

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2026**

**NEW ISSUE - Book-Entry Only**

**RATING: See "RATING" herein.**

*In the opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, under existing statutes, regulations, rulings and court decisions and subject to the conditions described herein under "TAX MATTERS," interest on the Series 2026 Bonds is (a) excludable from gross income of the owners thereof for federal income tax purposes except as otherwise described herein under the caption "TAX MATTERS," and (b) not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, with respect to certain corporations, interest on the Series 2026 Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on such corporations. See "TAX MATTERS" herein for a general discussion of Bond Counsel's opinion and other tax considerations.*

\$ \_\_\_\_\_\*

**HERNANDO COUNTY, FLORIDA  
Non-Ad Valorem Revenue Bonds,  
Series 2026**

Dated: Date of Delivery

Due: June 1, in each year as shown on inside cover

The Hernando County, Florida Non-Ad Valorem Revenue Bonds, Series 2026 (the "Series 2026 Bonds"), are being issued as fully registered bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof. Interest on the Series 2026 Bonds is payable semiannually on each June 1 and December 1, commencing December 1, 2026, and will be payable by check or draft of U.S. Bank Trust Company, National Association, Jacksonville, Florida, as Paying Agent, mailed to the holder in whose name such Series 2026 Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding the applicable interest payment date, or at the request of such holder, by bank wire transfer for the account of such holder. U.S. Bank Trust Company, National Association, Jacksonville, Florida, as Registrar, shall maintain registration books of Hernando County, Florida (the "County"). Principal and premium, if any, of the Series 2026 Bonds is payable to the holder thereof upon presentation and surrender, when due, at the office of the Paying Agent. Upon initial issuance, the Series 2026 Bonds will be registered in the name of and held by Cede & Co. as nominee for The Depository Trust Company ("DTC"), an automated depository for securities and a clearinghouse for securities transactions. So long as DTC or Cede & Co. is the registered owner of the Series 2026 Bonds, payments of the principal of and interest on the Series 2026 Bonds will be provided directly to DTC or Cede & Co., which is to remit such payments to the DTC Participants (as defined herein), which in turn are to remit such payments to the Beneficial Owners (as defined herein) of the Series 2026 Bonds. See "DESCRIPTION OF THE SERIES 2026 BONDS – Book-Entry Only System" herein.

The Series 2026 Bonds are subject to redemption prior to their stated maturities as set forth herein.

The Series 2026 Bonds are issued pursuant to and under the authority of Chapter 125, Florida Statutes, and other applicable provisions of law, and under and pursuant to Resolution No. 2026-\_\_\_\_\_ adopted by the Board of County Commissioners of the County on March 10, 2026, as amended and supplemented from time to time (the "Resolution").

The Series 2026 Bonds are being issued to provide funds, together with other legally available moneys of the County, sufficient to (i) finance and reimburse a portion of the Costs of the Project (see "THE PROJECT" herein) and (ii) pay certain costs and expenses relating to the issuance of the Series 2026 Bonds.

Pursuant to the Resolution, the County has covenanted and agreed to appropriate in its annual budget, by amendment, if necessary, from Non-Ad Valorem Revenues amounts sufficient to pay the principal of and interest on the Series 2026 Bonds when due in the manner and to the extent described under "SECURITY FOR THE SERIES 2026 BONDS" herein.

THE SERIES 2026 BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE COUNTY AS "BONDS" WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, BUT SHALL BE SPECIAL OBLIGATIONS OF THE COUNTY, PAYABLE SOLELY FROM AMOUNTS BUDGETED AND APPROPRIATED BY THE COUNTY FROM NON-AD VALOREM REVENUES IN ACCORDANCE WITH THE RESOLUTION. NO HOLDER OF ANY SERIES 2026 BOND SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER TO PAY SUCH SERIES 2026 BOND, OR BE ENTITLED TO PAYMENT OF SUCH SERIES 2026 BOND FROM ANY MONEYS OF THE COUNTY EXCEPT FROM THE NON-AD VALOREM REVENUES IN THE MANNER AND TO THE EXTENT PROVIDED IN THE RESOLUTION.

**This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.**

*The Series 2026 Bonds are offered when, as, and if issued and received by the Underwriter, subject to the opinion on certain legal matters relating to their issuance by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel. Certain legal matters will be passed upon for the County by Jon A. Jouben, Esq., County Attorney, and by Bryant Miller Olive P.A., Tampa, Florida, Disclosure Counsel to the County. Certain legal matters will be passed upon for the Underwriter by Squire Patton Boggs (US) LLP, Tampa, Florida, Counsel to the Underwriter. PFM Financial Advisors LLC, Tampa, Florida, is serving as Municipal Advisor to the County. It is expected that the Series 2026 Bonds in definitive form will be available for delivery to the Underwriter at the facilities of DTC on or about \_\_\_\_\_, 2026.*

**MORGAN STANLEY**

Dated: \_\_\_\_\_, 2026

\*Preliminary, subject to change.

\$ \_\_\_\_\_ \*  
**HERNANDO COUNTY, FLORIDA**  
**Non-Ad Valorem Revenue Bonds,**  
**Series 2026**

**MATURITIES, AMOUNTS, INTEREST RATES, PRICES, YIELDS AND INITIAL CUSIP NUMBERS**

\$ \_\_\_\_\_ \* **Serial Series 2026 Bonds**

<u>Maturity</u> <u>(June 1)*</u>	<u>Amount*</u> \$	<u>Interest</u> <u>Rate</u> %	<u>Price</u>	<u>Yield</u> %	<u>Initial</u> <u>CUSIP</u> <u>Numbers**</u>
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\$ \_\_\_\_\_ % Term Series 2026 Bonds due June 1, \_\_\_\_\_ - Price \_\_\_\_\_ - Yield \_\_\_\_\_ %\* - Initial CUSIP No. \_\_\_\_\_ \*\*

\* Preliminary, subject to change.

\*\* The County is not responsible for the use of the CUSIP Numbers referenced herein nor is any representation made by the County as to their correctness. The CUSIP Numbers provided herein are included solely for the convenience of the readers of this Official Statement.

RED HERRING LANGUAGE:

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2026 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of such jurisdiction. The County has deemed this Preliminary Official Statement "final," except for certain permitted omissions, within the contemplation of Rule 15c2-12 promulgated by the U.S. Securities and Exchange Commission.

**HERNANDO COUNTY, FLORIDA**

**MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS**

Jerry Campbell, Chairman  
Ryan Amsler, Vice Chairman  
Steve Champion, Second Vice Chairman  
John Allocco, Commissioner  
Brian Hawkins, Commissioner

**CLERK OF COURT AND  
COMPTROLLER**

Doug Chorvat Jr.

**COUNTY ADMINISTRATOR**

Jeff Rogers, P.E.

**DIRECTOR OF FINANCIAL SERVICES**

Joshua M. Stringfellow, CPA

**COUNTY ATTORNEY**

Jon A. Jouben, Esq.

**BOND COUNSEL**

Nabors, Giblin & Nickerson, P.A.  
Tampa, Florida

**DISCLOSURE COUNSEL**

Bryant Miller Olive P.A.  
Tampa, Florida

**MUNICIPAL ADVISOR**

PFM Financial Advisors LLC  
Tampa, Florida

No dealer, broker, salesman or other person has been authorized by the County or the underwriter listed in the section entitled "UNDERWRITING" herein (the "Underwriter") to give any information or to make any representations in connection with the Series 2026 Bonds, other than as contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the County. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2026 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from the County, DTC and other sources that are believed to be reliable. The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion stated herein are subject to change, and neither the delivery of this Official Statement nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the matters described herein since the date hereof.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Series 2026 Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2026 BONDS HAS BEEN FILED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION") OR WITH ANY STATE SECURITIES COMMISSION. IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE COUNTY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2026 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSION OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT CONSTITUTE "FORWARD LOOKING STATEMENTS." SUCH STATEMENTS GENERALLY ARE IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET" OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD LOOKING STATEMENTS. THE COUNTY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, SUBJECT TO ANY CONTRACTUAL OR LEGAL RESPONSIBILITIES TO THE CONTRARY.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE COUNTY OR THE UNDERWRITERS AND ANY ONE OR MORE OF THE HOLDERS OF THE SERIES 2026 BONDS.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS IN EITHER BOUND OR PRINTED FORMAT ("ORIGINAL BOUND FORMAT"), OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITES: [WWW.MUNIOS.COM](http://WWW.MUNIOS.COM) AND [WWW.EMMA.MSRB.ORG](http://WWW.EMMA.MSRB.ORG). THIS OFFICIAL STATEMENT MAY BE RELIED ON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT, OR IF IT IS PRINTED OR SAVED IN FULL DIRECTLY FROM THE AFOREMENTIONED WEBSITES.

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**Appendices**

APPENDIX A - General Information Concerning Hernando County, Florida
APPENDIX B - Form of the Resolution
APPENDIX C - Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2025
APPENDIX D - Form of Opinion of Bond Counsel
APPENDIX E - Form of Continuing Disclosure Certificate

**OFFICIAL STATEMENT**

*Relating to*

\$ \_\_\_\_\_ \*

**HERNANDO COUNTY, FLORIDA  
Non-Ad Valorem Revenue Bonds,  
Series 2026**

**INTRODUCTION**

The purpose of this Official Statement, which includes the cover page and the appendices, is to furnish certain information with respect to the issuance and sale of \$ \_\_\_\_\_ aggregate principal amount of Hernando County, Florida Non-Ad Valorem Revenue Bonds, Series 2026 (the "Series 2026 Bonds"), being issued by Hernando County, Florida (the "County"). See "APPENDIX B – Form of the Resolution" attached hereto.

The Series 2026 Bonds are issued pursuant to and under the authority of Chapter 125, Florida Statutes, and other applicable provisions of law (collectively, the "Act"), and under and pursuant to Resolution No. 2026-\_\_\_\_\_ adopted by the Board of County Commissioners of the County (the "Board") on March 10, 2026, as amended and supplemented from time to time (the "Resolution"). See "APPENDIX B – Form of the Resolution" attached hereto.

The Series 2026 Bonds are being issued to provide funds, together with other legally available moneys of the County, sufficient to (i) finance and reimburse a portion of the Costs of the Project (see "THE PROJECT" herein) and (ii) pay certain costs and expenses relating to the issuance of the Series 2026 Bonds.

Pursuant to the Resolution, the County has covenanted and agreed to appropriate in its annual budget, by amendment, if necessary, from Non-Ad Valorem Revenues amounts sufficient to pay principal of and interest on the Series 2026 Bonds when due in the manner and to the extent described in "SECURITY FOR THE SERIES 2026 BONDS" herein and "APPENDIX B – Form of the Resolution" attached hereto.

The County has covenanted in the Resolution to provide certain continuing disclosure information pursuant to Rule 15c2-12 of the Securities and Exchange Commission relating to the Series 2026 Bonds. See "CONTINUING DISCLOSURE" herein.

Capitalized terms used but not otherwise defined herein have the same meaning ascribed thereto in the Resolution unless the context would clearly indicate otherwise. Complete descriptions of the terms and conditions of the Series 2026 Bonds are set forth in the Resolution, a form of which is attached as APPENDIX B to this Official Statement. The descriptions of the Series 2026 Bonds, the documents authorizing and securing the same, and the information from various reports and statements contained herein are not comprehensive or definitive. All references herein to such documents, reports and statements are qualified by the entire, actual content of such documents, reports and statements. Copies of such documents, reports and statements referred to herein that are not included in their entirety in this Official Statement may be obtained from the office of the Clerk of the Board of County Commissioners, 20 North Main Street, Room 263, Brooksville, Florida 34601, telephone (352) 754-4201.

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\*Preliminary, subject to change.

## THE PROJECT

The Project consists of various capital improvements within the County, including but not limited to, the following, as more particularly described in the plans and specifications on file with the County, and as the same may be amended and supplemented from time to time:

- a. Fire Station Atlanta and US 19
- b. Animal Shelter Expansion
- c. Anderson Snow side entrance and additional multipurpose fields
- d. Anderson Snow Baseball Fields
- e. Recreational Tower at Linda Pederson Park
- f. Weeki Wachee Preserve
- g. Waterways building
- h. Administration office space needs expansion
- i. Facilities building
- j. Central Constitutional Annex
- k. Design and construction of inactive runway
- l. Infield roadway development to runway
- m. Wastewater and water improvements at the airport -- Phase 1
- n. Runway improvements and resurfacing

The Resolution provides that the foregoing description which may be supplemented or modified from time to time.

## FUTURE BORROWING

In the \_\_\_\_ quarter of [2026] the County expects to issue approximately \$\_\_\_\_ million of Non-Ad Valorem Revenue Bonds, Series [2026B] (the Series [2026B] Bonds"), together with other legally available moneys of the County, to finance the remaining Costs of the Project.

## DESCRIPTION OF THE SERIES 2026 BONDS

### General

The Series 2026 Bonds shall be issued only in fully registered form without coupons in principal denominations of \$5,000 each or any integral multiple thereof. The Series 2026 Bonds are dated as of their date of delivery and bear interest at the rates per annum and mature on the dates set forth on the inside cover page hereof. Interest on the Series 2026 Bonds is payable semiannually on each June 1 and December 1, commencing December 1, 2026 (the "Interest Dates"). Interest payable on the Series 2026 Bonds on any Interest Date shall be paid by check or draft of U.S. Bank Trust Company, National Association, Jacksonville, Florida, as Paying Agent mailed to the holder in whose name such Series 2026 Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding the applicable interest payment date, or at the request of such holder, by bank wire transfer for the account of such holder. U.S. Bank Trust Company, National Association, Jacksonville, Florida, as Registrar, shall maintain registration books of the County. Principal and premium, if any, of the Series 2026 Bonds is payable to the holder thereof upon presentation and surrender, when due, at the office of the Paying Agent.

The Series 2026 Bonds will be issued initially as book-entry obligations and held by The Depository Trust Company ("DTC") as securities depository. The ownership of one fully registered Series 2026 Bond for each maturity as set forth on the inside cover page hereof, in the appropriate aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. For more information regarding DTC and DTC's Book-Entry System, see the subheading "—Book-Entry Only System" which immediately follows.

### **Book-Entry Only System**

THE FOLLOWING INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE COUNTY BELIEVES TO BE RELIABLE. NEITHER THE COUNTY NOR THE UNDERWRITER TAKE ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2026 BONDS, AS NOMINEE OF DTC, CERTAIN REFERENCES IN THIS OFFICIAL STATEMENT TO THE SERIES 2026 BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2026 BONDS SHALL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2026 BONDS. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2026 BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE SERIES 2026 BONDS TO DIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE SERIES 2026 BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2026 BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE SERIES 2026 BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE COUNTY AND UNDERWRITER NEITHER MAKE NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC will act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2026 Bond certificate will be issued for each maturity of the Series 2026 Bonds as set forth on the inside cover page of this Official Statement in the aggregate principal amount thereof, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC

is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Direct Participants and the Indirect Participants are collectively referred to herein as the "DTC Participants." DTC has an S&P Global Ratings ("S&P") rating of AA+. The DTC Rules applicable to its DTC Participants are on file with the Securities and Exchange Commission (the "SEC"). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2026 Bondholder ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2026 Bonds, except in the event that use of the book-entry system for the Series 2026 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2026 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2026 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2026 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2026 Bonds may wish to ascertain that the nominee holding the Series 2026 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2026 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to

whose accounts the Series 2026 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Series 2026 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC Participant and not of DTC, the Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County and/or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2026 Bonds at any time by giving reasonable notice to the County or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, the Series 2026 Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2026 Bond certificates will be printed and delivered to DTC.

### **Interchangeability, Negotiability and Transfer**

*So long as the Series 2026 Bonds are registered in the name of DTC or its nominee, the following paragraphs relating to transfer and exchange of Series 2026 Bonds do not apply to the Series 2026 Bonds to the extent of a conflict with the DTC book-entry system.*

Series 2026 Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder or his attorney duly authorized in writing, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Series 2026 Bonds of the same maturity of any other authorized denominations.

Each Series 2026 Bond shall be transferable only upon the books of the County, at the office of the Registrar, under such reasonable regulations as the County may prescribe, by the Holder thereof in person or by his attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or his duly authorized attorney. Upon the transfer of any such Series 2026 Bond, the County shall issue, and cause to be authenticated, in the name of the transferee a new Series 2026 Bond or Series 2026 Bonds of the same aggregate principal amount and maturity as the surrendered Series 2026 Bond. The County, the Registrar and any Paying Agent or fiduciary of the County may deem and treat the Person in whose name any Outstanding Series 2026 Bond shall be registered upon the books of the County as the absolute owner of such Series 2026 Bond, whether such Series 2026 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if applicable, and interest on such Series

2026 Bond and for all other purposes, and all such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Series 2026 Bond to the extent of the sum or sums so paid and neither the County nor the Registrar nor any Paying Agent or other fiduciary of the County shall be affected by any notice to the contrary.

The Registrar, in any case where it is not also the Paying Agent in respect to any Series 2026 Bonds, forthwith (A) following the fifteenth day prior to an Interest Date for the Series 2026 Bonds; (B) following the fifteenth day next preceding the date of first mailing of notice of redemption of any Series 2026 Bonds; and (C) at any other time as reasonably requested by the Paying Agent of such Series 2026 Bonds, shall certify and furnish to such Paying Agent the names, addresses and holdings of Series 2026 Bondholders and any other relevant information reflected in the registration books. Any Paying Agent of any fully registered Series 2026 Bond shall effect payment of interest on such Series 2026 Bonds by mailing a check to the Holder entitled thereto or may, in lieu thereof, upon the request and expense of such Holder, transmit such payment by bank wire transfer for the account of such Holder.

In all cases in which the privilege of exchanging or transferring Series 2026 Bonds is exercised, the County shall execute and deliver Series 2026 Bonds and the Registrar shall authenticate such Series 2026 Bonds in accordance with the provisions of the Resolution. Execution of Series 2026 Bonds by the Chairman and Clerk for purposes of exchanging, replacing or transferring Series 2026 Bonds may occur at the time of the original delivery of the Series 2026 Bonds. All Series 2026 Bonds surrendered in any such exchanges or transfers shall be held by the Registrar in safekeeping until directed by the County to be cancelled by the Registrar. For every such exchange or registration of transfer of Series 2026 Bonds, the County or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or transfer. The County and the Registrar shall not be obligated to make any such exchange or transfer of Series 2026 Bonds during the fifteen (15) days next preceding an Interest Date on the Series 2026 Bonds, or, in the case of any proposed redemption of the Series 2026 Bonds then, for the Series 2026 Bonds called for redemption, during the fifteen (15) days next preceding the date of the first mailing of notice of such redemption and continuing until such redemption date.

#### **Series 2026 Bonds Mutilated, Destroyed, Stolen or Lost**

*So long as the Series 2026 Bonds are registered in the name of DTC or its nominee, the following paragraphs relating to mutilated, destroyed, stolen or lost Series 2026 Bonds do not apply to the Series 2026 Bonds to the extent of a conflict with the DTC book-entry system.*

In case any Series 2026 Bond shall become mutilated, or be destroyed, stolen or lost, the County may in its discretion, issue and deliver, and the Registrar shall authenticate, a new Series 2026 Bond of like tenor as the Series 2026 Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Series 2026 Bond upon surrender and cancellation of such mutilated Series 2026 Bond or in lieu of and substitution for the Series 2026 Bond destroyed, stolen or lost, and upon the Series 2026 Bondholder furnishing the County and the Registrar proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the County and the Registrar may prescribe, and paying such expenses as the County and the Registrar may incur. All Series 2026 Bonds so surrendered shall be canceled by the Registrar. If any such Series 2026 Bond shall have matured or be about to mature, instead of issuing a substitute Series 2026 Bond, the County may pay the same or cause the Series 2026 Bond to be paid, upon being indemnified as aforesaid, and if such Series 2026 Bond be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Series 2026 Bonds issued pursuant to the Resolution shall constitute original, additional contractual obligations on the part of the County, whether or not the lost, stolen or destroyed Series 2026 Bonds be at any time found by anyone, and such duplicate Series 2026 Bonds shall be entitled to equal and proportionate benefits and rights to the same extent as all other Series 2026 Bonds issued under the Resolution.

**Redemption Provisions**

Optional Redemption. The Series 2026 Bonds maturing on or before June 1, 20\_\_ are not subject to optional redemption prior to their respective stated dates of maturity. The Series 2026 Bonds maturing on June 1, 20\_\_ and thereafter are subject to redemption prior to their respective stated dates of maturity at the option of the County, in whole or in part, from such maturities selected by the County (and by lot within a maturity if less than a full maturity), on June 1, 20\_\_, or on any date thereafter, at a Redemption Price equal to 100% of the principal amount of the Series 2026 Bonds so redeemed plus interest accrued to the date fixed for redemption.

Mandatory Redemption. The Series 2026 Bonds maturing on June 1, 20\_\_ are subject to mandatory redemption in part prior to maturity by lot, in such manner as shall be determined by the Registrar, through Amortization Installments, at the Redemption Prices equal to 100% of the principal amount thereof plus interest accrued to the redemption date, on June 1 of the Amortization Installment Dates in the amount of the Amortization Installments as follows:

Amortization Installment Date (June 1)	<u>Amortization Installments</u> \$
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\*

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\*Maturity.

Notice of Redemption. Notice of redemption, which shall specify the Series 2026 Bond or Series 2026 Bonds (or portions thereof) to be redeemed and the date and place for redemption, shall be given by the Registrar on behalf of the County, and (A) shall be filed with the Paying Agent of the Series 2026 Bonds, (B) shall be mailed first class, postage prepaid, not less than twenty (20) days nor more than sixty (60) days prior to the redemption date to all holders of Series 2026 Bonds to be redeemed at their addresses as they appear on the registration books kept by the Registrar as of the date of mailing of such notice, and (C) shall be mailed, certified mail, postage prepaid, at least twenty (20) days prior to the redemption date to the registered securities depositories, if any, and two or more nationally recognized municipal bond information services, if any, as provided in the Resolution. Failure to mail such notice to such depositories or services or the Holders of the Series 2026 Bonds to be redeemed, or any defect therein, shall not affect the proceedings for redemption of Series 2026 Bonds as to which no such failure or defect has occurred. See "APPENDIX B – Form of the Resolution" attached hereto. Failure of any Holder to receive any notice mailed as provided in the Resolution shall not affect the proceedings for redemption of such Holder's Series 2026 Bonds.

The County may provide that a redemption will be contingent upon the occurrence of certain conditions and that if such conditions do not occur the notice of redemption will be rescinded, provided notice of rescission shall be mailed in the manner described above to all affected Series 2026 Bondholders not later than three business days prior to the date of redemption.

Selection of Series 2026 Bonds to be Redeemed. The Series 2026 Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The County shall, at least 35 days prior to the redemption date (unless a shorter time period shall be satisfactory to the Registrar), notify the Registrar of such redemption date and of the principal amount of Series 2026 Bonds to be redeemed. For purposes of any redemption of less than all of the Outstanding Series 2026 Bonds of a single maturity, the particular Series 2026 Bonds or portions of Series 2026 Bonds to be redeemed shall be selected not less than 30 days prior to the redemption date by the Registrar from the Outstanding Series 2026 Bonds of the maturity or maturities designated by the County by such method as the Registrar shall deem fair and appropriate and which may provide for the selection for redemption of Series 2026 Bonds or portions of Series 2026 Bonds in principal amounts of \$5,000 and integral multiples thereof. Notwithstanding the foregoing, if less than all of a Term Bond is to be redeemed the aggregate principal amount to be redeemed shall be allocated to the Amortization Installments on a pro-rata basis unless the County, in its discretion, designates a different allocation.

If less than all of the Outstanding Series 2026 Bonds of a single maturity are to be redeemed, the Registrar shall promptly notify the County and Paying Agent (if the Registrar is not the Paying Agent for such Series 2026 Bonds) in writing of the Series 2026 Bonds or portions of Series 2026 Bonds selected for redemption and, in the case of any Series 2026 Bond selected for partial redemption, the principal amount thereof to be redeemed.

Redemption of Portions of Series 2026 Bonds. Any Series 2026 Bond which is to be redeemed only in part shall be surrendered at any place of payment specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder thereof or his attorney duly authorized in writing) and the County shall execute and the Registrar shall authenticate and deliver to the Holder of such Series 2026 Bond, without service charge, a new Series 2026 Bond or Series 2026 Bonds, of any authorized denomination, as requested by such Holder in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Series 2026 Bonds so surrendered.

## **SECURITY FOR THE SERIES 2026 BONDS**

### **General**

The County has covenanted and agreed to appropriate in its annual budget, by amendment, if necessary, from Non-Ad Valorem Revenues amounts sufficient to (A) pay principal of and interest on the Series 2026 Bonds when due, and (B) pay all required deposits to the Rebate Fund pursuant to the Resolution. Such covenant and agreement on the part of the County to budget and appropriate such amounts of Non-Ad Valorem Revenues shall be cumulative to the extent not paid and shall continue until such Non-Ad Valorem Revenues or other legally available funds in amounts sufficient to make all such required payments shall have been budgeted, appropriated and actually paid. Notwithstanding the foregoing covenant of the County, the County does not covenant to maintain any services or programs, now provided or maintained by the County, which generate Non-Ad Valorem Revenues.

Such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Revenues, nor does it preclude the County from pledging in the future its Non-Ad Valorem Revenues, nor does it require the County to levy and collect any particular Non-Ad Valorem Revenues, nor does it give the Series 2026 Bondholders a prior claim on the Non-Ad Valorem Revenues as opposed to claims of general creditors of the County. Such covenant to appropriate Non-Ad Valorem Revenues is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Revenues heretofore or hereafter entered into (including the payment of debt service on bonds and other debt instruments). However, the covenant to budget and appropriate for the purposes and in the manner stated in the Resolution shall have the effect of making available for the payment of the Series 2026 Bonds, in the manner described in the Resolution, Non-Ad Valorem Revenues and placing on the County a positive duty to appropriate and budget, by amendment, if necessary, amounts sufficient to meet its obligations under the Resolution; subject, however, in all respects to the restrictions of Section 129.07, Florida Statutes, which generally provide that the governing body of each county may only make appropriations for each fiscal year which, in any one year, shall not exceed the amount to be received from taxation or other revenue sources; and subject, further, to the payment of services and programs which are for essential public purposes affecting the health, safety and welfare of the inhabitants of the County or which are legally mandated by applicable law.

The County covenants and agrees to transfer to the Paying Agent for the Series 2026 Bonds, solely from funds budgeted and appropriated as described in the Resolution, on or prior to the date designated for payment of any principal of or interest on the Series 2026 Bonds, sufficient moneys to pay such principal or interest. The Registrar and Paying Agent shall utilize such moneys for payment of the principal and interest on the Series 2026 Bonds when due.

THE SERIES 2026 BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE COUNTY AS "BONDS" WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, BUT SHALL BE SPECIAL OBLIGATIONS OF THE COUNTY, PLAYABLE SOLELY FROM AMOUNTS BUDGETED AND APPROPRIATED BY THE COUNTY FROM NON-AD VALOREM REVENUES IN ACCORDANCE WITH THE RESOLUTION. NO HOLDER OF ANY SERIES 2026 BOND SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER TO PAY SUCH SERIES 2026 BOND, OR BE ENTITLED TO PAYMENT OF SUCH SERIES 2026 BOND FROM ANY MONEYS OF HET COUNTY EXCEPT FROM THE NON-AD VALOREM REVENUES IN THE MANNER AND TO THE EXTENT PROVIDED IN THE RESOLUTION.

The Series 2026 Bonds are not subject to acceleration upon the occurrence of an Event of Default under the Resolution.

### **Construction Fund**

The County covenanted and agreed in the Resolution to establish, a special fund to be known as the "Hernando County, Florida Non-Ad Valorem Revenue Bonds, Series 2026 Construction Fund," which, except as otherwise provided in the Resolution, shall be used only for payment of the Costs of the Project. Moneys in the Construction Fund, until applied in payment of any item of the Cost of the Project in the manner provided in the Resolution, shall be subject to a lien and charge in favor of the Holders of the Bonds and for the further security of such Holders.

There shall be paid into the Construction Fund the amounts required to be so paid by the provisions in the Resolution, and there may be paid into the Construction Fund, at the option of the County, any moneys received for or in connection with the Project by the County from any other source.

Notwithstanding any of the other provisions of the Resolution, to the extent that other moneys are not available therefor, amounts in the Construction Fund shall be applied to the payment of principal and interest on the Series 2026 Bonds.

### **Anti-Dilution Test and Variable Rate Debt**

During such time as any Series 2026 Bonds are outstanding under the Resolution, the County has agreed and covenanted with the Series 2026 Bondholders, if any, that upon the issuance of any subsequent Debt (excluding the Series [2026B] Bonds) (1) Non-Ad Valorem Revenues shall cover projected Maximum Annual Debt Service on the Series 2026 Bonds and maximum annual debt service on Debt by at least 1.5x; and (2) projected Maximum Annual Debt Service on the Series 2026 Bonds and maximum annual debt service for all Debt will not exceed 20% of all Governmental Funds Revenues, exclusive of (a) ad valorem tax revenues restricted to payment of debt service on any Debt and (b) any proceeds of the Series 2026 Bonds or Debt. The calculations required by (1) and (2) above shall be determined using the average of actual Non-Ad Valorem Revenues and Governmental Funds Revenues for the prior two Fiscal Years based on the County's Annual Audits. For purposes of the calculations required by clauses (1) and (2) above, Maximum Annual Debt Service on the Series 2026 Bonds and maximum annual debt service on Debt shall be done on an aggregate basis whereby the annual debt service for each is combined and the overall maximum is determined. "Governmental Funds Revenues" means total revenues of the County derived from any source whatsoever and that are allocated to and accounted for in the Governmental Funds as shown in the Annual Audit.

For the purposes of determining maximum annual debt service for Debt pursuant to the covenants contained in the preceding paragraph, annual debt service on Debt means, with respect to Debt that bears interest at a fixed interest rate, the actual annual debt service, and, with respect to Debt which bears interest at a variable interest rate, annual debt service on such Debt shall be determined assuming that interest accrues on such Debt at the current "Bond Buyer Revenue Bond Index" as published in *The Bond Buyer* no more than two weeks prior to any such calculation; provided, however, if any Debt, whether bearing interest at a fixed or variable interest rate, constitutes Balloon Indebtedness, as defined in the immediately following sentence, annual debt service on such Debt shall be determined assuming such Debt is amortized from the date of incurrence over 30 years on an approximately level debt service basis. For purposes of the foregoing sentence, "Balloon Indebtedness" means Debt, 25% or more of the original principal of which matures during any one Fiscal Year. With respect to debt service on any Debt which is subject to a Qualified Hedge Agreement, interest on such Debt during the term of such Qualified Hedge Agreement shall be deemed to be the Hedge Payments coming due during such period of time. With respect to debt service on any Debt with respect to which the County elects to receive or is otherwise entitled to receive direct subsidy payments from the United States Department of Treasury, when determining the interest on such Debt for any particular interest payment date the amount of the corresponding subsidy payment shall be deducted from the amount of interest which is due and payable with respect to such Debt on the interest payment date, but only to the extent that the County reasonably believes that it will be in receipt of such subsidy payment on or prior to such interest payment date.

"Debt" means at any date (without duplication) all of the following to the extent that they are secured by or payable in whole or in part from Non-Ad Valorem Revenues (A) all obligations of the County

for borrowed money or evidenced by bonds, debentures, notes or other similar instruments; (B) all obligations of the County to pay the deferred purchase price of property or services, except trade accounts payable under normal trade terms and which arise in the ordinary course of business; (C) all obligations of the County as lessee under capitalized leases; and (D) all indebtedness of other Persons to the extent guaranteed by, or secured by, Non-Ad Valorem Revenues of the County; provided, however, if with respect to any obligation contemplated in (A), (B), or (C) above, the County has covenanted to budget and appropriate sufficient Non-Ad Valorem Revenues as a secondary source of security for any such obligation but has not secured such obligation with a lien on or pledge of any Non-Ad Valorem Revenues then, and with respect to any obligation contemplated in (D) above, such obligation shall not be considered "Debt" for purposes of the Resolution unless the County has actually used Non-Ad Valorem Revenues to satisfy such obligation during the immediately preceding Fiscal Year or reasonably expects to use Non-Ad Valorem Revenues to satisfy such obligation in the current or immediately succeeding Fiscal Year. After an obligation is considered "Debt" as a result of the proviso set forth in the immediately preceding sentence, it shall continue to be considered "Debt" until the County has not used any Non-Ad Valorem Revenues to satisfy such obligation for two consecutive Fiscal Years.

### **Rebate Fund**

The County has covenanted and agreed to establish a separate account in a special fund to be known as the Rebate Fund which shall be held in trust by the County and used solely to make required rebates to the United States (except to the extent the same may be used to pay debt service on the Series 2026 Bonds) and the Series 2026 Bondholders shall have no right to have the same applied for debt service on the Series 2026 Bonds. The County agrees to undertake all actions required of it in its arbitrage certificate relating to the Series 2026 Bonds, including, but not limited to:

- (A) making a determination in accordance with the Internal Revenue Code of 1986, as amended (the "Code") of the amount required to be deposited in the Rebate Fund;
- (B) depositing the amount determined in clause (A) above into the Rebate Fund;
- (C) paying on the dates and in the manner required by the Code to the United States Treasury from the Rebate Fund and any other legally available moneys of the County such amounts as shall be required by the Code to be rebated to the United States Treasury; and
- (D) keeping such records of the determinations made pursuant to the Resolution as shall be required by the Code, as well as evidence of the fair market value of any investments purchased with proceeds of the Series 2026 Bonds.

The provisions of the above-described arbitrage certificates may be amended without the consent of any Holder, from time to time as shall be necessary, in the opinion of Bond Counsel, to comply with the provisions of the Code.

## **GENERAL INFORMATION REGARDING NON-AD VALOREM REVENUES**

### **General**

The County generally receives two primary sources of revenue: ad valorem tax revenues and non-ad valorem revenues. Ad valorem taxes may not be pledged for the payment of debt obligations of the

County maturing more than twelve months from the date of issuance thereof without approval of the electorate of the County. The ad valorem tax revenues of the County are not pledged as security for the payment of the Series 2026 Bonds and the County is not obligated to budget and appropriate ad valorem tax revenues for the payment of the Series 2026 Bonds.

The County is permitted by the Florida Constitution to levy ad valorem taxes at a rate of up to \$10 per \$1,000 of assessed valuation for general governmental expenditures. The County's General Fund ad valorem tax millage rate for the fiscal year ending September 30, 2026, is \$7.8275 per \$1,000. The County is also permitted by the Florida Constitution to levy ad valorem taxes above the \$10 per \$1,000 limitation to pay debt service on general obligation long-term debt if approved by a voter referendum but does not currently do so.

Non-ad valorem revenues of the County may be pledged, subject to certain limitations disclosed herein, for the payment of debt obligations of the County. Such non-ad valorem revenues include a broad category of revenues, including, but not limited to, revenues received from the State, investment income and income produced from certain services and facilities of the County, as described below. Series 2026 Bondholders do not have a lien on any specific non-ad valorem revenues of the County.

As more fully described above under "SECURITY FOR THE SERIES 2026 BONDS," the County has covenanted and agreed in the Resolution, subject to certain restrictions and limitations, to appropriate in its annual budget, by amendment, if necessary, sufficient Non-Ad Valorem Revenues to pay debt service on the Series 2026 Bonds. The holders of the Series 2026 Bonds do not have a lien on any specific Non-Ad Valorem Revenues of the County and the County has outstanding certain other debt obligations payable from a lien upon and pledge of certain of the Non-Ad Valorem Revenues of the County.

A large percentage of the revenues of the County, including ad valorem taxes and non-ad valorem revenues, are deposited in the General Fund. See "CERTAIN FINANCIAL MATTERS - General Fund" herein. Furthermore, as described herein under "SECURITY FOR THE SERIES 2026 BONDS," the obligation of the County to budget and appropriate Non-Ad Valorem Revenues is subject to a variety of factors, including without limitation the payment of services and programs which are for essential public purposes affecting the health, safety and welfare of the inhabitants of the County or which are mandated by applicable law, and the obligation of the County to have a balanced budget.

The term "Non-Ad Valorem Revenues" is defined in the Resolution as revenues of the County derived from any source whatsoever other than revenues generated from ad valorem taxation on real or personal property, and which are legally available to make the payments required pursuant to the Resolution. The non-ad valorem revenue sources described herein are included within the General Fund and the Waste Management Fund.

The Florida Department of Financial Services ("FDfs") has developed, as part of the Uniform Accounting System Manual's Chart of Accounts, six major categories of local government revenues: taxes, intergovernmental revenues, licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues. Using that organization, the following describes the sources of the County's Non-Ad Valorem Revenues:

## Non-Ad Valorem Taxes

### Local Communications Services Tax

Chapter 202, Florida Statutes (the "CSTA") authorizes counties in Florida to impose a local communications services tax on the sale of communications services as defined in Section 202.11, Florida Statutes. Pursuant to Section 202.19, Florida Statutes, and Ordinance No. 2013-7 enacted by the Board on February 26, 2013, the County has imposed the local communications services tax at a rate of 1.4%. Pursuant to Ordinance No. 2013-07 enacted by the Board on February 26, 2013, the County elected to impose the 0.24% add-on permitted by Section 337.401, Florida Statutes, and established by the County for waiving the right to collect permit fees for the use of the rights-of-way by communications providers.

The local communications services tax applies to the purchase of "communications services" which originated or terminated within unincorporated portions of the County, with certain exemptions described below. "Communication services" under the CSTA are defined as the transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals, including video services, to a point, or between or among points, by or through any electronic, radio, satellite, cable, optical, microwave, or other medium or method now in existence or hereafter devised, regardless of the protocol used for such transmission or conveyance. The term does not include:

- (a) Information services.
- (b) Installation or maintenance of wiring or equipment on a customer's premises.
- (c) The sale or rental of tangible personal property.
- (d) The sale of advertising, including, but not limited to, directory advertising.
- (e) Bad check charges.
- (f) Late payment charges.
- (g) Billing and collection services.
- (h) Internet access service, electronic mail service, electronic bulletin board service, or similar on-line services.

While such services have historically been taxed, if the charges for such services are not stated separately from the charges for communications services, on a customer's bill, providers now have the ability to exclude such services from the tax if they can be reasonably identified from the selling dealer's books and records kept in the regular course of business. The dealer may support the allocation of charges with books and records kept in the regular course of business covering the dealer's entire service area, including territories outside of Florida.

The sale of communications services to (i) the federal government, or any instrumentality or agency thereof, or any entity that is exempt from state taxes under federal law, (ii) the State or any county, municipality or political subdivision of the State when payment is made directly to the dealer by the governmental entity, and (iii) any home for the aged or educational institution (which includes state tax-supported and nonprofit private schools, colleges and universities and nonprofit libraries, art galleries and museums, among others) or religious institutions (which include, but are not limited to, organizations having an established physical place for worship at which nonprofit religious services and activities are regularly conducted) that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), are exempt from the local communications services tax.

The CSTA provides that, to the extent that a provider of communications services is required to pay to a local taxing jurisdiction a tax, charge, or other fee under any franchise agreement or ordinance with respect to the services or revenues that are also subject to the local communications services tax, such provider is entitled to a credit against the amount of such local communications services tax payable to the State in the amount of such tax, charge, or fee with respect to such service or revenues. The amount of such credit is deducted from the amount that such local taxing jurisdiction is entitled to receive under Section 202.18(3), Florida Statutes. However, the County does not impose any such fees or charges on communications services providers.

Under the CSTA, local governments must work with the Federal Department of Revenue ("FDOR") to properly identify service addresses to each municipality and county. If a jurisdiction fails to provide the FDOR with accurate service address information, the local government risks losing tax proceeds that it should properly receive. The County believes it has provided the FDOR with all information that the FDOR has requested as of the date hereof and that such information is accurate.

Providers of communications services collect the local communications services tax and may deduct 0.75% as a collection fee (or 0.25% in the case of providers who do not employ an enhanced zip code database or a data base that is either supplied or certified by the FDOR). The communications services providers remit the remaining proceeds to the FDOR for deposit into the Local Communications Services Tax Clearing Trust Fund (the "CST Trust Fund"). The FDOR then makes monthly contributions from the CST Trust Fund to the appropriate local governments after deducting up to 1% of the total revenues generated as an administrative fee.

The proceeds of the local communications services tax, less the FDOR's cost of administration which may not exceed 1% of the total tax generated, are deposited in the CST Trust Fund and distributed monthly to the appropriate jurisdiction. The local communications services tax revenues received by the County are deposited into the County General Fund and may be used for any public purpose. The revenues that are received by the County from such communications services tax which derive from the CST Trust Fund created with the FDOR pursuant to Section 202.193, Florida Statutes, may be pledged for the repayment of current or future bonded indebtedness.

The amount of local communications services tax revenues received by the County is subject to increase or decrease due to (i) increases or decreases in the dollar volume of taxable sales within the County, (ii) legislative changes, and/or (iii) technological advances which could affect consumer preferences. The amount of the local communications services tax revenues collected within the County may be adversely affected by incorporation or annexation. Such incorporation or annexation would decrease the number of addresses contained within the County. At this time, there are no incorporations or annexations anticipated within the County.

The federal Internet Tax Freedom Act ("ITFA") imposed a moratorium on taxation of Internet Access by states and political subdivisions. As amended by the Internet Tax Nondiscrimination Act ("ITNA"), "Internet Access" includes telecommunications services (unregulated non-utility telecommunications, such as cable services) purchased, used or sold by a provider of Internet Access to provide Internet Access, including related communication services, such as email and instant messaging. On February 24, 2016, President Obama signed the Trade Facilitation and Trade Enforcement Act of 2015, that was signed into law (Public Law 114-125, Sec. 922) that included a provision granting a Permanent Moratorium on Internet Access Taxes. Since Public Law 114-125, Sec. 922 has been in place and since the inception of Florida Statute, Chapter 202 that excludes charges for internet access services from state law,

the County has not and the County does not anticipate any negative impact on future collections of local communications services tax revenues because of this action.

### **Intergovernmental Revenues**

All revenues received by a local unit from federal, state, and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes would be included in the intergovernmental revenues category. The category is further classified into eight subcategories: federal grants, federal payments in lieu of taxes (PILOT), state grants, state shared revenues, state PILOT, local grants, local shared revenues, and local PILOT. If a particular grant is funded from separate intergovernmental sources, then the revenue is recorded proportionately. The largest component is the "Local Government Half-Cent Sales Tax."

#### Local Government Half-Cent Sales Tax

"Sales Tax Revenues" consist of the amount of the Local Government Half-Cent Sales Tax distributed by the State from the Local Government Half-Cent Sales Tax Clearing Trust Fund to the County pursuant to the provisions of Chapter 218, Part VI, Florida Statutes (the "Sales Tax Act").

Pursuant to Chapter 212, Florida Statutes, the State levies and collects a sales tax on, among other things, the sales price of each item or article of tangible personal property sold at retail in the State, subject to certain exceptions and dealer allowances. In 1982, the Florida legislature created the Local Government Half-Cent Sales Tax Program (the "Half-Cent Sales Tax Program") which distributes a portion of the sales tax revenue and money from the State's General Revenue Fund to counties and municipalities that meet strict eligibility requirements. In 1982, when the Half-Cent Sales Tax Program was created, the general rate of sales tax in the State was increased from 4% to 5%, and one-half of the fifth cent was devoted to the Half-Cent Sales Tax Program, thus giving rise to the name "Half-Cent Sales Tax." Although the amount of sales tax revenue deposited into the Half-Cent Sales Tax Program is no longer one-half of the fifth cent of every dollar of the sales price of an item subject to sales tax, the name "Half-Cent Sales Tax" has continued to be utilized.

Section 212.20, Florida Statutes, provides for the distribution of sales tax revenues collected by the State of Florida and further provides for the distribution of a portion of sales tax revenues to the Half-Cent Sales Tax Clearing Trust Fund (the "Half-Cent Sales Tax Trust Fund"), after providing for transfers to the State's General Fund and the Public Employee Relations Commission Trust Fund. The proportion of sales tax revenues deposited in the Half-Cent Sales Tax Trust Fund (the "Half-Cent Sales Tax Revenues") is 8.9744% of all state sales tax remitted to the State by a sales tax dealer located within a particular county. Such amount deposited in the Half-Cent Sales Tax Trust Fund is earmarked for distribution to the governing body of such county and each participating municipality within that county pursuant to a distribution formula. The general rate of sales tax in the State is currently 6%.

As of October 1, 2001, the Half-Cent Sales Tax Trust Fund began receiving a portion of local communications services tax revenues pursuant to the CSTA. Accordingly, moneys distributed from the Half-Cent Sales Tax Trust Fund now consist of funds derived from both general sales tax proceeds and local communications services tax revenues required to be deposited into the Half-Cent Sales Tax Trust Fund. The Half-Cent Sales Tax Revenues are distributed from the Half-Cent Sales Tax Trust Fund on a monthly basis to participating units of local government in accordance with the Sales Tax Act. The Sales Tax Act permits the County to pledge its share of the Half-Cent Sales Tax for the payment of principal of

and interest on any capital project. Florida law also allows counties to impose a sales surtax of up to 1% to fund infrastructure improvements upon approval by a vote of the electors. The County has not imposed a 1% sales surtax.

To be eligible to participate in the Half-Cent Sales Tax Program, each municipality and county is required to have met the Eligibility Requirements:

- (i) reported its finances for its most recently completed fiscal year to the FDFS as required by Florida law;
- (ii) made provisions for annual post audits of financial accounts in accordance with provisions of law;
- (iii) levied, as shown on its most recent financial report, ad valorem taxes, exclusive of taxes levied for debt service or other special millages authorized by the voters, to produce the revenue equivalent to a millage rate of three (3) mills on the dollar based upon 1973 taxable values or, in order to produce revenue equivalent to that which would otherwise be produced by such three (3) mill ad valorem tax, to have received a remittance from the county pursuant to a municipal services benefit unit, collected an occupational license tax, utility tax, or ad valorem tax, or have received revenue from any combination of those four sources;
- (iv) certified that persons in its employ as law enforcement officers meet certain qualifications for employment, and receive certain compensation;
- (v) certified that persons in its employ as firefighters meet certain employment qualifications and are eligible for certain compensation;
- (vi) certified that each dependent special district that is budgeted separately from the general budget of such county or municipality has met the provisions for annual post audit of its financial accounts in accordance with law; and
- (vii) certified to FDOR that it has complied with certain procedures regarding the establishment of the ad valorem tax millage of the county or municipality as required by law.

The requirements described in (i) through (vii) are referred to herein as the "Eligibility Requirements". Although the Sales Tax Act does not impose any limitation on the number of years during which a county or municipality may receive distributions of the Half-Cent Sales Tax revenues from the Half-Cent Sales Tax Trust Fund, there may be amendments to the Sales Tax Act in subsequent years imposing additional requirements of eligibility for counties and municipalities participating in the Half-Cent Sales Tax revenues, or the distribution formulas in Sections 212.20(6)(d) or 218.62, Florida Statutes, may be revised. To be eligible to participate in the Half-Cent Sales Tax Trust Fund in future years, the County must comply with the financial reporting and other requirements of the Sales Tax Act. Otherwise, the County would lose its Half-Cent Sales Tax Trust Fund distributions for twelve (12) months following a "determination of noncompliance" by FDOR. The County has always maintained eligibility to receive the Sales Tax revenues.

Half-Cent Sales Tax revenues collected within a county and deposited in the Half-Cent Sales Tax Trust Fund are distributed among such county and the eligible municipalities therein in accordance with the following formula:

County's share (expressed as a percentage of total Half-Cent Sales Tax Revenues)	=	unincorporated county population <hr style="width: 100%;"/> total county population	+	2/3 of the incorporated county population <hr style="width: 100%;"/> 2/3 of the incorporated county population
Each municipality's share (expressed as a percentage of Half- Cent Sales Tax Revenues)	=	municipality population <hr style="width: 100%;"/> total county population	+	2/3 of the incorporated county population

The amount of Half-Cent Sales Tax revenues distributed to the County is subject to increase or decrease due to (i) more or less favorable economic conditions, (ii) increases or decreases in the dollar volume of taxable sales within the County, (iii) legislative changes relating to the sales tax, which may include changes in the scope of taxable sales, changes in the tax rate and changes in amounts deposited into the Trust Fund, and (iv) other factors which may be beyond the control of the County or the Series 2026 Bondholders, including but not limited to public health emergencies, the potential for increased use of electronic commerce and other internet-related sales activity that could have a material adverse impact upon the amounts collected by the State, deposited into the Trust Fund and then distributed to the County.

In addition, the amounts deposited in the Trust Fund which are to be distributed to the County will be affected by changes in the relative populations of the unincorporated and incorporated areas within the County. Such relative populations are subject to change through normal increases and decreases in population within the existing unincorporated and incorporated areas of the County and are also subject to change by the annexation of previously unincorporated areas of the County by the municipalities within the County or incorporations. Such annexations or incorporations would not only increase the population of the incorporated areas but also would, in equal amount, decrease the population of the unincorporated areas. Currently, the County is not aware of any potential incorporations or annexations in the County.

State Revenue Sharing

A portion of certain taxes levied and collected by the State is shared with local governments under provisions of Chapter 218.215, Florida Statutes. To be eligible for State Revenue Sharing funds, a local government must have satisfied the Eligibility Requirements.

Eligibility is retained if the local government has met eligibility requirements for the previous three years, even if the local government reduces its millage or utility taxes because of the receipt of State Revenue Sharing funds.

The amount of the State Revenue Sharing Trust Fund distributed to a county is calculated using a formula consisting of the following equally weighted factors: county population, unincorporated county

population and county sales tax collections. A county's population factor means a county's population divided by the total population of all eligible counties in the State. The unincorporated county population factor means the county's unincorporated population divided by the total unincorporated population of all eligible counties in the State. A county's sales tax collections factor means that county's sales tax collections during the preceding year divided by the total sales tax collections during the same period for all eligible counties in the State. Funds are wired monthly by FDOR.

Each eligible county is entitled to receive a minimum amount of State Revenue Sharing funds, known as the "guaranteed entitlement" and the "second guaranteed entitlement," the first of which is correlated to amounts received by such county from certain taxes on cigarettes, roads and intangible property in the State fiscal year 1971-1972 and the second of which is correlated to the amount received by such county in State fiscal year 1981-1982 from the then-existing tax on cigarettes and intangible personal property, less the guaranteed entitlement. The funds remaining in the Revenue Sharing Trust Fund after the distribution of the Guaranteed Entitlement and Second Guaranteed Entitlement are referred to as "growth monies" that are further distributed to eligible counties (the "Growth Monies").

There are no restrictions on the use of the Guaranteed Entitlement, Second Guaranteed Entitlement or the Growth Monies revenues, however there are restrictions on the amount of funds that can be pledged for bond indebtedness. Counties are allowed to pledge the Guaranteed Entitlement and the Second Guaranteed Entitlement revenues. Counties can assign, pledge, or set aside as a trust for the payment of principal or interest on bonds or any other form of indebtedness an amount up to 50 percent of the State Revenue Sharing funds (including Growth Monies) received by it in the prior State fiscal year.

To be eligible to participate in State Revenue Sharing in future years, the County must comply with certain eligibility and reporting requirements. If the County fails to comply with such requirements, FDOR may utilize the best information available to it, if such information is available, or take any necessary action including disqualification, either partial or entire, and the County shall further waive any right to challenge the determination of FDOR as to its disbursement, if any.

### **Licenses and Permits**

These are revenues derived from the issuance of local professional, occupational, and other licenses. Included in this category are franchise fees. The County levies fees on public service corporations in return for the granting of a privilege or permitting the use of County property. These fees are usually passed on to the corporation's customers as a cost of doing business. Such fees, which typically equal a percentage of gross revenues of the utility company, are charged by the County for use of public rights of way by utility companies. Such fees currently are a minor portion of the County's Non-Ad Valorem Revenues.

### **Charges for Services**

Revenues resulting from a local unit's charges for services are reflected in this category and include those charges received from private individuals or other governmental units. The following functional areas include such charges:

- (i) General government;
- (ii) Public safety;
- (iii) Physical environment;

- (iv) Economic environment;
- (v) Human Services;
- (vi) Transportation;
- (vii) Recreation and culture; and
- (viii) Other.

### **Fines and Forfeitures**

Fines and forfeitures reflect those penalties and fines imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations, and for neglect of official duty. Forfeitures include revenues resulting from parking and court fines as well as proceeds from the sale of contraband property seized by law enforcement agencies.

### **Interest**

This category includes interest earned on County investments. As the economy slows, the amount of interest received by the County is negatively impacted.

### **Miscellaneous Revenues**

This category includes a variety of revenues and transfers from other funds, including:

- (i) Gains (or losses) on sale of investments
- (ii) Rents and royalties
- (iii) Disposition of fixed assets
- (iv) Contributions and donations
- (v) Other miscellaneous revenue

### **Fire Rescue Assessment**

The County imposes an annual fire rescue assessment to fund all or any portion of the fire rescue assessed cost upon benefitted property at a rate of assessment based on the special benefit accruing to such property from the County's provision of fire rescue services, facilities, or programs. The amount of the fire rescue assessment imposed in a fiscal year against a parcel of assessed property shall be determined pursuant to an apportionment methodology based upon a classification of property designed to provide a fair and reasonable apportionment of the fire rescue assessed cost among properties on a basis reasonably related to the special benefit provided by fire rescue services, facilities, or programs funded with assessment proceeds.

*The revenues from the fire rescue assessment are legally available to pay the portion of the debt service of the Series 2026 Bonds which is allocable to projects which provide fire related rescue services, facilities, or programs.*

### **Revenues of Solid Waste System**

The County's Solid Waste Department (the "Department") is responsible for the solid waste disposal of approximately 88,623 residential households and multi-family units and for the solid waste collection of approximately 45,718 residential households throughout the County. The Department

processed over 193,785 tons of solid waste during the Fiscal Year 2025, including approximately 57,166 tons of municipal solid waste ("MSW") deliveries from commercial businesses. The principal waste types received by the County include class I waste (i.e., MSW/garbage), construction and demolition debris ("C&D"), yard waste, tires, and hazardous household wastes. Source-separated, co-mingled recyclables are also received.

The County constructed and placed into operation the Northwest Waste Management Facility (the "Northwest Landfill") which included class I and C&D landfills to continue waste disposal operations. The Northwest Landfill is designed for incremental expansion and operation in cells. The C&D debris landfill is closed and C&D debris is accepted in the class 1 landfill. A total of eight contiguous class I disposal cells are currently planned for the site. Three of the eight class I landfill cells have been constructed. Cells 1 and 2 reached capacity and were closed in July 2014, while Cell 3 is currently active. Based on current forecasts, Cell 3 is expected to reach capacity by Fiscal Year 2028. The County has begun construction to expand the Northwest Landfill into Cell 4 prior to reaching capacity in Cell 3. A portion of the County's Non-Ad Valorem Revenue Bonds, Series 2022 (the "Series 2022 Bonds"), were used to finance a portion of the costs of expansion of Cell 4 of the Northwest Landfill. It is not expected that waste will be disposed in Cell 4 until the closure of Cell 3.

The County principally charges customers for waste disposal services through either: i) annual non-ad valorem disposal assessment to all residential units; or ii) a C&D tipping fee paid per ton of waste delivered to the County's Northwest Landfill site. The County last increased the disposal assessment and the C&D tipping fee for rates effective in Fiscal Year 2026.

The primary components to the non-ad valorem assessment include a charge for the full cost of collection and disposal, the cost of the County property appraiser and tax collector for billing and administrative services, a mark-up to reflect the application of an early payment discount pursuant to Florida Statutes and other administrative cost reimbursement components. Approximately 62% of the revenues generated come from the residential disposal non-ad valorem assessment.

**Existing Solid Waste Non-Ad Valorem Assessments**

<u>Description</u>	<u>Annual Assessment</u> <sup>(1)(2)</sup>
<u>Disposal</u>	
Single Family	\$98.04
Multi-Family	\$98.04
 <u>Collection</u>	
Mandatory Area	\$217.37

<sup>(1)</sup> Amounts shown include an 8% markup comprised of billing and administrative services by the County Property Appraiser and Tax Collector and the early payment discount factor. The County cannot guarantee that the markup will not increase or decrease due to changes in fees for services by the County Property Appraiser and Tax Collector.

<sup>(2)</sup> The County's rate consultant recommended rate increases in the Fiscal Years 2026, 2028 and 2030 of 6%, 2.5% and 2.5%, respectively. Fiscal Year 2026 rate increases have been approved by the Board, but there can be no guarantee that the Board will approve future rate increases.

Source: Hernando County, Florida

Collection services are provided by a private franchise hauler, Republic Services. Customers within the County’s mandatory area receiving collection service, which primarily consists of the Spring Hill area, are charged a non-ad valorem assessment on their annual tax bill. Customers in the non-mandatory collection area can opt-in to receive service, but are not required to do so.

Except for residential customers who are charged the annual assessment and are allowed to dispose one ton annually at the landfill, all customers delivering waste to the Northwest Landfill are charged a tipping fee by weight and type of waste delivered. The table below provides a summary of the existing tipping fees by waste type:

<u>Description</u>	<u>Fees Per Ton<sup>(3)</sup></u>
Residential Class I <sup>(1)</sup>	\$60.50
Commercial Class I <sup>(2)</sup>	60.50
C&D Debris	76.00
Yard Waste	54.50
Tire Disposal On Road	150.00
Tire Disposal Off-Road	200.00

- 
- (1) The tipping fee charged for residential class I waste is only charged to customers who have exceeded their one-ton (2,000 pound) allowance.
  - (2) The tipping fee charged for commercial class I waste is also applied to other waste types such as sludge, asbestos, etc.
  - (2) The County’s rate consultant has recommended a 3.25% rate increase in the Fiscal Year 2026. Such rate increases have not been approved by the Board and there is no guarantee they will be approved by the Board.

Source: Hernando County, Florida

In addition to the charges listed above the County also charges flat fees for disposal of travel trailers (\$255 with tires and \$230 without tires), single-wide mobile homes (\$450 with tires and \$400 without tires), and double-wide mobile homes (\$825 with tires and \$790 without tires).

Pursuant to Florida Statutes, customers may elect to receive a discount of up to 4% if they pay all of the charges and taxes included on the ad valorem tax bill prior to the due date of the bill. The residential solid waste assessment is collected with the tax bill as allowed by Florida Statutes, Chapter 197. The majority of residential customers in the County pay taxes and the solid waste assessment early and receive a discount.

Currently the County does not have any outstanding indebtedness which is secured by a lien on revenues of the Solid Waste System.

State and federal laws and regulations require the Department 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 post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Department reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. **[As of September 30, 2025, the Department has accrued a total of \$ \_\_\_\_\_ in liabilities related to estimated closure and post-closure care costs. Cells 1 and 2 at the Northwest Landfill were partially closed in 2014. The Department is required by State and federal laws and regulations to make**

contributions to a trust to finance closure and post-closure care. As of September 30, 2025, cash and investments in the amount of \$ \_\_\_\_\_ are held for these purposes.]

*Revenues from the Solid Waste System are legally available to pay the portion of the debt service of the Series 2022 Bonds which financed projects related to the Cell 4 expansion at the Northwest Landfill. Revenues from the Solid Waste System are not legally available to pay debt service on the Non-Ad Valorem Refunding Revenue Note, Series 2012 (the "Series 2012 Note"), the Non-Revolving Line of Credit, Non-Ad Valorem Revenue Note, Series 2023 (the "Series 2023 Note"), Non-Ad Valorem Revenue Note, Series 2024 (the "Series 2024 Note"), Non-Ad Valorem Revenue Note, Series 2025 (the "Series 2025 Note"), or the Series 2026 Bonds. For more information on debt issues outstanding which are payable from non-ad valorem revenues see "HERNANDO COUNTY, FLORIDA OTHER OBLIGATIONS PAYABLE FROM NON-AD VALOREM REVENUES" herein.*

[TO BE UPDATED ONCE FY 2025 AUDITED FINANCIALS STATEMENTS ARE AVAILABLE]

**HERNANDO COUNTY, FLORIDA  
HISTORICAL REVENUES AND EXPENSES  
SOLID WASTE SYSTEM**

	Fiscal Year Ended September 30				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>Operating Revenues:</u>					
Licenses and Permits	\$24,000	\$24,000	\$38,000	\$38,000	
Charges for Services	9,381,682	11,107,255	11,350,063	13,193,052	
Miscellaneous <sup>(1)</sup>	241,458	305,325	1,908,283	132,835	
<b>Total Operating Revenues</b>	<b>\$9,647,140</b>	<b>\$11,436,580</b>	<b>\$13,296,346</b>	<b>\$13,363,887</b>	
<u>Non-Operating Revenues (Expenses):</u>					
Interest Income <sup>(2)</sup>	\$42,976	(\$888,656)	\$1,797,172	\$3,484,639	
Interest Expense <sup>(2)</sup>	-	(42,701)	(1,032,301)	(1,009,801)	
Operating Grants <sup>(3)</sup>	-	-	-	557,407	
Gain (Loss) on Sale of Capital Assets	1,174	34,712	34,546	190,735	
<b>Total Non-Operating Revenues (Expenses)</b>	<b>\$44,150</b>	<b>(\$896,645)</b>	<b>\$799,417</b>	<b>\$3,222,980</b>	
<b>Total Revenues</b>	<b>\$9,691,290</b>	<b>\$10,539,935</b>	<b>\$14,095,763</b>	<b>\$16,586,867</b>	
<u>Operating Expenses:<sup>(4)</sup></u>					
Personnel Services	\$2,144,115	\$2,405,438	\$2,745,119	\$2,715,312	
Other Services & Charges	5,425,279	5,182,232	4,715,278	5,117,670	
<b>Total Operating Expenses<sup>(3)</sup></b>	<b>\$7,569,394</b>	<b>\$7,587,670</b>	<b>\$7,460,397</b>	<b>\$7,832,982</b>	
<b>Total Net Revenues</b>	<b><u>\$2,121,896</u></b>	<b><u>\$2,952,268</u></b>	<b><u>\$6,635,366</u></b>	<b><u>\$8,753,885</u></b>	

(1) The increase in Miscellaneous revenues for Fiscal Year ended September 30, 2023, was primarily due to the County's receipt of insurance proceeds.

(2) Includes unrealized gains (and losses). Unrealized gains are not available to make debt service payments.

(3) Includes operating grants received from the U.S. Department of Agriculture Natural Resources Conservation Service for the County's Think Outside the Can: Consider Compost Pilot Project.

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

Source: Hernando County, Florida

*Revenues of the Solid Waste System will only be legally available to pay that portion of the debt service on the Series 2022 Bonds attributable to the Cell 4 expansion at the Northwest Landfill. Revenues of the Solid Waste System will not be legally available to pay debt service on the Series 2026 Bonds.*

## Historical Non-Ad Valorem Revenues

The following table represents the County's determination of non-ad valorem revenues for the County's fiscal years ending September 30, 2021, through and including September 30, 2025 (excludes non-ad valorem revenues of the County which are not legally available to pay debt service on the Series 2026 Bonds). Certain of such revenues 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 2026 Bonds. Such table is not intended to represent revenues of the County which would necessarily be available to pay debt service on the Series 2026 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 of and interest on the Series 2026 Bonds taking into account general government expenditures. Certain categories may cease to exist altogether and new sources may come about from time to time.

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**HERNANDO COUNTY, FLORIDA  
HISTORICAL NON-AD VALOREM REVENUES**

	Fiscal Year Ended September 30				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>Revenues:</u> <sup>(1)</sup>					
Taxes:					
Local Communications Services Tax	\$1,504,621	\$1,656,179	\$1,644,002	\$1,648,383	
Licenses and Permits:					
Other <sup>(2)</sup>	530,672	504,505	426,455	663,393	
Intergovernmental:					
Local Government Half-Cent Sales Tax <sup>(3)</sup>	12,179,208	13,550,762	14,103,869	13,976,296	
State Revenue Sharing	5,726,289	7,369,002	7,814,124	7,931,919	
Other <sup>(4)</sup>	13,730,732	4,900,011	5,701,178	9,654,385	
Charges for services:					
General Government <sup>(5)</sup>	10,500,253	9,710,211	13,825,704	11,579,093	
Public Safety	3,752,649	3,765,060	758,583	312,884	
Physical Environment	140,264	200,314	-	-	
Transportation	118,139	132,034	147,805	169,660	
Human Services	194,870	184,655	170,411	130,673	
Recreation and Culture	1,028,982	1,021,659	973,028	399,239	
Other <sup>(6)</sup>	31,998	30,417	-	-	
Fines and Forfeitures	198,608	147,248	248,671	278,651	
Interest Income <sup>(7)</sup>	84,734	(2,371,310)	4,997,392	8,143,063	
Miscellaneous Revenue <sup>(8)</sup>	2,746,219	2,483,866	1,841,042	1,322,389	
Fire Rescue Assessments <sup>(9)</sup>	<u>27,603,084</u>	<u>27,972,563</u>	<u>28,503,612</u>	<u>33,019,260</u>	
Total Sources of Non-Ad Valorem Revenues <sup>(10)</sup>	<u>\$80,071,322</u>	<u>\$71,257,176</u>	<u>\$81,155,876</u>	<u>\$89,229,288</u>	

<sup>(1)</sup> Includes non-ad valorem revenues in General Fund only.

<sup>(2)</sup> Includes revenue from permits for various items including zoning, billboards, banners and flags.

<sup>(3)</sup> The decrease in the Fiscal Year ended September 30, 2024 is primarily due to [\_\_\_\_\_].

<sup>(4)</sup> Increases/decreases predominantly due to a changes in grant funding provided by other governmental agencies.

<sup>(5)</sup> The decrease in the Fiscal Year ended September 30, 2024 is primarily due to [\_\_\_\_\_].

<sup>(6)</sup> Includes revenue received from court fees to fund programs on domestic violence.

<sup>(7)</sup> Includes unrealized gains (and losses). Unrealized gains are not available to make debt service payments.

<sup>(8)</sup> Includes rent and lease revenue, proceeds from sale of land, donations and various immaterial items.

<sup>(9)</sup> The Series 2026 Bonds are being issued to finance, among other things, certain fire rescue projects. Therefore, revenues from the Fire Rescue Assessment will be legally available to be used to pay allocable debt service on such Series 2026 Bonds attributable to the Fire Station Atlanta and US 19 improvements. See "GENERAL INFORMATION REGARDING NON-AD VALOREM REVENUES – Revenues of Fire Rescue Assessment" herein. As of the date hereof, the annual allocable debt service on the Series 2026 Bonds related to fire rescue projects is approximately \$\_\_\_\_\_. Revenues from the Fire Rescue

Assessment are not legally available to pay debt service on the Series 2012 Note, the Non-Revolving Line of Credit, Series 2023 Note, Series 2024 Note, Series 2025 Note, or the portion of the Series 2022 Bonds related to projects other than fire rescue related projects.

<sup>(10)</sup> The Series 2022 Bonds were issued to finance, among other things, certain solid waste projects. Therefore, revenues from the Solid Waste System are legally available to be used to pay allocable debt service on such Series 2022 Bonds attributable to the Cell 4 expansion at the Northwest Landfill. See “GENERAL INFORMATION REGARDING NON-AD VALOREM REVENUES – Revenues of Solid Waste System” herein. As of the date hereof, the annual allocable debt service on the Series 2022 Bonds related to solid waste projects is approximately \$\_\_\_\_\_. Revenues from the Solid Waste System are not legally available to pay debt service on the Series 2012 Note, the Non-Revolving Line of Credit, Series 2023 Note, Series 2024 Note, Series 2025 Note, or the Series 2026 Bonds.

Source: Finance Department, Hernando County, Florida

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**HERNANDO COUNTY, FLORIDA**  
**OTHER OBLIGATIONS PAYABLE FROM NON-AD VALOREM REVENUES**

The County has other debt issues outstanding which are payable from non-ad valorem revenues (excluding gas taxes [and net revenues of the water and sewer enterprise fund, neither of] which are legally available to pay debt service on the Series 2026 Bonds). Such indebtedness is summarized below:

<u>Description</u>	<u>Source of Security</u>	<u>Amount Outstanding<sup>(1)</sup></u>	<u>Final Maturity</u>	<u>Maximum Annual Debt Service</u>	<u>Maximum Annual Debt Service Year</u>
Non-Ad Valorem Revenue Note, Series 2025	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	\$5,966,000	5/1/2035	\$723,483	2033
Non-Ad Valorem Revenue Note, Series 2024	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	4,380,000	5/1/2034	590,600	2031
Non-Ad Valorem Revenue Note, Series 2023	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	3,407,000	5/1/2033	504,404	2027
Non-Ad Valorem Revenue Bonds, Series 2022	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	49,490,000	6/1/2052	3,690,788	2039
Non-Revolving Line of Credit <sup>(2)</sup>	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	\$ _____	05/01/2031	\$ _____	20__
Non-Ad Valorem Refunding Revenue Note, Series 2012	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	4,472,000	2/1/2028	1,550,321	2026
<b>TOTALS:</b>		<u>\$ _____</u>		<u>\$ _____</u>	

<sup>(1)</sup> The amount outstanding on each bond issue is calculated as of September 30, 2025.

<sup>(2)</sup> The County has entered into a Non-Revolving Line of Credit agreement with Truist Bank, to finance up to \$15,000,000 for improvement projects. Pursuant to the Third Amendment to the agreement, the draw period was extended to March 11, 2026. Draws on the line of credit are converted to notes amortized over 3, 5, 7, 10, or 15 years. The County currently has \$ \_\_\_\_\_ of such notes outstanding under the current agreement and past agreements at interest rates ranging from 2.06% to 4.09%.

Since there is no lien on the Non-Ad Valorem Revenues in favor of the Holders of the Series 2026 Bonds, the exercise of remedies by the holders of the other obligations heretofore or hereafter issued which

are payable from Non-Ad Valorem Revenues may result in the payment of debt service on any such obligations prior to the payment of debt service on the Series 2026 Bonds.

## **CERTAIN FINANCIAL MATTERS**

### **Financial and Operating Plan (Budget) and Capital Improvement Planning Policy**

The County's budget is adopted by the Board no later than September 30<sup>th</sup> of each year, and the County's budget has consistently received the Government Finance Officers Association of the United States and Canada ("GFOA") Certificate of Achievement for its budget presentations since the County began participation in the program in 2004. The County utilizes the following procedures in establishing the budgetary data reflected in its financial statements:

1. Prior to October 1<sup>st</sup>, the County prepares a proposed operating budget for the subsequent fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1<sup>st</sup>, the budget is legally adopted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for the County funds.
5. Budgets for all County funds are adopted on a basis consistent with generally accepted accounting principles.
6. Expenditures may not legally exceed budgeted appropriation at the fund level.

The County maintains a five-year Capital Improvement Program which is updated annually in connection with the adoption of the budget. Proposed projects are prioritized and funds are allocated to projects according to their order of priority. The 5-year strategic capital plans which are part of the policy coordinate capital needs and the impact of those capital needs on operating budgets.

### **Financial Reporting and Annual Audit**

The GFOA has awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its annual comprehensive financial report ("ACFR") in each year since the County began participation in the program in 1987.

Florida law requires that an annual post audit of each county's accounts and records be completed by a firm of independent certified public accountants retained and paid for by such county. Forvis Mazars, LLP prepared the audit for the fiscal year ended September 30, 2025. The audit report for the fiscal year ended September 30, 2025, appears as APPENDIX C attached hereto.

### **General Fund and Waste Management Fund**

The General Fund is the general operating fund of the County and is part of the Governmental Funds. It accounts for all financial resources except for those required to be accounted for in another fund.

The largest source of revenue in this fund is ad valorem taxation (ad valorem taxes have not been pledged to secure the Series 2026 Bonds which means that the County cannot be compelled to levy ad valorem taxes in order to pay debt service on the Series 2026 Bonds). Revenues deposited in the General Fund do not directly correspond to the Non-Ad Valorem Revenues from which debt service on the Series 2026 Bonds is payable as some General Fund revenues are not legally available to pay debt service on the Series 2026 Bonds and some revenues in other Governmental Funds, including the Waste Management Fund may be legally available to pay a portion of the debt service on the Series 2026 Bonds. Operations are removed from the General Fund only when they are deemed to be true enterprise operations. The Waste Management Fund is used to account for the operation of the sanitary landfill for the handling and disposal of solid waste.

Although the Series 2026 Bonds are not payable from ad valorem taxation, approximately 59% of General Fund revenues which are collected by the County come from ad valorem taxes. To the extent that the future collection of ad valorem tax revenues or non-ad valorem revenues is adversely affected, a larger portion of non-ad valorem revenues would be required to balance the budget and provide for the payment of services and programs which are for essential public purposes affecting the health, safety and welfare of the inhabitants of the County or which are mandated by applicable law.

The following chart shows information regarding the General Fund for the County's fiscal years ending September 30, 2021, through and including September 30, 2025:

**[TO BE UPDATED ONCE FY 2025 AUDITED FINANCIALS STATEMENTS ARE AVAILABLE]**

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**HERNANDO COUNTY, FLORIDA  
GENERAL FUND REVENUES AND EXPENDITURES**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>REVENUES</b>					
Taxes	\$75,177,661	\$79,668,627	\$90,284,482	\$97,750,234	
Licenses and Permits	530,672	504,505	426,455	663,393	
Intergovernmental	33,094,676	25,769,775	33,375,083	37,307,614	
Charges for Services	15,767,155	15,044,350	15,875,531	16,697,013	
Fines and Forfeitures	198,608	147,248	248,671	278,651	
Interest	84,734	(2,371,310)	4,997,392	8,143,063	
Miscellaneous	2,746,219	2,483,866	1,841,042	1,322,389	
<b>TOTAL REVENUES</b>	<u>\$127,599,725</u>	<u>\$121,247,061</u>	<u>\$147,048,657</u>	<u>\$162,162,357</u>	
<b>EXPENDITURES</b>					
Current:					
General Government	\$26,424,780	\$27,475,790	\$32,276,854	\$38,790,874	
Public Safety	57,634,971	62,627,142	69,455,191	78,923,080	
Physical Environment	515,117	603,428	619,375	754,622	
Transportation	2,878,645	3,179,680	3,181,742	4,145,973	
Economic Environment	4,928,949	713,316	1,028,384	764,569	
Human Services	5,941,076	4,965,909	5,270,636	5,957,841	
Culture and Recreation	6,177,042	6,597,701	6,980,987	7,770,715	
Court Operations	1,558,259	1,671,019	1,845,366	2,077,649	
Debt Service:					
Principal	811,662	910,419	1,607,299	1,140,635	
Interest and Fiscal Charges	75,771	70,940	297,839	158,294	
Capital Outlay	7,729,843	8,157,892	9,938,732	17,799,178	
<b>TOTAL EXPENDITURES<sup>(1)</sup></b>	<u>\$114,676,115</u>	<u>116,973,236</u>	<u>\$132,502,405</u>	<u>\$158,283,230</u>	
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$12,923,610</u>	<u>\$4,273,825</u>	<u>\$14,546,252</u>	<u>\$3,879,127</u>	
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In <sup>(2)</sup>	\$357,922	\$855,149	\$1,374,146	\$1,482,182	
Transfers Out <sup>(2)</sup>	(6,055,192)	(5,174,031)	(6,306,615)	(6,574,773)	
Lease Financing	-	459,141	86,953	786,617	
SBITA Financing	-	-	537,507	640,798	
Additions to Long-Term Debt	-	-	15,122,899	-	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(\$5,697,270)</u>	<u>(\$2,859,741)</u>	<u>\$10,814,890</u>	<u>(\$3,665,176)</u>	
<b>Net Change in Fund Balances</b>	<u>7,226,340</u>	<u>1,414,084</u>	<u>25,361,142</u>	<u>213,951</u>	
<b>BEGINNING FUND BALANCE</b>	<u>58,570,998</u>	<u>65,757,338</u>	<u>67,211,422</u>	<u>92,572,564</u>	
<b>ENDING FUND BALANCE</b>	<u>\$65,797,338</u>	<u>\$67,211,422</u>	<u>\$92,572,564</u>	<u>\$92,786,515</u>	

(1) See "CERTAIN FINANCIAL MATTERS – Classification of Local Government Expenditures" herein.

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

Source: Finance Department, Hernando County, Florida

While the table above is not intended to represent revenues of the County which would necessarily be available to pay debt service on the Series 2026 Bonds, they are an indication of the relative amounts of legally available non-ad valorem revenues of the County which may be available for the payment of principal of and interest on the Series 2026 Bonds taking into account general governmental expenditures. The ability of the County to appropriate Non-Ad Valorem Revenues in sufficient amounts to pay the principal of and the interest on the Series 2026 Bonds is subject to a variety of factors, including the County's responsibility to provide for the payment of services and programs which are for essential public purposes affecting the health, safety and welfare of the inhabitants of the County or which are mandated by applicable law and the obligation of the County to have a balanced budget. No representation is being made by the County that any particular non-ad valorem revenue source will be available in future years, or if available, will be budgeted to pay debt service on the Series 2026 Bonds.

Continued consistent receipt of non-ad valorem revenues is dependent upon a variety of factors, including formulas specified under Florida law for the distribution of certain of such funds which taken into consideration the ratio of residents in unincorporated areas of the County to total County residents. Aggressive annexation policies by municipalities in the County or greater growth in the incorporated areas of the County as compared to unincorporated areas could have an adverse effect on non-ad valorem revenues. The amounts and availability of any of the non-ad valorem revenues to the County are also subject to change, including reduction or elimination by change of State law or changes in the facts or circumstances according to which certain of the non-ad valorem revenues are allocated. In addition, the amount of certain of the non-ad valorem revenues collected by the County is directly related to the general economy of the County. Accordingly, adverse economic conditions could have a material adverse effect on the amount of non-ad valorem revenues collected by the County. The County may also specifically pledge certain of the non-ad valorem revenues or covenant to budget and appropriate legally available non-ad valorem revenues of the County to future obligations that it issues. In the case of a specific pledge, such non-ad valorem revenues would be required to be applied to such obligations prior to paying the principal of and interest on the Series 2026 Bonds.

### **Classification of Local Government Expenditures**

The County classifies its expenditures in accordance with the Uniform Accounting System devised by the FDFS.

*General government* expenditures arise from operations of legislative, judicial and administrative activities of the local government. These costs are related to operations of the Board, the County Administrator's office, pension benefits, comprehensive planning, financial operations, legal expenses and other general government services.

*Public safety* expenditures reflect all costs provided to achieve a satisfactory living environment for the community and its citizens which include expenditures for the County's police and fire department operations, as well as emergency disaster relief services and protective inspections.

*Physical environment* expenditures relate to the County's utilities and garbage/solid waste operations.

*Transportation* expenditures generally reflect the costs of roads and streets, parking facilities, and the County's Bus System.

*Economic environment* expenditures include the costs of providing economic development activities, housing opportunities and related programs, and other activities intended to raise the economic status of the citizenry.

*Human services* expenditures reflect the County's activities related to the care treatment and control of mental and physical illness and similar services.

*Culture and recreation* expenditures include the County's costs of operating parks and recreation facilities and of offering special events, cultural services and programs and similar services.

*Capital outlay* expenditures include expenditures which result in the acquisition of, or addition to, fixed assets such as buildings, land and roads.

*Debt service* expenditures are used to account for principal and interest payments on local government debt.

## RETIREMENT PLAN AND OTHER POST EMPLOYMENT BENEFITS

[TO BE UPDATED ONCE FY 2025 AUDITED FINANCIALS STATEMENTS ARE AVAILABLE]

### Florida Retirement System

*The information relating to the Florida Retirement System ("FRS") contained herein has been obtained from the FRS Annual Reports available at [https://www.dms.myflorida.com/workforce\\_operations/retirement/publications/annual\\_reports](https://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports) and the Florida Annual Comprehensive Financial Reports available at <https://www.sbafla.com/bondfinance/Financial-Information/Florida-Annual-Comprehensive-Financial-Report>. No representation is made by the County as to the accuracy or adequacy of such information or that there has not been any material adverse change in such information subsequent to the date of such information.*

General Information. The FRS is a cost-sharing multiple-employer public-employee retirement system with two primary plans – the FRS defined benefit pension plan (the "FRS Pension Plan") and the FRS defined contribution plan (the "FRS Investment Plan"). The FRS Pension Plan was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees.

#### Florida Retirement System Pension Plan

Membership. FRS membership is compulsory for all employees filling a regularly established position in a state agency, county agency, state university, state community college, or district school board. Participation by cities, municipalities, special districts, charter schools, and metropolitan planning organizations, although optional, is generally irrevocable after election to participate is made. Members hired into certain positions may be eligible to withdraw from the FRS altogether or elect to participate in the non-integrated optional retirement programs in lieu of the FRS except faculty of a medical college in a state university who must participate in the State University System Optional Retirement Program.

There are five general classes of membership, as follows:

- *Regular Class* - Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)* - Members in senior management level positions in state and local governments as well as assistant state attorneys, assistant statewide prosecutors, assistant public defenders, assistant attorneys general, deputy court administrators, assistant capital collateral representatives, and judges of compensation claims.
- *Special Risk Class* - Members who are employed as law enforcement officers, firefighters, firefighter trainers, fire prevention officers, state fixed-wing pilots for aerial firefighting surveillance, correctional officers, emergency medical technicians, paramedics, community-based correctional probation officers, youth custody officers (from July 1, 2001 through June 30, 2014), certain health-care related positions within state forensic or correctional facilities, or specified forensic employees of a medical examiner's office or a law enforcement agency, and meet the criteria to qualify for this class.
- *Special Risk Administrative Support Class* - Former Special Risk Class members who are transferred or reassigned to nonspecial risk law enforcement, firefighting, emergency medical care, or correctional administrative support positions within an FRS special risk-employing agency.
- *Elected Officers' Class (EOC)* - Members who are elected state and county officers and the elected officers of cities and special districts that choose to place their elected officials in this class. Members of the EOC may elect to withdraw from the FRS or participate in the SMSC in lieu of the EOC.

Beginning July 1, 2001, through June 30, 2011, the FRS Pension Plan provided for vesting of benefits after six years of creditable service for members initially enrolled during this period. Members not actively working in a position covered by the FRS Pension Plan on July 1, 2001, must return to covered employment for up to one work year to be eligible to vest with less service than was required under the law in effect before July 1, 2001. Members initially enrolled on or after July 1, 2001 through June 30, 2011, vest after six years of service. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service. Members are eligible for normal retirement when they have met the requirements listed below. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5% benefit reduction for each year prior to the normal retirement age.

- *Regular Class, SMSC, and EOC Members* – For members initially enrolled in the FRS Pension Plan before July 1, 2011, six or more years of creditable service and age 62, or the age after completing six years of creditable service if after age 62. Thirty years of creditable service regardless of age before age 62. For members initially enrolled in the FRS Pension Plan on or after July 1, 2011, eight or more years of creditable service and age 65, or the age after completing eight years of creditable service if after age 65. Thirty-three years of creditable service regardless of age before age 65.
- *Special Risk Class and Special Risk Administrative Support Class Members* – For members initially enrolled in the FRS Pension Plan before July 1, 2011, six or more years of Special

Risk Class service and age 55, or the age after completing six years of Special Risk Class service if after age 55. Twenty-five years of special risk service regardless of age before age 55. A total of 25 years of service including special risk service and up to four years of active duty wartime service and age 52. Without six years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class. For members initially enrolled in the FRS Pension Plan on or after July 1, 2011, eight or more years of Special Risk Class service and age 60, or the age after completing eight years of Special Risk Class service if after age 60. Thirty years of special risk service regardless of age before age 60. Without eight years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.

Benefits. Benefits under the FRS Pension Plan are computed on the basis of age, average final compensation, creditable years of service, and accrual value by membership class. Members are also eligible for in-line-of-duty or regular disability and survivors' benefits. Pension benefits of retirees and annuitants are increased each July 1 by a cost-of-living adjustment. If the member is initially enrolled in the FRS Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

The Deferred Retirement Option Program ("DROP") became effective July 1, 1998, subject to provisions of Section 121.091(13), Florida Statutes. FRS Pension Plan members who reach normal retirement are eligible to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a maximum of 60 months. Authorized instructional personnel employed with a district school board, the Florida School for the Deaf and the Blind or a developmental research school of a state university may be allowed to extend their DROP participation for up to an additional 36 months beyond their initial 60-month participation period. Monthly retirement benefits remain in the FRS Trust Fund during DROP participation and accrue interest. As of June 30, 2021, the FRS Trust Fund held \$2,684,789,035 in accumulated benefits for 34,338 DROP participants. Of these 34,338 DROP participants, 32,202 were active in the DROP with balances totaling \$2,376,000,615. The remaining participants were no longer active in the DROP and had balances totaling \$308,788,420 to be processed after June 30, 2021.

Administration. The Department of Management Services, Division of Retirement administers the FRS Pension Plan. The State Board of Administration (the "SBA") invests the assets of the FRS Pension Plan held in the FRS Trust Fund. Costs of administering the FRS Pension Plan are funded from earnings on investments of the FRS Trust Fund. Reporting of the FRS Pension Plan is on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the obligation is incurred.

Contributions. All participating employers must comply with statutory contribution requirements. Section 121.031(3), Florida Statutes, requires an annual actuarial valuation of the FRS Pension Plan, which is provided to the State Legislature as guidance for funding decisions. Employer and employee contribution rates are established in Section 121.71, Florida Statutes. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and FRS Investment Plan rates) are recommended by the actuary but set by the State Legislature. Statutes require that any unfunded actuarial liability ("UAL") be amortized within 30 plan years. Pursuant to Section 121.031(3)(f), Florida Statutes, any

surplus amounts available to offset total retirement system costs are to be amortized over a 10-year rolling period on a level-dollar basis. The balance of legally required reserves for all defined benefit pension plans at June 30, 2021, was \$202,082,182,546. These funds were reserved to provide for total current and future benefits, refunds, and administration of the FRS Pension Plan.

Effective July 1, 2011, both employees and employers of the FRS are required to make contributions to establish service credit for work performed in a regularly established position. Effective July 1, 2002, the Florida Legislature established a uniform contribution rate system for the FRS, covering both the FRS Pension Plan and the FRS Investment Plan. The uniform rates for Fiscal Year 2020-21 are as follows:

<u>Membership Class</u>	<u>Employee Contribution Rate</u>	<u>Employer Contribution Rate<sup>(1)</sup></u>	<u>Total Contribution Rate</u>
Regular	3.00%	8.28%	11.28%
Special Risk	3.00	22.73	25.73
Special Risk Administrative Support	3.00	34.12	37.12
Elected Officers			
Judges	3.00	38.01	41.01
Governor, Lt. Governor, Cabinet, Legislators, State	3.00	57.19	60.19
Elected County, City, and Special District Officials	3.00	47.46	50.46
Senior Management Service	3.00	25.57	28.57
Deferred Retirement Option Program	N/A	15.32	15.32

<sup>(1)</sup> These rates include the normal cost and unfunded actuarial liability contributions but do not include the 1.66% contribution for the HIS and the fee of 0.06% for administration of the FRS Investment Plan and provision of educational tools for both plans.

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2021.

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Pension Amounts for the FRS Pension Plan.

**Schedule of Changes in Net Pension Liability and Related Ratios  
(in thousands)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><u>Total Pension Liability</u></b>				
Service cost	\$280,659	\$265,521	\$232,118	\$258,450
Interest on total pension liability	278,747	402,709	418,157	389,705
Effect of plan changes	-	-	-	-
Effect of economic/demographic (gains) or losses	-	452,542	-	188,173
Effect of assumption changes or inputs	85,978	481,833	516,083	(398,996)
Benefit payments	(514,361)	(505,549)	(491,890)	(491,528)
Net change in total pension liability	131,023	1,097,056	674,468	(54,196)
Total pension liability, beginning	12,588,098	11,491,044	10,816,576	10,870,772
Total pension liability, ending (a)	<u>\$12,719,121</u>	<u>\$12,588,098</u>	<u>\$11,491,044</u>	<u>\$10,816,576</u>
<b><u>Fiduciary Net Position</u></b>				
Employer contributions	\$587,801	\$576,253	\$555,291	\$542,303
Member contributions	55	370	195	237
Investment income net of investment expenses	1,054	5,315	6,181	3,311
Benefit payments	(514,361)	(505,549)	(491,890)	(491,531)
Administrative expenses	(193)	(172)	(195)	(168)
Net change in plan fiduciary net position	74,356	76,217	69,582	54,152
Fiduciary net position, beginning	378,261	302,045	232,463	178,311
Fiduciary net position, ending (b)	<u>\$452,618</u>	<u>\$378,261</u>	<u>\$302,045</u>	<u>\$232,463</u>
Net pension liability, ending = (a) - (b)	\$12,266,503	\$12,209,837	\$11,188,999	\$10,584,113
Fiduciary net position as a % of total pension liability	3.56%	3.00%	2.63%	2.15%
Covered payroll	\$35,406,397	\$34,715,391	\$33,452,626	\$32,670,918
Net pension liability as a % of covered payroll	34.64%	35.17%	33.45%	32.40%

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2021.

Actuarial Methods and Assumptions for the FRS Pension Plan. The total pension liability was determined by an actuarial valuation as of the valuation date of July 1, 2021, calculated based on the discount rate and actuarial assumptions below:

	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Discount rate	6.80%	6.80%
Long-term expected rate of return, net of investment expense	6.80%	6.80%
Bond Buyer General Obligation 20-Year Bond Municipal Bond Index	N/A	N/A

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2021.

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees in determining the projected depletion date. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The actuarial assumptions used to determine the total pension liability as of June 30, 2021, were based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2018.

Valuation Date	July 1, 2021
Measurement Date	June 30, 2021
Asset Valuation Method	Fair Market Value
Inflation	2.40%
Salary increase including inflation	3.25%
Mortality	PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018
Actuarial cost method	Individual Entry Age Normal

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2021.

Sensitivity Analysis for the FRS Pension Plan. The following presents the net pension liability of the FRS, calculated using the discount rate of 6.80%, as well as what the FRS's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.80%) or one percentage point higher (7.80%) than the current rate.

	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
Total pension liability	\$235,863,566,000	\$209,636,046,000	\$187,712,780,000
Fiduciary net position	202,082,182,546	202,082,182,546	202,082,182,546
Net pension liability	33,781,383,454	7,553,863,454	(\$14,369,402,546)

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2021.

#### Retiree Health Insurance Subsidy Program

The Health Insurance Subsidy ("HIS") Program is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Department of Management Services. For the fiscal year ended June 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

The HIS Program is funded by required contributions from FRS participating employers as set by the State Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2021, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative

appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, the legislature may reduce or cancel HIS payments.

Pension Amounts for the HIS.

**Schedule of Changes in Net Pension Liability and Related Ratios  
(in thousands)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b><u>Total Pension Liability</u></b>			
Service cost	\$280,659	\$265,521	\$232,118
Interest on total pension liability	278,747	402,709	418,157
Effect of plan changes	-	-	-
Effect of economic/demographic (gains) or losses	-	452,542	-
Effect of assumption changes or inputs	85,978	481,833	516,083
Benefit payments	(514,361)	(505,549)	(491,890)
Net change in total pension liability	131,023	1,097,056	674,468
Total pension liability, beginning	12,588,098	11,491,044	10,816,576
Total pension liability, ending (a)	<u>\$12,719,121</u>	<u>\$12,588,098</u>	<u>\$11,491,044</u>
<b><u>Fiduciary Net Position</u></b>			
Employer contributions	\$587,801	\$576,253	\$555,291
Member contributions	55	370	195
Investment income net of investment expenses	1,054	5,315	6,181
Benefit payments	(514,361)	(505,549)	(491,890)
Administrative expenses	(193)	(172)	(195)
Net change in plan fiduciary net position	74,356	76,217	69,582
Fiduciary net position, beginning	378,261	302,045	232,463
Fiduciary net position, ending (b)	<u>\$452,618</u>	<u>\$378,261</u>	<u>\$302,045</u>
Net pension liability, ending = (a) - (b)	\$12,266,503	\$12,209,837	\$11,188,999
Fiduciary net position as a % of total pension liability	3.56%	3.00%	2.63%
Covered payroll	\$35,406,397	\$34,715,391	\$33,452,626
Net pension liability as a % of covered payroll	34.64%	35.17%	33.45%

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2021.

Actuarial Methods and Assumptions for the HIS. The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and then was projected to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 67. The same demographic and economic assumptions that were used in the Florida Retirement System Actuarial Valuation as of July 1, 2021 ("funding valuation") were used for the HIS Program, unless otherwise noted. In a given membership class and tier, the same assumptions for both FRS Investment Plan members and for FRS Pension Plan members were used.

	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Discount rate	2.21%	2.16%
Long-term expected rate of return, net of investment expense	N/A	N/A
Bond Buyer General Obligation 20-Year Bond Municipal Bond Index	2.21%	2.16%

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2021.

In general, the discount rate for calculating the total pension liability under GASB 67 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 plan sponsor.

The actuarial assumptions used to determine the total pension liability as of June 30, 2021, were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013.

Valuation Date	July 1, 2020
Measurement Date	June 30, 2021
Inflation	2.40%
Salary increase including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2021.

Sensitivity Analysis for the HIS. The following presents the net pension liability of the HIS, calculated using the discount rate of 2.21%, as well as what the HIS's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate.

	1% Decrease <u>1.21%</u>	Current Discount Rate <u>2.21%</u>	1% Increase <u>3.21%</u>
Total pension liability	\$14,633,883,847	\$12,719,121,120	\$11,150,401,256
Fiduciary net position	<u>452,617,639</u>	<u>452,617,639</u>	<u>452,617,639</u>
Net pension liability	\$14,181,266,208	\$12,266,503,481	\$10,697,783,617

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2021.

#### FRS Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Florida Legislature establishes and amends the benefit terms of the plan. Retirement benefits are based

upon the value of the member's account upon retirement. The FRS Investment Plan provides vesting after one year of service regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the years of service required for vesting under the FRS Pension Plan (including the service credit represented by the transferred funds) is required to be vested for these funds and the earnings on the funds. The employer pays a contribution as a percentage of salary that is deposited into the individual member's account. Effective July 1, 2011, there is a mandatory employee contribution of 3.00%. The FRS Investment Plan member directs the investment from the options offered under the plan. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer assessment of payroll and by forfeited benefits of plan members. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the FRS Investment Plan, receive a lump-sum distribution, or leave the funds invested for future distribution. Disability coverage is provided; the employer pays an employer contribution to fund the disability benefit which is deposited in the FRS Trust Fund. The member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the FRS Investment Plan and rely upon that account balance for retirement income.

#### Multiple Employer Defined Benefit Retirement Plan

As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost-sharing, multiple-employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan and HIS. Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan FRS Investment Plan alternative to the FRS Pension Plan, which is administered by the SBA. As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000 or from the website: [www.frs.myflorida.com](http://www.frs.myflorida.com).

#### **Other Post Employment Benefits**

##### Summary and Plan Description

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 "OPEB Plan"). In most cases, the retiree pays 100% of the premium cost for the retiree to participate in the County's insurance program. As a rule, the cost of health care increases with age. Thus age-adjusted healthcare premiums for active employees can normally be expected to be less than age-adjusted premiums for retirees. When a single premium is established for both active employees and retirees, the retiree benefits from an abnormally low premium. Governmental Accounting Standards Board ("GASB") Statement No. 45 describes such an arrangement as an implicit rate

subsidy and mandates that any retiree savings be treated as Other Post Employment Benefits ("OPEB") even though the employer makes no payments directly on behalf of retirees. The OPEB 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 OPEB Plan does not issue a separate financial report.

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

Eligibility for participation in the OPEB Plan is limited to full time employees of the County, employees who are active participants in the OPEB Plan at the time of retirement, who retire and are either vested with 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 OPEB Plan if eligibility criteria specific to those classes are met. In an open session, the County approves the OPEB Plan rates for the enrollment period, and may amend the OPEB 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, 2020 which is the same as the measurement date. These liabilities are used for the reporting period ending September 30, 2021.

Actuarial Valuation Date	9/30/2020
Measurement Date	9/30/2020
County's Reporting Date	9/30/2021

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

Active Plan Participants	1,381
Retirees and Beneficiaries Receiving Benefits	<u>96</u>
Total Membership	1,447

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.

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Total OPEB Liability

The components of the County's OPEB Liability at the Measurement Date of September 30, 2020 are as follows:

Total OPEB Liability	\$20,304,347
OPEB Plan Fiduciary Net Position	<u>-</u>
County's Net OPEB Liability	\$20,304,347
OPEB Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%

Changes in Total OPEB Liability

The changes in the OPEB Liability for the Measurement Period Ended September 30, 2021 are as follows:

Total OPEB Liability:	
Service Cost	\$887,762
Interest on Total OPEB Liability	674,524
Changes of Benefit Terms	-
Difference between Expected and Actual Expense	-
Changes in Assumptions and Other Inputs	1,686,520
Benefit Payments	(750,886)
Net Change in Total OPEB Liability	2,497,920
Total OPEB Liability-Beginning	<u>17,099,268</u>
Total OPEB Liability-Ending	<u>\$19,597,188</u>
Covered Employee Payroll	\$74,406,382
Total OPEB Liability as a Percentage of Covered Payroll	26.34%

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

The following table presents the total OPEB liability, calculated using the discount rate of 2.41%, 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 (1.41%) or one percentage-point higher (3.41%) than the current discount rate:

	1% Decrease <u>(1.41%)</u>	Current Discount Rate Assumption <u>(2.41%)</u>	1% Increase <u>(3.41%)</u>
Total OPEB Liability	\$21,907,468	\$20,304,347	\$18,809,346

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

The following table presents the total OPEB liability of the County using the discount rate of 6.25% decreasing to 3.99%, 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 (5.25%) or one percentage-point higher (7.25%) than the current discount rate.

	1% Decrease (5.25%) decreasing to <u>2.99%</u>	Current Discount Rate Assumption (6.25%) decreasing to <u>3.99%</u>	1% Increase (7.25%) decreasing to <u>4.99%</u>
Total OPEB Liability	\$18,079,154	\$20,304,347	\$23,010,639

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

At the beginning of the measurement period, the average of the expected remaining service lives for purposes of recognizing the applicable combined deferred outflows and inflows of resources established in the measurement period is 11.8 years.

For the year ended September 30, 2021, the County recognized OPEB expense of \$1,538,925.

OPEB Expense:	
Service Cost	\$1,158,078
Interest on Total OPEB Liability	559,255
Current-Period Benefit Changes	-
OPEB Plan Administrative Expense	-
Outflow(Inflow) of Resources due to Liability	<u>(178,408)</u>
Total OPEB Expense	<u>\$1,538,925</u>

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At September 30, 2021, the County has Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience	\$2,387,366	\$-	\$2,387,366
Changes in Assumptions and Other Inputs	1,400,670	5,144,318	(3,743,648)
Benefits Paid After the Measurement Date	<u>1,024,189</u>	<u>-</u>	<u>1,024,189</u>
	<u>\$4,812,225</u>	<u>\$5,144,318</u>	<u>(\$332,093)</u>

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

<u>Fiscal Year Ended September 30</u>	<u>Deferred Inflow of Resources</u>
2022	\$(178,408)
2023	(178,408)
2024	(178,408)
2025	(178,408)
2026	(178,408)
Thereafter	<u>(464,242)</u>
	(\$1,356,282)

Estimated Deferred Outflow of Resources due to benefits paid after the measurement date is \$1,024,189.

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Prior Year End Balance	\$4,918,442	\$5,442,958
Additions/Reductions	<u>(106,217)</u>	<u>(298,640)</u>
Current Year End Balances	<u>\$4,812,225</u>	<u>\$5,144,318</u>

Actuarial Methods and Assumptions

The total OPEB liability at September 30, 2021 was based on actuarial valuation data, from the Measurement Date of September 30, 2020, using the following actuarial assumptions:

Actuarial cost method	Entry Age Normal
Inflation rate	2.50%
Discount rate	2.4175%
Salary Increase Rates	3.4%-7.8%
Retirement Age	FRS actuarial calculated

Mortality Rates	Tables of Regular and Special Risk Class members of 7/1/2020 Florida Retirement System actuarial valuation
Healthcare Cost Trend Rates	Getzen Model, trend starting at 6.25% (1.5% for premiums to reflect actual increase) for 2021, 6.00% for 2022 and gradually decreasing to an ultimate trend rate of 3.99% and 0.00% increase for excise tax
Aging factors	2013 SOA Study "Health Care Costs-From Birth to Death"
Expenses	Administrative expenses included in the per capita health costs

## FLORIDA CONSTITUTIONAL LIMITATIONS AND PROPERTY TAX REFORM

Millage Rollback Legislation. In 2007, the State Legislature adopted a property tax plan which significantly impacted ad valorem tax collections for State local governments (the "Millage Rollback Legislation"). One component of the Millage Rollback Legislation required counties, cities and special districts to rollback their millage rates for the 2007-2008 Fiscal Year to a level that, with certain adjustments and exceptions, would generate the same level of ad valorem tax revenue as in Fiscal Year 2006-2007; provided, however, depending upon the relative growth of each local government's own ad valorem tax revenues from 2001 to 2006, such rolled back millage rates were determined after first reducing 2006-2007 ad valorem tax revenues by zero to nine percent (0% to 9%). In addition, the Rollback Legislation also limited how much the aggregate amount of ad valorem tax revenues may increase in future fiscal years. A local government may override certain portions of these requirements by a supermajority, and for certain requirements, a unanimous vote of its governing body.

Constitutional Exemptions. Certain exemptions from property taxes have been enacted. Constitutional exemptions include, but are not limited to, property owned by a municipality and used exclusively by it for municipal or public purposes, certain household goods and personal effects to the value fixed by general law, certain locally approved community and economic development ad valorem tax exemptions to new businesses and expansions of existing businesses, as defined by general law and historic preservation ad valorem tax exemptions to owners of historic properties, \$25,000 of the assessed value of property subject to tangible personal property tax, the assessed value of solar devices or renewable energy source devices subject to tangible personal property tax may be exempt from ad valorem taxation, subject to limitations provided by general law, and certain real property dedicated in perpetuity for conservation purposes, including real property encumbered by perpetual conservation easements or by other perpetual conservation protections, as defined by general law.

Limitation on Increase in Assessed Value of Property. The State Constitution limits the increases in assessed just value of homestead property to the lower of (1) three percent of the assessment for the prior year or (2) the percentage change in the Consumer Price Index for all urban consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics. The accumulated difference between the assessed value and the just value is known as the "Save Our Homes Benefit." Further, upon any change of ownership of homestead property or upon termination of homestead status such property shall be reassessed at just value as of January 1 of the year following the year of sale or change of status; new homestead property shall be assessed at just value as of January 1 of the year following the establishment of the homestead; and changes, additions, reductions or improvements to the homestead shall initially be assessed as provided for by general law.

Owners of homestead property may transfer up to \$500,000 of their Save Our Homes Benefit to a new homestead property purchased within three years of the sale of their previous homestead property to which such benefit applied if the just value of the new homestead is greater than or is equal to the just value of the prior homestead. If the just value of the new homestead is less than the just value of the prior homestead, then owners of homestead property may transfer a proportional amount of their Save Our Homes Benefit, such proportional amount equaling the just value of the new homestead divided by the just value of the prior homestead multiplied by the assessed value of the prior homestead.

For all levies other than school district levies, assessment increases for specified nonhomestead real property may not exceed ten percent (10%) of the assessment for the prior year. This assessment limitation was, by its terms, to be repealed effective January 1, 2019; however, the legislature by joint resolution approved an amendment abrogating such repeal, which was approved by the electors in the November 6, 2018, general election and went into effect January 1, 2019.

Exempt Entities/Exempt Purposes. The State Constitution provides that all property owned by a municipality and used exclusively by it for municipal or public purposes shall be exempt from taxation. A municipality, owning property outside the municipality, may be required by general law to make payment to the taxing unit in which the property is located. Such portions of property as are used predominantly for educational, literary, scientific, religious or charitable purposes (exempt purposes) may be exempted by general law from taxation. State law provides that all property owned by an exempt entity, including educational institutions, and used exclusively for exempt purposes shall be totally exempt from ad valorem taxation and all property owned by an exempt entity, including educational institutions, and used predominantly for exempt purposes (at least 50%) shall be exempted from ad valorem taxation to the extent of the ratio that such predominant use bears to the nonexempt use.

Household Goods and Personal Effects. The State Constitution provides that there shall be exempt from taxation, cumulatively, to every head of a family residing in the State, household goods and personal effects to the value fixed by general law, not less than one thousand dollars and to every widow or widower or person who is blind or totally and permanently disabled, property not less than five hundred dollars. State law exempts from taxation to every person residing and making his or her permanent home in the State, all household goods and personal effects and exempt property up to the value of \$500 of every widow, widower, blind person, or totally and permanently disabled person who is a resident of the State.

Economic Development. The State Constitution provides that any county or municipality may, for the purpose of its respective tax levy and subject to the State Constitution and general law, grant community and economic development ad valorem tax exemptions to new businesses and expansions of existing businesses, as defined by general law. Such an exemption may be granted only by ordinance of the county or municipality, and only after the electors of the county or municipality voting on such question in a referendum authorize the county or municipality to adopt such ordinance. An exemption so granted shall apply to improvements to real property made by or for the use of a new business and improvements to real property related to the expansion of an existing business and shall also apply to tangible personal property of such new business and tangible personal property related to the expansion of an existing business. The amount or limits of the amount of such exemption shall be specified by general law (up to 100% in certain circumstances) and the period of time for which such exemption may be granted to a new business or expansion of an existing business shall be determined by general law. State law provides that the authority to grant such exemption shall expire ten years from the date of approval by the electors of the county or municipality, and may be renewable by referendum as provided by general law and that

exemptions may be granted for up to 10 or 20 years depending on the use of the applicable facility. The County has enacted an ordinance granting the exemption described in this paragraph.

Historic Preservation. The State Constitution provides that any county or municipality may, for the purpose of its respective tax levy and subject to the provisions of the State Constitution and general law, grant historic preservation ad valorem tax exemptions to owners of historic properties. This exemption may be granted only by ordinance of the county or municipality. The amount or limits of the amount of this exemption and the requirements for eligible properties must be specified by general law. State law provides that such exemption may be for an amount up to 50% of the assessed value of the property. The period of time for which this exemption may be granted may continue until the ordinance is repealed or the property no longer qualifies for the exemption. The County has not enacted an ordinance granting the exemption described in this paragraph.

Tangible Personal Property and Solar Devices. The State Constitution provides that by general law and subject to conditions specified therein, \$25,000 of the assessed value of property subject to tangible personal property tax shall be exempt from ad valorem taxation. Effective January 1, 2018 through December 31, 2037, the assessed value of solar devices or renewable energy source devices subject to tangible personal property tax may be exempt from ad valorem taxation, subject to limitations provided by general law.

Property Dedicated In Perpetuity for Conservation. The State Constitution provides that there shall be granted an ad valorem tax exemption for certain real property dedicated in perpetuity for conservation purposes, including real property encumbered by perpetual conservation easements or by other perpetual conservation protections, as defined by general law.

Homestead Exemption. The State Constitution also provides for a homestead exemption. Every person who has the legal title or beneficial title in equity to real property in the State and who resides thereon and in good faith makes the same his or her permanent residence or the permanent residence of others legally or naturally dependent upon such person is eligible to receive a homestead exemption of up to \$50,000. The first \$25,000 applies to all property taxes, including school district taxes. The additional exemption, up to \$25,000, applicable to the assessed value of the property greater than \$50,000, applies to all levies other than school district levies, such amount shall be adjusted annually on January 1 of each year for inflation. A person who is receiving or claiming the benefit of an ad valorem tax exemption or a tax credit in another state where permanent residency, or residency of another legally or naturally dependent upon the owner, is required as a basis for the granting of that ad valorem tax exemption or tax credit is not entitled to the homestead exemption. In addition to the general homestead exemption described in this paragraph, the following homestead exemptions are authorized by State law.

Certain Persons 65 or Older. A board of county commissioners or the governing authority of any municipality may adopt an ordinance to allow an additional homestead exemption equal to (i) of up to \$50,000 for persons age 65 or older with household income that does not exceed the statutory income limitation of \$20,000 (as increased by the percentage increase in the average cost of living index each year since 2001) or (ii) the assessed value of the property with a just value less than \$250,000, as determined the first tax year that the owner applies and is approved, for any person 65 or older who has maintained the residence as his or her permanent residence for not less than 25 years and whose household income does not exceed the statutory income. The County enacted an ordinance providing for the exemption from County ad valorem taxes described in this paragraph.

In addition, veterans 65 or older who are partially or totally permanently disabled may receive a discount from tax on homestead property if the disability was combat related and the veteran was honorably discharged upon separation from military service. The discount is a percentage equal to the percentage of the veteran's permanent, service-connected disability as determined by the United States Department of Veteran's Affairs. A Surviving Spouse of a veteran who died from service while on active duty as a member of the United States Armed Forces is allowed the same ad valorem tax discount on homestead property for combat-disabled veterans age 65 or older to transfer to the surviving spouse of a veteran receiving the discount if the surviving spouse holds the legal or beneficial title to the homestead, permanently resides thereon, and does not remarry.

*Deployed Military Personnel.* The State Constitution provides that by general law and subject to certain conditions specified therein, each person who receives a homestead exemption who was a member of the United States military or military reserves, the United States Coast Guard or its reserves, or the Florida National Guard; and who was deployed during the preceding calendar year on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the legislature shall receive an additional exemption equal to a percentage of the taxable value of his or her homestead property. The applicable percentage shall be calculated as the number of days during the preceding calendar year the person was deployed on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the legislature divided by the number of days in that year.

*Certain Active Duty Military and Veterans.* A military veteran who was honorably discharged, is a resident of the State, and who is disabled to a degree of 10% or more because of misfortune or while serving during wartime may be entitled to a \$5,000 reduction in the assessed value of his or her property. This exemption is not limited to homestead property. A military veteran who was honorably discharged with a service-related total and permanent disability may be eligible for a total exemption from taxes on homestead property. A similar exemption is available to disabled veterans confined to wheelchairs. Under certain circumstances, the veteran's surviving spouse may be entitled to carry over these exemptions.

*Certain Totally and Permanently Disabled Persons.* Real estate used and owned as a homestead by a quadriplegic, less any portion used for commercial purposes, is exempt from all ad valorem taxation. Real estate used and owned as a homestead by a paraplegic, hemiplegic, or other totally and permanently disabled person, who must use a wheelchair for mobility or who is legally blind, is exempt from taxation if the gross household income is below statutory limits.

*Survivors of First Responders.* Any real estate that is owned and used as a homestead by the surviving spouse of a first responder (law enforcement officer, correctional officer, firefighter, emergency medical technician or paramedic), who died in the line of duty may be granted a total exemption on homestead property if the first responder and his or her surviving spouse were permanent residents of the State on January 1 of the year in which the first responder died.

*Save Our Homes Portability Affected by Storm Damage (SOH).* Owners of homestead property that was significantly damaged or destroyed as a result of a named tropical storm or hurricane can elect to have the property deemed abandoned if the owner establishes a new homestead by January 1 of the second year immediately following the storm or hurricane. This will allow the owner of the homestead property to keep their SOH benefit if they move from the significantly damaged or destroyed property to establish a new homestead by the end of the year following the storm.

Property Tax Relief for Natural Disasters. In light of recent natural disasters, the State Legislature created a property tax relief credit for homestead parcels on which certain residential improvements were damaged or destroyed by a hurricane that occurred in 2016 or 2017, namely Hurricanes Hermine, Matthew, and Irma. If the residential improvement is rendered uninhabitable for at least 30 days due to a hurricane that occurred during the 2016 or 2017 calendar year, taxes initially levied in 2019 may be abated. Due to this reduction in ad valorem tax revenue, the State Legislature is required to appropriate funds to offset the deficit in certain taxing jurisdictions.

Other Exemptions. Other exemptions include, but are not limited to, affordable housing, nonprofit homes for the aged (subject to income limits for residents), proprietary continuing care facilities, not for profit sewer water/wastewater systems, certain hospital facilities and nursing homes for special services, charter schools, certain historic property used for commercial purposes and certain tangible personal property.

Recent Legislation and Constitutional Amendments Relating to Ad Valorem Taxation. During the 2021 State legislative session, State Senate Bill 7061 was passed by the Senate and the House and signed into law by the Governor. This law exempts fully from ad valorem taxation certain affordable housing properties that previously received a 50% discount from ad valorem taxes, along with certain other insignificant or indeterminate modifications to State law regarding ad valorem taxes.

During the 2022 State legislative session, State House Bill 7071 was passed by the Senate and the House and signed into law by the Governor. This law contains provisions for tax relief and changes to tax policy including, but not limited to, the following: providing property tax relief for residential property rendered uninhabitable for 30 days or more due to a catastrophic event; providing property tax relief for property owners affected by the sudden and unforeseen collapse of a residential building; increasing the widows, widowers, blind, or totally and permanently disabled property tax exemption from \$500 to \$5,000; providing an alternative assessment methodology for land used in the production of aquaculture products; clarifying the extent of the homestead exemption on classified lands; updating the qualifying operations for the deployed service member property tax exemption; and providing alternative dates from which to calculate the 15-year required term of an affordable housing agreement for establishing qualification for a property tax exemption. This law took effect on July 1, 2022. Further, State House Bill 777 was passed by the Senate and the House, which would require a local government seeking voter approval to levy certain optional local taxes to be held at a general election. The bill applies to the following local option taxes: tourist development taxes; tourist impact taxes; ad valorem taxes levied by a children's services independent special district; county, municipal and school district voted millage increase and local option fuel taxes and took effect on October 1, 2022.

During the 2023 State legislative session, State House Bill 7063 was passed by the Senate and the House and signed into law by the Governor. This law makes property tax exemptions for veterans, first responders, and surviving spouses more accessible by eliminating certain requirements related to residency and property ownership, and revises the definition of "first responder" to include federal law enforcement officers and their surviving spouses. Additionally, this law creates a property tax exemption for certain leased property used for educational purposes. State House Bill 7063 also provides that property that is used as a parsonage, burial grounds, or tomb and is owned by an exempt organization which owns a house of public worship is exempt for a religious purpose.

During the November 2024 general election, voters approved State House Joint Resolution 7017, Amendment 5, authorizing an amendment to Article VII, Section 6(a) of the State Constitution regarding

the existing \$25,000 homestead property tax exemption on property with an assessed valuation greater than \$50,000 that is applicable to all ad valorem taxes except school district taxes. The amendment requires the homestead exemption to be adjusted annually for positive inflation growth. The State legislature passed and the Governor approved State House Bill 7019 during the 2024 legislative session which amended Section 196.031, Florida Statutes, to implement the annual positive inflation adjustment. The inflation adjustment began January 1, 2025. State House Bill 7019 also created Section 218.136, Florida Statutes, requiring the State legislature to appropriate funds to offset reductions in ad valorem revenue in fiscally constrained counties as a result of the annual positive inflation adjustment. The bill provides emergency rulemaking authority to the Department of Revenue to administer the provisions of the act.

During the 2025 State legislative session, the State legislature passed Committee Substitute for House Joint Resolution 1215 ("CS/HJR 1215") which would create a property tax exemption for certain agricultural tangible personal property from ad valorem taxation. CS/HJR 1215 is not subject to the Governor's veto power but is subject to approval by 60 percent of voters during the 2026 general election, if passed the bill will take effect on January 1, 2027. The State Legislature also passed House Bill 7031 ("HB 7031") which includes new or expanded exemptions for affordable housing which will apply to the 2026 tax rolls. The Series 2026 Bonds are not secured by ad-valorem property taxes and the County does not believe such proposed legislation, if it becomes law, would impact its ability to pay debt service on the Series 2026 Bonds.

*Future Potential Legislation and/or Constitutional Amendments Relating to Ad Valorem Taxation.* Historically, various legislative proposals and constitutional amendments relating to ad valorem taxation have been introduced by the State legislature. Many of these proposals have provided for the elimination or phase-out of non-school ad-valorem taxes, new or increased exemptions from ad valorem taxation, limiting increases in the assessed valuation of certain types of property or have otherwise restricted the ability of local governments in the State to levy ad valorem taxes at then current levels. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would have a material adverse effect on the collection of ad valorem taxes by the County, the County's finances in general or the County's ad valorem taxing power.

Proposed legislation and constitutional amendments relating to ad valorem taxation are currently pending or under consideration in the State legislature, and, in the case of House Joint Resolution 203, passed by the State House. Such measures, if adopted, could reduce the ad valorem tax base or affect the taxing authority of local governments. Proposed constitutional amendments, if adopted, would require approval by at least 60% of voters at a statewide referendum before becoming effective, and there can be no assurance as to whether any such proposals will be enacted or approved. The cumulative effect of current or future changes to ad valorem taxation could have a material adverse impact on local government finances, including the availability of revenues to fund operations or meet debt service obligations. **[TO BE REVIEWED FOR LEGISLATIVE CHANGES PRIOR TO POSTING]**

## **RISK FACTORS**

The future financial condition of the County could be affected adversely by, among other things, public health emergencies, legislation, environmental and other regulatory actions, changes in demand for services, economic conditions, demographic changes, hurricanes, droughts and litigation. In particular, some of the possible changes in the future may include, but not be limited to, the following:

1. The State legislature, executive officers and agencies could enact legislation, executive orders or regulations that may have a material adverse effect on the County's finances or the receipt of Non-Ad Valorem Revenues. In addition, the United States Congress, federal executive officers and federal agencies could also enact legislation, executive orders or regulations that may have a material adverse effect on the County's finances or the receipt of Non-Ad Valorem Revenues. There can be no assurance that such legislation, executive orders, regulations or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the County's finances or Non-Ad Valorem Revenues. The County cannot predict future policies such agencies may adopt. Future changes could result in the County having to discontinue operations at certain facilities or to make significant capital expenditures and could generate litigation.

In addition, the County's receipt of State and federal grants and aid is subject to various laws, policies and regulations. To the extent of a reduction in such aid or grants compared to historical levels as a result of new or amended policies, regulations or laws, the financial condition of the County could be adversely affected.

2. The State is naturally susceptible to the effects of extreme weather events and natural disasters including floods, droughts, and hurricanes, which could result in negative economic impacts on coastal communities such as the County. Such effects can be exacerbated by change in climate. The occurrence of such extreme weather events could damage the local infrastructure that provides essential services to the County. The economic impacts resulting from such extreme weather events could include a loss of property values, a decline in revenue base, and escalated recovery costs. No assurance can be given as to whether future extreme weather events will occur that could materially impair the financial condition of the County. In order to address the ongoing challenges related to climate change, extreme weather events, and sea level rise, the County has a Comprehensive Emergency Management Plan and has a 4-point backup records/application system including an air gap with one of these 4 points located in Tallahassee for IT resiliency.

On August 30, 2023, Hurricane Idalia made landfall near Keaton Beach in Florida's Big Bend region as a Category 3 hurricane with sustained winds of approximately 125 miles per hour. The County was under a hurricane warning and storm surge warning, with peak storm surge forecast between 6 and 9 feet above high tide and sustained winds anticipated between 60–80 mph, with higher gusts along the coast. In advance of the storm, the Board declared a local state of emergency on August 27, 2023. Mandatory evacuations were ordered effective 7:00 a.m. on August 29, 2023, for all residents west of U.S. 19, residents in low-lying areas, and residents in manufactured homes countywide. Four shelters were opened to support general population, pet-friendly, and special needs residents. The Emergency Operations Center activated to full coordination with all emergency support functions engaged. The County experienced significant coastal flooding and storm surge impacts, particularly in Aripeka, Hernando Beach (North and South), Pine Island, and Weeki Wachee Gardens. Preliminary County-led damage assessments identified 113 structures with major damage, 9 with minor damage, and 3 affected. Debris removal operations were initiated with contractor support and monitoring. On September 2, 2023, Federal Emergency Management Agency ("FEMA") approved a Major Disaster Declaration (DR-4734) for the County, including Individual Assistance and Public Assistance Categories A and B. Disaster Survivor Assistance Teams deployed to impacted areas and a Family Resource Center was established to support residents. Storm-related expenditures are expected to be reimbursed through FEMA Public Assistance. **[Projected FEMA Public Assistance totals for Hurricane Idalia include \_\_\_\_ projects with a best available cost of approximately \$\_\_\_\_ million. As of the date hereof, a limited portion of funding has been obligated, and reimbursement processing is ongoing.]**

In late September 2024, Hurricane Helene strengthened into a major hurricane in the Gulf before making landfall in the Florida Big Bend region. Forecast guidance indicated the center would pass approximately 140 miles west of Tampa Bay, with tropical storm-force winds extending up to 350 miles from the center. On September 23, 2024, the Board declared a Local State of Emergency (2024-03), and the Governor issued Executive Order 24-209 including the County in the State's emergency declaration. The Emergency Operations Center activated to Level 1 – Full Activation on September 25, 2024. The County was placed under a hurricane warning and tornado watch. Forecast storm surge values increased to 8–12 feet along the coastline, with life-threatening inundation identified as the primary hazard. Rainfall totals of 3–6 inches, with locally higher amounts, were projected. Mandatory evacuations were issued for all areas west of U.S. 19, including Evacuation Zones A, B, and C, as well as coastal, low-lying areas and manufactured homes countywide. West Hernando Middle School opened as a general population, special needs, and pet-friendly shelter. More than 31,000 sandbags were distributed during the event. County offices were closed during peak impacts. National Guard high-water rescue assets were staged within the County. Hospitals remained operational with backup power and emergency measures in place. Projected FEMA Public Assistance estimates for Hurricane Helene includes 32 projects with a best available cost of approximately \$5.73 million. As of the date hereof, a limited portion of funding has been obligated, and reimbursement processing is ongoing.

In October 2024, Hurricane Milton approached Florida's Gulf Coast as a powerful and dangerous major hurricane, with maximum sustained winds of 150 mph and forecast to maintain Category 4 or 5 intensity prior to landfall. Forecast guidance indicated life-threatening and potentially catastrophic storm surge impacts, destructive hurricane-force winds, heavy rainfall, and isolated tornadoes across West-Central Florida. The Board declared Local State of Emergency 2024-07 on October 6, 2024, and the City of Brooksville declared Local State of Emergency 24-35 on October 7, 2024. The County Emergency Operations Center activated to Level 2 – Partial Activation to coordinate emergency protective measures, with operational objectives focused on life safety, preservation of property, and coordinated public messaging regarding evacuations, sheltering, and sandbag availability. Mandatory evacuations were issued for Evacuation Zones A, B, and C, as well as all residents in coastal and low-lying areas and manufactured homes countywide, with access to evacuated areas restricted as weather conditions deteriorated and the County Sheriff's Office providing security to protect evacuated properties. Three shelters were opened and staffed through the night (with a fourth identified for expansion if needed), including Challenger K-8, West Hernando Middle School, and the Enrichment Center, with transportation continuing until winds reached 35 mph. Storm surge was forecast to exceed 9 feet above ground level, rainfall totals were forecast between 5–12 inches with localized totals up to 18 inches, and hurricane- and tropical storm-force winds (74–110+ mph) were expected to impact coastal and inland portions of the County. Four sandbag distribution sites were activated countywide, with an additional unmanned location operated by the City of Brooksville. Continuity of government measures included closure of County government offices, City of Brooksville offices, Court Administration, and Clerk and Comptroller offices through October 11, 2024. All major medical facilities remained operational during the operational period, while residents were advised to prepare for long-term power outages. Projected FEMA Public Assistance totals for Hurricane Milton include 42 projects with a best available cost of approximately \$17.5 million. As of the date hereof, a limited portion of funding has been obligated, and reimbursement processing is ongoing.

3. The County, like many other governmental entities, relies on a technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. Computer networks and systems used for data transmission and collection are vital to the efficient operations of the County. County systems provide support to departmental operations and constituent

services by collecting and storing sensitive data, including intellectual property, security information, proprietary business process information, information applying to suppliers and business partners, and personally identifiable information of customers, constituents and employees. The secure processing, maintenance and transmission of this information is critical to departmental operations and the provision of citizen services. Increasingly, entities in every sector are being targeted by cyberattacks seeking to obtain confidential data or disrupt critical services. A rapidly changing cyber risk landscape may introduce new vulnerabilities that attackers/hackers can exploit in attempts to effect breaches or service disruptions. Employee error and/or malfeasance may also contribute to data loss or other system disruptions. Any such breach could compromise networks and the confidentiality, integrity and availability of systems and the information stored there.

The County requires quarterly cybersecurity training to be completed by all personnel on the County's network. Additionally, IT does regular phishing tests to engage employees in regularly assessing email for security risks. The County has also undertaken a cybersecurity risk assessment. There are constant threats of which the County is well apprised and uses layers of security to mitigate. The County handles cyber security operations internally including a dedicated security analyst on staff.

In March of 2024, the County experienced an incursion on their network. The County took immediate steps to secure the network and remediate the incident, which included notifying law enforcement and engaging third-party specialists to investigate and determine the scope of the compromise. The investigation determined that limited information maintained on the County's network may have been acquired by an unauthorized actor. The County undertook an extensive review of the potentially affected information and determined the limited group of people that may be impacted. In an abundance of caution, the County has offered such group credit monitoring and identify protection services. While there were operational impacts which have since been remedied, there was no revenue loss or material increase in expenses as a result of the outage.

Additionally, during the 2022 Florida Legislative session, CS/HB 7055 was passed which requires State agencies and local governments, such as the County, to report all ransomware incidents and high severity level cybersecurity incidents to the Cybersecurity Operations Center ("CSOC") and the Cybercrime Office within the Florida Department of Law Enforcement as soon as possible but no later than 48 hours after discovery of the cybersecurity incident and no later than 12 hours after discovery of a ransomware incident. Local governments must also report such incidents to their respective sheriff's office. CS/HB 7055 requires state agencies to report low level cybersecurity incidents and provides that local governments may report such incidents. It also requires state agencies and local governments to submit after-action reports to FLDS following a cybersecurity or ransomware incident. CS/HB 7055 requires the CSOC to notify the State Legislature of high severity level cybersecurity incidents. State agency and local government employees are required to undergo certain cybersecurity training within 30 days of employment and annually thereafter. Further, local governments are required to adopt cybersecurity standards that safeguard the local government's data, information technology ("IT"), and IT resources and it is illegal for any local government in the State to pay ransoms when attacked. The effective date of CS/HB 7055 was July 1, 2022.

4. The County's financial performance can be affected by changes in the local, State, and national economy. Past recessions in the national economy which create higher unemployment and reduced discretionary income also negatively impacted Non-Ad Valorem Revenues. Federal policies on local and international trade can have a negative impact on economy which can increase costs for the County, such as proposed or implemented tariffs on certain imports to the United States. High levels of

inflation can negatively impact the cost of goods, including construction materials and products needed by the County. The County could encounter adverse effects resulting from labor shortages and supply chain issues, which can cause reduced operational capacity for the County and delays in necessary goods and construction materials for the completion of projects. As a result of various economic factors, the County may incur increased costs and longer project timelines. Therefore, for new projects that have not yet started, the County is taking these factors into account in budgeting and scheduling.

5. The outbreak of the highly contagious COVID-19 pandemic in the United States that occurred in March 2020 had a negative financial impact on local, state and national economies around the globe, including initially significantly increased unemployment in certain sectors including especially travel, hospitality and restaurants. COVID-19 is a respiratory virus which was first reported in China and thereafter spread around the world, including the United States. This led to quarantine, remote work and other "social distancing" measures throughout the United States which resulted in a period of less travel resulting in declines in certain revenue sources. While many of the effects of COVID-19 were temporary, it has altered the behavior of businesses and people in a manner resulting in negative impacts on global and local economies, including supply chain issues and rising inflation. There can be no guarantee that COVID-19 or another outbreak of a highly contagious disease will not have negative financial impacts on the County and the receipt of Non-Ad Valorem Revenues in the future.

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This section does not purport to summarize all risks that may be associated with purchasing or owning the Series 2026 Bonds and prospective purchasers are advised to read this Official Statement in its entirety for a more complete description of investment considerations relating to the Series 2026 Bonds.

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**ESTIMATED SOURCES AND USES OF FUNDS**

The proceeds to be received from the sale of the Series 2026 Bonds are expected to be applied as follows:

**SOURCES OF FUNDS:**

Par Amount of Series 2026 Bonds .....	\$
Plus [Net] Original Issue [Premium/Discount] .....	
<b>TOTAL SOURCES</b> .....	<b>\$</b>

**USES OF FUNDS:**

Deposit to Construction Fund .....	\$
Costs of Issuance <sup>(1)</sup> .....	
<b>TOTAL USES</b> .....	<b>\$</b>

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<sup>(1)</sup> Includes Underwriter's discount (including the fees of Underwriter's counsel), legal and municipal advisory fees, printing costs, rating agency fees, and other miscellaneous expenses.

## DEBT SERVICE SCHEDULE

The following table sets forth the annual debt service schedule for the Series 2026 Bonds.

Fiscal Year Ending <u>September 30</u>	<u>Principal</u> \$	<u>Interest</u> \$	<u>Total Debt Service</u> \$
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_____ TOTAL	_____ \$	_____ \$	_____ \$
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## INVESTMENT POLICY OF THE COUNTY

Pursuant to the requirements of Section 218.415, Florida Statutes, the County adopted a written investment policy which applies to all funds held by or for the benefit of the Board (except for proceeds of bond issues which are governed by their bond documents). The investment policy was updated and revised on May 12, 2015.

The objectives of the investment policy, listed in order of importance, are:

1. Safety of investment capital
2. Provision of sufficient liquidity
3. Maximization of return while minimizing investment risk

The investment policy limits the securities eligible for inclusion in the County's portfolio. The investment policy also establishes criteria for suitable financial institutions and broker-dealers with which the County will conduct business. Internal investment controls are provided in the investment policy as are bidding requirements.

To enhance safety, the investment policy requires the diversification of the portfolio to reduce the risk of loss resulting from over-concentration of assets in a specific class of security. The investment policy provides guidelines for diversification, setting forth maximum percentages for the various allowable investments. The investment policy also provides maturity and liquidity requirements for investments. The responsibility for the administration of the investment program is granted to the Clerk of the Court and Comptroller who is authorized to employ an investment coordinator. Quarterly portfolio reports including all outstanding securities are required to be prepared and distributed to the Board and appropriate County officials.

The investment policy may be modified by the Board from time to time.

## LEGAL MATTERS

Certain legal matters incident to the validity of the Series 2026 Bonds are subject to the approval of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, whose approving opinion in the form attached hereto as "APPENDIX D – Form of Opinion of Bond Counsel " will be furnished without charge to the purchasers of the Series 2026 Bonds at the time of their delivery. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of the Official Statement or otherwise shall create no implication that subsequent to the date of the opinion Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion.

Bond Counsel has not been engaged or undertaken to review (i) the accuracy, completeness or sufficiency of this Official Statement or any other offering material related to the Series 2026 Bonds except as may be provided in the supplemental opinion of Bond Counsel to the Underwriter, upon which only they may rely, or (ii) the compliance with any federal or state law with regard to the sale or distribution of the Series 2026 Bonds.

Certain legal matters will be passed upon by Jon A. Jouben, Esq., County Attorney, and by Bryant Miller Olive P.A., Tampa, Florida, Disclosure Counsel to the County. Certain legal matters will be passed

upon by Squire Patton Boggs (US) LLP, Tampa, Florida, Counsel to the Underwriter. See also "CONTINGENT FEES" herein.

## **LITIGATION**

### **[UNDER REVIEW]**

There is no pending or, to the knowledge of the County, any threatened litigation against the County of any nature whatsoever which in any way questions or affects the validity of the Series 2026 Bonds, or any proceedings or transactions relating to their issuance, sale, execution, or delivery, or the adoption of the Resolution, or the source of security described herein. The County does carry liability insurance, and is afforded the additional protection of coverage of sovereign immunity by the Florida Statutes, Section 768.28. Neither the creation, organization or existence, nor the title of the present members of the Board, or other officers of the County is being contested.

The County experiences claims, litigation, and various legal proceedings which individually are not expected to have a material adverse effect on the operations or financial condition of the County or the System, but may, in the aggregate, have a material impact thereon. In the opinion of the County Attorney, however, the County will either successfully defend such actions or otherwise resolve such matters without any material adverse consequences to the financial condition of the County.

## **DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS**

Pursuant to Section 517.051, Florida Statutes, as amended, no person may directly or indirectly offer or sell securities, other than general obligation bonds and those industrial or commercial development bonds where payments are made or unconditionally guaranteed by a person whose securities are exempt from registration under section 18(b)(1) of the Securities Act of 1933, as amended, of the County except by an offering circular containing full and fair disclosure of all defaults as to principal or interest on its obligations since December 31, 1975, as provided by rule of the Office of Financial Regulation within the Florida Financial Services Commission (the "FFSC"). Pursuant to administrative rule 69W-400.003, the FFSC has required the disclosure of the amount, date, status and type of each default, specified descriptions of any legal proceedings resulting from such defaults and discussion of any materially relevant pending legal proceedings, whether a trustee or receiver has been appointed over the assets of the County, and certain additional financial information, unless the County believes in good faith that such information would not be considered material by a reasonable investor. The County is not and has not been in default on any bond issued since December 31, 1975, that would be considered material by a reasonable investor.

The County has not undertaken an independent review or investigation of securities for which it has served as conduit issuer. The County does not believe that any information about any default on such securities is appropriate and would be considered material by a reasonable investor in the Series 2026 Bonds because the County would not have been obligated to pay the debt service on any such securities except from payments made to it by the private companies on whose behalf such securities were issued and no funds of the County would have been pledged or used to pay such securities or the interest thereon.

## TAX MATTERS

### Opinion of Bond Counsel

In the opinion of Bond Counsel, the form of which is included as APPENDIX D hereto, the interest on the Series 2026 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax under existing statutes, regulations, rulings and court decisions; provided, however, with respect to certain corporations, interest on the Series 2026 Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on such corporations for tax years beginning after December 31, 2022. Failure by the County to comply subsequent to the issuance of the Series 2026 Bonds with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), including but not limited to requirements regarding the use, expenditure and investment of Series 2026 Bond proceeds and the timely payment of certain investment earnings to the Treasury of the United States, may cause interest on the Series 2026 Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issuance. The County has covenanted in the Resolution to comply with all provisions of the Code necessary to, among other things, maintain the exclusion from gross income of interest on the Series 2026 Bonds for purposes of federal income taxation. In rendering its opinion, Bond Counsel has assumed continuing compliance with such covenants.

### Internal Revenue Code of 1986

The Code contains a number of provisions that apply to the Series 2026 Bonds, including, among other things, restrictions relating to the use of investment of the proceeds of the Series 2026 Bonds and the payment of certain arbitrage earnings in excess of the "yield" on the Series 2026 Bonds to the Treasury of the United States. Noncompliance with such provisions may result in interest on the Series 2026 Bonds being included in gross income for federal income tax purposes retroactive to their date of issue.

### Collateral Tax Consequences

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of, the Series 2026 Bonds. Prospective purchasers of the Series 2026 Bonds should be aware that the ownership of the Series 2026 Bonds may result in other collateral federal tax consequences. For example, ownership of the Series 2026 Bonds may result in collateral tax consequences to various types of corporations relating to (1) denial of interest deduction to purchase or carry such Series 2026 Bonds, (2) the branch profits tax, and (3) the inclusion of interest on the Series 2026 Bonds in passive income for certain Subchapter S corporations. In addition, the interest on the Series 2026 Bonds may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2026 BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE SERIES 2026 BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

## **Other Tax Matters**

Interest on the Series 2026 Bonds may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the Series 2026 Bonds should consult their tax advisors as to the income tax status of interest on the Series 2026 Bonds in their particular state or local jurisdictions.

The Inflation Reduction Act, H.R. 5376 (the "IRA"), was passed by both houses of the U.S. Congress and was signed by the President on August 16, 2022. As enacted, the IRA includes a 15 percent alternative minimum tax to be imposed on the "adjusted financial statement income", as defined in the IRA, of certain corporations for tax years beginning after December 31, 2022. Interest on the Series 2026 Bonds will be included in the "adjusted financial statement income" of such corporations for purposes of computing the corporate alternative minimum tax. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential tax consequences of owning the Series 2026 Bonds.

During recent years legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2026 Bonds. In some cases these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Series 2026 Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2026 Bonds and their market value. No assurance can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the Series 2026 Bonds.

## **Original Issue Discount**

Certain of the Series 2026 Bonds (the "Discount Bonds") may be offered and sold to the public at an original issue discount, which is the excess of the principal amount of the Discount Bonds over the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which price a substantial amount of the Discount Bonds of the same maturity was sold. Original issue discount represents interest which is excluded from gross income for federal income tax purposes to the same extent as interest on the Discount Bonds. Original issue discount will accrue over the term of a Discount Bond at a constant interest rate compounded semi-annually. An initial purchaser who acquires a Discount Bond at the initial offering price thereof to the public will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period he holds such Discount Bonds and will increase its adjusted basis in such Discount Bonds by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Bonds. The federal income tax consequences of the purchase, ownership and prepayment, sale or other disposition of Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Owners of Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, prepayment or other disposition of such Discount Bonds and with respect to the state and local tax consequences of owning and disposing of such Discount Bonds.

## **Original Issue Premium**

Certain of the Series 2026 Bonds (the "Premium Bonds") may be offered and sold to the public at a price in excess of the principal amount of such Premium Bond, which excess constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for Federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of the Premium Bonds which term ends on the earlier of the maturity or call date for each Premium Bond which minimizes the yield on said Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. The federal income tax consequences of the purchase, ownership and sale or other disposition of Premium Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

## **RATING**

S&P is expected to assign a rating of " \_\_\_\_ " ( \_\_\_\_ outlook) to the Series 2026 Bonds. The rating reflects only the views of said rating agency and an explanation of the rating may be obtained only from said rating agency. There is no assurance that such rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by the rating agency if in their judgment, circumstances so warrant. A downward change in or withdrawal of such rating, may have an adverse effect on the market price of the Series 2026 Bonds. An explanation of the significance of the rating can be received from the rating agency, at the following address: S&P Global Ratings, 55 Water Street, New York, New York 10041.

## **MUNICIPAL ADVISOR**

The County has retained PFM Financial Advisors LLC, Tampa, Florida, as Municipal Advisor (the "Municipal Advisor") in connection with the County's financing plans and with respect to the authorization and issuance of the Series 2026 Bonds. The Municipal Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. The Municipal Advisor's fee for services rendered with respect to the sale of the Series 2026 Bonds is contingent upon the issuance and delivery of the Series 2026 Bonds.

## **AUDITED FINANCIAL STATEMENTS**

The general purpose financial statements included in the Annual Comprehensive Financial Report of the County, for the fiscal year ended September 30, 2025, attached hereto as "APPENDIX C – Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2025," have been audited by Forvis Mazars, LLP., independent auditors, as stated in their report appearing therein. The consent of the County's auditor to include in this Official Statement the aforementioned report was not requested, and the general purpose financial statements of the County are provided only as publicly available documents.

The auditor was not requested nor did they perform any other procedures with respect to the preparation of this Official Statement or the information presented herein.

The Series 2026 Bonds are payable solely from the Non-Ad Valorem Revenues as described in the Resolution and the Series 2026 Bonds are not otherwise secured by, or payable from, the general revenues of the County. See "SECURITY FOR THE SERIES 2026 BONDS" herein. The general purpose financial statements are presented for general information purposes only.

### **ENFORCEABILITY OF REMEDIES**

The remedies available to the owners of the Series 2026 Bonds upon an event of default under the Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the federal bankruptcy code, the remedies specified by the Resolution and the Series 2026 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2026 Bonds, including Bond Counsel's approving opinion, will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery. See "APPENDIX B – Form the Resolution" attached hereto for a description of events of default and remedies.

### **CONTINUING DISCLOSURE**

#### **[UNDER REVIEW]**

The County has covenanted for the benefit of the Series 2026 Bondholders to provide certain financial information and operating data relating to the County and the Series 2026 Bonds in each year, and to provide notices of the occurrence of certain enumerated material events. The County has agreed to file annual financial information and operating data and the audited financial statements with each entity authorized and approved by the Securities and Exchange Commission (the "SEC") to act as a repository (each a "Repository") for purposes of complying with Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934 (the "Rule"). Effective July 1, 2009, the sole Repository is the Municipal Securities Rulemaking Board. The County has agreed to file notices of certain enumerated material events, when and if they occur, with the Repository either itself or through its dissemination agent. Currently, the County's dissemination agent is Digital Assurance Certification, L.L.C.

The specific nature of the financial information, operating data, and of the type of events which trigger a disclosure obligation, and other details of the undertaking are described in "APPENDIX E - Form of Continuing Disclosure Certificate" attached hereto. The Continuing Disclosure Certificate shall be executed by the County prior to the issuance of the Series 2026 Bonds. These covenants have been made in order to assist the Underwriter in complying with the continuing disclosure requirements of the Rule.

With respect to the Series 2026 Bonds, no party other than the County is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the Rule. In the previous five years the County did not timely file its Annual Reports for Fiscal Years 2023 and 2024 due primarily to interruptions of the County-wide IT network. See "RISK FACTORS" herein for more information on the network interruptions. The County made curative filings of the their Annual Reports for Fiscal Years 2023 and 2024 as soon as they became available and filed notices of the respective failures to file the Annual

Report to notify Bondholders prior to the April 30<sup>th</sup> deadline. Except for the foregoing, the County fully anticipates satisfying all future disclosure obligations required pursuant to the Rule.

### **UNDERWRITING**

Morgan Stanley & Co. LLC (the "Underwriter") has agreed to purchase the Series 2026 Bonds at an aggregate purchase price of \$\_\_\_\_\_ (representing the par amount of the Series 2026 Bonds of \$\_\_\_\_\_ [plus/less] a[n] [net] original issue [premium/discount] of \$\_\_\_\_\_ and [plus/less] an Underwriters' discount of \$\_\_\_\_\_). The Underwriter's obligations are subject to certain conditions precedent contained in a contract of purchase entered into with the County, and the Underwriter will be obligated to purchase all of the Series 2026 Bonds if any Series 2026 Bonds are purchased. The Series 2026 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2026 Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the County, for which they may have received or will receive customary fees and expenses. Under certain circumstances, the Underwriter and their affiliates may have certain creditor and/or other rights against the County in connection with such activities. In the ordinary course of their various business activities, the Underwriter and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the County.

### **CONTINGENT FEES**

The County has retained Bond Counsel, Disclosure Counsel and the Municipal Advisor with respect to the authorization, sale, execution and delivery of the Series 2026 Bonds. Payment of the fees of such professionals and an underwriting discount to the Underwriter (including the fees of its counsel) to be paid by the County are each contingent upon the issuance of the Series 2026 Bonds.

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## ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT

The references, excerpts, and summaries of all documents, statutes, and information concerning the County and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the Series 2026 Bonds, the security for the payment of the Series 2026 Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument. Copies of such documents may be obtained from either the office of the Clerk of the Court and Comptroller, 20 North Main Street, Room 263, Brooksville, Florida 34601, telephone: (352) 754-4201 or the County's Municipal Advisor, PFM Financial Advisors LLC, 501 E. Kennedy Blvd., Suite 1400, Tampa, Florida 33602, telephone (407)406-5757.

The information contained in this Official Statement has been compiled from official and other sources deemed to be reliable, and is believed to be correct as of the date of the Official Statement, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Series 2026 Bonds.

The appendices attached hereto are integral parts of this Official Statement and must be read in their entirety together with all foregoing statements.

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**AUTHORIZATION OF OFFICIAL STATEMENT**

The execution and delivery of this Official Statement has been duly authorized and approved by the County. At the time of delivery of the Series 2026 Bonds, the County will furnish a certificate to the effect that nothing has come to their attention which would lead it to believe that the Official Statement (other than information herein related to DTC, the book-entry only system of registration and the information contained under the caption "TAX MATTERS" as to which no opinion shall be expressed), as of its date and as of the date of delivery of the Series 2026 Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Official Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

**HERNANDO COUNTY, FLORIDA**

By: \_\_\_\_\_  
Jerry Campbell, Chairman  
Board of County Commissioners

By: \_\_\_\_\_  
Doug Chorvat Jr., Clerk of Court and  
Comptroller, Hernando County, Florida

APPROVED AS TO FORM AND  
LEGAL SUFFICIENCY:

By: \_\_\_\_\_  
County Attorney's Office

**APPENDIX A**

**GENERAL INFORMATION CONCERNING HERNANDO COUNTY, FLORIDA**

## APPENDIX A

### GENERAL INFORMATION CONCERNING HERNANDO COUNTY, FLORIDA

[TO BE UPDATED ONCE FY 2025 AUDITED FINANCIALS STATEMENTS ARE AVAILABLE]

#### General

Hernando County, Florida (the "County"), population in 2025 is approximately \_\_\_\_\_, is located in the west central region of the State of Florida (the "State"), allowing easy access to the Tampa and Orlando metropolitan areas. As a part of the Tampa Bay region, it is bound by the Gulf of America on the west, Citrus County to the north, Sumter County to the east, and Pasco County to the south.

The 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. The County has one incorporated city: the City of Brooksville, the County seat, with a population of \_\_\_\_\_, is rich in history and traditions. The 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 County community.

The County is the heart of the Sunshine State's renowned Nature Coast. The County offers scenic rolling hills, spectacular parks and waterways, some of the best paved bike trails in the State, 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 the County a strategic business location. The 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 the County to offer significant choices for its residents.

The 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 County Board of County Commissioners (the "Board"), as the legislative body for the 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. The County operates under a five-member policy-making elected Board. The Board appoints a county administrator who in turn appoints various department managers. All five Board members and the five constitutional officers are elected to four-year terms. Under the direction of the Clerk and Comptroller, the Department of Financial Services maintains the accounting system for the Board 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 and the Clerk and Comptroller.

Formal budgetary integration is employed as a management control device during the year for all significant funds. The Board adopts budgets on a basis consistent with Generally Accepted Accounting Principles. The adoption and amendment of the budget is done consistent with the laws of the State. 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.

### **Local Economy**

The population of the County is currently approximately \_\_\_\_\_ which is an increase of \_\_\_% over what it was 10 years ago. The County's population is projected to be over \_\_\_\_\_ by 2030 and over \_\_\_\_\_ by 2040.

- As part of the Tampa Bay region, the County enjoys being a part of the largest consumer market in the State.
- The Building Department had a total of \_\_\_\_\_ permits in 2024-24, averaging \_\_\_\_\_ permits per day. Total permits included \_\_\_\_\_ single family home permits and \_\_\_\_\_ 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.

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## Population

The following table reflects the average annual percentage of growth in the population of the County as compared to the population of the State.

### HERNANDO COUNTY, FLORIDA AND STATE OF FLORIDA Population 2016-2025

<u>Year</u>	<u>Hernando County Population</u>	<u>Increase/Decrease</u>	<u>State of Florida Population</u>	<u>Increase</u>
2016	179,503	-	20,613,477	-
2017	181,882	1.33%	20,963,613	1.70%
2018	185,604	2.05	21,244,317	1.34
2019	188,358	1.48	21,477,737	1.10
2020	194,515	3.27	21,538,187	0.28
2021	196,540	1.04	21,898,945	1.67
2022	199,207	1.36	22,276,132	1.72
2023	204,265	2.54	22,634,867	1.61
2024	210,577	3.09	23,014,551	1.68
2025	212,849	1.08	23,379,261	1.58

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

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**HERNANDO COUNTY, FLORIDA  
TOTAL BONDED INDEBTEDNESS  
Computation of Direct and Overlapping Debt  
(September 30, 2025)**

	Non-Self Supporting Revenue <u>Debt</u>	Self- Supporting Revenue <u>Debt</u>
<b>COUNTY:</b>		
Non-Ad Valorem Revenue Note, Series 2025	\$	\$0
Non-Ad Valorem Revenue Note, Series 2024		0
Non-Ad Valorem Revenue Note, Series 2023		0
Non-Ad Valorem Revenue Bonds, Series 2022		0
Non-Revolving Line of Credit Draws		0
Non-Ad Valorem Refunding Revenue Note, Series 2012		0
Lease Financing		0
SBITA Financing		0
<b>TOTAL COUNTY DEBT:</b>	<u>\$</u>	<u>\$0</u>

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Source: Annual Comprehensive Financial Report Hernando County, Florida for the Fiscal Year Ended September 30, 2025.

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**HERNANDO COUNTY, FLORIDA**  
**Fair Market, Assessed Value and Taxable Value of Property**  
**Last Ten Fiscal Years**  
**(dollars expressed in thousands)**

Fiscal Year	<u>Fair Market<sup>(a)(i)</sup></u>		<u>Assessed Value<sup>(b)(i)</sup></u>		<u>Exemptions<sup>(c)(i)</sup></u>		<u>Taxable Value<sup>(d)(i)</sup></u>			Total Direct	
	Real Property <sup>(f)</sup>	Personal Property <sup>(g)</sup>	Real Property <sup>(f)</sup>	Personal Property <sup>(g)</sup>	Real Property <sup>(f)</sup>	Personal Property <sup>(g)</sup>	Real Property <sup>(f)</sup>	Personal Property <sup>(g)</sup>	Centrally Assessed <sup>(h)</sup>	Total	Tax Rate <sup>(e)</sup>
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	\$7,685,430	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
2024	30,562,802	2,123,904	20,176,004	2,092,082	5,138,009	643,033	15,037,995	1,449,049	11,116	16,498,160	8.3929
2025											

- (a) Florida law requires that "Just Value" of all property is 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 limitation for homestead properties, "greenbelt" for properties which have any agricultural use classification, and pollution control devices.
- (c) There 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.
- (f) Real Property means land, buildings, fixtures, and all other improvements to land.
- (g) Personal Property commonly known as Tangible Personal Property 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 that year, and is collected to support the fiscal year that begins in that year.

Source: Annual Comprehensive Financial Report Hernando County, Florida for the Fiscal Year Ended September 30, 2025.

**HERNANDO COUNTY, FLORIDA**  
**Property Tax Levies and Tax Collections**  
**Last Ten Fiscal Years**  
**(dollars expressed in thousands)**

Fiscal Year Ended September 30	Taxes Levied for the Fiscal Year <sup>(a)(d)</sup>	Collected Within the Fiscal Year of the Levy <sup>(b)</sup>			Total Taxes Collected	
		Amount	Percentage of Levy	Prior Year Taxes Collected <sup>(c)</sup>	Amount	Percentage of Levy
2016	\$88,933	\$88,485	96.49%	\$403	\$86,110	96.95%
2017	92,969	91,320	94.95	451	88,881	95.44
2018	101,714	99,973	95.27	231	97,015	95.49
2019	118,155	116,432	95.49	107	112,824	95.58
2020	132,568	132,321	96.71	199	128,254	96.86
2021	138,406	138,301	96.57	168	133,732	96.70
2022	147,864	147,656	96.56	149	142,725	96.66
2023	161,913	161,369	96.22	273	155,537	96.39
2024	182,021	180,971	96.58	130	155,537	96.65
2025						

(a) Certified taxes levied is the original tax assessment due to the 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 through the fiscal year. The tax levy represents only the taxes due to the County financial reporting entity and therefore, excludes taxes due to the School Board, the City of Brooksville, Southwest Water Florida Management District and certain other governmental entities.

(b) In accordance with Florida Statutes, property taxes become due and payable on November 1 of each year and are delinquent on April 1 of the following year. A four percent discount is allowed if the taxes are paid in November, with the discount declining by one percent each month thereafter. Taxes collected will not equal 100% of the tax levy due to insolvencies, litigation and county certificates. In the table above, taxes collected November 1, 2023 through March 31, 2024 are reflected as levied for the Fiscal Year Ended September 30, 2024. Tax Certificates for unpaid taxes and assessments for that year will be sold no later than June 1, 2025.

(c) Includes all delinquent tax collections received during the year regardless in which the taxes were originally levied.

(d) Includes non-ad valorem taxes, which are not a part of the tax notice. Non-ad valorem taxes are separately reported as Special Assessments in the Governmental Funds and are part of Charges for Services in the Proprietary Funds.

Source: Annual Comprehensive Financial Report Hernando County, Florida for the Fiscal Year Ended September 30, 2025.

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**HERNANDO COUNTY, FLORIDA**  
**Principal Property Taxpayers**  
**(September 30, 2025)**  
**(dollars expressed in thousands)**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Assessed Value</u>	<u>% of Total Taxable Assessed Value</u>
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Source: Annual Comprehensive Financial Report Hernando County, Florida for the Fiscal Year Ended September 30, 2025.

**HERNANDO COUNTY, FLORIDA**  
**Civilian Labor Force Summary**  
**(2015-2024)**

<u>Average Calendar Year</u>	<u>Civilian Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Annual Percent</u>
2015	66,373	61,707	4,666	7.0%
2016	75,164	71,043	4,121	5.5
2017	76,274	72,637	3,637	4.8
2018	77,124	73,894	3,230	4.2
2019	78,783	75,742	3,041	3.9
2020	78,916	72,949	5,967	7.6
2021	81,823	77,966	3,857	4.7
2022	86,012	83,133	2,879	3.3
2023	89,903	86,788	3,115	3.5
2024	91,009	87,352	3,657	4.0

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Source: Florida Insight, Florida Department of Economic Opportunity, Bureau of Labor Statistics and Economic Research, Local Area Unemployment Statistics (LAUS).

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**HERNANDO COUNTY, FLORIDA AND THE UNITED STATES**  
**Unemployment Rates**  
**(2016-2025)**

<u>Fiscal Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2016	6.2%	4.9%	4.9%
2017	4.3	4.3	4.4
2018	4.3	3.6	3.9
2019	3.6	3.2	3.7
2020	5.9	8.0	8.1
2021	4.2	4.7	5.3
2022	3.2	3.0	
2023	4.2	3.0	
2024	4.2	3.4	
2025			

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Source: State of Florida Department of Economic Opportunity, Bureau of Labor Statistics and Economic Research, Local Area Unemployment Statistics (LAUS) and Annual Comprehensive Financial Report Hernando County, Florida for the Fiscal Year Ended September 30, 2025.

**HERNANDO COUNTY, FLORIDA**  
**Per Capita Personal Income**  
**(2016-2025)**

2016	\$34,889
2017	35,601
2018	36,878
2019	38,223
2020	41,385
2021	46,080
2022	45,456
2023	46,269
2024	49,176
2025	

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Source: Annual Comprehensive Financial Report Hernando County, Florida for the Fiscal Year Ended September 30, 2025.

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**APPENDIX B**

**FORM OF THE RESOLUTION**

**APPENDIX C**

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

**APPENDIX D**

**FORM OF OPINION OF BOND COUNSEL**

**APPENDIX E**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**