

*Comprehensive Annual Financial Report*

*Hernando County, Florida*

*for the Fiscal Year Ended September 30, 2017*



**HERNANDO COUNTY, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2017**

**PRINCIPAL OFFICIALS**

*as of September 30, 2017*

**BOARD OF COUNTY COMMISSIONERS**

Wayne Dukes, *Chairman* - District 2  
Steve Champion, *Vice Chairman* - District 5  
Nicholas W. Nicholson – District 1  
John Allocco- 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**

**This section contains the following:**

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Letter of Transmittal

Certificate of Achievement Award

Organizational Chart



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## Don Barbee Jr.

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

March 20, 2018

To the Citizens of Hernando County:

The Comprehensive Annual Financial Report (CAFR) of Hernando County, Florida, for the fiscal year ended September 30, 2017 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 181,882, is located in the west central region of the State of Florida, allowing easy access to the Tampa and Orlando metropolitan areas. As part of the Tampa Bay Region, it is bound by the Gulf of Mexico on the west, Citrus County to the north, Sumter County to the east, and Pasco County to the south.

Hernando County, established in 1843, covers 473 square miles and is named in honor of Spanish explorer Hernando De Soto, who led an expedition through the county in 1539. Hernando County has two incorporated cities: the City of Brooksville, the county seat, with a population of 8,074 is rich in history and traditions; and the City of Weeki Wachee with a population of 9 which incorporated many decades ago to promote its tourism attraction, the Buccaneer Bay/Weeki Wachee Resort, commonly known as the "City of Mermaids." Hernando County's unincorporated areas include Ridge Manor, Bayport, Aripeka, Lake Lindsey, Istachatta/Nobleton, Masaryktown, Hernando Beach, and most notably, Spring Hill. Spring Hill, located in the southwest part of the County, is the largest unincorporated Hernando County community.

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

Situated at the geographic center of the state with easy access to major highways like the Veterans/Suncoast Parkway, Interstate 75, State Road 50 and US Highway 41 make Hernando County a strategic business location. Hernando County is unique in the Tampa Bay area with its variety of industrial 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 181,882 which is an increase of 12% over what it was 10 years ago. The County's population is projected to be almost 197,000 five years from now and over 209,000 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 assisted four companies with expansion efforts, Airofog, Alumi-Guard, Surge Suppression and Mood Hoops representing 344,000 square feet of space, 290 new jobs and 220 existing jobs.

- The Building Department issued over 12,370 building permits for construction projects, 51 of those were for new commercial buildings within the county. Some of the new commercial businesses include Treeumph, Dollar Tree, Dollar General, Cheddars, Zaxby's and Hammock Ridge Apartments.
- Both residential and commercial development remain steady. The inventory of lots in existing developed subdivisions continues to decrease and new phases are being developed. Commercial development continues to be steady along SR 50 in Spring Hill, a major shopping corridor in the County. In addition, a significant number of large mixed-use developments previously approved by the County have retained the approved vested rights, and are expected to be of interest to developers as the economy continues to improve.

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

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

- Tourism Development had double digit increases in revenues for the fifth straight year. It has created a positive economic impact, jobs and tax relief for our residents. The Tourist Development Council awarded special event and marketing grant support to 12 different non-profit organizations totaling \$31,845.
- The County maintained and improved 22 county parks by adding picnic shelters, a walking trail and historical markers, replacing a gate house for money collection and playground equipment, sodding and performing patch work and top dressing on soccer and baseball fields. We continue to build partnerships with public, private groups, schools and organizations through the Parks and Recreation Department offering both adult and youth events.
- The County participated in the inaugural Great Hernando Weight Loss Challenge with 70 teams of 10 people committed to living a healthy, active lifestyle for 10 weeks; our combined community weight loss was 5,579.5 pounds.
- The County strengthened our community through technology and information access at our public libraries by facilitating 217 computer lab classes and providing technology instruction to more than 19,000 community members.
- The Employee Wellness Center opened in October 2016. The Center provides full service primary health care, onsite lab draws, generic prescriptions and personal health assessments for the employees of Hernando County, participating Constitutional Offices and their eligible family members. The Center has had 3,626 office visits, serviced 811 patients, provided 2,958 lab visits and filled 6,408 prescription orders.

- TheBus increased ridership by 17.6 percent. Several counties including Hernando, Hillsborough, Pasco, Pinellas and Sarasota partnered to establish a new, uniform and more efficient regional fare payment system to connect transit services making boarding the buses more efficient. Riders will utilize a smart card for fare payment, including use of smart phones and the ability to use debit/credit cards on board.
- The Library System celebrated and coordinated multiple successful signature events throughout the county, including the Third Annual Brooksville Library 5K and Kids Fun Run with more than 500 people in attendance, the Third Annual Touch-A-Truck Event with more than 300 in attendance and the Fourth Annual Edible Books Contest with more than 50 participants.
- In March 2017, the Hernando County Waterways, Extension/Sea Grant, Tourism and Parks and Recreation departments completed a marked nearly five-mile winding paddling trail between Bayport and Linda Pedersen parks. Girl Scout troop 317 contributed education signage for the trail also.
- Aquatic Services deployed 600 tons of precast concrete structures to expand the Bendickson Reef project.
- The Brooksville-Tampa Bay Regional Airport received the 2017 Florida Department of Transportation General Aviation Airport of the Year Award. The airport reconstructed a taxiway, replaced approach lighting systems and upgraded instrument landing systems. The airport also received more than \$2.5 million in FAA and FDOT grants for airfield improvement projects.
- Emergency Management implemented the county's emergency plan through multiple activations of the EOC: Hurricane Hermine, Hurricane Matthew and Hurricane Irma. Emergency Management also provided support during the water tower wildfire and provided mutual aid under the Emergency Management Assistance Compact in support of evacuees from the Virgin Islands and Puerto Rico.

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, 2016.

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.

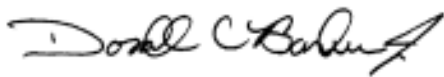
A Certificate of Achievement is valid for a period of one year only. Hernando County has received a Certificate of Achievement for the last 32 consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the 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, 2016. 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-two 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

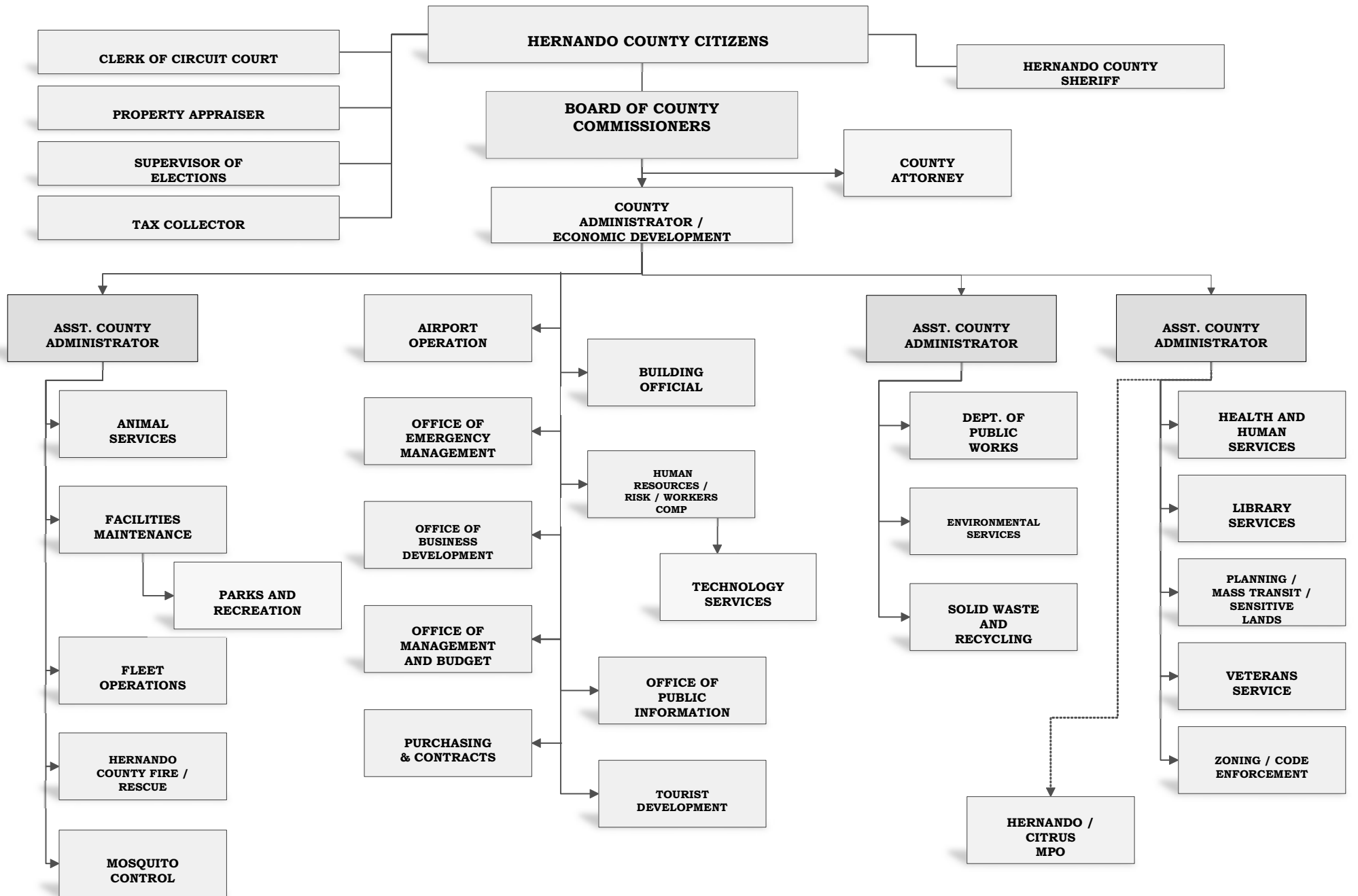
**September 30, 2016**

*Christopher P. Morill*

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, 2017, 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  
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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**  
*(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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, the Transportation Trust and Gas Taxes Fund, and the Hernando County Fire Rescue-Fire Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

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

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

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

## INDEPENDENT AUDITORS' REPORT

*(Concluded)*

### **Other Matters *(Concluded)***

#### *Other Information (Concluded)*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2018, 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.

*Durvis, Gray and Company, LLP*

March 20, 2018  
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, 2017. 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, 2017, the County's assets and deferred outflows exceeded its liabilities and deferred inflows by \$554,062,251. This represents a decrease of \$2,825,786 over the prior year net position. Of the \$554,062,251 difference between assets and liabilities, \$2,533,915 was unrestricted.

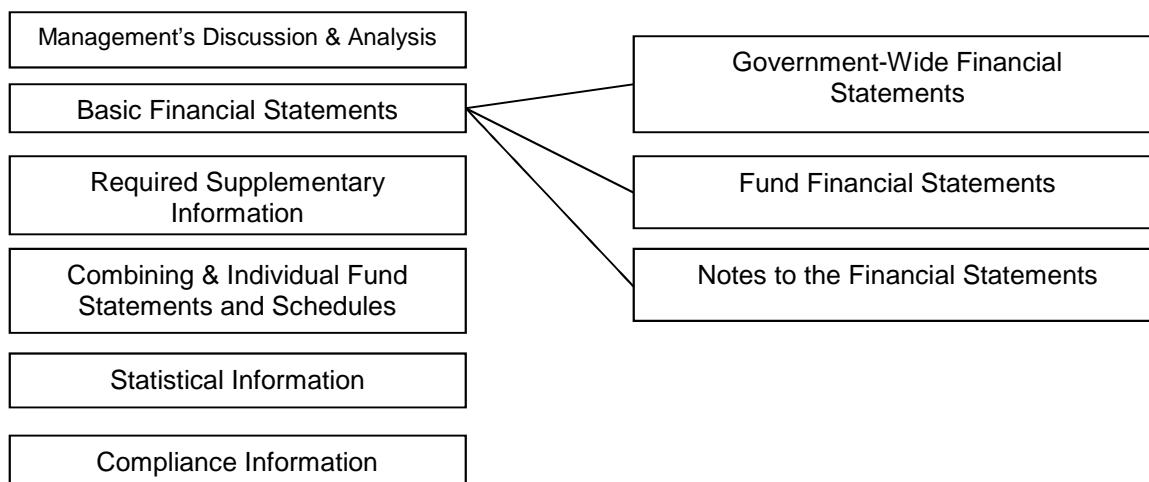
Net position of governmental activities decreased \$11,168,121. Net position of business-type activities increased \$8,342,335. Accordingly, net position of both the governmental activities and business-type activities decreased a total of \$2,825,786.

As of September 30, 2017, unassigned fund balance in the governmental funds was \$6,860,381; representing a 27% decrease from the previous year unassigned fund balance of \$9,442,933. The net change in fund balances in the governmental funds increased from a negative \$1,967,982 for the fiscal year 2015-16 to a negative \$801,805 for the fiscal year 2016-17. The current increase is predominantly due to an increase in the fund balance of Transportation Trust and Gas Taxes of \$2,270,290 compared to a decrease of \$3,047,380 in the prior year. There was also an increase in fund balance of Impact Fees of \$1,138,948 compared to a decrease of \$380,708 in the prior year. These increases were offset by a decrease in fund balance of \$2,672,374 for General Fund compared to a decrease of \$663,548 in the prior year. Additionally, there was a decrease in fund balance of \$1,602,440 for Nonmajor Governmental Funds compared to an increase of \$4,765,413 in the prior year.

The County's largest enterprise fund, the Water & Sewer District, had an increase in net position of \$6,826,122 for the year with the increase mostly being in the operating income. The Water and Sewer operating income of \$6,824,102 represents a 28% increase over operating income of the previous year. Waste Management had an increase in net position of \$641,171 for the year compared to an increase of \$2,087,076 in the prior year. Aviation Operations had an increase in net position of \$633,742 for the year compared to an increase of \$1,908,711 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 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		Business-Type		Totals	
	Activities		Activities			
	2016	2017	2016	2017	2016	2017
Current and other assets	\$ 120,670,434	\$ 125,544,881	\$ 78,495,135	\$ 89,527,895	\$ 199,165,569	\$ 215,072,776
Capital and other long-term assets	<u>339,304,738</u>	<u>336,904,518</u>	<u>266,752,993</u>	<u>260,731,940</u>	<u>606,057,731</u>	<u>597,636,458</u>
Total assets	<u>459,975,172</u>	<u>462,449,399</u>	<u>345,248,128</u>	<u>350,259,835</u>	<u>805,223,300</u>	<u>812,709,234</u>
Deferred Outflows of Resources	<u>50,341,515</u>	<u>56,546,437</u>	<u>4,872,635</u>	<u>5,211,057</u>	<u>55,214,150</u>	<u>61,757,494</u>
Long-term liabilities	168,042,872	179,619,178	109,099,504	108,682,268	277,142,376	288,301,446
Other liabilities	<u>11,293,608</u>	<u>14,906,047</u>	<u>10,469,366</u>	<u>7,584,893</u>	<u>21,762,974</u>	<u>22,490,940</u>
Total liabilities	<u>179,336,480</u>	<u>194,525,225</u>	<u>119,568,870</u>	<u>116,267,161</u>	<u>298,905,350</u>	<u>310,792,386</u>
Deferred Inflows of Resources	<u>4,396,732</u>	<u>9,055,257</u>	<u>247,331</u>	<u>556,834</u>	<u>4,644,063</u>	<u>9,612,091</u>
Net position:						
Net Investment in capital assets	306,373,129	304,605,052	175,885,969	171,816,828	482,259,098	476,421,880
Restricted	62,475,970	57,323,430	12,752,692	17,783,026	75,228,662	75,106,456
Unrestricted	<u>(42,265,624)</u>	<u>(46,513,128)</u>	<u>41,665,901</u>	<u>49,047,043</u>	<u>(599,723)</u>	<u>2,533,915</u>
Total net position	\$ <u>326,583,475</u>	\$ <u>315,415,354</u>	\$ <u>230,304,562</u>	\$ <u>238,646,897</u>	\$ <u>556,888,037</u>	\$ <u>554,062,251</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 \$554,062,251 at the close of the most recent fiscal year. This represents a decrease of \$2,825,786 or 0.5% from the prior year.

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

An additional portion of the County's net position (14%) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of the County's net position (less than 1%) is unrestricted.

## Hernando County's Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 54,957,779	\$ 56,469,825	\$ 43,461,287	\$ 46,251,333	\$ 98,419,066	\$ 102,721,158
Operating grants and contributions	4,935,018	5,993,249	93,531	109,866	5,028,549	6,103,115
Capital grants and contributions	1,777,534	4,728,340	5,306,069	4,469,294	7,083,603	9,197,634
General revenues:						
Property taxes	61,571,869	62,915,055	-	-	61,571,869	62,915,055
Other taxes	24,695,136	25,758,113	-	-	24,695,136	25,758,113
Investment earnings	1,437,246	561,597	701,309	348,481	2,138,555	910,078
Other	<u>1,726,398</u>	<u>1,802,369</u>	<u>846,158</u>	<u>946,738</u>	<u>2,572,556</u>	<u>2,749,107</u>
Total revenues	<u>151,100,980</u>	<u>158,228,548</u>	<u>50,408,354</u>	<u>52,125,712</u>	<u>201,509,334</u>	<u>210,354,260</u>
<b>Expenses</b>						
General government	24,582,691	26,218,775	-	-	24,582,691	26,218,775
Public safety	86,581,625	92,685,389	-	-	86,581,625	92,685,389
Physical environment	1,230,350	1,304,174	-	-	1,230,350	1,304,174
Transportation	23,236,377	24,465,011	-	-	23,236,377	24,465,011
Economic environment	3,095,345	3,486,992	-	-	3,095,345	3,486,992
Human services	7,274,535	7,504,297	-	-	7,274,535	7,504,297
Culture and recreation	5,715,518	5,711,821	-	-	5,715,518	5,711,821
Court operations	6,772,680	7,163,540	-	-	6,772,680	7,163,540
Interest on long-term debt	1,037,630	1,073,528	-	-	1,037,630	1,073,528
Water and sewer	-	-	27,672,539	30,933,210	27,672,539	30,933,210
Aviation operations	-	-	2,567,431	2,232,838	2,567,431	2,232,838
Waste management	-	-	6,446,772	7,593,760	6,446,772	7,593,760
Building department	-	-	<u>2,786,446</u>	<u>2,806,711</u>	<u>2,786,446</u>	<u>2,806,711</u>
Total expenses	<u>159,526,751</u>	<u>169,613,527</u>	<u>39,473,188</u>	<u>43,566,519</u>	<u>198,999,939</u>	<u>213,180,046</u>
Change in net position before transfers	(8,425,771)	(11,384,979)	10,935,166	8,559,193	2,509,395	(2,789,786)
Transfers	<u>(997,512)</u>	<u>216,858</u>	<u>997,512</u>	<u>(216,858)</u>	-	-
Change in net position	(9,423,283)	(11,168,121)	11,932,678	8,342,335	2,509,395	(2,825,786)
Net position –beginning of year	<u>336,006,758</u>	<u>326,583,475</u>	<u>218,371,884</u>	<u>230,304,562</u>	<u>554,378,642</u>	<u>556,888,037</u>
Net position –end of year	<u>\$ 326,583,475</u>	<u>\$ 315,415,354</u>	<u>\$ 230,304,562</u>	<u>\$ 238,646,897</u>	<u>\$ 556,888,037</u>	<u>\$ 554,062,251</u>

## **Governmental Activities**

Net position of the governmental activities decreased \$11,168,121 or 3% over prior year net position balance. Program revenues in the amount of \$67,191,414 were used to offset program expenses of \$169,613,527 resulting in a net program loss of \$102,422,113. General revenues and transfers totaling \$91,253,992 offset the difference in those program expenses and resulted in a total net decrease of \$11,168,121.

Program revenues increased 9% during the year. The increase in Program Revenues is mostly attributable to a \$3 million or 166% increase in Capital Grants and Contributions. Capital Grants and Contributions increased due to an increase in Impact Fee revenue of \$1.4 million. Grants also provided for expansion of the Good Neighbor Trail, completion of bike lane and sidewalk projects, and the addition of a transit vehicle. Operating Grants and Contributions also increased \$1 million or 21%. The increase is due to additional grants received for the County's transit program, a grant to aid the libraries and an increase in allocation for the State Housing Initiative Partnership program.

Property taxes increased \$1.3 million or 2% due to a 6% increase in the taxable value of property in the County.

Fuel taxes increased \$576,000 or 7% due to a 3-cent increase in the Local Option gas taxes which went into effect during fiscal year 2015-16 and was in effect for the entire fiscal year 2016-17. Two pennies of the proceeds go to the local street resurfacing program.

Program expenses increased 6% over the prior year. The most significant changes were increases in General Government, Public Safety and Transportation expenses.

General Government expenses increased 7% due to an increase in health insurance and retirement costs. There was also an increase in depreciation expense on the capital assets of governmental funds.

Public Safety expenses increased 7% due to a change in the pension-related costs based upon the most recent rates provided by the Florida Retirement System. Health insurance and retirement costs also increased.

Transportation expenses increased 5% due to an increase in contract services used to maintain the County's roadways. Health insurance and retirement costs also increased. Additionally, the transit system increased the transit routes and frequency during fiscal year 2015-16. The new routes were in effect for the entire fiscal year 2016-17.

## **Business-Type Activities**

Net position of the business-type activities increased \$8,342,335 or 4% over prior year net position balance. Program revenues in the amount of \$50,830,493 were used to offset program expenses of \$43,566,519, resulting in net program income of \$7,263,974. General revenues less transfers in the amount of \$216,858 resulted in a total net increase of \$8,342,335.

Charges for services increased mostly due to increases in charges for water and sewer services of \$2.8 million, or 6%, from increases in water consumption and the phased in increase in rates as part of a five-year rate plan.

The increase in charges for services is offset by a decrease in Capital Grants and Contributions of \$837,000 due to the completion of various airport construction projects in the beginning of the year.

Water and Sewer expenses increased 12% due to increase in depreciation expense of \$1.1 million. Construction in Progress of \$47 million was completed and placed into service in fiscal year 2016-17. State Revolving Loan draws were completed and repayment on all draws resulted in \$2 million in additional interest expense.

Waste Management expenses increased 18% due to a change in the estimated long-term care costs of the landfill. There was a significant increase in long term care costs in fiscal year 2016-17 due to a change in estimate for final closure and postclosure costs for one of the landfill cells. See Note N for more information.

## **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.

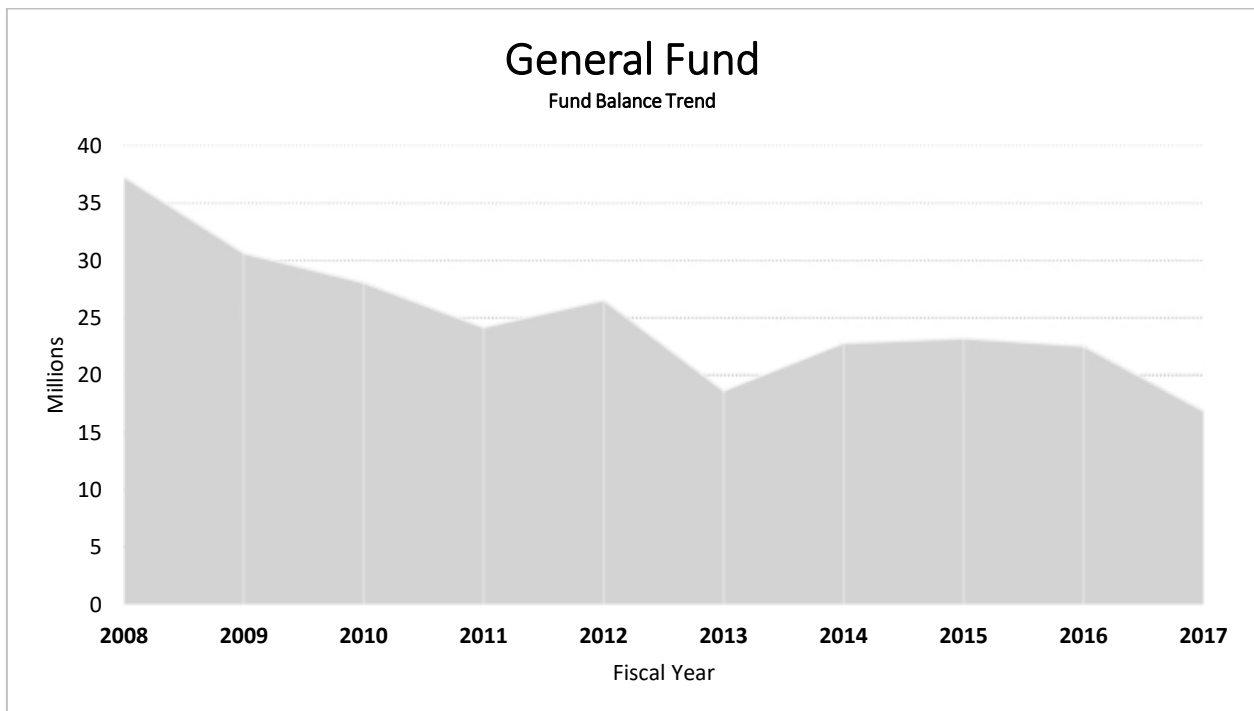
## Governmental Funds

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 \$91,194,966, a decrease of \$801,805 or 1% from prior year balances. Of the \$91,194,966 fund balance in governmental funds, \$6,389,190 constitutes unassigned fund balance, which is available for spending at the County's discretion and \$7,554,124 which is non-spendable. The remainder of fund balance available for spending consists of the following: \$54,996,192 in 'Restricted Fund Balance' which is restricted by law or externally imposed requirements; \$7,003,415 in 'Committed Fund Balance' which is committed for a specific purpose by the Board; and \$15,252,045 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 \$20,851,081. Following is a chart of the fund balance trend over the past ten years of the General Fund.

The chart depicts the General Fund alone, without the impact of the Capital Improvement Fund which is combined with the General Fund for financial reporting. See Note R of the financial statements. The General Fund had an ending fund balance of \$17 million for 2017, and the Capital Improvement Fund had an ending fund balance of \$3.8 million for 2017, for a total of \$20.8 million as reported in the financial statements.



In the **General Fund** alone, the fund balance decreased \$5.6 million, or 25%. General Fund revenues increased 4% and General Fund expenditures increased 4% from prior year. Revenue from Taxes increased \$1.2 million from the prior year due to an increase in the taxable value of property from the prior year. Intergovernmental revenue increased \$1.7 million or 10% due to additional grant funding received in fiscal 2016-17.

General Fund expenses for all categories other than Debt Service and Capital Outlay increased due to increased personnel costs, health insurance, retirements and other personnel-related costs.

Additionally, Transportation expenses increased due to professional and contract services increases from prior year. Also, there were additional expenses related to new bus routes which were in effect for the entire fiscal year 2016-17.

Human Services expenses increased due to an increase in contract services related to Animal Services.

Capital Outlay expenses increased due to the addition of \$1.1 million for vehicles for the Sheriff and \$200,000 for voting machines for Supervisor of Elections.

The **Transportation Trust Fund** fund balance increased \$2,270,290, or 9%. Revenues from taxes increased 5% from prior year due to an increase in gas taxes in effect for the entire 2016-17. Intergovernmental Revenue increased 20% due to additional grant revenue.

The decrease in Transportation expense of 6% was due to a decrease in Capital Outlay of 23%.

In the **Impact Fee Fund**, the fund balance increased \$1,138,948, or 14%. Impact Fee Fund revenues increased 110% and Impact Fee Fund expenditures decreased 10%. Impact Fee revenue increased due to an increase in construction during the year.

The **Hernando County Fire Rescue-Fire** fund balance decreased \$785,397, or 248%. Revenue increased 5% from the prior year. Expenses decreased 8% predominantly due to a change in methodology for the allocation of employees between Fire and Rescue to more accurately reflect the services provided by the employees. An additional loan in the amount of \$3,750,000 was provided by the General Fund to the Fire Fund to meet its obligations. Changes to the funding methodology for the Fire Fund are in the process of approval, but will not impact the fund's revenues until fiscal year 2017-18. During the fiscal year, Hernando County Fire took over operations previously provided by Hernando Beach Volunteer Fire Company. This resulted in an increase in fire vehicles and equipment of \$319,000.

### **Proprietary Funds**

The **Water and Sewer District** experienced an increase in net position of \$6,826,122 compared to prior year's increase of \$7,633,183. Operating revenues of \$34,227,969 less operating expenses of \$27,403,867 resulted in operating income of \$6,824,102. Operating revenues increased 8% 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 5% due to an increase in depreciation expense. Increase of personal services expense of 8% was mainly offset by a 6% decrease in other services and charges expense. Non-operating Revenues (Expenses) increased 212% due to a significant increase in interest expense relating to the repayment of debt for the State Revolving Loans program.

**Aviation Operations** experienced an increase in net position of \$633,742. Operating revenues of \$1,774,956 less operating expenses of \$2,163,840 resulted in an operating loss of \$388,884. Operating revenue decreased 4% from prior year due to a decrease in non-aeronautical leases. Operating expenses decreased 11% from the prior year due to lower repairs and maintenance services and fewer professional services required in fiscal year 2016-17 compared to prior years. The operating loss was offset by \$1,113,926 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 \$641,171 compared to prior year's increase of \$2,087,076. This is mainly due to an increase 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 \$135,890 compared to prior year's increase of \$317,214. Operating Revenues decreased 2% from the prior year due to a decrease in Licenses and Permits revenue. Operating Expenses increased 1% from the prior year. An increase of 11% in personal services was offset by a decrease of 18% in other services and charges expense. This resulted in operating income of \$164,123.

### **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 slightly higher than budgeted.
- Intergovernmental revenue sources were 14% less than budgeted due predominantly to the manner the 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.
- Revenue from Fines and Forfeitures was 42% higher than budgeted due to the increase in the Special Master hearings relating to the Sheriff, Code Enforcement and Animal Services. A special master is generally an official appointed by a judge to hear evidence and make recommendations to the judge as to the disposition of the matter.
- Transportation expenditures were \$331,698, or 12%, under budget predominantly due to lower costs than expected for the Hernando County transit system, TheBus, operator contract and related maintenance items.
- Actual expenditures for Economic Environment were 73% less than the final budget due to a decline in applicants who met the qualifications of the Neighborhood Stabilization Program (NSP). The grant-funded program aids with down payments and rehabilitation costs of homes for citizens who meet the program qualifications. Additionally, over \$600,000 of budgeted NSP funds were added at the end of the fiscal year without any expenditures due to the board policy of budgeting the full costs the first year.
- Capital Outlay was \$987,272, or 23% less than the amount budgeted of \$4,293,953. This is partly due to \$225,000 of park-related projects not being completed during the fiscal year including playground equipment for Pine Island and Lake Townsend, engineering services related to Bayport Pier, and other miscellaneous equipment. Additionally, over \$900,000 of grant funds were budgeted without expenditures due to the way the County has chosen to budget for grant funds in full the first year.
- The original budget for Intergovernmental Revenues increased 13% almost entirely due to amendments made to the original budget for grant funds not budgeted.
- The original budget for Economic Environment Expenditures increased 90% almost entirely due to amendments made to the original budget for grant funds not budgeted.
- The original budget for Capital Outlay increased 181% due to many reasons. The Sheriff's capital outlay budget increased \$976,000 to cover capital outlay expenditures previously unbudgeted. The Board technology capital outlay was increased \$423,020 to cover an expenditure which was originally scheduled to be financed. The Board reduced budgeted reserves and increased the capital outlay budget for the purchase of equipment at various parks throughout the County. Much of the remaining increase in the capital outlay budget was due to the Board's policy of increasing budgets for the full amount of grant funds awarded.

## **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, 2017, amounts to \$597,588,550 net of accumulated depreciation. This investment in capital assets includes land, buildings, infrastructure, improvements other than buildings, equipment, construction in progress and intangible assets. The total decrease in Hernando County's investment in capital assets from the prior year was 1% which is comprised of a 0.7% decrease for governmental activities and a 2% decrease for business-type activities.

Following is a schedule of the County's capital assets, net of accumulated depreciation, as of September 30, 2016 and 2017:

	Governmental Activities		Business-Type Activities		Totals	
	2016	2017	2016	2017	2016	2017
Land	\$ 29,338,729	\$ 29,832,321	\$ 10,200,561	\$ 10,326,775	\$ 39,539,290	\$ 40,159,096
Buildings	88,122,352	84,575,378	15,130,272	18,256,601	103,252,624	102,831,979
Infrastructure	188,778,346	187,204,611	2,184,191	2,784,322	190,962,537	189,988,933
Improvements other than Buildings	11,324,390	11,730,010	184,784,195	219,878,467	196,108,585	231,608,477
Equipment	20,583,373	22,236,802	2,981,236	4,224,580	23,564,609	26,461,382
Construction in Progress	496,573	772,436	51,416,874	5,213,287	51,913,447	5,985,723
Intangible Assets	<u>660,975</u>	<u>552,960</u>	<u>-</u>	<u>-</u>	<u>660,975</u>	<u>552,960</u>
Total	\$ <u>339,304,738</u>	\$ <u>336,904,518</u>	\$ <u>266,697,329</u>	\$ <u>260,684,032</u>	\$ <u>606,002,067</u>	\$ <u>597,588,550</u>

Additional information on Hernando County's capital assets can be found in Note F to the basic financial statements. The decrease in capital asset activity for 2017 occurred in the Governmental Activities primarily due to the depreciation of assets being greater than additions to assets for the year. Equipment increased \$319,000 for assets related to the County taking over Hernando Beach Volunteer Fire Department. For Business-Type Activities, Construction in Progress from fiscal year 2015-16 was completed and the assets were placed into service as buildings and improvements other than buildings. The construction of \$2.5 million for T-hangers at the Airport was completed. The majority of the remaining increase in improvements related to updating water and wastewater plants and lines.

### Debt Administration

Loans and notes payable amounted to \$88,367,201 of which \$30,412,616 is for Governmental Activities and \$57,954,585 is for Business-Type Activities. Loans for business-type activities include \$56,289,627 of financing from the State Revolving Loan program for water & sewer improvement projects.

Hernando County had total bonded debt outstanding of \$36,156,347. 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, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance
Loans & Notes Payable	\$ 87,591,012	\$ 5,128,745	4,352,556	88,367,201
Revenue Bonds	39,912,773	-	3,756,426	36,156,347
	\$ <u>127,503,785</u>	\$ <u>5,128,745</u>	<u>8,108,982</u>	<u>124,523,548</u>

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



Following are the County's underlying ratings on bonds outstanding as of September 30, 2017:

	<u>Moody's</u>	<u>Fitch</u>	<u>S&amp;P</u>
Non-Ad Valorem Refunding Revenue Bonds, Series 2010	Aa2	NR	A+
Water and Sewer Refunding Revenue Bonds, Series 2013A	Aa3	AA	AA-

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

## **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 162,876 in 2007 to 181,882 in 2017, a 12% increase over a period of 10 years.
- Unemployment in Hernando County decreased to an average of 4.3% and the County's personal income per capita increased slightly to \$34,413 in 2016, the most recent year available.
- Total taxable property value has decreased 20% over the last 10 years, but increased 18% over tax year 2013, which was the lowest taxable value in recent history. The 10 largest taxpayers accounted for 12.75% of the total taxable assessed value, with Cemex, Inc. increasing by 376% over its value 10 years ago.
- Permanent households rose during the year to a total of 75,883, 10% more than 10 years ago. The building department issued 12,319 residential permits and 51 new commercial construction permits for the year.

For the fiscal year 2016-17 budget, taxable values increased by \$301 million or 4.1% to approximately \$7,704 billion. 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 two years.

During fiscal year 2016-17, the Board approved the transfer for \$3 million to the Capital Improvement Fund. The Capital Improvement Fund has been used for setting aside funds for capital improvements the General Fund would have otherwise spent. The funds in the Capital Improvement Fund don't meet the criteria to be a Special Revenue Fund, are often not capital in nature, and have therefore been included in the General Fund for financial reporting purposes. Due to the reduction in fiscal year ending 2017 fund balance of the General Fund, it is anticipated that the remainder of the \$3 million that was transferred, approximately \$2.5 million, will be transferred back to the General Fund.

For the fiscal year 2017-18 budget, taxable property values increased by \$505 million or 6.6% to approximately \$8,190 billion. Due to additional funding from the Sheriff's Federal Inmate revenue, the County reduced the General Fund millage to 6.8912. Even with the change in millage, the increase in property values means an additional \$3.5 million in revenue to the General Fund.

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.

## **TO OBTAIN FURTHER INFORMATION**

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

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

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

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

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



# **Basic Financial Statements**

**HERNANDO COUNTY, FLORIDA**  
**STATEMENT OF NET POSITION**  
September 30, 2017

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 8,050,080	\$ 201,375	\$ 8,251,455
Pooled Cash and Investments	104,156,672	77,808,258	181,964,930
Cash with Fiscal Agent	5,541,910	1,546,646	7,088,556
Accounts Receivable (net)	3,832,603	4,797,714	8,630,317
Internal Balances	(3,321,280)	3,321,280	-
Due from Other Governments	6,877,814	1,516,542	8,394,356
Inventories	89,894	321,126	411,020
Prepaid Items	317,188	14,954	332,142
Capital Assets, net of accumulated depreciation:			
Land	29,832,321	10,326,775	40,159,096
Buildings	84,575,378	18,256,601	102,831,979
Infrastructure	187,204,611	2,784,322	189,988,933
Improvements Other than Buildings	11,730,010	219,878,467	231,608,477
Equipment	22,236,802	4,224,580	26,461,382
Construction in Progress	772,436	5,213,287	5,985,723
Intangible Assets	552,960	-	552,960
Prepaid Bond Insurance	-	47,908	47,908
<b>Total Assets</b>	<b>\$ 462,449,399</b>	<b>\$ 350,259,835</b>	<b>\$ 812,709,234</b>
<b>Deferred Outflows of Resources</b>	<b>\$ 56,546,437</b>	<b>\$ 5,211,057</b>	<b>\$ 61,757,494</b>
<b>LIABILITIES</b>			
Accounts Payable	6,078,733	1,875,026	7,953,759
Retainage Payable	185,159	-	185,159
Accrued Liabilities	5,341,680	1,609,094	6,950,774
Due to Other Governments	729,125	46,016	775,141
Unearned Revenue	2,184,603	481,174	2,665,777
Deposits	386,747	3,425,489	3,812,236
Payable from Restricted Assets:			
Accounts Payable	-	116,743	116,743
Retainage Payable	-	31,351	31,351
Non-Current Liabilities:			
Due Within One Year:			
Loans & Notes Payable	4,093,897	2,907,198	7,001,095
Bonds Payable	346,546	2,563,783	2,910,329
Compensated Absences	6,668,625	749,634	7,418,259
Claims Liabilities	3,281,306	-	3,281,306
Due In More Than One Year:			
Loans & Notes Payable	26,318,719	55,047,387	81,366,106
Bonds Payable	2,344,894	30,901,124	33,246,018
Compensated Absences	1,219,786	74,139	1,293,925
Other Post Employment Benefits	10,207,357	955,361	11,162,718
Net Pension Liability	124,488,048	8,728,530	133,216,578
Claims Liabilities	650,000	-	650,000
Unearned Revenue	-	1,449,420	1,449,420
Accrued Landfill Closure/Postclosure	-	5,305,692	5,305,692
<b>Total Liabilities</b>	<b>\$ 194,525,225</b>	<b>\$ 116,267,161</b>	<b>\$ 310,792,386</b>

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

**HERNANDO COUNTY, FLORIDA**  
**STATEMENT OF NET POSITION**  
September 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Deferred Inflows of Resources</b>	<b>\$ 9,055,257</b>	<b>\$ 556,834</b>	<b>\$ 9,612,091</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 304,605,052	\$ 171,816,828	\$ 476,421,880
Restricted for:			
Grant Funded Programs	1,548,960		1,548,960
Court Programs	5,935,138		5,935,138
Special Assessment Projects	687,038		687,038
Environment Conservation	7,582,758		7,582,758
Bond Covenants or Debt Service	603,665		603,665
Public Safety	6,797,289		6,797,289
Capital Projects	30,544,192	12,059,997	42,604,189
Renewal and Replacement		5,723,029	5,723,029
Other Purposes	3,624,390		3,624,390
Unrestricted (Deficit)	<u>(46,513,128)</u>	<u>49,047,043</u>	<u>2,533,915</u>
<b>Total Net Position</b>	<b><u>\$ 315,415,354</u></b>	<b><u>\$ 238,646,897</u></b>	<b><u>\$ 554,062,251</u></b>



**HERNANDO COUNTY, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended September 30, 2017

Function/Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General Government	\$ 26,218,775	\$ 12,418,941	\$ 83,589	\$ 811,292	\$ (12,904,953)	\$ -	\$ (12,904,953)
Public Safety	92,685,389	31,311,631	560,175	468,626	(60,344,957)	-	(60,344,957)
Physical Environment	1,304,174	865,223	16,621	-	(422,330)	-	(422,330)
Transportation	24,465,011	5,692,508	2,887,219	2,687,924	(13,197,360)	-	(13,197,360)
Economic Environment	3,486,992	66,116	1,342,122	-	(2,078,754)	-	(2,078,754)
Human Services	7,504,297	230,653	31,540	83,599	(7,158,505)	-	(7,158,505)
Culture and Recreation	5,711,821	1,036,538	693,424	676,899	(3,304,960)	-	(3,304,960)
Court Operations	7,163,540	4,848,215	378,559	-	(1,936,766)	-	(1,936,766)
Interest on Long-term Debt	1,073,528	-	-	-	(1,073,528)	-	(1,073,528)
<b>Total Governmental Activities</b>	<b>169,613,527</b>	<b>56,469,825</b>	<b>5,993,249</b>	<b>4,728,340</b>	<b>(102,422,113)</b>	<b>-</b>	<b>(102,422,113)</b>
Business-type Activities:							
Water and Sewer District	30,933,210	33,832,697	58,478	3,355,368	-	6,313,333	6,313,333
Aviation Operations	2,232,838	1,700,769	51,388	1,113,926	-	633,245	633,245
Waste Management	7,593,760	7,803,138	-	-	-	209,378	209,378
Building Department	2,806,711	2,914,729	-	-	-	108,018	108,018
<b>Total Business-type Activities</b>	<b>43,566,519</b>	<b>46,251,333</b>	<b>109,866</b>	<b>4,469,294</b>	<b>-</b>	<b>7,263,974</b>	<b>7,263,974</b>
<b>Total</b>	<b>\$ 213,180,046</b>	<b>\$ 102,721,158</b>	<b>\$ 6,103,115</b>	<b>\$ 9,197,634</b>	<b>(102,422,113)</b>	<b>7,263,974</b>	<b>(95,158,139)</b>
General Revenues:							
Property Taxes					62,915,055	-	62,915,055
Fuel Taxes					8,721,712	-	8,721,712
Sales Tax					9,336,907	-	9,336,907
Other Taxes					2,597,241	-	2,597,241
State Shared Revenue - Unrestricted					5,102,253	-	5,102,253
Investment Earnings					561,597	348,481	910,078
Gain (Loss) on Sale of Capital Assets					205,581	(11,301)	194,280
Miscellaneous					1,596,788	958,039	2,554,827
Transfers					216,858	(216,858)	-
<b>Total General Revenues and Transfers</b>					<b>91,253,992</b>	<b>1,078,361</b>	<b>92,332,353</b>
<b>Change in Net Position</b>					<b>(11,168,121)</b>	<b>8,342,335</b>	<b>(2,825,786)</b>
<b>Net Position - Beginning</b>					<b>326,583,475</b>	<b>230,304,562</b>	<b>556,888,037</b>
<b>Net Position - Ending</b>					<b>\$ 315,415,354</b>	<b>\$ 238,646,897</b>	<b>\$ 554,062,251</b>

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



**HERNANDO COUNTY, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2017**

<b>ASSETS</b>	<b>General Fund</b>	<b>Transportation Trust and Gas Taxes</b>	<b>Impact Fees Capital Project Fund</b>
Cash and Cash Equivalents	\$ 3,371,154	\$ 395	\$ -
Pooled Cash and Investments	12,317,294	26,341,794	10,432,714
Cash with Fiscal Agent	-	352,450	136,524
Accounts Receivable (net)	547,461	37,552	-
Due from Other Funds	129,203	87,246	-
Due from Other Governments	3,793,689	2,328,769	644
Advances to Other Funds	7,236,574	-	-
Inventories	-	-	-
Prepaid Items	266,533	-	-
<b>Total Assets</b>	<b>\$ 27,661,908</b>	<b>\$ 29,148,206</b>	<b>\$ 10,569,882</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 1,818,592	\$ 1,195,422	\$ 44,269
Retainage Payable	74,356	110,803	-
Accrued Liabilities	2,822,313	345,644	-
Due to Other Funds	538,448	-	-
Due to Other Governments	120,383	-	-
Unearned Revenue	297,906	-	1,505,265
Deposits	176,518	1,148	-
Advances from Other Funds	-	-	-
Total Liabilities	5,848,516	1,653,017	1,549,534
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	962,311	893,729	-
<b>Fund Balances</b>			
Nonspendable:			
Advances	7,236,574	-	-
Inventories	-	-	-
Prepaid Items	266,533	-	-
Restricted for:			
Grant Funded Programs	770,603	-	-
Court Programs	-	-	-
Special Assessment Projects	-	-	-
Environment Conservation	-	-	-
Bond covenants or debt service	-	88,471	-
Public Safety	-	-	-
Capital Projects	-	18,486,623	9,020,348
Other Purposes	-	-	-
Committed to:			
Budgeted Emergency and Contingency Reserves	3,077,251	-	-
Budgeted Stabilization Reserves	2,639,739	-	-
Other Purposes	-	-	-
Assigned to:			
Economic Development	-	-	-
Public Safety	-	-	-
Capital Projects	-	8,026,366	-
Other Purposes	-	-	-
Unassigned	6,860,381	-	-
Total Fund Balances	20,851,081	26,601,460	9,020,348
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 27,661,908</b>	<b>\$ 29,148,206</b>	<b>\$ 10,569,882</b>

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

Hernando County Fire Rescue-Fire	Nonmajor Governmental Funds	Total Governmental Funds
\$ 150	\$ 4,477,661	\$ 7,849,360
7,128,489	32,338,365	88,558,656
-	-	488,974
5,377	3,154,364	3,744,754
270,767	118,463	605,679
13,303	737,695	6,874,100
-	-	7,236,574
-	1,800	1,800
2,841	47,814	317,188
<b>\$ 7,420,927</b>	<b>\$ 40,876,162</b>	<b>\$ 115,677,085</b>

\$ 70,360	\$ 1,212,299	\$ 4,340,942
-	-	185,159
1,032,343	861,812	5,062,112
-	484,946	1,023,394
-	608,742	729,125
-	5,172	1,808,343
-	209,081	386,747
6,786,574	450,000	7,236,574
7,889,277	3,832,052	20,772,396

-	1,853,683	3,709,723
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-	-	7,236,574
-	1,800	1,800
2,841	46,376	315,750

-	719,786	1,490,389
-	5,935,138	5,935,138
-	687,038	687,038
-	7,582,758	7,582,758
-	515,194	603,665
-	5,417,270	5,417,270
-	2,192,108	29,699,079
-	3,580,855	3,580,855

-	-	3,077,251
-	-	2,639,739
-	1,286,425	1,286,425

-	1,342,511	1,342,511
-	2,791,542	2,791,542
-	3,003,735	11,030,101
-	87,891	87,891
(471,191)	-	6,389,190

(468,350)	35,190,427	91,194,966
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<b>\$ 7,420,927</b>	<b>\$ 40,876,162</b>	<b>\$ 115,677,085</b>
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**HERNANDO COUNTY, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**September 30, 2017**

**Fund Balances - Total Governmental Funds** \$ 91,194,966

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	\$ 519,464,018	
Less Accumulated Depreciation	(195,628,791)	323,835,227

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

Unearned Revenue	\$ 3,709,723	
Deferred Charges on Debt Refunding	804,590	
Deferred Charges related to Net Pension Liability	55,437,635	59,951,948

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

Accrued Liabilities - Interest	\$ (206,215)	
Loans and Notes Payable	(29,415,620)	
Bonds Payable	(2,691,440)	
Compensated Absences	(7,816,191)	
Other Post Employment Benefits	(10,135,162)	
Net Pension Liability	(123,742,358)	(174,006,986)

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

Deferred Inflows related to Net Pension Liability	(9,018,196)
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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.	26,391,960
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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.	(2,903,565)

**Net Position of Governmental Activities** **\$ 315,445,354**

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, 2017**

	<b>General Fund</b>	<b>Transportation Trust and Gas Taxes</b>	<b>Impact Fees Capital Project Fund</b>
<b>Revenues</b>			
Taxes	\$ 52,991,102	\$ 13,686,579	\$ -
Licenses and Permits	437,911	2,160	-
Intergovernmental	19,109,252	4,030,680	-
Charges for Services	11,087,486	1,278,699	-
Fines and Forfeitures	106,757	-	-
Special Assessments	-	-	-
Impact Fees	-	-	2,733,272
Interest	204,633	121,004	37,057
Miscellaneous	1,403,238	114,767	-
<b>Total Revenues</b>	<b>85,340,379</b>	<b>19,233,889</b>	<b>2,770,329</b>
<b>Expenditures</b>			
<b>Current</b>			
General Government	20,384,193	-	-
Public Safety	45,737,271	85,687	-
Physical Environment	296,056	-	-
Transportation	2,397,631	12,192,941	-
Economic Environment	510,631	-	-
Human Services	4,274,185	-	-
Culture and Recreation	4,734,319	59,913	-
Court Operations	1,248,242	-	-
<b>Debt Service</b>			
Principal	420,070	-	-
Interest and Fiscal Charges	70,632	-	-
<b>Capital Outlay</b>	<b>3,306,681</b>	<b>6,203,898</b>	<b>1,145,544</b>
<b>Total Expenditures</b>	<b>83,379,911</b>	<b>18,542,439</b>	<b>1,145,544</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,960,468</b>	<b>691,450</b>	<b>1,624,785</b>
<b>Other Financing Sources (Uses)</b>			
Transfers In	567,136	2,288,851	-
Transfers Out	(5,199,978)	(710,011)	(485,837)
Additions to Long-Term Debt	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(4,632,842)</b>	<b>1,578,840</b>	<b>(485,837)</b>
<b>Net Change in Fund Balances</b>	<b>(2,672,374)</b>	<b>2,270,290</b>	<b>1,138,948</b>
Fund Balances at Beginning of Year (restated)	23,523,455	24,331,170	7,881,400
<b>Fund Balances at End of Year</b>	<b>\$ 20,851,081</b>	<b>\$ 26,601,460</b>	<b>\$ 9,020,348</b>

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

Hernando County Fire Rescue-Fire	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 7,499,938	\$ 74,177,619
64,428	-	504,499
65,954	4,073,409	27,279,295
72,792	13,145,676	25,584,653
-	1,433,654	1,540,411
19,349,352	2,130,008	21,479,360
-	-	2,733,272
16,027	107,086	485,807
176,460	733,129	2,427,594
<u>19,745,013</u>	<u>29,122,900</u>	<u>156,212,510</u>
-	1,561,620	21,945,813
20,185,886	15,320,538	81,329,382
-	847,563	1,143,619
-	1,129,732	15,720,304
-	2,904,584	3,415,215
-	1,435,664	5,709,849
-	57,815	4,852,047
-	5,703,414	6,951,656
117,564	3,537,443	4,075,077
123,265	779,633	973,530
74,646	1,537,258	12,268,027
<u>20,501,361</u>	<u>34,815,264</u>	<u>158,384,519</u>
<b><u>(756,348)</u></b>	<b><u>(5,692,364)</u></b>	<b><u>(2,172,009)</u></b>
270,767	10,936,446	14,063,200
(299,816)	(8,365,833)	(15,061,475)
-	2,368,479	2,368,479
<u>(29,049)</u>	<u>4,939,092</u>	<u>1,370,204</u>
<b><u>(785,397)</u></b>	<b><u>(753,272)</u></b>	<b><u>(801,805)</u></b>
317,047	35,943,699	91,996,771
<b><u>\$ (468,350)</u></b>	<b><u>\$ 35,190,427</u></b>	<b><u>\$ 91,194,966</u></b>



**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, 2017**

**Net Change in Fund Balances - Total Governmental Funds** \$ (801,805)

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	\$	12,667,309	
Less current year depreciation		(16,792,358)	
Donation of Capital Assets		459,448	
Capital Asset Disposals		<u>(256,630)</u>	(3,922,231)

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		(2,368,479)	
Principal Payments		<u>4,075,076</u>	1,706,597

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	\$	(13,597)	
Amortization of current year Bond Discount/Premium		2,643	
Amortization of current year Prepaid Bond Insurance		(80,101)	
Increase in Compensated Absences		(322,609)	
Increase in Accrued Other Post Employment Benefits		(1,140,608)	
Increase in Pension Expenses		<u>(8,768,616)</u>	(10,322,888)

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		91,744	
Change in earned revenue from charges for services		522,367	
Change in earned revenue from taxes		<u>87,539</u>	701,650

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

1,470,556

**Change in Net Position of Governmental Activities** **\$ (11,168,121)**

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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 52,801,058	\$ 52,801,058	\$ 52,991,102	\$ 190,044
Licenses and Permits	410,788	410,788	437,911	27,123
Intergovernmental	19,668,258	22,152,013	19,109,252	(3,042,761)
Charges for Services	10,824,949	10,186,133	11,087,486	901,353
Fines and Forfeitures	75,060	75,060	106,757	31,697
Interest	235,500	235,500	204,633	(30,867)
Miscellaneous	1,335,569	1,409,033	1,403,238	(5,795)
<b>Total Revenues</b>	<u>85,351,182</u>	<u>87,269,585</u>	<u>85,340,379</u>	<u>(1,929,206)</u>
<b>Expenditures</b>				
<b>Current</b>				
General Government	22,058,091	21,912,362	20,384,193	1,528,169
Public Safety	48,089,238	47,358,457	45,737,271	1,621,186
Physical Environment	322,124	322,124	296,056	26,068
Transportation	2,608,383	2,729,329	2,397,631	331,698
Economic Environment	999,741	1,899,441	510,631	1,388,810
Human Services	4,496,557	4,462,832	4,274,185	188,647
Culture and Recreation	4,881,576	4,954,937	4,734,319	220,618
Court Operations	1,263,515	1,263,515	1,248,242	15,273
<b>Debt Service</b>				
Principal	420,070	420,070	420,070	-
Interest and Fiscal Charges	70,632	70,632	70,632	-
Capital Outlay	1,529,483	4,293,953	3,306,681	987,272
<b>Total Expenditures</b>	<u>86,739,410</u>	<u>89,687,652</u>	<u>83,379,911</u>	<u>6,307,741</u>
<b>Excess of Revenues Over Expenditures</b>	<u>(1,388,228)</u>	<u>(2,418,067)</u>	<u>1,960,468</u>	<u>4,378,535</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	277,390	327,955	567,136	239,181
Transfers Out	(5,025,540)	(5,193,398)	(5,199,978)	(6,580)
Reserve for Contingencies	(17,913,493)	(17,414,717)	-	17,414,717
<b>Total Other Financing Sources (Uses)</b>	<u>(22,661,643)</u>	<u>(22,280,160)</u>	<u>(4,632,842)</u>	<u>17,647,318</u>
<b>Net Change in Fund Balance</b>	<u>(24,049,871)</u>	<u>(24,698,227)</u>	<u>(2,672,374)</u>	<u>22,025,853</u>
Fund Balance at Beginning of Year (restated)	24,049,871	24,698,227	23,523,455	(1,174,772)
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,851,081</u>	<u>\$ 20,851,081</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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 13,429,992	\$ 13,768,937	\$ 13,686,579	\$ (82,358)
Licenses and Permits	-	-	2,160	2,160
Intergovernmental	6,849,913	8,535,916	4,030,680	(4,505,236)
Charges for Services	928,600	998,600	1,278,699	280,099
Interest	120,000	205,000	121,004	(83,996)
Miscellaneous	58,000	69,200	114,767	45,567
<b>Total Revenues</b>	<u>21,386,505</u>	<u>23,577,653</u>	<u>19,233,889</u>	<u>(4,343,764)</u>
<b>Expenditures</b>				
Current				
Public Safety	-	-	85,687	<b>(85,687)</b>
Transportation	13,409,298	13,937,198	12,192,941	1,744,257
Culture and Recreation	60,000	60,000	59,913	87
Capital Outlay	8,244,873	18,801,511	6,203,898	12,597,613
<b>Total Expenditures</b>	<u>21,714,171</u>	<u>32,798,709</u>	<u>18,542,439</u>	<u>14,256,270</u>
<b>Excess of Revenues Over Expenditures</b>	<u>(327,666)</u>	<u>(9,221,056)</u>	<u>691,450</u>	<u>9,912,506</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	1,068,215	4,537,949	2,288,851	(2,249,098)
Transfers Out	(1,874,247)	(3,009,849)	(710,011)	2,299,838
Reserve for Contingencies	(21,970,132)	(16,638,216)	-	16,638,216
<b>Total Other Financing Sources (Uses)</b>	<u>(22,776,164)</u>	<u>(15,110,116)</u>	<u>1,578,840</u>	<u>16,688,956</u>
<b>Net Change in Fund Balance</b>	<b>(23,103,830)</b>	<b>(24,331,172)</b>	<b>2,270,290</b>	<b>26,601,462</b>
Fund Balance at Beginning of Year	23,103,830	24,331,172	24,331,170	(2)
<b>Fund Balance at End of Year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 26,601,460</u></u>	<u><u>\$ 26,601,460</u></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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Licenses and Permits	\$ 72,584	\$ 72,584	\$ 64,428	\$ (8,156)
Intergovernmental	53,000	53,000	65,954	12,954
Charges for Services	49,000	49,000	72,792	23,792
Special Assessments	19,026,562	19,026,562	19,349,352	322,790
Interest	85,000	85,000	16,027	(68,973)
Miscellaneous	162,338	162,338	176,460	14,122
	<u>19,448,484</u>	<u>19,448,484</u>	<u>19,745,013</u>	<u>296,529</u>
<b>Total Revenues</b>				
<b>Expenditures</b>				
Current				
Public Safety	19,788,259	19,812,650	20,185,886	(373,236)
Debt Service				
Principal	830,991	830,991	117,564	713,427
Interest and Fiscal Charges	123,266	123,266	123,265	1
Capital Outlay	95,686	74,646	74,646	-
	<u>20,838,202</u>	<u>20,841,553</u>	<u>20,501,361</u>	<u>340,192</u>
<b>Total Expenditures</b>				
<b>Excess of Revenues Over Expenditures</b>	<u>(1,389,718)</u>	<u>(1,393,069)</u>	<u>(756,348)</u>	<u>636,721</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	270,767	270,767
Transfers Out	(299,816)	(299,816)	(299,816)	-
Additions to Long-term Debt	3,750,000	3,750,000	-	(3,750,000)
Reserve for Contingencies	(4,270,404)	(2,374,163)	-	2,374,163
	<u>(820,220)</u>	<u>1,076,021</u>	<u>(29,049)</u>	<u>(1,105,070)</u>
<b>Total Other Financing Sources (Uses)</b>				
<b>Net Change in Fund Balance</b>	<u>(2,209,938)</u>	<u>(317,048)</u>	<u>(785,397)</u>	<u>(468,349)</u>
Fund Balance at Beginning of Year	<u>2,209,938</u>	<u>317,048</u>	<u>317,047</u>	<u>(1)</u>
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (468,350)</u>	<u>\$ (468,350)</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, 2017**

	<b>Business-Type</b>		
	<b>Water &amp; Sewer District</b>	<b>Aviation Operations</b>	<b>Waste Management</b>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 198,710	\$ 200	\$ 1,665
Pooled Cash and Investments	28,650,644	1,590,412	19,911,108
Cash with Fiscal Agent	-	-	-
Restricted Cash and Investments:			
Pooled Cash and Investments	26,149	-	72
Accounts Receivable (net)	4,269,806	53,011	474,827
Due from Other Funds	350,919	-	66,796
Due from Other Governments	1,094,958	396,036	25,548
Inventories	301,350	-	19,776
Prepaid Expenses	-	-	14,954
<b>Total Current Assets</b>	<b>34,892,536</b>	<b>2,039,659</b>	<b>20,514,746</b>
Non-Current Assets			
Restricted Assets:			
Pooled Cash and Investments	17,031,131	-	7,728,176
Cash with Fiscal Agent	1,546,646	-	-
Capital Assets, net of accumulated depreciation:			
Land	7,998,563	209,611	1,903,601
Buildings	8,709,833	7,481,292	1,108,479
Infrastructure	-	2,784,322	-
Improvements Other Than Buildings	206,029,689	7,841,821	5,933,701
Equipment	3,846,553	16,199	333,601
Construction in Progress	2,884,469	2,026,805	302,013
Prepaid Bond Insurance	47,908	-	-
<b>Total Non-Current Assets</b>	<b>248,094,792</b>	<b>20,360,050</b>	<b>17,309,571</b>
<b>Total Assets</b>	<b>\$ 282,987,328</b>	<b>\$ 22,399,709</b>	<b>\$ 37,824,317</b>
<b>Deferred Outflows of Resources</b>			
	<b>\$ 3,912,663</b>	<b>\$ 140,528</b>	<b>\$ 620,261</b>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	1,075,955	348,148	376,137
Accrued Liabilities	1,326,589	50,208	118,181
Due to Other Governments	31,093	-	-
Unearned Revenues	424,366	56,808	-
Deposits	2,971,839	84,741	35,729
Loans & Notes Payable	2,621,627	285,571	-
Bonds Payable	2,563,783	-	-
Compensated Absences	502,154	40,765	124,538
Claims Liabilities	-	-	-
Payable from Restricted Assets:			
Accounts Payable	116,671	-	72
Retainage Payable	-	31,351	-
<b>Total Current Liabilities</b>	<b>11,634,077</b>	<b>897,592</b>	<b>654,657</b>

<b>Activities - Enterprise Funds</b>		<b>Governmental</b>
<b>Building</b>		<b>Activities-</b>
<b>Department</b>	<b>Total</b>	<b>Internal</b>
		<b>Service Funds</b>
\$ 800	\$ 201,375	\$ 200,720
2,870,566	53,022,730	15,598,016
-	-	5,052,936
-	26,221	-
70	4,797,714	87,849
-	417,715	-
-	1,516,542	3,714
-	321,126	88,094
-	14,954	-
<u>2,871,436</u>	<u>60,318,377</u>	<u>21,031,329</u>
-	24,759,307	-
-	1,546,646	-
215,000	10,326,775	-
956,997	18,256,601	1,527,648
-	2,784,322	-
73,256	219,878,467	-
28,227	4,224,580	11,541,643
-	5,213,287	-
-	47,908	-
<u>1,273,480</u>	<u>287,037,893</u>	<u>13,069,291</u>
<u>\$ 4,144,916</u>	<u>\$ 347,356,270</u>	<u>\$ 34,100,620</u>
<u>\$ 537,605</u>	<u>\$ 5,211,057</u>	<u>\$ 304,212</u>
74,786	1,875,026	1,737,791
114,116	1,609,094	73,353
14,923	46,016	-
-	481,174	376,260
333,180	3,425,489	-
-	2,907,198	253,673
-	2,563,783	-
82,177	749,634	65,720
-	-	3,281,306
-	116,743	-
-	31,351	-
<u>619,182</u>	<u>13,805,508</u>	<u>5,788,103</u>

Continued

**HERNANDO COUNTY, FLORIDA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
September 30, 2017**

	<b>Business-Type</b>		
	<b>Water &amp; Sewer District</b>	<b>Aviation Operations</b>	<b>Waste Management</b>
Non-Current Liabilities			
Loans & Notes Payable	53,668,000	1,379,387	-
Bonds Payable	30,901,124	-	-
Compensated Absences	49,664	4,032	12,316
Other Post-Employment Benefits	655,548	35,375	143,436
Net Pension Liability	5,758,813	354,129	1,402,241
Claims Liabilities	-	-	-
Payable from Restricted Assets:			
Unearned Revenues	1,449,420	-	-
Accrued Landfill Closure/Postclosure Care	-	-	5,305,692
<b>Total Non-Current Liabilities</b>	<u>92,482,569</u>	<u>1,772,923</u>	<u>6,863,685</u>
<b>Total Liabilities</b>	<u>\$ 104,116,646</u>	<u>\$ 2,670,515</u>	<u>\$ 7,518,342</u>
<b>Deferred Inflows of Resources</b>	<u>\$ 349,988</u>	<u>\$ 21,207</u>	<u>\$ 112,810</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	142,266,861	18,695,092	9,581,395
Restricted for			
Capital Projects	12,059,997	-	-
Renewal and Replacement	5,723,029	-	-
Unrestricted	<u>22,383,470</u>	<u>1,153,423</u>	<u>21,232,031</u>
<b>Total Net Position</b>	<u>\$ 182,433,357</u>	<u>\$ 19,848,515</u>	<u>\$ 30,813,426</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.

<u>Activities - Enterprise Funds</u>		<u>Governmental</u>
<u>Building</u>		<u>Activities -</u>
<u>Department</u>	<u>Total</u>	<u>Internal</u>
		<u>Service Funds</u>
-	55,047,387	743,323
-	30,901,124	-
8,127	74,139	6,500
121,002	955,361	72,195
1,213,347	8,728,530	715,690
-	-	650,000
-	1,449,420	-
-	5,305,692	-
<u>1,342,476</u>	<u>102,461,653</u>	<u>2,187,708</u>
<u>\$ 1,961,658</u>	<u>\$ 116,267,161</u>	<u>\$ 7,975,811</u>
<u>\$ 72,829</u>	<u>\$ 556,834</u>	<u>\$ 37,061</u>
1,273,480	171,816,828	12,072,295
-	12,059,997	-
-	5,723,029	-
<u>1,374,554</u>	<u>46,143,478</u>	<u>14,319,665</u>
<u>\$ 2,648,034</u>	<u>235,743,332</u>	<u>\$ 26,391,960</u>
	<u>2,903,565</u>	
	<u>\$ 238,646,897</u>	



**HERNANDO COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended September 30, 2017

	<b>Business-Type</b>		
	<b>Water &amp; Sewer District</b>	<b>Aviation Operations</b>	<b>Waste Management</b>
<b>Operating Revenues</b>			
Licenses and Permits	\$ 6,650	\$ -	\$ 28,000
Charges for Services	33,735,229	1,697,830	7,768,184
Miscellaneous	486,090	77,126	334,019
Total Operating Revenues	<u>34,227,969</u>	<u>1,774,956</u>	<u>8,130,203</u>
<b>Operating Expenses</b>			
Personal Services	8,797,541	432,565	2,141,910
Other Services & Charges	9,290,662	667,631	4,354,345
Claims	-	-	-
Depreciation	9,315,664	1,063,644	1,097,505
Total Operating Expenses	<u>27,403,867</u>	<u>2,163,840</u>	<u>7,593,760</u>
<b>Operating Income (Loss)</b>	<u>6,824,102</u>	<u>(388,884)</u>	<u>536,443</u>
<b>Non-Operating Revenues (Expenses)</b>			
Interest Income	232,704	6,033	99,645
Interest Expense	(3,708,126)	(68,998)	-
Operating Grants	58,478	51,388	-
Gain (Loss) on Sale of Capital Assets	1,202	4	(12,507)
Amortization of Bond Discount/Premium	178,783	-	-
Total Non-Operating Revenues (Expenses)	<u>(3,236,959)</u>	<u>(11,573)</u>	<u>87,138</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>3,587,143</u>	<u>(400,457)</u>	<u>623,581</u>
Capital Grants and Contributions	3,355,368	1,113,926	-
Transfers In	81,475	-	66,796
Transfers Out	(197,864)	(79,727)	(49,206)
Total Contributions and Transfers	<u>3,238,979</u>	<u>1,034,199</u>	<u>17,590</u>
<b>Change in Net Position</b>	6,826,122	633,742	641,171
Net Position-Beginning	<u>175,607,235</u>	<u>19,214,773</u>	<u>30,172,255</u>
Net Position-Ending	<u>\$ 182,433,357</u>	<u>\$ 19,848,515</u>	<u>\$ 30,813,426</u>

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

Change in net position of business-type activities

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

<b>Activities - Enterprise Funds</b>		<b>Governmental</b>
<b>Building</b>		<b>Activities -</b>
<b>Department</b>	<b>Total</b>	<b>Internal</b>
		<b>Service Funds</b>
\$ 2,824,388	\$ 2,859,038	\$ -
85,642	43,286,885	28,289,341
60,804	958,039	664,167
<u>2,970,834</u>	<u>47,103,962</u>	<u>28,953,508</u>
1,950,825	13,322,841	3,163,325
804,726	15,117,364	10,021,237
-	-	13,775,797
51,160	11,527,973	1,927,937
<u>2,806,711</u>	<u>39,968,178</u>	<u>28,888,296</u>
164,123	7,135,784	65,212
10,099	348,481	75,790
-	(3,777,124)	(6,942)
-	109,866	-
-	(11,301)	205,581
-	178,783	-
<u>10,099</u>	<u>(3,151,295)</u>	<u>274,429</u>
174,222	3,984,489	339,641
-	4,469,294	21,192
-	148,271	1,324,862
<u>(38,332)</u>	<u>(365,129)</u>	<u>(109,729)</u>
<u>(38,332)</u>	<u>4,252,436</u>	<u>1,236,325</u>
135,890	8,236,925	1,575,966
<u>2,512,144</u>		<u>24,815,994</u>
<u>\$ 2,648,034</u>		<u>\$ 26,391,960</u>

105,410

\$ 8,342,335

**HERNANDO COUNTY, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended September 30, 2017**

	<b>Business-type</b>	
	<b>Water &amp; Sewer District</b>	<b>Aviation Operations</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from Customers	\$ 34,739,553	\$ 2,371,757
Receipts from Inter-Fund Services	-	-
Payments to Suppliers	(12,453,497)	(693,287)
Payments to Employees	(7,955,199)	(386,803)
Claims Paid	-	-
Other Receipts	486,090	77,126
Net Cash provided by (used for) Operating Activities	<u>14,816,947</u>	<u>1,368,793</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Operating Grants	58,478	51,388
Transfers From Other Funds	81,475	-
Transfers to Other Funds	(197,864)	(79,727)
Net Cash Provided by (used for) Noncapital Financing Activities	<u>(57,911)</u>	<u>(28,339)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Additions to Capital Assets	(3,457,036)	(1,637,530)
Proceeds from Capital Debt	1,560,616	-
Principal Paid on Capital Debt	(3,372,057)	(277,770)
Interest Paid on Capital Debt	(4,185,426)	(72,851)
Capital Grants Revenue	1,025,676	1,113,926
Connection Fee Collections	2,112,573	-
Proceeds From Sale of Capital Assets	1,202	4
Net Cash provided by (used for) Capital and Related Financing Activities	<u>(6,314,452)</u>	<u>(874,221)</u>
<b>Cash Flows from Investing Activities</b>		
Interest Received	232,704	6,033
Net Cash Provided by Investing Activities	<u>232,704</u>	<u>6,033</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	8,677,288	472,266
Cash and Cash Equivalents at Beginning of Year	<u>38,775,992</u>	<u>1,118,346</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 47,453,280</u>	<u>\$ 1,590,612</u>
Classified as:		
Current Assets	28,849,354	1,590,612
Restricted Assets - Current	26,149	-
Restricted Assets - Non-current	<u>18,577,777</u>	<u>-</u>
<b>Totals</b>	<u>\$ 47,453,280</u>	<u>\$ 1,590,612</u>

Activities - Enterprise Funds			Governmental
Waste Management	Building Department	Total	Activities - Internal Service Funds
\$ 7,566,937	\$ 3,002,349	\$ 47,680,596	\$ 1,109,697
-	-	-	4,200,496
(3,244,165)	(769,597)	(17,160,546)	(1,127,068)
(1,919,321)	(1,770,641)	(12,031,964)	494,602
-	-	-	(3,970,261)
334,019	60,804	958,039	121,583
<u>2,737,470</u>	<u>522,915</u>	<u>19,446,125</u>	<u>829,049</u>
-	-	109,866	-
66,796	-	148,271	-
<u>(49,206)</u>	<u>(38,332)</u>	<u>(365,129)</u>	<u>-</u>
<u>17,590</u>	<u>(38,332)</u>	<u>(106,992)</u>	<u>-</u>
(137,973)	(20,110)	(5,252,649)	(3,242,788)
-	-	1,560,616	1,199,648
-	-	(3,649,827)	(202,652)
-	-	(4,258,277)	(6,942)
-	-	2,139,602	-
-	-	2,112,573	-
<u>24,517</u>	<u>-</u>	<u>25,723</u>	<u>225,190</u>
<u>(113,456)</u>	<u>(20,110)</u>	<u>(7,322,239)</u>	<u>(2,027,544)</u>
<u>99,645</u>	<u>10,099</u>	<u>348,481</u>	<u>75,790</u>
<u>99,645</u>	<u>10,099</u>	<u>348,481</u>	<u>75,790</u>
2,741,249	474,572	12,365,375	(1,122,705)
<u>24,899,772</u>	<u>2,396,794</u>	<u>67,190,904</u>	<u>19,429,363</u>
<u>\$ 27,641,021</u>	<u>\$ 2,871,366</u>	<u>\$ 79,556,279</u>	<u>\$ 18,306,658</u>
19,912,773	2,871,366	53,224,105	18,306,658
72	-	26,221	-
<u>7,728,176</u>	<u>-</u>	<u>26,305,953</u>	<u>-</u>
<u>\$ 27,641,021</u>	<u>\$ 2,871,366</u>	<u>\$ 79,556,279</u>	<u>\$ 18,306,658</u>

Continued

**HERNANDO COUNTY, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended September 30, 2017

	<b>Business-type</b>	
	<b>Water &amp; Sewer District</b>	<b>Aviation Operations</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>		
Operating Income (Loss)	\$ 6,824,102	\$ (388,884)
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided by (used for) Operating Activities		
Depreciation	9,315,664	1,063,644
Other Post-Employment Benefits	65,257	3,432
Pension Adjustments	416,568	22,758
Landfill Closure/Postclosure Care Amortization	-	-
(Increase) Decrease in		
Accounts Receivable	(531,750)	(9,470)
Due from Other Funds	117	-
Due from Other Governments	1,420,185	693,783
Advances to Other Funds	82,000	-
Inventories	23,562	-
Prepaid Expenses	7,756	-
Increase (Decrease) in		
Accounts Payable	(2,671,141)	88,736
Retainage Payable	(526,400)	(114,392)
Accrued Liabilities	360,517	19,572
Due to Other Funds	-	-
Due to Other Governments	3,388	-
Unearned Revenues	74,127	(1,700)
Deposits	(47,005)	(8,686)
Claims Liabilities	-	-
Total Adjustments	<u>7,992,845</u>	<u>1,757,677</u>
<b>Net Cash Provided by (used for) Operating Activities</b>	<u>\$ 14,816,947</u>	<u>\$ 1,368,793</u>
Non-cash Investing, Financing, and Capital Activities:		
Contributions of Capital Assets from Developers	<u>\$ 217,119</u>	<u>\$ -</u>

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

Activities - Enterprise Funds			Governmental
Waste Management	Building Department	Total	Activities - Internal Service Funds
\$ 536,443	\$ 164,123	\$ 7,135,784	\$ 65,212
1,097,505	51,160	11,527,973	1,927,937
14,925	14,980	98,594	8,826
132,949	93,072	665,347	59,801
950,041	-	950,041	-
(214,007)	(70)	(755,297)	(18,973)
851	-	968	(2,286)
(25,548)	-	2,088,420	(3,665)
-	-	82,000	-
(9,785)	-	13,777	(49,905)
8,157	-	15,913	343,227
169,924	36,829	(2,375,652)	(22,144)
-	-	(640,792)	-
74,715	72,132	526,936	425,975
-	-	-	(4,105)
-	(1,700)	1,688	-
(360)	-	72,067	17,594
1,660	92,389	38,358	-
-	-	-	349,264
<u>2,201,027</u>	<u>358,792</u>	<u>12,310,341</u>	<u>3,031,546</u>
<u>\$ 2,737,470</u>	<u>\$ 522,915</u>	<u>\$ 19,446,125</u>	<u>\$ 3,096,758</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,119</u>	<u>\$ -</u>

**HERNANDO COUNTY, FLORIDA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
**September 30, 2017**

		<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$	2,253,763
Pooled Cash and Investments		7,772,151
Accounts Receivable (net)		300
Due from Other Governments		421
		<hr/>
<b>Total Assets</b>	<b>\$</b>	<b>10,026,635</b>
		<hr/> <hr/>
<b>LIABILITIES</b>		
Accounts Payable	\$	293,764
Accrued Liabilities		3,264,654
Due to Other Governments		3,285,402
Deposits		3,182,815
		<hr/>
<b>Total Liabilities</b>	<b>\$</b>	<b>10,026,635</b>
		<hr/> <hr/>

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

**HERNANDO COUNTY, FLORIDA**  
**September 30, 2017**

**NOTES TO THE FINANCIAL STATEMENTS**

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**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2016**

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

**1. THE REPORTING ENTITY**

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

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

**Blended Component Units**

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

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

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

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

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

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

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

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

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

***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, 2017**

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

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

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

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

The following are reported as major governmental funds:

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

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

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

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

The following are reported as major enterprise funds:

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

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

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

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

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

The County also reports the following funds:

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

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

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

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

The following is a summary of the more significant policies:

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. The government considers intergovernmental grant revenues to be available if they are collected within 180 days of the end of the current fiscal period. A majority of the County's grants are expenditure driven. The reimbursement is often approved long after the 45-day availability period used for non-grant revenues, especially as it relates to Federal Emergency Management Association (FEMA) activity. Receivables collected after these periods are reported as deferred inflows of resources until the revenue becomes available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

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, 2017**

**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 resolution. Management can transfer appropriations within a fund without the Board of County Commissioners approval unless the transfer affects a budgeted reserve. Pursuant to Florida Statutes 129.06 budget amendments require the approval of the Board of County Commissioners whenever the effect of the amendment is to increase the total appropriations of the fund, to transfer monies between the funds, or to transfer budgeted reserve funds.

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

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

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

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

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

The County considers cash and cash equivalents to be cash on hand, demand deposits, and highly liquid investments, including those held as restricted assets, with original maturities of three months or less when pur-

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

chased. For purposes of the statement of cash flows, the County considers a fund's share of pooled cash and investments to be cash equivalents.

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

The County's investments are recorded at fair value unless the investment qualifies as an external investment pool under the guidance of GASB, which allows under certain criteria these investments to be recorded at amortized costs. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The method of measuring the fair value of investments uses the fair value hierarchy as defined by GASB. See Note C. The Local Government Surplus Funds Trust Fund (Florida Prime) is an investment pool reported at amortized cost which approximates Net Asset Value (NAV). The Florida Cooperative Liquid Assets Securities System (FLCLASS) is reported at amortized cost and measured at fair value. 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 reacquisition 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, 2017**

***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. There are two items that qualify for reporting in this category. The first one, a deferred inflow related to pensions is the result of certain timing differences from the state retirement plan. The second one, reported in the Business-Type Funds, results from grants and other funds available after the revenue recognition period.

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

**Unbilled Revenue**

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

**Unearned Revenue**

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

**Inventories and Prepaid Items**

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

**Restricted Assets**

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

**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, 2017**

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

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

**Compensated Absences**

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

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

**Other Long-Term Obligations**

In the government-wide financial statements and proprietary fund financial statements, discounts, premiums and bond insurance costs related to long-term debt, and gains/losses on bond refundings are deferred and amortized

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

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

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

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

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

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

**7. EFFECTS OF NEW ACCOUNTING PRONOUNCEMENTS**

During the year ended September 30, 2017, the County implemented the following Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. GASB 74 addresses changes in the accounting and financial reporting for governments utilizing a trust to fund their Other Post Employment Benefits (OPEB). Hernando County does not have a trust for their OPEB, and therefore GASB 74 has no significant impact to the County's financial statements.
- GASB Statement No. 77, *Tax Abatement Disclosures*. GASB 77 considers the impact on limitations of revenue-raising capacity resulting from government programs that use tax abatements to induce behavior that is beneficial to the government or its citizens, most often in the form of tax abatements to encourage economic development. The statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. Although Hernando County and other governments that would impact the County's tax revenues participate in economic development incentive activity, neither the County or the other governments participate in tax abatement that could reduce the County's tax revenues. For that reason, GASB 77 does not have a material impact to the County's financial statements.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. GASB 78 establishes requirements for certain pensions that Hernando County does not participate in. For that reason, GASB 78 does not impact Hernando County's financial statements.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units*. GASB 80 establishes an additional blending requirement for the financial statement presentation of certain component units. This statement does not impact Hernando County's financial statements.
- GASB Statement No. 82, *Pension Issues*. GASB 82 addresses how payroll-related measures are presented in required supplementary information, guidance on assumptions used for financial reporting purposes, and the classification of employee (plan member) contributions. The requirements of this statement were implemented.

**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, 2017.

**2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended September 30, 2017, 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
Capital Improvement and Refunding Revenue Bonds 2004	\$ 952,363	\$ 952,524
Non-Ad Valorem Refunding Revenue Bonds 2010	442,444	442,529
	\$ 1,394,807	\$ 1,395,053

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

For the year ended September 30, 2017, the following fund had a deficit fund balance:

Hernando County Fire Rescue-Fire	\$ 468,350
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Measures including a new revenue source, an MSTU, have been put into place to remedy this.

**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

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

investment policy is to assure that investment risk is limited upon order entry. The second criterion is the assurance of liquidity and the third consideration is yield.

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

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

The following is a summary of the carrying amount of cash, investments and cash held with fiscal agent as of September 30, 2017:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Statement of Fiduciary Net Position</u>		<u>Total</u>
Cash and Cash Equivalents	\$ 8,050,080	\$	201,375	\$	2,253,763	\$	10,505,218
Pooled Cash and Investments	104,156,672		77,808,258		7,772,151		189,737,081
Cash with Fiscal Agent	5,541,910		1,546,646		-		7,088,556
Total	<u>\$ 117,748,662</u>	<u>\$</u>	<u>79,556,279</u>	<u>\$</u>	<u>10,025,914</u>	<u>\$</u>	<u>207,330,855</u>

The County had the following deposits, investments and cash held with fiscal agent at September 30, 2017:

Deposits	\$ 37,365,045
Cash with Fiscal Agent	7,088,556
Carrying Amount of Investments	<u>162,877,254</u>
Total	<u>\$ 207,330,855</u>

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

**DEPOSITS**

Deposits represent petty cash and cash held with banks in demand deposit and/or savings accounts. To manage custodial credit risk for deposits, all demand and time deposits, including money market accounts, are insured and collateralized in accordance with Chapter 280, Florida Statutes, which established the Public Deposit Security Trust Fund, a multiple financial institution collateral pool. Florida Statutes Section 280.08 provides for assessments

against the members of the pool on a pro rata basis in the event that the collateral pool is insufficient to cover the losses of a member financial institution that fails. As such, all deposits covered by this collateral pool are considered to be fully insured.

**CASH WITH FISCAL AGENT**

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

Sheriff Health Insurance Fund	\$ 5,052,936
Transportation Trust Fund	352,450
Impact Fees Capital Projects Fund	136,524
Water & Sewer District	<u>1,546,646</u>
	<u>\$ 7,088,556</u>

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

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

**INVESTMENTS**

At September 30, 2017, the County's investments consisted of the following:

<u>Type of Investment</u>	<u>Par Value</u>	<u>Fair Value</u>	<u>Maturities</u>	
			<u>1-3 years</u>	<u>1-5 years</u>
United States Treasuries	\$ 86,880,000	\$ 87,373,107	\$ 34,858,344	\$ 52,514,763
Federal Home Loan Bank Federal Home Loan Mortgage Corporation	5,900,000	5,911,463	5,911,463	-
Federal National Mortgage Association	10,487,587	10,591,103	7,028,537	3,562,566
Federal Farm Credit Bank	7,296,927	7,334,279	3,498,706	3,835,573
Money Market Fund	1,000,000	1,001,718	1,001,718	-
Corporate Notes	1,422,899	1,428,826	1,395,080	33,746
Municipal Notes	7,860,000	9,180,652	4,238,587	4,942,065
Local Government Surplus Funds Trust Fund, (Florida Prime)	1,325,000	1,329,297	-	1,329,297
Florida Local Government Investment Trust (Florida Trust)	6,500,000	6,551,985	6,551,985	-
Florida Cooperative Liquid Assets Securities System (FLCLASS)	28,402,208	28,402,208	28,402,208	-
	<u>3,750,000</u>	<u>3,772,616</u>	<u>3,772,616</u>	<u>-</u>
	<u>\$ 160,824,621</u>	<u>\$ 162,877,254</u>	<u>\$ 96,659,244</u>	<u>\$ 66,218,010</u>

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

The County also participates in the following investment pools:

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

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

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

The Florida Cooperative Liquid Assets Securities System (FLCLASS), an independent local government investment pool designed to provide a safe and competitive investment alternative for Florida governmental entities. The management of FLCLASS is under the direction of an appointed Board of Trustees comprised of eligible participants of the FLCLASS program. FLCLASS does not meet all of the specific criteria outlined in GASB 79, paragraph 4, and should therefore be measured at fair value, but reports using amortized cost which approximates fair value.

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

At September 30, 2017, the County's investments carried the following Credit Rating and Fair Value Hierarchy:

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

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

value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

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

- Level 1 inputs: quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs: quoted prices for similar, but not identical, assets or liabilities in active markets, including matrix pricing technique; quoted prices for identical or similar assets or liabilities in markets that are not active; certain inputs other than quoted prices that are observable for the asset or liability.
- Level 3 inputs: unobservable inputs for an asset or liability.

Management of the following investment risks are addressed below:

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

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

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

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

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



**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

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

**NOTE D – RECEIVABLES**

Accounts receivable at September 30, 2017, for the County's individual major funds and non-major funds in total, including applicable allowances for uncollectibles were as follows:

	<b>Accounts Receivable, Gross</b>	<b>Allowance for Uncollectible Accounts</b>	<b>Accounts Receivable, Net</b>
General Fund	\$ 1,419,227	\$ 871,766	\$ 547,461
Transportation Trust and Gas Taxes	243,898	206,346	37,552
Hernando County Fire Rescue -Fire	120,590	115,213	5,377
Water and Sewer District	4,458,806	189,000	4,269,806
Aviation Operations	198,011	145,000	53,011
Waste Management	479,089	4,262	474,827
Business Development	18,600	18,530	70
Non-major government funds	18,946,933	15,792,569	3,154,364
Internal Service Funds	87,849	-	87,849
Total	\$ 25,973,003	\$ 17,342,686	\$ 8,630,317

Included in accounts receivable in the Water and Sewer District are unbilled amounts totaling \$1,837,550 earned in September 2017, but billed in October 2017.

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

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**NOTE D – RECEIVABLES (CONTINUED)**

Due from Other Governments at September 30, 2017, for the County's individual major funds and non-major funds were as follows:

	<u>Due from Grantors</u>	<u>Due from State</u>	<u>Other</u>	<u>Total</u>
General Fund	\$ 1,979,451	\$ 1,749,812	\$ 64,426	\$ 3,793,689
Transportation Trust and Gas Taxes	449,709	1,849,471	29,589	2,328,769
Impact Fees Capital Project Fund	-	-	644	644
Hernando County Fire Rescue-Fire	13,303	-	-	13,303
Water and Sewer District	683,784	20,601	390,573	1,094,958
Aviation Operations	60,869	335,167	-	396,036
Waste Management	25,548	-	-	25,548
Non-major governmental funds	399,703	317,829	20,163	737,695
Internal Service Funds	-	-	3,714	3,714
Total	<u>\$ 3,612,367</u>	<u>\$ 4,272,880</u>	<u>\$ 509,109</u>	<u>\$ 8,394,356</u>

**NOTE E – RESTRICTED ASSETS**

As of September 30, 2017, 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>
<b>Debt Service Funds</b>	\$ -	\$ 23,638	\$ 23,638
<b>Water and Sewer District</b>			
Construction	\$ 1,546,646	\$ 10,312,137	\$ 11,858,783
Debt Retirement	-	1,027,491	1,027,491
Renewal and Replacement	-	5,717,652	5,717,652
Total Water and Sewer District	<u>1,546,646</u>	<u>17,057,280</u>	<u>18,603,926</u>
<b>Waste Management</b>			
Landfill Closure/Post-closure	-	7,728,248	7,728,248
Total Waste Management	<u>-</u>	<u>7,728,248</u>	<u>7,728,248</u>
Total Business-Type Activities	<u>\$ 1,546,646</u>	<u>\$ 24,785,528</u>	<u>\$ 26,332,174</u>

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**NOTE F – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2017, 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	\$ 29,338,729	\$ 692,355	\$ 198,763	\$ 29,832,321
Construction in Progress	<u>496,573</u>	<u>1,649,702</u>	<u>1,373,839</u>	<u>772,436</u>
Total capital assets, not being depreciated	<u>29,835,302</u>	<u>2,342,057</u>	<u>1,572,602</u>	<u>30,604,757</u>
Capital assets, being depreciated:				
Buildings	136,078,267	-	162,037	135,916,230
Infrastructure	277,587,040	6,306,382	-	283,893,422
Improvements other than buildings	28,495,343	1,483,767	-	29,979,110
Equipment	67,140,421	8,017,101	6,089,277	69,068,245
Software	<u>1,546,022</u>	<u>-</u>	<u>6,000</u>	<u>1,540,022</u>
Total capital assets being depreciated	<u>510,847,093</u>	<u>15,807,250</u>	<u>6,257,314</u>	<u>520,397,029</u>
Less accumulated depreciation for:				
Buildings	47,955,915	3,518,955	134,018	51,340,852
Infrastructure	88,808,694	7,880,117	-	96,688,811
Improvements other than buildings	17,170,953	1,078,147	-	18,249,100
Equipment	46,557,048	6,135,061	5,860,666	46,831,443
Software	<u>885,047</u>	<u>108,015</u>	<u>6,000</u>	<u>987,062</u>
Total accumulated depreciation	<u>201,377,657</u>	<u>18,720,295</u>	<u>6,000,684</u>	<u>214,097,268</u>
Total capital assets, being depreciated, net	<u>309,469,436</u>	<u>(2,913,045)</u>	<u>256,630</u>	<u>306,299,761</u>
Capital assets, net	<u>\$ 339,304,738</u>	<u>\$ (570,988)</u>	<u>\$ 1,829,232</u>	<u>\$ 336,904,518</u>

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 10,200,561	\$ 126,214	\$ -	\$ 10,326,775
Construction in Progress	51,416,874	4,939,883	51,143,470	5,213,287
Total capital assets, not being depreciated	61,617,435	5,066,097	51,143,470	15,540,062
Capital assets, being depreciated:				
Buildings	19,837,919	3,874,560	-	23,712,479
Infrastructure	2,652,910	682,558	-	3,335,468
Improvements other than buildings	328,653,082	45,027,127	-	373,680,209
Equipment	8,407,897	2,020,315	496,150	9,933,990
Total capital assets being depreciated	359,551,808	51,604,560	496,150	410,662,146
Less accumulated depreciation for:				
Buildings	4,707,647	748,231	-	5,455,878
Infrastructure	468,719	82,427	-	551,146
Improvements other than buildings	143,868,887	9,932,855	-	153,801,742
Equipment	5,426,661	764,460	483,639	5,709,410
Total accumulated depreciation	154,471,914	11,527,973	483,639	165,518,176
Total capital assets, being depreciated, net	205,079,894	40,076,587	12,511	245,143,970
Capital assets, net	\$ 266,697,329	\$ 45,142,684	\$ 51,155,981	\$ 260,684,032

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General Government	\$ 4,461,071
Public Safety	3,034,642
Physical Environment	134,051
Transportation	8,489,131
Economic Environment	32,398
Human Services	1,720,794
Culture and Recreation	686,933
Court Operations	161,275
Total Depreciation for Governmental Activities	\$ 18,720,295

<b>Business-Type Activities</b>	
Water and Sewer District	\$ 9,315,664
Aviation Operations	1,063,644
Waste Management	1,097,505
Building Department	51,160
Total Depreciation for Business-Type Activities	\$ 11,527,973

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**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, 2017, interest costs incurred totaled \$3,790,057 for the Water and Sewer District and \$68,998 for the Aviation Operations, of which \$81,931 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, 2017 were as follows:

	<u><b>Construction Commitments Outstanding</b></u>
General Fund	\$ 845,587
Transportation Trust and Gas Taxes	3,148,166
Impact Fees Capital Project Fund	16,726
Non-major governmental funds:	
Stormwater Management	671,643
Capital Project Fund	46,215
Court-Related Funds	21,275
Municipal Service Benefit Units	29,049
Hernando County Fire Rescue-Rescue	2,880
Miscellaneous Special Revenue Funds	12,000
Water and Sewer District	469,110
Aviation Operations	1,729,035
Waste Management	450,792
Internal service funds:	
Fleet Replacement	<u>3,658,452</u>
Total	<u><u>\$ 11,100,930</u></u>

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**NOTE G – INTERFUND TRANSACTIONS**

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

Interfund balances at September 30, 2017 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
<b>General Fund</b>		
Transportation Trust and Gas Taxes	\$ -	\$ 82,881
Hernando County Fire Rescue-Fire	-	270,767
Non-major governmental funds	129,203	118,004
Water and Sewer District	-	66,796
Total General Fund	<u>129,203</u>	<u>538,448</u>
<b>Transportation Trust and Gas Taxes</b>		
General Fund	83,246	-
Non-major governmental funds	4,000	-
Total Transportation Trust and Gas Taxes	<u>87,246</u>	<u>-</u>
<b>Hernando County Fire Rescue-Fire</b>		
General Fund	270,767	-
<b>Non-major governmental funds</b>		
General Fund	118,004	129,203
Transportation Trust and Gas Taxes	-	365
Non-major governmental funds	459	4,459
Water and Sewer District	-	350,919
Total Non-major governmental funds	<u>118,463</u>	<u>484,946</u>
<b>Water and Sewer District</b>		
Non-major governmental funds	350,919	-
<b>Waste Management Fund</b>		
General Fund	<u>66,796</u>	<u>-</u>
<b>Total Due To/Due From Other Funds</b>	<b>\$ <u>1,023,394</u></b>	<b>\$ <u>1,023,394</u></b>

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

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

Individual interfund advances were as follows:

	<b>Advances to Other Funds</b>	<b>Advances from Other Funds</b>
<b>General Fund</b>	\$ 7,236,574	\$ -
<b>Hernando County Fire Rescue-Fire</b> The General Fund advanced \$7,000,000 at 2.5% interest, to Hernando County Fire Rescue-Fire to cover a shortfall in funds needed for operations. Final reimbursement is scheduled for fiscal year 2021.	-	6,786,574
<b>Special Revenue Funds</b> Miscellaneous Special Revenue Funds The General Fund advanced \$450,000 at 0% interest, to establish a separate fund within Miscellaneous Special Revenue funds for the Hernando/Citrus Metropolitan Planning Organization. A date for final reimbursement has not been determined.	-	450,000
<b>Total Advances To/Advances From Other Funds</b>	\$ 7,236,574	\$ 7,236,574

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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>
<b>General Fund</b>		
Transportation Trust and Gas Taxes	\$ 452,933	\$ 95,464
Hernando County Fire Rescue-Fire	-	270,767
Non-major governmental funds	114,203	4,287,143
Waste Management	-	66,796
Internal Service Funds	-	479,808
Total General Fund	<u>567,136</u>	<u>5,199,978</u>
<b>Transportation Trust and Gas Taxes</b>		
General Fund	82,881	452,933
Non-major governmental funds	2,205,970	122,985
Internal Service Funds	-	134,093
Total Transportation Trust	<u>2,288,851</u>	<u>710,011</u>
<b>Impact Fees Capital Project Fund</b>		
Non-major governmental funds	-	485,837
<b>Hernando County Fire Rescue-Fire</b>		
General Fund	270,767	-
Non-major governmental funds	-	67,425
Internal Service Funds	-	232,391
Total Hernando County Fire Rescue-Fire	<u>270,767</u>	<u>299,816</u>
<b>Non-major governmental funds</b>		
General Fund	258,004	114,203
Transportation Trust and Gas Taxes	3,114,514	2,205,971
Impact Fees Capital Project Fund	-	3,080,000
Hernando County Fire Rescue-Fire	-	-
Non-major governmental funds	7,563,928	2,792,001
Water and Sewer District	-	9,275
Internal Service Funds	-	164,383
Total Non-major governmental funds	<u>10,936,446</u>	<u>8,365,833</u>
<b>Water and Sewer District</b>		
Non-major governmental funds	9,275	-
Aviation Operations	72,200	-
Internal Service Funds	-	197,864
Total Water and Sewer District	<u>81,475</u>	<u>197,864</u>
<b>Aviation Operations</b>		
Water & Sewer District	-	72,200
Internal Service Funds	-	7,527
Total Aviation Operations	<u>-</u>	<u>79,727</u>



**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE G – INTERFUND TRANSACTIONS (CONTINUED)**

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Waste Management Fund</b>		
General Fund	\$ 66,796	\$ -
Internal Service Funds	-	49,206
Total Waste Management Fund	<u>66,796</u>	<u>49,206</u>
<b>Building Department</b>		
Internal Service Funds	-	38,332
<b>Internal Service Funds</b>		
General Fund	479,808	-
Transportation Trust and Gas Taxes	134,093	-
Hernando County Fire Rescue-Fire	232,391	-
Non-major governmental funds	164,383	88,471
Water and Sewer District	197,864	-
Aviation Operations	7,527	-
Waste Management	49,206	-
Building Department	38,332	-
Internal Service Funds	21,258	21,258
Total Internal Service Funds	<u>1,324,862</u>	<u>109,729</u>
<b>Total Interfund Transfers</b>	<b>\$ <u>15,536,333</u></b>	<b>\$ <u>15,536,333</u></b>

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

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds Payable	\$ 3,950,000	\$ -	\$ 1,270,000	\$ 2,680,000	\$ 345,000
Net Bond Premium	<u>14,083</u>	<u>-</u>	<u>2,643</u>	<u>11,440</u>	<u>1,546</u>
Total Bonds Payable	3,964,083	-	1,272,643	2,691,440	346,546
Loans & Notes Payable	29,852,217	3,568,127	3,007,728	30,412,616	4,093,897
Compensated Absences	7,553,475	6,550,306	6,215,370	7,888,411	6,668,627
Other Post Employment Benefits	9,057,923	1,149,434	-	10,207,357	-
Net Pension Liability	114,033,132	10,454,916	-	124,488,048	-
Claims Liabilities	<u>3,582,042</u>	<u>13,341,352</u>	<u>12,992,088</u>	<u>3,931,306</u>	<u>3,281,306</u>
Total	\$ <u>168,042,872</u>	\$ <u>35,064,135</u>	\$ <u>23,487,827</u>	\$ <u>179,619,180</u>	\$ <u>14,390,376</u>
<b>Business-Type Activities</b>					
Bonds Payable	\$ 32,804,950	\$ -	\$ 2,305,000	\$ 30,499,950	\$ 2,385,000
Net Bond Premium	<u>3,143,740</u>	<u>-</u>	<u>178,783</u>	<u>2,964,957</u>	<u>178,783</u>
Total Bonds Payable	35,948,690	-	2,483,783	33,464,907	2,563,783
Loans & Notes Payable	57,738,795	1,560,618	1,344,828	57,954,585	2,907,198
Compensated Absences	794,146	734,550	704,923	823,773	749,634
Other Post Employment Benefits	856,767	98,594	-	955,361	-
Net Pension Liability	7,917,107	811,423	-	8,728,530	-
Landfill Closure/Postclosure	<u>4,355,651</u>	<u>950,041</u>	<u>-</u>	<u>5,305,692</u>	<u>-</u>
Total	\$ <u>107,611,156</u>	\$ <u>4,155,226</u>	\$ <u>4,533,534</u>	\$ <u>107,232,848</u>	\$ <u>6,220,615</u>

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Non-revolving Lines of Credit	\$ 9,480,616	\$ 1,664,958
State Revolving Loans	-	56,289,627
Other Loans and Notes	<u>20,932,000</u>	<u>-</u>
Total	<u>\$ 30,412,616</u>	<u>\$ 57,954,585</u>

**Governmental Activities-Governmental Funds**

The following are summaries of Non-Revolving Lines of Credit at September 30, 2017:

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.	\$ 12,350
Bahama Swallow 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.	12,458
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.	8,315
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.	19,114
Olson 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.	20,919
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.	12,068

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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.	\$ 16,695
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.	21,439
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.	8,766
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.	30,418
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.	9,517
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>40,747</u>
	\$ 212,806
<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.	\$ 28,937
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.	6,632
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.	30,084
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.	15,282
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.	72,087

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**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.	\$ 41,963
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.	21,963
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.	63,280
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.	72,902
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.	2,333,598
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>269,935</u>
	\$ 2,956,663
<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.	\$ 633,126
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.	75,380
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.	11,091
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.	27,223
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.	81,304

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

Royal Highlands Area A 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.	\$ 78,399
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.	29,100
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.	22,863
Eider 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.	18,484
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.	38,213
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.	101,227
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.	61,324
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.	1,053,685
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.	302,791
	\$ 2,534,210
Non-revolving line of credit dated October 22, 2015 with a bank for \$15,000,000 to be used to finance improvement projects. The minimum draw for a project is \$50,000 and the resulting note is to be amortized over 3, 5, 7, 10 or 15 years, as determined at the time of the draw. Payment of principal and interest on these notes is secured by covenant to budget and appropriate legally available non-ad valorem revenues or special assessments levied and collected for the project. As of year-end the following notes had been executed under this agreement:	
Royal Highlands Area C Paving. Applicable rate of interest: 2.73%. Average annual principal payments of \$46,817 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	\$ 332,416

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

Royal Highlands Area E Paving. Applicable rate of interest: 2.73%. Average annual principal payments of \$27,923 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	\$ 198,260
Royal Highlands Area F Paving. Applicable rate of interest: 2.73%. Average annual principal payments of \$11,372 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	80,746
Royal Highlands Area G Paving. Applicable rate of interest: 2.34%. Average annual principal payments of \$34,880 due until May 1, 2026. Interest is paid semi-annually May 1 and November 1.	314,030
Royal Highlands Area B Paving. Applicable rate of interest: 2.34%. Average annual principal payments of \$15,372 due until May 1, 2026. Interest is paid semi-annually May 1 and November 1.	1,383,919
Golden Warbler Paving. Applicable rate of interest: 2.34%. Average annual principal payments of \$4,690 due until May 1, 2026. Interest is paid semi-annually May 1 and November 1.	42,225
Paramount Area Paving. Applicable rate of interest: 2.34%. Average annual principal payments of \$7,309 due until May 1, 2026. Interest is paid semi-annually May 1 and November 1.	65,800
Pine Warbler Paving. Applicable rate of interest: 2.81%. Average annual principal payments of \$14,095 due until May 1, 2027. Interest is paid semi- annually May 1 and November 1.	122,362
Mexican Canary Paving. Applicable rate of interest: 2.81%. Average annual principal payments of \$9,308 due until May 1, 2027. Interest is paid semi-annually May 1 and November 1.	80,799
Godwit Paving. Applicable rate of interest: 2.81%. Average annual principal payments of \$6,872 due until May 1, 2027. Interest is paid semi- annually May 1 and November 1.	59,827
Pelican Paving. Applicable rate of interest: 2.81%. Average annual principal payments of \$5,225 due until May 1, 2027. Interest is paid semi- annually May 1 and November 1.	45,361
Furley Paving. Applicable rate of interest: 2.81%. Average annual principal payments of \$6,243 due until May 1, 2027. Interest is paid semi- annually May 1 and November 1.	54,196
	\$ 2,779,941
Total	\$ 8,483,620

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

The following is a summary of other loans at September 30, 2017:

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.

\$ 20,932,000

Total

\$ 29,415,620

**Governmental Activities-Internal Service Funds**

Non-revolving line of credit dated October 22, 2015 with a bank for \$15,000,000 to be used to finance improvement projects. The minimum draw for a project is \$50,000 and the resulting note is to be amortized over 3, 5, 7, 10 or 15 years, as determined at the time of the draw. Payment of principal and interest on these notes is secured by covenant to budget and appropriate legally available non-ad valorem revenues or special assessments levied and collected for the project. As of year-end the following notes had been executed under this agreement:

Vehicle purchases. Applicable rate of interest: 2.16%. Average annual principal payments of \$200,000 due until May 1, 2019. Interest is paid semi-annually May 1 and November 1.

\$ 397,348

Vehicle purchases. Applicable rate of interest: 2.81%. Average annual principal payments of \$69,076 due until May 1, 2027. Interest is paid semi-annually May 1 and November 1.

599,648

Total

\$ 996,996

Total

\$ 30,412,616



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

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

<u>Year ended September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 4,093,897	\$ 722,454	\$ 4,816,351
2019	4,078,297	627,334	4,705,631
2020	3,928,216	525,852	4,454,068
2021	4,024,968	425,769	4,450,737
2022	2,469,932	344,760	2,814,692
2023-2027	10,169,695	855,221	11,024,916
2028-2029	<u>1,647,611</u>	<u>24,888</u>	<u>1,672,499</u>
Total	\$ <u>30,412,616</u>	\$ <u>3,526,278</u>	\$ <u>33,938,894</u>

**Business-Type Activities**

The following is a summary of Loans & Notes Payable at September 30, 2017:

Aviation Operations

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 1, 2018. Interest is paid semi-annually May 1 and November 1. \$ 117,106

Non-revolving line of credit dated October 22, 2015 with a bank for \$15,000,000 to be used for construction of multiple T-Hangar buildings known as Southeast T-Hangar Construction Phase III. The minimum draw for a project is \$50,000 and the resulting note is to be amortized over 3, 5, 7, 10, or 15 years, as determined at the time of the draw. As of year-end the following note had been executed under this agreement:

Applicable rate of interest: 3.92%. Average annual principal payments of \$190,000 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1. 1,547,852

\$ 1,664,958

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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. \$ 1,404,119

State Revolving Fund Construction Loan due in semi-annual installments of \$358,255 beginning October 15, 2012. The loan has an interest rates of 2.29% to 2.41% and matures April 2032. 8,981,001

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. 2,209,139

State Revolving Fund Construction Loan due in semi-annual installments of \$191,200 beginning November 15, 2012. The loan has an interest rate of 2.37% and matures May 2032. 4,803,578

State Revolving Fund Construction Loan due in semi-annual installments of \$87,779 beginning December 15, 2016. The loan has an interest rate of 2.23% and matures June 2036. 2,706,930

State Revolving Fund Construction Loan due in semi-annual installments of \$1,128,372 beginning August 15, 2017. The loan has an interest rates of 1.82% to 2.23% and matures February 2037. 36,184,860

\$ 56,289,627

\$ 57,954,585

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

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>
2018	\$ 2,907,198	1,262,502	4,169,700
2019	2,854,031	1,195,635	4,049,666
2020	2,919,497	1,130,166	4,049,663
2021	2,986,535	1,063,133	4,049,668
2022	3,055,178	994,488	4,049,666
2023-2027	15,897,475	3,892,575	19,790,050
2028-2032	17,008,648	2,093,981	19,102,629
2033-2037	<u>10,326,023</u>	<u>531,556</u>	<u>10,857,579</u>
Total	\$ <u>57,954,585</u>	\$ <u>12,164,036</u>	\$ <u>70,118,621</u>

**2. BONDS PAYABLE**

**Governmental Activities**

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

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

The Series 2010 Bonds are payable solely from the County's covenant to budget and appropriate in its annual budget Non-Ad Valorem revenues sufficient to pay principal and interest when due and pay all required deposits to the Rebate Fund. For the fiscal year 2017, pledged revenues in the amount of \$34 million provided a coverage ratio of 12.82 times the annual debt service for the combined Non-Ad Valorem Refunding Revenue Bonds, Series 2010 and the Non-Ad Valorem Refunding Revenue Note, Series 2012.

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

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

The following are the debt service requirements until maturity for the governmental activity bonds outstanding as of September 30, 2017:

<b>Non-Ad Valorem Refunding Revenue Bonds Series 2010</b>			
<b>Year</b>		<b>Principal</b>	<b>Interest</b>
2018	\$	345,000	96,388
2019		350,000	84,656
2020		370,000	71,594
2021		380,000	57,294
2022		395,000	42,031
2023-2024		840,000	34,597
Total	\$	<u>2,680,000</u>	<u>\$ 386,560</u>

**Business-Type Activities**

**Water & Sewer District**

**HOLLAND SPRINGS BONDS**

Revenue bonds (“Series E Bonds”) were issued to finance the construction of the Holland Springs water project, in the amount of \$659,450. The bonds were scheduled to mature April 1, 2025 with interest thereon at the rate of 7% per year payable each April 1 and October 1 beginning October 1, 1985. During the fiscal year 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

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

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 2017, pledged revenues in the amount of \$19 million provided a coverage ratio of 4.91 times the annual debt service for the combined Water and Sewer Bonds, Series 2013A and the Water and Sewer portion of the Non-Ad Valorem Refunding Revenue Bonds, Series 2010.

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

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

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

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 2017, pledged revenues in the amount of \$19 million provided a coverage ratio of 4.91 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**  
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**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:

Year	Non-Ad Valorem Refunding Revenue Bonds Series 2010		Water and Sewer Refunding Revenue Bonds Series 2013A	
	Principal	Interest	Principal	Interest
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	-	-	1,260,000	1,140,856
2022	-	-	1,320,000	1,077,856
2023-2027	-	-	7,615,000	4,392,030
2028-2032	-	-	9,665,000	2,336,032
2033-2034	-	-	4,520,000	281,738
Total	\$ <u>1,050,000</u>	\$ <u>36,457</u>	\$ <u>29,410,000</u>	\$ <u>13,120,580</u>
<b>Total</b>				
Year	Principal	Interest		
2018	\$ 2,385,000	1,419,450		
2019	2,495,000	1,308,219		
2020	1,200,000	1,200,856		
2021	1,260,000	1,140,856		
2022	1,320,000	1,077,856		
2023-2027	7,615,000	4,392,030		
2028-2032	9,665,000	2,336,032		
2033-2034	4,520,000	281,738		
Total	\$ <u>30,460,000</u>	\$ <u>13,157,037</u>		

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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, 2017, per the Statement of Net Position and the preceding amortization schedule:

Principal per amortization schedule	\$	30,460,000
Unamortized premium as of September 30, 2017		2,964,957
Bonds not included in amortization schedule, as noted above:		
Holland Springs Bonds		39,950
Total Carrying Value, Revenue Bonds		33,464,907
Current Portion, Revenue Bonds		(2,385,000)
Current Portion of unamortized premium		(178,783)
Long-Term Portion, Revenue Bonds	\$	30,901,124

**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, 2017, 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, 2017, there was only one series of outstanding Industrial Revenue Development Bonds, which was paid off during the year resulting in a \$2,250,000 balance as of year-end.

**HERNANDO COUNTY, FLORIDA**  
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**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](http://www.dms.myflorida.com)).

For the year ended September 30, 2017, the County's contributions to all Plans totaled \$11,683,775. Pension payables of \$1,148,639 related to FRS (all plans) were owed as of the end of the fiscal year.

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

**Contributions.** The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2016-2017 fiscal year were as follows:

Class	Year Ended June 30, 2017		Year Ended June 30, 2018	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	5.80	3.00	6.20
FRS, Elected County Officers	3.00	40.75	3.00	43.78
FRS, Senior Management Service	3.00	20.05	3.00	20.99
FRS, Special Risk Regular	3.00	20.85	3.00	21.55
DROP—Applicable to Members from All of the Above Classes	0.00	11.33	0.00	11.60
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 \$9,637,808 for the fiscal year ended September 30, 2017. 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, 2017, the County reported a liability of \$108,546,704 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The County's proportionate share of the net pension liability was based on the County's 2016-17 fiscal year contributions relative to the 2016-17 fiscal year contributions of all participating members. At June 30, 2017, the County's proportion was .366968106%, which was a decrease of .0000786821 from its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the County recognized pension expense of \$18,275,808 related to the Plan. At September 30, 2017, 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	\$ 2,394,921	\$ -
Difference between Expected and Actual Experience	9,961,975	601,293
Changes in Assumptions	36,479,355	-
Changes in Proportion and Difference between County Contributions and Proportionate Share of Contributions	5,505,147	3,548,462
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	2,690,059
Total	\$ 54,341,398	\$ 6,839,814

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

The deferred outflows of resources related to pensions, totaling \$2,394,921, resulting from County contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. 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
2018	\$ 5,828,846
2019	15,166,593
2020	11,204,092
2021	2,891,367
2022	7,383,112
Thereafter	2,632,653
Total	\$ 45,106,663

**Actuarial Assumptions.** The total pension liability in the July 1, 2017 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	7.10% 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, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Annual (Geometric) Return	Standard Deviation
Cash	1%	3.0%	3.0%	1.8%
Fixed Income	18%	4.5%	4.4%	4.2%
Global Equity	53%	7.8%	6.6%	17.0%
Real Estate (Property)	10%	6.6%	5.9%	12.8%
Private Equity	6%	11.5%	7.8%	30.0%
Strategic Investments	12%	6.1%	5.6%	9.7%
Total	100%			
Assumed Inflation-Mean		2.6%		1.9%

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

**Discount Rate.** The discount rate used to measure the total pension liability was 7.10%. 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 7.60% in the July 1, 2016 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 7.10%, 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 (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
County's Proportionate Share of Net Pension Liability	\$ <u>196,462,977</u>	\$ <u>108,546,704</u>	\$ <u>35,556,054</u>

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

**2. HIS PENSION PLAN**

**Plan Description.** The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established 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, 2017, 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. Effective July 1, 2015, the Legislature increased the HIS employer contribution rate from 1.26% to 1.66%, pursuant to Section 112.363, Florida Statutes. The County contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide a full subsidy benefit to all participants, benefits may be reduced or cancelled.

The County's contributions to the HIS Plan totaled \$1,233,196 for the fiscal year ended September 30, 2017.

**HERNANDO COUNTY, FLORIDA**  
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**NOTE I – RETIREMENT SYSTEM (CONTINUED)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At September 30, 2017, the County reported a liability of \$24,669,874 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The County's proportionate share of the net pension liability was based on the County's 2016-17 fiscal year contributions relative to the 2015-16 fiscal year contributions of all participating members. At June 30, 2017, the County's proportion was .230722126%, which was a decrease of .000003552829 from its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the County recognized pension expense of \$2,051,231 related to the Plan. At September 30, 2017, 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	\$ 291,271	\$ -
Difference between Expected and Actual Experience	-	51,367
Changes in Assumptions	3,467,736	2,133,230
Changes in Proportion and Difference between County Contributions and Proportionate Share of Contributions	1,361,929	549,953
Net Difference between Projected and Actual Earnings on Pension Plan Investments	<u>13,681</u>	<u>-</u>
Total	<u>\$ 5,134,617</u>	<u>\$ 2,734,550</u>

The deferred outflows of resources related to pensions, totaling \$291,271, resulting from County contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. 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>
2017	\$ 570,079
2018	576,490
2019	575,247
2020	498,168
2021	237,091
Thereafter	<u>(357,279)</u>
Total	<u>\$ 2,108,796</u>

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

**Actuarial Assumptions.** The total pension liability in the July 1, 2017 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	3.58% 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, 2017 valuation, were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

**Discount Rate.** The discount rate used to measure the total pension liability was 3.58%. 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 2.85%, 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 (1.85%) or 1-percentage-point higher (3.85%) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
County's Proportionate Share of Net Pension Liability	\$ <u>28,151,593</u>	\$ <u>24,669,874</u>	\$ <u>21,769,794</u>

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

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

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

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. County employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to the individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officials, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the Investment members' accounts during the 2015-16 fiscal year were as follows:

<b>Class</b>	<b>Percentage of Gross Contributions</b>
FRS, Regular	3.30
FRS, Elected County Officers	8.34
FRS, Senior Management Services	4.67
FRS, Special Risk	11.00

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, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

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

Pension expense for the County's Investment Plan totaled \$812,771 for the fiscal year ended September 30, 2017.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**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 it be treated as Other Post-Employment Benefits (OPEB) even though the employer makes no payments directly on behalf of retirees. The Plan provides healthcare benefits including medical coverage, prescription drug benefits, vision care, dental care and life insurance coverage to both active and eligible retired employees. Dental and vision care benefits are immaterial and are not believed to result in an OPEB; therefore, they are not included in the OPEB calculation. The Plan does not issue a separate financial report.

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

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

At October 1, 2016, the date of the latest actuarial valuation, plan participation consisted of:

Active Plan Participants	1,341
Retirees and Beneficiaries Receiving Benefits	<u>83</u>
Total Membership	<u>1,424</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.

**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



**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed, and the changes in the net OPEB obligation.

Annual required contribution	\$	1,903,832
Interest on net OPEB obligation		347,014
Less: Adjustment to annual required contribution		<u>(450,668)</u>
Annual OPEB cost (expense)		1,800,178
Less: Contributions made		<u>(552,150)</u>
Increase in net OPEB obligation		1,248,028
Net OPEB obligation-beginning of year		<u>9,914,690</u>
Net OPEB obligation-end of year	\$	<u><u>11,162,718</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
2015	\$ 1,637,272	\$ 600,248	36.66%	\$ 8,937,130
2016	\$ 1,692,477	\$ 714,917	42.24%	\$ 9,914,690
2017	\$ 1,800,178	\$ 552,150	30.67%	\$ 11,162,718

**4. FUNDED STATUS AND FUNDING PROGRESS**

As of the October 1, 2016 actuarial valuation date, the actuarial accrued liability (AAL) was \$17.7 million, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the OPEB Plan) was \$66.3 million and the ratio of the unfunded actuarial accrued liability (UAAL) to covered payroll was 26.7%.

**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

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The actual methods are:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of projected payroll, closed
Amortization period	22 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	7.25% for the initial year decreased to 7.0% in the second year and varying each subsequent year until reaching 4.57%

**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, 2017 there is no estimated rebate liability on any of the County's bond issues.

**NOTE L – PROPERTY TAXES**

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

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

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

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

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

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

**NOTE M – RISK MANAGEMENT**

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

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

The Workers' Compensation fund is a self-insurance program for workers' compensation claims on losses up to \$1,100,000 per occurrence and is indemnified against losses in excess of these amounts. The Workers' Compensation fund has indemnified each fund against any losses in a given year in excess of the fee charged. In the event actual losses are less than the fee charged, such amounts will be retained in the Workers' Compensation fund. Claim settlements and losses are accrued and subsequently paid from the Workers' Compensation fund. As of September 30, 2017 claims accrued, including an estimate for claims incurred but not reported, were \$3,200,000. 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, 2017**

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

**CLAIMS LIABILITIES**

	<u>Workers'</u> <u>Compensation</u>	<u>County Health</u> <u>Insurance</u>	<u>Sheriff Health</u> <u>Insurance</u>
Liability balance September 30, 2015	\$ 3,270,000	\$ 513,723	\$ 320,024
Claims incurred	1,150,062	9,415,519	4,744,409
Claims paid	<u>(1,690,062)</u>	<u>(9,374,263)</u>	<u>(4,767,370)</u>
Liability balance September 30, 2016	2,730,000	554,979	297,063
Claims incurred	670,144	8,351,683	4,319,525
Claims paid	<u>(200,144)</u>	<u>(8,482,919)</u>	<u>(4,309,025)</u>
Liability balance September 30, 2017	\$ <u>3,200,000</u>	\$ <u>423,743</u>	\$ <u>307,563</u>
Cash available to pay claims September 30, 2017			
Reported in governmental activities	\$ <u>6,181,057</u>	\$ <u>4,880,681</u>	\$ <u>5,052,936</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, 2017, the Division has accrued a total of \$5,305,692 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 \$5,360,699, as show in the table below, are primarily for Cell 3. Cell 3 is approximately 39% filled at September 30, 2017, and has a remaining design life of approximately 10 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 \$4,472,724. The class 1 landfill (all Cells) is approximately 66% filled at September 30, 2017. The County will recognize the remaining costs that have not been accrued (closure costs of \$3,245,442 and postclosure costs of \$1,532,244) as the remaining estimated capacity is filled.

The C&D landfill is approximately 99% filled at September 30, 2017, 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 \$157,249 and \$93,385, respectively. The County will recognize the remaining costs that have not been accrued (closure costs of \$426 and postclosure costs of \$253) 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, 2017**

**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 9/30/17	Estimated Remaining Postclosure Costs	Percent Accrued	Postclosure Accrued Liability at 9/30/17	Total Accrued Liability at 9/30/17
NW Cells 1, 2 & 3	\$ 5,360,699	39.46%	\$ 2,115,257	\$ 4,472,724	65.74%	\$ 2,940,480	\$ 5,055,737
NW C & D	<u>157,249</u>	99.73%	<u>156,823</u>	<u>93,385</u>	99.73%	<u>93,132</u>	<u>249,955</u>
	<u>\$ 5,517,948</u>		<u>\$ 2,272,080</u>	<u>\$ 4,566,109</u>		<u>\$ 3,033,612</u>	<u>\$ 5,305,692</u>

Amortization expense for 2017 was \$927,907 for the Class 1 landfill and \$22,134 for the C&D landfill. This expense increased significantly for the Class 1 landfill due to a 11% increase in capacity used and a 6% increase in postclosure costs for fiscal year 2017.

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, 2017, cash and investments of \$7,728,176 are held for these purposes. These are reported as restricted assets on the Statement of Net Position. The Division expects that future inflation costs will be paid from the interest earnings on these contributions.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

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

	Governmental Activities	Business-Type Activities
<b>Statement of Net Position</b>		
Deferred Outflows of Resources:		
Pensions	\$ 55,741,847	\$ 3,734,168
Deferred charge on debt refunding	804,590	1,476,889
	<u>\$ 56,546,437</u>	<u>\$ 5,211,057</u>
Deferred Inflows of Resources:		
Pensions	\$ 9,055,257	\$ 519,106
Deferred grant funds	-	25,549
Other	-	12,179
	<u>\$ 9,055,257</u>	<u>\$ 556,834</u>
 <b>Statement of Governmental Funds Balance Sheet</b>		
Deferred Inflows of Resources:		
Receipt of taxes, applicable to a future period	\$ 1,657,378	-
Receipt of ambulance fees, applicable to a future period	1,717,550	-
Receipt of other items, applicable to a future period	334,795	-
	<u>\$ 3,709,723</u>	

**NOTE P – SEGMENT INFORMATION**

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

**NOTE Q – CONTINGENCIES**

**1. GENERAL LITIGATION**

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

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**NOTE Q – CONTINGENCIES (CONTINUED)**

**2. GRANTS AND CONTRACTS**

The County participates in various federal and state assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal and state regulations, including the expenditure of resources for allowable purposes. 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.

**3. HURRICANE ACTIVITY**

The County encountered damages related to both Hurricane Hermine in August of 2016 and Hurricane Irma in September of 2017.

The Florida Division of Emergency Management (FDEM) entered into a Federally Funded Agreement for disaster assistance related to Hurricane Hermine in January 2017. Currently, Federal Emergency Management Agency (FEMA) and FDEM are in varying stages of obligation to the County on eligible expenditures. As of September 30, 2017, approximately \$510,000 of eligible expenditures have been identified from Hermine, and it is anticipated another \$410,000 will be obligated during Fiscal Year 2018.

The Fund Agreement with the County for Hurricane Irma is not anticipated until Fiscal Year 2018. Eligible expenditures for this event are estimated to be approximately \$3 million, but that is subject to change pending review and obligation by the funding agency. While the County believes most of the eligible expenses for Hurricane Irma will be funded under the Public Assistance Program, because the agreement had not been approved by fiscal year-end and/or funds have not been obligated, no receivables associated with expenditures incurred have been recorded.

**4. ADDITIONAL SERVICES TO OTHER GOVERNMENTS**

The Board has been approached by a municipality in the County to provide public safety-related services. Although no agreement has been reached at time of issuance of this financial report, a preliminary review of the request has indicated no material negative financial impact to the County government.

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**NOTE R – RESTATED BEGINNING FUND BALANCE**

The beginning fund balance of General Fund has been restated by \$849,168 to include funds previously classified as a capital projects fund. The previous separately reported capital project fund no longer has a substantial portion of inflows derived from restricted or committed revenue sources, and the remaining resources are therefore reported in the General Fund.

		<b>Capital Improvement Fund</b>		<b>General Fund</b>
Beginning Fund Balance	\$	849,168	\$	22,674,287
Adjustment to Beginning Fund Balance		(849,168)		849,168
Adjusted Beginning Fund Balance	\$	-	\$	23,523,455



**HERNANDO COUNTY, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POST EMPLOYMENT BENEFIT PLAN  
SCHEDULE OF FUNDING PROGRESS  
September 30, 2017**

<u>Actuarial Valuation Date (a)</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Amortization Method</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UALL as a Percentage Of Covered Payroll</u>
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%
10/01/16	-	Entry Age	\$ 17,672,331	\$ 17,672,331	0.00%	\$ 66,276,204	26.7%

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

**HERNANDO COUNTY, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
September 30, 2017**

**FLORIDA RETIREMENT SYSTEM PENSION PLAN**

	<u>September 30, 2016</u>	<u>September 30, 2017</u>
County's Proportion of the FRS Net Pension Plan	0.3748363150%	0.366968106%
County's Proportionate Share of the FRS Net Pension Liability	\$ 94,646,464	\$ 108,546,704
County's Covered Payroll	\$ 64,506,237	\$ 65,184,851
County's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered-Employee Payroll	146.72%	166.52%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.88%	83.89

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**

	<u>September 30, 2016</u>	<u>September 30, 2017</u>
County's Proportion of the FRS Net Pension Plan	0.234274955%	0.230722026%
County's Proportionate Share of the FRS Net Pension Liability	\$ 27,303,775	\$ 24,669,874
County's Covered Payroll	\$ 64,506,237	\$ 65,184,851
County's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered-Employee Payroll	42.33%	37.85%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	.97%	1.64%

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  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE COUNTY'S CONTRIBUTIONS  
 September 30, 2017**

**FLORIDA RETIREMENT SYSTEM PENSION PLAN**

	<b>2016</b>	<b>2017</b>
Contractually Required Contributions	\$ 8,953,651	\$ 9,637,808
FRS Contribution in Relation to the Contractually Required Contributions	<u>(8,953,651)</u>	<u>(9,637,808)</u>
FRS Contribution Deficiency (Excess)	\$ <u>          -</u>	\$ <u>          -</u>
County's Covered Payroll	\$ 64,506,237	\$ 65,184,851
FRS Contributions as a Percentage of Covered Payroll	13.88%	14.79%

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

**HEALTH INSURANCE SUBSIDY PENSION PLAN**

	<b>2016</b>	<b>2017</b>
Contractually Required Contributions	\$ 1,190,541	\$ 1,233,196
FRS Contribution in Relation to the Contractually Required Contributions	<u>(1,190,541)</u>	<u>(1,233,196)</u>
FRS Contribution Deficiency (Excess)	\$ <u>          -</u>	\$ <u>          -</u>
County's Covered Payroll	\$ 64,506,237	\$ 65,184,851
FRS Contributions as a Percentage of Covered Payroll	1.85%	1.89%

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

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**September 30, 2017**

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

*Changes in Benefit Terms from the year ended June 30, 2016 to June 30, 2017:*

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

*Changes in Assumptions from the year ended June 30, 2016 to June 30, 2017:*

- **FRS:** The long-term expected rate of return was decreased from 7.60% to 7.10%, and the active member mortality assumption was updated.
- **HIS:** The municipal bond rate used to determine total pension liability increased from 2.85% to 3.58%.

**HERNANDO COUNTY, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
September 30, 2017**

**FLORIDA RETIREMENT SYSTEM PENSION PLAN**

	<u>September 30, 2016</u>	<u>September 30, 2017</u>
County's Proportion of the FRS Net Pension Plan	0.3748363150%	0.366968106%
County's Proportionate Share of the FRS Net Pension Liability	\$ 94,646,464	\$ 108,546,704
County's Covered Payroll	\$ 64,506,237	\$ 65,184,851
County's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered-Employee Payroll	146.72%	166.52%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.88%	83.89

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**

	<u>September 30, 2016</u>	<u>September 30, 2017</u>
County's Proportion of the FRS Net Pension Plan	0.234274955%	0.230722026%
County's Proportionate Share of the FRS Net Pension Liability	\$ 27,303,775	\$ 24,669,874
County's Covered Payroll	\$ 64,506,237	\$ 65,184,851
County's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered-Employee Payroll	42.33%	37.85%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	.97%	1.64%

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  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS  
September 30, 2017**

**FLORIDA RETIREMENT SYSTEM PENSION PLAN**

	<u>2016</u>	<u>2017</u>
Contractually Required Contributions	\$ 8,953,651	\$ 9,637,808
FRS Contribution in Relation to the Contractually Required Contributions	<u>(8,953,651)</u>	<u>(9,637,808)</u>
FRS Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>
County's Covered Payroll	\$ 64,506,237	\$ 65,184,851
FRS Contributions as a Percentage of Covered Payroll	13.88%	14.79%

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

**HEALTH INSURANCE SUBSIDY PENSION PLAN**

	<u>2016</u>	<u>2017</u>
Contractually Required Contributions	\$ 1,190,541	\$ 1,233,196
FRS Contribution in Relation to the Contractually Required Contributions	<u>(1,190,541)</u>	<u>(1,233,196)</u>
FRS Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>
County's Covered Payroll	\$ 64,506,237	\$ 65,184,851
FRS Contributions as a Percentage of Covered Payroll	1.85%	1.89%

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

**HERNANDO COUNTY, FLORIDA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**September 30, 2017**

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

*Changes in Benefit Terms from the year ended June 30, 2016 to June 30, 2017:*

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

*Changes in Assumptions from the year ended June 30, 2016 to June 30, 2017:*

- **FRS:** The long-term expected rate of return was decreased from 7.60% to 7.10%, and the active member mortality assumption was updated.
- **HIS:** The municipal bond rate used to determine total pension liability increased from 2.85% to 3.58%.

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



# Nonmajor Governmental Funds

## Special Revenue Funds

### **Stormwater Management**

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

### **Sensitive Lands**

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

### **State Housing Initiative Partnership**

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

### **Court-Related Funds**

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

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

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

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

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

### **Miscellaneous Special Revenue Funds**

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

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

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

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

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

### **Sheriff Special Revenue Funds**

To account for the funds received in the 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.

### **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**

### **Quality of Life Projects**

To account for the capital outlay expenditures of the Board of County Commissioners for projects which improve the quality of life for the citizens of the County.

HERNANDO COUNTY, FLORIDA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 September 30, 2017

	<b>Special Revenue Funds</b>		
	<b>Stormwater Management</b>	<b>Sensitive Lands</b>	<b>State Housing Initiative Partnership</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Pooled Cash and Investments	5,140,605	2,468,019	605,733
Accounts Receivable (net)	283	115	71,679
Due from Other Funds	13,339	5	-
Due from Other Governments	331	-	-
Inventories	-	-	-
Prepaid Items	-	-	-
<b>Total Assets</b>	<b>\$ 5,154,558</b>	<b>\$ 2,468,139</b>	<b>\$ 677,412</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 17,758	\$ 4,339	\$ 22,959
Accrued Liabilities	11,343	5,999	-
Due to Other Funds	-	-	-
Due to Other Governments	-	-	-
Unearned Revenue	-	-	-
Deposits	-	500	-
Advances from Other Funds	-	-	-
Total Liabilities	29,101	10,838	22,959
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	-	-	-
<b>Fund Balances</b>			
Nonspendable:			
Inventories	-	-	-
Prepaid Items	-	-	-
Restricted for:			
Grant Funded Programs	-	-	654,453
Court Programs	-	-	-
Special Assessment Projects	-	-	-
Environment Conservation	5,125,457	2,457,301	-
Bond covenants or debt service	-	-	-
Public Safety	-	-	-
Capital Projects	-	-	-
Other Purposes	-	-	-
Committed to:			
Capital Projects	-	-	-
Other Purposes	-	-	-
Assigned to:			
Economic Development	-	-	-
Public Safety	-	-	-
Capital Projects	-	-	-
Other	-	-	-
Total Fund Balances	5,125,457	2,457,301	654,453
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 5,154,558</b>	<b>\$ 2,468,139</b>	<b>\$ 677,412</b>

**Special Revenue Funds**

<b>Court-Related Funds</b>	<b>Municipal Service Benefit Units</b>	<b>Hernando County Fire Rescue - Rescue</b>	<b>Miscellaneous Special Revenue Funds</b>
\$ -	\$ 250	\$ -	\$ 400
5,978,339	3,830,153	2,302,117	6,601,511
79,536	339	2,360,362	605,774
-	24,832	78,672	1,615
1,332	-	5,249	280,407
-	-	1,800	-
-	-	2,841	-
<b>\$ 6,059,207</b>	<b>\$ 3,855,574</b>	<b>\$ 4,751,041</b>	<b>\$ 7,489,707</b>
\$ 86,411	\$ 139,228	\$ 116,603	\$ 173,173
22,658	-	626,405	63,443
15,000	345,644	-	-
-	-	1,704	-
-	-	-	5,172
-	-	-	-
-	-	-	450,000
124,069	484,872	744,712	691,788
-	-	1,717,550	9,955
-	-	1,800	-
-	-	2,841	-
-	-	-	65,333
5,935,138	-	-	-
-	687,038	-	-
-	-	-	-
-	491,556	-	-
-	-	2,284,138	-
-	2,192,108	-	-
-	-	-	2,173,938
-	-	-	-
-	-	-	326,749
-	-	-	1,342,511
-	-	-	2,791,542
-	-	-	-
-	-	-	87,891
5,935,138	3,370,702	2,288,779	6,787,964
<b>\$ 6,059,207</b>	<b>\$ 3,855,574</b>	<b>\$ 4,751,041</b>	<b>\$ 7,489,707</b>

**HERNANDO COUNTY, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
September 30, 2017**

	<b>Special Revenue Funds</b>		
	<b>Clerk of Court and Comptroller Special Revenue Funds</b>	<b>Property Appraiser Special Revenue Funds</b>	<b>Sheriff Special Revenue Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ -	\$ 1,020,419	\$ 3,456,592
Pooled Cash and Investments	2,345,825	-	-
Accounts Receivable (net)	-	-	36,276
Due from Other Funds	-	-	-
Due from Other Governments	62,972	-	387,404
Inventories	-	-	-
Prepaid Items	44,973	-	-
	<b>\$ 2,453,770</b>	<b>\$ 1,020,419</b>	<b>\$ 3,880,272</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 20,109	\$ 749	\$ 592,280
Accrued Liabilities	103,322	-	28,642
Due to Other Funds	64,491	59,811	-
Due to Other Governments	606,855	183	-
Unearned Revenue	-	-	-
Deposits	208,541	-	40
Advances from Other Funds	-	-	-
	1,003,318	60,743	620,962
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	-	-	126,178
<b>Fund Balances</b>			
Nonspendable:			
Inventories	-	-	-
Prepaid Items	43,535	-	-
Restricted for:			
Grant Funded Programs	-	-	-
Court Programs	-	-	-
Special Assessment Projects	-	-	-
Environment Conservation	-	-	-
Bond covenants or debt service	-	-	-
Public Safety	-	-	3,133,132
Capital Projects	-	-	-
Other Purposes	1,406,917	-	-
Committed to:			
Capital Projects	-	-	-
Other Purposes	-	959,676	-
Assigned to:			
Economic Development	-	-	-
Public Safety	-	-	-
Capital Projects	-	-	-
Other	-	-	-
	1,450,452	959,676	3,133,132
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 2,453,770</b>	<b>\$ 1,020,419</b>	<b>\$ 3,880,272</b>

**Debt Service Funds**

<b>Total Special Revenue Funds</b>	<b>Capital Improvement and Refunding Revenue Bonds 2004</b>	<b>Non-Ad Valorem Refunding Revenue Bonds 2010</b>	<b>Non-Ad Valorem Refunding Revenue Note 2012</b>
\$ 4,477,661	\$ -	\$ -	\$ -
29,272,302	7,248	8,519	7,871
3,154,364	-	-	-
118,463	-	-	-
737,695	-	-	-
1,800	-	-	-
47,814	-	-	-
<b>\$ 37,810,099</b>	<b>\$ 7,248</b>	<b>\$ 8,519</b>	<b>\$ 7,871</b>
\$ 1,173,609	\$ -	\$ -	\$ -
861,812	-	-	-
484,946	-	-	-
608,742	-	-	-
5,172	-	-	-
209,081	-	-	-
450,000	-	-	-
3,793,362	-	-	-
1,853,683	-	-	-
1,800	-	-	-
46,376	-	-	-
719,786	-	-	-
5,935,138	-	-	-
687,038	-	-	-
7,582,758	-	-	-
491,556	7,248	8,519	7,871
5,417,270	-	-	-
2,192,108	-	-	-
3,580,855	-	-	-
-	-	-	-
1,286,425	-	-	-
1,342,511	-	-	-
2,791,542	-	-	-
-	-	-	-
87,891	-	-	-
-	-	-	-
32,163,054	7,248	8,519	7,871
<b>\$ 37,810,099</b>	<b>\$ 7,248</b>	<b>\$ 8,519</b>	<b>\$ 7,871</b>

**HERNANDO COUNTY, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2017**

	<u>Capital Project Fund</u>		
	<u>Total Debt Service Funds</u>	<u>Quality of Life Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ -	\$ -	\$ 4,477,661
Pooled Cash and Investments	23,638	3,042,425	32,338,365
Accounts Receivable (net)	-	-	3,154,364
Due from Other Funds	-	-	118,463
Due from Other Governments	-	-	737,695
Inventories	-	-	1,800
Prepaid Items	-	-	47,814
<b>Total Assets</b>	<b><u>\$ 23,638</u></b>	<b><u>\$ 3,042,425</u></b>	<b><u>\$ 40,876,162</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts Payable	\$ -	\$ 38,690	\$ 1,212,299
Accrued Liabilities	-	-	861,812
Due to Other Funds	-	-	484,946
Due to Other Governments	-	-	608,742
Unearned Revenue	-	-	5,172
Deposits	-	-	209,081
Advances from Other Funds	-	-	450,000
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>38,690</u></b>	<b><u>3,832,052</u></b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	-	-	1,853,683
<b>Fund Balances</b>			
Nonspendable:			
Inventories	-	-	1,800
Prepaid Items	-	-	46,376
Restricted for:			
Grant Funded Programs	-	-	719,786
Court Programs	-	-	5,935,138
Special Assessment Projects	-	-	687,038
Environment Conservation	-	-	7,582,758
Bond covenants or debt service	23,638	-	515,194
Public Safety	-	-	5,417,270
Capital Projects	-	-	2,192,108
Other Purposes	-	-	3,580,855
Committed to:			
Capital Projects	-	-	-
Other Purposes	-	-	1,286,425
Assigned to:			
Economic Development	-	-	1,342,511
Public Safety	-	-	2,791,542
Capital Projects	-	3,003,735	3,003,735
Other	-	-	87,891
<b>Total Fund Balances</b>	<b><u>23,638</u></b>	<b><u>3,003,735</u></b>	<b><u>35,190,427</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 23,638</u></b>	<b><u>\$ 3,042,425</u></b>	<b><u>\$ 40,876,162</u></b>





**HERNANDO COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended September 30, 2017**

	<b>Special Revenue Funds</b>		
	<b>Stormwater Management</b>	<b>Sensitive Lands</b>	<b>State Housing Initiative Partnership</b>
<b>Revenues</b>			
Taxes	\$ 832,120	\$ 481	\$ -
Licenses and Permits	-	-	-
Intergovernmental	478,423	-	1,167,013
Charges for Services	-	-	-
Fines and Forfeitures	-	-	-
Special Assessments	-	-	-
Interest	3,128	20,053	4,580
Miscellaneous	49,950	4,800	418,588
<b>Total Revenues</b>	<b>1,363,621</b>	<b>25,334</b>	<b>1,590,181</b>
<b>Expenditures</b>			
Current			
General Government	-	-	-
Public Safety	-	73	-
Physical Environment	491,738	315,625	-
Transportation	-	-	-
Economic Environment	-	-	1,389,571
Human Services	-	-	-
Culture and Recreation	-	-	-
Court Operations	-	-	-
Debt Service			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Capital Outlay	1,120,146	-	-
<b>Total Expenditures</b>	<b>1,611,884</b>	<b>315,698</b>	<b>1,389,571</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(248,263)</b>	<b>(290,364)</b>	<b>200,610</b>
<b>Other Financing Sources (Uses)</b>			
Transfers In	13,339	5	-
Transfers Out	(2,788)	(3,082,718)	-
Additions to Long-Term Debt	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>10,551</b>	<b>(3,082,713)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(237,712)</b>	<b>(3,373,077)</b>	<b>200,610</b>
Fund Balances at Beginning of Year (restated)	5,363,169	5,830,378	453,843
<b>Fund Balances at End of Year</b>	<b>\$ 5,125,457</b>	<b>\$ 2,457,301</b>	<b>\$ 654,453</b>

See accompanying independent auditors' report.

**Special Revenue Funds**

<b>Court-Related Funds</b>	<b>Municipal Service Benefit Units</b>	<b>Hernando County Fire Rescue - Rescue</b>	<b>Miscellaneous Special Revenue Funds</b>
\$ -	\$ -	\$ 4,918,351	\$ 1,748,986
-	-	-	-
15,266	-	81,430	686,786
1,142,938	-	5,804,334	22,658
900	-	-	161,085
-	2,130,008	-	-
22,002	244	8,468	16,893
169	42,510	45,092	65,863
<b>1,181,275</b>	<b>2,172,762</b>	<b>10,857,675</b>	<b>2,702,271</b>
-	-	-	585,364
-	266,614	13,348,602	150,619
-	1,614	-	3,555
-	1,118,058	-	11,674
-	-	-	1,515,013
-	-	-	1,435,664
-	-	-	50,720
1,024,022	-	-	-
-	510,321	106,122	-
-	84,077	10,748	-
78,039	47,237	111,789	53,170
<b>1,102,061</b>	<b>2,027,921</b>	<b>13,577,261</b>	<b>3,805,779</b>
<b>79,214</b>	<b>144,841</b>	<b>(2,719,586)</b>	<b>(1,103,508)</b>
484,156	59,347	78,672	3,474,367
(6,970)	(2,205,605)	(136,575)	(15,333)
-	2,368,479	-	-
477,186	222,221	(57,903)	3,459,034
<b>556,400</b>	<b>367,062</b>	<b>(2,777,489)</b>	<b>2,355,526</b>
5,378,738	3,003,640	5,066,268	4,432,438
<b>\$ 5,935,138</b>	<b>\$ 3,370,702</b>	<b>\$ 2,288,779</b>	<b>\$ 6,787,964</b>

Continued

**HERNANDO COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended September 30, 2017**

	<b>Special Revenue Funds</b>		
	<b>Clerk of Court and Comptroller Special Revenue Funds</b>	<b>Property Appraiser Special Revenue Funds</b>	<b>Sheriff Special Revenue Funds</b>
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-
Intergovernmental	528,516	895,574	220,401
Charges for Services	3,261,615	75,643	2,838,488
Fines and Forfeitures	1,044,270	-	227,399
Special Assessments	-	-	-
Interest	25,847	927	3,676
Miscellaneous	324	-	105,833
<b>Total Revenues</b>	<b>4,860,572</b>	<b>972,144</b>	<b>3,395,797</b>
<b>Expenditures</b>			
Current			
General Government	92,201	884,019	-
Public Safety	-	-	1,554,630
Physical Environment	-	-	-
Transportation	-	-	-
Economic Environment	-	-	-
Human Services	-	-	-
Culture and Recreation	-	-	-
Court Operations	4,679,392	-	-
Debt Service			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Capital Outlay	28,600	1,613	62,525
<b>Total Expenditures</b>	<b>4,800,193</b>	<b>885,632</b>	<b>1,617,155</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>60,379</b>	<b>86,512</b>	<b>1,778,642</b>
<b>Other Financing Sources (Uses)</b>			
Transfers In	140,000	-	-
Transfers Out	(64,491)	(59,811)	(2,791,542)
Additions to Long-Term Debt	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>75,509</b>	<b>(59,811)</b>	<b>(2,791,542)</b>
<b>Net Change in Fund Balances</b>	<b>135,888</b>	<b>26,701</b>	<b>(1,012,900)</b>
Fund Balances at Beginning of Year (restated)	1,314,564	932,975	4,146,032
<b>Fund Balances at End of Year</b>	<b>\$ 1,450,452</b>	<b>\$ 959,676</b>	<b>\$ 3,133,132</b>

Total Special Revenue Funds	Debt Service Funds		
	Capital Improvement and Refunding Revenue Bonds 2004	Non-Ad Valorem Refunding Revenue Bonds 2010	Non-Ad Valorem Refunding Revenue Note 2012
\$ 7,499,938	\$ -	\$ -	\$ -
-	-	-	-
4,073,409	-	-	-
13,145,676	-	-	-
1,433,654	-	-	-
2,130,008	-	-	-
105,818	89	57	1,122
733,129	-	-	-
<u>29,121,632</u>	<u>89</u>	<u>57</u>	<u>1,122</u>
1,561,584	11	11	14
15,320,538	-	-	-
812,532	-	-	-
1,129,732	-	-	-
2,904,584	-	-	-
1,435,664	-	-	-
50,720	-	-	-
5,703,414	-	-	-
616,443	935,000	335,000	1,651,000
94,825	17,513	107,518	559,777
1,503,119	-	-	-
<u>31,133,155</u>	<u>952,524</u>	<u>442,529</u>	<u>2,210,791</u>
<b><u>(2,011,523)</u></b>	<b><u>(952,435)</u></b>	<b><u>(442,472)</u></b>	<b><u>(2,209,669)</u></b>
4,249,886	952,364	442,419	2,211,777
(8,365,833)	-	-	-
2,368,479	-	-	-
<u>(1,747,468)</u>	<u>952,364</u>	<u>442,419</u>	<u>2,211,777</u>
<b><u>(3,758,991)</u></b>	<b><u>(71)</u></b>	<b><u>(53)</u></b>	<b><u>2,108</u></b>
<u>35,922,045</u>	<u>7,319</u>	<u>8,572</u>	<u>5,763</u>
<b><u>\$ 32,163,054</u></b>	<b><u>\$ 7,248</u></b>	<b><u>\$ 8,519</u></b>	<b><u>\$ 7,871</u></b>

Continued

**HERNANDO COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended September 30, 2017**

	<u>Debt Service Funds</u>	<u>Capital Project Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Total Debt Service Funds</u>	<u>Quality of Life Projects</u>	
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ 7,499,938
Licenses and Permits	-	-	-
Intergovernmental	-	-	4,073,409
Charges for Services	-	-	13,145,676
Fines and Forfeitures	-	-	1,433,654
Special Assessments	-	-	2,130,008
Interest	1,268	-	107,086
Miscellaneous	-	-	733,129
	<hr/>	<hr/>	<hr/>
Total Revenues	1,268	-	29,122,900
	<hr/>	<hr/>	<hr/>
<b>Expenditures</b>			
Current			
General Government	36	-	1,561,620
Public Safety	-	-	15,320,538
Physical Environment	-	35,031	847,563
Transportation	-	-	1,129,732
Economic Environment	-	-	2,904,584
Human Services	-	-	1,435,664
Culture and Recreation	-	7,095	57,815
Court Operations	-	-	5,703,414
Debt Service			
Principal	2,921,000	-	3,537,443
Interest and Fiscal Charges	684,808	-	779,633
Capital Outlay	-	34,139	1,537,258
	<hr/>	<hr/>	<hr/>
Total Expenditures	3,605,844	76,265	34,815,264
	<hr/>	<hr/>	<hr/>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(3,604,576)</b>	<b>(76,265)</b>	<b>(5,692,364)</b>
	<hr/>	<hr/>	<hr/>
<b>Other Financing Sources (Uses)</b>			
Transfers In	3,606,560	3,080,000	10,936,446
Transfers Out	-	-	(8,365,833)
Additions to Long-Term Debt	-	-	2,368,479
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	3,606,560	3,080,000	4,939,092
	<hr/>	<hr/>	<hr/>
<b>Net Change in Fund Balances</b>	<b>1,984</b>	<b>3,003,735</b>	<b>(753,272)</b>
	<hr/>	<hr/>	<hr/>
Fund Balances at Beginning of Year (restated)	21,654	-	35,943,699
	<hr/>	<hr/>	<hr/>
<b>Fund Balances at End of Year</b>	<b>\$ 23,638</b>	<b>\$ 3,003,735</b>	<b>\$ 35,190,427</b>
	<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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues</b>				
Impact Fees	\$ 1,087,235	\$ 2,391,235	2,733,272	\$ 342,037
Interest	31,307	62,307	37,057	(25,250)
<b>Total Revenues</b>	<u>1,118,542</u>	<u>2,453,542</u>	<u>2,770,329</u>	<u>316,787</u>
<b>Expenditures</b>				
Current				
Public Safety	60,000	60,000	-	60,000
Capital Outlay	2,010,000	2,888,910	1,145,544	1,743,366
<b>Total Expenditures</b>	<u>2,070,000</u>	<u>2,948,910</u>	<u>1,145,544</u>	<u>1,803,366</u>
<b>Excess of Revenues Over Expenditures</b>	<u>(951,458)</u>	<u>(495,368)</u>	<u>1,624,785</u>	<u>2,120,153</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(485,838)	(485,838)	(485,837)	1
Reserve for Contingencies	(6,735,887)	(6,970,518)	-	6,970,518
<b>Total Other Financing Sources (Uses)</b>	<u>(7,221,725)</u>	<u>(7,456,356)</u>	<u>(485,837)</u>	<u>6,970,519</u>
<b>Net Change in Fund Balance</b>	<b>(8,173,183)</b>	<b>(7,951,724)</b>	<b>1,138,948</b>	<b>9,090,672</b>
Fund Balance at Beginning of Year	8,173,183	7,951,724	7,881,400	(70,324)
<b>Fund Balance at End of Year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,020,348</u></u>	<u><u>\$ 9,020,348</u></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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 819,025	\$ 830,795	\$ 832,120	\$ 1,325
Intergovernmental	680,000	480,000	478,423	(1,577)
Interest	25,000	3,500	3,128	(372)
Miscellaneous	31,500	31,500	49,950	18,450
<b>Total Revenues</b>	<u>1,555,525</u>	<u>1,345,795</u>	<u>1,363,621</u>	<u>17,826</u>
<b>Expenditures</b>				
Current				
Physical Environment	508,905	627,114	491,738	135,376
Capital Outlay	1,350,000	2,864,963	1,120,146	1,744,817
<b>Total Expenditures</b>	<u>1,858,905</u>	<u>3,492,077</u>	<u>1,611,884</u>	<u>1,880,193</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(303,380)</u>	<u>(2,146,282)</u>	<u>(248,263)</u>	<u>1,898,019</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	5,000	-	13,339	13,339
Transfers Out	-	(2,788)	(2,788)	-
Reserve for Contingencies	(5,461,125)	(3,214,098)	-	3,214,098
<b>Total Other Financing Sources (Uses)</b>	<u>(5,456,125)</u>	<u>(3,216,886)</u>	<u>10,551</u>	<u>3,227,437</u>
<b>Net Change in Fund Balance</b>	<u>(5,759,505)</u>	<u>(5,363,168)</u>	<u>(237,712)</u>	<u>5,125,456</u>
Fund Balance at Beginning of Year	<u>5,759,505</u>	<u>5,363,168</u>	<u>5,363,169</u>	<u>1</u>
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,125,457</u>	<u>\$ 5,125,457</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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 25	\$ 25	\$ 481	\$ 456
Interest	10,000	10,000	20,053	10,053
Miscellaneous	5,280	5,280	4,800	(480)
<b>Total Revenues</b>	<u>15,305</u>	<u>15,305</u>	<u>25,334</u>	<u>10,029</u>
<b>Expenditures</b>				
Current				
Public Safety	-	-	73	(73)
Physical Environment	751,469	778,346	315,625	462,721
<b>Total Expenditures</b>	<u>751,469</u>	<u>778,346</u>	<u>315,698</u>	<u>462,648</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(736,164)</u>	<u>(763,041)</u>	<u>(290,364)</u>	<u>472,677</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	5	5
Transfers Out	(2,718)	(3,082,718)	(3,082,718)	-
Reserve for Contingencies	(5,061,118)	(1,984,620)	-	1,984,620
<b>Total Other Financing Sources (Uses)</b>	<u>(5,063,836)</u>	<u>(5,067,338)</u>	<u>(3,082,713)</u>	<u>1,984,625</u>
<b>Net Change in Fund Balance</b>	<u>(5,800,000)</u>	<u>(5,830,379)</u>	<u>(3,373,077)</u>	<u>2,457,302</u>
Fund Balance at Beginning of Year	5,800,000	5,830,379	5,830,378	(1)
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,457,301</u>	<u>\$ 2,457,301</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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 1,125,196	\$ 1,125,196	\$ 1,167,013	\$ 41,817
Interest	8,400	8,400	4,580	(3,820)
Miscellaneous	200,000	200,000	418,588	218,588
Total Revenues	1,333,596	1,333,596	1,590,181	256,585
<b>Expenditures</b>				
Current				
Economic Environment	1,564,111	1,514,111	1,389,571	124,540
Total Expenditures	1,564,111	1,514,111	1,389,571	124,540
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(230,515)</b>	<b>(180,515)</b>	<b>200,610</b>	<b>381,125</b>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	-	(50,000)	-	50,000
Reserve for Contingencies	-	(223,328)	-	223,328
Total Other Financing Sources (Uses)	-	(273,328)	-	273,328
<b>Net Change in Fund Balance</b>	<b>(230,515)</b>	<b>(453,843)</b>	<b>200,610</b>	<b>654,453</b>
Fund Balance at Beginning of Year	230,515	453,843	453,843	-
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 654,453</b>	<b>\$ 654,453</b>

See accompanying independent auditors' report.

**HERNANDO COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**COURT-RELATED FUNDS**  
**For the Fiscal Year Ended September 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 14,288	\$ 18,892	\$ 15,266	\$ (3,626)
Charges for Services	1,128,907	1,128,907	1,142,938	14,031
Fines and Forfeitures	-	-	900	900
Special Assessments	-	-	-	-
Interest	18,900	18,900	22,002	3,102
Miscellaneous	-	-	169	169
Total Revenues	1,162,095	1,166,699	1,181,275	14,576
<b>Expenditures</b>				
Current				
Court Operations	1,592,751	1,173,793	1,024,022	149,771
Capital Outlay	109,670	107,036	78,039	28,997
Total Expenditures	1,702,421	1,280,829	1,102,061	178,768
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(540,326)</b>	<b>(114,130)</b>	<b>79,214</b>	<b>193,344</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	484,156	484,156	484,156	-
Transfers Out	(2,788)	(6,970)	(6,970)	-
Reserve for Contingencies	(4,685,499)	(5,741,796)	-	5,741,796
Total Other Financing Sources (Uses)	(4,204,131)	(5,264,610)	477,186	5,741,796
<b>Net Change in Fund Balance</b>	<b>(4,744,457)</b>	<b>(5,378,740)</b>	<b>556,400</b>	<b>5,935,140</b>
Fund Balance at Beginning of Year	4,744,457	5,378,740	5,378,738	(2)
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,935,138</b>	<b>\$ 5,935,138</b>

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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Special Assessments	\$ 1,973,741	\$ 2,119,061	\$ 2,130,008	\$ 10,947
Interest	4,918	5,268	244	(5,024)
Miscellaneous	18,000	34,184	42,510	8,326
Total Revenues	1,996,659	2,158,513	2,172,762	14,249
<b>Expenditures</b>				
Current				
Public Safety	230,539	262,081	266,614	(4,533)
Physical Environment	2,381	2,381	1,614	767
Transportation	1,228,357	1,201,642	1,118,058	83,584
Debt Service				
Principal	552,701	566,835	510,321	56,514
Interest and Fiscal Charges	122,709	81,481	84,077	(2,596)
Capital Outlay	1,350,500	245,445	47,237	198,208
Total Expenditures	3,487,187	2,359,865	2,027,921	331,944
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,490,528)</b>	<b>(201,352)</b>	<b>144,841</b>	<b>346,193</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	1,099,000	2,188,518	59,347	(2,129,171)
Transfers Out	(1,018,215)	(4,442,432)	(2,205,605)	2,236,827
Additions to Long-Term Debt	1,911,294	2,346,301	2,368,479	22,178
Reserve for Contingencies	(1,981,145)	(1,444,006)	-	1,444,006
Total Other Financing Sources (Uses)	10,934	(1,351,619)	222,221	1,573,840
<b>Net Change in Fund Balance</b>	<b>(1,479,594)</b>	<b>(1,552,971)</b>	<b>367,062</b>	<b>1,920,033</b>
Fund Balance at Beginning of Year	1,479,594	1,552,969	3,003,640	1,450,671
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ (2)</b>	<b>\$ 3,370,702</b>	<b>\$ 3,370,704</b>

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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 4,843,225	\$ 4,843,225	\$ 4,918,351	\$ 75,126
Intergovernmental	31,500	91,500	81,430	(10,070)
Charges for Services	6,686,399	6,686,399	5,804,334	(882,065)
Interest	3,100	3,100	8,468	5,368
Miscellaneous	38,450	38,450	45,092	6,642
	<u>11,602,674</u>	<u>11,662,674</u>	<u>10,857,675</u>	<u>(804,999)</u>
<b>Total Revenues</b>				
<b>Expenditures</b>				
Current				
Public Safety	13,453,515	13,546,338	13,348,602	197,736
Debt Service				
Principal	171,485	171,485	106,122	65,363
Interest and Fiscal Charges	37,586	37,586	10,748	26,838
Capital Outlay	134,704	133,285	111,789	21,496
	<u>13,797,290</u>	<u>13,888,694</u>	<u>13,577,261</u>	<u>311,433</u>
<b>Total Expenditures</b>				
<b>Excess of Revenues Over (Under) Expenditures</b>	<b><u>(2,194,616)</u></b>	<b><u>(2,226,020)</u></b>	<b><u>(2,719,586)</u></b>	<b><u>(493,566)</u></b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	78,672	78,672
Transfers Out	(136,575)	(136,575)	(136,575)	-
Reserve for Contingencies	(1,955,556)	(2,703,673)	-	2,703,673
	<u>(2,092,131)</u>	<u>(2,840,248)</u>	<u>(57,903)</u>	<u>2,782,345</u>
<b>Total Other Financing Sources (Uses)</b>				
<b>Net Change in Fund Balance</b>	<b><u>(4,286,747)</u></b>	<b><u>(5,066,268)</u></b>	<b><u>(2,777,489)</u></b>	<b><u>2,288,779</u></b>
Fund Balance at Beginning of Year	4,286,747	5,066,268	5,066,268	-
<b>Fund Balance at End of Year</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,288,779</u></b>	<b><u>\$ 2,288,779</u></b>

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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,794,720	\$ 1,796,720	\$ 1,748,986	\$ (47,734)
Intergovernmental	1,062,852	1,166,350	686,786	(479,564)
Charges for Services	-	40,000	22,658	(17,342)
Fines and Forfeitures	117,000	95,000	161,085	66,085
Interest	25,790	25,790	16,893	(8,897)
Miscellaneous	154,260	156,743	65,863	(90,880)
Total Revenues	3,154,622	3,280,603	2,702,271	(578,332)
<b>Expenditures</b>				
Current				
General Government	985,653	1,091,334	585,364	505,970
Public Safety	261,500	261,500	150,619	110,881
Physical Environment	101,858	101,858	3,555	98,303
Transportation	16,838	16,838	11,674	5,164
Economic Environment	1,715,349	1,781,022	1,515,013	266,009
Human Services	1,670,765	1,773,614	1,435,664	337,950
Culture and Recreation	209,000	146,006	50,720	95,286
Capital Outlay	15,000	81,351	53,170	28,181
Total Expenditures	4,975,963	5,253,523	3,805,779	1,447,744
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,821,341)</b>	<b>(1,972,920)</b>	<b>(1,103,508)</b>	<b>869,412</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	699,240	2,903,988	3,474,367	570,379
Transfers Out	(15,333)	(15,333)	(15,333)	-
Reserve for Contingencies	(2,617,413)	(5,234,526)	-	5,234,526
Total Other Financing Sources (Uses)	(1,933,506)	(2,345,871)	3,459,034	5,804,905
<b>Net Change in Fund Balance</b>	<b>(3,754,847)</b>	<b>(4,318,791)</b>	<b>2,355,526</b>	<b>6,674,317</b>
Fund Balance at Beginning of Year	3,754,847	4,318,791	4,432,438	113,647
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,787,964</b>	<b>\$ 6,787,964</b>

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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 328,500	\$ 407,017	\$ 528,516	\$ 121,499
Charges for Services	3,193,000	3,193,000	3,261,615	68,615
Fines and Forfeitures	990,000	990,000	1,044,270	54,270
Special Assessments	-	-	-	-
Interest	8,500	8,500	25,847	17,347
Miscellaneous	-	-	324	324
<b>Total Revenues</b>	<u>4,520,000</u>	<u>4,598,517</u>	<u>4,860,572</u>	<u>262,055</u>
<b>Expenditures</b>				
Current				
General Government	272,000	272,000	92,201	179,799
Court Operations	4,764,000	4,842,517	4,679,392	163,125
Capital Outlay	150,000	150,000	28,600	121,400
<b>Total Expenditures</b>	<u>5,186,000</u>	<u>5,264,517</u>	<u>4,800,193</u>	<u>464,324</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(666,000)</u>	<u>(666,000)</u>	<u>60,379</u>	<u>726,379</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	140,000	140,000	140,000	-
Transfers Out	-	-	(64,491)	(64,491)
Reserve for Contingencies	(740,500)	(740,500)	-	740,500
<b>Total Other Financing Sources (Uses)</b>	<u>(600,500)</u>	<u>(600,500)</u>	<u>75,509</u>	<u>676,009</u>
<b>Net Change in Fund Balance</b>	<u>(1,266,500)</u>	<u>(1,266,500)</u>	<u>135,888</u>	<u>1,402,388</u>
Fund Balance at Beginning of Year	1,266,500	1,266,500	1,314,564	48,064
<b>Fund Balance at End of Year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,450,452</u></u>	<u><u>\$ 1,450,452</u></u>

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
PROPERTY APPRAISER SPECIAL REVENUE FUNDS  
For the Fiscal Year Ended September 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 895,574	\$ 895,574	\$ 895,574	\$ -
Charges for Services	-	-	75,643	75,643
Interest	-	-	927	927
Miscellaneous	-	75,004	-	(75,004)
Total Revenues	895,574	970,578	972,144	1,566
<b>Expenditures</b>				
Current				
General Government	960,078	960,078	884,019	76,059
Capital Outlay	10,500	10,500	1,613	8,887
Total Expenditures	970,578	970,578	885,632	84,946
<b>Excess of Revenues Over Expenditures</b>	<b>(75,004)</b>	<b>-</b>	<b>86,512</b>	<b>86,512</b>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	-	-	(59,811)	(59,811)
Total Other Financing Sources (Uses)	-	-	(59,811)	(59,811)
<b>Net Change in Fund Balance</b>	<b>(75,004)</b>	<b>-</b>	<b>26,701</b>	<b>26,701</b>
Fund Balance at Beginning of Year	75,004	-	932,975	932,975
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 959,676</b>	<b>\$ 959,676</b>

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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 240,248	\$ 314,630	\$ 220,401	\$ (94,229)
Charges for Services	2,154,000	2,154,000	2,838,488	684,488
Fines and Forfeitures	213,000	213,000	227,399	14,399
Interest	4,500	4,500	3,676	(824)
Miscellaneous	104,025	104,025	105,833	1,808
<b>Total Revenues</b>	<u>2,715,773</u>	<u>2,790,155</u>	<u>3,395,797</u>	<u>605,642</u>
<b>Expenditures</b>				
Current				
Public Safety	1,963,603	2,051,985	1,554,630	497,355
Capital Outlay	513,180	528,180	62,525	465,655
<b>Total Expenditures</b>	<u>2,476,783</u>	<u>2,580,165</u>	<u>1,617,155</u>	<u>963,010</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>238,990</u>	<u>209,990</u>	<u>1,778,642</u>	<u>1,568,652</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(2,222,877)	(2,222,877)	(2,791,542)	568,665
Reserve for Contingencies	(2,156,951)	(2,127,951)	-	(2,127,951)
<b>Total Other Financing Sources (Uses)</b>	<u>(4,379,828)</u>	<u>(4,350,828)</u>	<u>(2,791,542)</u>	<u>(1,559,286)</u>
<b>Net Change in Fund Balance</b>	<u>(4,140,838)</u>	<u>(4,140,838)</u>	<u>(1,012,900)</u>	<u>9,366</u>
Fund Balance at Beginning of Year	4,140,838	4,140,838	4,146,032	5,194
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,133,132</u>	<u>\$ 14,560</u>

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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest	\$ -	\$ -	\$ 89	\$ 89
Total Revenues	<u>-</u>	<u>-</u>	<u>89</u>	<u>89</u>
<b>Expenditures</b>				
Current				
General Government	-	-	11	(11)
Debt Service				
Principal	935,000	935,000	935,000	-
Interest and Fiscal Charges	17,363	17,363	17,513	(150)
Total Expenditures	<u>952,363</u>	<u>952,363</u>	<u>952,524</u>	<u>(161)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b><u>(952,363)</u></b>	<b><u>(952,363)</u></b>	<b><u>(952,435)</u></b>	<b><u>(72)</u></b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	952,363	952,364	952,364	-
Reserve for Contingencies	-	(7,320)	-	7,320
Total Other Financing Sources (Uses)	<u>952,363</u>	<u>945,044</u>	<u>952,364</u>	<u>7,320</u>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>(7,319)</b>	<b>(71)</b>	<b>7,248</b>
Fund Balance at Beginning of Year	<u>-</u>	<u>7,319</u>	<u>7,319</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,248</u></b>	<b><u>\$ 7,248</u></b>

See accompanying independent auditors' report.

**HERNANDO COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**NON-AD VALOREM REFUNDING REVENUE BONDS 2010**  
**For the Fiscal Year Ended September 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest	\$ 24	\$ 24	\$ 57	\$ 33
Total Revenues	<u>24</u>	<u>24</u>	<u>57</u>	<u>33</u>
<b>Expenditures</b>				
Current				
General Government	25	25	11	14
Debt Service				
Principal	335,000	335,000	335,000	-
Interest and Fiscal Charges	107,419	107,419	107,518	(99)
Total Expenditures	<u>442,444</u>	<u>442,444</u>	<u>442,529</u>	<u>(85)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b><u>(442,420)</u></b>	<b><u>(442,420)</u></b>	<b><u>(442,472)</u></b>	<b><u>(52)</u></b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	442,420	442,420	442,419	(1)
Reserve for Contingencies	-	(8,573)	-	8,573
Total Other Financing Sources (Uses)	<u>442,420</u>	<u>433,847</u>	<u>442,419</u>	<u>8,572</u>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>(8,573)</b>	<b>(53)</b>	<b>8,520</b>
Fund Balance at Beginning of Year	<u>-</u>	<u>8,573</u>	<u>8,572</u>	<u>(1)</u>
<b>Fund Balance at End of Year</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 8,519</u></b>	<b><u>\$ 8,519</u></b>

See accompanying independent auditors' report.

**HERNANDO COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**NON-AD VALOREM REFUNDING REVENUE NOTE 2012**  
**For the Fiscal Year Ended September 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest	\$ -	\$ -	\$ 1,122	\$ 1,122
Total Revenues	<u>-</u>	<u>-</u>	<u>1,122</u>	<u>1,122</u>
<b>Expenditures</b>				
Current				
General Government	-	-	14	(14)
Debt Service				
Principal	1,651,000	1,651,000	1,651,000	-
Interest and Fiscal Charges	<u>560,778</u>	<u>560,778</u>	<u>559,777</u>	<u>1,001</u>
Total Expenditures	<u>2,211,778</u>	<u>2,211,778</u>	<u>2,210,791</u>	<u>987</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u><b>(2,211,778)</b></u>	<u><b>(2,211,778)</b></u>	<u><b>(2,209,669)</b></u>	<u><b>2,109</b></u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	2,211,781	2,211,781	2,211,777	(4)
Reserve for Contingencies	<u>(3)</u>	<u>(5,767)</u>	<u>-</u>	<u>5,767</u>
Total Other Financing Sources (Uses)	<u>2,211,778</u>	<u>2,206,014</u>	<u>2,211,777</u>	<u>5,763</u>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>(5,764)</b>	<b>2,108</b>	<b>7,872</b>
Fund Balance at Beginning of Year	<u>-</u>	<u>5,764</u>	<u>5,763</u>	<u>(1)</u>
<b>Fund Balance at End of Year</b>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 7,871</b></u>	<u><b>\$ 7,871</b></u>

See accompanying independent auditors' report.

**HERNANDO COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**QUALITY OF LIFE PROJECTS**  
**For the Fiscal Year Ended September 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
Current				
Physical Environment	-	35,050	35,031	19
Culture and Recreation	-	7,095	7,095	-
Capital Outlay	-	3,037,855	34,139	3,003,716
	-	3,080,000	76,265	3,003,735
<b>Excess of Revenues Over (Under) Expenditures</b>	-	<b>(3,080,000)</b>	<b>(76,265)</b>	<b>3,003,735</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	3,080,000	3,080,000	-
Total Other Financing Sources (Uses)	-	3,080,000	3,080,000	-
<b>Net Change in Fund Balance</b>	-	-	<b>3,003,735</b>	<b>3,003,735</b>
Fund Balance at Beginning of Year	-	-	-	-
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,003,735</b>	<b>\$ 3,003,735</b>

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, 2017**

	<u>Central Fueling System</u>	<u>Risk Management</u>	<u>Workers' Compen- sation</u>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ -	\$ -	\$ 200,000
Pooled Cash and Investments	539,580	1,663,587	5,981,057
Cash with Fiscal Agent	-	-	-
Accounts Receivable (net)	17,943	-	872
Due from Other Governments	3,714	-	-
Inventories	88,094	-	-
<b>Total Current Assets</b>	<u>649,331</u>	<u>1,663,587</u>	<u>6,181,929</u>
Non-Current Assets			
Capital Assets, net of accumulated depreciation:			
Buildings	-	-	-
Equipment	27,575	447	-
<b>Total Non-Current Assets</b>	<u>27,575</u>	<u>447</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 676,906</u>	<u>\$ 1,664,034</u>	<u>\$ 6,181,929</u>
<b>Deferred Outflows of Resources</b>	<u>\$ 12,021</u>	<u>\$ 46,776</u>	<u>\$ 27,729</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	195,535	3,015	35,635
Accrued Liabilities	1,989	5,098	7,434
Compensated Absences	2,719	4,692	3,396
Unearned Revenues	-	-	-
Loans & Notes Payable	-	-	-
Claims Liabilities	-	-	2,550,000
<b>Total Current Liabilities</b>	<u>200,243</u>	<u>12,805</u>	<u>2,596,465</u>
Non-Current Liabilities:			
Loans & Notes Payable	-	-	-
Compensated Absences	269	464	336
Other Post-Employment Benefits	2,692	7,669	10,215
Net Pension Liability	27,605	85,306	73,359
Claims Liabilities	-	-	650,000
<b>Total Non-Current Liabilities</b>	<u>30,566</u>	<u>93,439</u>	<u>733,910</u>
<b>Total Liabilities</b>	<u>\$ 230,809</u>	<u>\$ 106,244</u>	<u>\$ 3,330,375</u>
<b>Deferred Inflows of Resources</b>	<u>\$ 1,465</u>	<u>\$ 306</u>	<u>\$ 3,264</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	27,575	447	-
Unrestricted	429,078	1,603,813	2,876,019
<b>Total Net Position</b>	<u>\$ 456,653</u>	<u>\$ 1,604,260</u>	<u>\$ 2,876,019</u>

<b>Computer Replacement</b>	<b>Vehicle Maintenance</b>	<b>Fleet Replacement</b>	<b>County Health Insurance</b>	<b>Sheriff Health Insurance</b>	<b>Total</b>
\$ -	\$ 720	\$ -	\$ -	\$ -	\$ 200,720
479,511	851,833	1,201,767	4,880,681	-	15,598,016
-	-	-	-	5,052,936	5,052,936
-	-	-	1,238	67,796	87,849
-	-	-	-	-	3,714
-	-	-	-	-	88,094
<u>479,511</u>	<u>852,553</u>	<u>1,201,767</u>	<u>4,881,919</u>	<u>5,120,732</u>	<u>21,031,329</u>
-	1,527,648	-	-	-	1,527,648
393,235	7,169	11,112,331	886	-	11,541,643
<u>393,235</u>	<u>1,534,817</u>	<u>11,112,331</u>	<u>886</u>	<u>-</u>	<u>13,069,291</u>
<u>\$ 872,746</u>	<u>\$ 2,387,370</u>	<u>\$ 12,314,098</u>	<u>\$ 4,882,805</u>	<u>\$ 5,120,732</u>	<u>\$ 34,100,620</u>
\$ -	\$ 197,558	\$ 16,960	\$ 3,168	\$ -	\$ 304,212
-	246,200	1,171	910,740	345,495	1,737,791
-	44,177	10,498	4,157	-	73,353
-	40,109	10,160	4,644	-	65,720
-	-	-	-	376,260	376,260
-	-	253,673	-	-	253,673
-	-	-	423,743	307,563	3,281,306
<u>-</u>	<u>330,486</u>	<u>275,502</u>	<u>1,343,284</u>	<u>1,029,318</u>	<u>5,788,103</u>
-	-	743,323	-	-	743,323
-	3,967	1,005	459	-	6,500
-	47,278	3,796	545	-	72,195
-	479,747	44,031	5,642	-	715,690
-	-	-	-	-	650,000
-	530,992	792,155	6,646	-	2,187,708
<u>\$ -</u>	<u>\$ 861,478</u>	<u>\$ 1,067,657</u>	<u>\$ 1,349,930</u>	<u>\$ 1,029,318</u>	<u>\$ 7,975,811</u>
\$ -	\$ 26,774	\$ 3,362	\$ 1,890	\$ -	\$ 37,061
393,235	1,534,817	10,115,335	886	-	12,072,295
<u>479,511</u>	<u>161,859</u>	<u>1,144,704</u>	<u>3,533,267</u>	<u>4,091,414</u>	<u>14,319,665</u>
<u>\$ 872,746</u>	<u>\$ 1,696,676</u>	<u>\$ 11,260,039</u>	<u>\$ 3,534,153</u>	<u>\$ 4,091,414</u>	<u>\$ 26,391,960</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, 2017**

	<b>Central Fueling System</b>	<b>Risk Management</b>	<b>Workers' Compen- sation</b>
<b>Operating Revenues</b>			
Charges for Services	\$ 1,052,229	\$ 4,248,414	\$ 1,095,967
Miscellaneous	1,654	-	3,866
Total Operating Revenues	<u>1,053,883</u>	<u>4,248,414</u>	<u>1,099,833</u>
<b>Operating Expenses</b>			
Personal Services	43,663	63,164	121,425
Other Services & Charges	938,289	4,015,827	256,807
Claims	-	-	1,140,144
Depreciation and Amortization	4,218	383	-
Total Operating Expenses	<u>986,170</u>	<u>4,079,374</u>	<u>1,518,376</u>
<b>Operating Income (Loss)</b>	<u>67,713</u>	<u>169,040</u>	<u>(418,543)</u>
<b>Non-Operating Revenues (Expenses)</b>			
Interest Income	848	5,906	21,953
Interest Expense	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-
Total Non-Operating Revenues (Expenses)	<u>848</u>	<u>5,906</u>	<u>21,953</u>
<b>Income (Loss) Before Transfers</b>	<u>68,561</u>	<u>174,946</u>	<u>(396,590)</u>
Contributions	-	-	-
Transfers In	-	-	-
Transfers Out	(1,255)	(976)	(1,882)
Total Contributions and Transfers	<u>(1,255)</u>	<u>(976)</u>	<u>(1,882)</u>
<b>Change in Net Position</b>	67,306	173,970	(398,472)
Net Position-Beginning	<u>389,347</u>	<u>1,430,290</u>	<u>3,274,491</u>
Net Position-Ending	<u>\$ 456,653</u>	<u>\$ 1,604,260</u>	<u>\$ 2,876,019</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>
\$ 156,754	\$ 2,567,168	\$ 2,152,458	\$ 11,719,376	\$ 5,296,975	\$ 28,289,341
-	1,207	321,607	214,250	121,583	664,167
<u>156,754</u>	<u>2,568,375</u>	<u>2,474,065</u>	<u>11,933,626</u>	<u>5,418,558</u>	<u>28,953,508</u>
-	809,150	89,379	2,036,544	-	3,163,325
7,700	1,671,970	520,212	1,196,712	1,413,720	10,021,237
-	-	-	8,351,683	4,283,970	13,775,797
122,510	61,173	1,739,517	136	-	1,927,937
<u>130,210</u>	<u>2,542,293</u>	<u>2,349,108</u>	<u>11,585,075</u>	<u>5,697,690</u>	<u>28,888,296</u>
26,544	26,082	124,957	348,551	(279,132)	65,212
1,265	198	6,599	21,796	17,225	75,790
-	-	(6,942)	-	-	(6,942)
4	-	205,577	-	-	205,581
<u>1,269</u>	<u>198</u>	<u>205,234</u>	<u>21,796</u>	<u>17,225</u>	<u>274,429</u>
27,813	26,280	330,191	370,347	(261,907)	339,641
-	-	21,192	-	-	21,192
-	-	25,675	1,299,187	-	1,324,862
-	(104,780)	(836)	-	-	(109,729)
<u>-</u>	<u>(104,780)</u>	<u>46,031</u>	<u>1,299,187</u>	<u>-</u>	<u>1,236,325</u>
27,813	(78,500)	376,222	1,669,534	(261,907)	1,575,966
844,933	1,775,176	10,883,817	1,864,619	4,353,321	24,815,994
<u>\$ 872,746</u>	<u>\$ 1,696,676</u>	<u>\$ 11,260,039</u>	<u>\$ 3,534,153</u>	<u>\$ 4,091,414</u>	<u>\$ 26,391,960</u>

**HERNANDO COUNTY, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended September 30, 2017**

	<b>Central Fueling System</b>	<b>Risk Management</b>	<b>Workers' Compensation</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers	\$ (47,905)	\$ (24,768)	\$ (872)
Receipts from Inter-Fund Services	42,315	27,103	-
Payments to Suppliers	97,904	409	(14,413)
Payments to Employees	3,283	4,719	14,692
Claims Paid	-	-	470,000
Other Receipts (Payments)	-	-	-
Net Cash provided by ( used in) Operating Activities	<u>95,597</u>	<u>7,463</u>	<u>469,407</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	-	-	-
Net Cash Provided by (used for) Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Additions to Capital Assets	(31,793)	-	-
Proceeds From Capital Debt	-	-	-
Principal Paid on Capital Debt	-	-	-
Interest Paid on Capital Debt	-	-	-
Proceeds From Sale of Capital Assets	-	-	-
Net Cash Provided by (used for) Capital and Related Financing Activities	<u>(31,793)</u>	<u>-</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>			
Interest Received	848	5,906	21,953
Net Cash Provided by Investing Activities	<u>848</u>	<u>5,906</u>	<u>21,953</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	64,652	13,369	491,360
Cash and Cash Equivalents at Beginning of Year	<u>403,983</u>	<u>1,481,307</u>	<u>6,109,786</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 468,635</u>	<u>\$ 1,494,676</u>	<u>\$ 6,601,146</u>

See accompanying independent auditors' report.

<b>Computer Replacement</b>	<b>Vehicle Maintenance</b>	<b>Fleet Maintenance</b>	<b>County Health Insurance</b>	<b>Sheriff Health Insurance</b>	<b>Total</b>
\$ (4,244)	\$ 989	\$ -	\$ (80,669)	\$ 1,267,166	\$ 1,109,697
4,244	-	-	79,431	4,047,403	4,200,496
-	33,826	(69,965)	238,891	(1,413,720)	(1,127,068)
-	73,025	762,798	(363,915)	-	494,602
-	-	-	(131,236)	(4,309,025)	(3,970,261)
-	-	-	-	121,583	121,583
<u>-</u>	<u>107,840</u>	<u>692,833</u>	<u>(257,498)</u>	<u>(286,593)</u>	<u>829,049</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(253,096)	(2,499)	(2,954,378)	(1,022)	-	(3,242,788)
-	-	1,199,648	-	-	1,199,648
-	-	(202,652)	-	-	(202,652)
-	-	(6,942)	-	-	(6,942)
<u>-</u>	<u>-</u>	<u>225,190</u>	<u>-</u>	<u>-</u>	<u>225,190</u>
<u>(253,096)</u>	<u>(2,499)</u>	<u>(1,739,134)</u>	<u>(1,022)</u>	<u>-</u>	<u>(2,027,544)</u>
1,265	198	6,599	21,796	17,225	75,790
<u>1,265</u>	<u>198</u>	<u>6,599</u>	<u>21,796</u>	<u>17,225</u>	<u>75,790</u>
(251,831)	105,539	(1,039,702)	(236,724)	(269,368)	(1,122,705)
<u>582,288</u>	<u>760,572</u>	<u>1,300,051</u>	<u>3,469,072</u>	<u>5,322,304</u>	<u>19,429,363</u>
<u>\$ 330,457</u>	<u>\$ 866,111</u>	<u>\$ 260,349</u>	<u>\$ 3,232,348</u>	<u>\$ 5,052,936</u>	<u>\$ 18,306,658</u>

Continued

**HERNANDO COUNTY, FLORIDA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Fiscal Year Ended September 30, 2017**

	<u>Central Fueling System</u>	<u>Risk Management</u>	<u>Workers' Compen- sation</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>			
Operating Income (Loss)	\$ 67,713	\$ 169,040	\$ (418,543)
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided by (used in) Operating Activities			
Depreciation and Amortization	4,218	383	-
Other Post-Employment Benefits	327	436	981
Pension Adjustments	1,911	3,699	6,953
(Increase) Decrease in			
Accounts Receivable	(1,876)	-	(872)
Due from Other Funds	-	(2,286)	-
Due from Other Governments	(3,714)	49	-
Inventories	(49,905)	-	-
Prepaid Expenses	-	-	-
Increase (Decrease) in			
Accounts Payable	148,227	409	(14,413)
Accrued Liabilities	1,045	584	6,758
Due to Other Funds	(418)	-	-
Unearned Revenues	-	-	-
Claims Liabilities	-	-	470,000
Total Adjustments	<u>99,815</u>	<u>3,274</u>	<u>469,407</u>
<b>Net Cash Provided by (used in) Operating Activities</b>	<u>\$ 167,528</u>	<u>\$ 172,314</u>	<u>\$ 50,864</u>

<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>
\$ 26,544	\$ 26,082	\$ 124,957	\$ 348,551	\$ (279,132)	\$ 65,212
122,510	61,173	1,739,517	136	-	1,927,937
-	5,829	708	545	-	8,826
-	39,282	3,592	4,364	-	59,801
-	989	-	(1,238)	(15,976)	(18,973)
-	-	-	-	-	(2,286)
-	-	-	-	-	(3,665)
-	-	-	-	-	(49,905)
-	-	343,227	-	-	343,227
-	37,367	(413,046)	238,891	(19,579)	(22,144)
-	27,914	758,498	(368,824)	-	425,975
-	(3,541)	(146)	-	-	(4,105)
-	-	-	-	17,594	17,594
-	-	-	(131,236)	10,500	349,264
<u>122,510</u>	<u>169,013</u>	<u>2,432,350</u>	<u>(257,362)</u>	<u>(7,461)</u>	<u>3,031,546</u>
<u>\$ 149,054</u>	<u>\$ 195,095</u>	<u>\$ 2,557,307</u>	<u>\$ 91,189</u>	<u>\$ (286,593)</u>	<u>\$ 3,096,758</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, 2017**

	<b>Board of County Commissioners</b>	<b>Clerk of the Circuit Court</b>	<b>Tax Collector</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ -	\$ -	\$ 2,136,250
Pooled Cash and Investments	2,093,060	2,853,739	2,825,352
Accounts Receivable (net)	-	300	-
Due from Other Governments	-	-	421
<b>Total Assets</b>	<b>\$ 2,093,060</b>	<b>\$ 2,854,039</b>	<b>\$ 4,962,023</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 65,981	\$ 10,318	\$ 172,691
Accrued Liabilities	1,980,602	1,254,275	-
Due to Other Governments	26,690	597,160	2,653,082
Deposits	19,787	992,286	2,136,250
<b>Total Liabilities</b>	<b>\$ 2,093,060</b>	<b>\$ 2,854,039</b>	<b>\$ 4,962,023</b>

See accompanying independent auditors' report.

<u>Sheriff</u>	<u>Total</u>
\$ 117,513	\$ 2,253,763
-	7,772,151
-	300
-	421
<b>\$ 117,513</b>	<b>\$ 10,026,635</b>
<b>\$ 117,513</b>	<b>\$ 10,026,635</b>

\$ 44,774	\$ 293,764
29,777	3,264,654
8,470	3,285,402
34,492	3,182,815
<b>\$ 117,513</b>	<b>\$ 10,026,635</b>
<b>\$ 117,513</b>	<b>\$ 10,026,635</b>

HERNANDO COUNTY, FLORIDA  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**BOARD OF COUNTY COMMISSIONERS' AGENCY FUNDS**  
For the Fiscal Year Ended September 30, 2017

	<u>Balance 9/30/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2017</u>
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 2,702,183	\$ -	\$ 609,123	\$ 2,093,060
<b>Total Assets</b>	<b><u>\$ 2,702,183</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 609,123</u></b>	<b><u>\$ 2,093,060</u></b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 98,448	\$ -	\$ 32,467	\$ 65,981
Accrued Liabilities	2,565,483	-	584,881	1,980,602
Due to Other Funds	-	-	-	-
Due to Other Governments	18,465	8,225	-	26,690
Due to Hernando County BCC	-	-	-	-
Deposits	19,787	-	-	19,787
Other Current Liabilities	-	-	-	-
<b>Total Liabilities</b>	<b><u>\$ 2,702,183</u></b>	<b><u>\$ 8,225</u></b>	<b><u>\$ 617,348</u></b>	<b><u>\$ 2,093,060</u></b>

See accompanying independent auditors' report.

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**HERNANDO COUNTY, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**CLERK OF COURT & COMPTROLLER AGENCY FUNDS**  
**For the Fiscal Year Ended September 30, 2017**

	<u>Balance 9/30/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2017</u>
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 3,554,076	\$ -	\$ 700,337	\$ 2,853,739
Accounts Receivable (net)	300	-	-	300
<b>Total Assets</b>	<b><u>\$ 3,554,376</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 700,337</u></b>	<b><u>\$ 2,854,039</u></b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 14,317	\$ -	\$ 3,999	\$ 10,318
Accrued Liabilities	2,033,339	-	779,064	1,254,275
Due to Other Funds	-	-	-	-
Due to Other Governments	645,948	-	48,788	597,160
Due to Hernando County BCC	-	-	-	-
Deposits	860,772	131,514	-	992,286
<b>Total Liabilities</b>	<b><u>\$ 3,554,376</u></b>	<b><u>\$ 131,514</u></b>	<b><u>\$ 831,851</u></b>	<b><u>\$ 2,854,039</u></b>

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, 2017**

	<u>Balance 9/30/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2017</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,212,834	\$ -	\$ 76,584	\$ 2,136,250
Pooled Cash and Investments	310,911	2,514,441	-	2,825,352
Due from Other Governments	414	7	-	421
<b>Total Assets</b>	<b><u>\$ 2,524,159</u></b>	<b><u>\$ 2,514,448</u></b>	<b><u>\$ 76,584</u></b>	<b><u>\$ 4,962,023</u></b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 12,050	\$ 160,641	\$ -	\$ 172,691
Due to Other Governments	299,298	2,353,784	-	2,653,082
Due to Hernando County BCC	-	-	-	-
Deposits	2,212,811	-	76,561	2,136,250
<b>Total Liabilities</b>	<b><u>\$ 2,524,159</u></b>	<b><u>\$ 2,514,425</u></b>	<b><u>\$ 76,561</u></b>	<b><u>\$ 4,962,023</u></b>

See accompanying independent auditors' report.

**HERNANDO COUNTY, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**SHERIFF AGENCY FUNDS**  
**For the Fiscal Year Ended September 30, 2017**

	<u>Balance 9/30/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2017</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 103,838	\$ 13,675	\$ -	\$ 117,513
<b>Total Assets</b>	<b><u>\$ 103,838</u></b>	<b><u>\$ 13,675</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 117,513</u></b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 40,212	\$ 4,562	\$ -	\$ 44,774
Accrued Liabilities	-	29,777	-	29,777
Due to Other Funds	32,334	-	32,334	-
Due to Other Governments	10,566	-	2,096	8,470
Deposits	20,726	13,766	-	34,492
<b>Total Liabilities</b>	<b><u>\$ 103,838</u></b>	<b><u>\$ 48,105</u></b>	<b><u>\$ 34,430</u></b>	<b><u>\$ 117,513</u></b>

See accompanying independent auditors' report.



# STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
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)

	<b>Fiscal Year</b>				
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Governmental Activities</b>					
Net Investment in Capital Assets	\$ 240,796	\$ 257,885	\$ 267,795	\$ 280,327	\$ 285,954
Restricted	69,441	80,026	76,929	86,754	88,847
Unrestricted (Deficit)	55,722	49,724	51,616	37,429	30,767
<b>Total Governmental Activities Net Position</b>	<b><u>\$ 365,959</u></b>	<b><u>\$ 387,635</u></b>	<b><u>\$ 396,340</u></b>	<b><u>\$ 404,510</u></b>	<b><u>\$ 405,568</u></b>
<b>Business-type Activities</b>					
Net Investment in Capital Assets	\$ 154,168	\$ 161,722	\$ 173,889	\$ 179,518	\$ 170,908
Restricted	14,632	37,246	9,964	6,956	10,743
Unrestricted	26,750	25,097	20,836	19,608	25,030
<b>Total Business-type Activities Net Position</b>	<b><u>\$ 195,550</u></b>	<b><u>\$ 224,065</u></b>	<b><u>\$ 204,689</u></b>	<b><u>\$ 206,082</u></b>	<b><u>\$ 206,681</u></b>
<b>Primary Government</b>					
Net Investment in Capital Assets	\$ 394,964	\$ 419,607	\$ 441,684	\$ 459,845	\$ 456,862
Restricted	84,073	117,272	86,893	93,710	99,590
Unrestricted	82,472	74,821	72,452	57,037	55,797
<b>Total Primary Government Net Position</b>	<b><u>\$ 561,509</u></b>	<b><u>\$ 611,700</u></b>	<b><u>\$ 601,029</u></b>	<b><u>\$ 610,592</u></b>	<b><u>\$ 612,249</u></b>

(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>2013</u>	<u>2014</u>	<u>2015 (1)</u>	<u>2016</u>	<u>2017</u>
\$ 290,020	\$ 292,320	\$ 303,506	\$ 306,373	\$ 304,605
82,667	72,678	61,254	62,476	57,323
24,747	32,333	(28,753)	(42,266)	(46,513)
<u>\$ 397,434</u>	<u>\$ 397,331</u>	<u>\$ 336,007</u>	<u>\$ 326,583</u>	<u>\$ 315,415</u>
\$ 171,017	\$ 168,614	\$ 171,560	\$ 174,660	\$ 171,817
10,312	10,442	9,597	12,753	17,783
28,386	33,505	37,215	42,892	49,047
<u>\$ 209,715</u>	<u>\$ 212,561</u>	<u>\$ 218,372</u>	<u>\$ 230,305</u>	<u>\$ 238,647</u>
\$ 461,037	\$ 460,934	\$ 475,066	\$ 481,033	\$ 476,422
92,979	83,120	70,851	75,229	75,106
53,133	65,838	8,462	626	2,534
<u>\$ 607,149</u>	<u>\$ 609,892</u>	<u>\$ 554,379</u>	<u>\$ 556,888</u>	<u>\$ 554,062</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				
	2008	2009	2010	2011	2012
<b>Expenses</b>					
Governmental Activities:					
General Government	\$ 24,579	\$ 23,141	\$ 20,142	\$ 18,750	\$ 17,511
Public Safety	75,116	63,261	61,896	59,674	69,359
Physical Environment	1,175	1,731	1,088	1,236	1,114
Transportation	18,872	18,864	22,998	25,265	20,939
Economic Environment	2,549	2,891	5,919	3,828	2,691
Human Services	6,832	6,622	6,159	7,280	10,404
Culture and Recreation	7,711	7,126	5,839	5,557	5,004
Court Operations	7,817	7,165	5,852	5,771	5,609
Interest on Long-term Debt	2,072	2,095	1,887	1,730	1,654
<b>Total Governmental Activities Expenses</b>	<b>146,723</b>	<b>132,896</b>	<b>131,780</b>	<b>129,091</b>	<b>134,285</b>
Business-type Activities:					
Water and Sewer District	25,469	25,669	25,797	25,648	25,976
Aviation Operatoins	1,523	1,664	1,717	2,588	2,232
Waste Management	7,197	9,748	368	6,072	6,040
Building Department	4,350	2,204	1,774	1,710	1,794
Zoning Department	-	991	609	446	378
<b>Total Business-type Activities Expenses</b>	<b>38,539</b>	<b>40,276</b>	<b>30,265</b>	<b>36,464</b>	<b>36,420</b>
<b>Total Primary Government Expenses</b>	<b>\$ 185,262</b>	<b>\$ 173,172</b>	<b>\$ 162,045</b>	<b>\$ 165,555</b>	<b>\$ 170,705</b>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services:					
General Government	\$ 10,550	\$ 11,322	\$ 10,729	\$ 12,696	\$ 12,666
Public Safety	15,757	19,068	16,014	16,153	19,961
Physical Environment	258	615	172	100	630
Transportation	7,292	4,792	4,588	4,460	4,194
Economic Environment	2	12	24	57	2
Human Services	278	236	245	249	238
Culture and Recreation	596	657	655	724	809
Court Operations	6,478	5,145	4,196	4,336	4,399
Operating Grants and Contributions	5,709	4,938	7,027	7,818	3,864
Capital Grants and Contributions	7,695	18,733	11,995	15,538	3,652
<b>Total Government Activities Program Revenues</b>	<b>54,615</b>	<b>65,518</b>	<b>55,645</b>	<b>62,131</b>	<b>50,415</b>
Business-type Activities:					
Charges for Services:					
Water and Sewer District	22,790	22,164	21,941	22,988	24,491
Aviation Operations	1,585	1,726	1,704	1,587	1,558
Waste Management	7,019	7,067	6,867	6,965	7,085
Building Department	2,377	1,482	1,641	1,737	1,921
Zoning Department	-	503	302	319	274
Operating Grants and Contributions	48	36	38	584	85
Capital Grants and Contributions	5,282	3,554	1,315	2,300	2,409
<b>Total Business-type Activities Program Revenues</b>	<b>39,101</b>	<b>36,532</b>	<b>33,808</b>	<b>36,480</b>	<b>37,823</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 93,716</b>	<b>\$ 102,050</b>	<b>\$ 89,453</b>	<b>\$ 98,611</b>	<b>\$ 88,238</b>

(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.

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$	20,629	\$ 21,044	\$ 22,134	\$ 24,583	\$ 26,219
	69,196	74,079	74,105	86,582	92,685
	1,316	988	1,195	1,230	1,304
	19,119	19,983	20,187	23,236	24,465
	2,377	1,689	2,355	3,095	3,487
	8,819	10,009	8,762	7,275	7,504
	5,326	5,173	5,146	5,714	5,712
	6,140	6,656	6,868	6,773	7,163
	1,224	1,144	1,062	1,038	1,074
	<u>134,146</u>	<u>140,765</u>	<u>141,814</u>	<u>159,526</u>	<u>169,613</u>
	25,147	25,505	25,882	27,673	30,933
	2,561	2,914	2,242	2,567	2,233
	6,902	6,918	3,348	6,447	7,594
	1,724	1,990	2,218	2,786	2,807
	350	359	-	-	-
	36,684	37,686	33,690	39,473	43,567
\$	<u>170,830</u>	<u>178,451</u>	<u>175,504</u>	<u>198,999</u>	<u>213,180</u>

\$	10,116	\$ 13,730	\$ 14,238	\$ 12,050	\$ 12,419
	18,180	27,931	29,063	31,168	31,312
	79	306	214	345	865
	4,327	3,165	4,856	5,398	5,692
	115	54	96	-	66
	231	245	229	250	231
	811	851	833	915	1,037
	4,978	5,120	5,059	4,832	4,848
	4,528	2,408	5,033	4,935	5,993
	4,323	1,887	3,006	1,777	4,728
	<u>47,688</u>	<u>55,697</u>	<u>62,627</u>	<u>61,670</u>	<u>67,191</u>

	25,275	26,568	28,569	31,032	33,832
	1,878	1,629	1,607	1,806	1,701
	7,331	7,420	7,668	7,653	7,803
	1,792	1,900	2,602	2,970	2,915
	247	320	-	-	-
	75	245	294	94	110
	2,036	1,549	2,531	5,306	4,469
	38,634	39,631	43,271	48,861	50,830
\$	<u>86,322</u>	<u>95,328</u>	<u>105,898</u>	<u>110,531</u>	<u>118,021</u>

**Hernando County, Florida**  
**Changes in Net Position (Continued)**

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

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (92,108)	\$ (67,378)	\$ (76,135)	\$ (66,960)	\$ (83,870)
Business-type Activities	562	(3,744)	3,543	15	1,404
Total Primary Government Net Expense	<u>\$ (91,546)</u>	<u>\$ (71,122)</u>	<u>\$ (72,592)</u>	<u>\$ (66,945)</u>	<u>\$ (82,466)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities:					
Taxes					
Property Taxes	\$ 85,150	\$ 67,314	\$ 61,237	\$ 52,091	\$ 56,605
Fuel Taxes	6,952	6,573	6,696	7,112	6,216
Sales Taxes	7,631	7,098	7,154	7,817	7,367
Other Taxes	1,927	2,155	1,892	1,946	1,768
State Shared Revenue	3,967	3,592	3,611	3,758	4,013
Investment Earnings	8,371	5,599	2,449	1,297	2,209
Miscellaneous	282	1,113	1,532	941	1,787
Gain on Sale of Capital Assets	-	-	354	47	-
Extraordinary Item	3,695	-	-	-	-
Transfers	(56)	(3,663)	(85)	121	(77)
Total Governmental Activities	<u>117,919</u>	<u>89,781</u>	<u>84,840</u>	<u>75,130</u>	<u>79,888</u>
Business-type Activities:					
Investment Earnings	3,294	1,976	846	382	664
Gain on Sale of Capital Assets	6	12	4	1	(1,091)
Miscellaneous	1,834	1,510	1,242	1,116	(454)
Transfers	56	3,664	85	(121)	77
Total Business-type Activities	<u>5,190</u>	<u>7,162</u>	<u>2,177</u>	<u>1,378</u>	<u>(804)</u>
Total Primary Government	<u>\$ 123,109</u>	<u>\$ 96,943</u>	<u>\$ 87,017</u>	<u>\$ 76,508</u>	<u>\$ 79,084</u>
<b>Change in Net Position</b>					
Governmental Activities	\$ 25,811	\$ 22,403	\$ 8,705	\$ 8,170	\$ (3,981)
Business-type Activities	5,752	3,418	5,720	1,393	600
Total Primary Government	<u>\$ 31,563</u>	<u>\$ 25,821</u>	<u>\$ 14,425</u>	<u>\$ 9,563</u>	<u>\$ (3,381)</u>

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ (85,068)	\$ (79,187)	\$ (104,569)	\$ (97,856)	\$ (102,422)
1,945	9,581	3,988	9,388	7,264
<u>\$ (83,123)</u>	<u>\$ (69,606)</u>	<u>\$ (100,581)</u>	<u>\$ (88,468)</u>	<u>\$ (95,158)</u>
\$ 57,141	\$ 59,178	\$ 58,984	\$ 61,572	\$ 62,915
6,058	6,089	6,242	8,146	8,722
7,638	8,029	8,697	9,100	9,337
1,804	1,667	2,530	2,560	2,597
4,227	4,428	4,756	4,889	5,102
73	1,475	1,671	1,437	562
1,460	4,351	1,274	1,378	1,597
-	28	221	349	205
-	-	-	-	-
(76)	(18)	610	(998)	217
<u>78,325</u>	<u>85,227</u>	<u>84,985</u>	<u>88,433</u>	<u>91,254</u>
31	605	743	701	348
116	50	46	28	(11)
860	900	864	818	958
76	18	(610)	998	(217)
<u>1,083</u>	<u>1,573</u>	<u>1,043</u>	<u>2,545</u>	<u>1,078</u>
<u>\$ 79,408</u>	<u>\$ 86,800</u>	<u>\$ 86,028</u>	<u>\$ 90,978</u>	<u>\$ 92,332</u>
\$ (6,743)	\$ 6,040	\$ (19,584)	\$ (9,423)	\$ (11,168)
3,028	11,154	5,031	11,933	8,342
<u>\$ (3,715)</u>	<u>\$ 17,194</u>	<u>\$ (14,553)</u>	<u>\$ 2,510</u>	<u>\$ (2,826)</u>



Schedule 3

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

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

	Fiscal Year								
	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund									
Reserved	\$ 670	\$ 687	\$ 206	\$ 215	\$ 187	\$ 145	\$ 46	\$ 829	\$ 4,570
Unreserved	36,750	30,054	4,435	3,630	2,783	981	312	142	341
Total General Fund	<u>\$ 37,420</u>	<u>\$ 30,741</u>	<u>\$ 28,169</u>	<u>\$ 24,276</u>	<u>\$ 26,663</u>	<u>\$ 18,737</u>	<u>\$ 22,916</u>	<u>\$ 23,337</u>	<u>\$ 22,674</u>
All other Governmental Funds									
Reserved	\$ 1,946	\$ 10,982							
Unreserved, reported in:									
Special Revenue Funds	81,675	79,719							
Capital Projects Funds	9,144	13,630							
Total all other Governmental Funds	<u>\$ 92,765</u>	<u>\$ 104,331</u>							
All other Governmental Funds									
Nonspendable	\$ 58	\$ 56	\$ 58	\$ 56	\$ 674	\$ 574	\$ 78	\$ 65	\$ 57
Restricted	80,134	81,256	80,134	81,256	83,527	79,282	69,625	59,257	59,914
Committed	1,184	925	1,184	925	965	966	1,017	1,140	1,247
Assigned	22,933	18,598	22,933	18,598	7,410	7,473	9,220	10,164	8,104
Unassigned	-	-	-	-	-	-	-	-	-
Total all other Governmental Funds	<u>\$ 104,309</u>	<u>\$ 100,835</u>	<u>\$ 104,309</u>	<u>\$ 100,835</u>	<u>\$ 92,576</u>	<u>\$ 88,295</u>	<u>\$ 79,940</u>	<u>\$ 70,626</u>	<u>\$ 69,322</u>

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



Schedule 4

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

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

	<b>Fiscal Year</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Revenue</b>										
Taxes	\$ 94,029	\$ 76,043	\$ 69,826	\$ 60,486	\$ 64,669	\$ 65,009	\$ 66,892	\$ 67,733	\$ 72,115	\$ 74,178
Licenses and Permits	120	104	109	97	157	62	60	390	446	504
Intergovernmental	21,889	26,752	34,852	29,968	24,855	24,149	20,716	23,624	23,916	27,279
Charges for Services	22,911	19,741	15,015	14,476	18,020	18,276	21,034	28,395	26,403	25,585
Fines and Forfeitures	2,378	3,940	996	635	974	1,060	1,692	1,621	1,543	1,540
Special Assessments	11,225	11,248	11,269	11,302	11,388	11,348	19,155	19,140	20,404	21,479
Impact Fees	5,995	3,050	478	783	146	(6)	422	892	1,299	2,733
Interest	8,030	5,278	2,296	1,204	2,012	99	1,334	1,460	1,281	486
Miscellaneous	1,927	1,824	1,950	4,832	5,646	2,513	8,535	2,552	2,553	2,428
Total Revenues	<u>\$ 168,504</u>	<u>\$ 147,980</u>	<u>\$ 136,791</u>	<u>\$ 123,783</u>	<u>\$ 127,867</u>	<u>\$ 122,510</u>	<u>\$ 139,840</u>	<u>\$ 145,807</u>	<u>\$ 149,960</u>	<u>\$ 156,212</u>
<b>Expenditures</b>										
Current										
General Government	\$ 22,552	\$ 20,624	\$ 18,264	\$ 16,905	\$ 15,891	\$ 18,563	\$ 18,516	\$ 20,258	\$ 21,271	\$ 21,946
Public Safety	71,908	60,334	60,096	58,051	67,047	67,047	70,449	75,963	78,707	81,327
Physical Environment	1,097	1,643	1,004	1,148	1,057	1,140	966	1,131	1,094	1,144
Transportation	14,837	14,547	13,374	13,112	12,666	13,037	13,500	13,584	14,932	15,720
Economic Environment	2,516	2,838	5,881	3,799	2,646	2,350	1,639	2,298	3,031	3,415
Human Services	5,448	5,234	4,757	5,882	9,054	7,402	8,538	7,043	5,520	5,710
Culture and Recreation	6,774	6,326	5,004	4,749	4,228	4,500	4,316	4,615	4,758	4,852
Court Operations	7,732	7,084	5,756	5,602	5,461	6,034	6,525	6,708	6,585	6,952
Debt Service										
Principal	3,058	3,209	3,376	3,141	3,204	3,319	3,085	2,888	3,854	4,075
Interest and Fiscal Charges	2,047	2,040	2,037	1,691	1,627	963	1,078	990	978	975
Capital Outlay	18,626	16,240	20,042	17,602	15,095	14,227	15,663	19,297	13,475	12,268
Total Expenditures	<u>\$ 156,595</u>	<u>\$ 140,119</u>	<u>\$ 139,591</u>	<u>\$ 131,682</u>	<u>\$ 137,976</u>	<u>\$ 138,582</u>	<u>\$ 144,275</u>	<u>\$ 154,775</u>	<u>\$ 154,205</u>	<u>\$ 158,384</u>
<b>Excess of Revenues</b>										
<b>Over (Under) Expenditures</b>	11,909	7,861	(2,800)	(7,899)	(10,109)	(16,072)	(4,435)	(8,968)	(4,245)	(2,172)

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)

	<b>Fiscal Year</b>									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Other Financing Sources (Uses)</b>										
Transfers In	13,489	17,351	12,226	6,488	12,851	10,276	6,812	6,046	10,989	14,063
Transfers Out	(12,637)	(20,922)	(12,152)	(6,256)	(12,964)	(10,889)	(8,266)	(7,834)	(9,469)	(15,061)
Additions to Long-Term Debt	996	1,323	50	299	196	29,786	1,713	1,864	757	2,368
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>1,848</u>	<u>(2,248)</u>	<u>207</u>	<u>531</u>	<u>83</u>	<u>3,865</u>	<u>259</u>	<u>76</u>	<u>2,277</u>	<u>1,370</u>
<b>Net Change in Fund Balances</b>	<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>	<u>(1,968)</u>	<u>(802)</u>
 Debt Service as a Percentage of Noncapital Expenditures										
	3.7%	4.2%	4.3%	4.0%	3.8%	3.4%	3.2%	2.9%	3.4%	3.5%



Schedule 5

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

Last Ten Fiscal Years  
(dollars expressed in thousands)

<b>Fiscal Year</b>	<b>Local Government Half-Cent Sales Tax</b>	<b>State Revenue Sharing Proceeds</b>	<b>Constitutional Fuel Tax</b>	<b>County Fuel Tax</b>	<b>Local Option 1 - 6 cents</b>	<b>State Housing Initiative Partnership</b>
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	-
2013	7,608	3,838	1,657	731	4,136	428
2014	8,000	4,063	1,701	734	4,143	-
2015	8,647	4,392	1,724	756	4,257	864
2016	9,099	4,519	1,780	787	4,571	878
2017	9,306	4,735	1,836	808	4,594	1,167

(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)		
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
2016	11,208,262	1,703,765	10,044,161	1,703,015	3,473,220	596,852	6,570,941	1,106,163	8,326	7,685,431	8.5942
2017	12,247,949	1,834,656	10,572,795	1,766,495	3,555,440	600,848	7,017,354	1,165,647	7,483	8,190,484	8.9692

- (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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>DIRECT RATES (a)</b>										
<b>Countywide</b>										
Hernando County Government:										
General Fund	5.4394	5.4394	5.4394	5.6279	5.9169	6.8669	6.9912	6.9912	6.9912	6.8912
Special Revenue										
Transportation Trust Fund	0.7091	0.7091	0.7091	0.7091	0.7091	0.7091	0.7091	0.7091	0.7091	0.7091
Health Department	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102
Sensitive Lands Fund (voted)	0.0844	0.0844	0.0844	-	-	-	-	-	-	-
Total Countywide	<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>	<u>7.8105</u>	<u>7.7105</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>
<b>Other</b>										
Hernando County Government:										
Municipal Services Taxing Units										
Stormwater Management Program	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139
Emergency Medical Services	0.5598	0.5598	0.5598	0.5598	0.5598	0.5534	0.5534	0.6700	0.6700	0.6700
Fire Services	-	-	-	-	-	-	-	-	-	0.5000
Mosquito Control	-	-	-	0.0844	0.0844	0.1000	-	-	-	-
Spring Hill Fire and Rescue (e)	2.2686	2.2686	2.5000	2.5000	2.5000	-	-	-	-	-
Total	<u>2.9423</u>	<u>2.9423</u>	<u>3.1737</u>	<u>3.2581</u>	<u>3.2581</u>	<u>0.7673</u>	<u>0.6673</u>	<u>0.7839</u>	<u>0.7839</u>	<u>1.2839</u>
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>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>	<u>8.5942</u>	<u>8.9692</u>
<b>OVERLAPPING RATES (d)</b>										
<b>Countywide</b>										
School Board	7.7790	7.4790	0.7417	7.5080	7.4540	7.2800	7.1670	7.1960	6.8690	6.6190
Southwest Florida Water Management District	0.3866	0.3866	0.3770	0.3928	0.3928	0.3818	0.3658	0.3488	0.3317	0.3131
<b>Not Countywide</b>										
Municipalities										
City of Brooksville	6.0690	6.0690	6.3700	6.3700	6.3700	6.7317	6.6962	6.6439	6.6426	6.9763
City of Weeki Wachee	2.1173	2.5769	2.6587	2.7838	2.7137	2.7654	2.6237	2.7622	2.8478	2.8470
Southwest Florida Water Management District										
Withlacoochee Basin	0.2308	0.2308	0.2380	-	-	-	-	-	-	-
Coastal Basin	0.1885	0.1885	0.1885	-	-	-	-	-	-	-

- (a) Direct rates support the ad valorem revenue base for County Government operations.
- (b) Section 200.071, Florida Statutes, a county may not levy in excess of 10 mills, except for voted levies and for services or facilities provided through a municipal services taxing unit (MSTU).
- (c) Total Direct Tax Rate is the weighted average of the direct rates in each area.
- (d) Overlapping rates are those rates levied by other local governments who overlap Hernando County's geographic area. Not all rates apply to all Hernando County residents; for example, each incorporated municipality within the County also taxes its respective residents.
- (e) On June 11, 2009, a Special Act of the Legislature was passed changing the Spring Hill Fire And Rescue's status to independent of the County and subsequently was dissolved becoming dependent on the County on October 1, 2011.
- (f) Data represents the millages used to approve the budget, and calculate taxes to support the following year, but are based on the tax roll which began on January 1 for reflected year.

Source: Hernando County Property Appraiser

**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	2017			2007		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Cemex, Inc.	Cement Manufacturing	\$ 281,122	1	3.43%	\$ 59,045	6	0.50%
Withlacoochee River Electric Co-op	Electric Utility	201,310	2	2.46%	132,551	1	1.16%
Florida Power Development, LLC	Electric Utility	161,708	3	1.97%			
Wal-Mart Stores, Inc.	Retail Sales, Distribution	100,219	4	1.22%	121,023	2	1.06%
Duke Energy (formerly Progress Energy)	Electric Utility	90,360	5	1.10%	36,247	8	0.32%
HCA Health Services of Florida, Inc.	Hospital/Health Care	54,551	6	0.57%	61,908	5	0.54%
Florida Gas Transmissions	Utility	47,880	7	0.58%			
MIC SCV LLC	Apartments	38,388	8	0.47%			
Bright House Networks	Cable Utility	37,335	9	0.46%	30,804	9	0.27%
AT&T Telecommunications	Telecommunications	31,475	10	0.38%	65,000	4	0.57%
Florida Crushed Stone Corporation	Rock Mining				70,589	3	0.62%
Hampton Ridge Development	Real Estate				47,680	7	0.42%
BDC Investors	Real Estate				26,602	10	0.23%
Totals		<u>\$ 1,044,348</u>		<u>12.75%</u>	<u>\$ 651,449</u>		<u>5.69%</u>

Source: Hernando County Property Appraiser

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

Last Ten Fiscal Years  
(dollars expressed in thousands)

Fiscal Year Ended September 30	Certified Taxes Levied for the Fiscal Year (a) (d)	Certificates of Correction by Property Appraiser	Adjusted Taxes Levied for the Fiscal Year (a)	Collected Within the Fiscal year of the Levy (b)			Prior Year Taxes Collected (c)	Total Taxes Collected	
				Levied Collections	Discounts/Penalties	Adjusted Collections		Percentage Collected	Amount
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
2016	88,933	(112)	88,821	88,485	(2,778)	85,707	403	86,110	96.95
2017	92,969	161	93,130	91,320	(2,890)	88,430	451	88,881	95.44

- (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, 2016 through March 31, 2017 are reflected as levied for the Fiscal Year Ended September 30, 2017. Tax Certificates for unpaid taxes and assessments for that year will be sold no later than June 1, 2018.
- (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			
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	2.04%	583
2015	5,209	31,665	54	38,337	-	40,540	115,805	2.13%	655
2016	3,964	29,852	-	35,949	-	57,739	127,504	1.97%	712
2017	2,691	29,416	-	33,465	-	57,955	123,527	-	679

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>
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
2016	3,964	22	3,942	0.05%	22
2017	2,691	24	2,667	0.03%	15

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

- (a) Bonds are shown net of related deferred gains or losses on bond refundings and net of related unamortized bond issue premiums or discounts.
- (b) Taxable Value information can be found on Schedule 6, Schedule of Fair Market, Assessed Value and Taxable Value of Property for property value data.
- (c) Population data can be found on Schedule 14, Schedule of Demographic and Economic Statistics.

**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>
<b>COUNTY BOARD:</b>				
Non-revolving line of credit draws	\$ -	\$ 9,480,616	\$ 9,480,616	5.79%
Non-Ad Valorem Refunding Revenue Note, Series 2012	-	20,932,000	20,932,000	12.78%
Capital Improvement and Refunding Revenue Bonds, Series 2004	-	-	-	0.00%
Non-Ad Valorem Refunding Revenue Bonds, Series 2010	-	<u>2,680,000</u>	<u>2,680,000</u>	1.64%
Subtotal Direct Debt \$	-	\$ <u>33,092,616</u>	\$ <u>33,092,616</u>	20.21%
<b>SCHOOL BOARD: (1)</b>				
State Board of Education Bonds, Series 2009A Refunding	-	65,000	65,000	0.04%
State Board of Education Bonds, Series 2010A	-	1,090,000	1,090,000	0.67%
State Board of Education Bonds, Series 2011A Refunding	-	255,000	255,000	0.16%
State Board of Education Bonds, Series 2014A Refunding	-	421,000	421,000	0.26%
State Board of Education Bonds, Series 2014B Refunding	-	526,000	526,000	0.32%
Bonds Payable-Unamortized Premium		250,978	250,978	0.15%
Certificates of Participation, Series 2013A	-	18,027,516	18,027,516	11.01%
Certificates of Participation, Series 2016A	-	90,645,000	90,645,000	55.35%
Unamortized Premium		10,975,918	10,975,918	6.70%
Capital Improvement bonds, Series 2001	-	2,140,000	2,140,000	1.31%
Notes Payable	-	3,598,654	3,598,654	2.20%
<b>CITY OF BROOKSVILLE:</b>				
General Fund Promissory Note	199,980	-	199,980	0.12%
USDA Loan	-	143,000	143,000	0.09%
Florida Capital Improvement Revenue Note, Series 2011	-	<u>2,348,308</u>	<u>2,348,308</u>	1.43%
Subtotal Overlapping Debt \$	<u>199,980</u>	\$ <u>130,486,374</u>	\$ <u>130,686,354</u>	79.81%
Total Direct and Overlapping Debt \$	<u>199,980</u>	\$ <u>163,578,990</u>	\$ <u>163,778,970</u>	100.02%

(1) Outstanding debt obligations for Hernando County School Board at June 30, 2017.

The percentage of the overlap is calculated as follows:

<u>Total Overlapping Debt</u>
<u>Total Direct and Overlapping Debt</u>

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	
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
2016	9,099	-	9,099	905	48	953	9.55
2017	9,306	-	9,306	935	16	951	9.79

- (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 Eight Fiscal Years  
(dollars expressed in thousands)

Fiscal Year Ended September 30	Gross Revenues (a)	Expenditures (b)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	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
2016	34,711	-	34,711	1,935	720	2,655	13.07
2017	34,003	-	34,003	1,986	667	2,653	12.82

- (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.

**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 Revenues(a)	Expenses (b)	Net Revenue Available for Debt Service	Connection Fees	Pledged Funds(c)	Debt Service Requirements			Coverage
						Principal	Interest	Total	
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	2.31
2013	25,623	15,026	10,597	794	11,391	2,125	1,916	4,041	2.82
2014	27,270	15,617	11,653	1,379	13,032	2,015	1,525	3,540	3.68
2015	29,089	16,062	13,027	1,384	14,411	2,150	1,652	3,802	3.79
2016	31,925	17,805	14,120	2,178	16,298	2,210	1,590	3,800	4.29
2017	34,461	17,863	16,598	2,113	18,711	2,305	1,507	3,812	4.91

- (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 (g)	Personal Income Per Capita (f)	Total Personal Income (in thousands) (c)(f)	Median Age (c)	Citizens With a Bachelors Degree(h)	Public School Enrollment (d)	Unemployment Rate (e)
	City of Brooksville	City of Weeki Wachee	Unincorporated Hernando County	Total							
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	7,780	5	169,034	176,819	72,951	33,666	6,007,249	48.0	15.5%	21,421	6.5%
2016	8,006	5	171,492	179,503	73,402	34,413	6,259,105	48.4	15.7%	21,613	6.2%
2017	8074	9	173,799	181,882	75,883	-	-	49.0	16.0%	22,153	4.3%

(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: 2012-2016 American Community Survey 5-Year Estimates

(d) Source: Hernando County School Board (Not Including Charter School Enrollment)

(e) Source: Florida Department of Economic Opportunity, September annually (not seasonally adjusted)

(f) Florida Legislature, Office of Economic and Demographic Research, December 2017 (2016 Income)

(g) 2017 Bureau of Economic and Business Research Household Data on Total Number of Households

(h) 2012-2016 American Community Survey 5-Year Estimates

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

Latest Fiscal Year compared to the Nine Prior Fiscal Years

Employer	Type of Operation	2017			2016			2015		
		Employees	%	Rank	Employees	%	Rank	Employees	%	Rank
Oak Hill Hospital	Healthcare	2,036	3.20	1	2,036	3.20	1	1,156	1.84	2
Walmart Distribution Center	Distribution Center	1,020	1.60	2	1,020	1.60	3	1,200	1.91	1
Bayfront Regional Healthcare	Healthcare	1,032	1.62	3	1,032	1.62	2	965	1.53	3
HealthSouth	Healthcare	355	0.56	4	355	0.56	4	288	0.46	4
Accuform Signs Inc	Manufacturer	280	0.44	5	280	0.44	5	290	0.46	5
Cemex (formerly Rinker Materials/FCS)	Manufacturer	250	0.39	6	250	0.39	6	240	0.38	6
HPH Hospice	Healthcare	221	0.35	7	221	0.35	7	119	0.19	8
Sparton Electronics	Manufacturer	219	0.34	8	219	0.34	8	200	0.32	7
Sun Trust Bank	Service	110	0.17	9	110	0.17	9	85	0.14	9
Withlacoochee River Electric Coop	Utility	80	0.13	10	80	0.13	10	79	0.13	10
Evergreen Woods	Healthcare	-	-	-	-	-	-	-	-	-
Alumi Guard	Manufacturer	-	-	-	-	-	-	-	-	-
Commercial Carrier Corp	Trucking	-	-	-	-	-	-	-	-	-
Cemex	Manufacturer	-	-	-	-	-	-	-	-	-
Totals		<u>5,603</u>	<u>8.80</u> %		<u>5,603</u>	<u>8.80</u> %		<u>4,622</u>	<u>7.36</u> %	
Total Employment		<u>63,869</u>			<u>63,720</u>			<u>62,873</u>		

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



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

Latest Fiscal Year compared to the Nine Prior Fiscal Years

Employer	Type of Operation	2014			2013			2012		
		Employees	%	Rank	Employees	%	Rank	Employees	%	Rank
Oak Hill Hospital	Healthcare	1,136	1.93	1	1,089	1.71	1	1,070	1.70	1
Walmart Distribution Center	Distribution Center	1,020	1.73	2	1,020	1.60	2	1,008	1.60	3
Bayfront Regional Healthcare	Healthcare	965	1.64	3	913	1.44	3	1,018	1.62	2
HealthSouth	Healthcare	288	0.49	4	355	0.56	4	272	0.43	6
Accuform Signs Inc	Manufacturer	274	0.47	5	280	0.44	5	280	0.45	5
Cemex (formerly Rinker Materials/FCS)	Manufacturer	240	0.41	6	250	0.39	6	288	0.46	4
HPH Hospice	Healthcare	181	0.31	8	221	0.35	7	221	0.35	7
Sparton Electronics	Manufacturer	215	0.37	7	219	0.34	8	180	0.29	8
Sun Trust Bank	Service	85	0.14	9	110	0.17	9	105	0.17	10
Withlacoochee River Electric Coop	Utility	80	0.14	10	80	0.13	10	-	-	-
Evergreen Woods	Healthcare	-	-	-	-	-	-	130	0.21	9
Alumi Guard	Manufacturer	-	-	-	-	-	-	-	-	-
Commercial Carrier Corp	Trucking	-	-	-	-	-	-	-	-	-
Cemex	Manufacturer	-	-	-	-	-	-	-	-	-
Totals		<u>4,484</u>	<u>7.63</u> %		<u>4,537</u>	<u>7.13</u> %		<u>4,572</u>	<u>7.28</u> %	
Total Employment		<u>58,867</u>			<u>63,581</u>			<u>62,895</u>		

(a) Percentages shown represent the number of employees as

Source: Hernando County Office of Business Development.

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

Latest Fiscal Year compared to the Nine Prior Fiscal Years

Employer	Type of Operation	2011			2010			2009			2008		
		Employees	%	Rank	Employees	%	Rank	Employees	%	Rank	Employees	%	Rank
Oak Hill Hospital	Healthcare	950	1.51	2	947	1.49	2	900	1.43	1	900	1.40	2
Walmart Distribution Center	Distribution Center	900	1.43	3	1,200	1.89	1	900	1.43	1	1,044	1.62	1
Bayfront Regional Healthcare	Healthcare	1,032	1.64	1	1,032	1.62	3	763	1.22	3	763	1.19	3
HealthSouth	Healthcare	125	0.20	9	125	0.20	9	-	-	-	-	-	-
Accuform Signs Inc	Manufacturer	247	0.39	5	245	0.39	5	245	0.39	5	245	0.38	6
Cemex (formerly Rinker Materials/FCS)	Manufacturer	288	0.46	4	264	0.42	4	300	0.48	4	300	0.47	5
HPH Hospice	Healthcare	170	0.27	6	207	0.33		-	-	-	-	-	-
Sparton Electronics	Manufacturer	159	0.25	7	225	0.35	6	225	0.36	6	325	0.51	4
Sun Trust Bank	Service	105	0.17	10	135	0.21	8	113	0.18	8	113	0.18	8
Withlacoochee River Electric Coop	Utility	77	0.12		100	0.16	10	-	-	-	-	-	-
Evergreen Woods	Healthcare	135	0.21	8	160	0.25	7	140	0.22	7	140	0.22	7
Alumi Guard	Manufacturer	-	-	-	-	-	-	100	0.16	9	100	0.16	9
Commercial Carrier Corp	Trucking	-	-	-	-	-	-	100	0.16	9	100	0.16	9
Cemex	Manufacturer	-	-	-	-	-	-	-	-	-	-	-	-
Totals		<u>4,188</u>	<u>6.65</u> %		<u>4,640</u>	<u>7.31</u> %		<u>3,786</u>	<u>6.03</u> %		<u>4,030</u>	<u>6.29</u> %	
Total Employment		<u>62,895</u>			<u>63,511</u>			<u>62,747</u>			<u>64,355</u>		

(a) Percentages shown represent the number of employees as

Source: Hernando County Office of Business Development.

**Hernando County, Florida**  
**County Government Employees by Function/Program**

Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2008	2009 (b)	2010	2011	2012 (b)
Governmental Activities:					
General Government	297	271	238	243	227
Public Safety	507	362	368	471	566
Physical Environment	10	7	7	5	7
Transportation	97	99	99	79	91
Economic Environment	8	8	8	7	7
Human Services	35	32	25	20	21
Culture and Recreation	95	93	72	62	65
Courts	84	74	77	78	79
Business-type Activities:					
Airport	5	5	5	5	5
Water and Wastewater	167	164	154	149	147
Business Development	43	34	31	29	28
Solid Waste	55	52	28	28	29
<b>Total</b>	<b>1,403</b>	<b>1,201</b>	<b>1,112</b>	<b>1,176</b>	<b>1,272</b>

(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>2013 (c)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
221	227	225	237	244
750	773	776	782	782
6	7	7	8	8
91	92	93	92	96
7	7	8	10	10
21	21	20	19	21
65	66	63	63	70
84	88	85	78	83
5	5	4	4	4
142	139	134	132	131
26	28	27	27	31
<u>29</u>	<u>28</u>	<u>33</u>	<u>32</u>	<u>32</u>
1,447	1,481	1,475	1,484	1,512

**Hernando County, Florida**  
**Operating Indicators by Function**

Last Ten Fiscal Years

Function	Fiscal Year				
	2008	2009	2010	2011	2012
<b>General Government</b>					
Number of programs broadcast	310	299	207	212	208
Number of employee records managed	1,091	785	683	645	859
<b>Public Safety</b>					
Total incidents responded to (HCFR)	13,895	14,234	14,020	14,076	22,868
Number of emergency citizen volunteers	656	655	750	838	825
Number of building permits issued	11,210	9,194	10,074	11,316	11,904
<b>Physical Environment</b>					
Extension Classes/programs	40,993	30,480	27,015	20,055	17,863
<b>Transportation</b>					
Number of signals maintained	88	83	86	80	88
Number of lane miles of roads re-surfaced	129	61	199	70	64
<b>Economic Environment</b>					
Number of successful business projects	48	16	9	7	8
Number of veteran clients served	33,590	32,719	21,955	6,681	23,540
<b>Human Services</b>					
Animals impounded	6,659	5,773	5,117	4,256	3,578
Number of human service requests processed	19,723	25,513	27,043	13,256	23,540
<b>Culture and Recreation</b>					
Registered library card holders	84,579	86,204	93,685	85,284	90,623
Number of participants in the County Recreation programs	21,445	20,563	21,115	19,485	19,185
<b>Court Operations</b>					
Number of judicial cases managed	52,168	55,476	60,109	57,394	65,520
<b>Water and Sewer</b>					
Water consumption in millions of gallons a day	22.9	19.5	15.6	18.9	18.4
Average number of water accounts	57,667	57,378	60,966	61,260	61,363
Number of meter reads	719,043	688,536	749,652	752,244	736,400
<b>Aviation Operations</b>					
Number of airport & industrial park leases	146	145	178	173	140
<b>Waste Management</b>					
Total tons landfilled	119,599	105,697	77,770	99,346	104,281
Tons of Convenience Center Waste Collected	5,975	7,244	7,012	7,681	15,701
Tons of recyclables collected & processed	5,905	5,497	5,264	5,638	4,881

Source: Various County Departments.

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
208	206	190	196	288
745	772	771	782	795
27,222	26,254	28,951	30,496	31,704
903	982	1,009	1,440	1,440
10,492	11,104	12,048	12,525	12,370
30,480	20,172	29,730	32,267	30,770
88	88	85	85	86
32	36	42	39	8
7	9	8	8	3
6,857	6,918	7,916	8,909	6,141
3,095	2,923	2,950	2,725	3,143
8,288	9,099	10,789	6,285	9,558
97,642	102,910	109,366	116,994	122,503
13,799	17,955	20,045	22,049	24,790
63,060	64,290	53,796	51,869	66,156
17.1	16.8	16.7	17.7	18.8
56,975	57,376	58,251	58,281	59,952
737,748	740,748	719,986	751,440	773,101
140	141	138	133	173
103,733	114,370	117,230	122,259	127,047
7,317	6,161	6,945	7,814	7,968
4,910	11,976	11,839	11,685	10,815

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

Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2008	2009	2010	2011	2012
General Government					
Number of buildings	174	169	169	172	151
Fleet Vehicles	453	434	405	395	370
Public Safety					
Sheriff's patrol vehicles:	343	346	341	343	336
Radio Towers	3	5	5	5	5
Transportation					
Lane miles	2,332	2,345	2,364	2,371	2,380
Culture and Recreation					
Park acreage - developed	310	310	323	323	323
Park acreage - undeveloped	1,230	1,230	1,206	1,206	1,206
Trails-Jogging/Exercise/Nature	30	30	30	30	30
Playgrounds	14	14	14	14	14
Boat ramps (lanes)	16	16	16	16	16
Picnic shelters	189	189	189	189	189
Number of libraries/branches	6	6	6	6	6
Aviation Operations					
Number of runways	2	2	2	2	2
Runways in linear feet	12,000	12,000	12,000	12,000	12,000
Land (acres)	2,400	2,400	2,400	2,400	2,400
Waste Management					
Volume developed for landfill use (million cubic yards)	3,189,269	3,337,115	6,601,544	6,601,544	6,601,544
Remaining available landfill capacity (cubic yards)	692,408	298,940	3,547,487	3,346,936	3,255,100
Water					
Trans & dist lines (miles)	1,050	1,232	1,232	1,247	1,232
Maximum daily storage capacity (million gallons)	10.25	17.72	15.58	19.46	20.90
Number of meters in service	57,730	57,089	58,455	59,131	56,805
Sewer					
Number of pumping or lift stations	298	298	300	297	298
Collection & Trans lines (miles)	421	465	465	486	486
Reclaimed water trans & dist lines (miles)	0.38	2.90	2.00	4.30	4.30
Number of manholes	6,462	6,732	6,732	6,946	6,945

(a) Source: Various County Departments.

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
156	160	165	169	177
403	423	403	378	392
336	324	325	336	348
5	5	5	4	4
2,393	2,407	2,457	2,492	2,516
323	340	340	340	340
1,206	1,206	1,206	1,206	1,206
30	30	30	30	30
14	14	14	14	13
16	16	16	16	8
189	190	190	190	190
6	5	5	4	4
2	2	2	2	2
12,000	12,000	12,000	12,000	12,000
2,400	2,400	2,400	2,400	2,400
6,601,544	6,601,544	6,601,544	6,601,544	6,601,544
2,941,953	2,704,818	2,452,353	2,435,065	2,059,982
1,232	1,232	1,232	1,232	1,709
20.90	19.08	19.08	19.78	19.78
56,805	57,376	58,251	58,281	59,952
298	301	301	301	307
486	501	501	513	515
4.30	4.30	4.30	4.30	4.30
6,945	6,952	7,106	7,165	7,200





## **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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 20, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Certified Public Accountants**

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

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

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS  
(Concluded)**

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Durvis, Gray and Company, LLP*

March 20, 2018  
Sarasota, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND CHAPTER 10.550,  
*RULES OF THE AUDITOR GENERAL***

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

**Report on Compliance for Each Major Federal Program/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) *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, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal and state awards 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*. Those standards, Chapter 10.550, *Rules of the Auditor General*, and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether 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.

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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 UNIFORM GUIDANCE 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, 2017.

**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 Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, 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 Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



March 20, 2018  
Sarasota, Florida



**HERNANDO COUNTY, FLORIDA**  
**Schedule of Federal Awards and State Financial Assistance**  
**Year Ended September 30, 2017**

Federal/State/Pass Through Grantor Grant Program Name	CFDA / CSFA #	Grant ID	Expenditures
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Pass Through FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY Community Development Block Grant (CDBG)	14.228	17DB-OL-05-37-01-H 07	\$ 29
<i>Total DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</i>			<u>\$ 29</u>
<b>DEPARTMENT OF THE INTERIOR</b>			
Direct FISH & WILDLIFE SERVICE Refuge Revenue Sharing	15.659	--	\$ 15,250
<i>Total DEPARTMENT OF THE INTERIOR</i>			<u>\$ 15,250</u>
<b>DEPARTMENT OF JUSTICE</b>			
Pass Through FLORIDA OFFICE OF ATTORNEY GENERAL Crime Victim Assistance (VOCA)	16.575	#VOCA-2016-HCSO-00588	\$ 43,448
Pass Through FLORIDA COALITION AGAINST DOMESTIC VIOLENCE STOP Violence Against Women	16.588	17-8015-LE-ENH	\$ 78,198
STOP Violence Against Women	16.588	18-8015-LE-ENH	18,596
Subtotal CFDA 16.588			<u>\$ 96,794</u>
Direct State Criminal Alien Assistance Program (SCAAP)	16.606	2015-AP-BX-0780	\$ 5,473
State Criminal Alien Assistance Program (SCAAP)	16.606	2016-AP-BX-0076	3,229
Subtotal CFDA 16.606			<u>\$ 8,702</u>
Direct Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0776	\$ 33,767
Pass Through FLORIDA DEPARTMENT OF LAW ENFORCEMENT Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-JAGC-HERN-1-F9-156	\$ 22,899
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-JAGC-HERN-2-F9-021	19,085
Subtotal CFDA 16.738			<u>\$ 75,751</u>
Direct Equitable Sharing Program/Federal Forfeitures	16.922	FL0270000	30,730
<i>Total DEPARTMENT OF JUSTICE</i>			<u>\$ 255,425</u>
<b>DEPARTMENT OF LABOR</b>			
Pass Through PASCO HERNANDO WORK FORCE Reentry Employment Opportunities	17.270	AJSC-S LEAP	\$ 46,459
<i>Total DEPARTMENT OF LABOR</i>			<u>\$ 46,459</u>
<b>DEPARTMENT OF TRANSPORTATION</b>			
Direct Airport Improvement Program	20.106	3-12-0008-019-2016	\$ 206,888
Highway Planning & Construction Cluster:			

**HERNANDO COUNTY, FLORIDA**  
**Schedule of Federal Awards and State Financial Assistance**  
**Year Ended September 30, 2017**

Federal/State/Pass Through Grantor Grant Program Name	CFDA / CSFA #	Grant ID	Expenditures
Pass Through FLORIDA DEPARTMENT OF TRANSPORTATION			
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	GOK48; FPN 434309-1-58/68-01	\$ 3,823
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	ARL26; FPN 427996-5-58/68-01	607,206
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	ARR94; FPN 430583-1-38-01	1,875
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G0318; FPN 433695-1-38-01	8,741
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G0915; FPN 434499-1-38-01	15,006
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G0996; FPN 430503-1-58/68-01	240,653
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G0997; FPN 430504-1-58/68-01	7,185
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G0D79; FPN 427996-3-38-01	22,433
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	GOE34; FPN 430583-1-58/68-01	196,422
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	GOK42; FPN 436708-1-38-1	1,815
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	GOK43; FPN 436710-1-38-01	1,686
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	GOK44; FPN 436711-1-38-01	651
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	GOL88; FPN 434499-1-58/68-01	1,799
Highway Planning & Construction- Federal Aid Highway Program (PL)	20.205	G0D09; FPN 439335-1-14-01	468,156
Total Highway Planning & Construction Cluster (CFDA 20.205)			<u>\$ 1,577,451</u>
Pass Through FLORIDA DEPARTMENT OF TRANSPORTATION			
Metropolitan Transportation Planning (Section 5305d)	20.505	ARA86; FPN 401983-1-14-14	\$ 3,058
Metropolitan Transportation Planning (Section 5305d)	20.505	ARL23; FPN 401983-1-14-15	65,656
Metropolitan Transportation Planning (Section 5305d)	20.505	G0787; FPN 401983-1-14-16	24,174
Subtotal CFDA 20.505			<u>\$ 92,888</u>
Federal Transit Cluster:			
Direct			
Urbanized Area Formula Program (Section 5307)	20.507	FL-90-X794-00	\$ 950
Urbanized Area Formula Program (Section 5307)	20.507	FL-90-X865-00	122,973
Urbanized Area Formula Program (Section 5307)	20.507	FL-90-X776-00	205,554
Urbanized Area Formula Program (Section 5307)	20.507	FL-2017-062 (X015)	646,192
Urbanized Area Formula Program (Section 5307)	20.507	FL-2017-094 (X016)	465,073
Urbanized Area Formula Program (Section 5307)	20.507	X017	27,893
Subtotal CFDA 20.507			<u>\$ 1,468,635</u>
Pass Through FLORIDA DEPARTMENT OF TRANSPORTATION			
Bus and Bus Facilities Formula Program (Section 5339)	20.526	G0956; FPN 439288-1-94-16	405,131
Total Federal Transit Cluster (CFDA 20.507 & 20.526)			<u>\$ 1,873,766</u>
Pass Through FLORIDA DEPARTMENT OF TRANSPORTATION			
Formula Grants for Rural Areas (Section 5311)	20.509	ART59; FPN 401982-1-84-15	130,774
<i>Total DEPARTMENT OF TRANSPORTATION</i>			<u>\$ 3,881,767</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
Clean Water State Revolving Fund Cluster:			
Pass Through FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION			
Cleanwater State Revolving Funds (CWSRF)	66.458	WW270150	\$ 508,638
Total Clean Water State Revolving Fund Cluster (CFDA 66.458)			<u>\$ 508,638</u>
<i>Total ENVIRONMENTAL PROTECTION AGENCY</i>			<u>\$ 508,638</u>

**HERNANDO COUNTY, FLORIDA**  
**Schedule of Federal Awards and State Financial Assistance**  
**Year Ended September 30, 2017**

Federal/State/Pass Through Grantor Grant Program Name	CFDA / CSFA #	Grant ID	Expenditures
<b>US ELECTION ASSISTANCE COMMISSION</b>			
<i>Direct</i>			
Help America Vote Act Requirements Payments (HAVA)	90.401	MOD Dated 07/17/2013	\$ 11,703
Help America Vote Act Requirements Payments (HAVA)	90.401	MOA #2012-2013-0001	14,718
Subtotal CFDA 90.401			<u>\$ 26,421</u>
<i>Total</i>			<u>\$ 26,421</u>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>			
Pass Through FLORIDA DEPARTMENT OF REVENUE			
Child Support Enforcement	93.563	COC27	\$ 361,078
Child Support Enforcement	93.563	COC27	2,216
Subtotal CFDA 93.563			<u>\$ 363,294</u>
<i>Total</i>			<u>\$ 363,294</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>			
Pass Through FLORIDA DIVISION OF EMERGENCY MANAGEMENT			
Disaster Grants - Public Assistance	97.036	17-PA-W1-05-37-02-054	\$ 301,832
Disaster Grants - Public Assistance	97.036	13-DB-73-05-37-02-564	44,046
Subtotal CFDA 97.036			<u>\$ 345,878</u>
Pass Through FLORIDA DIVISION OF EMERGENCY MANAGEMENT			
Emergency Management Performance Grant	97.042	17-FG-P9-05-37-01-100	\$ 78,331
Emergency Management Performance Grant	97.042	18-FG-7A-05-37-01-132	6,252
Pass Through VOLUNTEER FLORIDA			
Emergency Management Performance Grant	97.042	FY16/17 CERT	7,800
Emergency Management Performance Grant	97.042	FY16/17 CITIZEN CORP	7,800
Emergency Management Performance Grant	97.042	FY17/18 CERT	692
Subtotal CFDA 97.042			<u>\$ 100,875</u>
<i>Total</i>			<u>\$ 446,753</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 5,544,036</u></u>

**HERNANDO COUNTY, FLORIDA**  
**Schedule of Federal Awards and State Financial Assistance**  
**Year Ended September 30, 2017**

Federal/State/Pass Through Grantor Grant Program Name	CFDA / CSFA #	Grant ID	Expenditures
<b>FLORIDA EXECUTIVE OFFICE OF THE GOVERNOR</b>			
Emergency Management Program (EMPA)	31.063	17-BG-83-05-37-01-033	\$ 90,544
Emergency Management Program (EMPA)	31.063	18-BG-W9-05-37-01-133	16,682
Subtotal CSFA 31.063			<u>\$ 107,226</u>
Total		FLORIDA EXECUTIVE OFFICE OF THE GOVERNOR	<u>\$ 107,226</u>
<b>FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>			
Pass Through SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT (SWFWMD) Florida Springs Grant Program	37.052	16CF0000244	\$ 683,784
Total		FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION	<u>\$ 683,784</u>
<b>FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY</b>			
Visit Florida	40.006	5150	\$ 1,225
Total		FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY	<u>\$ 1,225</u>
<b>FLORIDA HOUSING FINANCE CORPORATION</b>			
State Housing Initiatives Program (SHIP)	40.901	SHIP FY15/16	\$ 134,039
State Housing Initiatives Program (SHIP)	40.901	SHIP FY16/17	1,255,513
State Housing Initiatives Program (SHIP)	40.901	SHIP FY17/18	18
			<u>\$ 1,389,570</u>
Total		FLORIDA HOUSING FINANCE CORPORATION	<u>\$ 1,389,570</u>
<b>FLORIDA DEPARTMENT ARGICULTURE &amp; CONSUMER SERVICES</b>			
Mosquito Control	42.003	023798	\$ 23,575
Total		FLORIDA DEPARTMENT ARGICULTURE & CONSUMER SERVICES	<u>\$ 23,575</u>
<b>FLORIDA DEPARTMENT OF STATE</b>			
State Aid to Libraries	45.030	16-ST-19	\$ 307,189
Total		FLORIDA DEPARTMENT OF STATE	<u>\$ 307,189</u>
<b>FLORIDA DEPARTMENT OF TRANSPORTATION</b>			
Commission for Transportation Disadvantaged Planning Grant	55.002	G0C50	\$ 8,206
Commission for Transportation Disadvantaged Planning Grant	55.002	G0N41	3,468
Subtotal CSFA 55.002			<u>\$ 11,674</u>
Aviation Development Grants	55.004	AQU75; FPN 424104-1-94-01	\$ 30,000
Aviation Development Grants	55.004	G0006; FPN 437550-1-94-01	147,661
Aviation Development Grants	55.004	G0382; FPN 437499-1-94-01	505,777
Aviation Development Grants	55.004	G0384; FPN 429620-1-94-01	84,691
Aviation Development Grants	55.004	G0816; FPN 429618-1-94-01	9,425
Aviation Development Grants	55.004	G0H40; FPN 431261-1-94-01	124,377
Aviation Development Grants	55.004	G0J48; FPN 440874-1-94-01	5,113
Subtotal CSFA 55.004			<u>\$ 907,044</u>
Public Transit Block Program	55.010	ART63; FPN 40810418415	\$ 173,266
Public Transit Block Program	55.010	GOA75; FPN 40810418416	116,341
Subtotal CSFA 55.010			<u>\$ 289,607</u>

**HERNANDO COUNTY, FLORIDA**  
**Schedule of Federal Awards and State Financial Assistance**  
**Year Ended September 30, 2017**

Federal/State/Pass Through Grantor Grant Program Name	CFDA / CSFA #	Grant ID	Expenditures
Public Transit Service Development Program	55.012	G0692; FPN 401982-3-84-16	11,888
Transit Corridor Program	55.013	ARA86; FPN 401983-1-14-14	382
Transit Corridor Program	55.013	ARL23; FPN 401983-1-14-15	8,207
Transit Corridor Program	55.013	G0787; FPN 401983-1-14-16	3,022
Subtotal CSFA 55.013			<u>\$ 11,611</u>
NPDES/TMDL Stormwater Retrofit Project	55.024	AQX46; FPN 421748-1-72-06	3,423
Total	FLORIDA DEPARTMENT OF TRANSPORTATION		<u>\$ 1,235,247</u>
<b>FLORIDA DEPARTMENT OF HEALTH</b>			
Emergency Medical Services (EMS) Matching Awards	64.003	M4260	\$ 60,000
County Grant Awards (EMS)	64.005	C5027	24,823
Total	FLORIDA DEPARTMENT OF HEALTH		<u>\$ 84,823</u>
<b>FLORIDA FISH &amp; WILDLIFE CONSERVATION COMMISSION</b>			
Artificial Reef Grants Program	77.007	FWC-14017	59,913
Total	FLORIDA FISH & WILDLIFE CONSERVATION COMMISSION		<u>\$ 59,913</u>
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>			<u><u>\$ 3,892,552</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, 2017**

**Note 1 - General**

The accounting policies and presentation of the accompanying schedule of expenditures of federal awards and state financial assistance of Hernando County, Florida (the County) have been designed to conform with generally accepted accounting principles applicable to governmental units, including the reporting and compliance requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) (federal awards) and Chapter 10.550, *Rules of the Auditor General* of the State of Florida.

The County reporting entity is defined in Note A to the County's basic financial statements for the year ended September 30, 2017. 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, 2017:

<b>Program</b>	<b>CSFA Number</b>	<b>Loan Outstanding</b>
State Housing Initiatives Partnership	40.901	\$ 14,040,641

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, 2017**  
*(Concluded)*

**Note 5 - Program Income**

Program income generated by and expended on a Federal or State award during the period of performance is included on this Schedule if the program income is added to the award amount or if specifically directed by the awarding agency and/or required by program guidance. Program income that is expended by reducing the total program expenditures (deduction method) is not included.

- In accordance with the direction from the grantor, program income totaling \$3,819 was expended on the Justice Assistance Grant (CFDA 16.378) during 2017, and is included in the total expended amount recorded on this Schedule.
- In accordance with the terms of the grant, program income generated during 2017 totaled \$173,791, and was used to reduce the program expenditures for the Urbanized Area Formula Program (CFDA 20.507), Formula Grants for Rural Areas (CFDA 20.509), Public Transit Block Program (CSFA 55.010), and Public Transit Service Development Program (CSFA 55.012). These associated expenditures are not report on this Schedule.
- In accordance with the terms of the grant, program income received by the State Housing Initiative Partnership (SHIP) program (CSFA 40.901) during 2017, 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.

**Note 6 - Pre-award Authorization**

Under the pre-award authorization for the Urbanized Area Formula Program (CFDA 20.507)-Section 5307, expenditures totaling \$27,893 are included on this Schedule since they were incurred during the fiscal year, but are not expected to be reimbursed until a later fiscal year when the award is granted. The granting agency, Federal Transit Administration (FTA), has not assigned a final unique grant/project number, so "X017" is currently being used.

**Note 7 - Indirect Costs**

Hernando County Board of County Commissioners did not elect to use the 10% de minimis cost rate in 2017 as covered in 2 CFR 200.414.

**Note 8 - Disaster Public Assistance**

Disaster funding received from the FEMA Public Assistance Program (CFDA 97.036) is based on Project Worksheets (PWs) that outline the eligible expenses and the scope of the project. Expenditures recorded on this Schedule are contingent on when funds are obligated and approved, and the County has incurred eligible expenditures. PWs are categorized as either "small" or "large" based on the total expenses. "Small PWs are reported based on the amount obligated, while "large" PWs are determined by actual eligible expenditures. Approximately \$247,246 of expenditures incurred in prior years were reported on the Schedule this year since the corresponding PWs were not approved and obligated until fiscal year 2017.

**HERNANDO COUNTY, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

**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, 2017, 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 Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*).
5. An unmodified 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. (There were no audit findings.)
7. The programs/projects tested as major programs/projects included the following:
  - **Major Federal Programs**
    - Department of Transportation, (Federal Transit Cluster)
      - ▶ Urbanized Area Formula Program (Section 5307), CFDA No. 20.507
    - Department of Transportation (Federal Transit Cluster), Passed Through Florida Department of Transportation
      - ▶ Bus and Bus Facilities Formula Program (Section 5339), CFDA No. 20.526
    - Department of Homeland Security, Passed through the Florida Division of Emergency Management
      - ▶ Disaster Grants-Public Assistance, CFDA No. 97.036



**HERNANDO COUNTY, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**  
*(Concluded)*

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

7. *(Concluded)*

■ **Major State Projects**

- Florida Executive Office of the Governor
    - ▶ Emergency Management Program, CSFA No. 31.063
  - Florida Department of Environmental Protection, Pass Through Southwest Florida Water Management District (SWFWMD)
    - ▶ Florida Springs Grant Program, CSFA No. 37.052
  - Florida Housing Finance Corporation
    - ▶ State Housing Initiatives Program (SHIP), CSFA No. 40.901
  - Florida Department of State
    - ▶ State Aid to Libraries, CSFA No. 45.030
8. The threshold for distinguishing Type A and Type B programs/projects was \$750,000 for major federal award programs and \$300,000 for major state financial assistance projects.
9. The County did qualify as a low-risk auditee per criteria set forth in Section .520 of the Uniform Guidance.

**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, 2017, and have issued our report thereon dated March 20, 2018.

### 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

### Other Reporting Requirements

We have issued our Independent 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 the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are all dated March 20, 2018, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The County has disclosed this information in the notes to the financial statements.

### Certified Public Accountants

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

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

**MANAGEMENT LETTER**  
*(Continued)*

**Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether or not the County has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and 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 for the County. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

**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, 2017, 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, 2017. 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 did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

**Additional Matters**

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

**Purpose of the Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Distinguished Members of the Hernando County, Florida, Board of County Commission, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

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

**MANAGEMENT LETTER**  
*(Concluded)*

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

*Purvis, Gray and Company, LLP*

March 20, 2018  
Sarasota, Florida

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE  
WITH FLORIDA STATUTE SECTION 218.415-INVESTMENTS OF PUBLIC FUNDS**

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

We have examined Hernando County, Florida (the County)'s compliance with Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2017. County management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the County complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the County's compliance with specified requirements.

In our opinion, the County complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2017.

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

*Purvis, Gray and Company, LLP*

March 20, 2018  
Sarasota, Florida

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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

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, 2017, as required by Section 10.556(10)(b), *Rules of the Auditor General*, with regards to the use of the County's E911 funds. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the County complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2017.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Distinguished Members of the Board of County Commission, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Purvis, Gray and Company, LLP*

March 20, 2018  
Sarasota, Florida

**Certified Public Accountants**

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# **Bond Compliance**



**HERNANDO COUNTY, FLORIDA  
SUPPLEMENTAL INFORMATION  
September 30, 2017  
(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
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
2016	24,089,395,925	5.50	104,492,643	6.40
2017	25,221,896,109	4.70	108,167,088	3.52

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
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
2016	95.70	4.30
2017	95.60	4.40

(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.

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**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>
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
2016	9,098,938	5.23
2017	9,305,757	2.27

**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>
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
2016	58,281	27,688
2017	59,952	28,778

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

Source: Hernando County Utilities Department

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**HISTORIC WATER CONSUMPTION FLOWS**

The following table sets forth data regarding the Historic Water Consumption Flows for the last ten fiscal years for Hernando County, Florida:

Fiscal Year	Average Daily Flow (MGD)	Peak Day Flow (MGD)
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
2016	17.707	24.664
2017	18.766	27.684

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:

Fiscal Year	Average Daily Flow (MGD)
2008	3.644
2009	3.817
2010	3.827
2011	3.692
2012	3.966
2013	3.978
2014	4.128
2015	4.191
2016	4.470
2017	4.802

Source: Hernando County Utilities Department

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COUNTY SYSTEM RATES  
Monthly Water Rates

As of September 30, 2017

**Residential**

Minimum Monthly Billing Charge:		
All Meter Sizes	\$	7.09
Consumption Charge (Per 1,000 Gallons)		
0-5000	\$	1.33
5,001-10,000		1.56
10,001-20,000		2.33
20,001-30,000		3.14
30,001-50,000		4.69
50,001-75,000		7.80
Above 75,000		15.60

**Commercial**

Minimum Monthly Billing Charge:		
Per ERU	\$	7.09
Consumption Charge (Per 1,000 Gallons)		
0-10,000	\$	1.56
10,001-20,000		2.33
20,001-30,000		3.14
30,001-50,000		4.69
50,001-75,000		7.80
Above 75,000		15.60

**Irrigation**

Minimum Monthly Billing Charge:		
Per ERU	\$	7.09
Consumption Charge (Per 1,000 Gallons)		
0-10,000	\$	1.56
10,001-20,000		2.33
20,001-30,000		3.14
30,001-50,000		4.69
50,001-75,000		7.80
Above 75,000		15.60

**Residential**

Minimum Monthly Billing Charge (per Account)	\$	18.66
Consumption Charge (Per 1,000 Gallons) (Capped at 10,000 Gallons per Month)		4.02

**Commercial**

Minimum Monthly Billing Charge (per ERU)	\$	18.66
Consumption Charge (Per 1,000 Gallons)		4.02

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

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COUNTY SYSTEM RATES (CONTINUED)

Connection Fee ERU

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

Meter Size	ERU Meter Factor	2013		2014		2015		2016		2017	
		Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer
5/8	1	\$ 1,147	\$ 3,544	\$ 1,147	\$ 3,544	\$ 1,147	\$ 3,544	\$ 1,147	\$ 3,544	\$ 1,147	\$ 3,544
3/4	1.5	1,721	5,316	1,721	5,316	1,721	5,316	1,721	5,316	1,721	5,316
1	2.5	2,868	8,860	2,868	8,860	2,868	8,860	2,867	8,860	2,867	8,860
1 1/2	5	5,735	17,720	5,735	17,720	5,735	17,720	5,735	17,720	5,735	17,720
2	8	9,176	28,352	9,176	28,352	9,176	28,352	9,176	28,352	9,176	28,352
3	16	18,352	56,704	18,352	56,704	18,352	56,704	18,352	56,704	18,352	56,704
4	25	28,675	88,600	28,675	88,600	28,675	88,600	28,675	88,600	28,675	88,600
6	50	57,350	177,200	57,350	177,200	57,350	177,200	57,350	177,200	57,350	177,200
8	80	91,760	283,520	91,760	283,520	91,760	283,520	91,760	283,520	91,760	283,520
10	115	131,905	407,560	131,905	407,560	131,905	407,560	131,905	407,506	131,905	407,506

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COUNTY SYSTEM RATES (CONTINUED)

Other County System Rates and Charges

The County has several other charges that are applicable to miscellaneous or customer-requested services. Set forth in the table below is a summary of other miscellaneous charges imposed by the County that are common in the utility industry, for the last five fiscal years.

Charges/Fee Descriptions	2013	2014	2015	2016	2017
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,					
	2018	2019	2020	2021	2022	Total
<b>WATER SYSTEM</b>						
Water Production	\$ 500,000	\$ 1,150,000	\$ -	\$ -	\$ -	1,650,000
Water Distribution/Storage	992,621	5,375,000	2,961,250	1,830,054	382,454	11,541,379
Reclaimed Water Facilities	6,000,000	8,000,000	14,420,000	-	-	28,420,000
Water Operations	<u>34,201</u>	<u>34,200</u>	<u>35,227</u>	<u>36,284</u>	<u>37,372</u>	<u>177,284</u>
Total Water Systems	7,526,822	14,559,200	17,416,477	1,866,338	419,826	41,788,663
<b>WASTEWATER SYSTEM</b>						
Treatment and Effluent Disposal	6,206,300	19,132,970	1,500,000	-	-	26,839,270
W.W. Collection/Effluent Transmission	3,252,552	4,896,160	12,917,040	3,381,089	9,479,407	33,926,248
W.W. Operations	<u>45,879</u>	<u>45,880</u>	<u>47,255</u>	<u>48,673</u>	<u>50,133</u>	<u>237,820</u>
Total Wastewater System	9,504,731	24,075,010	14,464,295	3,429,762	9,529,540	61,003,338
<b>TOTAL – Water &amp; Wastewater System</b>	<u>\$ 17,031,553</u>	<u>\$ 38,634,210</u>	<u>\$ 31,880,772</u>	<u>\$ 5,296,100</u>	<u>\$ 9,949,366</u>	<u>\$ 102,792,001</u>

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

	Fiscal Year Ending September 30,					
FUNDING SOURCES	2018	2019	2020	2021	2022	Total
<b>WATER SYSTEM</b>						
Proceeds from issuance of debt & State Revolving Loan Proceeds	\$ -	\$ 5,600,000	\$ 6,180,000	\$ -	\$ -	11,780,000
Capital Reserves	2,367,621	2,000,000	231,750	1,458,738	-	6,058,109
Renewal & Replacement Fund	625,000	350,000	669,500	371,316	382,454	2,398,270
Connection Fees	-	2,075,000	2,060,000	-	-	4,135,000
Other Funding Sources	<u>4,534,201</u>	<u>4,534,200</u>	<u>8,275,227</u>	<u>36,284</u>	<u>37,372</u>	<u>17,417,284</u>
Total Water System	7,526,822	14,559,200	17,416,477	1,866,338	419,826	41,788,663
<b>WASTEWATER SYSTEM</b>						
Proceeds from issuance of debt & State Revolving Loan Proceeds	1,054,052	2,200,000	3,045,000	-	-	6,299,052
Capital Reserves	2,992,552	12,000,000	103,000	530,450	-	15,626,002
Renewal & Replacement Fund	1,210,000	1,075,000	476,700	610,018	191,227	3,562,945
Connection Fees	4,202,248	3,000,000	-	-	-	7,202,248
Other Funding Sources	<u>45,879</u>	<u>5,800,010</u>	<u>10,839,595</u>	<u>2,289,294</u>	<u>9,338,313</u>	<u>28,313,091</u>
Total Wastewater System	9,504,731	24,075,010	14,464,295	3,429,762	9,529,540	61,003,338
<b>TOTAL – Water &amp; Wastewater System</b>	<u>\$ 17,031,553</u>	<u>\$ 38,634,210</u>	<u>\$ 31,880,772</u>	<u>\$ 5,296,100</u>	<u>\$ 9,949,366</u>	<u>\$ 102,792,001</u>



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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,				
	2013	2014	2015	2016	2017
Water & Wastewater Sales Revenues	\$ 25,241,583	\$ 26,555,419	\$ 28,251,427	\$ 31,061,648	\$ 33,735,229
Other Operating Revenues	318,425	413,874	454,335	501,088	492,740
Interest Income	62,792	300,214	383,392	362,002	232,704
Total Gross Revenues (1)	<u>25,622,800</u>	<u>27,269,507</u>	<u>29,089,154</u>	<u>31,924,738</u>	<u>34,460,673</u>
Operating Expenses: (2)					
Personal Services	6,950,981	7,338,481	7,388,867	8,116,910	8,797,541
Other Operating Expenses	8,350,666	8,559,089	9,002,832	9,857,776	9,290,662
Depreciation Equivalent Charges (3)	<u>(275,374)</u>	<u>(280,955)</u>	<u>(329,876)</u>	<u>(169,459)</u>	<u>(225,368)</u>
Total Operating Expenses	<u>15,026,273</u>	<u>15,616,615</u>	<u>16,061,823</u>	<u>17,805,227</u>	<u>17,862,835</u>
Net Revenues (4)	10,596,527	11,652,892	13,027,331	14,119,511	16,597,838
Connection Fees:					
Water Connection Fees	252,476	390,692	439,996	644,833	700,853
Wastewater Connection Fees	<u>541,610</u>	<u>988,048</u>	<u>944,020</u>	<u>1,532,964</u>	<u>1,411,720</u>
Total Connection Fees	<u>794,086</u>	<u>1,378,740</u>	<u>1,384,016</u>	<u>2,177,797</u>	<u>2,112,573</u>
Pledged Funds (5)	11,390,613	13,031,632	14,411,347	16,297,308	18,710,411
Actual Senior Lien Debt Service	\$ 4,041,262	\$ 3,540,182	\$ 3,802,294	\$ 3,800,334	\$ 3,812,394
Actual Coverage on Net Revenues (6)	2.62	3.29	3.43	3.72	4.35
Required Coverage	1.00	1.00	1.00	1.00	1.00
Actual Coverage on Pledged Funds (6)	2.82	3.68	3.79	4.29	4.91
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.

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- (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 0.82 and the Pledged Funds would increase by 0.73.

**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, 2017:

Customer	Class	Meter Size	Type of Service	System Revenue	% of Total County Sales Revenue
Oak Hill Hospital	Commercial	6"	Water & Sewer	171,752	0.5%
Hernando County Jail	Commercial	6"	Water & Sewer	132,692	0.4%
Oak Hill Hospital Cooling Tower	Commercial	2"	Water	106,974	0.3%
Brooksville Regional Hospital	Commercial	6"	Water & Sewer	94,920	0.3%
Bridgewater Club Apartments	Commercial	6"	Water & Sewer	91,908	0.3%
Hernando Correctional Institution	Commercial	6"	Water & Sewer	81,137	0.2%
Atria Evergreen Woods	Commercial	4"	Water & Sewer	58,197	0.2%
Evergreen Woods	Commercial	4"	Water & Sewer	40,464	0.1%
Hernando County School Board	Commercial	6"	Water & Sewer	38,368	0.1%
Spring Hill Hospital Cooling Tower	Commercial	2"	Water	32,611	0.1%
<b>Total</b>				<b>\$ 849,023</b>	

Source: Hernando County Utilities Department.

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

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

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HISTORICAL NON-AD VALOREM REVENUES IN GENERAL FUND <sup>(1)</sup>

	Fiscal Year Ending September 30,					
	2012	2013	2014	2015	2016	2017
Revenues						
Taxes:						
Local Communications Services Tax	\$ 1,449,390	\$ 1,435,395	\$ 1,633,894	\$ 1,786,365	\$ 1,725,437	\$ 1,654,590
Licenses and Permits:						
Other	114,792	25,045	29,280	326,210	363,882	437,911
Intergovernmental:						
Local Governmental Half-Cent Sales Tax <sup>(2)</sup>	7,354,197	7,607,684	8,000,302	8,646,879	9,098,938	9,305,757
State Revenue Sharing	3,653,304	3,837,535	4,063,333	4,392,492	4,519,219	4,735,465
Other <sup>(3)</sup>	5,214,191	4,442,909	3,324,724	4,082,022	6,225,361	5,068,030
Charges for Services:						
General Government	6,186,098	6,333,203	7,227,029	9,389,625	7,642,009	7,745,846
Public Safety	1,446,821	1,435,883	1,569,743	1,792,748	1,668,836	1,755,579
Physical Environment	13,535	14,387	46,486	170,986	308,890	342,347
Transportation	105,383	153,139	146,528	164,232	174,220	153,856
Human Services	166,362	205,263	215,707	212,236	225,273	208,346
Recreation and Culture	720,273	696,200	716,081	687,864	746,590	854,872
Other	18,867	16,997	16,414	30,890	25,368	26,640
Fines and Forfeitures	72,890	80,083	94,522	87,637	76,420	106,757
Interest Income	439,913	(50,679)	311,288	358,184	402,933	204,633
Miscellaneous Revenue	4,856,984	1,854,816	6,813,485	1,740,723	1,507,647	1,403,238
<b>Total Sources of Non-Ad Valorem Revenues</b>	<b>\$ 31,813,000</b>	<b>\$ 28,087,860</b>	<b>\$ 34,208,816</b>	<b>\$ 33,869,093</b>	<b>\$ 34,711,023</b>	<b>\$ 34,003,867</b>

(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.

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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	\$ 11,145,574	05/01/2029	\$ 3,491,125
Non-Ad Valorem Refunding Revenue Bonds, Series 2010	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	\$ 2,680,000	02/01/2024	\$ 1,290,806
Non-Ad Valorem Refunding Revenue Note, Series 2012	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	\$ 20,932,000	02/01/2028	\$ 3,159,419
		<u>\$ 34,757,574</u>		<u>\$ 7,941,350</u>

(1) The amount outstanding on each bond issue is calculated as of September 30, 2017.

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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, 2012 through September 30, 2017:

	Fiscal Year Ending September 30,					
	2012	2013	2014	2015	2016	2017
<b>REVENUES</b>						
Taxes	\$ 41,670,959	\$ 42,873,673	\$ 49,333,564	\$ 50,405,280	\$ 51,800,500	\$ 52,991,102
Licenses and Permits	114,792	25,045	29,280	326,210	363,882	437,911
Intergovernmental	16,221,692	15,888,128	15,388,359	17,121,393	17,392,796	19,109,252
Charges for Services	8,657,339	8,855,072	9,937,988	12,448,581	10,791,186	11,087,486
Fines and Forfeitures	72,890	80,083	94,522	87,637	76,420	106,757
Interest	439,913	(50,679)	311,288	358,184	402,933	204,633
Miscellaneous	4,856,984	1,854,816	6,813,485	1,740,723	1,507,647	1,403,238
<b>TOTAL REVENUES</b>	<b>\$ 72,034,569</b>	<b>\$ 69,526,138</b>	<b>\$ 81,908,486</b>	<b>\$ 82,488,008</b>	<b>\$ 82,335,364</b>	<b>\$ 85,340,379</b>
<b>EXPENDITURES</b>						
Current:						
General Government	\$ 15,207,200	\$ 16,087,274	\$ 17,582,331	\$ 18,918,049	\$ 19,799,462	\$ 20,384,193
Public Safety	40,358,747	39,307,247	40,174,325	42,363,066	44,253,671	45,737,271
Physical Environment	231,525	203,783	217,920	232,043	264,339	296,056
Transportation	1,735,042	1,700,081	2,167,372	1,556,825	2,039,001	2,397,631
Economic Environment	1,908,289	1,489,083	719,489	569,075	468,929	510,631
Human Services	7,632,578	6,044,268	7,168,329	5,623,448	4,047,107	4,274,185
Culture and Recreation	4,188,493	4,041,556	4,300,868	4,614,532	4,651,780	4,734,319
Court Operations	1,029,061	1,094,414	1,142,680	1,141,355	1,223,902	1,248,242
Debt Service:						
Principal	-	54,144	473,906	508,414	469,465	420,070
Interest and Fiscal Charges	-	10,992	105,412	81,411	116,433	70,632
Capital Outlay	1,170,228	1,849,119	1,934,363	2,401,167	2,764,664	3,306,681
<b>TOTAL EXPENDITURES</b>	<b>\$ 73,461,163</b>	<b>\$ 71,881,961</b>	<b>\$ 75,986,995</b>	<b>\$ 78,009,385</b>	<b>\$ 80,098,753</b>	<b>\$ 83,379,911</b>
<b>EXCESS OF REVENUES OVER (UNDER)</b>						
<b>EXPENDITURES</b>	<b>\$ (1,426,594)</b>	<b>\$ (2,355,823)</b>	<b>\$ 5,921,491</b>	<b>\$ 4,478,623</b>	<b>\$ 2,236,611</b>	<b>\$ 1,960,468</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In (1)	\$ 7,327,586	\$ 767,796	\$ 451,407	\$ 670,107	\$ 1,192,360	\$ 567,136
Transfers Out (1)	(3,513,768)	(6,661,999)	(2,945,088)	(4,727,066)	(4,092,519)	(5,199,978)
Additions to Long-Term Debt		324,861	750,736	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 3,813,818</b>	<b>\$ (5,569,342)</b>	<b>\$ (1,742,945)</b>	<b>\$ (4,056,959)</b>	<b>\$ (2,900,159)</b>	<b>\$ (4,632,842)</b>
Net Change in Fund Balances	2,387,224	(7,925,165)	4,178,546	421,664	(663,548)	(2,672,374)
<b>BEGINNING FUND BALANCE</b>	<b>24,275,566</b>	<b>26,662,790</b>	<b>18,737,625</b>	<b>22,916,171</b>	<b>23,337,835</b>	<b>23,523,455</b>
<b>ENDING BALANCE</b>	<b>\$ 26,662,790</b>	<b>\$ 18,737,625</b>	<b>\$ 22,916,171</b>	<b>\$ 23,337,835</b>	<b>\$ 22,674,287</b>	<b>\$ 20,851,081</b>

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