



HERNANDO COUNTY, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended September 30, 2025

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**HERNANDO COUNTY, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE
FISCAL YEAR ENDED
SEPTEMBER 30, 2025**

PRINCIPAL OFFICIALS

as of September 30, 2025

BOARD OF COUNTY COMMISSIONERS

Brian Hawkins, *Chair* - District 2
Jerry Campbell, *Vice Chair* - District 4
Ryan Amsler - District 1
John Allocco - District 3
Steve Champion - District 5

TAX COLLECTOR

Amy L. Blackburn

SHERIFF

Al Nienhuis

PROPERTY APPRAISER

Randy Mazourek

SUPERVISOR OF ELECTIONS

Denise LaVanher

CLERK OF COURT AND COMPTROLLER

Doug Chorvat, Jr.

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

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INTRODUCTORY SECTION

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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

June 30, 2026

To the Honorable Board of County Commissioners and the Citizens of Hernando County, Florida:

The Annual Comprehensive Financial Report of Hernando County, Florida, for the fiscal year ended September 30, 2025, 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 this report should be read in conjunction with this Letter of Transmittal.

Profile of the County

Hernando County, population 212,849, 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 America 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 one incorporated city: the City of Brooksville, the county seat, with a population of 10,142, rich in history and traditions. Hernando County's unincorporated areas include Weeki Wachee, 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 policymaking 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, 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 212,849 which is an increase of 19% over what it was 10 years ago. The County's population is projected to be almost 228,000 by 2030 and over 259,000 by 2040.
- As part of the Tampa Bay region, Hernando County enjoys being a part of the largest consumer market in Florida.
- The Building Department had a total of 20,228 permits in 2024-25.
- 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.
- Hernando County's Economic Development Department consistently manages 25 to 30 projects at various stages of development.
- Revenue from tourism increased 24% from \$31.5M to \$39M.

Long Term Financial Planning. The County prepares a five-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 ten 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:

- A Ribbon Cutting was held for the BKV Airport Gunnery Backstop, which is dedicated to the lives lost during WW2 training activities at the Brooksville Airfield.

- The Hernando County Economic Development Department conducted 22 in-person existing industry business retention visits to assist with items such as business expansion, identifying training needs, importing/exporting opportunities and ensuring companies are utilizing available business incentives.
- Salas Business Advisors completed an Incubator Feasibility Study to guide economic development efforts for entrepreneurs in the community.
- UF/IFAS Extension Office had a total of 22,142 individuals who participated in marine science, agriculture, horticulture, 4-H, and family consumer sciences programs.
- Hernando County's Parks and Recreation Department opened the new Pine Island Playground, Pioneer Park Playground, Coach Lorenzo Hamilton Sr. Park Playground, and Fitness Court at Veteran's Memorial Park.
- Hernando County Public Library System received 201,619 visits to library branches.
- Veteran Services helped 1,650 clients in person and answered 1,800 assistance calls.
- Hernando County Emergency Management completed Phase 1 of the Regional Post-Disaster Redevelopment Plan, advancing long-range recovery and redevelopment planning.

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%. See the Management Discussion and Analysis and Note A of the financial statements for more information.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Hernando County for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2024.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Annual Comprehensive 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-nine 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 the Financial Services team, the County Administration and Budget Offices, and the firm of Forvis Mazars, LLP, who helped us with their comments and advice throughout the year.

Respectfully submitted,



Doug Chorvat, Jr.
Clerk of Circuit Court and Comptroller



Joshua Stringfellow, CPA
Chief Finance Officer



Ashley Larramore
Finance Director

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 annual comprehensive financial report for the fiscal year ended September 30, 2024. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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Government Finance Officers Association

Certificate of
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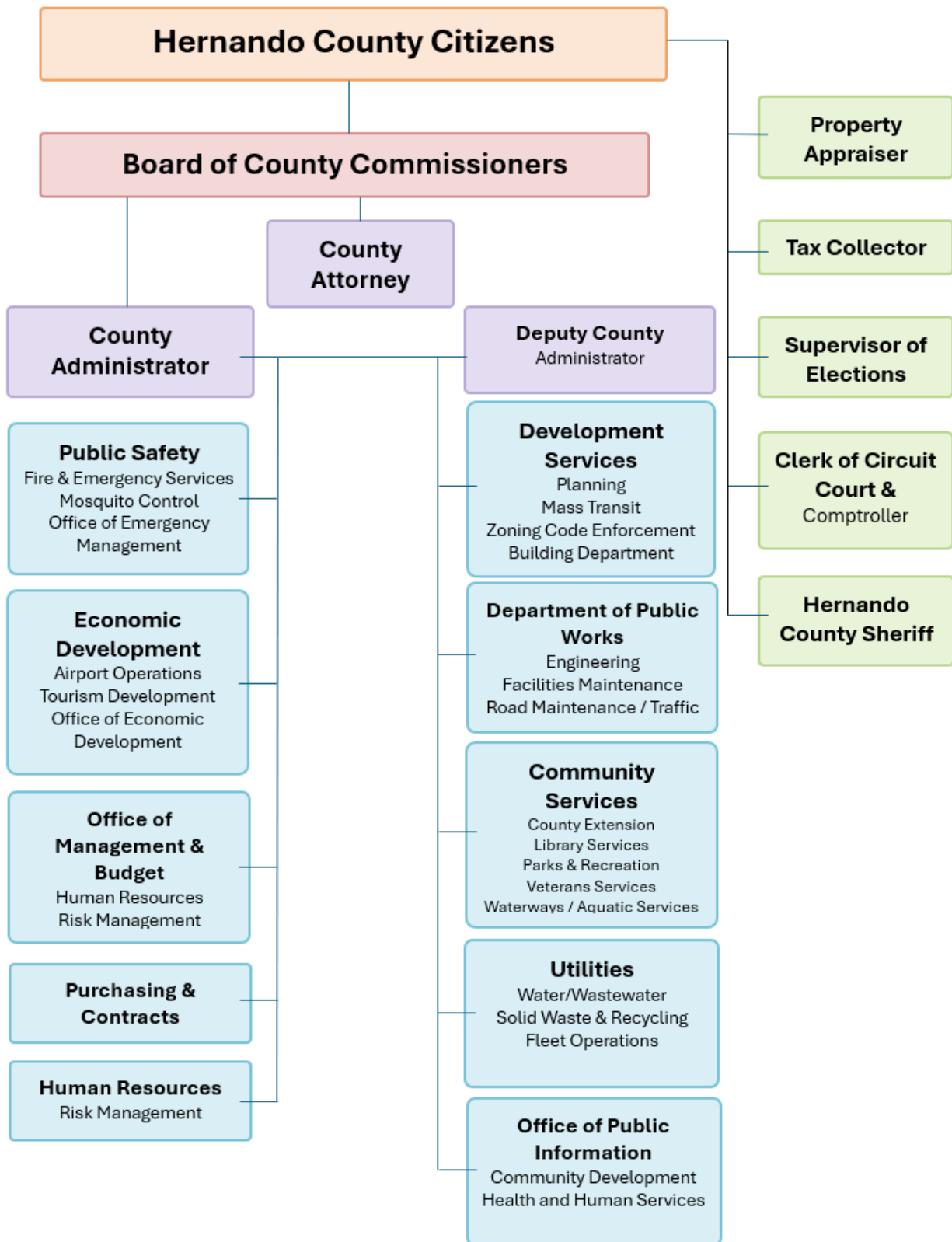
**County of Hernando
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morill

Executive Director/CEO



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FINANCIAL SECTION

This section contains the following:

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Notes to the Financial Statements

Required Supplementary Information

Combining and Individual Fund Statements and Schedules

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Independent Auditor's Report

Honorable Board of County Commissioners
Hernando County, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Hernando County, Florida (the "County") as of and for the fiscal year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the County as of September 30, 2025, and the respective changes in its financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and each major special revenue fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment benefit information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules, the schedule of expenditures of federal awards and state financial assistance as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Chapter 10.550, Rules of the Auditor General, and the Schedule of Deepwater Horizon Oil Spill Related Receipts and Expenditures respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining and individual fund statements and schedules, the schedule of expenditures of federal awards and state financial assistance and the Schedule of Deepwater Horizon Oil Spill Related Receipts and Expenditures are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and the statistical sections and the Bond Compliance information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 30, 2026 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.

Forvis Mazars, LLP

**Tampa, Florida
June 30, 2026**

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HERNANDO COUNTY, 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, 2025. 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, 2025, the County's assets and deferred outflows exceeded its liabilities and deferred inflows by \$962,006,308 representing net position. This represents an increase in net position of \$96,267,803 over the prior year net position. Of the \$962,006,308 net position, \$17,992,917 was unrestricted.

Net position of governmental activities increased \$37,071,549 over prior year net position. Net position of business-type activities increased \$59,196,254 over prior year net position. Accordingly, net position of both the governmental activities and business-type activities increased a total of \$96,267,803.

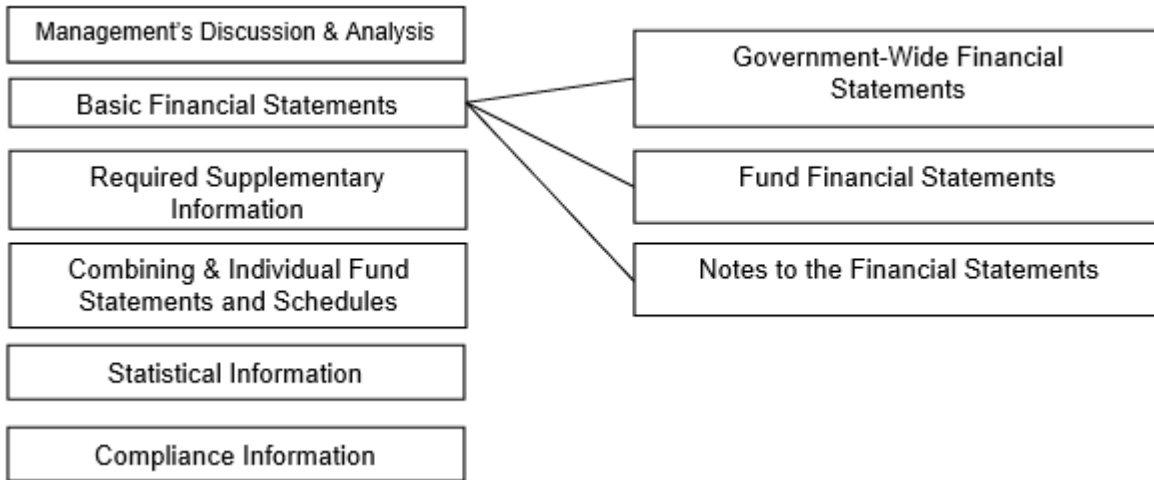
As of September 30, 2025, unassigned fund balance in the governmental funds was \$47,703,392, representing a 23% decrease from the previous year unassigned fund balance of \$61,915,465. The net change in fund balances in the governmental funds changed from an increase of \$13,249,836 for the fiscal year 2023-24 to a decrease of \$2,796,168 for the fiscal year 2024-25. General Fund had an increase in fund balance of \$213,951 for fiscal year 2023-24 compared to a decrease of \$24,768,088 in the current year. There was an increase in the fund balance of Transportation Trust and Gas Taxes fund of \$3,638,972 compared to a decrease of \$708,883 in the prior year. There was an increase in the fund balance of Hernando County Fire Rescue-Fire of \$8,420,034 compared to a decrease of \$13,338 in the prior year. There was a decrease in the fund balance of Hernando County Fire Rescue-Rescue of \$4,089,935 compared to an increase of \$2,799,016 in the prior year. There was also an increase in fund balance of \$13,170,843 for Nonmajor Governmental Funds.

The County's largest enterprise fund, the Water & Sewer District, had an increase in net position of \$52,207,739 for the year compared to an increase of \$34,061,478 in the prior year. Aviation Operations had an increase in net position of \$3,971,441 for the year compared to an increase of \$2,234,537 in the prior year. Waste Management had an increase in net position of \$2,631,337 for the year compared to an increase of \$6,839,274 in the prior year. The Building Department had an increase in net position of \$385,737 for the year compared to an increase of \$185,460 in the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The County's Annual Comprehensive Financial Report (Annual Report) consists of seven parts: an introductory section; management's discussion and analysis (this overview); the basic financial statements; required supplementary information; 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 Annual Report:

**HERNANDO COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**



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

**HERNANDO COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

focus more on long-term resource accounting. Reconciliations of fund balance in governmental funds and changes in fund balance to net position and changes in net position of governmental activities are provided with the governmental fund financial statements.

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

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

Notes to the Financial Statements

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

ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

Hernando County's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2024	2025	2024	2025	2024	2025
Current and other assets	\$ 345,335,076	\$ 347,452,994	\$ 197,994,529	\$ 221,092,910	\$ 543,329,605	\$ 568,545,904
Capital assets	406,253,919	431,548,408	331,545,853	368,027,010	737,799,772	799,575,418
Other long term assets	14,721,676	14,706,308	29,032,302	29,818,737	43,753,978	44,525,045
Total Assets	<u>766,310,671</u>	<u>793,707,710</u>	<u>558,572,684</u>	<u>618,938,657</u>	<u>1,324,883,355</u>	<u>1,412,646,367</u>
Deferred Outflows of Resources	<u>54,490,565</u>	<u>56,001,798</u>	<u>3,293,926</u>	<u>3,320,993</u>	<u>57,784,491</u>	<u>59,322,791</u>
Non-Current liabilities	254,329,814	241,950,406	100,350,092	94,179,822	354,679,906	336,130,228
Other liabilities	74,625,240	68,734,250	21,383,298	27,507,387	96,008,538	96,241,637
Total liabilities	<u>328,955,054</u>	<u>310,684,656</u>	<u>121,733,390</u>	<u>121,687,209</u>	<u>450,688,444</u>	<u>432,371,865</u>
Deferred Inflows of Resources	<u>35,991,568</u>	<u>46,098,689</u>	<u>30,249,329</u>	<u>31,492,296</u>	<u>66,240,897</u>	<u>77,590,985</u>
Net Position:						
Net invested in capital assets	369,995,503	383,859,716	267,115,770	296,281,025	637,111,273	680,140,741
Restricted	67,828,192	165,283,638	59,487,656	98,589,012	127,315,848	263,872,650
Unrestricted	18,030,919	(56,217,191)	83,280,465	74,210,108	101,311,384	17,992,917
Total Net Position	<u>\$ 455,854,614</u>	<u>\$ 492,926,163</u>	<u>\$ 409,883,891</u>	<u>\$ 469,080,145</u>	<u>\$ 865,738,505</u>	<u>\$ 962,006,308</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 \$962,006,308 at the close of the most recent fiscal year. This represents an increase of \$96,267,803 or 11.1% from the prior year.

The largest portion of Hernando County's net position (71%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, improvements, construction in progress, intangible assets, equipment, and right-to-use assets), less any accumulated depreciation or amortization 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.

**HERNANDO COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

An additional portion of the County's net position (27%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the County's net position (2%) is unrestricted.

Hernando County's Change in Net Position

	Governmental		Business-type		Totals	
	Activities		Activities			
	2024	2025	2024	2025	2024	2025
Revenues						
Program revenues:						
Charges for Services	\$ 98,919,910	\$ 112,569,050	\$ 70,017,129	\$ 79,605,169	\$ 168,937,039	\$ 192,174,219
Operating Grants and Contributions	29,447,667	22,323,226	2,661,749	7,590,592	32,109,416	29,913,818
Capital Grants and Contributions	1,161,098	2,513,809	18,735,793	33,582,861	19,896,891	36,096,670
General revenues:						
Property taxes	123,976,335	133,610,969	-	-	123,976,335	133,610,969
Other taxes	36,344,860	40,536,337	-	-	36,344,860	40,536,337
Investment earnings (loss)	21,157,464	14,807,472	11,947,376	8,513,199	33,104,840	23,320,671
Other	3,464,804	2,714,453	1,127,139	2,266,425	4,591,943	4,980,878
Total revenues	<u>314,472,138</u>	<u>329,075,316</u>	<u>104,489,186</u>	<u>131,558,246</u>	<u>418,961,324</u>	<u>460,633,562</u>
Expenses						
General government	43,023,441	45,088,349	-	-	43,023,441	45,088,349
Public safety	144,352,781	165,652,856	-	-	144,352,781	165,652,856
Physical environment	10,177,123	10,512,910	-	-	10,177,123	10,512,910
Transportation	32,533,750	35,477,920	-	-	32,533,750	35,477,920
Economic environment	3,448,692	5,991,918	-	-	3,448,692	5,991,918
Human services	9,488,667	9,514,487	-	-	9,488,667	9,514,487
Culture and recreation	8,575,222	9,593,750	-	-	8,575,222	9,593,750
Court operations	9,257,350	9,658,847	-	-	9,257,350	9,658,847
Interest on long-term debt	2,306,378	2,045,300	-	-	2,306,378	2,045,300
Water and sewer	-	-	40,881,234	40,325,055	40,881,234	40,325,055
Aviation operations	-	-	3,296,174	3,242,076	3,296,174	3,242,076
Waste management	-	-	10,617,265	20,802,547	10,617,265	20,802,547
Building department	-	-	5,465,563	6,459,744	5,465,563	6,459,744
Total expenses	<u>263,163,404</u>	<u>293,536,337</u>	<u>60,260,236</u>	<u>70,829,422</u>	<u>323,423,640</u>	<u>364,365,759</u>
Change in net position before transfers	51,308,734	35,538,979	44,228,950	60,728,824	95,537,684	96,267,803
Transfers	908,201	1,532,570	(908,201)	(1,532,570)	-	-
Change in net position	52,216,935	37,071,549	43,320,749	59,196,254	95,537,684	96,267,803
Net position - beginning	403,637,679	455,854,614	366,563,142	409,883,891	770,200,821	865,738,505
Net position - ending	<u>\$ 455,854,614</u>	<u>\$ 492,926,163</u>	<u>\$ 409,883,891</u>	<u>\$ 469,080,145</u>	<u>\$ 865,738,505</u>	<u>\$ 962,006,308</u>

HERNANDO COUNTY, FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Net position of the governmental activities increased \$37,071,549 or 8.1% from prior year net position balance. Program revenues in the amount of \$137,406,085 were used to offset program expenses of \$293,536,337 resulting in a net program loss of \$156,130,252. General revenues and transfers totaling \$193,201,801 offset the difference in those program expenses and resulted in a total net increase of \$37,071,549.

Program revenues increased 6.1% from prior year. Charges for services increased 13.8% from the prior year. Grants and Contributions decreased 18.9%.

Property taxes increased \$9,634,634 or 7.8% due to an increase in the taxable value of property in the County.

Investment earnings decreased \$6,349,992 from the prior year due to a reduction in interest rates.

Program expenses increased 11.5% from the prior year. The most significant changes were increases in General Government and Public Safety expenditures.

General Government expenses increased 4.8%.

The increase in Public Safety expenses of 14.8% from prior year is attributed to normal cost increases for personnel and other operating expenses experienced across the organizations.

Business-Type Activities

Net position of the business-type activities increased \$59,196,254 or 14.4% over prior year net position balance. Program revenues in the amount of \$120,778,622 were used to offset program expenses of \$70,829,422 resulting in net program income of \$49,949,200. General revenues of \$10,779,624 less transfers in the amount of \$1,532,570 resulted in a total net increase of \$59,196,254.

Water and Sewer charges for services increased \$7,256,581 or 14.7%. This is associated with the first year of rate increases as part of a new five-year rate plan. Expenditures did not vary significantly from prior year.

Aviation Operations charges for services increased \$35,198 or 1.8%. Grant funding is generally received for airport improvements and vary from year to year. Operating revenues and expenses were consistent with prior year.

Charges for services revenue increased for Waste Management by \$916,895 or 6.9%. Expenses increased 95.9% mainly due to debris expenses from Hurricane Milton. Most of these costs were reimbursed by the initial FEMA reimbursement and the balance is expected to be received in the future.

The Building Department experienced an increase of \$1,270,949 or 25.9% in revenue from licenses and permits.

**HERNANDO COUNTY, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS**

ANALYSIS OF THE FUND FINANCIAL STATEMENTS

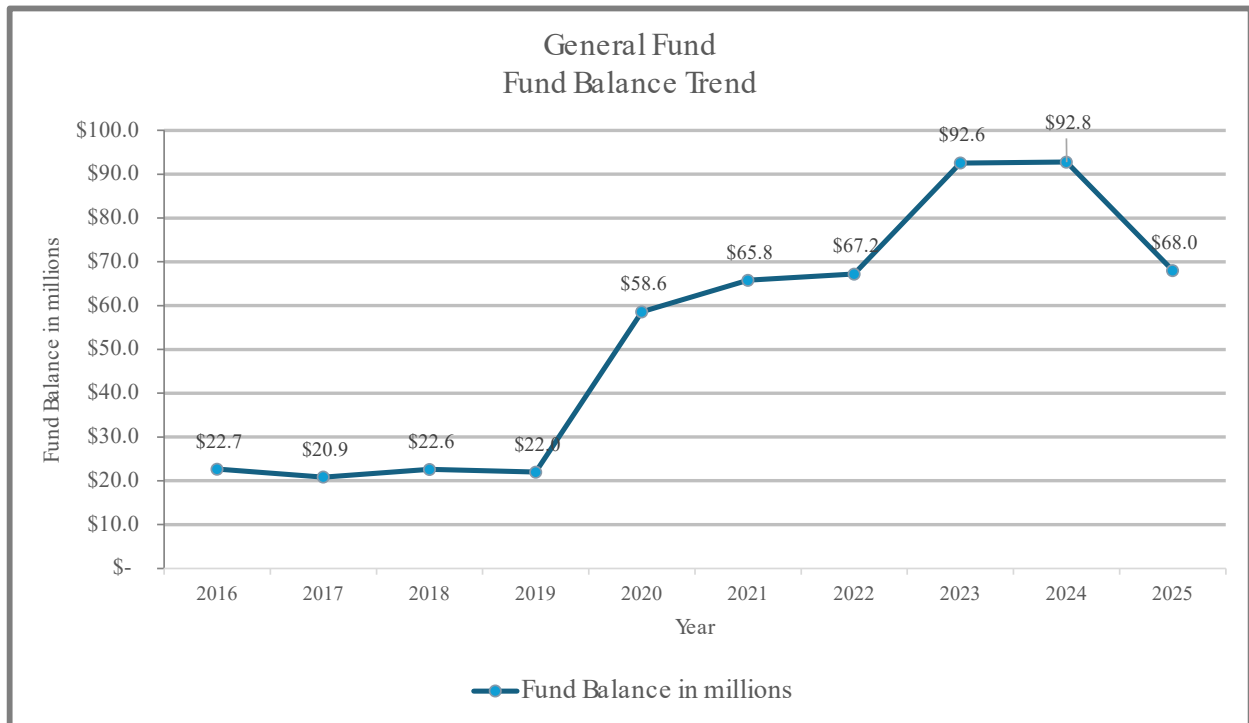
As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Presented below is a discussion of the financial statements on a fund accounting level.

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 \$248,344,626, a decrease of \$2,796,168 or 1.1% from prior year balances. Of the \$248,344,626 fund balance in governmental funds, \$47,703,392 constitutes unassigned fund balance, which is available for spending at the County’s discretion and \$ 466,847 which is non-spendable. The remainder of fund balance available for spending consists of the following: \$165,283,638 in ‘Restricted Fund Balance’ which is restricted by law or externally imposed requirements; \$14,914,553 in ‘Committed Fund Balance’ which is committed for a specific purpose by the Board; and \$19,976,196 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 a Capital Project Fund. 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 \$68,018,427. The following chart illustrates the fund balance trend over the past ten years for the General Fund.



HERNANDO COUNTY, FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

In the **General Fund**, the fund balance decreased \$24,768,088, or 26.7% from prior year. General Fund revenues increased \$8,364,849, or 5.2%. Revenue from taxes increased \$6,556,656, or 6.7%, from the prior year due to an increase in the taxable value of property driven by new construction. Intergovernmental revenue increased \$1,402,216, or 3.8%, from prior year. This was primary due to increases in State Revenue Sharing and Local Govt 1/2 Cent allocations. Investment revenues decreased to \$6,261,385 due to a reduction in interest rates in fiscal year 2024-25.

General Fund expenditures increased \$37,623,050, or 23.8%, from prior year. General Government expenditures increased \$4,053,207, or 10.4%, from prior year. This increase was largely due to normal cost increases for personnel and other operating expenses experienced across the organizations.

Public Safety expenditures increased \$19,658,118, or 24.9%. This is mainly due to an increase to normal cost increases for personnel and other operating expenses experienced across the organizations.

The fund balance of **Transportation Trust Fund** increased \$3,638,972, or 8.7%, from prior year. Tax revenue increased \$1,496,179, or 7.0%, due to an increase in the taxable value of property driven by new construction. Investment income decreased to \$1,896,311 due to a reduction in interest rates.

The **Hernando County Fire Rescue-Fire** fund balance increased \$8,420,034 or 54.5% from prior year. Special Assessment revenue increased \$5,511,086, or 16.7%, from prior year due to an increase in the taxable value of property in the County.

The **Hernando County Fire Rescue-Rescue** fund balance decreased \$4,089,935, or 18.5%. Tax revenue increased \$1,434,746, or 11.0%, due to an increase in the taxable value of property in the County.

The **American Rescue Plan Act** fund balance increased from a \$1,119,599 in 2023-24 to \$1,951,605 in 2024-25 primarily due to investment revenue of \$832,010.

Proprietary Funds

Proprietary fund statements provide the same information as the business-type activities in the government-wide financial statements, but in greater detail, and on a fund basis for enterprise funds.

The **Water and Sewer District** experienced an increase in net position of \$52,207,739, or 16.4%. Operating revenues of \$57,198,743 less operating expenses of \$39,134,228 resulted in operating income of \$18,064,515. The fund experienced an increase of \$7,532,404, or 15.2%, in operating revenue, which is associated with the first year of rate increases as part of a new five-year rate plan. Operating expenses decreased \$446,594, or 1.1%. Non-operating revenues and expenses decreased \$3,422,221, from prior year. This is driven by investment income reductions in FY25 due to a reduction in interest rates.

Aviation Operations experienced an increase in net position of \$3,971,441, or 8.9%. Operating revenues of \$3,310,142, less operating expenses of \$3,233,433 resulted in an operating income of \$76,709. Non-operating revenues and expenses decreased \$133,810, or 9.5%, from prior year. This is driven by a decrease in investment income in FY25 due to a reduction in interest rates.

The **Waste Management** fund had an increase in net position of \$2,631,337, or 6.3%. Other services and charges expenses increased 191.4% mainly due to debris expenses from Hurricane Milton. These costs are expected to be reimbursed from FEMA. Non-operating revenues and expenses increased \$5,230,067 from prior year. This includes approx. \$6.9M in FEMA reimbursement related to Hurricane Milton expenses as well as a reduction in FY25 due to a reduction in interest rates. The remaining unreimbursed costs from Hurricane Milton are expected to be reimbursed in the future.

Building Department experienced an increase in net position of \$385,737, or 8.6%. Operating revenues increased 24.9%. The Building Department experienced an increase of \$1,316,649 or 26.8% in revenue from licenses and permits.

**HERNANDO COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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 Exhibit G 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:

- Final budgeted Capital Outlay increased \$24,822,696 compared to original budget. This is primarily due to the carryforward of funding for the Tax collector building.
- Investment revenues exceeded budget by \$6,178,610 due to sustained higher interest rates in 2024-25. The County typically appropriates Investment Income once realized.
- General Government expenditures were less than budget by \$6,240,020. primarily driven by various personnel vacancies throughout the year.
- Actual Transportation expenditures were \$5,640,425 less than budgeted as final expenses were under budget due to several capital projects that were not completed in fiscal year 2024-25. These projects were re-budgeted in fiscal year 2025-26.
- Actual Capital Outlay expenditures were \$14,614,127 less than budgeted. This includes the remaining unspent 2022 bond proceeds for the Tax Collector building as well as budgets for additional administrative buildings.

**HERNANDO COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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, 2025, amounts to \$799,575,418 net of accumulated depreciation. This investment in capital assets includes land, buildings, infrastructure, improvements other than buildings, equipment, construction in progress, intangible assets, equipment and right-to-use assets. The total increase in Hernando County's investment in capital assets from the prior year was 8.4% which is comprised of a 6.2% increase for Governmental Activities and a 11% increase for Business-Type Activities.

Following is a schedule of the County's capital assets, net of accumulated depreciation, as of September 30, 2024, and 2025:

	Governmental Activities		Business-type Activities		Totals	
	2024	2025	2024	2025	2024	2025
Land	\$ 36,984,946	\$ 38,256,716	\$ 10,780,018	\$ 10,780,018	\$ 47,764,964	\$ 49,036,734
Buildings	61,718,450	60,196,768	13,013,264	12,378,252	74,731,714	72,575,020
Infrastructure	188,971,262	190,318,724	2,402,105	2,312,847	191,373,367	192,631,571
Improvements other than Buildings	9,835,255	8,864,675	239,976,085	254,604,918	249,811,340	263,469,593
Equipment	38,608,857	41,654,883	3,742,022	3,675,288	42,350,879	45,330,171
Construction in Progress	63,229,350	81,454,665	58,238,255	82,033,150	121,467,605	163,487,815
Intangible Assets	217,618	217,618	747,832	747,832	965,450	965,450
Right-to-Use Assets	6,688,181	10,584,359	2,646,272	1,494,705	9,334,453	12,079,064
Totals	<u>\$ 406,253,919</u>	<u>\$ 431,548,408</u>	<u>\$ 331,545,853</u>	<u>\$ 368,027,010</u>	<u>\$ 737,799,772</u>	<u>\$ 799,575,418</u>

Additional information on Hernando County's capital assets can be found in Note G to the basic financial statements. The change in capital asset activity in Governmental Activities for 2025 is mainly due to additions to Construction in Progress driven by the new Tax Collector building. The decrease in buildings in Governmental Activities was attributable to depreciation expense exceeding additions during the year. The increase in capital asset activity for Business-Type Activities is due to improvements to water and wastewater plants and force mains. Also, construction in progress increased due to the construction of the Waste Management Cell 4 landfill.

**HERNANDO COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Debt Administration

Loans and notes payable amounted to \$26,687,927 all of which is for Governmental Activities.

Hernando County had total bonded debt outstanding of \$104,154,843. 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, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance
Loans & Notes Payable	\$ 24,700,909	\$ 6,532,860	\$ 4,545,842	\$ 26,687,927
Revenue Bonds	109,308,756	-	5,153,913	104,154,843
Leases Payable	7,549,589	385,147	1,486,876	6,447,860
SBITA Payable	120,210	4,546,878	1,377,927	3,289,161
	<u>\$ 141,679,464</u>	<u>\$ 11,464,885</u>	<u>\$ 12,564,558</u>	<u>\$ 140,579,791</u>

Following are the County's underlying ratings on bonds outstanding as of September 30, 2025:

	Moody's	Fitch	S&P
Taxable Water and Sewer Refunding Revenue Bonds Series 2021A	Aa2	AAA	NR
Water and Sewer Refunding Revenue Bonds Series 2021B	Aa2	AAA	NR
Non-Ad Valorem Revenue Bonds Series 2022	NR	NR	AA-

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

HERNANDO COUNTY, FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

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 179,503 in 2016 to 212,849 in 2025, a 19% increase over the period.
- Total taxable property value has increased 141% from 2016 to 2025. The ten largest taxpayers accounted for 8.4% of the total taxable assessed value in 2025 compared to 12.8% of total taxable value in 2016.

For fiscal year 2025-26 budget, certified taxable property values increased 11% to \$18.3 billion. The General Fund millage rate decreased from 6.4497 to 5.8891; however, the County was able to maintain General Fund reserves to adopted policy levels.

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 the following:

Hernando County
15470 Flight Path Drive
Spring Hill, Florida 34604
(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, Financial Services Director at the following:

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.

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Basic Financial Statements

**HERNANDO COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 31,877,888	\$ 80,814	\$ 31,958,702
Pooled Cash and Investments	286,899,109	153,998,853	440,897,962
Restricted Cash and Investments:			
Pooled Cash and Investments	-	1,002,330	1,002,330
Cash with Fiscal Agent	5,149	-	5,149
Accounts Receivable (net)	14,780,681	7,633,231	22,413,912
Accrued Interest Receivable	657,756	196,397	854,153
Leases Receivable	65,658	468,673	534,331
Due from Other Governments	10,279,908	1,915,896	12,195,804
Inventories	436,499	256,103	692,602
Prepaid Items	2,450,346	-	2,450,346
Total Current Assets	347,452,994	165,552,297	513,005,291
Non-Current Assets			
Restricted Assets:			
Pooled Cash and Investments	-	50,756,454	50,756,454
Cash with Fiscal Agent	-	4,784,159	4,784,159
Leases Receivable	14,706,308	29,818,737	44,525,045
Capital Assets, not being depreciated	119,711,381	92,813,168	212,524,549
Capital Assets, being depreciated, net	311,837,027	275,213,842	587,050,869
Total Non-Current Assets	446,254,716	453,386,360	899,641,076
Total Assets	\$ 793,707,710	\$ 618,938,657	\$ 1,412,646,367
Deferred Outflows of Resources	\$ 56,001,798	\$ 3,320,993	\$ 59,322,791

**HERNANDO COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025**

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable	19,834,507	10,339,702	30,174,209
Retainage Payable	1,333,736	1,408,837	2,742,573
Accrued Liabilities	9,974,937	1,769,804	11,744,741
Due to Other Governments	2,082,468	80,528	2,162,996
Unearned Revenue	14,889,220	977,120	15,866,340
Deposits	313,189	6,268,638	6,581,827
Due Within One Year	20,306,193	6,662,758	26,968,951
Total Current Liabilities	<u>68,734,250</u>	<u>27,507,387</u>	<u>96,241,637</u>
Non-Current Liabilities:			
Due in More Than One Year	241,950,406	80,333,312	322,283,718
Accrued Landfill closure/Postclosure	-	13,846,510	13,846,510
Total Non-Current Liabilities	<u>241,950,406</u>	<u>94,179,822</u>	<u>336,130,228</u>
Total Liabilities	<u>\$ 310,684,656</u>	<u>\$ 121,687,209</u>	<u>\$ 432,371,865</u>
Deferred Inflows of Resources	<u>\$ 46,098,689</u>	<u>\$ 31,492,296</u>	<u>\$ 77,590,985</u>
NET POSITION			
Net Investment in Capital Assets	383,859,716	296,281,025	680,140,741
Restricted for:			
Grant Funded Programs	7,308,835	-	7,308,835
Court Programs	6,862,133	-	6,862,133
Special Assessment Projects	4,992,770	-	4,992,770
Environment Conservation	5,574,104	-	5,574,104
Bond Covenants or Debt Service	901,506	-	901,506
Public Safety	50,600,956	-	50,600,956
Capital Projects	72,237,328	86,719,180	158,956,508
Renewal and Replacement	-	11,869,832	11,869,832
Records Modernization	4,837,391	-	4,837,391
Human Services	4,299,647	-	4,299,647
Tourism	6,677,908	-	6,677,908
Other Purposes	991,060	-	991,060
Unrestricted (Deficit)	(56,217,191)	74,210,108	17,992,917
Total Net Position	<u>\$ 492,926,163</u>	<u>\$ 469,080,145</u>	<u>\$ 962,006,308</u>

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

**HERNANDO COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Government Activities:				
General Government	\$ 45,088,349	\$ 20,293,054	\$ 10,450,977	\$ -
Public Safety	165,652,856	64,677,787	2,811,585	-
Physical Environment	10,512,910	9,787,738	262,374	-
Transportation	35,477,920	9,211,098	5,773,038	2,513,809
Economic Environment	5,991,918	34,494	1,921,729	-
Human Services	9,514,487	200,008	55,670	-
Culture and Recreation	9,593,750	1,403,095	651,700	-
Court Operations	9,658,847	6,961,776	396,153	-
Interest on Long-term Debt	2,045,300	-	-	-
Total Government Activities	293,536,337	112,569,050	22,323,226	2,513,809
Business-type Activities:				
Water and Sewer District	40,325,055	56,524,105	559,030	30,931,340
Aviation Operations	3,242,076	2,010,546	41,979	2,651,521
Waste Management	20,802,547	14,147,947	6,989,368	-
Building Department	6,459,744	6,922,571	215	-
Total Business-Type Activities	70,829,422	79,605,169	7,590,592	33,582,861
Total	\$ 364,365,759	\$ 192,174,219	\$ 29,913,818	\$ 36,096,670

General Revenues:
 Property Taxes
 Fuel Tax
 Sales Tax
 Other Taxes
 State Shared Revenue - Unrestricted
 Investment Earnings (Loss)
 Gain on Sale of Capital Assets
 Miscellaneous
 Transfers
 Total General Revenues and Transfers
 Change in Net Position
Net Position - Beginning
Net Position - Ending

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

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business-Type Activities	Total
\$ (14,344,318)	\$ -	\$ (14,344,318)
(98,163,484)	-	(98,163,484)
(462,798)	-	(462,798)
(17,979,975)	-	(17,979,975)
(4,035,695)	-	(4,035,695)
(9,258,809)	-	(9,258,809)
(7,538,955)	-	(7,538,955)
(2,300,918)	-	(2,300,918)
(2,045,300)	-	(2,045,300)
<u>(156,130,252)</u>	<u>-</u>	<u>(156,130,252)</u>
-	47,689,420	47,689,420
-	1,461,970	1,461,970
-	334,768	334,768
-	463,042	463,042
<u>-</u>	<u>49,949,200</u>	<u>49,949,200</u>
<u>\$ (156,130,252)</u>	<u>\$ 49,949,200</u>	<u>\$ (106,181,052)</u>
133,610,969	-	133,610,969
13,110,793	-	13,110,793
14,454,127	-	14,454,127
4,784,906	-	4,784,906
8,186,511	-	8,186,511
14,807,472	8,513,199	23,320,671
34,077	255,926	290,003
2,680,376	2,010,499	4,690,875
1,532,570	(1,532,570)	-
<u>193,201,801</u>	<u>9,247,054</u>	<u>202,448,855</u>
37,071,549	59,196,254	96,267,803
455,854,614	409,883,891	865,738,505
<u>\$ 492,926,163</u>	<u>\$ 469,080,145</u>	<u>\$ 962,006,308</u>

**HERNANDO COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

	General Fund	Transportation Trust and Gas Taxes	Hernando County Fire Rescue-Fire	Hernando County Fire Rescue-Rescue
ASSETS				
Cash and Cash Equivalents	\$ 14,027,475	\$ 395	\$ 150	\$ -
Pooled Cash and Investments	62,895,678	45,125,195	24,795,783	18,170,705
Cash with Fiscal Agent	-	-	-	-
Accounts Receivable (net)	287,414	26,568	451,234	13,751,043
Accrued Interest Receivable	657,756	-	-	-
Leases Receivable	65,658	-	-	-
Due from Other Funds	79,914	-	-	-
Due from Other Governments	5,199,044	3,244,385	991	72,315
Advances to Other Funds	450,000	-	-	-
Inventories	-	-	-	1,800
Prepaid Items	16,847	-	-	-
Lease Receivable, Non-Current	14,706,308	-	-	-
Total Assets	\$ 98,386,094	\$ 48,396,543	\$ 25,248,158	\$ 31,995,863
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 8,398,189	\$ 2,086,881	\$ 239,265	\$ 600,250
Retainage Payable	562,820	311,116	105,242	-
Accrued Liabilities	6,158,438	352,121	1,021,806	895,791
Due to Other funds	-	-	-	-
Due to Other Governments	546,304	-	-	4,829
Unearned Revenue	151,476	3,578	-	233
Deposits	72,606	3,120	-	-
Advances from Other Funds	-	-	-	-
Total Liabilities	15,889,833	2,756,816	1,366,313	1,501,103
Deferred Inflows of Resources				
Unavailable Revenues	-	106,436	3,974	12,529,331
Leases	14,477,834	-	-	-
Total Deferred Inflows of Resources	14,477,834	106,436	3,974	12,529,331

**HERNANDO COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

	<u>General Fund</u>	<u>Transportation Trust and Gas Taxes</u>	<u>Hernando County Fire Rescue-Fire</u>	<u>Hernando County Fire Rescue-Rescue</u>
Fund Balances				
Nonspendable:				
Advances	450,000	-	-	-
Inventories	-	-	-	-
Prepaid Items	16,847	-	-	-
Restricted For:				
Grant Funded Programs	785,544	-	-	-
Court Programs	-	-	-	-
Special Assessment Projects	-	-	-	-
Environment Conservation	-	-	-	-
Bond covenants or debt service	-	62,851	-	-
Public Safety	-	-	23,877,871	17,965,429
Capital Projects	4,648,722	36,412,030	-	-
Records Modernization	-	-	-	-
Human Services	-	-	-	-
Tourism	-	-	-	-
Other Purposes	-	-	-	-
Committed to:				
Budgeted Emergency				
Contingency Reserves	6,572,751	-	-	-
Budgeted Stabilization				
Reservices	6,208,203	-	-	-
Other Purposes	-	-	-	-
Assigned to:				
Public Safety	-	-	-	-
Capital Projects	1,613,874	9,058,410	-	-
Other Purposes	-	-	-	-
Unassigned	47,722,486	-	-	-
Total Fund Balances	<u>68,018,427</u>	<u>45,533,291</u>	<u>23,877,871</u>	<u>17,965,429</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 98,386,094</u>	<u>\$ 48,396,543</u>	<u>\$ 25,248,158</u>	<u>\$ 31,995,863</u>

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

Continued

**HERNANDO COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

	American Rescue Plan Act	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 7,912,688	\$ 21,940,708
Pooled Cash and Investments	14,920,308	90,942,628	256,850,297
Cash with Fiscal Agent	-	5,149	5,149
Accounts Receivable (net)	-	212,774	14,729,033
Accrued Interest Receivable	-	-	657,756
Leases Receivable	-	-	65,658
Due from Other Funds	-	-	79,914
Due from Other Governments	-	1,763,173	10,279,908
Advances to Other Funds	-	-	450,000
Inventories	-	-	1,800
Prepaid Items	-	-	16,847
Lease Receivable, Non-Current	-	-	14,706,308
Total Assets	\$ 14,920,308	\$ 100,836,412	\$ 319,783,378
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 448,500	\$ 3,690,513	\$ 15,463,598
Retainage Payable	-	354,558	1,333,736
Accrued Liabilities	-	380,896	8,809,052
Due to Other funds	-	79,914	79,914
Due to Other Governments	-	1,531,335	2,082,468
Unearned Revenue	12,520,203	2,213,730	14,889,220
Deposits	-	237,463	313,189
Advances from Other Funds	-	450,000	450,000
Total Liabilities	12,968,703	8,938,409	43,421,177
Deferred Inflows of Resources			
Unavailable Revenues	-	900,000	13,539,741
Leases	-	-	14,477,834
Total Deferred Inflows of Resources	-	900,000	28,017,575

**HERNANDO COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

	American Rescue Plan Act	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances			
Nonspendable:			
Advances	-	-	450,000
Inventories	-	-	-
Prepaid Items	-	-	16,847
Restricted For:			
Grant Funded Programs	-	6,523,291	7,308,835
Court Programs	-	6,862,133	6,862,133
Special Assessment Projects	-	4,992,770	4,992,770
Environment Conservation	-	5,574,104	5,574,104
Bond covenants or debt service	-	838,655	901,506
Public Safety	-	8,757,656	50,600,956
Capital Projects	1,951,605	29,224,971	72,237,328
Records Modernization	-	4,837,391	4,837,391
Human Services	-	4,299,647	4,299,647
Tourism	-	6,677,908	6,677,908
Other Purposes	-	991,060	991,060
Committed to:			
Budgeted Emergency			
Contingency Reserves	-	-	6,572,751
Budgeted Stabilization			
Reservices	-	-	6,208,203
Other Purposes	-	2,133,599	2,133,599
Assigned to:			
Public Safety	-	8,703,633	8,703,633
Capital Projects	-	-	10,672,284
Other Purposes	-	600,279	600,279
Unassigned	-	(19,094)	47,703,392
Total Fund Balances	<u>1,951,605</u>	<u>90,998,003</u>	<u>248,344,626</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances			
	<u>\$ 14,920,308</u>	<u>\$ 100,836,412</u>	<u>\$ 319,783,378</u>

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

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HERNANDO COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Fund Balances - Total Governmental Funds		\$ 248,344,626
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds:		
Capital Assets, not being depreciated	\$ 119,651,653	
Capital Assets, net of accumulated depreciation	285,165,294	
		404,816,947
Unavailable revenue and deferred outflows of resources are not available to pay for current-period expenditures and are therefore not reported in the governmental funds:		
Unavailable taxes and fees	\$ 13,539,741	
Deferred Outflows related to Debt Refunding	165,895	
Deferred Outflows related to Net Pension Liability	44,707,510	
Deferred Outflows related to Other Post Employment Benefits	10,871,400	
		69,284,546
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds:		
Accrued Liabilities - Interest	\$ (861,487)	
Loans and Notes Payable	(10,631,587)	
Leases Payable	(4,304,255)	
SBITA Payable	(3,289,161)	
Bonds Payable	(32,127,091)	
Compensated Absences	(15,730,653)	
Other Post Employment Benefits	(28,070,449)	
Net Pension Liability	(142,344,187)	
		(237,358,870)
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	\$ (28,677,914)	
Deferred Inflows related to Other Post Employment Benefits	(2,721,955)	
		(31,399,869)
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 portion of the Statement of Net Position		39,238,783
		39,238,783
Net Position of Governmental Activities		\$ 492,926,163

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, 2025

	General Fund	Transportation Trust and Gas Taxes
Revenues		
Taxes	\$ 104,306,890	\$ 22,739,541
Licenses and Permits	1,150,775	-
Intergovernmental	38,709,830	5,803,507
Charges for Services	18,730,930	2,305,191
Fines and Forfeitures	189,875	-
Special Assessments		-
Impact Fees		-
Investment Income (Loss)	6,261,385	1,896,311
Miscellaneous	1,177,521	256,811
Total Revenues	<u>170,527,206</u>	<u>33,001,361</u>
Expenditures		
Current		
General Government	42,843,881	-
Public Safety	98,581,198	373,771
Physical Environment	683,139	-
Transportation	5,942,325	17,027,981
Economic Environment	1,229,318	-
Human Services	5,690,359	-
Culture and Recreation	8,792,992	-
Court Operations	2,233,444	-
Debt Service		
Principal	1,714,058	-
Interest and Fiscal Charges	171,441	-
Capital Outlay	28,024,125	9,839,069
Total Expenditures	<u>195,906,280</u>	<u>27,240,821</u>
Excess of Revenues Over (Under) Expenditures	<u>(25,379,074)</u>	<u>5,760,540</u>
Other Financing Sources (Uses)		
Transfers In	2,808,142	270,916
Transfers Out	(6,774,035)	(2,392,484)
Issuance of Long-Term Debt	-	-
Lease financing	30,001	-
SBITA financing	4,546,878	-
Total Other Financing Sources (Uses)	<u>610,986</u>	<u>(2,121,568)</u>
Net Change in Fund Balances	<u>(24,768,088)</u>	<u>3,638,972</u>
Fund Balances at Beginning of Year	92,786,515	41,894,319
Fund Balances at End of Year	<u>\$ 68,018,427</u>	<u>\$ 45,533,291</u>

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

Hernando County Fire Rescue-Fire	Hernando County Fire Rescue-Rescue	American Rescue Plan Act	Nonmajor Government Funds	Total Governmental Funds
\$ 277	\$ 14,486,721	\$ -	\$ 6,721,310	\$ 148,254,739
140,400	-	-	-	1,291,175
130,201	135,590	227,075	5,703,559	50,709,762
161,496	12,419,947	-	13,252,821	46,870,385
-	-	-	1,633,713	1,823,588
38,530,346	-	-	10,764,425	49,294,771
-	-	-	7,956,488	7,956,488
1,260,029	898,331	832,010	3,659,406	14,807,472
467,450	145,272	-	1,875,067	3,922,121
40,690,199	28,085,861	1,059,085	51,566,789	324,930,501
-	-	227,075	1,701,635	44,772,591
30,656,356	27,806,100	-	6,673,763	164,091,188
-	-	-	9,450,803	10,133,942
-	-	-	1,869,308	24,839,614
-	-	4	4,803,746	6,033,068
-	-	-	2,358,447	8,048,806
-	-	-	458,223	9,251,215
-	-	-	7,415,342	9,648,786
433,829	282,377	-	2,136,497	4,566,761
51,168	33,533	-	1,790,730	2,046,872
254,801	3,270,378	-	5,114,925	46,503,298
31,396,154	31,392,388	227,079	43,773,419	329,936,141
9,294,045	(3,306,527)	832,006	7,793,370	(5,005,640)
487,950	235,565	-	13,896,602	17,699,175
(1,361,961)	(1,018,973)	-	(9,085,989)	(20,633,442)
-	-	-	566,860	566,860
-	-	-	-	30,001
-	-	-	-	4,546,878
(874,011)	(783,408)	-	5,377,473	2,209,472
8,420,034	(4,089,935)	832,006	13,170,843	(2,796,168)
15,457,837	22,055,364	1,119,599	77,827,160	251,140,794
\$ 23,877,871	\$ 17,965,429	\$ 1,951,605	\$ 90,998,003	\$ 248,344,626

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**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, 2025**

Net Change in Fund Balances - Total Governmental Funds \$ (2,796,168)

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 Purchased Capital Assets	\$ 36,431,058	
Expenditures for Lease/SBITA Capital Assets	5,635,725	
Less current year depreciation/amortization	<u>(18,811,316)</u>	
		23,255,467

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.

Principal Payments	\$ 2,907,446	
Long term debt issued	(566,860)	
Lease / SBITA Liabilities Issued	(4,576,879)	
Lease / SBITA Principal Payments	<u>1,659,315</u>	
		(576,978)

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:

Change in Accrued Interest on Long-Term Debt	\$ 33,115	
Amortization of current year Bond Discount/Premium	45,017	
Amortization of current year Prepaid Bond Insurance	(76,560)	
Change in Compensated Absences	(1,559,573)	
Change in Accrued Other Post Employment Benefits	(885,830)	
Change in Pension Expenses	<u>10,486,927</u>	
		8,043,096

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 charges for services	\$ 4,144,974	
Change in earned revenue from taxes	<u>(159)</u>	
		4,144,815

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

5,001,317

Change in Net Position of Governmental Activities \$ 37,071,549

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, 2025

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Taxes	\$ 102,131,347	\$ 102,131,347	\$ 104,306,890	\$ 2,175,543
Licenses and Permits	716,038	726,748	1,150,775	424,027
Intergovernmental	37,877,386	49,470,815	38,709,830	(10,760,985)
Charges for Services	18,476,852	18,278,352	18,730,930	452,578
Fines and Forfeitures	313,445	313,445	189,875	(123,570)
Investment Income (Loss)	82,775	82,775	6,261,385	6,178,610
Miscellaneous	1,519,382	1,543,382	1,177,521	(365,861)
Total Revenues	<u>161,117,225</u>	<u>172,546,864</u>	<u>170,527,206</u>	<u>(2,019,658)</u>
Expenditures				
Current				
General Government	47,479,215	49,083,901	42,843,881	6,240,020
Public Safety	88,056,210	100,795,238	98,581,198	2,214,040
Physical Environment	1,447,604	1,514,326	683,139	831,187
Transportation	14,184,956	11,582,750	5,942,325	5,640,425
Economic Environment	3,050,170	4,721,929	1,229,318	3,492,611
Human Services	7,292,581	6,093,985	5,690,359	403,626
Culture and Recreation	9,841,137	10,146,977	8,792,992	1,353,985
Court Operations	2,424,967	2,247,070	2,233,444	13,626
Debt Service		-		-
Principal	-	-	1,714,058	(1,714,058)
Interest and Fiscal Charges	-	-	171,441	(171,441)
Capital Outlay	17,815,556	42,638,252	28,024,125	14,614,127
Total Expenditures	<u>191,592,396</u>	<u>228,824,428</u>	<u>195,906,280</u>	<u>32,918,148</u>
Excess of Revenues Over Expenditures	<u>(30,475,171)</u>	<u>(56,277,564)</u>	<u>(25,379,074)</u>	<u>30,898,490</u>

**HERNANDO COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Other Financing Sources (Uses)				
Transfers In	6,109,960	6,786,655	2,808,142	(3,978,513)
Transfers Out	(6,877,795)	(14,564,436)	(6,774,035)	7,790,401
Lease financing	-	-	30,001	30,001
SBITA financing	-	-	4,546,878	4,546,878
Reserve for Contingencies	(39,836,104)	(28,214,450)	-	28,214,450
Total Other Financing Sources (Uses)	<u>(40,603,939)</u>	<u>(35,992,231)</u>	<u>610,986</u>	<u>36,603,217</u>
Net Change in Fund Balance	(71,079,110)	(92,269,795)	(24,768,088)	67,501,707
Fund Balance at Beginning of Year	71,079,110	92,269,795	92,786,515	516,720
Fund Balance at End of Year	\$ -	\$ -	\$ 68,018,427	\$ 68,018,427

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, 2025

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Taxes	\$ 21,949,902	\$ 21,949,902	\$ 22,739,541	\$ 789,639
Intergovernmental	13,252,094	14,444,038	5,803,507	(8,640,531)
Charges for Services	1,334,300	1,334,300	2,305,191	970,891
Investment Income (Loss)	-	-	1,896,311	1,896,311
Miscellaneous	94,750	94,750	256,811	162,061
Total Revenues	<u>36,631,046</u>	<u>37,822,990</u>	<u>33,001,361</u>	<u>(4,821,629)</u>
Expenditures				
Current				
Public Safety	-	377,543	373,771	3,772
Transportation	21,277,598	21,862,906	17,027,981	4,834,925
Capital Outlay	33,808,725	41,640,186	9,839,069	31,801,117
Total Expenditures	<u>55,086,323</u>	<u>63,880,635</u>	<u>27,240,821</u>	<u>36,639,814</u>
Excess of Revenues Over Expenditures	<u>(18,455,277)</u>	<u>(26,057,645)</u>	<u>5,760,540</u>	<u>31,818,185</u>
Other Financing Sources (Uses)				
Transfers In	2,729,791	2,790,067	270,916	(2,519,151)
Transfers Out	(4,505,034)	(5,210,909)	(2,392,484)	2,818,425
Reserve for Contingencies	(10,902,480)	(13,610,368)	-	13,610,368
Total Other Financing Sources (Uses)	<u>(12,677,723)</u>	<u>(16,031,210)</u>	<u>(2,121,568)</u>	<u>13,909,642</u>
Net Change in Fund Balance	<u>(31,133,000)</u>	<u>(42,088,855)</u>	<u>3,638,972</u>	<u>45,727,827</u>
Fund Balance at Beginning of Year	31,133,000	42,088,855	41,894,319	(194,536)
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,533,291</u>	<u>\$ 45,533,291</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, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes		\$ -	\$ 277	\$ 277
Licenses and Permits	215,000	215,000	140,400	(74,600)
Intergovernmental	35,000	135,000	130,201	(4,799)
Charges for Services	150,000	150,000	161,496	11,496
Special Assessments	37,240,520	37,240,520	38,530,346	1,289,826
Investment Income (Loss)	-	-	1,260,029	1,260,029
Miscellaneous	420,724	420,724	467,450	46,726
Total Revenues	<u>38,061,244</u>	<u>38,161,244</u>	<u>40,690,199</u>	<u>2,528,955</u>
Expenditures				
Current				
Public Safety	32,903,846	33,845,128	30,656,356	3,188,772
Debt Service				
Principal	475,074	475,074	433,829	41,245
Interest and Fiscal Charges	266,791	266,791	51,168	215,623
Capital Outlay	949,063	5,144,160	254,801	4,889,359
Total Expenditures	<u>34,594,774</u>	<u>39,731,153</u>	<u>31,396,154</u>	<u>8,334,999</u>
Excess of Revenues Over Expenditures	<u>3,466,470</u>	<u>(1,569,909)</u>	<u>9,294,045</u>	<u>10,863,954</u>
Other Financing Sources (Uses)				
Transfers In	573,646	523,646	487,950	(35,696)
Transfers Out	(727,672)	(1,438,808)	(1,361,961)	76,847
Reserve for Contingencies	(15,084,872)	(12,970,420)	-	12,970,420
Total Other Financing Sources (Uses)	<u>(15,238,898)</u>	<u>(13,885,582)</u>	<u>(874,011)</u>	<u>13,011,571</u>
Net Change in Fund Balance	<u>(11,772,428)</u>	<u>(15,455,491)</u>	<u>8,420,034</u>	<u>23,875,525</u>
Fund Balance at Beginning of Year	11,772,428	15,455,491	15,457,837	2,346
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,877,871</u>	<u>\$ 23,877,871</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 - RESCUE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes	\$ 14,200,440	\$ 14,200,440	\$ 14,486,721	\$ 286,281
Intergovernmental	30,000	153,865	135,590	(18,275)
Charges for Services	14,510,610	14,510,610	12,419,947	(2,090,663)
Investment Income (Loss)			898,331	898,331
Miscellaneous	80,026	113,207	145,272	32,065
Total Revenues	<u>28,821,076</u>	<u>28,978,122</u>	<u>28,085,861</u>	<u>(892,261)</u>
Expenditures				
Current				
Public Safety	28,262,529	35,118,029	27,806,100	7,311,929
Debt Service				
Principal	40,213	282,413	282,377	36
Interest and Fiscal Charges	136,896	168,396	33,533	134,863
Capital Outlay	3,210,750	3,737,128	3,270,378	466,750
Total Expenditures	<u>31,650,388</u>	<u>39,305,966</u>	<u>31,392,388</u>	<u>7,913,578</u>
Excess of Revenues Over Expenditures	<u>(2,829,312)</u>	<u>(10,327,844)</u>	<u>(3,306,527)</u>	<u>7,021,317</u>
Other Financing Sources (Uses)				
Transfers In	179,800	156,537	235,565	79,028
Transfers Out	(721,637)	(1,053,763)	(1,018,973)	34,790
Reserve for Contingencies	(22,994,033)	(9,709,043)	-	9,709,043
Total Other Financing Sources (Uses)	<u>(23,535,870)</u>	<u>(10,606,269)</u>	<u>(783,408)</u>	<u>9,822,861</u>
Net Change in Fund Balance	<u>(26,365,182)</u>	<u>(20,934,113)</u>	<u>(4,089,935)</u>	<u>16,844,178</u>
Fund Balance at Beginning of Year	26,365,182	20,934,113	22,055,364	1,121,251
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,965,429</u>	<u>\$ 17,965,429</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
AMERICAN RESCUE PLAN ACT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Intergovernmental	\$ 949,500	\$ 3,600,615	\$ 227,075	\$ (3,373,540)
Investment Income (Loss)	-	-	832,010	832,010
Total Revenues	<u>949,500</u>	<u>3,600,615</u>	<u>1,059,085</u>	<u>(2,541,530)</u>
Expenditures				
Current				
General Government	-	2,651,115	227,075	2,424,040
Physical Environment	206,500	206,500	-	206,500
Economic Environment	-	-	4	(4)
Capital Outlay	743,000	743,000	-	743,000
Total Expenditures	<u>949,500</u>	<u>3,600,615</u>	<u>227,079</u>	<u>3,373,536</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>832,006</u>	<u>832,006</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>832,006</u>	<u>832,006</u>
Fund Balance at Beginning of Year	-	-	1,119,599	1,119,599
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,951,605</u>	<u>\$ 1,951,605</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, 2025**

	Business-Type Activities - Enterprise Funds		
	Water & Sewer District	Aviation Operations	Waste Management
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 2,276	\$ 200	\$ 1,765
Pooled Cash and Investments	103,009,521	7,744,964	36,280,244
Restricted Cash and Investments	1,002,330	-	-
Accounts Receivable, net	6,833,603	45,861	741,802
Accrued Interest Receivable	-	196,397	-
Leases Receivable	-	468,673	-
Due from Other:			
Other Funds	-	-	-
Other Governments	1,501,093	411,876	2,927
Inventories	233,222	-	22,881
Prepaid Items	-	-	-
Total Current Assets	112,582,045	8,867,971	37,049,619
Non-Current Assets:			
Restricted Assets:			
Pooled Cash and Investments	36,472,979	-	14,283,475
Cash with Fiscal Agent	4,784,159	-	-
Lease Receivable	-	29,818,737	-
Capital Assets, not depreciated	44,575,414	21,674,245	26,348,509
Capital Assets, net of accumulated depreciation	249,597,313	18,303,862	6,266,567
Total Non-Current Assets	335,429,865	69,796,844	46,898,551
Total Assets	448,011,910	78,664,815	83,948,170
Deferred Outflows of Resources	2,158,148	124,842	573,649

**HERNANDO COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025**

	Business-Type Activities - Enterprise Funds		
	Water & Sewer District	Aviation Operations	Waste Management
LIABILITIES			
Current Liabilities			
Accounts Payable	7,639,272	132,793	2,399,611
Retainage Payable	625,318	210,309	573,210
Accrued Liabilities	1,118,609	39,027	440,495
Due to Other Governments	46,958	-	-
Unearned Revenues	932,212	44,908	-
Deposits	4,838,536	205,593	80,304
Due Within One Year	4,986,977	28,374	1,605,746
Total Current Liabilities	20,187,882	661,004	5,099,366
Non-Current Liabilities			
Due in More Than One Year	56,966,617	479,694	20,932,287
Accrued Landfill Closure/ Postclosure Care	-	-	13,846,510
Total Non-Current Liabilities	56,966,617	479,694	34,778,797
Total Liabilities	77,154,499	1,140,698	39,878,163
Deferred Inflows of Resources	1,747,801	28,991,637	333,841
NET POSITION			
Net Investment in Capital Assets	240,351,804	39,767,799	14,900,322
Restricted for			
Capital Projects	86,719,180	-	-
Renewal and Replacement	11,869,832	-	-
Unrestricted	32,326,942	8,889,523	29,409,493
Total Net Position	\$ 371,267,758	\$ 48,657,322	\$ 44,309,815

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

Continued

**HERNANDO COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025**

	Business-Type Activities - Enterprise Funds		Governmental Activities
	Building Department	Total	Internal Service Funds
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 76,573	\$ 80,814	\$ 9,937,180
Pooled Cash and Investments	6,964,124	153,998,853	30,048,812
Restricted Cash and Investments	-	1,002,330	-
Accounts Receivable, net	11,965	7,633,231	51,648
Accrued Interest Receivable	-	196,397	-
Leases Receivable	-	468,673	-
Due from Other:			
Other Funds	-	-	-
Other Governments	-	1,915,896	-
Inventories	-	256,103	434,699
Prepaid Items	-	-	2,433,499
Total Current Assets	<u>7,052,662</u>	<u>165,552,297</u>	<u>42,905,838</u>
Non-Current Assets:			
Restricted Assets:			
Pooled Cash and Investments	-	50,756,454	-
Cash with Fiscal Agent	-	4,784,159	-
Lease Receivable	-	29,818,737	-
Capital Assets, not depreciated	215,000	92,813,168	59,728
Capital Assets, net of accumulated depreciation	1,046,100	275,213,842	26,671,733
Total Non-Current Assets	<u>1,261,100</u>	<u>453,386,360</u>	<u>26,731,461</u>
Total Assets	<u>8,313,762</u>	<u>618,938,657</u>	<u>69,637,299</u>
Deferred Outflows of Resources	<u>464,354</u>	<u>3,320,993</u>	<u>256,993</u>

**HERNANDO COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025**

	Business-Type Activities - Enterprise Funds		Governmental Activities
	Building Department	Total	Internal Service Funds
LIABILITIES			
Current Liabilities			
Accounts Payable	168,026	10,339,702	4,370,909
Retainage Payable	-	1,408,837	-
Accrued Liabilities	171,673	1,769,804	304,398
Due to Other Governments	33,570	80,528	-
Unearned Revenues	-	977,120	-
Deposits	1,144,205	6,268,638	-
Due Within One Year	41,661	6,662,758	6,857,696
Total Current Liabilities	1,559,135	27,507,387	11,533,003
Non-Current Liabilities			
Due in More Than One Year	1,954,714	80,333,312	18,901,520
Accrued Landfill Closure/ Postclosure Care	-	13,846,510	-
Total Non-Current Liabilities	1,954,714	94,179,822	18,901,520
Total Liabilities	3,513,849	121,687,209	30,434,523
Deferred Inflows of Resources	419,017	31,492,296	220,986
NET POSITION			
Net Investment in Capital Assets	1,261,100	296,281,025	13,192,125
Restricted for			
Capital Projects	-	86,719,180	-
Renewal and Replacement	-	11,869,832	-
Unrestricted	3,584,150	74,210,108	26,046,658
Total Net Position	\$ 4,845,250	\$ 469,080,145	\$ 39,238,783

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

**HERNANDO COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

	Business-Type Activities - Enterprise Funds		
	Water & Sewer District	Aviation Operations	Waste Management
Operating Revenues			
Licenses and Permits	\$ 21,400	\$ -	\$ 24,300
Charges for Services	56,502,705	2,010,546	14,123,647
Miscellaneous	674,638	1,299,596	32,028
Total Operating Revenues	<u>57,198,743</u>	<u>3,310,142</u>	<u>14,179,975</u>
Operating Expenses			
Personnel Services	12,057,100	740,213	2,760,716
Other Services & Charges	18,657,530	1,102,696	14,911,604
Claims	-	-	-
Depreciation and Amortization	8,419,598	1,390,524	2,175,827
Total Operating Expenses	<u>39,134,228</u>	<u>3,233,433</u>	<u>19,848,147</u>
Operating Income (Loss)	<u>18,064,515</u>	<u>76,709</u>	<u>(5,668,172)</u>
Non-Operating Revenues (Expenses)			
Investment Income (Loss)	4,755,069	1,240,155	2,247,119
Interest Expense	(1,706,707)	(8,643)	(992,466)
Operating Grants	559,030	41,979	6,989,368
Gain (Loss) on Sale of Capital Assets	25,862	7,189	209,662
Amortization of Bond Discount/Premium	515,880	-	38,066
Total Non-Operating Revenues (Expenses)	<u>4,149,134</u>	<u>1,280,680</u>	<u>8,491,749</u>
Income (Loss) Before Contributions and Transfers	<u>22,213,649</u>	<u>1,357,389</u>	<u>2,823,577</u>
Capital Grants and Contributions	30,931,340	2,651,521	-
Transfers In	23,464	-	106,415
Transfers Out	(960,714)	(37,469)	(298,655)
Total Contributions and Transfers	<u>29,994,090</u>	<u>2,614,052</u>	<u>(192,240)</u>
Change in Net Position	52,207,739	3,971,441	2,631,337
Net Position-Beginning	319,060,019	44,685,881	41,678,478
Net Position-Ending	<u>\$ 371,267,758</u>	<u>\$ 48,657,322</u>	<u>\$ 44,309,815</u>

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

Building Department	Total	Governmental Activities - Internal Service Funds
\$ 6,179,015	\$ 6,224,715	\$ -
743,556	73,380,454	50,900,404
4,237	2,010,499	2,248,682
<u>6,926,808</u>	<u>81,615,668</u>	<u>53,149,086</u>
		-
3,835,324	19,393,353	4,266,957
2,624,420	37,296,250	16,809,026
-	-	28,316,891
-	11,985,949	4,326,775
<u>6,459,744</u>	<u>68,675,552</u>	<u>53,719,649</u>
<u>467,064</u>	<u>12,940,116</u>	<u>(570,563)</u>
270,856	8,513,199	1,100,468
-	(2,707,816)	(518,130)
215	7,590,592	-
13,213	255,926	522,705
-	553,946	-
<u>284,284</u>	<u>14,205,847</u>	<u>1,105,043</u>
<u>751,348</u>	<u>27,145,963</u>	<u>534,480</u>
-	33,582,861	-
657	130,536	4,618,070
<u>(366,268)</u>	<u>(1,663,106)</u>	<u>(151,233)</u>
<u>(365,611)</u>	<u>32,050,291</u>	<u>4,466,837</u>
385,737	59,196,254	5,001,317
4,459,513	409,883,891	34,237,466
<u>\$ 4,845,250</u>	<u>\$ 469,080,145</u>	<u>\$ 39,238,783</u>

HERNANDO COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities - Enterprise Funds		
	Water & Sewer District	Aviation Operations	Waste Management
Cash Flows from Operating Activities			
Receipts from Customers	\$ 55,263,869	\$ 2,222,517	\$ 14,318,756
Receipts from Inter-Fund Services	-	-	-
Payments to Suppliers	(12,772,458)	(1,691,641)	(12,234,178)
Payments to Employees	(12,312,388)	(784,259)	(2,541,500)
Claims Paid	-	-	-
Other Receipts	674,638	1,299,596	32,028
Net Cash provided by (used for) Operating Activities	<u>30,853,661</u>	<u>1,046,213</u>	<u>(424,894)</u>
Cash Flows from Noncapital Financing Activities			
Operating Grants	559,030	41,979	6,989,368
Transfers from Other Funds	23,464	-	106,415
Transfers to Other Funds	(960,714)	(37,469)	(298,655)
Net Cash Provided by (used for) Noncapital Financing Activities	<u>(378,220)</u>	<u>4,510</u>	<u>6,797,128</u>
Cash Flows From Capital and Related Financing Activities			
Additions to Capital Assets	(21,159,416)	(3,012,610)	(12,188,345)
Proceeds from Capital Debt	-	-	-
Principal Paid on Capital Debt	(4,229,950)	(220,497)	(325,000)
Interest Paid on Capital Debt	(1,943,284)	(15,710)	(1,213,174)
Principal Payments on Long-Term Leases	-	-	(1,134,932)
Interest Payments on Long-Term Leases	-	-	(84,336)
Capital Grants Revenue	9,127,867	2,651,521	-
Connection Fee Collections	10,382,677	-	-
Proceeds From Sale of Capital Assets	25,862	7,189	209,662
Net Cash provided by (used for) Capital and Related Financing Activities	<u>(7,796,244)</u>	<u>(590,107)</u>	<u>(14,736,125)</u>
Cash Flows from Investing Activities			
Interest Received	4,755,069	1,240,155	2,247,119
Net Cash Provided by Investing Activities	<u>4,755,069</u>	<u>1,240,155</u>	<u>2,247,119</u>
Net Increase (Decrease) in Cash and Cash Equivalents	27,434,266	1,700,771	(6,116,772)
Cash and Cash Equivalents-Beginning of Year	117,836,999	6,044,393	56,682,256
Cash and Cash Equivalents-End of Year	<u>\$ 145,271,265</u>	<u>\$ 7,745,164</u>	<u>\$ 50,565,484</u>
Classified as:			
Current Assets	103,011,797	7,745,164	36,282,009
Restricted Assets - Current	1,002,330	-	-
Restricted Assets - Non-current	41,257,138	-	14,283,475
Totals	<u>\$ 145,271,265</u>	<u>\$ 7,745,164</u>	<u>\$ 50,565,484</u>

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

<u>Building Department</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 7,080,085	\$ 78,885,227	\$ 40,172,955
-	-	10,695,119
(2,754,841)	(29,453,118)	(21,815,721)
(3,963,733)	(19,601,880)	(4,261,456)
-	-	(27,286,165)
4,237	2,010,499	2,248,682
<u>365,748</u>	<u>31,840,728</u>	<u>(246,586)</u>
215	7,590,592	-
657	130,536	4,618,070
<u>(366,268)</u>	<u>(1,663,106)</u>	<u>(151,233)</u>
<u>(365,396)</u>	<u>6,058,022</u>	<u>4,466,837</u>
-	(36,360,371)	(6,283,086)
-	-	5,966,000
-	(4,775,447)	(1,417,899)
-	(3,172,168)	(499,953)
-	(1,134,932)	284,591
-	(84,336)	(18,269)
-	11,779,388	-
-	10,382,677	-
13,213	255,926	522,705
<u>13,213</u>	<u>(23,109,263)</u>	<u>(1,445,911)</u>
270,856	8,513,199	1,100,468
<u>270,856</u>	<u>8,513,199</u>	<u>1,100,468</u>
284,421	23,302,686	3,874,808
6,756,276	187,319,924	36,111,184
<u>\$ 7,040,697</u>	<u>\$ 210,622,610</u>	<u>\$ 39,985,992</u>
7,040,697	154,079,667	39,985,992
-	1,002,330	-
-	55,540,613	-
<u>\$ 7,040,697</u>	<u>\$ 210,622,610</u>	<u>\$ 39,985,992</u>

Continued

HERNANDO COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities - Enterprise Funds		
	Water & Sewer District	Aviation Operations	Waste Management
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ 18,064,515	\$ 76,709	\$ (5,668,172)
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided by (used for) Operating Activities			
Depreciation and Amortization	8,419,598	1,390,524	2,175,827
Other Post-Employment Benefits	72,073	4,663	16,593
Pension Adjustments	(644,781)	(44,232)	(144,513)
Other Deferred Amounts	85,862	-	-
Landfill Closure/Postclosure Care Amortization	-	-	1,731,299
(Increase) Decrease in			
Accounts Receivable	(350,068)	(37,166)	(119,597)
Accrued Interest Receivable	-	(12,547)	-
Leases Receivable	-	(822,917)	-
Due from Other Funds	-	-	-
Due from Other Governments	93,629	647,424	287,506
Inventories	(20,654)	-	(10,576)
Prepaid Expenses	-	-	-
Increase (Decrease) in			
Accounts Payable	5,896,359	(588,945)	956,703
Accrued Liabilities	231,558	(4,477)	347,136
Due to Other Funds	72,644	-	-
Due to Other Governments	9,367	-	-
Unearned Revenues	(1,273,045)	-	-
Deposits	196,604	(1,708)	2,900
Claims Liabilities	-	-	-
Deferred Inflows-Leases	-	438,885	-
Total Adjustments	<u>12,789,146</u>	<u>969,504</u>	<u>5,243,278</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ 30,853,661</u>	<u>\$ 1,046,213</u>	<u>\$ (424,894)</u>
Non-cash Investing, Financing, and Capital Activities:			
Contributions of Capital Assets from Developers	<u>\$ 11,420,796</u>	<u>\$ -</u>	<u>\$ -</u>

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

<u>Building Department</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 467,064	\$ 12,940,116	\$ (570,563)
-	11,985,949	4,326,775
22,888	116,217	8,973
(195,823)	(1,029,349)	(87,803)
-	85,862	4,879
-	1,731,299	-
(10,851)	(517,682)	(46,255)
-	(12,547)	-
-	(822,917)	-
-	-	-
7,111	1,035,670	13,926
-	(31,230)	(240,726)
-	-	(2,433,499)
(125,720)	6,138,397	(2,332,471)
44,526	618,743	79,452
-	72,644	-
(4,701)	4,666	-
-	(1,273,045)	-
161,254	359,050	-
-	-	1,030,726
-	438,885	-
<u>(101,316)</u>	<u>18,900,612</u>	<u>323,977</u>
<u>\$ 365,748</u>	<u>\$ 31,840,728</u>	<u>\$ (246,586)</u>
<u>\$ -</u>	<u>\$ 11,420,796</u>	<u>\$ -</u>

**HERNANDO COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2025**

ASSETS

Cash and Cash Equivalents	\$	9,007,941
Pooled Cash and Investments		525,698
Due from Other Governments		14,111
Total Assets		<u>9,547,750</u>

LIABILITIES

Accounts Payable		488,256
Due to Other Governments		5,243,257
Installment Tax Escrow		3,461
Deposits		14,733
Other Current Liabilities		1,406,699
Total Liabilities		<u>7,156,406</u>

NET POSITION:

Restricted for:		
Individuals and Other Governments		2,391,344
Total Net Position	\$	<u>2,391,344</u>

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

**HERNANDO COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

ADDITIONS:

Tax Collections for Other Governments	\$	154,865,531
State of Florida collections		32,496,806
Other collections		51,365,116
Miscellaneous - Revenues		1,436,473
Total additions		<u>240,163,926</u>

DEDUCTIONS:

Payments of Taxes to State of Florida		33,009,846
Payments of Taxes to Other Governments		154,865,531
Other Payments		51,634,626
Miscellaneous - Expenses		6,639
Total deductions		<u>239,516,642</u>

Change in net position

Net Position-beginning of the year		1,744,060
Net Position-end of year	\$	<u>2,391,344</u>

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

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HERNANDO COUNTY, FLORIDA
September 30, 2025

NOTES TO THE FINANCIAL STATEMENTS

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**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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, 2025**

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.

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.).

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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 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.

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

Hernando County Fire Rescue-Rescue - To account for taxes and charges for services for rescue services within the district.

American Rescue Plan Act - To account for expenditures related to funds provided by Coronavirus State and Local Fiscal Recovery Funds program.

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. The fund is reported with major funds for simplicity due to it being the County's only non-major proprietary fund.

The County also reports the following funds:

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

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

Fiduciary Funds – These funds are used to account for assets held on behalf of outside parties, including other governments. Fiduciary Funds include jury and witness, court registry, tax, vehicle tags and law enforcement holdings. Financial information for fiduciary funds is not reported in the government-wide financial statements because these funds are not available to support the County's programs.

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

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

The following is a summary of the more significant policies:

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. The government considers Federal Emergency Management Agency (FEMA) Public Assistance (PA) related revenues to be available if they are collected within 45 days of the end of the current fiscal period. The government considers intergovernmental grant revenues, excluding FEMA PA Funding, to be available if they are expected to be collected within 360 days of the end of the current fiscal year. A majority of the County's grants are expenditure driven and the reimbursement is often approved after the 45-day availability period used for non-grant revenues. Receivables collected after these periods are reported as deferred inflows of resources until the revenue becomes available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all 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.

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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 fiduciary fund is recorded using the *economic resource measurement focus* and *accrual basis of accounting*.

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.

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.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

5. BUDGETARY INFORMATION

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

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

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

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

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

Cash, Cash Equivalents, Pooled Cash and Investments

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

Receivables and Payables

The accounts receivable of the County are recorded in the government-wide and fund financial statements, and are net of an allowance for uncollectible accounts, 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 assets 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 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. There are four 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 recorded amounts associated with long-term receivables, primarily leases, as deferred inflows.

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 available in a future period.

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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.

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

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

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

Compensated Absences

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

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

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.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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.

Leases

The County is a lessee for noncancellable leases of land, building and equipment. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and proprietary fund statements.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain indirect costs. The lease asset is amortized on a straight-line basis over the term of the lease.

Key estimated and judgments related to leases include how the County determines (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term included the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are comprised of fixed payments and any purchase option price that the County is reasonably certain to exercise. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Leased assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentives receivable
- Amounts expected to be payable by the County under residual value guarantees
- The exercise price of a purchase option if it is reasonably certain the option will be executed
- Payments of penalties for terminating the lease, if the lease term reflects the County exercising the option

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Extension and termination options are included in a number of property and equipment leases across the County. These are used to maximize operation flexibility in terms of managing the assets used in the County's operations. The majority of extension and termination options held are exercisable only by the County and not by the respective lessor.

The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used. The incremental borrowing rate is the rate that the individual lease would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-to-use asset in a similar economic environment with similar terms, security and conditions.

Variable payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate) are initially measured using the index or rate as of the commencement of the lease term.

The County is a lessor for noncancellable leases of land and buildings. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund and proprietary fund statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. The deferred inflow of resources is recognized as revenue over the term of the lease. Key estimated and judgments related to leases include how the County determines (1) the discount rate used to discount the expected lease receipts to present value, (2) lease term, and (3) lease payments.

The County uses its estimated incremental borrowing rate as the discounted rate for leases.

The lease term included the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are comprised of fixed payments from the lessee.

The County monitors changes in circumstances that would require a measurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription-Based Information Technology Arrangements (SBITAs)

The County has non-cancellable subscription-based information technology arrangements. A subscription liability and an intangible right-to-use asset are recognized in the government-wide financial statements. At the commencement of a subscription, the County initially measures the subscription liability at the present value of payments expected to be made during the subscription term and the liability is reduced by the principal portion of subsequent subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs and is amortized on a straight-line basis over its useful life. The County monitors changes in circumstances that would require a remeasurement of IT subscriptions and will remeasure the subscription asset and subscription liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

7. EFFECTS OF NEW ACCOUNTING PRONOUNCEMENTS

During the year ended September 30, 2025, the County implemented the following Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 101, *Compensated Absences*, was previously early implemented in FY2023.
- GASB Statement No. 102, *Certain Risk Disclosures* provides users of government financial statements with essential information about risks related to the government's vulnerabilities due to certain concentrations or constraints. Its implementation has no impact on the County's financial statements.

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, 2025.

2. DEFICIT FUND BALANCES/NET POSITION

For the year ended September 30, 2025, the following fund had a deficit fund balance:

Restore Act Projects	\$	19,094
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The deficit is due to a timing difference between expenditures and reimbursement from a grantor.

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE C – CASH AND INVESTMENTS

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

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

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

The following is a summary of the carrying amount of cash, investments and cash held with fiscal agent as of September 30, 2025:

	Governmental Activities	Business Type Activities	Statement of Fiduciary Net Position	Total
Cash and Cash Equivalents	\$ 31,877,888	\$ 80,814	\$ 9,007,941	\$ 40,966,643
Pooled Cash and Investments	286,899,109	205,757,637	525,698	493,182,444
Cash with Fiscal Agent	5,149	4,784,159	-	4,789,308
Total	\$ 318,782,146	\$ 210,622,610	\$ 9,533,639	\$ 538,938,395

The County had the following deposits, investments and cash held with fiscal agent at September 30, 2025:

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

Deposits	\$ 59,467,601
Cash with Fiscal Agent	4,789,308
Carrying Amount of Investments	<u>474,681,486</u>
Total	<u><u>\$ 538,938,395</u></u>

DEPOSITS

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

CASH WITH FISCAL AGENT

At September 30, 2025, the County had the following funds held by a fiscal agent for the County:

Non-major Governmental Funds	5,149
Water & Sewer District	<u>4,784,159</u>
Total	<u><u>\$ 4,789,308</u></u>

These funds are held by the State in conjunction for utility relocation projects, and other road improvement projects.

INVESTMENTS

At September 30, 2025, the County's investments consisted of the following:

	<u>Par Value</u>	<u>Fair Value</u>	<u>0-3 years</u>	<u>1-5 years</u>
United States Treasuries	\$ 181,715,000	\$ 181,991,626	\$ 90,133,553	\$ 91,858,073
Federal Farm Credit Banks				
Funding Corporation	21,300,000	21,486,144	11,061,744	10,424,400
Federal Hermes, Inc.	1,480,171	1,480,171	781,731	698,440
Federal Home Loan Bank	26,375,000	27,047,296	10,316,727	16,730,569
Federal National				
Mortgage Association	-	-	-	-
Supranationals	8,000,000	8,163,139	3,979,530	4,183,609
Corporate Notes	26,235,000	26,698,181	13,641,518	13,056,663
Municipals	3,815,000	3,924,211	1,477,689	2,446,522
Local Government Surplus Funds				
Trust Fund (Florida Prime)	67,831,332	67,831,332	67,831,332	-
Florida Local Government				
Investment Trust (Florida Trust)	34,463,658	34,463,658	34,463,658	-
Florida Local Government Investment				
Trust (Florida Trust - Day to Day)	1,491,248	1,491,248	1,491,248	-
Florida Cooperative Liquid Assets				
Securities System (FLCLASS)	100,104,480	100,104,480	100,104,480	-
	<u>\$ 472,810,889</u>	<u>\$ 474,681,486</u>	<u>\$ 335,283,210</u>	<u>\$ 139,398,276</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

The County 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 Court Clerks & Comptrollers and the Florida Association of Counties, Inc., 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 offers multiple investment options, including the Day to Day Fund and the Short-Term Bond Fund. The Day to Day Fund reports share information at a stable net asset value, while the Short-Term Bond Fund reports share information at a fluctuating net asset value, which reflects the value of the underlying investments.

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

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

GASB Statement No. 72, *Fair Value Measurement and Application*, sets forth the framework for measuring fair value and establishes a Fair Value Hierarchy. 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. Following is a description of the three levels of valuation techniques and the specific technique the County uses.

- Level 1 inputs: quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. US Treasuries are valued using quoted prices in active markets from the custodian bank's primary external pricing vendors. Money Market Funds are valued using quoted market prices.
- Level 2 inputs: certain inputs other than quoted prices that are observable for the asset or liability. US Agencies and Instrumentalities, Corporate Notes and Municipal Notes are valued using prices from the custodian bank's external pricing vendors, and often involves the use of evaluation models such as Matrix Pricing, which is based on the securities' relationship to benchmark quoted prices..
- Level 3 inputs: unobservable inputs for an asset or liability. The County didn't have any investments with a Fair Value Hierarchy of Level 3.

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

At September 30, 2025, the County's investments carried the following Credit Rating and Fair Value Hierarchy:

Type of Investment	Credit Rating			Fair Value Hierarchy
	S&P's	Moody's	Fitch	
United States Treasuries	AA+	Aa1	NA	1
Federal Farm Credit Banks				
Funding Corporation	AA+	Aa1	NA	2
Federated Hermes, Inc.	AAAm	Aaa	NA	2
Federal Home Loan Bank	AA+	Aa1	NA	2
Federal National				
Mortgage Association	AA+	Aaa	NA	2
Money Market Fund	NA	NA	AAAmf	1
Supranationals	AAA	Aaa		2
Corporate Notes	A to AAA	A2 to Aaa	NA	2
Municipal Notes	AA- to AAA	Aa3 to Aa2	NA	2
Local Government Surplus Funds				
Trust Fund (Florida Prime)	AAAm	NA	NA	N/A
Florida Local Government				
Investment Trust (Florida Trust)	NA	NA	AAAf/S1	N/A
Florida Cooperative Liquid Assets				
Securities System (FLCLASS)	AAAm	NA	NA	N/A

Management of the following investment risks are addressed below:

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

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

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 National Mortgage Association, and Supranationals 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.

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

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**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE D – RECEIVABLES

Accounts receivable at September 30, 2025, for the County's individual major funds and non-major funds in total, including applicable allowances for uncollectible accounts were as follows:

	Accounts Receivable Gross	Allowance for Uncollectible Accounts	Accounts Receivable Net
General Fund	\$ 1,012,108	\$ 724,694	\$ 287,414
Transportation Trust and Gas Taxes	97,498	70,930	26,568
Hernando County Fire Rescue -Fire	867,612	416,378	451,234
Hernando County Fire Rescue -Rescue	26,049,398	12,298,355	13,751,043
Water and Sewer District	7,176,085	342,482	6,833,603
Aviation Operations	194,130	148,269	45,861
Waste Management	800,553	58,751	741,802
Building Department	188,243	176,278	11,965
Non-major government funds	17,060,052	16,847,278	212,774
Internal Service Funds	51,648	-	51,648
Total	\$ 53,497,327	\$ 31,083,415	\$ 22,413,912

Included in accounts receivable in the Water and Sewer District are unbilled amounts totaling \$3,168,089 earned in September 2025 but billed in October 2025.

The County's State Housing Initiatives Partnership (SHIP) program offers zero-interest rate loans for housing rehabilitation or down payment assistance to qualified recipients. Currently, the loans are required to be repaid at the sale/transfer of the property if made before 30 years. Loans are forgiven if the recipient remains in the house beyond 30 years. The County has recorded the gross amount of the receivable as an asset of \$16.8 million, fully offset by an allowance for uncollectible receivables.

Due from Other Governments at September 30, 2025, for the County's individual major funds and non-major funds were as follows:

	Due from Grantors	Due from State	Other	Total
General Fund	\$ 2,529,909	\$ 1,300,179	\$ 1,368,956	\$ 5,199,044
Transportation Trust and Gas Taxes	2,015,397	1,226,387	2,601	3,244,385
Hernando County Fire Rescue -Fire	-	991	-	991
Hernando County Fire Rescue -Rescue	66,275	-	6,040	72,315
Water and Sewer District	1,459,826	-	41,267	1,501,093
Aviation Operations	411,876	-	-	411,876
Waste Management	2,927	-	-	2,927
Building Department	-	-	-	-
Non-major government funds	333,713	-	1,429,460	1,763,173
Custodial funds	-	-	14,111	14,111
Total	\$ 6,819,923	\$ 2,527,557	\$ 2,862,435	\$ 12,209,915

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE E – LEASES RECEIVABLE

The County leases land and buildings to third parties. As of September 30, 2025, The County's leases receivable were valued at \$45,059,376 and the deferred inflow of resources associated with these leases that will be recognized as revenue over the term of the leases was \$43,365,558. Included in revenue was lease revenue of \$281,843 and \$833,989 for governmental and business-type activities, respectively. Interest revenue from leases of \$596,292 and \$1,023,872 was recorded for governmental and business-type activities, respectively.

The leases receivable for Governmental and Business-Type Activities at September 30, 2025 were as follows:

Governmental Activities

Land leases - annual lease payments totaling \$40,851 plus interest for 2026 at rates ranging from 3.42% to 4.00%, final maturities ranging from 2026 to 2060 \$ 1,953,109

Building leases - annual lease payments totaling \$24,805 plus interest for 2026 at rates ranging from 3.42% to 3.90%, final maturities ranging from 2026 to 2123 12,818,857

Total Governmental Activities Leases Receivable \$ 14,771,966

Business-Type Activities

Land leases - annual lease payments totaling \$468,673 plus interest for 2026 at rates ranging from 3.42% to 4.00%, due dates ranging from 2026 to 2090 \$ 30,287,410

Total Business-Type Activities Leases Receivable \$ 30,287,410

NOTE F – RESTRICTED ASSETS

As of September 30, 2025, restricted assets were held for the following purposes:

	Cash with Fiscal Agent	Pooled Cash and Investments and Other Investments	Total
Non-major government funds	\$ 5,149	\$ -	\$ 5,149
Total Governmental Activities	<u>5,149</u>	<u>-</u>	<u>5,149</u>
Water and Sewer District			
Construction	4,784,159	28,480,509	33,264,668
Renewal and Replacement	-	7,992,470	7,992,470
Total Water and Sewer District	<u>4,784,159</u>	<u>36,472,979</u>	<u>41,257,138</u>
Waste Management			
Construction	-	1,690,602	1,690,602
Landfill Closure/Post-closure	-	12,592,873	12,592,873
Total Waste Management	<u>-</u>	<u>14,283,475</u>	<u>14,283,475</u>
Total Business-Type Activities	<u>\$ 4,784,159</u>	<u>\$ 50,756,454</u>	<u>\$ 55,540,613</u>

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE G – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated/amortized:				
Land	\$ 36,984,946	\$ 1,271,770	\$ -	\$ 38,256,716
Construction in Progress	63,229,350	18,225,315	-	81,454,665
Total capital assets, not being depreciated/amortized:	100,214,296	19,497,085	-	119,711,381
Capital assets, being depreciated/amortized:				
Buildings	135,978,574	2,085,202	-	138,063,776
Infrastructure	348,425,235	11,531,833	-	359,957,068
Improvements other than buildings	35,095,332	-	-	35,095,332
Equipment	96,159,892	9,323,470	2,423,371	103,059,991
Software	1,329,960	-	-	1,329,960
Right-to-use land	3,789,035	-	-	3,789,035
Right-to-use building	2,115,202	277,819	-	2,393,021
Right-to-use equipment	-	-	-	-
SBITA	3,014,431	5,400,372	-	8,414,803
Total capital assets, being depreciated/amortized:	625,907,661	28,618,696	2,423,371	652,102,986
Less accumulated depreciation/amortization for:				
Buildings	74,260,124	3,606,884	-	77,867,008
Infrastructure	159,453,973	10,184,371	-	169,638,344
Improvements other than buildings	25,260,077	970,580	-	26,230,657
Equipment	57,551,035	6,180,224	2,326,151	61,405,108
Software	1,112,342	-	-	1,112,342
Right-to-use land	505,757	72,547	-	578,304
Right-to-use building	819,210	285,348	-	1,104,558
Right-to-use equipment	-	-	-	-
SBITA	905,520	1,424,118	-	2,329,638
Total accumulated depreciation/amortization for:	319,868,038	22,724,072	2,326,151	340,265,959
Total capital assets, being depreciated/amortized, net	306,039,623	5,894,624	97,220	311,837,027
Capital assets, net	\$ 406,253,919	\$ 25,391,709	\$ 97,220	\$ 431,548,408

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital assets, not being depreciated/amortized:				
Land	\$ 10,780,018	\$ -	\$ -	\$ 10,780,018
Construction in Progress	58,238,255	23,794,895	-	82,033,150
Total capital assets, not being depreciated/amortized:	<u>69,018,273</u>	<u>23,794,895</u>	<u>-</u>	<u>92,813,168</u>
Capital assets, being depreciated:				
Buildings	22,426,247	-	-	22,426,247
Infrastructure	3,563,251	-	-	3,563,251
Improvements other than buildings	461,739,710	24,129,958	-	485,869,668
Equipment	11,004,875	542,253	24,823	11,522,305
Software	941,907	-	-	941,907
Right-to-use equipment	3,454,702	-	-	3,454,702
Total capital assets, being depreciated:	<u>503,130,692</u>	<u>24,672,211</u>	<u>24,823</u>	<u>527,778,080</u>
Less accumulated depreciation/amortization for:				
Buildings	9,412,983	635,012	-	10,047,995
Infrastructure	1,161,146	89,258	-	1,250,404
Improvements other than buildings	221,763,625	9,501,125	-	231,264,750
Equipment	7,262,853	608,987	24,823	7,847,017
Software	194,075	-	-	194,075
Right-to-use equipment	808,430	1,151,567	-	1,959,997
Total accumulated depreciation/amortization for:	<u>240,603,112</u>	<u>11,985,949</u>	<u>24,823</u>	<u>252,564,238</u>
Total capital assets, being depreciated, net	<u>262,527,580</u>	<u>12,686,262</u>	<u>-</u>	<u>275,213,842</u>
Capital assets, net	<u>\$ 331,545,853</u>	<u>\$ 36,481,157</u>	<u>\$ -</u>	<u>\$ 368,027,010</u>

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

Depreciation and amortization expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 7,810,619
Public Safety	1,250,014
Physical Environment	383,890
Transportation	11,073,289
Human Services	1,583,980
Culture and Recreation	571,142
Court Operations	51,138
Total Depreciation and Amortization for Governmental Activities	\$ 22,724,072
Business-Type Activities	
Water and Sewer District	\$ 8,419,598
Aviation Operations	1,390,524
Waste Management	2,175,827
Total Depreciation and Amortization for Business-Type Activities	\$ 11,985,949

Construction or capital improvement commitments outstanding as measured by purchase orders and contracts outstanding at September 30, 2025 were as follows:

	Construction Commitments Outstanding
General Fund	\$ 10,456,006
Transportation Trust and Gas Taxes	12,012,039
Hernando County Fire Rescue - Fire	32,150
Hernando County Fire Rescue - Rescue	32,150
Non-major governmental funds	
Stormwater Management	1,378,823
Impact Fees Capital Projects Fund	481,165
Restore Act Projects	3,012,980
Water and Sewer District	69,914,845
Aviation Operations	635,991
Waste Management	9,917,924
Internal service funds	
Central Fueling System	8,199
Fleet Replacement	15,776,063
Total	\$ 123,658,335

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE H – INTERFUND TRANSACTIONS

1. DUE TO / DUE FROM OTHER FUNDS

Interfund balances at September 30, 2025 were as follows:

	Interfund Receivable	Interfund Payable
General Fund		
Non-major Governmental Funds	\$ 79,914	\$ -
	79,914	-
Non-major Governmental Funds		
General Fund	-	79,914
	-	79,914
Total	\$ 79,914	\$ 79,914

The outstanding balances between funds generally result from recording excess fees associated with Tax Collector and Property Appraiser services, as excess fees are allocated from the General Fund back to the funds that paid for the collection services. Excess fees are calculated after year end, and as such are interfund receivables and payables. Other outstanding balances are the result of time delays between transactions recorded in the accounting system and payments being made between funds.

2. ADVANCES TO / ADVANCES FROM OTHER FUNDS

Individual interfund advances were as follows:

	Advances to Other Funds	Advances from Other Funds
General Fund	\$ 450,000	\$ -
Special Revenue Funds		
Miscellaneous Special Revenue Funds	-	450,000
The General Fund advanced \$450,000 at 0% interest, to establish a separate fund within Miscellaneous Special Revenue funds for the Hernando/Citrus Metropolitan Planning Organization. A date for final reimbursement has not been determined		
Total	\$ 450,000	\$ 450,000

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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	\$ 1,806,717	\$ -
Hernando County Fire Rescue - Fire	205,865	-
Hernando County Fire Rescue - Rescue	203,344	-
Non-major Governmental Funds	92,216	5,690,426
Water and Sewer District	250,000	-
Waste Managemenet	125,000	-
Building Department	125,000	-
Internal Service Funds	-	1,083,609
	<u>2,808,142</u>	<u>6,774,035</u>
 Transportation Trust and Gas Taxes		
General Fund	-	1,806,717
Non-Major Governmental Funds	270,916	67,923
Internal Service Funds	-	517,844
	<u>270,916</u>	<u>2,392,484</u>
 Hernando County Fire Rescue - Fire		
General Fund	-	205,865
Non-Major Governmental Funds	487,950	202,264
Internal Service Funds	-	953,832
	<u>487,950</u>	<u>1,361,961</u>
 Hernando County Fire Rescue - Rescue		
General Fund	-	203,344
Non-Major Governmental Funds	235,565	134,842
Internal Service Funds	-	680,787
	<u>235,565</u>	<u>1,018,973</u>

(continued)

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Non-major Governmental Funds		
General Fund	5,690,426	92,216
Transportation Trust and Gas Taxes	67,923	270,916
Hernando County Fire Rescue - Fire	202,264	487,950
Hernando County Fire Rescue - Rescue	134,842	235,565
Non-major Governmental Funds	7,738,063	7,738,063
Water and Sewer District	-	23,464
Waste Managemenet	-	106,415
Building Department	-	657
Internal Service Funds	63,084	130,743
	<u>13,896,602</u>	<u>9,085,989</u>
Water and Sewer District		
General Fund	-	250,000
Non-major Governmental Funds	23,464	-
Internal Service Funds	-	710,714
	<u>23,464</u>	<u>960,714</u>
Aviation Operations		
Internal Service Funds	-	37,469
	<u>-</u>	<u>37,469</u>
Waste Managemenet		
General Fund	-	125,000
Non-major Governmental Funds	106,415	-
Internal Service Funds	-	173,655
	<u>106,415</u>	<u>298,655</u>
Building Department		
General Fund	-	125,000
Non-major Governmental Funds	657	-
Internal Service Funds	-	241,268
	<u>657</u>	<u>366,268</u>
Internal Service Funds		
General Fund	1,083,609	-
Transportation Trust and Gas Taxes	517,844	-
Hernando County Fire Rescue - Fire	953,832	-
Hernando County Fire Rescue - Rescue	680,787	-
Non-major Governmental Funds	130,743	63,084
Water and Sewer District	710,714	-
Aviation Operations	37,469	-
Waste Managemenet	173,655	-
Building Department	241,268	-
Internal Service Funds	88,149	88,149
	<u>4,618,070</u>	<u>151,233</u>
Total	<u>\$ 22,447,781</u>	<u>\$ 22,447,781</u>

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE I – LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable from direct borrowings/direct placements	\$ 31,285,000	\$ -	\$ -	\$ 31,285,000	\$ -
Net Bond Premium	887,108	-	45,017	842,091	45,017
Total Bonds Payable	32,172,108	-	45,017	32,127,091	45,017
Loans & Notes from direct borrowings/direct placements	24,480,412	6,532,860	4,325,345	26,687,927	4,569,886
Leases Payable	4,907,792	385,147	351,944	4,940,995	389,460
SBITA Payable	120,210	4,546,878	1,377,927	3,289,161	766,566
Compensated Absences ^a	14,238,778	1,567,988	-	15,806,766	8,193,399
Other Post Employment Benefits	21,555,739	6,827,978	-	28,383,717	1,389,763
Net Pension Liability	168,272,051	-	25,253,211	143,018,840	-
Claims Liability	6,971,376	1,030,726	-	8,002,102	4,952,102
Total Governmental Activities	\$ 272,718,466	\$ 20,891,577	\$ 31,353,444	\$ 262,256,599	\$ 20,306,193
Business-Type Activities					
Bonds Payable from direct borrowings/direct placements	\$ 69,979,950	\$ -	\$ 4,554,950	\$ 65,425,000	\$ 4,645,000
Net Bond Premium	7,156,698	-	553,946	6,602,752	553,278
Total Bonds Payable	77,136,648	-	5,108,896	72,027,752	5,198,278
Loans & Notes from direct borrowings/direct placements	220,497	-	220,497	-	-
Leases Payable	2,641,797	-	1,134,932	1,506,865	1,181,202
Compensated Absences ^a	1,281,942	36,452	-	1,318,394	105,740
Other Post Employment Benefits	2,924,152	886,814	-	3,810,966	177,538
Net Pension Liability	10,823,192	-	2,491,099	8,332,093	-
Landfill Closure/ Postclosure Liability	12,115,211	1,731,299	-	13,846,510	-
Total Business-Type Activities	\$ 107,143,439	\$ 2,654,565	\$ 8,955,424	\$ 100,842,580	\$ 6,662,758

(a) Additions and Reductions in Compensated Absences are netted as allowed by GASBS101.

	Water & Sewer District	Aviation Operations	Waste Management	Building Department	Total
Business-Type Activities					
Bonds Payable from direct borrowings/direct placements	\$ 47,220,000	\$ -	\$ 18,205,000	\$ -	\$ 65,425,000
Net Bond Premium	5,975,605	-	627,147	-	6,602,752
Total Bonds Payable	53,195,605	-	18,832,147	-	72,027,752
Loans & Notes from direct borrowings/direct placements	-	-	-	-	-
Leases Payable	-	-	1,506,865	-	1,506,865
Compensated Absences	826,663	54,205	206,233	231,293	1,318,394
Other Post Employment Benefits	2,443,055	132,410	586,738	648,763	3,810,966
Net Pension Liability	5,488,271	321,453	1,406,050	1,116,319	8,332,093
Landfill Closure/ Postclosure Liability	-	-	13,846,510	-	13,846,510
Total Business-Type Activities	\$ 61,953,594	\$ 508,068	\$ 36,384,543	\$ 1,996,375	\$ 100,842,580

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

1. LOANS & NOTES FROM DIRECT BORROWINGS/DIRECT PLACEMENTS

Summary of Loans & Notes

	Governmental Activities	Business-Type Activities
Non-revolving Lines of Credit	\$ 16,056,340	\$ -
Other Loans and Notes	10,631,587	-
Total	\$ 26,687,927	\$ -

Governmental Activities

The following are summaries of Non-Revolving Lines of Credit at September 30, 2025:

Governmental Activities - Governmental Funds

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, 15 years, as determined at the time of the draw. Payment of principal and interest on these notes is secured by covenant to budget and appropriate legally available non-ad valorem revenues or special assessments levied and collected for the project. The master notes and the draws are secured by and payable solely from Non-Ad Valorem revenues budgeted and appropriated to pay debt service. In the event of default, the Noteholder may take action in any court to enforce and compel performance. The term to make draws from this line of credit has expired, and thus there is no unused amount available to the County. As of year-end the following notes had been executed under this agreement:

<p>Courthouse Energy Performance Study. Applicable rate of interest: 2.8% until January 1, 2018 then 3.40%. Average annual principal payment of \$62,848 due until May 1, 2029. Interest is paid semi-annually May 1 and November 1.</p>	<p>\$ 234,734</p>
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**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

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.	\$ 38,206
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.	168,374
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.	5,137
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.	8,006
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.	27,044
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.	17,858

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

<p>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.</p>	13,223
<p>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.</p>	10,026
<p>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.</p>	11,978
<p>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.</p>	128,428
<p>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.</p>	28,465
<p>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.</p>	44,522
<p>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.</p>	19,864
<p>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.</p>	31,068
<p>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.</p>	33,988
<p>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.</p>	67,601

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

Jackdaw Road Paving. Applicable rate of interest: 4.09%. Average annual principal payments of \$4,928 due until May 1, 2029. Interest paid semi-annually May 1 and November 1.	19,950	
Jaybird Road Paving. Applicable rate of interest: 4.09%. Average annual principal payments of \$15,289 due until May 1, 2029. Interest paid semi-annually May 1 and November 1.	61,895	
Kodiak Wren Road Paving. Applicable rate of interest: 4.09%. Average annual principal payments of \$6,478 due until May 1, 2029. Interest paid semi-annually May 1 and November 1.	26,225	
Old Squaw Avenue Paving. Applicable rate of interest: 4.09%. Average annual principal payments of \$12,859 due until May 1, 2029. Interest paid semi-annually May 1 and November 1.	52,058	
Quill Paving. Applicable rate of interest: 4.09%. Average annual principal payments of \$3,396 due until May 1, 2029. Interest paid semi-annually May 1 and November 1.	13,748	
Wood Owl Road Paving. Applicable rate of interest: 3.14%. Average annual principal payments of \$14,010 due until May 1, 2029. Interest paid semi-annually May 1 and November 1.	61,053	
Tinamou Area Paving. Applicable rate of interest: 3.14%. Average annual principal payments of \$19,150 due until May 1, 2029. Interest paid semi-annually May 1 and November 1.	83,452	
Alberta Street Paving. Applicable rate of interest: 3.14%. Average annual principal payments of \$10,860 due until May 1, 2029. Interest paid semi-annually May 1 and November 1.	47,326	
White Road Paving. Applicable rate of interest: 3.03%. Average annual principal payments of \$18,592 due until May 1, 2029. Interest paid semi-annually May 1 and November 1.	80,402	
	80,402	\$ 1,099,897

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

Non-revolving line of credit dated March 11, 2020 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 a covenant to budget and appropriate legally available non-ad valorem revenues or special assessments levied and collected for the project. The master notes and the draws are secured by and payable solely from non-Ad Valorem revenues budgeted and appropriated to pay debt service. In the event of default, the Noteholder may take action in any court to enforce and compel performance. The term to make draws from this line of credit has expired, and thus there is no unused amount available to the County. As of year-end the following notes had been executed under this agreement:

Marsh Wren Avenue Paving. Applicable rate of interest: 2.327%. Average annual principal payments of \$5,961 due until May 1, 2030. Interest is paid semi-annually May 1 and November 1.	\$ 31,460
Nordica Road Paving. Applicable rate of interest: 2.327%. Average annual principal payments of \$4,968 due until May 1, 2030. Interest is paid semi-annually May 1 and November 1.	26,221
Piping Plover Area Road Paving. Applicable rate of interest: 2.327%. Average annual principal payments of \$17,752 due until May 1, 2030. Interest is paid semi-annually May 1 and November 1.	93,691
Royal Highlands Area L Road Paving. Applicable rate of interest: 2.327%. Average annual principal payments of \$18,782 due until May 1, 2030. Interest is paid semi-annually May 1 and November 1.	99,130
Dolquieb Lane Area Road Paving. Applicable rate of interest: 2.327%. Average annual principal payments of \$19,424 due until May 1, 2030. Interest is paid semi-annually May 1 and November 1.	102,520
Michigan Avenue Road Paving. Applicable rate of interest: 2.06%. Average annual principal payments of \$16,017 due until May 1, 2031. Interest is paid semi-annually May 1 and November 1.	98,069
Hurricane Drive Road Paving. Applicable rate of interest: 2.06%. Average annual principal payments of \$14,737 due until May 1, 2031. Interest is paid semi-annually May 1 and November 1.	90,229
Pleasant Area Road Paving. Applicable rate of interest: 3.63%. Average annual principal payments of \$44,041 due until May 1, 2032. Interest is paid semi-annually May 1 and November 1.	316,496

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

Mandrake/Canary Road Paving. Applicable rate of interest: 3.2847%. Average annual principal payments of \$13,109 due until May 1, 2032. Interest is paid semi-annually May 1 and November 1.	93,983	
Station 5 - Fire. Applicable rate of interest: 2.06%. Average annual principal payments of \$490,000 due until May 1, 2031. Interest is paid semi-annually May 1 and November 1.	3,000,158	
Station 6 - Fire. Applicable rate of interest: 2.06%. Average annual principal payments of \$50,000 due until May 1, 2031. Interest is paid semi-annually May 1 and November 1.	306,139	
Penn State Road/Scaup Duck Avenue Paving. Applicable rate of interest: 4.55%. Average annual principal payments of \$56,686 due until May 1, 2035. Interest is paid semi-annually May 1 and November 1.	566,860	\$ 4,824,956

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

Applicable rate of interest: 2.572%. Average annual principal payments of \$1,987,624 due until February 1, 2028. Interest is paid semi-annually February 1 and August 1.		\$ 4,472,000
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**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

Governmental Activities - Internal Service Funds Funds

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

Vehicle purchases. Applicable rate of interest: 2.16% until January 1, 2018 then 2.63%. Average annual principal payments of \$200,000 due until May 1, 2027. Interest is paid semi-annually May 1 and November 1. \$ 132,531

Non-revolving line of credit dated March 11, 2020 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 a covenant to budget and appropriate legally available non-ad valorem revenues or special assessments levied and collected for the project. The master notes and the draws are secured by and payable solely from non-Ad Valorem revenues budgeted and appropriated to pay debt service. In the event of default, the Noteholder may take action in any court to enforce and compel performance. The term to make draws from this line of credit has expired, and thus there is no unused amount available to the County. As of year-end the following notes had been executed under this agreement:

Vehicle purchases. Applicable rate of interest: 2.104%. Average annual principal payments of \$252,280 due until May 1, 2030. Interest is paid semi-annually May 1 and November 1. \$ 1,330,803

Vehicle purchases. Applicable rate of interest: 1.73%. Average annual principal payments of \$60,820 due until May 1, 2027. Interest is paid semi-annually May 1 and November 1. 126,576

Vehicle purchases. Applicable rate of interest: 1.98%. Average annual principal payments of \$99,024 due until May 1, 2030. Interest is paid semi-annually May 1 and November 1. 517,854

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

Vehicle purchases. Applicable rate of interest: 3.2921%. Average annual principal payments of \$47,729 due until May 1, 2029. Interest is paid semi-annually May 1 and November 1.

	195,576	
		\$ 2,170,809

Non-Ad Valorem Revenue Note, Series 2023 dated June 20, 2023 with a bank for \$4,062,000 is a direct borrowing to be used to finance vehicle purchases. Payment of principal and interest on this note is secured by and payable solely from Non-Ad Valorem revenues budgeted and appropriated to pay debt service. In the event of default, the Noteholder may take action in any court to enforce and compel performance.

Vehicle purchases. Applicable rate of interest: 3.9%. Average annual principal payments of \$406,200 due until May 1, 2033. Interest is paid semi-annually May 1 and November 1.

	\$ 3,407,000

Non-Ad Valorem Revenue Note, Series 2024 dated April 4, 2024 with a bank for \$4,765,000 is a direct borrowing to be used to finance vehicle purchases. Payment of principal and interest on this note is secured by and payable solely from Non-Ad Valorem revenues budgeted and appropriated to pay debt service. In the event of default, the Noteholder may take action in any court to enforce and compel performance.

Vehicle purchases. Applicable rate of interest: 4.0%. Average annual principal payments of \$476,500 due until May 1, 2034. Interest is paid semi-annually May 1 and November 1.

	\$ 4,380,000

Non-Ad Valorem Revenue Note, Series 2025 dated May 29, 2025 with a bank for \$5,966,000 is a direct borrowing to be used to finance vehicle purchases. Payment of principal and interest on this note is secured by and payable solely from Non-Ad Valorem revenues budgeted and appropriated to pay debt service. In the event of default, the Noteholder may take action in any court to enforce and compel performance.

Vehicle purchases. Applicable rate of interest: 3.530%. Average annual principal payments of \$596,600 due until May 1, 2035. Interest is paid semi-annually May 1 and November 1.

	\$ 5,966,000
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Total Governmental Activities Loans and Notes	\$ 26,687,927
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**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

Year ended September 30	Principal	Interest	Total
2026	\$ 4,520,297	\$ 836,052	\$ 5,356,349
2027	4,455,015	713,137	5,168,152
2028	4,396,438	572,944	4,969,382
2029	2,823,978	457,990	3,281,968
2030	2,669,879	369,217	3,039,096
2031-2035	7,822,320	742,454	8,564,774
	<u>\$ 26,687,927</u>	<u>\$ 3,691,794</u>	<u>\$ 30,379,721</u>

2. LEASES PAYABLE

Governmental Activities

The County is a lessee for noncancellable leases of land, building and equipment. At September 30, 2025, the County's Long-term Lease payable was composed of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Land	\$ 3,575,210	\$ -	\$ 130,618	\$ 3,444,592	\$ 56,591
Building	1,332,582	385,147	221,326	1,496,403	332,869
Total Long-Term Leases	<u>\$ 4,907,792</u>	<u>\$ 385,147</u>	<u>\$ 351,944</u>	<u>\$ 4,940,995</u>	<u>\$ 389,460</u>

The County has entered into land lease agreements. The lease agreements qualify as other than short-term leases under GASB 87 and , therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The lease terms range from 2027 to 2054. There are no variable components of the lease. The leases liability is measured at discount rates ranging from 3.42% to 3.90% representing the County's incremental borrowing rate based on the time each lease was established. As a result of the leases, the County has recorded right-to-use assets with a total net book value of \$3,283,278 at September 30, 2025.

The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2025 were as follows:

**HERNANDO COUNTY, FLORIDA
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Year ended September 30	Principal	Interest
2026	\$ 56,591	\$ 116,944
2027	63,846	114,895
2028	71,196	112,907
2029	79,594	110,032
2030	88,138	107,176
2030-2034	585,771	482,291
2035-2039	879,587	358,589
2040-2044	709,211	209,021
2045-2049	748,829	96,380
2050-2054	161,829	8,294
Total	<u>\$ 3,444,592</u>	<u>\$ 1,716,529</u>

The County has entered into building lease agreements. The lease agreements qualify as other than short-term leases under GASB 87 and , therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The lease terms range from 2025 to 2031. There are no variable components of the lease. The leases liability is measured at discount rates ranging from 3.42% to 3.90% representing the County's incremental borrowing rate based on the time each lease was established. As a result of the leases, the County has recorded right-to-use assets with a total net book value of \$1,295,992 at September 30, 2025.

The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2025 were as follows:

Year ended September 30	Principal	Interest
2026	\$ 332,869	\$ 49,842
2027	308,455	38,030
2028	247,010	27,576
2029	248,134	18,341
2030	251,098	8,715
2030-2031	108,837	1,894
Total	<u>\$ 1,496,403</u>	<u>\$ 144,398</u>

Business-Type Activities

The County is a lessee for noncancellable leases of equipment. At September 30, 2025, the County's Long-term Lease payable was \$1,506,865.

The County has entered into equipment lease agreements. The lease agreements qualify as other than short-term leases under GASB 87 and , therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The lease terms extend thru 2027. There are no variable components of the lease. The leases liability is measured at a discount rate of 4.00% representing the County's incremental borrowing rate based on the time these leases were established. As a result of the leases, the County has recorded right-to-use assets with a total net book value of \$1,494,705 at September 30, 2025.

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2025 were as follows:

Year ended September 30	Principal	Interest
2026	\$ 1,181,202	\$ 38,740
2027	325,663	2,323
Total	<u>\$ 1,506,865</u>	<u>\$ 41,063</u>

3. Subscription Based Information Technology Arrangements (SBITAs)

Governmental Activities

The County has various subscription-based information technology arrangements with various terms under long-term, non-cancelable agreements. The lease payments end in 2029. The SBITA liability is measured at a discount rate of 3.53% to 4.00% representing the County's incremental borrowing rate based on the time each SBITA was established.

The future minimum payments and the net present value of the minimum payments as of September 30, 2025 were as follows:

Year ended September 30	Principal	Interest
2026	\$ 766,566	\$ 118,005
2027	809,070	90,503
2028	840,481	61,492
2029	873,044	31,401
Total	<u>\$ 3,289,161</u>	<u>\$ 301,401</u>

4. BONDS PAYABLE

Governmental Activities

NON-AD VALOREM REVENUE BONDS, SERIES 2022

Non-Ad Valorem Revenue Bonds, Series 2022 dated October 12, 2022 in the aggregate amount of \$50,700,000 were issued as a direct placement during the fiscal year ended September 30, 2023. Of the total bonds issued, the portion attributable to Governmental Funds is \$31,285,000. The bonds were issued to fund the capital projects of the Hernando County Judicial Renovations, Hernando County Westside Tax Collector Building, and the Hernando County Fire Station #2 and to pay certain costs and expenses relating to the issuance of the Series 2022 Bonds.

The Series 2022 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. For the fiscal year 2025, pledged revenues in the amount of \$54.5 million provided a coverage ratio of 10.04 times the annual debt service for the Non-Ad Valorem Refunding Revenue Note, Series 2012, and the Non-Ad Valorem Revenue Bonds, Series 2022.

**HERNANDO COUNTY, FLORIDA
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Interest on the bonds is payable December 1 and June 1 of each year, commencing December 2022. The bonds carry interest rates varying from 4.0% to 5.0%, depending upon maturity date. Bonds maturing on or before June 1, 2032 are not subject to optional redemption prior to their respective stated dates of maturity. Bonds maturing on June 1, 2032 and thereafter are subject to redemption prior to their respective dates of maturity.

The following are the debt service requirements until maturity for the governmental activity bonds outstanding as of September 30, 2025:

Year	Non-Ad Valorem Refunding Revenue Bonds Series 2022 (Governmental Portion)	
	Principal	Interest
2026	\$ -	\$ 1,540,869
2027	-	1,540,869
2028	-	1,540,869
2029	-	1,540,869
2030	-	1,540,869
2031-2035	3,890,000	7,425,845
2036-2040	5,925,000	6,310,638
2041-2045	7,410,000	4,822,050
2046-2050	9,525,000	2,705,091
2051-2052	4,535,000	354,801
Total	\$ 31,285,000	\$ 29,322,768

Business-Type Activities

Water & Sewer District

HOLLAND SPRINGS BONDS

Revenue bonds ("Series E Bonds") were issued to finance the construction of the Holland Springs water project, in the amount of \$659,450. The direct placement bonds were scheduled to mature April 1, 2025 with interest thereon at the rate of 7% per year payable each April 1 and October 1 beginning October 1, 1985. During the fiscal year ended September 30, 1989, an amended agreement was executed whereby \$619,500 of these revenue bonds were canceled 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.

Pursuant to the original bond provisions, in the event that insufficient revenues were derived from the Holland Springs system to pay principal of and interest on the Series E Bonds at maturity, the lien of the Series E Bonds on Net Revenues would be extinguished, and the County would be under no obligation to provide for payment of the principal or interest on the Series E Bonds.

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As of the April 1, 2025 maturity date, insufficient revenues had been generated to require payment of principal or interest on the remaining bonds. Accordingly, the lien of the Series E Bonds on Net Revenues was extinguished in accordance with the bond provisions, and the County has no further obligation for principal or interest on the Series E Bonds. As such, these bonds are no longer outstanding and are not included in the schedule of debt service requirements.

WATER AND SEWER REFUNDING REVENUE BONDS, SERIES 2021 BONDS

Taxable Water and Sewer Refunding Revenue Bonds, Series 2021A in the amount of \$25,565,000, and Water and Sewer Refunding Revenue Bonds, Series 2021B in the amount of \$37,135,000 (collectively the "Series 2021 Bonds") dated April 15, 2021, were issued as a direct placement during the fiscal year ended September 30, 2021.

The Series 2021 Bonds are payable solely from and secured by a lien upon and pledge of Net Revenues and Connection Fees of the System. For the fiscal year 2025, Pledged Funds in the amount of \$42 million provided a coverage ratio of 7.13 times the annual debt service for the combined bonds.

Taxable Water and Sewer Refunding Revenue Bonds, Series 2021A

The Taxable Water and Sewer Refunding Revenue Bonds, Series 2021A were issued to provide funds together with other legally available monies of the County, sufficient to refund all outstanding Water and Sewer Refunding Revenue Bonds, Series 2013A, and to pay certain costs and expenses relating to the issuance of the Series 2021A Bonds.

Interest on the Series 2021 Bonds is payable June 1 and December 1 of each year, commencing December 2021. The bonds carry interest varying from .315% to 2.441% depending upon maturity date. The Series 2021 Bonds maturing before June 1, 2032 are not subject to optional redemption prior to their respective stated dates of maturity. Bonds maturing on or after June 1, 2032 are subject to redemption prior to their respective stated dates of maturity at the option of the County.

Water and Sewer Refunding Revenue Bonds, Series 2021B

Water and Sewer Refunding Revenue Bonds, Series 2021B were issued to provide funds, together with other legally available monies of the County, sufficient to prepay all the County's outstanding loans with the Florida Department of Environmental Protection under the State Revolving Fund program, and to pay certain costs and expenses relating to the issuance of the Series 2021B bonds.

Interest on the bonds is payable June 1 and December 1 of each year, commencing December 2021. The bonds carry interest rates varying from 3.0% to 5.0%, depending upon maturity date. Bonds maturing on or before June 1, 2032 are not subject to optional redemption prior to their respective stated dates of maturity. Bonds maturing after June 1, 2032 are subject to redemption prior to their respective dates of maturity at the option of the County.

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:

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Year	Taxable Water and Sewer Refunding Revenue Bonds Series 2021A		Water and Sewer Refunding Revenue Bonds Series 2021B		Water and Sewer Refunding Revenue Bonds Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 1,885,000	\$ 359,699	\$ 2,415,000	\$ 1,272,400	\$ 4,300,000	\$ 1,632,099
2027	1,910,000	336,816	2,540,000	1,151,650	4,450,000	1,488,466
2028	1,940,000	307,898	2,665,000	1,024,650	4,605,000	1,332,548
2029	1,970,000	274,647	2,795,000	891,400	4,765,000	1,166,047
2030	2,010,000	235,424	2,935,000	751,650	4,945,000	987,074
2031-2035	8,475,000	502,049	12,505,000	1,777,900	20,980,000	2,279,949
2036-2037	-	-	3,175,000	124,350	3,175,000	124,350
Total	<u>\$ 18,190,000</u>	<u>\$ 2,016,533</u>	<u>\$ 29,030,000</u>	<u>\$ 6,994,000</u>	<u>\$ 47,220,000</u>	<u>\$ 9,010,533</u>

Waste Management

NON-AD VALOREM REVENUE BONDS, SERIES 2022

Non-Ad Valorem Revenue Bonds, Series 2022 dated October 12, 2022 in the aggregate amount of \$50,700,000 were issued as a direct placement during the fiscal year ended September 30, 2023. Of the total bonds issued, the portion attributable to the Waste Management Enterprise Funds is \$19,415,000. The bonds were issued to fund the capital project of the Hernando County Class I Cell 4 and to pay certain costs and expenses relating to the issuance of the Series 2022 Bonds.

The Series 2022 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. For the fiscal year 2025, pledged revenues in the amount of \$54.5 million provided a coverage ratio of 10.04 times the annual debt service for the Non-Ad Valorem Refunding Revenue Note, Series 2012, and the Non-Ad Valorem Revenue Bonds, Series 2022.

Interest on the bonds is payable December 1 and June 1 of each year, commencing December 2022. The bonds carry interest rates varying from 4.0% to 5.0%, depending upon maturity date. Bonds maturing on or before June 1, 2032 are not subject to optional redemption prior to their respective stated dates of maturity. Bonds maturing on June 1, 2033 and thereafter are subject to redemption prior to their respective dates of maturity.

The following are the debt service requirements until maturity for the Hernando County Non-Ad Valorem Revenue Bonds, Series 2022 attributable to the Waste Management Fund:

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Year	Non-Ad Valorem Refunding Revenue Bonds Series 2022 (Waste Management Portion)	
	Principal	Interest
2026	\$ 345,000	\$ 898,881
2027	360,000	881,631
2028	380,000	863,631
2029	395,000	844,631
2030	415,000	824,881
2031-2035	2,415,000	3,790,406
2036-2040	3,010,000	3,202,700
2041-2045	3,755,000	2,447,175
2046-2050	4,830,000	1,373,875
2051-2052	2,300,000	180,325
Total	\$ 18,205,000	\$ 15,308,138

5. 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, 2025, there were no defeased bonds.

6. 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.

7. 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, 2025 there was one series of outstanding Industrial Revenue Development Bonds, with an outstanding principal amount of \$6,495,833.

**HERNANDO COUNTY, FLORIDA
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SEPTEMBER 30, 2025**

NOTE J – 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. An annual comprehensive 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, 2025, the County's contributions to all Plans totaled \$28,767,907. 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	\$ 10,454,154	\$ 1,131,325	\$ 1,305,509	\$ 12,890,988
Clerk of Circuit Court	768,897	131,054	202,437	1,102,388
Property Appraiser	382,974	53,226	74,990	511,190
Tax Collector	471,362	55,969	77,288	604,619
Sheriff	11,373,220	968,515	1,148,889	13,490,624
Supervisor of Elections	132,176	12,705	23,217	168,098
	<u>\$ 23,582,783</u>	<u>\$ 2,352,794</u>	<u>\$ 2,832,330</u>	<u>\$ 28,767,907</u>

Payables to the Pension Plan—The County reported a payable of \$2,661,555 for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2025.

Total pension expense was \$14,338,833 for the fiscal year ended September 30, 2025.

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.

**HERNANDO COUNTY, FLORIDA
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- *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 96 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

<u>Class, Initial Enrollment and Retirement age/Years of Service</u>	<u>Percent Value</u>
Regular Class Members Initially Enrolled Before July 1, 2011:	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 years of service	1.68
Regular Class Members Initially Enrolled on or After July 1, 2011:	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 years of service	1.68
Elected County Officers	3.00
Circuit and 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

HERNANDO COUNTY, FLORIDA
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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.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2024-2025 fiscal year (September 30th) were as follows:

	Year Ended June 30, 2025		Year Ended June 30, 2026	
	Percent of Gross Compensation		Percent of Gross Compensation	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	11.57	3.00	14.03
FRS, Special Risk Regular	3.00	30.73	3.00	35.19
FRS, Elected County Officers	3.00	56.62	3.00	62.66
FRS, Circuit and County Court Judges	3.00	43.39	3.00	49.14
FRS, Senior Management Service	3.00	32.46	3.00	33.24
DROP, Applicable to Members from All of the Above Classes	0.00	19.13	0.00	22.02

Notes: (1) These rates include the normal cost and unfunded actuarial liability contributions but do not include the 2.00% contribution for the Retiree Health Insurance Subsidy and the fee of 0.06% for administration of the FRS Investment Plan and provision of educational tools for both plans.

The County contributions, including employee contributions, to the Plan totaled \$23,582,783 for the fiscal year ended September 30, 2025. This excludes the HIS and Investment Plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2025, the County reported a liability of \$118,278,036 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The County's proportionate share of the net pension liability was based on the County's 2024-25 fiscal year contributions relative to the 2024-25 fiscal year contributions of all participating members. At June 30, 2025, the County's proportion was 0.381110153%, which was an increase of .014496601% from its proportion measured as of June 30, 2024.

For the year ended September 30, 2025, the County recognized pension expense of \$13,112,575 related to the Plan. At September 30, 2025, 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	\$ 6,795,209	\$ -
Difference between Expected and Actual Experience	12,633,339	-
Changes in Assumptions	13,735,153	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	19,747,711
Employer Specific Amounts Due to Changes in Employer Proportion	9,711,688	2,698,787
Total	<u>\$ 42,875,389</u>	<u>\$ 22,446,498</u>

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The deferred outflows of resources related to pensions, totaling \$6,795,209, 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2026	\$ 20,411,847
2027	(1,098,375)
2028	(2,741,738)
2029	(2,938,052)
Total	<u>\$ 13,633,682</u>

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

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Board of County Commissioners	\$ 52,999,929	\$ 16,211,974	\$ 10,213,610
Clerk of Circuit Court	3,895,768	1,226,351	849,545
Property Appraiser	2,081,872	577,584	530,875
Tax Collector	2,429,199	730,436	516,132
Sheriff	56,151,618	23,895,847	10,104,751
Supervisor of Elections	719,650	233,197	231,585
	<u>\$ 118,278,036</u>	<u>\$ 42,875,389</u>	<u>\$ 22,446,498</u>

Actuarial Assumptions. The total pension liability in the July 1, 2025 actuarial valuation was determined using the individual entry age cost method and the following actuarial assumptions:

Inflation	2.40%
Salary Increases	3.50% Average, Included Inflation
Discount Rate	6.70%
Long-term Expected Rate of Return, Net of Investment Expense	6.70%
Municipal Bond Index	N/A

Mortality rates were based on the PUB2010 Base Table, varying by member, category & sex, projected generationally with SCALE MP 2021.

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023.

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

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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	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.2%	3.2%	1.1%
Fixed Income	29.0%	5.5%	5.4%	4.0%
Global Equity	45.0%	8.5%	6.9%	18.3%
Real Estate	12.0%	8.4%	7.1%	16.8%
Private Equity	11.0%	12.4%	8.8%	28.4%
Strategic Investments	2.0%	6.5%	6.1%	8.7%
Total	100.0%			

Assumed Inflation-Mean	2.4%	1.5%
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Discount Rate. The discount rate used to measure the total pension liability in the July, 2025 valuation was 6.70%. 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.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.70%) or 1-percentage-point higher (7.70%) than the current rate:

	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
Employer's Proportionate Share of Net Pension Liability (Asset)	<u>\$ 232,118,821</u>	<u>\$ 118,278,036</u>	<u>\$ 22,835,569</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 Annual Comprehensive 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.

Benefits Provided. For the fiscal year ended June 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplies by \$7.50. The minimum HIS payment is \$45 and the maximum payment is \$225 per month, pursuant to Section 112.363, Florida

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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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, 2025, the contribution rates were 2.0% 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 \$2,352,794 for the fiscal year ended September 30, 2025. This excludes the Pension Plan and Investment Plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2025, the County reported a liability of \$33,072,897 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The County's proportionate share of the net pension liability was based on the County's 2024-25 fiscal year contributions relative to the 2024-25 fiscal year contributions of all participating members. At June 30, 2025, the County's proportion was 0.258030366%, which was an increase of .009567350% from its proportion measured as of June 30, 2024.

For the year ended September 30, 2025, the County recognized pension expense of \$1,226,258 related to the Plan. At September 30, 2025, 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	\$ 647,005	\$ -
Difference between Expected and Actual Experience	197,423	52,463
Changes in Assumptions	292,733	7,999,485
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	27,527
Employer Specific Amounts Due to Changes in Employer Proportion	2,687,593	463,989
Total	<u>\$ 3,824,754</u>	<u>\$ 8,543,464</u>

The deferred outflows of resources related to pensions, totaling \$647,005, 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, 2026. 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
2026	\$ (1,163,314)
2027	(1,488,204)
2028	(1,229,360)
2029	(892,191)
2030	(592,646)
Total	<u>\$ (5,365,715)</u>

**HERNANDO COUNTY, FLORIDA
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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	\$ 16,033,629	\$ 1,063,037	\$ 4,286,072
Clerk of Circuit Court	1,849,233	212,440	452,162
Property Appraiser	760,472	59,611	221,654
Tax Collector	779,196	43,731	219,243
Sheriff	13,458,870	2,418,147	3,287,907
Supervisor of Elections	191,497	27,788	76,426
	<u>\$ 33,072,897</u>	<u>\$ 3,824,754</u>	<u>\$ 8,543,464</u>

Actuarial Assumptions. The total pension liability in the July 1, 2025 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	2.40%
Salary Increases	3.50% Average, Included Inflation
Discount Rate	5.20%
Long-term Expected Rate of Return, Net of Investment Expense	N/A
Municipal Bond Index	5.20%

Mortality rates were based on the Generational PUB 2010 with Projection Scale MP 2021.

The actuarial assumptions used in the June 30, 2025 valuation, were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023.

Discount Rate. The discount rate used to measure the total pension liability was 5.20%. 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 5.20%, 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 (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

**HERNANDO COUNTY, FLORIDA
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	1% Decrease 4.20%	Current Discount Rate 5.20%	1% Increase 6.20%
Employer's Proportionate Share of Net Pension Liability (Asset)	\$ 37,295,017	\$ 33,072,897	\$ 29,531,883

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 Annual Comprehensive 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 Annual Comprehensive 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 2024-25 fiscal year are as follows:

	Percent of Gross Compensation	
	Employee	Employer
FRS, Regular	3.00	8.30
FRS, Special Risk Regular	3.00	16.00
FRS, Elected County Officers	3.00	13.34
FRS, Senior Management Service	3.00	9.67

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, 2025, 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.

**HERNANDO COUNTY, FLORIDA
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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 \$2,832,330 for the fiscal year ended September 30, 2025.

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**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE K – POST EMPLOYMENT BENEFITS OTHER THAN PENSION

1. SUMMARY AND PLAN DESCRIPTION

In addition to the retirement plan described in Note J, 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 has offered a subsidy to help pay the premium required to continue coverage under the County's plan, but effective November 1, 2010, that was discontinued.

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

The actuarial valuation of the OPEB liabilities was determined as of September 30, 2024 with a measurement date of September 30, 2024. These liabilities are used for the reporting period ending September 30, 2025.

Actuarial Valuation Date	9/30/2024
Measurement Date	9/30/2024
County's Reporting Date	9/30/2025

At September 30, 2024, the date of the latest actuarial valuation, plan participation consisted of:

Active Plan Participants	1550
Retirees and Beneficiaries Receiving Benefits	97
Total Membership	1647

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, 2025**

3. TOTAL OPEB LIABILITY

The components of the County's OPEB Liability at the Measurement Date of September 30, 2024 are as follows:

Total OPEB Liability	\$ 32,194,683
OPEB Plan Fiduciary Net Position	-
County's Net OPEB Liability	<u>\$ 32,194,683</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 Reporting Period Ended September 30, 2025 are as follows:

Total OPEB Liability:	
Service Cost	\$ 918,005
Interest on Total OPEB Liability	1,140,525
Charges of Benefit Terms	-
Difference between Expected and Actual Expense Liability	814,065
Changes in Assumptions and Other Inputs	6,371,271
Benefit Payments	<u>(1,529,074)</u>
Net Change in Total OPEB Liability	7,714,792
Total OPEB Liability-Beginning	<u>24,479,891</u>
Total OPEB Liability-Ending	<u>\$ 32,194,683</u>
Covered Employee Payroll	\$ 102,529,842
Total OPEB Liability as a Percentage of Covered Employee Payroll	31.40%

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 3.81%, 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 (2.81%) or one percentage-point higher (4.81%) than the current discount rate:

	1% Decrease 2.81%	Current Discount Rate 3.81%	1% Increase 4.81%
Total OPEB Liability	\$ 35,170,033	\$ 32,194,683	\$ 29,488,157

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 healthcare cost trend rate of 6.50% decreasing to 4.00%, 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 or one percentage-point higher than the current healthcare cost trend rate.

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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	1% Decrease (5.50% decreasing to 3.00%)	Current Healthcare Discount Rate Assumption (6.50% decreasing to 4.00%)	1% Increase (7.50% decreasing to 5.00%)
Total OPEB Liability	<u>\$ 28,352,723</u>	<u>\$ 32,194,683</u>	<u>\$ 36,906,156</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 13.6 years.

For the year ended September 30, 2025, the County recognized OPEB expense of \$2,052,215.

OPEB Expense:	
Service Cost	\$ 918,005
Interest on Total OPEB Liability	1,140,525
Current-Period Benefit Changes	-
OPEB Plan Administrative Expense	-
Outflow(Inflow) of Resources due to Liability	<u>(6,315)</u>
Total OPEB Expense	<u>\$ 2,052,215</u>

At September 30, 2025, the County has Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Amounts
Differences between Expected and Actual Experience	\$ 2,680,826	\$ -	\$ 2,680,826
Changes in Assumptions and Other Inputs	8,206,398	3,149,603	5,056,795
Benefits Paid after the Measurement Date	1,569,529	-	1,569,529
	<u>\$ 12,456,753</u>	<u>\$ 3,149,603</u>	<u>\$ 9,307,150</u>

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

**HERNANDO COUNTY, FLORIDA
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Fiscal Year Ending	Amount
2026	\$ 522,019
2027	522,019
2028	522,019
2029	566,960
2030	634,648
Thereafter	4,969,956
Total	\$ 7,737,621

Deferred Outflow of Resources due to benefits paid after the measurement date is \$1,569,529.

6. ACTUARIAL METHODS AND ASSUMPTIONS

The total OPEB liability at September 30, 2025 was based on actuarial valuation data, from the Measurement Date of September 30, 2024, using the following actuarial assumptions:

Actuarial cost method	Entry Age Normal
Inflation	2.50%
Discount Rate	3.81%
Salary Increases	3.65% - 8.5%
Retirement Age	FRS actuarial calculated
Mortality Rates	Tables of Regular and Special Risk Class members of 7/1/2024 Florida Retirement System actuarial valuation
Healthcare Cost Trend Rates	Getzen Model, trend starting at 6.50% (20.5% for premiums to reflect actual increase) for 2025, 6.25% for 2026 and gradually decreasing to an ultimate trend rate of 4.00%
Aging factors	2013 SOA Study "Health Care Costs-From Birth to Death
Expenses	Administrative expenses included in the per capita health costs

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**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE L – 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, 2025, there is no estimated rebate liability on any of the County's bond issues.

NOTE M – PROPERTY TAXES

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

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

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

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

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE N – 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 \$1,250,000 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, 2024, claims accrued, including an estimate for claims incurred but not reported, were \$5,250,000. 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
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CLAIMS LIABILITIES

Description	Workers' Compensation	County Health Insurance	Sheriff Health Insurance	Total Claims Liabilities
Liability balance				
September 30, 2023	\$ 6,480,000	\$ 769,847	\$ 399,700	\$ 7,649,547
Claims incurred	(519,087)	14,074,594	10,552,681	24,108,188
Reinsurance recoverable	-	-	-	-
Claims paid	(340,913)	(14,057,867)	(10,387,579)	(24,786,359)
Liability balance				
September 30, 2024	5,620,000	786,574	564,802	6,971,376
Claims incurred	152,269	16,669,657	11,494,965	28,316,891
Reinsurance recoverable	-	-	-	-
Claims paid	(522,269)	(15,261,231)	(11,502,665)	(27,286,165)
Liability balance				
September 30, 2025	<u>\$ 5,250,000</u>	<u>\$ 2,195,000</u>	<u>\$ 557,102</u>	<u>\$ 8,002,102</u>
Cash available to pay claims September 30, 2025 reported in governmental activities	<u>\$ 12,086,548</u>	<u>\$ 4,446,455</u>	<u>\$ 9,282,380</u>	

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**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE O – 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, 2025, the Division has accrued a total of \$13,846,510 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 \$8,431,796 as shown in the table below, are primarily for Cell 3. Cell 3 is approximately 88% filled at September 30, 2025 and has a remaining design life of approximately 2 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 \$6,661,640. The class 1 landfill (all Cells) is approximately 93% filled at September 30, 2025. The County will recognize the remaining costs that have not been accrued (closure costs of \$1,009,867 and postclosure costs of \$451,466) as the remaining estimated capacity is filled.

The C&D landfill is approximately 100% filled at September 30, 2025. Postclosure maintenance and monitoring functions will be required for five years after closure. Remaining estimated postclosure costs for the C&D landfill are \$214,407.

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 9/30/25	Estimated Remaining Postclosure Costs	Percent Accrued	Postclosure Accrued Liability at 9/30/25	Total Accrued Liability at 9/30/25
NW Cells 1, 2, & 3	\$ 8,431,796	88.02%	\$ 7,421,929	\$ 6,661,640	93.22%	\$ 6,210,174	\$ 13,632,103
NW C & D	-		-	214,407	100.00%	214,407	214,407
	<u>\$ 8,431,796</u>		<u>\$ 7,421,929</u>	<u>\$ 6,876,047</u>		<u>\$ 6,424,581</u>	<u>\$ 13,846,510</u>

Amortization expense for 2025 was an increase of \$1,726,274 for the Class 1 landfill and \$5,025 for the C&D landfill.

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, 2024, cash and investments of \$12,592,895 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, 2025**

NOTE P – 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	\$ 44,845,304	\$ 1,854,839
Other Post Employment Benefits	10,990,599	1,466,154
Deferred Charges on Debt Refunding	165,895	-
	\$ 56,001,798	\$ 3,320,993
Deferred Inflows of Resources:		
Pensions	28,858,873	2,131,089
Other Post Employment Benefits	2,761,982	387,621
Leases	14,477,834	28,887,724
Other items, applicable to a future period	-	85,862
	\$ 46,098,689	\$ 31,492,296
Statement of Governmental Funds Balance Sheet		
Deferred Inflows of Resources:		
Taxes, applicable to a future period	-	
Ambulance fees, applicable to a future period	12,529,331	
Lease payments, applicable to a future period	14,477,834	
Other items, applicable to a future period	1,010,410	
	\$ 28,017,575	

NOTE Q – 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.

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE R – CONTINGENCIES

1. GENERAL LITIGATION

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

2. GRANTS AND CONTRACTS

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

The County receives federal disaster assistance through the FEMA Public Assistance Program (Assistance Listing No. 97.036), which is based on approved Project Worksheets (PWs) outlining eligible expenses and the defined scope of recovery efforts. During fiscal year 2024, the County received over \$1 million in reimbursements related to three prior disaster events.

In September 2024, the County sustained damages from Hurricane Helene, which impacted the State of Florida. In addition to this event, the County continues to administer active grants for recovery efforts from previous disasters, including Hurricane Hermine, Hurricane Irma, Hurricane Ian, Hurricane Idalia, and the COVID-19 pandemic. The County has executed Federally Funded Subaward and Grant Agreements related to these events and is coordinating with FEMA and the Florida Division of Emergency Management (FDEM) for reimbursement of eligible expenditures. These grants are in various stages of project formulation, validation, obligation, and close-out.

Additionally, the County received federal assistance under the Coronavirus Aid, Relief, and Economic Security (CARES) Act to support response and recovery efforts related to the COVID-19 pandemic. In fiscal years 2021 and 2022, the County received awards under the Coronavirus Local Fiscal Recovery Fund, established by the American Rescue Plan Act (ARPA), to continue pandemic-related response efforts and to implement other eligible initiatives as outlined in the Act. In accordance with federal guidelines, these ARPA funds must be obligated by December 21, 2024, and fully expended by December 31, 2026.

**HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB)
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
SEPTEMBER 30, 2025**

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB Liability:			
Service Cost	\$ 1,181,694	\$ 1,137,228	\$ 887,762
Interest on Total OPEB Liability	589,509	682,764	674,524
Changes of benefit terms	-	-	-
Difference between Expected and Actual Expense	-	3,055,234	-
Changes in Assumptions and Other Inputs	(725,447)	(5,912,172)	1,686,520
Benefit Payments	(552,150)	(468,206)	(750,886)
Net Change in Total OPEB Liability	<u>\$ 493,606</u>	<u>\$ (1,505,152)</u>	<u>\$ 2,497,920</u>
Total OPEB Liability-Beginning	18,110,814	18,604,420	17,099,268
Total OPEB Liability-Ending	<u>\$ 18,604,420</u>	<u>\$ 17,099,268</u>	<u>\$ 19,597,188</u>
Covered Employee Payroll	\$ 79,723,027	\$ 71,544,598	\$ 74,406,382
Total OPEB Liability as a Percentage of Covered Employee Payroll	23.34%	23.90%	26.34%

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 4.63% as of the beginning of the measurement period to 3.81% as of the September 30, 2024 measurement date. This change reflected in Note J, Schedule of Changes in Total OPEB Liability. There were no benefit changes during the year reported.

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

2021	2022	2023	2024	2025
\$ 1,158,078	\$ 932,064	\$ 1,009,017	\$ 851,716	\$ 918,005
559,255	499,456	471,389	1,055,333	1,140,525
-	-	-	579,329	-
119,256	-	794,215	-	814,065
(291,981)	344,953	1,591,261	(432,289)	6,371,271
(837,449)	(1,024,189)	(1,082,052)	(1,414,659)	(1,529,074)
<u>\$ 707,159</u>	<u>\$ 752,284</u>	<u>\$ 2,783,830</u>	<u>\$ 639,430</u>	<u>\$ 7,714,792</u>
19,597,188	20,304,347	21,056,631	23,840,461	24,479,891
<u>\$ 20,304,347</u>	<u>\$ 21,056,631</u>	<u>\$ 23,840,461</u>	<u>\$ 24,479,891</u>	<u>\$ 32,194,683</u>

\$ 76,535,704 \$ 78,831,775 \$ 86,842,834 \$ 89,448,119 \$ 102,529,842

26.53% 26.71% 27.45% 27.37% 31.40%

**HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB)
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
SEPTEMBER 30, 2025**

Valuation Date September 30, 2024
Measurement Date September 30, 2024

Methods and Assumptions Used to Determine Total OPEB Liability:

Actuarial Cost Method Entry Age Normal

Inflation 2.50%

Discount Rate 3.81%

Salary Increases Salary increase rates used in the July 1, 2024 actuarial valuation of the Florida Retirement System; 3.65%-8.5%, including inflation.

Retirement Age Retirement rates used in the July 1, 2024 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2018 through 2023.

Mortality Mortality tables used for Regular and Special Risk Class members in the July 1, 2024 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2018 through 2023 and include generational projections.

Healthcare Cost Trend Rates For the Board of County Commissioners Plan, based on the Getzen Model, with trend starting at 6.50% (20.5% for premiums to reflect actual increase) for 2025, 6.25% for 2026 and gradually trending to an ultimate trend rate of 4.00% plus 0% increase for excise tax. For the Sheriff Plan, based on the Getzen Model, with trend starting at 6.50% for 2025, 6.25% for 2026 and gradually trending to an ultimate trend rate of 4.00%.

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
RETIREMENT SYSTEM-SCHEDULE OF COUNTY'S
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SEPTEMBER 30, 2025**

Last Ten Fiscal Years

FLORIDA RETIREMENT SYSTEM PENSION PLAN

Year Ended June 30,	County's Proportion of the FRS Net Pension Plan	County's 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
2016	0.374836315%	94,646,463	72,504,583	130.54%	84.88%
2017	0.366968106%	108,546,704	73,706,909	147.27%	83.89%
2018	0.367093765%	110,570,546	77,006,547	143.59%	84.26%
2019	0.373614200%	128,667,529	80,431,045	159.97%	82.61%
2020	0.372436302%	161,419,382	82,071,964	196.68%	78.85%
2021	0.345012032%	26,061,739	84,464,514	30.86%	96.40%
2022	0.344601354%	128,219,397	88,881,468	144.26%	82.89%
2023	0.343604846%	136,915,657	95,549,759	143.29%	82.38%
2024	0.366613552%	141,823,364	105,381,497	134.58%	83.70%
2025	0.381110153%	118,278,036	115,667,817	102.26%	87.26%

HEALTH INSURANCE SUBSIDY PENSION PLAN

Year Ended June 30,	County's Proportion of the HIS Net Pension Plan	County's Share of the HIS Net Pension Plan 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
2016	0.234274954%	27,303,775	72,504,583	37.66%	0.97%
2017	0.230722126%	24,669,874	73,706,909	33.47%	1.64%
2018	0.235431734%	24,918,358	77,006,547	32.36%	2.15%
2019	0.240008828%	26,854,586	80,431,045	33.39%	2.63%
2020	0.236121420%	28,830,041	82,071,964	35.13%	3.00%
2021	0.238770916%	29,288,844	84,464,514	34.68%	3.56%
2022	0.243559752%	25,796,867	88,881,468	29.02%	4.81%
2023	0.240693357%	38,225,315	95,549,759	40.01%	4.12%
2024	0.248463016%	37,271,879	105,381,497	35.37%	4.80%
2025	0.258030366%	33,072,897	115,667,817	28.59%	6.36%

Note: The amounts shown above for both tables as reported on the date indicated have a measurement three months prior. Covered payroll is for the year shown.

**HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT SYSTEM-SCHEDULE OF COUNTY'S CONTRIBUTIONS
SEPTEMBER 30, 2025**

Last Ten 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
2016	9,279,559	(9,279,559)	-	72,387,348	12.82%
2017	9,637,808	(9,637,808)	-	74,200,644	12.99%
2018	10,692,565	(10,692,565)	-	77,625,482	13.77%
2019	11,780,902	(11,780,902)	-	80,988,686	14.55%
2020	12,792,391	(12,792,391)	-	84,190,948	15.19%
2021	13,787,937	(13,787,937)	-	87,067,438	15.84%
2022	15,171,292	(15,171,292)	-	91,063,551	16.66%
2023	17,428,657	(17,428,657)	-	96,466,611	18.07%
2024	21,477,513	(21,477,513)	-	108,936,209	19.72%
2025	23,582,783	(23,582,783)	-	118,162,548	19.96%

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)	County's Covered Payroll (FYE September 30)	HIS Contributions as a Percentage of Covered Payroll
2016	1,195,301	(1,195,301)	-	72,387,348	1.65%
2017	1,233,196	(1,233,196)	-	74,200,644	1.66%
2018	1,286,008	(1,286,008)	-	77,625,482	1.66%
2019	1,342,774	(1,342,774)	-	80,988,686	1.66%
2020	1,396,091	(1,396,091)	-	84,190,948	1.66%
2021	1,444,307	(1,444,307)	-	87,067,438	1.66%
2022	1,509,420	(1,509,420)	-	91,063,551	1.66%
2023	1,686,524	(1,686,524)	-	96,466,611	1.75%
2024	2,178,278	(2,178,278)	-	108,936,209	2.00%
2025	2,352,794	(2,352,794)	-	118,162,548	1.99%

**HERNANDO COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2025**

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

Changes in Benefit Terms from the year ended June 30, 2024 to June 30, 2025:

FRS - No significant changes.

HIS - No significant changes.

Changes in Assumptions from the year ended June 30, 2024 to June 30, 2025:

FRS - No significant changes.

HIS - Both the discount rate and Municipal Bond Index rate changed from 3.93% to 5.20%

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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.

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.

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 Metropolitan Planning Organization, Florida Boating Improvement Program, Health Department, State and Local Mosquito Control, Law Enforcement Trust Fund, Crime Prevention, Hernando County Sheriff Revenue Fund, Federal Forfeiture-Justice Fund, Federal Forfeiture-Treasury Fund, Tourist Development Tax, Affordable Housing, Kass Circle Neighborhood Community Redevelopment Agency, Landscape Enhancement, Dori Slosberg Driver Education Safety, Library Estate Fund and Local Provider Participation Fund.

Clerk of Court & Comptroller Special Revenue Funds

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

Property Appraiser Special Revenue Funds

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

Sheriff Special Revenue Funds

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

Debt Service Funds

Debt Service Fund

To account for the debt service requirements of the County's Non-Ad Valorem Revenue Bonds

Capital Project Funds

Impact Fees

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.

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, 2025**

	Special Revenue Funds	
	Stormwater Management	State Housing Initiative Partnership
ASSETS		
Cash and Cash Equivalents	\$ -	\$ -
Pooled Cash and Investments	5,783,662	7,664,392
Cash with Fiscal Agent	5,149	-
Accounts Receivable (net)	-	-
Due from Other Governments	909,845	-
Total Assets	6,698,656	7,664,392
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities		
Accounts Payable	71,633	348,194
Retainage Payable	139,379	-
Accrued Liabilities	13,540	3,218
Due to Other funds	-	-
Due to Other Governments	-	-
Unearned Revenue	-	884,000
Deposits	-	-
Advances from Other Funds	-	-
Total Liabilities	224,552	1,235,412
Deferred Inflows of Resources	900,000	-
Fund Balances		
Nonspendable:		
Inventories	-	-
Prepaid Items	-	-
Restricted For:		
Grant Funded Programs	-	6,428,980
Court Programs	-	-
Special Assessment Projects	-	-
Environment Conservation	5,574,104	-
Bond covenants or debt service	-	-
Public Safety	-	-
Capital Projects	-	-
Records Modernization	-	-
Human Services	-	-
Tourism	-	-
Other Purposes	-	-
Committed	-	-
Assigned to:		
Public Safety	-	-
Other Purposes	-	-
Unassigned	-	-
Total Fund Balances	5,574,104	6,428,980
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,698,656	\$ 7,664,392

See accompanying independent auditors' report.

Special Revenue Funds

Court-Related Funds	Municipal Service Benefit Units	Miscellaneous Special Revenue Fund	Clerk of Court and Comptroller	Property Appraiser
\$ -	\$ 250	\$ -	\$ -	\$ 1,309,969
7,566,323	8,935,187	24,708,706	6,292,305	-
-	-	-	-	-
-	19,585	167,001	-	-
-	-	245,637	53,683	-
7,566,323	8,955,022	25,121,344	6,345,988	1,309,969
676,459	2,278,013	115,418	4,312	1,270
27,731	-	-	-	-
-	-	72,177	72,936	-
-	-	-	-	-
-	-	337,438	1,193,886	11
-	-	6,230	-	-
-	-	-	237,463	-
-	-	450,000	-	-
704,190	2,278,013	981,263	1,508,597	1,281
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	94,311	-	-
6,862,133	-	-	-	-
-	4,992,770	-	-	-
-	-	-	-	-
-	772,690	-	-	-
-	-	1,948,332	-	-
-	911,549	-	-	-
-	-	-	4,837,391	-
-	-	4,299,647	-	-
-	-	6,677,908	-	-
-	-	991,060	-	-
-	-	824,911	-	1,308,688
-	-	8,703,633	-	-
-	-	600,279	-	-
-	-	-	-	-
6,862,133	6,677,009	24,140,081	4,837,391	1,308,688
\$ 7,566,323	\$ 8,955,022	\$ 25,121,344	\$ 6,345,988	\$ 1,309,969

Continued

**HERNANDO COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

	Sheriff	Total Special Revenue Funds
ASSETS		
Cash and Cash Equivalents	\$ 6,602,469	\$ 7,912,688
Pooled Cash and Investments	-	60,950,575
Cash with Fiscal Agent	-	5,149
Accounts Receivable (net)	26,188	212,774
Due from Other Governments	431,097	1,640,262
Total Assets	7,059,754	70,721,448
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities		
Accounts Payable	59,136	3,554,435
Retainage Payable	-	139,379
Accrued Liabilities	191,294	380,896
Due to Other funds	-	-
Due to Other Governments	-	1,531,335
Unearned Revenue	-	890,230
Deposits	-	237,463
Advances from Other Funds	-	450,000
Total Liabilities	250,430	7,183,738
Total Deferred Inflows of Resources	-	900,000
Fund Balances		
Nonspendable:		
Inventories	-	-
Prepaid Items	-	-
Restricted For:		
Grant Funded Programs	-	6,523,291
Court Programs	-	6,862,133
Special Assessment Projects	-	4,992,770
Environment Conservation	-	5,574,104
Bond covenants or debt service	-	772,690
Public Safety	6,809,324	8,757,656
Capital Projects	-	911,549
Records Modernization	-	4,837,391
Human Services	-	4,299,647
Tourism	-	6,677,908
Other Purposes	-	991,060
Committed	-	2,133,599
Assigned to:		
Public Safety	-	8,703,633
Other Purposes	-	600,279
Unassigned	-	-
Total Fund Balances	6,809,324	62,637,710
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,059,754	\$ 70,721,448

See accompanying independent auditors' report.

Debt Service Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
	Impact Fees	Restore Act Projects	Total Capital Projects Funds	
	\$ -	\$ -	\$ -	\$ 7,912,688
65,965	29,926,088	-	29,926,088	90,942,628
-	-	-	-	5,149
-	-	-	-	212,774
-	34,835	88,076	122,911	1,763,173
65,965	29,960,923	88,076	30,048,999	100,836,412
-	127,916	8,162	136,078	3,690,513
-	196,085	19,094	215,179	354,558
-	-	-	-	380,896
-	-	79,914	79,914	79,914
-	-	-	-	1,531,335
-	1,323,500	-	1,323,500	2,213,730
-	-	-	-	237,463
-	-	-	-	450,000
-	1,647,501	107,170	1,754,671	8,938,409
-	-	-	-	900,000
-	-	-	-	-
-	-	-	-	-
-	-	-	-	6,523,291
-	-	-	-	6,862,133
-	-	-	-	4,992,770
-	-	-	-	5,574,104
65,965	-	-	-	838,655
-	-	-	-	8,757,656
-	28,313,422	-	28,313,422	29,224,971
-	-	-	-	4,837,391
-	-	-	-	4,299,647
-	-	-	-	6,677,908
-	-	-	-	991,060
-	-	-	-	2,133,599
-	-	-	-	8,703,633
-	-	-	-	600,279
-	-	(19,094)	(19,094)	(19,094)
65,965	28,313,422	(19,094)	28,294,328	90,998,003
\$ 65,965	\$ 29,960,923	\$ 88,076	\$ 30,048,999	\$ 100,836,412

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	<u>Special Revenue Funds</u>		
	<u>Stormwater Management</u>	<u>State Housing Initiative Partnership</u>	<u>Court-Related Funds</u>
Revenues			
Taxes	\$ 1,813,333	\$ -	\$ -
Intergovernmental	98,447	1,650,970	78,376
Charges for Services	68,583	-	1,101,772
Fines and Forfeitures	-	-	-
Special Assessments	-	-	-
Impact Fees	-	-	-
Investment Income (Loss)	230,058	313,919	656,374
Miscellaneous	6,893	429,033	1,032
Total Revenues	<u>2,217,314</u>	<u>2,393,922</u>	<u>1,837,554</u>
Expenditures			
Current			
General Government	-	-	-
Public Safety	-	-	-
Physical Environment	542,202	-	-
Transportation	-	-	-
Economic Environment	-	3,445,900	-
Human Services	-	-	-
Culture and Recreation	-	-	-
Court Operations	-	-	1,677,769
Debt Service			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Capital Outlay	1,394,400	-	334,867
Total Expenditures	<u>1,936,602</u>	<u>3,445,900</u>	<u>2,012,636</u>
Excess of Revenues Over (Under) Expenditures:	<u>280,712</u>	<u>(1,051,978)</u>	<u>(175,082)</u>
Other Financing Sources (Uses)			
Transfers In	28,234	-	586,337
Transfers Out	(11,529)	-	(38,430)
Issuance of Long-Term Debt	-	-	-
Total Other Financing Sources (Uses)	<u>16,705</u>	<u>-</u>	<u>547,907</u>
Net Change in Fund Balance	297,417	(1,051,978)	372,825
Fund Balances at Beginning of Year	5,276,687	7,480,958	6,489,308
Fund Balances at End of Year	\$ 5,574,104	\$ 6,428,980	\$ 6,862,133

See accompanying independent auditors' report.

Special Revenue Funds

Municipal Service Benefit Units	Miscellaneous Special Revenue Fund	Clerk of Court and Comptroller	Property Appraiser
\$ -	\$ 4,907,977	\$ -	\$ -
-	763,169	317,777	1,665,489
-	7,097	4,577,324	80,692
-	183,793	1,282,679	-
10,764,425	-	-	-
-	-	-	-
348,552	817,871	292,713	681
189,790	465,151	191,213	-
11,302,767	7,145,058	6,661,706	1,746,862
-	2,326	37,433	1,661,875
2,953	199,213	-	-
8,786,867	8,732	-	-
1,254,804	614,504	-	-
-	1,357,846	-	-
-	2,358,447	-	-
-	22,978	-	-
-	-	5,737,573	-
721,497	-	-	-
87,770	-	-	-
-	37,389	-	3,700
10,853,891	4,601,435	5,775,006	1,665,575
448,876	2,543,623	886,700	81,287
155,849	5,943,201	-	-
(82,707)	(3,794,696)	-	(140,966)
566,860	-	-	-
640,002	2,148,505	-	(140,966)
1,088,878	4,692,128	886,700	(59,679)
5,588,131	19,447,953	3,950,691	1,368,367
\$ 6,677,009	\$ 24,140,081	\$ 4,837,391	\$ 1,308,688

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	<u>Sheriff</u>	<u>Total Special Revenue Funds</u>	<u>Debt Service Fund</u>
Revenues			
Taxes	\$ -	\$ 6,721,310	\$ -
Intergovernmental	1,003,518	5,577,746	-
Charges for Services	7,417,353	13,252,821	-
Fines and Forfeitures	167,241	1,633,713	-
Special Assessments	-	10,764,425	-
Impact Fees	-	-	-
Investment Income (Loss)	11,626	2,671,794	(4,491)
Miscellaneous	591,955	1,875,067	-
Total Revenues	<u>9,191,693</u>	<u>42,496,876</u>	<u>(4,491)</u>
Expenditures			
Current			
General Government	-	1,701,634	1
Public Safety	6,408,296	6,610,462	-
Physical Environment	-	9,337,801	-
Transportation	-	1,869,308	-
Economic Environment	-	4,803,746	-
Human Services	-	2,358,447	-
Culture and Recreation	-	22,978	-
Court Operations	-	7,415,342	-
Debt Service			
Principal	-	721,497	1,415,000
Interest and Fiscal Charges	-	87,770	1,702,960
Capital Outlay	666,505	2,436,861	-
Total Expenditures	<u>7,074,801</u>	<u>37,365,846</u>	<u>3,117,961</u>
Excess of Revenues Over (Under) Expenditures	<u>2,116,892</u>	<u>5,131,030</u>	<u>(3,122,452)</u>
Other Financing Sources (Uses)			
Transfers In	4,065,021	10,778,642	3,117,960
Transfers Out	(4,796,868)	(8,865,196)	-
Issuance of Long-Term Debt	-	566,860	-
Total Other Financing Sources (Uses)	<u>(731,847)</u>	<u>2,480,306</u>	<u>3,117,960</u>
Net Change in Fund Balance	1,385,045	7,611,336	(4,492)
Fund Balances at Beginning of Year	5,424,279	55,026,374	70,457
Fund Balances at End of Year	\$ 6,809,324	\$ 62,637,710	\$ 65,965

See accompanying independent auditors' report.

Capital Projects Funds			
Impact Fees	Restore Act Projects	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 6,721,310
-	125,813	125,813	5,703,559
-	-	-	13,252,821
-	-	-	1,633,713
-	-	-	10,764,425
7,956,488	-	7,956,488	7,956,488
992,103	-	992,103	3,659,406
-	-	-	1,875,067
8,948,591	125,813	9,074,404	51,566,789
-	-	-	1,701,635
63,301	-	63,301	6,673,763
-	113,002	113,002	9,450,803
-	-	-	1,869,308
-	-	-	4,803,746
-	-	-	2,358,447
435,245	-	435,245	458,223
-	-	-	7,415,342
-	-	-	2,136,497
-	-	-	1,790,730
2,665,253	12,811	2,678,064	5,114,925
3,163,799	125,813	3,289,612	43,773,419
5,784,792	-	5,784,792	7,793,370
-	-	-	13,896,602
(220,793)	-	(220,793)	(9,085,989)
-	-	-	566,860
(220,793)	-	(220,793)	5,377,473
5,563,999	-	5,563,999	13,170,843
22,749,423	(19,094)	22,730,329	77,827,160
\$ 28,313,422	\$ (19,094)	\$ 28,294,328	\$ 90,998,003

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STORMWATER MANAGEMENT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Taxes	\$ 1,776,770	\$ 1,776,770	\$ 1,813,333	\$ 36,563
Intergovernmental	1,271,000	1,271,000	98,447	(1,172,553)
Charges for Services	45,000	45,000	68,583	23,583
Investment Income (Loss)	-	-	230,058	230,058
Miscellaneous	155,500	155,500	6,893	(148,607)
Total Revenues	<u>3,248,270</u>	<u>3,248,270</u>	<u>2,217,314</u>	<u>(1,030,956)</u>
Expenditures				
Current				
Physical Environment	579,925	947,037	542,202	404,835
Capital Outlay	4,146,400	4,874,782	1,394,400	3,480,382
Total Expenditures	<u>4,726,325</u>	<u>5,821,819</u>	<u>1,936,602</u>	<u>3,885,217</u>
Excess of Revenues Over Expenditures	<u>(1,478,055)</u>	<u>(2,573,549)</u>	<u>280,712</u>	<u>2,854,261</u>
Other Financing Sources (Uses)				
Transfers In	14,000	14,000	28,234	14,234
Transfers Out	(3,840)	(11,529)	(11,529)	-
Reserve for Contingencies	(2,332,105)	(2,705,495)	-	2,705,495
Total Other Financing Sources (Uses)	<u>(2,321,945)</u>	<u>(2,703,024)</u>	<u>16,705</u>	<u>2,719,729</u>
Net Change in Fund Balance	(3,800,000)	(5,276,573)	297,417	5,573,990
Fund Balance at Beginning of Year	3,800,000	5,276,573	5,276,687	114
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,574,104</u>	<u>\$ 5,574,104</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, 2025**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Intergovernmental	\$ 1,553,083	\$ 1,603,083	\$ 1,650,970	\$ 47,887
Investment Income (Loss)	8,000	8,000	313,919	305,919
Miscellaneous	200,000	200,000	429,033	229,033
Total Revenues	<u>1,761,083</u>	<u>1,811,083</u>	<u>2,393,922</u>	<u>582,839</u>
Expenditures				
Current				
Economic Environment	2,665,325	4,715,325	3,445,900	1,269,425
Total Expenditures	<u>2,665,325</u>	<u>4,715,325</u>	<u>3,445,900</u>	<u>1,269,425</u>
Excess of Revenues Over Expenditures	<u>(904,242)</u>	<u>(2,904,242)</u>	<u>(1,051,978)</u>	<u>1,852,264</u>
Other Financing Sources (Uses)				
Transfers Out	(50,000)	(50,000)	-	50,000
Reserve for Contingencies	(4,423,393)	(4,526,716)	-	4,526,716
Total Other Financing Sources (Uses)	<u>(4,473,393)</u>	<u>(4,576,716)</u>	<u>-</u>	<u>4,576,716</u>
Net Change in Fund Balance	(5,377,635)	(7,480,958)	(1,051,978)	6,428,980
Fund Balance at Beginning of Year	5,377,635	5,377,635	7,480,958	2,103,323
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ (2,103,323)</u>	<u>\$ 6,428,980</u>	<u>\$ 8,532,303</u>

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COURT RELATED FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Intergovernmental	\$ 83,742	\$ 201,741	\$ 78,376	\$ (123,365)
Charges for Services	955,847	955,847	1,101,772	145,925
Fines and Forfeitures	324	324	-	(324)
Investment Income (Loss)	1,400	1,400	656,374	654,974
Miscellaneous	-	-	1,032	1,032
Total Revenues	<u>1,041,313</u>	<u>1,159,312</u>	<u>1,837,554</u>	<u>678,242</u>
Expenditures				
Current				
Court Operations	1,925,794	1,967,961	1,677,769	290,192
Capital Outlay	673,300	1,140,930	334,867	806,063
Total Expenditures	<u>2,599,094</u>	<u>3,108,891</u>	<u>2,012,636</u>	<u>1,096,255</u>
Excess of Revenues Over Expenditures	<u>(1,557,781)</u>	<u>(1,949,579)</u>	<u>(175,082)</u>	<u>1,774,497</u>
Other Financing Sources (Uses)				
Transfers In	524,087	524,087	586,337	62,250
Transfers Out	(12,800)	(38,430)	(38,430)	-
Reserve for Contingencies	(6,570,416)	(4,949,792)	-	4,949,792
Total Other Financing Sources (Uses)	<u>(6,059,129)</u>	<u>(4,464,135)</u>	<u>547,907</u>	<u>5,012,042</u>
Net Change in Fund Balance	<u>(7,616,910)</u>	<u>(6,413,714)</u>	<u>372,825</u>	<u>6,786,539</u>
Fund Balance at Beginning of Year	7,616,910	6,413,714	6,489,308	75,594
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,862,133</u>	<u>\$ 6,862,133</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, 2025

	<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	\$ 10,789,636	\$ 10,801,378	\$ 10,764,425	\$ (36,953)
Investment Income (Loss)	125,000	125,000	348,552	223,552
Miscellaneous	123,835	123,835	189,790	65,955
Total Revenues	<u>11,038,471</u>	<u>11,050,213</u>	<u>11,302,767</u>	<u>252,554</u>
Expenditures				
Current				
Public Safety	42,598	42,598	2,953	39,645
Physical Environment	8,596,383	8,807,383	8,786,867	20,516
Transportation	1,351,649	1,351,649	1,254,804	96,845
Debt Service				
Principal	721,670	721,670	721,497	173
Interest and Fiscal Charges	87,940	87,940	87,770	170
Capital Outlay			-	-
Total Expenditures	<u>10,800,240</u>	<u>11,011,240</u>	<u>10,853,891</u>	<u>157,349</u>
Excess of Revenues Over Expenditures	<u>238,231</u>	<u>38,973</u>	<u>448,876</u>	<u>409,903</u>
Other Financing Sources (Uses)				
Transfers In	95,000	95,000	155,849	60,849
Transfers Out		(60,276)	(82,707)	(22,431)
Issuance of Long-Term Debt			566,860	566,860
Reserve for Contingencies	(5,687,920)	(5,728,417)	-	5,728,417
Total Other Financing Sources (Uses)	<u>(5,592,920)</u>	<u>(5,693,693)</u>	<u>640,002</u>	<u>6,333,695</u>
Net Change in Fund Balance	(5,354,689)	(5,654,720)	1,088,878	6,743,598
Fund Balance at Beginning of Year	5,354,689	5,654,720	5,588,131	(66,589)
Fund Balance at End of Year	\$ -	\$ -	\$ 6,677,009	\$ 6,677,009

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, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 3,959,053	\$ 3,959,053	\$ 4,907,977	\$ 948,924
Intergovernmental	1,199,412	1,270,110	763,169	(506,941)
Charges for Services	1,669,800	3,300	7,097	3,797
Fines and Forfeitures	310,000	180,000	183,793	3,793
Investment Income (Loss)	9,059	9,059	817,871	808,812
Miscellaneous	928,456	838,456	465,151	(373,305)
Total Revenues	<u>8,075,780</u>	<u>6,259,978</u>	<u>7,145,058</u>	<u>885,080</u>
Expenditures				
Current				
General Government	500	104,215	2,326	101,889
Public Safety	4,459,422	2,743,907	199,213	2,544,694
Physical Environment	5,797	5,797	8,732	(2,935)
Transportation	862,203	834,417	614,504	219,913
Economic Environment	1,970,115	2,508,762	1,357,846	1,150,916
Human Services	3,118,561	4,174,538	2,358,447	1,816,091
Culture and Recreation	290,551	604,420	22,978	581,442
Capital Outlay	2,739,477	2,761,968	37,389	2,724,579
Total Expenditures	<u>13,446,626</u>	<u>13,738,024</u>	<u>4,601,435</u>	<u>9,136,589</u>
Excess of Revenues Over Expenditures	<u>(5,370,846)</u>	<u>(7,478,046)</u>	<u>2,543,623</u>	<u>10,021,669</u>
Other Financing Sources (Uses)				
Transfers In	4,628,454	4,628,454	5,943,201	1,314,747
Transfers Out	(3,683,641)	(3,732,402)	(3,794,696)	(62,294)
Reserve for Contingencies	(14,167,570)	(12,777,023)	-	12,777,023
Total Other Financing Sources (Uses)	<u>(13,222,757)</u>	<u>(11,880,971)</u>	<u>2,148,505</u>	<u>14,029,476</u>
Net Change in Fund Balance	<u>(18,593,603)</u>	<u>(19,359,017)</u>	<u>4,692,128</u>	<u>24,051,145</u>
Fund Balance at Beginning of Year	18,593,603	19,359,017	19,447,953	88,936
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,140,081</u>	<u>\$ 24,140,081</u>

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CLERK OF COURT AND COMPTROLLER
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 362,301	\$ 362,301	\$ 317,777	\$ (44,524)
Charges for Services	4,032,180	4,032,180	4,577,324	545,144
Fines and Forfeitures	1,117,000	1,117,000	1,282,679	165,679
Investment Income (Loss)	30,000	30,000	292,713	262,713
Miscellaneous	-	-	191,213	191,213
Total Revenues	<u>5,541,481</u>	<u>5,541,481</u>	<u>6,661,706</u>	<u>1,120,225</u>
Expenditures				
Current				
General Government	415,000	415,000	37,433	377,567
Court Operations	5,912,481	5,912,481	5,737,573	174,908
Capital Outlay	100,000	100,000	-	100,000
Total Expenditures	<u>6,427,481</u>	<u>6,427,481</u>	<u>5,775,006</u>	<u>652,475</u>
Excess of Revenues Over Expenditures	<u>(886,000)</u>	<u>(886,000)</u>	<u>886,700</u>	<u>1,772,700</u>
Other Financing Sources (Uses)				
Reserve for Contingencies	(886,000)	(886,000)	-	886,000
Total Other Financing Sources (Uses)	<u>(886,000)</u>	<u>(886,000)</u>	<u>-</u>	<u>886,000</u>
Net Change in Fund Balance	(1,772,000)	(1,772,000)	886,700	2,658,700
Fund Balance at Beginning of Year	3,950,691	3,950,691	3,950,691	-
Fund Balance at End of Year	<u>\$ 2,178,691</u>	<u>\$ 2,178,691</u>	<u>\$ 4,837,391</u>	<u>\$ 2,658,700</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, 2025

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Intergovernmental	\$ 1,663,611	\$ 1,663,611	\$ 1,665,489	\$ 1,878
Charges for Services	-	-	80,692	80,692
Investment Income (Loss)	-	-	681	681
Total Revenues	<u>1,663,611</u>	<u>1,663,611</u>	<u>1,746,862</u>	<u>83,251</u>
Expenditures				
Current				
General Government	1,952,275	1,952,275	1,661,875	290,400
Capital Outlay	18,120	18,120	3,700	14,420
Total Expenditures	<u>1,970,395</u>	<u>1,970,395</u>	<u>1,665,575</u>	<u>304,820</u>
Excess of Revenues Over Expenditures	<u>(306,784)</u>	<u>(306,784)</u>	<u>81,287</u>	<u>388,071</u>
Other Financing Sources (Uses)				
Transfers Out	-	-	(140,966)	(140,966)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(140,966)</u>	<u>(140,966)</u>
Net Change in Fund Balance	(306,784)	(306,784)	(59,679)	247,105
Fund Balance at Beginning of Year	306,784	306,784	1,368,367	1,061,583
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,308,688</u>	<u>\$ 1,308,688</u>

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SHERIFF SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Intergovernmental	\$ 549,563	\$ 1,355,765	\$ 1,003,518	\$ (352,247)
Charges for Services	6,290,000	6,290,000	7,417,353	1,127,353
Fines and Forfeitures	180,000	180,000	167,241	(12,759)
Investment Income (Loss)	2,800	2,800	11,626	8,826
Miscellaneous	96,100	361,488	591,955	230,467
Total Revenues	<u>7,118,463</u>	<u>8,190,053</u>	<u>9,191,693</u>	<u>1,001,640</u>
Expenditures				
Current				
Public Safety	6,344,651	7,661,915	6,408,296	1,253,619
Capital Outlay	1,031,337	1,451,658	666,505	785,153
Total Expenditures	<u>7,375,988</u>	<u>9,113,573</u>	<u>7,074,801</u>	<u>2,038,772</u>
Excess of Revenues Over Expenditures	<u>(257,525)</u>	<u>(923,520)</u>	<u>2,116,892</u>	<u>3,040,412</u>
Other Financing Sources (Uses)				
Transfers In	3,664,007	3,915,680	4,065,021	149,341
Transfers Out	(4,622,909)	(4,600,105)	(4,796,868)	(196,763)
Reserve for Contingencies	(3,975,935)	(4,007,264)	-	4,007,264
Total Other Financing Sources (Uses)	<u>(4,934,837)</u>	<u>(4,691,689)</u>	<u>(731,847)</u>	<u>3,959,842</u>
Net Change in Fund Balance	(5,192,362)	(5,615,209)	1,385,045	7,000,254
Fund Balance at Beginning of Year	5,576,209	5,615,209	5,424,279	(190,930)
Fund Balance at End of Year	<u>\$ 383,847</u>	<u>\$ -</u>	<u>\$ 6,809,324</u>	<u>\$ 6,809,324</u>

See accompanying independent auditors' report.

**HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Income (Loss)	\$ -	\$ -	\$ (4,491)	\$ (4,491)
Total Revenues	-	-	(4,491)	(4,491)
Expenditures				
Current				
General Government	28	28	1	27
Debt Service				
Principal	1,725,000	1,725,003	1,415,000	310,003
Interest and Fiscal Charges	2,634,418	2,634,418	1,702,960	931,458
Total Expenditures	4,359,446	4,359,449	3,117,961	1,241,488
Excess of Revenues Over Expenditures	(4,359,446)	(4,359,449)	(3,122,452)	1,236,997
Other Financing Sources (Uses)				
Transfers In	4,358,595	4,358,595	3,117,960	(1,240,635)
Reserve for Contingencies	(15,434)	(69,600)	-	69,600
Total Other Financing Sources (Uses)	4,343,161	4,288,995	3,117,960	(1,171,035)
Net Change in Fund Balance	(16,285)	(70,454)	(4,492)	65,962
Fund Balance at Beginning of Year	16,285	70,454	70,457	3
Fund Balance at End of Year	\$ -	\$ -	\$ 65,965	\$ 65,965

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
IMPACT FEES CAPITAL PROJECT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Impact Fees	\$ 4,076,229	\$ 4,076,229	\$ 7,956,488	\$ 3,880,259
Investment Income (Loss)	-	-	992,103	992,103
Miscellaneous	-	-	-	-
Total Revenues	<u>4,076,229</u>	<u>4,076,229</u>	<u>8,948,591</u>	<u>4,872,362</u>
Expenditures				
Current				
General Government	124,000	124,000	-	124,000
Public Safety	240,000	522,303	63,301	459,002
Transportation	-	372,488	-	372,488
Culture and Recreation	304,085	984,379	435,245	549,134
Capital Outlay	11,800,520	15,791,193	2,665,253	13,125,940
Total Expenditures	<u>12,468,605</u>	<u>17,794,363</u>	<u>3,163,799</u>	<u>14,630,564</u>
Excess of Revenues Over Expenditures	<u>(8,392,376)</u>	<u>(13,718,134)</u>	<u>5,784,792</u>	<u>19,502,926</u>
Other Financing Sources (Uses)				
Transfers Out	(220,794)	(220,794)	(220,793)	1
Reserve for Contingencies	(7,085,968)	(8,934,964)	-	8,934,964
Total Other Financing Sources (Uses)	<u>(7,306,762)</u>	<u>(9,155,758)</u>	<u>(220,793)</u>	<u>8,934,965</u>
Net Change in Fund Balance	<u>(15,699,138)</u>	<u>(22,873,892)</u>	<u>5,563,999</u>	<u>28,437,891</u>
Fund Balance at Beginning of Year	15,699,138	22,873,892	22,749,423	(124,469)
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,313,422</u>	<u>\$ 28,313,422</u>

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, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 3,201,687	\$ 3,381,897	\$ 125,813	\$ (3,256,084)
Total Revenues	<u>3,201,687</u>	<u>3,381,897</u>	<u>125,813</u>	<u>(3,256,084)</u>
Expenditures				
Current				
Physical Environment	77,217	182,428	113,002	69,426
Capital Outlay	<u>3,124,470</u>	<u>3,199,469</u>	<u>12,811</u>	<u>3,186,658</u>
Total Expenditures	<u>3,201,687</u>	<u>3,381,897</u>	<u>125,813</u>	<u>3,256,084</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance at Beginning of Year	-	-	(19,094)	(19,094)
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,094)</u>	<u>\$ (19,094)</u>

See accompanying independent auditors' report.

Internal Service Funds

Central Fueling System

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

Risk Management

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

Workers' Compensation

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

Computer Replacement

To account for the management and replacement of County computers.

Vehicle Maintenance

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

Fleet Replacement

To account for the management and replacement of County vehicles.

County Health Insurance

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

Sheriff Health Insurance

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

**HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2025**

	<u>Central Fueling System</u>	<u>Risk Management</u>	<u>Workers' Compensation</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ -	\$ 200,000
Pooled Cash and Investments	132,674	2,261,409	12,086,548
Accounts Receivable (net)	2,119	-	777
Due from Other Governments	-	-	-
Inventories	293,543	-	-
Prepaid Items	-	-	-
Total Current Assets	<u>428,336</u>	<u>2,261,409</u>	<u>12,287,325</u>
Non-Current Assets:			
Capital Assets, not depreciated	33,969	-	-
Capital Assets, net of accumulated depreciation	354,750	-	-
Total Non-Current Assets	<u>388,719</u>	<u>-</u>	<u>-</u>
Total Assets	<u>817,055</u>	<u>2,261,409</u>	<u>12,287,325</u>
Deferred Outflows of Resources	<u>10,595</u>	<u>35,753</u>	<u>24,743</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	112,847	782	142,867
Accrued Liabilities	4,518	4,165	5,434
Due Within One Year	1,044	1,383	2,201,195
Total Current Liabilities	<u>118,409</u>	<u>6,330</u>	<u>2,349,496</u>
Non-Current Liabilities:			
Due in More Than One Year	68,512	105,250	3,154,966
Total Non-Current Liabilities	<u>68,512</u>	<u>105,250</u>	<u>3,154,966</u>
Total Liabilities	<u>186,921</u>	<u>111,580</u>	<u>5,504,462</u>
Deferred Inflows of Resources	<u>8,171</u>	<u>22,407</u>	<u>17,341</u>
NET POSITION			
Net Investment in Capital Assets	388,719	-	-
Unrestricted	243,839	2,163,175	6,790,265
Total Net Position	<u>\$ 632,558</u>	<u>\$ 2,163,175</u>	<u>\$ 6,790,265</u>

See accompanying independent auditors' report.

Computer Replacement	Vehicle Maintenance	Fleet Replacement	County Health Insurance	Sheriff Health Insurance	Total
\$ -	\$ 720	\$ -	\$ 454,080	\$ 9,282,380	\$ 9,937,180
616,670	1,109,737	9,395,319	4,446,455	-	30,048,812
-	3,898	44,854	-	-	51,648
-	-	-	-	-	-
-	141,156	-	-	-	434,699
-	-	2,433,499	-	-	2,433,499
<u>616,670</u>	<u>1,255,511</u>	<u>11,873,672</u>	<u>4,900,535</u>	<u>9,282,380</u>	<u>42,905,838</u>
-	12,677	13,082	-	-	59,728
-	1,271,691	24,440,018	393,854	211,420	26,671,733
-	1,284,368	24,453,100	393,854	211,420	26,731,461
<u>616,670</u>	<u>2,539,879</u>	<u>36,326,772</u>	<u>5,294,389</u>	<u>9,493,800</u>	<u>69,637,299</u>
-	166,609	15,243	4,050	-	256,993
-	272,545	347,195	707,700	2,786,973	4,370,909
-	50,380	228,527	10,731	643	304,398
-	16,848	1,790,745	2,251,848	594,633	6,857,696
-	339,773	2,366,467	2,970,279	3,382,249	11,533,003
-	640,803	14,362,167	370,664	199,158	18,901,520
-	640,803	14,362,167	370,664	199,158	18,901,520
-	980,576	16,728,634	3,340,943	3,581,407	30,434,523
-	149,916	10,726	12,425	-	220,986
-	1,284,368	11,125,184	393,854	-	13,192,125
616,670	291,628	8,477,471	1,551,217	5,912,393	26,046,658
<u>\$ 616,670</u>	<u>\$ 1,575,996</u>	<u>\$ 19,602,655</u>	<u>\$ 1,945,071</u>	<u>\$ 5,912,393</u>	<u>\$ 39,238,783</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, 2025**

	Central Fueling System	Risk Management	Workers' Compensation
Operating Revenues			
Charges for Services	\$ 1,542,855	\$ 7,409,951	\$ 1,638,008
Miscellaneous	-	8,243	777
Total Operating Revenues	1,542,855	7,418,194	1,638,785
Operating Expenses			
Personnel Services	93,929	133,081	116,936
Other Services & Charges	1,377,517	6,754,833	314,813
Claims	-	-	152,269
Depreciation and Amortization	870	-	-
Total Operating Expenses	1,472,316	6,887,914	584,018
Operating Income (Loss)	70,539	530,280	1,054,767
Non-Operating Revenues (Expenses)			
Investment Income (Loss)	3,501	52,397	421,692
Interest Expense	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-
Total Non-Operating Revenues (Expenses)	3,501	52,397	421,692
Income (Loss) Before Transfers	74,040	582,677	1,476,459
Transfers In	-	-	-
Transfers Out	(3,843)	(8,887)	(7,446)
Total Contributions and Transfers	(3,843)	(8,887)	(7,446)
Change in Net Position	70,197	573,790	1,469,013
Net Position-Beginning	562,361	1,589,385	5,321,252
Net Position-Ending	\$ 632,558	\$ 2,163,175	\$ 6,790,265

See accompanying independent auditors' report.

Computer Replacement	Vehicle Maintenance	Fleet Replacement	County Health Insurance	Sheriff Health Insurance	Total
\$ -	\$ 4,493,804	\$ 9,210,968	\$ 15,002,968	\$ 11,601,850	\$ 50,900,404
-	6,662	15,274	1,362,319	855,407	2,248,682
-	4,500,466	9,226,242	16,365,287	12,457,257	53,149,086
-	964,212	96,447	2,807,974	54,378	4,266,957
5,706	3,060,129	1,372,647	1,337,525	2,585,856	16,809,026
-	-	-	16,669,657	11,494,965	28,316,891
-	79,911	4,155,032	53,652	37,310	4,326,775
5,706	4,104,252	5,624,126	20,868,808	14,172,509	53,719,649
(5,706)	396,214	3,602,116	(4,503,521)	(1,715,252)	(570,563)
22,408	33,076	155,140	105,926	306,328	1,100,468
-	-	(499,953)	(9,527)	(8,650)	(518,130)
-	11,288	511,417	-	-	522,705
22,408	44,364	166,604	96,399	297,678	1,105,043
16,702	440,578	3,768,720	(4,407,122)	(1,417,574)	534,480
-	-	-	4,610,399	7,671	4,618,070
-	(123,131)	(3,843)	(4,083)	-	(151,233)
-	(123,131)	(3,843)	4,606,316	7,671	4,466,837
16,702	317,447	3,764,877	199,194	(1,409,903)	5,001,317
599,968	1,258,549	15,837,778	1,745,877	7,322,296	34,237,466
\$ 616,670	\$ 1,575,996	\$ 19,602,655	\$ 1,945,071	\$ 5,912,393	\$ 39,238,783

**HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

	Central Fueling System	Risk Management	Workers' Compensation
Cash Flows from Operating Activities			
Receipts from Customers	\$ 1,544,372	\$ 7,409,951	\$ 1,637,231
Receipts from Inter-Fund Services	-	-	-
Payments to Suppliers	(1,687,019)	(6,756,016)	(203,383)
Payments to Employees	(98,131)	(152,941)	(119,917)
Claims Paid	-	-	(522,269)
Other Receipts (Payments)	-	8,243	777
Net Cash provided by (used in) Operating Activities	<u>(240,778)</u>	<u>509,237</u>	<u>792,439</u>
Cash Flows from Noncapital Financing Activities			
Operating Grants	-	-	-
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(3,843)	(8,887)	(7,446)
Net Cash Provided by (used in) Noncapital Financing Activities	<u>(3,843)</u>	<u>(8,887)</u>	<u>(7,446)</u>
Cash Flows From Capital and Related Financing Activities			
Additions to Capital Assets	(6,618)	-	-
Proceeds from Capital Debt	-	-	-
Principal Paid on Capital Debt	-	-	-
Interest Paid on Capital Debt	-	-	-
Principal Payments on Long-Term Leases	-	-	-
Interest Payments on Long-Term Leases	-	-	-
Proceeds From Sale of Capital Assets	-	-	-
Net Cash provided by (used for) Capital and Related financing activities	<u>(6,618)</u>	<u>-</u>	<u>-</u>
Cash Flows for Investing Activities			
Interest Received	3,501	52,397	421,692
Net Cash Provided by Investing Activities	<u>3,501</u>	<u>52,397</u>	<u>421,692</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(247,738)	552,747	1,206,685
Cash and Cash Equivalents at Beginning of Year	380,412	1,708,662	11,079,863
Cash and Cash Equivalents at End of Year	<u>\$ 132,674</u>	<u>\$ 2,261,409</u>	<u>\$ 12,286,548</u>

See accompanying independent auditors' report.

Computer Replacement	Vehicle Maintenance	Fleet Replacement	County Health Insurance	Sheriff Health Insurance	Total
\$ -	\$ 4,505,589	\$ 9,166,114	\$ 15,002,968	\$ 906,730	\$ 40,172,955
-	-	-	-	10,695,119	10,695,119
(5,706)	(3,008,269)	(3,734,847)	(5,616,672)	(803,809)	(21,815,721)
-	(978,622)	(55,671)	(2,801,796)	(54,378)	(4,261,456)
-	-	-	(15,261,231)	(11,502,665)	(27,286,165)
-	6,662	15,274	1,362,319	855,407	2,248,682
(5,706)	525,360	5,390,870	(7,314,412)	96,404	(246,586)
-	-	-	-	-	-
-	-	-	4,610,399	7,671	4,618,070
-	(123,131)	(3,843)	(4,083)	-	(151,233)
-	(123,131)	(3,843)	4,606,316	7,671	4,466,837
-	(235,051)	(5,667,642)	(373,775)	-	(6,283,086)
-	-	5,966,000	-	-	5,966,000
-	-	(1,417,899)	-	-	(1,417,899)
-	-	(499,953)	-	-	(499,953)
-	-	-	319,162	(34,571)	284,591
-	-	-	(9,527)	(8,742)	(18,269)
-	11,288	511,417	-	-	522,705
-	(223,763)	(1,108,077)	(64,140)	(43,313)	(1,445,911)
22,408	33,076	155,140	105,926	306,328	1,100,468
22,408	33,076	155,140	105,926	306,328	1,100,468
16,702	211,542	4,434,090	(2,666,310)	367,090	3,874,808
599,968	898,915	4,961,229	7,566,845	8,915,290	36,111,184
\$ 616,670	\$ 1,110,457	\$ 9,395,319	\$ 4,900,535	\$ 9,282,380	\$ 39,985,992

Continued

**HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

	<u>Central Fueling System</u>	<u>Risk Management</u>	<u>Workers' Compensation</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	\$ 70,539	\$ 530,280	\$ 1,054,767
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided by (used for) Operating Activities			
Depreciation and Amortization	870	-	-
Other Post-Employment Benefits	538	867	771
Pension Adjustments	(12,197)	(9,800)	(6,942)
Other Deferred Amounts	4,879	-	-
(Increase) Decrease in			
Accounts Receivable	1,517	-	(777)
Due from Other Governments	-	-	-
Inventories	(240,726)	-	-
Prepaid Items	-	-	-
Increase (Decrease) in			
Accounts Payable	(68,776)	(1,183)	111,430
Accrued Liabilities	2,578	(10,927)	3,190
Claims Liabilities	-	-	(370,000)
Total Adjustments	<u>(311,317)</u>	<u>(21,043)</u>	<u>(262,328)</u>
Net cash Provided by (used in) Operating Activities	<u>\$ (240,778)</u>	<u>\$ 509,237</u>	<u>\$ 792,439</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>
\$ (5,706)	\$ 396,214	\$ 3,602,116	\$ (4,503,521)	\$ (1,715,252)	\$ (570,563)
-	79,911	4,155,032	53,652	37,310	4,326,775
-	5,553	552	692	-	8,973
-	(44,753)	(4,993)	(9,118)	-	(87,803)
-	-	-	-	-	4,879
-	(2,141)	(44,854)	-	-	(46,255)
-	13,926	-	-	-	13,926
-	-	-	-	-	(240,726)
-	-	(2,433,499)	-	-	(2,433,499)
-	51,860	71,299	(4,279,147)	1,782,046	(2,332,471)
-	24,790	45,217	14,604	-	79,452
-	-	-	1,408,426	(7,700)	1,030,726
-	129,146	1,788,754	(2,810,891)	1,811,656	323,977
\$ (5,706)	\$ 525,360	\$ 5,390,870	\$ (7,314,412)	\$ 96,404	\$ (246,586)

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Custodial Funds

Board of County Commissioners Custodial Fund

To account for assets held by the Board of County Commissioners as agent, including industrial bond escrow funds and impact fees held for the School Board of Hernando County.

Clerk of Circuit Court Custodial Fund

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

Sheriff Custodial Fund

To account for assets held by the Sheriff as agent, including service fees.

Tax Collector Custodial Fund

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

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2025

	Board of County Commissioners	Clerk of the Circuit Court	Sheriff
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 4,153,089	\$ 173,641
Pooled Cash and Investments	525,698	-	-
Due from Other Governments	-	-	-
Total Assets	525,698	4,153,089	173,641
LIABILITIES			
Accounts Payable	424,525	29,539	30,015
Due to Other Governments	86,440	431,025	38,108
Installment Tax Escrow	-	-	-
Deposits	14,733	-	-
Other Current Liabilities	-	1,406,699	-
Total Liabilities	525,698	1,867,263	68,123
NET POSITION:			
Restricted for:			
Individuals and Other Governments	-	2,285,826	105,518
Total Net Position	\$ -	\$ 2,285,826	\$ 105,518

See accompanying independent auditors' report.

<u>Tax Collector</u>	<u>Total</u>
\$ 4,681,211	\$ 9,007,941
-	525,698
14,111	14,111
4,695,322	9,547,750
4,177	488,256
4,687,684	5,243,257
3,461	3,461
-	14,733
-	1,406,699
4,695,322	7,156,406
-	2,391,344
\$ -	\$ 2,391,344

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES TO FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Board of County Commissioners	Clerk of the Circuit Court	Sheriff
ADDITIONS:			
Tax Collections for Other Governments	\$ -	\$ -	\$ -
State of Florida collections	-	32,496,806	-
Other collections	10,648,749	40,716,367	-
Miscellaneous - Revenues	-	-	1,429,834
Total additions	10,648,749	73,213,173	1,429,834
DEDUCTIONS:			
Payments of Taxes to State of Florida	-	33,009,846	-
Payments of Taxes to Other Governments	-	-	-
Other Payments	10,648,749	39,586,048	1,399,829
Miscellaneous - Expenses	-	-	-
Total deductions	10,648,749	72,595,894	1,399,829
Change in net position	-	617,279	30,005
Net Position-beginning of the year	-	1,668,547	75,513
Net Position-end of year	\$ -	\$ 2,285,826	\$ 105,518

See accompanying independent auditors' report.

<u>Tax Collector</u>	<u>Total</u>
\$ 154,865,531	\$ 154,865,531
-	32,496,806
-	51,365,116
6,639	1,436,473
<u>154,872,170</u>	<u>240,163,926</u>
-	33,009,846
154,865,531	154,865,531
-	51,634,626
6,639	6,639
<u>154,872,170</u>	<u>239,516,642</u>
-	647,284
-	1,744,060
<u>\$ -</u>	<u>\$ 2,391,344</u>

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STATISTICAL TABLES

This section contains the following:

The statistical data is information gathered by the Clerk of Circuit Court and relates to the physical, economic, social, and political characteristics of the County. It is intended to provide financial report users with a more broad 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 account records. Therefore, the Statistical Section data has not been subjected to independent audit.

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STATISTICAL SECTION

This part of Hernando County's annual comprehensive financial report presents detailed information as 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

Financial Trends

These tables contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These tables contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These tables 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.

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These tables contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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

**HERNANDO COUNTY, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(DOLLARS EXPRESSED IN THOUSANDS)**

	FISCAL YEAR		
	2016	2017	2018
Governmental Activities			
Net Investment in Capital Assets	\$ 306,373	\$ 304,605	\$ 304,941
Restricted	62,476	57,323	60,065
Unrestricted	(42,266)	(46,513)	(61,512)
Total Governmental Activities Net Position	<u>\$ 326,583</u>	<u>\$ 315,415</u>	<u>\$ 303,494</u>
Business-type Activities			
Net Investment in Capital Assets	\$ 174,660	\$ 171,817	\$ 172,789
Restricted	12,753	17,783	18,818
Unrestricted	42,892	49,047	54,634
Total Business-type Activities Net Position	<u>\$ 230,305</u>	<u>\$ 238,647</u>	<u>\$ 246,241</u>
Primary Government			
Net Investment in Capital Assets	\$ 481,033	\$ 476,422	\$ 477,730
Restricted	75,229	75,106	78,884
Unrestricted	626	2,534	(6,878)
Total Primary Government Net Position	<u>\$ 556,888</u>	<u>\$ 554,062</u>	<u>\$ 549,736</u>

(b) GASB 87 was implemented in 2022, requiring an increase in beginning net position of \$543,985 (governmental). Prior years have not been restated in this schedule.

(c) GASB 96 was implemented in 2023, requiring an increase in beginning net position of \$1,450,184 (governmental). Prior years have not been restated in this schedule.

FISCAL YEAR						
2019	2020	2021	2022 ^(b)	2023 ^(c)	2024	2025
\$ 306,203	\$ 331,520	\$ 312,258	\$ 318,931	\$ 340,223	\$ 369,996	\$ 383,860
78,821	90,385	102,989	111,550	146,198	67,828	165,283
(85,382)	(90,418)	(46,020)	(45,724)	(82,783)	18,031	(56,217)
<u>\$ 299,642</u>	<u>\$ 331,487</u>	<u>\$ 369,227</u>	<u>\$ 384,757</u>	<u>\$ 403,638</u>	<u>\$ 455,855</u>	<u>\$ 492,926</u>
\$ 178,095	\$ 188,883	\$ 202,054	\$ 225,879	\$ 244,667	\$ 267,116	\$ 296,281
18,818	51,337	20,932	20,932	16,855	59,487	98,589
64,808	32,345	76,324	82,381	105,041	83,280	74,210
<u>\$ 261,721</u>	<u>\$ 272,565</u>	<u>\$ 299,310</u>	<u>\$ 329,192</u>	<u>\$ 366,563</u>	<u>\$ 409,883</u>	<u>\$ 469,080</u>
\$ 484,298	\$ 520,403	\$ 514,312	\$ 544,810	\$ 584,890	\$ 637,112	\$ 680,141
97,639	141,722	123,921	132,482	163,053	127,315	263,872
(20,574)	(58,073)	30,304	36,657	22,258	101,311	17,993
<u>\$ 561,363</u>	<u>\$ 604,052</u>	<u>\$ 668,537</u>	<u>\$ 713,949</u>	<u>\$ 770,201</u>	<u>\$ 865,738</u>	<u>\$ 962,006</u>

HERNANDO COUNTY, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(DOLLARS EXPRESSED IN THOUSANDS)

	FISCAL YEAR		
	2016	2017	2018
Expenses			
Governmental Activities:			
General Government	\$ 24,583	\$ 26,219	\$ 28,208
Public Safety	86,582	92,685	99,101
Physical Environment	1,230	1,304	1,402
Transportation	23,236	24,465	25,206
Economic Environment	3,095	3,487	2,856
Human Services	7,275	7,504	7,936
Culture and Recreation	5,714	5,712	6,220
Court Operations	6,773	7,163	7,384
Interest on Long-term Debt	1,038	1,074	1,162
Total Governmental Activities Expenses	<u>\$ 159,526</u>	<u>\$ 169,613</u>	<u>\$ 179,475</u>
Business-type Activities:			
Water and Sewer District	\$ 27,673	\$ 30,933	\$ 31,357
Aviation Operations	2,567	2,233	2,257
Waste Management	6,447	7,594	9,792
Building Department	2,786	2,807	3,258
Total Business-type Activities Expenses	<u>39,473</u>	<u>43,567</u>	<u>46,664</u>
Total Primary Government Expenses	<u>\$ 198,999</u>	<u>\$ 213,180</u>	<u>\$ 226,139</u>
Program Revenues			
Governmental Activities:			
Charges for Services:			
General Government	\$ 12,050	\$ 12,419	\$ 13,428
Public Safety	31,168	31,312	35,831
Physical Environment	345	865	503
Transportation	5,398	5,692	6,307
Economic Environment	-	66	-
Human Services	250	231	242
Culture and Recreation	915	1,037	1,051
Court Operations	4,832	4,848	5,090
Operating Grants and Contributions	4,935	5,993	5,361
Capital Grants and Contributions	1,777	4,728	6,035
Total Government Activities Program Revenues	<u>\$ 61,670</u>	<u>\$ 67,191</u>	<u>\$ 73,848</u>
Business-type Activities:			
Charges for Services:			
Water and Sewer District	\$ 31,032	\$ 33,832	\$ 33,861
Aviation Authority	1,806	1,701	1,895
Waste Management	7,653	7,803	7,896
Building Department	2,970	2,915	3,547
Zoning Department	-	-	-
Operating Grants and Contributions	94	110	107
Capital Grants and Contributions	5,306	4,469	6,629
Total Business-type Activities Program Revenues	<u>48,861</u>	<u>50,830</u>	<u>53,935</u>
Total Primary Government Program Revenues	<u>\$ 110,531</u>	<u>\$ 118,021</u>	<u>\$ 127,783</u>

FISCAL YEAR						
2019	2020	2021	2022	2023	2024	2025
\$ 30,046	\$ 30,576	\$ 28,309	\$ 29,912	\$ 43,222	\$ 43,024	\$ 45,088
112,171	120,003	96,101	114,899	140,780	144,353	165,653
6,393	8,128	8,325	8,805	9,580	10,177	10,513
26,123	27,506	27,643	20,418	31,621	32,534	35,478
2,561	4,808	5,943	2,320	2,962	3,449	5,992
8,302	8,444	9,204	6,693	9,309	9,488	9,514
6,823	6,418	6,665	6,734	8,064	8,575	9,594
7,641	7,525	7,940	8,175	8,494	9,257	9,659
1,226	1,094	887	707	2,394	2,306	2,045
<u>\$ 201,286</u>	<u>\$ 214,502</u>	<u>\$ 191,017</u>	<u>\$ 198,663</u>	<u>\$ 256,426</u>	<u>\$ 263,163</u>	<u>\$ 293,536</u>
\$ 32,622	\$ 34,129	\$ 33,721	\$ 44,316	\$ 37,610	\$ 40,881	\$ 40,325
2,692	3,028	3,071	2,839	3,260	3,296	3,242
8,943	12,227	9,230	10,627	10,226	10,617	20,803
3,524	4,142	4,162	4,575	4,894	5,466	6,460
47,781	53,526	50,184	62,357	55,990	60,260	70,830
<u>\$ 249,067</u>	<u>\$ 268,028</u>	<u>\$ 241,201</u>	<u>\$ 261,020</u>	<u>\$ 312,416</u>	<u>\$ 323,423</u>	<u>\$ 364,366</u>
\$ 14,555	\$ 15,481	\$ 12,809	\$ 31,585	\$ 15,975	\$ 17,615	\$ 20,293
46,038	47,217	49,221	41,534	50,707	57,470	64,678
101	223	264	309	8,242	8,396	9,788
13,234	13,510	13,862	18,494	6,911	7,134	9,211
18	19	24	573	30	38	34
278	215	239	229	234	195	200
961	890	1,177	1,889	1,891	1,610	1,403
5,059	4,413	4,953	980	5,386	6,461	6,962
6,393	32,962	14,807	2,340	18,343	29,448	22,323
4,546	7,952	5,957	5,330	961	1,161	2,514
<u>\$ 91,183</u>	<u>\$ 122,882</u>	<u>\$ 103,313</u>	<u>\$ 103,263</u>	<u>\$ 108,680</u>	<u>\$ 129,528</u>	<u>\$ 137,406</u>
\$ 35,859	\$ 38,933	\$ 41,625	\$ 45,281	\$ 47,295	\$ 49,268	\$ 56,524
1,972	2,120	2,183	12,311	1,840	1,975	2,011
8,169	9,032	9,406	11,131	11,388	13,231	14,148
3,677	3,803	4,453	4,802	5,428	5,543	6,923
-	-	-	-	-	-	-
1,521	842	165	44	1,566	2,662	7,590
7,870	8,533	16,127	11,400	18,314	18,736	33,583
59,068	63,263	73,959	84,969	85,831	91,415	120,779
<u>\$ 150,251</u>	<u>\$ 186,145</u>	<u>\$ 177,272</u>	<u>\$ 188,232</u>	<u>\$ 194,511</u>	<u>\$ 220,943</u>	<u>\$ 258,185</u>

HERNANDO COUNTY, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(DOLLARS EXPRESSED IN THOUSANDS)

	FISCAL YEAR		
	2016	2017	2018
Net (Expense)/Revenue			
Governmental Activities	\$ (97,856)	\$ (102,422)	\$ (105,627)
Business-type Activities	9,388	7,263	7,271
Total Primary Government Net Expense	<u>\$ (88,468)</u>	<u>\$ (95,159)</u>	<u>\$ (98,356)</u>
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Taxes			
Property Taxes	\$ 61,572	\$ 62,915	\$ 69,647
Fuel Taxes	8,146	8,722	8,970
Sales Taxes	9,100	9,337	9,878
Other Taxes	2,560	2,597	2,710
State Shared Revenue	4,889	5,102	5,335
Investment Earnings	1,437	562	532
Miscellaneous	1,378	1,597	1,682
Gain on Sale of Capital Assets	349	205	53
Transfers	(998)	217	154
Total Governmental Activities	<u>88,433</u>	<u>91,254</u>	<u>98,961</u>
Business-type Activities:			
Investment Earnings	701	348	245
Gain on Sale of Capital Assets	28	(11)	315
Miscellaneous	818	958	1,057
Transfers	998	(217)	(154)
Total Business-type Activities	<u>2,545</u>	<u>1,078</u>	<u>1,463</u>
Total Primary Government	<u>\$ 90,978</u>	<u>\$ 92,332</u>	<u>\$ 100,424</u>
Change in Net Position			
Governmental Activities	\$ (9,423)	\$ (11,168)	\$ (6,666)
Business-type Activities	11,933	8,341	8,734
Total Primary Government	<u>\$ 2,510</u>	<u>\$ (2,827)</u>	<u>\$ 2,068</u>

FISCAL YEAR						
2019	2020	2021	2022	2023	2024	2025
\$ (110,103)	\$ (91,620)	\$ (87,704)	\$ (95,400)	\$ (147,746)	\$ (133,635)	\$ (156,130)
11,287	9,737	23,775	22,612	29,841	31,155	49,949
<u>\$ (98,816)</u>	<u>\$ (81,883)</u>	<u>\$ (63,929)</u>	<u>\$ (72,788)</u>	<u>\$ (117,905)</u>	<u>\$ (102,480)</u>	<u>\$ (106,181)</u>
\$ 72,134	\$ 86,534	\$ 91,910	\$ 98,386	\$ 113,236	\$ 123,976	\$ 133,611
8,872	8,328	8,841	9,016	12,497	11,707	13,111
10,241	10,458	12,286	13,501	15,279	12,801	14,454
2,454	2,597	2,570	3,276	2,968	3,905	4,785
5,601	5,317	6,133	7,775	8,051	7,932	8,186
5,190	4,126	405	(5,488)	10,480	21,157	14,808
1,613	4,640	2,936	1,959	1,828	3,360	2,680
-	-	564	1,319	-	105	34
145	119	(201)	5,525	837	908	1,533
<u>106,250</u>	<u>122,119</u>	<u>125,444</u>	<u>135,269</u>	<u>165,176</u>	<u>185,851</u>	<u>193,202</u>
3,514	2,610	175	(3,387)	5,786	11,947	8,513
12	47	1,914	(858)	204	212	256
812	676	681	1,163	2,378	915	2,011
(145)	(119)	201	3,542	(837)	(908)	(1,533)
<u>4,193</u>	<u>3,214</u>	<u>2,971</u>	<u>460</u>	<u>7,531</u>	<u>12,166</u>	<u>9,247</u>
<u>\$ 110,443</u>	<u>\$ 125,333</u>	<u>\$ 128,415</u>	<u>\$ 135,729</u>	<u>\$ 172,707</u>	<u>\$ 198,017</u>	<u>\$ 202,449</u>
\$ (3,853)	\$ 30,499	\$ 37,740	\$ 39,869	\$ 17,430	\$ 52,216	\$ 37,072
15,480	12,951	26,746	23,072	37,372	43,321	59,196
<u>\$ 11,627</u>	<u>\$ 43,450</u>	<u>\$ 64,486</u>	<u>\$ 62,941</u>	<u>\$ 54,802</u>	<u>\$ 95,537</u>	<u>\$ 96,268</u>

HERNANDO COUNTY, FLORIDA
FUND BALANCE OF GOVERNMENT FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(DOLLARS EXPRESSED IN THOUSANDS)

	FISCAL YEAR		
	2016	2017	2018
General Fund			
Nonspendable	\$ 4,570	\$ 7,503	\$ 5,890
Restricted	341	771	1,015
Committed	5,320	5,717	5,913
Assigned	3,000	-	28
Unassigned	9,443	6,860	9,760
Total General Fund	<u>\$ 22,674</u>	<u>\$ 20,851</u>	<u>\$ 22,606</u>
All other Governmental Funds			
Nonspendable	\$ 57	\$ 51	\$ 51
Restricted	59,914	54,225	58,082
Committed	1,247	1,286	1,353
Assigned	8,104	15,252	12,207
Unassigned	-	(471)	-
Total all other Governmental Funds	<u>\$ 69,322</u>	<u>\$ 70,343</u>	<u>\$ 71,693</u>

FISCAL YEAR						
2019	2020	2021	2022	2023	2024	2025
\$ 3,909	\$ 1,469	\$ 811	\$ 699	\$ 679	\$ 519	\$ 467
1,046	1,676	913	860	15,999	15,888	5,434
7,677	7,052	7,510	10,093	11,985	13,665	12,781
-	339	4,791	7,460	1,213	780	1,614
9,346	48,035	51,771	47,982	62,697	61,934	47,722
<u>\$ 21,978</u>	<u>\$ 58,571</u>	<u>\$ 65,796</u>	<u>\$ 67,094</u>	<u>\$ 92,573</u>	<u>\$ 92,786</u>	<u>\$ 68,018</u>
\$ 181	\$ 128	\$ 157	\$ 46	\$ 40	\$ 3	\$ -
72,330	81,497	92,823	105,209	130,299	140,182	159,849
1,625	1,823	2,014	2,024	2,227	2,074	2,134
11,864	13,412	14,714	14,829	12,878	16,114	18,362
-	-	-	-	(126)	(19)	(19)
<u>\$ 86,000</u>	<u>\$ 96,860</u>	<u>\$ 109,708</u>	<u>\$ 122,108</u>	<u>\$ 145,318</u>	<u>\$ 158,354</u>	<u>\$ 180,326</u>

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		
	2016	2017	2018
Revenue			
Taxes	\$ 72,115	\$ 74,178	\$ 81,305
Licenses and Permits	446	504	529
Intergovernmental	23,916	27,279	28,931
Charges for Services	26,403	25,585	29,449
Fines and Forfeitures	1,543	1,540	1,732
Special Assessments	20,404	21,479	23,056
Impact Fees	1,299	2,733	3,129
Interest	1,281	486	454
Miscellaneous	2,553	2,428	2,690
Total Revenues	<u>\$ 149,960</u>	<u>\$ 156,212</u>	<u>\$ 171,275</u>
Expenditures			
Current			
General Government	\$ 21,271	\$ 21,946	\$ 23,999
Public Safety	78,707	81,327	86,506
Physical Environment	1,094	1,144	1,188
Transportation	14,932	15,720	15,600
Economic Environment	3,031	3,415	2,771
Human Services	5,520	5,710	6,094
Culture and Recreation	4,758	4,852	5,291
Court Operations	6,585	6,952	7,222
Debt Service			
Principal	3,854	4,075	4,185
Interest and Fiscal Charges	978	975	987
Capital Outlay	13,475	12,268	14,878
Total Expenditures	<u>\$ 154,205</u>	<u>\$ 158,384</u>	<u>\$ 168,721</u>
Excess of Revenues Over (Under) Expenditures	(4,245)	(2,172)	2,554
Other Financing Sources (Uses)			
Transfers In	10,989	14,063	14,640
Transfers Out	(9,469)	(15,061)	(15,333)
Sale of Capital Assets	-	-	53
Additions to Long-Term Debt	757	2,368	1,189
Lease Financing	-	-	-
SBITA Financing			
Total Other Financing			
Sources (Uses)	<u>2,277</u>	<u>1,370</u>	<u>549</u>
Net Change in Fund Balances	<u>(1,968)</u>	<u>(802)</u>	<u>3,103</u>
Debt Service as a Percentage of Noncapital Expenditures	3.6%	3.5%	3.4%

FISCAL YEAR						
2019	2020	2021	2022	2023	2024	2025
\$ 83,660	\$ 97,420	\$ 103,329	\$ 111,084	\$ 126,832	\$ 137,661	\$ 148,255
625	579	611	610	643	853	1,291
29,157	56,962	40,671	38,809	44,516	55,420	50,710
32,234	33,764	36,749	37,816	40,606	42,988	46,870
1,642	1,653	1,764	1,585	1,725	1,928	1,824
36,458	36,730	37,266	38,044	38,821	43,351	49,295
3,176	3,264	4,550	5,052	4,274	5,990	7,956
4,580	3,732	383	(5,259)	10,480	21,157	14,807
2,975	6,843	4,562	4,550	3,661	4,549	3,922
<u>\$ 194,507</u>	<u>\$ 240,947</u>	<u>\$ 229,885</u>	<u>\$ 232,291</u>	<u>\$ 271,558</u>	<u>\$ 313,897</u>	<u>\$ 324,930</u>
\$ 24,519	\$ 24,113	\$ 27,806	\$ 30,781	\$ 34,603	\$ 41,136	\$ 44,772
92,621	97,700	102,462	109,531	120,764	135,774	164,091
6,170	7,913	8,161	8,806	9,362	9,829	10,134
15,851	17,215	18,408	20,195	20,719	22,192	24,840
2,478	4,701	5,957	2,320	2,871	3,466	6,033
6,448	6,577	7,670	6,693	7,143	7,896	8,049
5,783	5,482	6,243	6,661	7,015	8,068	9,251
7,490	7,358	7,856	8,057	8,365	9,148	9,649
4,322	4,576	4,964	4,137	4,893	4,412	4,567
1,035	912	671	732	1,849	2,127	2,047
14,150	17,190	20,395	23,608	36,115	54,937	46,503
<u>\$ 180,867</u>	<u>\$ 193,737</u>	<u>\$ 210,593</u>	<u>\$ 221,521</u>	<u>\$ 253,699</u>	<u>\$ 298,985</u>	<u>\$ 329,936</u>
13,640	47,210	19,292	10,770	17,859	14,912	(5,006)
15,961	16,208	14,480	11,730	3,472	15,322	17,699
(16,977)	(17,482)	(19,404)	(12,771)	(1,298)	(18,413)	(20,633)
-	-	-	-	-	-	-
1,056	1,516	5,708	3,626	32,262	-	567
-	-	-	-	87	787	30
				538	641	4,547
<u>40</u>	<u>242</u>	<u>784</u>	<u>2,585</u>	<u>30,712</u>	<u>(1,663)</u>	<u>2,210</u>
<u>13,680</u>	<u>47,452</u>	<u>20,076</u>	<u>13,355</u>	<u>48,571</u>	<u>13,249</u>	<u>(2,796)</u>
3.2%	3.1%	3.0%	2.5%	3.1%	2.7%	2.3%

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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
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	5,208	1,880	826	4,753	796
2019	10,113	5,461	1,947	843	4,754	360
2020	10,334	5,150	1,747	758	4,402	404
2021	12,179	5,963	1,848	809	4,727	555
2022	13,501	7,606	1,949	850	4,830	2,050
2023	14,104	8,051	1,967	875	5,099	619
2024	13,976	7,738	2,026	877	5,129	2,691
2025	14,454	7,713	2,002	877	5,246	1,651

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

HERNANDO COUNTY, FLORIDA
FAIR MARKET, ASSESSED VALUE, AND TAXABLE VALUE OF PROPERTY
LAST TEN FISCAL YEARS
(DOLLARS EXPRESSED IN THOUSANDS)

Tax Roll Year	Fair Market ^{(a)(i)}		Assessed Value ^{(b)(i)}		Exemptions ^{(c)(i)}	
	Real Property ^(f)	Personal Property ^(g)	Real Property ^(f)	Personal Property ^(g)	Real Property ^(f)	Personal Property ^(g)
2016	\$ 11,208,262	\$ 1,703,765	\$ 10,044,161	\$ 1,703,015	\$ 3,473,220	\$ 596,852
2017	12,247,949	1,834,656	10,572,795	1,766,495	3,555,440	600,848
2018	13,300,360	1,846,816	11,165,701	1,776,293	3,646,183	601,446
2019	15,210,973	1,721,661	11,880,508	1,693,762	3,780,811	609,861
2020	16,567,712	1,766,669	12,807,078	1,739,675	3,963,063	612,477
2021	17,656,641	1,817,025	13,794,061	1,790,065	4,121,443	608,847
2022	24,884,232	1,883,804	16,033,070	1,857,269	4,413,228	617,692
2023	28,928,102	2,059,565	18,217,430	2,026,581	4,777,494	639,703
2024	30,562,802	2,123,904	20,176,004	2,092,082	5,138,009	643,033
2025	31,927,208	2,346,438	22,084,864	2,321,631	5,225,353	651,589

(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

Taxable Value ^{(d)(i)}				Total Direct Tax Rate ^(e)
Real Property ^(f)	Personal Property ^(g)	Centrally Assessed ^(h)	Total	
\$ 6,570,941	\$1,106,163	\$ 8,326	\$ 7,685,430	8.5942
7,017,354	1,165,647	7,483	8,190,484	8.9692
7,519,519	1,174,846	7,926	8,702,291	8.7342
8,099,697	1,083,901	7,694	9,191,292	9.7344
8,844,015	1,127,198	9,594	9,980,807	9.4844
9,672,619	1,181,218	9,948	10,863,785	9.3844
11,619,842	1,239,577	10,937	12,870,356	8.9344
13,439,935	1,386,878	11,185	14,837,998	8.6429
15,037,995	1,449,049	11,116	16,498,160	8.3929
16,859,511	1,670,042	11,746	18,541,299	7.8275

**HERNANDO COUNTY, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
DIRECT RATES^(a)						
Countywide						
Hernando County Government:						
General Fund	6.9912	6.8912	6.8912	7.8912	7.6412	7.4412
Special Revenue						
Transportation Trust Fund	0.7091	0.7091	0.7091	0.7091	0.7091	0.8091
Health Department	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102
Total Countywide	<u>7.8105</u>	<u>7.7105</u>	<u>7.7105</u>	<u>8.7105</u>	<u>8.4605</u>	<u>8.3605</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>
Other						
Hernando County Government:						
Municipal Services Taxing Units						
Stormwater Management Program	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139
Emergency Medical Services	0.6700	0.6700	0.9100	0.9100	0.9100	0.9100
Fire Services	-	0.5000	-	-	-	-
Total Other	<u>0.7839</u>	<u>1.2839</u>	<u>1.0239</u>	<u>1.0239</u>	<u>1.0239</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>
Total Direct Tax Rates^(c)	<u><u>8.5942</u></u>	<u><u>8.9692</u></u>	<u><u>8.7342</u></u>	<u><u>9.7344</u></u>	<u><u>9.4844</u></u>	<u><u>9.3844</u></u>
OVERLAPPING RATES^(d)						
Countywide						
School Board	6.8690	6.6190	6.3400	6.1630	5.9130	6.7770
Southwest Florida Water Management District	0.3317	0.3131	0.2955	0.2801	0.2669	0.2535
Not Countywide						
Municipalities						
City of Brooksville	6.6426	6.9763	6.2000	6.2000	5.9000	5.9000
City of Weeki Wachee	2.8478	2.8470	2.8421	2.8658	-	-

(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.

Data represents the millage used to approve the budget and calculate taxes to support the following year, and are based on the tax roll effective January 1 for the reflected year.

Source: Hernando County Property Appraiser

<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
6.9912	6.6997	6.4497	5.8891
0.8091	0.8091	0.8091	0.8091
0.1102	0.1102	0.1102	0.1054
<u>7.9105</u>	<u>7.6190</u>	<u>7.3690</u>	<u>6.8036</u>
<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>
0.1139	0.1139	0.1139	0.1139
0.9100	0.9100	0.9100	0.9100
-	-	-	-
<u>1.0239</u>	<u>1.0239</u>	<u>1.0239</u>	<u>1.0239</u>
<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>
<u><u>8.9344</u></u>	<u><u>8.6429</u></u>	<u><u>8.3929</u></u>	<u><u>7.8275</u></u>
6.5250	6.3400	6.2710	6.2650
0.2260	0.2043	0.1909	0.1831
5.9000	5.9000	5.9000	6.5000
-	-	-	-

**HERNANDO COUNTY, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR COMPARED TO THE FISCAL YEAR NINE YEARS EARLIER
(DOLLARS EXPRESSED IN THOUSANDS)**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2025</u>		
		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Cemex, Inc.	Manufacturing	\$ 304,074	1	1.84%
Withlacoochee River Electric Co-op	Electric Utility	293,726	2	1.78%
Wal-Mart Regional Distribution	Distribution	241,823	3	1.46%
Duke Energy	Electric Utility	162,093	4	0.98%
HCA Health Services of Florida, Inc.	Hospital/Health Care	91,763	5	0.56%
Wal-Mart Stores, Inc.	Retail Sales	69,491	6	0.42%
BW Hibiscus Springs LLC	Apartments	67,750	7	0.41%
Cabot Citrus OPCO LLC	Golf Course/Communit	65,455	8	0.40%
SV Tampa Land LP	Private Corporation	51,315	9	0.31%
Florida Gas Transmissions	Utility	39,502	10	0.24%
Florida Power Development, LLC	Electric Utility			
AT&T Telecommunications	Telecommunications			
Bright House Networks	Cable Utility			
BRE DDR	Retail Sales			
Totals		<u>\$ 1,386,992</u>		<u>8.40%</u>

Source: Hernando County Property Appraiser

2016		
<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
\$ 262,841	1	3.42%
189,253	2	2.46%
80,531	5	1.05%
46,385	7	0.60%
113,466	4	1.48%
46,678	6	0.61%
150,346	3	1.96%
36,478	8	0.47%
32,057	9	0.42%
25,615	10	0.33%
<u>\$ 983,650</u>		<u>12.80%</u>

**HERNANDO COUNTY, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(DOLLARS EXPRESSED IN THOUSANDS)**

Fiscal Year	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)			
				Levied Collections	Discounts/ Penalties	Adjusted Collections	Percentage Collected
2016	\$ 88,933	\$ (112)	\$ 88,821	\$ 88,485	\$ (2,778)	\$ 85,707	96.49%
2017	92,969	161	93,130	91,320	(2,890)	88,430	94.95%
2018	101,714	(120)	101,594	99,973	(3,189)	96,784	95.27%
2019	118,155	(116)	118,039	116,432	(3,715)	112,717	95.49%
2020	132,568	(74)	132,494	132,321	(4,266)	128,055	96.65%
2021	138,406	(105)	138,301	138,149	(4,585)	133,564	96.57%
2022	147,864	(208)	147,656	147,545	(4,969)	142,576	96.56%
2023	161,913	(544)	161,369	161,216	(5,952)	155,264	96.22%
2024	182,021	(1,050)	180,971	180,572	(5,797)	174,775	96.58%
2025	197,541	(441)	197,100	197,061	(6,539)	190,522	96.66%

(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 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 4% discount is allowed if the taxes are paid in November, with the discount declining by 1% 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, 2022 through March 31, 2023 are reflected as levied for the Fiscal Year Ending September 30, 2023. Tax Certificates for unpaid taxes and assessments for that year will be sold no later than June 1, 2023.

(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 that are not on the tax notice. Non-ad valorem taxes are reported as Special Assessments in Governmental Funds and as Charges for Services in Proprietary Funds.

Source: Hernando County Tax Collector

Prior Year Taxes Collected ^(c)	Total Taxes Collected	
	Amount	Percentage Collected
\$ 403	\$ 86,110	96.95%
451	88,881	95.44%
231	97,015	95.49%
107	112,824	95.58%
199	128,254	96.80%
168	133,732	96.70%
149	142,725	96.66%
273	155,537	96.39%
135	174,910	96.65%
(49)	190,473	96.64%

HERNANDO COUNTY, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(DOLLARS EXPRESSED IN THOUSANDS, EXCEPT PER CAPITA)

Governmental Activities						
Fiscal Year ^(c)	Revenue and Revenue Refunding Bonds ^(a)	Notes Payable	Financed Purchase Obligations	Leases Payable	SBITA Payable	
2016	\$ 3,964	\$ 29,852	\$ -	\$ -	\$ -	
2017	2,691	30,413	-	-	-	
2018	2,345	30,789	-	-	-	
2019	1,993	27,135	-	-	-	
2020	1,622	27,009	823	-	-	
2021	1,240	27,561	451	1,763	-	
2022	844	24,287	342	4,791	618	
2023	32,644	23,983	-	4,479	277	
2024	32,172	24,480	-	4,908	120	
2025	32,127	26,688	-	4,941	3,289	

(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) See Table 14 for the personal income and population figures used for this percentage calculation.

(c) Effective 2014, debt amounts exclude losses which have been reclassified to deferred outflows on the balance sheet in accordance with GASB 65.

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

Business-Type Activities					
Water and Sewer Revenue Bonds^(a)	Notes Payable	Leases Payable	Total Primary Government	Debt as a Ratio to Personal Income^(b)	Debt Per Capita
\$ 35,949	\$ 57,739	\$ -	\$ 127,504	2.00%	\$ 712
33,465	57,955	-	124,524	1.87%	679
30,901	55,047	-	119,082	1.69%	642
28,228	52,193	-	109,549	1.48%	574
26,852	49,274	-	105,580	1.28%	549
70,779	833	1,706	104,333	1.13%	513
67,063	637	865	99,447	1.11%	499
82,091	432	-	143,906	1.54%	705
77,137	221	2,642	141,680	1.39%	673
72,028	-	1,507	140,580	1.30%	660

HERNANDO COUNTY, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(DOLLARS EXPRESSED IN THOUSANDS, EXCEPT PER CAPITA)

Fiscal Year	Revenue and Refunding Bonds ^(a)	Less: Amounts Available in Debt Service Fund	Net General Bonded Debt	Percentage of Taxable Value of Property ^(b)	General Debt Per Capita ^(c)
2016	\$ 3,964	\$ 22	\$ 3,942	0.05%	\$ 22
2017	2,691	24	2,667	0.03%	15
2018	2,345	9	2,336	0.03%	13
2019	1,993	12	1,981	0.02%	10
2020	1,622	13	1,609	0.02%	9
2021	1,240	12	1,228	0.01%	6
2022	844	11	833	0.01%	4
2023	32,644	16	32,628	0.22%	160
2024	32,172	70	32,102	0.19%	152
2025	32,127	70	32,057	0.17%	151

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

(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 15, 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	%^(b)	Amount Applicable to Primary Government
SCHOOL BOARD^(a)				
State Board of Education Bonds, Series 2014A Refunding	\$ -	\$ 35,000		
State Board of Education Bonds, Series 2020A Refunding	-	494,000		
Bonds Payable-Unamortized Premium		96,436		
Installment-Purchase Payable	-	3,643,442		
Certificates of Participation, Series 2016A	-	76,885,000		
Certificates of Participation - Unamortized Premium	-	6,932,158		
Capital Improvement Bonds - 2020 Series Refunding		3,135,000		
Capital Improvement Bonds - Unamortized Premium		232,616		
Total School Board	\$ -	\$ 91,453,652	100%	\$ 91,453,652
CITY OF BROOKSVILLE				
USDA Loan	\$ -	\$ 75,000		
Florida Capital Improvement Revenue Note, Series 2011	-	303,780		
Patch Truck Loan		15,505		
USDA Fire Truck Loan		41,826		
2021 Mini Pumper Loan		237,334		
DPW Building		2,934,638		
Total City of Brooksville	\$ -	\$ 3,608,083	5%	\$ 180,404
Subtotal Overlapping Debt	\$ -	\$ 95,061,735		\$ 91,634,056
COUNTY BOARD				
Non-revolving line of credit draws	\$ -	\$ 8,462,927		
Non-Ad Valorem Refunding Revenue Note, Series 2012	-	4,472,000		
Non-Ad Valorem Revenue Note, Series 2023	-	3,407,000		
Non-Ad Valorem Revenue Note, Series 2024	-	4,380,000		
Non-Ad Valorem Revenue Note, Series 2025	-	5,966,000		
Non-Ad Valorem Revenue Bonds, Series 2022	-	32,127,091		
Lease Financing	-	4,940,995		
SBITA Financing	-	3,289,161		
Hernando County, Florida Direct Debt	\$ -	\$ 67,045,174	100%	67,045,174
Total Direct and Overlapping Debt	\$ -	\$ 162,106,909		\$ 158,679,230

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

(a) Outstanding debt obligations for Hernando County School Board at June 30, 2025.

(b) Estimated percentage of each overlapping government’s outstanding debt applicable to Hernando County based on the portion of the overlapping government’s tax base/population within the County.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF NON-AD VALOREM DEBT COVERAGE
NON-AD VALOREM REFUNDING REVENUE NOTE, SERIES 2012,
NON-AD VALOREM REVENUE BOND, SERIES 2022,
NON-AD VALOREM REFUNDING REVENUE NOTE, SERIES 2023,
NON-AD VALOREM REFUNDING REVENUE NOTE, SERIES 2024, AND
NON-AD VALOREM REFUNDING REVENUE NOTE, SERIES 2025
LAST TEN FISCAL YEARS
(DOLLARS EXPRESSED IN THOUSANDS)

Fiscal Year	Gross Revenues ^(a)	Expenditures ^(b)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2016	\$ 34,711	\$ -	\$ 34,711	\$ 1,935	\$ 720	\$ 2,655	13.07
2017	34,003	-	34,003	1,986	667	2,653	12.82
2018	36,328	-	36,328	2,997	601	3,598	10.10
2019	39,570	-	39,570	3,074	614	3,688	10.73
2020	71,536	-	71,536	3,160	502	3,662	19.53
2021	52,468	-	52,468	3,236	412	3,648	14.38
2022	43,166	-	43,166	1,707	332	2,039	21.17
2023	52,652	-	52,652	2,332	1,718	4,050	13.00
2024	56,210	-	56,210	2,412	2,823	5,235	10.74
2025	54,466	-	54,466	2,482	2,941	5,423	10.04

(a) Gross revenues reflect the pledged revenues for the bonds and notes. Pledged revenues consist of non-ad valorem revenues.

(b) No expenditures relate directly to the gross revenue, however gross revenues not used for debt service are used for other purposes.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUE BOND COVERAGE
TAXABLE WATER AND SEWER REFUNDING REVENUE BOND, SERIES 2021A
WATER AND SEWER REFUNDING REVENUE BOND, SERIES 2021B
LAST TEN FISCAL YEARS
(DOLLARS EXPRESSED IN THOUSANDS)

Fiscal Year	Gross Revenues ^(a)	Expenses ^(b)	Net Revenue Available for Debt Service	Connection Fees	Pledged Funds ^(c)	Debt Service Requirements			Coverage
						Principal ^(e)	Interest ^(d)	Total	
2016	\$ 31,925	\$ 17,805	\$14,120	\$ 2,178	\$16,298	\$ 2,210	\$ 1,590	\$3,800	4.29
2017	34,461	17,863	16,598	2,113	18,711	2,305	1,507	3,812	4.91
2018	34,739	19,276	15,463	2,269	17,732	2,563	1,419	3,982	4.45
2019	38,860	20,359	18,501	2,303	20,804	2,674	1,308	3,982	5.22
2020	40,999	22,870	18,129	2,200	20,329	1,377	1,201	2,578	7.89
2021	42,015	20,774	21,241	3,365	24,606	1,830	1,046	2,876	8.56
2022	42,626	22,293	20,333	2,999	23,332	5,361	438	5,799	4.02
2023	50,413	27,907	22,506	4,076	26,582	4,000	1,937	5,937	4.48
2024	56,459	30,605	25,854	5,526	31,380	4,090	1,844	5,934	5.29
2025	61,954	30,715	31,239	10,383	41,622	4,190	1,744	5,934	7.01

(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 2021, the principal amount including the bond premium is \$27,241,605. See Note H.

**HERNANDO COUNTY, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Population ^(a)						
Fiscal Year	City of Brooksville	City of Weeki Wachee	Unincorporated Hernando County	Total	Permanent Households ^(a)	Personal Income Per Capita ^{(c)(f)}
2016	8,006	5	171,492	179,503	73,402	\$ 34,899
2017	8,074	9	173,799	181,882	75,883	35,601
2018	8,410	9	177,185	185,604	77,493	36,878
2019	8,661	9	179,688	188,358	78,718	38,223
2020	8,983	9	183,194	192,186	80,375	41,385
2021	9,165	-	187,375	196,540	80,484	46,080
2022	9,481	-	189,726	199,207	81,503	45,456
2023	9,566	-	194,699	204,265	83,399	46,269
2024	9,752	-	200,825	210,577	85,945	49,176
2025	10,142	-	202,707	212,849	86,938	51,450

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

(b) Source: Hernando County Office of Economic Development

(c) Source: Bureau of Economic and Business Research, University of Florida

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

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

(f) Note: Personal Income Per Capita is reported based on the prior calendar year data, due to timing of census data annually.

	Total Personal Income (in thousands) ^{(c)(f)}	Median Age ^(b)	Citizens With a Bachelors Degree ^(b)	Public School Enrollment ^(d)	Unemployment Rate ^(e)
\$	6,371,015	48.4	15.7%	21,613	6.2%
	6,649,676	49.0	16.0%	22,153	4.3%
	7,038,712	48.9	17.1%	23,615	4.3%
	7,412,217	49.1	17.5%	23,770	3.6%
	8,226,932	47.4	12.0%	22,185	5.9%
	9,245,435	48.0	12.6%	23,415	4.2%
	8,965,617	50.0	12.8%	24,058	3.2%
	9,338,268	47.9	14.3%	23,624	4.2%
	10,185,699	49.7	20.4%	23,238	4.2%
	10,824,563	46.0	21.1%	23,107	4.9%

**HERNANDO COUNTY, FLORIDA
PRINCIPAL EMPLOYERS
NON-RETAIL, NON-GOVERNMENT
CURRENT FISCAL YEAR COMPARED TO THE FISCAL YEAR NINE YEARS EARLIER**

Employer	Type of Operation	2025			2016		
		Employees	%	Rank	Employees	%	Rank
Oak Hill Hospital	Healthcare	1,700	1.96	1	1,156	1.96	2
Tampa General Hospital (formerly Bravera/Bayfront Health)	Healthcare	1,102	1.27	2	965	1.64	3
Walmart Distribution Center	Distribution Center	975	1.12	3	1,200	2.04	1
Barrette Outdoor Living	Manufacturer	400	0.46	4			
Healthsouth	Healthcare	350	0.40	5	288	0.49	4
Cemex	Manufacturer	264	0.30	6	240	0.41	6
HPH Hospice	Healthcare	221	0.25	7	119	0.20	8
Accuform Signs, Inc.	Manufacturer	209	0.24	8	290	0.49	5
Micro-Matic	Supplier	200	0.23	9			
Sparton Electronics	Manufacturer	132	0.15	10	200	0.34	7
Suntrust Bank	Banking	-	-		85	0.14	9
Withlacoochee River Electric Coop	Utilities	-	-		79	0.13	10
	Totals	<u>5,553</u>	<u>6.38</u> %		<u>4,622</u>	<u>7.84</u> %	
	Total Employment of Hernando County	<u><u>86,878</u></u>			<u><u>62,873</u></u>		

Note: 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
COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities										
General Government	237	244	247	236	249	251	263	284	292	296
Public Safety	782	782	791	859	859	890	917	946	992	977
Physical Environment	8	8	1	1	1	1	1	2	1	1
Transportation	92	96	93	90	94	97	97	101	100	89
Economic Environment	10	10	10	9	9	8	8	11	11	12
Human Services	19	21	23	21	21	23	23	24	18	14
Culture and Recreation	63	70	66	61	62	61	61	80	68	59
Courts	78	83	79	81	77	77	77	77	81	76
Business-Type Activities										
Airport	4	4	4	6	6	5	4	9	11	12
Water and Wastewater	132	131	134	136	136	134	134	150	143	130
Business Development	27	31	34	34	35	41	42	46	49	55
Solid Waste	32	32	31	30	32	33	31	41	34	33
Total	1,484	1,512	1,513	1,564	1,581	1,621	1,658	1,771	1,800	1,754

Source: Hernando County Department of Financial Services.

**HERNANDO COUNTY, FLORIDA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2016	2017	2018	2019	2020	2021	2022
General Government							
Number of public programs broadcast	196	288	233	230	196	133	98
Number of employee records managed	782	795	783	784	777	801	801
Public Safety							
Total incidents responded to (HCFR)	30,496	31,704	32,023	30,772	31,646	37,727	38,064
Number of emergency citizen volunteers	431	0	22	7	0	8	19
Number of building permits issued	12,525	12,370	14,622	14,725	15,790	19,575	21,580
Physical Environment							
Extension Classes/programs	32,267	30,770	37,798	40,905	51,938	54,858	41,030
Transportation							
Number of signals maintained	85	86	88	88	89	89	92
Number of lane miles of roads re-surfaced	39	8	72	11	15	15	0
Economic Environment							
Number of successful business projects	8	3	1	2	4	2	1
Number of veteran clients served	8,909	6,141	8,418	10,030	3,800	3,453	4,028
Human Services							
Animals impounded	2,725	3,143	2,867	3,156	2,318	2,232	2,682
Number of human service requests processed	6,285	9,558	7,843	6,685	7,065	7,452	7,517
Culture and Recreation							
Registered library card holders	116,994	122,503	110,813	101,723	92,940	95,172	80,236
Number of participants in the County Recreation programs	22,049	24,790	23,596	31,516	4,848	5,808	21,890
Court Operations							
Number of judicial cases managed	51,869	66,156	61,550	59,204	52,225	56,742	56,754
Water and Sewer							
Water consumption in millions of gallons a day	17.7	18.8	18.3	18.8	19.5	19.8	20.5
Average number of water accounts	58,281	59,952	62,756	61,425	63,226	63,910	64,631
Number of meter reads	751,440	773,101	778,212	787,143	793,812	802,722	817,963
Aviation Operations							
Number of airport & industrial park leases	133	173	184	190	188	190	193
Waste Management							
Total tons landfilled	122,259	127,047	131,425	130,683	137,799	149,024	160,636
Tons of Convenience Center waste Collected	7,814	7,968	7,986	7,270	8,031	8,632	10,405
Tons of recyclables collected & processed	11,685	10,815	10,069	10,088	10,541	10,747	8,740

Source: Various County Departments.

2023	2024	2025
122	133	150
816	797	825
38,752	38,364	47,002
18	5	5
19,905	17,075	20,228
39,842	35,640	37,763
97	93	98
38	45	45
3	4	6
3,834	3,636	4,000
2,896	3,361	3,350
5,469	4,458	4,904
78,317	70,894	66,973
20,753	4,445	4,001
62,217	66,103	72,991
21.6	21.6	22.6
66,126	67,033	68,723
819,606	831,187	838,357
193	196	196
142,065	169,207	188,578
7,976	5,219	5,505
8,281	3,695	7,183

HERNANDO COUNTY, FLORIDA
CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2016	2017	2018	2019
General Government				
Number of buildings	169	177	176	160
Fleet Vehicles	378	392	398	421
Public Safety				
Sheriff's patrol vehicles:	336	348	365	376
Radio Towers	4	4	4	4
Transportation				
Lane miles	2,492	2,516	2,556	2,771
Culture and Recreation				
Park acreage - developed	340	340	340	340
Park acreage - undeveloped	1,206	1,206	1,206	1,206
Trails-Jogging/Exercise/Nature	30	30	30	30
Playgrounds	14	13	13	12
Boat ramps (lanes)	16	8	8	8
Picnic shelters	190	190	190	190
Number of libraries/branches	4	4	4	4
Aviation Operations				
Number of runways	2	2	2	2
Runways in linear feet	12,000	12,000	12,000	12,000
Land (acres)	2,400	2,400	2,400	2,400
Waste Management				
Volume developed for landfill use (million cubic yards)	6,601,544	6,601,544	6,601,544	6,601,544
Remaining available landfill capacity (cubic yards)	2,435,065	2,059,982	1,878,573	1,701,456
Water				
Trans & dist lines (miles)	1,232	1,709	1,096	1,019
Maximum daily storage capacity (million gallons)	19.78	19.78	19.78	19.77
Number of meters in service	58,281	63,139	62,756	61,425
Sewer				
Number of pumping or lift stations	301	307	298	299
Collection & Trans lines (miles)	513	515	507	515
Reclaimed water trans & dist lines (miles)	4.30	4.30	4.30	2.09
Number of manholes	7,165	7,200	7,200	7,300

Source: Various County Departments.

2020	2021	2022	2023	2024	2025
159	158	159	158	158	158
432	412	428	444	484	484
391	391	391	346	293	292
4	4	4	4	4	4
2,776	2,795	2,795	2,798	2,780	2,780
340	340	340	340	338	338
1,206	1,206	1,206	1,206	1,206	1,206
30	30	30	30	30	30
12	12	12	12	13	14
8	8	8	8	8	8
192	192	192	192	200	98
4	4	4	4	4	4
2	2	2	2	2	2
12,000	12,000	11,200	11,200	11,201	11,201
2,400	2,400	2,400	2,400	2,400	2,400
6,601,544	6,601,544	6,008,640	6,008,640	6,008,640	6,008,640
1,512,854	1,309,446	1,080,970	883,652	686,329	407,214
1,070	1,070	1,082	1,089	1,089	1,089
19.77	19.77	19.07	19.75	19.41	21.79
65,008	65,592	69,252	68,778	69,974	70,107
310	312	314	314	321	329
515	518	521	530	527	527
14.60	14.60	14.60	8.25	9.28	9.28
7,300	7,300	7,420	7,420	7,734	7,734

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Compliance Section

This section contains the following:

Single Audit Reports and Grant Compliance

Bond Compliance Information

Affidavit

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Single Audit Reports and Grant Compliance

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Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Independent Auditor's Report

Honorable Board of County Commissioners
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 fiscal year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 30, 2026.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 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 over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of 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 financial statements. 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.

Forvis Mazars, LLP

Tampa, Florida
June 30, 2026

Report on Compliance for Each Major Federal Program and Major State Project and Report on Internal Control Over Compliance

Independent Auditor's Report

Honorable Board of County Commissioners
Hernando County, Florida

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

Opinion on Each Major Federal Program and Major State Project

We have audited Hernando County, Florida (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 its major federal programs and major state projects for the fiscal year ended September 30, 2025. The County's major federal programs and major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 major state projects for the fiscal year ended September 30, 2025.

Basis for Opinion for Each Major Federal Program and Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and 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*. Our responsibilities under those standards, the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and major state project. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibility of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs and state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program and major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *Rule of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Forvis Mazars, LLP

**Tampa, Florida
June 30, 2026**

HERNANDO COUNTY, FLORIDA
Schedule of Federal Awards and State Financial Assistance
Year Ended September 30, 2025

Federal/State/Pass Through Grantor Grant Program Name	Assistance Listing	Grant ID	Expenditures	
DEPARTMENT OF AGRICULTURE				
Direct	Urban Agriculture & Innovative Production	10.935	NR233A750005C007	2,927
<i>Total</i>	<i>DEPARTMENT OF AGRICULTURE</i>		<u>2,927</u>	
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	CDBG- Entitlement/Special Purpose Grants Cluster:			
Direct	Community Development Block Grant Program for Entitlement Communities	14.218	B-24-UC-12-2102	240,033
	Total CDBG- Entitlement/Special Purpose Grants Cluster (AL 14.218)			<u>240,033</u>
Pass Through	FLORIDA DEPARTMENT OF COMMERCE Community Development Block Grant (CDBG)	14.228	23DB-H08 (H2534)	18,785
Direct	Home Investment Partnerships Program	14.239	M24-UC120235	1,942
<i>Total</i>	<i>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</i>		<u>260,760</u>	
DEPARTMENT OF JUSTICE				
Direct	Public Safety Partnership and Community Policing Grants (COPS Hiring)	16.710	15JCOPS-23-GG-04929-UHPX	197,264
Direct	Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738	15PBJA-24-GG-04985-JAGX	35,908
Pass Through	FLORIDA DEPARTMENT OF LAW ENFORCEMENT Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738	6N166	48,060
	Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738	6N167	16,020
	Subtotal AL 16.738			<u>99,988</u>
<i>Total</i>	<i>DEPARTMENT OF JUSTICE</i>		<u>297,252</u>	
DEPARTMENT OF TRANSPORTATION				
Direct	Airport Improvement Program	20.106	3-12-0008-024-2020	409,713
	Airport Improvement Program	20.106	3-12-0008-030-2025	72,985
	Subtotal AL 20.106			<u>482,698</u>
Pass Through	FLORIDA DEPARTMENT OF TRANSPORTATION Highway Planning & Construction- Federal Aid Highway Program (PL)	20.205	G2V07; FPN 493335-5-14-01	610,659
	Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G2Z70; FPN 438651-1-58/68-01/02	3,212
	Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G3214; FPN 441107-1-58/68-01	321,076
	Subtotal AL 20.205			<u>934,947</u>
	Federal Transit Cluster:			
Direct	Federal Transit Formula Grants (Section 5307)	20.507	FL-2020-118; Y105	80,000
	Federal Transit Formula Grants (Section 5307)	20.507	FL-2021-082; Y149	319,324
	Federal Transit Formula Grants (Section 5307)	20.507	FL-2024-045; 2854-2022-2	366,567
	Federal Transit Formula Grants (Section 5307)	20.507	FL-2024-050; 2854-2024-2	22,920
	Federal Transit Formula Grants (Section 5307)	20.507	FL-2025-043; Y291	2,225
	Federal Transit Formula Grants (Section 5307)	20.507	FL-2018-031; X970	77,013
	Federal Transit Formula Grants (Section 5307)	20.507	FL-2018-105; X998	380,234

HERNANDO COUNTY, FLORIDA
Schedule of Federal Awards and State Financial Assistance
Year Ended September 30, 2025

Federal/State/Pass Through Grantor Grant Program Name	Assistance Listing	Grant ID	Expenditures
Federal Transit Formula Grants (Section 5307)	20.507	FL-2019-082; Y037	230,923
COVID-19 - Federal Transit Formula Grants (Section 5307)	20.507	FL-2020-092; Y091 (CARES)	229,615
COVID-19 - Federal Transit Formula Grants (Section 5307)	20.507	FL-2022-033; Y177 (ARPA)	135,666
Subtotal AL 20.507			<u>1,844,487</u>
Direct			
Bus and Bus Facilities Formula Program	20.526	FL-2022-051	446,143
Bus and Bus Facilities Formula Program	20.526	FL-2024-046	700,261
Subtotal AL 20.526			<u>1,146,404</u>
Total Federal Transit Cluster (AL 20.507 & 20.526)			<u>2,990,891</u>
Pass Through			
FLORIDA DEPARTMENT OF TRANSPORTATION			
COVID-19 - Formula Grants for Rural Areas (Section 5311)	20.509	G2J81; FPN 447469-1-84-20 (CARES)	721,023
Formula Grants for Rural Areas (Section 5311)	20.509	G2X97; FPN 454701-1-94-23	439,472
Formula Grants for Rural Areas (Section 5311)	20.509	G2Y00; FPN 454704-1-84-23	3,468
Subtotal AL 20.509			<u>1,163,963</u>
Highway Safety Cluster			
Pass Through			
FLORIDA DEPARTMENT OF TRANSPORTATION			
State and Community Highway Safety	20.600	G3416	82,000
Total Highway Safety Cluster (AL 20.600)			<u>82,000</u>
Total			<u>5,654,499</u>
DEPARTMENT OF TREASURY			
Direct			
Gulf Restore- Direct Component	21.015	1RDCGR110125-01-00	12,811
Direct			
COVID-19 - Coronavirus State & Local Fiscal Recovery Funds	21.027	SLT-1502	8,199,257
Pass Through			
FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION			
COVID-19 - Coronavirus State & Local Fiscal Recovery Funds	21.027	WG049	(198,454)
COVID-19 - Coronavirus State & Local Fiscal Recovery Funds	21.027	WG026	(42,379)
Subtotal AL 21.027			<u>7,958,424</u>
Total			<u>7,971,235</u>
GULF COAST ECOSYSTEM RESTORATION COUNCIL			
Pass Through			
THE GULF CONSORTIUM			
Oil Spill Impact Program	87.052	200110141.01; GNTSP20FL0110	113,002
Total			<u>113,002</u>
DEPARTMENT OF HEALTH & HUMAN SERVICES			
Direct			
Substance Abuse & Mental Health Service Projects (SAMHSA)	93.243	5H79TI081928-05	62,355
Pass Through			
FLORIDA DEPARTMENT OF REVENUE			
Child Support Enforcement	93.563	CDC27	195,339
Total			<u>257,694</u>

HERNANDO COUNTY, FLORIDA
Schedule of Federal Awards and State Financial Assistance
Year Ended September 30, 2025

Federal/State/Pass Through Grantor Grant Program Name	Assistance Listing	Grant ID	Expenditures
DEPARTMENT OF HOMELAND SECURITY			
Pass Through	FLORIDA DIVISION OF EMERGENCY MANAGEMENT		
	Disaster Grants - Public Assistance	97.036 17-PA-W1-05-37-02-054	486,004
	Disaster Grants - Public Assistance	97.036 Z0291	17,257
	COVID-19 - Disaster Grants - Public Assistance	97.036 Z2205	8,593
	Disaster Grants - Public Assistance	97.036 Z3008 (PA-00-05-37-02-179)	(134,592)
	Disaster Grants - Public Assistance	97.036 Z3946 (24-AA-0000-99-EF-D1261)	545,732
	Disaster Grants - Public Assistance	97.036 Z5110	7,193,389
	Disaster Grants - Public Assistance	97.036 Z4775	47,869
	Disaster Grants - Public Assistance	97.036 Z4779	121,705
	Subtotal AL 97.036		<u>8,285,957</u>
Pass Through	FLORIDA DIVISION OF EMERGENCY MANAGEMENT		
	Hazard Mitigation Grant Program (HMGP)	97.039 H0359; 4337-148-R	75,000
Pass Through	FLORIDA DIVISION OF EMERGENCY MANAGEMENT		
	Emergency Management Performance Grant	97.042 G0538 (EMA-2024-EP-05024)	72,675
Direct			
	Assistance to Firefighters Grant (AFG)	97.044 EMW-2022-FG-07564	19,358
Total	<i>DEPARTMENT OF HOMELAND SECURITY</i>		<u>8,452,990</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 23,010,359</u></u>
FLORIDA EXECUTIVE OFFICE OF THE GOVERNOR			
	Emergency Management Program (EMPA)	31.063 A0464	\$ 73,524
	Emergency Management Program (EMPA)	31.063 A0552	6,711
	Subtotal CSFA 31.063		<u>80,235</u>
Total	<i>FLORIDA EXECUTIVE OFFICE OF THE GOVERNOR</i>		<u>80,235</u>
FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION			
	Statewide Water Quality Restoration Projects	37.039 LPF2701	352,500
	Statewide Water Quality Restoration Projects	37.039 WG049	404,136
	Statewide Water Quality Restoration Projects	37.039 WG026	776,478
	Statewide Water Quality Restoration Projects	37.039 LPA0535	164,745
	Statewide Water Quality Restoration Projects	37.039 LPA0109	200,000
	Subtotal CSFA 37.039		<u>1,897,859</u>
	Florida Springs Grant Program	37.052 LPA0109	12,800
	Resilient Florida Program	37.098 23PLN49	50,925
Total	<i>FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</i>		<u>1,961,584</u>
FLORIDA DEPARTMENT OF COMMERCE			
	Division of Housing and Community Development	40.038 HL228	101,295
	Economic Development Grant Program	40.043 G0081	2,217,239
Total	<i>FLORIDA DEPARTMENT OF COMMERCE</i>		<u>2,318,534</u>

HERNANDO COUNTY, FLORIDA
Schedule of Federal Awards and State Financial Assistance
Year Ended September 30, 2025

Federal/State/Pass Through Grantor Grant Program Name	Assistance Listing	Grant ID	Expenditures
FLORIDA HOUSING FINANCE CORPORATION			
State Housing Initiatives Partnership Program (SHIP)	40.901	2021/2022	820,055
State Housing Initiatives Partnership Program (SHIP)	40.901	2022/2023	2,524,661
State Housing Initiatives Partnership Program (SHIP)	40.901	2023/2024	15,550
State Housing Initiatives Partnership Program (SHIP)	40.901	2024/2025	85,634
Subtotal CSFA 40.901			<u>3,445,900</u>
Total	<i>FLORIDA HOUSING FINANCE CORPORATION</i>		<u>3,445,900</u>
FLORIDA DEPARTMENT ARGICULTURE & CONSUMER SERVICES			
Mosquito Control	42.003	31509	44,330
Total	<i>FLORIDA DEPARTMENT ARGICULTURE & CONSUMER SERVICES</i>		<u>44,330</u>
FLORIDA DEPARTMENT OF STATE			
State Aid to Libraries	45.030	21-ST-19	8,088
State Aid to Libraries	45.030	22-ST-19	40,220
State Aid to Libraries	45.030	23-ST-19	66,757
State Aid to Libraries	45.030	24-ST-19	383,064
Subtotal CSFA 45.030			<u>498,129</u>
Total	<i>FLORIDA DEPARTMENT OF STATE</i>		<u>498,129</u>
DEPARTMENT OF EDUCATION & COMMISSIONER OF EDUCATION			
Coach Aaron Feis Guardian Program	48.140	01B-90210-5D001	69,834
Total	<i>DEPARTMENT OF EDUCATION & COMMISSIONER OF EDUCATION</i>		<u>69,834</u>
FLORIDA DEPARTMENT OF TRANSPORTATION			
Commission for Transportation Disadvantaged Planning Grant	55.002	G3D11	6,311
Commission for Transportation Disadvantaged Planning Grant	55.002	G3C96	10,579
Commission for Transportation Disadvantaged Planning Grant	55.002	G3012	17,018
Commission for Transportation Disadvantaged Planning Grant	55.002	G2Z98	16,413
Subtotal CSFA 55.002			<u>50,321</u>
Aviation Development Grants	55.004	G1U46; FPN 444468-1-94-01	8,682
Aviation Development Grants	55.004	G2440; FPN 450402-1-94-01	3,556
Aviation Development Grants	55.004	G2I03; FPN 452521-1-94-01	41,925
Aviation Development Grants	55.004	G2M85; FPN 453462-1-94-01	1,571,682
Aviation Development Grants	55.004	G2M86; FPN 450703-1-94-01	113,162
Aviation Development Grants	55.004	G2572; FPN 448724-1-94-01	426,767
Subtotal CSFA 55.004			<u>2,165,774</u>
Small County Outreach Program (SCOP)	55.009	G2L63; FPN 448504-1-54-01	542,089
Small County Outreach Program (SCOP)	55.009	G2W90; FPN 449053-1-54-01	363,750
Small County Outreach Program (SCOP)	55.009	G3063; FPN 450591-1-54-01	336,928
Small County Outreach Program (SCOP)	55.009	G3059; FPN 449059-1-54-01	946,753
Subtotal CSFA 55.009			<u>2,189,520</u>
Public Transit Block Program	55.010	G3A39; FPN 408104-1-84-25	1,158
Public Transit Block Program	55.010	G2S69; FPN 408104-1-84-24	220,553
Public Transit Block Program	55.010	G2662; FPN 408104-1-84-22	366,694
Public Transit Block Program	55.010	G2D50; FPN 408104-1-84-23	368,798
Subtotal CSFA 55.010			<u>957,203</u>

HERNANDO COUNTY, FLORIDA
Schedule of Federal Awards and State Financial Assistance
Year Ended September 30, 2025

Federal/State/Pass Through Grantor Grant Program Name	Assistance Listing	Grant ID	Expenditures
Local Transportation Projects	55.039	G1G22; FPN 445742-1-94-01	44,649
Total	<i>FLORIDA DEPARTMENT OF TRANSPORTATION</i>		<u>5,407,467</u>
FLORIDA DEPARTMENT OF HEALTH			
Emergency Medical Services (EMS) Matching Awards	64.003	M2520	26,322
County Grant Awards (EMS)	64.005	C2527	25,800
Total	<i>FLORIDA DEPARTMENT OF HEALTH</i>		<u>52,122</u>
FLORIDA DEPARTMENT OF LAW ENFORCEMENT			
FDLE Drone Replacement Program	71.092	3X145	48,525
FDLE Drone Replacement Program	71.092	3X023	224,760
Subtotal CSFA 71.092			<u>273,285</u>
Local Firearms Safety Training Program	71.103	FL015	7,823
State Assistance for Fentanyl Eradication (S.A.F.E.)	71.122	2023-SAFE-SF-090	144,114
School Security Assessment Grant Program	71.152	LV016	15,162
Law Enforcement Apprenticeship Grant Program	71.165	EP013	54,011
Total	<i>FLORIDA DEPARTMENT OF LAW ENFORCEMENT</i>		<u>494,395</u>
FLORIDA DEPARTMENT OF MANAGEMENT SERVICES			
Prepaid Next Generation 911 (NG911) State Grant Program	72.003	S22-23-01-34	27,400
Public Safety Answering Point Upgrades	72.021	DMS-P1-24-07-16	172,642
Total	<i>FLORIDA DEPARTMENT OF MANAGEMENT SERVICES</i>		<u>200,042</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u><u>\$ 14,572,572</u></u>

**HERNANDO COUNTY, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

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, 2025. 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, 2025:

<u>Program</u>	<u>Assistance Listing</u>	<u>Loan Outstanding</u>
State Housing Initiatives Partnership (SHIP)	40.901	\$ 16,841,645

Only current year loans issued to eligible recipients are included as expenditures on the accompanying schedule. The County has recorded the gross amount of the loan offset entirely by an allowance for uncollectible receivables.

Note 4 - Contingencies

Grant funds 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.

Note 5 – Expenditures & Program Income

The amounts shown as current year expenditures on the accompanying schedule represent only the grant portion of the program/project costs. The only exception to this is the funding received under

Assistance Listing 97.036- FEMA Public Assistance Program (See Note 7 for additional details). The total expenditures of the program/project may be more than shown.

Negative expenditures reported on the Schedules of Expenditures of Federal Awards and State Financial Assistance may be the result of a correction from entries included in a prior fiscal year. While current expenditures for a grant may be negative, the aggregate of all expenditures during the entire period of performance will be positive.

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 elected to use the 10% de minimis indirect cost rate in fiscal year 2025 in accordance with 2 CFR 200.414. The only federal award, Oil Spill Impact Program (AL 87.052), to which the de minimis rate was applied was awarded prior to the increase of the de minimis rate to 15% under the Uniform Guidance; therefore, the 10% rate was the applicable rate for that award during the fiscal year. No other federal awards included in the SEFA utilized the de minimis indirect cost rate during the fiscal year.

Note 7 – Disaster Public Assistance

Disaster funding received from the FEMA Public Assistance Program (Assistance Listing 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 a funding agreement is executed, 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 based on the amount obligated, while “large” PWs are determined by actual eligible expenditures. Eligible expenditures incurred in prior years are reported on the schedule. See Note A of the ACFR for additional details regarding the accounting of funds received under this program.

Note 8- Amounts Provided to Subrecipients

The accompanying schedule of expenditures of federal awards and state financial assistance includes the total expenditures of the County. Amounts provided to subrecipients are included in expenditures and are identified on the schedule when applicable.

**Hernando County, Florida
 Schedule of Findings & Questioned Costs
 Year Ended September 30, 2025**

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

- Unmodified Qualified Adverse Disclaimer

2. Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

3. Noncompliance material to the financial statements noted? Yes No

Federal Awards and State Financial Assistance

4. Internal control over major federal programs and major state projects:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

5. Type of auditor’s report issued on compliance for major federal program(s) and major state project(s):

- Unmodified Qualified Adverse Disclaimer

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or Chapter 10.557, *Rules of the Auditor General*? Yes No

7. Identification of major federal programs and major state projects:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.507 & 20.526	Federal Transit Cluster
20.509	Formula Grants for Rural Areas and Tribal Transit Program
97.036	Disaster Grants – Public Assistance
<u>CSFA Number</u>	<u>Name of State Project</u>
40.043	Economic Development Tax Refund, Tax Credit, and Grant Program
55.004	Aviation Grant Program
55.009	Small County Outreach Program (SCOP)
55.010	Public Transit Block Grant Program

**Hernando County, Florida
Schedule of Findings & Questioned Costs (Continued)
Year Ended September 30, 2025**

8. Dollar threshold used to distinguish between Type A and Type B programs:

Federal: \$1,000,000

State: \$750,000

9. Auditee qualified as a low-risk auditee? Yes No

Section II – Financial Statement Findings

Reference Number	Finding
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No matters are reportable.

Section III – Federal Award and State Financial Assistance Findings and Questioned Costs

Reference Number	Finding
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No matters are reportable.

**Hernando County, Florida
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2025**

Reference Number	Finding
	No matters were reported over federal awards and state financial assistance in the prior year.

Hernando County Board of County Commissioners
Other Supplemental Information
Schedule of Receipts & Expenditures related to Deepwater Horizon Oil Spill
For the Fiscal Year Ending September 30, 2025

Assistance Listing	Program	Funding Agency	Pass-Thru	Project	Award Identifier	Expenditures	Revenue			
							Federal	State	Local	Total
21.015	Gulf RESTORE - Direct Component	Department of Treasury	N/A	Linda Pedersen Park Improvements	1 RDCGR110125-01	\$ 12,811	\$ 12,811	\$ -	\$ -	\$ 12,811
87.052	RESTORE Council Oil Spill Impact Program	Gulf Coast Ecosystem Restoration Council	The Gulf Consortium	Artificial Reef Program	GNTSP20FL0110	\$ 113,002	\$ 113,002	\$ -	\$ -	\$ 113,002
						<u>\$ 125,813</u>	<u>\$ 125,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,813</u>

Note 1: Expenditures included on this schedule are subject to Federal Single Audit requirements of 2CFR Part 200 & 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).

Note 3: CFDA 87.052 was authorized under the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States (RESTORE) Act of 2012, Title 33, Part 1321(t)(3), Section 1603(3), Public Law 112-141, Statute 126,588, 33 US Code 1321(t)(2).

Independent Auditor's Management Letter

Honorable Board of County Commissioners
Hernando County, Florida

Report on the Financial Statements

We have audited the basic financial statements of Hernando County, Florida (the "County") as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated June 30, 2026.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and the Audit Requirements for Federal Awards* ("Uniform Guidance"); and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Major State Project and on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated June 30, 2026, 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 report.

Official Title and Legal County

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 legal authority is disclosed in the notes to the financial statements.

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the County. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., *Rules of the Auditor General*, a PACE program authorized pursuant to Section 13.081 or Section 163.082, Florida Statutes, did not operate within the County's geographical boundaries during the fiscal year under audit.

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the County has identified the Kass Circle Community, the Hernando County Law Library, Hernando County Port Authority and the Hernando County Water and Sewer District as dependent special districts included within the reporting entity. These special districts do not have employees, independent contractors, construction projects or budget variances.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to 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 note any such findings.

Purpose of this 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 County's Board of County Commissioners, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Forris Mazars, LLP

Tampa, Florida
June 30, 2026

Independent Accountant's Report

Honorable Board of County Commissioners
Hernando County, Florida

We have examined the compliance of Hernando County, Florida (the "County") with the requirements of Sections 218.415 and 365.172(10), and 365.172(2)(d), Florida Statutes, during the fiscal year ended September 30, 2025. 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 with those requirements, in all material respects. An examination involves performing procedures to obtain evidence about the County's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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 for the fiscal year ended September 30, 2025.

Forvis Mazars, LLP

**Tampa, Florida
June 30, 2026**

Independent Accountant's Report

Honorable Board of County Commissioners
Hernando County, Florida

We have examined Hernando County, Florida's (the "County") compliance with the requirements of Title 33 U.S. Code s. 1321(t), during the year ended September 30, 2025. 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 with those requirements, in all material respects. An examination involves performing procedures to obtain evidence about the County's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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 for the fiscal year ended September 30, 2025.

Forvis Mazars, LLP

**Tampa, Florida
June 30, 2026**

BOND COMPLIANCE

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2025
(UNAUDITED)**

BOND COMPLIANCE INFORMATION

**TAXABLE WATER AND SEWER REFUNDING REVENUE BONDS, SERIES 2021A
WATER AND SEWER REFUNDING REVENUE BONDS, SERIES 2021B**

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

HISTORIC GROWTH OF WATER AND WASTEWATER SYSTEM CUSTOMERS		
<u>Fiscal Year</u>	<u>Number of Active Accounts</u>	
	<u>Water</u>	<u>Sewer</u>
2016	58,281	27,688
2017	59,952	28,778
2018	62,756	30,770
2019	61,425	29,631
2020	63,018	30,606
2021	63,910	31,415
2022	65,643	32,351
2023	66,136	32,648
2024	68,150	34,034
2025	69,665	34,604
Average Annual Compound Growth Rate	1.91%	2.37%

Note: Figures represent number of active accounts at the close of each Fiscal Year ended September 30.

HISTORIC WATER CONSUMPTION FLOWS		
<u>Fiscal Year</u>	<u>Average Daily Flow (MGD)</u>	<u>Peak Daily Flow (MGD)</u>
2016	17.707	24.664
2017	18.766	27.684
2018	18.306	26.074
2019	18.832	26.68
2020	19.505	26.695
2021	19.867	31.118
2022	20.453	27.078
2023	21.598	29.468
2024	21.627	31.061
2025	22.552	30.500

HISTORIC WASTEWATER TREATMENT PLANT FLOWS

Fiscal Year	Average Daily Flow (MGD)
2016	4.47
2017	4.802
2018	4.546
2019	4.645
2020	4.453
2021	4.586
2022	4.578
2023	4.693
2024	4.947
2025	5.088

Source: Hernando County Utilities Department

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2025
(UNAUDITED)**

**WATER SYSTEM
Monthly User Rates**

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Monthly Base Charge:				
Residential Single-Family Services and Residential Irrigation Service:				
Base Charge All Meter Sizes	\$ 9.85	\$ 10.54	\$ 11.28	\$ 11.67
Commercial, Residential Multi-Family and Commercial Irrigation Service:				
Meter Size				
5/8"	\$ 9.85	\$ 10.54	\$ 11.28	\$ 11.67
3/4"	14.78	15.81	16.92	17.51
1"	24.63	26.35	28.19	29.18
1-1/2"	49.25	52.70	56.39	58.36
2"	78.80	84.32	90.22	93.38
3"	157.60	168.63	180.43	186.75
4"	246.25	263.49	281.93	291.80
6"	492.50	526.98	562.87	583.61
8"	788.00	843.16	902.18	933.76
10"	1,132.75	1,212.04	1,296.88	1,342.27
12"	2,117.75	2,265.99	2,424.61	2,509.47
Consumption Charge (Per 1,000 Gallons):				
Residential Single-Family Service:				
0 - 5,000	\$ 1.64	\$ 1.75	\$ 1.87	\$ 1.94
5,001 - 10,000	2.00	2.14	2.29	2.37
10,001 - 20,000	3.20	3.42	3.66	3.79
20,001 - 30,000	4.80	5.14	5.50	5.69
30,001 - 50,000	6.90	7.38	7.90	8.18
50,000-75,000	9.80	10.49	11.22	11.61
Above 75,000	13.50	14.45	15.46	16.00
Residential Irrigation Service:				
0 - 10,000	\$ 2.00	\$ 2.14	\$ 2.29	\$ 2.37
10,001 - 20,000	3.20	3.42	3.66	3.79
20,001 - 30,000	4.80	5.14	5.50	5.69
30,001 - 50,000	6.90	7.38	7.90	8.18
50,001 - 75,000	9.80	10.49	11.22	11.61
Above 75,000	13.50	14.45	15.46	16.00
Commercial, Residential Multi-Family and Commercial Irrigation Service:				
Block 1	\$ 2.00	\$ 2.14	\$ 2.29	\$ 2.37
Block 2	3.20	3.42	3.66	3.79
Block 3	4.80	5.14	5.50	5.69
Block 4	6.90	7.38	7.90	8.18
Block 5	9.80	10.49	11.22	11.61
Block 6	13.50	14.45	15.46	16.00

Note: Amounts shown to be applied on a per ERU basis.

Source: Hernando County Utilities Department

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2025
(UNAUDITED)**

**WASTEWATER SYSTEM
Monthly User Rates**

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Monthly Base Charge:				
Residential Single-Family Services:				
Base Charge All Meter Sizes	\$ 26.00	\$ 26.91	\$ 27.85	\$ 28.82
Commercial, Residential Multi-Family Service:				
Base Charge by Meter Size:				
5/8"	\$ 26.00	\$ 26.91	\$ 27.85	\$ 28.82
3/4"	39.00	40.37	41.78	43.24
1"	65.00	67.28	69.63	72.07
1-1/2"	130.00	134.55	139.26	144.13
2"	208.00	215.28	222.81	230.61
3"	416.00	430.56	445.63	461.23
4"	650.00	672.75	696.30	720.67
6"	1,300.00	1,345.50	1,392.59	1,441.33
8"	2,080.00	2,153.80	2,228.15	2,306.14
10"	2,990.00	3,094.65	3,202.96	3,315.06
12"	5,590.00	5,785.65	5,988.15	6,197.74
Consumption Charge (Per 1,000 Gallons of Metered Water):				
Residential Single-Family Service	\$ 6.01	\$ 6.22	\$ 6.44	\$ 6.67
Commercial, Residential Multi-Family Service:				
customer with 5/8" Meter through 10" Meter	\$ 6.01	\$ 6.22	\$ 6.44	\$ 6.67
customer with 12" Meter	\$ 6.01	\$ 6.22	\$ 6.44	\$ 6.67

Source: Hernando County Utilities Department

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2025
(UNAUDITED)**

COUNTY SYSTEM RATES

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	2021		2022		2023		2024		2025 ^a	
		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	\$ 2,397	\$ 5,563
3/4"	1.5	1,721	5,316	1,721	5,316	1,726	5,316	1,726	5,316	3,595	8,345
1"	2.5	2,868	8,860	2,868	8,860	2,868	8,860	2,868	8,860	5,993	13,908
1 1/2"	5	5,735	17,720	5,735	17,720	5,735	17,720	5,735	17,720	11,985	27,815
2"	8	9,176	28,352	9,176	28,352	9,176	28,352	9,176	28,352	19,176	44,504
3"	16	18,352	56,704	18,352	56,704	18,352	56,704	18,352	56,704	38,352	89,008
4"	25	28,675	88,600	28,675	88,600	28,675	88,600	28,675	88,600	59,925	139,075
6"	50	57,350	177,200	57,350	177,200	57,350	177,200	57,350	177,200	119,850	278,150
8"	80	91,760	283,520	91,760	283,520	91,760	283,520	91,760	283,520	191,760	445,040
10"	115	131,905	407,560	131,905	407,560	131,905	407,560	131,905	407,560	639,745	639,745
12"	215	-	-	-	-	-	-	-	-	515,355	1,196,045

Source: Hernando County Utilities Department

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2025
(UNAUDITED)**

COUNTY SYSTEM RATES (CONTINUED)

OTHER COUNTY SYSTEM RATES AND CHARGES

The County has several other charges that are applicable to miscellaneous or customer-related 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 Description	2021	2022	2023	2024	2025
Water Hook-up Fees					
Meter Size:					
5/8" x 3/4"	\$ 350	\$ 350	\$ 350	\$ 350	\$ 380
5/8" x 3/4" - Short/Long Tap-In	690	690	690	690	1,015
1"	860	860	860	860	1,735
1 1/2"	1,550	1,550	1,550	1,550	2,750
2"	1,685	1,685	1,685	1,685	Contracted
3"	Contracted	Contracted	Contracted	Contracted	Contracted
4"	Contracted	Contracted	Contracted	Contracted	Contracted
6"	Contracted	Contracted	Contracted	Contracted	Contracted
8"	Contracted	Contracted	Contracted	Contracted	Contracted
Wastewater Hook-up Fees					
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	\$ 35	\$ 40	\$ 40	\$ 50
After 5:00 p.m., Weekends, Holidays	70	70	80	80	100

Source: Hernando County Utilities Department

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2025
(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					TOTAL
	2026	2027	2028	2029	2030	
Capital Projects (Expenditures)						
Water System	\$ 7,176,282	\$ 57,940,480	\$ 4,042,227	\$ 5,916,466	\$ 6,111,663	\$ 81,187,118
Wastewater System	77,501,767	38,590,284	25,113,672	7,294,166	7,905,766	156,405,655
Total System Capital Projects	<u>\$84,678,049</u>	<u>\$96,530,764</u>	<u>\$29,155,899</u>	<u>\$13,210,632</u>	<u>\$14,017,429</u>	<u>\$237,592,773</u>
Funding Sources						
Renewal and Replacement Fund	\$ 1,912,421	\$ -	\$ 3,963,278	\$ 1,950,789	\$ -	\$ 7,826,488
Connection Fees Fund	14,490,000	14,247,293	3,326,154	-	-	32,063,447
Operating Capital	595,125	-	2,771,795	4,590,093	5,938,432	13,895,445
Rate Revenue	1,347,881	1,395,057	1,443,883	1,494,420	1,546,723	7,227,964
Capital Fund	7,358,850	9,116,339	1,956,887	5,175,330	6,532,274	30,139,680
Grants	4,636,272	-	15,693,902	-	-	20,330,174
Debt Proceeds	54,337,500	71,772,075	-	-	-	126,109,575
Total Funding Sources	<u>\$84,678,049</u>	<u>\$96,530,764</u>	<u>\$29,155,899</u>	<u>\$13,210,632</u>	<u>\$14,017,429</u>	<u>\$237,592,773</u>

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2025
(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				
	2021	2022	2023	2024	2025
REVENUE					
Water & Wastewater Sales Revenues	\$ 41,614,139	\$ 44,541,692	\$ 47,280,354	\$ 49,249,374	\$ 56,502,705
Other Operating Revenues	298,658	385,477	328,260	416,965	696,038
Investment Income (Loss)	101,977	(2,301,508)	2,804,962	6,792,666	4,755,069
Total Gross Revenues ^(a)	<u>42,014,774</u>	<u>42,625,661</u>	<u>50,413,576</u>	<u>56,459,005</u>	<u>61,953,812</u>
OPERATING EXPENSES^(b)					
Personal Services	8,966,060	9,920,134	11,534,476	11,523,705	12,057,100
Other Operating Expenses	12,624,161	13,440,060	16,372,471	19,081,382	18,657,530
Depreciation Equivalent Charges ^(c)	(816,113)	(1,067,592)	(1,421,479)	-	-
Total Operating Expenses	<u>20,774,108</u>	<u>22,292,602</u>	<u>26,485,468</u>	<u>30,605,087</u>	<u>30,714,630</u>
NET REVENUES^(d)	<u>\$21,240,666</u>	<u>\$20,333,059</u>	<u>\$23,928,108</u>	<u>\$25,853,918</u>	<u>\$ 31,239,182</u>
CONNECTION FEES					
Water Connection Fees	1,214,679	1,091,244	1,157,001	1,577,111	3,485,893
Wastewater Connection Fees	2,150,737	1,908,221	2,919,017	3,948,989	6,896,784
Total Connection Fees	<u>3,365,416</u>	<u>2,999,465</u>	<u>4,076,018</u>	<u>5,526,100</u>	<u>10,382,677</u>
Pledged Funds ^(e)	24,606,082	23,332,524	28,004,126	31,380,018	41,621,859
Actual Senior Lien Debt Service	\$ 1,830,428	\$ 5,361,035	\$ 5,938,466	\$ 5,934,337	\$ 5,934,011
Actual Coverage on Net Revenues ^(f)	11.60	3.79	4.03	4.36	5.26
Required Coverage	1.35	1.35	1.35	1.35	1.35
Actual Coverage on Pledged Funds ^(f)	13.44	4.35	4.72	5.29	7.01
Required Coverage	1.20	1.20	1.20	1.20	1.20

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

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

(c) 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.

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

(e) Pledged Funds are defined in the Resolution as Net Revenues plus Connection Fees, together with certain other funds and accounts which are not accounted for in this table.

(f) Upon issuance of the Series 2021A and 2021B Bonds, required coverage on Net Revenues increased from 1.10 to 1.35 times. For purposes of these calculations, it has been assumed that the Fund Balance is equal to \$0.00.

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2025
(UNAUDITED)**

TOP TEN UTILITY CUSTOMERS (BASED ON SALES REVENUE)

The following table shows the ten largest customers of Hernando County for the fiscal year ending September 30, 2025.

<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	\$ 415,323	0.74%
Hernando County Jail	Commercial	6"	Water & Sewer	235,927	0.42%
Oak Hill Hospital - Cooling Tower	Commercial	2"	Water	176,652	0.31%
Hernando Correctional Institute	Commercial	6"	Water & Sewer	145,480	0.26%
Boing US Holdco, Inc.	Commercial	1.5"	Water & Sewer	141,229	0.25%
Bridgewater Club Apartments	Commercial	6"	Water & Sewer	94,352	0.17%
Apamea Management & Leasing	Commercial	4"	Water & Sewer	78,210	0.14%
Brooksville Regional Hospital	Commercial	6"	Water & Sewer	72,903	0.13%
Evergreen Woods	Commercial	4"	Water & Sewer	67,254	0.12%
Vitality Living Spring Hill	Commercial	4"	Water & Sewer	66,908	0.12%
Hernando County School Board	Commercial	6"	Water & Sewer	64,441	0.11%

Source: Hernando County Utilities Department

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2025
(UNAUDITED)**

HISTORICAL NON-AD VALOREM REVENUES IN GENERAL FUND

REVENUES	FISCAL YEAR ENDING SEPTEMBER 30					
	2020	2021	2022	2023	2024	2025
Taxes						
Local Communications						
Services Tax	\$ 1,508,963	\$ 1,504,621	\$ 1,656,179	\$ 1,644,002	\$ 1,648,383	\$ 1,634,547
Licenses and Permits - Other	485,251	530,672	504,505	426,455	663,393	1,150,775
Intergovernmental						
Local Governmental Half-Cent						
Sales Tax ^(a)	10,333,528	12,179,208	13,550,762	14,103,869	13,976,296	14,454,127
State Revenue Sharing	4,913,385	5,726,289	7,369,002	7,814,124	7,931,919	7,712,754
Other ^(b)	32,700,262	13,730,732	4,900,011	5,701,178	9,654,385	9,728,017
Charges for Service						
General Government	13,179,182	10,500,253	9,710,211	13,825,704	11,579,093	13,463,147
Public Safety	476,860	3,752,649	3,765,060	758,583	312,884	287,699
Physical Environment	173,550	140,264	200,314	-	-	-
Transportation	120,283	118,139	132,034	147,805	169,660	164,258
Human Services	181,143	194,870	184,655	170,411	130,673	187,891
Culture and Recreation	737,690	1,028,982	1,021,659	973,028	399,239	184,326
Other	29,720	31,998	30,417	-	-	-
Fines and Forfeitures	128,878	198,608	147,248	248,671	278,651	189,875
Investment Income (Loss)	1,166,271	84,734	(2,371,310)	4,997,392	8,143,063	4,676,786
Miscellaneous Revenue	5,401,409	2,746,219	2,483,866	1,841,042	1,322,389	631,369
Total Sources of Non-Ad						
Valorem Revenues	\$ 71,536,375	\$ 52,468,238	\$ 43,284,613	\$ 52,652,264	\$ 56,210,028	\$ 54,465,571

(a) This revenue source is pledged as the source of security for payment for the Non-Ad Valorem Refunding Revenue Note, Series 2012, the Non-Ad Valorem Revenue Bond, Series 2022, and the Non-Revolving Lines of Credit.

(b) Increases/decreases predominantly due to changes in grant funding provided by other Governmental Agencies.

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2025
(UNAUDITED)**

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 2012 Bonds). Such indebtedness is summarized below.

<u>Description</u>	<u>Source of Security</u>	<u>Amount Outstanding</u>	<u>Final Maturity</u>	<u>Maximum Annual Debt Service</u>
Non-Revolving Line of Credit	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	\$ 6,159,588	5/1/2035	\$ 2,878,317
Non-Ad Valorem Refunding Revenue Bonds, Series 2012	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	\$ 4,472,000	2/1/2028	\$ 1,571,254
Non-Ad Valorem Revenue Bonds, Series 2022	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	\$ 49,490,000	6/1/2052	\$ 3,690,788

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2025
(UNAUDITED)**

GENERAL FUND REVENUES AND EXPENDITURES

The following table shows information regarding the General Fund for the County's fiscal years ending September 30, 2020 through September 30, 2025.

	FISCAL YEAR ENDING SEPTEMBER 30					
	2020	2021	2022	2023	2024	2025
REVENUES						
Taxes	\$ 71,651,035	\$ 75,177,661	\$ 79,668,627	\$ 90,284,483	\$ 97,750,234	\$ 104,306,890
Licenses and Permits	485,251	530,672	504,505	426,455	663,393	1,150,775
Intergovernmental	47,947,175	31,636,229	25,769,775	33,375,083	37,307,614	38,709,830
Charges for Services	14,898,428	15,767,155	15,044,350	15,875,531	16,697,013	18,730,930
Fines and Forfeitures	128,878	198,608	147,248	248,671	278,651	189,875
Investment Income (Loss)	1,166,271	84,734	(2,371,310)	4,997,392	8,143,063	6,261,385
Miscellaneous Revenue	5,401,409	2,746,219	2,483,866	1,841,042	1,322,389	1,177,521
TOTAL REVENUES	\$ 141,678,447	\$ 126,141,278	\$ 121,247,061	\$ 147,048,657	\$ 162,162,357	\$ 170,527,206
EXPENDITURES						
Current						
General Government	\$ 22,837,187	\$ 26,002,200	\$ 27,475,790	\$ 32,276,854	\$ 38,790,674	\$ 42,843,881
Public Safety	55,173,881	57,634,971	62,627,142	69,455,191	78,923,080	98,581,198
Physical Environment	496,058	515,117	603,428	619,375	754,622	683,139
Transportation	2,723,307	2,878,645	3,179,680	3,181,742	4,145,973	5,942,325
Economic Environment	2,949,502	4,928,949	713,316	1,028,384	764,569	1,229,318
Human Services	4,828,136	5,941,076	4,965,909	5,270,636	5,957,841	5,690,359
Culture and Recreation	5,442,599	6,177,042	6,597,701	6,980,987	7,770,715	8,792,992
Court Operations	1,540,870	1,558,259	1,671,019	1,845,366	2,077,649	2,233,444
Debt Service						
Principal	563,348	811,662	910,419	1,607,299	1,140,635	1,714,058
Interest and Fiscal Charges	78,403	75,771	70,940	297,839	158,294	171,441
Capital Outlay	4,155,093	7,729,843	8,157,892	9,938,732	17,799,178	28,024,125
TOTAL EXPENDITURES	\$ 100,788,384	\$ 114,253,535	\$ 116,973,236	\$ 132,502,405	\$ 158,283,230	\$ 195,906,280
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 40,890,063</u>	<u>\$ 11,887,743</u>	<u>\$ 4,273,825</u>	<u>\$ 14,546,252</u>	<u>\$ 3,879,127</u>	<u>\$ (25,379,074)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In ^(a)	\$ 775,376	\$ 357,922	\$ 855,149	\$ 1,374,146	\$ 1,482,182	\$ 2,808,142
Transfers Out ^(a)	(5,629,608)	(5,019,325)	(4,174,031)	(6,306,615)	(6,574,773)	(6,774,035)
Lease Financing	-	-	459,141	86,953	786,617	30,001
SBITA Financing	-	-	-	537,507	640,798	4,546,878
Additions to Long-Term Debt	556,530	-	-	15,122,899	-	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ (4,297,702)	\$ (4,661,403)	\$ (2,859,741)	\$ 10,814,890	\$ (3,665,176)	\$ 610,986
Net Change in Fund Balances	\$ 36,592,361	\$ 7,226,340	\$ 1,414,084	\$ 25,361,142	\$ 213,951	\$ (24,768,088)
BEGINNING FUND BALANCE	<u>21,978,637</u>	<u>\$ 58,570,998</u>	<u>\$ 65,797,338</u>	<u>\$ 67,211,422</u>	<u>\$ 92,572,564</u>	<u>\$ 92,786,515</u>
ENDING FUND BALANCE	<u>\$ 58,570,998</u>	<u>\$ 65,797,338</u>	<u>\$ 67,211,422</u>	<u>\$ 92,572,564</u>	<u>\$ 92,786,515</u>	<u>\$ 68,018,427</u>

(a) Transfers from or to other funds within the County.

**HERNANDO COUNTY, FLORIDA
AS OF SEPTEMBER 30, 2025
OTHER OBLIGATIONS PAYABLE FROM NON-AD VALOREM REVENUES**

The County has other debt issues outstanding which are secured by and payable from 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 2022 Bonds). Such indebtedness is summarized below.

<u>Description</u>	<u>Source of Security</u>	<u>Amount Outstanding</u>	<u>Final Maturity</u>	<u>Maximum Annual Debt Service</u>	<u>(Series 2022) Maximum Annual Debt Service Year</u>
Non-Revolving Line of Credit	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	\$ 6,159,588	5/1/2035	\$ 2,878,317	2026
Non-Ad Valorem Refunding Revenue Bonds, Series 2012	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	\$ 4,472,000	2/1/2028	\$ 1,571,254	2026
Non-Ad Valorem Revenue Bonds, Series 2022	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	\$ 49,490,000	6/1/2052	\$ 3,690,788	2039
		<u>\$ 60,121,588</u>		<u>\$ 8,140,359</u>	

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2025
(UNAUDITED)**

HISTORICAL REVENUES AND EXPENSES - COUNTY WASTE MANAGEMENT FUND

The following table shows certain historical operating data for the County Waste Management Fund 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				
	2021	2022	2023	2024	2025 ^c
OPERATING REVENUES					
Licenses and Permits	\$ 24,000	\$ 24,000	\$ 38,000	\$ 38,000	\$ 24,300
Charges for Services	9,381,682	11,107,255	11,350,063	13,193,052	14,123,647
Miscellaneous	241,458	305,325	1,908,283	132,835	32,028
Total Operating Revenues	<u>9,647,140</u>	<u>11,436,580</u>	<u>13,296,346</u>	<u>13,363,887</u>	<u>14,179,975</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment Income (Loss)	42,976	(888,656)	1,797,172	3,484,639	2,247,119
Interest Expense	-	(42,701)	(1,032,301)	(1,009,801)	(992,466)
Operating Grants ^a	-	-	-	557,407	6,989,368
Gain (Loss) on Sale of Capital Assets	1,174	34,712	34,546	190,735	209,662
Total Non-Operating Revenues (Expenses)	<u>44,150</u>	<u>(896,645)</u>	<u>799,417</u>	<u>3,222,980</u>	<u>8,453,683</u>
TOTAL REVENUES	<u>\$ 9,691,290</u>	<u>\$10,539,935</u>	<u>\$14,095,763</u>	<u>\$16,586,867</u>	<u>\$ 22,633,658</u>
OPERATING EXPENSES^b					
Personnel Services	2,144,115	2,405,438	2,745,119	2,715,312	2,786,476
Other Services and Charges	5,425,579	5,182,232	4,715,278	5,117,670	14,911,604
TOTAL OPERATING EXPENSES	<u>\$ 7,569,694</u>	<u>\$ 7,587,670</u>	<u>\$ 7,460,397</u>	<u>\$ 7,832,982</u>	<u>\$ 17,698,080</u>
TOTAL NET REVENUE	<u>2,121,596</u>	<u>2,952,265</u>	<u>6,635,366</u>	<u>8,753,885</u>	<u>4,935,578</u>

(a) Includes operating grants received from Federal Emergency Management Agency (FEMA) and Florida Department of Emergency Management for costs the County incurred from hurricanes and storms.

(b) Does not include depreciation, amortization, or post-closure costs which are described herein.

(c) Total net revenues for the fiscal year ended September 30, 2025 for the Waste Management Fund were impacted by approximately \$8.4 million in hurricane debris related costs reported within Other Services and Charges. The County received approximately \$7.0 million in Operating Grants from FEMA as an advance reimbursement related to these costs and continues to seek reimbursement for the remaining eligible unreimbursed expenses.

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Affidavit

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BOARD OF COUNTY COMMISSIONERS

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

AFFIDAVIT OF IMPACT FEE COMPLIANCE

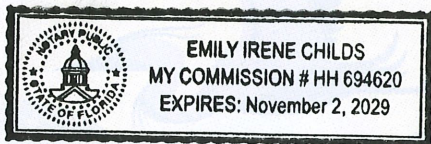
Hernando County, Florida has complied with Section 163.31801 of Florida Statutes regarding accounting and reporting of Impact Fee collections and expenditures.

[Handwritten signature]

Joshua Stringfellow, CPA
Chief Financial Officer
Office of Doug Chorvat Jr., Clerk of Circuit Court and Comptroller

State of Florida
County of Hernando

The foregoing instrument, Affidavit, dated 4/27/2026 and consisting of 1 pages, was acknowledged before me this 27th day of April, 2026, by Joshua Stringfellow who is personally known to me or has produced as identification.



(Seal)

[Handwritten signature]
NOTARY SIGNATURE