

Annual Comprehensive Financial Report

Hernando County, Florida

for the Fiscal Year Ended September 30, 2022

HERNANDO COUNTY, FLORIDA
ANNUAL COMPREHENSIVE FINANCIALREPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022

PRINCIPAL OFFICIALS

as of September 30, 2022

BOARD OF COUNTY COMMISSIONERS

Steve Champion, *Chairman* - District 5
John Allocco, *Vice Chairman* - District 3
Elizabeth Narverud - District 1
Wayne Dukes - District 2
Jeff Holcomb - District 4

TAX COLLECTOR
Sally L. Daniel, CFC

SHERIFF
Al Nienhuis

PROPERTY APPRAISER
John C. Emerson, CFA

SUPERVISOR OF ELECTIONS
Shirley Anderson

CLERK OF COURT AND COMPTROLLER
Doug Chorvat, Jr.

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

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

March 29, 2023

To the Citizens of Hernando County:

The Annual Comprehensive Financial Report of Hernando County, Florida, for the fiscal year ended September 30, 2022 is respectfully submitted. This report was prepared by the Clerk of Circuit Court and Comptroller, Department of Financial Services. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the Clerk of Circuit Court and Comptroller (Clerk and Comptroller) as Chief Financial Officer of Hernando County. To provide a reasonable basis in meeting this responsibility, a comprehensive internal control framework has been established that is designed both to protect the County's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The Management's Discussion and Analysis in the Financial Section of this report should be read in conjunction with this Letter of Transmittal.

Profile of the County

Hernando County, population 199,207, is located in the west central region of the State of Florida, allowing easy access to the Tampa and Orlando metropolitan areas. As part of the Tampa Bay Region, it is bound by the Gulf of Mexico on the west, Citrus County to the north, Sumter County to the east, and Pasco County to the south.

Hernando County, established in 1843, covers 473 square miles and is named in honor of Spanish explorer Hernando De Soto, who led an expedition through the county in 1539. Hernando County has one incorporated city: the City of Brooksville, the county seat, with a population of 9,481 is rich in history and traditions. Hernando County's unincorporated areas include Weeki Wachee, Ridge Manor, Bayport, Aripeka, Lake Lindsey, Istachatta/Nobleton, Masaryktown, Hernando Beach, and most notably, Spring Hill. Spring Hill located in the southwest part of the County, is the largest unincorporated Hernando County community.

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

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

industries include manufacturing, precision machining, distribution and healthcare. Growing retail trade and a wide selection of professional services enables Hernando County to offer significant choices for its residents.

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

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

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

Factors Affecting Financial and Economic Conditions

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

- The population of the County is currently approximately 199,207 which is an increase of 15% over what it was 10 years ago. The County's population is projected to be almost 225,000 by 2030 and over 250,000 by 2040.

- As part of the Tampa Bay region, Hernando County enjoys being a part of the largest consumer market in Florida.

- The Building Department had a total of 21,580 permits in 2021-22, averaging 83 permits per day. Total permits included 1,533 single family home permits and 76 commercial permits.

- Both residential and commercial development remain steady. The inventory of lots in existing developed subdivisions continues to decrease and new phases are being developed. Commercial development continues to be steady along SR 50 in Spring Hill, a major shopping corridor in the County. In addition, a significant number of large mixed-use developments previously approved by the County have retained the approved vested rights and are expected to be of interest to developers as the economy continues to improve.

Long Term Financial Planning. The County prepares a five-year Capital Improvement Plan which is adopted by the Board with the annual budget approval. It identifies all public capital facilities, public infrastructure and equipment, with a value over $50,000 and a useful life over ten

years. The plan identifies the funding source (taxes, grants, impact fees, etc) for each project.

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

- Hernando County Parks and Recreation replaced the equipment and installed new playgrounds in both Veteran's Memorial Park and Roger's Park.
- After 80 years of continual use, the Airport enhanced Runway 9/27 including putting on a new asphalt surface, applying an asphalt overlay surface, installing side-to-side grooves for improved friction, placing high visibility markings that cover a 7,000 ft. long by 150 ft. wide expanse. The project totaled a $12 million investment and had resulted in tens of thousands of satisfied pilot take-offs and landings.
- The Public Information Department launched a Public Records Portal which allows citizens to submit records requests efficiently to Hernando County Government.
- Hernando County Fleet Management was awarded one of the top 100 Fleets in America through NAFA Fleet Management Association.
- The Spring Hill Water Reclamation Facility Flow Diversion Project was the final key project in decommissioning the outdated Spring Hill Water Reclamation Facility. This project included redirecting all the wastewater force mains away from the Spring Hill Water Reclamation Facility to the recently expanded Airport Water Reclamation Facility. All the redirected force mains were redirected without any interruption to Hernando County Utilities Department customers. This project will allow for the future demolition of the outdated Spring Hill Water Reclamation Facility.
- The County adopted a new system, Open Gov, for the budget process resulting in an interactive, transparent budget book available to the citizens via the County website.
- A Grant Writer position was added to the Office of Management and Budget in fiscal year 2021-22 to research and apply for new grants for the County.
- A three-sided trailhead kiosk was constructed at Fickett Hammock Preserve and Cypress Lakes Preserve. The kiosk has a concrete path leading to the trailhead from the parking area for residents and visitors.
- The Department of Public Works (DPW) hosted their inaugural Touch-a-Truck Event in May 2022, and engaged with citizens and families regarding the different types of equipment DPW uses daily.
- The Florida Adventure Coast created The Mermaid Tale Trail and completed 28 statues in the first round.
- Tourism increased Tourism Development Tax revenues by 32.6% from prior year.
- Hernando County Fire Rescue responded to over 38,000 calls, of which approximately 29,000 were medical.

Hernando County has adopted many budgetary and financial policies and continually monitors them for adherence and relevance. The establishment of budgetary and financial policies enables the Board, management and the community to monitor County performance. Following

are some of the more significant budgetary policies: The Board annually adopts a balanced budget; fund balances anticipated at the end of a fiscal year are budgeted as the beginning fund balance for the following year; any variance between budgeted fund balance forward and actual fund balance forward is adjusted through a budget amendment; the Board has adopted a Budget Reserve Policy and Reserve Stabilization Policy. The Budget Reserve Policy requires reserves in the General Fund to be maintained at 18.5%. See the Management Discussion and Analysis and Note A of the financial statements for more information.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Hernando County for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2021.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements

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

Acknowledgments

This report is the product of the dedication of the Department of Financial Services of the Clerk of Circuit Court and Comptroller of Hernando County as Auditor and Comptroller to the Board of County Commissioners.

We would like to express our appreciation and thanks to the Financial Services team, the County Administration and Budget Offices, and the firm of MSL CPAs and Advisors, who helped us with their comments and advice throughout the year.

Respectfully submitted,

Doug Chorvat, Jr.
Clerk of Circuit Court and Comptroller

Joshua Stringfellow, CPA
Director of Financial Services

Frances Pioszak, CPA
Assistant Director of Financial Services

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Governmental Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Hernando County, Florida for its annual comprehensive financial report for the fiscal year ended September 30, 2021. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Hernando
Florida

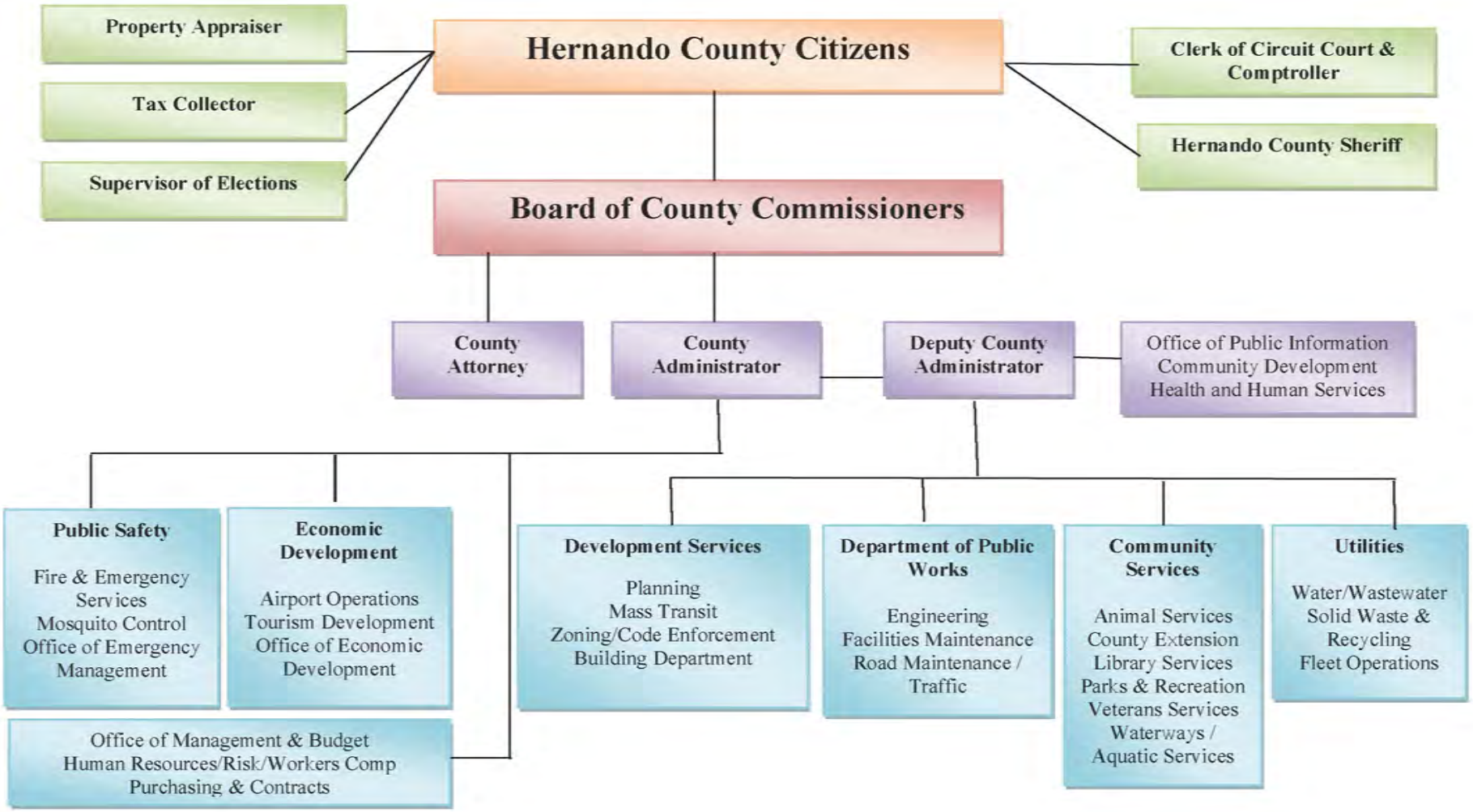
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morrill

Executive Director/CEO

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Property Appraiser
Tax Collector
Supervisor of Elections
Hernando County Citizens
Clerk of Circuit Court & Comptroller
Hernando County Sheriff
Board of County Commissioners
County Attorney
County Administrator
Deputy County Administrator
Office of Public Information
Community Development
Health and Human Services
Public Safety
Fire & Emergency Services
Mosquito Control
Office of Emergency Management
Economic Development
Airport Operations
Tourism Development
Office of Economic Development
Development Services
Planning
Mass Transit
Zoning/Code Enforcement
Building Department
Department of Public Works
Engineering
Facilities Maintenance
Road Maintenance / Traffic
Community Services
Animal Services
County Extension
Library Services
Parks & Recreation
Veterans Services
Waterways / Aquatic Services
Utilities
Water/Wastewater
Solid Waste & Recycling
Fleet Operations
Office of Management & Budget
Human Resources/Risk/Workers Comp
Purchasing & Contracts

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FINANCIAL SECTION

This section contains the following:

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Notes to the Financial Statements

Required Supplementary Information

Combining and Individual Fund Statements and Schedules

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INDEPENDENT AUDITOR'S REPORT

Honorable Board of County Commissioners
Hernando County, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hernando County, Florida (the "County") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of September 30, 2022, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparisons for the general fund and each major special revenue fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

***Emphasis-of-Matter* - Change in Accounting Principle**

As discussed in Note I and Note S to the financial statements, in the year ended September 30, 2022, the County adopted the provisions of Government Accounting Standards Board Statement ("GASBS") Number 87, *Leases*. As a result of the implementation of GASBS 87, the County reported a restatement for the change in accounting principle. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
March 29, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Hernando County's financial statements provides an overview of the financial activity of the County for the fiscal year ended September 30, 2022. We encourage reading this narrative in conjunction with the Transmittal Letter in the Introductory Section.

FINANCIAL HIGHLIGHTS

At the close of the most recent fiscal year, September 30, 2022, the County's assets and deferred outflows exceeded its liabilities and deferred inflows by $713,948,773 representing net position. This represents an increase in net position of $44,867,970 over the prior year adjusted net position. Of the $713,948,773 net position, $36,642,805 was unrestricted.

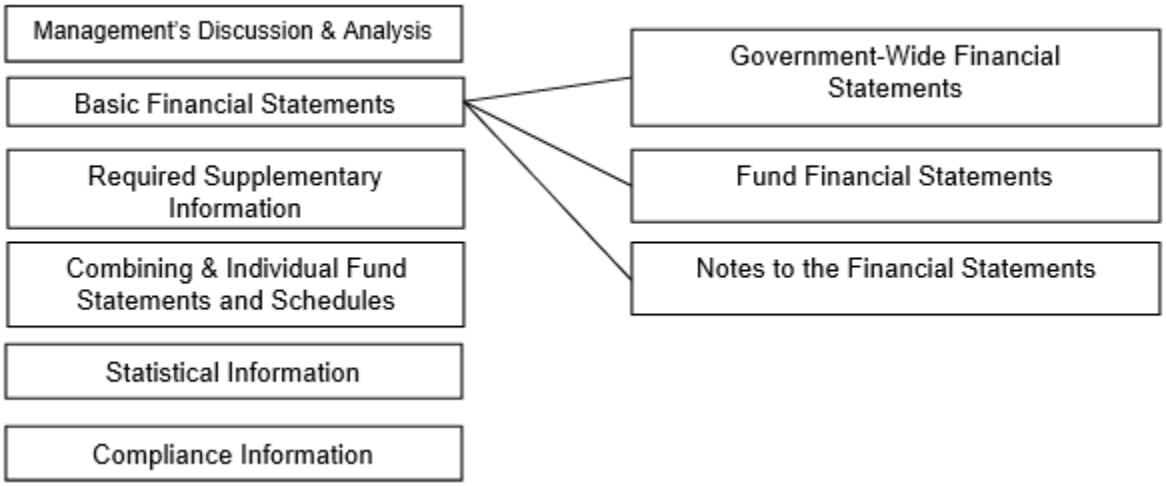
Net position of governmental activities increased $14,986,479 over prior year adjusted net position. Net position of business-type activities increased $29,881,491 over prior year net position. Accordingly, net position of both the governmental activities and business-type activities increased a total of $44,867,970.

As of September 30, 2022, unassigned fund balance in the governmental funds was $48,100,228, representing a 7% decrease from the previous year unassigned fund balance of $51,771,227. The net change in fund balances in the governmental funds decreased from $20,075,453 for the fiscal year 2020-21 to $13,813,889 for the fiscal year 2021-22. General Fund had an increase in fund balance of $7,226,340 for fiscal year 2020-21 compared to an increase of $1,414,084 in the current year. There was an increase in the fund balance of Transportation Trust and Gas Taxes fund of $4,022,546 compared to a decrease of $991,447 in the prior year. There was an increase in fund balance of Impact Fees of $2,948,122 compared to an increase of $1,216,752 in the prior year. There was a decrease in the fund balance of Hernando County Fire Rescue-Fire of $1,669,531 compared to an increase of $4,844,849 in the prior year. There was also an increase in fund balance of $7,098,675 for Nonmajor Governmental Funds compared to the increase of $5,763,654 in the prior year.

The County's largest enterprise fund, the Water & Sewer District, had an increase in net position of $20,319,041 for the year compared to an increase of $22,532,928 in the prior year. Aviation Operations had an increase in net position of $8,946,933 for the year compared to an increase of $3,222,535 in the prior year. Waste Management had an increase in net position of $263,832 for the year compared to a increase of $478,183 in the prior year. Building Department had an increase in net position of $351,685 for the year compared to an increase of $511,776 in the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

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

Notes to the Financial Statements

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

ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

Hernando County's Net position

	Governmental Activities		Business-type Activities		Totals	
	2021	2022	2021	2022	2021	2022
Current and other assets	$ 247,778,739	$ 281,103,567	$ 130,532,458	$ 141,227,052	$ 378,311,197	$ 422,330,619
Capital assets	341,026,509	348,791,457	273,666,588	294,444,080	614,693,097	643,235,537
Other long term assets	-	-	-	24,271,417	-	24,271,417
Total Assets	588,805,248	629,895,024	404,199,046	459,942,549	993,004,294	1,089,837,573
Deferred Outflows of Resources	35,960,609	42,434,269	2,168,602	2,680,879	38,129,211	45,115,148
Non-Current liabilities	100,774,962	192,802,048	78,681,841	94,991,336	179,456,803	287,793,384
Other liabilities	56,635,682	79,954,919	9,541,627	12,891,795	66,177,309	92,846,714
Total liabilities	157,410,644	272,756,967	88,223,468	107,883,131	245,634,112	380,640,098
Deferred Inflows of Resources	98,128,330	21,112,968	8,067,136	25,548,871	106,195,466	46,661,839
Net position:						
Net investment in capital assets	312,258,262	318,931,371	202,054,187	225,878,718	514,312,449	544,810,089
Restricted	102,988,974	111,550,472	20,932,023	20,932,023	123,920,997	132,482,495
Unrestricted	(46,020,353)	(45,724,496)	76,323,725	82,380,685	30,303,372	36,656,189
Total Net Position	$ 369,226,883	$ 384,757,347	$ 299,309,935	$ 329,191,426	$ 668,536,818	$ 713,948,773

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Hernando County, adjusted net position was $713,948,773 at the close of the most recent fiscal year. This represents an increase of $44,867,970 or 7% from the prior year.

The largest portion of Hernando County's net position (76%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, improvements, construction in progress, intangible assets, equipment and right-to-use assets), less any accumulated depreciation or amortization and related debt used to acquire those assets that is still outstanding. Hernando County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Hernando County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position (18%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the County's net position (6%) is unrestricted.

Hernanado County's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
Revenues						
Program revenues:						
Charges for services	$ 82,549,454	$ 81,776,702	$ 57,666,827	$ 62,238,782	$ 140,216,281	$ 144,015,484
Operating Grants and Contributions	14,807,434	10,401,474	165,183	118,318	14,972,617	10,519,792
Capital Grants and Contributions	5,956,725	6,878,554	16,127,492	21,602,653	22,084,217	28,481,207
General revenues:						
Property taxes	91,909,851	98,386,008	-	-	91,909,851	98,386,008
Other taxes	29,829,024	34,117,948	-	-	29,829,024	34,117,948
Investment earnings (loss)	405,388	(5,783,908)	174,610	(2,546,599)	579,998	(8,330,507)
Other	3,499,815	3,453,733	2,595,134	966,080	6,094,949	4,419,813
Total revenues	228,957,691	229,230,511	76,729,246	82,379,234	305,686,937	311,609,745
Expenses						
General government	28,308,677	33,617,506	-	-	28,308,677	33,617,506
Public safety	96,100,598	114,962,652	-	-	96,100,598	114,962,652
Physical environment	8,324,883	8,962,975	-	-	8,324,883	8,962,975
Transportation	27,643,111	30,077,317	-	-	27,643,111	30,077,317
Economic environment	5,943,026	2,340,657	-	-	5,943,026	2,340,657
Human services	9,203,810	7,949,609	-	-	9,203,810	7,949,609
Culture and recreation	6,664,946	7,273,865	-	-	6,664,946	7,273,865
Court operations	7,940,224	8,154,989	-	-	7,940,224	8,154,989
Interest on long-term debt	887,494	965,961	-	-	887,494	965,961
Water and sewer	-	-	33,721,341	34,020,643	33,721,341	34,020,643
Aviation operations	-	-	3,070,598	3,498,882	3,070,598	3,498,882
Waste management	-	-	9,230,353	10,341,492	9,230,353	10,341,492
Building department	-	-	4,162,440	4,575,227	4,162,440	4,575,227
Total expenses	191,016,769	214,305,531	50,184,732	52,436,244	241,201,501	266,741,775
Change in net position before transfers	37,940,922	14,924,980	26,544,514	29,942,990	64,485,436	44,867,970
Transfers	(200,908)	61,499	200,908	(61,499)	-	-
Change in net position	37,740,014	14,986,479	26,745,422	29,881,491	64,485,436	44,867,970
Net position - beginning of year	331,486,869	369,226,883	272,564,513	299,309,935	604,051,382	668,536,818
Adjustment to beginning net position-See Note S	-	543,985	-	-	-	543,985
Net position - end of year	$ 369,226,883	$ 384,757,347	$ 299,309,935	$ 329,191,426	$ 668,536,818	$ 713,948,773

Governmental Activities

Net position of the governmental activities increased $14,986,479 or 4% from prior year adjusted net position balance. Program revenues in the amount of $99,056,730 were used to offset program expenses of $214,305,531 resulting in a net program loss of $115,248,801. General revenues and transfers totaling $130,235,280 offset the difference in those program expenses and resulted in a total net increase of $14,986,479.

Program revenues decreased 4% from prior year. Operating Grants and Contributions decreased 30% from the prior year. Capital Grants and Contributions increased 15%.

Operating grants and contributions decreased $4,405,960 from prior year. Fiscal year 2020-21 included aid to private organizations and small business assistance that was funded by CARES Act funding. Due to the end of CARES Act funding, this aid was not provided in fiscal year 2021-22.

Capital grants and contributions increased $921,829 compared to prior year due to construction improvements at Fire Station six.

Property taxes increased $6,476,157 or 7% due to an 8% increase in the taxable value of property in the County. Certified taxes levied by the Tax Collector increased 7% from prior year.

Revenue from sales taxes increased $1,273,830 from prior year. Sales were lower in prior year due to various delays in the availability of equipment and supplies as a result of supply chain issues.

Investment earnings decreased $6,189,296 compared to the prior year due to a change in market value of investments caused by the sharp increase in interest rates at the end of the year.

Program expenses increased 12% from the prior year. The most significant changes were increases in General Government and Public Safety expenditures.

General Government expenses increased 19% due to an increase in the liability related to the Florida Retirement System plan. The County's portion of the liability is obtained from the annual actuarial report of the Florida Retirement System plan. Overall, the decline in liability from fiscal year 2020-21 has been offset by a positive change of $414,544 in fiscal year 2021-22. The County overall had an increase in payments to personnel funded by the American Rescue Plan Act for employees impacted by COVID-19 . Likewise, there were normal cost increases for personnel and other operating expenses experienced across the organizations.

The increase in Public Safety expenses of 20% from prior year is mainly due to an increase in the liability related to the Florida Retirement System plan. The County's portion of the liability is obtained from the annual actuarial report of the Florida Retirement System plan. Overall, the decline in liability from fiscal year 2020-21 has been offset by a positive change of $1,118,156 in fiscal year 2021-22. The remaining difference is attributed to normal cost increases for personnel and other operating expenses experienced across the organizations.

Economic Environment expenses decreased $3,602,369 or 61% . Fiscal year 2020-21 included aid to private organizations and small business assistance that was funded by CARES Act funding. Due to the end of CARES Act funding, this aid was not provided in fiscal year 2021-22.

Business-Type Activities

Net position of the business-type activities increased $29,881,491 or 10% over prior year net position balance. Program revenues in the amount of $83,959,753 were used to offset program expenses of $52,436,244, resulting in net program income of $31,523,509. Negative General revenues of $1,580,519 less transfers in the amount of $61,499 resulted in a total net increase of $29,881,491. Negative General revenues include $2,546,599 loss on investments due to a significant decline in market value of investments at the end of the fiscal year.

Water and Sewer charges for services increased $2,927,553 or 7%. This is associated with the third year of rate increases as part of a five-year rate plan. Expenditures did not vary significantly from prior year.

Aviation Operations incurred a loss of $660,123 on the sale of a hangar. Capital Grant revenue increased $8,331,962 from prior year due to the rehabilitation of the runway at the Brooksville - Tampa Bay Regional Airport. Grant funding is generally received for airport improvements and vary from year to year. Operating revenues and expenses were consistent with prior year.

Charges for services revenue increased for Waste Management by $1,725,573 or 18%. This was attributed to an increase in the annual assessment rate for Southwest Hernando Solid Waste Municipal Service Business Unit (MSBU) and an increase in commercial business. Other services and charges expenses increased 14% mainly due to the annual adjustment for long term care and closure costs for the landfill. Estimated costs are recalculated annually and will fluctuate from year to year.

The Building Department experienced an increase of $391,595 or 9% in revenue from licenses and permits. Permits issued in 2021-22 increased 10% from prior year.

Investment revenue decreased to a negative $2,721,209 compared to prior year due to a change in market value of investments caused by the sharp increase in interest rates at the end of the year .

ANALYSIS OF THE FUND FINANCIAL STATEMENTS

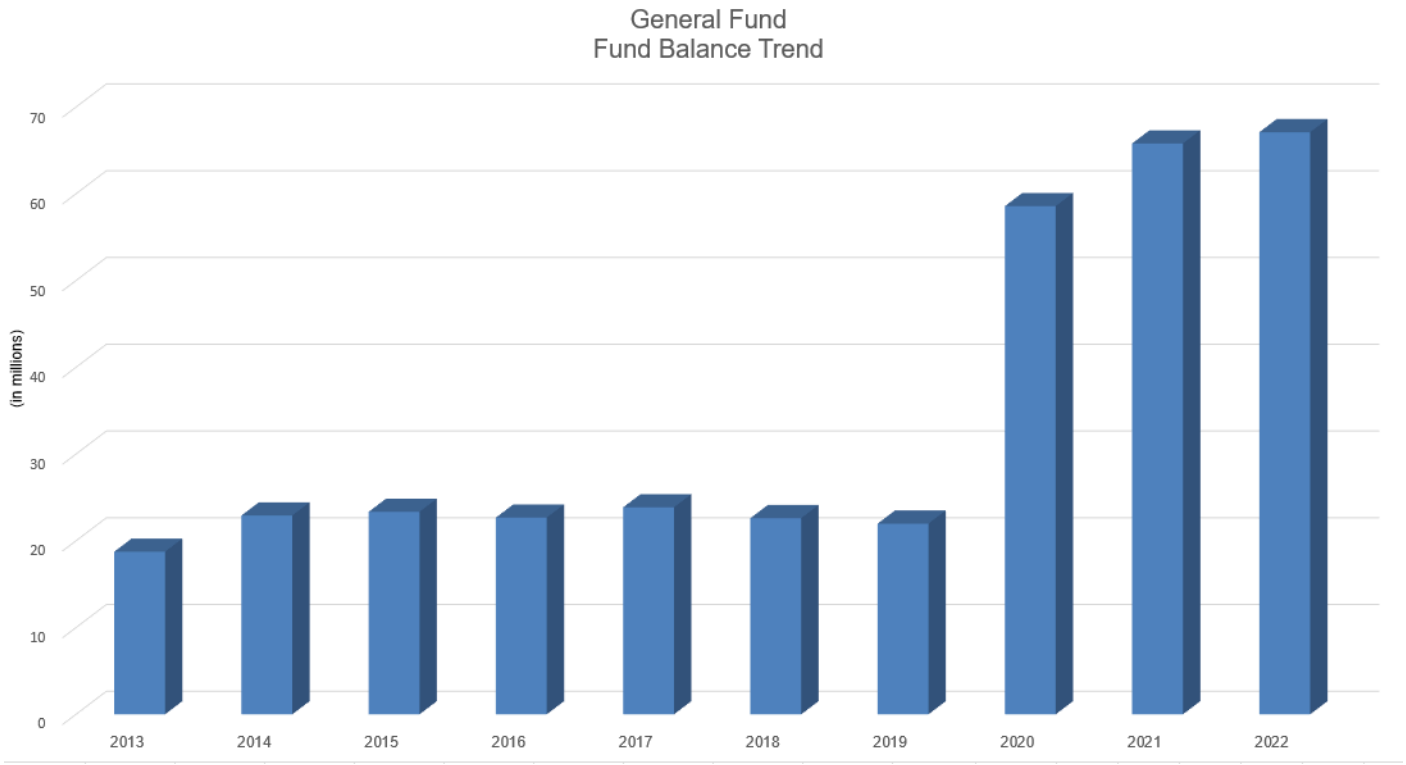
As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Following is a discussion of the financial statements on a fund accounting level.

Governmental Funds

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

As of the end of the current fiscal year, Hernando County governmental funds reported fund balances of $189,319,751, an increase of $13,813,889 or 8% from prior year balances. Of the $189,319,751 fund balance in governmental funds, $48,100,228 constitutes unassigned fund balance, which is available for spending at the County's discretion and $745,475 which is non-spendable. The remainder of fund balance available for spending consists of the following: $106,068,627 in 'Restricted Fund Balance' which is restricted by law or externally imposed requirements; $12,117,046 in 'Committed Fund Balance' which is committed for a specific purpose by the Board; and $22,288,375 in 'Assigned Fund Balance' which is assigned for a specific purpose by the Board without formal approval. See Note A, Governmental Fund Balance Classifications, for more information.

Governmental funds are comprised of the General Fund, Special Revenue Funds, Debt Service Funds and a Capital Project Fund. The General Fund is the chief operating fund of the County. As of the end of the fiscal year, total fund balance for the General Fund was $67,211,422. Following is a chart of the fund balance trend over the past ten years for the General Fund.



In the **General Fund**, the fund balance increased $1,414,084, or 2%, from prior year. General Fund revenues decreased $6,352,664, or 5%, and expenditures increased $2,297,121, or 2%, from prior year. Revenue from taxes increased $4,490,966, or 6%, from the prior year due to an increase in the taxable value of property offset by a decrease in the milage rate of 0.2 mills. Intergovernmental revenue decreased $7,324,901, or 22%, from prior year. In fiscal year 2020-21, intergovernmental revenues included CARES Act funding for Public Health and Safety payroll costs that was not received in fiscal year 2021-22. Investment revenues decreased to a negative $2,456,044 in fiscal year 2021-22 due to the change in market value of investments caused by the sharp increase in interest rates at the end of the fiscal year.

General Government expenditures increased $1,051,010, or 4%, from prior year. This increase was due to normal cost increases for personnel and other operating expenses experienced across the organizations

Public Safety expenditures increased $4,992,171, or 9%. This is mainly due to an increase to normal cost increases for personnel and other operating expenses experienced across the organizations.

Economic Environment expenditures decreased $4,215,633, or 86%. Fiscal year 2020-21 included aid to private organizations and small business assistance that was funded by CARES Act funding. Due to the end of CARES Act funding, this aid was not provided in fiscal year 2021-22.

Human Services expenditures decreased $975,167, or 16%. Fiscal year 2020-21 included aid to private organizations and small business assistance that was funded by CARES Act funding. Due to the end of CARES Act funding, this aid was not provided in fiscal year 2021-22.

Culture and Recreation increased by $420,659, or 7%, due to normal cost increases for personnel and other operating expenses experienced across the organizations.

The fund balance of **Transportation Trust Fund** increased $4,022,546, or 13%, from prior year. Tax revenue increased $1,808,688, or 12%, due to a 0.1 increase in millage for 2021-22. Investment income decreased $1,049,335 from prior year and was negative due to the change in market value of investments caused by the sharp increase in interest rates at the end of the fiscal year.

In the **Impact Fee Fund**, the fund balance increased $2,948,122, or 19%. Impact fee revenue increased $501,809, or 11%, from prior year due to an increase of 10% in permits issued in fiscal year 2021-22. Capital expenditures decreased $1,309,460 from prior year due to delays in obtaining supplies.

The **Hernando County Fire Rescue-Fire** fund balance decreased $1,669,531, or 11%. Special Assessment revenue was consistent with prior year. Capital expenditures increased $3,208,930, or 2170%, due to the construction of fire station No. 5.

The **American Rescue Plan Act** fund balance decreased $7 or .2%.

Proprietary Funds

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

The **Water and Sewer District** experienced an increase in net position of $20,319,041, or 9%. Operating revenues of $44,927,169 less operating expenses of $32,505,143 resulted in operating income of $12,422,026. The fund experienced an increase of $3,014,372, or 7%, in operating revenue, which is associated with the third year of rate increases as part of a five-year rate plan. Operating expenses increased $1,809,688, or 6%, due to normal cost increases for personnel and other operating expenses experienced across the organizations. Non-operating revenues and expenses decreased $956,677, or 35%, from prior year. This is driven by negative investment revenue due to the change in market value of investments caused by the sharp increase in interest rates at the end of the fiscal year.

Aviation Operations experienced an increase in net position of $8,946,933, or 29%. Operating revenues of $1,872,781 less operating expenses of $2,809,302 resulted in an operating loss of $936,521. Non-operating revenue decreased due to a loss on the sale of a hangar and the change in market value of investments caused by the sharp increase in interest rates at the end of the fiscal year.

The **Waste Management** fund had a increase in net position of $263,832, or 1%. Non-operating revenue decreased $940,795 from prior year. This was due to the change in market value of investments caused by the sharp increase in interest rates at the end of the fiscal year.

Building Department experienced an increase in net position of $351,685, or 10%. Operating revenues increased 9% from the prior year due to a 10% increase in construction permits.

BUGETARY HIGHLIGHTS -- GENERAL FUND

Budget and actual comparison statements are provided in the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual for the General Fund and all major special revenue funds with annually appropriated budgets. See page 49 of this report for the financial statement discussed below. This statement shows the original budget, final budget, actual amounts, and the variances between actual and final budgeted amounts. Budget amendments are approved throughout the year. Budgets are revised for a variety of reasons, such as new grant awards, unanticipated revenue sources, new bond or loan proceeds, unforeseen expenditures, etc. Below are a variety of explanations of the notable variances between the original and final budget, and the final budget and actual amounts in the General Fund:

- Final budgeted Intergovernmental revenue increased $6,538,474 compared to original budget. This is primarily due to an increase in grant funding provided for construction costs of the Dr. Dennis Wilfong Center for Success and Education Center. Unspent fiscal year 2021-22 budget reflects remaining grant funds to be received once expenditures for the project are completed.

- Final budgeted General Government expenditures increased $2,793,347 from the original budget. The final budget was increased for the American Rescue Plan Act payments to employees impacted by the COVID-19 pandemic. Various General Government budgets were also increased for equipment and contract services for new software implementations.

- Final budgeted Capital Outlay expenditures increased from the original budget by $21,887,461 due to an increase in grant funding provided for construction costs of the Dr. Dennis Wilfong Center for Success and Education Center. Additionally, several land purchases were budgeted for use as office space and expansion of parking lots. Approximately $10,000,000 for the emergency services updated radio system budgeted in fiscal year 2020-21 was re-budgeted in fiscal year 2021-22.

- Actual Intergovernmental revenue was lower than final budget by $3,752,252. Transit grants for construction improvements to routes of $1,100,000 and the construction of the Dr. Dennis Wilfong Center for Success and Education Center of $6,159,600 were not completed in fiscal year 2021-22 and were re-budgeted in the following fiscal year. A housing grant was re-budgeted for the following fiscal year of $450,000 due to lack of eligibility criteria met in fiscal year 2021-22. Additionally, revenues for monthly state revenue sharing and half cent sales tax were received above budgeted amounts of nearly $4,300,000. This revenue varies based upon the volume of consumer spending.

- Investment revenues were negative in fiscal year 2021-22 due to the change in market value of investments caused by the sharp increase in interest rates at the end of the year.

- Actual Miscellaneous revenue exceeded budget due to surplus property sales in the amount of $1,182,242 that were not budgeted.

- General Government expenditures were less than budget by $3,187,654 primarily driven by various personnel vacancies throughout the year.

- Actual Public Safety expenditures were under budget by $1,181,407 due to various delays in the availability of equipment and supplies as a result of supply chain issues.

- Actual Transportation expenditures were 27% less than budgeted as final expenses were under budget due to several capital projects that were not completed in fiscal year 2021-22. These projects were re-budgeted in fiscal year 2022-23.

- Actual expenditures for Economic Environment were $11,312,214 under budget due to a capital asset project for a hangar that was not completed, and will be re-budgeted for fiscal year 2022-23.

- Actual Culture and Recreation expenditures were $1,234,795 less than budgeted due to a decline in maintenance costs for parks and libraries in 2021-22. In addition, Library State Aid grants are budgeted based upon remaining amounts and were not fully expended by fiscal year end.

- Actual Capital Outlay expenditures were $23,101,728 less than budgeted. For capital projects that may span multiple periods, the remaining budgets are re-budgeted in the following fiscal year. Remaining costs are carried forward to the next fiscal year. Budgeted capital assets included an increase in grant funding provided for construction costs of the Dr. Dennis Wilfong Center for Success and Education Center for $6,159,600. There was also budgeted expenditures for software which will be re-budgeted in fiscal year 2022-23.

CAPITAL ASSET AND DEBT ADMINISTRATION

The County implemented a new accounting pronouncement, GASB 87 *Leases*. The pronouncement requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than 12 months. As a result of the implementation, the beginning balances of Capital Assets and Debt were updated.

Capital Assets

Hernando County's investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounts to $643,235,537 net of accumulated depreciation. This investment in capital assets includes land, buildings, infrastructure, improvements other than buildings, equipment, construction in progress, intangible assets, equipment and right-to-use assets. The total increase in Hernando County's investment in capital assets from the prior year was 4.1% which is comprised of a 1.8% increase for Governmental Activities and a 7.0% increase for Business-Type Activities. The beginning balances of capital assets was restated by $1,762,133 and $1,638,456 for Governmental and Business-Type assets, respectively, for the implementation of GASB 87 *Leases*.

Following is a schedule of the County's capital assets, net of accumulated depreciation, as of September 30, 2021 and 2022:

	Governmental Activities		Business-Type Activities		Totals	
	2021	2022	2021	2022	2021	2022
Land	$ 32,694,640	$ 33,653,183	$ 10,326,775	$ 10,429,374	$ 43,021,415	$ 44,082,557
Buildings	69,272,193	70,006,992	15,784,302	14,244,709	85,056,495	84,251,701
Infrastucture	190,845,668	186,906,714	2,669,879	2,580,621	193,515,547	189,487,335
Improvements other than Buildings	10,237,753	9,945,626	212,019,713	203,638,160	222,257,466	213,583,786
Equipment	32,017,721	31,397,180	3,334,153	3,156,355	35,351,874	34,553,535
Construction in Progress	5,538,095	11,818,854	29,360,523	59,416,104	34,898,618	71,234,958
Intangible Assets	420,439	374,439	171,243	125,578	591,682	500,017
Right-to-Use Assets	$ 1,762,133	$ 4,688,469	$ 1,638,456	$ 853,179	3,400,589	$ 5,541,648
Totals	$ 342,788,642	$ 348,791,457	$ 275,305,044	$ 294,444,080	$ 618,093,686	$ 643,235,537

Additional information on Hernando County's capital assets can be found in Note G to the basic financial statements. The change in capital asset activity in Governmental Activities for 2022 is mainly due to additions to construction in progress offset by decreases in infrastructure. The increase in construction in progress was due to construction and improvement costs to fire stations No. 5 and No. 6, along with costs of $1,100,000 for the jail expansion. The decrease in infrastructure was attributable to depreciation expense exceeding additions during the year. There were fewer roads projects in fiscal year 2022. The increase in capital asset activity for Business-Type Activities is due to improvements to water and wastewater plants and force mains. Also construction in progress increased due to the upgrades of the runways at the Hernando County airport, as well as the expansion of the Wastewater Treatment Plant at the Airport.

As a result of the implementation of GASB 87, the beginning balance of Capital Assets increased $3,400,589 of which $1,762,133 is for Governmental Activities and $853,179 is for Business-Type Activities.

Debt Administration

Loans and notes payable amounted to $24,923,641 of which $24,286,789 is for Governmental Activities and $636,852 is for Business-Type Activities.

Hernando County had total bonded debt outstanding of $67,906,905. All of these bonds represent bonds secured solely by specified non-ad valorem revenue sources (i.e., revenue bonds).

As a result of the implementation of GASB 87, the beginning balance of Debt increaesed $3,469,494 of which $1,763,135 is for Governmental Activities and $1,706,359 is for Business-Type Activities.

Following is the activity of combined governmental and business-type debt for the fiscal year ended September 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance
Loans & Notes Payable	$ 28,394,618	$ 905,604	$ 4,376,581	$ 24,923,641
Revenue Bonds	72,019,331	-	4,112,426	67,906,905
Financed Purchase Obligations	450,885	-	108,403	342,482
Leases Payable	3,469,494	3,513,800	1,326,789	5,656,505
	$ 104,334,328	$ 905,604	$ 8,489,007	$ 98,829,533

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

Following are the County's underlying ratings on bonds outstanding as of September 30, 2022:

	Moody's	Fitch	S&P
Non-Ad Valorem Refunding Revenue Bonds, Series 2010	Aa3	NR	AA-
Taxable Water and Sewer Refunding Revenue Bonds, Series 2021A	Aa2	AA+	NR
Water and Sewer Refunding Revenue Bonds, Series 2021B	Aa2	AA+	NR

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Local, state and national economic factors influence the County's revenues in a variety of ways. Positive economic growth correlates with increased revenues from property taxes, sales taxes, fuel taxes, charges for services, state revenue sharing as well as state and federal grants. Depressed economic growth correlates with decreases in the same revenue sources.

Economic growth may be measured by a variety of indicators such as employment growth, unemployment, new construction and assessed values, diversification of the property tax base, enterprise fund revenue and net asset growth.

- Hernando County's population grew from 173,111 in 2012 to 199,207 in 2022, a 15% increase over a period of ten years.

- Unemployment in Hernando County decreased to 3.2% and the County's personal income per capita increased slightly to $46,080 in 2021, the most recent year available.

- Total taxable property value has increased 78% over the last ten years, but increased 85% over tax year 2013, which was the lowest taxable value in recent history. The ten largest taxpayers accounted for 8% of the total taxable assessed value in 2022. The ten largest taxpayers accounted for 9% of total taxable value ten years ago.

- Permanent households rose during the year to a total of 81,503, 13% more than ten years ago. The building department issued 21,580 permits, 76 were new commercial construction permits.

For fiscal year 2021-22 budget, certified taxable property values increased 18.47% to $12.87 billion. The General Fund millage rate was decreased from 7.4412 to 6.9912; however the County was able to maintain General Fund reserves to adopted policy levels.

TO OBTAIN FURTHER INFORMATION

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

Hernando County
15470 Flight Path Drive
Spring Hill, Florida 34604
(352) 754-4000
administration@hernandocounty.us

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

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

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

Basic Financial Statements

HERNANDO COUNTY, FLORIDA
STATEMENT OF NET POSITION
September 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 20,656,514	$ 24,067	$ 20,680,581
Pooled Cash and Investments	242,313,794	103,625,310	345,939,104
Restricted Cash and Investments:			
Pooled Cash and Investments	-	739,972	739,972
Cash with Fiscal Agent	353,748	-	353,748
Accounts Receivable (net)	7,530,222	5,203,820	12,734,042
Accrued Interest Receivable	56,672	73,284	129,956
Leases Receivable	6,552,205	356,658	6,908,863
Internal Balances	(217,026)	217,026	-
Due from Other Governments	9,569,254	990,651	10,559,905
Inventories	251,124	176,180	427,304
Prepaid Items	335,049	1,146	336,195
Total Current Assets	287,401,556	111,408,114	398,809,670
Non-Current Assets:			
Restricted Assets:			
Pooled Cash and Investments	-	28,073,249	28,073,249
Cash with Fiscal Agent	-	1,745,689	1,745,689
Leases Receivable	-	24,271,417	24,271,417
Capital Assets, not being depreciated	45,472,037	69,845,478	115,317,515
Capital Assets, being depreciated, net	303,319,420	224,598,602	527,918,022
Total Non-Current Assets	348,791,457	348,534,435	697,325,892
Total Assets	**$ 636,193,013**	**$ 459,942,549**	**$ 1,096,135,562**
Deferred Outflows of Resources	**$ 42,434,269**	**$ 2,680,879**	**$ 45,115,148**
LIABILITIES			
Current Liabilities:			
Accounts Payable	16,210,532	2,822,733	19,033,265
Retainage Payable	420,924	-	420,924
Accrued Liabilities	5,578,417	1,422,680	7,001,097
Internal Balances	-	-	-
Due to Other Governments	2,811,751	53,606	2,865,357
Unearned Revenue	35,601,489	693,484	36,294,973
Deposits	327,587	4,718,491	5,046,078
Due Within One Year	19,004,219	6,779,610	25,783,829
Payable from Restricted Assets:			
Accounts Payable	-	2,092,389	2,092,389
Retainage Payable	-	1,088,412	1,088,412
Total Current Liabilities	79,954,919	19,671,405	99,626,324
Non-Current Liabilities:			
Due In More Than One Year	192,802,048	75,152,065	267,954,113
Payable from Restricted Assets:			
Unearned Revenue	-	1,273,045	1,273,045
Accrued Landfill Closure/Postclosure	-	11,786,616	11,786,616
Total Non-Current Liabilities	192,802,048	88,211,726	281,013,774
Total Liabilities	**$ 272,756,967**	**$ 107,883,131**	**$ 380,640,098**
Deferred Inflows of Resources	**$ 21,112,968**	**$ 25,548,871**	**$ 46,661,839**
NET POSITION			
Net Investment in Capital Assets	$ 318,931,371	$ 225,878,718	$ 544,810,089
Restricted for:			
Grant Funded Programs	5,934,261	-	5,934,261
Court Programs	6,950,687	-	6,950,687
Special Assessment Projects	3,432,444	-	3,432,444
Environment Conservation	4,951,401	-	4,951,401
Bond Covenants or Debt Service	861,577	-	861,577
Public Safety	33,741,782	-	33,741,782
Capital Projects	47,835,840	13,944,873	61,780,713
Renewal and Replacement	-	6,987,150	6,987,150
Other Purposes	7,842,480	-	7,842,480
Unrestricted (Deficit)	(45,724,496)	82,380,685	36,656,189
Total Net Position	**$ 384,757,347**	**$ 329,191,426**	**$ 713,948,773**

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

HERNANDO COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2022

Function/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental Activities:							
General Government	$ 33,617,506	$ 15,124,744	$ 2,074,209	$ 902,488	$ (15,516,065)	$ -	$ (15,516,065)
Public Safety	114,962,652	45,937,715	1,051,225	1,657,976	(66,315,736)	-	(66,315,736)
Physical Environment	8,962,975	9,945	260,774	-	(8,692,256)	-	(8,692,256)
Transportation	30,077,317	14,319,326	3,569,498	3,360,654	(8,827,839)	-	(8,827,839)
Economic Environment	2,340,657	31,178	2,049,897	-	(259,582)	-	(259,582)
Human Services	7,949,609	232,868	38,025	40,531	(7,638,185)	-	(7,638,185)
Culture and Recreation	7,273,865	1,153,369	735,408	916,905	(4,468,183)	-	(4,468,183)
Court Operations	8,154,989	4,967,557	622,438	-	(2,564,994)	-	(2,564,994)
Interest on Long-term Debt	965,961	-	-	-	(965,961)	-	(965,961)
Total Governmental Activities	214,305,531	81,776,702	10,401,474	6,878,554	(115,248,801)	-	(115,248,801)
Business-type Activities:							
Water and Sewer District	34,020,643	44,561,142	44,322	11,819,457	-	22,404,278	22,404,278
Aviation Operations	3,498,882	1,745,165	73,996	9,783,196	-	8,103,475	8,103,475
Waste Management	10,341,492	11,131,255	-	-	-	789,763	789,763
Building Department	4,575,227	4,801,220	-	-	-	225,993	225,993
Total Business-type Activities	52,436,244	62,238,782	118,318	21,602,653	-	31,523,509	31,523,509
Total	$ 266,741,775	$ 144,015,484	$ 10,519,792	$ 28,481,207	(115,248,801)	31,523,509	(83,725,292)
General Revenues:							
Property Taxes					98,386,008	-	98,386,008
Fuel Taxes					9,090,647	-	9,090,647
Sales Tax					13,559,830	-	13,559,830
Other Taxes					3,692,702	-	3,692,702
State Shared Revenue - Unrestricted					7,774,769	-	7,774,769
Investment Earnings (Loss)					(5,783,908)	(2,546,599)	(8,330,507)
Gain on Sale of Capital Assets					193,513	76,333	269,846
Miscellaneous					3,260,220	889,747	4,149,967
Transfers					61,499	(61,499)	-
Total General Revenues and Transfers					130,235,280	(1,642,018)	128,593,262
Change in Net Position					**14,986,479**	**29,881,491**	**44,867,970**
Net Position - Beginning, as Restated (See Note S)					**369,770,868**	**299,309,935**	**669,080,803**
Net Position - Ending					**$ 384,757,347**	**$ 329,191,426**	**$ 713,948,773**

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

HERNANDO COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2022

	General Fund	Transportation Trust and Gas Taxes	Impact Fees Capital Project Fund
ASSETS			
Cash and Cash Equivalents	$ 5,098,248	$ 395	$ -
Pooled Cash and Investments	66,780,178	36,087,996	19,805,396
Cash with Fiscal Agent	-	348,700	-
Accounts Receivable (net)	104,251	80,677	-
Accrued Interest Receivable	56,672	-	-
Leases Receivable	254,216	-	-
Due from Other Funds	176,282	116,731	-
Due from Other Governments	4,907,161	2,163,056	18,197
Advances to Other Funds	450,000	-	-
Inventories	-	-	-
Prepaid Items	249,070	11,538	-
Lease Receivable, Non-Current	6,297,989	-	-
Total Assets	**$ 84,374,067**	**$ 38,809,093**	**$ 19,823,593**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts Payable	$ 4,689,685	$ 714,092	$ 45,318
Retainage Payable	16,428	30,702	40,023
Accrued Liabilities	3,536,806	295,031	-
Due to Other Funds	720,106	-	-
Due to Other Governments	265,939	-	-
Unearned Revenue	126,278	751,781	1,376,740
Deposits	91,165	3,120	-
Advances from Other Funds	-	-	-
Total Liabilities	9,446,407	1,794,726	1,462,081
Deferred Inflows of Resources			
Unavailable Revenues	1,225,588	950,796	-
Leases	6,490,650	-	-
Total Deferred Inflows of Resources	7,716,238	950,796	-
Fund Balances			
Nonspendable:			
Advances	450,000	-	-
Inventories	-	-	-
Prepaid Items	249,070	11,538	-
Restricted for:			
Grant Funded Programs	859,811	-	-
Court Programs	-	-	-
Special Assessment Projects	-	-	-
Environment Conservation	-	-	-
Bond covenants or debt service	-	64,070	-
Public Safety	-	-	-
Capital Projects	-	27,119,234	18,361,512
Other Purposes	-	-	-
Committed to:			
Budgeted Emergency and Contingency Reserves	5,725,159	-	-
Budgeted Stabilization Reserves	4,367,463	-	-
Other Purposes	-	-	-
Assigned to:			
Public Safety	-	-	-
Capital Projects	7,459,691	8,868,729	-
Other Purposes	-	-	-
Unassigned	48,100,228	-	-
Total Fund Balances	67,211,422	36,063,571	18,361,512
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$ 84,374,067**	**$ 38,809,093**	**$ 19,823,593**

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

Hernando County Fire Rescue-Fire	American Rescue Plan Act	Nonmajor Governmental Funds	Total Governmental Funds
$ 150	$ -	$ 6,272,526	$ 11,371,319
14,915,557	33,371,877	49,787,040	220,748,044
-	-	5,048	353,748
31,775	-	7,250,956	7,467,659
-	-	-	56,672
-	-	-	254,216
297,631	-	394,625	985,269
843,893	-	1,636,947	9,569,254
-	-	-	450,000
-	-	1,800	1,800
-	-	74,441	335,049
-	-	-	6,297,989
$ 16,089,006	**$ 33,371,877**	**$ 65,423,383**	**$ 257,891,019**
$ 857,179	$ 27,798	$ 2,960,378	$ 9,294,450
161,790	-	171,981	420,924
873,005	-	606,252	5,311,094
-	-	482,189	1,202,295
-	-	2,545,812	2,811,751
-	33,339,964	6,726	35,601,489
-	-	233,302	327,587
-	-	450,000	450,000
1,891,974	33,367,762	7,456,640	55,419,590
-	-	4,484,644	6,661,028
-	-	-	6,490,650
-	-	4,484,644	13,151,678
-	-	-	450,000
-	-	1,800	1,800
-	-	33,067	293,675
-	-	5,074,450	5,934,261
-	-	6,938,237	6,938,237
-	-	3,432,444	3,432,444
-	-	4,951,401	4,951,401
-	-	797,507	861,577
14,197,032	-	15,037,689	29,234,721
-	4,115	1,388,645	46,873,506
-	-	7,842,480	7,842,480
-	-	-	5,725,159
-	-	-	4,367,463
-	-	2,024,424	2,024,424
-	-	5,952,510	5,952,510
-	-	-	16,328,420
-	-	7,445	7,445
-	-	-	48,100,228
14,197,032	4,115	53,482,099	189,319,751
$ 16,089,006	**$ 33,371,877**	**$ 65,423,383**	**$ 257,891,019**

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HERNANDO COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2022

Fund Balances - Total Governmental Funds		$ 189,319,751
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Governmental Capital Assets	$ 594,661,148	
Less Accumulated Depreciation	(264,618,617)	330,042,531
Unavailable revenue and deferred outflows of resources are not available to pay for current-period expenditures and are therefore not reported in the governmental funds:		
Unavailable taxes and fees	$ 6,661,028	
Deferred Charges on Debt Refunding	404,085	
Deferred Charges related to Net Pension Liability	37,679,169	
Deferred Charges related to Other Post Employment Benefits	4,143,755	48,888,037
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds:		
Accrued Liabilities - Interest	$ (160,037)	
Loans and Notes Payable	(19,194,500)	
Financed Purchasing Obligations	(342,482)	
Leases Payable	(4,306,995)	
Bonds Payable	(843,710)	
Compensated Absences	(10,903,674)	
Other Post Employment Benefits	(18,317,450)	
Net Pension Liability	(143,611,089)	(197,679,937)
Deferred inflows of resources apply to a future period and will not be recognized as revenue until then:		
Deferred Inflows related to Net Pension Liability	(10,556,070)	
Deferred Inflows related to Other Post Employment Benefits	(3,950,780)	(14,506,850)
Internal Service Funds are used by management to charge the costs of certain activities to the individual funds:		
Net position of the Internal Service Funds that is reported in the Governmental Activities portion of the Statement of Net Position.		28,693,815
Net Position of Governmental Activities		$ 384,757,347

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

HERNANDO COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2022

	General Fund	Transportation Trust and Gas Taxes	Impact Fees Capital Project Fund
Revenues			
Taxes	$ 79,668,627	$ 17,498,454	$ -
Licenses and Permits	504,505	13,827	-
Intergovernmental	25,769,775	3,722,513	-
Charges for Services	15,044,350	1,347,931	-
Fines and Forfeitures	147,248	684	-
Special Assessments	-	-	-
Impact Fees	-	-	5,052,105
Investment Income (Loss)	(2,371,310)	(997,485)	(529,418)
Miscellaneous	2,483,866	104,890	-
Total Revenues	121,247,061	21,690,814	4,522,687
Expenditures			
Current			
General Government	27,475,790	-	121,087
Public Safety	62,627,142	2,188	71,466
Physical Environment	603,428	-	-
Transportation	3,179,680	14,859,060	788
Economic Environment	713,316	-	-
Human Services	4,965,909	-	-
Culture and Recreation	6,597,701	-	57,870
Court Operations	1,671,019	-	-
Debt Service			
Principal	910,419	-	-
Interest and Fiscal Charges	70,940	-	-
Capital Outlay	8,157,892	2,897,797	1,099,108
Total Expenditures	116,973,236	17,759,045	1,350,319
Excess of Revenues Over (Under) Expenditures	**4,273,825**	**3,931,769**	**3,172,368**
Other Financing Sources (Uses)			
Transfers In	855,149	634,094	-
Transfers Out	(4,174,031)	(543,317)	(224,246)
Lease Liabilities Issued	459,141	-	-
Issuance of Long-Term Debt	-	-	-
Total Other Financing Sources (Uses)	(2,859,741)	90,777	(224,246)
Net Change in Fund Balances	**1,414,084**	**4,022,546**	**2,948,122**
Fund Balances at Beginning of Year	65,797,338	32,041,025	15,413,390
Fund Balances at End of Year	**$ 67,211,422**	**$ 36,063,571**	**$ 18,361,512**

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

Hernando County Fire Rescue-Fire	American Rescue Plan Act	Nonmajor Governmental Funds	Total Governmental Funds
$ 3,188	$ -	$ 13,913,363	$ 111,083,632
91,712	-	-	610,044
1,049,789	2,223,322	6,044,061	38,809,460
145,053	-	21,278,981	37,816,315
-	-	1,437,039	1,584,971
27,972,563	-	10,071,469	38,044,032
-	-	-	5,052,105
(393,042)	-	(967,851)	(5,259,106)
243,827	-	1,717,668	4,550,251
29,113,090	2,223,322	53,494,730	232,291,704
-	1,619,934	1,564,163	30,780,974
26,756,566	-	20,073,347	109,530,709
-	-	8,202,027	8,805,455
-	248,931	1,906,289	20,194,748
-	6	1,606,645	2,319,967
-	-	1,727,157	6,693,066
-	-	5,889	6,661,460
-	-	6,386,325	8,057,344
694,400	-	2,532,046	4,136,865
121,519	-	539,928	732,387
3,356,821	-	8,096,775	23,608,393
30,929,306	1,868,871	52,640,591	221,521,368
(1,816,216)	**354,451**	**854,139**	**10,770,336**
515,083	-	9,725,269	11,729,595
(368,398)	(354,458)	(7,106,896)	(12,771,346)
-	-	3,054,659	3,513,800
-	-	571,504	571,504
146,685	(354,458)	6,244,536	3,043,553
(1,669,531)	**(7)**	**7,098,675**	**13,813,889**
15,866,563	4,122	46,383,424	175,505,862
$ 14,197,032	**$ 4,115**	**$ 53,482,099**	**$ 189,319,751**

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HERNANDO COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNEMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2022

Net Change in Fund Balances - Total Governmental Funds		$ 13,813,889
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental Funds report Capital Outlays as Expenditures. In the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives. Donations of Capital Assets are not financial resources to Governmental Funds, however increase net position in the Statement of Activities. Governmental Funds report the sale of Capital Assets as a financial resource, however in the Statement of Activities, only the gain/loss on the sale is reported:		
Expenditures for Capital Assets	$ 23,608,393	
Less current year depreciation	(17,529,170)	
Donation of Capital Assets	40,531	
Capital Asset Disposals	(373,085)	5,746,669
Additions to Long-Term Debt provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal and payments to refunding escrow agents are expenditures/other financing uses in the Governmental Funds, but reduce long-term liabilities in the Statement of Net Position:		
Issuance of Long-Term Debt	(571,504)	
Lease Liabilities Issued	(3,513,800)	
Principal Payments	4,136,865	51,561
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the Governmental Funds:		
Change in Accrued Interest on Long-Term Debt	$ (5,886)	
Amortization of current year Bond Discount/Premium	1,546	
Amortization of current year Prepaid Bond Insurance	(80,101)	
Change in Compensated Absences	(586,051)	
Change in Accrued Other Post Employment Benefits	(171,738)	
Change in Pension Expenses	(1,635,803)	(2,478,033)
Some revenues reported in the Statement of Activities do not provide a current financial resource, and therefore are not reported as revenue in the Governmental Funds:		
Change in earned revenue from charges for services	$ (3,733,990)	
Change in earned revenue from taxes	144,793	(3,589,197)
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The Change in Net Position of the Internal Service Funds is reported within Governmental Activities.		1,441,590
Change in Net Position of Governmental Activities		$ 14,986,479

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

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HERNANDO COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended September 30, 2022

	Budgeted Amount			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Taxes	$ 77,474,669	$ 77,474,669	$ 79,668,627	$ 2,193,958
Licenses and Permits	505,843	505,843	504,505	(1,338)
Intergovernmental	22,983,552	29,522,026	25,769,775	(3,752,251)
Charges for Services	14,010,803	14,010,803	15,044,350	1,033,547
Fines and Forfeitures	116,350	116,350	147,248	30,898
Investment Income (Loss)	254,250	254,250	(2,371,310)	(2,625,560)
Miscellaneous	1,475,840	1,412,021	2,483,866	1,071,845
Total Revenues	116,821,307	123,295,962	121,247,061	(2,048,901)
Expenditures				
Current				
General Government	27,870,097	30,663,444	27,475,790	3,187,654
Public Safety	64,060,984	63,808,549	62,627,142	1,181,407
Physical Environment	682,174	798,250	603,428	194,822
Transportation	4,345,557	4,339,913	3,179,680	1,160,233
Economic Environment	11,808,696	12,025,530	713,316	11,312,214
Human Services	5,091,596	5,112,318	4,965,909	146,409
Culture and Recreation	7,450,147	7,832,496	6,597,701	1,234,795
Court Operations	1,790,992	1,793,938	1,671,019	122,919
Debt Service				
Principal	445,391	457,436	910,419	(452,983)
Interest and Fiscal Charges	90,457	198,583	70,940	127,643
Capital Outlay	9,372,159	31,259,620	8,157,892	23,101,728
Total Expenditures	133,008,250	158,290,077	116,973,236	41,316,841
Excess of Revenues Over Expenditures	**(16,186,943)**	**(34,994,115)**	**4,273,825**	**39,267,940**
Other Financing Sources (Uses)				
Transfers In	663,792	998,989	855,149	(143,840)
Transfers Out	(4,191,455)	(4,537,538)	(4,174,031)	363,507
Lease Liabilities Issued	-	-	459,141	459,141
Issuance of Long-Term Debt	10,000,000	10,000,000	-	(10,000,000)
Reserve for Contingencies	(44,495,916)	(37,184,875)	-	37,184,875
Total Other Financing Sources (Uses)	(38,023,579)	(30,723,424)	(2,859,741)	27,863,683
Net Change in Fund Balance	**(54,210,522)**	**(65,717,539)**	**1,414,084**	**67,131,623**
Fund Balance at Beginning of Year	54,210,522	65,717,539	65,797,338	79,799
Fund Balance at End of Year	**$ -**	**$ -**	**$ 67,211,422**	**$ 67,211,422**

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

HERNANDO COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TRANSPORTATION TRUST AND GAS TAXES
For the Fiscal Year Ended September 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Taxes	$ 16,561,365	$ 16,561,365	$ 17,498,454	$ 937,089
Licenses and Permits	3,000	3,000	13,827	10,827
Intergovernmental	4,691,530	6,745,229	3,722,513	(3,022,716)
Charges for Services	969,350	991,400	1,347,931	356,531
Fines and Forfeitures	-	-	684	684
Investment Income (Loss)	-	-	(997,485)	(997,485)
Miscellaneous	73,220	80,995	104,890	23,895
Total Revenues	22,298,465	24,381,989	21,690,814	(2,691,175)
Expenditures				
Current				
Public Safety	-	-	2,188	(2,188)
Transportation	16,663,737	17,105,426	14,859,060	2,246,366
Capital Outlay	15,379,464	19,517,107	2,897,797	16,619,310
Total Expenditures	32,043,201	36,622,533	17,759,045	18,863,488
Excess of Revenues Over Expenditures	**(9,744,736)**	**(12,240,544)**	**3,931,769**	**16,172,313**
Other Financing Sources (Uses)				
Transfers In	572,150	580,370	634,094	53,724
Transfers Out	(642,205)	(727,326)	(543,317)	184,009
Reserve for Contingencies	(20,279,589)	(19,653,521)	-	19,653,521
Total Other Financing Sources (Uses)	(20,349,644)	(19,800,477)	90,777	19,891,254
Net Change in Fund Balance	**(30,094,380)**	**(32,041,021)**	**4,022,546**	**36,063,567**
Fund Balance at Beginning of Year	30,094,380	32,041,021	32,041,025	4
Fund Balance at End of Year	**$ -**	**$ -**	**$ 36,063,571**	**$ 36,063,571**

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

HERNANDO COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
IMPACT FEES CAPITAL PROJECT FUND
For the Fiscal Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Impact Fees	$ 2,421,000	$ 2,421,000	$ 5,052,105	$ 2,631,105
Interest	-	-	(529,418)	(529,418)
Total Revenues	2,421,000	2,421,000	4,522,687	2,101,687
Expenditures				
Current				
General Government	1,225,000	1,225,787	121,087	1,104,700
Public Safety	41,163	170,274	71,466	98,808
Transportation	-	788	788	-
Culture and Recreation	7,585	67,055	57,870	9,185
Capital Outlay	5,459,886	6,284,250	1,099,108	5,185,142
Total Expenditures	6,733,634	7,748,154	1,350,319	6,397,835
Excess of Revenues Over Expenditures	**(4,312,634)**	**(5,327,154)**	**3,172,368**	**8,499,522**
Other Financing Sources (Uses)				
Transfers Out	(431,127)	(431,127)	(224,246)	206,881
Reserve for Contingencies	(10,152,332)	(9,655,099)	-	9,655,099
Total Other Financing Sources (Uses)	(10,583,459)	(10,086,226)	(224,246)	9,861,980
Net Change in Fund Balance	**(14,896,093)**	**(15,413,380)**	**2,948,122**	**18,361,502**
Fund Balance at Beginning of Year	14,896,093	15,413,380	15,413,390	10
Fund Balance at End of Year	**$ -**	**$ -**	**$ 18,361,512**	**$ 18,361,512**

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HERNANDO COUNTY FIRE RESCUE - FIRE
For the Fiscal Year Ended September 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Taxes	$ -	$ -	$ 3,188	$ 3,188
Licenses and Permits	70,000	70,000	91,712	21,712
Intergovernmental	35,000	1,096,652	1,049,789	(46,863)
Charges for Services	80,406	80,406	145,053	64,647
Special Assessments	27,147,006	27,822,411	27,972,563	150,152
Investment Income (Loss)	-	-	(393,042)	(393,042)
Miscellaneous	213,781	229,146	243,827	14,681
Total Revenues	27,546,193	29,298,615	29,113,090	(185,525)
Expenditures				
Current				
Public Safety	27,336,658	27,377,686	26,756,566	621,120
Debt Service				
Principal	179,010	459,613	694,400	(234,787)
Interest and Fiscal Charges	109,491	167,163	121,519	45,644
Capital Outlay	868,272	7,421,047	3,356,821	4,064,226
Total Expenditures	28,493,431	35,425,509	30,929,306	4,496,203
Excess of Revenues Over Expenditures	**(947,238)**	**(6,126,894)**	**(1,816,216)**	**4,310,678**
Other Financing Sources (Uses)				
Transfers In	309,906	309,906	515,083	205,177
Transfers Out	(351,529)	(351,529)	(368,398)	(16,869)
Issuance of Long-Term Debt	4,115,000	1,155,498	-	(1,155,498)
Reserve for Contingencies	(12,026,139)	(11,002,435)	-	11,002,435
Total Other Financing Sources (Uses)	(7,952,762)	(9,888,560)	146,685	10,035,245
Net Change in Fund Balance	**(8,900,000)**	**(16,015,454)**	**(1,669,531)**	**14,345,923**
Fund Balance at Beginning of Year	8,900,000	16,015,454	15,866,563	(148,891)
Fund Balance at End of Year	**$ -**	**$ -**	**$ 14,197,032**	**$ 14,197,032**

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

HERNANDO COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
AMERICAN RESCUE PLAN ACT
For the Fiscal Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	$ -	$ 2,538,914	$ 2,223,322	$ (315,592)
Total Revenues	-	2,538,914	2,223,322	(315,592)
Expenditures				
General Government	-	1,490,825	1,619,934	(129,109)
Transportation	-	311,879	248,931	62,948
Economic Environment	-	-	6	(6)
Capital Outlay	-	252,641	-	252,641
Total Expenditures	-	2,055,345	1,868,871	186,474
Excess of Revenues Over Expenditures	**-**	**483,569**	**354,451**	**(129,118)**
Other Financing Sources (Uses)				
Transfers Out	(2,429,214)	(483,569)	(354,458)	129,111
Reserve for Contingencies	-	(4,121)	-	4,121
Total Other Financing Sources (Uses)	(2,429,214)	(487,690)	(354,458)	133,232
Net Change in Fund Balance	**(2,429,214)**	**(4,121)**	**(7)**	**4,114**
Fund Balance at Beginning of Year	2,429,214	4,121	4,122	1
Fund Balance at End of Year	**$ -**	**$ -**	**$ 4,115**	**$ 4,115**

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

HERNANDO COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2022

	Business-Type		
	Water & Sewer District	**Aviation Operations**	**Waste Management**
ASSETS			
Current Assets			
Cash and Cash Equivalents	$ 21,302	$ 200	$ 1,765
Pooled Cash and Investments	69,851,493	4,665,922	23,971,959
Restricted Cash and Investments:			
Pooled Cash and Investments	737,298	-	2,674
Accounts Receivable (net)	4,848,617	21,625	333,578
Accrued Interest Receivable	-	73,284	-
Leases Receivable	-	356,658	-
Due from Other Funds	121,797	-	73,298
Due from Other Governments	214,769	775,882	-
Inventories	141,955	-	34,225
Prepaid Expenses	-	-	1,146
Total Current Assets	75,937,231	5,893,571	24,418,645
Non-Current Assets			
Restricted Assets:			
Pooled Cash and Investments	18,414,994	-	9,658,255
Cash with Fiscal Agent	1,745,689	-	-
Lease Receivable	-	24,271,417	-
Capital Assets, not being depreciated	48,464,393	15,836,030	5,330,055
Capital Assets, net of accumulated depreciation:			
Capital Assets, being depreciated, net	196,362,082	21,224,189	5,930,301
Total Non-Current Assets	264,987,158	61,331,636	20,918,611
Total Assets	340,924,389	67,225,207	45,337,256
Deferred Outflows of Resources	1,760,315	98,868	476,703
LIABILITIES			
Current Liabilities			
Accounts Payable	578,883	1,639,162	502,963
Accrued Liabilities	1,170,831	35,154	101,430
Due to Other Governments	28,151	-	-
Unearned Revenues	645,176	48,308	-
Deposits	3,846,859	140,414	62,834
Due Within One Year	5,294,194	262,657	1,048,842
Payable from Restricted Assets:			
Accounts Payable	2,089,715	-	2,674
Retainage Payable	1,088,412	-	-
Total Current Liabilities	14,742,221	2,125,695	1,718,743
Non-Current Liabilities			
Due in More Than One Year	70,483,058	889,675	1,987,060
Payable from Restricted Assets:			
Unearned Revenues	1,273,045	-	-
Accrued Landfill Closure/Postclosure Care	-	-	11,786,616
Total Non-Current Liabilities	71,756,103	889,675	13,773,676
Total Liabilities	86,498,324	3,015,370	15,492,419
Deferred Inflows of Resources	820,528	24,407,875	144,360
NET POSITION			
Net Investment in Capital Assets	177,763,280	36,423,367	10,395,041
Restricted for			
Capital Projects	13,944,873	-	-
Renewal and Replacement	6,987,150	-	-
Unrestricted	56,670,549	3,477,463	19,782,139
Total Net Position	$ 255,365,852	$ 39,900,830	$ 30,177,180

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

Activities - Enterprise Funds		Governmental Activities -
Building Department	Total	Internal Service Funds
$ 800	$ 24,067	$ 9,285,195
5,135,936	103,625,310	21,565,750
-	739,972	-
-	5,203,820	62,563
-	73,284	-
-	356,658	-
21,931	217,026	-
-	990,651	-
-	176,180	249,324
-	1,146	-
5,158,667	111,408,114	31,162,832
-	28,073,249	-
-	1,745,689	-
-	24,271,417	-
215,000	69,845,478	-
1,082,030	224,598,602	18,748,926
1,297,030	348,534,435	18,748,926
6,455,697	459,942,549	49,911,758
344,993	2,680,879	207,260
101,725	2,822,733	6,916,082
115,265	1,422,680	107,286
25,455	53,606	-
-	693,484	-
668,384	4,718,491	-
173,917	6,779,610	5,175,392
-	2,092,389	-
-	1,088,412	-
1,084,746	19,671,405	12,198,760
1,792,272	75,152,065	9,110,975
-	1,273,045	-
-	11,786,616	-
1,792,272	88,211,726	9,110,975
2,877,018	107,883,131	21,309,735
176,108	25,548,871	115,468
1,297,030	225,878,718	13,215,763
-	13,944,873	-
-	6,987,150	-
2,450,534	82,380,685	15,478,052
$ 3,747,564	$ 329,191,426	$ 28,693,815

HERNANDO COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2022

	Business-Type		
	Water & Sewer District	**Aviation Operations**	**Waste Management**
Operating Revenues			
Licenses and Permits	$ 19,450	$ -	$ 24,000
Charges for Services	44,541,692	1,745,165	11,107,255
Miscellaneous	366,027	127,616	305,325
Total Operating Revenues	44,927,169	1,872,781	11,436,580
Operating Expenses			
Personnel Services	9,920,134	575,981	2,405,438
Other Services & Charges	13,440,060	779,583	6,201,739
Claims	-	-	-
Depreciation and Amortization	9,144,949	1,453,738	1,691,614
Total Operating Expenses	32,505,143	2,809,302	10,298,791
Operating Income (Loss)	12,422,026	(936,521)	1,137,789
Non-Operating Revenues (Expenses)			
Investment Income (Loss)	(2,301,508)	725,432	(888,656)
Interest Expense	(2,031,380)	(29,457)	(42,701)
Operating Grants	44,322	73,996	-
Gain (Loss) on Sale of Capital Assets	41,621	(660,123)	34,712
Amortization of Bond Discount/Premium	515,880	-	-
Total Non-Operating Revenues (Expenses)	(3,731,065)	109,848	(896,645)
Income (Loss) Before Contributions and Transfers	8,690,961	(826,673)	241,144
Capital Grants and Contributions	11,819,457	9,783,196	-
Transfers In	10,153	-	73,298
Transfers Out	(201,530)	(9,590)	(50,610)
Total Contributions and Transfers	11,628,080	9,773,606	22,688
Change in Net Position	20,319,041	8,946,933	263,832
Net Position-Beginning	235,046,811	30,953,897	29,913,348
Net Position-Ending	$ 255,365,852	$ 39,900,830	$ 30,177,180

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

Activities - Enterprise Funds		Governmental Activities -
Building Department	Total	Internal Service Funds
$ 4,567,371	$ 4,610,821	$ -
233,849	57,627,961	37,096,397
90,779	889,747	1,231,178
4,891,999	63,128,529	38,327,575
2,908,587	15,810,140	3,501,479
1,610,137	22,031,519	12,372,547
-	-	18,247,462
56,503	12,346,804	3,387,325
4,575,227	50,188,463	37,508,813
316,772	12,940,066	818,762
(81,867)	(2,546,599)	(524,802)
-	(2,103,538)	(149,133)
-	118,318	-
-	(583,790)	193,513
-	515,880	-
(81,867)	(4,599,729)	(480,422)
234,905	8,340,337	338,340
-	21,602,653	-
179,920	263,371	1,191,049
(63,140)	(324,870)	(87,799)
116,780	21,541,154	1,103,250
351,685	29,881,491	1,441,590
3,395,879	299,309,935	27,252,225
$ 3,747,564	$ 329,191,426	$ 28,693,815

HERNANDO COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2022

	Business-type	
	Water & Sewer District	Aviation Operations
Cash Flows from Operating Activities		
Receipts from Customers	$ 47,319,435	$ 773,722
Receipts from Inter-Fund Services	-	-
Payments to Suppliers	(12,173,104)	599,125
Payments to Employees	(9,719,021)	(553,741)
Claimes Paid	-	-
Other Receipts	366,027	127,616
Net Cash provided by (used for) Operating Activities	25,793,337	946,722
Cash Flows from Noncapital Financing Activities		
Operating Grants	44,322	73,996
Transfers from Other Funds	10,153	-
Transfers to Other Funds	(201,530)	(9,590)
Net Cash Provided by (used for) Noncapital Financing Activities	(147,055)	64,406
Cash Flows From Capital and Related Financing Activites		
Additions to Capital Assets	(17,042,816)	(11,807,271)
Proceeds from Capital Debt	-	-
Principal Paid on Capital Debt	(3,200,000)	(196,475)
Interest Paid on Capital Debt	(2,162,036)	(32,666)
Principal Payments on Long-Term Leases	-	-
Interest Payments on Long-Term Leases	-	-
Capital Grants Revenue	7,090,547	9,783,196
Connection Fee Collections	2,999,465	-
Proceeds From Sale of Capital Assets	41,621	274,000
Net Cash provided by (used for) Capital and Related Financing Activities	(12,273,219)	(1,979,216)
Cash Flows form Investing Activities		
Interest Received	(2,301,508)	725,432
Net Cash Provided by Investing Activities	(2,301,508)	725,432
Net Increase (Decrease) in Cash and Cash Equivalents	11,071,555	(242,656)
Cash and Cash Equivalents at Beginning of Year	79,699,221	4,908,778
Cash and Cash Equivalents at End of Year	$ 90,770,776	$ 4,666,122
Classified as:		
Current Assets	69,872,795	4,666,122
Restricted Assets - Current	737,298	-
Restricted Assets - Non-current	20,160,683	-
Totals	$ 90,770,776	$ 4,666,122

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

Activites - Enterprise Funds			Governmental Activities -
Waste Mangement	Building Department	Total	Internal Service Funds
$ 11,045,348	$ 4,911,173	$ 64,049,678	$ 28,350,633
-	-	-	8,725,940
(4,954,637)	(1,575,749)	(18,104,365)	(8,958,892)
(2,363,038)	(2,864,867)	(15,500,667)	(3,461,075)
-	-	-	(19,189,135)
305,325	90,779	889,747	1,231,177
4,032,998	561,336	31,334,393	6,698,648
-	-	118,318	-
73,298	179,920	263,371	1,191,049
(50,610)	(63,140)	(324,870)	(87,799)
22,688	116,780	56,819	1,103,250
(2,606,256)	(19,450)	(31,475,793)	(3,113,852)
-	-	-	334,100
-	-	(3,396,475)	(971,598)
-	-	(2,194,702)	(131,680)
(28,213)	-	(28,213)	(66,061)
(2,354)	-	(2,354)	(11,281)
-	-	16,873,743	-
-	-	2,999,465	-
34,712	-	350,333	208,878
(2,602,111)	(19,450)	(16,873,996)	(3,751,494)
(888,654)	(81,868)	(2,546,598)	(524,800)
(888,654)	(81,868)	(2,546,598)	(524,800)
564,921	576,798	11,970,618	3,525,604
33,069,732	4,559,938	122,237,669	27,325,341
$ 33,634,653	$ 5,136,736	$ 134,208,287	$ 30,850,945
23,973,724	5,136,736	103,649,377	30,850,945
2,674	-	739,972	-
9,658,255	-	29,818,938	-
$ 33,634,653	$ 5,136,736	$ 134,208,287	$ 30,850,945

Continued

HERNANDO COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2022

	Business-type	
	Water & Sewer District	Aviation Operations
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	$ 12,422,026	$ (936,521)
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided by (used for) Operating Activities		
Depreciation and Amortization	9,144,949	1,453,738
Other Post-Employment Benefits	14,924	3,382
Pension Adjustments	76,306	2,457
Landfill Closure/Postclosure Care Amortization	-	-
(Increase) Decrease in		
Accounts Receivable	(262,696)	1,663
Accrued Interest Receivable	-	(73,284)
Leases Receivable	-	(356,658)
Due from Other Funds	38,122	-
Due from Other Governments	2,562,918	(565,588)
Inventories	22,334	-
Prepaid Expenses	-	-
Leases Receivable Noncurrent	-	(24,271,417)
Deferred Inflows-Leases	-	24,363,306
Increase (Decrease) in		
Accounts Payable	663,566	1,380,634
Retainage Payable	624,068	-
Accrued Liabilities	109,883	16,401
Due to Other Funds	(35,126)	(1,926)
Due to Other Governments	(7,886)	-
Unearned Revenues	45,651	(1,700)
Deposits	374,298	(67,765)
Claims Liabilities	-	-
Total Adjustments	13,371,311	1,883,243
Net Cash Provided by (used for) Operating Activities	$ 25,793,337	$ 946,722
Non-cash Investing, Financing, and Capital Activities:		
Contributions of Capital Assets from Developers	$ 1,729,445	$ -

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

Activites - Enterprise Funds			Governmental Activities -
Waste Mangement	Building Department	Total	Internal Service Funds
$ 1,137,789	$ 316,772	$ 12,940,066	$ 818,762
1,691,614	56,503	12,346,804	3,387,325
3,644	4,322	26,272	1,876
17,761	21,767	118,291	10,363
1,019,507	-	1,019,507	-
(95,971)	20,408	(336,596)	357,293
-	-	(73,284)	-
-	-	(356,658)	-
(10,357)	11,865	39,630	159,768
-	33,007	2,030,337	2,078
(13,568)	-	8,766	(44,429)
13,746	-	13,746	-
-	-	(24,271,417)	-
-	-	24,363,306	-
246,201	45,308	2,335,709	3,466,607
-	-	624,068	-
20,995	17,631	164,910	28,360
(5,038)	(7,827)	(49,917)	(8,719)
-	(3,093)	(10,979)	-
-	-	43,951	(538,963)
6,675	44,673	357,881	-
-	-	-	(941,673)
2,895,209	244,564	18,394,327	5,879,886
$ 4,032,998	$ 561,336	$ 31,334,393	$ 6,698,648
$ -	$ -	$ 1,729,445	$ -

HERNANDO COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
September 30, 2022

ASSETS		
Cash and Cash Equivalents	$	288,277
Pooled Cash and Investments		15,255,607
Due from Other Governments		266
Total Assets		**15,544,150**
LIABILITIES		
Accounts Payable		456,607
Due to Other Governments		3,547,951
Installment Tax Escrow		4,591,905
Deposits		17,041
Other Current Liabilities		4,575,051
Total Liabilities		**13,188,555**
NET POSITION:		
Restricted for:		
Individuals and Other Governments		2,355,595
Total Net Position	**$**	**2,355,595**

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

HERNANDO COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
Year Ended September 30, 2022

ADDITIONS:	
Tax Collections for Other Governments	$ 112,410,875
State of Florida collections	39,339,362
Other collections	22,849,511
Miscellaneous - Revenues	1,334,024
Total additions	175,933,772
DEDUCTIONS:	
Payments to State of Florida	39,764,441
Payments of Taxes to Other Governments	112,410,875
Other Payments	22,845,075
Miscellaneous - Expenses	3,283
Total deductions	175,023,674
Change in net position	910,098
Net Position-beginning of the year	1,445,497
Net Position-end of year	$ 2,355,595

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

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HERNANDO COUNTY, FLORIDA
September 30, 2022

NOTES TO THE FINANCIAL STATEMENTS

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. THE REPORTING ENTITY

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

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

Blended Component Units

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

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

> Hernando County Water and Sewer District - established by Ordinance 80-4 to provide water and sewer service to residents of the County which are not serviced by other agencies or entities.
>
> Kass Circle Community Redevelopment Agency - approved by Resolution 2016-44 to establish the necessary means by which redevelopment can be accomplished in the Kass Circle Neighborhood Revitalization Area, as authorized in Florida Statutes 163.356.

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

> Hernando County Port Authority - established pursuant to Laws of Florida, Chapter 65-1618 and 71-666 for the purpose providing advisory services regarding waterway management.
>
> Hernando County Law Library - established pursuant to Laws of Florida, Chapter 65-1627, to provide advisory services regarding a central law library which is available to County officials, judges, officers of the court and the public.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Internal service funds of the County (which traditionally provide services primarily to other funds of the County) are presented, in summary form, as part of the proprietary fund financial statements. Since the principal users of the internal services are the County's governmental activities, financial statements of internal service funds

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

are included in the governmental activities column when presented at the government-wide level. The costs of these services are allocated to the appropriate functional activity (Public Safety, Physical Environment, etc.).

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

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

The following are reported as major governmental funds:

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

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

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

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

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

The following are reported as major enterprise funds:

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

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

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County also reports the following funds:

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

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

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

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

The following is a summary of the more significant policies:

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

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grant entitlements are recorded as revenues when all eligibility requirements are met, and are accrued simultaneously with the grant expenditures. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds record both operating and non-operating revenues and expenses. Operating revenues are those that are obtained from the operations of the proprietary fund such as user fees. Non-operating revenues are not related to the operations of the proprietary fund and include interest income and grants. Operating expenses represent the cost of operations, which includes depreciation. Non-operating expenses are not related to operations, such as interest expense.

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

4. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

Governmental fund balances are classified either as non-spendable or spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which constraints are placed on the spending of these fund balances. Fund balances are reported in the governmental fund statements in the following classifications:

Non-spendable Fund Balance

This component of fund balance consists of amounts that are not in spendable form, or are legally or contractually required to be maintained intact.

Spendable Fund Balance

Restricted Fund Balance – This component of fund balance consists of amounts that are constrained either (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.

Committed Fund Balance – This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (approval of a resolution by a majority of the Board) of the organization's governing authority (County Commission). These committed amounts cannot be used for any other purpose unless the governing authority removes or changes the specified use by taking the same type of action employed to constrain those amounts.

Assigned Fund Balance – This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. The governing authority, the County Commission, has

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

approved the assigned fund balances through action taken during the budget process. The County Commission has not delegated the responsibility to assign fund balances to any individual or body.

Unassigned Fund Balance – This classification is used for (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the general fund that are not restricted, committed, or assigned.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use, it is the County's policy to use unassigned resources first, then assigned, and then committed as needed.

5. BUDGETARY INFORMATION

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

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

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Cash, Cash Equivalents, Pooled Cash and Investments

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

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

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

Receivables and Payables

The accounts receivable of the County are recorded in the government-wide and fund financial statements, and are net of an allowance for uncollectibles, which generally is equivalent to the receivables that are over 90 days.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances.

Advances between funds, as reported in the fund financial statements, are offset by a non-spendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. For the County, there are three items that qualify for reporting in this category. One is a deferred charge on debt refunding. A deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions. The deferred outflows related to pensions result from County contributions to the County's retirement plan subsequent to the retirement plan's measurement date, and other timing differences. The third item is related to timing differences associated with benefits paid after the measurement period for post employment benefits other than pensions.

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

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

Unbilled Revenue

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

Unearned Revenue

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

Inventories and Prepaid Items

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

Restricted Assets

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property (land), buildings, infrastructure assets (e.g. roads, bridges, sidewalks and similar items), improvements, equipment, construction in progress and intangible assets (e.g. software) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements as well as the proprietary fund financial statements.

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

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

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

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

Compensated Absences

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Long-Term Obligations

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

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

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

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

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

Leases

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

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

7. EFFECTS OF NEW ACCOUNTING PRONOUNCEMENTS

During the year ended September 30, 2022, the County implemented the following Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 87, *Leases* requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resource for all leases with lease terms greater than 12 months.

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. BUDGETARY COMPARISONS

Only funds with legally adopted budgets are included when the budget to actual expenditures or revenues are compared. The actual figures are presented on the same basis of accounting as the budgeted figures on these statements. Only actual expenditures are compared to budgeted expenditures since all encumbrances lapse at year-end. All funds have legally adopted annual budgets for the fiscal year ended September 30, 2022.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2022, the following funds had excess of actual expenditures over budgeted expenditures.

	Budgeted Expenditures	Actual Expenditures
Sheriff Special Revenue Funds	$ 5,145,954	$ 7,707,945

This is due to the implementation of GASB 87 *Leases.*

3. DEFICIT FUND BALANCES/NET POSITION

For the year ended September 30, 2022, the following fund had a deficit fund balance:

Restore Act Projects	$ 8,881

The deficit is due to a timing difference between expenditures and reimbursement from a grantor.

NOTE C – CASH AND INVESTMENTS

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

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

- The Local Government Surplus Funds Trust Fund, Florida Prime;
- The Florida Local Government Investment Trust, Florida Trust;
- Direct obligations of the United States Treasury;
- Federal agencies and instrumentalities;
- Certain obligations issued or guaranteed by the United States Government Agencies;
- Certain Supranationals;
- Certain Mortgage Backed Securities;
- Certain Interest-bearing time deposits or savings accounts in qualified public depositories;
- Certain repurchase agreements;
- Certain Registered money market funds;

NOTE C – CASH AND INVESTMENTS (CONTINUED)

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

The following is a summary of the carrying amount of cash, investments and cash held with fiscal agent as of September 30, 2022:

	Governmental Activities	Business-Type Activities	Statement of Fiduciary Net Position	Total
Cash and Cash Equivalents	$ 20,656,514	$ 24,067	$ 288,277	$ 20,968,858
Pooled Cash and Investments	242,313,794	132,438,531	15,255,607	390,007,932
Cash with Fiscal Agent	353,748	1,745,689	-	2,099,437
Total	$ 263,324,056	$ 134,208,287	$ 15,543,884	$ 413,076,227

The County had the following deposits, investments and cash held with fiscal agent at September 30, 2022:

Deposits	$ 59,774,866
Cash with Fiscal Agent	2,099,437
Carrying Amount of Investments	351,201,924
Total	$ 413,076,227

DEPOSITS

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

NOTE C – CASH AND INVESTMENTS (CONTINUED)

CASH WITH FISCAL AGENT

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

Transportation Trust Fund	$ 348,700
Non-major Governmental Funds	5,048
Water & Sewer District	1,745,689
	$ 2,099,437

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

INVESTMENTS

At September 30, 2022, the County's investments consisted of the following:

Type of Investment	Par Value	Fair Value	1-3 years	1-5years
United States Treasuries	$ 109,145,000	$ 101,859,290	$ 36,705,907	$ 65,153,383
Federal Farm Credit Banks Funding Corporation	11,270,000	10,682,976	5,673,765	5,009,211
Federal Hermes, Inc.	385,527	385,527	229,902	155,625
Federal Home Loan Bank	5,000,000	4,732,196	2,321,219	2,410,977
Federal Home Loan Mortgage Corporation	9,211,721	8,813,255	4,836,463	3,976,792
Federal National Mortgage Association	6,380,000	6,049,251	898,951	5,150,300
Money Market Fund	1,350,000	1,357,039	1,357,039	-
Corporate Notes	21,005,000	19,930,900	7,045,387	12,885,513
Local Government Surplus Funds Trust Fund, (Florida Prime)	84,959,386	85,457,176	85,457,176	-
Florida Local Government Investment Trust, (Florida Trust)	29,677,995	29,677,995	29,677,995	-
Florida Cooperative Liquid Assets Securities System (FLCLASS)	81,802,000	82,256,319	82,256,319	-
	$ 360,186,629	$ 351,201,924	$ 256,460,123	$ 94,741,801

NOTE C – CASH AND INVESTMENTS (CONTINUED)

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

The County also participates in the following investment pools:

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

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

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

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

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

- Level 1 inputs: quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access a the measurement date. US Treasuries are valued using quoted prices in active markets from the custodian bank's primary external pricing vendors. Money Market Funds are valued using quoted market prices.

- Level 2 inputs: certain inputs other than quoted prices that are observable for the asset or liability. US Agencies and Instrumentalities, Corporate Notes and Municipal Notes are valued using prices from the custodian bank's external pricing vendors, and often involves the use of evaluation models such as Matrix Pricing, which is based on the securities' relationship to benchmark quoted prices..

NOTE C – CASH AND INVESTMENTS (CONTINUED)

- Level 3 inputs: unobservable inputs for an asset or liability. The County didn't have any investments with a Fair Value Hierarchy of Level 3.

At September 30, 2022, the County's investments carried the following Credit Rating and Fair Value Hierarchy:

Type of Investment	Credit Rating S&P's/Moody's	Fair Value Hierarchy
United States Treasuries	AA+/Aaa	1
Federal Home Loan Bank	AA+/Aaa	2
Federal Home Loan Mortgage Coporation	AA+/Aaa	2
Federal National Mortgage Association	AA+/Aaa	2
Federal Farm Credit Bank	AA+/Aaa	2
Money Market Fund	AAAm/Aaa	1
Corporate Notes	A to AA+/A2 to Aaa	2
Municipal Notes	AA/Aa2	2
Local Government Surplus Funds Trust Fund, (Florida Prime)	AAAm/NA	N/A
Florida Local Government Investment Trust (Florida Trust)	AAAf/NA	N/A
Florida Cooperative Liquid Assets Securities System (FLCLASS)	AAAm/NA	N/A

Management of the following investment risks are addressed below:

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

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

NOTE C – CASH AND INVESTMENTS (CONTINUED)

To manage credit risk, the County's investment policy identifies and limits investments to only top ratings issued by nationally recognized statistical rating organizations. At order entry, the County's investments in

Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association were rated Aaa by Moody's Investor Service. At order entry, the County's investments in corporate and municipal notes were rated A or better.

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

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

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

NOTE D – RECEIVABLES

Accounts receivable at September 30, 2022, for the County's individual major funds and non-major funds in total, including applicable allowances for uncollectibles were as follows:

	Accounts Receivable, Gross	Allowance for Uncollectible Accounts	Accounts Receivable, Net
General Fund	$ 908,749	$ 804,498	$ 104,251
Transportation Trust and Gas Taxes	91,112	10,435	80,677
Hernando County Fire Rescue -Fire	170,569	138,794	31,775
Water and Sewer District	5,188,613	339,996	4,848,617
Aviation Operations	32,571	10,946	21,625
Waste Management	396,417	62,839	333,578
Building Department	184,410	184,410	-
Non-major government funds	29,166,196	21,915,240	7,250,956
Internal Service Funds	62,563	-	62,563
Total	$ 36,201,200	$ 23,467,158	$ 12,734,042

NOTE D – RECEIVABLES (CONTINUED)

Included in accounts receivable in the Water and Sewer District are unbilled amounts totaling $3,190,075 earned in September 2022, but billed in October 2022.

The County's State Housing Initiatives Partnership (SHIP) program offers zero-interest rate loans for housing rehabilitation or down payment assistance to qualified recipients. Currently, the loans are required to be repaid at the sale/transfer of the property if made before 30 years. Loans are forgiven if the recipient remains in the house beyond 30 years. The County has recorded the gross amount of the receivable as an asset of $13.1 million, offset entirely by an allowance for uncollectible receivables.

Due from Other Governments at September 30, 2022, for the County's individual major funds and non-major funds were as follows:

	Due from Grantors	Due from State	Other	Total
General Fund	$ 1,632,400	$ 2,425,846	$ 848,915	$ 4,907,161
Transportation Trust and Gas	182,023	1,981,033	-	2,163,056
Impact Fees Capital Project Fund	-	-	18,197	18,197
Hernando County Fire Rescue-Fire	843,893	-	-	843,893
Water and Sewer District	171,315	-	43,454	214,769
Aviation Operations	775,882	-	-	775,882
Non-major governmental funds	1,303,012	8,190	325,745	1,636,947
Total	$ 4,908,525	$ 4,415,069	$ 1,236,311	$ 10,559,905

NOTE E – LEASE RECEIVABLES

The County leases land and building to third parties. As of September 30, 2022, The County's lease receivables were valued at $31,180,277 and the deferred inflow of resources associated with these leases that will be recognized as revenue over the term of the leases were $30,853,956. Included in revenue was lease revenue of $110,397 and $502,358 for governmental and business-type activities, respectively. Interest revenue from leases of $228,624 and $840,411 was recorded for governmental and business-type activities, respectively.

The lease receivables for Governmental and Business-Type Activities at September 30, 2022 were as follows:

Governmental Activities	
Land leases - annual lease payments totaling $11,295 plus interest at a rate of 3.42%, due dates ranging from 2025 to 2060	$ 2,195,968
Building leases - annual lease payments totaling $28,023 plus interest at a rate of 3.42%, due dates ranging from 2024 to 2044	4,356,237
Total Governmental Activities Lease Receivables	$ 6,552,205
Business-Type Activities	
Land leases - annual lease payments totaling $11,295 plus interest at a rate of 3.42%, due dates ranging from 2025 to 2060	$ 24,628,075
Total Business-Type Activities Lease Receivables	$ 24,628,075

NOTE F – RESTRICTED ASSETS

As of September 30, 2022, restricted assets were held for the following purposes:

	Cash with Fiscal Agent	Pooled Cash and Investments and Other Investments	Total
Transportation Trust and Gas Taxes	$ 348,700	$ -	$ 348,700
Special Revenue Fund	5,048	-	5,048
Debt Service Funds	-	11,482	11,482
Total Governmental Activities	353,748	11,482	365,230
Water and Sewer District			
Construction	1,489,424	12,579,833	14,069,257
Debt Retirement	-	-	-
Renewal and Replacement	256,265	6,572,459	6,828,724
Total Water and Sewer District	1,745,689	19,152,292	20,897,981
Waste Management			
Landfill Closure/Post-closure	-	9,660,929	9,660,929
Total Waste Management	-	9,660,929	9,660,929
Total Business-Type Activities	$ 1,745,689	$ 28,813,221	$ 30,558,910

NOTE G – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022 was as follows:

	Beginning Balance *	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated/ amortized:				
Land	$ 32,694,640	$ 1,168,579	$ 210,036	$ 33,653,183
Construction in Progress	5,538,095	7,013,119	732,360	11,818,854
Total capital assets, not being depreciated/ amortized	38,232,735	8,181,698	942,396	45,472,037
Capital assets, being depreciated/ amortized:				
Buildings	132,998,624	3,349,900	31,888	136,316,636
Infrastructure	322,134,804	5,171,906	-	327,306,710
Improvements other than buildings	32,513,474	724,192	-	33,237,666
Equipment	82,555,160	6,996,206	3,213,138	86,338,228
Software	1,357,035	-	-	1,357,035
Right-to-use land	734,407	3,054,659	-	3,789,066
Right-to-use building	633,307	459,141	-	1,092,448
Right-to-use equipment	394,419	-	-	394,419
Total capital assets being depreciated/ amortized	573,321,230	19,756,004	3,245,026	589,832,208
Less accumulated depreciation/ amortization for:				
Buildings	63,726,431	2,607,993	24,780	66,309,644
Infrastructure	131,289,136	9,110,860	-	140,399,996
Improvements other than buildings	22,275,721	1,016,319	-	23,292,040
Equipment	50,537,439	7,547,859	3,144,250	54,941,048
Software	936,596	46,000	-	982,596
Right-to-use land	-	142,323	-	142,323
Right-to-use building	-	247,932	-	247,932
Right-to-use equipment	-	197,209	-	197,209
Total accumulated depreciation/ amortized	268,765,323	20,916,495	3,169,030	286,512,788
Total capital assets, being depreciated/ amortized, net	304,555,907	(1,160,491)	75,996	303,319,420
Capital assets, net	$ 342,788,642	$ 7,021,207	$ 1,018,392	$ 348,791,457

* Restated for GASB 87 implementation

NOTE G – CAPITAL ASSETS (CONTINUED)

	Beginning Balance *	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated/ amortized:				
Land	$ 10,326,775	$ 102,599	$ -	$ 10,429,374
Construction in Progress	29,360,523	30,055,581	-	59,416,104
Total capital assets, not being depreciated/ amortized	39,687,298	30,158,180	-	69,845,478
Capital assets, being depreciated/ amortized:				
Buildings	23,748,158	-	1,100,000	22,648,158
Infrastructure	3,563,251	-	-	3,563,251
Improvements other than buildings	404,291,836	1,872,462	150,000	406,014,298
Equipment	10,456,062	321,417	46,810	10,730,669
Software	228,323	-	-	228,323
Right-to-use equipment	1,638,456	67,902	-	1,706,358
Total accumulated depreciation/ amortization	443,926,086	2,261,781	1,296,810	444,891,057
Less accumulated depreciation/ amortization for:				
Buildings	7,963,856	690,470	250,877	8,403,449
Infrastructure	893,372	89,258	-	982,630
Improvements other than buildings	192,272,123	10,169,015	65,000	202,376,138
Equipment	7,121,909	499,217	46,812	7,574,314
Software	57,080	45,665	-	102,745
Right-to-use equipment	-	853,179	-	853,179
Total accumulated depreciation/ amortization	208,308,340	12,346,804	362,689	220,292,455
Total capital assets, being depreciated/ amortized, net	235,617,746	(10,085,023)	934,121	224,598,602
Capital assets, net	$ 275,305,044	$ 20,073,157	$ 934,121	$ 294,444,080

* Restated for GASB 87 implementation

NOTE G – CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense was charged to functions as follows:

Governmental Activities		
General Government	$	5,367,314
Public Safety		3,611,209
Physical Environment		175,535
Transportation		9,811,250
Economic Environment		12,721
Human Services		1,227,699
Culture and Recreation		632,283
Court Operations		78,484
Total Depreciation and Amortization for Governmental Activities	$	20,916,495
Business-Type Activities		
Water and Sewer District	$	9,144,949
Aviation Operations		1,453,738
Waste Management		1,691,614
Building Department		56,503
Total Depreciation and Amortization for Business-Type Activities	$	12,346,804

Construction or capital improvement commitments outstanding as measured by purchase orders and contracts outstanding at September 30, 2022 were as follows:

	Construction Commitments Outstanding
General Fund	$ 10,990,572
Transportation Trust and Gas Taxes	2,354,508
Impact Fees Capital Projects Fund	836,052
Hernando County Fire Rescue-Fire	2,871,200
American Rescue Plan Act	252,640
Non-major governmental funds:	
Stormwater Management	2,093,657
Court-Related Funds	21,798,618
Miscellaneous Special Revenue Funds	303,847
Hernando County Fire Rescue-Rescue	858,907
Restore Act Projects	281,545
Water and Sewer District	9,786,752
Aviation Operations	4,162,233
Waste Management	537,123
Future Cell Construction	6,832,000
Internal service funds:	
Central Fueling System	49,710
Fleet Replacement	4,754,145
Total	$ 68,763,509

NOTE H – INTERFUND TRANSACTIONS

1. DUE TO / DUE FROM OTHER FUNDS

Interfund balances at September 30, 2022 were as follows:

	Interfund Receivable	Interfund Payable
General Fund		
Transportation Trust and Gas Taxes	$ -	$ 115,560
Hernando County Fire Rescue-Fire	-	297,631
Non-major Governmental Funds	176,282	233,539
Waste Management	-	73,298
Building Department	-	78
	176,282	720,106
Transportation Trust and Gas Taxes		
General Fund	115,560	-
Non-major Governmental Funds	1,171	-
	116,731	-
Hernando County Fire Rescue-Fire		
General Fund	297,631	-
	297,631	-
Non-major governmental funds		
General Fund	233,539	176,282
Transportation Trust and Gas Taxes	-	1,171
Nonmajor Governmental Funds	161,086	161,086
Water and Sewer District	-	121,797
Building Department	-	21,853
	394,625	482,189
Water and Sewer District		
Nonmajor Governmental Funds	121,797	-
	121,797	-
Waste Management		
General Fund	73,298	-
	73,298	-
Building Department		
General Fund	78	-
Non-major Governmental Funds	21,853	-
	21,931	-
Total Due To/Due From Other Funds	$ 1,202,295	$ 1,202,295

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

NOTE H – INTERFUND TRANSACTIONS (CONTINUED)

2. ADVANCES TO / ADVANCES FROM OTHER FUNDS

Individual interfund advances were as follows:

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

NOTE H – INTERFUND TRANSACTIONS (CONTINUED)

3. INTERFUND TRANSFERS

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

	Transfers In	Transfers Out
General Fund		
Transportation Trust and Gas Taxes	$ 688,203	$ 136,283
Hernando County Fire Rescue-Fire	37,922	297,631
Non-major governmental funds	129,024	3,244,474
Waste Management	-	73,298
Building Department	-	158,067
Internal Service Funds	-	264,278
	855,149	4,174,031
Transportation Trust and Gas Taxes		
General Fund	115,560	333,745
Non-major governmental funds	518,534	64,070
Internal Service Funds	-	145,502
	634,094	543,317
Impact Fees Capital Project Fund		
Non-major governmental funds	-	224,246
	-	224,246
Hernando County Fire Rescue-Fire		
General Fund	297,631	37,922
Non-major governmental funds	217,452	66,604
Internal Service Funds	-	263,872
	515,083	368,398
American Rescue Plan Act		
General Fund	-	354,458
	-	354,458
Non-major governmental funds		
General Fund	3,145,537	129,024
Transportation Trust and Gas Taxes	64,070	518,534
Hernando County Fire Rescue-Fire	66,604	217,452
Impact Fees Capital Project Fund	224,246	-
Non-major governmental funds	6,160,742	6,062,935
Water and Sewer District	-	10,153
Internal Service Funds	64,070	168,798
	9,725,269	7,106,896
Water and Sewer District		
Non-major governmental funds	10,153	-
Internal Service Funds	-	201,530
	10,153	201,530

NOTE H – INTERFUND TRANSACTIONS (CONTINUED)

	Transfers In	Transfers Out
Aviation Operations		
Internal Service Funds	-	9,590
	-	9,590
Waste Management Fund		
General Fund	73,298	-
Internal Service Funds	-	50,610
	73,298	50,610
Building Department		
General Fund	158,067	-
Non-major Governmental Funds	21,853	
Internal Service Funds	-	63,140
	179,920	63,140
Internal Service Funds		
Non-major governmental funds	-	64,070
Internal Service Funds	1,191,049	23,729
	1,191,049	87,799
Total Interfund Transfers	$ 13,184,015	$ 13,184,015

NOTE I – LONG-TERM LIABILITIES

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

	Beginning Balance *	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable from direct borrowings/direct placements	$ 1,235,000	$ -	$ 395,000	$ 840,000	$ 415,000
Net Bond Premium	5,256	-	1,546	3,710	1,546
Total Bonds Payable	1,240,256	-	396,546	843,710	416,546
Loans & Notes from direct borrowings/direct placements	27,561,292	905,604	4,180,107	24,286,789	4,365,451
Financed Purchase Obligations	450,885	-	108,403	342,482	111,232
Leases Payable	1,763,135	3,513,800	485,745	4,791,190	509,748
Compensated Absences	10,372,100	8,536,392	7,931,274	10,977,218	8,687,981
Other Post Employment Benefits	17,871,198	661,688	-	18,532,886	919,835
Net Pension Liability	53,170,700	91,217,866	-	144,388,566	-
Claims Liabilities	8,585,099	22,441,141	23,382,814	7,643,426	3,993,426
Total	$ 121,014,665	$ 127,276,491	$ 36,484,889	$ 211,806,267	$ 19,004,219

	Beginning Balance *	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities					
Bonds Payable from direct borrowings/direct placements	$ 62,739,950	$ -	$ 3,200,000	$ 59,539,950	$ 4,000,000
Net Bond Premium	8,039,125	-	515,880	7,523,245	515,880
Total Bonds Payable	70,779,075	-	3,715,880	67,063,195	4,515,880
Loans & Notes from direct borrowings/direct placements	833,326	-	196,474	636,852	204,176
Leases Payable	1,706,359	-	841,044	865,315	865,315
Compensated Absences	1,183,363	1,137,987	1,106,480	1,214,870	1,069,085
Other Post Employment Benefits	2,433,149	90,596	-	2,523,745	125,154
Net Pension Liability	2,179,883	7,447,815	-	9,627,698	-
Landfill Closure/ Postclosure Liability	10,767,109	1,019,507	-	11,786,616	-
Total	$ 89,882,264	$ 9,695,905	$ 5,859,878	$ 93,718,291	$ 6,779,610

* Restated for GASB 87 implementation

NOTE I – LONG-TERM LIABILITIES (CONTINUED)

	Water & Sewer District	Aviation Operations	Waste Management	Building Department	Total
Business-Type Activities					
Bonds Payable from direct borrowings/direct placements	$ 59,539,950	$ -	$ -	$ -	$ 59,539,950
Net Bond Premium	7,523,245	-	-	-	7,523,245
Total Bonds Payable	67,063,195	-	-	-	67,063,195
Loans & Notes from direct borrowings/direct placements	-	636,852	-	-	636,852
Leases Payable	-	-	865,315	-	865,315
Compensated Absences	791,968	61,944	185,997	174,961	1,214,870
Other Post Employment Benefits	1,641,135	80,120	399,660	402,830	2,523,745
Net Pension Liability	6,280,954	373,416	1,584,930	1,388,398	9,627,698
Landfill Closure/ Postclosure Liability	-	-	11,786,616	-	11,786,616
Total	$ 75,777,252	$ 1,152,332	$ 14,822,518	$ 1,966,189	$ 93,718,291

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

1. LOANS & NOTES FROM DIRECT BORROWINGS/DIRECT PLACEMENTS

Summary of Loans & Notes

	Governmental Activities	Business-Type Activities
Non-revolving Lines of Credit	$ 15,678,789	$ 636,852
Other Loans and Notes	8,608,000	-
Total	$ 24,286,789	$ 636,852

NOTE I – LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities-Governmental Funds

The following are summaries of Non-Revolving Lines of Credit at September 30, 2022:

Non-revolving line of credit dated November 13, 2012 with a bank for $7,500,000 to be used to finance improvement projects. The minimum draw for a project is $50,000 and the resulting note is to be amortized over 3, 5, 7 or 10 years, as determined at the time of the draw. Payment of principal and interest on these notes is to be made from special assessments levied and collected for the project. The master notes and the draws are secured by and payable solely from Non-Ad Valorem revenues budgeted and appropriated to pay debt service. In the event of default, the Noteholder may take action in any court to enforce and compel performance. The term to make draws from this line of credit has expired, and thus there is no unused amount available to the County. As of year-end the following notes had been executed under this agreement:		
English Sparrow Paving. Applicable rate of interest: 1.81%. Average annual principal patments of $5,463 due until May 1, 2023. Interest is paid semi-annually May 1 and November 1	$ 4,453	
Flock West paving. Applicable rate of interest: 1.81%. Average annual principal payments of $1,252 due until May 1, 2023. Interest is paid semi-annually May 1 and November 1.	1,020	
Flatwood Paving. Applicable rate of interest: 1.81%. Average annual principal payments of $5,680 due until May 1, 2023. Interest is paid semi-annually May 1 and November 1	4,629	
Lomita Wren Paving. Applicable rate of interest: 1.81%. Average annual principal payments of $2,885 due until May 1, 2023. Interest paid semi-annually May 1 and November 1	2,351	
Marvelwood Paving. applicable rate of interest: 1.81% Average annual principal payments of $13,610 dues until May 1, 2023. Interest is paid semi-annually May 1 and November 1	11,092	
Phillips Paving. Applicable rate of interest: 1.81%. Average annual principal payments of $7,923 due until May 1, 2023. Interest is paid semi-annually May 1 and November 1.	6,457	
Flicker Road Paving. Applicable rate of interest: 2.55% until January 1, 2018 then 3.10%. Average annual principal payments of $4,081 due until May 1, 2023. Interest paid semi-annually May 1 and November 1.	3,798	
State Road Canal Dredge. Applicable rate of itneret: 2.55% until January 1, 2018 then 3.1%. Avereage annual principa; payments of $11,757 due until May 1, 2023. Interest is paid semi-annually May 1 and November 1.	10,942	
County Radio System Upgrade. Applicable rate of interest: 1.91% until January 1, 2018 then 2.31%. Average annual principal payments of $422965 due until May 1, 2023. Interest paid semi-annually May 1 and November 1.	399,862	
Hernando Beach Volunteer Fire Department Engine. Applicable rate of interest: 2.29% until January 1, 2018 then 2.78%. Average annual principal payment of $46,809 due until May 1. 2023. Interest is paid semi-annually May 1 and November 1.	46,504	
		$ 491,108

NOTE I – LONG-TERM LIABILITIES (CONTINUED)

Non-revolving line of credit dated August 4, 2014 with a bank for $10,000,000 to be used to finance improvement projects. The minimum draw for a project is $50,000 and the resulting note is to be amortized over 3, 5, 7, 10 or 15 years, as determined at the time of the draw. Payment of principal and interest on these notes is secured by covenant to budget and appropriate legally available non-ad valorem revenues or special assessments levied and collected for the project. The master notes and the draws are secured by and payable solely from Non-Ad Valorem revenues budgeted and appropriated to pay debt service. In the event of default, the Noteholder may take action in any court to enforce and compel performance. The term to make draws from this line of credit has expired, and thus there is no unused amount available to the County. As of year-end the following notes had been executed under this agreement:		
Courthouse Energy Performance Study. Applicable rate of interest: 2.8% until January 1, 2018 then 3.40%. Average annual principal payment of $62,848 due until May 1, 2029. Interest is paid semi-annually May 1 and November 1.	$	394,530
Phillips East Paving. Applicable rate of interest: 2.51% until January 1, 2018 then 3.05%. Average annual principal payments of $8,808 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.		22,888
Puffin Paving. Applicable rate of interest: 2.51% until January 1, 2018 then 3.05%. Average annual principal payments of $1,296 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.		3,368
Grass Finch Paving. Applicable rate of interest: 2.51% until January 1, 2018 then 3.05%. Average annual principal payments of $3,181 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.		8,266
Harris Hawk Paving. Applicable rate of interest: 2.51% until January 1, 2018 then 3.05%. Average annual principal payments of $9,500 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.		24,687
Royal Highlands Area A Paving. Applicable rate of interest: 2.53% until January 1, 2018 then 3.07%. Average annual principal payments of $12,361 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.		23,816
Ostrom/Allen Paving. Applicable rate of interest: 2.53% until January 1, 2018 then 3.07%. Average annual principal payments of $4,588 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.		8,840
Benes Roush Paving. Applicable rate of interest: 2.53% until January 1, 2018 then 3.07%. Average annual principal payments of $3,604 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.		6,945
Eider Paving. Applicable rate of interest: 2.53% until January 1, 2018 then 3.07%. Average annual principal payments of $2,914 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.		5,615
Helene Paving. Applicable rate of interest: 2.53% until January 1, 2018 then 3.07%. Average annual principal payments of $6,025 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.		11,608
Hancock Lake Paving. Applicable rate of interest: 2.44% until January 1, 2018 then 2.96%. Average annual principal payments of $14,079 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.		40,260

NOTE I – LONG-TERM LIABILITIES (CONTINUED)

Crum Paving. Applicable rate of interest: 2.44% until January 1, 2018 then 2.96%. Average annual principal payments of $8,529 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	$ 24,390	
Hernando County Fire Department Fire Engine. Applicable rate of interest: 2.52% until January 1, 2018 then 3.06%. Average annual principal payment of $147,080 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	419,901	
Hernando County Fire Department Emergency Services Equipment. Applicable rate of interest: 2.52% until January 1, 2018 then 3.06%. Average annual principal payment of $42,265 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	120,663	
		$ 1,115,777
Non-revolving line of credit dated October 22, 2015 with a bank for $15,000,000 to be used to finance improvement projects. The minimum draw for a project is $50,000 and the resulting note is to be amortized over 3, 5, 7, 10 or 15 years, as determined at the time of the draw. Payment of principal and interest on these notes is secured by covenant to budget and appropriate legally available non-ad valorem revenues or special assessments levied and collected for the project. The master notes and the draws are secured by and payable solely from Non-Ad Valorem revenues budgeted and appropriated to pay debt service. In the event of default, the Noteholder may take action in any court to enforce and compel performance. The term to make draws from this line of credit has expired, and thus there is no unused amount available to the County. As of year-end the following notes had been executed under this agreement:		
Royal Highlands Area C Paving. Applicable rate of interest: 2.73% until January 1, 2018 then 3.32%. Average annual principal payments of $46,817 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	$ 133,118	
Royal Highlands Area E Paving. Applicable rate of interest: 2.73% until January 1, 2018 then 3.32%. Average annual principal payments of $27,923 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	79,394	
Royal Highlands Area F Paving. Applicable rate of interest: 2.73% until January 1, 2018 then 3.32%. Average annual principal payments of $11,372 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	32,335	
Royal Highlands Area G Paving. Applicable rate of interest: 2.34% until January 1, 2018 then 2.84%. Average annual principal payments of $34,880 due until May 1, 2026. Interest is paid semi-annually May 1 and November 1.	147,663	
Royal Highlands Area B Paving. Applicable rate of interest: 2.34% until January 1, 2018 then 2.84%. Average annual principal payments of $15,372 due until May 1, 2026. Interest is paid semi-annually May 1 and November 1.	650,748	
Golden Warbler Paving. Applicable rate of interest: 2.34% until January 1, 2018 then 2.84%. Average annual principal payments of $4,690 due until May 1, 2026. Interest is paid semi-annually May 1 and November 1.	19,855	

NOTE I – LONG-TERM LIABILITIES (CONTINUED)

Paramount Area Paving. Applicable rate of interest: 2.34% until January 1, 2018 then 2.84%. Average annual principal payments of $7,309 due until May 1, 2026. Interest is paid semi-annually May 1 and November 1.	$	30,940
Pine Warbler Paving. Applicable rate of interest: 2.81% until January 1, 2018 then 3.42%. Average annual principal payments of $14,095 due until May 1, 2027. Interest is paid semi-annually May 1 and November 1.		64,897
Mexican Canary Paving. Applicable rate of interest: 2.81% until January 1, 2018 then 3.42%. Average annual principal payments of $9,308 due until May 1, 2027. Interest is paid semi-annually May 1 and November 1.		42,853
Godwit Paving. Applicable rate of interest: 2.81% until January 1, 2018 then 3.42%. Average annual principal payments of $6,872 due until May 1, 2027. Interest is paid semi-annually May 1 and November 1.		31,730
Pelican Paving. Applicable rate of interest: 2.81% until January 1, 2018 then 3.42%. Average annual principal payments of $5,225 due until May 1, 2027. Interest is paid semi-annually May 1 and November 1.		24,057
Furley Paving. Applicable rate of interest: 2.81% until January 1, 2018 then 3.42%. Average annual principal payments of $6,243 due until May 1, 2027. Interest is paid semi-annually May 1 and November 1.		28,743
Royal Highlands Area I Paving. Applicable rate of interest: 3.92%. Average annual principal payments of $37,859 due until May 1, 2028 Interest is paid semi-annually May 1 and November 1.		242,863
Royal Highlands Driveway Aprons. Applicable rate of interest: 3.92%. Average annual principal payments of $8,391 due until May 1, 2028. Interest is paid semi-annually May 1 and November 1.		53,828
Maberly Paving. Applicable rate of interest: 3.92%. Average annual principal payments of $13,124 due until May 1, 2028. Interest is paid semi-annually May 1 and November 1.		84,193
Taylor St Millings. Applicable rate of interest: 3.86%. Average annual principal payments of $5,904 due until May 1, 2028. Interest is paid semi-annually May 1 and November 1.		37,595
Sweetgum Road Millings. Applicable rate of interest: 3.86%. Average annual principal payments of $9,233 due until May 1, 2028. Interest is paid semi-annually May 1 and November 1.		58,798
Painted Bunting Paving. Applicable rate of interest: 3.86%. Average annual principal payments of $10,101 due until May 1, 2028. Interest is paid semi-annually May 1 and November 1.		64,326
Carnes Area Paving. Applicable rate of interest: 3.86%. Average annual principal payments of $20,090 due until May 1, 2028. Interest is paid semi-annually May 1 and November 1.		127,942
Jackdaw Road Paving. Applicable rate of interest: 4.09%. Average annual principal paymemts of $4,928 due until May 1, 2029. Interest paid semi-annually May 1 and November 1		33,017
Jaybird Road Paving. Applicable rate of interest: 4.09%. Average annual principal paymemts of $15,289 due until May 1, 2029. Interest paid semi-annually May 1 and November 1		102,435

NOTE I – LONG-TERM LIABILITIES (CONTINUED)

Kodiak Wren Road Paving. Applicable rate of interest: 4.09%. Average annual principal paymemts of $6,478 due until May 1, 2029. Interest paid semi-annually May 1 and November 1	$ 43,402	
Old Squaw Avenue Paving. Applicable rate of interest: 4.09%. Average annual principal paymemts of $12,859 due until May 1, 2029. Interest paid semi-annually May 1 and November 1	86,154	
Quill Paving. Applicable rate of interest: 4.09%. Average annual principal paymemts of $3,396 due until May 1, 2029. Interest paid semi-annually May 1 and November 1	22,753	
Wood Owl Road Paving. Applicable rate of interest: 3.14%. Average annual principal paymemts of $14,010 due until May 1, 2029. Interest paid semi-annually May 1 and November 1	102,106	
Tinamou Area Paving. Applicable rate of interest: 3.14%. Average annual principal paymemts of $19,150 due until May 1, 2029. Interest paid semi-annually May 1 and November 1	139,566	
Alberta Street Paving. Applicable rate of interest: 3.14%. Average annual principal paymemts of $10,860 due until May 1, 2029. Interest paid semi-annually May 1 and November 1	79,148	
White Road Paving. Applicable rate of interest: 3.03%. Average annual principal paymemts of $18,592 due until May 1, 2029. Interest paid semi-annually May 1 and November 1	134,711	
		$ 2,699,170
Non-revolving line of credit dated March 11, 2020 with a bank for $15,000,000 to be used to finance improvement projects. The minimum draw for a project is $50,000 and the resulting note is to be amortized over 3, 5, 7, 10, or 15 years, as determined at the time of the draw. Payment of principal and interest on these notes is secured by a covenant to budget and appropriate legally available non-ad valorem revenues or special assessments levied and collected for the project. The master notes and the draws are secured by and payable solely from non-Ad Valorem revenues budgeted and appropriated to pay debt service. In the event of default, the Noteholder may take action in any court to enforce and compel performance. The term to make draws froom this line of credit has expired, and thus there is no unused amount available to the County. As of year-end th efollowing notes had been executed under this agreement:		
Marsh Wren Avenue Paving. Applicable rate of interest: 2.327%. Average annual principal payments of $5,961 due until May 1, 2030. Interest is paid semi-annuallly May 1 and November 1.	$ 48,671	
Nordica Road Paving. Applicable rate of interest: 2.327%. Average annual principal payments of $4,968 due until May 1, 2030. Interest is paid semi-annually May 1 and November 1.	40,566	
Piping Plover Area Road Paving. Applicable rate of interest: 2.327%. Average annual principal payments of $17,752 due until May 1, 2030. Interest is paid semi-annually May 1 and November 1.	144,945	
Royal Highlands Area L Road Paving. Applicable rate of interest: 2.327% Average annual principal payments of $18,782 due until May 1, 2030. Interest is paid semi-annually May 1 and November 1.	153,360	

NOTE I – LONG-TERM LIABILITIES (CONTINUED)

Dolquieb Lane Area Road Paving. Applicable rate of interest: 2.327%. Average annual principal payments of $19,424 due until May 1, 2030. Interest is paid semi-annually May 1 and November 1.	158,604	
Michigan Avenue Road Paving. Applicable rate of interest: 2.06%. Average annual principal payments of $16,017 due until May 1, 2031. Interest is paid semi-annually May 1 and November 1.	144,884	
Hurricane Drive Road Paving. Applicable rate of interest: 2.06%. Average annual principal payments of $14,737 due until May 1, 2031. Interest is paid semi-annually May 1 and November 1.	133,302	
Pleasant Area Road Paving. Applicable rate of interest: 3.63%. Average annual principal payments of $44,041 due until May 1, 2032. Interest is paid semi-annually May 1 and November 1.	440,410	
Mandrake/Canary Road Paving. Applicable rate of interest: 3.2847%. Average annual principal payments of $13,109 due until May 1, 2032. Interest is paid semi-annually May 1 and November 1.	131,094	
Station 5 - Fire. Applicable rate of interest: 2.06%. Average annual principal payments of $490,000 due until May 1, 2031. Interest is paid semi-annually May 1 and November 1.	4,432,330	
Station 6 - Fire. Applicable rate of interest: 2.06%. Average annual principal payments of $50,000 due until May 1, 2031. Interest is paid semi-annually May 1 and November 1.	452,279	
		6,280,445
Non-Ad Valorem Refunding Revenue Note, Series 2012 dated November 13, 2012 with a bank for $24,430,000 is a direct borrowing to be used to refinance Capital Improvement and Refunding Bonds, Series 2002 and a portion of Capital Improvement and Refunding Bonds, Series 2004. Payment of principal and interest on this note is secured by and payable solely from Non-Ad Valorem revenues budgeted and appropriated to pay debt service. In the event of default, the Noteholder may take action in any court to enforce and compel performance.		
Applicable rate of interest: 2.572%. Average annual principal payments of $1,987,624 due until February 1, 2028. Interest is paid semi-annually February 1 and August 1.		$ 8,608,000

Governmental Activities - Internal Service Funds

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

NOTE I – LONG-TERM LIABILITIES (CONTINUED)

Vehicle purchases. Applicable rate of interest: 2.16% until January 1, 2018 then 2.63%. Average annual principal payments of $200,000 due until May 1, 2027. Interest is paid semi-annually May 1 and November 1.	$ 318,032		
Vehicle purchases. Applicable rate of interest 2.81% until January 1, 2018 then 3.42%. Average annual principal payments of $69,076 due until May 1, 2024. Interest is paid semi-annually May 1 and November 1.	515,142		
Vehicle purchase. Applicable rate of interest 2.19% until January 1, 2018 principal payments of $139,164 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	294,289		
Vehicle purchases. Applicable rate of interest 3.723%. Average annual payments of $140,571 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	451,924		
		$	1,579,387
Non-revolving line of credit dated March 11, 2020 with a bank for $15,000,000 to be used to finance improvement project. The minimum draw for a project is $50,000 and the resulting note is to be amortized over 3, 5, 7, 10, or 15 years, as determined at the time of the draw. Payment of principal and interest on these notes is secured by convenant to budget and appropriate legally available non-ad valorem revenues or special assessments levied and collected for the project. The master notes and the draws are secured by and payable solely from non-Ad Valorem revenues budgeted and appropriated to pay debt service. In the event of default, the Noteholder may take action in any court to enforce and compel performance. The term to make draws from this line of credit has expired, and thus there is no unused amount available to the County. As of year-end the following notes had been executed under this agreement:			
Vehicle purchases. Applicable rate of interest: 2.104%. Average annual principal payments of $252,280 due until May 1, 2030. Interest is paid semi-annually May 1 and November 1.	$ 2,065,264		
Vehicle purchases. Applicable rate of interest: 1.73%. Average annual principal payments of $60,820 due until May 1, 2027. Interest is paid semi-annually May 1 and November 1.	308,481		
Vehicle purchases. Applicable rate of interest: 1.98%. Average annual principal payments of $99,024 due until May 1, 2030. Interest is paid semi-annually May 1 and November 1.	805,056		
Vehicle purchases. Applicable rate of interest: 3.2921%. Average annual principal payments of $47,729 due until May 1, 2029. Interest is paid semi-annually May 1 and November 1.	334,101		
			3,512,902
Total Governmental Activites Loans and Notes		$	24,286,789

NOTE I – LONG-TERM LIABILITIES (CONTINUED)

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

Year ended September 30	Principal	Interest	Total
2023	$ 4,365,451	$ 647,288	$ 5,012,739
2024	3,969,925	527,469	4,497,394
2025	3,583,346	413,783	3,997,129
2026	3,210,175	309,901	3,520,076
2027	3,057,730	218,764	3,276,494
2028-2032	6,100,162	263,586	6,363,748
Total	$ 24,286,789	$ 2,380,791	$ 26,667,580

Business-Type Activities

The following is a summary of Loans & Notes at September 30, 2022:

Aviation Operations Non-revolving line of credit dated October 22, 2015 with a bank for $15,000,000 to be used for construction of multiple T-Hangar buildings known as Southeast T-Hangar Construction Phase III. The minimum draw for a project is $50,000 and the resulting note is to be amortized over 3, 5, 7, 10, or 15 years, as determined at the time of the draw. The master notes and the draws are secured by and payable solely from Non-Ad Valorem revenues budgeted and appropriated to pay debt service. In the event of default, the Noteholder may take action in any court to enforce and compel performance. The term to make draws from this line of credit has expired, and thus there is no unused amount available to the County. Applicable rate of interest: 3.92%. Average annual principal payments of $190,000 due until May 1, 2025. Interest is paid semi-annually May 1 and November 1.	$ 636,852

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

Year ended September 30	Principal	Interest	Total
2023	$ 204,176	$ 24,964	$ 229,140
2024	212,179	16,962	229,141
2025	220,497	8,644	229,141
Total	$ 636,852	$ 50,570	$ 687,422

NOTE I – LONG-TERM LIABILITIES (CONTINUED)

2. FINANCED PURCHASE OBLIGATIONS

Governmental Activities

Installment purchase used to finance a vehicle and equipment for the Sheriff's Office:

Applicable rate of interest: 0%. Annual payments of $155,410 payable until 2026.	$342,482

3. LEASES PAYABLE

Governmental Activities

The County is a lessee for noncancellable leaes of land, building and equipment. At September 30, 2022, the County's lease payable of $4,791,190 was composed of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Long-Term Leases - Land	$ 734,407	$ 3,054,659	$ 63,009	$ 3,726,057	$ 71,270
Long-Term Leases - Building	634,309	459,141	228,332	865,118	238,463
Long-Term Leases - Equipment	394,419	-	194,404	200,015	200,015
	$ 1,763,135	$ 3,513,800	$ 485,745	$ 4,791,190	$ 509,748

The County has entered into land lease agreements. The lease agreements qualify as other than short-term leases under GASB 87 and , therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The lease terms range from 2026 to 2053 with monthly payments ranging from $1,516 to $11,440. Three are no variable components of the lease. The lease liability is measured at the discount rate of 3.42% which is the County's incremental borrowing rate at October 1, 2021. As a result of the leases, the County has recorded right-to-use assets with a total net book value of $3,646,743 at September 30, 2022.

NOTE I – LONG-TERM LIABILITIES (CONTINUED)

The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2022 were as follows:

Year ended September 30	Principal	Interest
2023	$ 71,270	$ 126,143
2024	$ 79,554	$ 123,895
2025	$ 88,875	$ 120,664
2026	$ 98,344	$ 117,451
2027	$ 63,848	$ 114,721
2028-2032	$ 442,465	$ 533,760
2033-2037	$ 694,428	$ 436,791
2038-2042	$ 938,302	$ 291,813
2043-2047	$ 607,835	$ 164,000
2048-2052	$ 584,215	$ 48,117
2053	$ 56,921	$ 1,156
	$ 3,726,057	$ 2,078,511

The County has entered into building lease agreements. The lease agreements qualify as other than short-term leases under GASB 87 and , therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The lease terms range from 2023 to 2031 with monthly payments ranging from $750 to $8,817. Three are no variable components of the lease. The lease liability is measured at the discount rate of 3.42% which is the County's incremental borrowing rate at October 1, 2021. As a result of the leases, the County has recorded right-to-use assets with a total net book value of $844,516 at September 30, 2022.

The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2022 were as follows:

Year Ended September 30	Principal	Interest
2023	$ 238,463	$ 25,042
2024	112,253	19,452
2025	115,129	15,459
2026	114,129	11,570
2027	119,308	7,564
2028-2031	165,836	9,987
	$ 865,118	$ 89,074

NOTE I – LONG-TERM LIABILITIES (CONTINUED)

The County has entered into equipment lease agreements. The lease agreements qualify as other than short-term leases under GASB 87 and , therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The lease terminates in 2023 with monthly payments of $16,978. Three are no variable components of the lease. The lease liability is measured at the discount rate of 3.42% which is the County's incremental borrowing rate at October 1, 2021. As a result of the leases, the County has recorded right-to-use assets with a total net book value of $197,209 at September 30, 2022.

The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2022 were as follows:

Year ended September 30	Principal	Interest
2023	$ 200,015	$ 3,173

Business-Type Activities

The County is a lessee for noncancellable leaes of land, building and equipment. At September 30, 2022, the County's lease payable of $865,315 was composed of the following:

The County has entered into equipment lease agreements. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The lease terminates in 2023 with monthly payments ranging from $19,619 to $33,854. Three are no variable components of the lease. The lease liability is measured at the discount rate of 3.42% which is the County's incremental borrowing rate at October 1, 2021. As a result of the leases, the County has recorded right-to-use assets with a total net book value of $853,180 at September 30, 2022.

NOTE I – LONG-TERM LIABILITIES (CONTINUED)

The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2022 were as follows:

Year Ended September 30	Principal	Interest
2023	$ 865,315	$ 13,726

4. BONDS PAYABLE

Governmental Activities

NON-AD VALOREM REFUNDING REVENUE BONDS, SERIES 2010

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

The Series 2010 Bonds are payable solely from the County's covenant to budget and appropriate in its annual budget Non-Ad Valorem revenues sufficient to pay principal and interest when due and pay all required deposits to the Rebate Fund. For the fiscal year 2022, pledged revenues in the amount of $43 million provided a coverage ratio of 21.17 times the annual debt service for the combined Non-Ad Valorem Refunding Revenue Bonds, Series 2010 and the Non-Ad Valorem Refunding Revenue Note, Series 2012.

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

NOTE I – LONG-TERM LIABILITIES (CONTINUED)

The following are the debt service requirements until maturity for the governmental activity bonds outstanding as of September 30, 2022:

	Non-Ad Valorem Refunding Revenue Bonds Series 2010	
Year	Principal	Interest
2023	$ 415,000	$ 25,831
2024	425,000	8,766
Total	$ 840,000	$ 34,597

Business-Type Activities

Water & Sewer District

HOLLAND SPRINGS BONDS

Revenue bonds (“Series E Bonds”) were issued to finance the construction of the Holland Springs water project, in the amount of $659,450. The direct placement bonds were scheduled to mature April 1, 2025 with interest thereon at the rate of 7% per year payable each April 1 and October 1 beginning October 1, 1985. During the fiscal year ended September 30, 1989, an amended agreement was executed whereby $619,500 of these revenue bonds were canceled in exchange for connection fee credits to the developer in a like amount. The remaining $39,950 of bonds remain outstanding and payable in accordance with the original bond provisions. The bonds are payable from Net Revenues only up to an amount per annum equal to twenty-five percent (25%) of that portion of the revenues in the immediately preceding fiscal year derived from the Holland Springs system in excess of $20,000, as certified by the Consulting Engineer.

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

WATER AND SEWER REFUNDING REVENUE BONDS, SERIES 2021 BONDS

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

The Series 2021 Bonds are payable solely from and secured by a lien upon and pledge of Net Revenues and Connection Fees of the System. For the fiscal year 2022, Pledged Funds in the amount of $23 million provided a coverage ratio of 4.02 times the annual debt service for the combined bonds.

NOTE I – LONG-TERM LIABILITIES (CONTINUED)

Taxable Water and Sewer Refunding Revenue Bonds, Series 2021A

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

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

Water and Sewer Refunding Revenue Bonds, Series 2021B

Water and Sewer Refunding Revenue Bonds, Series 20121B were issued to provide funds, together with other legally available monies of the County, sufficient to prepay all the County's outstanding loans with the Florida Department of Environmental Protection under the State Revolving Fund program, and to pay certain costs and expenses relating to the issuance of the Series 2021B bonds.

Interest on the bonds is payable June 1 and December 1 of each year, commencing December 2021. The bonds carry interest rates varying from 3.0% to 5.0%, depending upon maturity date. Bonds maturing on or before June 1, 2023 are not subject to optional redemption prior to their respective stated dates of maturity. Bonds maturing after June 1, 2032 are subject to redemption prior to their respective dates of maturity at the option of the County.

The following are the debt service requirements until maturity for the Hernando County Water and Sewer District revenue bonds, excluding the Holland Springs Bonds, as noted previously:

	Taxable Water and Sewer Refunding Revenue Bonds Series 2021A		Water and Sewer Refunding Revenue Bonds Series 2021B		Water and Sewer Refunding Revenue Bonds Total	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 1,850,000	$ 396,289	$ 2,150,000	$ 1,540,800	$ 4,000,000	$ 1,937,089
2024	1,855,000	389,537	2,235,000	1,454,800	4,090,000	1,844,337
2025	1,865,000	378,611	2,325,000	1,365,400	4,190,000	1,744,011
2026	1,885,000	359,699	2,415,000	1,272,400	4,300,000	1,632,099
2027	1,910,000	336,816	2,540,000	1,151,650	4,450,000	1,488,466
2028-2032	10,065,000	1,162,878	14,720,000	3,723,250	24,785,000	4,886,128
2033-2037	4,330,000	157,140	9,355,000	846,700	13,685,000	1,003,840
Total	$ 23,760,000	$ 3,180,970	$ 35,740,000	$ 11,355,000	$ 59,500,000	$ 14,535,970

NOTE I – LONG-TERM LIABILITIES (CONTINUED)

The following is a reconciliation of total principal due on the Water and Sewer District's revenue bonds as of September 30, 2022, per the Statement of Net Position and the preceding amortization schedule:

Principal per amortization schedule	$	59,500,000
Unamortized premium as of September 30, 2022		7,523,245
Bonds not included in amortization schedule, as noted above:		
Holland Springs Bonds		39,950
Total Carrying Value, Revenue Bonds		67,063,195
Current Portion, Revenue Bonds		(4,000,000)
Current Portion of unamortized premium		(515,880)
Long-Term Portion, Revenue Bonds	$	62,547,315

5. DEFEASED BONDS

In prior years, the County defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on old bonds. Accordingly, the trust account assets and the liability for the defeased bonds were not included in the County's financial statements. As of September 30, 2022, there were no defeased bonds.

6. DEBT COMPLIANCE

Various bond indentures contain significant limitations and restrictions on the County regarding annual debt service requirements, the use of certain restricted accounts, minimum sinking fund balances, and minimum revenue bond coverage. Management believes that the County has complied with all material financial related covenants.

7. CONDUIT DEBT OBLIGATIONS

Periodically, Hernando County has issued Industrial Revenue Development Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Hernando County is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2022 there was one series of outstanding Industrial Revenue Development Bonds, with an outstanding principal amount of $9,992,500.

NOTE J – RETIREMENT SYSTEM

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

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

NOTE J – RETIREMENT SYSTEM (CONTINUED)

For the year ended September 30, 2022, the County's contributions to all Plans totaled $17,895,871. For further information of contributions by plan for each of the Constitutional Officers, see the schedule below:

	Florida Retirement System (FRS)	Health Insurance Subsidy (HIS)	Investment Plan	Total
Board of County Commissioners	$ 7,465,519	$ 784,585	$ 514,496	$ 8,764,600
Clerk of Circuit Court	601,372	86,694	70,805	758,871
Property Appraiser	330,424	38,057	10,266	378,747
Tax Collector	361,348	39,182	22,836	423,366
Sheriff	6,289,882	550,907	589,431	7,430,220
Supervisor of Elections	122,747	9,995	7,325	140,067
	$ 15,171,292	$ 1,509,420	$ 1,215,159	$ 17,895,871

Payables to the Pension Plan—The County reported a payable of $1,954,878 for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2022.

Total pension expense was $27,877,976 for the fiscal year ended September 30, 2022.

1. FRS PENSION PLAN

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

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

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

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

NOTE J – RETIREMENT SYSTEM (CONTINUED)

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

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

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

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

NOTE J – RETIREMENT SYSTEM (CONTINUED)

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2021-2022 fiscal year (September 30th) were as follows:

	Year Ended June 30, 2022 Percent of Gross Compensation		Year Ended June 30, 2023 Percent of Gross Compensation	
Class	**Employee**	**Employer**	**Employee**	**Employer**
FRS, Regular	3.00	10.19	3.00	9.10
FRS, Special Risk Regular	3.00	26.11	3.00	24.17
FRS, Elected County Officers	3.00	42.05	3.00	49.70
FRS, Senior Management Service	3.00	29.85	3.00	27.29
DROP—Applicable to Members from All of the Above Classes	0.00	16.58	0.00	16.62

Notes: (1) These rates include the normal cost and unfunded actuarial liability contributions but do not include the 1.66% contribution for the Retiree Health Insurance Subsidy and the fee of 0.06% for administration of the FRS Investment Plan and provision of educational tools for both plans.

The County contributions, including employee contributions, to the Plan totaled $15,171,292 for the fiscal year ended September 30, 2022. This excludes the HIS and Investment Plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2022, the County reported a liability of $128,219,397 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The County's proportionate share of the net pension liability was based on the County's 2021-22 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the County's proportion was .344601354%, which was a decrease of .000410678 from its proportion measured as of June 30, 2021.

For the year ended September 30, 2022, the County recognized pension expense of $28,435,410 related to the Plan. At September 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Subsequent to the Measurement Date	$ 4,350,747	$ -
Difference between Expected and Actual Experience	6,089,680	-
Changes in Assumptions	15,790,755	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	8,466,311	-
Employer Specific Amounts Due to Changes in Employer Proportion	1,380,434	6,762,931
Total	$ 36,077,927	$ 6,762,931

NOTE J – RETIREMENT SYSTEM (CONTINUED)

The deferred outflows of resources related to pensions, totaling $4,350,747, resulting from County contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
2023	$ 5,896,272
2024	1,400,804
2025	(3,966,347)
2026	20,490,663
2027	1,142,857
Total	$ 24,964,249

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

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Board of County Commissioners	$ 63,414,849	$ 17,123,177	$ 2,768,872
Clerk of Circuit Court	4,963,104	1,790,364	24,699
Property Appraiser	2,722,823	744,053	5,406
Tax Collector	2,953,777	875,330	45,470
Sheriff	53,183,002	15,201,783	3,900,741
Supervisor of Elections	981,842	343,220	17,743
	$ 128,219,397	$ 36,077,927	$ 6,762,931

Actuarial Assumptions. The total pension liability in the July 1, 2022 actuarial valuation was determined using the individual entry age cost method and the following actuarial assumptions:

Inflation	2.40%
Salary Increases	3.25% Average, Including Inflation
Discount Rate	6.70%
Long-term Expected Rate of Return, Net of Investment Expense	6.70%
Municipal Bond Index	N/A

Mortality rates were based on the PUB2010 Base Table, varying by member, category & sex, projected generationally with SCALE MP 2018.

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

NOTE J – RETIREMENT SYSTEM (CONTINUED)

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.6%	2.6%	1.1%
Fixed Income	19.8%	4.4%	4.4%	3.2%
Global Equity	54.0%	8.8%	7.3%	17.8%
Real Estate	10.3%	7.4%	6.3%	15.7%
Private Equity	11.1%	12.0%	8.9%	26.3%
Strategic Investments	3.8%	6.2%	5.9%	7.8%
Total	100.0%			
Assumed Inflation-Mean			2.4%	1.3%

Discount Rate. The discount rate used to measure the total pension liability in the July, 2021 valuation was 6.70%. The Plan's fiduciary net pension position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

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

	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
Employer's Proportionate Share of Net Pension Liability (Asset)	$ 221,746,630	$ 128,219,397	$ 50,019,501

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

2. HIS PENSION PLAN

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

NOTE J – RETIREMENT SYSTEM (CONTINUED)

Benefits Provided. For the fiscal year ended June 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplies by $5. The minimum HIS payment is $30 and the maximum payment is $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under the State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the Plan fiscal years ended June 30, 2022 and 2021, the contribution rates were 1.66% of payroll, pursuant to Section 112.363, Florida Statutes. The County contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide a full subsidy benefit to all participants, benefits may be reduced or cancelled.

The County's contributions to the HIS Plan totaled $1,509,720 for the fiscal year ended September 30, 2022. This excludes the Pension Plan and Investment Plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2022, the County reported a liability of $25,796,867 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The County's proportionate share of the net pension liability was based on the County's 2021-22 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the County's proportion was .243559752%, which was an increase of .004788852 from its proportion measured as of June 30, 2021.

For the year ended September 30, 2022, the County recognized a negative pension expense of $557,434 related to the Plan. At September 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Subsequent to the Measurement Date	$ 422,475	$ -
Difference between Expected and Actual Experience	782,995	113,507
Changes in Assumptions	1,478,695	3,990,758
Net Difference between Project and Actual Earnings on Pension Plan Investments	37,349	-
Employer Specific Amounts Due to Changes in Employer Proportion	1,135,126	386,990
Total	$ 3,856,640	$ 4,491,255

NOTE J – RETIREMENT SYSTEM (CONTINUED)

The deferred outflows of resources related to pensions, totaling $422,475, resulting from County contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
2023	$ (245,927)
2024	(37,071)
2025	46,172
2026	(149,199)
2027	(455,569)
Thereafter	(215,496)
Total	$ (1,057,090)

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

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Board of County Commissioners	$ 13,387,562	$ 1,750,593	$ 2,410,707
Clerk of Circuit Court	1,439,393	293,682	250,100
Property Appraiser	640,321	91,454	108,127
Tax Collector	642,293	118,101	115,408
Sheriff	9,532,178	1,564,751	1,578,257
Supervisor of Elections	155,120	38,059	28,656
	$ 25,796,867	$ 3,856,640	$ 4,491,255

Actuarial Assumptions. The total pension liability in the July 1, 2021 actuarial valuation, was determined using the individual entry age cost method and the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.25% Average, Including Inflation
Discount Rate	3.54%
Long-term Expected Rate of Return, Net of Investment Expense	N/A
Municipal Bond Index	3.54%

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

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

NOTE J – RETIREMENT SYSTEM (CONTINUED)

Discount Rate. The discount rate used to measure the total pension liability was 3.54%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 3.54%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
Employer's Proportionate Share of Net Pension Liability	$ 29,513,735	$ 25,796,869	$ 22,721,237

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

3. FRS-DEFINED CONTRIBUTION PENSION PLAN

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. County employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to the individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officials, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the Investment members' accounts during the 2021-22 fiscal year are as follows:

NOTE J – RETIREMENT SYSTEM (CONTINUED)

	Year Ended June 30, 2022 Percent of Gross Compensation		Year Ended June 30, 2023 Percent of Gross Compensation	
Class	**Employee**	**Employer**	**Employee**	**Employer**
FRS, Regular	3.00	3.30	3.00	6.30
FRS. Special Risk Regular	3.00	11.00	3.00	14.00
FRS, Elected County Officers	3.00	8.34	3.00	11.34
FRS, Senior Management Service	3.00	4.67	3.00	7.67

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Plan is transferred to the Investment Plan, the member must have the years of service required for Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeit benefits of Investment Plan members. For the fiscal year September 30, 2022, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

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

Pension expense for the County's Investment Plan totaled $1,215,159 for the fiscal year ended September 30, 2022.

NOTE K – POST EMPLOYMENT BENEFITS OTHER THAN PENSION

1. SUMMARY AND PLAN DESCRIPTION

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

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

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

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

The actuarial valuation of the OPEB liabilities was determined as of September 30, 2020 with a measurement date of September 30, 2021. These liabilities are used for the reporting period ending September 30, 2022.

Actuarial Valuation Date	9/30/2020
Measurement Date	9/30/2021
County's Reporting Date	9/30/2022

At September 30, 2020, the date of the latest actuarial valuation, plan participation consisted of:

Active Plan Participants	1,381
Retirees and Beneficiaries Receiving Benefits	96
Total Membership	1,477

2. FUNDING POLICY

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

3. TOTAL OPEB LIABILITY

The components of the County's OPEB Liability at the Measurement Date of September 30, 2021 are as follows:

Total OPEB Liability	$ 21,056,631
OPEB Plan Fiduciary Net Position	-
County's Net OPEB Liability	$ 21,056,631
OPEB Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%

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

4. CHANGES IN TOTAL OPEB LIABILITY

The changes in the OPEB Liability for the Measurement Period Ended September 30, 2022 are as follows:

Total OPEB Liability:		
Service Cost	$	932,064
Interest on Total OPEB Liability		499,456
Changes of Benefit Terms		-
Difference between Expected and Actual Expense Liability		-
Changes in Assumptions and Other Inputs		344,953
Benefit Payments		(1,024,189)
Net Change in Total OPEB Liability		752,284
Total OPEB Liability-Beginning		20,304,347
Total OPEB Liability-Ending	$	21,056,631
Covered Employee Payroll	$	78,831,775
Total OPEB Liability as a Percentage of Covered Employee Payroll		26.71%

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 2.19%, 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 (1.19%) or one percentage-point higher (3.19%) than the current discount rate:

	1% Decrease 1.19%	Current Discount Rate Assumption 2.19%	1% Increase 3.19%
Total OPEB Liability	$ 22,686,811	$ 21,056,631	$ 19,532,746

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

The following table presents the total OPEB liability of the County using the discount rate of 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 2.99%)	Current Healthcare Discount Rate Assumption (6.25% decreasing to 3.99%)	1% Increase (7.25% decreasing to 4.99%)
Total OPEB Liability	$ 18,547,092	$ 21,056,631	$ 24,133,072

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

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

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

At the beginning of the measurement period, the average of the expected remaining service lives for purposes of recognizing the applicable combined deferred outflows and inflows of resources established in the measurement period is 13.1 years.

For the year ended September 30, 2022, the County recognized OPEB expense of $1,279,444.

OPEB Expense:	
Service Cost	$ 932,064
Interest on Total OPEB Liability	499,456
Current-Period Benefit Changes	-
OPEB Plan Administrative Expense	-
Outflow(Inflow) of Resources due to Liability	(152,076)
Total OPEB Expense	$ 1,279,444

At September 30, 2022, the County has Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources	Net Deferred Amounts
Differences between Expected and Actual Experience	$ 2,118,078	$ -	$ 2,118,078
Changes in Assumptions and Other Inputs	1,576,366	4,553,697	(2,977,331)
Benefits Paid After the Measurement Date	1,082,052	-	1,082,052
	$ 4,776,496	$ 4,553,697	$ 222,799

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

Fiscal Year Ended September 30	Deferred Inflow of Resources
2023	$ (152,076)
2024	(152,076)
2025	(152,076)
2026	(152,076)
2027	(152,076)
Thereafter	(98,873)
	$ (859,253)

Estimated Deferred Outflow of Resources due to benefits paid after the measurement date is $1,082,052.

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

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Prior Year End Balance	$ 4,812,225	$ 5,144,318
Additions/Reductions	(35,729)	(590,621)
Current Year End Balances	$ 4,776,496	$ 4,553,697

6. ACTUARIAL METHODS AND ASSUMPTIONS

The total OPEB liability at September 30, 2022 was based on actuarial valuation data, from the Measurement Date of September 30, 2021, using the following actuarial assumptions:

Actuarial cost method	Entry Age Normal
Inflation rate	2.25%
Discount rate	2.19%
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% plus a 0.0% increase for excise tax
Aging factors	2013 SOA Study “Health Care Costs-From Birth to Death”
Expenses	Administrative expenses included in the per capita health costs

NOTE L – ARBITRAGE REBATE LIABILITY

Hernando County calculates and records the estimated liability for arbitrage rebate on its outstanding bonds. The rebate calculations are done pursuant to Internal Revenue Code Section 148. The amount to be rebated is calculated as the excess of amounts earned on investments of bond proceeds over amounts that would have been earned if investments had been invested at a rate equal to the rate of yield on the bond issue, plus any income attributable to such excess. The regulations provide that the first rebate payment must be made not later than sixty (60) days after the end of the fifth bond year of the issue; the last installment payment must be made within sixty (60) days after the day on which the issue’s last obligation is redeemed. As of September 30, 2022, there is no estimated rebate liability on any of the County’s bond issues.

NOTE M – PROPERTY TAXES

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

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

NOTE M – PROPERTY TAXES (CONTINUED)

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

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

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

NOTE N – RISK MANAGEMENT

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

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

The Workers' Compensation fund is a self-insurance program for workers' compensation claims on losses up to $1,250,000 per occurrence and is indemnified against losses in excess of these amounts. The Workers' Compensation fund has indemnified each fund against any losses in a given year in excess of the fee charged. In the event actual losses are less than the fee charged, such amounts will be retained in the Workers' Compensation fund. Claim settlements and losses are accrued and subsequently paid from the Workers' Compensation fund. As of September 30, 2022, claims accrued, including an estimate for claims incurred but not reported, were $6,430,000. The County records an estimated liability for workers' compensation. Claims liabilities are based on estimates of the ultimate cost of reported claims and an estimate for claims incurred but not reported based on historical experience.

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

NOTE N – RISK MANAGEMENT (CONTINUED)

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

CLAIMS LIABILITIES

	Workers' Compensation	County Health Insurance	Sheriff Health Insurance	Total Claims Liabilities
Liability balance September 30, 2020	$ 4,900,000	$ 624,604	$ 350,580	$ 5,875,184
Claims incurred	4,125,064	10,394,630	6,696,811	21,216,505
Claims paid	(1,605,064)	(10,313,176)	(6,588,350)	(18,506,590)
Liability balance September 30, 2021	7,420,000	706,058	459,041	8,585,099
Claims incurred	1,385,561	14,490,429	6,565,151	22,441,141
Reinsurance recoverable	-	(2,412,557)	-	(2,412,557)
Claims paid	(2,375,561)	(11,944,474)	(6,650,222)	(20,970,257)
Liability balance September 30, 2022	$ 6,430,000	$ 839,456	$ 373,970	$ 7,643,426
Cash available to pay claims September 30, 2022 Reported in governmental activities	$ 8,314,940	$ 8,476,026	$ 9,084,475	

NOTE O – CLOSURE AND POSTCLOSURE CARE COSTS

The County's active landfills are at the Northwest facility, and include a Class 1 landfill (Cells 1, 2 & 3) and a Construction & Demolition (C&D) landfill. State and federal laws and regulations require the Waste Management Division (the Division) to place final covers on the active County landfills when they stop accepting waste and to perform certain maintenance and monitoring functions at the site. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Division reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. As of September 30, 2022, the Division has accrued a total of $11,786,616 in liabilities related to estimated closure and postclosure care costs.

Cells 1 and 2 at the Class 1 landfill were partially closed in 2014 at a cost of $3,158,604. Remaining closure costs of $6,603,488 as shown in the table below, are primarily for Cell 3. Cell 3 is approximately 68% filled at September 30, 2022 and has a remaining design life of approximately 5 years. Postclosure maintenance and monitoring functions will be required for thirty years after closure. Remaining estimated postclosure costs for the Class 1 landfill (all Cells) are $8,649,835. The class 1 landfill (all Cells) is approximately 82% filled at September 30, 2022. The County will recognize the remaining costs that have not been accrued (closure costs of $2,099,460 and postclosure costs of $1,556,131) as the remaining estimated capacity is filled.

NOTE O – CLOSURE AND POSTCLOSURE CARE COSTS (CONTINUED)

The C&D landfill is approximately 100% filled at September 30, 2022. Postclosure maintenance and monitoring functions will be required for five years after closure. Remaining estimated postclosure costs for the C&D landfill are $188,884.

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

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

Landfill	Estimated Remaining Closure Costs	Percent Accrued	Closure Accrued Liability at 9/30/22	Estimated Remaining Postclosure Costs	Percent Accrued	Postclosure Accrued Liability at 9/30/22	Total Accrued Liability at 9/30/22
NW Cells 1, 2 & 3	$ 6,603,488	100.00%	$ 4,504,028	$ 8,649,835	97.86%	$ 7,093,704	$ 11,597,732
NW C & D	-	0.00%	-	188,884	2.14%	188,884	188,884
	$ 6,603,488		$ 4,504,028	$ 8,838,719		$ 7,282,588	$ 11,786,616

Amortization expense for 2022 was an increase of $1,098,996 for the Class 1 landfill and a decrease of $79,489 for the C&D landfill. This expense increased significantly for the Class 1 landfill due to a 6% increase in capacity used.

The Division is required by state and federal laws and regulations to make contributions to a trust to finance closure and postclosure care. The Division believes it is in compliance with these requirements, and at September 30, 2022, cash and investments of $9,660,929 are held for these purposes. These are reported as restricted assets on the Statement of Net Position. The Division expects that future inflation costs will be paid from the interest earnings on these contributions.

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

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

	Governmental Activities	Business-Type Activities
Statement of Net Position		
Deferred Outflows of Resources:		
Pensions	$ 37,834,424	$ 2,100,143
Other Post Employment Benefits	4,195,760	580,736
Deferred Charge on Debt Refunding	404,085	-
	$ 42,434,269	$ 2,680,879
Deferred Inflows of Resources:		
Pensions	$ 10,619,254	$ 634,932
Other Post Employment Benefits	4,003,064	550,633
Leases	6,490,650	24,363,306
	$ 21,112,968	$ 25,548,871
Statement of Governmental Funds Balance Sheet		
Deferred Inflows of Resources:		
Taxes, applicable to a future period	$ 2,067,287	
Ambulance fees, applicable to a future period	4,484,644	
Lease payments, applicable to a future period	6,490,650	
Other items, applicable to a future period	109,097	
Total Governmental Funds	$ 13,151,678	

NOTE Q – SEGMENT INFORMATION

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

NOTE R – CONTINGENCIES

1. GENERAL LITIGATION

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

NOTE R – CONTINGENCIES (CONTINUED)

2. GRANTS AND CONTRACTS

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

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

3. DISASTER ASSISTANCE

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

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

NOTE S – RESTATED BEGINNING NET POSITION

Effective October 1,2021, Hernando County adopted GASB Statement No. 87, *Leases*. Implementation of the Statement requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than 12 months. The financial statements of Governmental Activities of the County have been restated to comply with the asset and liability recognition criteria of the Statement as follows:

	Net Position Beginning of Year	Cumulative Effect of Restatement	Net Position Beginning of Year, Restated
Governmental Activities	$ 369,226,883	$ 543,985	$ 369,770,868

HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB)
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
September 30, 2022

	2018	2019	2020	2021	2022
Total OPEB Liability:					
Service Cost	$ 1,181,694	$ 1,137,228	$ 887,762	$ 1,158,078	$ 932,064
Interest on Total OPEB Liability	589,509	682,764	674,524	559,255	499,456
Difference between Expected and Actual Expense	-	3,055,234	-	119,256	-
Changes in Assumptions and Other Inputs	(725,447)	(5,912,172)	1,686,520	(291,981)	344,953
Benefit Payments	(552,150)	(468,206)	(750,886)	(837,449)	(1,024,189)
Net Change in Total OPEB Liability	$ 493,606	(1,505,152)	2,497,920	707,159	752,284
Total OPEB Liability-Beginning	18,110,814	18,604,420	17,099,268	19,597,188	20,304,347
Total OPEB Liability-Ending	$ 18,604,420	$ 17,099,268	$ 19,597,188	$ 20,304,347	$ 21,056,631
Covered Employee Payroll	$ 79,723,027	$ 71,544,598	$ 74,406,382	$ 76,535,704	$ 78,831,775
Total OPEB Liability as a Percentage of Covered Employee Payroll	23.34%	23.90%	26.34%	26.53%	26.71%

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

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

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

HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB)
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
September 30, 2022

Valuation Date	September 30, 2020
Measurement Date	September 30, 2021

Methods and Assumptions Used to Determine Total OPEB Liability:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Discount Rate	2.19%
Salary Increases	Salary increase rates used in the July 1, 2020 actuarial valuation of the Florida Retirement System; 3.4%-7.8%, including inflation.
Retirement Age	Retirement rates used in the July 1, 2020 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Mortality	Mortality tables used for Regular and Special Risk Class members in the July 1, 2020 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013 and include generational projections.
Healthcare Cost Trend Rates	For the Board of County Commissioners Plan, based on the Getzen Model, with trend starting at 6.25% (1.5% for premiums to relfect actual increase) for 2021, 6.00% for 2022 and gradually trending to an ultimate trend rate of 3.99% plus 0% increase for excise tax. For the Sheriff Plan, based on the Getzen Model, with trend starting at 6.25% (21.0% for premiums to reflect actual increase) for 2021, 6.00% for 2022 and gradually trending to an ultimate trend rate of 3.99%.
Aging Factors	Based on the 2013 SOA study “Health Care Costs-From Birth to Death”
Expenses	Administrative expenses are included in the per capita health costs.

HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT SYSTEM-SCHEDULE OF COUNTY'S
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
September 30, 2022

Last Nine Fiscal Years

FLORIDA RETIREMENT SYSTEM PENSION PLAN

Year Ended June 30,	County's Proportion of the FRS Net Pension Plan	County's Proportion Share of the FRS Net Pension Plan Liability	County's Covered Payroll (FYE June 30)	County's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.323724689%	$ 19,751,966	$ 63,870,645	30.92%	96.09%
2015	0.336186138%	43,422,948	67,871,564	63.98%	92.00%
2016	0.374836315%	94,646,463	72,504,583	130.54%	84.88%
2017	0.366968106%	108,546,704	73,706,909	147.27%	83.89%
2018	0.367093765%	110,570,546	77,006,547	143.59%	84.26%
2019	0.373614200%	128,667,529	80,431,045	159.97%	82.61%
2020	0.372436302%	161,419,382	82,071,964	198.55%	78.85%
2021	0.345012032%	26,061,739	84,464,514	30.86%	96.40%
2022	0.344601354%	128,219,397	88,881,468	144.26%	82.89%

HEALTH INSURANCE SUBSIDY PENSION PLAN

Year Ended June 30,	County's Proportion of the HIS Net Pension Plan	County's Proportion Share of the HIS Net Pension Liability	County's Covered Payroll (FYE June 30)	County's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.214659060%	$ 20,064,413	$ 63,870,645	31.41%	0.99%
2015	0.223082288%	22,750,520	67,871,564	33.52%	0.50%
2016	0.234274954%	27,303,775	72,504,583	37.66%	0.97%
2017	0.230722126%	24,669,874	73,706,909	33.47%	1.64%
2018	0.235431734%	24,918,358	77,006,547	32.36%	2.15%
2019	0.240008828%	26,854,586	80,431,045	33.16%	2.63%
2020	0.236121420%	28,830,041	82,071,964	35.46%	3.00%
2021	0.238770916%	29,288,844	84,464,514	34.68%	3.56%
2022	0.243559752%	25,796,867	88,881,468	29.02%	4.81%

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

HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT SYSTEM-SCHEDULE OF COUNTY'S CONTRIBUTIONS
September 30, 2022

Last Nine Fiscal Years

FLORIDA RETIREMENT SYSTEM PENSION PLAN

Year Ended September 30,	Contractually Required Contribution	FRS Contribution in Relation to the Contractually Required Contribution	FRS Contribution Deficiency (Excess)	County's Covered Payroll (FYE September 30)	FRS Contributions as a Percentage of Covered Payroll
2014	$ 9,065,698	$ (9,065,698)	$ -	$ 64,431,818	14.07%
2015	8,393,369	(8,393,369)	-	68,825,669	12.20%
2016	9,279,559	(9,279,559)	-	72,387,348	12.82%
2017	9,637,808	(9,637,808)	-	74,200,644	12.99%
2018	10,692,565	(10,692,565)	-	77,625,482	13.77%
2019	11,780,902	(11,780,902)	-	80,988,686	14.55%
2020	12,792,391	(12,792,391)	-	84,190,948	15.20%
2021	13,787,937	(13,787,937)	-	87,067,438	15.84%
2022	15,171,292	(15,171,292)	-	91,063,551	16.66%

HEALTH INSURANCE SUBSIDY PENSION PLAN

Year Ended September 30,	Contractually Required Contribution	HIS Contribution in Relation to the Contractually Required Contribution	HIS Contribution Deficiency (Excess)	County's Covered Payroll (FYE September 30)	HIS Contributions as a Percentage of Covered Payroll
2014	$ 939,152	$ (939,152)	$ -	$ 64,431,818	1.46%
2015	933,326	(933,326)	-	68,825,669	1.36%
2016	1,195,301	(1,195,301)	-	72,387,348	1.65%
2017	1,233,196	(1,233,196)	-	74,200,644	1.66%
2018	1,286,008	(1,286,008)	-	77,625,482	1.66%
2019	1,342,774	(1,342,774)	-	80,988,686	1.66%
2020	1,396,091	(1,396,091)	-	84,190,948	1.66%
2021	1,444,307	(1,444,307)	-	87,067,438	1.66%
2022	1,509,420	(1,509,420)	-	91,063,551	1.66%

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

HERNANDO COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2022

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

Changes in Benefit Terms from the year ended June 30, 2021 to June 30, 2022:

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

Changes in Assumptions from the year ended June 30, 2021 to June 30, 2022:

- **FRS:** Discount rate and long-term expected rate of return, net of investment expense changed from 6.8% to 6.7%.
- **HIS:** Both the discount rate and Municipal Bond Index rate changed from 2.16% to 3.54%.

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Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds

Special Revenue Funds

Stormwater Management

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

State Housing Initiative Partnership

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

Court-Related Funds

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

Municipal Service Benefit Units Special Revenue Fund

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

Miscellaneous Special Revenue Funds

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

Clerk of Court & Comptroller Special Revenue Funds

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

Property Appraiser Special Revenue Funds

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

Sheriff Special Revenue Funds

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

Debt Service Funds

Non-Ad Valorem Refunding Revenue Bonds 2010

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

Non-Ad Valorem Refunding Revenue Note 2012

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

Capital Project Funds

Restore Act

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

HERNANDO COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2022

	Special Revenue Funds		
	Stormwater Management	State Housing Initiative Partnership	Court-Related Fund
ASSETS			
Cash and Cash Equivalents	$ -	$ -	$ -
Pooled Cash and Investments	5,009,977	4,792,829	6,787,692
Cash with Fiscal Agent	5,048	-	-
Accounts Receivable (net)	-	142,877	77,733
Due from Other Funds	15,144	-	-
Due from Other Governments	8,190	-	156,210
Inventories	-	-	-
Prepaid Items	-	-	12,450
Total Assets	**5,038,359**	**4,935,706**	**7,034,085**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts Payable	17,679	24,141	62,377
Retainage Payable	64,944	-	-
Accrued Liabilities	4,335	-	21,021
Due to Other Funds	-	-	-
Due to Other Governments	-	-	-
Unearned Revenue	-	-	-
Deposits	-	-	-
Advances from Other Funds	-	-	-
Total Liabilities	86,958	24,141	83,398
Deferred Inflows of Resources			
Unavailable Revenues	-	-	-
Fund Balances			
Nonspendable:			
Inventories	-	-	-
Prepaid Items	-	-	12,450
Restricted for:			
Grant Funded Programs	-	4,911,565	-
Court Programs	-	-	6,938,237
Special Assessment Projects	-	-	-
Environment Conservation	4,951,401	-	-
Bond covenants or debt service	-	-	-
Public Safety	-	-	-
Capital Projects	-	-	-
Other Purposes	-	-	-
Committed to:			
Other Purposes	-	-	-
Assigned to:			
Public Safety	-	-	-
Other Purposes	-	-	-
Total Fund Balances	4,951,401	4,911,565	6,950,687
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$ 5,038,359**	**$ 4,935,706**	**$ 7,034,085**

See accompanying independent auditors' report.

Special Revenue Funds			
Municipal Service Benefit Units	Hernando County Fire Rescue - Rescue	Miscellaneous Special Revenue Funds	Clerk of Court and Comptroller
$ 250	$ -	$ 100	$ -
6,932,227	9,608,888	12,662,267	3,981,678
-	-	-	-
11,542	6,652,635	336,576	-
96,886	120,978	161,617	-
-	1,362	618,177	42,268
-	1,800	-	-
-	20,617	-	41,374
7,040,905	**16,406,280**	**13,778,737**	**4,065,320**
1,313,266	512,938	168,220	8,953
-	71,809	26,347	-
-	453,970	45,687	36,564
111,644	-	-	-
-	3,956	1,461,979	1,079,504
-	-	6,726	-
-	-	-	233,302
-	-	450,000	-
1,424,910	1,042,673	2,158,959	1,358,323
-	4,484,644	-	-
-	1,800	-	-
-	20,617	-	-
-	-	162,885	-
-	-	-	-
3,432,444	-	-	-
-	-	-	-
786,025	-	-	-
-	10,856,546	-	-
1,397,526	-	-	-
-	-	5,135,483	2,706,997
-	-	361,455	-
-	-	5,952,510	-
-	-	7,445	-
5,615,995	10,878,963	11,619,778	2,706,997
$ 7,040,905	**$ 16,406,280**	**$ 13,778,737**	**$ 4,065,320**

Continued

HERNANDO COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2022

	Special Revenue Funds			Debt Service Funds
	Property Appraiser Special Revenue Funds	Sheriff Special Revenue Funds	Total Special Revenue Funds	Non-Ad Valorem Refunding Revenue Bonds 2010
ASSETS				
Cash and Cash Equivalents	$ 1,779,728	$ 4,492,448	$ 6,272,526	$ -
Pooled Cash and Investments	-	-	49,775,558	7,666
Cash with Fiscal Agent	-	-	5,048	-
Accounts Receivable (net)	-	29,593	7,250,956	-
Due from Other Funds	-	-	394,625	-
Due from Other Governments	-	393,825	1,220,032	-
Inventories	-	-	1,800	-
Prepaid Items	-	-	74,441	-
Total Assets	**1,779,728**	**4,915,866**	**64,994,986**	**7,666**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts Payable	387	530,605	2,638,566	-
Retainage Payable	-	-	163,100	-
Accrued Liabilities	-	44,675	606,252	-
Due to Other Funds	115,999	159,443	387,086	-
Due to Other Governments	373	-	2,545,812	-
Unearned Revenue	-	-	6,726	-
Deposits	-	-	233,302	-
Advances from Other Funds	-	-	450,000	-
Total Liabilities	116,759	734,723	7,030,844	-
Deferred Inflows of Resources				
Unavailable Revenues	-	-	4,484,644	-
Fund Balances				
Nonspendable:				
Inventories	-	-	1,800	-
Prepaid Items	-	-	33,067	-
Restricted for:				
Grant Funded Programs	-	-	5,074,450	-
Court Programs	-	-	6,938,237	-
Special Assessment Projects	-	-	3,432,444	-
Environment Conservation	-	-	4,951,401	-
Bond covenants or debt service	-	-	786,025	7,666
Public Safety	-	4,181,143	15,037,689	-
Capital Projects	-	-	1,397,526	-
Other Purposes	-	-	7,842,480	-
Committed to:				
Other Purposes	1,662,969	-	2,024,424	-
Assigned to:				
Public Safety	-	-	5,952,510	-
Other Purposes	-	-	7,445	-
Total Fund Balances	1,662,969	4,181,143	53,479,498	7,666
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$ 1,779,728**	**$ 4,915,866**	**$ 64,994,986**	**$ 7,666**

See accompanying independent auditors' report.

Debt Service Funds		Capital Project Funds	
Non-Ad Valorem Refunding Revenue Note 2012	Total Debt Service Funds	Restore Act Projects	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ 6,272,526
3,816	11,482	-	49,787,040
-	-	-	5,048
-	-	-	7,250,956
-	-	-	394,625
-	-	416,915	1,636,947
-	-	-	1,800
-	-	-	74,441
3,816	**11,482**	**416,915**	**65,423,383**
-	-	321,812	2,960,378
-	-	8,881	171,981
-	-	-	606,252
-	-	95,103	482,189
-	-	-	2,545,812
-	-	-	6,726
-	-	-	233,302
-	-	-	450,000
-	-	425,796	7,456,640
-	-	-	4,484,644
-	-	-	1,800
-	-	-	33,067
-	-	-	5,074,450
-	-	-	6,938,237
-	-	-	3,432,444
-	-	-	4,951,401
3,816	11,482	-	797,507
-	-	-	15,037,689
-	-	(8,881)	1,388,645
-	-	-	7,842,480
-	-	-	2,024,424
-	-	-	5,952,510
-	-	-	7,445
3,816	11,482	(8,881)	53,482,099
$ 3,816	**$ 11,482**	**$ 416,915**	**$ 65,423,383**

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2022

	Special Revenue Funds			
	Stormwater Management	State Housing Initiative Partnership	Court-Related Funds	Municipal Service Benefit Units
Revenues				
Taxes	$ 1,194,158	$ -	$ -	$ -
Intergovernmental	-	2,050,109	336,161	-
Charges for Services	11,960	-	1,171,025	-
Fines and Forfeitures	-	-	500	-
Special Assessments	-	-	-	10,071,469
Investment Income (Loss)	(135,351)	687	(179,168)	(114,983)
Miscellaneous	16,526	1,235,071	4,033	108,058
Total Revenues	1,087,293	3,285,867	1,332,551	10,064,544
Expenditures				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	2,351
Physical Environment	307,410	-	-	7,628,386
Transportation	-	-	-	1,181,288
Economic Environment	-	538,181	-	-
Human Services	-	-	-	-
Culture and Recreation	-	-	-	-
Court Operations	-	-	1,536,785	-
Debt Service				
Principal	-	-	-	718,181
Interest and Fiscal Charges	-	-	-	135,998
Capital Outlay	1,829,352	-	117,884	-
Total Expenditures	2,136,762	538,181	1,654,669	9,666,204
Excess of Revenues Over (Under) Expenditures	**(1,049,469)**	**2,747,686**	**(322,118)**	**398,340**
Other Financing Sources (Uses)				
Transfers In	15,144	-	546,840	96,886
Transfers Out	(2,800)	-	(11,200)	(517,363)
Lease Liabilities Issued	-	-	-	-
Issuance of Long-Term Debt	-	-	-	571,504
Total Other Financing Sources (Uses)	12,344	-	535,640	151,027
Net Change in Fund Balance	**(1,037,125)**	**2,747,686**	**213,522**	**549,367**
Fund Balances at Beginning of Year	5,988,526	2,163,879	6,737,165	5,066,628
Fund Balances at End of Year	**$ 4,951,401**	**$ 4,911,565**	**$ 6,950,687**	**$ 5,615,995**

See accompanying independent auditors' report.

Special Revenue Funds		
Hernando County Fire Rescue - Rescue	Miscellaneous Special Revenue Funds	Clerk of Court and Comptroller
$ 9,538,699	$ 3,180,506	$ -
96,423	940,292	489,771
10,317,282	8,433	3,697,134
-	141,096	1,131,548
-	-	-
(263,570)	(288,120)	7,425
69,751	39,900	92,207
19,758,585	4,022,107	5,418,085
-	105,682	92,306
15,151,581	561,283	-
-	5,572	-
-	725,001	-
-	1,068,464	-
-	1,727,157	-
-	5,889	-
-	-	4,849,540
38,261	-	-
(13,436)	-	-
1,566,536	1,181,280	16,316
16,742,942	5,380,328	4,958,162
3,015,643	**(1,358,221)**	**459,923**
120,978	4,527,540	-
(365,352)	(2,508,835)	-
-	-	-
-	-	-
(244,374)	2,018,705	-
2,771,269	**660,484**	**459,923**
8,107,694	10,959,294	2,247,074
$ 10,878,963	**$ 11,619,778**	**$ 2,706,997**

Continued

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2022

	Special Revenue Funds			Debt Service Funds
	Property Appraiser Special Revenue Funds	Sheriff Special Revenue Funds	Total Special Revenue Funds	Non-Ad Valorem Refunding Revenue Bonds 2010
Revenues				
Taxes	$ -	$ -	$ 13,913,363	$ -
Intergovernmental	1,446,651	253,566	5,612,973	-
Charges for Services	148,615	5,924,532	21,278,981	-
Fines and Forfeitures	-	163,895	1,437,039	-
Special Assessments	-	-	10,071,469	-
Investment Income (Loss)	729	4,282	(968,069)	(146)
Miscellaneous	-	152,122	1,717,668	-
Total Revenues	1,595,995	6,498,397	53,063,424	(146)
Expenditures				
Current				
General Government	1,366,170	-	1,564,158	2
Public Safety	-	4,358,132	20,073,347	-
Physical Environment	-	-	7,941,368	-
Transportation	-	-	1,906,289	-
Economic Environment	-	-	1,606,645	-
Human Services	-	-	1,727,157	-
Culture and Recreation	-	-	5,889	-
Court Operations	-	-	6,386,325	-
Debt Service				
Principal	-	68,604	825,046	395,000
Interest and Fiscal Charges	-	84,753	207,315	42,856
Capital Outlay	9,641	3,196,456	7,917,465	-
Total Expenditures	1,375,811	7,707,945	50,161,004	437,858
Excess of Revenues Over (Under) Expenditures	**220,184**	**(1,209,548)**	**2,902,420**	**(438,004)**
Other Financing Sources (Uses)				
Transfers In	-	2,379,092	7,686,480	437,032
Transfers Out	(115,999)	(3,585,347)	(7,106,896)	-
Lease Liabilities Issued	-	3,054,659	3,054,659	-
Issuance of Long-Term Debt	-	-	571,504	-
Total Other Financing Sources (Uses)	(115,999)	1,848,404	4,205,747	437,032
Net Change in Fund Balance	**104,185**	**638,856**	**7,108,167**	**(972)**
Fund Balances at Beginning of Year	1,558,784	3,542,287	46,371,331	8,638
Fund Balances at End of Year	**$ 1,662,969**	**$ 4,181,143**	**$ 53,479,498**	**$ 7,666**

See accompanying independent auditors' report.

Debt Service Funds		Capital Project Funds	
Non-Ad Valorem Refunding Revenue Note 2012	Total Debt Service Funds	Restore Act Projects	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ 13,913,363
-	-	431,088	6,044,061
-	-	-	21,278,981
-	-	-	1,437,039
-	-	-	10,071,469
364	218	-	(967,851)
-	-	-	1,717,668
364	218	431,088	53,494,730
3	5	-	1,564,163
-	-	-	20,073,347
-	-	260,659	8,202,027
-	-	-	1,906,289
-	-	-	1,606,645
-	-	-	1,727,157
-	-	-	5,889
-	-	-	6,386,325
1,312,000	1,707,000	-	2,532,046
289,757	332,613	-	539,928
-	-	179,310	8,096,775
1,601,760	2,039,618	439,969	52,640,591
(1,601,396)	**(2,039,400)**	**(8,881)**	**854,139**
1,601,757	2,038,789	-	9,725,269
-	-	-	(7,106,896)
-	-	-	3,054,659
-	-	-	571,504
1,601,757	2,038,789	-	6,244,536
361	**(611)**	**(8,881)**	**7,098,675**
3,455	12,093	-	46,383,424
$ 3,816	**$ 11,482**	**$ (8,881)**	**$ 53,482,099**

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STORMWATER MANAGEMENT
For the Fiscal Year Ended September 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Taxes	$ 1,163,678	$ 1,163,678	$ 1,194,158	$ 30,480
Intergovernmental	1,715,730	1,246,080	-	(1,246,080)
Charges for Services	11,000	11,000	11,960	960
Investment Income (Loss)	-	-	(135,351)	(135,351)
Miscellaneous	5,000	5,000	16,526	11,526
Total Revenues	2,895,408	2,425,758	1,087,293	(1,338,465)
Expenditures				
Current				
Physical Environment	431,664	512,219	307,410	204,809
Capital Outlay	4,661,750	5,101,370	1,829,352	3,272,018
Total Expenditures	5,093,414	5,613,589	2,136,762	3,476,827
Excess of Revenues Over (Under) Expenditures	**(2,198,006)**	**(3,187,831)**	**(1,049,469)**	**2,138,362**
Other Financing Sources (Uses)				
Transfers In	11,000	11,000	15,144	4,144
Transfers Out	(2,800)	(2,800)	(2,800)	-
Reserve for Contingencies	(3,653,304)	(2,808,895)	-	2,808,895
Total Other Financing Sources (Uses)	(3,645,104)	(2,800,695)	12,344	2,813,039
Net Change in Fund Balance	**(5,843,110)**	**(5,988,526)**	**(1,037,125)**	**4,951,401**
Fund Balance at Beginning of Year	5,843,110	5,988,526	5,988,526	-
Fund Balance at End of Year	**$ -**	**$ -**	**$ 4,951,401**	**$ 4,951,401**

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STATE HOUSING INITIATIVE PARTNERSHIP
For the Fiscal Year Ended September 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Intergovernmental	$ 1,280,503	$ 1,280,503	$ 2,050,109	$ 769,606
Investment Income (Loss)	7,500	7,500	687	(6,813)
Miscellaneous	350,000	350,000	1,235,071	885,071
Total Revenues	1,638,003	1,638,003	3,285,867	1,647,864
Expenditures				
Current				
Economic Environment	2,771,032	2,771,032	538,181	2,232,851
Total Expenditures	2,771,032	2,771,032	538,181	2,232,851
Excess of Revenues Over (Under) Expenditures	**(1,133,029)**	**(1,133,029)**	**2,747,686**	**3,880,715**
Other Financing Sources (Uses)				
Reserve for Contingencies	-	(1,030,850)	-	1,030,850
Total Other Financing Sources (Uses)	-	(1,030,850)	-	1,030,850
Net Change in Fund Balance	**(1,133,029)**	**(2,163,879)**	**2,747,686**	**4,911,565**
Fund Balance at Beginning of Year	1,133,029	2,163,879	2,163,879	-
Fund Balance at End of Year	**$ -**	**$ -**	**$ 4,911,565**	**$ 4,911,565**

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COURT-RELATED FUNDS
For the Fiscal Year Ended September 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Intergovernmental	$ 54,610	$ 798,336	$ 336,161	$ (462,175)
Charges for Services	963,606	968,161	1,171,025	202,864
Fines and Forfeitures	324	324	500	176
Investment Income (Loss)	1,000	1,000	(179,168)	(180,168)
Miscellaneous	-	-	4,033	4,033
Total Revenues	1,019,540	1,767,821	1,332,551	(435,270)
Expenditures				
Current				
Court Operations	1,365,500	2,190,928	1,536,785	654,143
Capital Outlay	11,158,760	11,479,544	117,884	11,361,660
Total Expenditures	12,524,260	13,670,472	1,654,669	12,015,803
Excess of Revenues Over (Under) Expenditures	**(11,504,720)**	**(11,902,651)**	**(322,118)**	**11,580,533**
Other Financing Sources (Uses)				
Transfers In	546,840	546,840	546,840	-
Transfers Out	(31,763)	(31,763)	(11,200)	20,563
Issuance of Long-Term Debt	9,000,000	9,000,000	-	(9,000,000)
Reserve for Contingencies	(3,479,039)	(4,349,587)	-	4,349,587
Total Other Financing Sources (Uses)	6,036,038	5,165,490	535,640	(4,629,850)
Net Change in Fund Balance	**(5,468,682)**	**(6,737,161)**	**213,522**	**6,950,683**
Fund Balance at Beginning of Year	5,468,682	6,737,161	6,737,165	4
Fund Balance at End of Year	**$ -**	**$ -**	**$ 6,950,687**	**$ 6,950,687**

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MUNICIPAL SERVICE BENEFIT UNITS
For the Fiscal Year Ended September 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Special Assessments	$ 9,730,274	$ 9,730,274	$ 10,071,469	$ 341,195
Investment Income (Loss)	71,000	71,000	(114,983)	(185,983)
Miscellaneous	97,160	97,160	108,058	10,898
Total Revenues	9,898,434	9,898,434	10,064,544	166,110
Expenditures				
Current				
Public Safety	42,598	48,048	2,351	45,697
Physical Environment	7,748,349	7,748,349	7,628,386	119,963
Transportation	1,184,636	1,224,769	1,181,288	43,481
Debt Service				
Principal	718,210	718,210	718,181	29
Interest and Fiscal Charges	133,074	136,074	135,998	76
Total Expenditures	9,826,867	9,875,450	9,666,204	209,246
Excess of Revenues Over (Under) Expenditures	**71,567**	**22,984**	**398,340**	**375,356**
Other Financing Sources (Uses)				
Transfers In	77,000	77,000	96,886	19,886
Transfers Out	(509,150)	(517,370)	(517,363)	7
Issuance of Long-Term Debt	-	-	571,504	571,504
Reserve for Contingencies	(4,874,145)	(4,800,840)	-	4,800,840
Total Other Financing Sources (Uses)	(5,306,295)	(5,241,210)	151,027	5,392,237
Net Change in Fund Balance	**(5,234,728)**	**(5,218,226)**	**549,367**	**5,767,593**
Fund Balance at Beginning of Year	5,234,728	5,218,226	5,066,628	(151,598)
Fund Balance at End of Year	**$ -**	**$ -**	**$ 5,615,995**	**$ 5,615,995**

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HERNANDO COUNTY FIRE RESCUE - RESCUE
For the Fiscal Year Ended September 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Taxes	$ 9,298,159	$ 9,298,159	$ 9,538,699	$ 240,540
Intergovernmental	19,800	88,571	96,423	7,852
Charges for Services	8,106,368	8,106,368	10,317,282	2,210,914
Investment Income (Loss)	40,000	40,000	(263,570)	(303,570)
Miscellaneous	47,563	47,563	69,751	22,188
Total Revenues	17,511,890	17,580,661	19,758,585	2,177,924
Expenditures				
Current				
Public Safety	15,356,410	16,072,736	15,151,581	921,155
Debt Service				
Principal	38,261	225,329	38,261	187,068
Interest and Fiscal Charges	54,510	51,490	(13,436)	64,926
Capital Outlay	530,553	2,680,411	1,566,536	1,113,875
Total Expenditures	15,979,734	19,029,966	16,742,942	2,287,024
Excess of Revenues Over (Under) Expenditures	**1,532,156**	**(1,449,305)**	**3,015,643**	**4,464,948**
Other Financing Sources (Uses)				
Transfers In	105,450	105,450	120,978	15,528
Transfers Out	(156,471)	(156,471)	(365,352)	(208,881)
Issuance of Long-Term Debt	2,410,000	2,410,000	-	(2,410,000)
Reserve for Contingencies	(9,991,135)	(9,017,367)	-	9,017,367
Total Other Financing Sources (Uses)	(7,632,156)	(6,658,388)	(244,374)	6,414,014
Net Change in Fund Balance	**(6,100,000)**	**(8,107,693)**	**2,771,269**	**10,878,962**
Fund Balance at Beginning of Year	6,100,000	8,107,693	8,107,694	1
Fund Balance at End of Year	**$ -**	**$ -**	**$ 10,878,963**	**$ 10,878,963**

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MISCELLANEOUS SPECIAL REVENUE FUNDS
For the Fiscal Year Ended September 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Taxes	$ 2,308,231	$ 2,308,276	$ 3,180,506	$ 872,230
Intergovernmental	1,756,990	1,720,241	940,292	(779,949)
Charges for Services	1,545,588	18,300	8,433	(9,867)
Fines and Forfeitures	247,000	150,000	141,096	(8,904)
Investment Income (Loss)	16,701	16,721	(288,120)	(304,841)
Miscellaneous	97,859	10,673	39,900	29,227
Total Revenues	5,972,369	4,224,211	4,022,107	(202,104)
Expenditures				
Current				
General Government	142,014	461,064	105,682	355,382
Public Safety	2,968,851	2,520,373	561,283	1,959,090
Physical Environment	5,899	5,899	5,572	327
Transportation	1,463,695	1,094,258	725,001	369,257
Economic Environment	1,021,883	1,286,332	1,068,464	217,868
Human Services	1,953,856	1,953,326	1,727,157	226,169
Culture and Recreation	45,911	52,382	5,889	46,493
Debt Service				
Capital Outlay	1,520,540	2,608,751	1,181,280	1,427,471
Total Expenditures	9,122,649	9,982,385	5,380,328	4,602,057
Excess of Revenues Over (Under) Expenditures	**(3,150,280)**	**(5,758,174)**	**(1,358,221)**	**4,399,953**
Other Financing Sources (Uses)				
Transfers In	3,352,341	3,783,545	4,527,540	743,995
Transfers Out	(2,501,583)	(2,530,383)	(2,508,835)	21,548
Reserve for Contingencies	(5,613,210)	(6,904,274)	-	6,904,274
Total Other Financing Sources (Uses)	(4,762,452)	(5,651,112)	2,018,705	7,669,817
Net Change in Fund Balance	**(7,912,732)**	**(11,409,286)**	**660,484**	**12,069,770**
Fund Balance at Beginning of Year	7,912,732	11,409,286	10,959,294	(449,992)
Fund Balance at End of Year	**$ -**	**$ -**	**$ 11,619,778**	**$ 11,619,778**

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CLERK OF COURT AND COMPTROLLER
For the Fiscal Year Ended September 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Intergovernmental	$ 417,219	$ 403,494	$ 489,771	$ 86,277
Charges for Services	3,479,115	3,479,115	3,697,134	218,019
Fines and Forfeitures	1,023,300	1,023,300	1,131,548	108,248
Investment Income (Loss)	20,000	20,000	7,425	(12,575)
Miscellaneous	-	-	92,207	92,207
Total Revenues	4,939,634	4,925,909	5,418,085	492,176
Expenditures				
Current				
General Government	287,000	278,000	92,306	185,694
Court Operations	5,116,634	5,102,909	4,849,540	253,369
Capital Outlay	20,000	29,000	16,316	12,684
Total Expenditures	5,423,634	5,409,909	4,958,162	451,747
Excess of Revenues Over (Under) Expenditures	**(484,000)**	**(484,000)**	**459,923**	**943,923**
Other Financing Sources (Uses)				
Reserve for Contingencies	(484,000)	(484,000)	-	484,000
Total Other Financing Sources (Uses)	(484,000)	(484,000)	-	484,000
Net Change in Fund Balance	**(968,000)**	**(968,000)**	**459,923**	**1,427,923**
Fund Balance at Beginning of Year	968,000	968,000	2,247,074	1,279,074
Fund Balance at End of Year	**$ -**	**$ -**	**$ 2,706,997**	**$ 2,706,997**

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PROPERTY APPRAISER SPECIAL REVENUE FUNDS
For the Fiscal Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	$ 1,412,609	$ 1,412,609	$ 1,446,651	$ 34,042
Charges for Services	24,043	24,043	148,615	124,572
Investment Income (Loss)	-	-	729	729
Total Revenues	1,436,652	1,436,652	1,595,995	159,343
Expenditures				
Current				
General Government	1,375,870	1,375,870	1,366,170	9,700
Capital Outlay	21,513	21,513	9,641	11,872
Total Expenditures	1,397,383	1,397,383	1,375,811	21,572
Excess of Revenues Over (Under) Expenditures	**39,269**	**39,269**	**220,184**	**180,915**
Other Financing Sources (Uses)				
Transfers Out	-	-	(115,999)	(115,999)
Total Other Financing Sources (Uses)	-	-	(115,999)	(115,999)
Net Change in Fund Balance	**39,269**	**39,269**	**104,185**	**64,916**
Fund Balance at Beginning of Year	(39,269)	(39,269)	1,558,784	1,598,053
Fund Balance at End of Year	**$ -**	**$ -**	**$ 1,662,969**	**$ 1,662,969**

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SHERIFF SPECIAL REVENUE FUNDS
For the Fiscal Year Ended September 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Intergovernmental	$ 319,979	$ 578,594	$ 253,566	$ (325,028)
Charges for Services	4,804,438	4,804,438	5,924,532	1,120,094
Fines and Forfeitures	147,000	147,000	163,895	16,895
Investment Income (Loss)	6,300	6,300	4,282	(2,018)
Miscellaneous	142,200	142,200	152,122	9,922
Total Revenues	5,419,917	5,678,532	6,498,397	819,865
Expenditures				
Current				
Public Safety	4,752,045	4,968,031	4,358,132	609,899
Principal	-	-	68,604	(68,604)
Interest and Fiscal Charges	-	-	84,753	(84,753)
Capital Outlay	108,945	177,923	3,196,456	(3,018,533)
Total Expenditures	4,860,990	5,145,954	7,707,945	(2,561,991)
Excess of Revenues Over (Under) Expenditures	**558,927**	**532,578**	**(1,209,548)**	**(1,742,126)**
Other Financing Sources (Uses)				
Transfers In	2,350,292	2,379,092	2,379,092	-
Transfers Out	(2,749,650)	(2,749,650)	(3,585,347)	(835,697)
Lease Liabilities Issued	-	-	3,054,659	3,054,659
Reserve for Contingencies	(3,069,487)	(3,345,762)	-	3,345,762
Total Other Financing Sources (Uses)	(3,468,845)	(3,716,320)	1,848,404	5,564,724
Net Change in Fund Balance	**(2,909,918)**	**(3,183,742)**	**638,856**	**3,822,598**
Fund Balance at Beginning of Year	2,909,918	3,183,742	3,542,287	358,545
Fund Balance at End of Year	**$ -**	**$ -**	**$ 4,181,143**	**$ 4,181,143**

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NON-AD VALOREM REFUNDING REVENUE BONDS 2010
For the Fiscal Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment Income (Loss)	$ -	$ -	$ (146)	$ (146)
Total Revenues	-	-	(146)	(146)
Expenditures				
Current				
General Government	20	20	2	18
Debt Service				
Principal	395,000	395,000	395,000	-
Interest and Fiscal Charges	138,011	138,336	42,856	95,480
Total Expenditures	533,031	533,356	437,858	95,498
Excess of Revenues Over (Under) Expenditures	**(533,031)**	**(533,356)**	**(438,004)**	**95,352**
Other Financing Sources (Uses)				
Transfers In	532,511	532,511	437,032	(95,479)
Reserve for Contingencies	(8,554)	(7,792)	-	7,792
Total Other Financing Sources (Uses)	523,957	524,719	437,032	(87,687)
Net Change in Fund Balance	**(9,074)**	**(8,637)**	**(972)**	**7,665**
Fund Balance at Beginning of Year	9,074	8,637	8,638	1
Fund Balance at End of Year	**$ -**	**$ -**	**$ 7,666**	**$ 7,666**

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NON-AD VALOREM REFUNDING REVENUE NOTE 2012
For the Fiscal Year Ended September 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Investment Income (Loss)	$ -	$ -	$ 364	$ 364
Total Revenues	-	-	364	364
Expenditures				
Current				
General Government	20	20	3	17
Debt Service				
Principal	1,312,000	1,312,000	1,312,000	-
Interest and Fiscal Charges	290,758	290,758	289,757	1,001
Total Expenditures	1,602,778	1,602,778	1,601,760	1,018
Excess of Revenues Over (Under) Expenditures	**(1,602,778)**	**(1,602,778)**	**(1,601,396)**	**1,382**
Other Financing Sources (Uses)				
Transfers In	1,601,760	1,601,760	1,601,757	(3)
Reserve for Contingencies	(3,459)	(2,436)	-	2,436
Total Other Financing Sources (Uses)	1,598,301	1,599,324	1,601,757	2,433
Net Change in Fund Balance	**(4,477)**	**(3,454)**	**361**	**3,815**
Fund Balance at Beginning of Year	4,477	3,454	3,455	1
Fund Balance at End of Year	**$ -**	**$ -**	**$ 3,816**	**$ 3,816**

See accompanying independent auditors' report.

HERNANDO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
RESTORE ACT PROJECTS
For the Fiscal Year Ended September 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Intergovernmental	$ 515,676	$ 1,324,735	$ 431,088	$ (893,647)
Total Revenues	515,676	1,324,735	431,088	(893,647)
Expenditures				
Current				
Physical Environment	80,605	706,364	260,659	445,705
Capital Outlay	435,071	618,371	179,310	439,061
Total Expenditures	515,676	1,324,735	439,969	884,766
Net Change in Fund Balance	**-**	**-**	**(8,881)**	**(8,881)**
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	**$ -**	**$ -**	**$ (8,881)**	**$ (8,881)**

See accompanying independent auditors' report.

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Internal Service Funds

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

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

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

Computer Replacement
To account for the management and replacement of County computers.

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

Fleet Replacement
To account for the management and replacement of County vehicles.

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

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

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2022

	Central Fueling System	Risk Management	Workers' Compen-sation
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ -	$ -	$ 200,000
Pooled Cash and Investments	744,802	1,443,005	8,314,940
Accounts Receivable (net)	1,045	-	2,875
Inventories	70,759	-	-
Total Current Assets	816,606	1,443,005	8,517,815
Non-Current Assets:			
Capital Assets, net of accumulated depreciation:			
Capital Assets, being depreciated, net	3,482	-	-
Total Non-Current Assets	3,482	-	-
Total Assets	820,088	1,443,005	8,517,815
Deferred Outflows of Resources	7,921	29,983	20,914
LIABILITIES			
Current Liabilities:			
Accounts Payable	164,149	1,297	18,801
Accrued Liabilities	8,869	5,228	2,912
Due Within One Year	6,706	9,453	2,787,635
Total Current Liabilities	179,724	15,978	2,809,348
Non-Current Liabilities:			
Due in More Than One Year	63,575	109,015	3,744,733
Total Non-Current Liabilities	63,575	109,015	3,744,733
Total Liabilities	243,299	124,993	6,554,081
Deferred Inflows of Resources	1,708	8,076	8,818
NET POSITION			
Net Investment in Capital Assets	3,482	-	-
Unrestricted	579,520	1,339,919	1,975,830
Total Net Position	$ 583,002	$ 1,339,919	$ 1,975,830

See accompanying independent auditors' report.

Computer Replacement	Vehicle Maintenance	Fleet Replacement	County Health Insurance	Sheriff Health Insurance	Total
$ -	$ 720	$ -	$ -	$ 9,084,475	$ 9,285,195
521,402	535,472	1,530,103	8,476,026	-	21,565,750
-	275	17,961	-	40,407	62,563
-	178,565	-	-	-	249,324
521,402	715,032	1,548,064	8,476,026	9,124,882	31,162,832
19,528	1,271,627	16,983,478	147,461	323,350	18,748,926
19,528	1,271,627	16,983,478	147,461	323,350	18,748,926
540,930	1,986,659	18,531,542	8,623,487	9,448,232	49,911,758
-	133,522	12,521	2,399	-	207,260
-	399,989	236,864	5,494,378	600,604	6,916,082
-	29,195	57,673	2,507	902	107,286
-	31,675	1,052,043	884,521	403,359	5,175,392
-	460,859	1,346,580	6,381,406	1,004,865	12,198,760
-	609,927	4,138,283	142,432	303,010	9,110,975
-	609,927	4,138,283	142,432	303,010	9,110,975
-	1,070,786	5,484,863	6,523,838	1,307,875	21,309,735
-	90,157	4,052	2,657	-	115,468
19,528	1,271,627	11,891,189	-	-	13,185,826
521,402	(312,389)	1,163,959	2,099,391	8,140,357	15,507,989
$ 540,930	$ 959,238	$ 13,055,148	$ 2,099,391	$ 8,140,357	$ 28,693,815

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2022

	Central Fueling System	Risk Management	Workers' Compen-sation
Operating Revenues			
Charges for Services	$ 1,819,878	$ 4,509,506	$ 1,409,364
Miscellaneous	9	1,175	6,202
Total Operating Revenues	1,819,887	4,510,681	1,415,566
Operating Expenses			
Personnel Services	163,220	126,070	75,736
Other Services & Charges	1,682,319	4,382,940	266,272
Claims	-	-	(395,561)
Depreciation and Amortization	1,413	-	-
Total Operating Expenses	1,846,952	4,509,010	(53,553)
Operating Income (Loss)	(27,065)	1,671	1,469,119
Non-Operating Revenues (Expenses)			
Investment Income (Loss)	(13,737)	(40,268)	(223,389)
Interest Expense	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-
Total Non-Operating Revenues (Expenses)	(13,737)	(40,268)	(223,389)
Income (Loss) Before Transfers	(40,802)	(38,597)	1,245,730
Transfers In	-	-	-
Transfers Out	(2,399)	(1,890)	(1,470)
Total Contributions and Transfers	(2,399)	(1,890)	(1,470)
Change in Net Position	(43,201)	(40,487)	1,244,260
Net Position-Beginning	626,203	1,380,406	731,570
Net Position-Ending	$ 583,002	$ 1,339,919	$ 1,975,830

See accompanying independent auditors' report.

Computer Replacement	Vehicle Maintenance	Fleet Replacement	County Health Insurance	Sheriff Health Insurance	Total
$ 118,549	$ 3,049,362	$ 4,431,310	$ 11,604,635	$ 10,153,793	$ 37,096,397
-	16,226	18,187	817,087	372,292	1,231,178
118,549	3,065,588	4,449,497	12,421,722	10,526,085	38,327,575
-	668,300	154,398	2,313,755	-	3,501,479
34,757	2,160,483	727,228	1,232,190	1,886,358	12,372,547
-	-	-	12,077,872	6,565,151	18,247,462
86,334	71,901	3,153,434	36,933	37,310	3,387,325
121,091	2,900,684	4,035,060	15,660,750	8,488,819	37,508,813
(2,542)	164,904	414,437	(3,239,028)	2,037,266	818,762
(14,273)	(2,399)	(27,316)	(203,763)	343	(524,802)
-	-	(131,680)	(5,682)	(11,771)	(149,133)
(1,315)	-	194,828	-	-	193,513
(15,588)	(2,399)	35,832	(209,445)	(11,428)	(480,422)
(18,130)	162,505	450,269	(3,448,473)	2,025,838	338,340
-	-	-	1,191,049	-	1,191,049
-	(79,348)	(2,062)	(630)	-	(87,799)
-	(79,348)	(2,062)	1,190,419	-	1,103,250
(18,130)	83,157	448,207	(2,258,054)	2,025,838	1,441,590
559,060	876,081	12,606,941	4,357,445	6,114,519	27,252,225
$ 540,930	$ 959,238	$ 13,055,148	$ 2,099,391	$ 8,140,357	$ 28,693,815

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2022

	Central Fueling System	Risk Management	Workers' Compen-sation
Cash Flows from Operating Activities			
Receipts from Customers	$ 1,821,619	$ 4,511,584	$ 1,406,489
Receipts from Inter-Fund Services	-	-	-
Payments to Suppliers	(1,617,674)	(4,384,080)	(351,422)
Payments to Employees	(144,267)	(120,557)	(72,922)
Claimes Paid	-	-	(594,439)
Other Receipts (Payments)	9	1,175	6,202
Net Cash provided by (used in) Operating Activities	59,687	8,122	393,908
Cash Flows from Noncapital Financing Activities			
Transfers From Other Funds	-	-	-
Transfers to Other Funds	(2,399)	(1,890)	(1,470)
Interest Payments on Long-Term Leases	-	-	-
Principal Payments on Long-Term Leases	-	-	-
Net Cash Provided by (used for) Noncapital Financing Activities	(2,399)	(1,890)	(1,470)
Cash Flows From Capital and Related Financing Activites			
Additions to Capital Assets	-	-	-
Proceeds from Capital Debt	-	-	-
Principal Paid on Capital Debt	-	-	-
Interest Paid on Capital Debt	-	-	-
Proceeds From Sale of Capital Assets	-	-	-
Net Cash provided by (used for) Capital and Related Financing Activities	-	-	-
Cash Flows form Investing Activities			
Interest Received	(13,738)	(40,268)	(223,389)
Net Cash Provided by Investing Activities	(13,738)	(40,268)	(223,389)
Net Increase (Decrease) in Cash and Cash Equivalents	43,550	(34,036)	169,049
Cash and Cash Equivalents at Beginning of Year	701,252	1,477,041	8,345,891
Cash and Cash Equivalents at End of Year	$ 744,802	$ 1,443,005	$ 8,514,940

See accompanying independent auditors' report.

Computer Replacement	Vehicle Maintence	Fleet Replacement	County Health Insurance	Sheriff Health Insurance	Total
$ 278,317	$ 3,363,158	$ 4,516,348	$ 11,604,635	$ 848,483	$ 28,350,633
-	-	-		8,725,940	8,725,940
(63,462)	(2,564,550)	(497,578)	1,865,046	(1,345,172)	(8,958,892)
-	(654,979)	(139,905)	(2,328,445)	-	(3,461,075)
-	-	-	(11,944,474)	(6,650,222)	(19,189,135)
-	16,225	18,187	817,087	372,292	1,231,177
214,855	159,854	3,897,052	13,849	1,951,321	6,698,648
-	-	-	1,191,049	-	1,191,049
-	(79,348)	(2,062)	(630)	-	(87,799)
-	-	-	(412)	(10,869)	(11,281)
-	-	-	(37,800)	(28,261)	(66,061)
-	(79,348)	(2,062)	1,152,207	(39,130)	1,025,908
-	-	(3,113,852)	-	-	(3,113,852)
-	-	334,100	-	-	334,100
-	-	(971,598)	-	-	(971,598)
-	-	(131,680)	-	-	(131,680)
-	-	208,878			208,878
-	-	(3,674,152)	-	-	(3,674,152)
(14,271)	(2,398)	(27,316)	(203,763)	343	(524,800)
(14,271)	(2,398)	(27,316)	(203,763)	343	(524,800)
200,584	78,108	193,522	962,293	1,912,534	3,525,604
320,818	458,084	1,336,581	7,513,733	7,171,941	27,325,341
$ 521,402	$ 536,192	$ 1,530,103	$ 8,476,026	$ 9,084,475	$ 30,850,945

Continued

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2022

	Central Fueling System	Risk Management	Workers' Compen-sation
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	$ (27,065)	$ 1,671	$ 1,469,119
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided by (used in) Operating Activities			
Depreciation and Amortization	1,413	-	-
Other Post-Employment Benefits	238	184	134
Pension Adjustments	10,648	1,309	707
(Increase) Decrease in			
Accounts Receivable	1,741	-	(2,875)
Due from Other Funds	-	-	-
Due from Other Governments	-	2,078	-
Inventories	14,840	-	-
Increase (Decrease) in			
Accounts Payable	49,805	(384)	(84,779)
Accrued Liabilities	8,067	4,020	1,972
Due to Other Funds	-	(756)	(370)
Unearned Revenues	-	-	-
Claims Liabilities	-	-	(990,000)
Total Adjustments	86,752	6,451	(1,075,211)
Net Cash Provided by (used in) Operating Activities	$ 59,687	$ 8,122	$ 393,908

See accompanying independent auditors' report.

Computer Replacement	Vehicle Maintence	Fleet Replacement	County Health Insurance	Sheriff Health Insurance	Total
$ (2,542)	$ 164,903	$ 414,437	$ (3,239,028)	$ 2,037,266	$ 818,761
86,334	71,901	3,153,434	36,933	37,310	3,387,325
-	1,021	215	84	-	1,876
-	(708)	14,475	(16,067)	-	10,364
-	313,796	85,038	-	(40,407)	357,293
159,768	-	-	-	-	159,768
-	-	-	-	-	2,078
-	(59,269)	-	-	-	(44,429)
(28,705)	(337,402)	229,650	3,097,236	541,186	3,466,607
-	13,008	-	1,293	-	28,360
-	(7,396)	(197)	-	-	(8,719)
-	-	-	-	(538,963)	(538,963)
-	-	-	133,398	(85,071)	(941,673)
217,397	(5,049)	3,482,615	3,252,877	(85,945)	5,879,887
$ 214,855	$ 159,854	$ 3,897,052	$ 13,849	$ 1,951,321	$ 6,698,648

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Custodial Funds

Board of County Commissioners Custodial Fund

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

Clerk of Circuit Court Custodial Fund

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

Tax Collector Custodial Fund

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

Sheriff Custodial Fund

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

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
September 30, 2022

	Board of County Commissioners	Clerk of the Circuit Court	Sheriff
ASSETS			
Cash and Cash Equivalents	$ -	$ -	$ 288,277
Pooled Cash and Investments	302,677	7,507,093	-
Due from Other Governments	-	-	-
Total Assets	**302,677**	**7,507,093**	**288,277**
LIABILITIES			
Accounts Payable	115,469	287,467	49,717
Due to Other Governments	170,167	472,957	54,583
Installment Tax Escrow	-	-	-
Deposits	17,041	-	-
Other Current Liabilities	-	4,575,051	-
Total Liabilities	**302,677**	**5,335,475**	**104,300**
NET POSITION			
Restricted for:			
Individuals and Other Governments	-	2,171,618	183,977
Total Net Position	**$ -**	**$ 2,171,618**	**$ 183,977**

See accompanying independent auditors' report.

Tax Collector	Total
$ -	$ 288,277
7,445,837	15,255,607
266	266
7,446,103	**15,544,150**
3,954	456,607
2,850,244	3,547,951
4,591,905	4,591,905
-	17,041
-	4,575,051
7,446,103	**13,188,555**
-	2,355,595
$ -	**$ 2,355,595**

HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES TO FIDUCIARY NET POSITION
CUSTODIAL FUNDS
For the Fiscal Year Ended September 30, 2022

	Board of County Commissioners	Clerk of the Circuit Court	Sheriff	Tax Collector
Additions				
Tax Collections for Other Governments	$ -	$ -	$ -	$ 112,410,875
State of Florida collections	-	39,339,362	-	-
Other collections	12,901,294	9,948,217	-	-
Miscellaneous	-	-	1,330,741	3,283
Total additions	12,901,294	49,287,579	1,330,741	112,414,158
Deductions				
Payments to State of Florida	-	39,764,441	-	-
Payments of Taxes to Other Governments	-	-	-	112,410,875
Other Payments	12,901,294	8,683,120	1,260,661	-
Miscellaneous	-	-	-	3,283
Total deductions	12,901,294	48,447,561	1,260,661	112,414,158
Change in net position	-	840,018	70,080	-
Net Position-beginning of the year	-	1,331,600	113,897	-
Net Position-end of year	$ -	$ 2,171,618	$ 183,977	$ -

See accompanying independent auditors' report.

	Total
$	112,410,875
	39,339,362
	22,849,511
	1,334,024
	175,933,772
	39,764,441
	112,410,875
	22,845,075
	3,283
	175,023,674
	910,098
	1,445,497
$	2,355,595

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STATISTICAL TABLES

This section contains the following:

The statistical data is information gathered by the Clerk of Circuit Court and relates to the physical, economic, social and political characteristics of the County. It is intended to provide financial report users with a broader and more complete understanding of the County and its financial affairs than is possible from the Financial Statements and supporting schedules included in the Financial Section. Many of these tables cover multiple fiscal years and present data from outside the accounting records. Therefore, the Statistical Section data has not been subjected to independent audit.

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STATISTICAL SECTION

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future

Demographic and Economic Information

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

Operating Information

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

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

Schedule 1

Hernando County, Florida
Net Position by Component

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

	Fiscal Year				
	2013	**2014**	**2015 (1)**	**2016**	**2017**
Governmental activities					
Net Invested in Capital Assets	$ 290,020	$ 292,320	$ 303,506	$ 306,373	$ 304,605
Restricted	82,667	72,678	61,254	62,476	57,323
Unrestricted (Deficit)	24,747	32,333	(28,753)	(42,266)	(46,513)
Total Governmental Activities Net Position	$ 397,434	$ 397,331	$ 336,007	$ 326,583	$ 315,415
Business-type activities					
Net Invested in Capital Assets	$ 171,017	$ 168,614	$ 171,560	$ 174,660	$ 171,817
Restricted	10,312	10,442	9,597	12,753	17,783
Unrestricted	28,386	33,505	37,215	42,892	49,047
Total Business-type Activities Net Position	$ 209,715	$ 212,561	$ 218,372	$ 230,305	$ 238,647
Primary government					
Net Invested in Capital Assets	$ 461,037	$ 460,934	$ 475,066	$ 481,033	$ 476,422
Restricted	92,979	83,120	70,851	75,229	75,106
Unrestricted	53,133	65,838	8,462	626	2,534
Total Primary Government Net Position	$ 607,149	$ 609,892	$ 554,379	$ 556,888	$ 554,062

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

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

2018	2019	2020	2021	2022 (2)
$ 304,941	$ 306,203	$ 331,520	$ 312,258	$ 318,931
60,066	78,821	90,385	102,989	111,550
(61,512)	(86,050)	(90,418)	(46,020)	(45,724)
$ 303,495	$ 298,974	$ 331,487	$ 369,227	$ 384,757
$ 172,789	$ 178,095	$ 188,883	$ 202,054	$ 225,879
18,818	40,140	51,337	20,932	20,932
54,634	43,391	32,345	76,324	82,381
$ 246,241	$ 261,626	$ 272,565	$ 299,310	$ 329,192
$ 477,730	$ 484,298	$ 520,403	$ 514,312	$ 544,810
78,884	118,961	141,722	123,921	132,482
(6,878)	(42,659)	(58,073)	30,304	36,657
$ 549,736	$ 560,600	$ 604,052	$ 668,537	$ 713,949

Schedule 2

Hernando County, Florida
Changes in Net Position

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

	Fiscal Year				
	2013	2014	2015	2016	2017
Expenses					
Governmental Activities:					
General government	$ 20,629	$ 21,044	$ 22,134	$ 24,583	$ 26,219
Public safety	69,196	74,079	74,105	86,582	92,685
Physcial Environment	1,316	988	1,195	1,230	1,304
Transportation	19,119	19,983	20,187	23,236	24,465
Economic Environment	2,377	1,689	2,355	3,095	3,487
Human Services	8,819	10,009	8,762	7,275	7,504
Culture and Recreation	5,326	5,173	5,146	5,714	5,712
Court Operations	6,140	6,656	6,868	6,773	7,163
Interest on Long-term Debt	1,224	1,144	1,062	1,038	1,074
Total governmental activities expenses	134,146	140,765	141,814	159,526	169,613
Business-type activities					
Water and Sewer District	25,147	25,505	25,882	27,673	30,933
Aviation Operations	2,561	2,914	2,242	2,567	2,233
Waste Management	6,902	6,918	3,348	6,447	7,594
Building Department	1,724	1,990	2,218	2,786	2,807
Zoning Department	350	359	-	-	-
Total business-type activities expenses	36,684	37,686	33,690	39,473	43,567
Total primary government expenses	$ 170,830	$ 178,451	$ 175,504	$ 198,999	$ 213,180
Program Revenues					
Governmental activities:					
Charges for services					
General government	$ 10,116	$ 13,730	$ 14,238	$ 12,050	$ 12,419
Public safety	18,180	27,931	29,063	31,168	31,312
Physical Environment	79	306	214	345	865
Transportation	4,327	3,165	4,856	5,398	5,692
Economic Environment	115	54	96	-	66
Human Services	231	245	229	250	231
Culture and Recreation	811	851	833	915	1,037
Court Operations	4,978	5,120	5,059	4,832	4,848
Operating grants and contributions	4,528	2,408	5,033	4,935	5,993
Capital grants and contributions	4,323	1,887	3,006	1,777	4,728
Total governmental activities program revenues	47,688	55,697	62,627	61,670	67,191
Business-type activities:					
Charges for services:					
Water and Sewer District	25,275	26,568	28,569	31,032	33,832
Avaiation Operations	1,878	1,629	1,607	1,806	1,701
Waste Management	7,331	7,420	7,668	7,653	7,803
Building Department	1,792	1,900	2,602	2,970	2,915
Zoning Department	247	320	-	-	-
Operating grants and contributions	75	245	294	94	110
Capital grants and contributions	2,036	1,549	2,531	5,306	4,469
Total business-type activities program revenues	38,634	39,631	43,271	48,861	50,830
Total primary government program revenues	$ 86,322	$ 95,328	$ 105,898	$ 110,531	$ 118,021

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

2018	2019	2020	2021	2022
$ 28,208	$ 30,156	$ 30,576	$ 28,309	$ 33,618
99,101	112,625	120,003	96,101	114,962
1,402	6,395	8,128	8,325	8,963
25,206	26,166	27,506	27,643	30,077
2,856	2,565	4,808	5,943	2,341
7,936	8,312	8,444	9,204	7,950
6,220	6,845	6,418	6,665	7,274
7,384	7,664	7,525	7,940	8,155
1,162	1,225	1,094	887	966
179,475	201,953	214,502	191,017	214,306
31,357	32,681	34,129	33,721	34,021
2,257	2,695	3,028	3,071	3,499
9,792	8,957	12,227	9,230	10,341
3,258	3,540	4,142	4,162	4,575
-	-	-	-	-
46,664	47,873	53,526	50,184	52,436
$ 226,139	$ 249,826	$ 268,028	$ 241,201	$ 266,742
$ 13,428	$ 14,555	$ 15,481	$ 12,809	$ 15,125
35,831	46,038	47,217	49,221	45,938
503	101	223	264	10
6,307	13,234	13,510	13,862	14,319
-	18	19	24	31
242	278	215	239	233
1,051	961	890	1,177	1,153
5,090	5,059	4,413	4,953	4,968
5,361	6,393	32,962	14,807	10,401
6,035	4,546	7,952	5,957	6,879
73,848	91,183	122,882	103,313	99,057
33,861	35,858	38,933	41,625	44,561
1,895	1,972	2,120	2,183	1,745
7,896	8,168	9,032	9,406	11,131
3,547	3,677	3,803	4,453	4,801
-	-	-	-	-
107	1,521	842	165	118
6,629	7,870	8,533	16,127	21,603
53,935	59,066	63,263	73,959	83,959
$ 127,783	$ 150,249	$ 186,145	$ 177,272	$ 183,015

Schedule 2

Hernando County, Florida
Changes in Net Position

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

	Fiscal Year				
	2013	2014	2015	2016	2017
Net (Expense)/Revenue					
Governmental Activities	$ (86,458)	$ (85,068)	$ (79,187)	$ (97,856)	$ (102,422)
Business-type Activities	1,950	1,945	9,581	9,388	7,263
Total Primary Government Net Expense	$ (84,508)	$ (83,123)	$ (69,606)	$ (88,468)	$ (95,159)
General Revenues and Other Changes in Net Position					
Governmental Activities					
Taxes					
Property Taxes	$ 57,141	$ 59,178	$ 58,984	$ 61,572	$ 62,915
Fuel Taxes	6,058	6,089	6,242	8,146	8,722
Sales Taxes	7,638	8,029	8,697	9,100	9,337
Other Taxes	1,804	1,667	2,530	2,560	2,597
State Shared Revenue	4,227	4,428	4,756	4,889	5,102
Investment Earnings	73	1,475	1,671	1,437	562
Miscellaneous	1,460	4,351	1,274	1,378	1,597
Gain on Sale of Capital Assets	-	28	221	349	205
Transfers	(76)	(18)	610	(998)	217
Total Governmental Activities	78,325	85,227	84,985	88,433	91,254
Business-type Activities					
Investment Earnings (Loss)	31	605	743	701	348
Gain on Sale of Capital Assets	116	50	46	28	(11)
Miscellaneous	860	900	864	818	958
Transfers	76	18	(610)	998	(217)
Total Business-type Activities	1,083	1,573	1,043	2,545	1,078
Total Primary Government	$ 79,408	$ 86,800	$ 86,028	$ 90,978	$ 92,332
Changes in Net Position					
Governmental Activities	$ (8,133)	$ 159	$ 5,798	$ (9,423)	$ (11,168)
Business-type Activities	3,033	3,518	10,624	11,933	8,341
Total Primary Government	$ (5,100)	$ 3,677	$ 16,422	$ 2,510	$ (2,827)

2018	2019	2020	2021	2022
$ (105,627)	$ (110,771)	$ (91,620)	$ (87,703)	$ (115,250)
7,271	11,192	9,738	23,775	31,523
$ (98,356)	$ (99,579)	$ (81,882)	$ (63,928)	$ (83,726)
$ 69,647	$ 72,134	$ 86,534	$ 91,910	$ 98,386
8,970	8,872	8,328	8,841	9,091
9,878	10,241	10,458	12,286	13,560
2,710	2,455	2,597	2,570	3,693
5,335	5,601	5,317	6,133	7,775
532	5,190	4,126	405	(5,784)
1,682	1,613	4,640	2,936	3,260
53	-	-	564	194
154	145	119	(201)	61
98,961	106,251	122,119	125,444	130,236
245	3,514	2,610	175	(2,547)
315	13	47	1,914	76
1,057	812	676	681	890
(154)	(145)	(119)	201	(61)
1,463	4,194	3,214	2,971	(1,642)
$ 100,424	$ 110,445	$ 125,333	$ 128,415	$ 128,594
$ (6,666)	$ (4,520)	$ 30,499	$ 37,740	$ 14,986
8,734	15,385	12,952	26,745	29,881
$ 2,068	$ 10,865	$ 43,451	$ 64,485	$ 44,868

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Schedule 3

Hernando County, Florida
Fund Balance of Government Funds
Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	$ 145	$ 46	$ 829	$ 4,570	$ 7,503	$ 5,890	$ 3,909	$ 1,469	$ 811	$ 699
Restricted	981	312	142	341	771	1,015	1,046	1,676	913	860
Committed	4,436	4,812	5,374	5,320	5,717	5,913	7,677	7,052	7,510	10,093
Assigned	3,350	5,712	4,000	3,000	-	28	-	339	4,791	7,460
Unassigned	9,825	12,034	12,992	9,443	6,860	9,760	9,346	48,035	51,771	48,100
Total General Fund	$ 18,737	$ 22,916	$ 23,337	$ 22,674	$ 20,851	$ 22,606	$ 21,978	$ 58,571	$ 65,796	$ 67,212
All other Governmental Funds										
Nonspendable	$ 574	$ 78	$ 65	$ 57	$ 51	$ 51	$ 181	$ 128	$ 157	$ 46
Restricted	79,282	69,625	59,257	59,914	53,754	58,082	58,082	58,082	92,823	105,209
Committed	966	1,017	1,140	1,247	1,286	1,353	1,625	1,823	2,014	2,024
Assigned	7,473	9,220	10,164	8,104	15,252	12,207	11,864	13,412	14,714	14,829
Total all other Government Funds	$ 88,295	$ 79,940	$ 70,626	$ 69,322	$ 70,343	$ 71,693	$ 71,752	$ 73,445	$ 109,708	$ 122,108

Schedule 4

Hernando County, Florida
Changes in Fund Balances of Governmental Funds

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes	$ 65,009	$ 66,892	$ 67,733	$ 72,115	$ 74,178	$ 81,305	$ 83,660	$ 97,420	$ 103,329	$ 111,084
Licenses and Permits	62	60	390	446	504	529	625	579	611	610
Intergovernmental	24,149	20,716	23,624	23,916	27,279	28,931	29,157	56,962	40,671	38,809
Charges for Services	18,276	21,034	28,395	26,403	25,585	29,449	32,234	33,764	36,749	37,816
Fines and Forfeitures	1,060	1,692	1,621	1,543	1,540	1,732	1,643	1,653	1,764	1,585
Special Assessments	11,348	19,155	19,140	20,404	21,479	23,056	36,458	36,730	37,266	38,044
Impact Fees	(6)	422	892	1,299	2,733	3,129	3,176	3,264	4,550	5,052
Interest	99	1,334	1,460	1,281	486	454	4,580	3,732	383	(5,259)
Miscellaneous	2,513	8,535	2,552	2,553	2,428	2,690	2,975	6,843	4,562	4,550
Total Revenues	$ 122,510	$ 139,840	$ 145,807	$ 149,960	$ 156,212	$ 171,275	$ 194,508	$ 240,947	$ 229,885	$ 232,291
Expenditures										
Current										
General government	$ 18,563	$ 18,516	$ 20,258	$ 21,271	$ 21,946	$ 23,999	$ 24,519	$ 24,113	$ 27,806	$ 30,781
Public safety	67,047	70,449	75,963	78,707	81,327	86,506	92,621	97,700	102,462	109,531
Physical Environment	1,140	966	1,131	1,094	1,144	1,188	6,170	7,913	8,161	8,806
Transportation	13,037	13,500	13,584	14,932	15,720	15,600	15,851	17,215	18,408	20,195
Economic Environment	2,350	1,639	2,298	3,031	3,415	2,771	2,478	4,701	5,957	2,320
Human Services	7,402	8,538	7,043	5,520	5,710	6,094	6,448	6,577	7,670	6,693
Culture and Recreation	4,500	4,316	4,615	4,758	4,852	5,291	5,783	5,482	6,243	6,661
Court Operations	6,034	6,525	6,708	6,585	6,952	7,222	7,490	7,358	7,856	8,057
Debt service										
Principal	3,319	3,085	2,888	3,854	4,075	4,185	4,322	4,576	4,964	4,137
Interest and other charges	963	1,078	990	978	975	987	1,035	912	671	732
Capital outlay	14,227	15,663	19,297	13,475	12,268	14,878	14,151	17,190	20,395	23,608
Total Expenditures	$ 138,582	$ 144,275	$ 154,775	$ 154,205	$ 158,384	$ 168,721	$ 180,868	$ 193,737	$ 210,593	$ 221,521
Excess of revenues over (under) expenditures	(16,072)	(4,435)	(8,968)	(4,245)	(2,172)	2,554	13,640	47,210	19,292	10,770

Schedule 4

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

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Other Financing Sources (Uses)										
Transfers in	$ 10,276	$ 6,812	$ 6,046	$ 10,989	$ 14,063	$ 14,640	$ 15,961	$ 16,208	$ 14,480	$ 11,730
Transfers Out	(10,889)	(8,266)	(7,834)	(9,469)	(15,061)	(15,333)	(16,977)	(17,482)	(19,404)	(12,771)
Sale of capital assets	-	-	-	-	-	53	-	-	-	-
Lease Liabilities Issued	-	-	-	-	-	-	-	-	-	3,514
Additions to Long-Term Debt	29,786	1,713	1,864	757	2,368	1,189	1,056	1,516	5,708	572
Payment to Refunded Bond Escrow Agent	(25,308)	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	3,865	259	76	2,277	1,370	549	40	242	784	3,044
Net Change in Fund Balances	$ (12,207)	$ (4,176)	$ (8,892)	$ (1,968)	$ (802)	$ 3,103	$ 13,680	$ 47,452	$ 20,076	$ 13,814
Debt Service as a Percentage of Noncapital Expenditures	3.4%	3.2%	2.8%	3.6%	3.5%	3.4%	3.2%	3.1%	3.0%	2.5%

Schedule 5

Hernando County, Florida
General Government State Shared Revenues by Source

Last Ten Fiscal Years
(dollars expressed in thousands)

Fiscal Year	Local Government Half-Cent Sales Tax	State Revenue Sharing Proceeds	Constitutional Fuel Tax	County Fuel Tax	Local Option 1 - 6 cents	State Housing Initiative Partnership	Other Revenues
2013	$ 7,608	$ 3,838	$ 1,657	$ 731	$ 4,136	$ 428	$ -
2014	8,000	4,063	1,701	734	4,143	-	-
2015	8,647	4,392	1,724	756	4,257	864	-
2016	9,099	4,519	1,780	787	4,571	878	-
2017	9,306	4,735	1,836	808	4,594	1,167	-
2018	9,823	4,971	1,880	826	4,753	796	237
2019	10,113	5,224	1,947	843	4,754	360	237
2020	10,334	4,913	1,747	758	4,402	404	237
2021	12,179	5,726	1,848	809	4,727	555	237
2022	13,501	7,369	1,949	850	4,830	2,050	237

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

Schedule 6

Hernando County, Florida
Fair Market, Assessed Value and Taxable Value of Property

Last Ten Fiscal Years
(dollars expressed in thousands)

	Fair Market (a)(i)		Assessed Value (b)(i)		Exemptions (c)(i)		Taxable Value (d)(i)				
Tax Roll Year	Real Property (f)	Personal Property (g)	Real Property (f)	Personal Property (g)	Real Property (f)	Personal Property (g)	Real Property (f)	Personal Property (g)	Centrally Assessed (h)	Total	Total Direct Tax Rate (e)
2013	$ 9,989,311	$ 1,602,911	$ 9,341,160	$ 1,594,242	$ 3,349,573	$ 627,890	$ 5,991,587	$ 966,351	$ 7,626	$ 6,965,564	8.4478
2014	10,349,863	1,606,000	9,531,618	1,604,589	3,350,771	608,798	6,180,847	995,791	7,842	7,184,480	8.4775
2015	10,800,268	1,585,644	9,795,639	1,584,744	3,403,429	600,482	6,392,210	984,263	7,869	7,384,342	8.5941
2016	11,208,262	1,703,765	10,044,161	1,703,015	3,473,220	596,852	6,570,941	1,106,163	8,326	7,685,430	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

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

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

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

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

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

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

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

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

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

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

Source: Hernando County Property Appraiser

Schedule 7

Hernando County, Florida
Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
DIRECT RATES (a)										
Countywide										
Hernando County Government:										
General Fund	6.8669	6.9912	6.9912	6.9912	6.8912	6.8912	7.8912	7.6412	7.4412	6.9912
Special Revenue										
Transportation Trust Fund	0.7091	0.7091	0.7091	0.7091	0.7091	0.7091	0.7091	0.7091	0.8091	0.8091
Health Department	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102	0.1102
Total Countywide	7.6862	7.8105	7.8105	7.8105	7.7105	7.7105	8.7105	8.4605	8.3605	7.9105
Maximum Allowed (b)	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000
Other										
Hernando County Government:										
Municipal Services Taxing Units										
Stormwater Management Program	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139	0.1139
Emergency Medical Services	0.5534	0.5534	0.6700	0.6700	0.6700	0.9100	0.9100	0.9100	0.9100	0.9100
Mosquito Control	0.1000	-	-	-	-	-	-	-	-	-
Total	0.7673	0.6673	0.7839	0.7839	0.7839	1.0239	1.0239	1.0239	1.0239	1.0239
Maximum Allowed Per Taxpayer (b)	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000
Total Direct Tax Rates (c)	8.4478	8.4775	8.5941	8.5942	8.9692	8.7344	9.7344	9.4844	9.3844	8.9344
OVERLAPPING RATES (d)										
Countywide										
School Board	7.2800	7.1670	7.1960	6.8690	6.6190	6.3400	6.1630	5.9130	6.7770	6.5250
Southwest Florida Water Management District	0.3818	0.3658	0.3488	0.3317	0.3131	0.2955	0.2801	0.2669	0.2535	0.2260
Not Countywide										
Municipalities										
City of Brooksville	6.7317	6.6962	6.6439	6.6426	6.9763	6.2000	6.2000	5.9000	5.9000	5.9000
City of Weeki Wachee	2.7654	2.6237	2.7622	2.8478	2.8470	2.8421	2.8658	-	-	-

(a) Direct rates support the ad valorem revenue base for County Government operations.

(b) Section 200.071, Florida Statutes, a county may not levy in excess of 10 mills, except for voted levies and for services or facilities provided through a municipal services taxing unit (MSTU).

(c) Total Direct Tax Rate is the weighted average of the direct rates in each area.

(d) Overlapping rates are those rates levied by other local governments who overlap Hernando County's geographic area. Not all rates apply to all Hernando County residents; for example, each incorporated municipality within the County also taxes its respective residents.

(e) Data represents the millages used to approve the budget, and calculate taxes to support the following year, but are based on the tax roll which began on January 1 for reflected year.

Source: Hernando County Property Appraiser

Schedule 8

Hernando County, Florida
Principal Propery Taxpayers

Last Fiscal Year Compared to the Fiscal Year Nine Years Earlier
(dollars expressed in thousands)

		2022			2013		
Taxpayer	**Type of Business**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Cemex, Inc.	Cement Manufacturing	$ 289,449	1	2.25%	$ 265,911	1	3.82%
Withlacoochee River Electric Co-op	Electric Utility	238,358	2	1.85%	174,950	2	2.51%
Duke energy (formerly Progress Energy)	Electric Utility	114,783	3	0.89%	69,124	4	0.99%
HCA Health Services of Florida, Inc.	Hospital/Health Care	76,890	4	0.60%	36,427	7	0.52%
Wal-Mart Regional Distribution	Distribution	74,744	5	0.58%	118,429	3	1.70%
BW Hibiscus Springs LLC	Apartments	55,972	6	0.43%	-	-	-
Wal-Mart Stores, Inc.	Retail Sales	52,209	7	0.41%	-	-	0.00%
Florida Gas Transmissions	Utility	49,321	8	0.38%	53,485	5	0.77%
Oak Hill Community Hospital	Hospital	37,557	9	0.29%	-	-	0
Wal-Mart Stores East LP	Retail Sales	35,729	10	0.28%	-	-	-
Bright House Networks	Cable Utility	-	-	-	33,694	8	0.48%
AT&T Telecommunications	Telecommunications	-	-	-	46,770	6	0.67%
Millenennium Venture Limited	Senior Care	-	-	-	22,503	9	0.32%
Federal National Mortgage Association	Real Estate	-	-	-	22,503	10	0.32%
Totals		$ 1,025,012		7.96%	$ 843,796		12.10%

Source: Hernando County Property Appraiser

Schedule 9

Hernando County, Florida
Property Tax Levies and Collections

Last Ten Fiscal Years
(dollars expressed in thousands)

Fiscal Year Ended September 30	Certified Taxes Levied for the Fiscal Year (a) (d)	Certificates of Correction by Property Appraiser	Adjusted Taxes Levied for the Fiscal Year (a)	Collected within the Fiscal Year of the Levy (b)				Prior Year Taxes Collected (c)	Total Taxes Collected	
				Levied Collections	Discounts/Penalties	Adjusted Collections	Percentage Collected		Amount	Percentage Collected
2013	$ 75,403	$ (2,870)	$ 72,533	$ 72,114	$ (2,197)	$ 69,917	96.39%	$ 320	$ 70,237	96.83%
2014	83,274	(204)	83,070	82,776	(2,531)	80,245	96.60%	404	80,649	97.09%
2015	85,321	(419)	84,902	84,555	(2,629)	81,926	96.49%	229	82,155	96.76%
2016	88,933	(112)	88,821	88,485	(2,778)	85,707	96.49%	403	86,110	96.95%
2017	92,969	161	93,130	91,320	(2,890)	88,430	94.95%	451	88,881	95.44%
2018	101,714	(120)	101,594	99,973	(3,189)	96,784	95.27%	231	97,015	95.49%
2019	118,155	(116)	118,039	116,432	(3,715)	112,717	95.49%	107	112,824	95.58%
2020	132,568	(152)	132,416	132,321	(4,266)	128,055	96.71%	199	128,254	96.86%
2021	138,406	(105)	138,301	138,149	(4,585)	133,564	96.57%	168	133,732	96.70%
2022	147,864	(208)	147,656	147,545	(4,969)	142,576	96.56%	149	142,725	96.66%

(a) Certified taxes levied is the original tax assessment due to Hernando County before any adjustments are determined by Property Appraiser and/or the Value Adjustment Board, and before any tax amounts are determined to be uncollectible due to insolvencies and/or litigation. Adjusted Taxes Levied reflects changes made throughout the fiscal year. The tax levy represents only the taxes due to the Hernando County financial reporting entity and therefore, excludes taxes due to the School Board, the City of Brooksville, Southwest Florida Water Management District and certain other governmental entities. This corresponds to the Direct Tax Rates section of Schedules 6 and 7.

(b) In accordance with Florida Statutes, property taxes become due and payable on November 1 of each year and are delinquent on April 1 of the following year. A four percent discount is allowed if the taxes are paid in November, with the discount declining by one percent each month thereafter. Taxes collected will not equal 100% of the tax levy due to insolvencies, litigation and county certificates. In the table above, taxes collected November 1, 2021 through March 31, 2022 are reflected as levied for the Fiscal Year Ended September 30, 2022. Tax Certificates for unpaid taxes and assessments for that year will be sold no later than June 1, 2023.

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

(d) Includes non-ad valorem taxes, 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: Hernando County Tax Collector

Schedule 10

Hernando County, Florida
Ratios of Outstanding Debt by Type

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

	Governmental Activites				Business-Type Activities					
Fiscal Year Ended September 30	Revenue and Revenue Refunding Bonds (a)	Notes Payable	Financed Purchase Obligations	Leases Payable	Water and Sewer Revenue Bonds (a)	Notes Payable	Leases Payable	Total Primary Government	Debt as a Ratio to Personal Income (b)	Debt Per Capita
2013	$ 8,663	$ 29,230	$ 535	$ -	$ 40,920	$ 24,195	$ -	$ 103,543	1.89%	$ 596
2014 (c)	6,983	30,900	217	-	40,666	23,196	-	101,962	1.79%	583
2015	5,209	31,665	54	-	38,337	40,540	-	115,805	1.92%	655
2016	3,964	29,852	-	-	35,949	57,739	-	127,504	2.00%	712
2017	2,691	29,416	-	-	33,465	57,955	-	123,527	1.87%	679
2018	2,345	30,789	-	-	30,901	55,047	-	119,082	1.69%	642
2019	1,993	27,135	-	-	28,228	52,193	-	109,549	1.48%	574
2020	1,622	27,009	823	-	26,852	49,274	-	105,580	1.28%	549
2021	1,240	27,561	451	-	70,779	833	-	100,864	1.09%	513
2022	844	24,287	342	4,791	67,063	637	865	98,829	-	496

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

(a) Bonds are shown net of related deferred gains or losses on bond refundings and net of related unamortized bond issue premiums or discounts.

(b) Due to a time lag in receiving personal income figures, ratios were not reported for the most recent year(s). See Schedule 14, "Demographic and Economic Statistics", for actual personal income and population figures used above. Source: U.S. Department of Commerce Bureau of Economic Analysis

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

Schedule 11

Hernando County, Florida
Ratios of General Bonded Debt Outstanding

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

Fiscal Year Ended September 30	Revenue and Revenue Refunding Bonds	Less: Amounts Available in Debt Service Fund	Net General Bonded Debt	Percentage of Taxable Value of Property (a)	General Debt Per Capita (b)
2013	$ 8,663	$ 667	$ 7,996	0.11%	$ 50
2014 (c)	6,983	658	6,325	0.09%	40
2015	5,209	82	5,127	0.07%	29
2016	3,964	22	3,942	0.05%	22
2017	2,691	24	2,667	0.03%	15
2018	2,345	9	2,336	0.03%	13
2019	1,993	12	1,981	0.02%	10
2020	1,622	13	1,609	0.02%	9
2021	1,240	12	1,228	0.01%	6
2022	844	11	833	0.01%	4

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

(a) Bonds are shown net of related deferred gains or losses on bond refundings and net of related unamortized bond issue premiums or discounts.

(b) Taxable Value information can be found on Schedule 6, "Schedule of Fair Market, Assessed Value and Taxable Value of Property" for property value data.

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

(d) Population data can be found on Schedule 14, "Schedule of Demographic and Economic Statistics".

Schedule 12

Hernando County, Florida
Computation of Direct and Overlapping Debt

Government Unit	Payable from Ad Valorem Taxes	Non-Self-Supporting Revenue Debt	Estimated Percentage Applicable	Amount Applicable to Primary Government
SCHOOL BOARD (1):				
State Board of Education Bonds, Series 2011A Refunding	$ -	$ 50,000		
State Board of Education Bonds, Series 2014A Refunding	-	164,000		
State Board of Education Bonds, Series 2020A Refunding	-	630,000		
Bonds Payable-Unamortized Premium		150,000		
Certificates of Participation, Series 2013A	-	3,162,435		
Certificates of Participation, Series 2016A	-	83,775,000		
Certificates of Participation, Unamortized Premium	-	8,087,518		
Capital Improvement Bonds, Series 2020 Refunding	-	3,315,000		
Capital Improvement Bonds, Unamortized Premium	-	250,509		
Total School Board	$ -	$ 99,584,462	100%	$ 99,584,462
CITY OF BROOKSVILLE:				
2006 USDA Loan	$ -	$ 103,000		
Florida Capital Improvement Revenue Note, Series 2011	-	1,178,396		
Patch Truck Loan	-	58,669		
2016 USDA Fire Truck Loan	-	66,615		
2021 Mini Pumper Loan		293,069		
DPW Building		3,500,000		
Total City of Brooksville	$ -	$ 5,199,749	5%	$ 259,987
Subtotal Overlapping Debt	$ -	$ 104,784,211		$ 99,844,449
COUNTY BOARD:				
Non-revolving line of credit draws	$ -	$ 15,678,789		
Non-Ad Valorem Refunding Revenue Note, Series 2012	-	8,608,000		
Non-Ad Valorem Refunding Revenue Bonds, Series 2010	-	843,710		
Hernando County, Florida Direct Debt	$ -	$ 25,130,499	100%	$ 25,130,499
Total Direct and Overlapping Debt	$ -	$ 129,914,710		$ 124,974,948

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

(1) Outstanding debt obligations for Hernando County School Board at June 30, 2022.

Schedule 13A

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

Last Ten Fiscal Years
(dollars expressed in thousands)

Fiscal Year Ended September 30	Gross Revenues (a)	Expenditures (b)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal (c)	Interest	Total	
2013	$ 28,088	$ -	$ 28,088	$ 600	$ 595	$ 1,195	23.50
2014	34,209	-	34,209	310	761	1,071	31.94
2015	33,869	-	33,869	557	749	1,306	25.93
2016	34,711	-	34,711	1,935	720	2,655	13.07
2017	34,003	-	34,003	1,986	667	2,653	12.82
2018	36,328	-	36,328	2,997	601	3,598	10.10
2019	39,570	-	39,570	3,074	614	3,688	10.73
2020	71,536	-	71,536	3,160	502	3,662	19.53
2021	52,468	-	52,468	3,236	412	3,648	14.38
2022	43,166	-	43,166	1,707	332	2,039	21.17

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

(b) There are no expenditures that relate directly to the gross revenue, but gross revenues not used for the purpose of debt service are used for other purposes in the budget.

Schedule 13B

Hernando County, Florida
Schedule of Revenue Bond Coverage
Taxable Water and Sewer Refunding Revenue Bonds, Series 2021A
Water and Sewer Refunding Revenue Bonds, Series 2021B

Last Ten Fiscal Years
(dollars expressed in thousands)

Fiscal Year Ended September 30	Gross Revenues(a)	Expenses (b)	Net Revenue Available for Debt Service	Connection Fees	Pledged Funds(c)	Debt Service Requirements			Coverage
						Principal (e)	Interest(d)	Total	
2013	$ 25,623	$ 15,026	$ 10,597	$ 794	$ 11,391	$ 2,125	$ 1,916	$ 4,041	2.82
2014	27,270	15,617	11,653	1,379	13,032	2,015	1,525	3,540	3.68
2015	29,089	16,062	13,027	1,384	14,411	2,150	1,652	3,802	3.79
2016	31,925	17,805	14,120	2,178	16,298	2,210	1,590	3,800	4.29
2017	34,461	17,863	16,598	2,113	18,711	2,305	1,507	3,812	4.91
2018	34,739	19,276	15,463	2,269	17,732	2,563	1,419	3,982	4.45
2019	38,860	20,359	18,501	2,303	20,804	2,674	1,308	3,982	5.22
2020	40,999	22,870	18,129	2,200	20,329	1,377	1,201	2,578	7.89
2021	42,015	20,774	21,241	3,365	24,606	1,830	1,046	2,876	8.56
2022	42,626	22,293	20,333	2,999	23,332	5,361	438	5,799	4.02

(a) Pursuant to bond definitions, gross revenues include operating revenue and interest income, but do not include sewer connection fees, water connection fees or special assessment proceeds.

(b) Pursuant to bond definitions, expenses do not include amortizations or depreciation. Similarly, charges associated with replacement of vehicles in lieu of depreciation have not been included.

(c) Effective with the issuance of the Water and Sewer Refunding Revenue Bonds Series 2003, connection fees are included in the definition of pledged funds.

(d) Includes Taxable Water and Sewer Refunding Revenue Bonds, Series 2021A, Water and Sewer Refunding Revenue Bonds, Series 2021B, and the Water and Sewer portion of the Non-Ad Valorem Refunding Revenue Bonds, Series 2010.

(e) For FY 2021, the principal amount is the amount paid for the refunding of Water and Sewer Refunding Revenue Bonds, Series 2013A.

Schedule 14

Hernando County, Florida
Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population (a) City of Brooksville	City of Weeki Wachee	Unincorporated Hernando County	Total	Permanent Households (a)	Personal Income Per Capita (f)	Total Personal Income (in thousands) (c)(f)	Median Age (b)	Citizens With a Bachelors Degree(b)	Public School Enrollment (d)	Unemployment Rate (e)
2013	7,643	5	166,160	173,808	72,238	$ 31,422	$ 5,481,211	48.0	15.5%	21,541	8.5%
2014	7,687	5	167,263	174,955	72,492	32,324	5,684,266	48.5	14.9%	21,470	8.1%
2015	7,780	5	169,034	176,819	72,951	33,098	6,033,940	48.0	15.5%	21,421	6.5%
2016	8,006	5	171,492	179,503	73,402	34,899	6,371,015	48.4	15.7%	21,613	6.2%
2017	8,074	9	173,799	181,882	75,883	35,601	6,649,676	49.0	16.0%	22,153	4.3%
2018	8,410	9	177,185	185,604	77,493	36,878	7,038,712	48.9	17.1%	23,615	4.3%
2019	8,661	9	179,688	188,358	78,718	38,223	7,412,217	49.1	17.5%	23,770	3.6%
2020	8,983	9	183,194	192,186	80,375	41,385	8,226,932	47.4	12.0%	22,185	5.9%
2021	9,165	-	187,375	196,540	80,484	46,080	9,245,435	48.0	12.6%	23,415	4.2%
2022	9,481	-	189,726	199,207	81,503	-	-	50.0	12.8%	24,058	3.2%

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

(b) Source: Hernando County Planning Department

(c) Source: Bureau of Economic Analysis, US Department of Commerce

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

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

(f) Due to a time lag in receiving personal income and population figures, ratios were calculated using income and population figures from the most recently available information.

Schedule 15

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

Latest Fiscal Year compared to the Fiscal Year Nine Years Earlier

Employer	Type of Operation	2022			2013		
Oak Hill Hospital	Healthcare	1,675	2.23	1	1,089	1.71	1
Walmart Distribution Center	Distribution Center	1,000	1.33	2	1,020	1.60	2
Bravera Health (formerly Bayfront Regional Health)	Healthcare	859	1.14	3	913	1.44	3
Barrette Outdoor Living	Manufacturer	320	0.43	4	-	-	
Cemex (form. Rinker Materials/FCS)	Manufacturer	292	0.39	5	250	0.39	6
Accuform Signs Inc	Manufacturer	215	0.29	6	280	0.44	5
Micro-Matic	Supplier	205	0.27	7	-	-	
Sparton Electronics	Manufacturer	180	0.24	8	219	0.34	8
Premio Foods	Manufacturer	153	0.20	9	-	-	
Composite Motors	Manufacturer	104	0.14	10	-	-	
Encompass Health (formerly HealthSouth)	Healthcare	-	-	-	355	0.56	4
Sun Trust Bank	Service	-	-	-	110	0.17	9
Evergreen Woods	Healthcare	-	-	-	80	0.13	10
Chapters Health System (form. HPH Hospice)	Healthcare	-	-	-	221	0.35	7
Totals		5,003	6.66 %		4,537	7.34 %	
Total Employment		75,254			63,581		

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

Schedule 16

Hernando County, Florida
County Government Employees by Function/Program

Last Ten Fiscal Years

	2013	2014	2015	2016
Function/Program				
Governmental Activities:				
General Government	221	227	225	237
Public Safety	750	773	776	782
Physical Environment	6	7	7	8
Transportation	91	92	93	92
Economic Environment	7	7	8	10
Human Services	21	21	20	19
Culture and Recreation	65	66	63	63
Courts	84	88	85	78
Business-type Activities:				
Airport	5	5	4	4
Water and Wastewater	142	139	134	132
Business Development	26	28	27	27
Solid Waste	29	28	33	32
Total	1,447	1,481	1,475	1,484

(a) Source: Hernando County Department of Financial Services.

2017	2018	2019	2020	2021	2022
244	247	236	249	251	263
782	791	859	859	890	917
8	1	1	1	1	1
96	93	90	94	97	97
10	10	9	9	8	8
21	23	21	21	23	23
70	66	61	62	61	61
83	79	81	77	77	77
4	4	6	6	5	4
131	134	136	136	134	134
31	34	34	35	41	42
32	31	30	32	33	31
1,512	1,513	1,564	1,581	1,621	1,658

Schedule 17

Hernando County, Florida
Operating Indicators by Function

Last Ten Fiscal Years

Function	Fiscal Year 2013	2014	2015	2016
General Government				
Number of programs broadcast	208	206	190	196
Number of employee records managed	852	772	771	782
Public Safety				
Total incidents responded to (HCFR)	27,222	26,254	28,951	30,496
Number of emergency citizen volunteers	903	982	1,009	1,440
Number of building permits issued	10,492	11,104	12,048	12,525
Physical Environment				
Extension Classes/programs	30,480	20,172	29,730	32,267
Transportation				
Number of signals maintained	88	88	85	85
Number of lane miles of roads re-surfaced	32	36	42	39
Economic Environment				
Number of successful business projects	7	9	8	8
Number of veteran clients served	6,857	6,918	7,916	8,909
Human Services				
Animals impounded	3,095	2,923	2,950	2,725
Number of human service requests processed	8,288	9,099	10,789	6,285
Culture and Recreation				
Registered library card holders	97,642	102,910	109,366	116,994
Number of participants in the County Recreation programs	13,799	17,955	20,045	22,049
Court Operations				
Number of judicial cases managed	63,060	64,290	53,796	51,869
Water and Sewer				
Water consumption in millions of gallons a day	17.1	16.8	16.7	17.7
Average number of water accounts	56,975	57,376	60,966	60,978
Number of meter reads	737,748	740,748	719,986	751,440
Aviation Operations				
Number of airport & industrial park leases	140	141	138	133
Waste Management				
Total tons landfilled	103,733	114,370	114,370	122,259
Tons of Convenience Center Waste Collected	7,317	6,161	6,161	7,814
Tons of recyclables collected & processed	4,910	11,976	11,976	11,685

Source: Various County Departments

2017	2018	2019	2020	2021	2022
288	233	230	196	133	98
795	783	784	777	801	801
31,704	32,023	30,772	31,646	37,727	38,064
1,440	1,462	1,469	1,469	1,477	1,496
12,370	14,622	14,725	15,790	19,575	21,580
30,770	37,798	40,905	51,938	54,858	41,030
86	88	88	89	89	92
8	72	11	15	15	-
3	1	2	4	2	1
6,141	8,418	10,030	3,800	3,453	4,028
3,143	2,867	3,156	2,318	2,232	2,682
9,558	7,843	6,685	7,065	7,452	7,517
122,503	110,813	101,723	92,940	95,172	80,236
24,790	23,596	31,516	4,848	5,808	21,890
66,156	61,550	59,204	52,225	56,742	56,754
18.8	18.3	19	20	20	20
62,878	61,573	64,100	63,226	63,910	64,631
773,101	778,212	787,143	793,812	802,722	817,963
173	184	190	188	190	193
127,047	131,425	130,683	137,799	149,024	160,636
7,968	7,986	7,270	8,031	8,632	10,405
10,815	10,069	10,088	10,541	10,747	8,740

Schedule 18

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

Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016
General Government				
Number of buildings	156	160	165	169
Fleet Vehicles	403	423	403	378
Public Safety				
Sheriff's patrol vehicles:	323	324	325	336
Radio Towers	5	5	5	4
Transportation				
Lane miles	2,393	2,407	2,457	2,492
Culture and Recreation				
Park acreage - developed	323	340	340	340
Park acreage - undeveloped	1,206	1,206	1,206	1,206
Trails-Jogging/Exercise/Nature	30	30	30	30
Playgrounds	14	14	14	14
Boat ramps (lanes)	16	16	16	16
Picnic shelters	189	190	190	190
Number of libraries/branches	6	5	5	4
Aviation Operations				
Number of runways	2	2	2	2
Runways in linear feet	12,000	12,000	12,000	12,000
Land (acres)	2,400	2,400	2,400	2,400
Waste Management				
Volume developed for landfill use (million cubic yards)	6,601,544	6,601,544	6,601,544	6,601,544
Remaining available landfill capacity (cubic yards)	2,941,953	2,704,818	2,452,353	2,435,065
Water				
Trans & dist lines (miles)	1,232	1,232	1,232	1,232
Maximum daily storage capacity (million gallons)	20.90	19.08	19.08	19.78
Number of meters in service	56,805	57,376	58,251	58,281
Sewer				
Number of pumping or lift stations	298	301	301	301
Collection & Trans lines (miles)	486	501	501	513
Reclaimed water trans & dist lines (miles)	4.30	4.30	4.30	4.30
Number of manholes	6,945	6,952	7,106	7,165

(a) Source: Various County Departments

2017	2018	2019	2020	2021	2022
177	176	160	159	158	159
392	398	421	432	412	428
348	365	376	391	391	391
4	4	4	4	4	4
2,516	2,556	2,771	2,776	2,795	2,795
340	340	340	340	340	340
1,206	1,206	1,206	1,206	1,206	1,206
30	30	30	30	30	30
13	13	12	12	12	12
8	8	8	8	8	8
190	190	190	192	192	192
4	4	4	4	4	4
2	2	2	2	2	2
12,000	12,000	12,000	12,000	12,000	11,200
2,400	2,400	2,400	2,400	2,400	2,400
6,601,544	6,601,544	6,601,544	6,601,544	6,601,544	6,008,640
2,059,982	1,878,573	1,701,456	1,512,854	1,309,446	1,080,970
1,709	1,096	1,019	1,070	1,070	1,082
19.78	19.78	19.77	19.77	19.77	19.07
63,139	64,153	64,335	65,008	65,592	69,252
307	298	299	310	312	314
515	507	515	515	518	521
4.30	4.30	14.60	14.60	14.60	14.60
7,200	7,200	7,300	7,300	7,300	7,420

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COMPLIANCE SECTION

This section contains the following:

Single Audit Reports
and Grant Compliance

Bond Compliance Information

Affidavit

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Single Audit Reports and Grant Compliance

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

Honorable Board of County Commissioners
Hernando County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of governmental activities, the business-type activities,, each major fund, and the aggregate remaining fund information of Hernando County, Florida (the "County") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 29, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We have issued a management letter to the Board of County Commissioners, Hernando County, Florida, dated March 29, 2023, presenting certain required disclosures and comments pursuant to the Chapter 10.550, *Rules of the Auditor General*.

Purpose of this Report

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

MSL, P.A.

Certified Public Accountants

Tampa, Florida
March 29, 2023

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

Honorable Board of County Commissioners
Hernando County, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the compliance of Hernando County, Florida (the "County") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Compliance Supplement* and the requirements described in the Department of Financial Services *State Projects Compliance Supplement* that could have a direct and material effect on each of its major federal programs and major state projects for the year ended September 30, 2022. The County's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2022.

Basis for Opinion for Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibility of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance *(Continued)*

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

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

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

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

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 29, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for the purposes of additional analysis, as required by the Uniform Guidance, Chapter 69I-5, *Schedule of Expenditures of State Financial Assistance*, Rules of the Department of Financial Services, and Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
March 29, 2023

HERNANDO COUNTY, FLORIDA
Schedule of Federal Awards and State Financial Assistance
Year Ended September 30, 2022

Federal/State/Pass Through Grantor Grant Program Name		Assistance Listing	Grant ID	Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Pass Through	FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY			
	Community Development Block Grant (CDBG)/State's Program	14.228	17DB-OL-05-37-01-H 07	$ (212)
Total	*DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT*			*(212)*
DEPARTMENT OF JUSTICE				
Direct				
	Violence Against Women	16.588	2020-VD-BX-1648	39,918
Pass Through	FLORIDA COALITION AGAINST DOMESTIC VIOLENCE			
	STOP Violence Against Women	16.588	LN184	50,304
	Subtotal CFDA 16.588			*90,222*
Direct				
	State Criminal Alien Assistance Program (SCAAP)	16.606	2020-AP-BX-0705	1,825
Direct				
	Bulletproof Vest Partnership Program	16.607	BVP 20023596	4,739
Direct				
	Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738	2019-DJ-BX-0626	32,239
	Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738	2020-DJ-BX-0818	912
	Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738	15PBJA-21-GG-01388-JAGX	34,085
	Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738	2021-JAGC-HERN-1-3B-109	37,110
Pass Through	FLORIDA DEPARTMENT OF LAW ENFORCEMENT			
	Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738	2021-JAGC-HERN-2-3B-135	12,370
	Subtotal CFDA 16.738			*116,716*
Direct				
	Equitable Sharing Program/Federal Forfeitures	16.922	FL0270000	2
Total	*DEPARTMENT OF JUSTICE*			*213,504*
DEPARTMENT OF TRANSPORTATION				
Direct				
	Airport Improvement Program	20.106	3-12-0008-025-2020; CARES	1,903
	Airport Improvement Program	20.106	3-12-0008-024-2020	702,320
	Airport Improvement Program	20.106	3-12-0008-027-2021	7,827,439
	Airport Improvement Program	20.106	3-12-0008-026-2021; ACRGP	47,508
	Subtotal CFDA 20.106			*8,579,170*
	Highway Planning & Construction Cluster:			
Pass Through	FLORIDA DEPARTMENT OF TRANSPORTATION			
	Highway Planning & Construction- Federal Aid Highway Program (PL)	20.205	G2774; FPN 493335-4-14-01	99,818
	Highway Planning & Construction- Federal Aid Highway Program (PL)	20.205	G1M00; FPN 439335-3-14-01	632,237
	Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G1518; FPN 439509-1-38-01	86
	Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G1B58; FPN 439508-1-38-01	16
	Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G1L10; FPN 436712-1-58/68-01/02	21,088
	Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G1U02; FPN 437484-1-38-01/02	36,050
	Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G1Y83; FPN 433714-1-58/68-01/02	335,763
	Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G2153; FPN 439509-1-58/68-01/02	180,257
	Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G2472: FPN 438651-1-38-01/02	745
	Highway Planning & Construction- Federal Aid Highway Program (LAP)	20.205	G2681: FPN 439508-1-58/68-01/02	1,360
	Subtotal CFDA 20.205			*1,307,420*
	Total Highway Planning & Construction Cluster (CFDA 20.205)			*1,307,420*

HERNANDO COUNTY, FLORIDA
Schedule of Federal Awards and State Financial Assistance
Year Ended September 30, 2022

Federal/State/Pass Through Grantor Grant Program Name		Assistance Listing	Grant ID	Expenditures
Pass Through	FLORIDA DEPARTMENT OF TRANSPORTATION			
	Metropolitan Transportation Planning (Section 5305d)	20.505	G1I78; FPN 401983-1-14-20	$ 29,484
	Metropolitan Transportation Planning (Section 5305d)	20.505	G1W20; FPN 401983-1-14-21	41,642
	Subtotal CFDA 20.505			*71,126*
	Federal Transit Cluster:			
Direct				
	Urbanized Area Formula Program (Section 5307)	20.507	FL-2021-082: Y149	414,522
	Urbanized Area Formula Program (Section 5307)	20.507	FL-2017-094; X951 (X016)	15,753
	Urbanized Area Formula Program (Section 5307)	20.507	FL-2018-031; X970 (X017)	1,102
	Urbanized Area Formula Program (Section 5307)	20.507	FL-2018-105; X998	12,604
	Urbanized Area Formula Program (Section 5307)	20.507	FL-2019-082; Y037	313,190
	Urbanized Area Formula Program (Section 5307)	20.507	FL-2020-092; Y091 CARES	1,464,133
	Urbanized Area Formula Program (Section 5307)	20.507	FL-2020-118; Y105	6,623
	Subtotal CFDA 20.507			*2,227,927*
	Total Federal Transit Cluster (CFDA 20.507)			*2,227,927*
Pass Through	FLORIDA DEPARTMENT OF TRANSPORTATION			
	Formula Grants for Rural Areas (Section 5311)	20.509	G1W00: FPN 401982-1-84-21	145,785
	Formula Grants for Rural Areas (Section 5311)	20.509	G1H23; FPN 401982-1-84-20	82,796
	Subtotal CFDA 20.509			*228,581*
Total	*DEPARTMENT OF TRANSPORTATION*			*12,414,224*
DEPARTMENT OF TREASURY				
Direct				
	Gulf Restore- Direct Component	21.015	1RDCGR110034-01-00	1,514
	Gulf Restore- Direct Component	21.015	1RDCGR110125-01-00	170,314
	Subtotal CFDA 21.015			171,828
Direct				
	Equitable Sharing Program	21.016	FL0270000	2
Direct				
	Coronavirus State & Local Fiscal Recovery Funds	21.027	SLT-1502	4,326,723
Total	*DEPARTMENT OF TREASURY*			*4,498,551*
GULF COAST ECOSYSTEM RESTORATION COUNCIL				
Pass Through	*THE GULF CONSORTIUM*			
	Oil Spill Impact Program	*87.052*	*200110141.01; GNTSP20FL0110*	*259,260*
Total	*GULF COAST ECOSYSTEM RESTORATION COUNCIL*			*259,260*
ELECTION ASSISTANCE COMMISSION				
Pass Through	FLORIDA DEPARTMENT OF STATE DIVISION OF ELECTIONS			
	Help America Vote Act (HAVA) Election Security Grants	*90.404*	22.e.es.300.026	*32,017*
Total	*ELECTION ASSISTANCE COMMISSION*			*32,017*
DEPARTMENT OF HEALTH & HUMAN SERVICES				
Direct				
	Substance Abuse & Mental Health Service Administration (SAMHSA)	93.243	H79TI081928-03	196,699
	Substance Abuse & Mental Health Service Administration (SAMHSA)	93.243	H79TI081928-04	127,092
	Subtotal CFDA 93.243			323,791

HERNANDO COUNTY, FLORIDA
Schedule of Federal Awards and State Financial Assistance
Year Ended September 30, 2022

Federal/State/Pass Through Grantor Grant Program Name		Assistance Listing	Grant ID	Expenditures
Pass Through	FLORIDA DEPARTMENT OF REVENUE			
	Child Support Enforcement	93.563	C0C27	$ 286,277
Total	*DEPARTMENT OF HEALTH & HUMAN SERVICES*			*610,068*
DEPARTMENT OF HOMELAND SECURITY				
Pass Through	FLORIDA DIVISION OF EMERGENCY MANAGEMENT			
	Disaster Grants - Public Assistance	97.036	17-PA-W1-05-37-02-054	178,364
	Disaster Grants - Public Assistance	97.036	Z2789	22,705
	Subtotal CFDA 97.036			201,069
Pass Through	FLORIDA DIVISION OF EMERGENCY MANAGEMENT			
	HAZARD MITIGATION GRANT PRG (HMGP)	97.039	H0186; 4337-30-R	69,130
	HAZARD MITIGATION GRANT PRG (HMGP)	97.039	H0454; 4337-074-R	173,276
	Subtotal CFDA 97.039			242,406
Pass Through	FLORIDA DIVISION OF EMERGENCY MANAGEMENT			
	Emergency Management Performance Grant	97.042	G0286	74,343
	Emergency Management Performance Grant	97.042	G0294; ARPA	13,926
	Subtotal CFDA 97.042			*88,269*
Total	*DEPARTMENT OF HOMELAND SECURITY*			*531,744*
TOTAL EXPENDITURES OF FEDERAL AWARDS				***$ 18,559,156***
FLORIDA EXECUTIVE OFFICE OF THE GOVERNOR				
	Emergency Management Program (EMPA)	31.063	A0297	$ 36,411
	Emergency Management Program (EMPA)	31.063	A0175	89,261
	Subtotal CSFA 31.063			*125,672*
Total	*FLORIDA EXECUTIVE OFFICE OF THE GOVERNOR*			*125,672*
FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION				
	Statewide Water Quality Restoration Projects	37.039	LPA0109	204,473
	Florida Springs Grant Program	37.052	LPA0016	4,782,673
Total	*FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION*			*4,987,146*
FLORIDA HOUSING FINANCE CORPORATION				
	State Housing Initiatives Partnership Program (SHIP)	40.901	2019/2020	273,534
	State Housing Initiatives Partnership Program (SHIP)	40.901	2020/2021	175,131
	State Housing Initiatives Partnership Program (SHIP)	40.901	2021/2022	89,513
	State Housing Initiatives Partnership Program (SHIP)	40.901	2022/2023	4
	Subtotal CSFA 40.901			*538,182*
Total	*FLORIDA HOUSING FINANCE CORPORATION*			*538,182*
FLORIDA DEPARTMENT ARGICULTURE & CONSUMER SERVICES				
	Mosquito Control	42.003	28451	21,919
Total	*FLORIDA DEPARTMENT ARGICULTURE & CONSUMER SERVICES*			*21,919*

HERNANDO COUNTY, FLORIDA
Schedule of Federal Awards and State Financial Assistance
Year Ended September 30, 2022

Federal/State/Pass Through Grantor Grant Program Name		Assistance Listing	Grant ID	Expenditures
FLORIDA DEPARTMENT OF FINANCIAL SERVICES				
	Local Government Fire Service Grants	43.009	FM450	$ 1,014,117
Total	*FLORIDA DEPARTMENT OF FINANCIAL SERVICES*			1,014,117
FLORIDA DEPARTMENT OF STATE				
	State Aid to Libraries	45.030	19-ST-19	114,748
	State Aid to Libraries	45.030	20-ST-19	174,120
	State Aid to Libraries	45.030	21-ST-19	328,001
	Subtotal CSFA 45.030			616,869
Total	*FLORIDA DEPARTMENT OF STATE*			*616,869*
DEPARTMENT OF EDUCATION & COMMISSIONER OF EDUCATION				
	Coach Aaron Feis Guardian Program	48.140	01B-90210-2D001	90,625
Total	*DEPARTMENT OF EDUCATION & COMMISSIONER OF EDUCATION*			*90,625*
FLORIDA DEPARTMENT OF TRANSPORTATION				
	Commission for Transportation Disadvantaged Planning Grant	55.002	G1Y33	20,361
	Commission for Transportation Disadvantaged Planning Grant	55.002	G1Y07	19,615
	Commission for Transportation Disadvantaged Planning Grant	55.002	G2946	4,558
	Commission for Transportation Disadvantaged Planning Grant	55.002	G2924	9,235
	Subtotal CSFA 55.002			*53,769*
	Aviation Development Grants	55.004	G0U70; FPN 441991-1-94-01	(215,028)
	Aviation Development Grants	55.004	G1O94; FPN 438513-1-94-01	495,977
	Aviation Development Grants	55.004	G1O95; FPN 438514-1-94-01	24,586
	Aviation Development Grants	55.004	G1U46; FPN 444468-1-94-01	837,793
	Subtotal CSFA 55.004			*1,143,328*
	Public Transit Block Program	55.010	GOT99; FPN 408104-1-84-18	33,142
	Public Transit Block Program	55.010	G1571: FPN 408104-1-84-19	72,022
	Subtotal CSFA 55.010			*105,164*
	Local Transportation Projects	55.039	G1522; FPN 443372-1-34-01	162,413
	Local Transportation Projects	55.039	G1521; FPN 443369-1-34/54-01	35,786
	Local Transportation Projects	55.039	G1G22; FPN 445742-1-94-01	134,695
	Subtotal CSFA 55.039			332,894
Total	*FLORIDA DEPARTMENT OF TRANSPORTATION*			*1,635,155*
FLORIDA DEPARTMENT OF HEALTH				
	Emergency Medical Services (EMS) Matching Awards	64.003	M0005	45,803
	County Grant Awards (EMS)	64.005	C0027	20,718
Total	*FLORIDA DEPARTMENT OF HEALTH*			*66,521*
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE				***$ 9,096,206***

HERNANDO COUNTY, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTERMBER 30, 2022

Note 1 - General

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

The County reporting entity is defined in Note A to the County's basic financial statements for the year ended September 30, 2022. All federal awards and state financial assistance received directly from federal or state agencies, as well as federal awards and state financial assistance passed through other governmental agencies, are included in the schedule.

Note 2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards and state financial assistance is presented using the same basis of accounting as the fund in which the grant is recorded, generally the accrual or modified accrual basis, as described in Note A to the County's financial statements.

Note 3 - Loans Outstanding

The County has the following loan balances outstanding at September 30, 2022:

Program	Assistance Listing	Loan Outstanding
State Housing Initiatives Partnership (SHIP)	40.901	$ 13,066,128

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

Note 4 - Contingencies

Grant funds received and disbursed by the County are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to the disallowance of expenditures. Based upon prior experience, the County does not believe that such disallowances, if any, would have a material effect on the financial position of the County.

Note 5 – Expenditures & Program Income

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

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

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

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

Note 6 – Indirect Costs

Hernando County Board of County Commissioners elected to use the 10% de minimis cost rate in fiscal year 2022 as covered in 2 CFR 200.414.

Note 7 – Disaster Public Assistance

Disaster funding received from the FEMA Public Assistance Program (Assistance Listing 97.036) is based on Project Worksheets (PWs) that outline the eligible expenses and the scope of the project. Expenditures recorded on this schedule are contingent on when a funding agreement is executed, funds are obligated and approved, and the County has incurred eligible expenditures. PWs are categorized as either “small” or “large” based on the total expenses. “Small” PWs are reported based on the amount obligated, while “large” PWs are determined by actual eligible expenditures. Approximately $201,069 of eligible expenditures incurred in prior years were reported on the schedule this year. See Note A of the ACFR for additional details regarding the accounting of funds received under this program.

HERNANDO COUNTY, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2022

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	**Unmodified Opinion**	
Internal control over financial reporting:		
• Significant deficiency(ies) identified?	___ Yes	_X_ None reported
• Material weakness(es) identified?	___ Yes	_X_ No
Noncompliance material to financial statements noted?	___ Yes	_X_ No

Federal Awards and State Financial Assistance

Internal control over major federal programs and state projects:		
• Significant deficiency(ies) identified?	___ Yes	_X_ None reported
• Material weakness(es) identified?	___ Yes	_X_ No
Type of auditor's report issued on compliance for major Federal programs and State projects:	**Unmodified Opinion**	
Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the *Uniform Guidance* or Chapter 10.557, *Rules of the Auditor General?*	___ Yes	_X_ No

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

AL Number(s)	Name of Federal Program(s)
20.507	Federal Transit Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds
20.106	Airport Improvement Program

CSFA Number(s)	Name of State Project(s)
37.052	Florida Springs Grant Program
43.009	Grants & Aids – Local Government Fire Service Grants

Dollar threshold used to distinguish between Type A and Type B programs/projects:	
Federal	$ 750,000
State	$ 750,000

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

HERNANDO COUNTY, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

For the Year Ended September 30, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS SECTION

None reported.

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

Federal

None reported.

State

None reported.

SECTION IV - PRIOR-YEAR AUDIT FINDINGS

Federal

None reported.

State

None reported.

Hernando County Board of County Commissioners
Other Supplemental Information
Schedule of Receipts & Expenditures related to Deepwater Horizon Oil Spill
For the Fiscal Year Ending September 30, 2022

Assistance Listing	Program	Funding Agency	Pass-Thru	Project	Award Identifier	Expenditures	Revenue			
							Federal	State	Local	Total
21.015	Gulf RESTORE - Direct Component	Department of Treasury	N/A	Bayou Drive Repair & Restoration	1 RDCGR110034-01-00	$ 1,514	$ 1,514	$ -	$ -	$ 1,514
21.015	Gulf RESTORE - Direct Component	Department of Treasury	N/A	Linda Pedersen Park Improvements	1 RDCGR110125-01-00	179,196	170,314	-	-	170,314
87.052	RESTORE Council Oil Spill Impact Program	Gulf Coast Ecosystem Restoration Council	The Gulf Consortium	Artificial Reef Program	GNTSP20FL0110	259,260	259,260	-	-	259,260
						$ 439,970	$ 431,088	$ -	$ -	$ 431,088

Note 1: Expenditures included on this schedule are subject to Federal Single Audit requirements of 2CFR Part 200 & will be reported on the County's Schedule of Expenditures of Federal Awards.
Note 2: CFDA 21.015 was authorized under the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012, Title 31, Part 34, 126 Stat. 588, 33 U.S.C 1321(t)(1).
Note 3: CFDA 87.052 was authorized under the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States (RESTORE) Act of 2012, Title 33, Part 1321(t)(3), Section 1603(3), Public Law 112-141, Statute 126,588, 33 US Code 1321(t)(2).

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Board of County Commissioners
Hernando County, Florida

Report on the Financial Statements

We have audited the financial statements of Hernando County, Florida (the "County") as of and for the year ended September 30, 2022, and have issued our report thereon dated March 29, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards,* Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards and State Financial Assistance in Accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General;* Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards,* AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General.* Disclosures in those reports and schedule, which are dated March 29, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Special District Component Units

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

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

Additional Matters

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

Purpose of this Letter

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

MSL, P.A.

Certified Public Accountants

Tampa, Florida
March 29, 2023

INDEPENDENT ACCOUNTANT'S REPORT

Honorable Board of County Commissioners
Hernando County, Florida

We have examined Hernando County, Florida's (the "County") compliance with the requirements of Sections 218.415, 365.172(10), and 365.172(2)(d), Florida Statutes, during the year ended September 30, 2022. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied with those requirements, in all material respects. An examination involves performing procedures to obtain evidence about the County's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements.

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

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
March 29, 2023

INDEPENDENT ACCOUNTANT'S REPORT

Honorable Board of County Commissioners
Hernando County, Florida

We have examined Hernando County, Florida's (the "County") compliance with the requirements of Title 33 U.S. Code s. 1321(t), during the year ended September 30, 2022. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied with those requirements, in all material respects. An examination involves performing procedures to obtain evidence about the County's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements.

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

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
March 29, 2023

Bond Compliance

HERNANDO COUNTY, FLORIDA
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BOND COMPLIANCE INFORMATION

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

HISTORIC GROWTH OF WATER AND WASTEWATER SYSTEM CUSTOMERS

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

	Number of Active Accounts (1)	
Fiscal Year	Water	Sewer
2013	56,975	26,897
2014	57,376	27,127
2015	58,251	27,688
2016	58,281	27,688
2017	59,952	28,778
2018	62,756	30,770
2019	61,425	29,631
2020	63,018	30,606
2021	63,910	31,415
2022	65,643	32,351
Average Annual Compound Growth Rate	1.48%	1.93%

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

Source: Hernando County Utilities Department

HISTORIC WATER CONSUMPTION FLOWS

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

Fiscal Year	Average Daily Flow (MGD)	Peak Day Flow (MGD)
2013	17.088	24.999
2014	16.762	24.426
2015	16.725	23.957
2016	17.707	24.664
2017	18.766	27.684
2018	18.306	26.074
2019	18.832	26.680
2020	19.505	26.695
2021	19.867	31.118
2022	20.453	27.078

Source: Hernando County Utilities Department

HERNANDO COUNTY, FLORIDA
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HISTORIC WASTEWATER TREATMENT PLANT FLOWS

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

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

Source: Hernando County Utilities Department

HERNANDO COUNTY, FLORIDA
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WATER SYSTEM RATES
Monthly User Rates

	2021	2022	2023	2024
Monthly Base Charge:				
Residential Single-Family Service and Residential Irrigation Service:				
Base Charge All Meter Sizes	$ 8.41	$ 8.75	$ 8.94	$ 9.19
Commercial, Residential Multi-Family and Commercial Irrigation Service:				
Meter Size:				
5/8"	$ 8.41	$ 8.75	$ 8.97	$ 9.19
3/4"	12.63	13.14	13.47	13.81
1"	21.04	21.88	22.43	22.99
1-1/2"	42.08	43.71	44.80	45.92
2"	67.32	70.01	71.76	73.55
3"	134.62	140.00	143.50	147.09
4"	210.34	218.75	224.22	229.83
6"	420.68	437.51	448.45	459.66
8"	673.09	700.01	717.51	735.45
10"	967.56	1,006.26	1,031.42	1,057.21
12"	1,808.92	1,881.28	1,928.31	1,976.52
Consumption Charge (Per 1,000 Gallons):				
Residential Single-Family Service:				
0-5,000	$ 1.48	$ 1.54	$ 1.58	$ 1.62
5,000-10,000	1.74	1.81	1.86	1.91
10,001-20,000	2.61	2.71	2.78	2.85
20,001-30,000	3.47	3.61	3.70	3.79
30,001-50,000	5.21	5.42	5.56	5.70
50,001-75,000	8.68	9.03	9.26	9.49
Above 75,000	12.16	12.65	12.97	13.29
Residential Irrigation Service:				
0-10,000	$ 1.74	$ 1.54	$ 1.58	$ 1.62
10,001-20,000	2.61	2.71	2.78	2.85
20,001-30,000	3.47	3.61	3.70	3.79
30,001-50,000	5.21	5.42	5.56	5.70
50,001-75,000	8.68	9.03	9.26	9.49
Above 75,000	12.16			
Commercial, Residential Multi-Family and Commercial Irrigation Service:				
Block 1	$ 1.74	$ 1.54	$ 1.58	$ 1.62
Block 2	2.61	2.71	2.78	2.85
Block 3	3.47	3.61	3.70	3.79
Block 4	5.21	5.42	5.56	5.70
Block 5	8.68	9.03	9.26	9.49
Block 6	12.16	12.65	12.97	13.29

Source: Hernando County Utilities Department

1) Amounts shown to be applied on a per ERU basis.

Source: *Hernando County Utilities Department*

HERNANDO COUNTY, FLORIDA
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WASTEWATER SYSTEM RATES
Monthly User Rates

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

Source: Hernando County Utilities Department

HERNANDO COUNTY, FLORIDA
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COUNTY SYSTEM RATES (CONTINUED)

Connection Fee ERU

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

		2018		2019		2020		2021		2022	
Meter Size	ERU Meter Factor	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer
5/8	1	$ 1,147	$ 3,544	$ 1,147	$ 3,544	$ 1,147	$ 3,544	$ 1,147	$ 3,544	$ 1,147	$ 3,544
3/4	1.5	1,721	5,316	1,721	5,316	1,721	5,316	1,721	5,316	1,721	5,316
1	2.5	2,868	8,860	2,868	8,860	2,867	8,860	2,867	8,860	2,867	8,860
1 1/2	5	5,735	17,720	5,735	17,720	5,735	17,720	5,735	17,720	5,735	17,720
2	8	9,176	28,352	9,176	28,352	9,176	28,352	9,176	28,352	9,176	28,352
3	16	18,352	56,704	18,352	56,704	18,352	56,704	18,352	56,704	18,352	56,704
4	25	28,675	88,600	28,675	88,600	28,675	88,600	28,675	88,600	28,675	88,600
6	50	57,350	177,200	57,350	177,200	57,350	177,200	57,350	177,200	57,350	177,200
8	80	91,760	283,520	91,760	283,520	91,760	283,520	91,760	283,520	91,760	283,520
10	115	131,905	407,560	131,905	407,560	131,905	407,506	131,905	407,506	131,905	407,580

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COUNTY SYSTEM RATES (CONTINUED)

Other County System Rates and Charges

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

Charges/Fee Descriptions	2018	2019	2020	2021	2022
Water Hook-up Fees:					
Meter Size:					
5/8" x 3/4" Water Meter	$ 250	$ 250	$ 350	$ 350	$ 350
5/8" x 3/4" Water Meter Short/Long Tap-In	350	350	690	690	690
1" Water Meter	750	750	860	860	860
1 1/2" Water Meter	1,170	1,170	1,550	1,550	1,550
2" Water Meter	1,400	1,400	1,685	1,685	1,685
3" Compound Water Meter	Contracted	Contracted	Contracted	Contracted	Contracted
4" Compound Water Meter	Contracted	Contracted	Contracted	Contracted	Contracted
6" Compound Water Meter	Contracted	Contracted	Contracted	Contracted	Contracted
8" Compound Water Meter	Contracted	Contracted	Contracted	Contracted	Contracted
Wastewater Hook-Up Fee:					
Residential	N/A	N/A	N/A	N/A	N/A
Commercial	N/A	N/A	N/A	N/A	N/A
Utility Service Fee:					
Workdays - 8:00 a.m. to 5:00 p.m.	$ 35.00	$ 35.00	$ 35.00	$ 35.00	$ 35.00
After 5:00 p.m., Weekends, Holidays	70.00	70.00	70.00	70.00	70.00

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

FIVE-YEAR CAPITAL IMPROVEMENTS PROGRAM

	Fiscal Year Ending September 30,					
	2023	2024	2025	2026	2027	Total
WATER SYSTEM						
Water Production	$ 17,403,938	$ 130,000	$ 1,630,000	$ 2,900,000	$ -	$ 22,063,938
Water Distribution/Storage	3,578,525	850,000	4,750,000	500,000	-	9,678,525
Total Water Systems	20,982,463	980,000	6,380,000	3,400,000	-	31,742,463
WASTEWATER SYSTEM						
Treatment and Effluent Disposal	17,574,751	-	-	12,000,000	-	29,574,751
W.W. Collection/Effluent Transmission	38,390,938	8,530,248	2,200,000	-	14,968,000	64,089,186
Total Wastewater System	55,965,689	8,530,248	2,200,000	12,000,000	14,968,000	93,663,937
TOTAL – Water & Wastewater System	$ 76,948,152	$ 9,510,248	$ 8,580,000	$ 15,400,000	$ 14,968,000	$ 125,406,400

HERNANDO COUNTY, FLORIDA
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FUNDING SOURCES FOR FIVE-YEAR WATER AND SEWER CAPITAL IMPROVEMENTS PROGRAM

	2023	2024	2025	2026	2027	Total
WATER SYSTEM						
Capital Reserves	$ 11,062,654	$ 980,000	$ 5,900,000	$ -	$ -	$ 17,942,654
Renewal & Replacement Fund	2,819,809	-	50,000	500,000	-	3,369,809
Connection Fees	2,850,000	-	430,000	2,900,000	-	6,180,000
Other Funding Sources	4,250,000	-	-	-	-	4,250,000
Total Water System	20,982,463	980,000	6,380,000	3,400,000	-	31,742,463
WASTEWATER SYSTEM						
Capital Reserves	18,776,818	1,750,000	400,000	-	813,000	21,739,818
Renewal & Replacement Fund	947,022	1,495,000	1,400,000	-	-	3,842,022
Connection Fees	2,050,062	-	-	12,000,000	-	14,050,062
Other Funding Sources	34,191,787	5,285,248	400,000	-	14,155,000	54,032,035
Total Wastewater System	55,965,689	8,530,248	2,200,000	12,000,000	14,968,000	93,663,937
TOTAL – Water & Wastewater System	$ 76,948,152	$ 9,510,248	$ 8,580,000	$ 15,400,000	$ 14,968,000	$ 125,406,400

HERNANDO COUNTY, FLORIDA
SUPPLEMENTAL INFORMATION
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HISTORICAL OPERATING RESULTS AND DEBT SERVICE COVERAGE-COUNTY SYSTEM

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

	Fiscal Year Ending September 30,				
	2018	2019	2020	2021	2022
Water & Wastewater Sales Revenues	$ 34,108,510	$ 36,133,965	$ 38,922,432	$ 41,614,139	$ 44,541,692
Other Operating Revenues	471,155	519,832	412,227	298,658	385,477
Investment Income (Loss)	159,142	2,206,169	1,664,166	101,977	(2,301,508)
Total Gross Revenues (1)	34,738,807	38,859,966	40,998,825	42,014,774	42,625,661
Operating Expenses: (2)					
Personal Services	9,075,201	9,897,899	10,225,603	8,966,060	9,920,134
Other Operating Expenses	10,517,510	10,826,671	13,097,421	12,624,161	13,440,060
Depreciation Equivalent Charges (3)	(316,453)	(366,071)	(453,088)	(816,113)	(1,067,592)
Total Operating Expenses	19,276,258	20,358,499	22,869,936	20,774,108	22,292,602
Net Revenues (4)	15,462,549	18,501,467	18,128,889	21,240,666	20,333,059
Connection Fees:					
Water Connection Fees	859,607	807,319	763,215	1,214,679	1,091,244
Wastewater Connection Fees	1,409,732	1,495,310	1,436,950	2,150,737	1,908,221
Total Connection Fees	2,269,339	2,302,629	2,200,165	3,365,416	2,999,465
Pledged Funds (5)	17,731,888	20,804,096	20,329,054	24,606,082	23,332,524
Actual Senior Lien Debt Service	$ 3,983,233	$ 3,982,002	$ 2,577,705	$ 1,830,428	$ 5,361,035
Actual Coverage on Net Revenues (6)	3.88	4.65	7.03	11.60	3.79
Required Coverage	1.10	1.10	1.10	1.35	1.35
Actual Coverage on Pledged Funds (6)	4.45	5.22	7.89	13.44	4.35
Required Coverage	1.20	1.20	1.20	1.20	1.20

(1) Pursuant to the Resolution, does not include Sewer Connection Fees, Water Connection Fees or Special Assessment Proceeds.
(2) Pursuant to the Resolution, does not include amortization or depreciation.
(3) For purposes of this table, charges associated with replacement of vehicles in lieu of depreciation have been eliminated. This is consistent with definition of Operating Expenses in the Resolution, which excludes depreciation, amortization and other similar charges.
(4) Net revenues are defined in the Resolution as Gross Revenues less Operating Expenses.
(5) Pledged Funds are defined in the Resolution as Net Revenues plus Connection Fees, together with certain other funds and accounts which are not accounted for in this table.
(6) Upon issuance of the Series 2021A and 2021B Bonds,required coverage on Net Revenues increased from 1.10 to 1.35 times.For purposes of these calculations, it has been assumed that the Fund Balance equaled $0.

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TOP TEN UTILITY CUSTOMERS (BASED ON SALES REVENUE)

The following table shows the ten largest customers of Hernando County for fiscal year ending September 30, 2022:

Customer	Class	Meter Size	Type of Service	System Revenue	% of Total County Sales Revenue
Hernando County Jail	Commercial	6”	Water & Sewer	187,410	0.4%
Oak Hill Hospital Cooling Tower	Commercial	2”	Water & Sewer	120,397	0.3%
Hernando Correctional Institution	Commercial	6”	Water & Sewer	119,108	0.3%
Bridgewater Club Apartments	Commercial	6”	Water	85,353	0.2%
Hernando County School Board	Commercial	6"	Water	56,728	0.1%
Oak Hill Hospital	Commercial	6”	Water & Sewer	50,918	0.1%
Brooksville Regional Hospital	Commercial	6"	Water & Sewer	45,662	0.1%
Evergreen Woods	Commercial	4”	Water & Sewer	43,998	0.1%
Spring Hill Hospital Cooling Tower	Commercial	2"	Water & Sewer	34,304	0.1%
Atria Evergreen Woods	Commercial	4"	Water & Sewer	15,297	0.0%
Total				$ 759,175	

Source: Hernando County Utilities Department.

NON-AD VALOREM REFUNDING REVENUE BONDS, SERIES 2010

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

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HISTORICAL NON-AD VALOREM REVENUES IN GENERAL FUND (1)

	Fiscal Year Ending September 30,					
	2017	2018	2019	2020	2021	2022
Revenues						
Taxes:						
Local Communications Services Tax	$ 1,654,590	$ 1,658,612	$ 1,494,033	$ 1,508,963	$ 1,504,621	$ 1,656,179
Licenses and Permits:						
Other	437,911	462,182	489,033	485,251	530,672	504,505
Intergovernmental:						
Local Governmental Half-Cent Sales Tax (2)	9,305,757	9,823,445	10,113,257	10,333,528	12,179,208	13,550,762
State Revenue Sharing	4,735,465	4,970,666	5,223,897	4,913,385	5,726,289	7,369,002
Other (3)	5,068,030	4,916,876	6,023,774	32,700,262	13,730,732	4,900,011
Charges for Services:						
General Government	7,745,846	8,475,322	9,373,508	13,179,182	10,500,253	9,710,211
Public Safety	1,755,579	2,673,726	2,791,145	476,860	3,752,649	3,765,060
Physical Environment	342,347	313,140	-	173,550	140,264	200,314
Transportation	153,856	152,677	147,853	120,283	118,139	132,034
Human Services	208,346	204,134	224,203	181,143	194,870	184,655
Recreation and Culture	854,872	854,542	764,664	737,690	1,028,982	1,021,659
Other	26,640	28,561	29,197	29,720	31,998	30,417
Fines and Forfeitures	106,757	110,167	137,409	128,878	198,608	147,248
Investment Income (Loss)	204,633	227,855	1,120,746	1,166,271	84,734	(2,371,310)
Miscellaneous Revenue	1,403,238	1,456,065	1,637,594	5,401,409	2,746,219	2,483,866
Total Sources of Non-Ad Valorem Revenues	$ 34,003,867	$ 36,327,970	$ 39,570,313	$ 71,536,375	$ 52,468,238	$ 43,284,613

(1) Includes non-ad valorem revenues in General Fund only.
(2) This revenue source is pledged as the source of security for payment for the Series 2010 Bonds, Non-Ad Valorem Refunding Revenue Note, Series 2012, and the Non-Revolving Lines of Credit.
(3) Increases/decreases predominantly due to changes in grant funding provided by other governmental agencies.

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

The County has other debt issues outstanding which are secured by and payable from specific non-ad valorem revenues (excluding gas taxes and net revenues of the water and sewer enterprise fund, neither of which are legally available to pay debt service on the Series 2010 Bonds). Such indebtedness is summarized below.

Description	Source of Security	Amount Outstanding (1)	Final Maturity	Maximum Annual Debt Service
Non-Revolving Line of Credit	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	$ 16,315,640	5/01/2032	$ 3,403,485
Non-Ad Valorem Refunding Revenue Bonds, Series 2010	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	$ 840,000	2/01/2024	$ 440,831
Non-Ad Valorem Refunding Revenue Note, Series 2012	Covenant to Budget and Appropriate Legally Available Non-Ad Valorem Revenues	$ 8,608,000	2/01/2028	$ 1,550,475
		$ 25,763,640		$ 5,394,791

(1) The amount outstanding on each bond issue is calculated as of September 30, 2022.

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GENERAL FUND REVENUES AND EXPENDITURES

The Following chart shows information regarding the General Fund for the County's fiscal years ending September 30, 2017 through September 30, 2022:

	Fiscal Year Ending September 30,					
	2017	2018	2019	2020	2021	2022
REVENUES						
Taxes	$ 52,991,102	$ 55,176,696	$ 58,402,513	$ 71,651,035	$ 75,177,661	$ 79,668,627
Licenses and Permits	437,911	462,182	489,034	485,251	530,672	504,505
Intergovernmental	19,109,252	19,718,014	21,360,928	47,947,175	33,094,676	25,769,775
Charges for Services	11,087,486	12,702,102	13,330,570	14,898,428	15,767,155	15,044,350
Fines and Forfeitures	106,757	110,167	137,409	128,878	198,608	147,248
Investment Income (Loss)	204,633	227,855	1,120,746	1,166,271	84,734	(2,371,310)
Miscellaneous	1,403,238	1,456,065	1,637,594	5,401,409	2,746,219	2,483,866
TOTAL REVENUES	$ 85,340,379	$ 89,853,081	$ 96,478,794	$ 141,678,447	$ 127,599,725	$ 121,247,061
EXPENDITURES						
Current:						
General Government	$ 20,384,193	$ 22,264,779	$ 22,766,601	$ 22,837,187	$ 26,424,780	$ 27,475,790
Public Safety	45,737,271	48,693,366	51,776,924	55,173,881	57,634,971	62,627,142
Physical Environment	296,056	328,852	444,670	496,058	515,117	603,428
Transportation	2,397,631	2,514,283	2,415,463	2,723,307	2,878,645	3,179,680
Economic Environment	510,631	469,298	558,060	2,949,502	4,928,949	713,316
Human Services	4,274,185	4,609,019	4,686,387	4,828,136	5,941,076	4,965,909
Culture and Recreation	4,734,319	5,201,253	5,675,994	5,442,599	6,177,042	6,597,701
Court Operations	1,248,242	1,266,448	1,388,518	1,540,870	1,558,259	1,671,019
Debt Service:						
Principal	420,070	424,739	441,217	563,348	811,662	910,419
Interest and Fiscal Charges	70,632	66,194	69,632	78,403	75,771	70,940
Capital Outlay	3,306,681	3,358,739	3,607,192	4,155,093	7,729,843	8,157,892
TOTAL EXPENDITURES	$ 83,379,911	$ 89,196,970	$ 93,830,658	$ 100,788,384	$ 114,676,115	$ 116,973,236
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 1,960,468	$ 656,111	$ 2,648,136	$ 40,890,063	$ 12,923,610	$ 4,273,825
OTHER FINANCING SOURCES (USES)						
Transfers In (1)	$ 567,136	$ 3,365,406	$ 2,390,979	$ 775,376	$ 357,922	$ 855,149
Transfers Out (1)	(5,199,978)	(5,412,852)	(5,666,358)	(5,629,608)	(6,055,192)	(4,174,031)
Lease Liabilities Issued	-	-	-	-	-	459,141
Additions to Long-Term Debt	-	142,399	-	556,530	-	-
TOTAL OTHER FINANCING SOURCES (USES)	$ (4,632,842)	$ (1,905,047)	$ (3,275,379)	$ (4,297,702)	$ (5,697,270)	$ (2,859,741)
Net Change in Fund Balances	(2,672,374)	(1,248,936)	(627,243)	36,592,361	7,226,340	1,414,084
BEGINNING FUND BALANCE	23,523,455	23,854,816	22,605,880	21,978,637	58,570,998	65,797,338
ENDING BALANCE	$ 20,851,081	$ 22,605,880	$ 21,978,637	$ 58,570,998	$ 65,797,338	$ 67,211,422

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

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Affidavit

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BOARD OF COUNTY COMMISSIONERS
20 NORTH MAIN STREET • ROOM 263 • BROOKSVILLE, FLORIDA 34601
P 352.754.4002 • F 352.754.4477 • W www.HernandoCounty.us

AFFIDAVIT OF IMPACT FEE COMPLIANCE

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

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

State of Florida
County of Hernando

The foregoing instrument, Affidavit, dated MARCH 3, 2023 and consisting of 1 pages, was acknowledged before me this 3RD day of MARCH, 2023, by JOSHUA STRINGFELLOW who is personally known to me or has produced _____ as identification.

(Seal)

NOTARY PUBLIC STATE OF FLORIDA
HEIDI KURPPE
Commission # HH 286208
Expires July 11, 2026

NOTARY SIGNATURE

HERNANDO COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT

FINANCIAL STATEMENTS

Year Ended September 30, 2022

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MSL
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Doug Chorvat, Jr.
Clerk of the Circuit Court and Comptroller
Hernando County, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Hernando County, Florida Clerk of the Circuit Court (the "Clerk") as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Clerk as of September 30, 2022, and the respective change in financial position, and the budgetary comparison for the general fund and major special revenue funds for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clerk's ability to continue as a going concern for a reasonable period of time.

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

Emphasis-of-Matter

As described in Note 1 to the financial statements, the accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(3), *Rules of the Auditor General for Local Governmental Entity Audits*. These financial statements are not intended to be a complete presentation of the financial position of Hernando County, Florida as of September 30, 2022, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Honorable Doug Chorvat, Jr.
Clerk of the Circuit Court and Comptroller
Hernando County, Florida

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying supplemental information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated February 17, 2023, on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
February 17, 2023

HERNANDO COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2022

	General	Records Modernization	Fines and Forfeitures	Total
ASSETS				
Cash	$ 8,300	$ -	$ -	$ 8,300
Equity in pooled cash and investments	1,310,868	2,655,213	1,326,465	5,292,546
Accounts receivable	1,515	-	-	1,515
Due from other government agencies	74,576	-	42,268	116,844
Prepaid items	81,262	40,917	457	122,636
TOTAL ASSETS	$ 1,476,521	$ 2,696,130	$ 1,369,190	$ 5,541,841
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 35,828	$ 1,780	$ 7,173	$ 44,781
Accrued wages and benefits	153,509	1,374	35,190	190,073
Due to Hernando County Board of County Commissioners	1,209,364	-	-	1,209,364
Due to other government agencies	-	-	1,079,504	1,079,504
Deposits	77,820	-	233,302	311,122
TOTAL LIABILITIES	1,476,521	3,154	1,355,169	2,834,844
FUND BALANCES				
Restricted for: Record modernization	-	2,692,976	-	2,692,976
Restricted for: Court operations	-	-	14,021	14,021
TOTAL FUND BALANCES	-	2,692,976	14,021	2,706,997
TOTAL LIABILITIES AND FUND BALANCE	$ 1,476,521	$ 2,696,130	$ 1,369,190	$ 5,541,841

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

Year Ended September 30, 2022

	General	Records Modernization	Fines and Forfeitures	Total
REVENUES				
Intergovernmental	$ -	$ -	$ 489,771	$ 489,771
Charges for services	2,005,574	708,600	2,988,534	5,702,708
Fines and forfeitures	-	-	1,131,548	1,131,548
Interest income	(7,983)	2,373	5,052	(558)
Miscellaneous	16,379	-	92,207	108,586
TOTAL REVENUES	2,013,970	710,973	4,707,112	7,432,055
EXPENDITURES				
General government:				
Personnel services	4,666,544	-	-	4,666,544
Operating expenditures	2,141,414	92,306	-	2,233,720
Court operations:				
Personnel services	-	4,968	3,062,435	3,067,403
Operating expenditures	-	151,481	146,580	298,061
Capital outlay	269,563	16,316	-	285,879
TOTAL EXPENDITURES	7,077,521	265,071	3,209,015	10,551,607
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,063,551)	445,902	1,498,097	(3,119,552)
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Hernando County Board of County Commissioners	6,272,915	-	-	6,272,915
Transfers (out):				
Distribution of excess appropriations to the Hernando County Board of County Commissioners	(1,209,364)	-	-	(1,209,364)
Distribution of excess court revenue to the State of Florida	-	-	(1,484,076)	(1,484,076)
TOTAL OTHER FINANCING SOURCES (USES)	5,063,551	-	(1,484,076)	3,579,475
NET CHANGE IN FUND BALANCE	-	445,902	14,021	459,923
FUND BALANCE, BEGINNING OF YEAR	-	2,247,074	-	2,247,074
FUND BALANCE, END OF YEAR	$ -	$ 2,692,976	$ 14,021	$ 2,706,997

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

Year Ended September 30, 2022

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Charges for services	$ 1,553,900	$ 1,553,900	$ 2,005,574	$ 451,674
Interest income	12,000	12,000	(7,983)	(19,983)
Miscellaneous	-	-	16,379	16,379
TOTAL REVENUES	1,565,900	1,565,900	2,013,970	448,070
EXPENDITURES				
General government:				
Personnel services	4,883,904	4,927,248	4,666,544	260,704
Operating expenditures	2,423,500	2,626,503	2,141,414	485,089
Capital outlay	133,000	285,064	269,563	15,501
TOTAL EXPENDITURES	7,440,404	7,838,815	7,077,521	761,294
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,874,504)	(6,272,915)	(5,063,551)	1,209,364
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Hernando County Board of County Commissioners	5,874,504	6,272,915	6,272,915	-
Transfers (out):				
Distribution of excess appropriations to the Hernando County Board of County Commissioners	-	-	(1,209,364)	(1,209,364)
TOTAL OTHER FINANCING SOURCES (USES)	5,874,504	6,272,915	5,063,551	(1,209,364)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	$ -	$ -	$ -	$ -

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - RECORDS MODERNIZATION FUND

Year Ended September 30, 2022

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Charges for services	$ 550,000	$ 550,000	$ 708,600	$ 158,600
Interest income	10,000	10,000	2,373	(7,627)
TOTAL REVENUES	560,000	560,000	710,973	150,973
EXPENDITURES				
General government:				
Operating expenditures	287,000	278,000	92,306	185,694
Court operations:				
Personnel services	362,000	362,000	4,968	357,032
Operating expenditures	375,000	375,000	151,481	223,519
Capital outlay	20,000	29,000	16,316	12,684
Reserves	484,000	484,000	-	484,000
TOTAL EXPENDITURES	1,528,000	1,528,000	265,071	1,262,929
NET CHANGE IN FUND BALANCE	(968,000)	(968,000)	445,902	1,413,902
FUND BALANCE, BEGINNING OF YEAR	968,000	968,000	2,247,074	1,279,074
FUND BALANCE, END OF YEAR	$ -	$ -	$ 2,692,976	$ 2,692,976

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - FINES AND FORFEITURES FUND

Year Ended September 30, 2022

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental	$ 417,219	$ 403,494	$ 489,771	$ 86,277
Charges for services	2,929,115	2,929,115	2,988,534	59,419
Fines and forfeitures	1,023,300	1,023,300	1,131,548	108,248
Interest income	10,000	10,000	5,052	(4,948)
Miscellaneous	-	-	92,207	92,207
TOTAL REVENUES	4,379,634	4,365,909	4,707,112	341,203
EXPENDITURES				
Court operations:				
Personnel services	3,638,085	3,621,785	3,062,435	559,350
Operating expenditures	196,335	198,910	146,580	52,330
TOTAL EXPENDITURES	3,834,420	3,820,695	3,209,015	611,680
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	545,214	545,214	1,498,097	952,883
OTHER FINANCING SOURCES (USES)				
Transfers (out):				
Distribution of excess court revenue to State of Florida	(545,214)	(545,214)	(1,484,076)	(938,862)
NET CHANGE IN FUND BALANCE	-	-	14,021	14,021
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	$ -	$ -	$ 14,021	$ 14,021

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT

STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS

September 30, 2022

ASSETS		
Equity in pooled cash and investments		$ 7,507,093
	TOTAL ASSETS	7,507,093
LIABILITIES		
Accounts payable		287,467
Due to Hernando County Board of County Commissioners		87,434
Due to other government agencies		385,523
Other current liabilities		4,575,051
	TOTAL LIABILITIES	5,335,475
NET POSITION		
Restricted for:		
Individuals and other governments		$ 2,171,618

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS

Year Ended September 30, 2022

ADDITIONS		
State of Florida collections		$ 39,339,362
Hernando County Board of County Commissioners collections		1,493,876
Other collections		9,981,251
	TOTAL ADDITIONS	50,814,489
DEDUCTIONS		
Payments to Hernando County Board of County Commissioners		1,526,910
Payments to the State of Florida		39,764,441
Other payments		8,683,120
	TOTAL DEDUCTIONS	49,974,471
	NET INCREASE IN FIDUCIARY NET POSITION	840,018
NET POSITION-BEGINNING OF THE YEAR		1,331,600
NET POSITION-END OF THE YEAR		$ 2,171,618

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Hernando County, Florida (the "County") is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the "Board") and managed by an appointed County Administrator. The Hernando County, Florida Clerk of the Circuit Court (the "Clerk") is an elected constitutional officer as provided for by the Constitution of the State of Florida. Pursuant to Section 28.36, Florida Statutes, the Clerk's budget for the court activities in the Fines and Forfeitures Fund is submitted to the Clerks of Court Operations Corporation ("CCOC").

The Clerk is responsible for the administration and operation of the Clerk's office, including the Circuit and County court systems. The operations of the Clerk are funded primarily from fees and charges authorized under applicable Florida Statutes, or state general appropriations.

Certain costs of the court systems (communications services; existing radio systems; existing multi-agency criminal justice information systems; and the cost of construction or lease, maintenance, utilities, and security of facilities for the trial courts, public defenders' offices, and state attorneys' offices) are required by Article V, *Florida Constitution*, to be funded by the Board. Such costs are not included herein.

For financial reporting purposes, the Clerk is deemed to be part of the primary government of the County and, as such, is included in the County's Annual Comprehensive Financial Report.

Basis of Presentation

The accompanying financial statements include all the funds and accounts of the Clerk's office, but are not a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General - Local Governmental Entity Audits*.

The financial transactions of the Clerk are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balance accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of Presentation *(Continued)*

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. GAAP sets forth minimum criteria (percentage of total assets, liabilities, revenues, or expenditures) for the determination of major funds. Each major fund is reported in a separate column. The Clerk reports the following major governmental funds:

- **General Fund** - The General Fund is used to account for the general operations of the Clerk and includes all transactions which are not accounted for in another fund.
- **Records Modernization Fund** - The Records Modernization Fund was created pursuant to Florida Statutes 631 effective July 1, 1987. The Clerk charges a fee for each instrument recorded in the official records. The fee is deposited into this fund. The money in this fund is to be held by the Clerk and is restricted exclusively for equipment, personnel training, and technical assistance in modernizing the official records system. Effective July 1, 2004, an additional amount is collected pursuant to Section 28.24(12)(e), Florida Statutes, and is used exclusively for funding court-related technology needs. Beginning July 1, 2009, the fund also receives 10% of the Clerk's fees on civil and criminal fines collections to be used for additional court-related operational needs and program enhancements.
- **Fines and Forfeitures Fund** - The Fines and Forfeitures Fund was created pursuant to Florida Statutes 28.36, effective July 1, 2004. The fund accounts for court-related functions pursuant to Florida Statutes 28.35(3)(a). From July 1, 2009 through June 30, 2013, related fees and charges were remitted monthly to the state, and the court-related functions were funded by a monthly state appropriation. Beginning July 1, 2013, the state appropriations were terminated, and related fees and charges (including those received in June 2013) are no longer remitted to the state, but are instead retained to fund court-related functions. Excess revenues are returned to the state.

The Clerk also reports the following fund type:

- **Custodial Funds** - To account for assets held by the Clerk in a trustee capacity or as an agent for individuals, private organizations, and other governments.

With the implementation of Revision 7 to Article V on July 1, 2004, the Clerk's activities are now classified as court-related and non-court-related. Non-court-related activities are reported in the Clerk's General Fund. These activities are funded primarily with service charges for recording instruments and documents into the official records, and through transfers in from the Board. Excess revenues at the end of the year are due back to the Board, and are shown as a liability and transfer out in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of Presentation *(Continued)*

Court-related activities are reported in the Fines and Forfeitures Fund. Excess revenues are due back to the state periodically, except that one month's revenues can be retained for cash flow needs. Based on the legal opinion provided by the CCOC general counsel of the provisions of Section 28.37(3), Florida Statutes, which was adopted as policy by the CCOC Finance and Budget Committee, all excess court-related funds have been included in a fund liability, due to other government agencies.

Measurement Focus and Basis of Accounting

Governmental funds are accounted for using the flow of current financial resources measurement focus. Only current assets and current liabilities, generally, are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The focus on fiduciary type fund financial statements is by fund type, not major fund. The Clerk only has one fiduciary fund type, the custodial fund type. Accordingly, there is only one column in the fiduciary fund financial statements. Custodial funds are accounted for under the economic resources method and accrual basis of accounting.

The modified accrual basis of accounting is used by the governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available to finance liabilities of the current fiscal year). For this purpose, the Clerk considers revenues to be available if they are collected within 45 days of the end of the current period. Grants are the same, as the Clerk considers revenues to be available if they are collected within 45 days of the end of the current period. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences, which are recognized as expenditures to the extent they have matured. Prepaid items are recorded under the consumption method.

Charges for services, interest income, and other revenue are recognized as they are earned and become measurable and available to pay liabilities of the current period.

The general operations of the Clerk are funded principally by fees from third parties and appropriations from the Board. The appropriations from the Board are presented in the Clerk's financial statements as transfers in.

Excess Fees

For the General Fund, Florida Statutes provide that the amount by which revenues and transfers exceed annual expenditures be remitted to the Board immediately following the fiscal year for which the funding was provided or following the fiscal year during which other revenue was recognized. The amount of this distribution is recorded as a liability and as another financing use in the General Fund in the accompanying financial statements.

Excess Fees *(Continued)*

For the Fines and Forfeitures Fund, the Clerk makes monthly payments to the state from its budget surplus and is required to return additional net revenues annually. Amounts returned were $673,464 and net revenues accrued were $810,612 for a total state distribution of $1,484,076. This distribution is recorded as an "other financing use" in the Fines and Forfeitures Fund. Net revenues are returned to the state on a basis that straddles the fiscal year (i.e., September revenues can be carried over for working capital needs). Amounts recorded as due to other governmental agencies in the Fines and Forfeitures Fund totaling $1,079,504 included net revenues of $752,878 scheduled to be returned to the state in January 2023, and $326,626 available for carryover.

Equity in Pooled Cash

The Clerk pools substantially all cash and investments. Pooled cash includes cash on hand and on deposit with financial institutions. Short-term investments are with Florida State Board of Administrations' ("SBA") Florida PRIME, Florida Local Government Investment Trust (the "Trust"), and Florida Cooperative Liquid Assets Securities System ("FLCLASS"), all of which are external investment pools. Earnings from pooled cash and investments are allocated to each fund based on a monthly weighted average of the equity balance of each fund. Additionally, all other investments, if any, are reported at fair value.

Compensated Absences

All full-time employees of the Clerk are entitled to annual paid time off ("PTO"). PTO is an employee benefit that combines traditional vacation and sick leave programs into one plan with two components.

The employees are generally allowed to accumulate PTO up to a certain maximum, based on length of employment. Upon termination before retirement, the employee is paid for up to 80% of accrued and unused PTO. Retiring employees receive up to 100% of their accrued PTO balance. PTO payments are included in operating costs when the payments are made to the employees. The Clerk does not, nor is he legally required to, accumulate financial resources for these un-matured obligations. Accordingly, the liability for compensated absences is not reported in the governmental funds but rather is reported in the basic financial statements of the County.

Fund Balances

Generally accepted accounting principles for governments established fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components: non-spendable, restricted, committed, assigned, and unassigned:

- **Non-Spendable** - This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash, or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.

- **Restricted** - This component of fund balances consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.

- **Committed** - This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., policy) of the organization's governing authority. By statute, the Clerk himself is the governing authority. These committed amounts cannot be used for any other purpose unless the Clerk removes or changes the specified use by taking the same type of action (e.g., policy) he employed to constrain those amounts.

- **Assigned** - This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. The Clerk has not delegated the responsibility to assign fund balances to any individual or body.

- **Unassigned** - This classification is used for: (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the General Fund that are not restricted, committed, or assigned.

When both restricted and unrestricted resources are available for use, it is the Clerk's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use, it is the Clerk's policy to use committed resources first, then assigned, and then unassigned as needed.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported or disclosed in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2 - BUDGETARY PROCESS

Generally, Florida Statutes 129.021 and 129.03 govern the preparation, adoption, and administration of the Clerk's annual budget. The Clerk prepares a budget for all funds. Subsequent amendments can be made to these budgets without Board approval, except when they increase the total General Fund budget. The Clerk also prepares an annual budget for the Fines and Forfeiture Fund that is submitted to the CCOC.

Budgets are prepared on a basis consistent with GAAP. The annual budget serves as the legal authorization for expenditures. Budgetary control is maintained at the departmental major object expenditure level. Expenditures may not legally exceed appropriations at the fund level. Appropriations lapse at year-end. Budgetary changes within major object expenditures categories are made at the discretion of the Clerk.

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

NOTE 3 - CASH AND EQUITY IN POOLED CASH AND INVESTMENTS

Cash and Cash Equivalents

At September 30, 2022, the fair value of the Clerk's cash and cash equivalents was as follows:

	Fair Value	Credit Rating
Cash on Hand	$ 8,300	N/A
Demand Deposits	1,691,911	N/A
Total Cash and Cash Equivalents	$ 1,700,211	

Cash and Cash Equivalents *(Continued)*

The Clerk's bank deposits are held in qualified public depositories ("QPDs") pursuant to Chapter 280, Florida Statutes. Under this Chapter, each QPD is required to pledge collateral to the State Treasurer against the public deposits. In the event of default by a QPD, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the QPD in default and, if necessary, assessments against other QPDs of the same type as the depositor in default.

Investments

The Clerk's investment policy follows guidance set forth in Section 219.075, Florida Statutes, regarding the deposit of funds received and the investment of surplus funds. The policy authorizes the following investments:

External Investment Pools

- Direct Obligations of (or Unconditionally Guaranteed by) the United States (U.S.) Government
- Certain Obligations Issued or Guaranteed by U.S. Agencies
- Certificates of Deposit, Money Market Accounts, etc. in QPDs
- Certain Repurchase Agreements
- Certain Securities Exchange Commission Registered Money Market Funds
- Certain PRIME-rated Commercial Paper
- Certain Domestic Bankers' Acceptances
- Qualified Municipal Debt General Obligation Securities Rated at Least "A or Equivalent"
- Certain Corporate Debt Securities Rated at Least "A or Equivalent"

The primary objective of the investment policy is to assure that investments are of minimum risk. The second criterion is the assurance of liquidity, and the third consideration is yield.

Credit Risk

In an effort to limit credit risk, the Clerk's investment policy identifies and limits investments to only top ratings issued by nationally recognized statistical rating organizations.

Concentration of Investment Risk

To manage concentration of investment risk, the Clerk's investment policy stipulates maximum limitation guidelines for diversification by instrument. A maximum of 80% of the portfolio may be invested in each of the Florida Trust Funds or Florida PRIME. Investment maximum limitations range from 10% to 80% for each of the remaining types of investments.

Custodial Credit Risk

To manage custodial credit risk for investments, the Clerk's investment policy specifies the Clerk will execute a third-party Custodial Safekeeping Agreement with a commercial bank's trust department separately chartered by the U.S. Government or State of Florida. All securities purchased by the Clerk are properly designated as an asset of the Clerk and are held in safekeeping by the bank's trust department.

Interest Rate Risk

To manage interest rate risk, the Clerk maintains a formal investment policy that limits investment maturities not to exceed two years. This coupled with a diversified portfolio limits exposure to fair value losses arising from increasing interest rates.

The Clerk participates in the following external investment pools:

- The State Board of Administration for participation in the Local Government Investment Pool (Florida PRIME^{TM}) created by Section 218.415, Florida Statutes. This investment pool operates under investment guidelines established by Section 215.47, Florida Statutes. The Clerk's investments in Florida PRIME^{TM}, an external investment pool, are reported at amortized cost.

- The Florida Local Government Investment Trust (the "Trust"), which is administered by a Board of Trustees appointed by the Florida Association of Court Clerks and County Comptroller, and the Florida Association of Counties, Inc. The Trust was created in to provide a means for public entities to pool surplus funds to maximize net earnings. The Trust invests in money market and U.S. treasury notes, collateralized mortgage obligations, asset backed securities, agency notes, 2020 ARM pass-through, corporate bonds, government related securities, and certificates of deposit. The Clerk's investment in the Trust's Day to Day Fund is valued at Stable Net Asset Value ("NAV") and is report at amortized costs. The Clerk's investment in the Trust Short-Term Bond Fund is valued at Variable NAV, which approximates fair value.

- FLCLASS, an independent local government investment pool designed to provide a safe and competitive investment alternative for Florida governmental entities. FLCLASS is measured at NAV, which approximates fair value.

NOTE 3 - CASH AND EQUITY IN POOLED CASH AND INVESTMENTS *(Continued)*

Interest Rate Risk *(Continued)*

Following is a list of investments held at September 30, 2022 (Ratings from Standard and Poor's):

	Maturity	Fair Value	Rating
Investments			
Investment Pools:			
Florida Trust - Short-Term Bond Fund	Immediate	$ 1,456,729	AAAf
Florida Trust - Day to Day Fund	Immediate	351,825	AAAmmf
FLCLASS	51 days	3,821,952	AAAm
Florida PRIME Local Government Surplus Trust	48 Days	5,530,937	AAAm
Total Investments		$ 11,161,443	

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

The above cash and investments are reported as $8,300, $5,292,546, and $7,507,093 in the governmental funds and custodial funds, respectively.

Fair Value Measurement

The Clerk holds assets that are defined as short-term investments. The Clerk's investments are recorded at fair value unless the investment qualifies as an external investment pool. None of the investments are subject to a fair value hierarchy valuation.

NOTE 4 - CAPITAL ASSETS

Pursuant to Florida Statutes, capital assets used by the Clerk are owned by the Board. The Clerk maintains custodial and record-keeping responsibility for the tangible and intangible capital assets used by the office. The office space used in the Clerk's operations is provided at no cost by the Board.

Capital assets paid for by the Clerk are recorded as expenditures in the governmental funds of the Clerk and are capitalized in the basic financial statements of the County. Donated assets are recorded directly on the County's books at their estimated fair value on the date received. Depreciation is recorded at the County level.

NOTE 5 - LONG-TERM LIABILITY

The following is a summary of changes in general long-term liabilities, which are reported in the basic financial statements of the County:

	Balance October 1, 2021	Additions	Retirements	Balance September 30, 2022	Due Within One Year
Accrued Compensated Balance	$ 324,198	$ 441,245	$ (449,902)	$ 315,541	$ 315,541

The long-term liabilities above are not reported in the financial statements of the Clerk since they have not matured.

NOTE 6 - EMPLOYEE RETIREMENT PLAN

The Clerk participates in the Florida Retirement System ("FRS") for pension benefits. A detailed plan description and any liability for employees of the Clerk are included in the financial statements of the County.

Funding Policy

The Clerk's contributions to the FRS for fiscal years ended September 30, 2020 through 2022 were: $533,621, $607,598, and $758,871, respectively, which were equal to the required contribution for each fiscal year.

Employees are required to contribute 3% towards the FRS. Employee withholdings for this purpose amounted to $120,755, $126,374, and $143,875 for the fiscal years ended September 30, 2020 through 2022, respectively, which were equal to the required contribution for each fiscal year.

NOTE 7 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Pursuant to the requirements of the Florida Statutes, the Clerk participates in the County's plan to provide OPEB benefits to retirees of the Board and constitutional officers. A detailed plan description and any liability for employees of the Clerk are included in the financial statements of the County.

NOTE 8 - RISK MANAGEMENT

The Clerk participates in the insurance programs of the Board, including general liability, workers' compensation, and employee health insurance. These risk management activities are handled through internal service funds maintained by the Board. All liabilities associated with these self-insured risks are reported in the basic financial statements of the Board. The purpose of these funds is to administer employee life, health, workers' compensation, unemployment, disability insurance, and property and liability insurance. These funds account for the risk financing activities of the County, but do not constitute a transfer of risk from the County.

NOTE 8 - RISK MANAGEMENT *(Continued)*

Significant losses are covered by commercial insurance for all major programs except workers' compensation, for which the County retains risk of loss. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in any of the last three years.

The Clerk paid premiums of $1,228,698 for life and health insurance coverage to the Board for the fiscal year ended September 30, 2022.

The Board's Workers' Compensation Internal Service Fund is a self-insurance program for workers' compensation claims on losses up to $1,250,000 per occurrence. The Workers' Compensation fund has indemnified the Clerk against any losses in a given year in excess of the fee charged. In the event actual losses are less than the fee charged, such amounts will be retained in the Workers' Compensation fund. Claim settlements and losses are accrued and subsequently paid from the Workers' Compensation fund. Premium payments to the Board by the Clerk totaled $6,960 for the fiscal year ended September 30, 2022.

NOTE 9 - COMMITMENTS, CLAIMS, AND CONTINGENCIES

Litigation

The Clerk is involved as defendant or plaintiff in certain litigation and claims arising from the ordinary course of operations. Any judgments against the Clerk in excess of insurance limits would be settled by the Board. In the opinion of the Clerk and legal counsel, the range of potential recoveries or liabilities will not materially affect the financial position of the Clerk.

Federal and State Grants

Grant funds received by the Clerk are subject to audit by grantor agencies. Audits of these grants may result in disallowed costs, which may constitute a liability of the Clerk. In the opinion of management, disallowed costs, if any, would be insignificant to the financial position and operations of the Clerk.

SUPPLEMENTARY INFORMATION

HERNANDO COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT

Year Ended September 30, 2022

FIDUCIARY FUNDS

Custodial Funds are used to account for assets held by a governmental unit as trustee or agent for individuals, private organizations, and other governmental units.

- **Trust Fund** - This fund is used to account for the receipt and subsequent activity of monies temporarily held for others. Court related fines, fees, and service charges collected by the Hernando County Clerk of the Circuit Court are deposited into this fund and remitted to the State of Florida on a monthly basis. Other deposits include monies for fines to be remitted to other government agencies, intangible and documentary taxes collected to be distributed to the State of Florida, court ordered bonds, and other miscellaneous items.

- **Domestic Relations** - This fund is used to account for child support and alimony payments, and distribution of such funds processed through the Clerk. These payments are electronically transferred nightly to the State of Florida for proper disbursement via the State Distribution Unit in Tallahassee. The daily activity nets to zero. The Clerk uses the fund to track domestic relations activity.

- **Court Registry** - This fund is used to account for registry funds that have been ordered to be posted with the Clerk.

- **Ordinary Witness** - This fund was established pursuant to Florida Statute 40.29, effective July 1, 2004. The fund accounts for the payment of witnesses on behalf of the state attorney and public defender.

HERNANDO COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT

COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL CUSTODIAL FUNDS

September 30, 2022

	Trust Fund	Court Registry	Ordinary Witness	Total
ASSETS				
Equity in pooled cash and investments	$ 2,649,138	$ 4,848,740	$ 9,215	$ 7,507,093
TOTAL ASSETS	2,649,138	4,848,740	9,215	7,507,093
LIABILITIES				
Accounts payable	4,563	273,689	9,215	287,467
Due to Hernando County Board of County Commissioners	87,434	-	-	87,434
Due to other government agencies	385,523	-	-	385,523
Other current liabilities	-	4,575,051	-	4,575,051
TOTAL LIABILITIES	477,520	4,848,740	9,215	5,335,475
NET POSITION				
Restricted for:				
Individuals and other governments	$ 2,171,618	$ -	$ -	$ 2,171,618

HERNANDO COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
ALL CUSTODIAL FUNDS

Year Ended September 30, 2022

	Trust Fund	Court Registry	Domestic Relations	Ordinary Witness	Total
ADDITIONS					
State of Florida collections	$ 39,339,362	$ -	$ -	$ -	$ 39,339,362
Hernando County Board of County Commissioners collections	1,493,876	-	-	-	1,493,876
Other collections	4,837,983	4,848,740	285,313	9,215	9,981,251
TOTAL ADDITIONS	45,671,221	4,848,740	285,313	9,215	50,814,489
DEDUCTIONS					
Payments to Hernando County Board of County Commissioners	1,526,910	-	-	-	1,526,910
Payments to the State of Florida	39,764,441	-	-	-	39,764,441
Other payments	3,539,852	4,848,740	285,313	9,215	8,683,120
TOTAL DEDUCTIONS	44,831,203	4,848,740	285,313	9,215	49,974,471
NET INCREASE IN FIDUCIARY NET POSITION	840,018	-	-	-	840,018
NET POSITION-BEGINNING OF THE YEAR	1,331,600	-	-	-	1,331,600
NET POSITION-END OF THE YEAR	$ 2,171,618	$ -	$ -	$ -	$ 2,171,618

OTHER REPORTS

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

To the Honorable Doug Chorvat, Jr.
Clerk of the Circuit Court and Comptroller
Hernando County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hernando County, Florida Clerk of the Circuit Court (the "Clerk") as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements, and have issued our report thereon dated February 17, 2023.

Report on Internal Control over Financial Reporting

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

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

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

To the Honorable Doug Chorvat, Jr.
Clerk of the Circuit Court and Comptroller
Hernando County, Florida

Report on Compliance and Other Matters

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

Purpose of this Report

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

MSL, P.A.

Certified Public Accountants

Tampa, Florida
February 17, 2023

MSL
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Doug Chorvat, Jr.
Clerk of the Circuit Court and Comptroller
Hernando County, Florida

We have examined the Hernando County, Florida Clerk of the Circuit Court's (the "Clerk") compliance with the requirements of Sections 28.35, 28.36, 61.181 and 218.415, Florida Statutes, during the fiscal year ended September 30, 2022. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Clerk complied with the aforementioned requirements in all material respects. An examination involves performing procedures to obtain evidence about the Clerk's compliance with those requirements, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Clerk's compliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement. Our examination does not provide a legal determination on the Clerk's compliance with the specified requirements.

In our opinion, the Clerk complied with the aforementioned requirements for the fiscal year ended September 30, 2022, in all material respects.

MSL, P.A.
Certified Public Accountants

Tampa, Florida
February 17, 2023

MSL
Certified Public Accountants

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Doug Chorvat, Jr.
Clerk of the Circuit Court and Comptroller
Hernando County, Florida

We have audited the financial statements of the Hernando County, Florida Clerk of the Circuit Court (the "Clerk") as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated February 17, 2023.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards;* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards,* AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General.* Disclosures in those reports, which are dated February 17, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Management

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

To the Honorable Doug Chorvat, Jr.
Clerk of the Circuit Court and Comptroller
Hernando County, Florida

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Clerk of the Circuit Court, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
February 17, 2023

HERNANDO COUNTY, FLORIDA
PROPERTY APPRAISER

FINANCIAL STATEMENTS

Year Ended September 30, 2022

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Honorable John C. Emerson
Property Appraiser
Hernando County, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Hernando County, Florida Property Appraiser (the "Property Appraiser") as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Property Appraiser's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Property Appraiser as of September 30, 2022, and the respective change in financial position, and the budgetary comparison for the general fund and the geographic information system fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Property Appraiser's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Property Appraiser's ability to continue as a going concern for a reasonable period of time.

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

Emphasis-of-Matter

As described in Note 1 to the financial statements, the accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(3), *Rules of the Auditor General for Local Governmental Entity Audits*. These financial statements are not intended to be a complete presentation of the financial position of Hernando County, Florida as of September 30, 2022, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying supplemental information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 22, 2022, on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Property Appraiser's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
November 22, 2022

HERNANDO COUNTY, FLORIDA
PROPERTY APPRAISER

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2022

	General Fund	Geographic Information System Fund	Non-Major Governmental Funds	Total
ASSETS				
Cash and cash equivalents	$ 364,369	$ 1,663,145	$ 116,583	$ 2,144,097
TOTAL ASSETS	$ 364,369	$ 1,663,145	$ 116,583	$ 2,144,097
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Vouchers payable	$ 41,237	$ 176	$ 211	$ 41,624
Due to the Hernando County, Florida, Board of County Commissioners	318,416	-	115,999	434,415
Due to other governments	4,716	-	373	5,089
TOTAL LIABILITIES	364,369	176	116,583	481,128
FUND BALANCES				
Committed for GIS function	-	1,662,969	-	1,662,969
TOTAL FUND BALANCES	-	1,662,969	-	1,662,969
TOTAL LIABILITIES AND FUND BALANCES	$ 364,369	$ 1,663,145	$ 116,583	$ 2,144,097

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
PROPERTY APPRAISER

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

Year Ended September 30, 2022

	General Fund	Geographic Information System Fund	Non-Major Governmental Funds	Total
REVENUES				
Intergovernmental revenues:				
Hernando County, Florida, Board of County Commissioners	$ 2,976,340	$ 939,454	$ 371,815	$ 4,287,609
Other taxing districts	47,759	135,382	-	183,141
Total intergovernmental revenues	3,024,099	1,074,836	371,815	4,470,750
Charges for services	-	43,056	105,559	148,615
Interest	-	729	-	729
TOTAL REVENUES	3,024,099	1,118,621	477,374	4,620,094
EXPENDITURES				
General government:				
Personnel services	2,359,417	694,211	309,084	3,362,712
Operating	306,551	310,584	51,918	669,053
Capital outlay	35,000	9,641	-	44,641
TOTAL EXPENDITURES	2,700,968	1,014,436	361,002	4,076,406
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	323,131	104,185	116,372	543,688
OTHER FINANCING SOURCES (USES)				
Transfers (out):				
Distribution of excess fees to the Hernando County, Florida, Board of County Commissioners	(318,415)	-	(115,999)	(434,414)
Distribution of excess fees to other taxing districts	(4,716)	-	(373)	(5,089)
TOTAL OTHER FINANCING SOURCES (USES)	(323,131)	-	(116,372)	(439,503)
NET CHANGE IN FUND BALANCES	-	104,185	-	104,185
FUND BALANCE, BEGINNING OF YEAR	-	1,558,784	-	1,558,784
FUND BALANCE, END OF YEAR	$ -	$ 1,662,969	$ -	$ 1,662,969

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
PROPERTY APPRAISER

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

Year Ended September 30, 2022

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental revenues:				
Hernando County, Florida, Board of County Commissioners	$ 2,976,340	$ 2,976,340	$ 2,976,340	$ -
Other taxing districts	47,759	47,759	47,759	-
TOTAL REVENUES	3,024,099	3,024,099	3,024,099	-
EXPENDITURES				
General government:				
Personnel services	2,475,109	2,475,109	2,359,417	115,692
Operating	447,027	432,027	306,551	125,476
Capital outlay	26,012	41,012	35,000	6,012
Non-operating	10,000	10,000	-	10,000
TOTAL EXPENDITURES	2,958,148	2,958,148	2,700,968	257,180
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	65,951	65,951	323,131	257,180
OTHER FINANCING SOURCES (USES)				
Transfers (out):				
Distribution of excess fees to the Hernando County, Florida, Board of County Commissioners	(64,909)	(64,909)	(318,415)	(253,506)
Distribution of excess fees to Other taxing districts	(1,042)	(1,042)	(4,716)	(3,674)
TOTAL OTHER FINANCING SOURCES (USES)	(65,951)	(65,951)	(323,131)	(257,180)
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	$ -	$ -	$ -	$ -

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
PROPERTY APPRAISER

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GEOGRAPHIC INFORMATION SYSTEM FUND

Year Ended September 30, 2022

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental revenues:				
Hernando County, Florida,				
Board of County Commissioners	$ 917,382	$ 917,382	$ 939,454	$ 22,072
Other taxing districts	135,382	135,382	135,382	-
Total Intergovernmental Revenues	1,052,764	1,052,764	1,074,836	22,072
Charges for services	24,043	24,043	43,056	19,013
Interest	-	-	729	729
TOTAL REVENUES	1,076,807	1,076,807	1,118,621	41,814
EXPENDITURES				
General government:				
Personnel services	660,710	660,710	694,211	(33,501)
Operating	355,315	355,315	310,584	44,731
Capital outlay	21,513	21,513	9,641	11,872
TOTAL EXPENDITURES	1,037,538	1,037,538	1,014,436	23,102
NET CHANGE IN FUND BALANCES	39,269	39,269	104,185	64,916
FUND BALANCE, BEGINNING OF YEAR	-	-	1,558,784	1,558,784
FUND BALANCE, END OF YEAR	$ 39,269	$ 39,269	$ 1,662,969	$ 1,623,700

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
PROPERTY APPRAISER

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Hernando County, Florida (the "County"), is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the "Board") and managed by an appointed County Administrator. The Hernando County, Florida Property Appraiser (the "Property Appraiser") is an elected constitutional officer of the County as provided for by the Constitution of the State of Florida. Pursuant to Chapters 129 and 195, Florida Statutes, the Property Appraiser's budget is submitted to the Florida Department of Revenue for approval, and a copy is forwarded to the Board for coordination with the Board's budget.

Funding of the Property Appraiser's Office comes from quarterly billings to the Board and other taxing districts in proportion to prior year taxes levied, or in the case of non-ad valorem districts, by other reasonable methods. By statute, municipalities and school boards are exempt.

For financial reporting purposes, the Property Appraiser is deemed to be part of the primary government of the County and, as such, is included in the County's Annual Comprehensive Financial Report.

Basis of Presentation

The accompanying financial statements include all funds and accounts of the Property Appraiser's office, but are not intended to be a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General - Local Governmental Entity Audits.*

The financial transactions of the Property Appraiser are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. These funds are segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. GAAP sets forth minimum criteria (percentage of total assets, liabilities, revenues, or expenditures) for the determination of major funds. Each major fund is reported in a separate column.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The Property Appraiser reports the following major governmental funds:

- **General Fund** - The general fund is used to account for the general operations of the Property Appraiser and includes all transactions, which are not accounted for in other funds.

- **Geographic Information System ("GIS") Fund** - This fund is used to account for revenue received in accordance with a contract with the Board pursuant to Section 197.3632(2), Florida Statutes, which is designated to finance the establishment and maintenance of the GIS for the County. Although neither the contract nor the law requires that a budget be prepared for the expenditures of these funds, the Property Appraiser prepares an annual budget internally for this fund and follows the same recording and reporting procedures as those with legally required budgets for the purpose of management control.

The Property Appraiser also reports the following non-major governmental funds:

- **County Fees and Commissions Fund** - This fund is used to account for revenues and expenditures pursuant to Section 119, Florida Statutes. The Property Appraiser uses this fund to track revenues and expenditures directly related to providing aerial maps, tax rolls, copies, and real property tags to the public.

- **Addressing Fund** - The addressing fund was created to account for the revenues and expenditures for the creation and maintenance of the County-wide addressing system.

- **Addressing Fees Fund** - The addressing fees fund was created to account for the revenues received under an agreement with the Board to provide address assignments, annual subscription renewal, and unnamed petition fees to the public.

- **GIS Business Units Fund** - The Hernando County Property Appraiser's Office serves as the lead entity for operating and managing the Hernando Central GIS. As part of that responsibility, a fund was created in 2010 to account for the revenues and expenditures for the GIS Planning, GIS Information Technology and GIS Environmental Services Business Units, per agreements with the respective County agencies, to provide GIS services.

Measurement Focus and Basis of Accounting

Governmental funds are accounted for using the flow of current financial resources measurement focus. Only current assets and current liabilities, generally, are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available to finance liabilities of the current fiscal year). For this purpose, the Property Appraiser considers revenues to be available if they are collected within 45 days of the end of the current period. Expenditures are recorded when the related fund liability is incurred, except for compensated absences, which are recognized as expenditures to the extent they have matured.

Substantially all of the Property Appraiser's revenue is received from taxing authorities. These monies are generally unrestricted and are revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenue at the time of receipt; earlier if the *susceptible to accrual* criteria are met.

Charges for services and interest income are recognized when earned, provided they are also measurable and available to pay liabilities of the current period. Interest income is reported net of fees.

Florida Statutes provide that the amount by which revenues and transfers exceed annual expenditures be credited back to the Board and other taxing districts in the quarter immediately following the fiscal year during which the revenue was recognized. Florida Statutes further provide that this excess be distributed to each governmental agency in the same proportion as the fees paid by each governmental agency bear to total fees revenues. The amount of this distribution is recorded as a liability and another financing use in the accompanying financial statements.

Cash Equivalents

Cash equivalents are defined as highly liquid investments with original maturities of three months or less.

Compensated Absences

All full-time employees of the Property Appraiser are entitled to paid time off. The employees are generally allowed to accumulate paid time off up to a maximum of 320 hours. Upon termination, the employee is paid for accumulated and unused paid time off. Paid time off payments are included in expenditures in the period paid or due. The Property Appraiser does not, nor is he legally required to, accumulate financial resources for these unmatured obligations. Accordingly, the liability for compensated absences is not reported in the governmental funds, but rather is reported in the basic financial statements of the County.

Fund Balances

The Property Appraiser implemented the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* in 2011, as required. The purpose of GASB Statement No. 54 was to improve the consistency and usefulness of fund balance information to the financial statement user. The statement established fund balance classifications that comprise a hierarchy, based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - non-spendable, restricted, committed, assigned, and unassigned:

- **Non-Spendable** - This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash; or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Property Appraiser does not have any non-spendable funds.

- **Restricted** - This component of fund balances consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments); or (b) by law through constitutional provisions or enabling legislation.

- **Committed** - This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., policy) of the organization's governing authority. By statute, the Property Appraiser himself is the governing authority. These committed amounts cannot be used for any other purpose unless the Property Appraiser removes or changes the specified use by taking the same type of action (e.g., policy) he employed to constrain those amounts.

- **Assigned** - This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. The Property Appraiser has not delegated the responsibility to assign fund balances to any individual or body.

- **Unassigned** - This classification is used for: (a) negative unrestricted fund balances in any governmental fund; or (b) fund balances within the general fund that are not restricted, committed, or assigned.

When both restricted and unrestricted resources are available for use, it is the Property Appraiser's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use, it is the Property Appraiser's policy to use committed resources first, then assigned, and then unassigned as needed.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported or disclosed in the financial statements and accompanying notes. Actual results could differ from those estimates.

Net Pension Liability

The Property Appraiser participates in the Florida Retirement System ("FRS") defined benefit pension plan and the Health Insurance Subsidy ("HIS") defined benefit plan administered by Florida Division of Retirement. As a participating employer, the Property Appraiser is required to report the employers' proportionate share of the net pension liabilities and related pension amounts of the defined benefit pension plans. However, these liabilities would be recorded in government-wide financial statements, which are not required in this presentation. The cost-sharing multiple-employer plans mentioned above operate on a June 30 fiscal year end.

Other Post-Employment Benefits

Pursuant to the requirements of the Florida Statutes, the Property Appraiser participates in the County's plan to provide other postemployment benefits to retirees of the Board and Constitutional Officers. A detailed plan description and any liability for employees of the Property Appraiser are included in the financial statements of the County.

NOTE 2 - BUDGETARY PROCESS

Section 195.087, Florida Statutes, governs the preparation, adoption, and administration of the Property Appraiser's annual budget. The Property Appraiser prepares a budget for the general fund and submits it to the Florida Department of Revenue for approval. Any subsequent amendments to the Property Appraiser's total budget must be approved by the Florida Department of Revenue. The budget is prepared on a basis consistent with GAAP and serves as the legal authorization for expenditures.

Budgetary control is maintained at the major object expenditure level. Expenditures may not legally exceed appropriations at the fund level. Appropriations lapse at year-end. Budgetary changes within major object expenditure categories are made at the discretion of the Property Appraiser.

Budgets have also been prepared for the GIS, Addressing, and GIS Business Units funds, but not the County Fees and Commissions, or Addressing Fees funds. These budgets are not required to be submitted to the Department of Revenue for approval, and have no specific legal level of authority.

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

NOTE 3 - CASH AND INVESTMENTS

At September 30, 2022, the fair value of the Property Appraiser's cash and cash equivalents was as follows:

	Carrying Value	Credit Rating
Cash on Hand	$ 150	N/A
Demand Deposits and Money Market Funds	2,143,947	N/A
Total Cash and Cash Equivalents	$ 2,144,097	

The Property Appraiser's bank deposits are held in qualified public depositories ("QPDs") pursuant to Chapter 280, Florida Statutes. Under this Chapter, each QPD is required to pledge collateral to the State Treasurer against the public deposits. In the event of default by a QPD, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the QPD in default and, if necessary, assessments against other QPDs of the same type as the depositor in default.

Authorized Investments

The Property Appraiser has not adopted an investment policy and so, by statute, follows the state's guidance set forth in Section 219.075, Florida Statutes regarding the deposit of funds received and the investment of surplus funds. That Section requires local governments without written investment policies, including County officers, to follow the state policy in Section 218.415(17), Florida Statutes. That Section authorizes the following investments:

a. The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the *Florida Interlocal Cooperation Act,* as provided in Florida Statute 163.01.

b. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

c. Interest-bearing time deposits or savings accounts in qualified public depositories.

d. Direct obligations of the United States Treasury.

The Property Appraiser does not have policies that address credit risk, custodial credit risk, or interest rate risk. The Property Appraiser had no investments at year-end or during the year.

NOTE 4 - CAPITAL ASSETS

Pursuant to Florida Statutes, capital assets used by the Property Appraiser are owned by the Board. The Property Appraiser maintains custodial and record-keeping responsibility for the tangible capital assets used by the office. The office space used in the Property Appraiser's operations is provided at no cost by the Board.

Capital assets paid for by the Property Appraiser are recorded as expenditures in the governmental funds of the Property Appraiser and are capitalized in the basic financial statements of the County. Donated assets are recorded directly in the County's books at their estimated fair value on the date received. Depreciation is recorded at the County level.

NOTE 5 - LONG-TERM LIABILITY

The following is a summary of changes in general long-term liabilities, which are reported in the basic financial statements of the County:

	Balance October 1, 2021	Additions	Retirements	Balance September 30, 2022	Due Within One Year
Accrued Compensated Balance	$ 239,308	$ 228,989	$ (217,769)	$ 250,528	$ 225,475

These liabilities are not reported in the financial statements of the Property Appraiser but are reported on the basic financial statements of the County.

NOTE 6 - FLORIDA RETIREMENT SYSTEM ("FRS") FOR PENSION BENEFITS

The Property Appraiser participates in the FRS for Pension Benefits. A detailed plan description and any liability for employees of the Property Appraiser are included in the financial statements of the County.

Funding Policy

The Property Appraiser's contributions to the FRS for fiscal years ended September 30, 2020 through 2022 were: $252,406, $300,862, and $378,747, respectively, which were equal to the required contribution for each fiscal year.

Employees are required to contribute 3% towards the FRS. Employee withholdings for this purpose amounted to $60,755, $60,039, and $65,445, for the fiscal years ended September 30, 2019 through 2021, respectively, which were equal to the required contribution for each fiscal year.

NOTE 7 - RISK MANAGEMENT

The Property Appraiser participates in the insurance programs of the Board including general liability, workers' compensation, property and casualty, and employee health insurance. These risk management activities are handled through internal service funds maintained by the Board. All liabilities associated with these self-insured risks are reported in the basic financial statements of the Board. The purpose of these funds is to administer employee life, health, workers' compensation, unemployment, disability insurance, and property and liability insurance. These funds account for the risk financing activities of the Board, but do not constitute a transfer of risk from the County.

Significant losses are covered by commercial insurance for all major programs except workers' compensation for which the County retains risk of loss. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in any of the last three years.

The Property Appraiser paid premiums of $12,820 for general liability and $510,891 for employee life and health insurance coverage to the Board for the fiscal year ended September 30, 2022.

The Board's Workers' Compensation Internal Service Fund is a self-insurance program for workers' compensation claims on losses up to $1,250,000 per occurrence. The workers' compensation fund has indemnified the Property Appraiser against any losses in a given year in excess of the fee charged. In the event actual losses are less than the fee charged, such amounts will be retained in the Workers' Compensation fund. Claim settlements and losses are accrued and subsequently paid from the Workers' Compensation fund. Premium payments to the Board by the Property Appraiser, which are based on a percentage of salaries paid according to salary classifications, totaled $10,942 for the fiscal year ended September 30, 2022.

NOTE 8 - LITIGATION

The Property Appraiser is involved as defendant or plaintiff in certain litigation and claims arising from the ordinary course of operations, primarily relating to challenges on property value assessments. Any judgments against the Property Appraiser would be settled by the Board. In the opinion of the Property Appraiser and legal counsel, the range of potential recoveries or liabilities will not materially affect the financial position of the Property Appraiser.

NOTE 9 - COMMITMENT

The Property Appraiser has the following future commitment to one vendor for six separate aerial mapping projects:

Year Ending September 30:	Amount
2023	$ 218,776
2024	173,576
2025	173,576
2026	218,776
	$ 784,704

SUPPLEMENTARY INFORMATION

Combining and Individual Fund Financial Statements and Schedule

HERNANDO COUNTY, FLORIDA
PROPERTY APPRAISER

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS

September 30, 2022

	County Fees and Commissions Fund	Addressing Fund	Addressing Fees Fund	GIS Business Units Fund	Total
ASSETS					
Cash and cash equivalents	$ 25,614	$ 6,242	$ 42,710	$ 42,017	$116,583
TOTAL ASSETS	$ 25,614	$ 6,242	$ 42,710	$ 42,017	$116,583
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Vouchers payable	$ 10	$ 127	$ -	$ 74	$ 211
Due to the Hernando County, Florida, Board of County Commissioners	25,231	6,115	42,710	41,943	115,999
Due to other governments	373	-	-	-	373
TOTAL LIABILITIES	25,614	6,242	42,710	42,017	116,583
FUND BALANCES					
Committed for specific purpose	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	$ 25,614	$ 6,242	$ 42,710	$ 42,017	$116,583

HERNANDO COUNTY, FLORIDA
PROPERTY APPRAISER

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE NON-MAJOR GOVERNMENTAL FUNDS

Year Ended September 30, 2022

	County Fees and Commissions Fund	Addressing Fund	Addressing Fees Fund	GIS Business Units Fund	Total
REVENUES					
Intergovernmental revenues:					
Hernando County, Florida, Board of County Commissioners	$ -	$ 135,104	$ -	$ 236,711	$ 371,815
Charges for services	62,849	-	42,710	-	105,559
TOTAL REVENUES	62,849	135,104	42,710	236,711	477,374
EXPENDITURES					
General government:					
Personnel services	-	119,272	-	189,812	309,084
Operating	37,245	9,717	-	4,956	51,918
TOTAL EXPENDITURES	37,245	128,989	-	194,768	361,002
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	25,604	6,115	42,710	41,943	116,372
OTHER FINANCING SOURCES (USES)					
Transfers (out):					
Distribution of excess fees to the Hernando County, Florida, Board of County Commissioners	(25,231)	(6,115)	(42,710)	(41,943)	(115,999)
Distribution of excess fees to other taxing districts	(373)	-	-	-	(373)
TOTAL OTHER FINANCING SOURCES (USES)	(25,604)	(6,115)	(42,710)	(41,943)	(116,372)
NET CHANGE IN FUND BALANCES	-	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-	-
FUND BALANCE, END OF YEAR	$ -	$ -	$ -	$ -	$ -

HERNANDO COUNTY, FLORIDA
PROPERTY APPRAISER

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - ADDRESSING FUND

Year Ended September 30, 2022

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental revenues:				
Hernando County, Florida, Board of County Commissioners	$ 130,316	$ 130,316	$ 135,104	$ 4,788
TOTAL REVENUES	130,316	130,316	135,104	4,788
EXPENDITURES				
General government:				
Personnel services	119,552	119,552	119,272	280
Operating	10,764	10,764	9,717	1,047
TOTAL EXPENDITURES	130,316	130,316	128,989	1,327
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	6,115	6,115
OTHER FINANCING SOURCES (USES)				
Transfers (out):				
Distribution of excess fees to the Hernando County, Florida, Board of County Commissioners	-	-	(6,115)	(6,115)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(6,115)	(6,115)
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	$ -	$ -	$ -	$ -

HERNANDO COUNTY, FLORIDA
PROPERTY APPRAISER

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GIS BUSINESS UNITS FUND

Year Ended September 30, 2022

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental revenues:				
Hernando County, Florida, Board of County Commissioners	$ 229,529	$ 229,529	$ 236,711	$ 7,182
TOTAL REVENUES	229,529	229,529	236,711	7,182
EXPENDITURES				
General government:				
Personnel services	212,020	212,020	189,812	22,208
Operating	17,509	17,509	4,956	12,553
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	229,529	229,529	194,768	34,761
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	41,943	41,943
OTHER FINANCING SOURCES (USES)				
Transfers (out):				
Distribution of excess fees to the Hernando County, Florida, Board of County Commissioners	-	-	(41,943)	(41,943)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(41,943)	(41,943)
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	$ -	$ -	$ -	$ -

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MSL
Certified Public Accountants

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

Honorable John C. Emerson
Property Appraiser
Hernando County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hernando County, Florida Property Appraiser (the "Property Appraiser") as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated November 22, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Honorable John C. Emerson
Property Appraiser
Hernando County, Florida

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management of the Property Appraiser in a separate letter dated November 22, 2022.

Purpose of this Report

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

MSL, P.A.

Certified Public Accountants

Tampa, Florida
November 22, 2022

MSL
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT

Honorable John C. Emerson
Property Appraiser
Hernando County, Florida

We have examined the Hernando County, Florida Property Appraiser's (the "Property Appraiser") compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2022. The Property Appraiser's management is responsible for the Property Appraiser's compliance with those requirements. Our responsibility is to express an opinion on the Property Appraiser's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Property Appraiser complied with the aforementioned requirements in all material respects. An examination involves performing procedures to obtain evidence about the Property Appraiser's compliance with those requirements, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Property Appraiser's compliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement. Our examination does not provide a legal determination on the Property Appraiser's compliance with the specified requirements.

In our opinion, the Property Appraiser complied with the aforementioned requirements for the fiscal year ended September 30, 2022, in all material respects.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
November 22, 2022

MSL
Certified Public Accountants

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable John C. Emerson
Property Appraiser
Hernando County, Florida

We have audited the basic financial statements of the Property Appraiser (the "Property Appraiser") as of and for the fiscal year ended September 30, 2022 and have issued our report thereon dated November 22, 2022.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and Chapter 10.550, *Rules of the Auditor General.*

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards,* AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General.* Disclosures in those reports, which are dated November 22, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Honorable John C. Emerson
Property Appraiser
Hernando County, Florida

Financial Management

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

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Property Appraiser and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
November 22, 2022

HERNANDO COUNTY, FLORIDA
SHERIFF

FINANCIAL STATEMENTS

Year Ended September 30, 2022

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MSL
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Honorable Al Nienhuis
Sheriff
Hernando County, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Hernando County, Florida Sheriff (the "Sheriff") as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Sheriff as of September 30, 2022, and the respective change in financial position, and where applicable, cash flows thereof, and the respective budgetary comparison for the general fund and each major special revenue fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sheriff's ability to continue as a going concern for a reasonable period of time.

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

Emphasis-of-Matter

As described in Note 1 to the financial statements, the accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(3), *Rules of the Auditor General for Local Governmental Entity Audits*. These financial statements are not intended to be a complete presentation of the financial position of Hernando County, Florida as of September 30, 2022, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Change in Accounting Principle

As discussed in Note 5 and Note 6 to the financial statements, in the year ended September 30, 2022, the Sheriff adopted the provisions of Government Accounting Standards Board Statement ("GASBS") Number 87, *Leases*. Our opinion is not modified with respect to this matter.

Honorable Al Nienhuis
Sheriff
Hernando County, Florida

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying supplemental information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated January 24, 2023, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
January 24, 2023

HERNANDO COUNTY, FLORIDA
SHERIFF

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2022

	General	E-911	Inmate Welfare	Inmate Revenue	Non-Major Governmental Funds	Total
ASSETS						
Cash and cash equivalents	$ 3,960,812	$ 1,518,010	$ 1,423,993	$ 258,344	$ 1,292,101	$ 8,453,260
Due from other funds	19,100	-	29,593	-	-	48,693
Due from other governments	84,371	-	-	312,297	81,528	478,196
TOTAL ASSETS	$ 4,064,283	$ 1,518,010	$ 1,453,586	$ 570,641	$ 1,373,629	$ 8,980,149
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts payable	$ 2,851,360	$ 106,006	$ 43,219	$ 67,004	$ 2,119	$ 3,069,708
Accrued wages and benefits payable	848,912	3,366	5,068	31,937	4,304	893,587
Due to Hernando County Board of County Commissioners	364,011	-	-	471,700	-	835,711
TOTAL LIABILITIES	4,064,283	109,372	48,287	570,641	6,423	4,799,006
FUND BALANCES						
Restricted for:						
Law enforcement activities	-	-	-	-	252,102	252,102
Communications	-	1,408,638	-	-	653,427	2,062,065
Education and training	-	-	-	-	461,677	461,677
Inmate benefits	-	-	1,405,299	-	-	1,405,299
TOTAL FUND BALANCES	-	1,408,638	1,405,299	-	1,367,206	4,181,143
TOTAL LIABILITIES AND FUND BALANCE	$ 4,064,283	$ 1,518,010	$ 1,453,586	$ 570,641	$ 1,373,629	$ 8,980,149

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
SHERIFF

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

Year Ended September 30, 2022

	General	E-911	Inmate Welfare	Inmate Revenue	Non-Major Governmental Funds	Total
REVENUES						
Intergovernmental	$ -	$ -	$ -	$ -	$ 253,566	$ 253,566
Charges for services	262,148	1,040,420	835,412	3,425,904	622,796	6,186,680
Fines and forfeitures	-	-	-	-	163,895	163,895
Interest revenue	22,320	1,491	965	924	902	26,602
Miscellaneous	36,304	-	5,701	-	146,421	188,426
TOTAL REVENUES	320,772	1,041,911	842,078	3,426,828	1,187,580	6,819,169
EXPENDITURES						
Public safety:						
Personnel services	49,544,205	554,409	294,490	1,872,925	82,868	52,348,897
Operating expenditures	9,703,485	225,627	178,239	307,698	841,876	11,256,925
Capital outlay	2,433,086	99,526	-	-	3,096,930	5,629,542
Debt service:						
Principal	108,403	-	-	38,125	30,479	177,007
Interest	11,768	-	-	1,825	82,928	96,521
Court services:						
Personnel services	1,347,480	-	-	-	-	1,347,480
Operating expenditures	279,909	-	-	-	-	279,909
TOTAL EXPENDITURES	63,428,336	879,562	472,729	2,220,573	4,135,081	71,136,281
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(63,107,564)	162,349	369,349	1,206,255	(2,947,501)	(64,317,112)
OTHER FINANCING SOURCES (USES)						
Proceeds from the issuance of a long-term lease	-	-	-	-	3,054,659	3,054,659
Transfers in:						
Hernando County Board of County Commissioners:						
Appropriations	63,684,858	-	-	2,379,092	-	66,063,950
Transfers (out):						
Hernando County Board of County Commissioners:						
Other revenues	(320,772)	-	-	(3,425,904)	-	(3,746,676)
Excess fees	(256,522)	-	-	(159,443)	-	(415,965)
TOTAL OTHER FINANCING SOURCES (USES)	63,107,564	-	-	(1,206,255)	3,054,659	64,955,968
NET CHANGE IN FUND BALANCE	-	162,349	369,349	-	107,158	638,856
FUND BALANCE, BEGINNING OF YEAR	-	1,246,289	1,035,950	-	1,260,048	3,542,287
FUND BALANCE, END OF YEAR	$ -	$ 1,408,638	$ 1,405,299	$ -	$ 1,367,206	$ 4,181,143

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
SHERIFF

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

Year Ended September 30, 2022

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Charges for services	$ 280,000	$ 280,000	$ 262,148	$ (17,852)
Interest revenue	25,000	25,000	22,320	(2,680)
Miscellaneous	15,000	15,000	36,304	21,304
TOTAL REVENUES	320,000	320,000	320,772	772
EXPENDITURES				
Public safety:				
Personnel services	52,312,845	49,671,436	49,544,205	127,231
Operating expenditures	7,520,723	9,711,742	9,703,485	8,257
Capital outlay	1,609,224	2,439,443	2,433,086	6,357
Debt service:				
Principal	-	108,403	108,403	-
Interest	-	11,768	11,768	-
Court services:				
Personnel services	1,437,140	1,437,140	1,347,480	89,660
Operating expenditures	304,926	304,926	279,909	25,017
TOTAL EXPENDITURES	63,184,858	63,684,858	63,428,336	256,522
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(62,864,858)	(63,364,858)	(63,107,564)	257,294
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Hernando County Board of County Commissioners appropriations	63,184,858	63,684,858	63,684,858	-
Transfers (out):				
Hernando County, Florida, Board of County Commissioners:				
Other revenues	(320,000)	(320,000)	(320,772)	(772)
Excess fees	-	-	(256,522)	(256,522)
TOTAL OTHER FINANCING SOURCES (USES)	62,864,858	63,364,858	63,107,564	(257,294)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	$ -	$ -	$ -	$ -

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
SHERIFF

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - E-911 FUND

Year Ended September 30, 2022

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Charges for services	$ 866,000	$ 866,000	$ 1,040,420	$ 174,420
Interest revenue	2,500	2,500	1,491	(1,009)
TOTAL REVENUES	868,500	868,500	1,041,911	173,411
EXPENDITURES				
Public safety:				
Personnel services	550,566	554,558	554,409	149
Operating expenditures	305,900	233,880	225,627	8,253
Capital outlay	31,250	99,278	99,526	(248)
TOTAL EXPENDITURES	887,716	887,716	879,562	8,154
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(19,216)	(19,216)	162,349	181,565
OTHER FINANCING SOURCES (USES)				
Reserve for contingencies	(977,609)	(1,227,073)	-	1,227,073
TOTAL OTHER FINANCING SOURCES (USES)	(977,609)	(1,227,073)	-	1,227,073
NET CHANGE IN FUND BALANCE	(996,825)	(1,246,289)	162,349	1,408,638
FUND BALANCE, BEGINNING OF YEAR	996,825	1,246,289	1,246,289	-
FUND BALANCE, END OF YEAR	$ -	$ -	$ 1,408,638	$ 1,408,638

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
SHERIFF

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - INMATE WELFARE FUND

Year Ended September 30, 2022

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Charges for services	$ 530,000	$ 530,000	$ 835,412	$ 305,412
Interest revenue	3,000	3,000	965	(2,035)
Miscellaneous	3,000	3,000	5,701	2,701
TOTAL REVENUES	536,000	536,000	842,078	306,078
EXPENDITURES				
Public safety:				
Personnel services	329,789	296,194	294,490	1,704
Operating expenditures	155,800	199,090	178,239	20,851
Capital outlay	12,000	2,305	-	2,305
TOTAL EXPENDITURES	497,589	497,589	472,729	24,860
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	38,411	38,411	369,349	330,938
OTHER FINANCING SOURCES (USES)				
Reserve for contingencies	(1,047,542)	(1,074,361)	-	1,074,361
TOTAL OTHER FINANCING SOURCES (USES)	(1,047,542)	(1,074,361)	-	1,074,361
NET CHANGE IN FUND BALANCE	(1,009,131)	(1,035,950)	369,349	1,405,299
FUND BALANCE, BEGINNING OF YEAR	1,009,131	1,035,950	1,035,950	-
FUND BALANCE, END OF YEAR	$ -	$ -	$ 1,405,299	$ 1,405,299

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
SHERIFF

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - INMATE REVENUE FUND

Year Ended September 30, 2022

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Charges for services	$ 2,749,650	$ 2,749,650	$ 3,425,904	$ 676,254
Interest revenue	-	-	924	924
TOTAL REVENUES	2,749,650	2,749,650	3,426,828	677,178
EXPENDITURES				
Public safety:				
Personnel services	1,849,013	1,873,134	1,872,925	209
Operating expenditures	501,279	505,958	307,698	198,260
Debt service:				
Principal	-	-	38,125	(38,125)
Interest	-	-	1,825	(1,825)
TOTAL EXPENDITURES	2,350,292	2,379,092	2,220,573	158,519
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	399,358	370,558	1,206,255	835,697
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Hernando County Board of County Commissioners appropriations	2,350,292	2,379,092	2,379,092	-
Transfers (out):				
Hernando County, Florida, Board of County Commissioners:				
Other revenue	(2,749,650)	(2,749,650)	(3,425,904)	(676,254)
Excess fees	-	-	(159,443)	(159,443)
TOTAL OTHER FINANCING SOURCES (USES)	(399,358)	(370,558)	(1,206,255)	(835,697)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	$ -	$ -	$ -	$ -

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
SHERIFF

STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE - INTERNAL SERVICE FUND

September 30, 2022

	Internal Service
ASSETS	
Cash and cash equivalents	$ 9,084,475
Accounts receivable	40,407
Right to use leased assets, net of amortization	323,350
TOTAL ASSETS	9,448,232
LIABILITIES	
Accounts payable	600,604
Accrued interest	902
Liability for unpaid claims	373,970
Long-term leases	332,399
TOTAL LIABILITIES	1,307,875
NET POSITION	
Unrestricted	8,140,357
TOTAL NET POSITION	$ 8,140,357

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
SHERIFF

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND - INTERNAL SERVICE FUND

Year Ended September 30, 2022

	Internal Service
OPERATING REVENUES	
Inter-fund charges	$ 9,305,310
Premiums - employees	387,005
Premiums - retirees	461,478
Miscellaneous	372,292
TOTAL OPERATING REVENUES	10,526,085
OPERATING EXPENSES	
Claims	6,565,151
Other services and charges	1,498,082
Insurance	388,276
Amortization	37,310
TOTAL OPERATING EXPENSES	8,488,819
OPERATING INCOME	2,037,266
NON-OPERATING REVENUES (EXPENSES)	
Interest earnings	343
Interest expense	(11,771)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(11,428)
CHANGE IN NET POSITION	2,025,838
NET POSITION, BEGINNING OF YEAR	6,114,519
NET POSITION, END OF YEAR	$ 8,140,357

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
SHERIFF

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE - INTERNAL SERVICE FUND

Year Ended September 30, 2022

	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from inter-fund charges	$ 8,725,940
Cash received from employees	387,005
Cash received from retirees	461,478
Other cash receipts	372,292
Payments to suppliers	(1,345,172)
Claims paid	(6,650,222)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,951,321
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	343
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest payments on long-term leases	(10,869)
Principal payments on long-term leases	(28,261)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(39,130)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,912,534
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,171,941
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 9,084,475
Reconciliation of operating income to cash and cash equivalents provided by operating activities:	
Operating income	$ 2,037,266
Adjustment to reconcile operating income to net cash provided by operating activities:	
Amortization	37,310
Changes in assets and liabilities:	
Increase in accounts receivable	(40,407)
Increase in accounts payable	541,186
Decrease unearned revenue	(538,963)
Decrease in liability for unpaid claims	(85,071)
TOTAL ADJUSTMENTS	(85,945)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,951,321

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
SHERIFF

STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS

September 30, 2022

ASSETS		
Cash and cash equivalents		$ 288,277
	TOTAL ASSETS	288,277
LIABILITIES		
Accounts payable		49,717
Due to other funds		48,693
Due to other governments		
(Hernando County Board of County Commissioners)		5,890
	TOTAL LIABILITIES	104,300
NET POSITION		
Restricted for:		
Individuals and other governments		$ 183,977

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
SHERIFF

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS

Year Ended September 30, 2022

ADDITIONS		
Miscellaneous		$ 1,330,741
	TOTAL ADDITIONS	1,330,741
DEDUCTIONS		
Payments to Hernando County Board of County Commissioners		84,334
Other payments		1,176,327
	TOTAL DEDUCTIONS	1,260,661
	Net increase (decrease) in fiduciary net position	70,080
Net Position-beginning of the year		113,897
Net Position-end of the year		$ 183,977

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
SHERIFF

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Hernando County, Florida (the "County"), is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the "Board") and managed by an appointed County Administrator. The Hernando County, Florida, Sheriff (the "Sheriff") is an elected constitutional officer of the County as provided for by the Constitution of the State of Florida. Pursuant to Chapter 129, Florida Statutes, the Sheriff's budget is submitted to the Board for approval.

The Sheriff is the chief law enforcement officer of the County. Funding for the Sheriff's operations comes primarily from annual appropriations from the Board and all unexpended proceeds must be returned to the Board at year-end.

For financial reporting purposes, the Sheriff is deemed to be part of the primary government of the County and, as such, is included in the County's Annual Comprehensive Financial Report.

Blended Component Unit

In fiscal year 2020, the Sheriff established the Hernando County Sheriff's Office Section 115 Trust (the "Trust") to administer the Sheriff's Employee Group Health, Dental Insurance Program, and Clinic. Assets necessary to fund the programs are transferred to the Trust; however, under the terms of the Trust Agreement, the Sheriff retains control of the assets. Due to the substantive economic relationship between the Sheriff and the Trust, the financial activities of the Trust are reported in the accompanying basic financial statements as an internal service fund.

Basis of Presentation

The accompanying financial statements include all the funds and accounts of the Sheriff's Office, but are not intended to be a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General - Local Governmental Entity Audits.*

The financial transactions of the Sheriff are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. These funds are segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

Basis of Presentation *(Continued)*

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. GAAP sets forth minimum criteria (percentage of total assets, liabilities, revenues, or expenditures) for the determination of major funds. Each major fund is reported in a separate column.

The Sheriff reports the following major governmental funds:

- **General Fund** - The general fund is used to account for the general operations of the Sheriff and includes all transactions, which are not accounted for in other funds.
- **E-911 Fund** - This fund is used to account for the proceeds of telephone charges collected for the installation and operation of an Emergency 911 System.
- **Inmate Welfare Fund** - This fund is used to account for revenue from commissions from the commissary and pay phone. The funds are used for expenditures in the commissary operation, including overall inmate welfare.
- **Inmate Revenue Fund** - This fund is used to account for the proceeds of housing federal and other local government inmates at the detention facility.

The Sheriff also reports the following non-major special revenue funds:

- 800 MHz Fund
- Law Enforcement Educational Fund
- Grants and Contributions Fund

The Sheriff reports the following other fund types:

- **Proprietary Fund Type - Internal Service Funds** - These funds are used to account for health, dental, and clinic insurance benefits provided to the employees by the Sheriff. Their funding is based upon an annual actuarial study of expected benefit payouts.
- **Fiduciary Fund Type - Custodial Funds** - These funds are used to account for assets held by the Sheriff in a trustee capacity or as an agent for individuals, private organizations, and other governments.

Measurement Focus and Basis of Accounting

Governmental funds are accounted for using the flow of current financial resources measurement focus. Only current assets and current liabilities, generally, are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Measurement Focus and Basis of Accounting *(Continued)*

The modified accrual basis of accounting is used by governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available to finance liabilities of the current fiscal year). For this purpose, the Sheriff considers revenues to be available if they are collected within 60 days after year-end. Grants must also meet eligibility requirements to be accrued.

For governmental funds, expenditures are recorded when the related fund liability is incurred, except for certain compensated absences, which are recognized as expenditures when paid. Substantially all of the Sheriff's operating budget funding is appropriated by the Board. These resources are reflected as other financing sources at the time of receipt. Interest and other revenue are recognized as they are earned and become measurable and available to pay liabilities of the current period.

The proprietary fund type - internal service fund accounts for medical and dental insurance coverage for the Sheriff's employees. Proprietary fund types use the accrual basis of accounting, where revenues are recognized when they are earned and expenses are recognized when they are incurred, regardless of the timing of related cash flows. In addition, proprietary funds distinguish operating revenues and expenses from non-operating items.

The focus on fiduciary type fund financial statements is by fund type, not major fund. The Sheriff only has one fiduciary fund type, the custodial fund type. Accordingly, there is only one column in the fiduciary fund financial statements. Custodial funds are accounted for under the economic resources method and accrual basis of accounting.

Excess Fees and Other Revenues

Florida Statutes provide that the amount by which revenues and transfers exceed annual expenditures be remitted to the Board within one month following the fiscal year for which the funding was provided or following the fiscal year during which other revenue was recognized. This requirement is reflected in the Sheriff's General Fund where the amount of this distribution is recorded as a liability and as another financing use. Other revenues due to the Board consist of those third-party revenues received directly by the Sheriff for certain expenditures that are owed to the Board.

Cash Equivalents

Cash equivalents are defined as highly liquid investments with original maturities of three months or less.

Prepaid Items

Certain prepayments to vendors reflect costs applicable to future accounting periods. These prepayments are recorded as expenditures in the year paid.

Right-to-Use Assets

The Sheriff has recorded right to use lease assets as a result of implementing Governmental Accounting Standards Board ("GASB") 87. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

Compensated Absences

Eligible full-time employees are entitled to accrue compensatory time, annual vacation, and sick leave up to predetermined thresholds, and received pay for those hours at termination or retirement. For terminations in good standing, the employee is paid for 25% of all accumulated sick leave, 100% of all compensatory time and 100% of accumulated annual time up to 500 hours. Upon retirement, (separation from the agency), current employees with 10 or more consecutive years of service as of October 1, 2009, will receive a payout of sick leave as follows: 20+ years of service equals 100%; 15-19 years of service equals 75%; 10-14 years of service equals 50%. Employees with less than 10 consecutive years of service as of October 1, 2009, and all new employees hired on or after that date will receive 50% payout of sick leave up to 500 hours, upon retirement. For all payments of sick leave, the employee is paid at their pay rate effective at termination or retirement.

Vacation and sick leave payments are included in personnel services when the payments are made to the employees. The Sheriff does not, nor is he legally required to, accumulate financial resources for these obligations. Accordingly, the liability for compensated absences is not reported in the governmental funds but rather is reported in the basic financial statements of the County.

Fund Balances

The Sheriff reports its fund balance information in classifications based on the extent to which the Sheriff is bound to honor constraints on the specific purpose for which amounts in the fund can be spent. Fund balance is reported in five components - non-spendable, restricted, committed, assigned, and unassigned:

- **Non-Spendable** - This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash; or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.

- **Restricted** - This component of fund balances consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments); or (b) by law through constitutional provisions or enabling legislation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fund Balances *(Continued)*

- **Committed** - This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., policy) of the organization's governing authority. By statute, the Sheriff himself is the governing authority. These committed amounts cannot be used for any other purpose unless the Sheriff removes or changes the specified use by taking the same type of action (e.g., policy) he employed to constrain those amounts.

- **Assigned** - This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. The Sheriff has not delegated the responsibility to assign fund balances to any individual or body.

- **Unassigned** - This classification is used for: (a) negative unrestricted fund balances in any governmental fund; or (b) fund balances within the General Fund that are not restricted, committed, or assigned.

When both restricted and unrestricted resources are available for use, it is the Sheriff's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) then restricted resources as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use, it is generally the Sheriff's policy to use unassigned resources first, then assigned, and then committed as needed.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported or disclosed in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2 - BUDGETARY PROCESS

Florida Statutes, Sections 30.49, 129.021, and 129.03 govern the preparation, adoption, and administration of the Sheriff's annual budget. The Sheriff prepares individual budgets for the General Fund, E-911, 800 MHz, and the Inmate Revenue Fund Special Revenue Funds, and submits them to the Board for approval. Any budgets that are not subject to the approval of the Board shall follow the same procedures as those approved by the Board with the exception that the Sheriff is the approver rather than the Board.

The budgets are prepared on a basis consistent with GAAP and serve as the legal authorization for expenditures. Amendments increasing total fund expenditures must be approved by the Sheriff and/or Board. Budgetary changes between or among expenditures within a fund may be made at the discretion of the Comptroller.

NOTE 2 - BUDGETARY PROCESS *(Continued)*

The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable to the fiscal year and approved by the Board or Sheriff within 60 days after year end.

NOTE 3 - CASH AND INVESTMENTS

At September 30, 2022, the fair value of the Sheriff's cash and cash equivalents was as follows:

	Fair Value
Cash on Hand	$ 11,315
Demand Deposits	17,814,697
Total Cash and Cash Equivalents	$ 17,826,012

Such amounts are reported as $8,453,260, $9,084,475, and $288,277 in the governmental, internal service, and custodial funds, respectively.

The Sheriff's bank deposits are held in qualified public depositories ("QPDs") pursuant to Chapter 280, Florida Statutes. Under this Chapter, each QPD is required to pledge collateral to the State Treasurer against the public deposits. In the event of default by a QPD, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the QPD in default and, if necessary, assessments against other QPDs of the same type as the depositor in default.

Authorized Investments

The Sheriff's Investment Policy follows the state's guidance set forth in Section 219.075, Florida Statutes, regarding the deposit of funds received and the investment of surplus funds. That Section requires local governments without written investment policies, including County officers, to follow the state policy in Section 218.415(17), Florida Statutes. That Section authorizes the following investments:

a. The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the *Florida Interlocal Cooperation Act,* as provided in Florida Statute 163.01.

b. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

c. Interest-bearing time deposits or savings accounts in qualified public depositories.

d. Direct obligations of the United States Treasury.

NOTE 4 - INTER-FUND BALANCES

Inter-fund balances at September 30, 2022, consisted of the following:

	Inter-Fund Receivable	Inter-Fund Payable
General Fund	$ 19,100	$ -
Inmate Welfare Fund	29,593	-
Custodial Funds	-	48,693
Total Due to/Due from Other Funds	$ 48,693	$ 48,693

The receivables primarily represent fees collected in a custodial fund for other funds. These fees are from jail inmates for subsistence fees, booking fees, medical fees, and commissions on commissary sales.

NOTE 5 - CAPITAL ASSETS/RIGHT-TO-USE LEASED ASSETS

Pursuant to Florida Statutes, the Sheriff can own tangible capital assets, and the Sheriff maintains custody and recordkeeping responsibility for these assets. However, office space and facilities used in the Sheriff's operations are provided at no cost by the Board.

Capital assets paid for by the Sheriff are recorded as expenditures in the governmental funds of the Sheriff but are capitalized in the basic financial statements of the County. The capitalization threshold is $5,000. Donated capital assets are recorded at their estimated fair value on the date received. Effective October 1, 2010, the Sheriff is responsible for recording all grant-related assets regardless of whether the grant origin was the County or the Sheriff. Depreciation is recorded at the County level. Most of the capital assets listed below are being depreciated over five years.

The Sheriff has recorded six right-to-use leased assets for leased towers and a building. The related leases are discussed in the Long-Term Liabilities section. The right-to-use lease assets are amortized on a straight-line basis over the terms of the related leases.

Capital/Right-to-use leased asset activity for which the Sheriff had custodial and recordkeeping responsibility, for the year ended September 30, 2022, was as follows:

	Balance October 1, 2021*	Additions	Deletions	Balance September 30, 2022
Automobile and Other Vehicles	$ 13,597,824	$ 2,114,262	$ (865,389)	$ 14,846,697
Furniture and Equipment	10,663,956	729,085	(701,682)	10,691,359
Right-to-Use Assets - Towers	550,081	3,054,659	-	3,604,740
Right-to-Use Asset - Building	437,738	-	-	437,738
Construction in Progress	26,282	-	(791)	25,491
Total at Cost	25,275,881	5,898,006	(1,567,862)	29,606,025
Less Accumulated Amortization	-	(183,039)	-	(183,039)
Less Accumulated Deprecation	(16,725,667)	(2,613,096)	1,520,020	(17,818,743)
Book Value	$ 8,550,214	$ 3,101,871	$ (47,842)	$ 11,604,243

*Restated for GASB 87 implementation

NOTE 5 - CAPITAL ASSETS *(Continued)*

Proceeds from the sale or disposal of vehicles are netted against capital outlay in the accompanying statement of revenues, expenditures, and changes in fund balance. Following is a reconciliation of 2022 capital asset additions above to capital outlay on the accompanying statement of revenues, expenditures, and changes in fund balance:

Capital Outlay	$ 5,629,542
Proceeds from Vehicle Sales/Disposals	225,240
Other Funding Sources	43,224
Total Additions	$ 5,898,006

NOTE 6 - LONG-TERM LIABILITIES

The following is a summary of changes in general long-term liabilities, which are reported in the basic financial statements of the County:

	Balance October 1, 2021*	Additions	Retirements	Balance September 30, 2022	Due Within One Year
Long-Term Leases - Towers	$ 550,081	$ 3,054,659	$ (30,478)	$ 3,574,262	$ 36,998
Long-Term Leases - Building	437,738	-	(66,387)	371,351	68,341
Financed-Purchase Agreements	450,885	-	(108,403)	342,482	111,232
Accrued Compensation Absences	5,409,417	3,992,414	(3,170,187)	6,231,644	4,590,578
Total Long-Term Liabilities	$ 6,848,121	$ 7,047,073	$ (3,375,455)	$ 10,519,739	$ 4,807,149

*Restated for GASB 87 implementation

The Sheriff has entered into four agreements to lease access to cell towers. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The lease terms range from 2042 to 2054 with monthly payments ranging from $1,516 to $11,400. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3.42%, which is the County's incremental borrowing rate at October 1, 2021. As a result of the leases, the Sheriff has recorded a right-to-use asset with a net book value of $3,499,282 at September 30, 2022.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2022, were as follows:

Year Ending September 30:	Principal	Interest
2023	$ 36,998	$ 121,581
2024	42,919	120,538
2025	49,730	118,615
2026	56,592	116,789
2027	63,846	114,721
2028-2032	442,464	533,761
2033-2037	694,429	436,791
2038-2042	938,305	291,813
2043-2047	607,835	163,999
2048-2052	584,221	48,117
2053-2054	56,923	1,155
Total Payments	$ 3,574,262	$ 2,067,880

The Sheriff has entered into two building lease agreements. The lease terms range from 2023 to 2031 with monthly payments ranging from $3,229 to $3,602. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3.42%, which is the County's incremental borrowing rate at October 1, 2021. As a result of the leases, the Sheriff has recorded a right-to-use asset with a net book value of $360,157 at September 30, 2022.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2022, were as follows:

Year Ending September 30:	Principal	Interest
2023	$ 68,341	$ 11,396
2024	31,750	9,815
2025	34,571	8,650
2026	37,531	7,414
2027	40,049	6,077
2028-2031	159,109	9,086
Total Payments	$ 371,351	$ 52,438

The financed-purchase agreement was entered into by the Sheriff to acquire an infrared camera system for a helicopter. The lease term ends in fiscal year 2025 with annual payments of $120,171 with an interest rate of 2.61%. The annual debt service requirements for the infrared camera system as of September 30, 2022 are as follows:

Year Ending September 30:	Principal	Interest
2023	$ 111,232	$ 8,939
2024	114,135	6,036
2025	117,115	3,057
Total Payments	$ 342,482	$ 18,032

NOTE 7 - DETENTION OPERATIONS

For 22 years, the Hernando County jail was operated by a private corporation. Effective August 27, 2010, the Sheriff took over the detention operations based on an interlocal agreement between the Sheriff and the Board. An updated agreement was entered into and shall continue until September 30, 2023, with one automatic one-year renewal period, expiring on September 30, 2024.

NOTE 8 - GENERAL FUND REVENUES AND EXPENDITURES

General Fund revenues and expenditures for the year ended September 30, 2022, were as follows:

	Total	Law Enforcement	Detention	Courthouse
Revenues				
Inmate Booking	$ 32,371	$ -	$ 32,371	$ -
Inmate Medical	41,287	-	41,287	-
Inmate Subsistence	159,890	-	159,890	-
Inmate Social Security	28,600	-	28,600	-
Charges for Services	262,148	-	262,148	-
Interest Income	22,320	22,320	-	-
Miscellaneous	36,304	36,304	-	-
Total Revenues	$ 320,772	$ 58,624	$ 262,148	$ -
Expenditures				
Personnel Services	$ 50,891,685	$ 36,681,604	$ 12,862,601	$ 1,347,480
Operating Expenditures	9,983,394	6,948,508	2,754,977	279,909
Capital Outlay	2,433,086	2,424,611	8,475	-
Debt Service	120,171	120,171	-	-
Total Expenditures	$ 63,428,336	$ 46,174,894	$ 15,626,053	$ 1,627,389

NOTE 9 - EMPLOYEE RETIREMENT PLAN

The Sheriff participates in the Florida Retirement System ("FRS") for Pension Benefits. A detailed plan description and any liability for employees of the Sheriff are included in the financial statements of the County.

Funding Policy

The Sheriff's contributions to the FRS for fiscal years ended September 30, 2020 through 2022 were: $6,389,439, $6,624,623, and $7,430,220, respectively, which were equal to the required contribution for each fiscal year.

Employees are required to contribute 3% towards the FRS. Employee withholdings for this purpose amounted to $848,189, $908,153, and $921,227 for the fiscal years ended September 30, 2020 through 2022, respectively, which were equal to the required contribution for each fiscal year.

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS

The Sheriff participates in the plan established by the Board to provide other postemployment benefits to retirees of the Board and constitutional officers. A detailed plan description and any liability for employees of the Sheriff are included in the financial statements of the County.

NOTE 11 - RISK MANAGEMENT

The Sheriff participates in the Florida Sheriff's Risk Management Fund to insure against automobile, workers' compensation, and general liabilities claims. Except as disclosed in the next paragraph, there have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for any of the last three years.

Effective October 1, 2011, the Sheriff became self-insured for employee and retiree health coverage. Effective October 1, 2014, the Sheriff became self-insured for employee and retiree dental coverage. Prior to those dates, the Sheriff carried commercial insurance for its health and dental coverage.

NOTE 12 - SELF-INSURANCE INTERNAL SERVICE FUND

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

Changes in claims liability amounts for the years ended September 30, 2022 and 2021, were as follows:

	2022	2021
Unpaid Claims, Beginning of Year	**$ 459,334**	$ 350,580
Incurred Claims	**6,564,858**	6,696,811
Claim Payments	**(6,650,222)**	(6,588,057)
Unpaid Claims, End of Year	**$ 373,970**	$ 459,334

NOTE 13 - CLAIMS AND CONTINGENCIES

Litigation

The Sheriff is involved as defendant or plaintiff in certain litigation and claims arising from the ordinary course of operations. Any judgments against the Sheriff in excess of insurance limits would be settled by the Board. In the opinion of the Sheriff and legal counsel, the range of potential recoveries or liabilities will not materially affect the financial position of the Sheriff.

Federal and State Grants

Grant funds received by the Sheriff are subject to audit by grantor agencies. Audits of these grants may result in disallowed costs, which may constitute a liability of the Sheriff. In the opinion of management disallowed costs, if any, would be insignificant to the financial position and operations of the Sheriff.

SUPPLEMENTARY INFORMATION

Combining and Individual Fund Financial Statements and Schedule

HERNANDO COUNTY, FLORIDA
SHERIFF

SPECIAL REVENUE FUNDS

September 30, 2022

Special revenue funds are used to account for the proceeds of special revenue sources that are legally restricted to specified purposes. The Hernando County, Florida Sheriff (the "Sheriff") has the following non-major special revenue funds:

- **800MHz Fund -** This fund derives its resources from lease payments for space leased on the Hernando County's (the "County") primary tower site, fees assessed to each radio user department for maintenance contract costs, and a $12.50 fee included in each fine paid for a traffic citation. The 800MHz system is maintained to ensure continuous and optimum radio communications for all public safety and the County radio users.

- **Law Enforcement Education Fund -** This fund derives its resources from court cost assessments pursuant to Sections 938.15 and 318.18 of the Florida Statutes. The assessments are collected by the Clerk of the Circuit Court and remitted to the Sheriff monthly. Use of the funds received is restricted to criminal justice education and training in approved programs.

- **Grants and Contributions Fund -** This fund derives its resources from grants and donations. Each grant and donation is separately accounted for within the fund, to assure proper accounting in accordance with the grant agreements.

HERNANDO COUNTY, FLORIDA
SHERIFF

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS

September 30, 2022

	Special Revenue Funds			
	800MHz	Law Enforcement Education	Grants and Contributions	Total Non-Major Governmental Funds
ASSETS				
Cash and cash equivalents	$ 647,222	$ 457,915	$ 186,964	$ 1,292,101
Due from other governments	8,324	3,762	69,442	81,528
TOTAL ASSETS	$ 655,546	$ 461,677	$ 256,406	$ 1,373,629
LIABILITIES				
Accounts payable	$ 2,119	$ -	$ -	$ 2,119
Accrued wages and benefits payable	-	-	4,304	4,304
TOTAL LIABILITIES	2,119	-	4,304	6,423
FUND BALANCES				
Restricted for:				
Law enforcement activities	-	-	252,102	252,102
Communications	653,427	-	-	653,427
Education and training	-	461,677	-	461,677
TOTAL FUND BALANCES	653,427	461,677	252,102	1,367,206
TOTAL LIABILITIES AND FUND BALANCE	$ 655,546	$ 461,677	$ 256,406	$ 1,373,629

See Independent Auditor's Report.

HERNANDO COUNTY, FLORIDA
SHERIFF

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NON-MAJOR GOVERNMENTAL FUNDS

Year Ended September 30, 2022

	Special Revenue Funds			
	800MHz	Law Enforcement Education	Grants and Contributions	Total Non-Major Governmental Funds
REVENUES				
Intergovernmental	$ -	$ -	$ 253,566	$ 253,566
Charges for services	622,796	-	-	622,796
Fines and forfeitures	113,277	50,618	-	163,895
Interest revenue	113	692	97	902
Miscellaneous	83,356	-	63,065	146,421
TOTAL REVENUES	819,542	51,310	316,728	1,187,580
EXPENDITURES				
Public safety:				
Personnel services	-	-	82,868	82,868
Operating expenditures	277,189	94,786	469,901	841,876
Capital outlay	3,054,659	-	42,271	3,096,930
Debt service:				
Principal	30,479	-	-	30,479
Interest	82,928	-	-	82,928
TOTAL EXPENDITURES	3,445,255	94,786	595,040	4,135,081
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,625,713)	(43,476)	(278,312)	(2,947,501)
OTHER FINANCING SOURCES (USES)				
Proceeds from the issuance of a long-term lease	3,054,659	-	-	3,054,659
TOTAL OTHER FINANCING SOURCES (USES)	3,054,659	-	-	3,054,659
NET CHANGE IN FUND BALANCE	428,946	(43,476)	(278,312)	107,158
FUND BALANCE, BEGINNING OF YEAR	224,481	505,153	530,414	1,260,048
FUND BALANCE, END OF YEAR	$ 653,427	$ 461,677	$ 252,102	$ 1,367,206

See Independent Auditor's Report.

HERNANDO COUNTY, FLORIDA
SHERIFF

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - 800 MHz FUND

Year Ended September 30, 2022

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Charges for services	$ 658,788	$ 658,788	$ 622,796	$ (35,992)
Fines and forfeitures	97,000	97,000	113,277	16,277
Interest revenue	-	-	113	113
Miscellaneous	88,100	88,100	83,356	(4,744)
TOTAL REVENUES	843,888	843,888	819,542	(24,346)
EXPENDITURES				
Public safety:				
Operating expenditures	527,375	527,375	277,189	250,186
Capital outlay	-	-	3,054,659	(3,054,659)
Debt service:				
Principal	-	-	30,479	(30,479)
Interest	-	-	82,928	(82,928)
TOTAL EXPENDITURES	527,375	527,375	3,445,255	(2,917,880)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	316,513	316,513	(2,625,713)	(2,942,226)
OTHER FINANCING SOURCES (USES)				
Proceeds from the issuance of a long-term lease	-	-	3,054,659	3,054,659
Reserve for contingencies	(539,887)	(540,994)	-	540,994
NET CHANGE IN FUND BALANCE	(223,374)	(224,481)	428,946	653,427
FUND BALANCE, BEGINNING OF YEAR	223,374	224,481	224,481	-
FUND BALANCE, END OF YEAR	$ -	$ -	$ 653,427	$ 653,427

See Independent Auditor's Report.

HERNANDO COUNTY, FLORIDA
SHERIFF

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - LAW ENFORCEMENT EDUCATION FUND

Year Ended September 30, 2022

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Fines and forfeitures	$ 50,000	$ 50,000	$ 50,618	$ 618
Interest revenue	700	700	692	(8)
TOTAL REVENUES	50,700	50,700	51,310	610
EXPENDITURES				
Public safety:				
Operating expenditures	203,530	203,530	94,786	108,744
TOTAL EXPENDITURES	203,530	203,530	94,786	108,744
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(152,830)	(152,830)	(43,476)	109,354
OTHER FINANCING SOURCES (USES)				
Reserve for contingencies	(390,027)	(352,323)	-	352,323
NET CHANGE IN FUND BALANCE	(542,857)	(505,153)	(43,476)	461,677
FUND BALANCE, BEGINNING OF YEAR	542,857	505,153	505,153	-
FUND BALANCE, END OF YEAR	$ -	$ -	$ 461,677	$ 461,677

See Independent Auditor's Report.

HERNANDO COUNTY, FLORIDA
SHERIFF

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GRANTS AND CONTRIBUTIONS FUND

Year Ended September 30, 2022

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental	$ 319,979	$ 578,594	$ 253,566	$ (325,028)
Interest revenue	100	100	97	(3)
Miscellaneous	51,100	51,100	63,065	11,965
TOTAL REVENUES	371,179	629,794	316,728	(313,066)
EXPENDITURES				
Public safety:				
Personnel services	180,212	71,447	82,868	(11,421)
Operating expenditures	148,581	502,865	469,901	32,964
Capital outlay	65,695	76,340	42,271	34,069
TOTAL EXPENDITURES	394,488	650,652	595,040	55,612
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(23,309)	(20,858)	(278,312)	(257,454)
OTHER FINANCING SOURCES (USES)				
Reserve for contingencies	(114,422)	(151,011)	-	151,011
TOTAL OTHER FINANCING SOURCES (USES)	(114,422)	(151,011)	-	151,011
NET CHANGE IN FUND BALANCE	(137,731)	(171,869)	(278,312)	(106,443)
FUND BALANCE, BEGINNING OF YEAR	137,731	171,869	530,414	358,545
FUND BALANCE, END OF YEAR	$ -	$ -	$ 252,102	$ 252,102

See Independent Auditor's Report.

HERNANDO COUNTY, FLORIDA
SHERIFF

INTERNAL SERVICE FUNDS

September 30, 2022

Internal service funds are used when a fund primarily provides benefits for other funds, departments, or agencies of the primary government. The Hernando County, Florida Sheriff (the "Sheriff") has internal service funds that account for:

- **Health Insurance -** This is used to account for the Sheriff's self-insurance program for employee health benefits.

- **Dental Insurance -** This is used to account for the Sheriff's self-insurance program for employee dental benefits.

- **Wellness Clinic -** This is used to account for the Sheriff's self-insurance program for the operation of the health clinic.

HERNANDO COUNTY, FLORIDA
SHERIFF

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS

Year Ended September 30, 2022

	Health Insurance	Dental Insurance	Wellness Clinic	Total Internal Service
OPERATING REVENUES				
Inter-fund charges	$ 7,958,796	$ 179,834	$1,166,680	$ 9,305,310
Premiums - employees	290,956	96,049	-	387,005
Premiums - retirees	418,390	43,088	-	461,478
Miscellaneous	372,292	-	-	372,292
TOTAL OPERATING REVENUES	9,040,434	318,971	1,166,680	10,526,085
OPERATING EXPENSES				
Claims	6,284,291	280,860	-	6,565,151
Professional services	499,734	25,285	781,923	1,306,942
Repairs and maintenance	-	-	15,592	15,592
Materials and supplies	-	-	162,878	162,878
Other expenses	4,000	-	8,670	12,670
Insurance	388,276	-	-	388,276
Amortization	-	-	37,310	37,310
TOTAL OPERATING EXPENSES	7,176,301	306,145	1,006,373	8,488,819
OPERATING INCOME (LOSS)	1,864,133	12,826	160,307	2,037,266
NON-OPERATING REVENUES				
Interest earnings	343	-	-	343
Interest expense	-	-	(11,771)	(11,771)
TOTAL NON-OPERATING REVENUES (EXPENSES)	343	-	(11,771)	(11,428)
CHANGE IN NET POSITION	1,864,476	12,826	148,536	2,025,838
NET POSITION, BEGINNING OF YEAR	5,655,703	362,877	95,939	6,114,519
NET POSITION, END OF YEAR	$ 7,520,179	$ 375,703	$ 244,475	$ 8,140,357

See Independent Auditor's Report.

HERNANDO COUNTY, FLORIDA
SHERIFF

CUSTODIAL FUNDS

September 30, 2022

Custodial funds are used to account for assets held by the Hernando County, Florida Sheriff (the "Sheriff") in a Trustee capacity or as an agent for individuals, private organizations, and other governments. The Sheriff has the following custodial funds:

- **Civil Trust Fund -** This fund is used to account for fees received by the Sheriff for serving documents (civil process) pursuant to Florida Statute 30.231(5). The funds received are returned to the Hernando County Board of County Commissioners on a monthly basis. This fund is also used for cost deposits provided by plaintiffs or their attorneys in advance, to pay for the Sheriff's statutory fees and costs in executing Sheriff's levies and Writs of Attachment.

- **Property & Evidence Fund** - This fund accounts for confiscated property and evidence.

- **Inmate Trust Fund** - This fund accounts for inmate personal accounts and the proceeds from certain inmate programs.

HERNANDO COUNTY, FLORIDA
SHERIFF

COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL CUSTODIAL FUNDS

September 30, 2022

	Civil Trust Fund	Property & Evidence Fund	Inmate Trust Fund	Total Custodial Funds
ASSETS				
Cash and cash equivalents	$ 8,356	$ 56,506	$ 223,415	$ 288,277
TOTAL ASSETS	8,356	56,506	223,415	288,277
LIABILITIES				
Accounts payable	2,466	419	46,832	49,717
Due to other funds	-	-	48,693	48,693
Due to other governments (Hernando County Board of County Commissioners)	5,890	-	-	5,890
TOTAL LIABILITIES	8,356	419	95,525	104,300
NET POSITION				
Restricted for:				
Individuals and other governments	$ -	$ 56,087	$ 127,890	$ 183,977

See Independent Auditor's Report.

HERNANDO COUNTY, FLORIDA
SHERIFF

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS

Year Ended September 30, 2022

	Civil Trust Fund	Property & Evidence Fund	Inmate Trust Fund	Total Custodial Funds
ADDITIONS				
Miscellaneous	$ 115,274	$ 150,589	$ 1,064,878	$ 1,330,741
TOTAL ADDITIONS	115,274	150,589	1,064,878	1,330,741
Payments to Hernando County Board of County Commissioners	84,334	-	-	84,334
Other payments	30,940	106,804	1,038,583	1,176,327
TOTAL DEDUCTIONS	115,274	106,804	1,038,583	1,260,661
Net increase (decrease) in fiduciary net position	-	43,785	26,295	70,080
Net Position-beginning of the year	-	12,302	101,595	113,897
Net Position-end of the year	$ -	$ 56,087	$ 127,890	$ 183,977

See Independent Auditor's Report.

OTHER REPORTS

MSL
Certified Public Accountants

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

To the Honorable Al Nienhuis
Sheriff
Hernando County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hernando County, Florida Sheriff (the "Sheriff") as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated January 24, 2023.

Report on Internal Control over Financial Reporting

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

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

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

To the Honorable Al Nienhuis
Sheriff
Hernando County, Florida

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management of the Sheriff in a separate letter dated January 24, 2023.

Purpose of this Report

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

MSL, P.A.

Certified Public Accountants

Tampa, Florida
January 24, 2023

MSL
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT

Honorable Al Nienhuis
Sheriff
Hernando County, Florida

We have examined the Hernando County, Florida Sheriff's (the "Sheriff") compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2022. The Sheriff's management is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Sheriff complied with the aforementioned requirements in all material respects. An examination involves performing procedures to obtain evidence about the Sheriff's compliance with those requirements, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Sheriff's compliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement. Our examination does not provide a legal determination on the Sheriff's compliance with the specified requirements.

In our opinion, the Sheriff complied with the aforementioned requirements for the fiscal year ended September 30, 2022, in all material respect

MSL, P.A.
Certified Public Accountants

Tampa, Florida
January 24, 2023

MSL
Certified Public Accountants

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Al Nienhuis
Sheriff
Hernando County, Florida

We have audited the basic financial statements of the Hernando County, Florida Sheriff (the "Sheriff") as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated January 24, 2023.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and Chapter 10.550, *Rules of the Auditor General.*

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards,* AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General.* Disclosures in those reports, which are dated January 24, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Honorable Al Nienhuis
Sheriff
Hernando County, Florida

Financial Management

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

Additional Matters

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

Purpose of this Letter

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

MSL, P.A.

Certified Public Accountants

Tampa, Florida
January 24, 2023

HERNANDO COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS

FINANCIAL STATEMENTS

Year Ended September 30, 2022

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MSL
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Honorable Shirley Anderson
Supervisor of Elections
Hernando County, Florida

Opinion

We have audited the accompanying financial statements of the Hernando County, Florida Supervisor of Elections (the "Supervisor of Elections") as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' basic financial statements, as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Supervisor of Elections as of September 30, 2022, and the respective change in financial position, and the budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor of Elections' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Supervisor of Elections' ability to continue as a going concern for a reasonable period of time.

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

Emphasis-of-Matter

As described in Note 1 to the financial statements, the accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(3), *Rules of the Auditor General for Local Governmental Entity Audits*. These financial statements are not intended to be a complete presentation of the financial position of Hernando County, Florida as of September 30, 2022, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Honorable Shirley Anderson
Supervisor of Elections
Hernando County, Florida

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 9, 2022, on our consideration of the Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Supervisor of Elections' internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
December 9, 2022

HERNANDO COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS

BALANCE SHEET - GENERAL FUND

SEPTEMBER 30, 2022

ASSETS

Cash	$ 261,967
TOTAL ASSETS	$ 261,967

LIABILITIES AND FUND BALANCE

Accounts payable	$ 11,728
Accrued liabilities	15,128
Due to the Hernando County, Florida Board of County Commissioners	235,111
TOTAL LIABILITIES	261,967
TOTAL FUND BALANCE	-
TOTAL LIABILITIES AND FUND BALANCE	$ 261,967

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND

Year Ended September 30, 2022

REVENUES		
Intergovernmental revenue		$ 32,017
Charges for services		46,790
	TOTAL REVENUES	78,807
EXPENDITURES		
General government:		
Personnel services		1,040,369
Operating		788,165
Capital outlay		14,995
	TOTAL EXPENDITURES	1,843,529
	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,764,722)
OTHER FINANCING SOURCES (USES)		
Transfers in:		
Hernando County, Florida Board of County Commissioners appropriations		1,999,833
Transfers (out):		
Distribution of excess appropriations to the Hernando County, Florida Board of County Commissioners		(235,111)
	TOTAL OTHER FINANCING SOURCES (USES)	1,764,722
	NET CHANGE IN FUND BALANCE	-
FUND BALANCE, BEGINNING OF YEAR		-
FUND BALANCE, END OF YEAR		$ -

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND

Year Ended September 30, 2022

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental revenue	$ -	$ 32,017	$ 32,017	$ -
Charges for services	-	-	46,790	46,790
TOTAL REVENUES	-	32,017	78,807	46,790
EXPENDITURES				
General government:				
Personnel services	1,169,050	1,169,050	1,040,369	128,681
Operating	830,783	847,805	788,165	59,640
Capital outlay	-	14,995	14,995	-
TOTAL EXPENDITURES	1,999,833	2,031,850	1,843,529	188,321
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,999,833)	(1,999,833)	(1,764,722)	235,111
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Hernando County, Florida Board of County Commissioners appropriations	1,999,833	1,999,833	1,999,833	-
Transfers (out):				
Distribution of excess appropriations to the Hernando County, Florida Board of County Commissioners	-	-	(235,111)	(235,111)
TOTAL OTHER FINANCING SOURCES (USES)	1,999,833	1,999,833	1,764,722	(235,111)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	$ -	$ -	$ -	$ -

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Hernando County, Florida (the "County") is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the "Board"), and managed by an appointed County Administrator. The Hernando County, Florida Supervisor of Elections (the "Supervisor of Elections") is an elected constitutional officer as provided for by the Constitution of the State of Florida. Pursuant to Chapter 129, Florida Statutes, the Supervisor of Elections' budget is submitted to the Board for approval.

Transfers are provided by appropriations from the Board pursuant to law. Estimated receipts and budgeted fund balances must equal appropriations. The Supervisor of Elections is required to refund to the Board all excess appropriations annually; therefore, no unappropriated fund balance is carried forward.

For financial reporting purposes, the Supervisor of Elections is deemed to be part of the primary government of the County, and as such, is included in the County's Annual Comprehensive Financial Report.

Basis of Presentation

The accompanying financial statements include all funds and accounts of the Supervisor of Elections' office, but are not intended to be a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General - Local Governmental Entity Audits.*

The financial transactions of the Supervisor of Elections are recorded in one individual fund. This fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures.

The focus of governmental fund financial statements is generally on major funds rather than reporting funds by type. GAAP sets forth minimum criteria (percentage of total assets, liabilities, revenues, or expenditures) for the determination of major funds. However, the general fund, by definition, is always a major fund. In the governmental fund financial statements, each major fund is reported in a separate column, but since the Supervisor of Elections has only one governmental fund (the general fund); the governmental fund financial statements contain only one column.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of Presentation *(Continued)*

The Supervisor of Elections reports the following governmental fund type:

Governmental Fund

- **Major Fund**
    - **General Fund -** The general fund is the general operating fund of the Supervisor of Elections. It is used to account for all financial resources, except for those required to be accounted for in another fund.

Measurement Focus and Basis of Accounting

Governmental funds are accounted for using the flow of current financial resources measurement focus. Only current assets and current liabilities, generally, are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when it becomes measurable and available to finance liabilities of the current fiscal year). For this purpose, the Supervisor of Elections considers revenues to be available if they are collected within 45 days of the end of the current period and can be used for paying current period expenditures. Expenditures are recorded when the related fund liability is incurred, except for compensated absences, which are recognized as expenditures to the extent they have matured.

The appropriations from the Board are the primary source of funds considered to be susceptible to accrual.

Intergovernmental revenues are recognized when eligibility requirements are met and related amounts are available from the grantor. Charges for services are recognized as they are earned and become measurable and available to pay liabilities of the current period.

Excess Fees

The Board funds primarily the entire operating budget of the Supervisor of Elections. Payments by the Board to fund the operations of the Supervisor of Elections are recorded as transfers in on the financial statements of the Supervisor of Elections. In accordance with Florida Statutes, the Supervisor of Elections distributes all general fund revenues in excess of expenditures to the Board within 31 days following the end of the fiscal year.

Compensated Absences

All full-time employees of the Supervisor of Elections are entitled to accrue a maximum of 480 hours of paid time off ("PTO") and must use a minimum of 80 hours of PTO each fiscal year. Upon termination, the employee is paid 50% to 100%, based on tenure, of accumulated PTO.

The Supervisor of Elections' accrued compensated absences are not reported in the general fund, but rather in the basic financial statements of the County.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make a number of estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Net Pension Liability

The Supervisor of Elections participates in the Florida Retirement System ("FRS") defined benefit pension plan and the Health Insurance Subsidy ("HIS") defined benefit plan administered by Florida Division of Retirement. As a participating employer, the Supervisor of Elections is required to report the employers' proportionate share of the net pension liabilities and related pension amounts of the defined benefit pension plans. However, these liabilities would be recorded in government-wide financial statements, which are not required in this special-purpose presentation. As such, the financial information and disclosures are included in the County's Annual Comprehensive Financial Report. In addition, the cost-sharing multiple-employer plans mentioned above operate on June 30 fiscal year end.

NOTE 2 - BUDGETARY PROCESS

Florida Statutes, Section 195.087, governs the preparation, adoption, and administration of the Supervisor of Elections' annual budget. The Supervisor of Elections submits a budget for the general fund to the Board for approval. Any subsequent amendments to the Supervisor of Elections' total budget must be approved by the Board. The annual budget serves as the legal authorization for expenditures. Expenditures may not legally exceed appropriations at the fund level. Appropriations lapse at fiscal year-end. Budgetary control is maintained at the major object expenditure level. Budgetary changes within major object expenditure categories are made at the discretion of the Supervisor of Elections.

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

NOTE 3 - CASH AND INVESTMENTS

At September 30, 2022, the fair value of the Supervisor of Elections' cash was as follows:

	Fair Value	Credit Rating
Demand Deposits and Money Market Funds	$ 261,967	N/A

The Supervisor of Elections' bank deposits are held in qualified public depositories ("QPDs") pursuant to Chapter 280, Florida Statutes. Under this Chapter, each QPD is required to pledge collateral to the State Treasurer against the public deposits. In the event of default by a QPD, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the QPD in default and, if necessary, assessments against other QPDs of the same type as the depositor in default.

NOTE 3 - CASH AND INVESTMENTS *(Continued)*

Authorized Investments

The Supervisor of Elections has not adopted an investment policy and so, by statute, follows the state's guidance set forth in Section 219.075, Florida Statutes, regarding the deposit of funds received and the investment of surplus funds. That Section requires local governments without written investment policies, including County officers, to follow the state policy in Section 218.415(17), Florida Statutes. That Section authorizes the following investments:

a. The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the *Florida Interlocal Cooperation Act*, as provided in Florida Statute 163.01.

b. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

c. Interest-bearing time deposits or savings accounts in qualified public depositories.

d. Direct obligations of the United States Treasury.

The Supervisor of Elections does not have policies that address credit risk, custodial credit risk, or interest rate risk. The Supervisor of Elections had no investments at fiscal year-end or during the year.

NOTE 4 - CAPITAL ASSETS

Pursuant to Florida Statutes, capital assets used by the Supervisor of Elections are owned by the Board. The Supervisor of Elections maintains custodial responsibility for the capital assets used by the office. The office space used in the Supervisor of Elections' operations is provided at no cost by the Board.

Capital assets paid for by the Supervisor of Elections are recorded as expenditures in the general fund of the Supervisor of Elections and are capitalized in the basic financial statements of the County. Donated capital assets are recorded directly on the County's books at their estimated acquisition value on the date received. Depreciation is recorded at the County level.

NOTE 5 - LONG-TERM LIABILITY

The following is a summary of changes in general long-term liabilities, which are reported in the basic financial statements of the County:

	Balance October 1, 2021	Additions	Retirements	Balance September 30, 2022	Due Within One Year
Accrued Compensated Balance	$ 3,671	$ 2,728	$ -	$ 6,399	$ 6,399

These liabilities are not reported in the financial statements of the Supervisor of Elections but rather are reported in the basic financial statements of the County.

NOTE 6 - FLORIDA RETIREMENT SYSTEM (FRS) FOR PENSION BENEFITS

The Supervisor of Elections participates in the FRS for Pension Benefits. A detailed plan description and any liability for employees of the Supervisor of Elections are included in the financial statement of the County.

Funding Policy

The Supervisor of Elections contributions to the FRS for fiscal years ended September 30, 2020 through 2022 were as follows: $95,798, $118,261 and $140,067 respectively, which were equal to the required contribution for each fiscal year.

Employees are required to contribute 3% towards the FRS. Employee withholdings for this purpose amounted to $13,750, $16,139, and $18,058 for the fiscal years ended September 30, 2020 through 2022, respectively, which were equal to the required contribution for each fiscal year.

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS

Pursuant to the requirements of the Florida Statutes, the Supervisor of Elections participates in the County's plan to provide other postemployment benefits to retirees of the Board and Constitutional Officers. A detailed plan description and any liability for employees of the Supervisor of Elections are included in the financial statements of the County.

NOTE 8 - RISK MANAGEMENT

The Supervisor of Elections participates in the insurance programs of the Board including general liability, workers' compensation, property and casualty, and employee health insurance. These risk management activities are handled through internal service funds maintained by the Board. All liabilities associated with these self-insured risks are reported in the basic financial statements of the Board. The purpose of these funds is to administer employee life, health, workers' compensation, unemployment and disability insurance, and property and liability insurance. These funds account for the risk financing activities of the County, but do not constitute a transfer of risk from the County.

Significant losses are covered by commercial insurance for all major programs except workers' compensation for which the County retains risk of loss. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in any of the last three years.

The Supervisor of Elections paid premiums of $9,774 for property and casualty, and $120,701 for health insurance coverage to the Board for the fiscal year ended September 30, 2022.

NOTE 8 - RISK MANAGEMENT *(Continued)*

The workers' compensation internal service fund is a self-insurance program for workers' compensation claims on losses up to $750,000 per occurrence. The workers' compensation fund has indemnified the Supervisor of Elections against any losses in a given year in excess of the fee charged. In the event actual losses are less than the fee charged, such amounts will be retained in the workers' compensation fund. Claim settlements and losses are accrued and subsequently paid from the workers' compensation fund. Premium payments to the Board by the Supervisor of Elections, which are based on a percentage of salaries paid according to salary classifications, totaled $927 for the fiscal year ended September 30, 2022.

NOTE 9 - CLAIMS AND CONTINGENCIES

Grants

Grant funds received by the Supervisor of Elections are subject to audit by grantor agencies. Audits of these grants may result in disallowed costs, which may constitute a liability of the Supervisor of Elections. In the opinion of management, disallowed costs, if any, would be immaterial to the financial position of the Supervisor of Elections.

OTHER REPORTS

MSL
Certified Public Accountants

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

Honorable Shirley Anderson
Supervisor of Elections
Hernando County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hernando County, Florida Supervisor of Elections (the "Supervisor of Elections") as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated December 9, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Honorable Shirley Anderson
Supervisor of Elections
Hernando County, Florida

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management of the Supervisor of Elections in a separate letter dated December 9, 2022.

Purpose of this Report

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

MSL, P.A.

Certified Public Accountants

Tampa, Florida
December 9, 2022

MSL
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT

Honorable Shirley Anderson
Supervisor of Elections
Hernando County, Florida

We have examined the Hernando County, Florida Supervisor of Elections (the "Supervisor of Elections") compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2022. The Supervisor of Elections' management is responsible for the Supervisor of Elections' compliance with those requirements. Our responsibility is to express an opinion on the Supervisor of Elections' compliance based on our examination.

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

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement. Our examination does not provide a legal determination on the Supervisor of Elections' compliance with the specified requirements.

In our opinion, the Supervisor of Elections complied with the aforementioned requirements for the fiscal year ended September 30, 2022, in all material respects.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
December 9, 2022

MSL
Certified Public Accountants

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Shirley Anderson
Supervisor of Elections
Hernando County, Florida

We have audited the basic financial statements of the Hernando County, Florida Supervisor of Elections (the "Supervisor of Elections") as of and for the fiscal year ended September 30, 2022 and have issued our report thereon dated December 9, 2022.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and Chapter 10.550, *Rules of the Auditor General.*

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards,* AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General.* Disclosures in those reports, which are dated December 9, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Honorable Shirley Anderson
Supervisor of Elections
Hernando County, Florida

Financial Management

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

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Supervisor of Elections and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
December 9, 2022

HERNANDO COUNTY, FLORIDA
TAX COLLECTOR

FINANCIAL STATEMENTS

Year Ended September 30, 2022

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MSL
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Honorable Sally L. Daniel, C.F.C
Tax Collector
Hernando County, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Hernando County, Florida Tax Collector (the "Tax Collector") as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Tax Collector's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Tax Collector as of September 30, 2022, and the respective change in financial position, and the budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tax Collector's ability to continue as a going concern for a reasonable period of time.

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

Emphasis-of-Matter

As described in Note 1 to the financial statements, the accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(3), *Rules of the Auditor General for Local Governmental Entity Audits*. These financial statements are not intended to be a complete presentation of the financial position of Hernando County, Florida as of September 30, 2022, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying supplemental information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated November 22, 2022, on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Collector's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
November 22, 2022

HERNANDO COUNTY, FLORIDA
TAX COLLECTOR

BALANCE SHEET - GENERAL FUND

September 30, 2022

ASSETS

Equity in pooled cash		$ 2,688,133
Accounts receivable		1,333
Due from other government units		6,591
	TOTAL ASSETS	$ 2,696,057

LIABILITIES AND FUND BALANCE

LIABILITIES		
Accounts payable		$ 12,090
Salaries and benefits payable		40,666
Due to the Hernando County, Florida, Board of County Commissioners		2,293,545
Due to other governmental units		228,452
Unearned revenue		121,304
	TOTAL LIABILITIES	2,696,057
	TOTAL FUND BALANCE	-
	TOTAL LIABILITIES AND FUND BALANCE	$ 2,696,057

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
TAX COLLECTOR

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND

Year Ended September 30, 2022

REVENUES		
Commissions:		
Hernando County, Florida, Board of County Commissioners		$ 4,257,127
Other governmental units		424,039
Charges for services		1,848,077
Investment income		245
Other income		2,311
	TOTAL REVENUES	6,531,799
EXPENDITURES		
General government:		
Personnel services		3,622,706
Operating		1,842,559
Capital outlay		39,523
	TOTAL EXPENDITURES	5,504,788
	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,027,011
OTHER FINANCING SOURCES (USES)		
Transfers (out):		
Hernando County, Florida Board of County Commissioners: Appropriations		1,494,986
Distribution of excess commissions to the Hernando County, Florida, Board of County Commissioners		(2,293,545)
Distribution of excess commissions to other governmental units		(228,452)
	TOTAL OTHER FINANCING SOURCES (USES)	(1,027,011)
	NET CHANGE IN FUND BALANCE	-
FUND BALANCE, BEGINNING OF YEAR		-
FUND BALANCE, END OF YEAR		$ -

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
TAX COLLECTOR

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Commissions:				
Hernando County, Florida, Board of County Commissioners	$ 4,100,000	$ 4,100,000	$ 4,257,127	$ 157,127
Other governmental units	388,500	388,500	424,039	35,539
Charges for services	1,784,810	1,784,810	1,848,077	63,267
Investment income	125	125	245	120
Other income	1,000	1,000	2,311	1,311
TOTAL REVENUES	6,274,435	6,274,435	6,531,799	257,364
EXPENDITURES				
General government:				
Personnel services	3,784,772	3,829,429	3,622,706	206,723
Operating	593,727	2,004,056	1,842,559	161,497
Capital outlay	-	40,000	39,523	477
TOTAL EXPENDITURES	4,378,499	5,873,485	5,504,788	368,697
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,895,936	400,950	1,027,011	626,061
OTHER FINANCING SOURCES (USES)				
Transfers (out):				
Hernando County, Florida Board of County Commissioners: Appropriations	-	1,494,986	1,494,986	-
Distribution of excess commissions to the Hernando County, Florida, Board of County Commissioners	(1,731,834)	(1,731,834)	(2,293,545)	(561,711)
Distribution of excess commissions to other governmental units	(164,102)	(164,102)	(228,452)	(64,350)
TOTAL OTHER FINANCING SOURCES (USES)	(1,895,936)	(400,950)	(1,027,011)	(626,061)
NET CHANGE IN FUND BALANCE	$ -	$ -	$ -	$ -

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
TAX COLLECTOR

STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS

September 30, 2022

ASSETS		
Equity in pooled cash		$ 7,445,837
Due from other government agencies		266
	TOTAL ASSETS	7,446,103
LIABILITIES		
Accounts Payable		3,954
Due to other government agencies		2,850,244
Installment tax escrow		4,591,905
	TOTAL LIABILITIES	7,446,103
NET POSITION		
Restricted for:		
Individuals and other governments		$ -

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
TAX COLLECTOR

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUNDS

Year Ended September 30, 2022

ADDITIONS		
Tax collections for Hernando County BOCC		$ 142,871,609
Tax collections for other governments		112,410,875
Miscellaneous		3,283
	TOTAL ADDITIONS	255,285,767
DEDUCTIONS		
Miscellaneous		3,283
Payments of taxes to Hernando County BOCC		142,871,609
Payments of taxes to other governments		112,410,875
	TOTAL DEDUCTIONS	255,285,767
	Net increase (decrease) in fiduciary net position	-
Net Position-beginning		-
Net Position-ending		$ -

The accompanying notes are an integral part of the financial statements.

HERNANDO COUNTY, FLORIDA
TAX COLLECTOR

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Hernando County, Florida (the "County"), is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the "Board") and managed by an appointed County Administrator. The Hernando County, Florida Tax Collector (the "Tax Collector") is an elected constitutional officer of the County as provided for by the Constitution of the State of Florida. Pursuant to Chapter 195.087, Florida Statutes, the Tax Collector's budget is submitted to the Florida Department of Revenue for approval, and a copy is forwarded to the Board for coordination with the Board's budget.

As an elected official of the County, the Tax Collector is charged with responsibility for the collection of ad valorem taxes levied by the County, the School Board, special taxing districts, municipalities, and other taxes and fees levied by the County. The Tax Collector's office is funded by fees charged based on the amount of collections. Additionally, the Tax Collector performs services for various state agencies. The following are the State of Florida agencies for which the Tax Collector collects fees:

- *Department of Highway Safety and Motor Vehicles* - the Tax Collector serves as agent for the Division of Motor Vehicles, processes title applications and transfers, renews and issues license plates and decals, handles boat title transfers, and registers both pleasure and commercial boats on an annual basis.

- *Florida Department of Revenue* - collects sales tax on vessels, motor vehicles, and Lemon Law fees.

- *Florida Fish and Wildlife Conservation Commission* - issues hunting and fishing permits and licenses.

For financial reporting purposes, the Tax Collector is deemed to be part of the primary government of the County and, as such, is included in the County's Annual Comprehensive Financial Report.

Basis of Presentation

The accompanying financial statements include all funds and accounts of the Tax Collector's office, but are not intended to be a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General-Local Governmental Entity Audits.*

The financial transactions of the Tax Collector are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations. The Tax Collector has one governmental type fund and two fiduciary type funds, both custodial funds.

The focus of governmental fund financial statements is generally on major funds rather than reporting funds by type. GAAP sets forth minimum criteria (percentage of total assets, liabilities, revenues, or expenditures) for the determination of major funds. However, the general fund, by definition, is always a major fund. In the governmental fund financial statements, each major fund is reported in a separate column, but since the Tax Collector has only one governmental fund (the general fund); the governmental fund financial statements contain only one column.

The focus on fiduciary type fund financial statements is by fund type, not major fund. The Tax Collector has only one fiduciary fund type, the custodial fund, but has two such funds. Accordingly, the two custodial funds are combined into one column in the fiduciary fund financial statement. Custodial funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, and other governments.

Measurement Focus and Basis of Accounting

Governmental funds are accounted for using the flow of current financial resources measurement focus. Only current assets and current liabilities, generally, are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Custodial funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations or have a measurement focus.

The modified accrual basis of accounting is used by governmental funds. Custodial funds use the accrual basis. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available to finance liabilities of the current fiscal year). For this purpose, the Tax Collector considers revenues to be available if they are collected within 45 days of the end of the current period. Expenditures are recorded when the related fund liability is incurred, except for compensated absences, which are recognized as expenditures to the extent they have matured.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Measurement Focus and Basis of Accounting *(Continued)*

Substantially all of the Tax Collector's revenue is received from taxing authorities. These monies are generally unrestricted and are revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenue at the time of receipt; earlier if the susceptible to accrual criteria are met.

Charges for services and interest income are recognized when earned, provided they are also measurable and available to pay liabilities of the current period. Interest income is reported net of fees.

Florida Statutes provide that the amount by which revenues and transfers exceed annual expenditures be remitted to the Board and other taxing districts within one month following the fiscal year during which the funding was provided. Florida Statutes further provide that the excess of revenues over expenditures held by the Tax Collector be distributed to each governmental agency in the same proportion as the commissions and fees paid. The amounts of these distributions are recorded as liabilities and as other financing uses in the accompanying financial statements.

Equity in Pooled Cash

The Tax Collector pools substantially all cash except for change funds. Each fund's equity share of the total pooled cash is included on the balance sheet under the caption "Equity in Pooled Cash." Interest earned on this money is allocated to the various funds based upon the average cash balances within the consolidated account.

Unearned Revenue

Unearned revenue represents the portion of biennial service fees attributable to future years.

Compensated Absences

All full-time employees of the Tax Collector are entitled to time off with pay in accordance with policy. The employees are generally allowed to accumulate leave time up to a maximum of 300 hours. Upon voluntary termination or retirement, the employee is paid for up to 75% or 100% of the accumulated paid time off, respectively. Leave payments are included in expenditures in the period paid or due. The Tax Collector does not, nor is she required to, accumulate financial resources for these unmatured obligations. Accordingly, the liability for compensated absences is not reported in the general fund, but rather is reported in the basic financial statements of the County.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported or disclosed in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Net Pension Liability

The Tax Collector participates in the Florida Retirement System ("FRS") defined benefit pension plan and the Health Insurance Subsidy ("HIS") defined benefit plan administered by Florida Division of Retirement. As a participating employer, the Tax Collector is required to report the employers' proportionate share of the net pension liabilities and related pension amounts of the defined benefit pension plans. However, these liabilities would be recorded in government-wide financial statements, which are not required in this presentation. The cost-sharing multiple-employer plans mentioned above operate on a fiscal year ending June 30.

Total Other Postemployment Benefits Liability

Pursuant to the requirements of the Florida Statutes, the Tax Collector participates in the County's plan to provide other postemployment benefits to retirees of the Board and Constitutional Officers. A detailed plan description and any liability for employees of the Tax Collector are included in the financial statements of the County.

NOTE 2 - PROPERTY TAXES

Taxes in the County are levied by the Board and other taxing authorities. The millage levies are determined on the basis of estimates of revenue needs and the total taxable valuations within the jurisdiction of the Board and other taxing authorities. No aggregate ad valorem tax millage in excess of 10 mills on the dollar can be levied by the Board against property in the County, as specified in Florida Statutes, Section 200.071.

Each year the total taxable property valuation is established by the Hernando County, Florida, Property Appraiser (the "Property Appraiser") and the list of property assessments is submitted to the Florida Department of Revenue for approval. Taxes assessed as of January 1 of each year, are due and payable on November 1 of each year or as soon thereafter as the assessment roll is opened for collection. Pursuant to Florida law, all owners of property have the responsibility of ascertaining the amount due and paying it before April 1 of the year following the year in which the tax was assessed.

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

Assessed value is established by the Property Appraiser as of January 1 for the subsequent fiscal year of the County for tax roll preparation. Taxable value is computed after deducting from assessed value various exemptions including governmental, educational, religious, health care, and scientific properties, and qualified exemptions, including $25,000 or $50,000 homestead exemptions and added exemptions if a widow or disabled.

NOTE 2 - PROPERTY TAXES *(Continued)*

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

For all real property with delinquent taxes, the Tax Collector advertises as required by Florida Statute and sells tax certificates. All unsold certificates are issued to the County. Any persons owning real property upon which a tax certificate has been sold may redeem the property by paying the Tax Collector the face amount of the tax certificate plus interest and costs associated with the sale of the certificate.

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

NOTE 3 - BUDGETARY PROCESS

Florida Statutes, Section 195.087, governs the preparation, adoption, and administration of the Tax Collector's annual budget. Prior to August 1, the Tax Collector submits to the Florida Department of Revenue for approval a proposed operating budget for the general fund for the fiscal year commencing the following October 1. The operating budget includes the proposed expenditures for the upcoming year. Any subsequent amendments to the budget must be approved by the Florida Department of Revenue. The budget for the general fund is prepared on a basis consistent with GAAP. The annual budget serves as the legal authorization for expenditures. Budgetary control is maintained at the departmental major object expenditure level. Expenditures may not legally exceed appropriations at the fund level. Appropriations lapse at year-end. Budgetary changes within major object expenditure categories are made at the discretion of the Tax Collector.

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

NOTE 4 - CASH AND INVESTMENTS

At September 30, 2022, the fair value of the Tax Collector's cash and cash equivalents were as follows:

	Carrying Value	Credit Rating
Cash on Hand	$ 10,100	N/A
Demand Deposits and Money Market Funds	10,123,870	N/A
Total Cash and Cash Equivalents	$ 10,133,970	

Such amounts are reported as equity in pooled cash of $2,678,033 and $7,445,837 in the governmental and custodial funds, respectively. Custodial funds previously held in Cash have been moved to Pooled Cash.

The Tax Collector's bank deposits are held in qualified public depositories ("QPDs") pursuant to Chapter 280, Florida Statutes. Under this Chapter, each QPD is required to pledge collateral to the State Treasurer against the public deposits. In the event of default by a QPD, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the QPD in default and, if necessary, assessments against other QPDs of the same type as the depositor in default.

Authorized Investments

The Tax Collector's investment policy follows guidance set forth in Section 219.075, Florida Statutes regarding the deposit of funds received and the investment of surplus funds. The policy authorizes the following investments:

a) Florida Tax Collectors, Inc. Investment Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Florida Statute 163.01.

b) Negotiable direct obligations of the United States Government, which are unconditionally guaranteed by the United States Government. Such securities include, but are not limited to:

   i. Treasury Bills
   ii. Treasury Notes
   iii. Treasury Bonds

c) Non-negotiable interest-bearing time certificates of deposit, money market accounts or savings accounts in banks/savings and loan associations organized under the laws of the United States, doing business and situated in this state, provided that such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

d) Repurchase agreements for any of the investments authorized above in item b.

NOTE 4 - CASH AND INVESTMENTS *(Continued)*

Credit Quality Risk

The investment policy does not address credit quality. Instead, this risk is managed through the list of permitted investments.

Custodial Credit Risk

The investment policy requires independent third-party custodians, and limits the portfolio composition as follows:

- Florida Tax Collectors, Inc. Investment Trust Fund—Maximum of 80%
- Certificates of Deposit—Maximum of 50%
- United States Government Securities—Maximum of 50%

In addition, the policy requires assets to be diversified to control the risk of over-concentration of assets in a specific maturity, issuer, instrument, counterparty dealer, or bank. The policy requires counterparties to be qualified public depositories or primary securities broker/dealers, as designated by the New York Federal Reserve.

Interest Rate Risk

The Tax Collector does not own any fixed rate investments and did not own any such investments during 2022. The investment policy identifies safety of capital as the first objective, followed by liquidity, then finally, investment return. In addition, the investment policy seeks to manage interest rate risk by matching maturities to known cash needs and limiting maturities of operating funds to no more than one year. Additional guidance is provided for times when rates are expected to rise or fall.

NOTE 5 - CAPITAL ASSETS

Pursuant to Florida Statutes, capital assets used by the Tax Collector are owned by the Board. The Tax Collector maintains custodial responsibility for the capital assets used by the office. The office space used in the Tax Collector's operations is provided at no cost by the Board.

Capital assets paid for by the Tax Collector are recorded as expenditures in the general fund of the Tax Collector and are capitalized in the basic financial statements of the County. Donated capital assets are recorded directly in the County's books at their estimated fair value on the date received. Depreciation is recorded at the County level.

NOTE 6 - LONG-TERM LIABILITY

The following is a summary of changes in general long-term liabilities, which are reported in the basic financial statements of the County:

	Balance October 1, 2021	Additions	Retirements	Balance September 30, 2022	Due Within One Year
Accrued Compensated Balance	$ 162,489	$ 171,246	$ (170,441)	$ 163,294	$ 16,329

Of these above obligations, $16,329 are expected to be paid during the fiscal year ending September 30, 2023, primarily from the general fund, and so are considered current. These liabilities are not reported in the fund financial statements of the Tax Collector since they have not matured.

NOTE 7 - FLORIDA RETIREMENT SYSTEM ("FRS") FOR PENSION BENEFITS

The Tax Collector participates in the FRS for Pension Benefits. A detailed plan description and any liability for employees of the Tax Collector are included in the financial statements of the County.

The Tax Collector's contributions to the FRS for the fiscal years ended September 30, 2020 through 2022 were: $321,921, $362,341, and $423,366, respectively, which were equal to the required contribution for each fiscal period.

Employees are required to contribute 3% towards the FRS. Employee withholdings for this purpose amount to $58,215, $63,069, and $66,889, for the fiscal years ended September 30, 2020 through 2022, respectively, which were equal to the required contribution for each fiscal year.

NOTE 8 - RISK MANAGEMENT

The Tax Collector participates in the insurance programs of the Board including general liability, workers' compensation, property and casualty, and employee health insurance. These risk management activities are handled through internal service funds maintained by the Board. All liabilities associated with these self-insured risks are reported in the basic financial statements of the Board. The purpose of these funds is to administer employee life, health, workers' compensation, unemployment, disability insurance, and property and liability insurance. These funds account for the risk financing activities of the County, but do not constitute a transfer of risk from the County.

NOTE 8 - RISK MANAGEMENT *(Continued)*

Significant losses are covered by commercial insurance for all major programs except workers' compensation for which the County retains risk of loss. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in any of the last three years.

The Tax Collector paid premiums of $635,607 for employee life and health insurance coverage to the Board for the fiscal year ended September 30, 2022.

The Board's Workers' Compensation Internal Service Fund is a self-insurance program for workers' compensation claims on losses up to $1,250,000 per occurrence. The Workers' Compensation Fund has indemnified the Tax Collector against any losses in a given year in excess of the fee charged. In the event actual losses are less than the fee charged, such amounts will be retained in the Workers' Compensation Fund. Claim settlements and losses are accrued and subsequently paid from the Workers' Compensation Fund. Premium payments to the Board by the Tax Collector, which are based on a percentage of salaries paid according to salary classifications, totaled $9,586 for the fiscal year ended September 30, 2022.

SUPPLEMENTARY INFORMATION

CUSTODIAL FUNDS

Custodial funds are used to account for assets held by a governmental unit as trustee or agent for individuals, private organizations, and other governmental units.

TAX AND TAG FUND - This fund is used to account for the receipt and distribution of ad valorem taxes, hunting and fishing licenses, boat registrations and titles, motor vehicle registrations, titles, and sales tax, and permits collected for Hernando County and other independent taxing authorities.

DELINQUENT TAX FUND - This fund is used to account for the receipt and distribution of tax certificates.

HERNANDO COUNTY, FLORIDA
TAX COLLECTOR

COMBINING STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS

September 30, 2022

	Tax and Tag	Delinquent Tax	Total
ASSETS			
Equity in pooled cash	$ 7,445,037	$ 800	$ 7,445,837
Due from Other Government Agencies	266	-	266
TOTAL ASSETS	7,445,303	800	7,446,103
LIABILITIES			
Accounts payable	3,154	800	3,954
Due to other government agencies	2,850,244	-	2,850,244
Installment tax escrow	4,591,905	-	4,591,905
TOTAL LIABILITIES	7,445,303	800	7,446,103
NET POSITION			
Restricted for:			
Individuals and other governments	$ -	$ -	$ -

HERNANDO COUNTY, FLORIDA
TAX COLLECTOR

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUNDS

Year Ended September 30, 2022

	Tax and Tag	Delinquent Tax	Total
ADDITIONS			
Tax collections for Hernando County BOCC	$ 142,606,707	$ 264,902	$ 142,871,609
Tax collections for other governments	112,284,559	126,316	112,410,875
Miscellaneous	3,083	200	3,283
TOTAL ADDITIONS	254,894,349	391,418	255,285,767
DEDUCTIONS			
Miscellaneous	3,083	200	3,283
Payments of taxes to Hernando County BOCC	142,606,707	264,902	142,871,609
Payments of taxes to other governments	112,284,559	126,316	112,410,875
TOTAL DEDUCTIONS	254,894,349	391,418	255,285,767
Net increase (decrease) in fiduciary net position	-	-	-
Net Position-beginning	-	-	-
Net Position-ending	$ -	$ -	$ -

OTHER REPORTS

MSL
Certified Public Accountants

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

Honorable Sally L. Daniel, C.F.C
Tax Collector
Hernando County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hernando County, Florida Tax Collector (the "Tax Collector") as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated November 22, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Honorable Sally L. Daniel, C.F.C
Tax Collector
Hernando County, Florida

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management of the Tax Collector in a separate letter dated November 22, 2022.

Purpose of this Report

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

MSL, P.A.

Certified Public Accountants

Tampa, Florida
November 22, 2022

MSL
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT

Honorable Sally L. Daniel, C.F.C
Tax Collector
Hernando County, Florida

We have examined the Hernando County, Florida Tax Collector's (the "Tax Collector") compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2022. The Tax Collector's management is responsible for the Tax Collector's compliance with those requirements. Our responsibility is to express an opinion on the Tax Collector's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Tax Collector complied with the aforementioned requirements in all material respects. An examination involves performing procedures to obtain evidence about the Tax Collector's compliance with those requirements, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Tax Collector's compliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement. Our examination does not provide a legal determination on the Tax Collector's compliance with the specified requirements.

In our opinion, the Tax Collector complied with the aforementioned requirements for the fiscal year ended September 30, 2022, in all material respects.

MSL, P.A.
Certified Public Accountants

Tampa, Florida
November 22, 2022

MSL
Certified Public Accountants

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Sally L. Daniel, C.F.C
Tax Collector
Hernando County, Florida

We have audited the basic financial statements of the Hernando County Tax Collector (the "Tax Collector") as of and for the fiscal year ended September 30, 2022 and have issued our report thereon dated November 22, 2022.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and Chapter 10.550, *Rules of the Auditor General.*

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards,* AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General.* Disclosures in those reports, which are dated November 22, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Honorable Sally L. Daniel, C.F.C
Tax Collector
Hernando County, Florida

Financial Management

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

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Tax Collector and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
November 22, 2022