25,506
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	ARC28; FPN 424703 1 58/68 01	246,299
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	ARL87; FPN 430585 1 58/68 01	64,200
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	ARL24; FPN 427996 1 58/68 01	322,834
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	ARL25; FPN 427996 4 58/68 01	194,311
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	ARL26; FPN 427996 5 58/68 01	21,386
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	ARR65; FPN 430586 1 58/68 01	761
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	ARR63; FPN 430582 1 58/68 01	161
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	ARR64; FPN 430584 1 58/68 01	423
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	ARR94; FPN 430583 1 38 01	9,130
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G0318; FPN 433695 1 38 01	16,188
Highway Planning & Construction- Federal Aid Highway Program (PL)	20.205	A9773; FPN 259209 1 14 15	421,919
Highway Planning & Construction- Federal Aid Highway Program (PL)	20.205	A9773; FPN 259209 1 14 16	64,468
Subtotal CFDA 20.205			<u>\$ 1,405,800</u>
Metropolitan Transportation Planning (Section 5305d)	20.505	ARA86; FPN 401983 1 14 14	\$ 21,917
Metropolitan Transportation Planning (Section 5305d)	20.505	ARL23; FPN 401983 1 14 15	64,000
Subtotal CFDA 20.505			<u>\$ 85,917</u>

HERNANDO COUNTY FLORIDA
Schedule of Federal Awards and State Financial Assistance
Year Ended September 30, 2015

Federal/State/Pass Through Grantor Grant Program Name	CFDA / CSFA #	Grant ID	Expenditures
Urbanized Area Formula Program (Section 5307)	20.507	FL-90-X794-00	\$ 271,296
Urbanized Area Formula Program (Section 5307)	20.507	FL-90-X776-00	2,280
Urbanized Area Formula Program (Section 5307)	20.507	FL-90-X741-00	10,370
Urbanized Area Formula Program (Section 5307)	20.507	FL-90-X864-00	772,143
Urbanized Area Formula Program (Section 5307)	20.507	FL-90-X865-00	445,789
Urbanized Area Formula Program (Section 5307)	20.507	X015	33,432
Subtotal CFDA 20.507			<u>\$ 1,535,310</u>
<i>Total</i>			<u>\$ 3,341,669</u>
 ENVIRONMENTAL PROTECTION AGENCY			
Pass Through	FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION		
Cleanwater State Revolving Funds (CWSRF)	66.458	WW270100	\$ 62,856
Cleanwater State Revolving Funds (CWSRF)	66.458	WW270150	18,329,333
Subtotal CFDA 66.458			<u>\$ 18,392,189</u>
<i>Total</i>			<u>\$ 18,392,189</u>
 ELECTION ASSISTANCE COMMISSION			
Pass Through	FLORIDA DEPARTMENT OF STATE DIVISION OF ELECTIONS		
Help America Vote Act Requirements Payments	90.401	MOD Dated 7/17/2013	\$ 147
<i>Total</i>			<u>\$ 147</u>
 DEPARTMENT OF HEALTH & HUMAN SERVICES			
Pass Through	FLORIDA DEPARTMENT OF REVENUE		
Child Support Enforcement	93.563	COC01	\$ 255,425
Child Support Enforcement	93.563	COC01	2,441
Subtotal CFDA 93.563			<u>\$ 257,866</u>
<i>Total</i>			<u>\$ 257,866</u>
 DEPARTMENT OF HOMELAND SECURITY			
Pass Through	FLORIDA DIVISION OF EMERGENCY MANAGEMENT		
Hazard Mitigation Grant	97.039	14HM-6B-05-37-01-429	\$ 212,655
Hazard Mitigation Grant	97.039	14HM-6B-05-37-01-427	29,189
Hazard Mitigation Grant	97.039	14HM-6B-05-37-01-465	35,059
Subtotal CFDA 97.039			<u>\$ 276,903</u>
Emergency Management Performance Grant	97.042	15FG-4D-05-37-01-094	\$ 78,264
Emergency Management Performance Grant	97.042	15-CI-N2-05-37-01-319	5,475
Emergency Management Performance Grant	97.042	15-CC-N2-05-37-01-324	5,495
Subtotal CFDA 97.042			<u>\$ 89,234</u>
Homeland Security Grant Program	97.067	14DS-L5-05-37-01-202	\$ 13,146
<i>Total</i>			<u>\$ 379,283</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 23,058,248</u></u>

HERNANDO COUNTY FLORIDA
Schedule of Federal Awards and State Financial Assistance
Year Ended September 30, 2015

Federal/State/Pass Through Grantor Grant Program Name	CFDA / CSFA #	Grant ID	Expenditures
FLORIDA EXECUTIVE OFFICE OF THE GOVERNOR			
Emergency Management Program (EMPA)	31.063	15BG-83-05-37-01-027	\$ 102,358
Emergency Management Program (EMPA)	31.063	16-BG-83-05-37-01-026	5,985
Subtotal CSFA 31.063			<u>\$ 108,343</u>
Total		FLORIDA EXECUTIVE OFFICE OF THE GOVERNOR	<u>\$ 108,343</u>
FLORIDA DEPARTMENT ARGICULTURE & CONSUMER SERVICES			
Mosquito Control	42.003	021298	\$ 29,643
Total		FLORIDA DEPARTMENT ARGICULTURE & CONSUMER SERVICES	<u>\$ 29,643</u>
FLORIDA DEPARTMENT OF STATE			
State Aid to Libraries	45.030	14-ST-19	\$ 244,895
State Aid to Libraries	45.030	15-ST-19	-
Subtotal CSFA 45.030			<u>\$ 244,895</u>
Total		FLORIDA DEPARTMENT OF STATE	<u>\$ 244,895</u>
FLORIDA HOUSING FINANCE CORPORATION			
State Housing Initiatives Program (SHIP)	52.901	SHIP FY13/14	\$ 166,003
State Housing Initiatives Program (SHIP)	52.901	SHIP FY14/15	616,566
State Housing Initiatives Program (SHIP)	52.901	SHIP FY15/16	8,606
Subtotal CSFA 52.901			<u>\$ 791,175</u>
Total		FLORIDA HOUSING FINANCE CORPORATION	<u>\$ 791,175</u>
FLORIDA DEPARTMENT OF TRANSPORTATION			
Commission for Transportation Disadvantaged Planning Grant	55.002	ARH75	\$ 9,759
Commission for Transportation Disadvantaged Planning Grant	55.002	GO271	3,903
Subtotal CSFA 55.002			<u>\$ 13,662</u>
Aviation Development Grants	55.004	APF09; FPN 41577819401	\$ 40,590
Aviation Development Grants	55.004	AQV71; FPN 42410429401	20,171
Aviation Development Grants	55.004	AQ178; FPN 42070119411	4,066
Aviation Development Grants	55.004	ARD41; FPN 42592429401	15,434
Aviation Development Grants	55.004	ARD13; FPN 42592419401	149,453
Aviation Development Grants	55.004	G0006; FPN 43755019401	24,836
Subtotal CSFA 55.004			<u>\$ 254,550</u>
Public Transit Block Program	55.010	AR951; FPN 40810418414	\$ 215,175
Public Transit Block Program	55.010	AQ179; FPN 4081048411/12/13	35,453
Subtotal CSFA 55.010			<u>\$ 250,628</u>
Transit Corridor Program	55.013	ARA86; FPN 401983-1-14-14	\$ 2,740
Transit Corridor Program	55.013	ARL23; FPN 401983-1-14-15	8,000
Subtotal CSFA 55.013			<u>\$ 10,740</u>
NPDES/TMDL Stormwater Retrofit Project	55.024	AQX46; FPN 421748 1 72 06	\$ 5,406
County School District Infrastructure Pilot Program	55.029	APV66; FPN 428179 2 38/58 01	\$ 15,496
Total		FLORIDA DEPARTMENT OF TRANSPORTATION	<u>\$ 550,482</u>
FLORIDA DEPARTMENT OF HEALTH			
County Grant Awards (EMS)	64.005	C3027	\$ 25,588
Total		FLORIDA DEPARTMENT OF HEALTH	<u>\$ 25,588</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u><u>\$ 1,750,126</u></u>

**HERNANDO COUNTY, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

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, 2015. 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, 2015:

Program	CSFA Number	Loan Outstanding
State Housing Initiatives Partnership	52.901	\$ 12,533,210

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, 2015
(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 \$36,872 was expended on the Community Development Block Grant (14.228) during 2015, 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 2015 totaled \$164,367, 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 2015, 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.

Under the pre-award authorization for the Urbanized Area Formula Program (20.507)—Section 5307, expenditures of \$33,432 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*. The granting agency, Federal Transit Administration (FTA), has not assigned a final unique grant/project number, so “X015” is currently being used.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

PART A - SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report expresses unmodified 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, 2015, 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 Transportation:
 - Airport Improvement Program, CFDA No. 20.106
 2. Environmental Protection Agency, Passed Through Florida Department of Environmental Protection:
 - Clean Water State Revolving Fund, CFDA No. 66.458
 - **Major State Projects**
 1. Florida Housing Finance Corporation:
 - State Housing Initiatives Partnership (SHIP), CSFA No. 52.901
 2. Florida Department of Transportation:
 - Aviation Development Grants, CSFA No. 55.004

HERNANDO COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(Concluded)

PART A - SUMMARY OF AUDITORS' RESULTS *(Concluded)*

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, 2015, and have issued our report thereon dated April 28, 2016.

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 and Chapter 10.550, *Rules of the Auditor General*; Schedule of Findings and Questioned Costs; and our Independent Accountants' Report on Compliance with Section 218.415, Florida Statutes. Disclosures in those reports and schedule, which are all dated April 28, 2016, 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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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

MANAGEMENT LETTER
(Continued)

Financial Condition

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether or not the County has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and 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

Sections 10.554(1)(i)5.b. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the County for the fiscal year ended September 30, 2015, 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, 2015. 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

April 28, 2016
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, 2015, 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, 2015.

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

April 28, 2016
Sarasota, Florida

Certified Public Accountants

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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH SECTION 365.172(10), 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 365.172(10), Florida Statutes, as of and for the year ended September 30, 2015, as required by Section 10.556(10)(b), *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, 2015.

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

April 28, 2016
Sarasota, Florida

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Bond Compliance

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
September 30, 2015
(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.

State Fiscal Year Ended June 30	State of Florida	% Change	Hernando County	% Change
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
2015	22,833,522,335	8.23	98,203,183	8.93

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.

State Fiscal Year Ended June 30	Hernando County	City of Brooksville
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
2015	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, 2015
(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>
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
2015	8,646,879	8.08

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>
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
2015	58,251	27,688

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

Source: Hernando County Utilities Department

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
September 30, 2015
(UNAUDITED)**

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>
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
2015	16.725	23.957

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>
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
2015	4.191

Source: Hernando County Utilities Department

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
September 30, 2015
(UNAUDITED)**

COUNTY SYSTEM RATES
Monthly Water Rates

As of September 30, 2015

Residential

Minimum Monthly Billing Charge:		
All Meter Sizes	\$	6.31
Consumption Charge (Per 1,000 Gallons)		
0-5000	\$	1.18
5,001-10,000		1.39
10,001-20,000		2.08
20,001-30,000		2.79
30,001-50,000		4.17
50,001-75,000		6.94
Above 75,000		13.89

Commercial

Minimum Monthly Billing Charge:		
Per ERU	\$	6.31
Consumption Charge (Per 1,000 Gallons)		
0-10,000	\$	1.39
10,001-20,000		2.08
20,001-30,000		2.79
30,001-50,000		4.17
50,001-75,000		6.94
Above 75,000		13.89

Irrigation

Minimum Monthly Billing Charge:		
Per ERU	\$	6.31
Consumption Charge (Per 1,000 Gallons)		
0-10,000	\$	1.39
10,001-20,000		2.08
20,001-30,000		2.79
30,001-50,000		4.17
50,001-75,000		6.94
Above 75,000		13.89

Residential

Minimum Monthly Billing Charge (per Account)	\$	17.09
Consumption Charge (Per 1,000 Gallons) (Capped at 10,000 Gallons per Month)		3.68

Commercial

Minimum Monthly Billing Charge (per ERU)	\$	17.09
Consumption Charge (Per 1,000 Gallons)		3.68

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

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
September 30, 2015
(UNAUDITED)**

COUNTY SYSTEM RATES (CONTINUED)

Connection Fee ERU

Set forth below is a table which summarizes the water and wastewater system Connection Fees for each respective meter size for the last five fiscal years:

Meter Size	ERU Meter Factor	2011		2012		2013		2014		2015	
		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	207,560	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	2011	2012	2013	2014	2015
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,					
	2016	2017	2018	2019	2020	Total
WATER SYSTEM						
Water Production	\$ 300,000	\$ 418,270	\$ 1,676,509	\$ 1,676,509	\$ -	\$ 4,071,288
Water Distribution/Storage	1,305,495	739,772	1,262,707	3,617,719	692,442	7,618,135
Water Decommission	-	54,636	1,181,784	-	-	1,236,420
Total Water Systems	1,605,495	1,212,678	4,121,000	5,294,228	692,442	12,925,843
WASTEWATER SYSTEM						
Treatment and Effluent Disposal	13,119,313	-	-	-	2,318,548	15,437,861
Reclaimed Water Facilities	6,000,000	6,000,000	-	2,212,500	9,306,904	23,519,404
W.W. Collection/Effluent Transmission	10,923,135	163,909	977,826	1,946,567	179,108	14,190,545
Total Wastewater System	30,042,448	6,163,909	977,826	4,159,067	11,804,560	53,147,810
TOTAL – Water & Wastewater System	\$ 31,647,943	\$ 7,376,587	\$ 5,098,826	\$ 9,453,295	\$ 12,497,002	\$ 66,073,653

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

FUNDING SOURCES	Fiscal Year Ending September 30,					
	2016	2017	2018	2019	2020	Total
WATER SYSTEM						
Proceeds from issuance of debt & State Revolving Loan Proceeds	\$ -	\$ 100,000	\$ 1,676,509	\$ 1,676,509	\$ -	\$ 3,453,018
Capital Reserves	600,000	424,360	610,015	610,015	-	2,244,390
Renewal & Replacement Fund	1,005,495	633,682	652,692	672,273	692,442	3,656,584
Connection Fees	-	-	-	2,335,431	-	2,335,431
Operating Reserves	-	54,636	1,181,784	-	-	1,236,420
Total Water System	1,605,495	1,212,678	4,121,000	5,294,228	692,442	12,925,843
WASTEWATER SYSTEM						
Proceeds from issuance of debt & State Revolving Loan Proceeds	22,940,873	1,500,000	-	-	-	24,440,873
Capital Reserves	2,291,350	-	500,000	1,106,250	6,972,000	10,869,600
Renewal & Replacement Fund	310,225	163,909	477,826	173,891	179,108	1,304,959
Connection Fees	-	-	-	1,772,676	-	1,772,676
Other Funding Sources	4,500,000	4,500,000	-	1,106,250	4,653,452	14,759,702
Total Wastewater System	30,042,448	6,163,909	977,826	4,159,067	11,804,560	53,147,810
TOTAL – Water & Wastewater System	\$ 31,647,943	\$ 7,376,587	\$ 5,098,826	\$ 9,453,295	\$ 12,497,002	\$ 66,073,653

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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,				
	2011	2012	2013	2014	2015
Water & Wastewater Sales Revenues	\$ 22,857,573	\$ 24,192,129	\$ 25,241,583	\$ 26,555,419	\$ 28,251,427
Other Operating Revenues	426,693	391,513	318,425	413,874	454,335
Interest Income	211,645	310,588	62,792	300,214	383,392
Total Gross Revenues (1)	<u>23,495,911</u>	<u>24,894,230</u>	<u>25,622,800</u>	<u>27,269,507</u>	<u>29,089,154</u>
Operating Expenses: (2)					
Personal Services	8,035,863	7,422,585	6,950,981	7,338,481	7,388,867
Other Operating Expenses	9,371,413	8,940,837	8,350,666	8,559,089	9,002,832
Depreciation Equivalent Charges (3)	<u>(297,731)</u>	<u>(277,508)</u>	<u>(275,374)</u>	<u>(280,955)</u>	<u>(329,876)</u>
Total Operating Expenses	<u>17,109,545</u>	<u>16,085,914</u>	<u>15,026,273</u>	<u>15,616,615</u>	<u>16,061,823</u>
Net Revenues (4)	6,386,366	8,808,316	10,596,527	11,652,892	13,027,331
Connection Fees:					
Water Connection Fees	173,186	189,508	252,476	390,692	439,996
Wastewater Connection Fees	<u>379,196</u>	<u>348,780</u>	<u>541,610</u>	<u>988,048</u>	<u>944,020</u>
Total Connection Fees	<u>552,382</u>	<u>538,288</u>	<u>794,086</u>	<u>1,378,740</u>	<u>1,384,016</u>
Pledged Funds (5)	6,938,748	9,346,604	11,390,613	13,031,632	14,411,347
Actual Senior Lien Debt Service	\$ 4,033,543	\$ 4,037,493	\$ 4,041,262	\$ 3,540,182	\$ 3,802,294
Actual Coverage on Net Revenues (6)	1.58	2.18	2.62	3.29	3.43
Required Coverage	1.00	1.00	1.00	1.00	1.00
Actual Coverage on Pledged Funds (6)	1.72	2.31	2.82	3.68	3.79
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 0.57 and the Pledged Funds would increase by 0.63.

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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, 2015:

<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	\$ 170,045	0.6%
Oak Hill Hospital	Commercial	6"	Water & Sewer	149,984	0.5%
Brooksville Regional Hospital	Commercial	6"	Water & Sewer	113,706	0.4%
Oak Hill Hospital Cooling Tower	Commercial	2"	Water	112,357	0.4%
Bridgewater Club Apartments	Commercial	6"	Water & Sewer	95,683	0.3%
Hernando County School Board	Commercial	3"-6"	Water & Sewer	90,694	0.3%
Hernando County Jail	Commercial	6"	Water & Sewer	83,815	0.3%
Atria Evergreen Woods	Commercial	4"	Water & Sewer	56,908	0.2%
Nantucket Cove Apartments	Commercial	6"	Water & Sewer	54,848	0.2%
Evergreen Woods	Commercial	4"	Water & Sewer	49,971	0.2%
Total				\$ <u>978,011</u>	

Source: Hernando County Utilities Department.

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NON-AD VALOREM REFUNDING REVENUE BONDS, SERIES 2010

The following table represents the County's determination of non-ad valorem revenues for the last six years (excludes non-ad valorem revenues of the County which are not legally available to pay debt service on the Series 2010 Bonds). Certain of such revenue may heretofore or hereinafter be specifically pledged to secure other indebtedness by the County. Any such debt would be payable from such specific revenue sources prior to payment of debt service on the Series 2010 Bonds. Such table is not intended to represent revenues of the County which would necessarily be available to pay debt service on the Series 2010 Bonds; however, they are an indication of the relative amounts of non-ad valorem revenues of the County which may be available for the payment of principal and interest on the Series 2010 Bonds taking into account general government expenditures. Certain categories may cease to exist altogether and new sources may come about from time to time.

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HISTORICAL NON-AD VALOREM REVENUES IN GENERAL FUND ⁽¹⁾

	Fiscal Year Ending September 30,					
	2010	2011	2012	2013	2014	2015
Revenues						
Taxes:						
Local Communications Services Tax	\$ 1,575,810	\$ 1,504,949	\$ 1,449,390	\$ 1,435,395	\$ 1,633,894	\$ 1,786,365
Licenses and Permits:						
Other	\$ 89,454	\$ 84,855	\$ 114,792	\$ 25,045	\$ 29,280	\$ 326,210
Intergovernmental:						
Local Governmental Half-Cent Sales Tax ⁽²⁾	\$ 7,153,868	\$ 7,231,814	\$ 7,354,197	\$ 7,607,684	\$ 8,000,302	\$ 8,646,879
State Revenue Sharing	3,251,643	3,398,058	3,653,304	3,837,535	4,063,333	4,392,492
Other ⁽³⁾	8,631,480	6,333,825	5,214,191	4,442,909	3,324,724	4,082,022
Charges for Services:						
General Government	6,887,906	6,115,380	6,186,098	7,728,143	8,757,401	11,128,839
Public Safety	957,390	900,651	1,446,821	40,943	39,371	53,534
Physical Environment	12,397	-	13,535	14,387	46,486	170,986
Transportation	106,005	124,650	105,383	153,139	146,528	164,232
Human Services	215,342	184,711	166,362	205,263	215,707	212,236
Recreation and Culture	530,112	653,264	720,273	696,200	716,081	687,864
Other	18,457	17,188	18,867	16,997	16,414	30,890
Fines and Forfeitures	101,447	81,279	72,890	80,083	94,522	87,637
Interest Income	583,777	199,819	439,913	(50,679)	311,288	358,184
Miscellaneous Revenue ⁽⁴⁾	1,174,792	4,391,048	4,856,984	1,854,816	6,813,485	1,740,723
Total Sources of Non-Ad Valorem Revenues	\$ 31,289,880	\$ 31,221,491	\$ 31,813,000	\$ 28,087,860	\$ 34,208,816	\$ 33,869,093

(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	\$ 7,819,453	05/01/2029	\$ 1,309,465
Non-Ad Valorem Refunding Revenue Bonds, Series 2010	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	\$ 3,340,000	02/01/2024	\$ 1,290,806
Capital Improvement and Refunding Revenue Bonds, Series 2004	Half-Cent Sales Tax	\$ 1,840,000	02/01/2017	\$ 956,095
Non-Ad Valorem Refunding Revenue Note, Series 2012	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	\$ 24,193,000	02/01/2028	\$ 3,159,419
		<u>\$ 37,192,453</u>		<u>\$ 6,715,785</u>

(1) The amount outstanding on each bond issue currently outstanding is calculated as of September 30, 2015.

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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, 2010 through September 30, 2015:

	Fiscal Year Ending September 30,					
	2010	2011	2012	2013	2014	2015
REVENUES						
Taxes	\$ 50,700,035	\$ 43,279,100	\$ 41,670,959	\$ 42,873,673	\$ 49,333,564	\$ 50,405,280
Licenses and Permits	89,454	84,855	114,792	25,045	29,280	326,210
Intergovernmental	19,036,991	16,963,697	16,221,692	15,888,128	15,388,359	17,121,393
Charges for Services	8,727,609	7,995,844	8,657,339	8,855,072	9,937,988	12,448,581
Fines and Forfeitures	101,447	81,279	72,890	80,083	94,522	87,637
Interest	583,777	199,819	439,913	(50,679)	311,288	358,184
Miscellaneous	1,174,792	4,391,048	4,856,984	1,854,816	6,813,485	1,740,723
TOTAL REVENUES	\$ 80,414,105	\$ 72,995,642	\$ 72,034,569	\$ 69,526,138	\$ 81,908,486	\$ 82,488,008
EXPENDITURES						
Current:						
General Government	\$ 17,240,739	\$ 16,123,765	\$ 15,207,200	\$ 16,087,274	\$ 17,582,331	\$ 18,918,049
Public Safety	43,561,797	41,616,383	40,358,747	39,307,247	40,174,325	42,363,066
Physical Environment	347,798	279,628	231,525	203,783	217,920	232,043
Transportation	2,290,390	2,216,598	1,735,042	1,700,081	2,167,372	1,556,825
Economic Environment	3,929,069	2,621,067	1,908,289	1,489,083	719,489	569,075
Human Services	3,084,478	4,360,482	7,632,578	6,044,268	7,168,329	5,623,448
Culture and Recreation	4,987,710	4,519,654	4,188,493	4,041,556	4,300,868	4,614,532
Court Operations	1,039,698	995,679	1,029,061	1,094,414	1,142,680	1,141,355
Debt Service:						
Principal	-	-	-	54,144	473,906	508,414
Interest and Fiscal Charges	-	-	-	10,992	105,412	81,411
Capital Outlay	2,280,451	1,304,956	1,170,228	1,849,119	1,934,363	2,401,167
TOTAL EXPENDITURES	\$ 78,762,130	\$ 74,035,212	\$ 73,461,163	\$ 71,881,961	\$ 75,986,995	\$ 78,009,385
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 1,651,975	\$ (1,039,570)	\$ (1,426,594)	\$ (2,355,823)	\$ 5,921,491	\$ 4,478,623
OTHER FINANCING SOURCES (USES)						
Transfers In (1)	\$ 3,060,901	\$ 1,076,937	\$ 7,327,586	\$ 767,796	\$ 451,407	\$ 670,107
Transfers Out (1)	(7,284,681)	(3,931,092)	(3,513,768)	(6,661,999)	(2,945,088)	(4,727,066)
Additions to Long-Term Debt	-	-	-	324,861	750,736	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ (4,223,780)	\$ (2,854,155)	\$ 3,813,818	\$ (5,569,342)	\$ (1,742,945)	\$ (4,056,959)
Net Change in Fund Balances	(2,571,805)	(3,893,725)	2,387,224	(7,925,165)	4,178,546	421,664
BEGINNING FUND BALANCE	30,741,096	28,169,291	24,275,566	26,662,790	18,737,625	22,916,171
ENDING BALANCE	\$ 28,169,291	\$ 24,275,566	\$ 26,662,790	\$ 18,737,625	\$ 22,916,171	\$ 23,337,835

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