



Annual Comprehensive Financial Report

Hernando County, Florida

for the Fiscal Year Ended September 30, 2023

Cover photo provided by:



Florida's
ADVENTURE COAST
VISITORS BUREAU

Celebrating 75 years of 'Mermaids and Magic', The Mermaid Tale Trail is comprised of 27 mermaid statues hidden throughout Hernando County.

Discover all the Mermaids and earn points for prizes by signing up for our digital passport at [DestinationMermaids.com](https://www.DestinationMermaids.com)

**HERNANDO COUNTY, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE
FISCAL YEAR ENDED
SEPTEMBER 30, 2023**

PRINCIPAL OFFICIALS

as of September 30, 2023

BOARD OF COUNTY COMMISSIONERS

John Allocco, *Chairman* - District 3
Elizabeth Narverud, *Vice Chair* - District 1
Brian Hawkins - District 2
Jerry Campbell - District 4
Steve Champion - District 5

TAX COLLECTOR

Sally L. Daniel, CFC

SHERIFF

Al Nienhuis

PROPERTY APPRAISER

John C. Emerson, CFA

SUPERVISOR OF ELECTIONS

Shirley Anderson

CLERK OF COURT AND COMPTROLLER

Doug Chorvat, Jr.

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INTRODUCTORY SECTION

This section contains the following:

Table of Contents

Letter of Transmittal

Certificate of Achievement Award

Organizational Chart

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INTRODUCTORY SECTION

LETTER OF TRANSMITTAL	9
CERTIFICATE OF ACHIEVEMENT	13
ORGANIZATIONAL CHART	15

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	19
MANAGEMENT'S DISCUSSION AND ANALYSIS	23
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Exhibit A - Statement of Net Position	36
Exhibit B - Statement of Activities	37
Fund Financial Statements	
Governmental Fund Financial Statements	
Exhibit C - Balance sheet - Governmental Funds	38
Exhibit D - Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	41
Exhibit E - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	42
Exhibit F - Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	45
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	
Exhibit G - General Fund	47
Exhibit H - Transportation Trust and Gas Taxes	48
Exhibit I - Hernando County Fire Rescue - Fire	49
Exhibit J - Hernando County Fire Rescue - Rescue	50
Exhibit K - American Rescue Plan Act	51
Proprietary Fund Financial Statements	
Exhibit L - Statement of Net Position	52
Exhibit M - Statement of Revenues, Expenses, and Changes in Fund Net Position	54
Exhibit N - Statement of Cash Flows	56
Fiduciary Fund Statements	
Exhibit O - Statement of Fiduciary Net Position	60
Exhibit P - Statement of Change in Fiduciary Net Position	61
Notes to Financial Statement	63

REQUIRED SUPPLEMENTARY INFORMATION

OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB)

Schedule of Changes in Total OPEB Liability	124
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FLORIDA RETIREMENT SYSTEM

Schedule of the County's Proportionate Share of the Net Pension Liability Florida Retirement System and Health Insurance Subsidy Pension Plans	127
Schedule of the County's Contributions - Florida Retirement System and Health Insurance Subsidy Pension Plans	128
Notes to the Required Supplementary Information	129

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Schedule A - Combining Balance Sheet - Non-major Governmental Funds	134
Schedule B - Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Funds	138
Schedule C - Budgetary Comparison Schedules	142
Schedule D - Combining Statement of Net Position - Internal Service Funds	156
Schedule E - Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Internal Service Funds	158
Schedule F - Combining Statement of Cash Flows - Internal Service Funds	160
Schedule G - Combining Statement of Fiduciary Net Position	166
Schedule H - Combining Statement of Changes to Fiduciary Net Position	168

STATISTICAL SECTION (Unaudited)

Table 1 - Net Position by Component	174
Table 2 - Changes in Net Position	176
Table 3 - Fund Balances of Governmental Funds	180
Table 4 - Changes in Fund Balances of Governmental Funds	182
Table 5 - General Government State Shared Revenues by Source	184
Table 6 - Fair Market, Assessed and Taxable Value of Property	185
Table 7 - Direct and Overlapping Property Tax Rates	186
Table 8 - Principal Property Taxpayers	187
Table 9 - Property Tax Levies and Collections	188
Table 10 - Ratios of Outstanding Debt by Type	189
Table 11 - Ratios of General Bonded Debt Outstanding	190
Table 12 - Computation of Direct and Overlapping Debt	191
Table 13 - Debt Coverage - Non-Ad Valorem Refunding Revenue Bonds, Series 2010 and Non-Ad Valorem Refunding Revenue Note, Series 2012	192

Table 14 - Bond Coverage - Taxable Water and Sewer Refunding Revenue Bonds, Series 2021A and Water and Sewer Refunding Revenue Bonds, Series 2021B	193
Table 15 - Demographic and Economic Statistics	194
Table 16 - Principal Employers	195
Table 17 - County Government Employees by Function/Program	197
Table 18 - Operating Indicators by Function	198
Table 19 - Capital Asset and Infrastructure Statistics by Function/Program	200

COMPLIANCE SECTION

SINGLE AUDIT REPORTS/GRANT COMPLIANCE

Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	207
Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance and Report on Schedule of Expenditures of Federal Awards and State Financial Assistance required by Uniform Guidance and Chapter 10.550, Rules of the Auditor General	209
Schedule of Expenditures of Federal Awards and State Financial Assistance	212
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	216
Schedule of Findings and Questioned Costs	218
Schedule of Deepwater Horizon Oil Spill Related Receipts and Expenditures	220
Management Letter	221
Independent Accountant's Report on Compliance with Requirements of Sections 218.415, 365.172(10) and 365.172(2)(d), Florida Statutes	223
Independent Accountant's Report on Compliance with the Requirement of Title 33 U.S. Code s. 1321(t)	224
BOND COMPLIANCE (Not covered by auditors' report)	
Bond Compliance Information	226
AFFIDAVIT (Not covered by auditors' report)	
Impact Fee Compliance with Section 163.31801, Florida Statutes	241

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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 25, 2024

To the Citizens of Hernando County:

The Annual Comprehensive Financial Report of Hernando County, Florida, for the fiscal year ended September 30, 2023, 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 204,265, is located in the west central region of the State of Florida, allowing easy access to the Tampa and Orlando metropolitan areas. As part of the Tampa Bay Region, it is bound by the Gulf of Mexico on the west, Citrus County to the north, Sumter County to the east, and Pasco County to the south.

Hernando County, established in 1843, covers 473 square miles and is named in honor of Spanish explorer Hernando De Soto, who led an expedition through the county in 1539. Hernando County has one incorporated city: the City of Brooksville, the county seat, with a population of 9,566, 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, the Department of Financial Services maintains the accounting system for the Board of County Commissioners and the Clerk and Comptroller. The Tax Collector, Property Appraiser, Supervisor of Elections and Sheriff maintain their own accounting systems. All of the Constitutional Officers invest their funds independently. The Clerk and Comptroller manages the investments of the Board of County Commissioners and the Clerk and Comptroller.

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

Factors Affecting Financial and Economic Conditions

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

- The population of the County is currently approximately 204,265 which is an increase of 17.5% over what it was 10 years ago. The County's population is projected to be almost 225,000 by 2030 and over 250,000 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 19,899 permits in 2022-23, averaging 79 permits per day. Total permits included 1,049 single family home permits and 78 commercial permits.
- Both residential and commercial development remain steady. The inventory of lots in existing developed subdivisions continues to decrease and new phases are being developed. Commercial development continues to be steady along SR 50 in Spring Hill, a major shopping corridor in the County. In addition, a significant number of large mixed-use developments previously approved by the County have retained the approved vested rights and are expected to be of interest to developers as the economy continues to improve.

Long Term Financial Planning. The County prepares a 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:

- Hernando County Transit Services added a new bus stop at the East end of Dr. Martin Luther King Jr. Blvd.
- Florida's Adventure Coast launched the Mermaid Tale Trail, which generated more than \$1.2 million in earned media, including national media coverage.

- The Hernando County Public Library System installed a StoryWalk program at the East Hernando Branch Library which includes a walking trail and children's story.
- Hernando County Parks and Recreation hosted a ceremony and installed over 100 No Smoking No Vaping signs in the parks due to the new ordinance enacted by the Board of County Commissioners to prohibit smoking and vaping in the Parks and Beaches.
- Aquatic Services and Waterways installed new floating docks at Hernando Beach and Bayport boat ramps to provide a safer platform for the public to load and unload from vessels.
- Hernando County Animal Services installed a new fenced-in gazebo to allow for dog meet-and-greet opportunities with families and new potential pet owners.
- Hernando County Veteran Services served 1,372 clients in person, answered 1,317 telephone assistance calls, responded to 1,176 client emails, and assisted 10 clients with direct outreach.
- Tourism increased Tourism Development Tax revenues by 12.5% from the prior year.
- Hernando County Fire Rescue responded to over 38,000 calls, of which approximately 29,000 were medical.
- Hernando County Emergency Management hosted their annual Hurricane & Safety Expo with a live Meteorologist panel and had over 500 attendees.
- Housing and Supportive Services installed signage to mark the Twin Lakes Community (established in 1871) and the Twin Lakes Cemetery (established in 1882). This is a Historic African American community and cemetery in Hernando County

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, 2022.

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-eight 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 MSL CPAs and Advisors, 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
Director of Financial Services

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Governmental Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Hernando County, Florida for its annual comprehensive financial report for the fiscal year ended September 30, 2022. 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
Achievement
for Excellence
in Financial
Reporting

Presented to

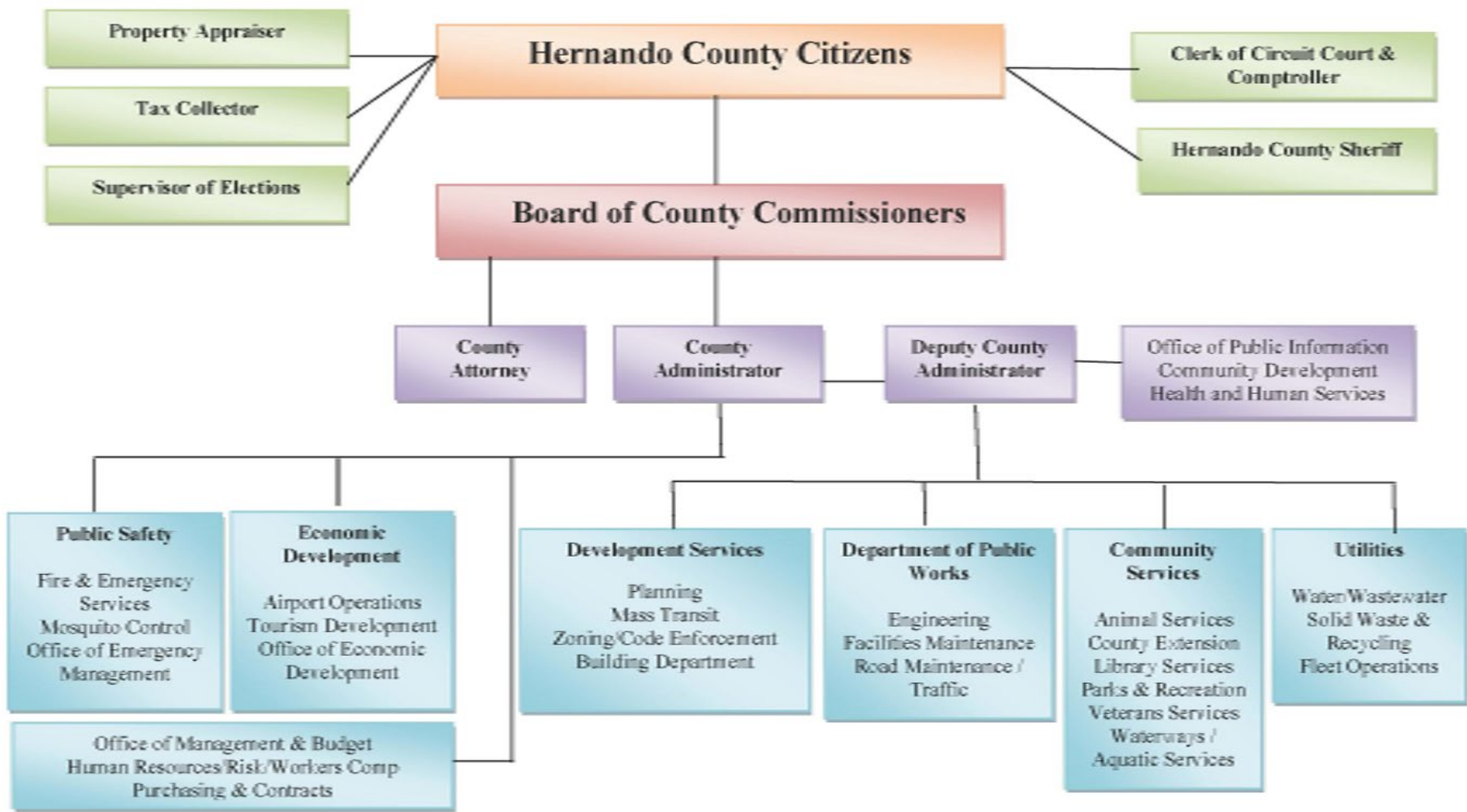
**County of Hernando
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hernando County, Florida (the "County") as of and for the year ended September 30, 2023, 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 respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of September 30, 2023, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparisons for the general fund and each major special revenue fund thereof for the year then ended in conformity 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibility 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 generally accepted auditing standards 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 generally accepted auditing standards 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.

Emphasis-of-Matter - Change in Accounting Principle

As discussed in Note I and Note S to the financial statements, in the year ended September 30, 2023, the County adopted the provisions of Government Accounting Standards Board Statement ("GASBS") Number 96, *Subscription-Based Information Technology Arrangements*. As a result of the implementation of GASBS 96, the County reported a restatement for the change in accounting principle. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

INDEPENDENT AUDITOR'S REPORT
(Concluded)

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 as a whole. The combining and individual non-major fund financial statements and schedules and the Schedule of Deepwater Horizon Oil Spill Related Receipts and Expenditures, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual non-major fund financial statements and schedules and the Schedule of Deepwater Horizon Oil Spill Related Receipts and Expenditures are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and Schedule of Deepwater Horizon Oil Spill Related Receipts and Expenditures are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual 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 25, 2024, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
June 25, 2024

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HERNANDO COUNTY, FL ANNUAL COMPREHENSIVE FINANCIAL REPORT 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, 2023. 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, 2023, the County's assets and deferred outflows exceeded its liabilities and deferred inflows by \$770,200,821 representing net position. This represents an increase in net position of \$54,801,864 over the prior year adjusted net position as restated. Of the \$770,200,821 net position, \$22,257,630 was unrestricted.

Net position of governmental activities increased \$17,430,148 over prior year adjusted net position as restated. Net position of business-type activities increased \$37,371,716 over prior year net position. Accordingly, net position of both the governmental activities and business-type activities increased a total of \$54,801,864.

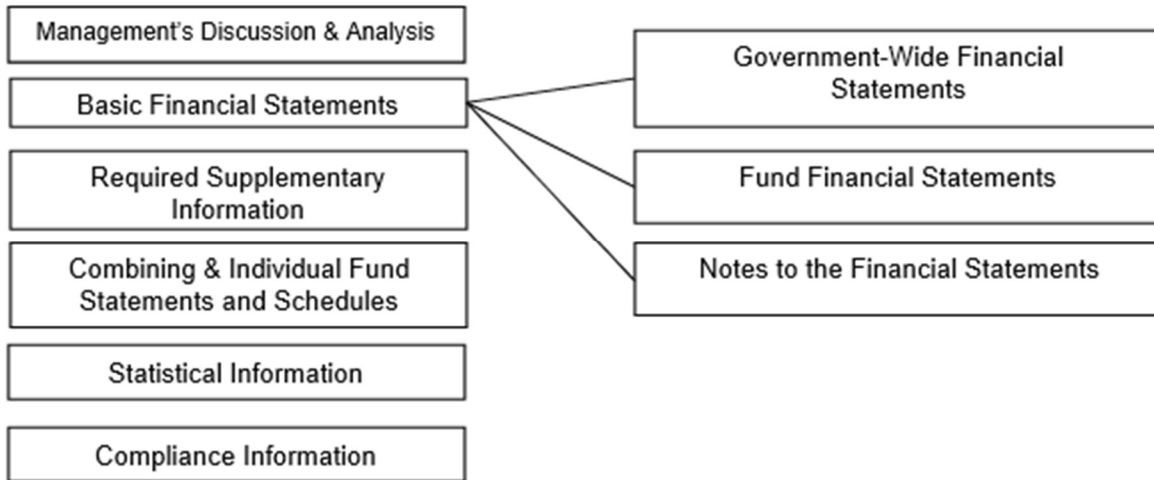
As of September 30, 2023, unassigned fund balance in the governmental funds was \$62,696,485, representing a 30.3% increase from the previous year unassigned fund balance of \$48,100,228. The net change in fund balances in the governmental funds increased from \$13,813,889 for the fiscal year 2021-22 to \$48,571,207 for the fiscal year 2022-23. General Fund had an increase in fund balance of \$1,414,084 for fiscal year 2021-22 compared to an increase of \$25,361,142 in the current year. There was an increase in the fund balance of Transportation Trust and Gas Taxes fund of \$6,539,631 compared to an increase of \$4,022,546 in the prior year. There was an increase in the fund balance of Hernando County Fire Rescue-Fire of \$1,274,143 compared to a decrease of \$1,669,531 in the prior year. There was an increase in the fund balance of Hernando County Fire Rescue-Rescue of \$8,377,385 compared to an increase of \$2,771,269 in the prior year. There was also an increase in fund balance of \$7,148,714 for Nonmajor Governmental Funds.

The County's largest enterprise fund, the Water & Sewer District, had an increase in net position of \$29,632,689 for the year compared to an increase of \$20,319,041 in the prior year. Aviation Operations had an increase in net position of \$2,550,514 for the year compared to an increase of \$8,946,933 in the prior year. Waste Management had an increase in net position of \$4,662,024 for the year compared to an increase of \$263,832 in the prior year. The Building Department had an increase in net position of \$526,489 for the year compared to an increase of \$351,685 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, FL ANNUAL COMPREHENSIVE FINANCIAL REPORT 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, FL ANNUAL COMPREHENSIVE FINANCIAL REPORT 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	
	2022	2023	2022	2023	2022	2023
Current and other assets	\$ 287,401,556	\$ 336,229,453	\$ 141,227,052	\$ 177,184,115	\$ 428,628,608	\$ 513,413,568
Capital assets	348,791,457	368,591,223	294,444,080	312,556,720	643,235,537	681,147,943
Other long term assets	-	-	24,271,417	26,819,087	24,271,417	26,819,087
Total Assets	<u>636,193,013</u>	<u>704,820,676</u>	<u>459,942,549</u>	<u>516,559,922</u>	<u>1,096,135,562</u>	<u>1,221,380,598</u>
Deferred Outflows of Resources	42,434,269	42,744,857	2,680,879	2,601,960	45,115,148	45,346,817
Non-Current liabilities	192,802,048	248,705,189	88,211,726	103,282,775	281,013,774	351,987,964
Other liabilities	79,954,919	75,817,811	19,671,405	21,480,286	99,626,324	97,298,097
Total liabilities	<u>272,756,967</u>	<u>324,523,000</u>	<u>107,883,131</u>	<u>124,763,061</u>	<u>380,640,098</u>	<u>449,286,061</u>
Deferred Inflows of Resources	21,112,968	19,404,854	25,548,871	27,835,679	46,661,839	47,240,533
Net Position:						
Net invested in capital assets	318,931,371	340,222,933	225,878,718	244,667,332	544,810,089	584,890,265
Restricted	111,550,472	146,197,864	20,932,023	16,855,062	132,482,495	163,052,926
Unrestricted	(45,724,496)	(82,783,118)	82,380,685	105,040,748	36,656,189	22,257,630
Total Net Position	<u>\$ 384,757,347</u>	<u>\$ 403,637,679</u>	<u>\$ 329,191,426</u>	<u>\$ 366,563,142</u>	<u>\$ 713,948,773</u>	<u>\$ 770,200,821</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, adjusted net position was \$770,200,821 at the close of the most recent fiscal year. This represents an increase of \$54,801,864 or 7.7% from the prior year as restated.

The largest portion of Hernando County's net position (76%) 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, FL ANNUAL COMPREHENSIVE FINANCIAL REPORT MANAGEMENT'S DISCUSSION AND ANALYSIS

An additional portion of the County's net position (21%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the County's net position (3%) is unrestricted.

Hernando County's Change in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2022	2023	2022	2023	2022	2023
Revenues						
Program revenues:						
Charges for Services	\$ 81,776,702	\$ 89,375,715	\$ 62,238,782	\$ 65,951,091	\$ 144,015,484	\$ 155,326,806
Operating Grants and Contributions	10,401,474	18,343,043	118,318	1,566,391	10,519,792	19,909,434
Capital Grants and Contributions	6,878,554	961,305	21,602,653	18,314,185	28,481,207	19,275,490
General revenues:						
Property taxes	98,386,008	113,236,325	-	-	98,386,008	113,236,325
Other taxes	34,117,948	38,795,361	-	-	34,117,948	38,795,361
Investment earnings (loss)	(5,783,908)	10,479,792	(2,546,599)	5,785,611	(8,330,507)	16,265,403
Other	3,453,733	1,828,193	966,080	2,581,869	4,419,813	4,410,062
Total revenues	229,230,511	273,019,734	82,379,234	94,199,147	311,609,745	367,218,881
Expenses						
General government	33,617,506	43,222,337	-	-	33,617,506	43,222,337
Public safety	114,962,652	140,779,650	-	-	114,962,652	140,779,650
Physical environment	8,962,975	9,580,043	-	-	8,962,975	9,580,043
Transportation	30,077,317	31,621,436	-	-	30,077,317	31,621,436
Economic environment	2,340,657	2,962,319	-	-	2,340,657	2,962,319
Human services	7,949,609	9,308,710	-	-	7,949,609	9,308,710
Culture and recreation	7,273,865	8,063,677	-	-	7,273,865	8,063,677
Court operations	8,154,989	8,494,483	-	-	8,154,989	8,494,483
Interest on long-term debt	965,961	2,393,800	-	-	965,961	2,393,800
Water and sewer	-	-	34,020,643	37,609,653	34,020,643	37,609,653
Aviation operations	-	-	3,498,882	3,260,374	3,498,882	3,260,374
Waste management	-	-	10,341,492	10,226,275	10,341,492	10,226,275
Building department	-	-	4,575,227	4,894,260	4,575,227	4,894,260
Total expenses	214,305,531	256,426,455	52,436,244	55,990,562	266,741,775	312,417,017
Change in net position before transfers	14,924,980	16,593,279	29,942,990	38,208,585	44,867,970	54,801,864
Transfers	61,499	836,869	(61,499)	(836,869)	-	-
Change in net position	14,986,479	17,430,148	29,881,491	37,371,716	44,867,970	54,801,864
Net position - beginning	369,226,883	384,757,347	299,309,935	329,191,426	668,536,818	713,948,773
Adjustment to beginning net position-See Note S	543,985	1,450,184	-	-	543,985	1,450,184
Net position - ending	\$ 384,757,347	\$ 403,637,679	\$ 329,191,426	\$ 366,563,142	\$ 713,948,773	\$ 770,200,821

HERNANDO COUNTY, FL ANNUAL COMPREHENSIVE FINANCIAL REPORT MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Net position of the governmental activities increased \$17,430,148 or 4.5% from prior year adjusted net position balance. Program revenues in the amount of \$108,680,063 were used to offset program expenses of \$256,426,455 resulting in a net program loss of \$147,746,392. General revenues and transfers totaling \$165,176,540 offset the difference in those program expenses and resulted in a total net increase of \$17,430,148.

Program revenues increased 9.7% from prior year. Charges for services increased 9.3% from the prior year. Grants and Contributions increased 11.7%.

Property taxes increased \$14,850,317 or 15.1% due to an increase in the taxable value of property in the County.

Investment earnings increased \$16,263,700 to \$10,479,792 compared to the prior year loss of \$5,783,908. This is driven by negative investment revenue in FY22 due to the change in market value of investments caused by the sharp increase in interest rates at the end of the fiscal year compared to positive investment income in FY23 due to continued higher interest rates.

Program expenses increased 19.7% from the prior year. The most significant changes were increases in General Government and Public Safety expenditures.

General Government expenses increased 28.6% due to an increase in the liability related to the Florida Retirement System plan. The County's portion of the liability is obtained from the annual actuarial report of the Florida Retirement System plan. Pension expense for this function in 2022-23 was 3,742,184. Additionally, there were normal cost increases for personnel and other operating expenses experienced across the organizations.

The increase in Public Safety expenses of 20% from prior year is mainly due to an increase in the liability related to the Florida Retirement System plan. Pension expense for this function in 2022-23 was 15,355,064. The remaining difference is attributed to normal cost increases for personnel and other operating expenses experienced across the organizations.

HERNANDO COUNTY, FL ANNUAL COMPREHENSIVE FINANCIAL REPORT MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-Type Activities

Net position of the business-type activities increased \$37,371,716 or 11% over prior year net position balance. Program revenues in the amount of \$85,831,667 were used to offset program expenses of \$55,990,561, resulting in net program income of \$29,841,105. General revenues of \$8,367,480 less transfers in the amount of \$836,869 resulted in a total net increase of \$37,371,716.

Water and Sewer charges for services increased \$2,738,662 or 6.1%. This is associated with the fourth year of rate increases as part of a five-year rate plan. Expenditures did not vary significantly from prior year.

Aviation Operations Capital Grant revenue decreased \$7,416,952 from prior year due to the rehabilitation of the runway at the Brooksville - Tampa Bay Regional Airport during FY2022. 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 \$242,808 or 2.2%. Other services and charges expenses decreased 24% mainly due to the annual adjustment for long term care and closure costs for the landfill. Estimated costs are recalculated annually and will fluctuate from year to year.

The Building Department experienced an increase of \$267,651 or 5.9% in revenue from licenses and permits.

ANALYSIS OF THE FUND FINANCIAL STATEMENTS

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

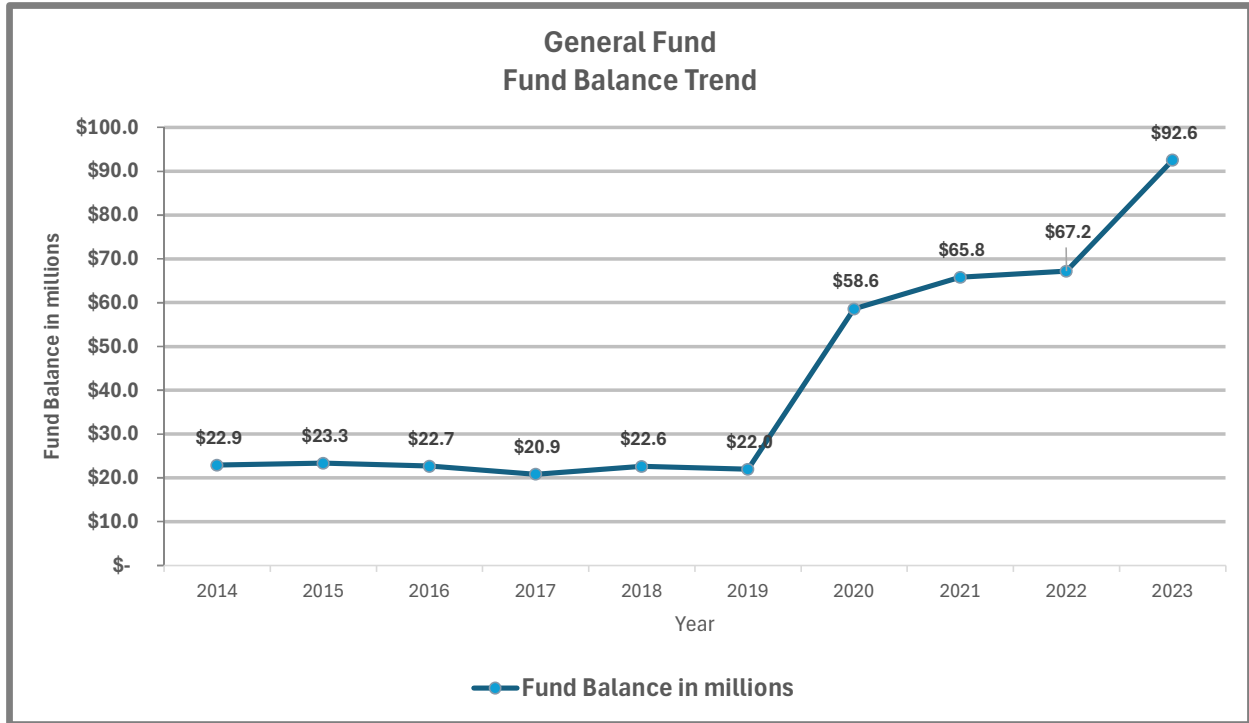
Governmental Funds

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

As of the end of the current fiscal year, Hernando County governmental funds reported fund balances of \$237,890,958, an increase of \$48,571,207 or 25.7% from prior year balances. Of the \$237,890,958 fund balance in governmental funds, \$62,696,485 constitutes unassigned fund balance, which is available for spending at the County's discretion and \$693,759 which is non-spendable. The remainder of fund balance available for spending consists of the following: \$146,197,864 in 'Restricted Fund Balance' which is restricted by law or externally imposed requirements; \$14,212,045 in 'Committed Fund Balance' which is committed for a specific purpose by the Board; and \$14,090,805 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 \$92,572,564. Following is a chart of the fund balance trend over the past ten years for the General Fund.

HERNANDO COUNTY, FL ANNUAL COMPREHENSIVE FINANCIAL REPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS



In the **General Fund**, the fund balance increased \$25,361,142, or 37.7%, from prior year. General Fund revenues increased \$25,801,596, or 21.3%, and expenditures increased \$15,529,169, or 13.3%, from prior year. Revenue from taxes increased \$10,615,856, or 13.3%, from the prior year due to an increase in the taxable value of property offset by a decrease in the millage rate of 0.2915 mills. The fund participated in the Series 2022 issuance of Long-Term debt in the amount of \$15,122,899.

Intergovernmental revenue increased \$7,605,308, or 29.5%, from prior year. Primary due to increase in various reimbursement grant revenue (FTA vehicle purchases) and increase in State Revenue Sharing and Local Govt 1/2 Cent allocations. Investment revenues increased to \$4,997,392 in fiscal year 2022-23 due to continued higher interest rates.

General Government expenditures increased \$4,801,064, or 17.5%, 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 \$6,828,049, or 10.9%. 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 \$6,539,631, or 18.1%, from prior year. Tax revenue increased \$2,276,890, or 13%, due to Increase in ad valorem due to increase in property taxable values. Investment income increased to \$1,279,182 due to continued higher interest rates.

The **Hernando County Fire Rescue-Fire** fund balance increased \$1,274,143, or 9%. Special Assessment revenue was consistent with prior year. The fund participated in the Series 2022 issuance of Long-Term debt in the amount of \$4,235,275.

The **Hernando County Fire Rescue-Rescue** fund balance increased \$8,377,385, or 77%. Tax revenue increased \$1,947,400 due to an increase in the taxable value of property in the County. The fund participated in the Series 2022 issuance of Long-Term debt in the amount of \$2,823,516.

HERNANDO COUNTY, FL ANNUAL COMPREHENSIVE FINANCIAL REPORT MANAGEMENT'S DISCUSSION AND ANALYSIS

The **American Rescue Plan Act** fund balance decreased \$129,808.

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 \$29,632,689, or 11.6%. Operating revenues of \$47,608,614 less operating expenses of \$36,215,464 resulted in operating income of \$11,393,150. The fund experienced an increase of \$2,681,445, or 6.0%, in operating revenue, which is associated with the fourth year of rate increases as part of a five-year rate plan. Operating expenses increased \$3,710,321, or 11.4%, due to an increase from Septic Upgrade Incentive Program funded by grants as well as a sharp increase in the FRS pension expense for the period. Non-operating revenues and expenses increased \$6,793,657, from prior year. This is driven by negative investment revenue in FY22 due to the change in market value of investments caused by the sharp increase in interest rates at the end of the fiscal year compared to positive investment income in FY23 due to continued higher interest rates.

Aviation Operations experienced an increase in net position of \$2,550,514, or 6.4%. Operating revenues of \$1,994,171 less operating expenses of \$3,238,744 resulted in an operating loss of \$1,244,573. Non-operating revenues and expenses increased \$998,136, or 909%, from prior year. This is driven by investment income in FY23 due to continued higher interest rates.

The **Waste Management** fund had an increase in net position of \$4,662,024, or 15.5%. Other services and charges expenses decreased 24% mainly due to the annual adjustment for long term care and closure costs for the landfill. Estimated costs are recalculated annually and will fluctuate from year to year. Non-operating revenues and expenses increased \$1,735,945, from prior year. This is driven by negative investment revenue in FY22 due to the change in market value of investments caused by the sharp increase in interest rates at the end of the fiscal year compared to positive investment income in FY23 due to continued higher interest rates.

Building Department experienced an increase in net position of 526,489, or 14.1%. Operating revenues increased 11%. The Building Department experienced an increase of \$267,651 or 5.9% in revenue from licenses and permits.

HERNANDO COUNTY, FL ANNUAL COMPREHENSIVE FINANCIAL REPORT MANAGEMENT'S DISCUSSION AND ANALYSIS

BUGETARY HIGHLIGHTS -- GENERAL FUND

Budget and actual comparison statements are provided in the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual for the General Fund and all major special revenue funds with annually appropriated budgets. See page 47 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 \$26,762,053 compared to original budget. This is primarily due to funding for the Tax collector building.
- Final budgeted Issuance of Long-Term Debt increased \$15,121,425 from the original budget. This is to fund for the Tax collector building.
- Actual Taxes revenue was higher than final budget by \$3,933,816 due to Increase in ad valorem due to increase in property taxable values.
- Investment revenues were exceeded budget by 4,954,433 due to continued higher interest rates in 2022-23.
- General Government expenditures were less than budget by \$4,695,144 primarily driven by various personnel vacancies throughout the year.
- Actual Transportation expenditures were \$1,609,232 less than budgeted as final expenses were under budget due to several capital projects that were not completed in fiscal year 2022-23. These projects were re-budgeted in fiscal year 2023-24.
- Actual Capital Outlay expenditures were \$32,981,851 less than budgeted. The funding for the Tax Collector building of \$15,121,425 was largely unexecuted in 2022-23.

**HERNANDO COUNTY, FL ANNUAL COMPREHENSIVE FINANCIAL REPORT
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, 2023, amounts to \$681,147,943 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 5.6% which is comprised of a 5.2% increase for Governmental Activities and a 6.2% increase for Business-Type Activities. The beginning balances of capital assets was restated by \$1,530,353 for Governmental assets, for the implementation of GASB 96 SBITAs.

Following is a schedule of the County's capital assets, net of accumulated depreciation, as of September 30, 2022 and 2023:

	Governmental Activities		Business-type Activities		Totals	
	2022	2023	2022	2023	2022	2023
Land	\$ 33,653,183	\$ 33,622,020	\$ 10,429,374	\$ 10,429,374	\$ 44,082,557	\$ 44,051,394
Buildings	70,006,992	65,290,330	14,244,709	13,654,004	84,251,701	78,944,334
Infrastructure	186,906,714	185,011,298	2,580,621	2,491,363	189,487,335	187,502,661
Improvements other than						
Buildings	9,945,626	10,478,450	203,638,160	234,415,762	213,583,786	244,894,212
Equipment	31,397,180	34,503,578	3,156,355	3,110,986	34,553,535	37,614,564
Construction in Progress	11,818,854	33,488,749	59,416,104	48,375,318	71,234,958	81,864,067
Intangible Assets	374,439	217,618	125,578	79,913	500,017	297,531
Right-to-Use Assets	6,218,822	5,979,180	853,179	-	7,072,001	5,979,180
Totals	\$ 350,321,810	\$ 368,591,223	\$ 294,444,080	\$ 312,556,720	\$ 644,765,890	\$ 681,147,943

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 2023 is mainly due to additions to Construction in Progress driven by the Courthouse Improvement project. The decrease in buildings and infrastructure 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, FL ANNUAL COMPREHENSIVE FINANCIAL REPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Debt Administration

Loans and notes payable amounted to \$24,416,013 of which \$23,983,337 is for Governmental Activities and \$432,676 is for Business-Type Activities.

Hernando County had total bonded debt outstanding of \$114,735,519. 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, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance
Loans & Notes Payable	\$ 24,923,641	\$ 4,062,000	\$ 4,569,628	\$ 24,416,013
Revenue Bonds	67,906,905	52,420,940	5,592,326	114,735,519
Financed Purchase Obligations	342,482	-	342,482	-
Leases Payable	5,656,505	197,987	1,375,087	4,479,405
	<u>\$ 98,829,533</u>	<u>\$ 56,680,927</u>	<u>\$ 11,879,523</u>	<u>\$ 139,151,532</u>

Following are the County's underlying ratings on bonds outstanding as of September 30, 2023:

	Moody's	Fitch	S&P
Non-Ad Valorem Refunding Revenue Bonds Series 2010	Aa2	NR	AA-
Taxable Water and Sewer Refunding Revenue Bonds Series 2021A	Aa2	AAA	NR
Taxable 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, FL ANNUAL COMPREHENSIVE FINANCIAL REPORT 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 174,955 in 2014 to 204,265 in 2023, a 17% increase over the period.
- Unemployment in Hernando County decreased to 4.2% and the County's personal income per capita stands at \$45,456 in 2022, the most recent year available.
- Total taxable property value has increased 91% from 2014 to 2023. The ten largest taxpayers accounted for 6.2% of the total taxable assessed value in 2023 compared to 9.1% of total taxable value in 2014.

For fiscal year 2023-24 budget, certified taxable property values increased 15.29% to \$14.84 billion. The General Fund millage rate was decreased from 6.9912 to 6.6997; 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.

Basic Financial Statements

HERNANDO COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 24,280,073	\$ 194,114	\$ 24,474,187
Pooled Cash and Investments	285,280,209	119,825,538	405,105,747
Restricted Cash and Investments:			
Pooled Cash and Investments	-	688,078	688,078
Cash with Fiscal Agent	325,171	-	325,171
Accounts Receivable (net)	9,923,995	7,369,220	17,293,215
Accrued Interest Receivable	125,634	90,224	215,858
Leases Receivable	262,510	386,632	649,142
Internal Balances	(72,644)	72,644	-
Due from Other Governments	9,653,796	2,469,493	12,123,289
Inventories	161,639	196,471	358,110
Prepaid Items	267,138	-	267,138
Total Current Assets	<u>330,207,521</u>	<u>131,292,414</u>	<u>461,499,935</u>
Non-Current Assets			
Restricted Assets:			
Pooled Cash and Investments	-	44,669,937	44,669,937
Cash with Fiscal Agent	-	1,221,764	1,221,764
Leases Receivable	6,021,932	26,819,087	32,841,019
Capital Assets, not being depreciated	67,110,769	58,804,692	125,915,461
Capital Assets, being depreciated, net	301,480,454	253,752,028	555,232,482
Total Non-Current Assets	<u>374,613,155</u>	<u>385,267,508</u>	<u>759,880,663</u>
Total Assets	<u>\$ 704,820,676</u>	<u>\$ 516,559,922</u>	<u>\$ 1,221,380,598</u>
Deferred Outflows of Resources	<u>\$ 42,744,857</u>	<u>\$ 2,601,960</u>	<u>\$ 45,346,817</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	15,895,820	4,624,858	20,520,678
Retainage Payable	1,331,569	787,609	2,119,178
Accrued Liabilities	7,574,341	1,988,480	9,562,821
Due to Other Governments	4,348,894	72,608	4,421,502
Unearned Revenue	29,325,656	2,970,306	32,295,962
Deposits	266,664	5,375,018	5,641,682
Due Within One Year	17,074,867	5,661,407	22,736,274
Total Current Liabilities	<u>75,817,811</u>	<u>21,480,286</u>	<u>97,298,097</u>
Non-Current Liabilities:			
Due in More Than One Year	248,705,189	91,842,338	340,547,527
Accrued Landfill closure/Postclosure	-	11,440,437	11,440,437
Total Non-Current Liabilities	<u>248,705,189</u>	<u>103,282,775</u>	<u>351,987,964</u>
Total Liabilities	<u>\$ 324,523,000</u>	<u>\$ 124,763,061</u>	<u>\$ 449,286,061</u>
Deferred Inflows of Resources	<u>\$ 19,404,854</u>	<u>\$ 27,835,679</u>	<u>\$ 47,240,533</u>
NET POSITION			
Net Investment in Capital Assets	340,222,933	244,667,332	584,890,265
Restricted for:			
Grant Funded Programs	6,461,112	-	6,461,112
Court Programs	7,707,659	-	7,707,659
Special Assessment Projects	3,923,438	-	3,923,438
Environment Conservation	4,158,112	-	4,158,112
Bond Covenants or Debt Service	953,055	-	953,055
Public Safety	39,815,903	-	39,815,903
Capital Projects	72,671,845	10,685,644	83,357,489
Renewal and Replacement	-	6,169,418	6,169,418
Other Purposes	10,506,740	-	10,506,740
Unrestricted (Deficit)	(82,783,118)	105,040,748	22,257,630
Total Net Position	<u>\$ 403,637,679</u>	<u>\$ 366,563,142</u>	<u>\$ 770,200,821</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, 2023

Function/Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Government Activities:							
General Government	\$ 43,222,337	\$ 15,975,173	\$ 7,964,001	\$ -	\$ (19,283,163)	\$ -	\$ (19,283,163)
Public Safety	140,779,650	50,706,512	1,033,952	-	(89,039,186)	-	(89,039,186)
Physical Environment	9,580,043	8,242,510	291,570	-	(1,045,963)	-	(1,045,963)
Transportation	31,621,436	6,911,089	4,204,368	961,305	(19,544,674)	-	(19,544,674)
Economic Environment	2,962,319	30,324	638,565	-	(2,293,430)	-	(2,293,430)
Human Services	9,308,710	233,524	78,579	-	(8,996,607)	-	(8,996,607)
Culture and Recreation	8,063,677	1,890,505	839,337	-	(5,333,835)	-	(5,333,835)
Court Operations	8,494,483	5,386,078	3,292,671	-	184,266	-	184,266
Interest on Long-term Debt	2,393,800	-	-	-	(2,393,800)	-	(2,393,800)
Total Government Activities	256,426,455	89,375,715	18,343,043	961,305	(147,746,392)	-	(147,746,392)
Business-type Activities:							
Water and Sewer District	37,609,653	47,294,544	1,482,477	15,947,941	-	27,115,309	27,115,309
Aviation Operations	3,260,374	1,840,641	83,914	2,366,244	-	1,030,425	1,030,425
Waste Management	10,226,275	11,388,063	-	-	-	1,161,788	1,161,788
Building Department	4,894,260	5,427,843	-	-	-	533,583	533,583
Total Business-Type Activities	55,990,562	65,951,091	1,566,391	18,314,185	-	29,841,105	29,841,105
Total	\$ 312,417,017	\$ 155,326,806	\$ 19,909,434	\$ 19,275,490	\$ (147,746,392)	\$ 29,841,105	\$ (117,905,287)
General Revenues:							
Property Taxes					113,236,325	-	113,236,325
Fuel Tax					12,497,456	-	12,497,456
Sales Tax					15,278,910	-	15,278,910
Other Taxes					2,968,121	-	2,968,121
State Shared Revenue - Unrestricted					8,050,874	-	8,050,874
Investment Earnings (Loss)					10,479,792	5,785,611	16,265,403
Gain on Sale of Capital Assets					-	204,019	204,019
Miscellaneous					1,828,193	2,377,850	4,206,043
Transfers					836,869	(836,869)	-
Total General Revenues and Transfers					165,176,540	7,530,611	172,707,151
Change in Net Position					17,430,148	37,371,716	54,801,864
Net Position - Beginning, as Restated (See Note S)					386,207,531	329,191,426	715,398,957
Net Position - Ending					\$ 403,637,679	\$ 366,563,142	\$ 770,200,821

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

**HERNANDO COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENT FUNDS
SEPTEMBER 30, 2023**

	General Fund	Transportation Trust and Gas Taxes	Hernando County Fire Rescue-Fire
ASSETS			
Cash and Cash Equivalents	\$ 8,350,556	\$ 395	\$ 150
Pooled Cash and Investments	87,680,314	42,957,312	17,086,895
Cash with Fiscal Agent	-	320,022	-
Accounts Receivable (net)	153,438	108,761	17,126
Accrued Interest Receivable	54,686	-	-
Leases Receivable	262,510	-	-
Due from Other Funds	68,995	-	-
Due from Other Governments	5,938,511	2,784,228	1,236
Advances to Other Funds	450,000	-	-
Inventories	-	-	-
Prepaid Items	229,278	1,088	-
Lease Receivable, Non-Current	6,021,932	-	-
Total Assets	\$ 109,210,220	\$ 46,171,806	\$ 17,105,407
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 3,937,270	\$ 1,965,468	\$ 470,624
Retainage Payable	33,645	56,383	280,116
Accrued Liabilities	4,609,446	428,794	883,492
Due to Other funds	-	-	-
Due to Other Governments	367,298	-	-
Unearned Revenue	236,027	1,680	-
Deposits	10,753	3,120	-
Advances from Other Funds	-	-	-
Total Liabilities	9,194,439	2,455,445	1,634,232
Deferred Inflows of Resources			
Unavailable Revenues	1,328,209	1,113,159	-
Leases	6,115,008	-	-
Total Deferred Inflows of Resources	7,443,217	1,113,159	-
Fund Balances			
Nonspendable:			
Advances	450,000	-	-
Inventories	-	-	-
Prepaid Items	229,278	1,088	-
Restricted For:			
Grant Funded Programs	819,510	-	-
Court Programs	-	-	-
Special Assessment Projects	-	-	-
Environment Conservation	-	-	-
Bond covenants or debt service	-	63,411	-
Public Safety	-	-	15,471,175
Capital Projects	15,179,161	35,755,996	-
Other Purposes	-	-	-
Committed to:			
Budgeted Emergency and Contingency Reserves	6,526,971	-	-
Budgeted Stabilization Reservices	5,458,254	-	-
Other Purposes	-	-	-
Assigned to:			
Public Safety	-	-	-
Capital Projects	1,212,905	6,782,707	-
Other Purposes	-	-	-
Unassigned	62,696,485	-	-
Total Fund Balances	92,572,564	42,603,202	15,471,175
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 109,210,220	\$ 46,171,806	\$ 17,105,407

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

Hernando County Fire Rescue- Rescue	American Rescue Plan Act	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 6,646,009	\$ 14,997,110
17,322,217	28,975,716	70,066,661	264,089,115
-	-	5,149	325,171
9,385,448	-	226,619	9,891,392
-	-	-	54,686
-	-	-	262,510
-	-	-	68,995
-	-	929,821	9,653,796
-	-	-	450,000
1,800	-	-	1,800
4,123	-	32,649	267,138
-	-	-	6,021,932
\$ 26,713,588	\$ 28,975,716	\$ 77,906,908	\$ 306,083,645

\$ 399,511	\$ 1,237,672	\$ 2,626,071	\$ 10,636,616
117,924	134,564	708,937	1,331,569
555,600	-	278,522	6,755,854
-	-	141,639	141,639
4,793	-	3,976,912	4,349,003
102	27,729,173	1,358,674	29,325,656
-	-	252,791	266,664
-	-	450,000	450,000
1,077,930	29,101,409	9,793,546	53,257,001
6,379,310	-	-	8,820,678
-	-	-	6,115,008
6,379,310	-	-	14,935,686

-	-	-	450,000
1,800	-	-	1,800
4,123	-	32,649	267,138
-	-	5,641,602	6,461,112
-	-	7,707,659	7,707,659
-	-	3,923,438	3,923,438
-	-	4,158,112	4,158,112
-	-	889,644	953,055
19,250,425	-	5,094,303	39,815,903
-	-	21,862,381	72,797,538
-	-	10,481,561	10,481,561
-	-	-	6,526,971
-	-	-	5,458,254
-	-	2,226,820	2,226,820
-	-	6,089,531	6,089,531
-	-	-	7,995,612
-	-	5,662	5,662
-	(125,693)	-	62,570,792
19,256,348	(125,693)	68,113,362	237,890,958
\$ 26,713,588	\$ 28,975,716	\$ 77,906,908	\$ 306,083,645

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HERNANDO COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Fund Balances - Total Governmental Funds		\$ 237,890,958
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	\$ 67,083,419	
Capital Assets, net of accumulated depreciation	<u>279,732,723</u>	346,816,142
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	\$ 8,820,678	
Deferred Outflows related to Debt Refunding	323,984	
Deferred Outflows related to Net Pension Liability	36,238,752	
Deferred Outflows related to Other Post Employment Benefits	<u>5,981,999</u>	51,365,413
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds:		
Accrued Liabilities - Interest	\$ (666,813)	
Loans and Notes Payable	(15,871,875)	
Leases Payable	(4,058,871)	
SBITA Payable	(276,949)	
Bonds Payable	(32,644,289)	
Compensated Absences	(11,339,828)	
Other Post Employment Benefits	(20,752,528)	
Net Pension Liability	<u>(163,472,694)</u>	(249,083,847)
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	\$ (9,735,517)	
Deferred Inflows related to Other Post Employment Benefits	<u>(3,434,151)</u>	(13,169,668)
Internal Service Funds are used by management to charge the costs of certain activities to the individual funds:		
Net position of the Internal Service Funds that is reported in the Governmental Activities portion of the Statement of Net Position		<u>29,818,681</u>
Net Position of Governmental Activities		<u>\$ 403,637,679</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 GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Transportation Trust and Gas Taxes	Hernando County Fire Rescue-Fire
Revenues			
Taxes	\$ 90,284,483	\$ 19,775,344	\$ 37,312
Licenses and Permits	426,455	9,511	207,399
Intergovernmental	33,375,083	3,879,453	82,796
Charges for Services	15,875,531	2,219,799	141,746
Fines and Forfeitures	248,671	-	-
Special Assessments	-	-	28,503,612
Impact Fees	-	-	-
Investment Income (Loss)	4,997,392	1,279,182	949,659
Miscellaneous	1,841,042	331,926	291,333
Total Revenues	<u>147,048,657</u>	<u>27,495,215</u>	<u>30,213,857</u>
Expenditures			
Current			
General Government	32,276,854	-	-
Public Safety	69,455,191	13,804	29,061,751
Physical Environment	619,375	-	-
Transportation	3,181,742	16,257,166	-
Economic Environment	1,028,384	-	-
Human Services	5,270,636	-	-
Culture and Recreation	6,980,987	-	-
Court Operations	1,845,366	-	-
Debt Service			
Principal	1,607,299	-	703,712
Interest and Fiscal Charges	297,839	-	129,043
Capital Outlay	9,938,732	4,788,833	2,823,123
Total Expenditures	<u>132,502,405</u>	<u>21,059,803</u>	<u>32,717,629</u>
Excess of Revenues Over (Under) Expenditures	<u>14,546,252</u>	<u>6,435,412</u>	<u>(2,503,772)</u>
Other Financing Sources (Uses)			
Transfers In	1,374,146	970,154	532,145
Transfers Out	(6,306,615)	(865,935)	(989,505)
Lease financing	86,953	-	-
SBITA financing	537,507	-	-
Issuance of Long-Term Debt	15,122,899	-	4,235,275
Total Other Financing Sources (Uses)	<u>10,814,890</u>	<u>104,219</u>	<u>3,777,915</u>
Net Change in Fund Balances	<u>25,361,142</u>	<u>6,539,631</u>	<u>1,274,143</u>
Fund Balances at Beginning of Year	67,211,422	36,063,571	14,197,032
Fund Balances at End of Year	<u>\$ 92,572,564</u>	<u>\$ 42,603,202</u>	<u>\$ 15,471,175</u>

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

Hernando County Fire Rescue-Rescue	American Rescue Plan Act	Nonmajor Government Funds	Total Governmental Funds
\$ 11,486,099	\$ -	\$ 5,249,003	\$ 126,832,241
-	-	-	643,365
51,332	2,833,970	4,293,422	44,516,056
11,375,008	-	10,994,256	40,606,340
-	-	1,476,286	1,724,957
-	-	10,317,492	38,821,104
-	-	4,273,614	4,273,614
663,191	4,762	2,585,606	10,479,792
59,594	-	1,136,812	3,660,707
<u>23,635,224</u>	<u>2,838,732</u>	<u>40,326,491</u>	<u>271,558,176</u>
-	133,459	2,193,135	34,603,448
16,243,852	-	5,988,906	120,763,504
-	106,991	8,636,049	9,362,415
-	36,803	1,243,043	20,718,754
-	7	1,842,233	2,870,624
-	-	1,872,579	7,143,215
-	-	34,405	7,015,392
-	-	6,519,690	8,365,056
39,225	-	2,543,025	4,893,261
43,717	-	1,378,048	1,848,647
1,126,242	2,691,280	14,746,957	36,115,167
<u>17,453,036</u>	<u>2,968,540</u>	<u>46,998,070</u>	<u>253,699,483</u>
6,182,188	(129,808)	(6,671,579)	17,858,693
143,584	-	11,726,523	14,746,552
(771,903)	-	(7,986,682)	(16,920,640)
-	-	-	86,953
-	-	-	537,507
2,823,516	-	10,080,452	32,262,142
<u>2,195,197</u>	<u>-</u>	<u>13,820,293</u>	<u>30,712,514</u>
8,377,385	(129,808)	7,148,714	48,571,207
10,878,963	4,115	60,964,648	189,319,751
<u>\$ 19,256,348</u>	<u>\$ (125,693)</u>	<u>\$ 68,113,362</u>	<u>\$ 237,890,958</u>

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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, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ 48,571,207

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

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

Expenditures for Capital Assets	\$ 35,490,707	
Less current year depreciation	(19,092,591)	
Capital Asset Disposals	(989,391)	
		15,408,725

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.

Issuance of Long-Term Debt	\$ (32,262,142)	
Principal Payments	4,080,107	
Lease / SBITA Liabilities Issued	(624,460)	
Lease / SBITA Principal Payments	491,824	
		(28,314,671)

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	\$ (488,263)	
Amortization of current year Bond Discount/Premium	46,563	
Amortization of current year Prepaid Bond Insurance	(80,101)	
Change in Compensated Absences	(436,154)	
Change in Accrued Other Post Employment Benefits	(80,205)	
Change in Pension Expenses	(20,481,469)	
		(21,519,629)

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	\$ 2,033,094	
Change in earned revenue from taxes	126,556	
		2,159,650

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.

1,124,866

Change in Net Position of Governmental Activities **\$ 17,430,148**

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

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HERNANDO COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 86,350,667	\$ 86,350,667	\$ 90,284,483	\$ 3,933,816
Licenses and Permits	526,151	526,151	426,455	(99,696)
Intergovernmental	34,913,734	36,611,917	33,375,083	(3,236,834)
Charges for Services	15,227,356	15,230,998	15,875,531	644,533
Fines and Forfeitures	121,500	121,500	248,671	127,171
Investment Income (Loss)	42,959	42,959	4,997,392	4,954,433
Miscellaneous	1,489,960	1,576,010	1,841,042	265,032
Total Revenues	<u>138,672,327</u>	<u>140,460,202</u>	<u>147,048,657</u>	<u>6,588,455</u>
Expenditures				
Current				
General Government	36,101,244	36,971,998	32,276,854	4,695,144
Public Safety	70,869,333	70,436,463	69,455,191	981,272
Physical Environment	742,755	2,452,034	619,375	1,832,659
Transportation	4,182,589	4,790,974	3,181,742	1,609,232
Economic Environment	1,526,674	1,833,970	1,028,384	805,586
Human Services	5,405,466	5,385,173	5,270,636	114,537
Culture and Recreation	8,155,661	7,967,101	6,980,987	986,114
Court Operations	1,833,279	1,865,017	1,845,366	19,651
Debt Service				-
Principal	1,135,929	794,146	1,607,299	(813,153)
Interest and Fiscal Charges	9,277	154,954	297,839	(142,885)
Capital Outlay	16,158,530	42,920,583	9,938,732	32,981,851
Total Expenditures	<u>146,120,737</u>	<u>175,572,413</u>	<u>132,502,405</u>	<u>43,070,008</u>
Excess of Revenues Over Expenditures	<u>(7,448,410)</u>	<u>(35,112,211)</u>	<u>14,546,252</u>	<u>49,658,463</u>
Other Financing Sources (Uses)				
Transfers In	1,016,349	3,586,716	1,374,146	(2,212,570)
Transfers Out	(3,091,445)	(7,641,566)	(6,306,615)	1,334,951
Lease financing	-	-	86,953	86,953
SBITA financing	-	-	537,507	537,507
Issuance of Long-Term Debt	-	15,121,425	15,122,899	1,474
Reserve for Contingencies	(44,962,523)	(42,436,630)	-	42,436,630
Total Other Financing Sources (Uses)	<u>(47,037,619)</u>	<u>(31,370,055)</u>	<u>10,814,890</u>	<u>42,184,945</u>
Net Change in Fund Balance	<u>(54,486,029)</u>	<u>(66,482,266)</u>	<u>25,361,142</u>	<u>91,843,408</u>
Fund Balance at Beginning of Year	54,486,029	66,482,266	67,211,422	729,156
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,572,564</u>	<u>\$ 92,572,564</u>

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

HERNANDO COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TRANSPORTATION TRUST AND GAS TAXES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 18,469,458	\$ 18,469,458	\$ 19,775,344	\$ 1,305,886
Licenses and Permits	5,000	5,000	9,511	4,511
Intergovernmental	4,955,454	6,518,430	3,879,453	(2,638,977)
Charges for Services	1,057,870	1,057,870	2,219,799	1,161,929
Fines and Forfeitures	-	-	-	-
Investment Income (Loss)	-	-	1,279,182	1,279,182
Miscellaneous	84,230	84,230	331,926	247,696
Total Revenues	24,572,012	26,134,988	27,495,215	1,360,227
Expenditures				
Current				
Public Safety	-	-	13,804	(13,804)
Transportation	17,889,028	18,670,482	16,257,166	2,413,316
Capital Outlay	22,642,031	29,687,045	4,788,833	24,898,212
Total Expenditures	40,531,059	48,357,527	21,059,803	27,297,724
Excess of Revenues Over Expenditures	(15,959,047)	(22,222,539)	6,435,412	28,657,951
Other Financing Sources (Uses)				
Transfers In	1,138,279	1,989,432	970,154	(1,019,278)
Transfers Out	(1,639,402)	(2,303,180)	(865,935)	1,437,245
Reserve for Contingencies	(21,457,360)	(14,124,768)	-	14,124,768
Total Other Financing Sources (Uses)	(21,958,483)	(14,438,516)	104,219	14,542,735
Net Change in Fund Balance	(37,917,530)	(36,661,055)	6,539,631	43,200,686
Fund Balance at Beginning of Year	37,917,530	36,661,055	36,063,571	(597,484)
Fund Balance at End of Year	\$ -	\$ -	\$ 42,603,202	\$ 42,603,202

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, 2023

	<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	\$ -	\$ -	\$ 37,312	\$ 37,312
Licenses and Permits	70,000	70,000	207,399	137,399
Intergovernmental	35,000	35,000	82,796	47,796
Charges for Services	98,000	98,000	141,746	43,746
Special Assessments	27,622,472	27,622,472	28,503,612	881,140
Investment Income (Loss)	-	-	949,659	949,659
Miscellaneous	213,781	214,781	291,333	76,552
Total Revenues	<u>28,039,253</u>	<u>28,040,253</u>	<u>30,213,857</u>	<u>2,173,604</u>
Expenditures				
Current				
Public Safety	29,386,782	29,850,218	29,061,751	788,467
Debt Service				
Principal	514,491	703,713	703,712	1
Interest and Fiscal Charges	189,742	141,109	129,043	12,066
Capital Outlay	550,222	6,908,712	2,823,123	4,085,589
Total Expenditures	<u>30,641,237</u>	<u>37,603,752</u>	<u>32,717,629</u>	<u>4,886,123</u>
Excess of Revenues Over Expenditures	<u>(2,601,984)</u>	<u>(9,563,499)</u>	<u>(2,503,772)</u>	<u>7,059,727</u>
Other Financing Sources (Uses)				
Transfers In	311,719	529,909	532,145	2,236
Transfers Out	(582,911)	(1,050,181)	(989,505)	60,676
Issuance of Long-Term Debt	136,522	4,370,521	4,235,275	(135,246)
Reserve for Contingencies	(11,520,665)	(8,483,782)	-	8,483,782
Total Other Financing Sources (Uses)	<u>(11,655,335)</u>	<u>(4,633,533)</u>	<u>3,777,915</u>	<u>8,411,448</u>
Net Change in Fund Balance	<u>(14,257,319)</u>	<u>(14,197,032)</u>	<u>1,274,143</u>	<u>15,471,175</u>
Fund Balance at Beginning of Year	14,257,319	14,197,032	14,197,032	-
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,471,175</u>	<u>\$ 15,471,175</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, 2023

	<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	\$ 11,052,142	\$ 11,052,142	\$ 11,486,099	\$ 433,957
Intergovernmental	21,000	302,414	51,332	(251,082)
Charges for Services	8,132,652	8,132,652	11,375,008	3,242,356
Investment Income (Loss)	-	102	663,191	663,089
Miscellaneous	52,679	52,679	59,594	6,915
Total Revenues	<u>19,258,473</u>	<u>19,539,989</u>	<u>23,635,224</u>	<u>4,095,235</u>
Expenditures				
Current				
Public Safety	17,540,846	17,756,838	16,243,852	1,512,986
Debt Service				
Principal	227,260	39,238	39,225	13
Interest and Fiscal Charges	115,861	45,814	43,717	2,097
Capital Outlay	392,800	4,245,606	1,126,242	3,119,364
Total Expenditures	<u>18,276,767</u>	<u>22,087,496</u>	<u>17,453,036</u>	<u>4,634,460</u>
Excess of Revenues Over Expenditures	<u>981,706</u>	<u>(2,547,507)</u>	<u>6,182,188</u>	<u>8,729,695</u>
Other Financing Sources (Uses)				
Transfers In	110,371	117,189	143,584	26,395
Transfers Out	(319,751)	(815,015)	(771,903)	43,112
Issuance of Long-Term Debt	-	2,822,666	2,823,516	850
Reserve for Contingencies	(9,091,276)	(9,400,404)	-	9,400,404
Total Other Financing Sources (Uses)	<u>(9,300,656)</u>	<u>(7,275,564)</u>	<u>2,195,197</u>	<u>9,470,761</u>
Net Change in Fund Balance	(8,318,950)	(9,823,071)	8,377,385	18,200,456
Fund Balance at Beginning of Year	8,318,950	9,823,071	10,878,963	1,055,892
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,256,348</u>	<u>\$ 19,256,348</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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 10,844,979	\$ 2,833,970	\$ (8,011,009)
Investment Income (Loss)	-	-	4,762	4,762
Total Revenues	-	10,844,979	2,838,732	(8,006,247)
Expenditures				
Current				
General Government	-	744,979	133,459	611,520
Physical Environment	-	320,000	106,991	213,009
Transportation	-	62,948	36,803	26,145
Economic Environment	-	-	7	(7)
Capital Outlay	-	10,032,640	2,691,280	7,341,360
Total Expenditures	-	11,160,567	2,968,540	8,192,027
Excess of Revenues Over Expenditures	-	(315,588)	(129,808)	185,780
Other Financing Sources (Uses)				
Transfers Out	-	-	-	-
Reserve for Contingencies	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	(315,588)	(129,808)	185,780
Fund Balance at Beginning of Year	-	315,588	4,115	(311,473)
Fund Balance at End of Year	\$ -	\$ -	\$ (125,693)	\$ (125,693)

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

HERNANDO COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	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	81,203,746	4,608,228	27,860,224
Restricted Cash and Investments	688,078	-	-
Accounts Receivable, net	6,842,619	25,288	501,313
Accrued Interest Receivable	-	90,224	-
Leases Receivable	-	386,632	-
Due from Other:			
Other Funds	72,644	-	-
Other Governments	1,346,511	1,120,306	2,676
Inventories	170,665	-	25,806
Prepaid Items	-	-	-
Total Current Assets	90,326,539	6,230,878	28,391,784
Non-Current Assets:			
Restricted Assets:			
Pooled Cash and Investments	20,692,571	-	23,977,366
Cash with Fiscal Agent	1,221,764	-	-
Lease Receivable	-	26,819,087	-
Capital Assets, not depreciated	29,498,746	17,781,414	11,309,532
Capital Assets, net of accumulated depreciation	226,987,064	19,816,006	5,902,858
Total Non-Current Assets	278,400,145	64,416,507	41,189,756
Total Assets	368,726,684	70,647,385	69,581,540
Deferred Outflows of Resources	1,706,681	94,138	467,511
LIABILITIES			
Current Liabilities			
Accounts Payable	3,380,398	313,471	787,517
Retainage Payable	395,058	69,370	323,181
Accrued Liabilities	1,341,740	44,955	427,779
Due to Other Governments	46,827	-	-
Unearned Revenues	2,923,698	46,608	-
Deposits	4,235,372	161,215	110,274
Due Within One Year	4,897,855	242,507	444,745
Total Current Liabilities	17,220,948	878,126	2,093,496
Non-Current Liabilities			
Due in More Than One Year	67,351,357	776,111	21,523,939
Accrued Landfill Closure/ Postclosure Care	-	-	11,440,437
Total Non-Current Liabilities	67,351,357	776,111	32,964,376
Total Liabilities	84,572,305	1,654,237	35,057,872
Deferred Inflows of Resources	862,519	26,635,942	151,975
NET POSITION			
Net Investment in Capital Assets	193,938,495	37,164,746	12,302,991
Restricted for			
Capital Projects	10,685,644	-	-
Renewal and Replacement	6,169,418	-	-
Unrestricted	74,204,984	5,286,598	22,536,213
Total Net Position	\$ 284,998,541	\$ 42,451,344	\$ 34,839,204

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

Building Department	Total	Governmental Activities	
		Internal Service Funds	
\$ 189,873	\$ 194,114	\$ 9,282,963	
6,153,340	119,825,538	21,191,094	
-	688,078	-	
-	7,369,220	32,603	
-	90,224	70,948	
-	386,632	-	
-	72,644	-	
-	2,469,493	109	
-	196,471	159,839	
-	-	-	
<u>6,343,213</u>	<u>131,292,414</u>	<u>30,737,556</u>	
-	44,669,937	-	
-	1,221,764	-	
-	26,819,087	-	
215,000	58,804,692	211,676	
<u>1,046,100</u>	<u>253,752,028</u>	<u>21,563,405</u>	
<u>1,261,100</u>	<u>385,267,508</u>	<u>21,775,081</u>	
<u>7,604,313</u>	<u>516,559,922</u>	<u>52,512,637</u>	
<u>333,630</u>	<u>2,601,960</u>	<u>200,122</u>	
143,472	4,624,858	5,259,204	
-	787,609	-	
174,006	1,988,480	151,674	
25,781	72,608	-	
-	2,970,306	-	
868,157	5,375,018	-	
76,300	5,661,407	5,467,695	
<u>1,287,716</u>	<u>21,480,286</u>	<u>10,878,573</u>	
2,190,931	91,842,338	11,895,327	
-	11,440,437	-	
<u>2,190,931</u>	<u>103,282,775</u>	<u>11,895,327</u>	
<u>3,478,647</u>	<u>124,763,061</u>	<u>22,773,900</u>	
<u>185,243</u>	<u>27,835,679</u>	<u>120,178</u>	
1,261,100	244,667,332	18,523,065	
-	10,685,644	-	
-	6,169,418	-	
3,012,953	105,040,748	11,295,616	
<u>\$ 4,274,053</u>	<u>\$ 366,563,142</u>	<u>\$ 29,818,681</u>	

HERNANDO COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds		
	Water & Sewer District	Aviation Operations	Waste Management
Operating Revenues			
Licenses and Permits	\$ 14,190	\$ -	\$ 38,000
Charges for Services	47,280,354	1,840,641	11,350,063
Miscellaneous	314,070	153,530	1,908,283
Total Operating Revenues	<u>47,608,614</u>	<u>1,994,171</u>	<u>13,296,346</u>
Operating Expenses			
Personnel Services	11,534,476	757,499	2,745,119
Other Services & Charges	16,372,471	1,073,361	4,715,278
Claims	-	-	-
Depreciation and Amortization	8,308,517	1,407,884	1,773,460
Total Operating Expenses	<u>36,215,464</u>	<u>3,238,744</u>	<u>9,233,857</u>
Operating Income (Loss)	<u>11,393,150</u>	<u>(1,244,573)</u>	<u>4,062,489</u>
Non-Operating Revenues (Expenses)			
Investment Income (Loss)	2,804,962	1,044,599	1,797,172
Interest Expense	(1,910,069)	(21,630)	(1,032,301)
Operating Grants	1,482,477	83,914	-
Gain (Loss) on Sale of Capital Assets	168,372	1,101	34,546
Amortization of Bond Discount/Premium	515,880	-	39,883
Total Non-Operating Revenues (Expenses)	<u>3,061,622</u>	<u>1,107,984</u>	<u>839,300</u>
Income (Loss) Before Contributions and Transfers	<u>14,454,772</u>	<u>(136,589)</u>	<u>4,901,789</u>
Capital Grants and Contributions	15,947,941	2,366,244	-
Transfers In	-	345,621	-
Transfers Out	(770,024)	(24,762)	(239,765)
Total Contributions and Transfers	<u>15,177,917</u>	<u>2,687,103</u>	<u>(239,765)</u>
Change in Net Position	29,632,689	2,550,514	4,662,024
Net Position-Beginning	255,365,852	39,900,830	30,177,180
Net Position-Ending	<u>\$ 284,998,541</u>	<u>\$ 42,451,344</u>	<u>\$ 34,839,204</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>
\$ 4,835,022	\$ 4,887,212	\$ -
592,821	61,063,879	40,287,051
1,967	2,377,850	1,476,763
<u>5,429,810</u>	<u>68,328,941</u>	<u>41,763,814</u>
3,216,491	18,253,585	3,800,097
1,618,789	23,779,899	13,832,707
-	-	23,100,001
58,980	11,548,841	3,597,976
<u>4,894,260</u>	<u>53,582,325</u>	<u>44,330,781</u>
535,550	14,746,616	(2,566,967)
138,878	5,785,611	551,655
-	(2,964,000)	(204,254)
-	1,566,391	-
-	204,019	333,475
-	555,763	-
<u>138,878</u>	<u>5,147,784</u>	<u>680,876</u>
674,428	19,894,400	(1,886,091)
-	18,314,185	-
-	345,621	3,126,790
(147,939)	(1,182,490)	(115,833)
<u>(147,939)</u>	<u>17,477,316</u>	<u>3,010,957</u>
526,489	37,371,716	1,124,866
3,747,564	329,191,426	28,693,815
<u>\$ 4,274,053</u>	<u>\$ 366,563,142</u>	<u>\$ 29,818,681</u>

**HERNANDO COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Business-Type Activities - Enterprise Funds		
	Water & Sewer District	Aviation Operations	Waste Management
Cash Flows from Operating Activities			
Receipts from Customers	\$ 45,611,943	\$ 1,142,186	\$ 11,339,536
Receipts from Inter-Fund Services	-	-	-
Payments to Suppliers	(16,364,059)	(2,329,682)	(4,447,977)
Payments to Employees	(9,767,049)	(666,219)	(2,457,991)
Claims Paid	-	-	-
Other Receipts	314,070	153,530	1,908,283
Net Cash provided by (used for) Operating Activities	<u>19,794,905</u>	<u>(1,700,185)</u>	<u>6,341,851</u>
Cash Flows from Noncapital Financing Activities			
Operating Grants	1,482,477	83,914	-
Transfers from Other Funds	-	345,621	-
Transfers to Other Funds	(770,024)	(24,762)	(239,765)
Net Cash Provided by (used for) Noncapital Financing Activities	<u>712,453</u>	<u>404,773</u>	<u>(239,765)</u>
Cash Flows From Capital and Related Financing Activities			
Additions to Capital Assets	(11,830,782)	(1,945,384)	(7,728,305)
Proceeds from Capital Debt	-	-	19,543,915
Principal Paid on Capital Debt	(4,000,000)	(204,176)	-
Interest Paid on Capital Debt	(2,423,122)	(24,965)	(682,208)
Principal Payments on Long-Term Leases	-	-	(865,315)
Interest Payments on Long-Term Leases	-	-	-
Capital Grants Revenue	3,624,382	2,366,244	-
Connection Fee Collections	4,185,519	-	-
Proceeds From Sale of Capital Assets	169,342	1,400	37,357
Net Cash provided by (used for) Capital and Related Financing Activities	<u>(10,274,661)</u>	<u>193,119</u>	<u>10,305,444</u>
Cash Flows from Investing Activities			
Interest Received	2,804,962	1,044,599	1,797,172
Net Cash Provided by Investing Activities	<u>2,804,962</u>	<u>1,044,599</u>	<u>1,797,172</u>
Net Increase (Decrease) in Cash and Cash Equivalents	13,037,659	(57,694)	18,204,702
Cash and Cash Equivalents at Beginning of Year	90,770,776	4,666,122	33,634,653
Cash and Cash Equivalents at End of Year	<u>\$ 103,808,435</u>	<u>\$ 4,608,428</u>	<u>\$ 51,839,355</u>
Classified as:			
Current Assets	81,206,022	4,608,428	27,861,989
Restricted Assets - Current	688,078	-	-
Restricted Assets - Non-current	21,914,335	-	23,977,366
Totals	<u>\$ 103,808,435</u>	<u>\$ 4,608,428</u>	<u>\$ 51,839,355</u>

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

Building Department	Total	Governmental Activities - Internal Service Funds
\$ 5,649,547	\$ 63,743,212	\$ 30,568,084
-	-	9,748,818
(1,576,716)	(24,718,434)	(15,400,101)
(2,836,210)	(15,727,469)	(3,628,762)
-	-	(23,093,879)
1,967	2,377,850	1,476,763
<u>1,238,588</u>	<u>25,675,159</u>	<u>(329,077)</u>
-	1,566,391	-
-	345,621	3,126,790
<u>(147,939)</u>	<u>(1,182,490)</u>	<u>(115,833)</u>
<u>(147,939)</u>	<u>729,522</u>	<u>3,010,957</u>
(23,050)	(21,527,521)	(6,655,689)
-	19,543,915	4,062,000
-	(4,204,176)	(1,042,826)
-	(3,130,295)	(188,856)
-	(865,315)	(15,478)
-	-	(63,660)
-	5,990,626	-
-	4,185,519	-
-	208,099	365,035
<u>(23,050)</u>	<u>200,852</u>	<u>(3,539,474)</u>
138,878	5,785,611	480,706
<u>138,878</u>	<u>5,785,611</u>	<u>480,706</u>
1,206,477	32,391,144	(376,888)
5,136,736	134,208,287	30,850,945
<u>\$ 6,343,213</u>	<u>\$ 166,599,431</u>	<u>\$ 30,474,057</u>
6,343,213	120,019,652	30,474,057
-	688,078	-
-	45,891,701	-
<u>\$ 6,343,213</u>	<u>\$ 166,599,431</u>	<u>\$ 30,474,057</u>

Continued

**HERNANDO COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	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)	\$ 11,393,150	\$ (1,244,573)	\$ 4,062,489
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided by (used for) Operating Activities			
Depreciation and Amortization	8,308,517	1,407,884	1,773,460
Other Post-Employment Benefits	204,995	13,541	49,214
Pension Adjustments	849,101	61,745	184,377
Landfill Closure/Postclosure Care Amortization	-	-	(346,179)
(Increase) Decrease in			
Accounts Receivable	(1,994,002)	(3,663)	(167,735)
Accrued Interest Receivable	-	(16,940)	-
Leases Receivable	-	(2,577,644)	-
Due from Other Funds	49,153	-	73,298
Due from Other Governments	(1,131,742)	(344,424)	(2,676)
Inventories	(28,710)	-	8,419
Prepaid Expenses	-	-	1,146
Increase (Decrease) in			
Accounts Payable	711,800	(1,325,691)	281,880
Retainage Payable	(693,354)	69,370	323,181
Accrued Liabilities	713,331	15,994	53,537
Due to Other Funds	-	-	-
Due to Other Governments	18,676	-	-
Unearned Revenues	1,005,477	(1,700)	-
Deposits	388,513	20,801	47,440
Claims Liabilities	-	-	-
Deferred Inflows-Leases	-	2,225,115	-
Total Adjustments	<u>8,401,755</u>	<u>(455,612)</u>	<u>2,279,362</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ 19,794,905</u>	<u>\$ (1,700,185)</u>	<u>\$ 6,341,851</u>
Non-cash Investing, Financing, and Capital Activities:			
Contributions of Capital Assets from Developers	<u>\$ 8,138,040</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>
\$ 535,550	\$ 14,746,616	\$ (2,566,967)
58,980	11,548,841	3,597,976
57,442	325,192	22,724
218,376	1,313,599	102,800
-	(346,179)	-
-	(2,165,400)	29,960
-	(16,940)	-
-	(2,577,644)	-
21,931	144,382	-
-	(1,478,842)	(109)
-	(20,291)	89,485
-	1,146	-
41,747	(290,264)	(1,656,879)
-	(300,803)	-
104,463	887,325	45,811
-	-	-
326	19,002	-
-	1,003,777	-
199,773	656,527	-
-	-	6,122
-	2,225,115	-
<u>703,038</u>	<u>10,928,543</u>	<u>2,237,890</u>
<u>\$ 1,238,588</u>	<u>\$ 25,675,159</u>	<u>\$ (329,077)</u>
<u>\$ -</u>	<u>\$ 8,138,040</u>	<u>\$ -</u>

**HERNANDO COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2023**

ASSETS

Cash and Cash Equivalents	\$ 8,739,264
Pooled Cash and Investments	461,687
Due from Other Governments	52
Total Assets	<u>9,201,003</u>

LIABILITIES

Accounts Payable	551,626
Due to Other Governments	4,383,095
Installment Tax Escrow	79
Deposits	14,733
Other Current Liabilities	2,449,445
Total Liabilities	<u>7,398,978</u>

NET POSITION:

Restricted for:	
Individuals and Other Governments	1,802,025
Total Net Position	<u>\$ 1,802,025</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, 2023

ADDITIONS:

Tax Collections for Other Governments	\$ 133,418,236
State of Florida collections	42,020,544
Other collections	22,974,548
Miscellaneous - Revenues	1,646,268
Total additions	<u>200,059,596</u>

DEDUCTIONS:

Payments of Taxes to State of Florida	41,768,685
Payments of Taxes to Other Governments	133,418,236
Other Payments	25,411,620
Miscellaneous - Expenses	14,625
Total deductions	<u>200,613,166</u>

Change in net position	(553,570)
Net Position-beginning of the year	2,355,595
Net Position-end of year	<u>\$ 1,802,025</u>

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

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HERNANDO COUNTY, FLORIDA
September 30, 2023

NOTES TO THE FINANCIAL STATEMENTS

	PAGE	
NOTE A	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	64
NOTE B	STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY	76
NOTE C	CASH AND INVESTMENTS	77
NOTE D	RECEIVABLES	82
NOTE E	LEASE RECEIVABLES	83
NOTE F	RESTRICTED ASSETS	83
NOTE G	CAPITAL ASSETS	84
NOTE H	INTERFUND TRANSACTIONS	87
NOTE I	LONG-TERM LIABILITIES	90
NOTE J	RETIREMENT SYSTEM	105
NOTE K	POST EMPLOYMENT BENEFITS OTHER THAN PENSION	113
NOTE L	ARBITRAGE REBATE LIABILITY	117
NOTE M	PROPERTY TAXES	117
NOTE N	RISK MANAGEMENT	118
NOTE O	CLOSURE AND POSTCLOSURE CARE COSTS	120
NOTE P	DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOW OF RESOURCES	121
NOTE Q	SEGMENT INFORMATION	121
NOTE R	CONTINGENCIES	122
NOTE S	RESTATED BEGINNING NET POSITION	123

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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, 2023

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The basic financial statements are composed of the Government-Wide Financial Statements, the Fund Financial Statements and the Notes to the Financial Statements.

Government-Wide Financial Statements

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These statements report on the government as a whole and include separate columns for the governmental and business-type activities of the primary government. An additional separate column would be presented for any discretely presented component unit for which the County is financially accountable.

The Statement of Net Position presents information on all of the assets, deferred outflows, liabilities and deferred inflows of the County except the Fiduciary Funds. The difference between (assets plus deferred outflows) less (liabilities plus deferred inflows) is reported as net position. Changes in net position may serve as an indicator of whether the financial position of the County is improving or deteriorating. The Statement of Fiduciary Net Position is presented separately.

The Statement of Activities reports functional categories of programs provided by the County and demonstrates how and to what degree those programs are supported by specific revenue. The "Expenses" column reports direct expenses that are clearly identifiable with a specific function or program. "Program Revenues" are directly attributable to a specific function or program and are categorized as charges for services, operating grants and contributions, and capital grants and contributions. The net of program expenses less program revenues reflects the net cost of each function or program. The general revenues section includes revenues that are not program specific such as taxes and investment earnings.

As a general rule, interfund activities, with the exception of interfund services provided and used, have been removed from the government-wide financial statements. Residual amounts between governmental and business-type activities are reported as "internal balances." These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

Fund Financial Statements

The underlying accounting system of the County is organized and operated on the basis of separate funds. A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. Fund accounting is used to ensure and demonstrate compliance with legal, legislative, contractual and other finance-related provisions. All of the funds of the County may be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The County's major funds are reported as separate columns in the fund financial statements, and non-major funds are aggregated and presented as a single column on each statement. Fund financial statements are presented after the government-wide financial statements. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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.).

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:

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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.

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. These resources are measurable based upon the obligated and validated amounts confirmed by the Florida Division of Emergency Management (FDEM) who is the pass-through entity. The government considers intergovernmental grant revenues, excluding FEMA PA Funding, to be available if they are 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.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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.

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 *current 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, 2023

5. BUDGETARY INFORMATION

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

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

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

In 2009, the County established a General Fund Budget Reserve Policy, creating four reserve categories. Each of the following minimum levels are calculated as a percentage of the total approved General Fund budget, less reserves, transfers, debt and grants: Reserve for Contingencies established at .5% to be used for small unanticipated, non-recurring needs; an Emergency Reserve established at 3.5% to be used for more significant emergencies, those in excess of \$100,000; a Stabilization Reserve established at 3.5% to be used when there is a one-time loss of a major revenue source and/or severe downturn in the economy; and a Reserve for Cash Forward established at 11.0% for the purpose of providing funds to support operations in the new fiscal year until the County's most significant revenue source, property tax, is received. The total of these reserves, 18.5%, is included in the annual approved budget. The policy also establishes the approval required to use these budgeted reserves, and the method in which they are to be replenished. The first three reserves are classified as committed fund balance on the accompanying balance sheet of the General Fund. The fourth reserve (reserve for cash forward) is included within the unassigned fund balance classification. During the budget process to establish the budget for Fiscal Years 2018-19 and 2019-20, due to the inability to fund the entire 18.5% reserve, the Board suspended the budget policy.

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.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

The County's investments are recorded at fair value unless the investment qualifies as an external investment pool under the guidance of GASB, which allows under certain criteria these investments to be recorded at amortized costs. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The method of measuring the fair value of investments uses the fair value hierarchy as defined by GASB. See Note C. The Local Government Surplus Funds Trust Fund (Florida Prime) is an investment pool reported at amortized cost which approximates 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, 2023

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:

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

	<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

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

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

Compensated Absences

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

These benefits plus their related 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 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.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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

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

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

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

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.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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

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.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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 its 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.

7. EFFECTS OF NEW ACCOUNTING PRONOUNCEMENTS

During the year ended September 30, 2023, the County implemented the following Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* establishes standards of accounting and financial reporting for SBITAs. Its implementation resulted in the recognition of right-to-use subscription intangible assets and corresponding liabilities as applicable.
- GASB Statement No. 101, *Compensated Absences* establishes standards of accounting and financial reporting for compensated absences and associated salary-related payments. As compensated absences were already included in the financial statements from GASBS 16, which is now superseded, the impacts of this statement's implementation were minimal. Its implementation resulted in less than \$100,000 of additional leave codes being included. Additionally, the BOCC updated its accounting policy for calculating the current portion to allow for a FIFO method of usage resulting in a reduction of the amount recognized as current.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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, 2023.

2. DEFICIT FUND BALANCES/NET POSITION

For the year ended September 30, 2023, the following fund had a deficit fund balance:

American Rescue Plan Act	\$	125,693
Restore Act Projects	\$	19,094

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, 2023

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, 2023:

	Governmental Activities	Business Type Activities	Statement of Fiduciary Net Position	Total
Cash and Cash Equivalents	\$ 24,280,073	\$ 194,114	\$ 8,739,264	\$ 33,213,451
Pooled Cash and Investments	285,280,209	165,183,553	461,687	450,925,449
Cash with Fiscal Agent	325,171	1,221,764	-	1,546,935
Total	<u>\$ 309,885,453</u>	<u>\$ 166,599,431</u>	<u>\$ 9,200,951</u>	<u>\$ 485,685,835</u>

The County had the following deposits, investments and cash held with fiscal agent at September 30, 2023:

Deposits	\$ 62,837,100
Cash with Fiscal Agent	1,546,935
Carrying Amount of Investments	<u>421,301,800</u>
Total	<u>\$ 485,685,835</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

DEPOSITS

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

CASH WITH FISCAL AGENT

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

Transportation Trust Fund	\$	320,022
Non-major Governmental Funds		5,149
Water & Sewer District		1,221,764
Total	\$	<u><u>1,546,935</u></u>

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

INVESTMENTS

At September 30, 2023, the County's investments consisted of the following:

	Par Value	Fair Value	0-3 years	1-5 years
United States Treasuries	\$ 157,335,000	\$ 148,414,592	\$ 70,694,493	\$ 77,720,099
Federal Farm Credit Banks				
Funding Corporation	16,450,000	15,607,517	11,015,507	4,592,010
Federal Hermes, Inc.	442,282	442,282	322,758	119,524
Federal Home Loan Bank	10,375,000	9,970,148	6,971,388	2,998,760
Federal Home Loan				
Mortgage Corporation	2,945,000	2,775,995	-	2,775,995
Federal National				
Mortgage Association	7,845,000	7,295,781	2,613,534	4,682,247
Money Market Fund	1,396,566	1,401,255	1,401,255	-
Corporate Notes	30,920,000	30,360,129	13,130,317	17,229,812
Municipals	2,495,000	2,473,503	803,451	1,670,052
Local Government Surplus Funds				
Trust Fund (Florida Prime)	62,543,362	62,259,933	62,259,933	-
Florida Local Government				
Investment Trust (Florida Trust)	30,745,299	30,745,301	30,745,301	-
Florida Cooperative Liquid Assets				
Securities System (FLCLASS)	109,840,125	109,555,364	109,555,364	-
	<u><u>\$ 433,332,634</u></u>	<u><u>\$ 421,301,800</u></u>	<u><u>\$ 309,513,301</u></u>	<u><u>\$ 111,788,499</u></u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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

The County also participates in the following investment pools:

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

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

The Florida Cooperative Liquid Assets Securities System (FLCLASS), an independent local government investment pool designed to provide a safe and competitive investment alternative for Florida governmental entities. The management of FLCLASS is under the direction of an appointed Board of Trustees comprised of eligible participants of the FLCLASS program. 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, 2023

At September 30, 2023, 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+	Aaa	NA	1
Federal Farm Credit Banks				
Funding Corporation	AA+	Aaa	NA	2
Federated Hermes, Inc.	AAAm	Aaa	NA	2
Federal Home Loan Bank	AA+	Aaa	NA	2
Federal Home Loan				
Mortgage Corporation	AA+	Aaa	NA	2
Federal National				
Mortgage Association	AA+	Aaa	NA	2
Money Market Fund	NA	NA	AAAm	1
Corporate Notes	A to AA+	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	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 Home Loan Mortgage Corporation and Federal National Mortgage Association were rated Aaa by Moody's Investor Service. At order entry, the County's investments in corporate and municipal notes were rated A or better.

To manage liquidity risk, the County's investment policy identifies and limits investment to only top ratings issued by nationally recognized statistical rating organizations. In order to ensure deep liquid markets, the County's

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

investment policy identifies and limits investment in corporate notes to domestic issuers. Position size is also taken into consideration with regard to liquidity risk.

To manage concentration of investment risk, the County's investment policy stipulates maximum limitation guidelines for diversification by instrument. A maximum of 50% of the portfolio may be invested in each of the Florida Trust and Local Government Surplus Funds Trust Fund (Florida Prime) individually. Investment maximum limitations range from 10% to 80% for each of the remaining types of investments. More than 5% of the County's total investments are invested in US Treasuries 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, 2023

NOTE D – RECEIVABLES

Accounts receivable at September 30, 2023, 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	\$ 910,889	\$ 757,451	\$ 153,438
Transportation Trust and Gas Taxes	114,521	5,760	108,761
Hernando County Fire Rescue -Fire	74,633	57,507	17,126
Hernando County Fire Rescue -Rescue	19,291,097	9,905,649	9,385,448
Water and Sewer District	7,206,794	364,175	6,842,619
Aviation Operations	100,679	75,391	25,288
Waste Management	560,065	58,752	501,313
Building Department	184,411	184,411	-
Non-major government funds	13,229,948	13,003,329	226,619
Internal Service Funds	32,603	-	32,603
Total	\$ 41,705,640	\$ 24,412,425	\$ 17,293,215

Included in accounts receivable in the Water and Sewer District are unbilled amounts totaling \$2,733,893 earned in September 2023 but billed in October 2023.

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 \$10.00 million, offset by an allowance for uncollectible receivables of \$9.96M.

Due from Other Governments at September 30, 2023, for the County's individual major funds and non-major funds were as follows:

	Due from Grantors	Due from State	Other	Total
General Fund	\$ 2,341,937	\$ 2,523,743	\$ 1,072,831	\$ 5,938,511
Transportation Trust and Gas Taxes	652,409	2,131,819	-	2,784,228
Hernando County Fire Rescue -Fire	-	-	1,236	1,236
Water and Sewer District	1,155,801	150,447	40,263	1,346,511
Aviation Operations	1,120,306	-	-	1,120,306
Waste Management	-	-	2,676	2,676
Non-major government funds	781,046	14,600	134,175	929,821
Internal Service Funds	-	-	109	109
Total	\$ 6,051,499	\$ 4,820,609	\$ 1,251,290	\$ 12,123,398

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

NOTE E – LEASE RECEIVABLES

The County leases land and buildings to third parties. As of September 30, 2023, The County's lease receivables were valued at \$33,490,161 and the deferred inflow of resources associated with these leases that will be recognized as revenue over the term of the leases was \$32,703,429. Included in revenue was lease revenue of \$361,117 and \$719,853 for governmental and business-type activities, respectively. Interest revenue from leases of \$222,522 and \$900,993 was recorded for governmental and business-type activities, respectively.

The lease receivables for Governmental and Business-Type Activities at September 30, 2023 were as follows:

Governmental Activities

Land leases - annual lease payments totaling \$62,232 plus interest for 2024 at rates ranging from 3.42% to 3.90%, final maturities ranging from 2026 to 2060 \$ 2,114,049

Building leases - annual lease payments totaling \$180,387 plus interest for 2024 at rates ranging from 3.42% to 3.90%, final maturities ranging from 2025 to 2042 4,170,393

Total Governmental Activities Lease Receivables \$ 6,284,442

Business-Type Activities

Land leases - annual lease payments totaling \$406,523 plus interest for 2024 at rates ranging from 3.42% to 3.90%, due dates ranging from 2024 to 2090 \$ 27,205,719

Total Business-Type Activities Lease Receivables \$ 27,205,719

NOTE F – RESTRICTED ASSETS

As of September 30, 2023, restricted assets were held for the following purposes:

	Cash with Fiscal Agent	Pooled Cash and Investments and Other Investments	Total
Transportation Trust and Gas Taxes	\$ 320,022	\$ -	\$ 320,022
Non-major government funds	5,149	-	5,149
Debt Service Funds	-	16,289	16,289
Total Governmental Activities	<u>325,171</u>	<u>16,289</u>	<u>341,460</u>
Water and Sewer District			
Construction	1,221,764	14,923,394	16,145,158
Renewal and Replacement	-	6,457,255	6,457,255
Total Water and Sewer District	<u>1,221,764</u>	<u>21,380,649</u>	<u>22,602,413</u>
Waste Management			
Construction	-	13,534,938	13,534,938
Landfill Closure/Post-closure	-	10,442,428	10,442,428
Total Waste Management	<u>-</u>	<u>23,977,366</u>	<u>10,442,428</u>
Total Business-Type Activities	<u><u>\$ 1,221,764</u></u>	<u><u>\$ 45,358,015</u></u>	<u><u>\$ 33,044,841</u></u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

NOTE G – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated/amortized:				
Land	\$ 33,653,183	\$ 167,599	\$ 198,762	\$ 33,622,020
Construction in Progress	11,818,854	22,587,973	918,078	33,488,749
Total capital assets, not being depreciated/amortized:	<u>45,472,037</u>	<u>22,755,572</u>	<u>1,116,840</u>	<u>67,110,769</u>
Capital assets, being depreciated/amortized:				
Buildings	136,316,636	58,731	396,793	135,978,574
Infrastructure	327,306,710	7,444,431	-	334,751,141
Improvements other than buildings	33,237,666	1,502,916	-	34,740,582
Equipment	86,338,228	11,147,252	9,890,072	87,595,408
Software	1,357,035	-	27,075	1,329,960
Right-to-use land	3,789,066	-	31	3,789,035
Right-to-use building	1,092,448	236,137	-	1,328,585
Right-to-use equipment	394,419	-	-	394,419
SBITA	1,530,353	537,507	-	2,067,860
Total capital assets, being depreciated/amortized:	<u>591,362,561</u>	<u>20,926,974</u>	<u>10,313,971</u>	<u>601,975,564</u>
Less accumulated depreciation/amortization for:				
Buildings	66,309,644	4,432,732	54,132	70,688,244
Infrastructure	140,399,996	9,339,847	-	149,739,843
Improvements other than buildings	23,292,040	970,092	-	24,262,132
Equipment	54,941,048	7,716,898	9,566,116	53,091,830
Software	982,596	156,821	27,075	1,112,342
Right-to-use land	142,323	181,717	-	324,040
Right-to-use building	247,932	291,742	-	539,674
Right-to-use equipment	197,209	197,209	-	394,418
SBITA	-	342,587	-	342,587
Total accumulated depreciation/amortization for:	<u>286,512,788</u>	<u>23,629,645</u>	<u>9,647,323</u>	<u>300,495,110</u>
Total capital assets, being depreciated/amortized, net	<u>304,849,773</u>	<u>(2,702,671)</u>	<u>666,648</u>	<u>301,480,454</u>
Capital assets, net	<u>\$ 350,321,810</u>	<u>\$ 20,052,901</u>	<u>\$ 1,783,488</u>	<u>\$ 368,591,223</u>

Beginning Capital assets, Net restated for GASB 96.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital assets, not being depreciated/amortized:				
Land	\$ 10,429,374	\$ -	\$ -	\$ 10,429,374
Construction in Progress	59,416,104	20,395,811	31,436,597	48,375,318
Total capital assets, not being depreciated/amortized:	<u>69,845,478</u>	<u>20,395,811</u>	<u>31,436,597</u>	<u>-</u>
Capital assets, being depreciated:				
Buildings	22,648,158	198,411	420,322	22,426,247
Infrastructure	3,563,251	-	-	3,563,251
Improvements other than buildings	406,014,298	40,152,753	-	446,167,051
Equipment	10,730,669	466,632	1,332,813	9,864,488
Software	228,323	-	-	228,323
Right-to-use equipment	1,706,358	-	1,706,358	-
Total capital assets, being depreciated:	<u>444,891,057</u>	<u>40,817,796</u>	<u>3,459,493</u>	<u>482,249,360</u>
Less accumulated depreciation/amortization for:				
Buildings	8,403,449	677,665	308,871	8,772,243
Infrastructure	982,630	89,258	-	1,071,888
Improvements other than buildings	202,376,138	9,375,151	-	211,751,289
Equipment	7,574,314	507,918	1,328,730	6,753,502
Software	102,745	45,665	-	148,410
Right-to-use equipment	853,179	853,179	1,706,358	-
Total accumulated depreciation/amortization for:	<u>220,292,455</u>	<u>11,548,836</u>	<u>3,343,959</u>	<u>228,497,332</u>
Total capital assets, being depreciated, net	<u>224,598,602</u>	<u>29,268,960</u>	<u>115,534</u>	<u>253,752,028</u>
Capital assets, net	<u>\$ 294,444,080</u>	<u>\$ 49,664,771</u>	<u>\$ 31,552,131</u>	<u>\$ 312,556,720</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Depreciation and amortization expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 6,453,707
Public Safety	4,150,707
Physical Environment	187,083
Transportation	10,150,581
Economic Environment	964
Human Services	1,982,616
Culture and Recreation	634,887
Court Operations	69,100
Total Depreciation and Amortization for Governmental Activities	<u>\$ 23,629,645</u>
Business-Type Activities	
Water and Sewer District	\$ 8,308,513
Aviation Operations	1,407,884
Waste Management	1,773,459
Building Department	58,980
Total Depreciation and Amortization for Business-Type Activities	<u>\$ 11,548,836</u>

Construction or capital improvement commitments outstanding as measured by purchase orders and contracts outstanding at September 30, 2023 were as follows:

	Construction Commitments Outstanding
General Fund	\$ 22,514,094
Transportation Trust and Gas Taxes	7,082,518
Hernando County Fire Rescue - Fire	3,468,540
Hernando County Fire Rescue - Rescue	2,472,603
American Rescue Plan Act	6,561,360
Non-major governmental funds	
Stormwater Management	182,546
Court-Related Funds	2,510,396
Miscellaneous Special Revenue Funds	4,596
Impact Fees Capital Projects Fund	3,698,905
Restore Act Projects	64,338
Water and Sewer District	14,633,503
Aviation Operations	2,660,654
Waste Management	1,036,744
Internal service funds	
Central Fueling System	22,360
Fleet Replacement	5,165,103
Total	<u>\$ 72,078,260</u>

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023**

NOTE H – INTERFUND TRANSACTIONS

1. DUE TO / DUE FROM OTHER FUNDS

Interfund balances at September 30, 2023 were as follows:

	Interfund Receivable	Interfund Payable
General Fund		
Non-major Governmental Funds	\$ 68,995	\$ -
	68,995	-
Non-major Governmental Funds		
General Fund	-	68,995
Water and Sewer District	-	72,644
	-	141,639
Water and Sewer District		
Non-major Governmental Funds	72,644	-
	72,644	-
Total	\$ 141,639	\$ 141,639

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
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HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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	\$ 369,894	\$ 137,567
Hernando County Fire Rescue - Fire	198,272	313,956
Hernando County Fire Rescue - Rescue	156,528	143,584
Non-major Governmental Funds	274,452	4,751,109
Water and Sewer District	250,000	-
Waste Management	125,000	-
Internal Service Funds	-	960,399
	<u>1,374,146</u>	<u>6,306,615</u>
Transportation Trust and Gas Taxes		
General Fund	137,567	369,894
Non-Major Governmental Funds	832,587	148,732
Internal Service Funds	-	347,309
	<u>970,154</u>	<u>865,935</u>
Hernando County Fire Rescue - Fire		
General Fund	313,956	198,272
Hernando County Fire Rescue - Rescue	218,189	-
Non-Major Governmental Funds	-	184,047
Internal Service Funds	-	607,186
	<u>532,145</u>	<u>989,505</u>
Hernando County Fire Rescue - Rescue		
General Fund	143,584	156,528
Hernando County Fire Rescue - Fire	-	218,189
Non-Major Governmental Funds	-	77,910
Internal Service Funds	-	319,276
	<u>143,584</u>	<u>771,903</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Non-major Governmental Funds		
General Fund	4,751,109	274,452
Transportation Trust and Gas Taxes	148,732	832,587
Hernando County Fire Rescue - Fire	184,047	-
Hernando County Fire Rescue - Rescue	77,910	-
Non-major Governmental Funds	6,501,114	6,501,114
Water and Sewer District	-	-
Aviation Operations	-	295,289
Internal Service Funds	63,611	83,240
	<u>11,726,523</u>	<u>7,986,682</u>
Water and Sewer District		
General Fund	-	250,000
Aviation Operations	-	50,332
Internal Service Funds	-	469,692
	<u>-</u>	<u>770,024</u>
Aviation Operations		
Non-major Governmental Funds	295,289	-
Water and Sewer District	50,332	-
Internal Service Funds	-	24,762
	<u>345,621</u>	<u>24,762</u>
Waste Management		
General Fund	-	125,000
Internal Service Funds	-	114,765
	<u>-</u>	<u>239,765</u>
Building Department		
Internal Service Funds	-	147,939
	<u>-</u>	<u>147,939</u>
Internal Service Funds		
General Fund	960,399	-
Transportation Trust and Gas Taxes	347,309	-
Hernando County Fire Rescue - Fire	607,186	-
Hernando County Fire Rescue - Rescue	319,276	-
Non-major Governmental Funds	83,240	63,611
Water and Sewer District	469,692	-
Aviation Operations	24,762	-
Waste Management	114,765	-
Building Department	147,939	-
Internal Service Funds	52,222	52,222
	<u>3,126,790</u>	<u>115,833</u>
Total	<u>\$ 18,218,963</u>	<u>\$ 18,218,963</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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	\$ 840,000	\$ 31,285,000	\$ 415,000	\$ 31,710,000	\$ 425,000
Net Bond Premium	3,710	977,142	46,563	934,289	46,563
Total Bonds Payable	<u>843,710</u>	<u>32,262,142</u>	<u>461,563</u>	<u>32,644,289</u>	<u>471,563</u>
Loans & Notes from direct					
borrowings/direct placements	24,286,789	4,062,000	4,365,452	23,983,337	4,267,925
Financed Purchase Obligations	342,482	-	342,482	-	-
Leases Payable	4,791,190	197,987	509,772	4,479,405	347,435
SBITA Payable	617,676	-	340,727	276,949	156,738
Compensated Absences	10,977,218	7,954,285	7,516,785	11,414,718	6,852,117
Other Post Employment Benefits	18,532,886	2,458,638	-	20,991,524	979,542
Net Pension Liability	144,388,566	19,951,721	-	164,340,287	-
Claims Liability	7,643,426	25,445,622	25,439,501	7,649,547	3,999,547
Total Governmental Activities	<u>\$ 212,423,943</u>	<u>\$ 92,332,395</u>	<u>\$ 38,976,282</u>	<u>\$ 265,780,056</u>	<u>\$ 17,074,867</u>
Business-Type Activities					
Bonds Payable from direct					
borrowings/direct placements	\$ 59,539,950	\$ 19,415,000	\$ 4,575,000	\$ 74,379,950	\$ 4,400,000
Net Bond Premium	7,523,245	743,798	555,763	7,711,280	554,582
Total Bonds Payable	<u>67,063,195</u>	<u>20,158,798</u>	<u>5,130,763</u>	<u>82,091,230</u>	<u>4,954,582</u>
Loans & Notes from direct					
borrowings/direct placements	636,852	-	204,176	432,676	212,179
Leases Payable	865,315	-	865,315	-	-
Compensated Absences	1,214,870	1,002,415	887,068	1,330,217	365,085
Other Post Employment Benefits	2,523,745	325,192	-	2,848,937	129,561
Net Pension Liability	9,627,698	1,172,987	-	10,800,685	-
Landfill Closure/ Postclosure Liability	11,786,616	-	346,179	11,440,437	-
Total Business-Type Activities	<u>\$ 93,718,291</u>	<u>\$ 22,659,392</u>	<u>\$ 7,433,501</u>	<u>\$ 108,944,182</u>	<u>\$ 5,661,407</u>
Business-Type Activities by Department					
	Water & Sewer District	Aviation Operations	Waste Management	Building Department	Total
Bonds Payable from direct					
borrowings/direct placements	\$ 55,539,950	\$ -	\$ 18,840,000	\$ -	\$ 74,379,950
Net Bond Premium	7,007,365	-	703,915	-	7,711,280
Total Bonds Payable	<u>62,547,315</u>	<u>-</u>	<u>19,543,915</u>	<u>-</u>	<u>82,091,230</u>
Loans & Notes from direct					
borrowings/direct placements	-	432,676	-	-	432,676
Leases Payable	-	-	-	-	-
Compensated Absences	821,337	64,802	223,395	220,683	1,330,217
Other Post Employment Benefits	1,846,130	93,661	448,874	460,272	2,848,937
Net Pension Liability	7,034,430	427,479	1,752,500	1,586,276	10,800,685
Landfill Closure/ Postclosure Liability	-	-	11,440,437	-	11,440,437
Total Business-Type Activities	<u>\$ 72,249,212</u>	<u>\$ 1,018,618</u>	<u>\$ 33,409,121</u>	<u>\$ 2,267,231</u>	<u>\$ 108,944,182</u>

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023**

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	\$ 12,655,337	\$ 432,676
Other Loans and Notes	11,328,000	-
Total	\$ 23,983,337	\$ 432,676

Governmental Activities

The following are summaries of Non-Revolving Lines of Credit at September 30, 2023:

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:

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. \$ 342,729

Phillips East Paving. Applicable rate of interest: 2.51% until January 1, 2018 then 3.05%. Average annual principal payments of \$8,808 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1. 11,586

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Puffin Paving. Applicable rate of interest: 2.51% until January 1, 2018 then 3.05%. Average annual principal payments of \$1,296 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	1,705
Grass Finch Paving. Applicable rate of interest: 2.51% until January 1, 2018 then 3.05%. Average annual principal payments of \$3,181 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	4,184
Harris Hawk Paving. Applicable rate of interest: 2.51% until January 1, 2018 then 3.05%. Average annual principal payments of \$9,500 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	12,496
Royal Highlands Area A Paving. Applicable rate of interest: 2.53% until January 1, 2018 then 3.07%. Average annual principal payments of \$12,361 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	12,056
Ostrom/Allen Paving. Applicable rate of interest: 2.53% until January 1, 2018 then 3.07%. Average annual principal payments of \$4,588 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	4,475
Benes Roush Paving. Applicable rate of interest: 2.53% until January 1, 2018 then 3.07%. Average annual principal payments of \$3,604 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	3,516
Eider Paving. Applicable rate of interest: 2.53% until January 1, 2018 then 3.07%. Average annual principal payments of \$2,914 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	2,843
Helene Paving. Applicable rate of interest: 2.53% until January 1, 2018 then 3.07%. Average annual principal payments of \$6,025 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	5,876
Hancock Lake Paving. Applicable rate of interest: 2.44% until January 1, 2018 then 2.96%. Average annual principal payments of \$14,079 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	27,162
Crum Paving. Applicable rate of interest: 2.44% until January 1, 2018 then 2.96%. Average annual principal payments of \$8,529 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	16,454
Hernando County Fire Department Fire Engine. Applicable rate of interest: 2.52% until January 1, 2018 then 3.06%. Average annual principal payment of \$147,080 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	283,403
Hernando County Fire Department Emergency Services Equipment. Applicable rate of interest: 2.52% until January 1, 2018 then 3.06%. Average annual principal payment of \$42,265 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	81,440

\$ 809,925

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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 C Paving. Applicable rate of interest: 2.73% until January 1, 2018 then 3.32%. Average annual principal payments of \$46,817 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	\$ 89,935
Royal Highlands Area E Paving. Applicable rate of interest: 2.73% until January 1, 2018 then 3.32%. Average annual principal payments of \$27,923 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	53,639
Royal Highlands Area F Paving. Applicable rate of interest: 2.73% until January 1, 2018 then 3.32%. Average annual principal payments of \$11,372 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	21,846
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.	112,018
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.	493,661
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.	15,062
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.	23,472
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.	52,628
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.	34,751

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

<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>	25,731
<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>	19,510
<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>	23,309
<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>	206,174
<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>	45,696
<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>	71,474
<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>	31,907
<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>	49,902
<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>	54,594
<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>	108,585
<p>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.</p>	28,835
<p>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.</p>	89,459
<p>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.</p>	37,904
<p>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.</p>	75,241

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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.	19,871	
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.	88,845	
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.	121,440	
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.	68,869	
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.	<u>117,146</u>	\$ 2,181,504
<p>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:</p>		
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.	\$ 43,066	
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.	35,894	
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.	128,252	
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.	135,698	
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.	140,338	
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.	129,439	

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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.	119,091	
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.	399,846	
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.	118,924	
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.	3,959,833	
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.	404,064	
	\$ 5,614,445	
<p>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.</p> <p>Applicable rate of interest: 2.572%. Average annual principal payments of \$1,987,624 due until February 1, 2028. Interest is paid semi-annually February 1 and August 1.</p>		
	\$ 7,266,000	

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.	\$ 257,907	
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HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Vehicle purchases. Applicable rate of interest 2.81% until January 1, 2018 then 3.42%. Average annual principal payments of \$69,076 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	261,047	
Vehicle purchase. Applicable rate of interest 2.19% until January 1, 2018 principal payments of \$139,164 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	149,478	
Vehicle purchases. Applicable rate of interest 3.723%. Average annual payments of \$140,571 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	<u>306,754</u>	\$ 975,186

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.	\$ 1,825,523	
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.	248,883	
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.	711,193	
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.	<u>288,678</u>	\$ 3,074,277

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.	<u>4,062,000</u>	
Total Governmental Activities Loans and Notes	<u><u>\$ 23,983,337</u></u>	

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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

Year ended September 30	Principal	Interest	Total
2024	\$ 4,267,925	\$ 664,325	\$ 4,932,250
2025	3,940,346	560,579	\$ 4,500,925
2026	3,581,175	442,774	\$ 4,023,949
2027	3,443,730	337,168	\$ 3,780,898
2028	3,349,964	235,228	\$ 3,585,192
2029-2033	5,400,197	401,588	\$ 5,801,785
	<u>\$ 23,983,337</u>	<u>\$ 2,641,662</u>	<u>\$ 26,624,999</u>

Business-Type Activities

The following is a summary of Loans & Notes at September 30, 2023:

Aviation Operations

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:

Construction of multiple T-Hangar buildings known as Southeast T-Hanger Construction Phase III. Applicable rate of interest: 3.92%. Average annual principal payments of \$190,000 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.

\$ 432,676

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

Year ended September 30	Principal	Interest	Total
2024	212,179	16,961	\$ 229,140
2025	220,497	8,643	\$ 229,140
	<u>\$ 432,676</u>	<u>\$ 25,604</u>	<u>\$ 458,280</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

2. LEASES PAYABLE

Governmental Activities

The County is a lessee for noncancellable leases of land, building and equipment. At September 30, 2023, the County's Long-term Lease payable was composed of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Land	\$ 3,726,057	\$ -	\$ 71,294	\$ 3,654,763	\$ 79,553
Building	865,118	197,987	238,463	824,642	267,882
Equipment	200,015	-	200,015	-	-
Total Long-Term Leases	<u>\$ 4,791,190</u>	<u>\$ 197,987</u>	<u>\$ 509,772</u>	<u>\$ 4,479,405</u>	<u>\$ 347,435</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. Three 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 \$3,464,995 at September 30, 2023.

The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2023 were as follows:

Year ended September 30	Principal	Interest
2024	\$ 79,553	\$ 123,896
2025	88,866	120,665
2026	98,343	117,452
2027	63,846	114,722
2028	71,196	112,713
2029-2033	487,932	517,493
2034-2038	753,080	411,973
2039-2043	867,571	261,010
2044-2048	652,465	142,452
2049-2053	480,262	29,982
2054	11,649	35
Total	<u>\$ 3,654,763</u>	<u>\$ 1,952,393</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. Three 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 \$788,911 at September 30, 2023.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2023 were as follows:

Year ended September 30	Principal	Interest
2024	\$ 267,882	\$ 23,517
2025	157,486	16,156
2026	114,129	11,570
2027	119,308	7,564
2028	48,155	4,696
2029-2033	117,682	5,291
Total	<u>\$ 824,642</u>	<u>\$ 68,794</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 terms range from 2024 to 2025. The SBITA liability is measured at a discount rate of 3.90% 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, 2023 were as follows:

Year ended September 30	Principal	Interest
2024	\$ 156,738	\$ 7,223
2025	120,211	1,102
Total	<u>\$ 276,949</u>	<u>\$ 8,325</u>

4. BONDS PAYABLE

Governmental Activities

NON-AD VALOREM REFUNDING REVENUE BONDS, SERIES 2010

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

The Series 2010 Bonds are payable solely from the County's covenant to budget and appropriate in its annual budget Non-Ad Valorem revenues sufficient to pay principal and interest when due and pay all required deposits to the Rebate Fund. For the fiscal year 2022, pledged revenues in the amount of \$52.7 million provided a

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

coverage ratio of 13.00 times the annual debt service for the combined Non-Ad Valorem Refunding Revenue Bonds, Series 2010, the Non-Ad Valorem Refunding Revenue Note, Series 2012, and the Non-Ad Valorem Revenue Bonds, Series 2022.

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

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 2010 Bonds are payable solely from the County's covenant to budget and appropriate in its annual budget Non-Ad Valorem revenues sufficient to pay principal and interest when due. For the fiscal year 2022, pledged revenues in the amount of \$52.7 million provided a coverage ratio of 13.00 times the annual debt service for the combined Non-Ad Valorem Refunding Revenue Bonds, Series 2010, 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, 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, 2023:

Year	Non-Ad Valorem Refunding Revenue Bonds Series 2010		Non-Ad Valorem Refunding Revenue Bonds Series 2022 (Governmental Portion)	
	Principal	Interest	Principal	Interest
2024	\$ 425,000	\$ 8,766	\$ -	\$ 1,540,869
2025	-	-	-	1,540,868
2026	-	-	-	1,540,869
2027	-	-	-	1,540,868
2028	-	-	-	1,540,869
2029-2033	-	-	1,840,000	7,659,844
2034-2038	-	-	5,455,000	6,784,325
2039-2043	-	-	6,750,000	5,483,775
2044-2048	-	-	8,600,000	3,627,188
2049-2052	-	-	8,640,000	1,145,025
Total	<u>\$ 425,000</u>	<u>\$ 8,766</u>	<u>\$ 31,285,000</u>	<u>\$ 32,404,500</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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.

In the event that insufficient revenues to pay principal of and interest on the Series E Bonds are so derived from the Holland Springs system at the maturity date of the Series E Bonds, the lien of the Series E Bonds on Net Revenues shall be extinguished, and the County shall be under no obligation to provide for the payment of the principal or interest on the Series E Bonds. As of year-end, insufficient revenues have been generated to require payment of principal or interest on these bonds. As such, these bonds have not been included in the following schedule of debt service requirements.

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 2023, Pledged Funds in the amount of \$18 million provided a coverage ratio of 3.08 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.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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, 2023 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:

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
2024	1,855,000	389,537	2,235,000	1,454,800	\$ 4,090,000	\$ 1,844,337
2025	1,865,000	378,611	2,325,000	1,365,400	4,190,000	1,744,011
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
2029-2033	10,260,000	958,540	14,035,000	3,019,650	24,295,000	3,978,190
2034-2037	2,195,000	53,580	7,375,000	525,650	9,570,000	579,230
Total	<u>\$ 21,910,000</u>	<u>\$ 2,784,681</u>	<u>\$ 33,590,000</u>	<u>\$ 9,814,200</u>	<u>\$ 55,500,000</u>	<u>\$ 12,598,881</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 \$47,515,000 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 2010 Bonds are payable solely from the County's covenant to budget and appropriate in its annual budget Non-Ad Valorem revenues sufficient to pay principal and interest when due. For the fiscal year 2022, pledged revenues in the amount of \$52.7 million provided a coverage ratio of 13.00 times the annual debt service for the combined Non-Ad Valorem Refunding Revenue Bonds, Series 2010, 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, 2032 and thereafter are subject to redemption prior to their respective dates of maturity.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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:

Year	Non-Ad Valorem Refunding Revenue Bonds Series 2022 (Waste Management Portion)	
	Principal	Interest
2024	\$ 310,000	\$ 930,631
2025	325,000	915,131
2026	345,000	898,881
2027	360,000	881,631
2028	380,000	863,631
2029-2033	2,190,000	4,014,906
2034-2038	2,765,000	3,442,938
2039-2043	3,425,000	2,782,813
2044-2048	4,360,000	1,841,700
2049-2052	4,380,000	581,638
Total	\$ 18,840,000	\$ 17,153,900

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, 2023, 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, 2023 there was one series of outstanding Industrial Revenue Development Bonds, with an outstanding principal amount of \$8,885,833.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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. A 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, 2023, the County's contributions to all Plans totaled \$21,018,344. 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	\$ 8,157,925	\$ 837,263	\$ 924,171	\$ 9,919,359
Clerk of Circuit Court	656,557	96,593	110,129	863,279
Property Appraiser	363,554	40,639	23,987	428,180
Tax Collector	404,755	42,585	34,771	482,111
Sheriff	7,711,568	657,817	790,487	9,159,872
Supervisor of Elections	134,298	11,627	19,618	165,543
	<u>\$ 17,428,657</u>	<u>\$ 1,686,524</u>	<u>\$ 1,903,163</u>	<u>\$ 21,018,344</u>

Payables to the Pension Plan—The County reported a payable of \$1,144,978 for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2023.

Total pension expense was \$41,345,182 for the fiscal year ended September 30, 2023.

1. FRS PENSION PLAN

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

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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 2022-2023 fiscal year (September 30th) were as follows:

	Year Ended June 30, 2023		Year Ended June 30, 2024	
	Percent of Gross Compensation		Percent of Gross Compensation	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	10.19	3.00	13.57
FRS, Special Risk Regular	3.00	26.11	3.00	32.67
FRS, Elected County Officers	3.00	55.28	3.00	58.68
FRS, Circuit and County Court Judges	3.00	42.05	3.00	44.89
FRS, Senior Management Service	3.00	29.85	3.00	34.52
DROP, Applicable to Members from All of the Above Classes	0.00	16.58	0.00	21.13

Notes: (1) These rates include the normal cost and unfunded actuarial liability contributions but do not include the 1.66% 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 \$17,428,657 for the fiscal year ended September 30, 2023. 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, 2023, the County reported a liability of \$136,915,657 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The County's proportionate share of the net pension liability was based on the County's 2022-23 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the County's proportion was 0.343604846%, which was a decrease of .000996508% from its proportion measured as of June 30, 2022.

For the year ended September 30, 2023, the County recognized pension expense of \$26,861,154 related to the Plan. At September 30, 2023, 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	\$ 5,249,801	\$ -
Difference between Expected and Actual Experience	12,855,199	-
Changes in Assumptions	8,925,298	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	5,717,968	-
Employer Specific Amounts Due to Changes in Employer Proportion	2,278,617	6,448,124
Total	<u>\$ 35,026,883</u>	<u>\$ 6,448,124</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

The deferred outflows of resources related to pensions, totaling \$5,249,801, 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, 2024. 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>
2024	\$ 2,325,785
2025	(3,026,191)
2026	21,361,294
2027	2,072,512
2028	595,558
Total	<u>\$ 23,328,958</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	\$ 65,066,678	\$ 15,484,939	\$ 3,596,058
Clerk of Circuit Court	5,381,812	1,629,658	4,509
Property Appraiser	3,004,054	752,559	3,656
Tax Collector	3,322,408	914,468	29,431
Sheriff	59,018,884	15,889,520	2,802,845
Supervisor of Elections	1,121,821	355,739	11,625
	<u>\$ 136,915,657</u>	<u>\$ 35,026,883</u>	<u>\$ 6,448,124</u>

Actuarial Assumptions. The total pension liability in the July 1, 2023 actuarial valuation was determined using the individual entry age cost method and the following actuarial assumptions:

Inflation	2.40%
Salary Increases	3.25% 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 2018.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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%	2.9%	2.9%	1.1%
Fixed Income	19.8%	4.5%	4.4%	3.4%
Global Equity	54.0%	8.7%	7.1%	18.1%
Real Estate	10.3%	7.6%	6.6%	14.8%
Private Equity	11.1%	11.9%	8.8%	26.3%
Strategic Investments	3.8%	6.3%	6.1%	7.7%
Total	100.0%			

Assumed Inflation-Mean	2.4%	1.4%
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Discount Rate. The discount rate used to measure the total pension liability in the July, 2022 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>\$ 233,879,820</u>	<u>\$ 136,915,657</u>	<u>\$ 55,793,531</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, 2022, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplies by \$5. The minimum HIS payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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, 2022 and 2021, the contribution rates were 1.66% of payroll, pursuant to Section 112.363, Florida Statutes. The County contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide a full subsidy benefit to all participants, benefits may be reduced or cancelled.

The County's contributions to the HIS Plan totaled \$1,686,524 for the fiscal year ended September 30, 2023. 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, 2023, the County reported a liability of \$38,225,315 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The County's proportionate share of the net pension liability was based on the County's 2022-23 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the County's proportion was 0.240693357%, which was an decrease of .002866394 from its proportion measured as of June 30, 2022.

For the year ended September 30, 2023, the County recognized pension expense of \$14,484,028 related to the Plan. At September 30, 2023, 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	\$ 525,676	\$ -
Difference between Expected and Actual Experience	559,593	89,721
Changes in Assumptions	1,004,932	3,312,353
Net Difference between Projected and Actual Earnings on Pension Plan Investments	19,739	-
Employer Specific Amounts Due to Changes in Employer Proportion	1,007,998	719,535
Total	<u>\$ 3,117,938</u>	<u>\$ 4,121,609</u>

The deferred outflows of resources related to pensions, totaling \$525,676, 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, 2024. 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
2023	\$ (173,125)
2024	(91,372)
2025	(285,220)
2026	(587,921)
2027	(350,366)
Thereafter	(41,343)
Total	<u>\$ (1,529,347)</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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	\$ 19,294,785	\$ 1,298,269	\$ 2,398,014
Clerk of Circuit Court	2,198,444	258,465	203,810
Property Appraiser	954,761	68,565	92,659
Tax Collector	997,914	103,227	98,843
Sheriff	14,505,517	1,334,263	1,301,281
Supervisor of Elections	273,894	55,149	27,002
	<u>\$ 38,225,315</u>	<u>\$ 3,117,938</u>	<u>\$ 4,121,609</u>

Actuarial Assumptions. The total pension liability in the July 1, 2022 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	3.25% Average, Included Inflation
Discount Rate	3.65%
Long-term Expected Rate of Return, Net of Investment Expense	N/A
Municipal Bond Index	3.65%

Mortality rates were based on the Generational PUB 2010 with Projection Scale MP 2018.

The actuarial assumptions used in the June 30, 2023 valuation, were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

Discount Rate. The discount rate used to measure the total pension liability was 3.65%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 3.65%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
Employer's Proportionate Share of Net Pension Liability (Asset)	<u>\$ 43,609,119</u>	<u>\$ 38,225,315</u>	<u>\$ 33,762,504</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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 2022-23 fiscal year are as follows:

	Year Ended June 30, 2023		Year Ended June 30, 2024	
	Percent of Gross Compensation		Percent of Gross Compensation	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	6.30	3.00	8.30
FRS, Special Risk Regular	3.00	14.00	3.00	16.00
FRS, Elected County Officers	3.00	11.34	3.00	13.34
FRS, Senior Management Service	3.00	7.67	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, 2023, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

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

Pension expense for the County's Investment Plan totaled \$1,903,163 for the fiscal year ended September 30, 2023.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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, 2022 with a measurement date of September 30, 2022. These liabilities are used for the reporting period ending September 30, 2023.

Actuarial Valuation Date	9/30/2022
Measurement Date	9/30/2022
County's Reporting Date	9/30/2023

At September 30, 2022, the date of the latest actuarial valuation, plan participation consisted of:

Active Plan Participants	1435
Retirees and Beneficiaries Receiving Benefits	101
Total Membership	1536

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, 2023**

3. TOTAL OPEB LIABILITY

The components of the County's OPEB Liability at the Measurement Date of September 30, 2022 are as follows:

Total OPEB Liability	\$ 23,840,461
OPEB Plan Fiduciary Net Position	-
County's Net OPEB Liability	<u>\$ 23,840,461</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, 2023 are as follows:

Total OPEB Liability:	
Service Cost	\$ 1,009,017
Interest on Total OPEB Liability	471,389
Charges of Benefit Terms	-
Difference between Expected and Actual Expense Liability	794,215
Changes in Assumptions and Other Inputs	1,591,261
Benefit Payments	<u>(1,082,052)</u>
Net Change in Total OPEB Liability	2,783,830
Total OPEB Liability-Beginning	<u>21,056,631</u>
Total OPEB Liability-Ending	<u>\$ 23,840,461</u>
Covered Employee Payroll	\$ 86,842,834
Total OPEB Liability as a Percentage of Covered Employee Payroll	27.45%

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 4.40%, 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 (3.40%) or one percentage-point higher (5.40%) than the current discount rate:

	1% Decrease 3.40%	Current Discount Rate 4.40%	1% Increase 5.40%
Total OPEB Liability	<u>\$ 25,827,768</u>	<u>\$ 23,840,461</u>	<u>\$ 22,041,936</u>

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.

	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>\$ 21,435,900</u>	<u>\$ 23,840,461</u>	<u>\$ 26,737,062</u>

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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 13.4 years.

For the year ended September 30, 2023, the County recognized OPEB expense of \$1,506,351.

OPEB Expense:	
Service Cost	\$ 1,009,017
Interest on Total OPEB Liability	471,389
Current-Period Benefit Changes	-
OPEB Plan Administrative Expense	-
Outflow(Inflow) of Resources due to Liability	<u>25,945</u>
Total OPEB Expense	<u><u>\$ 1,506,351</u></u>

At September 30, 2023, 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	\$ 2,583,735	\$ -	\$ 2,583,735
Changes in Assumptions and Other Inputs	2,879,619	3,963,076	(1,083,457)
Benefits Paid after the Measurement Date	<u>1,414,659</u>	<u>-</u>	<u>1,414,659</u>
	<u><u>\$ 6,878,013</u></u>	<u><u>\$ 3,963,076</u></u>	<u><u>\$ 2,914,937</u></u>

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

Fiscal Year Ending	Amount
2024	\$ 25,945
2025	25,945
2026	25,945
2027	25,945
2028	25,945
Thereafter	<u>1,370,553</u>
Total	<u><u>\$ 1,500,278</u></u>

Estimated Deferred Outflow of Resources due to benefits paid after the measurement date is \$1,414,659.

**HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023**

6. ACTUARIAL METHODS AND ASSUMPTIONS

The total OPEB liability at September 30, 2023 was based on actuarial valuation data, from the Measurement Date of September 30, 2022, using the following actuarial assumptions:

Actuarial cost method	Entry Age Normal
Inflation	2.50%
Discount Rate	4.40%
Salary Increases	3.4% - 7.8%
Retirement Age	FRS actuarial calculated
Mortality Rates	Tables of Regular and Special Risk Class members of 7/1/2022 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 2023, 6.25% for 2024 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 capital health costs

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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, 2023, 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, 2023

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, 2023, claims accrued, including an estimate for claims incurred but not reported, were \$6,480,000. The County records an estimated liability for workers' compensation. Claims liabilities are based on estimates of the ultimate cost of reported claims and an estimate for claims incurred but not reported based on historical experience.

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

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

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

CLAIMS LIABILITIES

Description	Workers' Compensation	County Health Insurance	Sheriff Health Insurance	Total Claims Liabilities
Liability balance				
September 30, 2021	\$ 7,420,000	\$ 706,058	\$ 459,041	\$ 8,585,099
Claims incurred	1,385,561	14,490,429	6,565,151	22,441,141
Reinsurance recoverable	-	(2,412,557)	-	(2,412,557)
Claims paid	<u>(2,375,561)</u>	<u>(11,944,474)</u>	<u>(6,650,222)</u>	<u>(20,970,257)</u>
Liability balance				
September 30, 2022	6,430,000	839,456	373,970	7,643,426
Claims incurred	988,350	15,132,819	9,324,453	25,445,622
Reinsurance recoverable	-	(3,054,947)	-	(3,054,947)
Claims paid	(938,350)	(12,147,481)	(9,298,723)	(22,384,554)
Liability balance				
September 30, 2023	<u>\$ 6,480,000</u>	<u>\$ 769,847</u>	<u>\$ 399,700</u>	<u>\$ 7,649,547</u>
Cash available to pay claims				
September 30, 2023 reported in governmental activities	<u>\$ 9,181,727</u>	<u>\$ 5,938,510</u>	<u>\$ 9,082,243</u>	

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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, 2023, the Division has accrued a total of \$11,440,437 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 \$7,948,046 as shown in the table below, are primarily for Cell 3. Cell 3 is approximately 74% filled at September 30, 2023 and has a remaining design life of approximately 6 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 \$6,279,447. The class 1 landfill (all Cells) is approximately 85% filled at September 30, 2023. The County will recognize the remaining costs that have not been accrued (closure costs of \$2,065,681 and postclosure costs of \$923,481) as the remaining estimated capacity is filled.

The C&D landfill is approximately 100% filled at September 30, 2023. Postclosure maintenance and monitoring functions will be required for five years after closure. Remaining estimated postclosure costs for the C&D landfill are \$202,106.

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 9/30/23	Estimated Remaining Postclosure Costs	Percent Accrued	Postclosure Accrued Liability at 9/30/23	Total Accrued Liability at 9/30/23
NW Cells 1, 2, & 3	\$ 7,948,046	74.01%	\$ 5,882,365	\$ 6,279,447	85.29%	\$ 5,355,966	\$ 11,238,331
NW C & D	-	0.00%	-	202,106	100.00%	202,106	202,106
	<u>\$ 7,948,046</u>		<u>\$ 5,882,365</u>	<u>\$ 6,481,553</u>		<u>\$ 5,558,072</u>	<u>\$ 11,440,437</u>

Amortization expense for 2023 was a decrease of \$359,401 for the Class 1 landfill and an increase of \$13,222 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, 2023, cash and investments of \$10,442,428 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, 2023

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	\$ 36,369,084	\$ 1,775,736
Other Post Employment Benefits	6,051,789	826,224
Deferred Charges on Debt Refunding	323,984	-
	\$ 42,744,857	\$ 2,601,960
Deferred Inflows of Resources:		
Pensions	9,808,410	761,323
Other Post Employment Benefits	3,481,436	481,640
Leases	6,115,008	26,588,421
Other items, applicable to a future period	-	4,295
	\$ 19,404,854	\$ 27,835,679
Statement of Governmental Funds Balance Sheet		
Deferred Inflows of Resources:		
Taxes, applicable to a future period	2,193,842	
Ambulance fees, applicable to a future period	6,379,310	
Lease payments, applicable to a future period	6,115,008	
Other items, applicable to a future period	247,526	
	\$ 14,935,686	

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, 2023

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

Disaster funding received from the FEMA Public Assistance Program (AL 97.036) is based on Project Worksheets (PW's) that outline the eligible expenses and the scope of the project. The County encountered damages related to both Hurricane Hermine in August of 2016 and Hurricane Irma in September of 2017 in which it was declared eligible for funding under this program. The Florida Division of Emergency Management (FDEM) entered into a Federally Funded Agreement for disaster assistance related to Hurricane Hermine in January 2017 and Hurricane Irma in December 2018. In addition, during fiscal year 2020 the County received Federally Funded Agreement for disaster assistance under the FEMA Public Assistance Program related to COVID-19. In fiscal year 2021, the County incurred immaterial costs from Tropical Storm Elsa which were later reimbursed in fiscal year 2022. The County incurred minor costs for preventative measures in preparation for Hurricane Ian in fiscal year 2022. The County is working with FEMA and FDEM for potential reimbursement of these expenditures. These events are in varying stages of application, validation, obligation, and close-out.

The Federal Government approved the Coronavirus Aid Relief and Economic Security (CARES) Act to aid with the response and recovery from the COVID-19 pandemic. Subsequently, the County received multiple agreements under various programs funded under this Act. During fiscal years 2021 and 2022, the County received funds from the Coronavirus Local Fiscal Recovery Fund awarded by the American Rescue Plan Act (ARPA) to further support their response to and recovery from the COVID-19 public health emergency, along with completing other eligible projects as identified in this Act.

HERNANDO COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

NOTE S – RESTATED BEGINNING NET POSITION

Effective October 1, 2022, Hernando County adopted GASB Statement No. 96, *SBITAs*. Implementation of the Statement requires SBITA Assets and liabilities for all SBITAs with terms greater than 12 months. The financial statements of Governmental Activities of the County have been restated to comply with the asset and liability recognition criteria of the Statement as follows:

	Net Position Beginning of Year	Cumulative Effect of Restatement	Net Position Beginning of Year, Restated
Governmental Activities	<u>\$ 384,757,347</u>	<u>\$ 1,450,184</u>	<u>\$ 386,207,531</u>

**HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB)
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
SEPTEMBER 30, 2023**

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

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 2.41% as of the beginning of the measurement period to 2.19% as of September 30, 2022. This change is reflected in Note J, Schedule of Changes in Total OPEB Liability. There were no benefit changes during the year reported.

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

	2020	2021	2022	2023
\$	887,762	\$ 1,158,078	\$ 932,064	\$ 1,009,017
	674,524	559,255	499,456	471,389
	-	119,256	-	794,215
	1,686,520	(291,981)	344,953	1,591,261
	(750,886)	(837,449)	(1,024,189)	(1,082,052)
\$	2,497,920	\$ 707,159	\$ 752,284	\$ 2,783,830
	17,099,268	19,597,188	20,304,347	21,056,631
\$	19,597,188	\$ 20,304,347	\$ 21,056,631	\$ 23,840,461
\$	74,406,382	\$ 76,535,704	\$ 78,831,775	\$ 86,842,834
	26.34%	26.53%	26.71%	27.45%

**HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB)
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
SEPTEMBER 30, 2023**

Valuation Date September 30, 2022
Measurement Date September 30, 2022

Methods and Assumptions Used to Determine Total OPEB Liability:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Discount Rate	4.40%
Salary Increases	Salary increase rates used in the July 1, 2022 actuarial valuation of the Florida Retirement System; 3.4%-7.8%, including inflation.
Retirement Age	Retirement rates used in the July 1, 2022 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2013 through 2018.
Mortality	Mortality tables used for Regular and Special Risk Class members in the July 1, 2022 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2013 through 2018 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 2023, 6.25% for 2024 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 2023, 6.25% for 2024 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, 2023**

Last Ten Fiscal Years

FLORIDA RETIREMENT SYSTEM PENSION PLAN

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

HEALTH INSURANCE SUBSIDY PENSION PLAN

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

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

**HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT SYSTEM-SCHEDULE OF COUNTY'S CONTRIBUTIONS
SEPTEMBER 30, 2023**

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
2014	\$ 9,065,698	\$ (9,065,698)	\$ -	\$ 64,431,818	14.07%
2015	8,393,369	(8,393,369)	-	68,825,669	12.20%
2016	9,279,559	(9,279,559)	-	72,387,348	12.82%
2017	9,637,808	(9,637,808)	-	74,200,644	12.99%
2018	10,692,565	(10,692,565)	-	77,625,482	13.77%
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%

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
2014	\$ 939,152	\$ (939,152)	\$ -	\$ 64,431,818	1.46%
2015	933,326	(933,326)	-	68,825,669	1.36%
2016	1,195,301	(1,195,301)	-	72,387,348	1.65%
2017	1,233,196	(1,233,196)	-	74,200,644	1.66%
2018	1,286,008	(1,286,008)	-	77,625,482	1.66%
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%

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

**HERNANDO COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2023**

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

Changes in Benefit Terms from the year ended June 30, 2022 to June 30, 2023:

FRS - No significant changes.

HIS - No significant changes.

Changes in Assumptions from the year ended June 30, 2022 to June 30, 2023:

FRS - No significant changes.

HIS - Both the discount rate and Municipal Bond Index rate changed from 3.54% to 3.65%

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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

Non-Ad Valorem Refunding Revenue Bonds 2010

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

Non-Ad Valorem Refunding Revenue Note 2012

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

Non-Ad Valorem Revenue Bonds 2022

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

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, 2023**

	Special Revenue Funds		
	Stormwater Management	State Housing Initiative Partnership	Court-Related Funds
ASSETS			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Pooled Cash and Investments	4,332,259	5,362,640	8,311,958
Cash with Fiscal Agent	5,149	-	-
Accounts Receivable (net)	-	46,510	-
Due from Other Governments	900	-	111,511
Prepaid Items	-	-	7,470
Total Assets	4,338,308	5,409,150	8,430,939
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts Payable	15,654	31,514	188,285
Retainage Payable	139,379	-	500,000
Accrued Liabilities	25,163	-	27,525
Due to Other funds	-	-	-
Due to Other Governments	-	-	-
Unearned Revenue	-	-	-
Deposits	-	-	-
Advances from Other Funds	-	-	-
Total Liabilities	180,196	31,514	715,810
Fund Balances			
Nonspendable:			
Inventories	-	-	-
Prepaid Items	-	-	7,470
Restricted For:			
Grant Funded Programs	-	5,377,636	-
Court Programs	-	-	7,707,659
Special Assessment Projects	-	-	-
Environment Conservation	4,158,112	-	-
Bond covenants or debt service	-	-	-
Public Safety	-	-	-
Capital Projects	-	-	-
Other Purposes	-	-	-
Committed to:			
Other Purposes	-	-	-
Assigned to:			
Public Safety	-	-	-
Other Purposes	-	-	-
Total Fund Balances	4,158,112	5,377,636	7,715,129
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,338,308	\$ 5,409,150	\$ 8,430,939

See accompanying independent auditors' report.

Special Revenue Funds

Municipal Service Benefit Units	Miscellaneous Special Revenue Fund	Clerk of Court and Comptroller	Property Appraiser Special Revenue Funds	Sheriff Special Revenue Funds	Total Special Revenue Funds
\$ 250	\$ -	\$ -	\$ 1,665,493	\$ 4,980,266	\$ 6,646,009
6,747,630	18,042,705	4,440,332	-	-	47,237,524
-	-	-	-	-	5,149
14,476	132,867	-	-	32,766	226,619
-	462,694	40,951	-	212,695	828,751
-	-	25,179	-	-	32,649
6,762,356	18,638,266	4,506,462	1,665,493	5,225,727	54,976,701
1,392,477	859,130	6,038	2,422	18,226	2,513,746
-	50,464	-	-	-	689,843
-	69,870	42,966	-	112,998	278,522
72,644	-	-	-	-	72,644
-	2,942,045	1,034,583	84	200	3,976,912
-	7,109	-	-	-	7,109
-	-	252,791	-	-	252,791
-	450,000	-	-	-	450,000
1,465,121	4,378,618	1,336,378	2,506	131,424	8,241,567
-	-	-	-	-	-
-	-	25,179	-	-	32,649
-	263,966	-	-	-	5,641,602
-	-	-	-	-	7,707,659
3,923,438	-	-	-	-	3,923,438
-	-	-	-	-	4,158,112
873,355	-	-	-	-	873,355
-	-	-	-	5,094,303	5,094,303
500,442	-	-	-	-	500,442
-	7,336,656	3,144,905	-	-	10,481,561
-	563,833	-	1,662,987	-	2,226,820
-	6,089,531	-	-	-	6,089,531
-	5,662	-	-	-	5,662
5,297,235	14,259,648	3,170,084	1,662,987	5,094,303	46,735,134
\$ 6,762,356	\$ 18,638,266	\$ 4,506,462	\$ 1,665,493	\$ 5,225,727	\$ 54,976,701

**HERNANDO COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	Debt Service Funds		
	Non-Ad Valorem Refunding Revenue Bonds 2010	Non-Ad Valorem Refunding Revenue Note 2012	Non-Ad Valorem Revenue Bonds 2022
	2010	2012	2022
	2010	2012	2022
ASSETS			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Pooled Cash and Investments	7,177	9,110	2
Cash with Fiscal Agent	-	-	-
Accounts Receivable (net)	-	-	-
Due from Other Governments	-	-	-
Prepaid Items	-	-	-
Total Assets	7,177	9,110	2
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts Payable	-	-	-
Retainage Payable	-	-	-
Accrued Liabilities	-	-	-
Due to Other funds	-	-	-
Due to Other Governments	-	-	-
Unearned Revenue	-	-	-
Deposits	-	-	-
Advances from Other Funds	-	-	-
Total Liabilities	-	-	-
Fund Balances			
Nonspendable:			
Inventories	-	-	-
Prepaid Items	-	-	-
Restricted For:			
Grant Funded Programs	-	-	-
Court Programs	-	-	-
Special Assessment Projects	-	-	-
Environment Conservation	-	-	-
Bond covenants or debt service	7,177	9,110	2
Public Safety	-	-	-
Capital Projects	-	-	-
Other Purposes	-	-	-
Committed to:			
Other Purposes	-	-	-
Assigned to:			
Public Safety	-	-	-
Other Purposes	-	-	-
Total Fund Balances	7,177	9,110	2
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,177	\$ 9,110	\$ 2

See accompanying independent auditors' report.

<u>Capital Projects Funds</u>				
<u>Total Debt Service Funds</u>	<u>Impact Fees</u>	<u>Restore Act Projects</u>	<u>Total Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 6,646,009
16,289	22,812,848	-	22,812,848	70,066,661
-	-	-	-	5,149
-	-	-	-	226,619
-	-	101,070	101,070	929,821
-	-	-	-	32,649
16,289	22,812,848	101,070	22,913,918	77,906,908
-	80,250	32,075	112,325	2,626,071
-	-	19,094	19,094	708,937
-	-	-	-	278,522
-	-	68,995	68,995	141,639
-	-	-	-	3,976,912
-	1,351,565	-	1,351,565	1,358,674
-	-	-	-	252,791
-	-	-	-	450,000
-	1,431,815	120,164	1,551,979	9,793,546
-	-	-	-	-
-	-	-	-	32,649
-	-	-	-	5,641,602
-	-	-	-	7,707,659
-	-	-	-	3,923,438
-	-	-	-	4,158,112
16,289	-	-	-	889,644
-	-	-	-	5,094,303
-	21,381,033	(19,094)	21,361,939	21,862,381
-	-	-	-	10,481,561
-	-	-	-	2,226,820
-	-	-	-	6,089,531
-	-	-	-	5,662
16,289	21,381,033	(19,094)	21,361,939	68,113,362
\$ 16,289	\$ 22,812,848	\$ 101,070	\$ 22,913,918	\$ 77,906,908

**HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Special Revenue Funds		
	Stormwater Management	State Housing Initiative Partnership	Court-Related Funds
Revenues			
Taxes	\$ 1,444,399	\$ -	\$ -
Intergovernmental	-	618,565	313,385
Charges for Services	40,268	-	1,058,877
Fines and Forfeitures	-	-	500
Special Assessments	-	-	-
Impact Fees	-	-	-
Investment Income (Loss)	147,372	24,667	820,542
Miscellaneous	6,463	411,518	-
Total Revenues	1,638,502	1,054,750	2,193,304
Expenditures			
Current			
General Government	-	-	-
Public Safety	-	-	-
Physical Environment	365,465	-	-
Transportation	-	-	-
Economic Environment	-	588,679	-
Human Services	-	-	-
Culture and Recreation	-	-	-
Court Operations	-	-	1,560,672
Debt Service			
Principal	-	-	-
Interest and Fiscal Charges	-	-	77,563
Capital Outlay	2,078,024	-	10,369,768
Total Expenditures	2,443,489	588,679	12,008,003
Excess of Revenues Over (Under) Expenditures:	(804,987)	466,071	(9,814,699)
Other Financing Sources (Uses)			
Transfers In	18,047	-	524,087
Transfers Out	(6,349)	-	(25,398)
Issuance of Long-Term Debt	-	-	10,080,452
Total Other Financing Sources (Uses)	11,698	-	10,579,141
Net Change in Fund Balance	(793,289)	466,071	764,442
Fund Balances at Beginning of Year	4,951,401	4,911,565	6,950,687
Fund Balances at End of Year	\$ 4,158,112	\$ 5,377,636	\$ 7,715,129

See accompanying independent auditors' report.

Special Revenue Funds

Municipal Service Benefit Units	Miscellaneous Special Revenue Fund	Clerk of Court and Comptroller	Property Appraiser Special Revenue Funds	Sheriff Special Revenue Funds	Total Special Revenue Funds
\$ -	\$ 3,804,604	\$ -	\$ -	\$ -	\$ 5,249,003
-	966,598	422,570	1,326,699	260,623	3,908,440
-	24,491	3,684,037	107,459	6,079,124	10,994,256
-	146,760	1,162,561	-	166,465	1,476,286
10,317,492	-	-	-	-	10,317,492
-	-	-	-	-	-
215,689	545,510	214,323	780	5,665	1,974,548
147,396	343,274	93,898	-	134,263	1,136,812
<u>10,680,577</u>	<u>5,831,237</u>	<u>5,577,389</u>	<u>1,434,938</u>	<u>6,646,140</u>	<u>35,056,837</u>
-	766,626	35,918	1,353,818	-	2,156,362
2,499	700,405	-	-	5,035,596	5,738,500
8,133,902	3,655	-	-	-	8,503,022
1,214,348	28,695	-	-	-	1,243,043
-	1,253,554	-	-	-	1,842,233
-	1,872,579	-	-	-	1,872,579
-	34,405	-	-	-	34,405
-	-	4,959,018	-	-	6,519,690
786,025	-	-	-	-	786,025
135,268	-	-	-	-	212,831
-	569,601	119,366	-	518,931	13,655,690
<u>10,272,042</u>	<u>5,229,520</u>	<u>5,114,302</u>	<u>1,353,818</u>	<u>5,554,527</u>	<u>42,564,380</u>
408,535	601,717	463,087	81,120	1,091,613	(7,507,543)
105,292	4,658,175	-	-	3,499,529	8,805,130
(832,587)	(2,620,022)	-	(81,102)	(3,677,982)	(7,243,440)
-	-	-	-	-	10,080,452
<u>(727,295)</u>	<u>2,038,153</u>	<u>-</u>	<u>(81,102)</u>	<u>(178,453)</u>	<u>11,642,142</u>
(318,760)	2,639,870	463,087	18	913,160	4,134,599
5,615,995	11,619,778	2,706,997	1,662,969	4,181,143	42,600,535
<u>\$ 5,297,235</u>	<u>\$ 14,259,648</u>	<u>\$ 3,170,084</u>	<u>\$ 1,662,987</u>	<u>\$ 5,094,303</u>	<u>\$ 46,735,134</u>

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Debt Service Funds		
	Non-Ad Valorem Refunding Revenue Bonds 2010	Non-Ad Valorem Refunding Revenue Note 2012	Non-Ad Valorem Revenue Bonds 2022
	2010	2012	2022
	2010	2012	2022
Revenues			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for Services	-	-	-
Fines and Forfeitures	-	-	-
Special Assessments	-	-	-
Impact Fees	-	-	-
Investment Income (Loss)	341	5,299	-
Miscellaneous	-	-	-
Total Revenues	<u>341</u>	<u>5,299</u>	<u>-</u>
Expenditures			
Current			
General Government	4	5	-
Public Safety	-	-	-
Physical Environment	-	-	-
Transportation	-	-	-
Economic Environment	-	-	-
Human Services	-	-	-
Culture and Recreation	-	-	-
Court Operations	-	-	-
Debt Service			
Principal	415,000	1,342,000	-
Interest and Fiscal Charges	26,657	248,280	890,280
Capital Outlay	-	-	-
Total Expenditures	<u>441,661</u>	<u>1,590,285</u>	<u>890,280</u>
Excess of Revenues Over (Under) Expenditures:	<u>(441,320)</u>	<u>(1,584,986)</u>	<u>(890,280)</u>
Other Financing Sources (Uses)			
Transfers In	440,831	1,590,280	890,282
Transfers Out	-	-	-
Issuance of Long-Term Debt	-	-	-
Total Other Financing Sources (Uses)	<u>440,831</u>	<u>1,590,280</u>	<u>890,282</u>
Net Change in Fund Balance	(489)	5,294	2
Fund Balances at Beginning of Year	7,666	3,816	-
Fund Balances at End of Year	<u>\$ 7,177</u>	<u>\$ 9,110</u>	<u>\$ 2</u>

See accompanying independent auditors' report.

Capital Projects Funds

Total Debt Service Funds	Impact Fees	Restore Act Projects	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 5,249,003
-	-	384,982	384,982	4,293,422
-	-	-	-	10,994,256
-	-	-	-	1,476,286
-	-	-	-	10,317,492
-	4,273,614	-	4,273,614	4,273,614
5,640	605,418	-	605,418	2,585,606
-	-	-	-	1,136,812
<u>5,640</u>	<u>4,879,032</u>	<u>384,982</u>	<u>5,264,014</u>	<u>40,326,491</u>
9	36,764	-	36,764	2,193,135
-	250,406	-	250,406	5,988,906
-	-	133,027	133,027	8,636,049
-	-	-	-	1,243,043
-	-	-	-	1,842,233
-	-	-	-	1,872,579
-	-	-	-	34,405
-	-	-	-	6,519,690
1,757,000	-	-	-	2,543,025
1,165,217	-	-	-	1,378,048
-	829,099	262,168	1,091,267	14,746,957
<u>2,922,226</u>	<u>1,116,269</u>	<u>395,195</u>	<u>1,511,464</u>	<u>46,998,070</u>
<u>(2,916,586)</u>	<u>3,762,763</u>	<u>(10,213)</u>	<u>3,752,550</u>	<u>(6,671,579)</u>
2,921,393	-	-	-	11,726,523
-	(743,242)	-	(743,242)	(7,986,682)
-	-	-	-	10,080,452
<u>2,921,393</u>	<u>(743,242)</u>	<u>-</u>	<u>(743,242)</u>	<u>13,820,293</u>
4,807	3,019,521	(10,213)	3,009,308	7,148,714
11,482	18,361,512	(8,881)	18,352,631	60,964,648
<u>\$ 16,289</u>	<u>\$ 21,381,033</u>	<u>\$ (19,094)</u>	<u>\$ 21,361,939</u>	<u>\$ 68,113,362</u>

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STORMWATER MANAGEMENT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Taxes	\$ 1,382,714	\$ 1,382,714	\$ 1,444,399	\$ 61,685
Intergovernmental	1,200,000	1,300,000	-	(1,300,000)
Charges for Services	25,000	50,000	40,268	(9,732)
Investment Income (Loss)	-	-	147,372	147,372
Miscellaneous	5,500	5,500	6,463	963
Total Revenues	<u>2,613,214</u>	<u>2,738,214</u>	<u>1,638,502</u>	<u>(1,099,712)</u>
Expenditures				
Current				
Physical Environment	473,696	782,896	365,465	417,431
Capital Outlay	3,721,260	5,814,915	2,078,024	3,736,891
Total Expenditures	<u>4,194,956</u>	<u>6,597,811</u>	<u>2,443,489</u>	<u>4,154,322</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,581,742)</u>	<u>(3,859,597)</u>	<u>(804,987)</u>	<u>3,054,610</u>
Other Financing Sources (Uses)				
Transfers In	14,000	14,000	18,047	4,047
Transfers Out	(3,000)	(6,349)	(6,349)	-
Reserve for Contingencies	(1,400,558)	(1,099,654)	-	1,099,654
Total Other Financing Sources (Uses)	<u>(1,389,558)</u>	<u>(1,092,003)</u>	<u>11,698</u>	<u>1,103,701</u>
Net Change in Fund Balance	<u>(2,971,300)</u>	<u>(4,951,600)</u>	<u>(793,289)</u>	<u>4,158,311</u>
Fund Balance at Beginning of Year	2,971,300	4,951,600	4,951,401	(199)
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,158,112</u>	<u>\$ 4,158,112</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, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Intergovernmental	\$ 1,896,694	\$ 1,702,330	\$ 618,565	\$ (1,083,765)
Investment Income (Loss)	8,000	202,364	24,667	(177,697)
Miscellaneous	400,000	400,000	411,518	11,518
Total Revenues	<u>2,304,694</u>	<u>2,304,694</u>	<u>1,054,750</u>	<u>(1,249,944)</u>
Expenditures				
Current				
Economic Environment	3,338,946	3,338,946	588,679	2,750,267
Total Expenditures	<u>3,338,946</u>	<u>3,338,946</u>	<u>588,679</u>	<u>2,750,267</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,034,252)</u>	<u>(1,034,252)</u>	<u>466,071</u>	<u>1,500,323</u>
Other Financing Sources (Uses)				
Reserve for Contingencies	(1,129,627)	(3,877,311)	-	3,877,311
Total Other Financing Sources (Uses)	<u>(1,129,627)</u>	<u>(3,877,311)</u>	<u>-</u>	<u>3,877,311</u>
Net Change in Fund Balance	(2,163,879)	(4,911,563)	466,071	5,377,634
Fund Balance at Beginning of Year	2,163,879	4,911,563	4,911,565	2
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,377,636</u>	<u>\$ 5,377,636</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, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Intergovernmental	\$ 57,292	\$ 784,800	\$ 313,385	\$ (471,415)
Charges for Services	951,292	960,402	1,058,877	98,475
Fines and Forfeitures	324	324	500	176
Investment Income (Loss)	1,400	1,400	820,542	819,142
Miscellaneous	-	-	-	-
Total Revenues	<u>1,010,308</u>	<u>1,746,926</u>	<u>2,193,304</u>	<u>446,378</u>
Expenditures				
Current				
Court Operations	1,314,844	2,152,764	1,560,672	592,092
Debt Service				
Interest and Fiscal Charges	-	80,951	77,563	3,388
Capital Outlay	72,225	12,836,945	10,369,768	2,467,177
Total Expenditures	<u>1,387,069</u>	<u>15,070,660</u>	<u>12,008,003</u>	<u>3,062,657</u>
Excess of Revenues Over (Under) Expenditures	<u>(376,761)</u>	<u>(13,323,734)</u>	<u>(9,814,699)</u>	<u>3,509,035</u>
Other Financing Sources (Uses)				
Transfers In	524,087	524,087	524,087	-
Transfers Out	(12,000)	(25,398)	(25,398)	-
Issuance of Long-Term Debt	-	10,080,950	-	(10,080,950)
Reserve for Contingencies	(4,012,728)	(4,128,854)	10,080,452	14,209,306
Total Other Financing Sources (Uses)	<u>(3,500,641)</u>	<u>6,450,785</u>	<u>10,579,141</u>	<u>4,128,356</u>
Net Change in Fund Balance	(3,877,402)	(6,872,949)	764,442	7,637,391
Fund Balance at Beginning of Year	3,877,402	6,872,949	6,950,687	77,738
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,715,129</u>	<u>\$ 7,715,129</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, 2023

	<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	\$ 10,101,278	\$ 10,253,169	\$ 10,317,492	\$ 64,323
Investment Income (Loss)	30,000	98,109	215,689	117,580
Miscellaneous	97,970	97,970	147,396	49,426
Total Revenues	<u>10,229,248</u>	<u>10,449,248</u>	<u>10,680,577</u>	<u>231,329</u>
Expenditures				
Current				
Public Safety	42,598	80,970	2,499	78,471
Physical Environment	7,963,053	8,183,053	8,133,902	49,151
Transportation	1,369,249	1,372,889	1,214,348	158,541
Debt Service				
Principal	786,305	786,305	786,025	280
Interest and Fiscal Charges	135,570	135,570	135,268	302
Capital Outlay	12,200	8,560	-	8,560
Total Expenditures	<u>10,308,975</u>	<u>10,567,347</u>	<u>10,272,042</u>	<u>295,305</u>
Excess of Revenues Over (Under) Expenditures	<u>(79,727)</u>	<u>(118,099)</u>	<u>408,535</u>	<u>526,634</u>
Other Financing Sources (Uses)				
Transfers In	85,000	85,000	105,292	20,292
Transfers Out	(216,530)	(804,493)	(832,587)	(28,094)
Issuance of Long-Term Debt	-	-	-	-
Reserve for Contingencies	(5,743,560)	(4,925,329)	-	4,925,329
Total Other Financing Sources (Uses)	<u>(5,875,090)</u>	<u>(5,644,822)</u>	<u>(727,295)</u>	<u>4,917,527</u>
Net Change in Fund Balance	(5,954,817)	(5,762,921)	(318,760)	5,444,161
Fund Balance at Beginning of Year	5,954,817	5,762,921	5,615,995	(146,926)
Fund Balance at End of Year	\$ -	\$ -	\$ 5,297,235	\$ 5,297,235

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, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Taxes	\$ 2,919,702	\$ 2,919,702	\$ 3,804,604	\$ 884,902
Intergovernmental	1,404,751	1,609,625	966,598	(643,027)
Charges for Services	1,549,800	37,300	24,491	(12,809)
Fines and Forfeitures	280,000	175,000	146,760	(28,240)
Investment Income (Loss)	5,300	5,300	545,510	540,210
Miscellaneous	93,100	327,286	343,274	15,988
Total Revenues	<u>6,252,653</u>	<u>5,074,213</u>	<u>5,831,237</u>	<u>757,024</u>
Expenditures				
Current				
General Government	1,176,166	1,250,655	766,626	484,029
Public Safety	2,043,117	1,016,955	700,405	316,550
Physical Environment	5,346	5,346	3,655	1,691
Transportation	55,101	55,101	28,695	26,406
Economic Environment	1,168,629	1,535,356	1,253,554	281,802
Human Services	1,987,029	2,379,110	1,872,579	506,531
Culture and Recreation	78,182	130,786	34,405	96,381
Capital Outlay	1,004,355	1,476,953	569,601	907,352
Total Expenditures	<u>7,517,925</u>	<u>7,850,262</u>	<u>5,229,520</u>	<u>2,620,742</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,265,272)</u>	<u>(2,776,049)</u>	<u>601,717</u>	<u>3,377,766</u>
Other Financing Sources (Uses)				
Transfers In	3,916,409	4,001,530	4,658,175	656,645
Transfers Out	(2,658,948)	(2,686,301)	(2,620,022)	66,279
Reserve for Contingencies	(13,037,360)	(10,309,806)	-	10,309,806
Total Other Financing Sources (Uses)	<u>(11,779,899)</u>	<u>(8,994,577)</u>	<u>2,038,153</u>	<u>11,032,730</u>
Net Change in Fund Balance	<u>(13,045,171)</u>	<u>(11,770,626)</u>	<u>2,639,870</u>	<u>14,410,496</u>
Fund Balance at Beginning of Year	13,045,171	11,770,626	11,619,778	(150,848)
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,259,648</u>	<u>\$ 14,259,648</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, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Intergovernmental	\$ 482,219	\$ 469,606	\$ 422,570	\$ (47,036)
Charges for Services	3,700,650	3,700,650	3,684,037	(16,613)
Fines and Forfeitures	1,131,950	1,131,950	1,162,561	30,611
Investment Income (Loss)	18,000	18,000	214,323	196,323
Miscellaneous	-	-	93,898	93,898
Total Revenues	<u>5,332,819</u>	<u>5,320,206</u>	<u>5,577,389</u>	<u>257,183</u>
Expenditures				
Current				
General Government	463,000	423,316	35,918	387,398
Court Operations	5,444,819	5,392,522	4,959,018	433,504
Capital Outlay	40,000	119,368	119,366	2
Total Expenditures	<u>5,947,819</u>	<u>5,935,206</u>	<u>5,114,302</u>	<u>820,904</u>
Excess of Revenues Over (Under) Expenditures	<u>(615,000)</u>	<u>(615,000)</u>	<u>463,087</u>	<u>1,078,087</u>
Other Financing Sources (Uses)				
Reserve for Contingencies	(615,000)	(615,000)	-	615,000
Total Other Financing Sources (Uses)	<u>(615,000)</u>	<u>(615,000)</u>	<u>-</u>	<u>615,000</u>
Net Change in Fund Balance	(1,230,000)	(1,230,000)	463,087	1,693,087
Fund Balance at Beginning of Year	1,230,000	1,230,000	2,706,997	1,476,997
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,170,084</u>	<u>\$ 3,170,084</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, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Intergovernmental	\$ 1,326,699	\$ 1,326,699	\$ 1,326,699	\$ -
Charges for Services	18,461	18,461	107,459	88,998
Investment Income (Loss)	-	-	780	780
Total Revenues	<u>1,345,160</u>	<u>1,345,160</u>	<u>1,434,938</u>	<u>89,778</u>
Expenditures				
Current				
General Government	1,418,991	1,418,991	1,353,818	65,173
Capital Outlay	28,024	28,024	-	28,024
Total Expenditures	<u>1,447,015</u>	<u>1,447,015</u>	<u>1,353,818</u>	<u>93,197</u>
Excess of Revenues Over (Under) Expenditures	<u>(101,855)</u>	<u>(101,855)</u>	<u>81,120</u>	<u>182,975</u>
Other Financing Sources (Uses)				
Transfers Out	-	-	(81,102)	(81,102)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(81,102)</u>	<u>(81,102)</u>
Net Change in Fund Balance	<u>(101,855)</u>	<u>(101,855)</u>	<u>18</u>	<u>101,873</u>
Fund Balance at Beginning of Year	101,855	101,855	1,662,969	1,561,114
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,662,987</u>	<u>\$ 1,662,987</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, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Intergovernmental	\$ 199,902	\$ 285,271	\$ 260,623	\$ (24,648)
Charges for Services	5,134,000	5,134,000	6,079,124	945,124
Fines and Forfeitures	155,000	155,000	166,465	11,465
Investment Income (Loss)	3,650	3,650	5,665	2,015
Miscellaneous	142,200	142,200	134,263	(7,937)
Total Revenues	<u>5,634,752</u>	<u>5,720,121</u>	<u>6,646,140</u>	<u>926,019</u>
Expenditures				
Current				
Public Safety	5,258,573	5,550,325	5,035,596	514,729
Capital Outlay	77,474	940,193	518,931	421,262
Total Expenditures	<u>5,336,047</u>	<u>6,490,518</u>	<u>5,554,527</u>	<u>935,991</u>
Excess of Revenues Over (Under) Expenditures	<u>298,705</u>	<u>(770,397)</u>	<u>1,091,613</u>	<u>1,862,010</u>
Other Financing Sources (Uses)				
Transfers In	2,568,529	3,499,529	3,499,529	-
Transfers Out	(3,000,000)	(3,000,000)	(3,677,982)	(677,982)
Reserve for Contingencies	(4,055,696)	(3,875,467)	-	3,875,467
Total Other Financing Sources (Uses)	<u>(4,487,167)</u>	<u>(3,375,938)</u>	<u>(178,453)</u>	<u>3,197,485</u>
Net Change in Fund Balance	<u>(4,188,462)</u>	<u>(4,146,335)</u>	<u>913,160</u>	<u>5,059,495</u>
Fund Balance at Beginning of Year	4,188,462	4,146,335	4,181,143	34,808
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,094,303</u>	<u>\$ 5,094,303</u>

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NON-AD VALOREM REFUNDING REVENUE BONDS 2010
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Investment Income (Loss)	\$ -	\$ -	\$ 341	\$ 341
Total Revenues	<u>-</u>	<u>-</u>	<u>341</u>	<u>341</u>
Expenditures				
Current				
General Government	20	20	4	16
Debt Service				
Principal	415,000	415,000	415,000	-
Interest and Fiscal Charges	26,656	26,656	26,657	(1)
Total Expenditures	<u>441,676</u>	<u>441,676</u>	<u>441,661</u>	<u>15</u>
Excess of Revenues Over (Under) Expenditures	<u>(441,676)</u>	<u>(441,676)</u>	<u>(441,320)</u>	<u>356</u>
Other Financing Sources (Uses)				
Transfers In	441,657	441,657	440,831	(826)
Reserve for Contingencies	(8,619)	(7,645)	-	7,645
Total Other Financing Sources (Uses)	<u>433,038</u>	<u>434,012</u>	<u>440,831</u>	<u>6,819</u>
Net Change in Fund Balance	<u>(8,638)</u>	<u>(7,664)</u>	<u>(489)</u>	<u>7,175</u>
Fund Balance at Beginning of Year	8,638	7,664	7,666	2
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,177</u>	<u>\$ 7,177</u>

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NON-AD VALOREM REFUNDING REVENUE NOTE 2012
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Investment Income (Loss)	\$ -	\$ -	\$ 5,299	\$ 5,299
Total Revenues	<u>-</u>	<u>-</u>	<u>5,299</u>	<u>5,299</u>
Expenditures				
Current				
General Government	20	20	5	15
Debt Service				
Principal	1,342,000	1,342,000	1,342,000	-
Interest and Fiscal Charges	248,281	248,281	248,280	1
Total Expenditures	<u>1,590,301</u>	<u>1,590,301</u>	<u>1,590,285</u>	<u>16</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,590,301)</u>	<u>(1,590,301)</u>	<u>(1,584,986)</u>	<u>5,315</u>
Other Financing Sources (Uses)				
Transfers In	1,590,283	1,590,283	1,590,280	(3)
Reserve for Contingencies	(3,436)	(3,797)	-	3,797
Total Other Financing Sources (Uses)	<u>1,586,847</u>	<u>1,586,486</u>	<u>1,590,280</u>	<u>3,794</u>
Net Change in Fund Balance	<u>(3,454)</u>	<u>(3,815)</u>	<u>5,294</u>	<u>9,109</u>
Fund Balance at Beginning of Year	3,454	3,815	3,816	1
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,110</u>	<u>\$ 9,110</u>

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NON-AD VALOREM REVENUE BONDS 2022
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Investment Income (Loss)	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current				
General Government	-	-	-	-
Debt Service				
Principal	-	575,000	-	575,000
Interest and Fiscal Charges	-	1,444,592	890,280	554,312
Total Expenditures	-	2,019,592	890,280	1,129,312
Excess of Revenues Over (Under) Expenditures	-	(2,019,592)	(890,280)	1,129,312
Other Financing Sources (Uses)				
Transfers In	-	2,019,592	890,282	(1,129,310)
Reserve for Contingencies	-	-	-	-
Total Other Financing Sources (Uses)	-	2,019,592	890,282	(1,129,310)
Net Change in Fund Balance	-	-	2	2
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	\$ -	\$ -	\$ 2	\$ 2

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, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Impact Fees	\$ 3,619,202	\$ 3,649,975	\$ 4,273,614	\$ 623,639
Investment Income (Loss)	2,500	2,500	605,418	602,918
Total Revenues	<u>3,621,702</u>	<u>3,652,475</u>	<u>4,879,032</u>	<u>1,226,557</u>
Expenditures				
Current				
General Government	137,582	204,371	36,764	167,607
Public Safety	250,000	619,328	250,406	368,922
Culture and Recreation	2,177,201	2,177,201	-	2,177,201
Capital Outlay	7,629,975	9,425,249	829,099	8,596,150
Total Expenditures	<u>10,194,758</u>	<u>12,426,149</u>	<u>1,116,269</u>	<u>11,309,880</u>
Excess of Revenues Over (Under) Expenditures	<u>(6,573,056)</u>	<u>(8,773,674)</u>	<u>3,762,763</u>	<u>12,536,437</u>
Other Financing Sources (Uses)				
Transfers Out	(429,520)	(743,244)	(743,242)	2
Reserve for Contingencies	(10,026,468)	(8,876,014)	-	8,876,014
Total Other Financing Sources (Uses)	<u>(10,455,988)</u>	<u>(9,619,258)</u>	<u>(743,242)</u>	<u>8,876,016</u>
Net Change in Fund Balance	<u>(17,029,044)</u>	<u>(18,392,932)</u>	<u>3,019,521</u>	<u>21,412,453</u>
Fund Balance at Beginning of Year	17,029,044	18,392,932	18,361,512	(31,420)
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,381,033</u>	<u>\$ 21,381,033</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, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Intergovernmental	\$ 234,940	\$ 884,763	\$ 384,982	\$ (499,781)
Total Revenues	<u>234,940</u>	<u>884,763</u>	<u>384,982</u>	<u>(499,781)</u>
Expenditures				
Current				
Physical Environment	106,815	445,704	133,027	312,677
Capital Outlay	128,125	439,059	262,168	176,891
Total Expenditures	<u>234,940</u>	<u>884,763</u>	<u>395,195</u>	<u>489,568</u>
Net Change in Fund Balance	-	-	(10,213)	(10,213)
Fund Balance at Beginning of Year	-	-	(8,881)	(8,881)
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

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, 2023

	<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	756,104	1,522,618	9,181,727
Accounts Receivable (net)	3,123	-	-
Due from Other Governments	109	-	-
Inventories	18,683	-	-
Total Current Assets	<u>778,019</u>	<u>1,522,618</u>	<u>9,381,727</u>
Non-Current Assets:			
Capital Assets, not depreciated	27,350	-	-
Capital Assets, net of accumulated depreciation	2,176	-	-
Total Non-Current Assets	<u>29,526</u>	<u>-</u>	<u>-</u>
Total Assets	<u>807,545</u>	<u>1,522,618</u>	<u>9,381,727</u>
Deferred Outflows of Resources	<u>7,259</u>	<u>28,601</u>	<u>20,482</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	130,806	621	53,237
Accrued Liabilities	3,319	5,921	3,885
Due Within One Year	3,428	3,544	2,832,264
Total Current Liabilities	<u>137,553</u>	<u>10,086</u>	<u>2,889,386</u>
Non-Current Liabilities:			
Due in More Than One Year	74,278	124,616	3,759,959
Total Non-Current Liabilities	<u>74,278</u>	<u>124,616</u>	<u>3,759,959</u>
Total Liabilities	<u>211,831</u>	<u>134,702</u>	<u>6,649,345</u>
Deferred Inflows of Resources	<u>2,135</u>	<u>8,796</u>	<u>9,141</u>
NET POSITION			
Net Investment in Capital Assets	29,256	-	-
Unrestricted	571,582	1,407,721	2,743,723
Total Net Position	<u>\$ 600,838</u>	<u>\$ 1,407,721</u>	<u>\$ 2,743,723</u>

See accompanying independent auditors' report.

Computer Replacement	Vehicle Maintenance	Fleet Replacement	County Health Insurance	Sheriff Health Insurance	Total
\$ -	\$ 720	\$ -	\$ -	\$ 9,082,243	\$ 9,282,963
528,874	679,495	2,583,766	5,938,510	-	21,191,094
-	3,130	26,350	-	70,948	103,551
-	141,156	-	-	-	109
-	141,156	-	-	-	159,839
528,874	824,501	2,610,116	5,938,510	9,153,191	30,737,556
-	1,200,018	20,148,901	110,596	286,040	27,350
-	1,200,018	20,148,901	110,596	286,040	21,747,731
-	1,200,018	20,148,901	110,596	286,040	21,775,081
528,874	2,024,519	22,759,017	6,049,106	9,439,231	52,512,637
-	129,883	11,817	2,080	-	200,122
-	295,052	116,569	3,782,046	880,873	5,259,204
-	42,650	92,416	2,660	823	151,674
-	18,267	1,371,861	806,881	431,450	5,467,695
-	355,969	1,580,846	4,591,587	1,313,146	10,878,573
-	700,066	6,844,519	120,629	271,260	11,895,327
-	700,066	6,844,519	120,629	271,260	11,895,327
-	1,056,035	8,425,365	4,712,216	1,584,406	22,773,900
-	92,716	4,527	2,863	-	120,178
-	1,200,018	17,293,791	-	-	18,523,065
528,874	(194,367)	(2,952,849)	1,336,107	7,854,825	11,295,616
\$ 528,874	\$ 1,005,651	\$ 14,340,942	\$ 1,336,107	\$ 7,854,825	\$ 29,818,681

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Central Fueling System	Risk Management	Workers' Compensation
Operating Revenues			
Charges for Services	\$ 1,709,613	\$ 4,976,525	\$ 1,885,636
Miscellaneous	-	-	23,377
Total Operating Revenues	<u>1,709,613</u>	<u>4,976,525</u>	<u>1,909,013</u>
Operating Expenses			
Personnel Services	117,307	129,285	93,495
Other Services & Charges	1,585,602	4,811,277	301,324
Claims	-	-	988,350
Depreciation and Amortization	1,306	-	-
Total Operating Expenses	<u>1,704,215</u>	<u>4,940,562</u>	<u>1,383,169</u>
Operating Income (Loss)	<u>5,398</u>	<u>35,963</u>	<u>525,844</u>
Non-Operating Revenues (Expenses)			
Investment Income (Loss)	17,877	36,918	246,176
Interest Expense	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-
Total Non-Operating Revenues (Expenses)	<u>17,877</u>	<u>36,918</u>	<u>246,176</u>
Income (Loss) Before Transfers	<u>23,275</u>	<u>72,881</u>	<u>772,020</u>
Transfers In	-	-	-
Transfers Out	(5,439)	(5,079)	(4,127)
Total Contributions and Transfers	<u>(5,439)</u>	<u>(5,079)</u>	<u>(4,127)</u>
Change in Net Position	17,836	67,802	767,893
Net Position-Beginning	583,002	1,339,919	1,975,830
Net Position-Ending	<u>\$ 600,838</u>	<u>\$ 1,407,721</u>	<u>\$ 2,743,723</u>

See accompanying independent auditors' report.

Computer Replacement	Vehicle Maintenance	Fleet Replacement	County Health Insurance	Sheriff Health Insurance	Total
\$ -	\$ 3,914,439	\$ 5,547,728	\$ 11,785,230	\$ 10,467,880	\$ 40,287,051
-	93,208	14,626	859,830	485,722	1,476,763
-	4,007,647	5,562,354	12,645,060	10,953,602	41,763,814
-	790,597	139,848	2,529,565	-	3,800,097
7,482	3,011,005	870,397	1,296,776	1,948,844	13,832,707
-	-	-	12,787,198	9,324,453	23,100,001
-	70,790	3,451,705	36,865	37,310	3,597,976
7,482	3,872,392	4,461,950	16,650,404	11,310,607	44,330,781
(7,482)	135,255	1,100,404	(4,005,344)	(357,005)	(2,566,967)
14,954	5,369	26,790	121,262	82,308	551,654
-	-	(188,856)	(4,563)	(10,835)	(204,254)
(19,528)	871	352,133	-	-	333,476
(4,574)	6,240	190,067	116,699	71,473	680,876
(12,056)	141,495	1,290,471	(3,888,645)	(285,532)	(1,886,091)
-	-	-	3,126,790	-	3,126,790
-	(95,082)	(4,677)	(1,429)	-	(115,833)
-	(95,082)	(4,677)	3,125,361	-	3,010,957
(12,056)	46,413	1,285,794	(763,284)	(285,532)	1,124,866
540,930	959,238	13,055,148	2,099,391	8,140,357	28,693,815
\$ 528,874	\$ 1,005,651	\$ 14,340,942	\$ 1,336,107	\$ 7,854,825	\$ 29,818,681

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Central Fueling System	Risk Management	Workers' Compensation
Cash Flows from Operating Activities			
Receipts from Customers	\$ 1,707,426	\$ 4,976,525	\$ 1,888,511
Receipts from Inter-Fund Services	-	-	-
Payments to Suppliers	(1,566,869)	(4,811,953)	(266,888)
Payments to Employees	(114,343)	(116,798)	(81,912)
Claims Paid	-	-	(938,350)
Other Receipts (Payments)	-	-	23,377
Net Cash provided by (used in) Operating Activities	<u>26,214</u>	<u>47,774</u>	<u>624,738</u>
Cash Flows from Noncapital Financing Activities			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(5,439)	(5,079)	(4,127)
Net Cash Provided by (used in) Noncapital Financing Activities	<u>(5,439)</u>	<u>(5,079)</u>	<u>(4,127)</u>
Cash Flows From Capital and Related Financing Activities			
Additions to Capital Assets	(27,350)	-	-
Proceeds from Capital Debt	-	-	-
Principal Paid on Capital Debt	-	-	-
Interest Paid on Capital Debt	-	-	-
Interest Payments on Long-Term Leases	-	-	-
Principal Payments on Long-Term Leases	-	-	-
Proceeds From Sale of Capital Assets	-	-	-
Net Cash provided by (used for) Capital and Related financing activities	<u>(27,350)</u>	<u>-</u>	<u>-</u>
Cash Flows for Investing Activities			
Interest Received	17,877	36,918	246,176
Net Cash Provided by Investing Activities	<u>17,877</u>	<u>36,918</u>	<u>246,176</u>
Net Increase (Decrease) in Cash and Cash Equivalents	11,302	79,613	866,787
Cash and Cash Equivalents at Beginning of Year	744,802	1,443,005	8,514,940
Cash and Cash Equivalents at End of Year	<u>\$ 756,104</u>	<u>\$ 1,522,618</u>	<u>\$ 9,381,727</u>

See accompanying independent auditors' report.

Computer Replacement	Vehicle Maintenance	Fleet Replacement	County Health Insurance	Sheriff Health Insurance	Total
\$ -	\$ 3,911,584	\$ 5,539,339	\$ 11,785,230	\$ 759,469	\$ 30,568,084
-	-	-	-	9,748,818	9,748,818
(7,482)	(3,078,533)	(990,692)	(3,009,108)	(1,668,576)	(15,400,101)
-	(694,214)	(97,046)	(2,524,449)	-	(3,628,762)
-	-	-	(12,856,807)	(9,298,722)	(23,093,879)
-	93,208	14,626	859,830	485,722	1,476,763
(7,482)	232,045	4,466,227	(5,745,304)	26,711	(329,077)
-	-	-	3,126,790	-	3,126,790
-	(95,082)	(4,677)	(1,429)	-	(115,833)
-	(95,082)	(4,677)	3,125,361	-	3,010,957
-	-	(6,628,339)	-	-	(6,655,689)
-	-	4,062,000	-	-	4,062,000
-	-	(1,042,826)	-	-	(1,042,826)
-	-	(188,856)	-	-	(188,856)
-	-	-	(4,563)	(10,915)	(15,478)
-	-	-	(34,272)	(29,388)	(63,660)
-	1,691	363,344	-	-	365,035
-	1,691	(3,434,677)	(38,835)	(40,303)	(3,539,474)
14,954	5,369	26,790	121,262	11,360	480,706
14,954	5,369	26,790	121,262	11,360	480,706
7,472	144,023	1,053,663	(2,537,516)	(2,232)	(376,888)
521,402	536,192	1,530,103	8,476,026	9,084,475	30,850,945
\$ 528,874	\$ 680,215	\$ 2,583,766	\$ 5,938,510	\$ 9,082,243	\$ 30,474,057

Continued

**HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	<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)	\$ 5,398	\$ 35,963	\$ 525,844
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided by (used for) Operating Activities			
Depreciation and Amortization	1,306	-	-
Other Post-Employment Benefits	2,065	1,380	1,882
Pension Adjustments	9,120	13,985	7,454
(Increase) Decrease in			
Accounts Receivable	(2,078)	-	2,875
Due from Other Funds	-	-	-
Due from Other Governments	(109)	-	-
Inventories	52,076	-	-
Increase (Decrease) in			
Accounts Payable	(33,343)	(676)	34,436
Accrued Liabilities	(8,221)	(2,878)	2,247
Due to Other Funds	-	-	-
Unearned Revenues	-	-	-
Claims Liabilities	-	-	50,000
Total Adjustments	<u>20,816</u>	<u>11,811</u>	<u>98,894</u>
Net cash Provided by (used in) Operating Activities	<u>\$ 26,214</u>	<u>\$ 47,774</u>	<u>\$ 624,738</u>

See accompanying independent auditors' report.

Computer Replacement	Vehicle Maintenance	Fleet Replacement	County Health Insurance	Sheriff Health Insurance	Total
\$ (7,482)	\$ 135,255	\$ 1,100,404	\$ (4,005,344)	\$ (357,005)	\$ (2,566,967)
-	70,790	3,451,705	36,865	37,310	3,597,976
-	13,936	2,459	1,002	-	22,724
-	57,394	10,434	4,413	-	102,800
-	(2,855)	(8,389)	-	40,407	29,960
-	-	-	-	-	-
-	-	-	-	-	(109)
-	37,409	-	-	-	89,485
-	(104,937)	(120,295)	(1,712,332)	280,268	(1,656,879)
-	25,053	29,909	(299)	-	45,811
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(69,609)	25,731	6,122
-	96,790	3,365,823	(1,739,960)	383,716	2,237,890
\$ (7,482)	\$ 232,045	\$ 4,466,227	\$ (5,745,304)	\$ 26,711	\$ (329,077)

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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.

Tax Collector Custodial Fund

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

Sheriff Custodial Fund

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

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2023

	Board of County Commissioners	Clerk of the Circuit Court	Sheriff
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 4,840,607	\$ 217,443
Pooled Cash and Investments	461,687	-	-
Due from Other Governments	-	-	-
Total Assets	461,687	4,840,607	217,443
LIABILITIES			
Accounts Payable	447,992	33,044	43,646
Due to Other Governments	(1,038)	674,461	55,429
Installment Tax Escrow	-	-	-
Deposits	14,733	-	-
Other Current Liabilities	-	2,449,445	-
Total Liabilities	461,687	3,156,950	99,075
NET POSITION:			
Restricted for:			
Individuals and Other Governments	-	1,683,657	118,368
Total Net Position	\$ -	\$ 1,683,657	\$ 118,368

See accompanying independent auditors' report.

<u>Tax Collector</u>	<u>Total</u>
\$ 3,681,214	\$ 8,739,264
-	461,687
52	52
<u>3,681,266</u>	<u>9,201,003</u>
26,944	551,626
3,654,243	4,383,095
79	79
-	14,733
-	2,449,445
<u>3,681,266</u>	<u>7,398,978</u>
-	1,802,025
<u>\$ -</u>	<u>\$ 1,802,025</u>

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES TO FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Board of County Commissioners	Clerk of the Circuit Court	Sheriff
ADDITIONS:			
Tax Collections for Other Governments	\$ -	\$ -	\$ -
State of Florida collections	-	42,020,544	-
Other collections	5,965,630	17,008,918	-
Miscellaneous - Revenues	-	-	1,631,643
Total additions	<u>5,965,630</u>	<u>59,029,462</u>	<u>1,631,643</u>
DEDUCTIONS:			
Payments of Taxes to State of Florida	-	41,768,685	-
Payments of Taxes to Other Governments	-	-	-
Other Payments	5,965,630	17,748,738	1,697,252
Miscellaneous - Expenses	-	-	-
Total deductions	<u>5,965,630</u>	<u>59,517,423</u>	<u>1,697,252</u>
Change in net position	-	(487,961)	(65,609)
Net Position-beginning of the year	-	2,171,618	183,977
Net Position-end of year	<u>\$ -</u>	<u>\$ 1,683,657</u>	<u>\$ 118,368</u>

See accompanying independent auditors' report.

<u>Tax Collector</u>	<u>Total</u>
\$ 133,418,236	\$ 133,418,236
-	42,020,544
-	22,974,548
14,625	1,646,268
<u>133,432,861</u>	<u>200,059,596</u>
-	41,768,685
133,418,236	133,418,236
-	25,411,620
14,625	14,625
<u>133,432,861</u>	<u>200,613,166</u>
-	(553,570)
-	2,355,595
<u>\$ -</u>	<u>\$ 1,802,025</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			
	2014	2015^(a)	2016	2017
Governmental Activities				
Net Investment in Capital Assets	\$ 292,320	\$ 303,506	\$ 306,373	\$ 304,605
Restricted	72,678	61,254	62,476	57,323
Unrestricted	32,333	(28,753)	(42,266)	(46,513)
Total Governmental Activities Net Position	\$ 397,331	\$ 336,007	\$ 326,583	\$ 315,415
Business-type Activities				
Net Investment in Capital Assets	\$ 168,614	\$ 171,560	\$ 174,660	\$ 171,817
Restricted	10,442	9,597	12,753	17,783
Unrestricted	33,505	37,215	42,892	49,047
Total Business-type Activities Net Position	\$ 212,561	\$ 218,372	\$ 230,305	\$ 238,647
Primary Government				
Net Investment in Capital Assets	\$ 460,934	\$ 475,066	\$ 481,033	\$ 476,422
Restricted	83,120	70,851	75,229	75,106
Unrestricted	65,838	8,462	626	2,534
Total Primary Government Net Position	\$ 609,892	\$ 554,379	\$ 556,888	\$ 554,062

(a) GASB 68 was implemented in 2015, requiring a reduction in beginning net position of \$37,122,821 (governmental) and \$4,813,564 (business-type). Prior years have not been restated in this schedule.

(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					
2018	2019	2020	2021	2022 ^(b)	2023 ^(c)
\$ 304,941	\$ 306,203	\$ 331,520	\$ 312,258	\$ 318,931	\$ 340,223
60,065	78,821	90,385	102,989	111,550	146,198
(61,512)	(85,382)	(90,418)	(46,020)	(45,724)	(82,783)
<u>\$ 303,494</u>	<u>\$ 299,642</u>	<u>\$ 331,487</u>	<u>\$ 369,227</u>	<u>\$ 384,757</u>	<u>\$ 403,638</u>
\$ 172,789	\$ 178,095	\$ 188,883	\$ 202,054	\$ 225,879	\$ 244,667
18,818	18,818	51,337	20,932	20,932	16,855
54,634	64,808	32,345	76,324	82,381	105,041
<u>\$ 246,241</u>	<u>\$ 261,721</u>	<u>\$ 272,565</u>	<u>\$ 299,310</u>	<u>\$ 329,192</u>	<u>\$ 366,563</u>
\$ 477,730	\$ 484,298	\$ 520,403	\$ 514,312	\$ 544,810	\$ 584,890
78,884	97,639	141,722	123,921	132,482	163,053
(6,878)	(20,574)	(58,073)	30,304	36,657	22,258
<u>\$ 549,736</u>	<u>\$ 561,363</u>	<u>\$ 604,052</u>	<u>\$ 668,537</u>	<u>\$ 713,949</u>	<u>\$ 770,201</u>

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

	FISCAL YEAR			
	2014	2015	2016	2017
Expenses				
Governmental Activities:				
General Government	\$ 21,044	\$ 22,134	\$ 24,583	\$ 26,219
Public Safety	74,079	74,105	86,582	92,685
Physical Environment	988	1,195	1,230	1,304
Transportation	19,983	20,187	23,236	24,465
Economic Environment	1,689	2,355	3,095	3,487
Human Services	10,009	8,762	7,275	7,504
Culture and Recreation	5,173	5,146	5,714	5,712
Court Operations	6,656	6,868	6,773	7,163
Interest on Long-term Debt	1,144	1,062	1,038	1,074
Total Governmental Activities Expenses	<u>\$ 140,765</u>	<u>\$ 141,814</u>	<u>\$ 159,526</u>	<u>\$ 169,613</u>
Business-type Activities:				
Water and Sewer District	\$ 25,505	\$ 25,882	\$ 27,673	\$ 30,933
Aviation Operations	2,914	2,242	2,567	2,233
Waste Management	6,918	3,348	6,447	7,594
Building Department	1,990	2,218	2,786	2,807
Zoning Department ^(a)	359	-	-	-
Total Business-type Activities Expenses	<u>37,686</u>	<u>33,690</u>	<u>39,473</u>	<u>43,567</u>
Total Primary Government Expenses	<u>\$ 178,451</u>	<u>\$ 175,504</u>	<u>\$ 198,999</u>	<u>\$ 213,180</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$ 13,730	\$ 14,238	\$ 12,050	\$ 12,419
Public Safety	27,931	29,063	31,168	31,312
Physical Environment	306	214	345	865
Transportation	3,165	4,856	5,398	5,692
Economic Environment	54	96	-	66
Human Services	245	229	250	231
Culture and Recreation	851	833	915	1,037
Court Operations	5,120	5,059	4,832	4,848
Operating Grants and Contributions	2,408	5,033	4,935	5,993
Capital Grants and Contributions	1,887	3,006	1,777	4,728
Total Government Activities Program Revenues	<u>\$ 55,697</u>	<u>\$ 62,627</u>	<u>\$ 61,670</u>	<u>\$ 67,191</u>
Business-type Activities:				
Charges for Services:				
Water and Sewer District	\$ 26,568	\$ 28,569	\$ 31,032	\$ 33,832
Aviation Authority	1,629	1,607	1,806	1,701
Waste Management	7,420	7,668	7,653	7,803
Building Department	1,900	2,602	2,970	2,915
Zoning Department	320	-	-	-
Operating Grants and Contributions	245	294	94	110
Capital Grants and Contributions	1,549	2,531	5,306	4,469
Total Business-type Activities Program Revenues	<u>39,631</u>	<u>43,271</u>	<u>48,861</u>	<u>50,830</u>
Total Primary Government Program Revenues	<u>\$ 95,328</u>	<u>\$ 105,898</u>	<u>\$ 110,531</u>	<u>\$ 118,021</u>

(a) In fiscal year 2015, the Zoning Department was moved to the General Fund.

FISCAL YEAR					
2018	2019	2020	2021	2022	2023
\$ 28,208	\$ 30,046	\$ 30,576	\$ 28,309	\$ 29,912	\$ 43,222
99,101	112,171	120,003	96,101	114,899	140,780
1,402	6,393	8,128	8,325	8,805	9,580
25,206	26,123	27,506	27,643	20,418	31,621
2,856	2,561	4,808	5,943	2,320	2,962
7,936	8,302	8,444	9,204	6,693	9,309
6,220	6,823	6,418	6,665	6,734	8,064
7,384	7,641	7,525	7,940	8,175	8,494
1,162	1,226	1,094	887	707	2,394
<u>\$ 179,475</u>	<u>\$ 201,286</u>	<u>\$ 214,502</u>	<u>\$ 191,017</u>	<u>\$ 198,663</u>	<u>\$ 256,426</u>
\$ 31,357	\$ 32,622	\$ 34,129	\$ 33,721	\$ 44,316	\$ 37,610
2,257	2,692	3,028	3,071	2,839	3,260
9,792	8,943	12,227	9,230	10,627	10,226
3,258	3,524	4,142	4,162	4,575	4,894
-	-	-	-	-	-
<u>46,664</u>	<u>47,781</u>	<u>53,526</u>	<u>50,184</u>	<u>62,357</u>	<u>55,990</u>
<u>\$ 226,139</u>	<u>\$ 249,067</u>	<u>\$ 268,028</u>	<u>\$ 241,201</u>	<u>\$ 261,020</u>	<u>\$ 312,416</u>
\$ 13,428	\$ 14,555	\$ 15,481	\$ 12,809	\$ 31,585	\$ 15,975
35,831	46,038	47,217	49,221	41,534	50,707
503	101	223	264	309	8,242
6,307	13,234	13,510	13,862	18,494	6,911
-	18	19	24	573	30
242	278	215	239	229	234
1,051	961	890	1,177	1,889	1,891
5,090	5,059	4,413	4,953	980	5,386
5,361	6,393	32,962	14,807	2,340	18,343
6,035	4,546	7,952	5,957	5,330	961
<u>\$ 73,848</u>	<u>\$ 91,183</u>	<u>\$ 122,882</u>	<u>\$ 103,313</u>	<u>\$ 103,263</u>	<u>\$ 108,680</u>
\$ 33,861	\$ 35,859	\$ 38,933	\$ 41,625	\$ 45,281	\$ 47,295
1,895	1,972	2,120	2,183	12,311	1,840
7,896	8,169	9,032	9,406	11,131	11,388
3,547	3,677	3,803	4,453	4,802	5,428
-	-	-	-	-	-
107	1,521	842	165	44	1,566
<u>6,629</u>	<u>7,870</u>	<u>8,533</u>	<u>16,127</u>	<u>11,400</u>	<u>18,314</u>
<u>53,935</u>	<u>59,068</u>	<u>63,263</u>	<u>73,959</u>	<u>84,969</u>	<u>85,831</u>
<u>\$ 127,783</u>	<u>\$ 150,251</u>	<u>\$ 186,145</u>	<u>\$ 177,272</u>	<u>\$ 188,232</u>	<u>\$ 194,511</u>

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

	FISCAL YEAR			
	2014	2015	2016	2017
Net (Expense)/Revenue				
Governmental Activities	\$ (85,068)	\$ (79,187)	\$ (97,856)	\$ (102,422)
Business-type Activities	1,945	9,581	9,388	7,263
Total Primary Government Net Expense	<u>\$ (83,123)</u>	<u>\$ (69,606)</u>	<u>\$ (88,468)</u>	<u>\$ (95,159)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property Taxes	\$ 59,178	\$ 58,984	\$ 61,572	\$ 62,915
Fuel Taxes	6,089	6,242	8,146	8,722
Sales Taxes	8,029	8,697	9,100	9,337
Other Taxes	1,667	2,530	2,560	2,597
State Shared Revenue	4,428	4,756	4,889	5,102
Investment Earnings	1,475	1,671	1,437	562
Miscellaneous	4,351	1,274	1,378	1,597
Gain on Sale of Capital Assets	28	221	349	205
Extraordinary Item	-	-	-	-
Transfers	(18)	610	(998)	217
Total Governmental Activities	<u>85,227</u>	<u>84,985</u>	<u>88,433</u>	<u>91,254</u>
Business-type Activities:				
Investment Earnings	605	743	701	348
Gain on Sale of Capital Assets	50	46	28	(11)
Miscellaneous	900	864	818	958
Transfers	18	(610)	998	(217)
Total Business-type Activities	<u>1,573</u>	<u>1,043</u>	<u>2,545</u>	<u>1,078</u>
Total Primary Government	<u>\$ 86,800</u>	<u>\$ 86,028</u>	<u>\$ 90,978</u>	<u>\$ 92,332</u>
Change in Net Assets				
Governmental Activities	159	5,798	(9,423)	(11,168)
Business-type Activities	3,518	10,624	11,933	8,341
Total Primary Government	<u>3,677</u>	<u>16,422</u>	<u>2,510</u>	<u>(2,827)</u>

FISCAL YEAR					
2018	2019	2020	2021	2022	2023
\$ (105,627)	\$ (110,103)	\$ (91,620)	\$ (87,704)	\$ (95,400)	\$ (147,746)
7,271	11,287	9,737	23,775	22,612	29,841
<u>\$ (98,356)</u>	<u>\$ (98,816)</u>	<u>\$ (81,883)</u>	<u>\$ (63,929)</u>	<u>\$ (72,788)</u>	<u>\$ (117,905)</u>
\$ 69,647	\$ 72,134	\$ 86,534	\$ 91,910	\$ 98,386	\$ 113,236
8,970	8,872	8,328	8,841	9,016	12,497
9,878	10,241	10,458	12,286	13,501	15,279
2,710	2,454	2,597	2,570	3,276	2,968
5,335	5,601	5,317	6,133	7,775	8,051
532	5,190	4,126	405	(5,488)	10,480
1,682	1,613	4,640	2,936	1,959	1,828
53	-	-	564	1,319	-
-	-	-	-	-	-
154	145	119	(201)	5,525	837
<u>98,961</u>	<u>106,250</u>	<u>122,119</u>	<u>125,444</u>	<u>135,269</u>	<u>165,176</u>
245	3,514	2,610	175	(3,387)	5,786
315	12	47	1,914	(858)	204
1,057	812	676	681	1,163	2,378
(154)	(145)	(119)	201	3,542	(837)
<u>1,463</u>	<u>4,193</u>	<u>3,214</u>	<u>2,971</u>	<u>460</u>	<u>7,531</u>
<u>\$ 100,424</u>	<u>\$ 110,443</u>	<u>\$ 125,333</u>	<u>\$ 128,415</u>	<u>\$ 135,729</u>	<u>\$ 172,707</u>
(6,666)	(3,853)	30,499	37,740	39,869	17,430
8,734	15,480	12,951	26,746	23,072	37,372
<u>2,068</u>	<u>11,627</u>	<u>43,450</u>	<u>64,486</u>	<u>62,941</u>	<u>54,802</u>

**HERNANDO COUNTY, FLORIDA
FUND BALANCE OF GOVERNMENT FUNDS
LAST TEN FISCAL YEARS**

	FISCAL YEAR			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 46	\$ 829	\$ 4,570	\$ 7,503
Restricted	312	142	341	771
Committed	4,812	5,374	5,320	5,717
Assigned	5,712	4,000	3,000	-
Unassigned	12,034	12,992	9,443	6,860
Total General Fund	<u>\$22,916</u>	<u>\$23,337</u>	<u>\$22,674</u>	<u>\$20,851</u>
All other Governmental Funds				
Nonspendable	\$ 78	\$ 65	\$ 57	\$ 51
Restricted	69,625	59,257	59,914	54,225
Committed	1,017	1,140	1,247	1,286
Assigned	9,220	10,164	8,104	15,252
Unassigned	-	-	-	(471)
Total all other Governmental Funds	<u>\$79,940</u>	<u>\$70,626</u>	<u>\$69,322</u>	<u>\$70,343</u>

Table 3

	2018	2019	2020	2021	2022	2023
\$	5,890	\$ 3,909	\$ 1,469	\$ 811	\$ 699	\$ 679
	1,015	1,046	1,676	913	860	15,999
	5,913	7,677	7,052	7,510	10,093	11,985
	28	-	339	4,791	7,460	1,213
	9,760	9,346	48,035	51,771	47,982	62,697
\$	<u>22,606</u>	<u>21,978</u>	<u>58,571</u>	<u>65,796</u>	<u>67,094</u>	<u>92,573</u>
\$	51	\$ 181	\$ 128	\$ 157	\$ 46	\$ 40
	55,439	72,330	81,497	92,823	105,209	130,299
	1,353	1,625	1,823	2,014	2,024	2,227
	12,207	11,864	13,412	14,714	14,829	12,878
	2,643	-	-	-	-	(126)
\$	<u>71,693</u>	<u>86,000</u>	<u>96,860</u>	<u>109,708</u>	<u>122,108</u>	<u>145,318</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			
	2014	2015	2016	2017
Revenue				
Taxes	\$ 66,892	\$ 67,733	\$ 72,115	\$ 74,178
Licenses and Permits	60	390	446	504
Intergovernmental	20,716	23,624	23,916	27,279
Charges for Services	21,034	28,395	26,403	25,585
Fines and Forfeitures	1,692	1,621	1,543	1,540
Special Assessments	19,155	19,140	20,404	21,479
Impact Fees	422	892	1,299	2,733
Interest	1,334	1,460	1,281	486
Miscellaneous	8,535	2,552	2,553	2,428
Total Revenues	\$ 139,840	\$ 145,807	\$ 149,960	\$ 156,212
Expenditures				
Current				
General Government	\$ 18,516	\$ 20,258	\$ 21,271	\$ 21,946
Public Safety	70,449	75,963	78,707	81,327
Physical Environment	966	1,131	1,094	1,144
Transportation	13,500	13,584	14,932	15,720
Economic Environment	1,639	2,298	3,031	3,415
Human Services	8,538	7,043	5,520	5,710
Culture and Recreation	4,316	4,615	4,758	4,852
Court Operations	6,525	6,708	6,585	6,952
Debt Service				
Principal	3,085	2,888	3,854	4,075
Interest and Fiscal Charges	1,078	990	978	975
Capital Outlay	15,663	19,297	13,475	12,268
Total Expenditures	\$ 144,275	\$ 154,775	\$ 154,205	\$ 158,384
Excess of Revenues Over (Under) Expenditures	(4,435)	(8,968)	(4,245)	(2,172)
Other Financing Sources (Uses)				
Transfers In	6,812	6,046	10,989	14,063
Transfers Out	(8,266)	(7,834)	(9,469)	(15,061)
Sale of Capital Assets	-	-	-	-
Additions to Long-Term Debt	1,713	1,864	757	2,368
Total Other Financing Sources (Uses)	259	76	2,277	1,370
Net Change in Fund Balances	(4,176)	(8,892)	(1,968)	(802)
 Debt Service as a Percentage of Noncapital Expenditures	 3.2%	 2.8%	 3.6%	 3.5%

Table 4

FISCAL YEAR						
2018	2019	2020	2021	2022	2023	
\$ 81,305	\$ 83,660	\$ 97,420	\$ 103,329	\$ 111,084	\$ 126,832	
529	625	579	611	610	643	
28,931	29,157	56,962	40,671	38,809	44,516	
29,449	32,234	33,764	36,749	37,816	40,606	
1,732	1,642	1,653	1,764	1,585	1,725	
23,056	36,458	36,730	37,266	38,044	38,821	
3,129	3,176	3,264	4,550	5,052	4,274	
454	4,580	3,732	383	(5,259)	10,480	
2,690	2,975	6,843	4,562	4,550	3,661	
<u>\$ 171,275</u>	<u>\$ 194,507</u>	<u>\$ 240,947</u>	<u>\$ 229,885</u>	<u>\$ 232,291</u>	<u>\$ 271,558</u>	
\$ 23,999	\$ 24,519	\$ 24,113	\$ 27,806	\$ 30,781	\$ 34,603	
86,506	92,621	97,700	102,462	109,531	120,764	
1,188	6,170	7,913	8,161	8,806	9,362	
15,600	15,851	17,215	18,408	20,195	20,719	
2,771	2,478	4,701	5,957	2,320	2,871	
6,094	6,448	6,577	7,670	6,693	7,143	
5,291	5,783	5,482	6,243	6,661	7,015	
7,222	7,490	7,358	7,856	8,057	8,365	
4,185	4,322	4,576	4,964	4,137	4,893	
987	1,035	912	671	732	1,849	
14,878	14,150	17,190	20,395	23,608	36,115	
<u>\$ 168,721</u>	<u>\$ 180,867</u>	<u>\$ 193,737</u>	<u>\$ 210,593</u>	<u>\$ 221,521</u>	<u>\$ 253,699</u>	
2,554	13,640	47,210	19,292	10,770	17,859	
14,640	15,961	16,208	14,480	11,730	3,472	
(15,333)	(16,977)	(17,482)	(19,404)	(12,771)	(1,298)	
53	-	-	-	-		
1,189	1,056	1,516	5,708	3,626	32,262	
549	40	242	784	2,585	30,712	
<u>3,103</u>	<u>13,680</u>	<u>47,452</u>	<u>20,076</u>	<u>13,355</u>	<u>48,571</u>	
3.4%	3.2%	3.1%	3.0%	2.5%	3.1%	

HERNANDO COUNTY, FLORIDA
GENERAL GOVERNMENT STATE SHARED REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(DOLLARS EXPRESSED IN THOUSANDS)

Fiscal Year	Local Government Half-Cent Sales Tax	State Revenue Sharing Proceeds	Constitutional Fuel Tax	County Fuel Tax	Local Option 1 - 6 cents	State Housing Initiative Partnership	Other Revenues
2014	\$ 8,000	\$ 4,063	\$ 1,701	\$ 734	\$ 4,143	\$ -	\$ -
2015	8,647	4,392	1,724	756	4,257	864	-
2016	9,099	4,519	1,780	787	4,571	878	-
2017	9,306	4,735	1,836	808	4,594	1,167	-
2018	9,823	4,971	1,880	826	4,753	796	237
2019	10,113	5,224	1,947	843	4,754	360	237
2020	10,334	4,913	1,747	758	4,402	404	237
2021	12,179	5,726	1,848	809	4,727	555	237
2022	13,501	7,369	1,949	850	4,830	2,050	237
2023	14,104	7,814	1,967	875	5,099	619	237

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

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

Tax Roll Year	Fair Market ^{(a)(i)}		Assessed Value ^{(b)(i)}		Exemptions ^{(c)(i)}		Taxable Value ^{(d)(i)}				Total Direct Tax Rate ^(e)
	Real Property ^(f)	Personal Property ^(g)	Real Property ^(f)	Personal Property ^(g)	Real Property ^(f)	Personal Property ^(g)	Real Property ^(f)	Personal Property ^(g)	Centrally Assessed ^(h)	Total	
2014	\$ 10,349,863	\$ 1,606,000	\$ 9,531,618	\$ 1,604,589	\$ 3,350,771	\$ 608,798	\$ 6,180,847	\$ 995,791	\$ 7,842	\$ 7,184,480	8.4775
2015	10,800,268	1,585,644	9,795,639	1,584,744	3,403,429	600,482	6,392,210	984,263	7,869	7,384,342	8.5941
2016	11,208,262	1,703,765	10,044,161	1,703,015	3,473,220	596,852	6,570,941	1,106,163	8,326	7,685,431	8.5942
2017	12,247,949	1,834,656	10,572,795	1,766,495	3,555,440	600,848	7,017,354	1,165,647	7,483	8,190,484	8.9692
2018	13,300,360	1,846,816	11,165,701	1,776,293	3,646,183	601,446	7,519,519	1,174,846	7,926	8,702,291	8.7342
2019	15,210,973	1,721,661	11,880,508	1,693,762	3,780,811	609,861	8,099,697	1,083,901	7,694	9,191,292	9.7344
2020	16,567,712	1,766,669	12,807,078	1,739,675	3,963,063	612,477	8,844,015	1,127,198	9,594	9,980,807	9.4844
2021	17,656,641	1,817,025	13,794,061	1,790,065	4,121,443	608,847	9,672,619	1,181,218	9,948	10,863,785	9.3844
2022	24,884,232	1,883,804	16,033,070	1,857,269	4,413,228	617,692	11,619,842	1,239,577	10,937	12,870,356	8.9344
2023	28,928,102	2,059,565	18,217,430	2,026,581	4,777,494	639,703	13,439,935	1,386,878	11,185	14,837,998	8.6429

(a) Florida law requires that 'Just Value' of all property be determined each year. The Florida Supreme Court has declared Just Value to be legally synonymous to Full Cash Value and Fair Market Value. The Just Value or Fair Market Value is the amount it could sell for in a competitive open market, assuming that the buyer and seller both acted knowledgeably and without duress.

(b) Assessed value is different than just/market value for those properties that have assessment limitations on them. Examples of assessment limitations include Save our Homes (SOH) limitation for homestead properties, "greenbelt" for properties which have an agricultural use classification, and pollution control devices.

(c) There are a number of property tax exemptions which include, but are not limited to; homestead, widow/widowers, blind, disabled, veterans, government and institutional.

(d) Taxable value is the resulting value after all applicable exemptions have been deducted from the assessed value of the property. The taxable value is what the millage rates are applied to develop the ad valorem property tax.

(e) Total Direct Tax Rate is the weighted average of the direct rates in each area. See Schedule 7, "Direct and Overlapping Property Tax Rates" for more information.

(f) Real Property means land, buildings, fixtures, and all other improvements to land.

(g) Personal Property commonly known as Tangible Personal Property (TPP) is defined as furniture, fixtures and equipment used in the operation of a business.

(h) Centrally assessed property are the railroad tracks and train cars which cross county lines and are assessed by the Florida Department of Revenue who provide the assessed values to the respective Property Appraiser. No exemptions are applicable to Centrally Assessed Properties.

(i) The year previous to current year may be restated due to changes made subsequent to release of previous year's values.

Data represents the tax roll for the year effective January 1 of the year reflected, billed in October of that year, and is collected to support the fiscal year beginning in that year.

Source: Hernando County Property Appraiser

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
DIRECT RATES^(a)										
Countywide										
Hernando County Government:										
General Fund	6.9912	6.9912	6.9912	6.8912	6.8912	7.8912	7.6412	7.4412	6.9912	6.6997
Special Revenue										
Transportation Trust Fund	0.7091	0.7091	0.7091	0.7091	0.7091	0.7091	0.7091	0.8091	0.8091	0.8091
Health Department	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102
Total Countywide	<u>7.8105</u>	<u>7.8105</u>	<u>7.8105</u>	<u>7.7105</u>	<u>7.7105</u>	<u>8.7105</u>	<u>8.4605</u>	<u>8.3605</u>	<u>7.9105</u>	<u>7.6190</u>
Maximum Allowed ^(b)	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>
Other										
Hernando County Government:										
Municipal Services Taxing Units										
Stormwater Management Program	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139
Emergency Medical Services	0.5534	0.6700	0.6700	0.6700	0.9100	0.9100	0.9100	0.9100	0.9100	0.9100
Fire Services	-	-	-	0.5000	-	-	-	-	-	-
Total Other	<u>0.6673</u>	<u>0.7839</u>	<u>0.7839</u>	<u>1.2839</u>	<u>1.0239</u>	<u>1.0239</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>	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>	<u>10.0000</u>
Total Direct Tax Rates^(c)	<u>8.4775</u>	<u>8.5941</u>	<u>8.5942</u>	<u>8.9692</u>	<u>8.7342</u>	<u>9.7344</u>	<u>9.4844</u>	<u>9.3844</u>	<u>8.9344</u>	<u>8.6429</u>
OVERLAPPING RATES^(d)										
Countywide										
School Board	7.1670	7.1960	6.8690	6.6190	6.3400	6.1630	5.9130	6.7770	6.5250	6.3400
Southwest Florida Water Management District	0.3658	0.3488	0.3317	0.3131	0.2955	0.2801	0.2669	0.2535	0.2260	0.2043
Not Countywide										
Municipalities										
City of Brooksville	6.6962	6.6439	6.6426	6.9763	6.2000	6.2000	5.9000	5.9000	5.9000	5.9000
City of Weeki Wachee	2.6237	2.7622	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

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

Taxpayer	Type of Business	2023			2014		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Cemex, Inc.	Manufacturing	\$ 321,021	1	2.16%	\$ 284,834	1	3.96%
Withlacoochee River Electric Co-op	Electric Utility	249,864	2	1.68%	176,804	2	2.46%
Wal-Mart Regional Distribution	Distribution	118,167	3	0.80%	115,458	3	1.61%
Duke Energy	Electric Utility	114,313	4	0.77%	74,457	4	1.04%
HCA Health Services of Florida, Inc.	Hospital/Health Care	83,581	5	0.56%	46,813	6	0.65%
BW Hibiscus Springs LLC	Apartments	61,569	6	0.41%			
Wal-Mart Stores, Inc.	Retail Sales	57,430	7	0.39%			
Florida Gas Transmissions	Utility	46,848	8	0.32%	49,076	5	0.68%
Oak Hill Community Hospital	Hospital	42,952	9	0.29%			
Wal-Mart Stores East LP	Retail Sales	35,360	10	0.24%			
Bright House Networks	Cable Utility				31,323	8	0.44%
AT&T Telecommunications	Telecommunications				42,575	7	0.59%
Millennium Venture Limited	Senior Care				22,280	9	0.31%
MIS SCV LLC	Apartments				21,984	10	0.31%
Totals		<u>\$ 1,131,105</u>		<u>7.62%</u>	<u>\$ 865,604</u>		<u>12.05%</u>

Source: Hernando County Property Appraiser

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

Fiscal Year Ended September 30	Certified Taxes Levied for the Fiscal Year ^{(a) (d)}	Certificates of Correction by Property Appraiser ^(e)	Adjusted Taxes Levied for the Fiscal Year ^(a)	Collected Within the Fiscal year of the Levy ^(b)				Prior Year Taxes Collected ^(c)	Total Taxes Collected	
				Levied Collections	Discounts/ Penalties	Adjusted Collections	Percentage Collected		Amount	Percentage Collected
				2014	\$ 83,274	\$ (204)	\$ 83,070		\$ 82,776	\$ (2,531)
2015	85,321	(419)	84,902	84,555	(2,629)	81,926	96.49%	229	82,155	96.76%
2016	88,933	(112)	88,821	88,485	(2,778)	85,707	96.49%	403	86,110	96.95%
2017	92,969	(161)	92,808	91,320	(2,890)	88,430	95.28%	451	88,881	95.77%
2018	101,714	(120)	101,594	99,973	(3,189)	96,784	95.27%	231	97,015	95.49%
2019	118,155	(116)	118,039	116,432	(3,715)	112,717	95.49%	107	112,824	95.58%
2020	132,568	(152)	132,416	132,321	(4,266)	128,055	96.71%	199	128,254	96.86%
2021	138,406	(105)	138,301	138,149	(4,585)	133,564	96.57%	168	133,732	96.70%
2022	147,864	(208)	147,656	147,545	(4,969)	142,576	96.56%	149	142,725	96.66%
2023	161,913	(997)	160,916	161,216	(5,952)	155,264	96.49%	273	155,537	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.
- (f) Fiscal Year 2023 includes a tax software transition. Data has been provided from both systems.

Source: Hernando County Tax Collector

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

Fiscal Year Ended September 30	Governmental Activities				Business-Type Activities			Total Primary Government	Debt as a Ratio to Personal Income ^(b)	Debt Per Capita
	Revenue and Revenue Refunding Bonds ^(a)	Notes Payable	Financed Purchase Obligations	Leases Payable	Water and Sewer Revenue Bonds ^(a)	Notes Payable	Leases Payable			
2014 ^(c)	\$ 6,983	\$30,900	\$ 217	\$ -	\$ 40,666	\$23,196	\$ -	\$ 101,962	1.79%	\$ 583
2015	5,209	31,665	54	-	38,337	40,540	-	115,805	1.92%	655
2016	3,964	29,852	-	-	35,949	57,739	-	127,504	2.00%	712
2017	2,691	30,413	-	-	33,465	57,955	-	124,524	1.87%	679
2018	2,345	30,789	-	-	30,901	55,047	-	119,082	1.69%	642
2019	1,993	27,135	-	-	28,228	52,193	-	109,549	1.48%	574
2020	1,622	27,009	823	-	26,852	49,274	-	105,580	1.28%	549
2021	1,240	27,561	451	-	70,779	833	-	100,864	1.09%	513
2022	844	24,287	342	4,791	67,063	637	865	98,829	1.10%	496
2023	32,644	23,983	-	4,756	62,547	432	-	124,362	1.36%	609

(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.

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

Fiscal Year Ended September 30	Revenue and Revenue Refunding Bonds	Less: Amounts Available in Debt Service Fund	Net General Bonded Debt	Percentage of Taxable Value of Property^(a)	General Debt Per Capita^(b)
2014	\$ 6,983	\$ 658	\$ 6,325	0.09%	\$ 40
2015	5,209	82	5,127	0.07%	29
2016	3,964	22	3,942	0.05%	22
2017	2,691	24	2,667	0.03%	15
2018	2,345	9	2,336	0.03%	13
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

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

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

**HERNANDO COUNTY, FLORIDA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT**

Government Unit	Payable from Ad Valorem Taxes	Non-Self- Supporting Revenue Debt	Estimated Percentage Applicable	Amount Applicable to Primary Government
SCHOOL BOARD^(a)				
State Board of Education Bonds, Series 2014A Refunding	\$ -	\$ 101,000		
State Board of Education Bonds, Series 2020A Refunding	-	563,000		
Bonds Payable-Unamortized Premium		123,414		
Certificates of Participation, Series 2016A	-	82,190,000		
Certificates of Participation - Unamortized Premium	-	7,509,838		
Capital Improvement Bonds - 2020 Series Refunding		3,225,000		
Capital Improvement Bonds - Unamortized Premium		241,562		
Total School Board	<u>\$ -</u>	<u>\$ 93,953,814</u>	100%	<u>\$ 93,953,814</u>
CITY OF BROOKSVILLE				
USDA Loan	\$ -	\$ 94,000		
Florida Capital Improvement Revenue Note, Series 2011	-	919,372		
Patch Truck Loan		44,819		
USDA Fire Truck Loan		60,634		
2021 Mini Pumper Loan		274,881		
DPW Building		3,316,430		
Total City of Brooksville	<u>\$ -</u>	<u>\$ 4,710,136</u>	5%	<u>\$ 235,507</u>
Subtotal Overlapping Debt	<u>\$ -</u>	<u>\$ 98,663,950</u>		<u>\$ 94,189,321</u>
COUNTY BOARD				
Non-revolving line of credit draws	\$ -	\$ 8,605,875		
Non-Ad Valorem Refunding Revenue Bonds, Series 2010	-	425,000		
Non-Ad Valorem Refunding Revenue Note, Series 2012	-	7,266,000		
Non-Ad Valorem Revenue Bonds, Series 2022	-	31,285,000		
Hernando County, Florida Direct Debt	<u>\$ -</u>	<u>\$ 47,581,875</u>	100%	<u>47,581,875</u>
Total Direct and Overlapping Debt	<u>\$ -</u>	<u>\$ 146,245,825</u>		<u>\$ 141,771,196</u>

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

(a) Outstanding debt obligations for Hernando County School Board at June 30, 2023.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF NON-AD VALOREM DEBT COVERAGE
NON-AD VALOREM REFUNDING REVENUE BONDS, SERIES 2010,
NON-AD VALOREM REFUNDING REVENUE NOTE, SERIES 2012, AND
NON-AD VALOREM REVENUE BOND, SERIES 2022
LAST TEN FISCAL YEARS
(DOLLARS EXPRESSED IN THOUSANDS)

Fiscal Year Ended September 30	Gross Revenues^(a)	Expenditures^(b)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2014	\$ 34,209	\$ -	\$ 34,209	\$ 310	\$ 761	\$ 1,071	31.94
2015	33,869	-	33,869	557	749	1,306	25.93
2016	34,711	-	34,711	1,935	720	2,655	13.07
2017	34,003	-	34,003	1,986	667	2,653	12.82
2018	36,328	-	36,328	2,997	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 ^(c)	52,652	-	52,652	2,332	1,718	4,050	13.00

(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 Ended September 30	Gross Revenues ^(a)	Expenses ^(b)	Net Revenue Available for Debt Service	Connection Fees	Pledged Funds ^(c)	Debt Service Requirements			Coverage
						Principal ^(e)	Interest ^(d)	Total	
2014	\$ 27,270	\$ 15,617	\$ 11,653	\$ 1,379	\$ 13,032	\$ 2,015	\$ 1,525	\$ 3,540	3.68
2015	29,089	16,062	13,027	1,384	14,411	2,150	1,652	3,802	3.79
2016	31,925	17,805	14,120	2,178	16,298	2,210	1,590	3,800	4.29
2017	34,461	17,863	16,598	2,113	18,711	2,305	1,507	3,812	4.91
2018	34,739	19,276	15,463	2,269	17,732	2,563	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	36,215	14,198	4,076	18,274	4,000	1,937	5,937	3.08

(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**

Fiscal Year	Population ^(a)				Permanent Households ^(a)	Personal Income Per Capital ^{(c)(f)}	Total Personal Income ^{(c)(f)} (in thousands)	Median Age ^(b)	Citizens With a Bachelors Degree ^(b)	Public School Enrollment ^(d)	Unemployment Rate ^(e)
	City of Brooksville	City of Weeki Wachee	Unincorporated Hernando County	Total							
2014	7,687	5	167,263	174,955	72,492	\$ 32,324	\$ 5,684,266	48.5	14.9%	21,470	8.1%
2015	7,780	5	169,034	176,819	72,951	33,098	6,033,940	48.0	15.5%	21,421	6.5%
2016	8,006	5	171,492	179,503	73,402	34,899	6,371,015	48.4	15.7%	21,613	6.2%
2017	8,074	9	173,799	181,882	75,883	35,601	6,649,676	49.0	16.0%	22,153	4.3%
2018	8,410	9	177,185	185,604	77,493	36,878	7,038,712	48.9	17.1%	23,615	4.3%
2019	8,661	9	179,688	188,358	78,718	38,223	7,412,217	49.1	17.5%	23,770	3.6%
2020	8,983	9	183,194	192,186	80,375	41,385	8,226,932	47.4	12.0%	22,185	5.9%
2021	9,165	-	187,375	196,540	80,484	46,080	9,245,435	48.0	12.6%	23,415	4.2%
2022	9,481	-	189,726	199,207	81,503	45,456	8,965,617	50.0	12.8%	24,058	3.2%
2023	9,566	-	194,699	204,265	83,399	45,456	9,174,184	47.9	14.3%	23,624	4.2%

(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.

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

Employer	Type of Operation	2023			2014		
		Employees	%	Rank	Employees	%	Rank
Oak Hill Hospital	Healthcare	1,800	2.35	1	1,136	1.93	1
Walmart Distribution Center	Distribution Center	1,027	1.34	2	1,020	1.73	2
Bravera Health (formerly Bayfront Health)	Healthcare	1,018	1.33	3	965	1.64	3
Healthsouth	Healthcare	355	0.46	4	288	0.49	4
Barrette Outdoor Living	Supplier	350	0.46	5	-	-	0
Cemex	Manufacturer	250	0.33	6	240	0.41	6
HPH Hospice	Healthcare	221	0.29	7	181	0.31	8
Micro-Matic	Supplier	205	0.27	8	-	-	0
Accuform Signs, Inc.	Manufacturer	194	0.25	9	274	0.47	5
Sparton Electronics	Manufacturer	135	0.18	10	215	0.37	7
Suntrust Bank		-	-		85	0.14	9
Withlacoochee River Electric Coop		-	-		80	0.14	10
	Totals	<u>5,555</u>	<u>7.26</u> %		<u>4,484</u>	<u>7.63</u> %	
	Total Employment of Hernando County	<u><u>76,457</u></u>			<u><u>58,867</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

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**HERNANDO COUNTY, FLORIDA
COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
General Government	227	225	237	244	247	236	249	251	263	284
Public Safety	773	776	782	782	791	859	859	890	917	946
Physical Environment	7	7	8	8	1	1	1	1	1	2
Transportation	92	93	92	96	93	90	94	97	97	101
Economic Environment	7	8	10	10	10	9	9	8	8	11
Human Services	21	20	19	21	23	21	21	23	23	24
Culture and Recreation	66	63	63	70	66	61	62	61	61	80
Courts	88	85	78	83	79	81	77	77	77	77
Business-Type Activities										
Airport	5	4	4	4	4	6	6	5	4	9
Water and Wastewater	139	134	132	131	134	136	136	134	134	150
Business Development	28	27	27	31	34	34	35	41	42	46
Solid Waste	28	33	32	32	31	30	32	33	31	41
Total	1,481	1,475	1,484	1,512	1,513	1,564	1,581	1,621	1,658	1,771

Source: Hernando County Department of Financial Services.

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

Function	2014	2015	2016	2017
General Government				
Number of public programs broadcast	206	190	196	288
Number of employee records managed	772	771	782	795
Public Safety				
Total incidents responded to (HCFR)	26,254	28,951	30,496	31,704
Number of emergency citizen volunteers	79	27	431	0
Number of building permits issued	11,104	12,048	12,525	12,370
Physical Environment				
Extension Classes/programs	20,172	29,730	32,267	30,770
Transportation				
Number of signals maintained	88	85	85	86
Number of lane miles of roads re-surfaced	36	42	39	8
Economic Environment				
Number of sucessful business projects	9	8	8	3
Number of veteran clients served	6,918	7,916	8,909	6,141
Human Services				
Animals impounded	2,923	2,950	2,725	3,143
Number of human service requests processed	9,099	10,789	6,285	9,558
Culture and Recreation				
Registered library card holders	102,910	109,366	116,994	122,503
Number of participants in the County Recreation programs	17,955	20,045	22,049	24,790
Court Operations				
Number of judicial cases managed	64,290	53,796	51,869	66,156
Water and Sewer				
Water consumption in millions of gallons a day	16.8	16.7	17.7	18.8
Average number of water accounts	57,376	58,251	58,281	59,952
Number of meter reads	740,748	719,986	751,440	773,101
Aviation Operations				
Number of airport & industrial park leases	141	138	133	173
Waste Management				
Total tons landfilled	114,370	117,230	122,259	127,047
Tons of Convenience Center waste Collected	6,161	6,945	7,814	7,968
Tons of recyclables collected & processed	11,976	11,839	11,685	10,815

Source: Various County Departments.

Table 18

2018	2019	2020	2021	2022	2023
233	230	196	133	98	122
783	784	777	801	801	816
32,023	30,772	31,646	37,727	38,064	38,752
22	7	0	8	19	18
14,622	14,725	15,790	19,575	21,580	19,905
37,798	40,905	51,938	54,858	41,030	39,842
88	88	89	89	92	97
72	11	15	15	0	38
1	2	4	2	1	3
8,418	10,030	3,800	3,453	4,028	3,834
2,867	3,156	2,318	2,232	2,682	2,896
7,843	6,685	7,065	7,452	7,517	5,469
110,813	101,723	92,940	95,172	80,236	78,317
23,596	31,516	4,848	5,808	21,890	20,753
61,550	59,204	52,225	56,742	56,754	62,217
18.3	18.8	19.5	19.8	20.5	21.6
62,756	61,425	63,226	63,910	64,631	66,126
778,212	787,143	793,812	802,722	817,963	819,606
184	190	188	190	193	193
131,425	130,683	137,799	149,024	160,636	142,065
7,986	7,270	8,031	8,632	10,405	7,976
10,069	10,088	10,541	10,747	8,740	8,281

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

Function/Program	2014	2015	2016	2017
General Government				
Number of buildings	160	165	169	177
Fleet Vehicles	423	403	378	392
Public Safety				
Sheriff's patrol vehicles:	324	325	336	348
Radio Towers	5	5	4	4
Transportation				
Lane miles	2,407	2,457	2,492	2,516
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	14	14	13
Boat ramps (lanes)	16	16	16	8
Picnic shelters	190	190	190	190
Number of libraries/branches	5	5	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)	2,704,818	2,452,353	2,435,065	2,059,982
Water				
Trans & dist lines (miles)	1,232	1,232	1,232	1,709
Maximum daily storage capacity (million gallons)	19.08	19.08	19.78	19.78
Number of meters in service	57,376	58,251	58,281	63,139
Sewer				
Number of pumping or lift stations	301	301	301	307
Collection & Trans lines (miles)	501	501	513	515
Reclaimed water trans & dist lines (miles)	4.30	4.30	4.30	4.30
Number of manholes	6,952	7,106	7,165	7,200

Source: Various County Departments.

Table 19

2018	2019	2020	2021	2022	2023
176	160	159	158	159	158
398	421	432	412	428	444
365	376	391	391	391	346
4	4	4	4	4	4
2,556	2,771	2,776	2,795	2,795	2,798
340	340	340	340	340	340
1,206	1,206	1,206	1,206	1,206	1,206
30	30	30	30	30	30
13	12	12	12	12	12
8	8	8	8	8	8
190	190	192	192	192	192
4	4	4	4	4	4
2	2	2	2	2	2
12,000	12,000	12,000	12,000	11,200	11,200
2,400	2,400	2,400	2,400	2,400	2,400
6,601,544	6,601,544	6,601,544	6,601,544	6,008,640	6,008,660
1,878,573	1,701,456	1,512,854	1,309,446	1,080,970	883,652
1,096	1,019	1,070	1,070	1,082	1,089
19.78	19.77	19.77	19.77	19.07	19.75
62,756	61,425	65,008	65,592	69,252	68,778
298	299	310	312	314	314
507	515	515	518	521	530
4.30	2.09	14.60	14.60	14.60	8.25
7,200	7,300	7,300	7,300	7,420	7,420

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

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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hernando County, Florida (the "County") as of and for the year ended September 30, 2023, 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 25, 2024.

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Board of County Commissioners
Hernando County, Florida

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*.

We have issued a management letter to the Board of County Commissioners, Hernando County, Florida, dated June 25, 2024, presenting certain required disclosures and comments pursuant to the Chapter 10.550, *Rules of the Auditor General*.

Purpose of this Report

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

MSL, P.A.

Certified Public Accountants

Tampa, Florida
June 25, 2024



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER
COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE REQUIRED BY THE UNIFORM GUIDANCE
AND CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL***

Honorable Board of County Commissioners
Hernando County, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the compliance of Hernando County, Florida (the “County”) with the types of compliance requirements described in the U.S. Office of Management and Budget (“OMB”) *Compliance Supplement* and the requirements described in the 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 year ended September 30, 2023. The County’s major federal programs and 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 state projects for the year ended September 30, 2023.

Basis for Opinion for Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 and the Uniform Guidance 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 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 generally accepted auditing standards, *Government Auditing Standards*, and 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 state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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, *Rules 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.

Report on Internal Control over Compliance (Continued)

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 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. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 25, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for the purposes of additional analysis, as required by the Uniform Guidance, Chapter 69I-5, *Schedule of Expenditures of State Financial Assistance*, Rules of the Department of Financial Services, and Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
June 25, 2024

HERNANDO COUNTY, FLORIDA
Schedule of Federal Awards and State Financial Assistance
Year Ended September 30, 2023

Federal/State/Pass Through Grantor Grant Program Name	Assistance Listing	Grant ID	Expenditures
DEPARTMENT OF JUSTICE			
Direct			
Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738	15PBJA-21-GG-01388-JAGX	1,324
Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738	15PBJA-22-GG-02580-JAGX	38,226
Pass Through			
FLORIDA DEPARTMENT OF LAW ENFORCEMENT			
Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738	8C122	42,072
Subtotal AL 16.738			<u>81,622</u>
Direct			
Equitable Sharing Program/Federal Forfeitures	16.922	FL0270000	247,631
<i>Total DEPARTMENT OF JUSTICE</i>			<u>329,253</u>
DEPARTMENT OF TRANSPORTATION			
Highway Safety Cluster:			
Pass Through			
FLORIDA DEPARTMENT OF TRANSPORTATION			
State & Community Highway Safety	20.600	G2F44	53,626
Total Highway Safety Cluster (AL 20.600)			<u>53,626</u>
Direct			
Airport Improvement Program	20.106	3-12-0008-024-2020	1,337,523
Airport Improvement Program	20.106	3-12-0008-026-2021; ACRGP	5,223
Airport Improvement Program	20.106	3-12-0008-027-2021	899,381
Airport Improvement Program	20.106	3-12-0008-028-2022; ARPA	59,000
Subtotal AL 20.106			<u>2,301,127</u>
Pass Through			
FLORIDA DEPARTMENT OF TRANSPORTATION			
Highway Planning & Construction- Federal Aid Highway Program (PL)	20.205	G2774; FPN 493335-4-14-01	693,679
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G2701; FPN 441107-1-38-01/02	18,078
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G2700; FPN 441103-1-38-01-02	13,559
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G1L10; FPN 436712-58/68-01/02	13,211
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G1U02; FPN 437484-1-38-01/02	829
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G2153; FPN 439509-1-58/68-01/02	9,175
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G2472; FPN 438651-1-38-01/02	77,240
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G2681; FPN 439508-1-58/68-01/02	827,814
Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G2L29; FPN 437484-1-58/68-01/02	1,399
Subtotal AL 20.205			<u>1,654,984</u>
Pass Through			
FLORIDA DEPARTMENT OF TRANSPORTATION			
Metropolitan Transportation Planning (Section 5305d)	20.505	G1W20; FPN 401983-1-14-21	7,318
Metropolitan Transportation Planning (Section 5305d)	20.505	G2249; FPN 401983-1-14-22	87,211
Subtotal AL 20.505			<u>94,529</u>
Federal Transit Cluster:			
Direct			
Urbanized Area Formula Program (Section 5307)	20.507	FL-2018-031; X970	70,780
Urbanized Area Formula Program (Section 5307)	20.507	FL-2018-105; X998	392,360
Urbanized Area Formula Program (Section 5307)	20.507	FL-2019-082; Y037	42,774
Urbanized Area Formula Program (Section 5307)	20.507	FL-2020-118; Y105	28,547
Urbanized Area Formula Program (Section 5307)	20.507	FL-2020-092; Y091 (CARES)	2,080,036
Urbanized Area Formula Program (Section 5307)	20.507	FL-2021-082; Y149	1,137,177
Urbanized Area Formula Program (Section 5307)	20.507	FL-2022-033; Y177 (ARPA)	112,578
Subtotal AL 20.507			<u>3,864,252</u>
Total Federal Transit Cluster (AL 20.507)			<u>3,864,252</u>
Pass Through			
FLORIDA DEPARTMENT OF TRANSPORTATION			
Formula Grants for Rural Areas (Section 5311)	20.509	G1H25; FPN 401982-2-84-20	43,732
Formula Grants for Rural Areas (Section 5311)	20.509	G1W00; FPN 401982-1-84-21	82,939
Formula Grants for Rural Areas (Section 5311)	20.509	G2401; FPN 401982-1-84-22	12,630
Subtotal AL 20.509			<u>139,301</u>

HERNANDO COUNTY, FLORIDA
Schedule of Federal Awards and State Financial Assistance
Year Ended September 30, 2023

Federal/State/Pass Through Grantor Grant Program Name	Assistance Listing	Grant ID	Expenditures	
<i>Total</i>	<i>DEPARTMENT OF TRANSPORTATION</i>		<u>8,107,819</u>	
DEPARTMENT OF TREASURY				
Direct	Gulf Restore- Direct Component	21.015	1RDCGR110034-01-00	43,921
	Gulf Restore- Direct Component	21.015	1RDCGR110125-01-00	208,035
	Subtotal AL 21.015			<u>251,956</u>
Direct	Equitable Sharing Program	21.016	FL0270000	2
Direct	Coronavirus State & Local Fiscal Recovery Funds	21.027	SLT-1502	5,610,791
Pass Through	FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION Coronavirus State & Local Fiscal Recovery Funds	21.027	WG049	416,895
	Coronavirus State & Local Fiscal Recovery Funds	21.027	WG026	44,641
	Subtotal AL 21.027			<u>6,072,327</u>
Direct	Local Assistance & Tribal Consistency Fund	21.032	LATCF-1545	8,450
<i>Total</i>	<i>DEPARTMENT OF TREASURY</i>			<u>6,332,735</u>
GULF COAST ECOSYSTEM RESTORATION COUNCIL				
Pass Through	<i>THE GULF CONSORTIUM</i> Oil Spill Impact Program	87.052	200110141.01; GNTSP20FL0110	133,025
<i>Total</i>	<i>GULF COAST ECOSYSTEM RESTORATION COUNCIL</i>			<u>133,025</u>
ELECTION ASSISTANCE COMMISSION				
Pass Through	FLORIDA DEPARTMENT OF STATE- DIVISION OF ELECTIONS Help America Vote Act (HAVA) Election Security Grants	90.404	23.e.es.100.026	101,167
<i>Total</i>	<i>ELECTION ASSISTANCE COMMISSION</i>			<u>101,167</u>
DEPARTMENT OF HEALTH & HUMAN SERVICES				
Direct	Substance Abuse & Mental Health Service Administration (SAMHSA)	93.243	5H79TI081928-04	201,873
	Substance Abuse & Mental Health Service Administration (SAMHSA)	93.243	5H79TI081928-05	111,511
	Subtotal AL 93.243			<u>313,384</u>
Pass Through	FLORIDA DEPARTMENT OF REVENUE Child Support Enforcement	93.563	C0C27	217,965
<i>Total</i>	<i>DEPARTMENT OF HEALTH & HUMAN SERVICES</i>			<u>531,349</u>
DEPARTMENT OF HOMELAND SECURITY				
Pass Through	FLORIDA DIVISION OF EMERGENCY MANAGEMENT Disaster Grants - Public Assistance	97.036	Z2205	171,856
Pass Through	FLORIDA DIVISION OF EMERGENCY MANAGEMENT HAZARD MITIGATION GRANT PRG (HMGP)	97.039	H0359; 4337-148-R	176,212
	HAZARD MITIGATION GRANT PRG (HMGP)	97.039	H0454; 4337-074-R	52,199
	Subtotal AL 97.039			<u>228,411</u>

HERNANDO COUNTY, FLORIDA
Schedule of Federal Awards and State Financial Assistance
Year Ended September 30, 2023

Federal/State/Pass Through Grantor Grant Program Name	Assistance Listing	Grant ID	Expenditures
Pass Through FLORIDA DIVISION OF EMERGENCY MANAGEMENT Emergency Management Performance Grant	97.042	G0431	81,250
<i>Total DEPARTMENT OF HOMELAND SECURITY</i>			<u>481,517</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 16,016,865</u>
FLORIDA EXECUTIVE OFFICE OF THE GOVERNOR			
Emergency Management Program (EMPA)	31.063	A0297	\$ 64,787
Emergency Management Program (EMPA)	31.063	A0357	17,250
Subtotal CSFA 31.063			<u>82,037</u>
<i>Total FLORIDA EXECUTIVE OFFICE OF THE GOVERNOR</i>			<u>82,037</u>
FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION			
Statewide Water Quality Restoration Projects	37.039	LPF2701	1,442,213
Statewide Water Quality Restoration Projects	37.039	LPA0109	495,527
Subtotal CSFA 37.039			<u>1,937,740</u>
<i>Total FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</i>			<u>1,937,740</u>
FLORIDA DEPARTMENT OF COMMERCE			
Growth Management Implementation	40.024	P0452	102,000
Economic Development Grant Program	40.043	G0081	267,159
<i>Total FLORIDA DEPARTMENT OF COMMERCE</i>			<u>369,159</u>
FLORIDA HOUSING FINANCE CORPORATION			
State Housing Initiatives Partnership Program (SHIP)	40.901	2017/2018	10,000
State Housing Initiatives Partnership Program (SHIP)	40.901	2019/2020	57,545
State Housing Initiatives Partnership Program (SHIP)	40.901	2020/2021	284,877
State Housing Initiatives Partnership Program (SHIP)	40.901	2021/2022	236,241
State Housing Initiatives Partnership Program (SHIP)	40.901	2022/2023	15
Subtotal CSFA 40.901			<u>588,678</u>
<i>Total FLORIDA HOUSING FINANCE CORPORATION</i>			<u>588,678</u>
FLORIDA DEPARTMENT ARGICULTURE & CONSUMER SERVICES			
Mosquito Control	42.003	28451	\$ 22,330
<i>Total FLORIDA DEPARTMENT ARGICULTURE & CONSUMER SERVICES</i>			<u>22,330</u>
FLORIDA DEPARTMENT OF FINANCIAL SERVICES			
Local Government Fire Service Grants	43.009	FM450	47,534
<i>Total FLORIDA DEPARTMENT OF FINANCIAL SERVICES</i>			<u>47,534</u>

HERNANDO COUNTY, FLORIDA
Schedule of Federal Awards and State Financial Assistance
Year Ended September 30, 2023

Federal/State/Pass Through Grantor Grant Program Name	Assistance Listing	Grant ID	Expenditures
FLORIDA DEPARTMENT OF STATE			
State Aid to Libraries	45.030	20-ST-19	85,226
State Aid to Libraries	45.030	21-ST-19	130,999
State Aid to Libraries	45.030	22-ST-19	411,608
Subtotal CSFA 45.030			<u>627,833</u>
Total		<i>FLORIDA DEPARTMENT OF STATE</i>	<u>627,833</u>
DEPARTMENT OF EDUCATION & COMMISSIONER OF EDUCATION			
Coach Aaron Feis Guardian Program	48.140	01B-90210-2D001	141,214
Total		<i>DEPARTMENT OF EDUCATION & COMMISSIONER OF EDUCATION</i>	<u>141,214</u>
FLORIDA DEPARTMENT OF TRANSPORTATION			
Commission for Transportation Disadvantaged Planning Grant	55.002	G2946	19,429
Commission for Transportation Disadvantaged Planning Grant	55.002	G2924	13,853
Commission for Transportation Disadvantaged Planning Grant	55.002	G2I90	9,103
Commission for Transportation Disadvantaged Planning Grant	55.002	G2I76	8,783
Subtotal CSFA 55.002			<u>51,168</u>
Aviation Development Grants	55.004	G1O95; FPN 438514-1-94-01	1,207
Aviation Development Grants	55.004	G1U46; FPN 444468-1-94-01	53,710
Aviation Development Grants	55.004	G2440; FPN 450402-1-94-01	14,182
Aviation Development Grants	55.004	G2I03; FPN 452521-1-94-01	18,484
Subtotal CSFA 55.004			<u>87,583</u>
Public Transit Block Program	55.010	G1571; FPN 408104-1-84-19	98,953
Public Transit Block Program	55.010	G1H26; FPN 408104-1-84-20	6,573
Subtotal CSFA 55.010			<u>105,526</u>
Local Transportation Projects	55.039	G1G22; FPN 445742-1-94-01	61,449
Total		<i>FLORIDA DEPARTMENT OF TRANSPORTATION</i>	<u>305,726</u>
FLORIDA DEPARTMENT OF HEALTH			
County Grant Awards (EMS)	64.005	C1027	19,274
Total		<i>FLORIDA DEPARTMENT OF HEALTH</i>	<u>19,274</u>
FLORIDA DEPARTMENT OF MANAGEMENT SERVICES			
Prepaid Next Generation 911 (NG911) State Grant Program	72.003	S22-23-01-34	13,700
Local Government Cybersecurity Grant Program	72.009	DMS-22/23-293	26,233
Total		<i>FLORIDA DEPARTMENT OF MANAGEMENT SERVICES</i>	<u>39,933</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u><u>\$ 4,181,458</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, 2023**

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, 2023. 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, 2023:

<u>Program</u>	<u>Assistance Listing</u>	<u>Loan Outstanding</u>
State Housing Initiatives Partnership (SHIP)	40.901	\$ 13,041,841

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.

The following grant programs had prior year expenditures included on the FY23 Schedule of Expenditures of Federal Awards and State Financial Assistance; AL 20.106 Grant 3-12-0008-027-2021 \$320,089 & AL 40.043 Grant G0081 \$34,419.

Note 6 – Indirect Costs

Hernando County Board of County Commissioners elected to use the 10% de minimis cost rate in fiscal year 2023 as covered in 2 CFR 200.414.

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 reported based on the amount obligated, while “large” PWs are determined by actual eligible expenditures. Approximately \$171,856 of eligible expenditures incurred in prior years were reported on the schedule this year. See Note A of the ACFR for additional details regarding the accounting of funds received under this program.

HERNANDO COUNTY, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2023

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified Opinion

Internal control over financial reporting:

- Significant deficiency(ies) identified? ___ Yes X None reported
- Material weakness(es) identified? ___ Yes X No

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards and State Financial Assistance

Internal control over major federal programs and state projects:

- Significant deficiency(ies) identified? ___ Yes X None reported
- Material weakness(es) identified? ___ Yes X No

Type of auditor's report issued on compliance for major Federal programs and State projects:

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the *Uniform Guidance* or Chapter 10.557, *Rules of the Auditor General*?

___ Yes X No

Identification of Major Federal Program(s) and State Project(s):

<u>AL Number(s)</u>	<u>Name of Federal Program(s)</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

<u>CSFA Number(s)</u>	<u>Name of State Project(s)</u>
37.039	Statewide Water Quality Restoration Projects
45.030	State Aid to Libraries

Dollar threshold used to distinguish between Type A and Type B programs/projects:

Federal	<u>\$ 750,000</u>
State	<u>\$ 750,000</u>

Auditee qualified as low-risk auditee? X Yes ___ No

HERNANDO COUNTY, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*)

For the Year Ended September 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS SECTION

None reported.

SECTION III - FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS SECTION

Federal

None reported.

State

None reported.

SECTION IV - PRIOR-YEAR AUDIT FINDINGS

Federal

None reported.

State

None reported.

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, 2023

CSFA	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	Bayou Drive Repair & Restoration	1 RDCGR110034-01-00	\$ 43,921	\$ 43,921	\$ -	\$ -	\$ 43,921
	21.015	Gulf RESTORE - Direct Component	Department of Treasury	N/A	Linda Pedersen Park Improvements	1 RDCGR110125-01-00	\$ 218,247	\$ 208,035	\$ -	\$ -	\$ 208,035
	87.052	RESTORE Council Oil Spill Impact Program	Gulf Coast Ecosystem Restoration Council	The Gulf Consortium	Artificial Reef Program	GNTSP20FL0110	\$ 133,025	\$ 133,025	\$ -	\$ -	\$ 133,025
							\$ 395,193	\$ 384,982	\$ -	\$ -	\$ 384,982

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: AL 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: AL 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 financial statements of Hernando County, Florida (the "County") as of and for the year ended September 30, 2023, and have issued our report thereon dated June 25, 2024.

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 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 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 State Project and Report on Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards and State Financial Assistance in Accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*; 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 25, 2024, 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. In connection with the preceding audit, there were no findings or recommendations.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The 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 that we apply appropriate procedures and report the results of our determination as to whether or not the County has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions 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.

Honorable Board of County Commissioners
Hernando County, Florida

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

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.

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 have 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, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
June 25, 2024



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 Sections 218.415, 365.172(10), and 365.173(2)(d), Florida Statutes, during the year ended September 30, 2023. 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. Our examination does not provide a legal determination on the County's compliance with specified requirements.

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

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
June 25, 2024



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, 2023. 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. Our examination does not provide a legal determination on the County's compliance with specified requirements.

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

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
June 25, 2024

BOND COMPLIANCE

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2023
(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>
2013	56,975	26,897
2014	57,376	27,127
2015	58,251	27,688
2016	58,281	27,688
2017	59,952	28,778
2018	62,756	30,770
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
Average Annual Compound Growth Rate	1.52%	1.99%

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>
2013	17.088	24.999
2014	16.762	24.426
2015	16.725	23.957
2016	17.707	24.664
2017	18.766	27.684
2018	18.306	26.074
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

HISTORIC WASTEWATER TREATMENT PLANT FLOWS

<u>Fiscal Year</u>	<u>Average Daily Flow (MGD)</u>
2013	3.978
2014	4.128
2015	4.191
2016	4.470
2017	4.802
2018	4.546
2019	4.645
2020	4.453
2021	4.586
2022	4.578
2023	4.693

Source: Hernando County Utilities Department

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2023
(UNAUDITED)**

**WATER SYSTEM
Monthly User Rates**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Monthly Base Charge:				
Residential Single-Family Services and Residential Irrigation Service:				
Base Charge All Meter Sizes	\$ 8.41	\$ 8.75	\$ 8.97	\$ 9.19
Commercial, Residential Multi-Family and Commercial Irrigation Service:				
Meter Size				
5/8"	\$ 8.41	\$ 8.75	\$ 8.97	\$ 9.19
3/4"	12.63	13.14	13.47	13.81
1"	21.04	21.88	22.43	22.99
1-1/2"	42.03	43.71	44.80	45.92
2"	67.32	70.01	71.76	73.55
3"	134.62	140.00	143.50	147.09
4"	210.34	218.75	224.22	229.83
6"	420.68	437.51	448.45	459.66
8"	673.09	700.01	717.51	735.45
10"	967.56	1,006.26	1,031.42	1,057.21
12"	1,808.92	1,881.28	1,928.31	1,976.52
Consumption Charge (Per 1,000 Gallons):				
Residential Single-Family Service:				
0 - 5,000	\$ 1.48	\$ 1.54	\$ 1.58	\$ 1.62
5,001 - 10,000	1.74	1.81	1.86	1.91
10,001 - 20,000	2.61	2.71	2.78	2.85
20,001 - 30,000	3.47	3.61	3.70	3.79
30,001 - 50,000	5.21	5.42	5.56	5.70
50,000-75,000	8.68	9.03	9.26	9.49
Above 75,000	12.16	12.65	12.97	13.29
Residential Irrigation Service:				
0 - 10,000	\$ 1.74	\$ 1.81	\$ 1.86	\$ 1.91
10,001 - 20,000	2.61	2.71	2.78	2.85
20,001 - 30,000	3.47	3.61	3.70	3.79
30,001 - 50,000	5.21	5.42	5.56	5.70
50,001 - 75,000	8.68	9.03	9.26	9.49
Above 75,000	12.16	12.65	12.97	13.29
Commercial, Residential Multi-Family and Commercial Irrigation Service:				
Block 1	\$ 1.74	\$ 1.81	\$ 1.86	\$ 1.91
Block 2	2.61	2.71	2.78	2.85
Block 3	3.47	3.61	3.70	3.79
Block 4	5.21	5.42	5.56	5.70
Block 5	8.68	9.03	9.26	9.49
Block 6	12.16	12.65	12.97	13.29

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, 2023
(UNAUDITED)**

**WASTEWATER SYSTEM
Monthly User Rates**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Monthly Base Charge:				
Residential Single-Family Services:				
Base Charge All Meter Sizes	\$ 22.11	\$ 23.22	\$ 24.38	\$ 25.60
Commercial, Residential Multi-Family Service:				
Base Charge by Meter Size:				
5/8"	\$ 22.11	\$ 23.22	\$ 24.38	\$ 25.60
3/4"	33.17	34.83	36.57	38.40
1"	55.29	58.05	60.95	64.00
1-1/2"	110.58	116.11	121.92	128.02
2"	176.94	185.79	195.08	204.83
3"	353.81	371.50	390.08	409.58
4"	552.83	580.47	609.49	639.96
6"	1,105.65	1,160.93	1,218.98	1,279.93
8"	1,769.04	1,857.49	1,950.36	2,047.88
10"	2,543.00	2,670.15	2,803.66	2,943.84
12"	4,754.30	4,992.02	5,241.62	5,503.70
Consumption Charge (Per 1,000 Gallons of Metered Water):				
Residential Single-Family Service	\$ 4.92	\$ 5.17	\$ 5.43	\$ 5.70
Commercial, Residential Multi-Family Service:				
customer with 5/8" Meter through 10" Meter	\$ 4.92	\$ 5.17	\$ 5.43	\$ 5.70
customer with 12" Meter	\$ 4.92	\$ 5.17	\$ 5.43	\$ 5.70

Source: Hernando County Utilities Department

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2023
(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	2019		2020		2021		2022		2023	
		Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer
5/8"	1	\$ 1,147	\$ 3,544	\$ 1,147	\$ 3,544	\$ 1,147	\$ 3,544	\$ 1,147	\$ 3,544	\$ 1,147	\$ 3,544
3/4"	1.5	1,721	5,316	1,721	5,316	1,721	5,316	1,721	5,316	1,726	5,316
1"	2.5	2,868	8,860	2,868	8,860	2,868	8,860	2,868	8,860	2,868	8,860
1 1/2"	5	5,735	17,720	5,735	17,720	5,735	17,720	5,735	17,720	5,735	17,720
2"	8	9,176	28,352	9,176	28,352	9,176	28,352	9,176	28,352	9,176	28,352
3"	16	18,352	56,704	18,352	56,704	18,352	56,704	18,352	56,704	18,352	56,704
4"	25	28,675	88,600	28,675	88,600	28,675	88,600	28,675	88,600	28,675	88,600
6"	50	57,350	177,200	57,350	177,200	57,350	177,200	57,350	177,200	57,350	177,200
8"	80	91,760	283,520	91,760	283,520	91,760	283,520	91,760	283,520	91,760	283,520
10"	115	131,905	407,560	131,905	407,560	131,905	407,560	131,905	407,560	131,905	407,560

Source: Hernando County Utilities Department

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2023
(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	2019	2020	2021	2022	2023
Water Hook-up Fees					
Meter Size:					
5/8" x 3/4"	\$ 250	\$ 350	\$ 350	\$ 350	\$ 350
5/8" x 3/4" - Short/Long Tap-In	350	690	690	690	690
1"	750	860	860	860	860
1 1/2"	1,170	1,550	1,550	1,550	1,550
2"	1,400	1,685	1,685	1,685	1,685
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	\$ 35	\$ 35	\$ 40
After 5:00 p.m., Weekends, Holidays	70	70	70	70	80

Source: Hernando County Utilities Department

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2023
(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
	2024	2025	2026	2027	2028	
WATER SYSTEM						
Water Production	\$ 22,439,757	\$ 7,635,000	\$ -	\$ 33,348,200	\$ -	\$ 63,422,957
Water Distribution/Storage	3,501,728	269,600	500,000	-	-	4,271,328
Total Water Systems	<u>25,941,485</u>	<u>7,904,600</u>	<u>500,000</u>	<u>33,348,200</u>	<u>-</u>	<u>67,694,285</u>
WASTEWATER SYSTEM						
Treatment and Effluent Disposal	15,347,495	73,200,000	2,200,000	-	-	\$ 90,747,495
W.W. Collection/Effluent Transmission	37,754,350	7,629,600	800,000	68,000	15,420,000	61,671,950
Total Wastewater System	<u>53,101,845</u>	<u>80,829,600</u>	<u>3,000,000</u>	<u>68,000</u>	<u>15,420,000</u>	<u>152,419,445</u>
TOTAL - WATER & WASTEWATER SYSTEM	<u>\$ 79,043,330</u>	<u>\$ 88,734,200</u>	<u>\$ 3,500,000</u>	<u>\$ 33,416,200</u>	<u>\$ 15,420,000</u>	<u>\$ 220,113,730</u>

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

	Fiscal Year Ending September 30					TOTAL
	2024	2025	2026	2027	2028	
WATER SYSTEM						
Capital Reserves	\$ 15,319,640	\$ 6,654,600	\$ -	\$ 24,386,000	\$ -	\$ 46,360,240
Renewal & Replacement Fund	4,125,463	50,000	500,000	-	-	4,675,463
Connection Fees	757,857	1,200,000	-	8,962,200	-	10,920,057
Other Funding Sources	5,738,525	-	-	-	-	5,738,525
Total Water Systems	<u>25,941,485</u>	<u>7,904,600</u>	<u>500,000</u>	<u>33,348,200</u>	<u>-</u>	<u>67,694,285</u>
WASTEWATER SYSTEM						
Capital Reserves	\$ 17,862,907	\$ 13,419,600	\$ 2,600,000	\$ 68,000	\$ 1,265,000	\$ 35,215,507
Renewal & Replacement Fund	2,115,394	2,800,000	-	-	-	4,915,394
Connection Fees	3,250,787	60,000,000	-	-	-	63,250,787
Other Funding Sources	29,872,757	4,610,000	400,000	-	14,155,000	49,037,757
Total Wastewater System	<u>53,101,845</u>	<u>80,829,600</u>	<u>3,000,000</u>	<u>68,000</u>	<u>15,420,000</u>	<u>152,419,445</u>
TOTAL - WATER & WASTEWATER SYSTEM	<u>\$ 79,043,330</u>	<u>\$ 88,734,200</u>	<u>\$ 3,500,000</u>	<u>\$ 33,416,200</u>	<u>\$ 15,420,000</u>	<u>\$ 220,113,730</u>

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2023
(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				
	2019	2020	2021	2022	2023
REVENUE					
Water & Wastewater Sales Revenues	\$ 36,133,965	\$ 38,922,432	\$ 41,614,139	\$ 44,541,692	\$ 47,280,354
Other Operating Revenues	519,832	412,227	298,658	385,477	328,260
Investment Income (Loss)	2,206,169	1,664,166	101,977	(2,301,508)	2,804,962
Total Gross Revenues ^(a)	<u>38,859,966</u>	<u>40,998,825</u>	<u>42,014,774</u>	<u>42,625,661</u>	<u>50,413,576</u>
OPERATING EXPENSES^(b)					
Personal Services	9,897,899	10,225,603	8,966,060	9,920,134	11,534,476
Other Operating Expenses	10,826,671	13,097,421	12,624,161	13,440,060	16,372,471
Depreciation Equivalent Charges ^(c)	(366,071)	(453,088)	(816,113)	(1,067,592)	(1,421,479)
Total Operating Expenses	<u>20,358,499</u>	<u>22,869,936</u>	<u>20,774,108</u>	<u>22,292,602</u>	<u>26,485,468</u>
NET REVENUES^(d)	<u>\$18,501,467</u>	<u>\$18,128,889</u>	<u>\$21,240,666</u>	<u>\$20,333,059</u>	<u>\$23,928,108</u>
CONNECTION FEES					
Water Connection Fees	807,319	763,215	1,214,679	1,091,244	1,157,001
Wastewater Connection Fees	1,495,310	1,436,950	2,150,737	1,908,221	2,919,017
Total Connection Fees	<u>2,302,629</u>	<u>2,200,165</u>	<u>3,365,416</u>	<u>2,999,465</u>	<u>4,076,018</u>
Pledged Funds ^(e)	20,804,096	20,329,054	24,606,082	23,332,524	28,004,126
Actual Senior Lien Debt Service	\$ 3,982,002	\$ 2,577,705	\$ 1,830,428	\$ 5,361,035	\$ 5,938,466
Actual Coverage on Net Revenues ^(f)	4.65	7.03	11.60	3.79	4.03
Required Coverage	1.10	1.10	1.35	1.35	1.35
Actual Coverage on Pledged Funds ^(f)	5.22	7.89	13.44	4.35	4.72
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, 2023
(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, 2023.

<u>Customer</u>	<u>Class</u>	<u>Meter Size</u>	<u>Type of Service</u>	<u>System Revenue</u>	<u>% of Total County Sales Revenue</u>
Hernando County Jail	Commercial	6"	Water & Sewer	\$ 179,619	0.38%
Hernando Correctional Institute	Commercial	6"	Water & Sewer	147,111	0.31%
Oak Hill Hospital	Commercial	6"	Water & Sewer	142,582	0.30%
Oak Hill Hospital - Cooling Tower	Commercial	2"	Water	127,129	0.27%
Bridgewater Club Apartments	Commercial	6"	Water & Sewer	111,013	0.23%
Brooksville Regional Hospital	Commercial	6"	Water & Sewer	60,291	0.13%
Hernando County School Board	Commercial	6"	Water & Sewer	55,170	0.12%
Evergreen Woods	Commercial	4"	Water & Sewer	52,340	0.11%
Vitality Living Spring Hill	Commercial	4"	Water & Sewer	33,382	0.07%
Spring Hill Hospital - Cooling Tower	Commercial	2"	Water	16,634	0.04%

Source: Hernando County Utilities Department

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2023
(UNAUDITED)**

NON-AD VALOREM REFUNDING REVENUE BONDS, SERIES 2010

The following table represents the County's determination of non-ad valorem revenues for the last six years (excludes non-ad valorem revenues of the County which are no legally available to pay debt service on the Series 2010 Bonds). Certain of such revenue may heretofore or hereinafter be specifically pledged to secure other indebtedness by the County. Any such debt would be payable from such specific revenue sources prior to payment of debt service on the Series 2010 Bonds. Such a table is not intended to represent revenues of the County which would necessarily be available to pay debt service on the Series 2010 Bonds; however they are an indication of the relative amounts of non-ad valorem revenues of the County which may be available for the payment of principal and interest on the Series 2010 Bonds taking into account general government expenditures. Certain categories may cease to exist altogether and new sources may come about from time to time.

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2023
(UNAUDITED)**

HISTORICAL NON-AD VALOREM REVENUES IN GENERAL FUND

REVENUES	FISCAL YEAR ENDING SEPTEMBER 30					
	2018	2019	2020	2021	2022	2023
Taxes						
Local Communications						
Services Tax	\$ 1,658,612	\$ 1,494,033	\$ 1,508,963	\$ 1,504,621	\$ 1,656,179	\$ 1,644,002
Licenses and Permits - Other	462,182	489,033	485,251	530,672	504,505	426,455
Intergovernmental						
Local Governmental Half-Cent						
Sales Tax ^(a)	9,823,445	10,113,257	10,333,528	12,179,208	13,550,762	14,103,869
State Revenue Sharing	4,970,666	5,223,897	4,913,385	5,726,289	7,369,002	7,814,124
Other ^(b)	4,916,876	6,023,774	32,700,262	13,730,732	4,900,011	5,701,178
Charges for Service						
General Government	8,475,322	9,373,508	13,179,182	10,500,253	9,710,211	13,825,704
Public Safety	2,673,726	2,791,145	476,860	3,752,649	3,765,060	758,583
Physical Environment	313,140	-	173,550	140,264	200,314	-
Transportation	152,677	147,853	120,283	118,139	132,034	147,805
Human Services	204,134	224,203	181,143	194,870	184,655	170,411
Culture and Recreation	854,542	764,664	737,690	1,028,982	1,021,659	973,028
Other	28,561	29,197	29,720	31,998	30,417	-
Fines and Forfeitures	110,167	137,409	128,878	198,608	147,248	248,671
Investment Income (Loss)	227,855	1,120,746	1,166,271	84,734	(2,371,310)	4,997,392
Miscellaneous Revenue	1,456,065	1,637,594	5,401,409	2,746,219	2,483,866	1,841,042
Total Sources of Non-Ad Valorem Revenues	\$ 36,327,970	\$ 39,570,313	\$ 71,536,375	\$ 52,468,238	\$ 43,284,613	\$ 52,652,264

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

(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, 2023
(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 2010 Bonds). Such indebtedness is summarized below.

<u>Description</u>	<u>Source of Security</u>	<u>Amount Outstanding^(a)</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	\$ 13,087,890	5/1/2032	\$ 3,141,150
Non-Ad Valorem Refunding Revenue Bonds, Series 2010	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	\$ 425,000	2/1/2024	\$ 433,766
Non-Ad Valorem Refunding Revenue Bonds, Series 2012	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	\$ 7,266,000	2/1/2028	\$ 1,550,321
Non-Ad Valorem Revenue Bonds, Series 2022	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	\$ 31,285,000	6/1/2052	\$ 3,690,788

**HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2023
(UNAUDITED)**

GENERAL FUND REVENUES AND EXPENDITURES

The following table shows information regarding the General Fund for the County's fiscal years ending September 30, 2018 through September 30, 2023.

	FISCAL YEAR ENDING SEPTEMBER 30					
	2018	2019	2020	2021	2022	2023
REVENUES						
Taxes	\$ 55,176,696	\$ 58,402,513	\$ 71,651,035	\$ 75,177,661	\$ 79,668,627	\$ 90,284,483
Licenses and Permits	462,182	489,034	485,251	530,672	504,505	426,455
Intergovernmental	19,718,014	21,360,928	47,947,175	31,636,229	25,769,775	33,375,083
Charges for Services	12,702,102	13,330,570	14,898,428	15,767,155	15,044,350	15,875,531
Fines and Forfeitures	110,167	137,409	128,878	198,608	147,248	248,671
Investment Income (Loss)	227,855	1,120,746	1,166,271	84,734	(2,371,310)	4,997,392
Miscellaneous Revenue	1,456,065	1,637,594	5,401,409	2,746,219	2,483,866	1,841,042
TOTAL REVENUES	\$ 89,853,081	\$ 96,478,794	\$ 141,678,447	\$ 126,141,278	\$ 121,247,061	\$ 147,048,657
EXPENDITURES						
Current						
General Government	\$ 22,264,779	\$ 22,766,601	\$ 22,837,187	\$ 26,002,200	\$ 27,475,790	\$ 32,276,854
Public Safety	48,693,366	51,776,924	55,173,881	57,634,971	62,627,142	69,455,191
Physical Environment	328,852	444,670	496,058	515,117	603,428	619,375
Transportation	2,514,283	2,415,463	2,723,307	2,878,645	3,179,680	3,181,742
Economic Environment	469,298	558,060	2,949,502	4,928,949	713,316	1,028,384
Human Services	4,609,019	4,686,387	4,828,136	5,941,076	4,965,909	5,270,636
Culture and Recreation	5,201,253	5,675,994	5,442,599	6,177,042	6,597,701	6,980,987
Court Operations	1,266,448	1,388,518	1,540,870	1,558,259	1,671,019	1,845,366
Debt Service						
Principal	424,739	441,217	563,348	811,662	910,419	1,607,299
Interest and Fiscal Charges	66,194	69,632	78,403	75,771	70,940	297,839
Capital Outlay	3,358,739	3,607,192	4,155,093	7,729,843	8,157,892	9,938,732
TOTAL EXPENDITURES	\$ 89,196,970	\$ 93,830,658	\$ 100,788,384	\$ 114,253,535	\$ 116,973,236	\$ 132,502,405
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 656,111	\$ 2,648,136	\$ 40,890,063	\$ 11,887,743	\$ 4,273,825	\$ 14,546,252
OTHER FINANCING SOURCES (USES)						
Transfers In ^(a)	\$ 3,365,406	\$ 2,390,979	\$ 775,376	\$ 357,922	\$ 855,149	\$ 1,374,146
Transfers Out ^(a)	(5,412,852)	(5,666,358)	(5,629,608)	(5,019,325)	(4,174,031)	(6,306,615)
Lease Liabilities Issued	-	-	-	-	459,141	624,460
Additions to Long-Term Debt	142,399	-	556,530	-	-	15,122,899
TOTAL OTHER FINANCING SOURCES (USES)	\$ (1,905,047)	\$ (3,275,379)	\$ (4,297,702)	\$ (4,661,403)	\$ (2,859,741)	\$ 10,814,890
Net Change in Fund Balances	\$ (1,248,936)	\$ (627,243)	\$ 36,592,361	\$ 7,226,340	\$ 1,414,084	\$ 25,361,142
BEGINNING FUND BALANCE	23,854,816	\$ 22,605,880	\$ 21,978,637	\$ 58,570,998	\$ 65,797,338	\$ 65,797,338
ENDING FUND BALANCE	\$ 22,605,880	\$ 21,978,637	\$ 58,570,998	\$ 65,797,338	\$ 67,211,422	\$ 91,158,480

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

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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 of Joshua Stringfellow]

Joshua Stringfellow, CPA
Acting Financial Services Director
Office of Doug Chorvat Jr., Clerk of Circuit Court and Comptroller

State of Florida
County of Hernando

The foregoing instrument, Affidavit, dated 6/14/24 and consisting of 1 pages, was acknowledged before me this 14 day of June, 2024, by Joshua Stringfellow who is personally known to me or has produced as identification.

(Seal)



CHELSEA WORTHINGTON
Commission # HH 010414
Expires June 15, 2024
Bonded Thru Budget Notary Services

[Handwritten signature of Chelsea Worthington]

NOTARY SIGNATURE