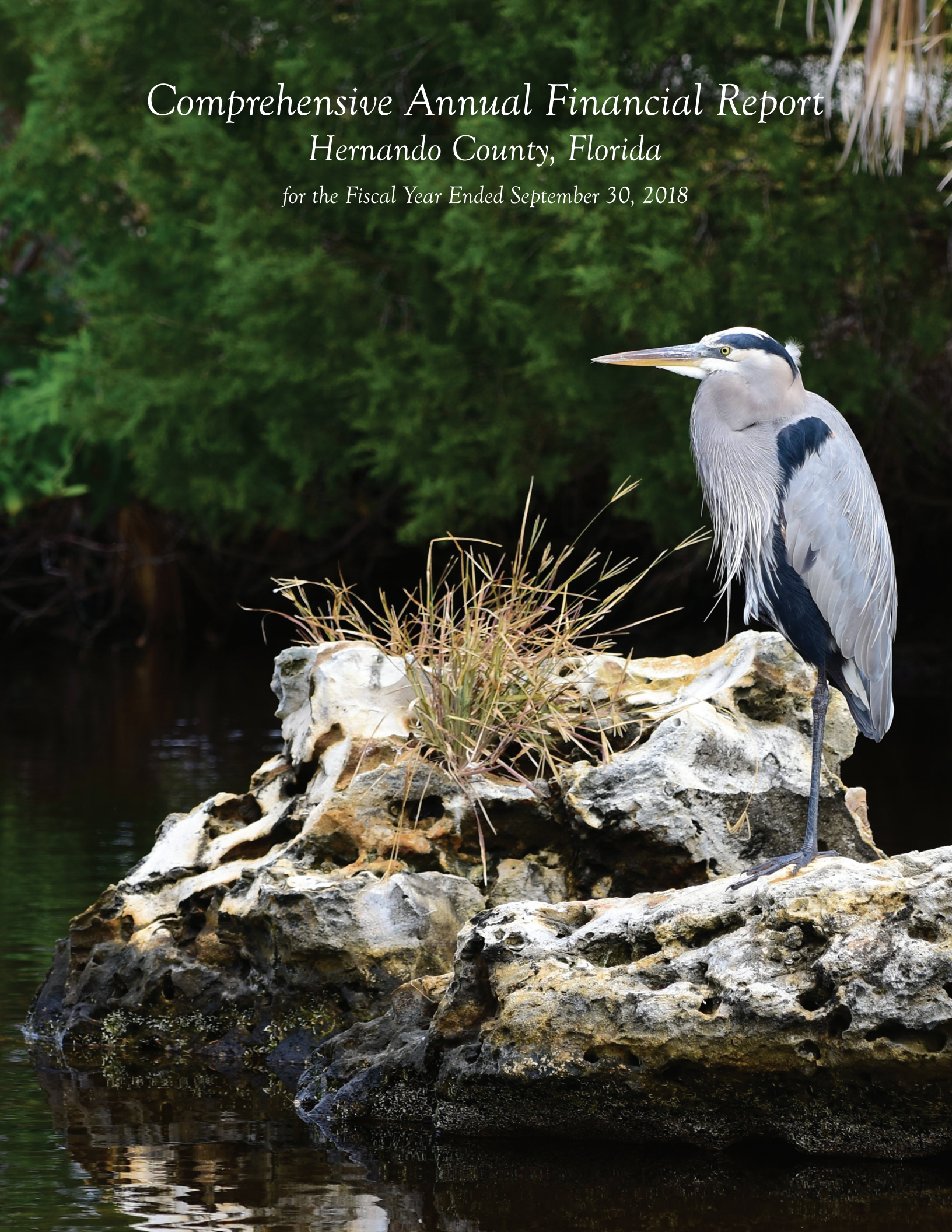


Comprehensive Annual Financial Report

Hernando County, Florida

for the Fiscal Year Ended September 30, 2018



**HERNANDO COUNTY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018**

PRINCIPAL OFFICIALS

as of September 30, 2018

BOARD OF COUNTY COMMISSIONERS

Steve Champion, *Chairman* - District 5
John Allocco, *Vice Chairman*- District 3
John Mitten – District 1
Wayne Dukes - District 2
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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COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Doug Chorvat, Jr.

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

March 21, 2019

To the Citizens of Hernando County:

The Comprehensive Annual Financial Report (CAFR) of Hernando County, Florida, for the fiscal year ended September 30, 2018 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 185,604, 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 8,410 is rich in history and traditions; and the City of Weeki Wachee with a population of 9 which incorporated many decades ago to promote its tourism attraction, the Buccaneer Bay/Weeki Wachee Resort, commonly known as the "City of Mermaids." Hernando County's unincorporated areas include Ridge Manor, Bayport, Aripeka, Lake Lindsey, Istachatta/Nobleton, Masaryktown, Hernando Beach, and most notably, Spring Hill. Spring Hill, located in the southwest part of the County, is the largest unincorporated Hernando County community.

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

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

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

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

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

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

Factors Affecting Financial and Economic Conditions

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

- The population of the County is currently approximately 185,604 which is an increase of 12% over what it was 10 years ago. The County's population is projected to be over 190,000 five years from now and over 213,000 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 five companies with expansion efforts, Barrette Outdoor Living/Alumi-Guard, NCIS Elevator, Flagstone Pavers, K-9 Partners for Patriots and ICTC USA representing 159,000 square feet of space and 80 new jobs. That's 500,000 square feet of growth and 370 new jobs.

- The Building Department issued over 14,622 building permits for construction projects, an 18% increase over the prior year. Of those, 52 were for new commercial buildings within the county. Some of the new commercial businesses include Chase Bank, Zaxby's, Aldi, Glory Days and Culver's.
- 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 sixth straight year. It provided \$125,000 in funding for the Weeki Wachee River Carrying Capacity Study. Florida's Adventure Coast hosted the 2018 Florida Outdoor Writers Association Conference bringing 60+ writers, bloggers, and media professionals to explore the County.
- The County continues to build partnerships with public, private groups, schools and organizations through the Parks and Recreation Department offering both adult and youth events. Some of the annual events were Winterfest, Red, White and Brew Festival and the Hispanic Heritage Festival, all held at the Lake House. The 13th Annual Father/Daughter Dance set records with more than 700 attendees.
- 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 serviced 924 patients, provided 3,429 lab visits and filled 6,805 prescription orders.
- Since 2015 TheBus has increased ridership by over 34,000 riders. The Transit Division partnered with Creative Outdoor Advertising to add another 32 benches and shelters at designated bus stop locations. During the next fiscal year 21 bus stops will be improved to give better accessibility.
- The Library System had over 300,000 visitors during the fiscal year. Library materials were circulated more than 519,000 times. It offered a total of 1,517 programs with over 25,000 attendees and participated in 58 community outreach events. The Library System received

several grants and donations from various individuals and organizations. The County continued to strengthen our community through technology and information access at our public libraries by providing over 500 patrons with one-on-one computer instruction through Tech Tutors program.

- The Fire Rescue team received various grants and funding to replace aging equipment for both patients and responders. It was also awarded a \$1.2 million grant for the renovation of the Hernando Beach Fire Station. It has a 2/2Y ISO Public Protection Classification, which only 2% of the 48,855 fire departments in the country have achieved. This classification reflects the relative low risk of fire losses in the county compared with the nation. This may also qualify residents for lower property insurance premiums.
- Aquatic Services upgraded a total of 34 Chassahowitzka Channel markers up to state standards.
- Under the Emergency Management Assistance Compact, the County's Emergency Management Team was able to provide mutual aid support to the Clay County Emergency Operations Center at Camp Blanding and to the Gulf County Emergency Operations Center after Hurricane Michael.

Hernando County has adopted many budgetary and financial policies and continually monitors them for adherence and relevance. The establishment of budgetary and financial policies enables the Board, management and the community to monitor County performance. Following are some of the more significant budgetary policies: The Board annually adopts a balanced budget; fund balances anticipated at the end of a fiscal year are budgeted as the beginning fund balance for the following year; any variance between budgeted fund balance forward and actual fund balance forward is adjusted through a budget amendment; the Board has adopted a Budget Reserve Policy and Reserve Stabilization Policy. The Budget Reserve Policy requires reserves in the General Fund to be maintained at 18.5%. Beginning in Fiscal Year 2018-19, the Board suspended the Budget Reserve Policy due to a shortfall. See the Management Discussion and Analysis for more information. 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, 2017.

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 33 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,

A handwritten signature in black ink, appearing to read "Doug Chorvat, Jr.", written in a cursive style.

Doug Chorvat, Jr.
Clerk of Circuit Court and Comptroller

A handwritten signature in black ink, appearing to read "Amy Gillis", written in a cursive style.

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

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Governmental Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Hernando County, Florida for its comprehensive annual financial report for the fiscal year ended September 30, 2017. 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-three 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**

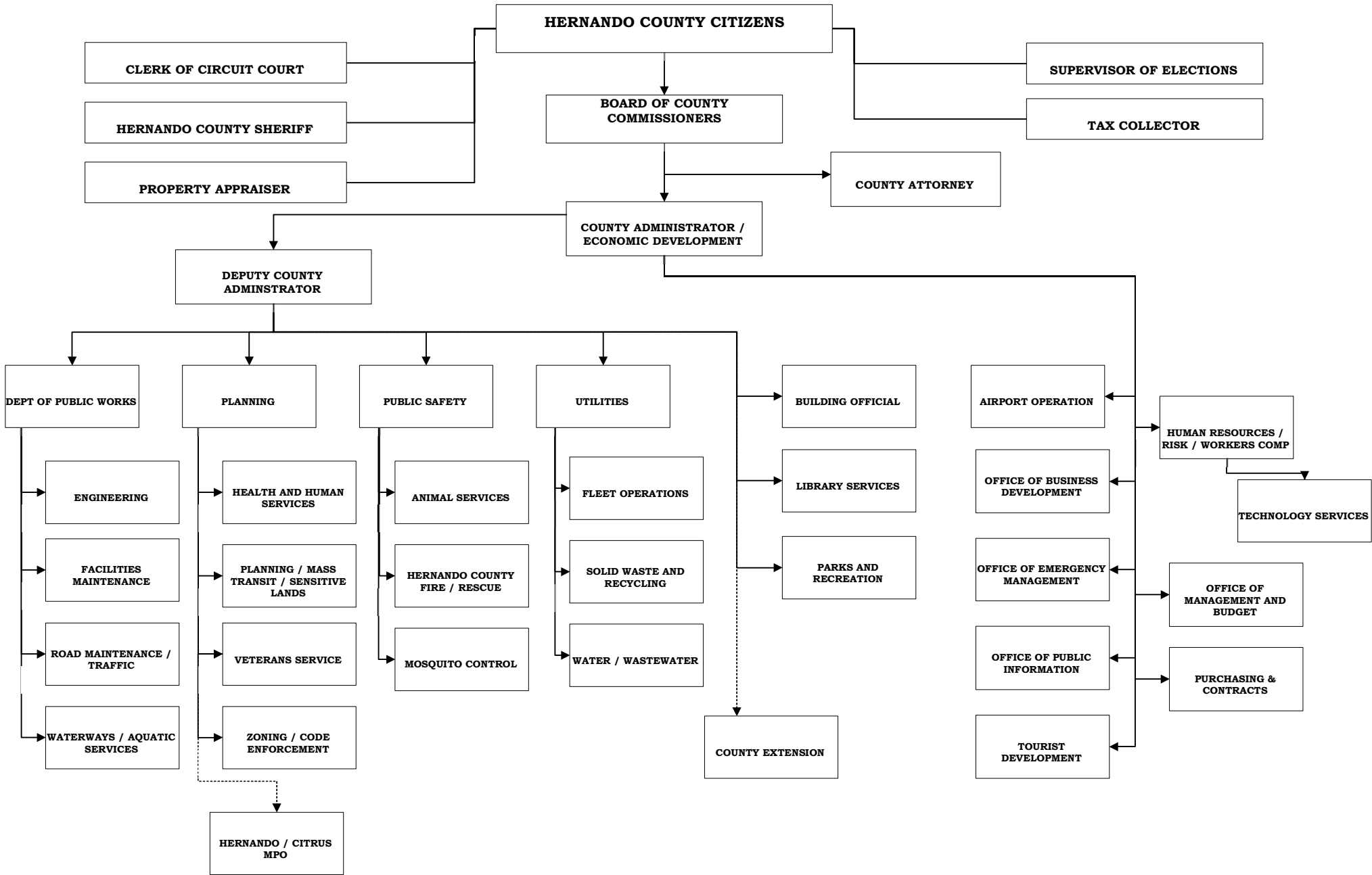
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

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, 2018, 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 1
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 1
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 1
1560 N. Orange Ave., Suite #450 • Winter Park, Florida 32789 1
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS 1
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS 1

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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, the Transportation Trust and Gas Taxes Fund, and the Hernando County Fire Rescue-Fire Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note A, the County adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the year ended September 30, 2018. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

INDEPENDENT AUDITORS' REPORT

(Concluded)

Other Matters (Concluded)

Other Information (Concluded)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Purvis, Gray and Company, LLP

March 21, 2019
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, 2018. 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, 2018, the County's assets and deferred outflows exceeded its liabilities and deferred inflows by \$549,735,536. This represents a decrease of \$4,326,715 over the prior year net position. Of the \$549,735,536 difference between assets and liabilities, \$6,878,662 was unrestricted.

Net position of governmental activities decreased \$11,921,210. Net position of business-type activities increased \$7,594,495. Accordingly, net position of both the governmental activities and business-type activities decreased a total of \$4,326,715.

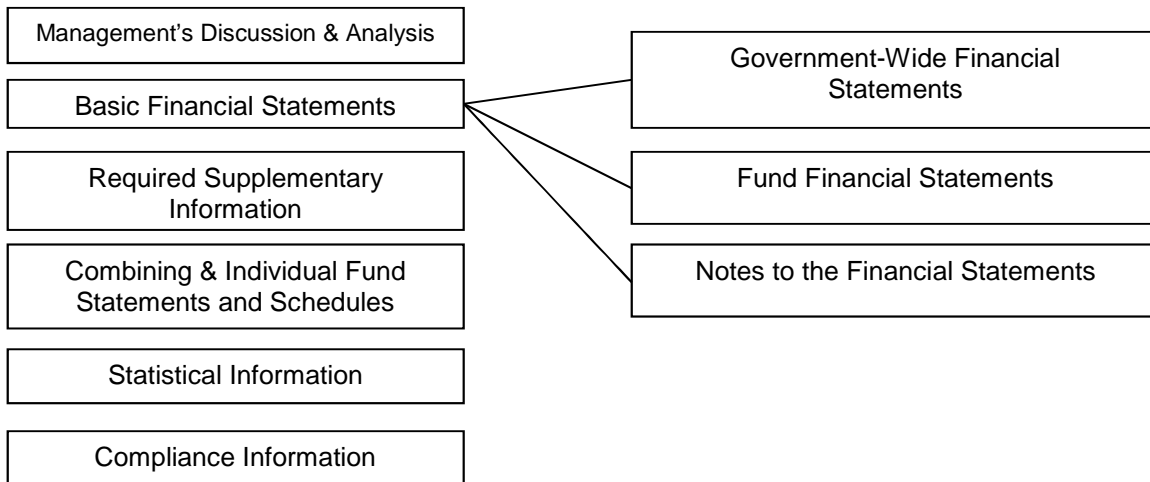
As of September 30, 2018, unassigned fund balance in the governmental funds was \$12,403,882, representing a 94% increase from the previous year unassigned fund balance of \$6,389,190. The net change in fund balances in the governmental funds increased from a negative \$801,805 for the fiscal year 2016-17 to \$3,103,987 for the fiscal year 2017-18. The current increase is predominantly due to an increase in the fund balance of Hernando County Fire Rescue-Fire of \$3,111,860 compared to a decrease of \$785,397 in the prior year. There was also an increase in fund balance of Impact Fees of \$1,919,334 compared to an increase of \$1,138,948 in the prior year. General Fund had a decrease in fund balance of \$2,672,374 for fiscal year 2016-17 compared to a decrease of \$1,248,936 in the current year. The increases in fund balances were offset by a decrease in fund balance of \$3,133,265 for Nonmajor Governmental Funds compared to the decrease of \$753,272 in the prior year.

The County's largest enterprise fund, the Water & Sewer District, had an increase in net position of \$8,568,698 for the year with the increase mostly being from capital grants and contributions. The Water and Sewer capital grants and contributions of \$4,904,267 represents a 46% increase over the previous year. Waste Management had a decrease in net position of \$1,191,083 for the year compared to an increase of \$641,171 in the prior year. Aviation Operations had an increase in net position of \$1,419,738 for the year compared to an increase of \$633,742 in the prior year.

For Fiscal year 2017-18, the county implemented Governmental Accounting Standards Board (GASB) Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" (OPEB). This new statement requires the County to record an OPEB liability in the Statement of Net Position, a restatement of Beginning Net Position, and annual increase in Liability and related deferred changes as an expense in the Statement of Activities and in Proprietary Funds. See Note A.7, Note J, and Note R for further information.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

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

Notes to the Financial Statements

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

ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

Hernando County's Net Position

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2017	2018	2017	2018	2017	2018
Current and other assets	\$ 125,544,881	\$ 129,986,705	\$ 89,575,803	\$ 99,661,501	\$ 215,072,776	\$ 229,608,054
Capital and other long-term assets	<u>336,904,518</u>	<u>337,349,961</u>	<u>260,684,032</u>	<u>256,416,938</u>	<u>597,636,458</u>	<u>593,807,051</u>
Total assets	<u>462,449,399</u>	<u>467,336,666</u>	<u>350,259,835</u>	<u>356,078,439</u>	<u>812,709,234</u>	<u>823,415,105</u>
Deferred Outflows of Resources	<u>56,546,437</u>	<u>55,180,530</u>	<u>5,211,057</u>	<u>4,963,377</u>	<u>61,757,494</u>	<u>60,143,907</u>
Non-Current liabilities	179,619,178	190,300,763	108,682,268	105,122,489	288,301,446	295,423,252
Other liabilities	<u>14,906,047</u>	<u>14,304,815</u>	<u>7,584,893</u>	<u>8,690,810</u>	<u>22,490,940</u>	<u>22,995,625</u>
Total liabilities	<u>194,525,225</u>	<u>204,605,578</u>	<u>116,267,161</u>	<u>113,813,299</u>	<u>310,792,386</u>	<u>318,418,877</u>
Deferred Inflows of Resources	<u>9,055,257</u>	<u>14,417,474</u>	<u>556,834</u>	<u>987,125</u>	<u>9,612,091</u>	<u>15,404,599</u>
Net position:						
Net Investment in capital assets	304,605,052	304,940,822	171,816,828	172,789,360	476,421,880	477,730,182
Restricted	57,323,430	60,065,806	17,783,026	18,818,210	75,106,456	78,884,016
Unrestricted	<u>(46,513,128)</u>	<u>(61,512,484)</u>	<u>49,047,043</u>	<u>54,633,822</u>	<u>2,533,915</u>	<u>(6,878,662)</u>
Total net position	<u>\$ 315,415,354</u>	<u>\$ 303,494,144</u>	<u>\$ 238,646,897</u>	<u>\$ 246,241,392</u>	<u>\$ 554,062,251</u>	<u>\$ 549,735,536</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 \$549,735,536 at the close of the most recent fiscal year. This represents a decrease of \$4,326,715 or 0.8% from the prior year.

The largest portion of Hernando County's net position (87%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, improvements, construction in progress, intangible assets and equipment), less any accumulated depreciation and related debt used to acquire those assets that is still outstanding. Hernando County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Hernando County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position (13%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the County's net position (less than 1%) is unrestricted.

Hernando County's Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Revenues						
Program revenues:						
Charges for services	\$ 56,469,825	\$ 62,452,830	\$ 46,251,333	\$ 47,198,666	\$ 102,721,158	\$ 109,651,496
Operating grants and contributions	5,993,249	5,360,735	109,866	107,209	6,103,115	5,467,944
Capital grants and contributions	4,728,340	6,034,271	4,469,294	6,629,246	9,197,634	12,663,517
General revenues:						
Property taxes	62,915,055	69,647,227	-	-	62,915,055	69,647,227
Other taxes	25,758,113	26,892,297	-	-	25,758,113	26,892,297
Investment earnings	561,597	532,075	348,481	245,098	910,078	777,173
Other	<u>1,802,369</u>	<u>1,735,712</u>	<u>946,738</u>	<u>1,372,414</u>	<u>2,749,107</u>	<u>3,108,126</u>
Total revenues	<u>158,228,548</u>	<u>172,655,147</u>	<u>52,125,712</u>	<u>55,552,633</u>	<u>210,354,260</u>	<u>228,207,780</u>
Expenses						
General government	26,218,775	28,207,741	-	-	26,218,775	28,207,741
Public safety	92,685,389	99,101,326	-	-	92,685,389	99,101,326
Physical environment	1,304,174	1,402,335	-	-	1,304,174	1,402,335
Transportation	24,465,011	25,206,261	-	-	24,465,011	25,206,261
Economic environment	3,486,992	2,856,473	-	-	3,486,992	2,856,473
Human services	7,504,297	7,935,672	-	-	7,504,297	7,935,672
Culture and recreation	5,711,821	6,219,649	-	-	5,711,821	6,219,649
Court operations	7,163,540	7,383,570	-	-	7,163,540	7,383,570
Interest on long-term debt	1,073,528	1,162,221	-	-	1,073,528	1,162,221
Water and sewer	-	-	30,933,210	31,356,893	30,933,210	31,356,893
Aviation operations	-	-	2,232,838	2,256,990	2,232,838	2,256,990
Waste management	-	-	7,593,760	9,791,528	7,593,760	9,791,528
Building department	-	-	<u>2,806,711</u>	<u>3,257,891</u>	<u>2,806,711</u>	<u>3,257,891</u>
Total expenses	<u>169,613,527</u>	<u>179,475,248</u>	<u>43,566,519</u>	<u>46,663,302</u>	<u>213,180,046</u>	<u>226,138,550</u>
Change in net position before transfers	(11,384,979)	(6,820,101)	8,559,193	8,889,331	(2,825,786)	2,069,230
Transfers	<u>216,858</u>	<u>153,637</u>	<u>(216,858)</u>	<u>(153,637)</u>	<u>-</u>	<u>-</u>
Change in net position	(11,168,121)	(6,666,464)	8,342,335	8,735,694	(2,825,786)	2,069,230
Net position –beginning of year (restated)	<u>326,583,475</u>	<u>310,160,608</u>	<u>230,304,562</u>	<u>237,505,698</u>	<u>556,888,037</u>	<u>547,666,306</u>
Net position –end of year	<u>\$ 315,415,354</u>	<u>\$ 303,494,144</u>	<u>\$ 238,646,897</u>	<u>\$ 246,241,392</u>	<u>\$ 554,062,251</u>	<u>\$ 549,735,536</u>

Governmental Activities

Net position of the governmental activities decreased \$11,921,210 or 2% from prior year net position balance. Program revenues in the amount of \$73,847,836 were used to offset program expenses of \$179,475,248 resulting in a net program loss of \$105,627,412. General revenues and transfers totaling \$98,960,948 offset the difference in those program expenses and resulted in a total net decrease of \$6,666,464.

Program revenues increased 10% during the year. The increase in Program Revenues is mostly attributable to a \$6 million or 11% increase in charges for services. This is partly attributed to a \$2 million increase in Rescue Charges for Services, and a \$1.5 million increase in Special Assessments. Grants also provided for expansion of the Good Neighbor Trail.

Property taxes increased \$6.7 million or 11% due to a 6% increase in the taxable value of property in the County. Additionally, Ad valorem taxes to support the public safety services provided by Hernando County Fire Department were collected in fiscal year 2017-18. This resulted in \$3.7 million of additional property tax revenue compared to previous year.

Sales taxes, other taxes, and state shared revenue increased \$885,000 from prior year revenue. These revenues are a result of an increase in economic activity in Hernando County from prior year.

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 costs also increased from prior year.

Transportation expenses increased 3% due to an increase in contract services used to maintain the County's roadways. Health insurance and retirement costs also increased.

Business-Type Activities

Net position of the business-type activities increased \$8,735,694 or 4% over prior year net position balance. Program revenues in the amount of \$53,935,121 were used to offset program expenses of \$46,663,302, resulting in net program income of \$7,271,819. General revenues less transfers in the amount of \$153,637 resulted in a total net increase of \$8,735,694.

Charges for services increased mostly due to increases in charges for water and sewer services of \$947,000, or 2%. This is associated with the final year of rate increases as part of a five-year rate plan.

Capital grants and Contribution increased \$2.2 million from the prior year, mostly associated with a \$2 million increase in Water and Sewer for reclaimed water projects.

Water and Sewer expenses increased 12% due to an increase in depreciation expense of \$1.1 million. This increase in depreciation expense is primarily due to Construction in Progress of \$47 million being 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 of additional interest expense.

Waste Management expenses increased 29% due to a change in the estimated long-term care costs of the landfill. Additional costs of \$1.6 million were incurred early in 2017-18 due to debris removal from Hurricane Irma which occurred in September 2017. The County currently anticipates being reimbursed for a portion of these expenses from the Public Assistance Federal Funding program in fiscal year 2018-19.

ANALYSIS OF THE FUND FINANCIAL STATEMENTS

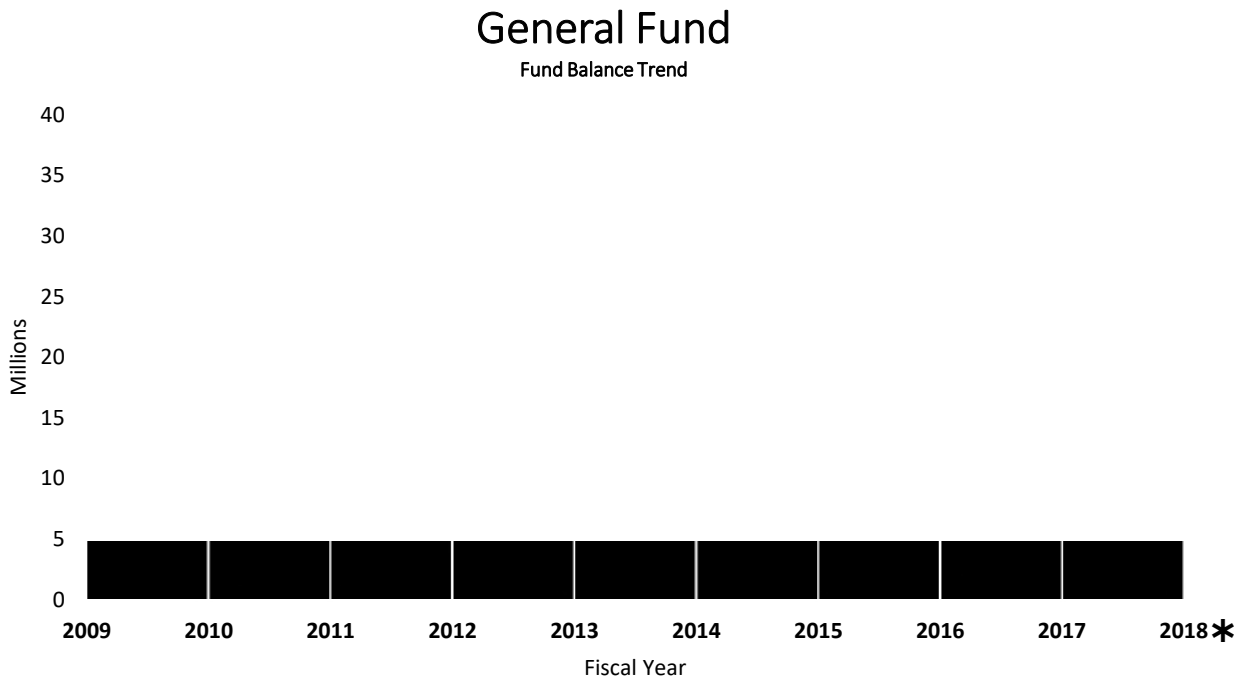
As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Following is a discussion of the financial statements on a fund accounting level.

Governmental Funds

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

As of the end of the current fiscal year, Hernando County governmental funds reported fund balances of \$94,298,953, an increase of \$3,103,987 or 3% from prior year balances. Of the \$94,298,953 fund balance in governmental funds, \$12,403,882 constitutes unassigned fund balance, which is available for spending at the County's discretion and \$5,940,712 which is non-spendable. The remainder of fund balance available for spending consists of the following: \$56,454,197 in 'Restricted Fund Balance' which is restricted by law or externally imposed requirements; \$7,265,496 in 'Committed Fund Balance' which is committed for a specific purpose by the Board; and \$12,234,666 in 'Assigned Fund Balance' which is assigned for a specific purpose by the Board without formal approval. See Note A, Governmental Fund Balance Classifications, for more information.

Governmental funds are comprised of the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds. The General Fund is the chief operating fund of the County. As of the end of the fiscal year, total fund balance for the General Fund was \$22,605,880. Following is a chart of the fund balance trend over the past ten years for the General Fund.



- * During fiscal year 2016-17, the Board approved the creation of a Quality of Life Projects Fund, transferring over \$3 million to it from the General Fund. The intention was to use those funds coupled with potential grant funds for the purpose of infrastructure capital projects. During fiscal year 2017-18, due to budgetary constraints in the General Fund, the Board approved a reimbursing transfer back to the General Fund. Because there was very little left in the Quality of Life Fund and there was no revenue source other than from General Fund, it has been reported in the General Fund for fiscal year 2017-18. See Note R of the financial statements.

In the **General Fund**, the fund balance decreased 5% from prior year. General Fund revenues increased 5% and General Fund expenditures increased 7% from prior year. Revenue from Taxes increased \$2.2 million from the prior year due to an increase in the taxable value of property from the prior year. Intergovernmental revenue increased \$608,000 or 3% due to additional grant funding received in fiscal 2017-18. Charges for services in the General Fund increased 15% due to an increase in the costs of central services charged to other departments. The costs allocated are an expense to the other departments and funds, and a revenue to the General Fund. The costs increased from prior year due to upgrading technology and related equipment used throughout the County. In addition, funding of \$700,000 was received from Hernando County School Board to help offset the costs of additional school resources officers required from state legislation passed during fiscal year 2017-18.

Overall increase in General Fund expenses were a result of increased personnel costs, health insurance, retirements and other personnel-related costs.

Public Safety expense increased 6%. As a result of new State Legislation requiring additional school resource officers, the Sheriff added 12 additional deputies. Additionally, the sheriff entered into a contract with the City of Brooksville to provide law enforcement services after the City dissolved its police department at the beginning of fiscal year 2017-18.

General government expenses increased \$1.8 million from prior year. The Board of County Commissioners increased contributions to various organizations through Community Outreach grants. Personnel costs also increased due to raises in accordance with the County's employee's union contract. Health insurance and Florida Retirement rates also increased. Software costs were incurred to update systems for imaging and court services.

Transfers into the General Fund from other funds increased due to the budget and cash flow challenges. The Board of County Commissioners approved the transfer of unencumbered funds from the Sensitive Lands Fund in the amount of \$1.6 million.

The **Transportation Trust Fund** fund balance increased \$2.5 million, or 9%. Intergovernmental Revenue increased 39% due to grant funding received to complete Phases III and IV of the Good Neighbor Trail.

The increase in Transportation expense of 15% was due to an increase in Capital Outlay of 50%.

In the **Impact Fee Fund**, the fund balance increased \$1.9 million, or 21%. Impact Fee Fund revenues increased 14% and Impact Fee Fund expenditures decreased 22%. Impact Fee revenue increased due to an increase in construction during the year.

The **Hernando County Fire Rescue-Fire** fund balance increased \$3.1 million, or 664%. Revenue increased 26% from the prior year. A one-time Municipal Service Taxing Unit (MSTU), millage rate of .5 mills was approved by the Board of County Commissioners in September 2017. The ad valorem revenue from the millage rate resulted in \$3.7 million. Additional revenue of \$1.5 million was also received from a 5% increase in the Municipal Service Benefit Unit (MSBU) rate for fire safety. Expenses increased 7% due to an increase in personnel, health insurance and retirement costs. There were also additional fees incurred relating to the collection of these additional taxes.

Proprietary Funds

The **Water and Sewer District** experienced an increase in net position of \$7,885,810 compared to prior year's increase of \$6,826,122. Operating revenues of \$34,579,665 less operating expenses of \$28,960,695 resulted in operating income of \$5,618,970. Non-operating Revenues (Expenses) decreased 44% due to a significant decrease in interest expense relating to the repayment of debt for the State Revolving Loans program.

Aviation Operations experienced an increase in net position of \$1,390,479. Operating revenues of \$1,976,010 less operating expenses of \$2,197,359 resulted in an operating loss of \$221,349. Operating revenue increased 11% from prior year due to an increase in tenant leases at the Airport.

The **Waste Management** fund had a decrease in net position of \$1,381,086 compared to prior year's increase of \$641,171. This is mainly due to a \$2 million increase in contract services expense for debris removal resulting from Hurricane Irma which occurred in September 2017. Additional expense of \$400,00 was also incurred for expansion design of the construction and demolition cell at the landfill.

Building Department experienced an increase in net position of \$143,317 compared to prior year's increase of \$135,890. Operating Revenues increased 22% from the prior year with a corresponding increase in processing costs relating to increased licensing and permit activity in 2017-18.

BUDGETARY HIGHLIGHTS – GENERAL FUND

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

- Actual ad-valorem taxes collected for the General Fund were \$1 million less than budgeted.
- Intergovernmental revenue sources were 15% 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 67% higher than budgeted due to the outcome of cases associated with an increase in the Special Master hearings relating to 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. Fines and Forfeitures was also higher due to penalty/fee collections associate with violations of contracts and law enforcement.
- Charges for Services was 17% higher than budgeted due to an increase in the cost allocation charge mentioned above. School Resource Officer (SRO) revenue increased over \$700,000 due to the Hernando County School Board's contribution to fund a portion of the SRO's required from state legislation passed after the Parkland school shooting.
- Physical Environment expenditures were \$311,152, or 17%, under budget predominantly due to lower operating costs than expected, and the State taking over the salaries of the University of Florida Cooperative Extension office personnel.
- Actual expenditures for Economic Environment were 76% less than the final budget due to a decline in applicants who met the qualifications of the Community Development Block Grant (CDBG). The grant-funded program aids with down payments and rehabilitation costs of homes for citizens who meet the program qualifications. Additionally, \$890,000 of budgeted funds for a new grant program 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 \$3,346,976, or 41% less than the amount budgeted of \$5,726,704. This is partly due to projects not being completed during the fiscal year. Additionally, over \$1 million 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 8% almost entirely due to amendments made to the original budget for grant funds not budgeted.
- The original budget for Economic Environment increased 8% almost entirely due to amendments made to the original budget for grant funds not budgeted.
- The original budget for Capital Outlay increased 131% due to many reasons, mostly associated with increases to the capital outlay budget in anticipation and award of grant funds for Mass Transit and other departments. Much of the 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, 2018, amounts to \$593,480,009 net of accumulated depreciation. This investment in capital assets includes land, buildings, infrastructure, improvements other than buildings, equipment, construction in progress and intangible assets. The total decrease in Hernando County's investment in capital assets from the prior year was less than 1% which is comprised of a .05% increase for governmental activities and a 1.6% decrease for business-type activities.

Following is a schedule of the County's capital assets, net of accumulated depreciation, as of September 30, 2017 and 2018:

	Governmental Activities		Business-Type Activities		Totals	
	2017	2018	2017	2018	2017	2018
Land	\$ 29,832,321	\$ 30,755,734	\$ 10,326,775	\$ 10,326,775	\$ 40,159,096	\$ 41,082,509
Buildings	84,575,378	81,142,798	18,256,601	17,874,219	102,831,979	99,017,017
Infrastructure	187,204,611	187,805,837	2,784,322	2,699,620	189,988,933	190,505,457
Improvements other than Buildings	11,730,010	10,837,949	219,878,467	211,955,978	231,608,477	222,793,927
Equipment	22,236,802	24,636,107	4,224,580	3,707,639	26,461,382	28,343,746
Construction in Progress	772,436	1,638,381	5,213,287	9,852,707	5,985,723	11,491,088
Intangible Assets	552,960	533,155	-	-	552,960	533,155
Total	\$ <u>336,904,518</u>	\$ <u>337,349,961</u>	\$ <u>260,684,032</u>	\$ <u>256,416,938</u>	\$ <u>597,588,550</u>	\$ <u>593,766,899</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 2018 occurred in the Governmental Activities primarily due to the depreciation of assets being greater than additions to assets for the year. The increase of infrastructure was attributable to the paving of roads throughout the county. The increase in equipment was due to the purchase of several heavy operation vehicles by Fleet for the use of various departments such as Water and Sewer Transportation trust and Gas Taxes, and the two Fire and Rescue Funds. The remaining increase in equipment was associated with the Sheriff's purchase of 17 vehicles at discounted process from the City of Brooksville as part of the contract to provide law enforcement services. The decrease in capital asset activity for 2018 occurred in the Business-Type Activities primarily due to the depreciation of assets being greater than additions to assets for the year. The increase in construction in progress was due to the reconstruction of Taxiway B at the Airport and the reclaimed water project with Southwest Florida Water Management District. Most of the remaining increase in improvements related to updating water and wastewater plants and lines.

Debt Administration

Loans and notes payable amounted to \$85,836,121 of which \$30,788,734 is for Governmental Activities and \$55,047,387 is for Business-Type Activities. Loans for business-type activities include \$53,668,000 of financing from the State Revolving Loan program for water & sewer improvement projects.

Hernando County had total bonded debt outstanding of \$33,247,145. 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, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance
Loans & Notes Payable	\$ 88,367,201	\$ 4,727,153	7,258,233	85,836,121
Revenue Bonds	36,156,347	-	2,909,202	33,247,145
	<u>\$ 124,523,548</u>	<u>\$ 4,727,153</u>	<u>10,167,435</u>	<u>119,083,266</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, 2018:

	Moody's	Fitch	S&P
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 165,154 in 2009 to 185,604 in 2018, a 12% increase over a period of 10 years.
- Unemployment in Hernando County held at an average of 4.3% and the County's personal income per capita increased slightly to \$36,161 in 2017, the most recent year available.
- Total taxable property value has decreased 6% over the last 10 years, but increased 25% over tax year 2013, which was the lowest taxable value in recent history. The 10 largest taxpayers accounted for 12.15% of the total taxable assessed value, with Cemex, Inc. increasing by 384% over its value 10 years ago.
- Permanent households rose during the year to a total of 77,493, 10% more than 10 years ago. The building department issued 14,622 residential permits and 52 new commercial construction permits for the year.

For the fiscal year 2018-19 budget, taxable property values increased by \$532 million or 6.1% to approximately \$8.714 billion. The increase in property values meant an additional \$2.6 million in revenue to the General Fund, and the County maintained the General Fund millage at 6.8912.

The Budget Reserve Policy requires reserves in the General Fund to be maintained at 18.5%. See Note A.5. of the financial statements. Beginning in Fiscal Year 2018-19, the Board suspended the Budget Reserve Policy due to a shortfall of reserves in the General Fund. It is expected the policy will be suspended again for Fiscal Year 2019-20. As the Board prepares for the Fiscal Year 2019-20 budget, they are reviewing options available to return to the 18.5% reserve over the next few years.

TO OBTAIN FURTHER INFORMATION

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

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

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

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

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



Basic Financial Statements

HERNANDO COUNTY, FLORIDA
STATEMENT OF NET POSITION
September 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 8,943,602	\$ 240,119	\$ 9,183,721
Pooled Cash and Investments	108,360,790	89,400,154	197,760,944
Cash with Fiscal Agent	4,795,554	468,227	5,263,781
Accounts Receivable (net)	4,038,882	4,979,740	9,018,622
Internal Balances	(2,899,808)	2,899,808	-
Due from Other Governments	6,453,777	1,383,950	7,837,727
Inventories	76,849	242,554	319,403
Prepaid Items	217,059	6,797	223,856
Capital Assets, net of accumulated depreciation:			
Land	30,755,734	10,326,775	41,082,509
Buildings	81,142,798	17,874,219	99,017,017
Infrastructure	187,805,837	2,699,620	190,505,457
Improvements Other than Buildings	10,837,949	211,955,978	222,793,927
Equipment	24,636,107	3,707,639	28,343,746
Construction in Progress	1,638,381	9,852,707	11,491,088
Intangible Assets	533,155	-	533,155
Prepaid Bond Insurance	-	40,152	40,152
Total Assets	\$ 467,336,666	\$ 356,078,439	\$ 823,415,105
Deferred Outflows of Resources	\$ 55,180,530	\$ 4,963,377	\$ 60,143,907
LIABILITIES			
Accounts Payable	6,296,597	1,731,325	8,027,922
Retainage Payable	137,845	-	137,845
Accrued Liabilities	4,602,414	1,328,166	5,930,580
Due to Other Governments	736,764	47,910	784,674
Unearned Revenue	2,204,941	489,834	2,694,775
Deposits	326,254	3,506,405	3,832,659
Payable from Restricted Assets:			
Accounts Payable	-	1,319,110	1,319,110
Retainage Payable	-	268,060	268,060
Non-Current Liabilities:			
Due Within One Year:			
Loans & Notes Payable	4,668,660	2,854,030	7,522,690
Bonds Payable	351,546	2,673,783	3,025,329
Compensated Absences	7,295,682	911,016	8,206,698
Other Post Employment Benefits	495,946	67,246	563,192
Net Pension Liability	633,362	43,903	677,265
Claims Liabilities	3,687,519	-	3,687,519
Due In More Than One Year:			
Loans & Notes Payable	26,120,074	52,193,357	78,313,431
Bonds Payable	1,993,348	28,228,468	30,221,816
Compensated Absences	1,394,804	90,099	1,484,903
Other Post Employment Benefits	15,887,051	2,154,177	18,041,228
Net Pension Liability	126,072,771	8,738,868	134,811,639
Claims Liabilities	1,700,000	-	1,700,000
Unearned Revenue	-	1,273,045	1,273,045
Accrued Landfill Closure/Postclosure	-	5,894,497	5,894,497
Total Liabilities	\$ 204,605,578	\$ 113,813,299	\$ 318,418,877

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

HERNANDO COUNTY, FLORIDA
STATEMENT OF NET POSITION
September 30, 2018

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources	\$ 14,417,474	\$ 987,125	\$ 15,404,599
NET POSITION			
Net Investment in Capital Assets	\$ 304,940,822	\$ 172,789,360	\$ 477,730,182
Restricted for:			
Grant Funded Programs	1,884,240		1,884,240
Court Programs	6,365,196		6,365,196
Special Assessment Projects	2,165,261		2,165,261
Environment Conservation	5,513,567		5,513,567
Bond Covenants or Debt Service	137,339		137,339
Public Safety	8,057,148		8,057,148
Capital Projects	31,785,034	12,059,654	43,844,688
Renewal and Replacement		6,758,556	6,758,556
Other Purposes	4,158,021		4,158,021
Unrestricted (Deficit)	(61,512,484)	54,633,822	(6,878,662)
Total Net Position	\$ 303,494,144	\$ 246,241,392	\$ 549,735,536



HERNANDO COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2018

Function/Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental	Business-type	Total
					Activities	Activities	
Governmental Activities:							
General Government	\$ 28,207,741	\$ 13,427,817	\$ (83,589)	\$ 547,437	\$ (14,316,076)	\$ -	\$ (14,316,076)
Public Safety	99,101,326	35,831,456	494,436	407,320	(62,368,114)	-	(62,368,114)
Physical Environment	1,402,335	503,459	6,494	-	(892,382)	-	(892,382)
Transportation	25,206,261	6,306,650	2,796,138	2,710,402	(13,393,071)	-	(13,393,071)
Economic Environment	2,856,473	-	1,070,734	-	(1,785,739)	-	(1,785,739)
Human Services	7,935,672	242,487	106,274	101,606	(7,485,305)	-	(7,485,305)
Culture and Recreation	6,219,649	1,050,867	658,105	2,267,506	(2,243,171)	-	(2,243,171)
Court Operations	7,383,570	5,090,094	312,143	-	(1,981,333)	-	(1,981,333)
Interest on Long-term Debt	1,162,221	-	-	-	(1,162,221)	-	(1,162,221)
Total Governmental Activities	<u>179,475,248</u>	<u>62,452,830</u>	<u>5,360,735</u>	<u>6,034,271</u>	<u>(105,627,412)</u>	<u>-</u>	<u>(105,627,412)</u>
Business-type Activities:							
Water and Sewer District	31,356,893	33,861,021	107,209	4,904,268	-	7,515,605	7,515,605
Aviation Operations	2,256,990	1,895,372	-	1,699,649	-	1,338,031	1,338,031
Waste Management	9,791,528	7,895,505	-	25,329	-	(1,870,694)	(1,870,694)
Building Department	3,257,891	3,546,768	-	-	-	288,877	288,877
Total Business-type Activities	<u>46,663,302</u>	<u>47,198,666</u>	<u>107,209</u>	<u>6,629,246</u>	<u>-</u>	<u>7,271,819</u>	<u>7,271,819</u>
Total	<u>\$ 226,138,550</u>	<u>\$ 109,651,496</u>	<u>\$ 5,467,944</u>	<u>\$ 12,663,517</u>	<u>(105,627,412)</u>	<u>7,271,819</u>	<u>(98,355,593)</u>
General Revenues:							
Property Taxes					69,647,227	-	69,647,227
Fuel Taxes					8,970,470	-	8,970,470
Sales Tax					9,877,608	-	9,877,608
Other Taxes					2,709,644	-	2,709,644
State Shared Revenue - Unrestricted					5,334,575	-	5,334,575
Investment Earnings					532,075	245,098	777,173
Gain on Sale of Capital Assets					53,419	314,950	368,369
Miscellaneous					1,682,293	1,057,464	2,739,757
Transfers					153,637	(153,637)	-
Total General Revenues and Transfers					<u>98,960,948</u>	<u>1,463,875</u>	<u>100,424,823</u>
Change in Net Position					<u>(6,666,464)</u>	<u>8,735,694</u>	<u>2,069,230</u>
Net Position - Beginning (Restated)					<u>310,160,608</u>	<u>237,505,698</u>	<u>547,666,306</u>
Net Position - Ending					<u>\$ 303,494,144</u>	<u>\$ 246,241,392</u>	<u>\$ 549,735,536</u>

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

**HERNANDO COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2018**

ASSETS	General Fund	Transportation Trust and Gas Taxes	Impact Fees Capital Project Fund
Cash and Cash Equivalents	\$ 4,085,675	\$ 395	\$ -
Pooled Cash and Investments	16,128,741	28,541,887	12,450,940
Cash with Fiscal Agent	-	32,397	-
Accounts Receivable (net)	212,343	11,898	-
Due from Other Funds	447,755	84,299	-
Due from Other Governments	3,176,089	2,919,687	12,153
Advances to Other Funds	5,723,149	-	-
Inventories	-	-	-
Prepaid Items	167,053	-	-
Total Assets	\$ 29,940,805	\$ 31,590,563	\$ 12,463,093
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 2,501,190	\$ 975,545	\$ 51,239
Retainage Payable	74,356	63,489	-
Accrued Liabilities	2,770,709	222,801	-
Due to Other Funds	565,185	308,129	-
Due to Other Governments	111,190	-	-
Unearned Revenue	287,802	-	1,472,172
Deposits	97,260	3,120	-
Advances from Other Funds	-	-	-
Total Liabilities	6,407,692	1,573,084	1,523,411
Deferred Inflows of Resources			
Unavailable Revenue	927,233	961,025	-
Fund Balances			
Nonspendable:			
Advances	5,723,149	-	-
Inventories	-	-	-
Prepaid Items	167,053	-	-
Restricted for:			
Grant Funded Programs	1,014,989	-	-
Court Programs	-	-	-
Special Assessment Projects	-	-	-
Environment Conservation	-	-	-
Bond covenants or debt service	-	128,347	-
Public Safety	-	-	-
Capital Projects	-	19,884,327	10,939,682
Other Purposes	-	-	-
Committed to:			
Budgeted Emergency and Contingency Reserves	2,986,272	-	-
Budgeted Stabilization Reserves	2,926,295	-	-
Other Purposes	-	-	-
Assigned to:			
Economic Development	-	-	-
Public Safety	-	-	-
Capital Projects	27,750	9,043,780	-
Other Purposes	-	-	-
Unassigned	9,760,372	-	-
Total Fund Balances	22,605,880	29,056,454	10,939,682
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 29,940,805	\$ 31,590,563	\$ 12,463,093

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	\$ 4,656,662	\$ 8,742,882
8,434,976	25,976,240	91,532,784
-	-	32,397
8,591	3,729,738	3,962,570
256,665	389,171	1,177,890
14,191	330,892	6,453,012
-	-	5,723,149
-	1,800	1,800
-	50,006	217,059
\$ 8,714,573	\$ 35,134,509	\$ 117,843,543

\$ 91,683	\$ 810,104	\$ 4,429,761
-	-	137,845
704,387	607,943	4,305,840
1,000	712,509	1,586,823
-	625,574	736,764
-	49,848	1,809,822
-	225,874	326,254
5,273,149	450,000	5,723,149
6,070,219	3,481,852	19,056,258
844	2,599,230	4,488,332

-	-	5,723,149
-	1,800	1,800
-	48,710	215,763
-	869,251	1,884,240
-	6,365,196	6,365,196
-	2,165,261	2,165,261
-	5,513,404	5,513,404
-	8,992	137,339
-	5,455,437	5,455,437
-	-	30,824,009
-	4,109,311	4,109,311
-	-	2,986,272
-	-	2,926,295
-	1,352,929	1,352,929
-	1,168,028	1,168,028
-	1,946,454	1,946,454
-	-	9,071,530
-	48,654	48,654
2,643,510	-	12,403,882
2,643,510	29,053,427	94,298,953
\$ 8,714,573	\$ 35,134,509	\$ 117,843,543



HERNANDO COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2018

Fund Balances - Total Governmental Funds \$ 94,298,953

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	\$ 531,035,638	
Less Accumulated Depreciation	<u>(208,448,901)</u>	322,586,737

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	\$ 4,488,332	
Deferred Charges on Debt Refunding	724,489	
Deferred Charges related to Net Pension Liability	53,755,976	
Deferred Charges related to Other Post Employment Benefits	<u>407,465</u>	59,376,262

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

Accrued Liabilities - Interest	\$ (204,182)	
Loans and Notes Payable	(26,764,974)	
Bonds Payable	(2,344,895)	
Compensated Absences	(8,601,654)	
Other Post Employment Benefits	(16,190,665)	
Net Pension Liability	<u>(125,985,660)</u>	(180,092,030)

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

Deferred Inflows related to Net Pension Liability	(13,764,576)	(14,340,033)
Deferred Inflows related to Other Post Employment Benefits	<u>(575,457)</u>	

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.		24,153,795
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Accumulated net position of the Internal Service Funds is allocated between governmental activities and business-type activities. Internal Service Fund net position allocated to business-type activities.		<u>(2,489,540)</u>
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Net Position of Governmental Activities \$ 303,494,144

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, 2018

	General Fund	Transportation Trust and Gas Taxes	Impact Fees Capital Project Fund
Revenues			
Taxes	\$ 55,176,696	\$ 14,451,191	\$ -
Licenses and Permits	462,182	386	-
Intergovernmental	19,718,014	5,610,702	-
Charges for Services	12,702,102	1,288,800	-
Fines and Forfeitures	110,167	904	-
Special Assessments	-	-	-
Impact Fees	-	-	3,128,850
Interest	227,855	81,090	30,634
Miscellaneous	1,456,065	120,169	-
Total Revenues	89,853,081	21,553,242	3,159,484
Expenditures			
Current			
General Government	22,264,779	-	-
Public Safety	48,693,366	-	4,513
Physical Environment	328,852	-	-
Transportation	2,514,283	11,949,152	-
Economic Environment	469,298	-	-
Human Services	4,609,019	-	-
Culture and Recreation	5,201,253	-	-
Court Operations	1,266,448	-	-
Debt Service			
Principal	424,739	-	-
Interest and Fiscal Charges	66,194	-	-
Capital Outlay	3,358,739	9,322,735	892,504
Total Expenditures	89,196,970	21,271,887	897,017
Excess of Revenues Over (Under) Expenditures	656,111	281,355	2,262,467
Other Financing Sources (Uses)			
Transfers In	3,365,406	2,932,115	-
Transfers Out	(5,412,852)	(758,476)	(343,133)
Sale of Capital Assets	-	-	-
Additions to Long-Term Debt	142,399	-	-
Total Other Financing Sources (Uses)	(1,905,047)	2,173,639	(343,133)
Net Change in Fund Balances	(1,248,936)	2,454,994	1,919,334
Fund Balances at Beginning of Year (restated)	23,854,816	26,601,460	9,020,348
Fund Balances at End of Year	\$ 22,605,880	\$ 29,056,454	\$ 10,939,682

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

Hernando County Fire Rescue-Fire	Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,680,416	\$ 7,996,916	\$ 81,305,219
66,188	-	528,756
54,000	3,548,741	28,931,457
84,056	15,374,404	29,449,362
-	1,620,616	1,731,687
20,810,709	2,245,049	23,055,758
-	-	3,128,850
28,701	86,391	454,671
223,284	890,711	2,690,229
24,947,354	31,762,828	171,275,989
-	1,734,550	23,999,329
21,482,297	16,326,302	86,506,478
-	859,494	1,188,346
-	1,137,023	15,600,458
-	2,301,604	2,770,902
-	1,484,995	6,094,014
-	89,633	5,290,886
-	5,955,249	7,221,697
164,115	3,596,217	4,185,071
149,829	770,468	986,491
52,631	1,251,338	14,877,947
21,848,872	35,506,873	168,721,619
3,098,482	(3,744,045)	2,554,370
256,528	8,086,065	14,640,114
(243,150)	(8,575,729)	(15,333,340)
-	53,419	53,419
-	1,047,025	1,189,424
13,378	610,780	549,617
3,111,860	(3,133,265)	3,103,987
(468,350)	32,186,692	91,194,966
\$ 2,643,510	\$ 29,053,427	\$ 94,298,953



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, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 3,103,987

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	\$ 15,119,961	
Less current year depreciation	(16,384,595)	
Donation of Capital Assets	101,606	
Capital Asset Disposals	<u>(85,462)</u>	(1,248,490)

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

Additions to Long-Term Debt	(1,189,424)	
Principal Payments	<u>4,185,071</u>	2,995,647

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	\$ 2,033	
Amortization of current year Bond Discount/Premium	1,546	
Amortization of current year Prepaid Bond Insurance	(80,101)	
Increase in Compensated Absences	(785,463)	
Increase in Accrued Other Post Employment Benefits	(1,078,076)	
Increase in Pension Expenses	<u>(8,641,342)</u>	(10,581,403)

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	(132,042)	
Change in earned revenue from charges for services	834,366	
Change in earned revenue from taxes	<u>76,285</u>	778,609

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.

(1,714,814)

Change in Net Position of Governmental Activities **\$ (6,666,464)**

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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 56,266,208	\$ 56,266,208	\$ 55,176,696	\$ (1,089,512)
Licenses and Permits	437,900	437,900	462,182	24,282
Intergovernmental	21,350,162	23,157,976	19,718,014	(3,439,962)
Charges for Services	11,088,664	10,813,664	12,702,102	1,888,438
Fines and Forfeitures	85,918	85,918	110,167	24,249
Interest	242,525	242,525	227,855	(14,670)
Miscellaneous	1,436,269	1,490,369	1,456,065	(34,304)
Total Revenues	<u>90,907,646</u>	<u>92,494,560</u>	<u>89,853,081</u>	<u>(2,641,479)</u>
Expenditures				
Current				
General Government	23,622,284	23,971,364	22,264,779	1,706,585
Public Safety	50,399,213	50,066,287	48,693,366	1,372,921
Physical Environment	373,376	374,418	328,852	45,566
Transportation	2,605,893	2,671,786	2,514,283	157,503
Economic Environment	1,775,260	1,917,961	469,298	1,448,663
Human Services	4,728,483	4,734,365	4,609,019	125,346
Culture and Recreation	5,938,325	5,950,051	5,201,253	748,798
Court Operations	1,283,812	1,293,101	1,266,448	26,653
Debt Service				
Principal	424,886	423,956	424,739	(783)
Interest and Fiscal Charges	62,230	66,977	66,194	783
Capital Outlay	<u>2,919,650</u>	<u>5,744,399</u>	<u>3,358,739</u>	<u>2,385,660</u>
Total Expenditures	<u>94,133,412</u>	<u>97,214,665</u>	<u>89,196,970</u>	<u>8,017,695</u>
Excess of Revenues Over Expenditures	<u>(3,225,766)</u>	<u>(4,720,105)</u>	<u>656,111</u>	<u>5,376,216</u>
Other Financing Sources (Uses)				
Transfers In	(1,430,543)	3,114,028	3,365,406	251,378
Transfers Out	(2,247,251)	(5,202,458)	(5,412,852)	(210,394)
Additions to Long-term Debt	-	799,459	142,399	(657,060)
Reserve for Contingencies	(18,505,877)	(17,796,520)	-	17,796,520
Total Other Financing Sources (Uses)	<u>(22,183,671)</u>	<u>(19,085,491)</u>	<u>(1,905,047)</u>	<u>17,180,444</u>
Net Change in Fund Balance	<u>(25,409,437)</u>	<u>(23,805,596)</u>	<u>(1,248,936)</u>	<u>22,556,660</u>
Fund Balance at Beginning of Year (restated)	<u>25,409,437</u>	<u>23,805,596</u>	<u>23,854,816</u>	<u>49,220</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,605,880</u>	<u>\$ 22,605,880</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 14,267,026	\$ 14,267,026	\$ 14,451,191	\$ 184,165
Licenses and Permits	1,500	390	386	(4)
Intergovernmental	6,276,681	9,232,262	5,610,702	(3,621,560)
Charges for Services	1,216,380	1,140,930	1,288,800	147,870
Fines and Forfeitures	-	-	904	904
Interest	203,000	203,000	81,090	(121,910)
Miscellaneous	77,720	116,740	120,169	3,429
Total Revenues	<u>22,042,307</u>	<u>24,960,348</u>	<u>21,553,242</u>	<u>(3,407,106)</u>
Expenditures				
Current				
Transportation	13,433,790	14,075,117	11,949,152	2,125,965
Culture and Recreation	1,680	-	-	-
Capital Outlay	19,286,019	23,048,902	9,322,735	13,726,167
Total Expenditures	<u>32,721,489</u>	<u>37,124,019</u>	<u>21,271,887</u>	<u>15,852,132</u>
Excess of Revenues Over Expenditures	<u>(10,679,182)</u>	<u>(12,163,671)</u>	<u>281,355</u>	<u>12,445,026</u>
Other Financing Sources (Uses)				
Transfers In	814,759	2,900,482	2,932,115	31,633
Transfers Out	(779,889)	(903,211)	(758,476)	144,735
Reserve for Contingencies	(13,635,688)	(16,435,059)	-	16,435,059
Total Other Financing Sources (Uses)	<u>(13,600,818)</u>	<u>(14,437,788)</u>	<u>2,173,639</u>	<u>16,611,427</u>
Net Change in Fund Balance	<u>(24,280,000)</u>	<u>(26,601,459)</u>	<u>2,454,994</u>	<u>29,056,453</u>
Fund Balance at Beginning of Year	<u>24,280,000</u>	<u>26,601,459</u>	<u>26,601,460</u>	<u>1</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,056,454</u>	<u>\$ 29,056,454</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 3,731,271	\$ 3,731,271	\$ 3,680,416	\$ (50,855)
Licenses and Permits	73,310	73,310	66,188	(7,122)
Intergovernmental	53,000	53,000	54,000	1,000
Charges for Services	87,000	87,000	84,056	(2,944)
Special Assessments	20,626,204	20,626,204	20,810,709	184,505
Interest	75,000	75,000	28,701	(46,299)
Miscellaneous	178,284	178,284	223,284	45,000
Total Revenues	<u>24,824,069</u>	<u>24,824,069</u>	<u>24,947,354</u>	<u>123,285</u>
Expenditures				
Current				
Public Safety	20,814,183	21,533,623	21,482,297	51,326
Debt Service				
Principal	1,626,771	1,670,359	164,115	1,506,244
Interest and Fiscal Charges	202,400	211,050	149,829	61,221
Capital Outlay	125,820	97,575	52,631	44,944
Total Expenditures	<u>22,769,174</u>	<u>23,512,607</u>	<u>21,848,872</u>	<u>1,663,735</u>
Excess of Revenues Over Expenditures	<u>2,054,895</u>	<u>1,311,462</u>	<u>3,098,482</u>	<u>1,787,020</u>
Other Financing Sources (Uses)				
Transfers In	-	-	256,528	256,528
Transfers Out	(393,150)	(243,150)	(243,150)	-
Reserve for Contingencies	(1,661,745)	(1,080,640)	-	1,080,640
Total Other Financing Sources (Uses)	<u>(2,054,895)</u>	<u>(1,323,790)</u>	<u>13,378</u>	<u>1,337,168</u>
Net Change in Fund Balance	-	(12,328)	3,111,860	3,124,188
Fund Balance at Beginning of Year	-	12,328	(468,350)	(480,678)
Fund Balance at End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,643,510</u></u>	<u><u>\$ 2,643,510</u></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, 2018

	Business-Type		
	Water & Sewer District	Aviation Operations	Waste Management
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 237,454	\$ 200	\$ 1,665
Pooled Cash and Investments	36,258,673	2,203,145	19,325,025
Cash with Fiscal Agent	-	-	-
Restricted Cash and Investments:			
Pooled Cash and Investments	301,393	-	902
Accounts Receivable (net)	4,308,385	53,675	565,977
Due from Other Funds	351,305	-	58,340
Due from Other Governments	1,357,582	26,368	-
Inventories	217,955	-	24,599
Prepaid Expenses	-	-	6,797
Total Current Assets	43,032,747	2,283,388	19,983,305
Non-Current Assets			
Restricted Assets:			
Pooled Cash and Investments	19,885,924	-	8,151,461
Cash with Fiscal Agent	468,227	-	-
Capital Assets, net of accumulated depreciation:			
Land	7,998,563	209,611	1,903,601
Buildings	8,195,652	7,172,620	1,585,582
Infrastructure	-	2,699,620	-
Improvements Other Than Buildings	198,704,094	7,911,733	5,270,179
Equipment	3,384,212	8,565	296,002
Construction in Progress	6,765,201	3,022,728	64,778
Prepaid Bond Insurance	40,152	-	-
Total Non-Current Assets	245,442,025	21,024,877	17,271,603
Total Assets	\$ 288,474,772	\$ 23,308,265	\$ 37,254,908
Deferred Outflows of Resources	\$ 3,712,105	\$ 136,472	\$ 600,552
LIABILITIES			
Current Liabilities			
Accounts Payable	1,269,315	77,037	317,908
Accrued Liabilities	1,127,362	35,623	80,537
Due to Other Funds	-	-	-
Due to Other Governments	38,513	-	-
Compensated Absences	614,951	39,935	149,115
Unearned Revenues	434,726	55,108	-
Deposits	3,032,862	154,984	46,649
Loans & Notes Payable	2,678,962	175,068	-
Bonds Payable	2,673,783	-	-
Other Post-Employment Benefits	43,892	2,073	10,695
Net Pension Liability	28,961	1,779	7,051
Claims Liabilities	-	-	-
Payable from Restricted Assets:			
Accounts Payable	1,318,208	-	902
Retainage Payable	268,060	-	-
Total Current Liabilities	13,529,595	541,607	612,857

Activities - Enterprise Funds		Governmental
Building		Activities-
Department	Total	Internal
		Service Funds
\$ 800	\$ 240,119	\$ 200,720
3,273,631	61,060,474	16,828,006
-	-	4,763,157
-	302,295	-
51,703	4,979,740	76,312
623	410,268	-
-	1,383,950	765
-	242,554	75,049
-	6,797	-
<u>3,326,757</u>	<u>68,626,197</u>	<u>21,944,009</u>
-	28,037,385	-
-	468,227	-
215,000	10,326,775	-
920,365	17,874,219	1,468,130
-	2,699,620	-
69,972	211,955,978	-
18,860	3,707,639	13,295,094
-	9,852,707	-
-	40,152	-
<u>1,224,197</u>	<u>284,962,702</u>	<u>14,763,224</u>
<u>\$ 4,550,954</u>	<u>\$ 353,588,899</u>	<u>\$ 36,707,233</u>
<u>\$ 514,248</u>	<u>\$ 4,963,377</u>	<u>\$ 292,601</u>
67,065	1,731,325	1,866,836
84,644	1,328,166	92,392
-	-	1,335
9,397	47,910	-
107,015	911,016	80,837
-	489,834	395,119
271,910	3,506,405	-
-	2,854,030	737,769
-	2,673,783	-
10,586	67,246	5,822
6,112	43,903	3,602
-	-	3,687,519
-	1,319,110	-
-	268,060	-
<u>556,729</u>	<u>15,240,788</u>	<u>6,871,231</u>

Continued

**HERNANDO COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2018**

	Business-Type		
	Water & Sewer District	Aviation Operations	Waste Management
Non-Current Liabilities			
Loans & Notes Payable	50,989,038	1,204,319	-
Bonds Payable	28,228,468	-	-
Compensated Absences	60,819	3,950	14,747
Other Post-Employment Benefits	1,406,042	66,410	342,604
Net Pension Liability	5,764,733	354,032	1,403,512
Claims Liabilities	-	-	-
Payable from Restricted Assets:			
Unearned Revenues	1,273,045	-	-
Accrued Landfill Closure/Postclosure Care	-	-	5,894,497
Total Non-Current Liabilities	<u>87,722,145</u>	<u>1,628,711</u>	<u>7,655,360</u>
Total Liabilities	<u>\$ 101,251,740</u>	<u>\$ 2,170,318</u>	<u>\$ 8,268,217</u>
Deferred Inflows of Resources	<u>\$ 645,970</u>	<u>\$ 35,425</u>	<u>\$ 154,903</u>
NET POSITION			
Net Investment in Capital Assets	142,799,531	19,645,490	9,120,142
Restricted for			
Capital Projects	12,059,654	-	-
Renewal and Replacement	6,758,556	-	-
Unrestricted	<u>28,671,426</u>	<u>1,593,504</u>	<u>20,312,198</u>
Total Net Position	<u>\$ 190,289,167</u>	<u>\$ 21,238,994</u>	<u>\$ 29,432,340</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>
-	52,193,357	3,285,991
-	28,228,468	-
10,583	90,099	7,995
339,121	2,154,177	186,510
1,216,591	8,738,868	716,871
-	-	1,700,000
-	1,273,045	-
-	5,894,497	-
<u>1,566,295</u>	<u>98,572,511</u>	<u>5,897,367</u>
<u>\$ 2,123,024</u>	<u>\$ 113,813,299</u>	<u>\$ 12,768,598</u>
<u>\$ 150,827</u>	<u>\$ 987,125</u>	<u>\$ 77,441</u>
1,224,197	172,789,360	10,739,464
-	12,059,654	-
-	6,758,556	-
<u>1,567,154</u>	<u>52,144,282</u>	<u>13,414,331</u>
<u>\$ 2,791,351</u>	<u>243,751,852</u>	<u>\$ 24,153,795</u>
	<u>2,489,540</u>	
	<u>\$ 246,241,392</u>	

HERNANDO COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2018

	Business-Type		
	Water & Sewer District	Aviation Operations	Waste Management
Operating Revenues			
Licenses and Permits	\$ 4,200	\$ -	\$ 26,000
Charges for Services	34,108,510	1,907,860	7,974,720
Miscellaneous	466,955	68,150	475,158
Total Operating Revenues	<u>34,579,665</u>	<u>1,976,010</u>	<u>8,475,878</u>
Operating Expenses			
Personal Services	9,075,201	408,893	2,246,880
Other Services & Charges	10,517,510	712,048	6,537,760
Claims	-	-	-
Depreciation	9,367,984	1,076,418	1,006,888
Total Operating Expenses	<u>28,960,695</u>	<u>2,197,359</u>	<u>9,791,528</u>
Operating Income (Loss)	<u>5,618,970</u>	<u>(221,349)</u>	<u>(1,315,650)</u>
Non-Operating Revenues (Expenses)			
Interest Income	159,142	5,109	75,307
Interest Expense	(2,573,854)	(59,631)	-
Operating Grants	107,209	-	-
Gain (Loss) on Sale of Capital Assets	312,233	1,490	1,227
Amortization of Bond Discount/Premium	177,656	-	-
Total Non-Operating Revenues (Expenses)	<u>(1,817,614)</u>	<u>(53,032)</u>	<u>76,534</u>
Income (Loss) Before Contributions and Transfers	<u>3,801,356</u>	<u>(274,381)</u>	<u>(1,239,116)</u>
Capital Grants and Contributions	4,904,267	1,699,649	25,329
Transfers In	9,661	-	58,340
Transfers Out	(146,586)	(5,530)	(35,636)
Total Contributions and Transfers	<u>4,767,342</u>	<u>1,694,119</u>	<u>48,033</u>
Change in Net Position	8,568,698	1,419,738	(1,191,083)
Net Position-Beginning, As Restated	<u>181,720,469</u>	<u>19,819,256</u>	<u>30,623,423</u>
Net Position-Ending	<u>\$ 190,289,167</u>	<u>\$ 21,238,994</u>	<u>\$ 29,432,340</u>

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

Change in net position of business-type activities

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

Activities - Enterprise Funds		Governmental
Building		Activities -
Department	Total	Internal
		Service Funds
\$ 3,468,038	\$ 3,498,238	\$ -
123,363	44,114,453	29,438,570
47,202	1,057,465	741,657
<u>3,638,603</u>	<u>48,670,156</u>	<u>30,180,227</u>
2,203,113	13,934,087	2,956,703
1,005,495	18,772,813	11,019,900
-	-	16,890,708
49,283	11,500,573	2,266,814
<u>3,257,891</u>	<u>44,207,473</u>	<u>33,134,125</u>
<u>380,712</u>	<u>4,462,683</u>	<u>(2,953,898)</u>
5,540	245,098	77,404
-	(2,633,485)	(99,208)
-	107,209	-
-	314,950	-
-	177,656	-
<u>5,540</u>	<u>(1,788,572)</u>	<u>(21,804)</u>
<u>386,252</u>	<u>2,674,111</u>	<u>(2,975,702)</u>
-	6,629,245	-
623	68,624	992,598
<u>(34,509)</u>	<u>(222,261)</u>	<u>(145,735)</u>
<u>(33,886)</u>	<u>6,475,608</u>	<u>846,863</u>
352,366	9,149,719	(2,128,839)
<u>2,438,985</u>		<u>26,282,634</u>
<u>\$ 2,791,351</u>		<u>\$ 24,153,795</u>

(414,025)

\$ 8,735,694

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

	Business-type	
	Water & Sewer District	Aviation Operations
Cash Flows from Operating Activities		
Receipts from Customers	\$ 33,706,129	\$ 2,345,407
Receipts from Inter-Fund Services	-	-
Payments to Suppliers	(8,755,982)	(1,014,510)
Payments to Employees	(8,609,327)	(396,613)
Claims Paid	-	-
Other Receipts	466,955	68,150
Net Cash provided by (used for) Operating Activities	<u>16,807,775</u>	<u>1,002,434</u>
Cash Flows from Noncapital Financing Activities		
Operating Grants	107,209	-
Transfers From Other Funds	9,661	-
Transfers to Other Funds	(146,586)	(5,530)
Net Cash Provided by (used for) Noncapital Financing Activities	<u>(29,716)</u>	<u>(5,530)</u>
Cash Flows from Capital and Related Financing Activities		
Additions to Capital Assets	(4,295,321)	(1,775,788)
Proceeds from Capital Debt	-	-
Principal Paid on Capital Debt	(3,372,057)	(304,271)
Interest Paid on Capital Debt	(2,618,703)	63,603
Capital Grants Revenue	2,634,928	1,699,649
Connection Fee Collections	2,269,339	-
Proceeds From Sale of Capital Assets	472,475	-
Net Cash provided by (used for) Capital and Related Financing Activities	<u>(4,909,339)</u>	<u>(316,807)</u>
Cash Flows from Investing Activities		
Interest Received	159,142	5,109
Net Cash Provided by Investing Activities	<u>159,142</u>	<u>5,109</u>
Net Increase (Decrease) in Cash and Cash Equivalents	12,027,862	685,206
Cash and Cash Equivalents at Beginning of Year	<u>47,453,280</u>	<u>1,590,612</u>
Cash and Cash Equivalents at End of Year	<u>\$ 59,481,142</u>	<u>\$ 2,275,818</u>
Classified as:		
Current Assets	36,496,127	2,203,345
Restricted Assets - Current	301,393	-
Restricted Assets - Non-current	20,354,151	-
Totals	<u>\$ 57,151,671</u>	<u>\$ 2,203,345</u>

Activities - Enterprise Funds			Governmental
Waste Management	Building Department	Total	Activities - Internal Service Funds
\$ 7,962,651	\$ 3,479,121	\$ 47,493,308	\$ 24,962,659
-	-	-	4,514,664
(5,985,629)	(1,018,742)	(16,774,863)	(11,241,588)
(2,138,752)	(2,074,924)	(13,219,616)	(2,853,466)
-	-	-	(15,074,791)
475,158	47,202	1,057,465	741,657
<u>313,428</u>	<u>432,657</u>	<u>18,556,294</u>	<u>1,049,135</u>
-	-	107,209	-
58,340	623	68,624	992,598
<u>(35,636)</u>	<u>(34,509)</u>	<u>(222,261)</u>	<u>(145,735)</u>
<u>22,704</u>	<u>(33,886)</u>	<u>(46,428)</u>	<u>846,863</u>
(584,374)	-	(6,655,483)	(3,960,747)
-	-	-	3,537,728
-	-	(3,676,328)	(510,964)
-	-	(2,555,100)	(99,208)
25,329	-	4,359,906	-
-	-	2,269,339	-
<u>24,517</u>	<u>-</u>	<u>496,992</u>	<u>-</u>
<u>(534,528)</u>	<u>-</u>	<u>(5,760,674)</u>	<u>(1,033,191)</u>
75,307	5,540	245,098	77,404
<u>75,307</u>	<u>5,540</u>	<u>245,098</u>	<u>77,404</u>
(123,089)	404,311	12,994,290	940,211
<u>27,641,021</u>	<u>2,871,366</u>	<u>79,556,279</u>	<u>20,851,672</u>
<u>\$ 27,517,932</u>	<u>\$ 3,275,677</u>	<u>\$ 92,550,569</u>	<u>\$ 21,791,883</u>
19,326,690	3,274,431	61,300,593	21,791,883
902	-	302,295	-
<u>8,151,461</u>	<u>-</u>	<u>28,505,612</u>	<u>-</u>
<u>\$ 27,479,053</u>	<u>\$ 3,274,431</u>	<u>\$ 90,108,500</u>	<u>\$ 21,791,883</u>

Continued

HERNANDO COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2018

	<u>Business-type</u>	
	<u>Water & Sewer District</u>	<u>Aviation Operations</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 5,618,970	\$ (221,349)
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided by (used for) Operating Activities		
Depreciation	9,367,984	1,076,418
Other Post-Employment Benefits	96,545	4,560
Pension Adjustments	399,217	19,245
Landfill Closure/Postclosure Care Amortization	-	-
(Increase) Decrease in		
Accounts Receivable	(38,579)	(664)
Due from Other Funds	(386)	-
Due from Other Governments	(262,624)	369,668
Inventories	83,395	-
Prepaid Expenses	7,756	-
Increase (Decrease) in		
Accounts Payable	1,394,897	(271,111)
Retainage Payable	268,060	(31,351)
Accrued Liabilities	(29,888)	(11,525)
Due to Other Funds	-	-
Due to Other Governments	7,420	-
Unearned Revenues	(166,015)	(1,700)
Deposits	61,023	70,243
Claims Liabilities	-	-
Total Adjustments	<u>11,188,805</u>	<u>1,223,783</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ 16,807,775</u>	<u>\$ 1,002,434</u>
Non-cash Investing, Financing, and Capital Activities:		
Contributions of Capital Assets from Developers	<u>\$ 694,901</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
\$ (1,315,650)	\$ 380,712	\$ 4,462,683	\$ (2,953,898)
1,006,888	49,283	11,500,573	2,266,814
23,524	23,284	147,913	12,809
95,240	107,083	620,785	54,776
588,805	-	588,805	-
(91,150)	(51,633)	(182,026)	11,537
8,456	623	8,693	-
25,548	-	132,592	2,949
(4,823)	-	78,572	13,045
8,157	-	15,913	-
(57,399)	(7,721)	1,058,666	129,045
-	-	236,709	-
(10,636)	(2,178)	(54,227)	35,651
-	-	-	1,335
25,548	(5,526)	27,442	-
-	-	(167,715)	669
10,920	(61,270)	80,916	-
-	-	-	1,474,403
<u>1,629,078</u>	<u>51,945</u>	<u>14,093,611</u>	<u>4,003,033</u>
<u>\$ 313,428</u>	<u>\$ 432,657</u>	<u>\$ 18,556,294</u>	<u>\$ 1,049,135</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 694,901</u>	<u>\$ -</u>

HERNANDO COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
September 30, 2018

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 123,158
Pooled Cash and Investments	11,790,839
Due from Other Governments	121
Total Assets	\$ 11,914,118
 LIABILITIES	
Accounts Payable	\$ 220,081
Accrued Liabilities	1,933,949
Due to Other Governments	4,423,476
Deposits	3,222,538
Other Current Liabilities	2,114,074
Total Liabilities	\$ 11,914,118

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

HERNANDO COUNTY, FLORIDA
September 30, 2018

NOTES TO THE FINANCIAL STATEMENTS

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HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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. During the budget process to establish the budget for Fiscal Year 2018-19, due to the inability to fund the entire 18.5% reserve, the Board suspended the budget policy for one year.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Cash, Cash Equivalents, Pooled Cash and Investments

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

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

The County's investments are recorded at fair value unless the investment qualifies as an external investment pool under the guidance of GASB, which allows under certain criteria these investments to be recorded at amortized costs. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The method of measuring the fair value of investments uses the fair value hierarchy as defined by GASB. See Note C. The Local Government Surplus Funds Trust Fund (Florida Prime) is an investment pool reported at amortized cost which approximates 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 may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. For the County, there are three items that qualify for reporting in this category. One is a deferred charge on debt refunding. A deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions. The deferred outflows related

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

to pensions result from County contributions to the County's retirement plan subsequent to the retirement plan's measurement date, and other timing differences. The third item is related to timing differences associated with benefits paid after the measurement period for post employment benefits other than pensions.

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

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

Unbilled Revenue

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

Unearned Revenue

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

Inventories and Prepaid Items

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

Restricted Assets

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

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, 2018

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.

Effective with the beginning of Fiscal Year 2018-19, the county increased the capitalization threshold for equipment to \$5,000.

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.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Long-Term Obligations

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

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

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

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

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

7. EFFECTS OF NEW ACCOUNTING PRONOUNCEMENTS

During the year ended September 30, 2018, the County implemented the following Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 75 *Accounting and Financial Reporting for Other Post Employment Benefits (OPEB)*, addresses reporting by governments that provide OPEB to their employees, and if applicable, any associated OPEB trusts established by the government. The requirements of this statement were implemented, and are further discussed in Note J.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

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, 2018. Capital Improvement and Refunding Bonds S2004 has no budget.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2018, the following funds had an excess of actual expenditures over budgeted expenditures.

	Budgeted Expenditures	Actual Expenditures
Non-Ad Valorem Refunding Revenue Bonds 2010	441,838	441,871
Non-Ad Valorem Refunding Revenue Note 2012	3,208,658	3,216,629
	\$ 3,650,496	\$ 3,658,523

3. DEFICIT FUND BALANCES/NET POSITION

There were no funds with deficit fund balances/net position at September 30, 2018.

NOTE C – CASH AND INVESTMENTS

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

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

- The Local Government Surplus Funds Trust Fund, Florida Prime;
- The Florida Local Government Investment Trust, Florida Trust;
- Direct obligations of the United States Treasury;
- Federal agencies and instrumentalities;
- Certain obligations issued or guaranteed by the United States Government Agencies;
- Certain Supranationals;
- Certain Mortgage Backed Securities;
- Certain Interest-bearing time deposits or savings accounts in qualified public depositories;
- Certain repurchase agreements;
- Certain Registered money market funds;
- Certain commercial paper which is rated as prime by at least two nationally recognized statistical rating organizations;

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE C – CASH AND INVESTMENTS (CONTINUED)

- Certain corporate bonds;
- Certain Domestic Bankers' Acceptances;
- Certain Municipal Debt General Obligation securities;
- Certain Corporate Notes which are rated A or better by at least two nationally recognized statistical rating organizations;
- Certain Asset Backed Securities;
- Other Intergovernmental Investment Pools.

The following is a summary of the carrying amount of cash, investments and cash held with fiscal agent as of September 30, 2018:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Statement of Fiduciary Net Position</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 8,943,602	\$ 240,119	\$ 123,158	\$ 9,306,879
Pooled Cash and Investments	108,360,790	89,400,154	11,790,839	209,551,783
Cash with Fiscal Agent	4,795,554	468,227	-	5,263,781
Total	<u>\$ 122,099,946</u>	<u>\$ 90,108,500</u>	<u>\$ 11,913,997</u>	<u>\$ 224,122,443</u>

The County had the following deposits, investments and cash held with fiscal agent at September 30, 2018:

Deposits	\$ 31,834,494
Cash with Fiscal Agent	5,263,781
Carrying Amount of Investments	<u>187,024,168</u>
Total	<u>\$ 224,122,443</u>

DEPOSITS

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE C – CASH AND INVESTMENTS (CONTINUED)

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	\$ 4,763,157
Transportation Trust Fund	32,397
Water & Sewer District	<u>468,227</u>
	<u>\$ 5,263,781</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.

INVESTMENTS

At September 30, 2018, 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	\$ 89,280,000	\$ 87,904,947	\$ 35,665,212	\$ 52,239,735
Federal Home Loan Bank Federal Home Loan Mortgage Corporation	5,200,000	5,130,836	3,132,384	1,998,452
Federal National Mortgage Association	13,886,481	13,740,967	10,581,234	3,159,733
Federal Farm Credit Bank	5,950,000	5,898,165	4,439,021	1,459,144
Money Market Fund	3,000,000	2,972,366	2,972,366	-
Corporate Notes	1,409,026	1,416,092	1,393,406	22,686
Municipal Notes	6,455,000	6,449,885	2,877,789	3,572,096
Local Government Surplus Funds Trust Fund, (Florida Prime)	500,000	502,552	-	502,552
Florida Local Government Investment Trust (Florida Trust)	23,500,000	23,661,816	23,661,816	-
Florida Cooperative Liquid Assets Securities System (FLCLASS)	28,530,354	28,530,354	28,530,354	-
	<u>10,750,000</u>	<u>10,816,188</u>	<u>10,816,188</u>	<u>-</u>
	<u>\$ 188,460,861</u>	<u>\$ 187,024,168</u>	<u>\$ 124,069,770</u>	<u>\$ 62,954,398</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE C – CASH AND INVESTMENTS (CONTINUED)

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

The County also participates in the following investment pools:

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

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

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE C – CASH AND INVESTMENTS (CONTINUED)

At September 30, 2018, the County's investments carried the following Credit Rating and Fair Value Hierarchy:

<u>Type of Investment</u>	<u>Credit Rating S&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/Aa1	2
Local Government Surplus Funds Trust Fund, (Florida Prime)	AAAm/NA	N/A
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.

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.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE C – CASH AND INVESTMENTS (CONTINUED)

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.

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE D – RECEIVABLES

Accounts receivable at September 30, 2018, for the County's individual major funds and non-major funds in total, including applicable allowances for uncollectibles were as follows:

	<u>Accounts Receivable, Gross</u>	<u>Allowance for Uncollectible Accounts</u>	<u>Accounts Receivable, Net</u>
General Fund	\$ 1,150,711	\$ 938,368	\$ 212,343
Transportation Trust and Gas Taxes	217,155	205,257	11,898
Hernando County Fire Rescue -Fire	206,533	197,942	8,591
Water and Sewer District	4,570,760	262,375	4,308,385
Aviation Operations	62,475	8,800	53,675
Waste Management	570,669	4,692	565,977
Business Development	66,661	14,958	51,703
Non-major government funds	18,946,632	15,216,894	3,729,738
Internal Service Funds	76,312	-	76,312
Total	<u>\$ 25,867,908</u>	<u>\$ 16,849,286</u>	<u>\$ 9,018,622</u>

Included in accounts receivable in the Water and Sewer District are unbilled amounts totaling \$1,743,107 earned in September 2018, but billed in October 2018.

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

Due from Other Governments at September 30, 2018, 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	\$ 874,317	\$ 1,830,057	\$ 471,715	\$ 3,176,089
Transportation Trust and Gas Taxes	977,156	1,937,134	5,397	2,919,687
Impact Fees Capital Project Fund	-	-	12,153	12,153
Hernando County Fire Rescue-Fire	-	14,191	-	14,191
Water and Sewer District	797,625	2,403	557,554	1,357,582
Aviation Operations	26,368	-	-	26,368
Non-major governmental funds	159,596	66,519	104,777	330,892
Internal Service Funds	-	765	-	765
Total	<u>\$ 2,835,062</u>	<u>\$ 3,851,069</u>	<u>\$ 1,151,596</u>	<u>\$ 7,837,727</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE E – RESTRICTED ASSETS

As of September 30, 2018, restricted assets were held for the following purposes:

	Cash with Fiscal Agent	Pooled Cash and Investments and Other Investments	Total
Transportation Trust and Gas Taxes	\$ 32,397	\$ -	\$ 32,397
Debt Service Funds	-	8,992	8,992
Sheriff Health Insurance Fund	<u>4,763,157</u>	<u>-</u>	<u>4,763,157</u>
Total Governmental Activities	<u>4,795,554</u>	<u>8,992</u>	<u>4,804,546</u>
Water and Sewer District			
Construction	468,227	12,205,193	12,673,420
Debt Retirement	-	922,176	922,176
Renewal and Replacement	<u>-</u>	<u>7,059,948</u>	<u>7,059,948</u>
Total Water and Sewer District	<u>468,227</u>	<u>20,187,317</u>	<u>20,655,544</u>
Waste Management			
Landfill Closure/Post-closure	<u>-</u>	<u>8,152,363</u>	<u>8,152,363</u>
Total Waste Management	<u>-</u>	<u>8,152,363</u>	<u>8,152,363</u>
Total Business-Type Activities	\$ <u>468,227</u>	\$ <u>28,339,680</u>	\$ <u>28,807,907</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE F – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018 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	\$ 29,832,321	\$ 1,019,828	\$ 96,415	\$ 30,755,734
Construction in Progress	<u>772,436</u>	<u>1,044,788</u>	<u>178,843</u>	<u>1,638,381</u>
Total capital assets, not being depreciated	<u>30,604,757</u>	<u>2,064,616</u>	<u>275,258</u>	<u>32,394,115</u>
Capital assets, being depreciated:				
Buildings	135,916,230	82,394	-	135,998,624
Infrastructure	283,893,422	8,845,990	-	292,739,412
Improvements other than buildings	29,979,110	203,958	-	30,183,068
Equipment	69,068,245	8,260,614	5,999,080	71,329,779
Software	<u>1,540,022</u>	<u>-</u>	<u>-</u>	<u>1,540,022</u>
Total capital assets being depreciated	<u>520,397,029</u>	<u>17,392,956</u>	<u>5,999,080</u>	<u>531,790,905</u>
Less accumulated depreciation for:				
Buildings	51,340,852	3,514,974	-	54,855,826
Infrastructure	96,688,811	8,244,764	-	104,933,575
Improvements other than buildings	18,249,100	1,096,019	-	19,345,119
Equipment	46,831,443	5,775,847	5,913,618	46,693,672
Software	<u>987,062</u>	<u>19,805</u>	<u>-</u>	<u>1,006,867</u>
Total accumulated depreciation	<u>214,097,268</u>	<u>18,651,409</u>	<u>5,913,618</u>	<u>226,835,059</u>
Total capital assets, being depreciated, net	<u>306,299,761</u>	<u>(1,258,453)</u>	<u>85,462</u>	<u>304,955,846</u>
Capital assets, net	<u>\$ 336,904,518</u>	<u>\$ 806,163</u>	<u>\$ 360,720</u>	<u>\$ 337,349,961</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE F – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities: Capital assets, not being depreciated:				
Land	\$ 10,326,775	\$ -	\$ -	\$ 10,326,775
Construction in Progress	5,213,287	6,509,209	1,869,789	9,852,707
Total capital assets, not being depreciated	15,540,062	6,509,209	1,869,789	20,179,482
Capital assets, being depreciated:				
Buildings	23,712,479	520,586	535,826	23,697,239
Infrastructure	3,335,468	-	-	3,335,468
Improvements other than buildings	373,680,209	2,071,642	687,259	375,064,592
Equipment	9,933,990	187,824	91,483	10,030,331
Total capital assets being depreciated	410,662,146	2,780,052	1,314,568	412,127,630
Less accumulated depreciation for:				
Buildings	5,455,878	747,742	380,600	5,823,020
Infrastructure	551,146	84,702	-	635,848
Improvements other than buildings	153,801,742	9,989,611	682,739	163,108,614
Equipment	5,709,410	678,518	65,236	6,322,692
Total accumulated depreciation	165,518,176	11,500,573	1,128,575	175,890,174
Total capital assets, being depreciated, net	245,143,970	(8,720,521)	185,993	236,237,456
Capital assets, net	\$ 260,684,032	\$ (2,211,312)	\$ 2,055,782	\$ 256,416,938

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 4,351,179
Public Safety	2,674,614
Physical Environment	170,746
Transportation	8,933,546
Economic Environment	32,398
Human Services	1,724,158
Culture and Recreation	635,760
Court Operations	129,008
Total Depreciation for Governmental Activities	\$ 18,651,409
Business-Type Activities	
Water and Sewer District	\$ 9,367,984
Aviation Operations	1,076,418
Waste Management	1,006,888
Building Department	49,283
Total Depreciation for Business-Type Activities	\$ 11,500,573

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

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, 2018, interest costs incurred totaled \$2,573,854 for the Water and Sewer District and \$59,631 for the Aviation Operations, of which \$116,619 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, 2018 were as follows:

		<u>Construction Commitments Outstanding</u>
General Fund	\$	1,686,298
Transportation Trust and Gas Taxes		3,665,758
Impact Fees Capital Project Fund		7,288
Non-major governmental funds:		
Stormwater Management		57,865
Municipal Service Benefit Units		12,110
Hernando County Fire Rescue-Rescue		14,812
Miscellaneous Special Revenue Funds		12,000
Capital Project Fund		17,388
Water and Sewer District		6,894,900
Aviation Operations		1,190,326
Internal service funds:		
Fleet Replacement		46,581
Total	\$	<u><u>13,605,326</u></u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE G – INTERFUND TRANSACTIONS

1. DUE TO / DUE FROM OTHER FUNDS

Interfund balances at September 30, 2018 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund		
Transportation Trust and Gas Taxes	\$ 308,129	\$ 82,950
Hernando County Fire Rescue-Fire	1,000	256,154
Non-major Governmental Funds	136,655	167,118
Capital Projects Funds	1,700	-
Waste Management	-	58,340
Building Department	-	623
Internal Service Funds	271	-
	<u>447,755</u>	<u>565,185</u>
Transportation Trust and Gas Taxes		
General Fund	82,950	308,129
Non-major Governmental Funds	524	-
Internal Service Fund	825	-
	<u>84,299</u>	<u>308,129</u>
Hernando County Fire Rescue-Fire		
General Fund	256,154	1,000
Non-major Governmental Funds	511	-
	<u>256,665</u>	<u>1,000</u>
Non-major governmental funds		
General Fund	166,553	137,792
Transportation Trust and Gas Taxes	-	524
Hernando County Fire Rescue- Fire	-	373
Non-major Governmental Funds	222,515	222,515
Water and Sewer District	-	351,305
Internal Service Funds	103	-
	<u>389,171</u>	<u>712,509</u>
Water and Sewer District		
Non-major Governmental Funds	351,305	-
Waste Management Fund		
General Fund	58,340	-
Building Department		
General Fund	623	-
Internal Service Funds		
General Fund	-	271
Transportation Trust and Gas Taxes	-	825
Hernando County Fire Rescue -Fire	-	136
Non-major Governmental Funds	-	103
	<u>-</u>	<u>1,335</u>
Total Due To/Due From Other Funds	\$ <u>1,588,158</u>	\$ <u>1,588,158</u>

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE G – INTERFUND TRANSACTIONS (CONTINUED)

2. ADVANCES TO / ADVANCES FROM OTHER FUNDS

Individual interfund advances were as follows:

	Advances to Other Funds	Advances from Other Funds
General Fund	\$ 5,723,149	\$ -
Hernando County Fire Rescue-Fire 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.	-	5,273,149
Special Revenue Funds 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
Total Advances To/Advances From Other Funds	\$ 5,723,149	\$ 5,723,149

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE G – INTERFUND TRANSACTIONS (CONTINUED)

3. INTERFUND TRANSFERS

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Transportation Trust and Gas Taxes	\$ 487,895	\$ 99,972
Hernando County Fire Rescue-Fire	-	250,003
Non-major governmental funds	2,877,511	4,650,122
Waste Management	-	58,340
Building Department	-	623
Internal Service Funds	-	353,792
	<u>3,365,406</u>	<u>5,412,852</u>
Transportation Trust and Gas Taxes		
General Fund	82,950	487,895
Non-major governmental funds	2,849,165	170,280
Internal Service Funds	-	100,301
	<u>2,932,115</u>	<u>758,476</u>
Impact Fees Capital Project Fund		
Non-major governmental funds	-	343,133
Hernando County Fire Rescue-Fire		
General Fund	256,154	-
Non-major governmental funds	374	67,329
Internal Service Funds	-	175,821
	<u>256,528</u>	<u>243,150</u>
Non-major governmental funds		
General Fund	4,654,948	2,877,511
Transportation Trust and Gas Taxes	128,347	2,849,164
Hernando County Fire Rescue-Fire	67,329	373
Impact Fees Capital Project Fund	343,133	-
Non-major governmental funds	2,763,961	2,715,985
Water and Sewer District	-	9,661
Internal Service Funds	128,347	123,035
	<u>8,086,065</u>	<u>8,575,729</u>
Water and Sewer District		
Non-major governmental funds	9,661	-
Internal Service Funds	-	146,586
	<u>9,661</u>	<u>146,586</u>
Aviation Operations		
Internal Service Funds	-	5,530

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE G – INTERFUND TRANSACTIONS (CONTINUED)

	<u>Transfers In</u>	<u>Transfers Out</u>
Waste Management Fund		
General Fund	\$ 58,340	\$ -
Internal Service Funds	-	35,636
	<u>58,340</u>	<u>35,636</u>
Building Department		
General Fund	623	-
Internal Service Funds	-	34,509
	<u>623</u>	<u>34,509</u>
Internal Service Funds		
General Fund	353,792	-
Transportation Trust and Gas Taxes	100,301	-
Hernando County Fire Rescue-Fire	175,821	-
Non-major governmental funds	123,035	128,347
Water and Sewer District	146,586	-
Aviation Operations	5,530	-
Waste Management	35,636	-
Building Department	34,509	-
Internal Service Funds	17,388	17,388
	<u>992,598</u>	<u>145,735</u>
Total Interfund Transfers	<u>\$ 15,701,336</u>	<u>\$ 15,701,336</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE H – LONG-TERM LIABILITIES

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

	Beginning Balance Restated (1)	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable	\$ 2,680,000	\$ -	\$ 345,000	\$ 2,335,000	\$ 350,000
Net Bond Premium	<u>11,440</u>	<u>-</u>	<u>1,546</u>	<u>9,894</u>	<u>1,546</u>
Total Bonds Payable	2,691,440	-	346,546	2,344,894	351,546
Loans & Notes Payable	30,412,616	4,727,153	4,351,035	30,788,734	4,668,660
Compensated Absences	7,888,411	7,289,474	6,487,399	8,690,486	7,295,682
Other Post Employment Benefits	15,948,327	434,670	-	16,382,997	495,946
Net Pension Liability	124,488,048	2,218,085	-	126,706,133	633,362
Claims Liabilities	<u>3,931,306</u>	<u>16,938,280</u>	<u>15,482,067</u>	<u>5,387,519</u>	<u>3,687,519</u>
Total	\$ <u>185,360,148</u>	\$ <u>31,607,662</u>	\$ <u>26,667,047</u>	\$ <u>190,300,763</u>	\$ <u>17,132,715</u>
Business-Type Activities					
Bonds Payable	\$ 30,499,950	\$ -	\$ 2,385,000	\$ 28,114,950	\$ 2,495,000
Net Bond Premium	<u>2,964,957</u>	<u>-</u>	<u>177,656</u>	<u>2,787,301</u>	<u>178,783</u>
Total Bonds Payable	33,464,907	-	2,562,656	30,902,251	2,673,783
Loans & Notes Payable	57,954,585	-	2,907,198	55,047,387	2,854,030
Compensated Absences	823,773	907,634	730,292	1,001,115	911,016
Other Post Employment Benefits	2,162,487	58,936	-	2,221,423	67,246
Net Pension Liability	8,728,530	54,241	-	8,782,771	43,903
Landfill Closure/Postclosure	<u>5,305,692</u>	<u>588,805</u>	<u>-</u>	<u>5,894,497</u>	<u>-</u>
Total	\$ <u>108,439,974</u>	\$ <u>1,609,616</u>	\$ <u>6,200,146</u>	\$ <u>103,849,444</u>	\$ <u>6,549,978</u>

(1) The beginning balances of Other Post Employment Benefits above have been restated by the implementation of GASB 75, Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

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	\$ 12,508,734	\$	1,379,387
State Revolving Loans	-		53,668,000
Other Loans and Notes	<u>18,280,000</u>		<u>-</u>
Total	<u>\$ 30,788,734</u>	\$	<u>55,047,387</u>

Governmental Activities-Governmental Funds

The following are summaries of Non-Revolving Lines of Credit at September 30, 2018:

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:

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.	\$ 9,746
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.	10,666
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.	6,154

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

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.	\$ 12,626
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.	16,214
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.	6,630
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.	23,005
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.	7,198
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>30,817</u>
	\$ 123,056
<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.	\$ 24,152
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.	5,535
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.	25,109
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.	12,755
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.	60,166

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

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.	\$ 35,023
Flicker Road Paving. Applicable rate of interest: 2.55% until January 1, 2018 then 3.10%. Average annual principal payments of \$4,081 due until May 1, 2023. Interest is paid semi-annually May 1 and November 1.	18,418
State Road Canal Dredge. Applicable rate of interest: 2.55% until January 1, 2018 then 3.10%. Average annual principal payments of \$11,757 due until May 1, 2023. Interest is paid semi-annually May 1 and November 1.	53,065
County Radio System Upgrade. Applicable rate of interest: 1.91% until January 1, 2018 then 2.31%. Average annual principal payments of \$422,965 due until May 1, 2023. Interest is paid semi-annually May 1 and November 1.	1,953,980
Hernando Beach Volunteer Fire Department Fire Engine. Applicable rate of interest: 2.29% until January 1, 2018 then 2.78%. Average annual principal payment of \$46,809 due until May 1, 2023. Interest is paid semi-annually May 1 and November 1.	<u>226,225</u>
	\$ 2,414,428
<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% until January 1, 2018 then 3.40%. Average annual principal payment of \$62,848 due until May 1, 2029. Interest is paid semi-annually May 1 and November 1.	\$ 588,005
Phillips East Paving. Applicable rate of interest: 2.51% until January 1, 2018 then 3.05%. Average annual principal payments of \$8,808 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	65,396
Puffin Paving. Applicable rate of interest: 2.51% until January 1, 2018 then 3.05%. Average annual principal payments of \$1,296 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	9,622
Grass Finch Paving. Applicable rate of interest: 2.51% until January 1, 2018 then 3.05%. Average annual principal payments of \$3,181 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	23,617
Harris Hawk Paving. Applicable rate of interest: 2.51% until January 1, 2018 then 3.05%. Average annual principal payments of \$9,500 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	70,535

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE H – LONG-TERM LIABILITIES (CONTINUED)

Royal Highlands Area A Paving. Applicable rate of interest: 2.53% until January 1, 2018 then 3.07%. Average annual principal payments of \$12,361 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	\$ 68,021
Ostrom/Allen Paving. Applicable rate of interest: 2.53% until January 1, 2018 then 3.07%. Average annual principal payments of \$4,588 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	25,248
Benes Roush Paving. Applicable rate of interest: 2.53% until January 1, 2018 then 3.07%. Average annual principal payments of \$3,604 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	19,836
Eider Paving. Applicable rate of interest: 2.53% until January 1, 2018 then 3.07%. Average annual principal payments of \$2,914 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	16,037
Helene Paving. Applicable rate of interest: 2.53% until January 1, 2018 then 3.07%. Average annual principal payments of \$6,025 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	33,154
Hancock Lake Paving. Applicable rate of interest: 2.44% until January 1, 2018 then 2.96%. Average annual principal payments of \$14,079 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	89,613
Crum Paving. Applicable rate of interest: 2.44% until January 1, 2018 then 2.96%. Average annual principal payments of \$8,529 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	54,288
Hernando County Fire Department Fire Engine. Applicable rate of interest: 2.52% until January 1, 2018 then 3.06%. Average annual principal payment of \$147,080 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	933,158
Hernando County Fire Department Emergency Services Equipment. Applicable rate of interest: 2.52% until January 1, 2018 then 3.06%. Average annual principal payment of \$42,265 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	<u>268,156</u>
	\$ 2,264,686

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% until January 1, 2018 then 3.32%. Average annual principal payments of \$46,817 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	\$ 294,675
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HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE H – LONG-TERM LIABILITIES (CONTINUED)

Royal Highlands Area E Paving. Applicable rate of interest: 2.73% until January 1, 2018 then 3.32%. Average annual principal payments of \$27,923 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	\$ 175,750
Royal Highlands Area F Paving. Applicable rate of interest: 2.73% until January 1, 2018 then 3.32%. Average annual principal payments of \$11,372 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	71,578
Royal Highlands Area G Paving. Applicable rate of interest: 2.34% until January 1, 2018 then 2.84%. Average annual principal payments of \$34,880 due until May 1, 2026. Interest is paid semi-annually May 1 and November 1.	282,278
Royal Highlands Area B Paving. Applicable rate of interest: 2.34% until January 1, 2018 then 2.84%. Average annual principal payments of \$15,372 due until May 1, 2026. Interest is paid semi-annually May 1 and November 1.	1,243,989
Golden Warbler Paving. Applicable rate of interest: 2.34% until January 1, 2018 then 2.84%. Average annual principal payments of \$4,690 due until May 1, 2026. Interest is paid semi-annually May 1 and November 1.	37,955
Paramount Area Paving. Applicable rate of interest: 2.34% until January 1, 2018 then 2.84%. Average annual principal payments of \$7,309 due until May 1, 2026. Interest is paid semi-annually May 1 and November 1.	59,147
Pine Warbler Paving. Applicable rate of interest: 2.81% until January 1, 2018 then 3.42%. Average annual principal payments of \$14,095 due until May 1, 2027. Interest is paid semi-annually May 1 and November 1.	110,706
Mexican Canary Paving. Applicable rate of interest: 2.81% until January 1, 2018 then 3.42%. Average annual principal payments of \$9,308 due until May 1, 2027. Interest is paid semi-annually May 1 and November 1.	73,102
Godwit Paving. Applicable rate of interest: 2.81% until January 1, 2018 then 3.42%. Average annual principal payments of \$6,872 due until May 1, 2027. Interest is paid semi-annually May 1 and November 1.	54,128
Pelican Paving. Applicable rate of interest: 2.81% until January 1, 2018 then 3.42%. Average annual principal payments of \$5,225 due until May 1, 2027. Interest is paid semi-annually May 1 and November 1.	41,040
Furley Paving. Applicable rate of interest: 2.81% until January 1, 2018 then 3.42%. Average annual principal payments of \$6,243 due until May 1, 2027. Interest is paid semi-annually May 1 and November 1.	49,032
Royal Highlands Area I Paving. Applicable rate of interest: 3.92%. Average annual principal payments of \$37,859 due until May 1, 2028. Interest is paid semi-annually May 1 and November 1.	378,590
Royal Highlands Driveway Aprons. Applicable rate of interest: 3.92%. Average annual principal payments of \$8,391 due until May 1, 2028. Interest is paid semi-annually May 1 and November 1.	83,910

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE H – LONG-TERM LIABILITIES (CONTINUED)

Maberly Paving. Applicable rate of interest: 3.92%. Average annual principal payments of \$13,124 due until May 1, 2028. Interest is paid semi-annually May 1 and November 1.	\$ 131,245
Bayport Pier. Applicable rate of interest: 3.875%. Average annual principal payments of \$14,240 due until May 1, 2028. Interest is paid semi-annually May 1 and November 1.	142,399
Taylor St Millings. Applicable rate of interest: 3.86%. Average annual principal payments of \$5,904 due until May 1, 2028. Interest is paid semi-annually May 1 and November 1.	59,035
Sweetgum Road Millings. Applicable rate of interest: 3.86%. Average annual principal payments of \$9,233 due until May 1, 2028. Interest is paid semi-annually May 1 and November 1.	92,330
Painted Bunting Paving. Applicable rate of interest: 3.86%. Average annual principal payments of \$10,101 due until May 1, 2028. Interest is paid semi-annually May 1 and November 1.	101,010
Carnes Area Paving. Applicable rate of interest: 3.86%. Average annual principal payments of \$20,090 due until May 1, 2028. Interest is paid semi-annually May 1 and November 1.	<u>200,905</u>
	\$ 3,682,804

The following is a summary of other loans at September 30, 2018:

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.	\$ 18,280,000
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HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE H – LONG-TERM LIABILITIES (CONTINUED)

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% until January 1, 2018 then 2.63%. Average annual principal payments of \$200,000 due until May 1, 2019. Interest is paid semi-annually May 1 and November 1.	\$ 200,798
Vehicle purchases. Applicable rate of interest: 2.81% until January 1, 2018 then 3.42%. Average annual principal payments of \$69,076 due until May 1, 2027. Interest is paid semi-annually May 1 and November 1.	542,525
Vehicle purchases. Applicable rate of interest 2.19% until January 1, 2018 then 2.67%. Average annual principal payments of \$225,654 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	1,466,608
Vehicle purchase. Applicable rate of interest 3.223%. Average annual principal payments of \$139,164 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	829,829
Vehicle purchases. Applicable rate of interest 3.723%. Average annual payments of \$140,571 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	984,000
	<u>\$ 4,023,760</u>
Total Governmental Activities Loans and Notes Payable	<u>\$ 30,788,734</u>

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>
2019	\$ 4,668,660	\$ 895,427	\$ 5,564,087
2020	4,526,248	766,045	5,292,293
2021	4,643,322	632,839	5,276,161
2022	3,109,271	507,358	3,616,629
2023	3,178,920	412,946	3,591,866
2024-2028	10,601,054	826,711	11,427,765
2029	<u>61,259</u>	<u>2,079</u>	<u>63,338</u>
Total	<u>\$ 30,788,734</u>	<u>\$ 4,043,405</u>	<u>\$ 34,832,139</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE H – LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities

The following is a summary of Loans & Notes Payable at September 30, 2018:

Aviation Operations

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

\$ 1,379,387

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.

\$ 1,328,187

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.

8,477,036

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.

2,082,971

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.

4,533,431

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.

2,591,094

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.

34,655,281

\$ 53,668,000

\$ 55,047,387

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

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>
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	3,125,471	924,197	4,049,668
2024-2028	16,027,715	3,533,193	19,560,908
2029-2033	15,985,335	1,729,070	17,714,405
2034-2037	8,093,625	331,652	8,425,277
Total	\$ <u>55,047,387</u>	\$ <u>10,901,534</u>	\$ <u>65,948,921</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 2018, pledged revenues in the amount of \$36 million provided a coverage ratio of 9.34 times the annual debt service for the combined Non-Ad Valorem Refunding Revenue Bonds, Series 2010 and the Non-Ad Valorem Refunding Revenue Note, Series 2012.

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

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, 2018:

Non-Ad Valorem Refunding Revenue Bonds Series 2010		
Year	Principal	Interest
2019	350,000	84,656
2020	370,000	71,594
2021	380,000	57,294
2022	395,000	42,031
2023	415,000	25,831
2024	425,000	8,766
Total	\$ 2,335,000	\$ 290,172

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.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE H – LONG-TERM LIABILITIES (CONTINUED)

NON-AD VALOREM REFUNDING REVENUE BONDS, SERIES 2010

Non-Ad Valorem Refunding Revenue Bonds, Series 2010 dated February 19, 2010 in the aggregate amount of \$9,980,000 were issued during the fiscal year ended September 30, 2010. Of the total bonds issued, the portion attributable to the Water and Sewer District Fund is \$4,280,000. The bonds were issued to legally defease all of the outstanding Capital Improvement Revenue Refunding Bonds, Series 1998 and a portion of the Water and Sewer Refunding Revenue Bonds, Series 1998, and to pay certain costs and expenses relating to the issuance of the Series 2010 Bonds, including the premium for a financial guaranty insurance policy.

The Series 2010 Bonds are payable solely from the County's covenant to budget and appropriate in its annual budget Non-Ad Valorem revenues sufficient to pay principal and interest when due and pay all required deposits to the Rebate Fund. Because the pledge for these bonds is from Non-Ad Valorem revenues, and not from revenues of the Water and Sewer system, these bonds are not considered legal debt of the Water and Sewer Fund. It is, however, expected that Water and Sewer will pay their portion of the debt service. We have, therefore, included the debt as a liability for financial statement purposes. For the fiscal year 2018, pledged revenues in the amount of \$18 million provided a coverage ratio of 4.66 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 2018, pledged revenues in the amount of \$18 million provided a coverage ratio of 4.66 times the annual debt service for the combined Water and Sewer Refunding Revenue Bonds, Series 2013A, and the Water and Sewer portion of the Non-Ad Valorem Refunding Revenue Bonds, Series 2010.

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

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
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	-	-	1,390,000	1,011,856
2024-2028	-	-	7,975,000	4,031,281
2029-2033	-	-	10,125,000	1,871,375
2034	-	-	2,310,000	95,288
Total	\$ <u>535,000</u>	\$ <u>9,363</u>	\$ <u>27,540,000</u>	\$ <u>11,728,224</u>

Total		
Year	Principal	Interest
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	1,390,000	1,011,856
2024-2028	7,975,000	4,031,281
2029-2033	10,125,000	1,871,375
2034	2,310,000	95,288
Total	\$ <u>28,075,000</u>	\$ <u>11,737,587</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

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, 2018, per the Statement of Net Position and the preceding amortization schedule:

Principal per amortization schedule	\$	28,075,000
Unamortized premium as of September 30, 2018		2,787,301
Bonds not included in amortization schedule, as noted above:		
Holland Springs Bonds		39,950
Total Carrying Value, Revenue Bonds		30,902,251
Current Portion, Revenue Bonds		(2,495,000)
Current Portion of unamortized premium		(178,783)
Long-Term Portion, Revenue Bonds	\$	28,228,468

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, 2018, 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, 2018, there was only one series of outstanding Industrial Revenue Development Bonds, with an outstanding principal amount of \$14,085,833.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE I – RETIREMENT SYSTEM

General Information about the Florida Retirement System (FRS)

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

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

For the year ended September 30, 2018, the County's contributions to all Plans totaled \$12,730,337. For further information of contributions by plan for each of the Constitutional Officers, see the schedule below:

	Florida Retirement System (FRS)	Health Insurance Subsidy (HIS)	Investment Plan	Total
Board of County Commissioners	\$ 5,370,091	\$ 696,054	\$ 350,401	\$ 6,416,546
Clerk of Circuit Court	321,873	65,994	33,329	421,196
Property Appraiser	215,134	32,353	4,889	252,376
Tax Collector	228,570	31,458	12,443	272,471
Sheriff	4,485,827	453,497	345,746	5,285,070
Supervisor of Elections	71,070	6,652	4,956	82,678
	<u>10,692,565</u>	<u>1,286,008</u>	<u>751,764</u>	<u>12,730,337</u>

Payables to the Pension Plan—The County reported a payable of \$1,197,823 for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2018

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE I – RETIREMENT SYSTEM (CONTINUED)

1. FRS PENSION PLAN

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

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

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

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

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE I – RETIREMENT SYSTEM (CONTINUED)

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

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

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE I – RETIREMENT SYSTEM (CONTINUED)

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2017-2018 fiscal year were as follows:

Class	Year Ended June 30, 2017		Year Ended June 30, 2018	
	Percent of Gross Compensation		Percent of Gross Compensation	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	6.20	3.00	6.54
FRS, Elected County Officers	3.00	43.78	3.00	46.78
FRS, Senior Management Service	3.00	20.99	3.00	22.34
FRS, Special Risk Regular	3.00	21.55	3.00	22.78
DROP—Applicable to Members from All of the Above Classes	0.00	11.60	0.00	12.37
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

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

The County contributions, including employee contributions, to the Plan totaled \$10,692,565 for the fiscal year ended September 30, 2018. 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, 2018, the County reported a liability of \$110,570,546 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The County's proportionate share of the net pension liability was based on the County's 2017-18 fiscal year contributions relative to the 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the County's proportion was .367093765%, which was an increase of .000001246593 from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the County recognized pension expense of \$19,163,041 related to the Plan. At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Subsequent to the Measurement Date	\$ 2,625,607	\$ -
Difference between Expected and Actual Experience	366,987	339,978
Changes in Assumptions	129,077	-
Employer Specific Amounts Due to Changes in Employer Proportion	4,485,816	2,706,891
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	8,542,923
Total	\$ 52,607,487	\$ 11,589,792

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE I – RETIREMENT SYSTEM (CONTINUED)

The deferred outflows of resources related to pensions, totaling \$2,625,607, 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
2019	\$ 14,385,650
2020	10,421,608
2021	2,106,030
2022	6,599,520
2023	4,237,652
Thereafter	641,628
Total	\$ 38,392,088

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

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Board of County Commissioners	\$ 55,868,350	\$ 26,196,289	\$ 5,400,090
Clerk of Circuit Court	3,282,893	1,512,339	449,061
Property Appraiser	2,208,919	1,076,378	234,738
Tax Collector	2,343,620	1,208,431	218,603
Sheriff	46,136,664	22,206,053	5,228,646
Supervisor of Elections	730,100	407,997	58,654
	110,570,546	52,607,487	11,589,792

Actuarial Assumptions. The total pension liability in the July 1, 2018 actuarial valuation was determined using the individual entry age cost method and the following actuarial assumptions:

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Discount Rate	7.00%
Long-term Expected Rate of Return, Net of Investment Expense	7.10%
Municipal Bond Index	N/A

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

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE I – RETIREMENT SYSTEM (CONTINUED)

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.8%
Fixed Income	18.0%	4.4%	4.3%	4.0%
Global Equity	54.0%	7.6%	6.3%	17.0%
Real Estate (Property)	11.0%	6.6%	6.0%	11.3%
Private Equity	10.0%	10.7%	7.8%	26.5%
Strategic Investments	6.0%	6.0%	5.7%	8.6%
Total	100%			
Assumed Inflation-Mean		2.6%		1.9%

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. 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 7.10% in the July 1, 2017 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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Employer's Proportionate Share of Net Pension Liability	\$ <u>201,795,882</u>	\$ <u>110,570,545</u>	\$ <u>34,802,509</u>

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

2. HIS PENSION PLAN

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE I – RETIREMENT SYSTEM (CONTINUED)

Benefits Provided. For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplies by \$5. The minimum HIS payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under the State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the Plan fiscal years ended June 30, 2018 and 2017, the contribution rates were 1.66% of payroll, pursuant to Section 112.363, Florida Statutes. The County contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide a full subsidy benefit to all participants, benefits may be reduced or cancelled.

The County's contributions to the HIS Plan totaled \$1,286,008 for the fiscal year ended September 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2018, the County reported a liability of \$24,918,358 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The County's proportionate share of the net pension liability was based on the County's 2017-18 fiscal year contributions relative to the 2017-18 fiscal year contributions of all participating members. At June 30, 2017, the County's proportion was .235431734%, which was an increase of .0000470961 from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the County recognized pension expense of \$2,095,181 related to the Plan. At September 30, 2018, 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>
Contributions Subsequent to Measurement Date	\$ 300,526	\$ -
Difference between Expected and Actual Experience	381,489	42,335
Changes in Assumptions	2,771,229	2,634,577
Employer Specific Amounts Due to Changes in Employer Proportion	1,515,709	467,702
Net Difference between Projected and Actual Earnings on Pension Plan Investments	<u>15,041</u>	<u>-</u>
Total	<u>\$ 4,983,994</u>	<u>\$ 3,144,614</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE I – RETIREMENT SYSTEM (CONTINUED)

The deferred outflows of resources related to pensions, totaling \$300,526, 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:

Fiscal Year Ending	Amount
2019	\$ 583,889
2020	582,621
2021	503,495
2022	238,707
2023	(286,714)
Thereafter	(83,144)
Total	\$ 1,538,854

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

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Board of County Commissioners	\$ 13,535,469	\$ 2,640,340	\$ 1,454,079
Clerk of Circuit Court	1,276,742	194,494	231,446
Property Appraiser	620,694	100,028	83,106
Tax Collector	593,678	148,369	70,874
Sheriff	8,760,832	1,859,804	1,277,456
Supervisor of Elections	130,943	40,959	27,653
	24,918,358	4,983,994	3,144,614

Actuarial Assumptions. The total pension liability in the July 1, 2018 actuarial valuation, was determined using the individual entry age cost method and the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Discount Rate	3.87%
Long-term Expected Rate of Return, Net of Investment Expense	N/A
Municipal Bond Index	3.87%

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

The actuarial assumptions used in the July 1, 2018 valuation, were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE I – RETIREMENT SYSTEM (CONTINUED)

Discount Rate. The discount rate used to measure the total pension liability was 3.87%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 3.87%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

	1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
Employer's Proportionate Share of Net Pension Liability	\$ <u>28,380,551</u>	\$ <u>24,918,358</u>	\$ <u>22,032,422</u>

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

3. FRS-DEFINED CONTRIBUTION PENSION PLAN

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. County employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to the individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officials, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the Investment members' accounts during the 2017-18 fiscal year are as follows:

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE I – RETIREMENT SYSTEM (CONTINUED)

<u>Class</u>	<u>Year Ended June 30, 2018</u> <u>Percent of Gross</u> <u>Compensation</u>		<u>Year Ended June 30, 2019</u> <u>Percent of Gross</u> <u>Compensation</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
FRS, Regular Class	3.00	3.30	3.00	3.30
FRS, Special Risk Class	3.00	11.00	3.00	11.00
FRS, Senior Management Service Class	3.00	4.67	3.00	4.67
FRS, Elected County Officers, Judges	3.00	10.23	3.00	10.23
FRS, Elected County Officers	3.00	8.34	3.00	8.34

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Plan is transferred to the Investment Plan, the member must have the years of service required for Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeit benefits of Investment Plan members. For the fiscal year September 30, 2018, 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 \$751,764 for the fiscal year ended September 30, 2018.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE J – POST EMPLOYMENT BENEFITS OTHER THAN PENSION

1. SUMMARY AND PLAN DESCRIPTION

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

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

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

The actuarial valuation of the OPEB liabilities was determined as of October 1, 2016 and “rolled-forward” to the September 30, 2017 measurement date. These liabilities are used for the reporting period ending September 30, 2018.

Actuarial Valuation Date	10/1/2016
Measurement Date	9/30/2017
County’s Reporting Date	9/30/2018

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><u>1,424</u></u>

2. FUNDING POLICY

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

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

3. TOTAL OPEB LIABILITY

The components of the County's OPEB Liability at the Measurement Date of September 30, 2017 are as follows:

Total OPEB Liability	\$	18,604,420
OPEB Plan Fiduciary Net Position		-
County's Net OPEB Liability	\$	<u>18,604,420</u>
OPEB Plan Fiduciary Net Position as a Percentage of Total OPEB Liability		0.00%

4. CHANGES IN TOTAL OPEB LIABILITY

The changes in the OPEB Liability for the Measurement Period Ended September 30, 2017 are as follows:

Total OPEB Liability:		
Service Cost	\$	1,181,694
Interest on Total OPEB Liability		589,509
Changes of Benefit Terms		-
Difference between Expected and Actual Expense		-
Changes in Assumptions and Other Inputs		(725,447)
Benefit Payments		<u>(552,150)</u>
Net Change in Total OPEB Liability		493,606
Total OPEB Liability-Beginning		<u>18,110,814</u>
Total OPEB Liability-Ending	\$	<u>18,604,420</u>
Covered Employee Payroll	\$	79,723,027
Total OPEB Liability as a Percentage of Covered Payroll		23.34%

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

The following table presents the total OPEB liability, calculated using the discount rate of 3.50%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (2.50%) or one percentage-point higher (4.50%) than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate Assumption (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ <u>20,469,108</u>	\$ <u>18,604,420</u>	\$ <u>16,913,077</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

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

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

The following table presents the total OPEB liability of the County using the discount rate of 7.25% decreasing to 4.24%, as well as what the County's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage-point lower (6.25%) or one percentage-point higher (8.25%) than the current discount rate:

	1% Decrease (6.25% decreasing to 3.24%)	Current Discount Rate Assumption (7.25% decreasing to 4.24%)	1% Increase (8.25% decreasing to 5.24%)
Total OPEB Liability	\$ <u>15,980,062</u>	\$ <u>18,604,420</u>	\$ <u>21,889,262</u>

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

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

At the beginning of the measurement period, the average of the expected remaining service lives for purposes of recognizing the applicable combined deferred outflows and inflows of resources established in the measurement period is 11.3 years.

For the year ended September 30, 2018, the County recognized OPEB expense of \$1,707,004.

OPEB Expense:	
Service Cost	\$ 1,181,694
Interest on Total OPEB Liability	589,509
Current-Period Benefit Changes	-
OPEB Plan Administrative Expense	-
Outflow(Inflow) of Resources due to Liability	<u>(64,199)</u>
Total OPEB Expense	<u>\$ 1,707,004</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

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

At September 30, 2018, the County has Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ -
Changes in Assumptions and Other Inputs	-	661,248
Benefits Paid after the Measurement Date	468,206	-
	<u>\$ 468,206</u>	<u>\$ 661,248</u>

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

<u>Fiscal Year Ended September 30</u>	<u>Deferred Inflow of Resources</u>
2019	\$ 64,199
2020	64,199
2021	64,199
2022	64,199
2023	64,199
Thereafter	340,253
	<u>\$ 661,248</u>

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Prior Year End Balance	\$ 552,150	\$ -
Additions/Reductions	(83,944)	661,248
Current Year End Balances	<u>\$ 468,206</u>	<u>\$ 661,248</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

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

6. ACTUARIAL METHODS AND ASSUMPTIONS

The total OPEB liability at September 30, 2018 was based on actuarial valuation data, from the Measurement Date of September 30, 2017, using the following actuarial assumptions:

Actuarial cost method	Entry Age Normal
Inflation rate	2.50%
Discount rate	3.50%
Salary Increase Rates	3.7%-7.8%
Retirement Age	FRS actuarial calculated
Mortality Rates	Tables of Regular and Special Risk Class members of 7/1/2016 Florida Retirement System actuarial valuation
Healthcare Cost Trend Rates	Getzen Model, trend starting at 7.25% gradually trending to 4.24% plus up to 0.54% increase for excise tax
Aging factors	2013 SOA Study "Health Care Costs-From Birth to Death"
Expenses	Administrative expenses included in the per capita health costs

NOTE K – ARBITRAGE REBATE LIABILITY

Hernando County calculates and records the estimated liability for arbitrage rebate on its outstanding bonds. The rebate calculations are done pursuant to Internal Revenue Code Section 148. The amount to be rebated is calculated as the excess of amounts earned on investments of bond proceeds over amounts that would have been earned if investments had been invested at a rate equal to the rate of yield on the bond issue, plus any income attributable to such excess. The regulations provide that the first rebate payment must be made not later than sixty (60) days after the end of the fifth bond year of the issue; the last installment payment must be made within sixty (60) days after the day on which the issue's last obligation is redeemed. As of September 30, 2018, 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, 2018

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, 2018, claims accrued, including an estimate for claims incurred but not reported, were \$4,550,000. 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, 2018

NOTE M – RISK MANAGEMENT (CONTINUED)

CLAIMS LIABILITIES

	<u>Workers’ Compensation</u>	<u>County Health Insurance</u>	<u>Sheriff Health Insurance</u>	<u>Total Claims Liabilities</u>
Liability balance September 30, 2016	\$ 2,730,000	\$ 554,979	\$ 297,063	\$ 3,582,042
Claims incurred	670,144	8,351,683	4,319,525	13,341,352
Claims paid	<u>(200,144)</u>	<u>(8,482,919)</u>	<u>(4,309,025)</u>	<u>(12,992,088)</u>
Liability balance September 30, 2017	3,200,000	423,743	307,563	3,931,306
Claims incurred	2,062,726	9,842,699	5,032,855	16,938,280
Claims paid	<u>(712,726)</u>	<u>(9,737,155)</u>	<u>(5,032,186)</u>	<u>(15,482,067)</u>
Liability balance September 30, 2018	\$ <u>4,550,000</u>	\$ <u>529,287</u>	\$ <u>308,232</u>	<u>5,387,519</u>
Cash available to pay claims September 30, 2018 Reported in governmental activities	\$ <u>5,887,215</u>	\$ <u>5,131,148</u>	\$ <u>4,763,157</u>	

NOTE N – CLOSURE AND POSTCLOSURE CARE COSTS

The County’s active landfills are at the Northwest facility, and include a Class 1 landfill (Cells 1, 2 & 3) and a Construction & Demolition (C&D) landfill. State and federal laws and regulations require the Waste Management Division (the Division) to place final covers on the active County landfills when they stop accepting waste and to perform certain maintenance and monitoring functions at the site. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Division reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. As of September 30, 2018, the Division has accrued a total of \$5,894,997 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 \$5,457,192 as shown in the table below, are primarily for Cell 3. Cell 3 is approximately 46% filled at September 30, 2018 and has a remaining design life of approximately 9 years. Postclosure maintenance and monitoring functions will be required for thirty years after closure. Remaining estimated postclosure costs for the Class 1 landfill (all Cells) are \$4,553,233. The class 1 landfill (all Cells) is approximately 69% filled at September 30, 2018. The County will recognize the remaining costs that have not been accrued (closure costs of \$2,962,786 and postclosure costs of \$1,398,794) as the remaining estimated capacity is filled.

The C&D landfill is approximately 96% filled at September 30, 2018 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 \$160,079 and \$95,065, respectively. The County will recognize the remaining costs that have not been accrued (closure costs of \$5,955 and postclosure costs of \$3,537) as the remaining estimated capacity is filled.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE N – CLOSURE AND POSTCLOSURE CARE COSTS (CONTINUED)

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

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

Landfill	Estimated Remaining Closure Costs	Percent Accrued	Closure Accrued Liability at 9/30/18	Estimated Remaining Postclosure Costs	Percent Accrued	Postclosure Accrued Liability at 9/30/18	Total Accrued Liability at 9/30/18
NW Cells 1, 2 & 3	\$ 5,457,192	45.71%	\$ 2,494,406	\$ 4,553,233	69.28%	\$ 3,154,439	\$ 5,648,845
NW C & D	<u>160,079</u>	96.28%	<u>154,124</u>	<u>95,065</u>	96.28%	<u>91,528</u>	<u>245,652</u>
	<u>\$ 5,617,271</u>		<u>\$ 2,648,530</u>	<u>\$ 4,648,298</u>		<u>\$ 3,245,967</u>	<u>\$ 5,894,497</u>

Amortization expense for 2018 was an increase of \$593,108 for the Class 1 landfill and a decrease of \$4,303 for the C&D landfill. This expense increased significantly for the Class 1 landfill due to a 6% increase in capacity used and a 4% increase in postclosure costs for fiscal year 2018.

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, 2018, cash and investments of \$8,152,363 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, 2018

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

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

	Governmental Activities	Business-Type Activities
Statement of Net Position		
Deferred Outflows of Resources:		
Pensions	\$ 54,043,738	\$ 3,547,742
Other Post Employment Benefits	412,303	55,903
Deferred charge on debt refunding	724,489	1,359,732
	\$ 55,180,530	\$ 4,963,377
Deferred Inflows of Resources:		
Pensions	\$ 13,835,180	\$ 899,224
Other Post Employment Benefits	582,294	78,954
Other	-	8,947
	\$ 14,417,474	\$ 987,125
Statement of Governmental Funds Balance Sheet		
Deferred Inflows of Resources:		
Receipt of taxes, applicable to a future period	\$ 1,733,663	
Receipt of ambulance fees, applicable to a future period	2,599,067	
Receipt of other items, applicable to a future period	155,602	
Total Governmental Funds	\$ 4,488,332	

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, 2018

NOTE Q – CONTINGENCIES (CONTINUED)

2. GRANTS AND CONTRACTS

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

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

3. HURRICANE ACTIVITY

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

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, 2018, approximately \$531,000 of eligible expenditures have been identified from Hermine, and it is anticipated another \$400,000 will be obligated during Fiscal Year 2019.

The Grant Agreement with the County for Hurricane Irma is not anticipated to be fully executed until Fiscal Year 2019. Eligible expenditures for this event are estimated to be approximately \$3 million, but that is subject to change pending review and obligation by the funding agency. While the County believes most of the eligible expenses for Hurricane Irma will be funded under the Public Assistance Program, because the agreement had not been approved by fiscal year-end, no receivables associated with expenditures incurred have been recorded.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE R – RESTATED BEGINNING NET POSITION AND FUND BALANCE

The beginning fund balance of both Governmental and Business-Type Activities, and the beginning Net Position of the individual Enterprise and Internal Service Funds have been restated due to the implementation of GASB 75, Other Post Employment Benefits. See Note J for further information.

	<u>Net Position Beginning of Year</u>	<u>Cumulative Effect of Implementing GASB 75</u>	<u>Net Position Beginning of Year, Restated</u>
Governmental Activities	\$ 315,415,354	\$ (5,254,746)	\$ 310,160,608
Business-Type Activities	\$ 238,646,897	\$ (1,141,199)	\$ 237,505,698
Enterprise Funds:			
Water and Sewer District	\$ 182,433,357	\$ (712,888)	\$ 181,720,469
Aviation Operations	19,848,515	(29,259)	19,819,256
Waste Management	30,813,426	(190,003)	30,623,423
Building Department	2,648,034	(209,049)	2,438,985
Internal Service Funds:			
Central Fueling System	\$ 456,653	\$ (4,490)	\$ 452,163
Risk Management	1,604,260	(6,712)	1,597,548
Workers' Compensation	2,876,019	(3,551)	2,872,468
Vehicle Maintenance	1,696,676	(74,772)	1,621,904
Fleet Replacement	11,260,039	(11,199)	11,248,840
County Health Insurance	3,534,153	(8,602)	3,525,551

The beginning fund balance of General Fund has been restated by \$3,003,735 to include funds previously classified as a Capital Project 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.

	<u>Quality of Life Projects Fund</u>	<u>General Fund</u>
Beginning Fund Balance	\$ 3,003,735	\$ 20,851,081
Adjustment to Beginning Fund Balance	<u>(3,003,735)</u>	<u>3,003,735</u>
Adjusted Beginning Fund Balance	<u>\$ -</u>	<u>\$ 23,854,816</u>

**HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB)
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
September 30, 2018**

		<u>Fiscal Year</u>
		<u>2018</u>
Total OPEB Liability:		
Service Cost	\$	1,181,694
Interest on Total OPEB Liability		589,509
Changes of Benefit Terms		-
Difference between Expected and Actual Expense		-
Changes in Assumptions and Other Inputs		(725,447)
Benefit Payments		<u>(552,150)</u>
Net Change in Total OPEB Liability		493,606
Total OPEB Liability-Beginning		<u>18,110,814</u>
Total OPEB Liability-Ending	\$	<u><u>18,604,420</u></u>
Covered Payroll	\$	79,723,027
Total OPEB Liability as a Percentage of Covered Payroll		23.34%

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

Changes in Assumptions: The discount rate was changed from 3.10% as of the beginning of the measurement period to 3.50% as of September 30, 2017. This change is reflected in Note J, Schedule of Changes in Total OPEB Liability. There were no benefit changes during the year reported.

Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. Future years' information will be displayed as it becomes available for a period of up to 10 years.

**HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB)
METHODS AND ASSUMPTIONS USED TO DETERMINE TOTAL OPEB LIABILITY
September 30, 2018**

Valuation Date	October 1, 2016
Measurement Date	September 30, 2017
Roll Forward Procedures	The Total OPEB Liability was rolled forward twelve months from the Valuation Date to the Measurement Date using standard actuarial techniques.

Methods and Assumptions Used to Determine Total OPEB Liability:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Discount Rate	3.50%
Salary Increases	Salary increase rates used in the July 1, 2016 actuarial valuation of the Florida Retirement System; 3.7%-7.8%, including inflation.
Retirement Age	Retirement rates used in the July 1, 2016 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Mortality	Mortality tables used for Regular and Special Risk Class members in the July 1, 2016 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013 and include generational projections.
Healthcare Cost Trend Rates	For the Board of County Commissioners Plan, based on the Getzen Model, with trend starting at 7.25% and gradually trending to an ultimate trend rate of 4.24% plus 0.54% increase for excise tax. For the Sheriff Plan, based on the Getzen Model, with trend starting at 7.25% (5.00% for premiums to reflect actual increase) for 2017, 7.00% for 2018 and gradually trending to an ultimate trend rate of 4.24% plus 0.33% increase for excise tax.
Aging Factors	Based on the 2013 SOA study "Health Care Costs-From Birth to Death"
Expenses	Administrative expenses are included in the per capita health costs.

**HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
September 30, 2018**

Last 10 Fiscal Years

FLORIDA RETIREMENT SYSTEM PENSION PLAN

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

HEALTH INSURANCE SUBSIDY PENSION PLAN

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

Note:

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

**HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY'S CONTRIBUTIONS
September 30, 2018**

Last 10 Fiscal Years

FLORIDA RETIREMENT SYSTEM PENSION PLAN

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

HEALTH INSURANCE SUBSIDY PENSION PLAN

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

Note:

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

HERNANDO COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2018

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

Changes in Benefit Terms from the year ended June 30, 2017 to June 30, 2018:

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

Changes in Assumptions from the year ended June 30, 2017 to June 30, 2018:

- **FRS:** The long-term expected rate of return was decreased from 7.10% to 7.00%, and the active member mortality assumption was updated.
- **HIS:** The municipal bond rate used to determine total pension liability increased from 3.58% to 3.87%.

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds

Special Revenue Funds

Stormwater Management

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

Sensitive Lands

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

State Housing Initiative Partnership

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

Court-Related Funds

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

Municipal Service Benefit Units Special Revenue Fund

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

Hernando County Fire Rescue-Rescue

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

Miscellaneous Special Revenue Funds

To account for the revenues from specific taxes or other earmarked revenue sources which by law are designated to finance particular functions or activities of government and which, therefore, cannot be diverted to other uses. Included in this fund are the following: Hernando/Citrus MPO, Florida Boating Improvement Program, Health Department, State and Local Mosquito Control, Law Enforcement Trust Fund, Crime Prevention, Hernando County Sheriff Revenue Fund, Tourist Development Tax, Affordable Housing, Kass Circle Neighborhood Community Redevelopment Agency, Landscape Enhancement, 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, 800MHz Fund and City of Brooksville.

Debt Service Funds

Non-Ad Valorem Refunding Revenue Bonds 2010

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

Non-Ad Valorem Refunding Revenue Note 2012

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

Capital Project Funds

Restore Act

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

**HERNANDO COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2018**

	Special Revenue Funds		
	Stormwater Management	Sensitive Lands	State Housing Initiative Partnership
ASSETS			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Pooled Cash and Investments	5,147,267	381,263	797,021
Accounts Receivable (net)	160	13	25,505
Due from Other Funds	12,214	1	-
Due from Other Governments	163	-	-
Inventories	-	-	-
Prepaid Items	-	-	-
	-	-	-
Total Assets	\$ 5,159,804	\$ 381,277	\$ 822,526
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 890	\$ 18,164	\$ 28,611
Accrued Liabilities	6,989	971	-
Due to Other Funds	-	-	-
Due to Other Governments	-	-	-
Unearned Revenue	-	-	-
Deposits	-	500	-
Advances from Other Funds	-	-	-
	-	-	-
Total Liabilities	7,879	19,635	28,611
Deferred Inflows of Resources			
Unavailable Revenue	163	-	-
Fund Balances			
Nonspendable:			
Inventories	-	-	-
Prepaid Items	-	-	-
Restricted for:			
Grant Funded Programs	-	-	793,915
Court Programs	-	-	-
Special Assessment Projects	-	-	-
Environment Conservation	5,151,762	361,642	-
Bond covenants or debt service	-	-	-
Public Safety	-	-	-
Capital Projects	-	-	-
Other Purposes	-	-	-
Committed to:			
Other Purposes	-	-	-
Assigned to:			
Economic Development	-	-	-
Public Safety	-	-	-
Capital Projects	-	-	-
Other	-	-	-
	-	-	-
Total Fund Balances (Restated)	5,151,762	361,642	793,915
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,159,804	\$ 381,277	\$ 822,526

Special Revenue Funds

Court-Related Funds	Municipal Service Benefit Units	Hernando County Fire Rescue - Rescue	Miscellaneous Special Revenue Funds
\$ -	\$ 250	\$ -	\$ 400
6,436,568	2,562,304	1,775,725	6,322,490
77,159	639	3,428,116	156,713
-	14,348	116,949	245,659
-	-	4,019	89,044
-	-	1,800	-
-	-	-	145
\$ 6,513,727	\$ 2,577,541	\$ 5,326,609	\$ 6,814,451
\$ 124,218	\$ 70,636	\$ 195,577	\$ 179,071
9,312	-	356,387	36,024
15,001	341,644	-	-
-	-	1,593	-
-	-	35,064	14,784
-	-	-	-
-	-	-	450,000
148,531	412,280	588,621	679,879
-	-	2,599,067	-
-	-	1,800	-
-	-	-	145
-	-	-	75,336
6,365,196	-	-	-
-	674,310	-	-
-	-	-	-
-	562,598	-	-
-	-	2,137,121	-
-	928,353	-	-
-	-	-	2,573,112
-	-	-	322,843
-	-	-	1,168,028
-	-	-	1,946,454
-	-	-	-
-	-	-	48,654
6,365,196	2,165,261	2,138,921	6,134,572
\$ 6,513,727	\$ 2,577,541	\$ 5,326,609	\$ 6,814,451

**HERNANDO COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2018**

	Special Revenue Funds		
	Clerk of Court and Comptroller Special Revenue Funds	Property Appraiser Special Revenue Funds	Sheriff Special Revenue Funds
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 1,100,159	\$ 3,555,853
Pooled Cash and Investments	2,544,610	-	-
Accounts Receivable (net)	-	-	41,433
Due from Other Funds	-	-	-
Due from Other Governments	28,479	-	207,487
Inventories	-	-	-
Prepaid Items	49,861	-	-
Total Assets	\$ 2,622,950	\$ 1,100,159	\$ 3,804,773
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 19,308	\$ 2,611	\$ 171,018
Accrued Liabilities	104,775	-	93,485
Due to Other Funds	65,099	67,211	221,854
Due to Other Governments	623,730	251	-
Unearned Revenue	-	-	-
Deposits	225,274	-	100
Advances from Other Funds	-	-	-
Total Liabilities	1,038,186	70,073	486,457
Deferred Inflows of Resources			
Unavailable Revenue	-	-	-
Fund Balances			
Nonspendable:			
Inventories	-	-	-
Prepaid Items	48,565	-	-
Restricted for:			
Grant Funded Programs	-	-	-
Court Programs	-	-	-
Special Assessment Projects	-	-	-
Environment Conservation	-	-	-
Bond covenants or debt service	-	-	-
Public Safety	-	-	3,318,316
Capital Projects	-	-	-
Other Purposes	1,536,199	-	-
Committed to:			
Other Purposes	-	1,030,086	-
Assigned to:			
Economic Development	-	-	-
Public Safety	-	-	-
Capital Projects	-	-	-
Other	-	-	-
Total Fund Balances (Restated)	1,584,764	1,030,086	3,318,316
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,622,950	\$ 1,100,159	\$ 3,804,773

Debt Service Funds

Total Special Revenue Funds	Improvement and Refunding Revenue Bonds 2004	Non-Ad Valorem Refunding Revenue Bonds 2010	Non-Ad Valorem Refunding Revenue Note 2012
\$ 4,656,662	\$ -	\$ -	\$ -
25,967,248	-	8,459	533
3,729,738	-	-	-
389,171	-	-	-
329,192	-	-	-
1,800	-	-	-
50,006	-	-	-
\$ 35,123,817	\$ -	\$ 8,459	\$ 533
\$ 810,104	\$ -	\$ -	\$ -
607,943	-	-	-
710,809	-	-	-
625,574	-	-	-
49,848	-	-	-
225,874	-	-	-
450,000	-	-	-
3,480,152	-	-	-
2,599,230	-	-	-
1,800	-	-	-
48,710	-	-	-
869,251	-	-	-
6,365,196	-	-	-
674,310	-	-	-
5,513,404	-	-	-
562,598	-	8,459	533
5,455,437	-	-	-
928,353	-	-	-
4,109,311	-	-	-
1,352,929	-	-	-
1,168,028	-	-	-
1,946,454	-	-	-
-	-	-	-
48,654	-	-	-
29,044,435	-	8,459	533
\$ 35,123,817	\$ -	\$ 8,459	\$ 533

**HERNANDO COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2018**

	<u>Debt Service Funds</u>	<u>Capital Project Fund</u>
	<u>Total Debt Service Funds</u>	<u>Restore Act Projects</u>
ASSETS		
Cash and Cash Equivalents	\$ -	\$ -
Pooled Cash and Investments	8,992	-
Accounts Receivable (net)	-	-
Due from Other Funds	-	-
Due from Other Governments	-	1,700
Inventories	-	-
Prepaid Items	-	-
	<u> </u>	<u> </u>
Total Assets	<u>\$ 8,992</u>	<u>\$ 1,700</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities		
Accounts Payable	\$ -	\$ -
Accrued Liabilities	-	-
Due to Other Funds	-	1,700
Due to Other Governments	-	-
Unearned Revenue	-	-
Deposits	-	-
Advances from Other Funds	-	-
	<u> </u>	<u> </u>
Total Liabilities	-	1,700
Deferred Inflows of Resources		
Unavailable Revenue	-	-
Fund Balances		
Nonspendable:		
Inventories	-	-
Prepaid Items	-	-
Restricted for:		
Grant Funded Programs	-	-
Court Programs	-	-
Special Assessment Projects	-	-
Environment Conservation	-	-
Bond covenants or debt service	8,992	-
Public Safety	-	-
Capital Projects	-	-
Other Purposes	-	-
Committed to:		
Other Purposes	-	-
Assigned to:		
Economic Development	-	-
Public Safety	-	-
Capital Projects	-	-
Other	-	-
	<u> </u>	<u> </u>
Total Fund Balances (Restated)	8,992	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,992</u>	<u>\$ 1,700</u>

**Total
Nonmajor
Governmental
Funds**

\$ 4,656,662
25,976,240
3,729,738
389,171
330,892
1,800
50,006

\$ 35,134,509

\$ 810,104
607,943
712,509
625,574
49,848
225,874
450,000

3,481,852

2,599,230

1,800
48,710

869,251
6,365,196
674,310
5,513,404
571,590
5,455,437
928,353
4,109,311

1,352,929

1,168,028
1,946,454

-
48,654

29,053,427

\$ 35,134,509

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2018

	Special Revenue Funds		
	Stormwater Management	Sensitive Lands	State Housing Initiative Partnership
Revenues			
Taxes	\$ 882,786	\$ 73	\$ -
Intergovernmental	179,629	-	796,425
Charges for Services	-	-	-
Fines and Forfeitures	-	-	-
Special Assessments	-	-	-
Interest	12,941	1,783	4,627
Miscellaneous	54,092	4,400	435,895
	1,129,448	6,256	1,236,947
Expenditures			
Current			
General Government	-	-	-
Public Safety	-	21,785	-
Physical Environment	419,328	432,218	-
Transportation	-	-	-
Economic Environment	-	-	1,097,485
Human Services	-	-	-
Culture and Recreation	-	-	-
Court Operations	-	-	-
Debt Service			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Capital Outlay	693,981	-	-
	1,113,309	454,003	1,097,485
Excess of Revenues Over (Under) Expenditures	16,139	(447,747)	139,462
Other Financing Sources (Uses)			
Transfers In	12,214	-	-
Transfers Out	(2,048)	(1,647,912)	-
Sales of Capital Assets	-	-	-
Additions to Long-Term Debt	-	-	-
	10,166	(1,647,912)	-
Net Change in Fund Balances	26,305	(2,095,659)	139,462
Fund Balances at Beginning of Year (Restated)	5,125,457	2,457,301	654,453
Fund Balances at End of Year	\$ 5,151,762	\$ 361,642	\$ 793,915

See accompanying independent auditors' report.

Special Revenue Funds

Court-Related Funds	Municipal Service Benefit Units	Hernando County Fire Rescue - Rescue	Miscellaneous Special Revenue Funds
\$ -	\$ -	\$ 5,202,724	\$ 1,911,333
-	-	19,316	936,110
1,109,574	-	7,898,844	5,495
-	-	-	206,226
-	2,245,049	-	-
15,746	-	6,776	9,926
-	37,735	67,119	65,767
<u>1,125,320</u>	<u>2,282,784</u>	<u>13,194,779</u>	<u>3,134,857</u>
-	-	-	768,722
-	5	13,219,964	166,437
-	2,730	-	5,218
-	1,128,885	-	8,138
-	-	-	1,204,119
-	-	-	1,484,995
-	-	-	89,633
1,105,349	-	-	-
-	491,679	107,538	-
-	99,575	9,424	-
68,946	20,014	22,565	71,313
<u>1,174,295</u>	<u>1,742,888</u>	<u>13,359,491</u>	<u>3,798,575</u>
(48,975)	539,896	(164,712)	(663,718)
485,689	56,278	116,845	2,343,466
(6,656)	(2,848,640)	(101,991)	(2,333,140)
-	-	-	-
-	1,047,025	-	-
<u>479,033</u>	<u>(1,745,337)</u>	<u>14,854</u>	<u>10,326</u>
430,058	(1,205,441)	(149,858)	(653,392)
5,935,138	3,370,702	2,288,779	6,787,964
<u>\$ 6,365,196</u>	<u>\$ 2,165,261</u>	<u>\$ 2,138,921</u>	<u>\$ 6,134,572</u>

Continued

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2018

	Special Revenue Funds		
	Clerk of Court and Comptroller Special Revenue Funds	Property Appraiser Special Revenue Funds	Sheriff Special Revenue Funds
Revenues			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	461,985	929,138	224,438
Charges for Services	3,416,399	98,098	2,845,994
Fines and Forfeitures	1,229,742	-	184,648
Special Assessments	-	-	-
Interest	30,452	958	2,527
Miscellaneous	18,649	-	207,054
	<hr/>	<hr/>	<hr/>
Total Revenues	5,157,227	1,028,194	3,464,661
	<hr/>	<hr/>	<hr/>
Expenditures			
Current			
General Government	77,784	887,990	-
Public Safety	-	-	2,918,111
Physical Environment	-	-	-
Transportation	-	-	-
Economic Environment	-	-	-
Human Services	-	-	-
Culture and Recreation	-	-	-
Court Operations	4,849,900	-	-
Debt Service			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Capital Outlay	30,132	2,583	340,104
	<hr/>	<hr/>	<hr/>
Total Expenditures	4,957,816	890,573	3,258,215
	<hr/>	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenditures	199,411	137,621	206,446
	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses)			
Transfers In	-	-	1,421,126
Transfers Out	(65,099)	(67,211)	(1,495,807)
Sales of Capital Assets	-	-	53,419
Additions to Long-Term Debt	-	-	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(65,099)	(67,211)	(21,262)
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	134,312	70,410	185,184
	<hr/>	<hr/>	<hr/>
Fund Balances at Beginning of Year (Restated)	1,450,452	959,676	3,133,132
	<hr/>	<hr/>	<hr/>
Fund Balances at End of Year	\$ 1,584,764	\$ 1,030,086	\$ 3,318,316
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Debt Service Funds

Total Special Revenue Funds	Capital Improvement and Refunding Revenue Bonds 2004	Non-Ad Valorem Refunding Revenue Bonds 2010	Non-Ad Valorem Refunding Revenue Note 2012
\$ 7,996,916	\$ -	\$ -	\$ -
3,547,041	-	-	-
15,374,404	-	-	-
1,620,616	-	-	-
2,245,049	-	-	-
85,736	-	22	633
890,711	-	-	-
31,760,473	-	22	633
1,734,496	23	13	18
16,326,302	-	-	-
859,494	-	-	-
1,137,023	-	-	-
2,301,604	-	-	-
1,484,995	-	-	-
89,633	-	-	-
5,955,249	-	-	-
599,217	-	345,000	2,652,000
108,999	-	96,858	564,611
1,249,638	-	-	-
31,846,650	23	441,871	3,216,629
(86,177)	(23)	(441,849)	(3,215,996)
4,435,618	-	441,789	3,208,658
(8,568,504)	(7,225)	-	-
53,419	-	-	-
1,047,025	-	-	-
(3,032,442)	(7,225)	441,789	3,208,658
(3,118,619)	(7,248)	(60)	(7,338)
32,163,054	7,248	8,519	7,871
\$ 29,044,435	\$ -	\$ 8,459	\$ 533

Continued

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2018

	<u>Debt Service Funds</u>	<u>Capital Project Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Total Debt Service Funds</u>	<u>Restore Act Projects</u>	
Revenues			
Taxes	\$ -	\$ -	\$ 7,996,916
Intergovernmental	-	1,700	3,548,741
Charges for Services	-	-	15,374,404
Fines and Forfeitures	-	-	1,620,616
Special Assessments	-	-	2,245,049
Interest	655	-	86,391
Miscellaneous	-	-	890,711
	<hr/>	<hr/>	<hr/>
Total Revenues	655	1,700	31,762,828
	<hr/>	<hr/>	<hr/>
Expenditures			
Current			
General Government	54	-	1,734,550
Public Safety	-	-	16,326,302
Physical Environment	-	-	859,494
Transportation	-	-	1,137,023
Economic Environment	-	-	2,301,604
Human Services	-	-	1,484,995
Culture and Recreation	-	-	89,633
Court Operations	-	-	5,955,249
Debt Service			
Principal	2,997,000	-	3,596,217
Interest and Fiscal Charges	661,469	-	770,468
Capital Outlay	-	1,700	1,251,338
	<hr/>	<hr/>	<hr/>
Total Expenditures	3,658,523	1,700	35,506,873
	<hr/>	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenditures	(3,657,868)	-	(3,744,045)
	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses)			
Transfers In	3,650,447	-	8,086,065
Transfers Out	(7,225)	-	(8,575,729)
Sales of Capital Assets	-	-	53,419
Additions to Long-Term Debt	-	-	1,047,025
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	3,643,222	-	610,780
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	(14,646)	-	(3,133,265)
	<hr/>	<hr/>	<hr/>
Fund Balances at Beginning of Year (Restated)	23,638	-	32,186,692
	<hr/>	<hr/>	<hr/>
Fund Balances at End of Year	\$ 8,992	\$ -	\$ 29,053,427
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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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Impact Fees	\$ 2,354,689	\$ 2,354,689	3,128,850	\$ 774,161
Interest	83,800	83,800	30,634	(53,166)
Total Revenues	<u>2,438,489</u>	<u>2,438,489</u>	<u>3,159,484</u>	<u>720,995</u>
Expenditures				
Current				
Public Safety	-	-	4,513	(4,513)
Capital Outlay	2,769,000	3,345,726	892,504	2,453,222
Total Expenditures	<u>2,769,000</u>	<u>3,345,726</u>	<u>897,017</u>	<u>2,448,709</u>
Excess of Revenues Over Expenditures	<u>(330,511)</u>	<u>(907,237)</u>	<u>2,262,467</u>	<u>3,169,704</u>
Other Financing Sources (Uses)				
Transfers Out	(335,977)	(784,023)	(343,133)	440,890
Reserve for Contingencies	(8,547,866)	(7,329,090)	-	7,329,090
Total Other Financing Sources (Uses)	<u>(8,883,843)</u>	<u>(8,113,113)</u>	<u>(343,133)</u>	<u>7,769,980</u>
Net Change in Fund Balance	<u>(9,214,354)</u>	<u>(9,020,350)</u>	<u>1,919,334</u>	<u>10,939,684</u>
Fund Balance at Beginning of Year	9,214,354	9,020,350	9,020,348	(2)
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,939,682</u>	<u>\$ 10,939,682</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 892,803	\$ 892,803	\$ 882,786	\$ (10,017)
Intergovernmental	205,000	205,000	179,629	(25,371)
Interest	45,000	45,000	12,941	(32,059)
Miscellaneous	51,400	51,400	54,092	2,692
Total Revenues	1,194,203	1,194,203	1,129,448	(64,755)
Expenditures				
Current				
Physical Environment	474,181	577,756	419,328	158,428
Capital Outlay	100,000	1,087,112	693,981	393,131
Total Expenditures	574,181	1,664,868	1,113,309	551,559
Excess of Revenues Over (Under) Expenditures	620,022	(470,665)	16,139	486,804
Other Financing Sources (Uses)				
Transfers In	10,000	10,000	12,214	2,214
Transfers Out	(2,048)	(2,048)	(2,048)	-
Reserve for Contingencies	(5,017,974)	(4,657,744)	-	4,657,744
Total Other Financing Sources (Uses)	(5,010,022)	(4,649,792)	10,166	4,659,958
Net Change in Fund Balance	(4,390,000)	(5,120,457)	26,305	5,146,762
Fund Balance at Beginning of Year	4,390,000	5,120,457	5,125,457	5,000
Fund Balance at End of Year	\$ -	\$ -	\$ 5,151,762	\$ 5,151,762

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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 20	\$ 20	\$ 73	\$ 53
Interest	10,000	10,000	1,783	(8,217)
Miscellaneous	4,800	4,800	4,400	(400)
Total Revenues	<u>14,820</u>	<u>14,820</u>	<u>6,256</u>	<u>(8,564)</u>
Expenditures				
Current				
Public Safety	-	-	21,785	(21,785)
Physical Environment	707,094	824,209	432,218	391,991
Total Expenditures	<u>707,094</u>	<u>824,209</u>	<u>454,003</u>	<u>370,206</u>
Excess of Revenues Over (Under) Expenditures	<u>(692,274)</u>	<u>(809,389)</u>	<u>(447,747)</u>	<u>361,642</u>
Other Financing Sources (Uses)				
Transfers Out	-	(1,647,912)	(1,647,912)	-
Reserve for Contingencies	(4,604,991)	-	-	-
Total Other Financing Sources (Uses)	<u>(4,604,991)</u>	<u>(1,647,912)</u>	<u>(1,647,912)</u>	<u>-</u>
Net Change in Fund Balance	<u>(5,297,265)</u>	<u>(2,457,301)</u>	<u>(2,095,659)</u>	<u>361,642</u>
Fund Balance at Beginning of Year	<u>5,297,265</u>	<u>2,457,301</u>	<u>2,457,301</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 361,642</u>	<u>\$ 361,642</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 789,766	\$ 789,766	\$ 796,425	\$ 6,659
Interest	2,788	2,788	4,627	1,839
Miscellaneous	243,312	243,312	435,895	192,583
Total Revenues	1,035,866	1,035,866	1,236,947	201,081
Expenditures				
Current				
Economic Environment	1,398,915	1,398,915	1,097,485	301,430
Total Expenditures	1,398,915	1,398,915	1,097,485	301,430
Excess of Revenues Over (Under) Expenditures	(363,049)	(363,049)	139,462	502,511
Other Financing Sources (Uses)				
Transfers Out	(50,000)	(50,000)	-	50,000
Reserve for Contingencies	(23,460)	(241,404)	-	241,404
Total Other Financing Sources (Uses)	(73,460)	(291,404)	-	291,404
Net Change in Fund Balance	(436,509)	(654,453)	139,462	793,915
Fund Balance at Beginning of Year	436,509	654,453	654,453	-
Fund Balance at End of Year	\$ -	\$ -	\$ 793,915	\$ 793,915

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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 15,000	\$ -	\$ -	\$ -
Charges for Services	1,084,450	1,084,450	1,109,574	25,124
Interest	16,000	16,000	15,746	(254)
	<u>1,115,450</u>	<u>1,100,450</u>	<u>1,125,320</u>	<u>24,870</u>
Total Revenues				
	<u>1,115,450</u>	<u>1,100,450</u>	<u>1,125,320</u>	<u>24,870</u>
Expenditures				
Current				
Court Operations	1,178,400	1,285,106	1,105,349	179,757
Capital Outlay	69,400	97,175	68,946	28,229
	<u>1,247,800</u>	<u>1,382,281</u>	<u>1,174,295</u>	<u>207,986</u>
Total Expenditures				
	<u>1,247,800</u>	<u>1,382,281</u>	<u>1,174,295</u>	<u>207,986</u>
Excess of Revenues Over (Under) Expenditures	<u>(132,350)</u>	<u>(281,831)</u>	<u>(48,975)</u>	<u>232,856</u>
Other Financing Sources (Uses)				
Transfers In	485,689	485,689	485,689	-
Transfers Out	(6,656)	(6,656)	(6,656)	-
Reserve for Contingencies	(6,113,166)	(6,142,544)	-	6,142,544
	<u>(5,634,133)</u>	<u>(5,663,511)</u>	<u>479,033</u>	<u>6,142,544</u>
Total Other Financing Sources (Uses)				
	<u>(5,634,133)</u>	<u>(5,663,511)</u>	<u>479,033</u>	<u>6,142,544</u>
Net Change in Fund Balance	<u>(5,766,483)</u>	<u>(5,945,342)</u>	<u>430,058</u>	<u>6,375,400</u>
Fund Balance at Beginning of Year	5,766,483	5,945,342	5,935,138	(10,204)
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,365,196</u>	<u>\$ 6,365,196</u>

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MUNICIPAL SERVICE BENEFIT UNITS
For the Fiscal Year Ended September 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special Assessments	\$ 1,844,671	\$ 2,216,260	\$ 2,245,049	\$ 28,789
Interest	2,600	2,600	-	(2,600)
Miscellaneous	18,000	18,604	37,735	19,131
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Total Revenues	1,865,271	2,237,464	2,282,784	45,320
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current				
Public Safety	-	50,868	5	50,863
Physical Environment	2,381	2,381	2,730	(349)
Transportation	1,168,794	1,191,310	1,128,885	62,425
Debt Service				
Principal	594,054	537,663	491,679	45,984
Interest and Fiscal Charges	129,570	101,038	99,575	1,463
Capital Outlay	261,486	284,019	20,014	264,005
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Total Expenditures	2,156,285	2,167,279	1,742,888	424,391
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenditures	(291,014)	70,185	539,896	469,711
	<hr/>	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses)				
Transfers In	-	43,777	56,278	12,501
Transfers Out	(764,759)	(2,850,482)	(2,848,640)	1,842
Additions to Long-Term Debt	507,323	1,047,025	1,047,025	-
Reserve for Contingencies	(2,542,730)	(2,024,761)	-	2,024,761
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Total Other Financing Sources (Uses)	(2,800,166)	(3,784,441)	(1,745,337)	2,039,104
	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	(3,091,180)	(3,714,256)	(1,205,441)	2,508,815
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance at Beginning of Year	3,091,180	3,714,256	3,370,702	(343,554)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance at End of Year	\$ -	\$ -	\$ 2,165,261	\$ 2,165,261
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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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 5,287,393	\$ 5,287,393	\$ 5,202,724	\$ (84,669)
Intergovernmental	31,500	66,564	19,316	(47,248)
Charges for Services	7,487,267	7,487,267	7,898,844	411,577
Interest	7,600	7,600	6,776	(824)
Miscellaneous	68,742	-	67,119	67,119
	<u>12,882,502</u>	<u>12,848,824</u>	<u>13,194,779</u>	<u>345,955</u>
Total Revenues				
	<u>12,882,502</u>	<u>12,848,824</u>	<u>13,194,779</u>	<u>345,955</u>
Expenditures				
Current				
Public Safety	13,610,228	13,723,008	13,219,964	503,044
Debt Service				
Principal	107,539	107,539	107,538	1
Interest and Fiscal Charges	8,769	9,429	9,424	5
Capital Outlay	152,380	113,572	22,565	91,007
	<u>13,878,916</u>	<u>13,953,548</u>	<u>13,359,491</u>	<u>594,057</u>
Total Expenditures				
	<u>13,878,916</u>	<u>13,953,548</u>	<u>13,359,491</u>	<u>594,057</u>
Excess of Revenues Over (Under) Expenditures	(996,414)	(1,104,724)	(164,712)	940,012
Other Financing Sources (Uses)				
Transfers In	-	68,742	116,845	48,103
Transfers Out	(101,991)	(101,991)	(101,991)	-
Reserve for Contingencies	(1,266,291)	(1,162,492)	-	1,162,492
	<u>(1,368,282)</u>	<u>(1,195,741)</u>	<u>14,854</u>	<u>1,210,595</u>
Total Other Financing Sources (Uses)				
	<u>(1,368,282)</u>	<u>(1,195,741)</u>	<u>14,854</u>	<u>1,210,595</u>
Net Change in Fund Balance	(2,364,696)	(2,300,465)	(149,858)	2,150,607
Fund Balance at Beginning of Year	2,364,696	2,300,465	2,288,779	(11,686)
Fund Balance at End of Year	\$ -	\$ -	\$ 2,138,921	\$ 2,138,921

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,868,346	\$ 1,868,346	\$ 1,911,333	\$ 42,987
Intergovernmental	1,043,314	1,180,116	936,110	(244,006)
Charges for Services	907,525	21,025	5,495	(15,530)
Fines and Forfeitures	278,000	140,000	206,226	66,226
Interest	35,680	35,980	9,926	(26,054)
Miscellaneous	138,280	87,760	65,767	(21,993)
Total Revenues	4,271,145	3,333,227	3,134,857	(198,370)
Expenditures				
Current				
General Government	973,793	1,021,163	768,722	252,441
Public Safety	1,382,301	301,985	166,437	135,548
Physical Environment	422	343,749	5,218	338,531
Transportation	1,700	6,189	8,138	(1,949)
Economic Environment	1,796,294	1,984,963	1,204,119	780,844
Human Services	1,779,875	1,826,471	1,484,995	341,476
Culture and Recreation	168,290	203,891	89,633	114,258
Capital Outlay	297,000	118,000	71,313	46,687
Total Expenditures	6,399,675	5,806,411	3,798,575	2,007,836
Excess of Revenues Over (Under) Expenditures	(2,128,530)	(2,473,184)	(663,718)	1,809,466
Other Financing Sources (Uses)				
Transfers In	1,968,604	1,987,286	2,343,466	356,180
Transfers Out	(1,864,100)	(2,333,140)	(2,333,140)	-
Reserve for Contingencies	(5,223,493)	(3,968,926)	-	3,968,926
Total Other Financing Sources (Uses)	(5,118,989)	(4,314,780)	10,326	4,325,106
Net Change in Fund Balance	(7,247,519)	(6,787,964)	(653,392)	6,134,572
Fund Balance at Beginning of Year	7,247,519	6,787,964	6,787,964	-
Fund Balance at End of Year	\$ -	\$ -	\$ 6,134,572	\$ 6,134,572

See accompanying independent auditors' report.

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CLERK OF COURT AND COMPTROLLER SPECIAL REVENUE FUNDS**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 369,545	\$ 369,545	\$ 461,985	\$ 92,440
Charges for Services	3,157,790	3,157,790	3,416,399	258,609
Fines and Forfeitures	1,149,000	1,149,000	1,229,742	80,742
Interest	12,000	12,000	30,452	18,452
Miscellaneous	-	-	18,649	18,649
	<u>4,688,335</u>	<u>4,688,335</u>	<u>5,157,227</u>	<u>468,892</u>
Total Revenues				
	4,688,335	4,688,335	5,157,227	468,892
Expenditures				
Current				
General Government	242,000	242,000	77,784	164,216
Court Operations	4,745,335	4,745,335	4,849,900	(104,565)
Capital Outlay	38,000	38,000	30,132	7,868
	<u>5,025,335</u>	<u>5,025,335</u>	<u>4,957,816</u>	<u>67,519</u>
Total Expenditures				
	5,025,335	5,025,335	4,957,816	67,519
Excess of Revenues Over (Under) Expenditures	<u>(337,000)</u>	<u>(337,000)</u>	<u>199,411</u>	<u>536,411</u>
Other Financing Sources (Uses)				
Transfers Out	-	-	(65,099)	(65,099)
Reserve for Contingencies	(906,000)	(906,000)	-	906,000
	<u>(906,000)</u>	<u>(906,000)</u>	<u>(65,099)</u>	<u>840,901</u>
Total Other Financing Sources (Uses)				
	(906,000)	(906,000)	(65,099)	840,901
Net Change in Fund Balance	<u>(1,243,000)</u>	<u>(1,243,000)</u>	<u>134,312</u>	<u>1,377,312</u>
Fund Balance at Beginning of Year	1,243,000	1,243,000	1,450,452	207,452
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,584,764</u>	<u>\$ 1,584,764</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 929,138	\$ 929,138	\$ 929,138	\$ -
Charges for Services	-	-	98,098	98,098
Interest	-	-	958	958
Miscellaneous	-	38,841	-	(38,841)
Total Revenues	929,138	967,979	1,028,194	60,215
Expenditures				
Current				
General Government	916,338	955,179	887,990	67,189
Capital Outlay	12,800	12,800	2,583	10,217
Total Expenditures	929,138	967,979	890,573	77,406
Excess of Revenues Over Expenditures	-	-	137,621	137,621
Other Financing Sources (Uses)				
Transfers Out	-	-	(67,211)	(67,211)
Total Other Financing Sources (Uses)	-	-	(67,211)	(67,211)
Net Change in Fund Balance	-	-	70,410	70,410
Fund Balance at Beginning of Year	-	-	959,676	959,676
Fund Balance at End of Year	\$ -	\$ -	\$ 1,030,086	\$ 1,030,086

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 177,587	\$ 284,573	\$ 224,438	\$ (60,135)
Charges for Services	2,418,000	2,662,889	2,845,994	183,105
Fines and Forfeitures	209,000	209,000	184,648	(24,352)
Interest	5,000	5,000	2,527	(2,473)
Miscellaneous	104,020	203,254	207,054	3,800
Total Revenues	2,913,607	3,364,716	3,464,661	99,945
Expenditures				
Current				
Public Safety	2,590,416	3,501,054	2,918,111	582,943
Capital Outlay	365,599	548,853	340,104	208,749
Total Expenditures	2,956,015	4,049,907	3,258,215	791,692
Excess of Revenues Over (Under) Expenditures	(42,408)	(685,191)	206,446	891,637
Other Financing Sources (Uses)				
Transfers In	762,817	1,219,517	1,421,126	(201,609)
Transfers Out	(1,649,331)	(1,649,331)	(1,495,807)	(153,524)
Capital Lease-Vehicle	-	53,419	53,419	-
Reserve for Contingencies	(2,203,135)	(2,070,471)	-	(2,070,471)
Total Other Financing Sources (Uses)	(3,089,649)	(2,446,866)	(21,262)	(2,425,604)
Net Change in Fund Balance	(3,132,057)	(3,132,057)	185,184	(1,533,967)
Fund Balance at Beginning of Year	3,132,057	3,132,057	3,133,132	1,075
Fund Balance at End of Year	\$ -	\$ -	\$ 3,318,316	\$ (1,532,892)

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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current				
General Government	-	-	23	(23)
Total Expenditures	-	-	23	(23)
Excess of Revenues Over (Under) Expenditures	-	-	(23)	(23)
Other Financing Sources (Uses)				
Transfers Out	-	-	(7,225)	(7,225)
Total Other Financing Sources (Uses)	-	-	(7,225)	(7,225)
Net Change in Fund Balance	-	-	(7,248)	(7,248)
Fund Balance at Beginning of Year	-	-	7,248	7,248
Fund Balance at End of Year	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NON-AD VALOREM REFUNDING REVENUE BONDS 2010
For the Fiscal Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$ 50	\$ 49	\$ 22	\$ (27)
Total Revenues	50	49	22	(27)
Expenditures				
Current				
General Government	50	50	13	37
Debt Service				
Principal	345,000	345,000	345,000	-
Interest and Fiscal Charges	96,788	96,788	96,858	(70)
Total Expenditures	441,838	441,838	441,871	(33)
Excess of Revenues Over (Under) Expenditures	(441,788)	(441,789)	(441,849)	(60)
Other Financing Sources (Uses)				
Transfers In	441,788	441,789	441,789	-
Reserve for Contingencies	(8,533)	(8,519)	-	8,519
Total Other Financing Sources (Uses)	433,255	433,270	441,789	8,519
Net Change in Fund Balance	(8,533)	(8,519)	(60)	8,459
Fund Balance at Beginning of Year	8,533	8,519	8,519	-
Fund Balance at End of Year	\$ -	\$ -	\$ 8,459	\$ 8,459

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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ -	\$ -	\$ 633	\$ 633
Total Revenues	-	-	633	633
Expenditures				
Current				
General Government	-	-	18	(18)
Debt Service				
Principal	2,652,001	2,652,000	2,652,000	-
Interest and Fiscal Charges	505,547	556,658	564,611	(7,953)
Total Expenditures	3,157,548	3,208,658	3,216,629	(7,971)
Excess of Revenues Over (Under) Expenditures	(3,157,548)	(3,208,658)	(3,215,996)	(7,338)
Other Financing Sources (Uses)				
Transfers In	3,157,548	3,208,659	3,208,658	(1)
Reserve for Contingencies	(7,863)	(7,871)	-	7,871
Total Other Financing Sources (Uses)	3,149,685	3,200,788	3,208,658	7,870
Net Change in Fund Balance	(7,863)	(7,870)	(7,338)	532
Fund Balance at Beginning of Year	7,863	7,870	7,871	1
Fund Balance at End of Year	\$ -	\$ -	\$ 533	\$ 533

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
RESTORE ACT PROJECTS
For the Fiscal Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 175,000	\$ 1,700	\$ (173,300)
Total Revenues	-	175,000	1,700	(173,300)
Expenditures				
Current				
Physical Environment	-	10,000	-	10,000
Capital Outlay	-	165,000	1,700	163,300
Total Expenditures	-	175,000	1,700	173,300
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	\$ -	\$ -	\$ -	\$ -

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, 2018

	Central Fueling System	Risk Management	Workers' Compen- sation
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ -	\$ -	\$ 200,000
Pooled Cash and Investments	605,572	1,686,840	5,687,215
Cash with Fiscal Agent	-	-	-
Accounts Receivable (net)	2,377	-	731
Due from Other Governments	-	765	-
Inventories	75,049	-	-
Total Current Assets	682,998	1,687,605	5,887,946
Non-Current Assets			
Capital Assets, net of accumulated depreciation:			
Buildings	-	-	-
Equipment	21,217	64	-
Total Non-Current Assets	21,217	64	-
Total Assets	\$ 704,215	\$ 1,687,669	\$ 5,887,946
Deferred Outflows of Resources	\$ 11,619	\$ 44,936	\$ 26,762
LIABILITIES			
Current Liabilities:			
Accounts Payable	201,966	21,213	27,094
Accrued Liabilities	1,184	1,741	3,057
Due to Other Funds	824	-	-
Compensated Absences	2,200	8,365	3,808
Unearned Revenues	-	-	-
Loans & Notes Payable	-	-	-
Other Post-Employment Benefits	230	461	442
Net Pension Liability	139	430	369
Claims Liabilities	-	-	2,850,000
Total Current Liabilities	206,543	32,210	2,884,770
Non-Current Liabilities:			
Loans & Notes Payable	-	-	-
Compensated Absences	218	827	376
Other Post-Employment Benefits	7,379	14,776	14,144
Net Pension Liability	27,638	85,523	73,378
Claims Liabilities	-	-	1,700,000
Total Non-Current Liabilities	35,235	101,126	1,787,898
Total Liabilities	\$ 241,778	\$ 133,336	\$ 4,672,668
Deferred Inflows of Resources	\$ 2,945	\$ 5,380	\$ 6,501
NET POSITION			
Net Investment in Capital Assets			
Restricted	21,217	64	-
Unrestricted	449,894	1,593,825	1,235,539
Total Net Position	\$ 471,111	\$ 1,593,889	\$ 1,235,539

Computer Replacement	Vehicle Maintenance	Fleet Replacement	County Health Insurance	Sheriff Health Insurance	Total
\$ -	\$ 720	\$ -	\$ -	\$ -	\$ 200,720
372,802	767,351	2,577,078	5,131,148	-	16,828,006
-	-	-	-	4,763,157	4,763,157
-	-	-	-	73,204	76,312
-	-	-	-	-	765
-	-	-	-	-	75,049
<u>372,802</u>	<u>768,071</u>	<u>2,577,078</u>	<u>5,131,148</u>	<u>4,836,361</u>	<u>21,944,009</u>
-	1,468,130	-	-	-	1,468,130
493,870	9,321	12,769,940	682	-	13,295,094
<u>493,870</u>	<u>1,477,451</u>	<u>12,769,940</u>	<u>682</u>	<u>-</u>	<u>14,763,224</u>
<u>\$ 866,672</u>	<u>\$ 2,245,522</u>	<u>\$ 15,347,018</u>	<u>\$ 5,131,830</u>	<u>\$ 4,836,361</u>	<u>\$ 36,707,233</u>
\$ -	\$ 190,587	\$ 16,175	\$ 2,522	\$ -	\$ 292,601
-	143,776	636	722,117	750,034	1,866,836
-	30,530	54,610	1,270	-	92,392
-	511	-	-	-	1,335
-	46,598	10,352	9,514	-	80,837
-	-	-	-	395,119	395,119
-	-	737,769	-	-	737,769
-	3,915	481	293	-	5,822
-	2,413	222	29	-	3,602
-	-	-	529,287	308,232	3,687,519
<u>-</u>	<u>227,743</u>	<u>804,070</u>	<u>1,262,510</u>	<u>1,453,385</u>	<u>6,871,231</u>
-	-	3,285,991	-	-	3,285,991
-	4,609	1,024	941	-	7,995
-	125,404	15,407	9,400	-	186,510
-	480,309	44,154	5,869	-	716,871
-	-	-	-	-	1,700,000
-	610,322	3,346,576	16,210	-	5,897,367
<u>\$ -</u>	<u>\$ 838,065</u>	<u>\$ 4,150,646</u>	<u>\$ 1,278,720</u>	<u>\$ 1,453,385</u>	<u>\$ 12,768,598</u>
\$ -	\$ 52,219	\$ 6,343	\$ 4,053	\$ -	\$ 77,441
493,870	1,477,451	8,746,180	682	-	10,739,464
<u>372,802</u>	<u>68,374</u>	<u>2,460,024</u>	<u>3,850,897</u>	<u>3,382,976</u>	<u>13,414,331</u>
<u>\$ 866,672</u>	<u>\$ 1,545,825</u>	<u>\$ 11,206,204</u>	<u>\$ 3,851,579</u>	<u>\$ 3,382,976</u>	<u>\$ 24,153,795</u>

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2018

	Central Fueling System	Risk Management	Workers' Compensation
Operating Revenues			
Charges for Services	\$ 1,181,554	\$ 4,565,136	\$ 765,939
Miscellaneous	-	-	-
Total Operating Revenues	<u>1,181,554</u>	<u>4,565,136</u>	<u>765,939</u>
Operating Expenses			
Personal Services	46,115	99,726	90,031
Other Services & Charges	1,109,732	4,473,158	263,416
Claims	-	-	2,062,726
Depreciation and Amortization	6,358	383	-
Total Operating Expenses	<u>1,162,205</u>	<u>4,573,267</u>	<u>2,416,173</u>
Operating Income (Loss)	<u>19,349</u>	<u>(8,131)</u>	<u>(1,650,234)</u>
Non-Operating Revenues (Expenses)			
Interest Income	521	5,854	14,769
Interest Expense	-	-	-
Total Non-Operating Revenues (Expenses)	<u>521</u>	<u>5,854</u>	<u>14,769</u>
Income (Loss) Before Transfers	<u>19,870</u>	<u>(2,277)</u>	<u>(1,635,465)</u>
Transfers In	-	-	-
Transfers Out	(922)	(1,382)	(1,464)
Total Contributions and Transfers	<u>(922)</u>	<u>(1,382)</u>	<u>(1,464)</u>
Change in Net Position	18,948	(3,659)	(1,636,929)
Net Position-Beginning, As Restated	<u>452,163</u>	<u>1,597,548</u>	<u>2,872,468</u>
Net Position-Ending	<u>\$ 471,111</u>	<u>\$ 1,593,889</u>	<u>\$ 1,235,539</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>
\$ 172,258	\$ 2,630,119	\$ 2,558,588	\$ 11,881,271	\$ 5,683,705	\$ 29,438,570
-	960	293,914	288,192	158,591	741,657
<u>172,258</u>	<u>2,631,079</u>	<u>2,852,502</u>	<u>12,169,463</u>	<u>5,842,296</u>	<u>30,180,227</u>
-	812,308	97,688	1,810,835	-	2,956,703
33,927	1,693,518	647,728	1,196,250	1,602,171	11,019,900
-	-	-	9,842,699	4,985,283	16,890,708
145,341	61,465	2,053,063	204	-	2,266,814
<u>179,268</u>	<u>2,567,291</u>	<u>2,798,479</u>	<u>12,849,988</u>	<u>6,587,454</u>	<u>33,134,125</u>
(7,010)	63,788	54,023	(680,525)	(745,158)	(2,953,898)
936	461	4,188	13,955	36,720	77,404
-	-	(99,208)	-	-	(99,208)
<u>936</u>	<u>461</u>	<u>(95,020)</u>	<u>13,955</u>	<u>36,720</u>	<u>(21,804)</u>
(6,074)	64,249	(40,997)	(666,570)	(708,438)	(2,975,702)
-	-	-	992,598	-	992,598
-	(140,328)	(1,639)	-	-	(145,735)
<u>-</u>	<u>(140,328)</u>	<u>(1,639)</u>	<u>992,598</u>	<u>-</u>	<u>846,863</u>
(6,074)	(76,079)	(42,636)	326,028	(708,438)	(2,128,839)
<u>872,746</u>	<u>1,621,904</u>	<u>11,248,840</u>	<u>3,525,551</u>	<u>4,091,414</u>	<u>26,282,634</u>
<u>\$ 866,672</u>	<u>\$ 1,545,825</u>	<u>\$ 11,206,204</u>	<u>\$ 3,851,579</u>	<u>\$ 3,382,976</u>	<u>\$ 24,153,795</u>

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

	Central Fueling System	Risk Management	Workers' Compensation
Cash Flows from Operating Activities			
Receipts from Customers	\$ 1,161,022	\$ 4,535,424	\$ 766,080
Receipts from Inter-Fund Services	39,812	28,947	-
Payments to Suppliers	(1,089,432)	(4,454,960)	(271,957)
Payments to Employees	(45,009)	(90,630)	(88,544)
Claims Paid	-	-	(712,726)
Other Receipts (Payments)	-	-	-
Net Cash provided by (used in) Operating Activities	<u>66,393</u>	<u>18,781</u>	<u>(307,147)</u>
Cash Flows from Noncapital Financing Activities			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(922)	(1,382)	(1,464)
Net Cash Provided by (used for) Noncapital Financing Activities	<u>(922)</u>	<u>(1,382)</u>	<u>(1,464)</u>
Cash Flows from Capital and Related Financing Activities			
Additions to Capital Assets	-	-	-
Proceeds From Capital Debt	-	-	-
Principal Paid on Capital Debt	-	-	-
Interest Paid on Capital Debt	-	-	-
Net Cash Provided by (used for) Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities			
Interest Received	521	5,854	14,769
Net Cash Provided by Investing Activities	<u>521</u>	<u>5,854</u>	<u>14,769</u>
Net Increase (Decrease) in Cash and Cash Equivalents	65,992	23,253	(293,842)
Cash and Cash Equivalentents at Beginning of Year	<u>539,580</u>	<u>1,663,587</u>	<u>6,181,057</u>
Cash and Cash Equivalentents at End of Year	<u>\$ 605,572</u>	<u>\$ 1,686,840</u>	<u>\$ 5,887,215</u>

See accompanying independent auditors' report.

Computer Replacement	Vehicle Maintenance	Fleet Maintenance	County Health Insurance	Sheriff Health Insurance	Total
\$ 169,692	\$ 2,630,119	\$ 2,558,588	\$ 11,827,727	\$ 1,314,007	\$ 24,962,659
2,566	-	-	54,782	4,388,557	4,514,664
(33,927)	(1,795,432)	(648,263)	(1,384,873)	(1,562,744)	(11,241,588)
-	(776,163)	(48,361)	(1,804,759)	-	(2,853,466)
-	-	-	(9,737,155)	(4,624,910)	(15,074,791)
-	960	293,914	288,192	158,591	741,657
<u>138,331</u>	<u>59,484</u>	<u>2,155,878</u>	<u>(756,086)</u>	<u>(326,499)</u>	<u>1,049,135</u>
-	-	-	992,598	-	992,598
-	(140,328)	(1,639)	-	-	(145,735)
-	(140,328)	(1,639)	992,598	-	846,863
(245,976)	(4,099)	(3,710,672)	-	-	(3,960,747)
-	-	3,537,728	-	-	3,537,728
-	-	(510,964)	-	-	(510,964)
-	-	(99,208)	-	-	(99,208)
<u>(245,976)</u>	<u>(4,099)</u>	<u>(783,116)</u>	<u>-</u>	<u>-</u>	<u>(1,033,191)</u>
936	461	4,188	13,955	36,720	77,404
<u>936</u>	<u>461</u>	<u>4,188</u>	<u>13,955</u>	<u>36,720</u>	<u>77,404</u>
(106,709)	(84,482)	1,375,311	250,467	(289,779)	940,211
<u>479,511</u>	<u>852,553</u>	<u>1,201,767</u>	<u>4,880,681</u>	<u>5,052,936</u>	<u>20,851,672</u>
<u>\$ 372,802</u>	<u>\$ 768,071</u>	<u>\$ 2,577,078</u>	<u>\$ 5,131,148</u>	<u>\$ 4,763,157</u>	<u>\$ 21,791,883</u>

Continued

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

	Central Fueling System	Risk Management	Workers' Compensation
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	\$ 19,349	\$ (8,131)	\$ (1,650,234)
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided by (used in) Operating Activities			
Depreciation and Amortization	6,358	383	-
Other Post-Employment Benefits	507	1,015	971
Pension Adjustments	1,974	7,402	4,441
(Increase) Decrease in			
Accounts Receivable	15,566	-	141
Due from Other Governments	3,714	(765)	-
Inventories	13,045	-	-
Increase (Decrease) in			
Accounts Payable	6,431	18,198	(8,541)
Accrued Liabilities	(1,375)	679	(3,925)
Due to Other Funds	824	-	-
Unearned Revenues	-	-	-
Claims Liabilities	-	-	1,350,000
Total Adjustments	47,044	26,912	1,343,087
Net Cash Provided by (used in) Operating Activities	\$ 66,393	\$ 18,781	\$ (307,147)

<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>
\$ (7,010)	\$ 63,788	\$ 54,023	\$ (680,525)	\$ (745,158)	\$ (2,953,898)
145,341	61,465	2,053,063	204	-	2,266,814
-	8,611	1,056	649	-	12,809
-	34,049	3,948	2,962	-	54,776
-	-	-	1,238	(5,408)	11,537
-	-	-	-	-	2,949
-	-	-	-	-	13,045
-	(102,424)	(535)	(188,623)	404,539	129,045
-	(6,516)	44,323	2,465	-	35,651
-	511	-	-	-	1,335
-	-	-	-	669	669
-	-	-	105,544	18,859	1,474,403
<u>145,341</u>	<u>(4,304)</u>	<u>2,101,855</u>	<u>(75,561)</u>	<u>418,659</u>	<u>4,003,033</u>
<u>\$ 138,331</u>	<u>\$ 59,484</u>	<u>\$ 2,155,878</u>	<u>\$ (756,086)</u>	<u>\$ (326,499)</u>	<u>\$ 1,049,135</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, 2018**

	Board of County Commissioners	Clerk of the Circuit Court	Tax Collector
ASSETS			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Pooled Cash and Investments	2,066,067	3,641,188	6,083,584
Due from Other Governments	-	-	121
Total Assets	\$ 2,066,067	\$ 3,641,188	\$ 6,083,705
LIABILITIES			
Accounts Payable	\$ 144,825	\$ 6,422	\$ 15,461
Accrued Liabilities	1,901,455	-	-
Due to Other Governments	-	634,589	3,780,867
Deposits	19,787	886,103	2,287,377
Other Current Liabilities	-	2,114,074	-
Total Liabilities	\$ 2,066,067	\$ 3,641,188	\$ 6,083,705

See accompanying independent auditors' report.

<u>Sheriff</u>	<u>Total</u>
\$ 123,158	\$ 123,158
-	11,790,839
-	121
\$ 123,158	\$ 11,914,118

\$ 53,373	\$ 220,081
32,494	1,933,949
8,020	4,423,476
29,271	3,222,538
-	2,114,074
\$ 123,158	\$ 11,914,118

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
BOARD OF COUNTY COMMISSIONERS' AGENCY FUNDS
For the Fiscal Year Ended September 30, 2018

	<u>Balance 9/30/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2018</u>
ASSETS				
Pooled Cash and Investments	\$ 2,093,060	\$ -	\$ 26,993	\$ 2,066,067
Total Assets	<u>\$ 2,093,060</u>	<u>\$ -</u>	<u>\$ 26,993</u>	<u>\$ 2,066,067</u>
LIABILITIES				
Accounts Payable	\$ 65,981	\$ 78,844	\$ -	\$ 144,825
Accrued Liabilities	1,980,602	-	79,147	1,901,455
Due to Other Governments	26,690	-	26,690	-
Deposits	19,787	-	-	19,787
Total Liabilities	<u>\$ 2,093,060</u>	<u>\$ 78,844</u>	<u>\$ 105,837</u>	<u>\$ 2,066,067</u>

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, 2018

	<u>Balance 9/30/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2017</u>
ASSETS				
Pooled Cash and Investments	\$ 2,853,739	\$ 787,449	\$ -	\$ 3,641,188
Accounts Receivable (net)	300	-	300	-
Total Assets	<u>\$ 2,854,039</u>	<u>\$ 787,449</u>	<u>\$ 300</u>	<u>\$ 3,641,188</u>
LIABILITIES				
Accounts Payable	\$ 10,318	\$ -	\$ 3,896	\$ 6,422
Accrued Liabilities	1,254,275	-	1,254,275	-
Due to Other Governments	597,160	37,429	-	634,589
Deposits	992,286	-	106,183	886,103
Other Current Liabilities	-	2,114,074	-	2,114,074
Total Liabilities	<u>\$ 2,854,039</u>	<u>\$ 2,151,503</u>	<u>\$ 1,364,354</u>	<u>\$ 3,641,188</u>

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
TAX COLLECTOR AGENCY FUNDS
For the Fiscal Year Ended September 30, 2018

	<u>Balance 9/30/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2018</u>
ASSETS				
Cash and Cash Equivalents	\$ 2,136,250	\$ -	\$ 2,136,250	\$ -
Pooled Cash and Investments	2,825,352	3,258,232	-	6,083,584
Due from Other Governments	421	-	300	121
Total Assets	<u>\$ 4,962,023</u>	<u>\$ 3,258,232</u>	<u>\$ 2,136,550</u>	<u>\$ 6,083,705</u>
LIABILITIES				
Accounts Payable	\$ 172,691	\$ -	\$ 157,230	\$ 15,461
Due to Other Governments	2,653,082	1,127,785	-	3,780,867
Deposits	2,136,250	151,127	-	2,287,377
Total Liabilities	<u>\$ 4,962,023</u>	<u>\$ 1,278,912</u>	<u>\$ 157,230</u>	<u>\$ 6,083,705</u>

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SHERIFF AGENCY FUNDS
For the Fiscal Year Ended September 30, 2018

	<u>Balance 9/30/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2018</u>
ASSETS				
Cash and Cash Equivalents	\$ 117,513	\$ 5,645	\$ -	\$ 123,158
Total Assets	\$ 117,513	\$ 5,645	\$ -	\$ 123,158
LIABILITIES				
Accounts Payable	\$ 44,774	\$ 8,599	\$ -	\$ 53,373
Accrued Liabilities	29,777	2,717	-	32,494
Due to Other Governments	8,470	-	450	8,020
Deposits	34,492	-	5,221	29,271
Total Liabilities	\$ 117,513	\$ 11,316	\$ 5,671	\$ 123,158

See accompanying independent auditors' report.



STATISTICAL TABLES

This section contains the following:

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

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

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



STATISTICAL SECTION

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

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

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

Schedule 1

Hernando County, Florida
Net Position by Component

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

	Fiscal Year				
	2009	2010	2011	2012	2013
Governmental Activities					
Net Investment in Capital Assets	\$ 257,885	\$ 267,795	\$ 280,327	\$ 285,954	\$ 290,020
Restricted	80,026	76,929	86,754	88,847	82,667
Unrestricted (Deficit)	49,724	51,616	37,429	30,767	24,747
Total Governmental Activities Net Position	<u>\$ 387,635</u>	<u>\$ 396,340</u>	<u>\$ 404,510</u>	<u>\$ 405,568</u>	<u>\$ 397,434</u>
Business-type Activities					
Net Investment in Capital Assets	\$ 161,722	\$ 173,889	\$ 179,518	\$ 170,908	\$ 171,017
Restricted	37,246	9,964	6,956	10,743	10,312
Unrestricted	25,097	20,836	19,608	25,030	28,386
Total Business-type Activities Net Position	<u>\$ 224,065</u>	<u>\$ 204,689</u>	<u>\$ 206,082</u>	<u>\$ 206,681</u>	<u>\$ 209,715</u>
Primary Government					
Net Investment in Capital Assets	\$ 419,607	\$ 441,684	\$ 459,845	\$ 456,862	\$ 461,037
Restricted	117,272	86,893	93,710	99,590	92,979
Unrestricted	74,821	72,452	57,037	55,797	53,133
Total Primary Government Net Position	<u>\$ 611,700</u>	<u>\$ 601,029</u>	<u>\$ 610,592</u>	<u>\$ 612,249</u>	<u>\$ 607,149</u>

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

<u>2014</u>	<u>2015 (1)</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 292,320	\$ 303,506	\$ 306,373	\$ 304,605	\$ 304,941
72,678	61,254	62,476	57,323	28,098
32,333	-28,753	(42,266)	(46,513)	(29,545)
<u>\$ 397,331</u>	<u>\$ 336,007</u>	<u>\$ 326,583</u>	<u>\$ 315,415</u>	<u>\$ 303,494</u>
\$ 168,614	\$ 171,560	\$ 174,660	\$ 171,817	\$ 172,789
10,442	9,597	12,753	17,783	18,818
33,505	37,215	42,892	49,047	54,634
<u>\$ 212,561</u>	<u>\$ 218,372</u>	<u>\$ 230,305</u>	<u>\$ 238,647</u>	<u>\$ 246,241</u>
\$ 460,934	\$ 475,066	\$ 481,033	\$ 476,422	\$ 477,730
83,120	70,851	75,229	75,106	46,916
65,838	8,462	626	2,534	25,089
<u>\$ 609,892</u>	<u>\$ 554,379</u>	<u>\$ 556,888</u>	<u>\$ 554,062</u>	<u>\$ 549,735</u>

Hernando County, Florida
Changes in Net Position

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

	Fiscal Year				
	2009	2010	2011	2012	2013
Expenses					
Governmental Activities:					
General Government	\$ 23,141	\$ 20,142	\$ 18,750	\$ 17,511	\$ 20,629
Public Safety	63,261	61,896	59,674	69,359	69,196
Physical Environment	1,731	1,088	1,236	1,114	1,316
Transportation	18,864	22,998	25,265	20,939	19,119
Economic Environment	2,891	5,919	3,828	2,691	2,377
Human Services	6,622	6,159	7,280	10,404	8,819
Culture and Recreation	7,126	5,839	5,557	5,004	5,326
Court Operations	7,165	5,852	5,771	5,609	6,140
Interest on Long-term Debt	2,095	1,887	1,730	1,654	1,224
Total Governmental Activities Expenses	132,896	131,780	129,091	134,285	134,146
Business-type Activities:					
Water and Sewer District	25,669	25,797	25,648	25,976	25,147
Aviation Operatoins	1,664	1,717	2,588	2,232	2,561
Waste Management	9,748	368	6,072	6,040	6,902
Building Department	2,204	1,774	1,710	1,794	1,724
Zoning Department	991	609	446	378	350
Total Business-type Activities Expenses	40,276	30,265	36,464	36,420	36,684
Total Primary Government Expenses	\$ 173,172	\$ 162,045	\$ 165,555	\$ 170,705	\$ 170,830
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$ 11,322	\$ 10,729	\$ 12,696	\$ 12,666	\$ 10,116
Public Safety	19,068	16,014	16,153	19,961	18,180
Physical Environment	615	172	100	630	79
Transportation	4,792	4,588	4,460	4,194	4,327
Economic Environment	12	24	57	2	115
Human Services	236	245	249	238	231
Culture and Recreation	657	655	724	809	811
Court Operations	5,145	4,196	4,336	4,399	4,978
Operating Grants and Contributions	4,938	7,027	7,818	3,864	4,528
Capital Grants and Contributions	18,733	11,995	15,538	3,652	4,323
Total Government Activities Program Revenues	65,518	55,645	62,131	50,415	47,688
Business-type Activities:					
Charges for Services:					
Water and Sewer District	22,164	21,941	22,988	24,491	25,275
Aviation Operations	1,726	1,704	1,587	1,558	1,878
Waste Management	7,067	6,867	6,965	7,085	7,331
Building Department	1,482	1,641	1,737	1,921	1,792
Zoning Department	503	302	319	274	247
Operating Grants and Contributions	36	38	584	85	75
Capital Grants and Contributions	3,554	1,315	2,300	2,409	2,036
Total Business-type Activities Program Revenues	36,532	33,808	36,480	37,823	38,634
Total Primary Government Program Revenues	\$ 102,050	\$ 89,453	\$ 98,611	\$ 88,238	\$ 86,322

(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.

	2014	2015	2016	2017	2018
\$	21,044	\$ 22,134	\$ 24,583	\$ 26,219	\$ 28,208
	74,079	74,105	86,582	92,685	99,101
	988	1,195	1,230	1,304	1,402
	19,983	20,187	23,236	24,465	25,206
	1,689	2,355	3,095	3,487	2,856
	10,009	8,762	7,275	7,504	7,936
	5,173	5,146	5,714	5,712	6,220
	6,656	6,868	6,773	7,163	7,384
	1,144	1,062	1,038	1,074	1,162
	<u>140,765</u>	<u>141,814</u>	<u>159,526</u>	<u>169,613</u>	<u>179,475</u>
	25,505	25,882	27,673	30,933	31,357
	2,914	2,242	2,567	2,233	2,257
	6,918	3,348	6,447	7,594	9,792
	1,990	2,218	2,786	2,807	3,258
	359	-	-	-	-
	<u>37,686</u>	<u>33,690</u>	<u>39,473</u>	<u>43,567</u>	<u>46,664</u>
\$	<u>178,451</u>	<u>175,504</u>	<u>198,999</u>	<u>213,180</u>	<u>226,139</u>

\$	13,730	\$ 14,238	\$ 12,050	\$ 12,419	\$ 13,428
	27,931	29,063	31,168	31,312	35,831
	306	214	345	865	503
	3,165	4,856	5,398	5,692	6,307
	54	96	-	66	0
	245	229	250	231	242
	851	833	915	1,037	1,051
	5,120	5,059	4,832	4,848	5,090
	2,408	5,033	4,935	5,993	5,361
	1,887	3,006	1,777	4,728	6,035
	<u>55,697</u>	<u>62,627</u>	<u>61,670</u>	<u>67,191</u>	<u>73,848</u>
	26,568	28,569	31,032	33,832	33,861
	1,629	1,607	1,806	1,701	1,895
	7,420	7,668	7,653	7,803	7,896
	1,900	2,602	2,970	2,915	3,547
	320	-	-	-	-
	245	294	94	110	107
	1,549	2,531	5,306	4,469	6,629
	<u>39,631</u>	<u>43,271</u>	<u>48,861</u>	<u>50,830</u>	<u>53,935</u>
\$	<u>95,328</u>	<u>105,898</u>	<u>110,531</u>	<u>118,021</u>	<u>127,783</u>

Hernando County, Florida
Changes in Net Position (Continued)

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

	Fiscal Year				
	2009	2010	2011	2012	2013
Net (Expense)/Revenue					
Governmental Activities	\$ (67,378)	\$ (76,135)	\$ (66,960)	\$ (83,870)	\$ (86,458)
Business-type Activities	(3,744)	3,543	15	1,404	1,950
Total Primary Government Net Expense	<u>\$ (71,122)</u>	<u>\$ (72,592)</u>	<u>\$ (66,945)</u>	<u>\$ (82,466)</u>	<u>\$ (84,508)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes					
Property Taxes	\$ 67,314	\$ 61,237	\$ 52,091	\$ 56,605	\$ 57,141
Fuel Taxes	6,573	6,696	7,112	6,216	6,058
Sales Taxes	7,098	7,154	7,817	7,367	7,638
Other Taxes	2,155	1,892	1,946	1,768	1,804
State Shared Revenue	3,592	3,611	3,758	4,013	4,227
Investment Earnings	5,599	2,449	1,297	2,209	73
Miscellaneous	1,113	1,532	941	1,787	1,460
Gain on Sale of Capital Assets	-	354	47	-	-
Extraordinary Item	-	-	-	-	-
Transfers	(3,663)	(85)	121	(77)	(76)
Total Governmental Activities	<u>89,781</u>	<u>84,840</u>	<u>75,130</u>	<u>79,888</u>	<u>78,325</u>
Business-type Activities:					
Investment Earnings	1,976	846	382	664	31
Gain on Sale of Capital Assets	12	4	1	(1,091)	116
Miscellaneous	1,510	1,242	1,116	(454)	860
Transfers	3,664	85	(121)	77	76
Total Business-type Activities	<u>7,162</u>	<u>2,177</u>	<u>1,378</u>	<u>(804)</u>	<u>1,083</u>
Total Primary Government	<u>\$ 96,943</u>	<u>\$ 87,017</u>	<u>\$ 76,508</u>	<u>\$ 79,084</u>	<u>\$ 79,408</u>
Change in Net Position					
Governmental Activities	\$ 22,403	\$ 8,705	\$ 8,170	\$ (3,981)	\$ (8,133)
Business-type Activities	3,418	5,720	1,393	600	3,033
Total Primary Government	<u>\$ 25,821</u>	<u>\$ 14,425</u>	<u>\$ 9,563</u>	<u>\$ (3,381)</u>	<u>\$ (5,100)</u>

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ (85,068)	\$ (79,187)	\$ (97,856)	\$ (102,422)	\$ (105,627)
1,945	9,581	9,388	7,263	7,271
<u>\$ (83,123)</u>	<u>\$ (69,606)</u>	<u>\$ (88,468)</u>	<u>\$ (95,159)</u>	<u>\$ (98,356)</u>
\$ 59,178	\$ 58,984	\$ 61,572	\$ 62,915	\$ 69,647
6,089	6,242	8,146	8,722	8,970
8,029	8,697	9,100	9,337	9,878
1,667	2,530	2,560	2,597	2,710
4,428	4,756	4,889	5,102	5,335
1,475	1,671	1,437	562	532
4,351	1,274	1,378	1,597	1,682
28	221	349	205	53
-	-	-	-	-
(18)	610	(998)	217	154
<u>85,227</u>	<u>84,985</u>	<u>88,433</u>	<u>91,254</u>	<u>98,961</u>
605	743	701	348	245
50	46	28	(11)	315
900	864	818	958	1,057
18	(610)	998	(217)	(154)
<u>1,573</u>	<u>1,043</u>	<u>2,545</u>	<u>1,078</u>	<u>1,463</u>
<u>\$ 86,800</u>	<u>\$ 86,028</u>	<u>\$ 90,978</u>	<u>\$ 92,332</u>	<u>\$ 100,424</u>
\$ 159	\$ 5,798	\$ (9,423)	\$ (11,168)	\$ (6,666)
3,518	10,624	11,933	8,341	8,734
<u>\$ 3,677</u>	<u>\$ 16,422</u>	<u>\$ 2,510</u>	<u>\$ (2,827)</u>	<u>\$ 2,068</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									
	<u>2009</u>									
General Fund										
Reserved	\$		687							
Unreserved			30,054							
Total General Fund	\$		<u>30,741</u>							
All other Government Funds										
Reserved	\$		10,982							
Unreserved, reported in:										
Special Revenue Funds			79,719							
Capital Projects Funds			13,630							
Total all other Governmental Funds	\$		<u>104,331</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>	<u>2018</u>
General Fund										
Nonspendable	\$	206	\$ 215	\$ 187	\$ 145	\$ 46	\$ 829	\$ 4,570	\$ 7,503	\$ 5,890
Restricted		4,435	3,630	2,783	981	312	142	341	771	1,015
Committed		4,776	4,854	4,968	4,436	4,812	5,374	5,320	5,717	5,913
Assigned		1,725	2,300	8,500	3,350	5,712	4,000	3,000	-	28
Unassigned		17,027	13,277	10,225	9,825	12,034	12,992	9,443	6,860	9,760
Total General Fund	\$	<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>	<u>20,851</u>	<u>22,606</u>
All other Governmental Funds										
Nonspendable	\$	58	\$ 56	\$ 674	\$ 574	\$ 78	\$ 65	\$ 57	\$ 51	\$ 51
Restricted		80,134	81,256	83,527	79,282	69,625	59,257	59,914	54,225	55,439
Committed		1,184	925	965	966	1,017	1,140	1,247	1,286	1,353
Assigned		22,933	18,598	7,410	7,473	9,220	10,164	8,104	15,252	12,207
Unassigned		-	-	-	-	-	-	-	(471)	2,643
Total all other Governmental Funds	\$	<u>104,309</u>	<u>100,835</u>	<u>92,576</u>	<u>88,295</u>	<u>79,940</u>	<u>70,626</u>	<u>69,322</u>	<u>70,343</u>	<u>71,693</u>

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

Schedule 4

Hernando County, Florida
Changes in Fund Balances of Governmental Funds

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenue										
Taxes	\$ 76,043	\$ 69,826	\$ 60,486	\$ 64,669	\$ 65,009	\$ 66,892	\$ 67,733	\$ 72,115	\$ 74,178	\$ 81,305
Licenses and Permits	104	109	97	157	62	60	390	446	504	529
Intergovernmental	26,752	34,852	29,968	24,855	24,149	20,716	23,624	23,916	27,279	28,931
Charges for Services	19,741	15,015	14,476	18,020	18,276	21,034	28,395	26,403	25,585	29,449
Fines and Forfeitures	3,940	996	635	974	1,060	1,692	1,621	1,543	1,540	1,732
Special Assessments	11,248	11,269	11,302	11,388	11,348	19,155	19,140	20,404	21,479	23,056
Impact Fees	3,050	478	783	146	(6)	422	892	1,299	2,733	3,129
Interest	5,278	2,296	1,204	2,012	99	1,334	1,460	1,281	486	454
Miscellaneous	1,824	1,950	4,832	5,646	2,513	8,535	2,552	2,553	2,428	2,690
Total Revenues	<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>	<u>\$ 171,275</u>
Expenditures										
Current										
General Government	\$ 20,624	\$ 18,264	\$ 16,905	\$ 15,891	\$ 18,563	\$ 18,516	\$ 20,258	\$ 21,271	\$ 21,946	\$ 23,999
Public Safety	60,334	60,096	58,051	67,047	67,047	70,449	75,963	78,707	81,327	86,506
Physical Environment	1,643	1,004	1,148	1,057	1,140	966	1,131	1,094	1,144	1,188
Transportation	14,547	13,374	13,112	12,666	13,037	13,500	13,584	14,932	15,720	15,600
Economic Environment	2,838	5,881	3,799	2,646	2,350	1,639	2,298	3,031	3,415	2,771
Human Services	5,234	4,757	5,882	9,054	7,402	8,538	7,043	5,520	5,710	6,094
Culture and Recreation	6,326	5,004	4,749	4,228	4,500	4,316	4,615	4,758	4,852	5,291
Court Operations	7,084	5,756	5,602	5,461	6,034	6,525	6,708	6,585	6,952	7,222
Debt Service										
Principal	3,209	3,376	3,141	3,204	3,319	3,085	2,888	3,854	4,075	4,185
Interest and Fiscal Charges	2,040	2,037	1,691	1,627	963	1,078	990	978	975	987
Capital Outlay	16,240	20,042	17,602	15,095	14,227	15,663	19,297	13,475	12,268	14,878
Total Expenditures	<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>	<u>\$ 168,721</u>
Excess of Revenues										
Over (Under) Expenditures	7,861	(2,800)	(7,899)	(10,109)	(16,072)	(4,435)	(8,968)	(4,245)	(2,172)	2,554

Schedule 4

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

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

	Fiscal Year									
	<u>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>	<u>2018</u>
Other Financing Sources (Uses)										
Transfers In	17,351	12,226	6,488	12,851	10,276	6,812	6,046	10,989	14,063	14,640
Transfers Out	(20,922)	(12,152)	(6,256)	(12,964)	(10,889)	(8,266)	(7,834)	(9,469)	(15,061)	(15,333)
Sale of Capital Assets	-	-	-	-	-	-	-	-	-	53
Additions to Long-Term Debt	1,323	50	299	196	29,786	1,713	1,864	757	2,368	1,189
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>(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>	<u>549</u>
Net Change in Fund Balances	<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>	<u>3,103</u>
 Debt Service as a Percentage of Noncapital Expenditures	 4.3%	 4.4%	 4.1%	 3.8%	 3.4%	 3.2%	 2.8%	 3.6%	 3.5%	 3.4%



Schedule 5

Hernando County, Florida
General Government State Shared Revenues by Source

Last Ten Fiscal Years
(dollars expressed in thousands)

Fiscal Year	Local Government Half-Cent Sales Tax	State Revenue Sharing Proceeds	Constitutional Fuel Tax	County Fuel Tax	Local Option 1 - 6 cents	State Housing Initiative Partnership	Other Revenues
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	-
2018	9,823	4,971	1,880	826	4,753	796	237

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

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	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)		
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
2018	13,300,360	1,846,816	11,165,701	1,776,293	3,646,183	601,446	7,519,519	1,174,846	7,926	8,702,291	8.7342

- (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

Schedule 7

Hernando County, Florida
Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
DIRECT RATES (a)										
Countywide										
Hernando County Government:										
General Fund	5.4394	5.4394	5.6279	5.9169	6.8669	6.9912	6.9912	6.9912	6.8912	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	-	-	-	-	-	-	-	-
Total Countywide	<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>	<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>
Other										
Hernando County Government:										
Municipal Services Taxing Units										
Stormwater Management Program	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139
Emergency Medical Services	0.5598	0.5598	0.5598	0.5598	0.5534	0.5534	0.6700	0.6700	0.6700	0.9100
Fire Services	-	-	-	-	-	-	-	-	0.5000	-
Mosquito Control	-	-	0.0844	0.0844	0.1000	-	-	-	-	-
Spring Hill Fire and Rescue (e)	2.2686	2.5000	2.5000	2.5000	-	-	-	-	-	-
Total	<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>	<u>1.0239</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>7.6826</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>	<u>8.7342</u>
OVERLAPPING RATES (d)										
Countywide										
School Board	7.4790	0.7417	7.5080	7.4540	7.2800	7.1670	7.1960	6.8690	6.6190	6.3400
Southwest Florida Water Management District	0.3866	0.3770	0.3928	0.3928	0.3818	0.3658	0.3488	0.3317	0.3131	0.2955
Not Countywide										
Municipalities										
City of Brooksville	6.0690	6.3700	6.3700	6.3700	6.7317	6.6962	6.6439	6.6426	6.9763	6.2000
City of Weeki Wachee	2.5769	2.6587	2.7838	2.7137	2.7654	2.6237	2.7622	2.8478	2.8470	2.8421
Southwest Florida Water Management District										
Withlacoochee Basin	0.2308	0.2380	-	-	-	-	-	-	-	-
Coastal Basin	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.



**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	2018			2008		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Cemex, Inc.	Cement Manufacturing	\$ 273,839	1	3.15%	\$ 56,563	6	0.55%
Withlacoochee River Electric Co-op	Electric Utility	206,449	2	2.37%	147,091	1	1.43%
Florida Power Development, LLC	Electric Utility	165,618	3	1.90%			
Wal-Mart Stores, Inc.	Retail Sales, Distribution	109,734	4	1.26%	132,782	2	1.29%
Duke Energy (formerly Progress Energy)	Electric Utility	93,124	5	1.07%	36,728	8	0.36%
HCA Health Services of Florida, Inc.	Hospital/Health Care	54,070	6	0.62%	64,253	5	0.62%
Florida Gas Transmissions	Utility	46,615	7	0.54%			
MIC SCV LLC	Apartments	41,959	8	0.48%			
Bright House Networks	Cable Utility	38,627	9	0.44%	32,870	10	0.32%
AT&T Telecommunications	Telecommunications	27,475	10	0.32%	67,844	3	0.66%
Florida Crushed Stone Corporation	Rock Mining				64,844	4	0.63%
Hampton Ridge Development	Real Estate				43,223	7	0.42%
Hernando HMA	Hospital/Health Care				33,807	9	0.33%
Totals		<u>\$ 1,057,510</u>		<u>12.15%</u>	<u>\$ 680,005</u>		<u>6.61%</u>

Source: Hernando County Property Appraiser

Schedule 9

Hernando County, Florida
Property Tax Levies and Collections

Last Ten Fiscal Years
(dollars expressed in thousands)

Fiscal Year Ended September 30	Certified Taxes Levied for the Fiscal Year (a) (d)	Certificates of Correction by Property Appraiser	Adjusted Taxes Levied for the Fiscal Year (a)	Collected Within the Fiscal year of the Levy (b)			Prior Year Taxes Collected (c)	Total Taxes Collected	
				Levied Collections	Discounts/Penalties	Adjusted Collections		Percentage Collected	Amount
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
2018	101,714	(120)	101,594	99,973	(3,189)	96,784	231	97,015	95.49

- (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, 2017 through March 31, 2018 are reflected as levied for the Fiscal Year Ended September 30, 2018. Tax Certificates for unpaid taxes and assessments for that year will be sold no later than June 1, 2019.
- (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			
	2009	43,351	2,076	807	49,701	-			
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	30,413	-	33,465	-	57,955	124,524	1.76%	679
2018	2,345	30,789	-	30,901	-	55,047	119,082	-	642

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

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

Hernando County, Florida
Ratios of General Bonded Debt Outstanding

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

Fiscal Year Ended September 30	Revenue and Revenue Refunding Bonds	Less: Amounts Available in Debt Service Fund	Net General Bonded Debt	Percentage of Taxable Value of Property (a)	General Debt Per Capita (b)
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
2018	2,345	9	2,336	0.03%	13

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

Government Unit	Payable from Ad Valorem Taxes	Non-Self- Supporting Revenue Debt	Total	Percentage of Debt to Total Debt	Amount Applicable to Primary Government
SCHOOL BOARD: ⁽¹⁾					
State Board of Education Bonds, Series 2009A Refunding	\$ -	\$ 35,000	\$ 35,000	0.02%	\$ 31,416
State Board of Education Bonds, Series 2010A	-	1,030,000	1,030,000	0.66%	1,036,719
State Board of Education Bonds, Series 2011A Refunding	-	220,000	220,000	0.14%	219,910
State Board of Education Bonds, Series 2014A Refunding	-	376,000	376,000	0.24%	376,989
State Board of Education Bonds, Series 2014B Refunding	-	102,000	102,000	0.06%	94,247
Bonds Payable-Unamortized Premium		204,869	204,869	0.13%	204,202
Certificates of Participation, Series 2013A	-	15,178,087	15,178,087	9.66%	15,173,802
Certificates of Participation, Series 2016A	-	89,400,000	89,400,000	56.91%	89,393,483
Unamortized Premium		10,398,238	10,398,238	6.62%	10,398,609
Capital Improvement bonds, Series 2001	-	2,040,000	2,040,000	1.30%	2,042,023
Notes Payable	-	2,313,347	2,313,347	1.47%	2,309,057
					-
CITY OF BROOKSVILLE:					
General Fund Promissory Note	151,486	-	151,486	0.10%	157,079
USDA Loan	-	170,000	170,000	0.11%	172,787
Florida Capital Improvement Revenue Note, Series 2011	-	2,135,341	2,135,341	1.36%	2,136,270
Patch Truck Loan		111,407	111,407	0.07%	109,955
USDA Fire Truck Loan		89,182	89,182	0.06%	94,247
Subtotal Overlapping Debt	<u>\$ 151,486</u>	<u>\$ 123,803,471</u>	<u>\$ 123,954,957</u>	<u>78.91%</u>	<u>\$ 123,950,795</u>
COUNTY BOARD:					
Non-revolving line of credit draws	\$ -	\$ 12,508,734	\$ 12,508,734	7.96%	\$ 12,503,464
Non-Ad Valorem Refunding Revenue Note, Series 2012	-	18,280,000	18,280,000	11.64%	18,283,960
Non-Ad Valorem Refunding Revenue Bonds, Series 2010	-	2,335,000	2,335,000	1.49%	2,340,472
Hernando County, Florida Direct Debt	<u>-</u>	<u>33,123,734</u>	<u>33,123,734</u>	<u>21%</u>	<u>33,127,896</u>
Total Direct and Overlapping Debt	<u>\$ 151,486</u>	<u>\$ 156,927,205</u>	<u>\$ 157,078,691</u>	<u>100%</u>	<u>\$ 157,078,691</u>

Sources: Outstanding debt and applicable percentages provided by each governmental unit.

(1) Outstanding debt obligations for Hernando County School Board at June 30, 2018.

Schedule 13A

Hernando County, Florida
Schedule of Non-Ad Valorem Debt Coverage
Non-Ad Valorem Refunding Revenue Bonds, Series 2010
Non-Ad Valorem Refunding Revenue Note, Series 2012

Last Eight Fiscal Years
(dollars expressed in thousands)

<u>Fiscal Year Ended September 30</u>	<u>Gross Revenues (a)</u>	<u>Expenditures (b)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal (c)</u>	<u>Interest</u>	<u>Total</u>	
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
2018	36,328	-	36,328	2,997	891	3,888	9.34

- (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 (e)	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
2018	34,739	19,276	15,463	2,269	17,732	2,385	1,419	3,804	4.66

- (a) Pursuant to bond definitions, gross revenues include operating revenue and interest income, but do not include sewer connection fees, water connection fees or special assessment proceeds.
- (b) Pursuant to bond definitions, expenses do not include amortizations or depreciation. Similarly, charges associated with replacement of vehicles in lieu of depreciation have not been included.
- (c) Effective with the issuance of the Water and Sewer Refunding Revenue Bonds Series 2003, connection fees are included in the definition of pledged funds.
- (d) Includes Water and Sewer Refunding Revenue Bonds, Series 2013A, and the Water and Sewer portion of the Non-Ad Valorem Refunding Revenue Bonds, Series 2010.
- (e) For FY 2018, the principal amount including the bond premium \$177,656 is \$2,562,656. See Note H.

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							
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	36,161	6,745,895	49.0	16.0%	22,153	4.3%
2018	8410	9	177,185	185,604	77,493	-	-	48.9	17.1%	23,615	4.3%

(a) Source: Bureau of Economic and Business Research (BEER), University of Florida. These numbers have been adjusted to reflect BEBR data available through April 1 annually.

(b) Source: Hernando County Planning Department

(c) Source: 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	2018			2017			2016		
		Employees	%	Rank	Employees	%	Rank	Employees	%	Rank
Oak Hill Hospital	Healthcare	1,307	1.98	1	2,036	3.19	1	2,036	3.20	1
Walmart Distribution Center	Distribution Center	1,200	1.82	2	1,020	1.60	2	1,020	1.60	3
Bayfront Regional Healthcare	Healthcare	939	1.42	3	1,032	1.62	3	1,032	1.62	2
HealthSouth	Healthcare	459	0.70	4	355	0.56	4	355	0.56	4
Accuform Signs Inc	Manufacturer	307	0.47	5	280	0.44	5	280	0.44	5
Cemex (formerly Rinker Materials/FCS)	Manufacturer	300	0.45	6	250	0.39	6	250	0.39	6
Alumi Guard	Manufacturer	260	0.39	7	-	-	-	-	-	-
Sparton Electronics	Manufacturer	180	0.27	8	219	0.34	8	219	0.34	8
Micro-Matic	Supplier	162	0.25	9	-	-	-	-	-	-
Sun Trust Bank	Service	110	0.17	10	110	0.17	9	110	0.17	9
Withlacoochee River Electric Coop	Utility	-	-	-	80	0.13	10	80	0.13	10
Evergreen Woods	Healthcare	-	-	-	-	-	-	-	-	-
Commercial Carrier Corp	Trucking	-	-	-	-	-	-	-	-	-
HPH Hospice	Healthcare	-	-	-	221	0.35	7	221	0.35	7
Totals		<u>5,224</u>	<u>7.92</u>		<u>5,603</u>	<u>8.79</u> %		<u>5,603</u>	<u>8.80</u> %	
Total Employment		<u>66,001</u>			<u>63,869</u>			<u>63,720</u>		

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

Source: Hernando County Office of Business Development.

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

Latest Fiscal Year compared to the Nine Prior Fiscal Years

Employer	Type of Operation	2015			2014			2013		
		Employees	%	Rank	Employees	%	Rank	Employees	%	Rank
Oak Hill Hospital	Healthcare	1,156	1.84	2	1,136	1.93	1	1,089	1.71	1
Walmart Distribution Center	Distribution Center	1,200	1.91	1	1,020	1.73	2	1,020	1.60	2
Bayfront Regional Healthcare	Healthcare	965	1.53	3	965	1.64	3	913	1.44	3
HealthSouth	Healthcare	288	0.46	4	288	0.49	4	355	0.56	4
Accuform Signs Inc	Manufacturer	290	0.46	5	274	0.47	5	280	0.44	5
Cemex (formerly Rinker Materials/FCS)	Manufacturer	240	0.38	6	240	0.41	6	250	0.39	6
Alumi Guard	Manufacturer	-	-	-	-	-	-	-	-	-
Sparton Electronics	Manufacturer	200	0.32	7	215	0.37	7	219	0.34	8
Micro-Matic	Supplier	-	-	-	-	-	-	-	-	-
Sun Trust Bank	Service	85	0.14	9	85	0.14	9	110	0.17	9
Withlacoochee River Electric Coop	Utility	79	0.13	10	80	0.14	10	80	0.13	10
Evergreen Woods	Healthcare	-	-	-	-	-	-	-	-	-
Commercial Carrier Corp	Trucking	-	-	-	-	-	-	-	-	-
HPH Hospice	Healthcare	119	0.19	8	181	0.31	8	221	0.35	7
Totals		<u>4,622</u>	<u>7.36</u> %		<u>4,484</u>	<u>7.63</u> %		<u>4,537</u>	<u>7.13</u> %	
Total Employment		<u>62,873</u>			<u>58,867</u>			<u>63,581</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	2012			2011			2010			2009		
		Employees	%	Rank	Employees	%	Rank	Employees	%	Rank	Employees	%	Rank
Oak Hill Hospital	Healthcare	1,070	1.70	1	950	1.51	2	947	1.49	2	900	1.43	1
Walmart Distribution Center	Distribution Center	1,008	1.60	3	900	1.43	3	1,200	1.89	1	900	1.43	1
Bayfront Regional Healthcare	Healthcare	1,018	1.62	2	1,032	1.64	1	1,032	1.62	3	763	1.22	3
HealthSouth	Healthcare	272	0.43	6	125	0.20	9	125	0.20	9	-	-	-
Accuform Signs Inc	Manufacturer	280	0.45	5	247	0.39	5	245	0.39	5	245	0.39	5
Cemex (formerly Rinker Materials/FCS)	Manufacturer	288	0.46	4	288	0.46	4	264	0.42	4	300	0.48	4
Alumi Guard	Manufacturer	-	-	-	-	-	-	-	-	-	100	0.16	9
Sparton Electronics	Manufacturer	180	0.29	8	159	0.25	7	225	0.35	6	225	0.36	6
Micro-Matic	Supplier	-	-	-	-	-	-	-	-	-	-	-	-
Sun Trust Bank	Service	105	0.17	10	105	0.17	10	135	0.21	8	113	0.18	8
Withlacoochee River Electric Coop	Utility	-	-	-	77	0.12	-	100	0.16	10	-	-	-
Evergreen Woods	Healthcare	130	0.21	9	135	0.21	8	160	0.25	7	140	0.22	7
Commercial Carrier Corp	Trucking	-	-	-	-	-	-	-	-	-	100	0.16	9
HPH Hospice	Healthcare	221	0.35	7	170	0.27	6	207	0.33	-	-	-	
Totals		<u>4,572</u>	<u>7.28</u> %		<u>4,188</u>	<u>6.65</u> %		<u>4,640</u>	<u>7.31</u> %		<u>3,786</u>	<u>6.03</u> %	
Total Employment		<u>62,895</u>			<u>62,895</u>			<u>63,511</u>			<u>62,747</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				
	2009 (b)	2010	2011	2012 (b)	2013 (c)
Governmental Activities:					
General Government	271	238	243	227	221
Public Safety	362	368	471	566	750
Physical Environment	7	7	5	7	6
Transportation	99	99	79	91	91
Economic Environment	8	8	7	7	7
Human Services	32	25	20	21	21
Culture and Recreation	93	72	62	65	65
Courts	74	77	78	79	84
Business-type Activities:					
Airport	5	5	5	5	5
Water and Wastewater	164	154	149	147	142
Business Development	34	31	29	28	26
Solid Waste	52	28	28	29	29
Total	1,201	1,112	1,176	1,272	1,447

(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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
227	225	237	244	247
773	776	782	782	791
7	7	8	8	1
92	93	92	96	93
7	8	10	10	10
21	20	19	21	23
66	63	63	70	66
88	85	78	83	79
5	4	4	4	4
139	134	132	131	134
28	27	27	31	34
<u>28</u>	<u>33</u>	<u>32</u>	<u>32</u>	<u>31</u>
1,481	1,475	1,484	1,512	1,513

Hernando County, Florida
Operating Indicators by Function

Last Ten Fiscal Years

Function	Fiscal Year				
	2009	2010	2011	2012	2013
General Government					
Number of programs broadcast	299	207	212	208	208
Number of employee records managed	785	683	645	859	852
Public Safety					
Total incidents responded to (HCFR)	14,234	14,020	14,076	22,868	27,222
Number of emergency citizen volunteers	655	750	838	825	903
Number of building permits issued	9,194	10,074	11,316	11,904	10,492
Physical Environment					
Extension Classes/programs	30,480	27,015	20,055	17,863	30,480
Transportation					
Number of signals maintained	83	86	80	88	88
Number of lane miles of roads re-surfaced	61	199	70	64	32
Economic Environment					
Number of successful business projects	16	9	7	8	7
Number of veteran clients served	32,719	21,955	6,681	23,540	6,857
Human Services					
Animals impounded	5,773	5,117	4,256	3,578	3,095
Number of human service requests processed	25,513	27,043	13,256	23,540	8,288
Culture and Recreation					
Registered library card holders	86,204	93,685	85,284	90,623	97,642
Number of participants in the County Recreation programs	20,563	21,115	19,485	19,185	13,799
Court Operations					
Number of judicial cases managed	55,476	60,109	57,394	65,520	63,060
Water and Sewer					
Water consumption in millions of gallons a day	19.5	15.6	18.9	18.4	17.1
Average number of water accounts	57,378	60,966	61,260	61,363	56,975
Number of meter reads	688,536	749,652	752,244	736,400	737,748
Aviation Operations					
Number of airport & industrial park leases	145	178	173	140	140
Waste Management					
Total tons landfilled	105,697	77,770	99,346	104,281	103,733
Tons of Convenience Center Waste Collected	7,244	7,012	7,681	15,701	7,317
Tons of recyclables collected & processed	5,497	5,264	5,638	4,881	4,910

Source: Various County Departments.

2014	2015	2016	2017	2018
206	190	196	288	233
772	771	782	795	783
26,254	28,951	30,496	31,704	32,023
982	1,009	1,440	1,440	1,462
11,104	12,048	12,525	12,370	14,622
20,172	29,730	32,267	30,770	37,798
88	85	85	86	88
36	42	39	8	72
9	8	8	3	1
6,918	7,916	8,909	6,141	8,418
2,923	2,950	2,725	3,143	2,867
9,099	10,789	6,285	9,558	7,843
102,910	109,366	116,994	122,503	110,813
17,955	20,045	22,049	24,790	23,596
64,290	53,796	51,869	66,156	61,550
16.8	16.7	17.7	18.8	18.3
57,376	58,251	58,281	59,952	62,756
740,748	719,986	751,440	773,101	778,212
141	138	133	173	184
114,370	117,230	122,259	127,047	131,425
6,161	6,945	7,814	7,968	7,986
11,976	11,839	11,685	10,815	10,069

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

Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013
General Government					
Number of buildings	169	169	172	151	156
Fleet Vehicles	434	405	395	370	403
Public Safety					
Sheriff's patrol vehicles:	346	341	343	336	323
Radio Towers	5	5	5	5	5
Transportation					
Lane miles	2,345	2,364	2,371	2,380	2,393
Culture and Recreation					
Park acreage - developed	310	323	323	323	323
Park acreage - undeveloped	1,230	1,206	1,206	1,206	1,206
Trails-Jogging/Exercise/Nature	30	30	30	30	30
Playgrounds	14	14	14	14	14
Boat ramps (lanes)	16	16	16	16	16
Picnic shelters	189	189	189	189	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)	3,337,115	6,601,544	6,601,544	6,601,544	6,601,544
Remaining available landfill capacity (cubic yards)	298,940	3,547,487	3,346,936	3,255,100	2,941,953
Water					
Trans & dist lines (miles)	1,232	1,232	1,247	1,232	1,232
Maximum daily storage capacity (million gallons)	17.72	15.58	19.46	20.90	20.90
Number of meters in service	57,089	58,455	59,131	56,805	56,805
Sewer					
Number of pumping or lift stations	298	300	297	298	298
Collection & Trans lines (miles)	465	465	486	486	486
Reclaimed water trans & dist lines (miles)	2.90	2.00	4.30	4.30	4.30
Number of manholes	6,732	6,732	6,946	6,945	6,945

(a) Source: Various County Departments.

2014	2015	2016	2017	2018
160	165	169	177	176
423	403	378	392	398
324	325	336	348	365
5	5	4	4	4
2,407	2,457	2,492	2,516	2,556
340	340	340	340	340
1,206	1,206	1,206	1,206	1,206
30	30	30	30	30
14	14	14	13	13
16	16	16	8	8
190	190	190	190	190
5	5	4	4	4
2	2	2	2	2
12,000	12,000	12,000	12,000	12,000
2,400	2,400	2,400	2,400	2,400
6,601,544	6,601,544	6,601,544	6,601,544	6,601,544
2,704,818	2,452,353	2,435,065	2,059,982	1,878,573
1,232	1,232	1,232	1,709	1,096
19.08	19.08	19.78	19.78	19.78
57,376	58,251	58,281	59,952	62,756
301	301	301	307	298
501	501	513	515	507
4.30	4.30	4.30	4.30	4.30
6,952	7,106	7,165	7,200	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, 2018, 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 21, 2019.

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

P.O. Box 141270 • 222 N.E 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 1
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 1
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 1

1560 N. Orange Ave., Suite #450 • Winter Park, Florida 32789 1
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS 1
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS 1

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.

Purvis, Gray and Company, LLP

March 21, 2019
Sarasota, Florida

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

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

Report on Compliance for Each Major Federal Program and State Financial Assistance Project

We have audited Hernando County, Florida's (the County) compliance with the types of compliance requirements described in the OMB *Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the County's major federal programs and state financial assistance projects for the year ended September 30, 2018. The County's major federal programs and state financial assistance projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state financial assistance projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs and state financial assistance projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*. Those standards, Chapter 10.550, *Rules of the Auditor General*, and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether 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 financial assistance project. However, our audit does not provide a legal determination of the County's compliance.

Certified Public Accountants

P.O. Box 141270 • 222 N.E 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 1
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 1
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 1
1560 N. Orange Ave., Suite #450 • Winter Park, Florida 32789 1
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS 1
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS 1

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

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

Opinion on Each Major Federal Program and State Financial Assistance Projects

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state financial assistance projects for the year ended September 30, 2018.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state financial assistance project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state financial assistance project, and to test and report on internal control over compliance in accordance with Uniform Guidance; and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance; and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Purvis, Gray, and Company, LLP
March 21, 2019
Sarasota, Florida

HERNANDO COUNTY, FLORIDA
Schedule of Federal Awards and State Financial Assistance
Year Ended September 30, 2018

Federal/State/Pass Through Grantor Grant Program Name	CFDA / CSFA #	Grant ID	Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass Through FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY Community Development Block Grant (CDBG)	14.228	17DB-OL-05-37-01-H 07	\$ 17,968
<i>Total DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</i>			<u>17,968</u>
DEPARTMENT OF JUSTICE			
Pass Through FLORIDA OFFICE OF ATTORNEY GENERAL Crime Victim Assistance (VOCA)	16.575	#VOCA-2017-HCSO-00036	76,245
Pass Through FLORIDA COALITION AGAINST DOMESTIC VIOLENCE STOP Violence Against Women	16.588	18-8015-LE-ENH	55,787
STOP Violence Against Women	16.588	19-8015-LE-ENH	13,163
Subtotal CFDA 16.588			<u>68,950</u>
<i>Total DEPARTMENT OF JUSTICE</i>			<u>145,195</u>
DEPARTMENT OF LABOR			
Pass Through PASCO HERNANDO WORK FORCE Reentry Employment Opportunities	17.270	AJSC-S LEAP	78,581
<i>Total DEPARTMENT OF LABOR</i>			<u>78,581</u>
DEPARTMENT OF TRANSPORTATION			
Direct			
Airport Improvement Program	20.106	3-12-0008-020-2017	1,294,812
Highway Planning & Construction Cluster:			
Pass Through FLORIDA DEPARTMENT OF TRANSPORTATION			
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	GOK48; FPN 434309-1-58/68-01	392,393
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	ARL26; FPN 427996-5-58/68-01	30,025
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G0318; FPN 433695-1-38-01	8,515
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G0996; FPN 430503-1-58/68-01	489,911
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G0997; FPN 430504-1-58/68-01	1,224,316
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G0D79; FPN 427996-3-38-01	5,240
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	GOK42; FPN 436708-1-38-1	17,124
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	GOK43; FPN 436710-1-38-01	14,417
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	GOK44; FPN 436711-1-38-01	20,749
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	GOL88; FPN 434499-1-58/68-01	380,624
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	GOU11; FPN 436709-1-38-01/02	78
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	GOU06; FPN 436712-1-38-01/02	9,167
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	GOU58; FPN 433695-1-58/68-01	202,893
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	GOV30; FPN 427996-3-58/68-01	4,682
Highway Planning & Construction- Federal Aid Highway Program (PL)	20.205	G0D09; FPN 439335-1-14-01	558,592
Highway Planning & Construction- Federal Aid Highway Program (PL)	20.205	GOW90; FPN 439335-2-14-01	86,352
Subtotal CFDA 20.205			<u>3,445,078</u>
Total Highway Planning & Construction Cluster (CFDA 20.205)			<u>3,445,078</u>
Pass Through FLORIDA DEPARTMENT OF TRANSPORTATION			
Metropolitan Transportation Planning (Section 5305d)	20.505	G0787; FPN 401983-1-14-16	82,174
Metropolitan Transportation Planning (Section 5305d)	20.505	G0D90; FPN 401983-1-14-17	14,554
Subtotal CFDA 20.505			<u>96,728</u>
Federal Transit Cluster:			

HERNANDO COUNTY, FLORIDA
Schedule of Federal Awards and State Financial Assistance
Year Ended September 30, 2018

Federal/State/Pass Through Grantor Grant Program Name	CFDA / CSFA #	Grant ID	Expenditures
Direct			
Urbanized Area Formula Program (Section 5307)	20.507	FL-90-X794-00	3,288
Urbanized Area Formula Program (Section 5307)	20.507	FL-90-X865-00	14,816
Urbanized Area Formula Program (Section 5307)	20.507	FL-2017-062; (X015) X940	703,142
Urbanized Area Formula Program (Section 5307)	20.507	FL-2017-094; (X016) X951	445,943
Urbanized Area Formula Program (Section 5307)	20.507	FL-2018-031; (X017) X970	346,366
Urbanized Area Formula Program (Section 5307)	20.507	FL-2018-105; X998	48,207
Subtotal CFDA 20.507			<u>1,561,762</u>
Pass Through			
FLORIDA DEPARTMENT OF TRANSPORTATION Bus and Bus Facilities Formula Program (Section 5339)	20.526	G0956; FPN 439288-1-94-16	4,448
Total Federal Transit Cluster (CFDA 20.507 & 20.526)			<u>1,566,210</u>
Pass Through			
FLORIDA DEPARTMENT OF TRANSPORTATION Formula Grants for Rural Areas (Section 5311)	20.509	ART59; FPN 401982-1-84-15	113,196
Formula Grants for Rural Areas (Section 5311)	20.509	GOB95; FPN 402628-1-94-16	28,322
Subtotal CFDA 20.509			<u>141,518</u>
Total			<u>6,544,346</u>
DEPARTMENT OF TRANSPORTATION			
DEPARTMENT OF TREASURY			
Direct			
Gulf Restore- Direct Component	21.015	1RDCGR110034-01-00	1,700
Total			<u>1,700</u>
DEPARTMENT OF TREASURY			
US ELECTION ASSISTANCE COMMISSION			
Pass Through			
FLORIDA DEPARTMENT OF STATE DIVISION OF ELECTIONS Help America Vote Act Requirements Payments (HAVA)	90.401	2013-2014-0001	5,973
Help America Vote Act Requirements Payments (HAVA)	90.401	2014-2015-0001-HER	27,824
Help America Vote Act Requirements Payments (HAVA)	90.401	2018-2019-001-HER	62,250
Help America Vote Act Requirements Payments (HAVA)	90.401	2018-2019-002-HER	14,730
Subtotal CFDA 90.401			<u>110,777</u>
Total			<u>110,777</u>
DEPARTMENT OF HEALTH & HUMAN SERVICES			
Pass Through			
FLORIDA DEPARTMENT OF REVENUE Child Support Enforcement	93.563	COC27	309,984
Child Support Enforcement	93.563	COC27	2,159
Subtotal CFDA 93.563			<u>312,143</u>
Total			<u>312,143</u>
DEPARTMENT OF HEALTH & HUMAN SERVICES			
DEPARTMENT OF HOMELAND SECURITY			
Pass Through			
FLORIDA DIVISION OF EMERGENCY MANAGEMENT Disaster Grants - Public Assistance	97.036	17-PA-W1-05-37-02-054	106,382
Pass Through			
FLORIDA DIVISION OF EMERGENCY MANAGEMENT Emergency Management Performance Grant	97.042	18-FG-7A-05-37-01-132	73,258
Emergency Management Performance Grant	97.042	19-FG-AF-05-37-01-067	29,461
Pass Through			
VOLUNTEER FLORIDA Emergency Management Performance Grant	97.042	FY17/18 CERT	9,308
Subtotal CFDA 97.042			<u>112,027</u>

HERNANDO COUNTY, FLORIDA
Schedule of Federal Awards and State Financial Assistance
Year Ended September 30, 2018

Federal/State/Pass Through Grantor Grant Program Name	CFDA / CSFA #	Grant ID	Expenditures
Pass Through FLORIDA DIVISION OF EMERGENCY MANAGEMENT Homeland Security Grant Program	97.067	18-DS-X1-05-37-01-304	14,102
<i>Total DEPARTMENT OF HOMELAND SECURITY</i>			<u>232,511</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 7,443,221</u>
 FLORIDA EXECUTIVE OFFICE OF THE GOVERNOR			
Emergency Management Program (EMPA)	31.063	18-BG-W9-05-37-01-133	\$ 82,124
Emergency Management Program (EMPA)	31.063	19-BG-21-05-37-01-051	39,537
Subtotal CSFA 31.063			<u>121,661</u>
Emergency Management Projects (Hazard Analyses)	31.067	18-CP-11-05-37-01-147	2,614
<i>Total FLORIDA EXECUTIVE OFFICE OF THE GOVERNOR</i>			<u>124,275</u>
 FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION			
Florida Recreation Development Assistance Program	37.017	A17090	48,693
Florida Recreation Development Assistance Program	37.017	A17091	37,095
Subtotal CSFA 37.017			<u>85,788</u>
Pass Through SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT (SWFWMD) Florida Springs Grant Program	37.052	16CF0000244	1,293,351
<i>Total FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</i>			<u>1,379,139</u>
 FLORIDA HOUSING FINANCE CORPORATION			
State Housing Initiatives Partnership Program (SHIP)	40.901	SHIP FY15/16	30,000
State Housing Initiatives Partnership Program (SHIP)	40.901	SHIP FY16/17	63,272
State Housing Initiatives Partnership Program (SHIP)	40.901	SHIP FY17/18	1,004,208
State Housing Initiatives Partnership Program (SHIP)	40.901	SHIP FY18/19	5
Subtotal CSFA 40.901			<u>1,097,485</u>
<i>Total FLORIDA HOUSING FINANCE CORPORATION</i>			<u>1,097,485</u>
 FLORIDA DEPARTMENT ARGICULTURE & CONSUMER SERVICES			
Mosquito Control	42.003	024444	73,806
Mosquito Control	42.003	024745	29,665
Subtotal CSFA 42.003			<u>103,471</u>
<i>Total FLORIDA DEPARTMENT ARGICULTURE & CONSUMER SERVICES</i>			<u>103,471</u>
 FLORIDA DEPARTMENT OF STATE			
State Aid to Libraries	45.030	16-ST-19	33,982
State Aid to Libraries	45.030	17-ST-19	282,972
Subtotal CSFA 45.030			<u>316,954</u>
<i>Total FLORIDA DEPARTMENT OF STATE</i>			<u>316,954</u>

HERNANDO COUNTY, FLORIDA
Schedule of Federal Awards and State Financial Assistance
Year Ended September 30, 2018

Federal/State/Pass Through Grantor Grant Program Name	CFDA / CSFA #	Grant ID	Expenditures
FLORIDA DEPARTMENT OF TRANSPORTATION			
Commission for Transportation Disadvantaged Planning Grant	55.002	G0N41	8,138
Aviation Development Grants	55.004	G0382; FPN 437499-1-94-01	244,783
Aviation Development Grants	55.004	G0H40; FPN 431261-1-94-01	75,623
Aviation Development Grants	55.004	G0J48; FPN 440874-1-94-01	84,432
Subtotal CSFA 55.004			<u>404,838</u>
Public Transit Block Program	55.010	GOA75; FPN 408104-1-84-16	190,066
Public Transit Block Program	55.010	GOJ76; FPN 401982-1-84-17	77,868
Subtotal CSFA 55.010			<u>267,934</u>
Public Transit Service Development Program	55.012	G0692; FPN 401982-3-84-16	73,214
Transit Corridor Program	55.013	G0787; FPN 401983-1-14-16	10,272
Transit Corridor Program	55.013	G0D90; FPN 401983-1-14-17	1,819
Subtotal CSFA 55.013			<u>12,091</u>
NPDES/TMDL Stormwater Retrofit Project	55.024	AQX46; FPN 421748-1-72-06	4,629
Total			<u>770,844</u>
FLORIDA DEPARTMENT OF HEALTH			
County Grant Awards (EMS)	64.005	C6027	19,621
Total			<u>19,621</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u><u>\$ 3,811,789</u></u>

Hernando County Board of County Commissioners
Schedule of Deepwater Horizon Oil Spill--Related Receipts & Expenditures
For the Fiscal Year Ending September 30, 2018

CSFA	CFDA	Program	Funding Agency	Project	Award Identifier	Expenditures	Revenue			
							Federal	State	Local	Total
	21.015	Gulf RESTORE - DIRECT COMPONENT	Department of Treasury	Bayou Drive Repair & Restoration	1 RDCGR110034-01-00	\$ 1,700.00	\$ 1,700.00	\$ -	\$ -	\$ 1,700.00
						<u>\$ 1,700.00</u>	<u>\$ 1,700.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,700.00</u>

Note 1: Expenditures included on this schedule are subject to federal Single Audit requirements of 2CFR Part 200 and will be reported on the County's Schedule of expenditures of Federal awards.

Note 2: CFDA 21.015 was authorized under the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012, Title 31, part 34, 126 Stat. 588, 33 U.S.C 1321 (t)(1).

**HERNANDO COUNTY, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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, 2018. 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, 2018:

Program	CSFA Number	Loan Outstanding
State Housing Initiatives Partnership	40.901	\$ 14,350,370

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, 2018
(Concluded)

Note 5 - Expenditures and Program Income

The amounts shown as current year expenditures on the accompanying schedule represent only the grant portion of the program/project costs. The total expenditures of the program/project may be more than shown. Program income generated by and expended on a federal or state award during the period of performance is included on this schedule if the program income is added to the award amount or if specifically directed by the awarding agency and/or required by program guidance. Program income that reduces the total allowable expenditures (deduction method) is not included.

Note 6 - Indirect Costs

Hernando County Board of County Commissioners did not elect to use the 10% de minimis cost rate in 2018 as covered in 2 CFR 200.414.

Note 7 - Disaster Public Assistance

Disaster funding received from the FEMA Public Assistance Program (CFDA 97.036) is based on Project Worksheets (PWs) that outline the eligible expenses and the scope of the project. Expenditures recorded on this Schedule are contingent on when funds are obligated and approved, and the County has incurred eligible expenditures. PWs are categorized as either "small" or "large" based on the total expenses. Small PWs are reported based on the amount obligated, while large PWs are determined by actual eligible expenditures. Approximately \$13,731 of eligible expenditures incurred in prior years were reported on the Schedule this year.

**HERNANDO COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

Part A - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditors' Report Issued	Unmodified
Internal Control over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards and State Financial Assistance Projects

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs.	Unmodified
Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a) or Chapter 10.557 for local government entities?	No

Identification of Major Programs/Projects:

Federal Program or Cluster

Department of Transportation

Airport Improvement Grant	CFDA No. 20.106
<i>Passed through</i>	
Florida Department of Transportation:	
Highway Planning and Construction-Federal Aid Highway Program	CFDA No. 20.205

State Financial Assistance Projects

Florida Housing Finance Corporation

State Housing Initiatives Partnership Program (SHIP)	CSFA No. 40.901
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Florida Department of Agriculture and Consumer Services

Mosquito Control	CSFA No. 42.003
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Florida Department of State

State Aid to Libraries	CSFA No. 45.030
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HERNANDO COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(Concluded)

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

Identification of Major Programs/Projects: *(Concluded)*

State Financial Assistance Projects *(Concluded)*

Florida Department of Transportation

Aviation Development Grants CSFA No. 55.004

Dollar threshold used to distinguish between Type A and
Type B programs - Federal Programs: \$750,000

Dollar threshold used to distinguish between Type A and
Type B programs-State Programs: \$300,000

Auditee qualified as low-risk auditee pursuant to the Uniform Guidance? Yes

PART B - FINDINGS - FINANCIAL STATEMENT AUDIT

None

PART C - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

None

PART D - FINDINGS AND QUESTIONED COSTS - MAJOR STATE FINANCIAL ASSISTANCE PROJECTS

None

PART E - OTHER ISSUES

No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs or state projects.

No corrective action plan is required because there were no current year findings required to be reported under the *Federal or Florida Single Audit Acts*.

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, 2018, and have issued our report thereon dated March 21, 2019.

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 the American Institute of Certified Public Accountants Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are all dated March 21, 2019, 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

P.O. Box 141270 • 222 N.E 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 1
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 1
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 1
1560 N. Orange Ave., Suite #450 • Winter Park, Florida 32789 1
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS 1
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS 1

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

MANAGEMENT LETTER
(Concluded)

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether or not the County has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s). In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.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. See management letter comment 2018-1.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. See management letter comment 2018-2.

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.

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 21, 2019
Sarasota, Florida

MANAGEMENT LETTER COMMENTS

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

As a part of our audit, we have the following comments:

Current Year Findings

2018-1—Financial Condition Assessment - General Fund

In the 2016, 2017, and 2018 years, the General Fund, which is the primary operating fund of the County experienced expenditures in excess of revenues, requiring the use of fund balance reserves. For the fiscal year 2019, County management currently predicts that the General Fund will experience \$9 million of expenditures in excess of revenues, which will bring the General Fund reserves to a dangerously low level. We believe that this substantial decline in fund balance reserves will create deteriorating financial conditions in the General Fund unless critical financial shortfalls are addressed.

We recommend immediate action on this matter and support the County's ongoing efforts to streamline operations and search for additional revenue sources to balance the General Fund budget and ultimately replenish reserves.

2018-2—Public Works Overtime Pay

During the course of our audit, we became aware of the Public Works overtime pay issue, whereby unpaid overtime from 2015 through 2017 was paid out to five employees during 2018, including the husband of the Human Resources Director (the husband) who has recently resigned. The payout occurred after a review and inquiry of several Public Works employees by the Human Resources Director, assisted by outside labor Counsel and the County Manager's office, but without inclusion of the County Attorney's Office, Internal Audit Department, or Finance Department.

While reviewing the matter we noted that the hours claimed and the corresponding back pay of the husband was significantly larger than any other and all were based solely upon memory of the individuals involved without any further investigation or corroboration. Further, the overtime hours reported as unpaid by the husband were frequently 3.5 hours per day indicating nearly 12 hours per day worked, which appear unusually high and should have received further inquiry and substantiation before being accepted and converted to back pay.

Subsequent to the payment of the overtime pay, the labor attorney advised that an amount equal to the amount of back pay should also be paid. This payment was requested through the accounts payable system where the unusual request was discovered and stopped, resulting in an internal investigation of the matter by the County's Internal Fraud Assessment Team and a second independent law firm, both of whom issued formal reports on the matter.

Certified Public Accountants

P.O. Box 141270 • 222 N.E 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 1
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 1
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 1
1560 N. Orange Ave., Suite #450 • Winter Park, Florida 32789 1
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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS 1

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

MANAGEMENT LETTER COMMENTS
(Concluded)

Current Year Findings *(Concluded)*

2018-2—Public Works Overtime Pay *(Concluded)*

Although neither report was able to substantiate that fraud had occurred, both noted that the Human Resource Director should not have been permitted to be involved in any way once it was apparent that her husband was one of the employees requesting back pay, due to the obvious conflict of interest involved. We concur with this conclusion and believe that the Human Resource Director's involvement combined with the lack of corroboration of the unusually high back hours worked make the back pay amount of the husband questionable.

Accordingly, we recommend that the County review the two reports noted above with special attention to the back hours worked and resulting pay calculation to determine if they were reasonable and appropriate, and determine if any further action is necessary.

We also recommend that County Internal Controls be reviewed to determine how the direct conflict of interest occurred and can be prevented in the future, as well as when more comprehensive inter-departmental communication and involvement is required for unusual items such as this.

Purvis, Gray and Company, LLP

March 21, 2019
Sarasota, Florida



BOARD OF COUNTY COMMISSIONERS

20 NORTH MAIN STREET ♦ ROOM 263 ♦ BROOKSVILLE, FLORIDA 34601
P 352.754.4002 ♦ F 352.754.4477 ♦ W www.HernandoCounty.us

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

MANAGEMENT RESPONSE

2018-1 Financial Condition Assessment – General Fund

The Board of County Commissioners and County Administration have acted to reduce the financial shortfalls of the County General Fund. Expenses have been reduced by streamlining County operations to reduce positions that are not as critical to the daily operations of the County. Future increases in management level non-bargaining employee raises have been suspended. Discussions with the Teamsters Union for possible reductions in future salary increases have been initiated. Additional revenue sources have been reviewed with the BOCC and will be further discussed as part of the solution to balance the general fund reserves and expenses.

2018-2 Public Works Overtime Pay

The County has implemented training to employees and supervisors for laws requiring paying employees for all hours worked, and not allowing employees to work when not being compensated. A computer software program to prevent employees from working prior to and beyond scheduled hours has been implemented. Direct and department level management from Public Works has changed and new management are trained and will enforce policies. County Administration has discussed communication and operating methods between the County Legal Department and County Administration Departments to ensure all parties are coordinating on significant items. The conflict of interest with the HR director has been resolved. Moving forward, County Administration will review further with County Legal Department and County Internal Audit the hours submitted and verification of the hours.

March 21, 2019
JWR

**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's (the County) compliance with Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2018. 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, 2018.

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 21, 2019
Sarasota, Florida

Certified Public Accountants

P.O. Box 141270 • 222 N.E 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 1
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 1
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144
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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH SECTION 365.172(10) AND SECTION 365.173(2)(d), FLORIDA STATUTES**

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

We have examined Hernando County, Florida's (the County) compliance with the requirements of Section 365.172(10), Florida Statutes, Authorized Expenditures of E911 fee and Section 365.173 (2)(d), Florida Statutes, Distribution and Use of E911 funds, during the fiscal year ended September 30, 2018, as required by Section 10.556(10)(b) and 10.557(3)(c), *Rules of the Auditor General*. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material 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, 2018.

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 21, 2019
Sarasota, Florida

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Bond Compliance

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
September 30, 2018
(UNAUDITED)**

BOND COMPLIANCE INFORMATION

WATER AND SEWER REFUNDING REVENUE BONDS, SERIES 2013A

HISTORIC GROWTH OF WATER AND WASTEWATER SYSTEM CUSTOMERS

The following table sets forth data regarding the Historic Growth of Water and Wastewater System Customers for the last ten fiscal years for Hernando County, Florida:

Fiscal Year	Number of Active Accounts (1)	
	Water	Sewer
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
2018	62,756	30,770

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

Source: Hernando County Utilities Department

HISTORIC WATER CONSUMPTION FLOWS

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

Fiscal Year	Average Daily Flow (MGD)	Peak Day Flow (MGD)
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
2018	18.306	26.074

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
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(UNAUDITED)**

Source: Hernando County Utilities Department

HISTORIC WASTEWATER TREATMENT PLANT FLOWS

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

<u>Fiscal Year</u>	<u>Average Daily Flow (MGD)</u>
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
2018	4.546

Source: Hernando County Utilities Department

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
September 30, 2018
(UNAUDITED)**

COUNTY SYSTEM RATES
Monthly Water Rates

As of September 30, 2018

Residential

Minimum Monthly Billing Charge:		
All Meter Sizes	\$	7.23
Consumption Charge (Per 1,000 Gallons)		
0-5000	\$	1.36
5,001-10,000		1.59
10,001-20,000		2.38
20,001-30,000		3.20
30,001-50,000		4.78
50,001-75,000		7.96
Above 75,000		15.91

Commercial

Minimum Monthly Billing Charge:		
Per ERU	\$	7.23
Consumption Charge (Per 1,000 Gallons)		
0-10,000	\$	1.56
10,001-20,000		2.38
20,001-30,000		3.20
30,001-50,000		4.78
50,001-75,000		7.96
Above 75,000		15.91

Irrigation

Minimum Monthly Billing Charge:		
Per ERU	\$	7.23
Consumption Charge (Per 1,000 Gallons)		
0-10,000	\$	1.59
10,001-20,000		2.38
20,001-30,000		3.20
30,001-50,000		4.78
50,001-75,000		7.96
Above 75,000		15.91

Residential

Minimum Monthly Billing Charge (per Account)	\$	19.50
Consumption Charge (Per 1,000 Gallons) (Capped at 10,000 Gallons per Month)		4.20

Commercial

Minimum Monthly Billing Charge (per ERU)	\$	19.50
Consumption Charge (Per 1,000 Gallons)		4.20

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

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
September 30, 2018
(UNAUDITED)**

COUNTY SYSTEM RATES (CONTINUED)

Connection Fee ERU

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

Meter Size	ERU Meter Factor	2014		2015		2016		2017		2018	
		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



**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
September 30, 2018
(UNAUDITED)**

COUNTY SYSTEM RATES (CONTINUED)

Other County System Rates and Charges

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

Charges/Fee Descriptions	2014	2015	2016	2017	2018
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

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
September 30, 2018
(UNAUDITED)**

The following two tables set forth a summary of the Hernando County Water and Sewer Capital Improvements and Funding Sources for the next five years.

FIVE-YEAR CAPITAL IMPROVEMENTS PROGRAM

	Fiscal Year Ending September 30,					
	2019	2020	2021	2022	2023	Total
WATER SYSTEM						
Water Production	\$ 1,727,187	\$ 4,120,000	\$ -	\$ -	\$ -	5,847,187
Water Distribution/Storage	5,145,000	2,060,000	371,316	382,454	196,964	8,155,734
Reclaimed Water Facilities	8,646,057	-	-	-	-	8,646,057
Water Operations	<u>119,456</u>	<u>123,040</u>	<u>126,731</u>	<u>130,533</u>	<u>134,449</u>	<u>634,209</u>
Total Water Systems	15,637,700	6,303,040	498,047	512,987	331,413	23,283,187
WASTEWATER SYSTEM						
Treatment and Effluent Disposal	37,632,563	200,000	1,800,000	-	-	39,632,563
W.W. Collection/Effluent Transmission	4,320,000	3,527,750	1,925,534	628,318	196,964	10,598,566
W.W. Operations	<u>177,243</u>	<u>182,560</u>	<u>188,037</u>	<u>193,678</u>	<u>199,489</u>	<u>941,007</u>
Total Wastewater System	42,129,806	3,910,310	3,913,571	821,996	396,453	51,172,136
TOTAL – Water & Wastewater System	<u>\$ 57,767,506</u>	<u>\$ 10,213,350</u>	<u>\$ 4,411,618</u>	<u>\$ 1,334,983</u>	<u>\$ 727,866</u>	<u>\$ 74,455,323</u>

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
September 30, 2018
(UNAUDITED)**

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

FUNDING SOURCES	Fiscal Year Ending September 30,					
	2019	2020	2021	2022	2023	Total
WATER SYSTEM						
Capital Reserves	\$ 5,176,514	\$ 4,429,000	\$ -	\$ -	\$ -	9,605,514
Renewal & Replacement Fund	350,000	1,751,000	371,316	382,454	196,964	3,051,734
Connection Fees	3,507,187	-	-	-	-	3,507,187
Other Funding Sources	6,603,999	123,040	126,731	130,533	134,449	7,118,752
Total Water System	15,637,700	6,303,040	498,047	512,987	331,413	23,283,187
WASTEWATER SYSTEM						
Proceeds from issuance of debt & State Revolving Loan Proceeds	17,511,511	-	-	-	-	17,511,511
Capital Reserves	17,735,000	303,000	2,330,450	-	-	20,368,450
Renewal & Replacement Fund	1,885,000	1,107,250	1,395,084	628,318	196,964	5,212,616
Connection Fees	4,821,052	2,317,500	-	-	-	7,138,552
Other Funding Sources	177,243	182,560	188,037	193,678	199,489	941,007
Total Wastewater System	42,129,506	3,910,310	3,913,571	821,996	396,453	51,172,136
TOTAL – Water & Wastewater System	\$ 57,767,506	\$ 10,213,350	\$ 4,411,618	\$ 1,334,983	\$ 727,866	\$ 74,455,323

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
September 30, 2018
(UNAUDITED)**

HISTORICAL OPERATING RESULTS AND DEBT SERVICE COVERAGE-COUNTY SYSTEM

The following table shows certain historical operating data for the Water and Sewer System for the last five fiscal years. Presentation of such figures is intended to reflect the provisions of the Resolution. The historical figures are derived from the County's audited financial statements.

	Fiscal Year Ending September 30,				
	2014	2015	2016	2017	2018
Water & Wastewater Sales Revenues	\$ 26,555,419	\$ 28,251,427	\$ 31,061,648	\$ 33,735,229	\$ 34,108,510
Other Operating Revenues	413,874	454,335	501,088	492,740	471,155
Interest Income	300,214	383,392	362,002	232,704	159,142
Total Gross Revenues (1)	<u>27,269,507</u>	<u>29,089,154</u>	<u>31,924,738</u>	<u>34,460,673</u>	<u>34,738,807</u>
Operating Expenses: (2)					
Personal Services	7,338,481	7,388,867	8,116,910	8,797,541	9,075,201
Other Operating Expenses	8,559,089	9,002,832	9,857,776	9,290,662	10,517,510
Depreciation Equivalent Charges (3)	<u>(280,955)</u>	<u>(329,876)</u>	<u>(169,459)</u>	<u>(225,368)</u>	<u>(316,453)</u>
Total Operating Expenses	<u>15,616,615</u>	<u>16,061,823</u>	<u>17,805,227</u>	<u>17,862,835</u>	<u>19,276,258</u>
Net Revenues (4)	11,652,892	13,027,331	14,119,511	16,597,838	15,462,549
Connection Fees:					
Water Connection Fees	390,692	439,996	644,833	700,853	859,607
Wastewater Connection Fees	<u>988,048</u>	<u>944,020</u>	<u>1,532,964</u>	<u>1,411,720</u>	<u>1,409,732</u>
Total Connection Fees	<u>1,378,740</u>	<u>1,384,016</u>	<u>2,177,797</u>	<u>2,112,573</u>	<u>2,269,339</u>
Pledged Funds (5)	13,031,632	14,411,347	16,297,308	18,710,411	17,731,888
Actual Senior Lien Debt Service	\$ 3,540,182	\$ 3,802,294	\$ 3,800,334	\$ 3,812,394	\$ 3,804,450
Actual Coverage on Net Revenues (6)	3.29	3.43	3.72	4.35	4.06
Required Coverage	1.00	1.00	1.00	1.00	1.00
Actual Coverage on Pledged Funds (6)	3.68	3.79	4.29	4.91	4.66
Required Coverage	1.10	1.10	1.10	1.10	1.10

(1) Pursuant to the Resolution, does not include Sewer Connection Fees, Water Connection Fees or Special Assessment Proceeds.

(2) Pursuant to the Resolution, does not include amortization or depreciation.

(3) For purposes of this table, charges associated with replacement of vehicles in lieu of depreciation have been eliminated. This is consistent with definition of Operating Expenses in the Resolution, which excludes depreciation, amortization and other similar charges.

(4) Net revenues are defined in the Resolution as Gross Revenues less Operating Expenses.

(5) Pledged Revenues are defined in the Resolution as Net Revenues plus Connection Fees, together with certain other funds and accounts which are accounted for in this table.

(6) The Series 1998 Bonds were refunded with Non-Ad Valorem Refunding Revenue Bonds, Series 2010. The Pledge for the 2010 bonds is from non-ad valorem revenues, not from revenue of the water and sewer system, and is therefore not a legal obligation of the water and sewer system. For purposes of this report, however, we have included the portion of debt service attributed to the water and sewer fund. If the Non-Ad Valorem Bond debt service were not included in the calculation, the coverage for each of the Net Revenues and Pledged Funds would increase by 0.68 and 0.77, respectively.

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
September 30, 2018
(UNAUDITED)**

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, 2018:

<u>Customer</u>	<u>Class</u>	<u>Meter Size</u>	<u>Type of Service</u>	<u>System Revenue</u>	<u>% of Total County Sales Revenue</u>
Oak Hill Hospital	Commercial	6"	Water & Sewer	177,889	0.5%
Hernando County Jail	Commercial	6"	Water & Sewer	147,130	0.4%
Hernando Correctional Institution	Commercial	6"	Water & Sewer	132,435	0.4%
Oak Hill Hospital Cooling Tower	Commercial	2"	Water	108,324	0.3%
Bridgewater Club Apartments	Commercial	6"	Water & Sewer	104,932	0.3%
Brooksville Regional Hospital	Commercial	6"	Water & Sewer	71,541	0.2%
Atria Evergreen Woods	Commercial	4"	Water & Sewer	52,898	0.2%
Hernando County School Board	Commercial	6"	Water & Sewer	44,324	0.1%
Evergreen Woods	Commercial	4"	Water & Sewer	37,480	0.1%
Spring Hill Hospital Cooling Tower	Commercial	2"	Water	28,416	0.1%
Total				<u>\$ 905,369</u>	

Source: Hernando County Utilities Department.

**HERNANDO COUNTY, FLORIDA
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(UNAUDITED)**

NON-AD VALOREM REFUNDING REVENUE BONDS, SERIES 2010

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

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

	Fiscal Year Ending September 30,					
	2013	2014	2015	2016	2017	2018
Revenues						
Taxes:						
Local Communications Services Tax	\$ 1,435,395	\$ 1,633,894	\$ 1,786,365	\$ 1,725,437	\$ 1,654,590	\$ 1,658,612
Licenses and Permits:						
Other	25,045	29,280	326,210	363,882	437,911	462,182
Intergovernmental:						
Local Governmental Half-Cent Sales Tax ⁽²⁾	7,607,684	8,000,302	8,646,879	9,098,938	9,305,757	9,823,445
State Revenue Sharing	3,837,535	4,063,333	4,392,492	4,519,219	4,735,465	4,970,666
Other ⁽³⁾	4,442,909	3,324,724	4,082,022	6,225,361	5,068,030	4,916,876
Charges for Services:						
General Government	6,333,203	7,227,029	9,389,625	7,642,009	7,745,846	8,475,322
Public Safety	1,435,883	1,569,743	1,792,748	1,668,836	1,755,579	2,673,726
Physical Environment	14,387	46,486	170,986	308,890	342,347	313,140
Transportation	153,139	146,528	164,232	174,220	153,856	152,677
Human Services	205,263	215,707	212,236	225,273	208,346	204,134
Recreation and Culture	696,200	716,081	687,864	746,590	854,872	854,542
Other	16,997	16,414	30,890	25,368	26,640	28,561
Fines and Forfeitures	80,083	94,522	87,637	76,420	106,757	110,167
Interest Income	(50,679)	311,288	358,184	402,933	204,633	227,855
Miscellaneous Revenue	1,854,816	6,813,485	1,740,723	1,507,647	1,403,238	1,456,065
Total Sources of Non-Ad Valorem Revenues	\$ 28,087,860	\$ 34,208,816	\$ 33,869,093	\$ 34,711,023	\$ 34,003,867	\$ 36,327,970

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

(2) This revenue source is pledged as the source of security for payment for the Series 2010 Bonds, Non-Ad Valorem Refunding Revenue Note, Series 2012, and the Non-Revolving Lines of Credit.

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

**HERNANDO COUNTY, FLORIDA
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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	\$ 13,888,121	05/01/2029	\$ 3,692,885
Non-Ad Valorem Refunding Revenue Bonds, Series 2010	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	\$ 2,335,000	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	\$ 18,280,000	02/01/2028	\$ 3,159,419
		<u>\$ 34,503,121</u>		<u>\$ 8,143,110</u>

(1) The amount outstanding on each bond issue is calculated as of September 30, 2018.

**HERNANDO COUNTY, FLORIDA
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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, 2013 through September 30, 2018:

	Fiscal Year Ending September 30,					
	2013	2014	2015	2016	2017	2018
REVENUES						
Taxes	\$ 42,873,673	\$ 49,333,564	\$ 50,405,280	\$ 51,800,500	\$ 52,991,102	\$ 55,176,696
Licenses and Permits	25,045	29,280	326,210	363,882	437,911	462,182
Intergovernmental	15,888,128	15,388,359	17,121,393	17,392,796	19,109,252	19,718,014
Charges for Services	8,855,072	9,937,988	12,448,581	10,791,186	11,087,486	12,702,102
Fines and Forfeitures	80,083	94,522	87,637	76,420	106,757	110,167
Interest	(50,679)	311,288	358,184	402,933	204,633	227,855
Miscellaneous	1,854,816	6,813,485	1,740,723	1,507,647	1,403,238	1,456,065
TOTAL REVENUES	\$ 69,526,138	\$ 81,908,486	\$ 82,488,008	\$ 82,335,364	\$ 85,340,379	\$ 89,853,081
EXPENDITURES						
Current:						
General Government	\$ 16,087,274	\$ 17,582,331	\$ 18,918,049	\$ 19,799,462	\$ 20,384,193	\$ 22,264,779
Public Safety	39,307,247	40,174,325	42,363,066	44,253,671	45,737,271	48,693,366
Physical Environment	203,783	217,920	232,043	264,339	296,056	328,852
Transportation	1,700,081	2,167,372	1,556,825	2,039,001	2,397,631	2,514,283
Economic Environment	1,489,083	719,489	569,075	468,929	510,631	469,298
Human Services	6,044,268	7,168,329	5,623,448	4,047,107	4,274,185	4,609,019
Culture and Recreation	4,041,556	4,300,868	4,614,532	4,651,780	4,734,319	5,201,253
Court Operations	1,094,414	1,142,680	1,141,355	1,223,902	1,248,242	1,266,448
Debt Service:						
Principal	54,144	473,906	508,414	469,465	420,070	424,739
Interest and Fiscal Charges	10,992	105,412	81,411	116,433	70,632	66,194
Capital Outlay	1,849,119	1,934,363	2,401,167	2,764,664	3,306,681	3,358,739
TOTAL EXPENDITURES	\$ 71,881,961	\$ 75,986,995	\$ 78,009,385	\$ 80,098,753	\$ 83,379,911	\$ 89,196,970
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (2,355,823)	\$ 5,921,491	\$ 4,478,623	\$ 2,236,611	\$ 1,960,468	\$ 656,111
OTHER FINANCING SOURCES (USES)						
Transfers In (1)	\$ 767,796	\$ 451,407	\$ 670,107	\$ 1,192,360	\$ 567,136	\$ 3,365,406
Transfers Out (1)	(6,661,999)	(2,945,088)	(4,727,066)	(4,092,519)	(5,199,978)	(5,412,852)
Additions to Long-Term Debt	324,861	750,736	-	-	-	142,399
TOTAL OTHER FINANCING SOURCES (USES)	\$ (5,569,342)	\$ (1,742,945)	\$ (4,056,959)	\$ (2,900,159)	\$ (4,632,842)	\$ (1,905,047)
Net Change in Fund Balances	(7,925,165)	4,178,546	421,664	(663,548)	(2,672,374)	(1,248,936)
BEGINNING FUND BALANCE	26,662,790	18,737,625	22,916,171	23,337,835	23,523,455	23,854,816
ENDING BALANCE	\$ 18,737,625	\$ 22,916,171	\$ 23,337,835	\$ 22,674,287	\$ 20,851,081	\$ 22,605,880

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