

NEW ISSUE – BOOK-ENTRY ONLY

See “RATINGS” herein

In the opinion of Holland & Knight LLP, Bond Counsel, assuming compliance with certain arbitrage rebate and other tax requirements referred to herein, under existing law, interest on the Series 2026 Bonds (as hereinafter defined) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and will not be treated as an item of tax preference in computing the alternative minimum tax imposed on individuals under the Code; however, interest on the Series 2026 Bonds is included in the “adjusted financial statement income” of certain corporations on which the federal alternative minimum tax is imposed under the Code. Holders of Series 2026 Bonds could be subject to the consequences of other provisions of the Code, as further described herein. See “TAX MATTERS” herein.



\$214,430,000*
POLK COUNTY, FLORIDA
Utility System Revenue Bonds, Series 2026

Dated: Date of Delivery**Due: October 1, as shown on the inside cover**

The \$214,430,000* Polk County, Florida Utility System Revenue Bonds, Series 2026 (the “Series 2026 Bonds”) are being issued by Polk County, Florida (the “County”) pursuant to Article VIII, Section 1, Constitution of the State of Florida, Chapter 159, Florida Statutes, Chapter 125, Florida Statutes, the Charter of the County, Ordinance No. 85-34 enacted by the Board of County Commissioners of the County (the “Board”) on December 17, 1985 (collectively, the “Act”) and by Resolution No. 91-03 adopted by the Board on September 24, 1991, as amended and supplemented by Resolution No. 91-04 adopted by the Board on October 3, 1991, and Resolution No. 97-05 adopted by the Board on August 12, 1997, as supplemented, amended, restated and compiled by Resolution No. 03-15 adopted by the Board on February 19, 2003, as supplemented, amended, restated and compiled by Resolution No. 04-157 adopted by the Board on November 3, 2004, as amended and supplemented from time to time, as particularly amended by Resolution No. 10-117 adopted by the Board on August 18, 2010 and Resolution No. 2012-122 adopted by the Board on November 20, 2012, and as particularly amended and supplemented by Resolution No. 2026-113 adopted by the Board on September 15, 2026 (collectively, the “Resolution”). The Series 2026 Bonds are being issued to (i) finance the cost of the acquisition and construction of the 2026 Project (as defined herein) and (ii) pay costs of issuance of the Series 2026 Bonds.

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

This Official Statement relates only to the original issuance of the Series 2026 Bonds and speaks only as of its date and should not be relied upon after such date. The information and expressions of opinion herein are subject to change without notice.

The Series 2026 Bonds are being issued by the County as fully registered bonds, which initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). Individual purchases will be made in book-entry form only through Participants (defined herein) in denominations of \$5,000 or any integral multiple thereof. Purchasers of the Series 2026 Bonds (the “Beneficial Owners”) will not receive physical delivery of certificates. Transfers of ownership interests in the Series 2026 Bonds will be effected by the DTC book-entry system as described herein. As long as Cede & Co. is the registered owner as nominee of DTC, principal and interest payments are to be made directly to such registered owner which in turn is to remit such payments to the Participants for subsequent disbursement to the Beneficial Owners. Interest on the Series 2026 Bonds is payable semi-annually on each April 1 and October 1, commencing April 1, 2027. Principal of, premium, if any, and interest on the Series 2026 Bonds will be payable by The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, as Registrar.

The Series 2026 Bonds will be subject to redemption prior to maturity and/or purchase in lieu of redemption, as set forth herein.

Payment of the principal of and interest on the Series 2026 Bonds shall be secured by an irrevocable lien on the Gross Revenues (as defined herein), the Connection Charges (as defined herein), moneys deposited into certain funds and accounts created by the Resolution, and all earnings thereon, all in the manner and to the extent provided in the Resolution, on parity and equal status with the County’s Outstanding Utility System Revenue and Revenue Refunding Bonds, Series 2020, and Utility System Revenue and Revenue Refunding Bonds, Series 2024, and all other “Additional Bonds” hereafter issued under and pursuant to the Resolution. See “DESCRIPTION OF THE SERIES 2026 BONDS” herein for a description of the Series 2026 Bonds.

THE SERIES 2026 BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF FLORIDA, BUT SHALL BE PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND A PLEDGE OF THE GROSS REVENUES, THE CONNECTION CHARGES AND THE FUNDS AND THE EARNINGS THEREON PLEDGED TO THE PAYMENT OF THE SERIES 2026 BONDS, IN THE MANNER AND TO THE EXTENT PROVIDED IN THE RESOLUTION. NO SERIES 2026 BONDHOLDER SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE COUNTY OR TAXATION IN ANY FORM ON ANY REAL OR PERSONAL PROPERTY TO PAY SUCH SERIES 2026 BONDS OR THE INTEREST THEREON, NOR SHALL ANY SERIES 2026 BONDHOLDER BE ENTITLED TO PAYMENT OF SUCH PRINCIPAL AND INTEREST FROM ANY OTHER FUNDS OF THE COUNTY OTHER THAN THE GROSS REVENUES, THE CONNECTION CHARGES AND THE FUNDS AND THE EARNINGS THEREON PLEDGED TO PAYMENT OF THE SERIES 2026 BONDS, ALL IN THE MANNER AND TO THE EXTENT PROVIDED IN THE RESOLUTION. THE SERIES 2026 BONDHOLDERS SHALL HAVE NO LIEN UPON THE SYSTEM (AS DEFINED HEREIN).

For MATURITIES, AMOUNTS, INTEREST RATES, PRICES, YIELDS AND INITIAL CUSIP NUMBERS, see inside front cover.

The Series 2026 Bonds are offered when, as, and if issued and received by the Underwriters, subject to the opinion on certain legal matters relating to their issuance by Holland & Knight LLP, Lakeland, Florida, Bond Counsel. Certain legal matters will be passed upon for the County by Randy Mink, Esq., County Attorney and by Bryant Miller Olive P.A., Tampa, Florida, Disclosure Counsel to the County, and for the Underwriters by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, counsel to the Underwriters. PFM Financial Advisors LLC, Orlando, Florida, is serving as Municipal Advisor to the County. It is expected that the Series 2026 Bonds in definitive form will be available for delivery to the Underwriters at the facilities of DTC on or about _____, 2026.

BofA Securities**Raymond James**

Dated: _____, 2026

* Preliminary, subject to change.

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

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

\$214,430,000*

**POLK COUNTY, FLORIDA
Utility System Revenue Bonds,
Series 2026**

\$60,185,000* Serial Series 2026 Bonds

<u>Maturity (October 1)*</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Yield</u>	<u>Initial CUSIP Number**</u>
2032	\$1,760,000	%		%	
2033	1,850,000				
2034	1,945,000				
2035	3,350,000				
2036	3,380,000				
2037	3,410,000				
2038	3,435,000				
2039	3,450,000				
2040	3,460,000				
2041	1,215,000				
2042	1,270,000				
2043	1,340,000				
2044	9,620,000				
2045	10,100,000				
2046	10,600,000				

\$61,815,000* _____ % Term Series 2026 Bonds due October 1, 2051* – Price _____ –
Yield _____ %* – Initial CUSIP No. _____**

\$92,430,000* _____ % Term Series 2026 Bonds due October 1, 2056* – Price _____ –
Yield _____ %* – Initial CUSIP No. _____**

* Preliminary, subject to change.

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

**POLK COUNTY, FLORIDA
MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS**

Martha Santiago, Ed. D., Chairman
Bill Braswell, Vice Chairman
Michael Scott, Commissioner
Becky Troutman, Commissioner
Rick Wilson, Commissioner

CLERK OF THE CIRCUIT COURT AND COUNTY COMPTROLLER

Stacy M. Butterfield, CPA

COUNTY MANAGER

Bill Beasley*

SENIOR ACCOUNTING MANAGER

Tanra-Lee Milson, CPA, CGFO

COUNTY ATTORNEY

Randy Mink, Esq.

BUDGET AND MANAGEMENT SERVICES DIVISION DIRECTOR

Christia Johnson, MBA, CPM

UTILITIES DIVISION DIRECTOR

Tamara Richardson, P.E.**

MUNICIPAL ADVISOR

PFM Financial Advisors LLC
Orlando, Florida

BOND COUNSEL

Holland & Knight LLP
Lakeland, Florida

DISCLOSURE COUNSEL

Bryant Miller Olive P.A.
Tampa, Florida

* Bill Beasley is expected to retire on January 15, 2027. The Board, pursuant to Article 3 of the County Charter, will appoint a new County Manager to succeed Mr. Beasley upon his retirement.

** Tamara Richardson, P.E., is expected to retire on November 6, 2026. James Tully was appointed to replace Ms. Richardson as the Utilities Division Director effective upon Ms. Richardson's retirement.

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

The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information set forth herein has been obtained from the County, The Depository Trust Company and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the County with respect to any information provided by others. The information and expressions of opinion stated herein are subject to change, and neither the delivery of this Official Statement nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the matters described herein since the date hereof.

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

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

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

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

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
PURPOSE OF THE SERIES 2026 BONDS.....	2
THE 2026 PROJECT	2
DESCRIPTION OF THE SERIES 2026 BONDS.....	3
General	3
Book-Entry Only System	4
Transfer of Series 2026 Bonds.....	6
Series 2026 Bonds Mutilated, Destroyed, Stolen or Lost	7
Optional Redemption for Series 2026 Bonds	7
Mandatory Redemption for Series 2026 Bonds	7
Purchase in Lieu of Redemption	7
Notice of Redemption	8
Effect of Notice of Redemption.....	8
SECURITY FOR THE BONDS.....	8
General	8
No Reserve Funding for Series 2026 Bonds	12
Rate Covenant	12
Additional Bonds	13
Qualified Hedge Agreements	16
Sale of Part of the System	17
Maintenance of System	19
Operating Budget	19
No Free Services.....	19
Mandatory Cut Off	20
Enforcement of Collections	20
No Competing System	20
Separately Financed Projects.....	20
Imposition, Collection and Release of Connection Charges.....	21
FLOW OF FUNDS	21
Creation of Funds and Accounts	21
Disposition of Gross Revenues and Connection Charges	22
Disposition of Funds in the Revenue Fund.....	22
Disposition of Funds in the Water Connection Charge Fund	25
Disposition of Funds in the Sewer Connection Charge Fund	25
No Further Payments	26
Construction Fund.....	27
Renewal and Replacement Fund	28
Investment of Moneys.....	29
ESTIMATED SOURCES AND USES OF FUNDS	30
DEBT SERVICE REQUIREMENTS.....	31
THE SYSTEM AND THE CAPITAL IMPROVEMENTS PROGRAM.....	32
Organization and Management	32
Potable Water	36
Sewer	40

Regulatory Requirements.....	42
Water Conservation.....	45
Capital Improvement Program and Funding Sources	47
Potable Water, Reclaimed Water and Sewer Service Charges and User Rates	51
Connection Charges	56
Miscellaneous Service Charges.....	58
Ten Largest Water/Sewer Consumers.....	60
Rate Comparison	61
Historical Revenues and Expenses of System.....	63
Projected Operating Results and Debt Service Coverage	66
PRINCIPAL CONSIDERATIONS, ASSUMPTIONS AND CONCLUSIONS OF FEASIBILITY CONSULTANT	68
Principal Considerations and Assumptions	68
Conclusions	70
RISK FACTORS.....	71
INVESTMENT POLICY	74
LEGAL MATTERS.....	76
LITIGATION	77
DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS.....	77
TAX MATTERS.....	78
General.....	78
Alternative Minimum Tax.....	79
Original Issue Premium.....	79
Original Issue Discount	79
Other Tax Consequences	80
Information Reporting and Backup Withholding.....	81
RATINGS	81
MUNICIPAL ADVISOR	82
AUDITED FINANCIAL STATEMENTS	82
UNDERWRITING.....	82
EXPERTS AND CONSULTANTS.....	83
CONTINGENT FEES.....	83
ENFORCEABILITY OF REMEDIES	83
CONTINUING DISCLOSURE	84
ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT	84
AUTHORIZATION OF OFFICIAL STATEMENT	85

APPENDICES:

APPENDIX A	General Information Regarding Polk County, Florida
APPENDIX B	Copy of Resolution
APPENDIX C	Annual Comprehensive Financial Report of Polk County for Fiscal Year Ended September 30, 2025
APPENDIX D	Form of Bond Counsel Opinion
APPENDIX E	Form of Continuing Disclosure Certificate
APPENDIX F	Financial Feasibility Report

OFFICIAL STATEMENT
relating to

\$214,430,000*
POLK COUNTY, FLORIDA
Utility System Revenue Bonds, Series 2026

INTRODUCTION

The purpose of this Official Statement, including the cover page and appendices, is to set forth information concerning Polk County, Florida (the "County") and the issuance of \$214,430,000* aggregate principal amount of its Utility System Revenue Bonds, Series 2026 (the "Series 2026 Bonds").

The County is the geographical center of the State of Florida (the "State") and is the fourth largest county and the ninth most populous county in the state. According to the University of Florida, Bureau of Economic and Business Research, the estimated population of Lakeland, the largest city in the County, was 124,725 in 2025. According to the University of Florida, Bureau of Economic and Business Research, the estimated population of the County was 846,896 in 2025. The County has been designated a Metropolitan Statistical Area ("MSA") by the United States Bureau of Census and is known as the Lakeland/Winter Haven MSA. For more information about the County, see "APPENDIX A – General Information Regarding Polk County, Florida" attached hereto.

The Series 2026 Bonds are being issued by the County pursuant to Article VIII, Section 1, Constitution of the State, Chapter 159, Florida Statutes, Chapter 125, Florida Statutes, the Charter of the County, Ordinance No. 85-34 enacted by the Board of County Commissioners of the County (the "Board") on December 17, 1985 (collectively, the "Act") and by Resolution No. 91-03 adopted by the Board on September 24, 1991, as amended and supplemented by Resolution No. 91-04 adopted by the Board on October 3, 1991, and Resolution No. 97-05 adopted by the Board on August 12, 1997, as supplemented, amended, restated and compiled by Resolution No. 03-15 adopted by the Board on February 19, 2003, as supplemented, amended, restated and compiled by Resolution No. 04-157 adopted by the Board on November 3, 2004, as amended and supplemented from time to time, as particularly amended by Resolution No. 10-117 adopted by the Board on August 18, 2010 and Resolution No. 2012-122 adopted by the Board on November 20, 2012, and as particularly amended and supplemented by Resolution No. 2026-113 adopted by the Board on September 15, 2026 (collectively, the "Resolution"). All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in the Resolution, unless the context would clearly indicate otherwise. A copy of the Resolution is attached hereto as "APPENDIX B – Copy of Resolution."

Payment of the principal of and interest on the Series 2026 Bonds shall be secured by a lien on the Gross Revenues, the Connection Charges, moneys deposited into certain funds and accounts created by the Resolution, and all earnings thereon, all in the manner and to the extent provided in the Resolution, on parity and equal status with the Outstanding Utility System Revenue and Revenue Refunding Bonds, Series 2020 (the "Series 2020 Bonds") and Utility System Revenue and Revenue Refunding Bonds, Series 2024 (the "Series 2024 Bonds" and together with the Series 2020 Bonds, the "Outstanding Parity Bonds"), and all other "Additional Bonds" hereafter issued under and pursuant to the Resolution. The Outstanding

*Preliminary, subject to change.

Parity Bonds and any Additional Bonds hereafter issued are collectively referred to as the "Bonds." See "SECURITY FOR THE BONDS" herein.

The County has agreed and undertaken, for the benefit of Series 2026 Bondholders, to provide certain financial information and operating data relating to the County, the System and the Series 2026 Bonds pursuant to Rule 15c2-12 of the U.S. Securities and Exchange Commission (the "SEC"). See "CONTINUING DISCLOSURE" herein and "APPENDIX E – Form of Continuing Disclosure Certificate" attached hereto.

The summaries of and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, report or instrument. A form of the Resolution is attached hereto as "APPENDIX B – Copy of Resolution."

A copy of all documents of the County referred to herein may be obtained from Stacy M. Butterfield, CPA, Clerk of the Circuit Court and County Comptroller, 255 North Broadway Avenue, Bartow, Florida 33831, Telephone (863) 534-4522.

PURPOSE OF THE SERIES 2026 BONDS

The Series 2026 Bonds are being issued to (i) finance the cost of the acquisition and construction of the 2026 Project (as defined herein) and (ii) pay costs of issuance of the Series 2026 Bonds.

THE 2026 PROJECT

Pursuant to the Resolution, the 2026 Project means the acquisition and construction of certain additions, extensions and improvements to the System, including, without limitation:

- Northeast Regional Wastewater Treatment Facility ("NERWWTF") Expansion (6 to 9 million gallons per day ("MGD")) - 5 Stage Carousel
- Northwest Regional Wastewater Treatment Facility Filter, Dewatering System Improvements
- Southwest Regional Wastewater Treatment Facility Filter, Dewatering, Clarifier, Motor Control Center
- East Regional Wastewater Treatment Facility (New 0.64 MGD for 2060 build out)
- FDC Grove Road Reclaimed Water Main Loop
- Bradley Junction New Well Improvements
- East Regional Water Production Facility
- Sun Ray Wastewater Treatment Facility Upgrades
- Northeast Regional Utility Service Area Water Main Looping
- Ernie Caldwell Blvd. Force Main and Master Lift Station
- Northeast Regional Utility Service Area - Polk Regional Water Cooperative Alternative Water Receiving Facility
- Cherry Hill Direct Potable Reuse Facility
- East Regional Utility Service Area - Polk Regional Water Cooperative Alternative Water Receiving Facility
- Northeast Regional Utility Service Area Operations Support Facility

- US Highway 98/Duff Road Reclaimed Water Main Loop
- Miscellaneous Reclaimed Water Community Investment Program Upgrades
- Miscellaneous Wastewater CIP Upgrades
- Supervisory Control and Data Acquisition Cyber Security Updates
- Septage Receiving Station
- Pole Barn Improvements
- Renewal and Replacement ("R&R") Reclaimed Water Projects
- R&R Potable Water Projects
- R&R Wastewater Projects
- R&R Buildings and Non-Production Projects

See "APPENDIX F - Financial Feasibility Report" for additional information on the projects anticipated to be financed through the issuance of the Series 2026 Bonds.

DESCRIPTION OF THE SERIES 2026 BONDS

General

The Series 2026 Bonds will be dated, will mature in the years and in the amounts, will bear interest at the rates and will be payable on the dates set forth on the inside cover page hereof. The Series 2026 Bonds will be issued in fully registered form, and when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Series 2026 Bonds. Individual purchases of the Series 2026 Bonds will be made in book-entry form only in denominations of \$5,000 or integral multiples thereof. Purchasers of Series 2026 Bonds will not receive physical delivery of certificates. Transfer of ownership interests in the Series 2026 Bonds will be effected through a book-entry only system as described herein.

Interest on the Series 2026 Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable on each October 1 and April 1, commencing April 1, 2027, by The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, as Paying Agent, by check or draft mailed to the registered owner, as shown on the registration books of the County maintained by The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, as the Registrar (or in the case of Holders of \$1,000,000 or more in aggregate principal amount of Series 2026 Bonds requesting the same in writing, by wire transfer (at the expense of such Holders) to a bank in the continental United States so long as written instructions for such wire transfer are provided to the Paying Agent at least ten (10) days prior to the interest payment date). Interest will be paid to the Holders of Series 2026 Bonds as their addresses may appear on the registration books of the County at the close of business on the fifteenth day, whether or not a Business Day, of the month next preceding the interest payment date (the "Record Date"), irrespective of any transfer or exchange of a Series 2026 Bond subsequent to such Record Date and prior to the next succeeding interest payment date, unless the County shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the persons in whose names the Series 2026 Bonds are registered at the close of business on a special record date for the payment of such defaulted interest as established by notice (which notice shall also designate the payment date) by deposit in the U.S. mail, postage prepaid, by the County to the Holders of the Series 2026 Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names the Series 2026 Bonds are registered at the close of business on the fifth day, whether or not a Business Day, preceding the date of mailing. Principal of the Series 2026 Bonds shall be

payable at maturity or earlier redemption thereof upon presentation and surrender of such Series 2026 Bonds at the principal office of the Registrar by check or draft.

Book-Entry Only System

THE FOLLOWING INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM DTC, AND NEITHER THE COUNTY NOR THE UNDERWRITERS TAKE ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

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

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

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

"DTC Participants." DTC has a S&P Global Ratings ("S&P") rating of AA+. The DTC Rules applicable to its DTC Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

Transfer of Series 2026 Bonds

So long as the Series 2026 Bonds are registered in the name of DTC or its nominee, the following paragraphs relating to transfer and exchange of Series 2026 Bonds do not apply to the Series 2026 Bonds.

The registration of the Series 2026 Bonds may be transferred upon the registration books therefor upon delivery to the Registrar, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Registrar, duly executed by the registered owner of such Series 2026 Bonds or by his attorney-in-fact or legal representative, containing written instructions as to the details of transfer of such Series 2026 Bonds, along with the social security number or federal employer identification number of such transferee. In all cases of a transfer of the Series 2026 Bonds, the Registrar shall, at the earliest practical time in accordance with the provisions of the Resolution, enter the transfer of ownership in the registration books for the Series 2026 Bonds and shall deliver in the name of the new transferee or transferees a new fully registered Series 2026 Bond or Series 2026 Bonds of the same series and maturity and of authorized denomination or denominations for the same aggregate principal amount and payable from the same sources of funds. Neither the County nor the Registrar shall be required to register the transfer of any Series 2026 Bond during the period commencing on the fifteenth day of the month next preceding an interest payment date on the Series 2026 Bonds and ending on such interest payment date, or, in the case of any proposed redemption of Series 2026 Bonds, after such Series 2026 Bonds or any portion thereof have been selected for redemption. The Registrar or the County may charge the registered owners of such Series 2026 Bonds for the registration of every such transfer of such Series 2026 Bonds sufficient to reimburse it for any tax, fee or any other governmental charge required to be paid, except for any such governmental charge imposed by the County, with respect to the registration of such

transfer, and may require that such amounts be paid before any such new Series 2026 Bonds shall be delivered.

Series 2026 Bonds Mutilated, Destroyed, Stolen or Lost

If any Series 2026 Bond is mutilated, destroyed, stolen or lost, the County or its agent may, in its discretion (i) deliver a duplicate replacement Series 2026 Bond, or (ii) pay a Series 2026 Bond that has matured or is about to mature. A mutilated Series 2026 Bond shall be surrendered to and cancelled by the Clerk of the Circuit Court and County Comptroller of the County or its duly authorized agent. The Series 2026 Bondholder must furnish the County or its agent proof of ownership of any destroyed, stolen or lost Series 2026 Bond; post satisfactory indemnity; comply with any reasonable conditions the County or its agent may prescribe; and pay the County's or its agent's reasonable expenses.

Any such duplicate Series 2026 Bond shall constitute an original contractual obligation on the part of the County whether or not the destroyed, stolen, or lost Series 2026 Bond be at any time found by anyone, and such duplicate Series 2026 Bond shall be entitled to equal and proportionate benefits and rights as to lien on, and source of and security for payment from, the funds pledged to the payment of the Series 2026 Bond so mutilated, destroyed, stolen or lost.

Optional Redemption for Series 2026 Bonds

The Series 2026 Bonds which mature prior to October 1, 20__ are not subject to optional redemption. The Series 2026 Bonds which mature on or after October 1, 20__ are subject to redemption at the option of the County on or after _____ 1, 20__, in whole or in part at any time, in such manner as may be determined by the County and by lot within a maturity if less than all, at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date set for redemption and without premium.

Mandatory Redemption for Series 2026 Bonds

The Series 2026 Bonds maturing on October 1, 20__ are subject to mandatory sinking fund redemption, in part, prior to maturity at a redemption price equal to the principal amount of such Series 2026 Bonds to be redeemed, without premium, plus accrued interest to the date of redemption, in the year and in the amount as follows:

Year (October 1)	Principal Amount
	\$
*	

*Maturity.

Purchase in Lieu of Redemption

The County shall have the option to cause the Series 2026 Bonds to be purchased in lieu of optional redemption on the applicable redemption date at a price equal to par, plus accrued interest thereon to, but not including the date of such purchase. Such option may be exercised by delivery to the Paying Agent (if the Registrar is not the Paying Agent for such Series 2026 Bonds) on or prior to the business day preceding

the redemption date of a written notice of the County specifying that the Series 2026 Bonds shall not be redeemed, but instead shall be subject to purchase pursuant to the Resolution with the moneys provided or to be provided by or on behalf of the County. Upon delivery of such notice, the Series 2026 Bonds shall not be redeemed but shall instead be subject to mandatory tender at the redemption price on the date that would have been the redemption date.

Notice of Redemption

Notice of redemption will be given by the deposit in the U.S. mails of a copy of said redemption notice, postage prepaid or electronically, at least twenty and not more than sixty days before the redemption date to all registered owners of the Series 2026 Bonds or portions of Series 2026 Bonds to be redeemed at their addresses as they appear on the registration books to be maintained in accordance with provisions of the Resolution. Failure to give any such notice to a registered owner of a Series 2026 Bond, or any defect therein, will not affect the validity of the proceedings for redemption of any Series 2026 Bond or portion thereof with respect to which no failure or defect occurred.

Notwithstanding any other provision of the Resolution to the contrary, notice of optional redemption may be conditioned upon the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption and may also be subject to rescission by the County if expressly set forth in such notice.

Effect of Notice of Redemption

Except as set forth in the paragraph above, notice having been given in the manner and under the conditions provided in the Resolution, the Series 2026 Bonds or portions of Series 2026 Bonds so called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption of such Series 2026 Bonds or portions of Series 2026 Bonds on such date. On the date so designated for redemption, moneys for payment of the redemption price being held in separate accounts by the Paying Agent in trust for the registered owners of the Series 2026 Bonds or portions thereof to be redeemed, all as provided in the Resolution, and any conditions to such redemption having been satisfied, interest on the Series 2026 Bonds or portions of Series 2026 Bonds so called for redemption shall cease to accrue, such Series 2026 Bonds and portions of Series 2026 Bonds shall cease to be entitled to any lien, benefit or security under the Resolution, and the registered owners of such Series 2026 Bonds or portions of Series 2026 Bonds shall have no right in respect thereof except to receive payment of the redemption price thereof and, to the extent provided in the Resolution, to receive Series 2026 Bonds for any unredeemed portions of the Series 2026 Bonds.

SECURITY FOR THE BONDS

General

The payment of the principal of, interest on and redemption premiums, if any, on the Bonds shall be secured by an irrevocable lien on the Gross Revenues, the Connection Charges, moneys deposited into funds and accounts created by the Resolution (other than moneys in the Rebate Fund) and all earnings thereon, all in the manner and solely to the extent provided in the Resolution, prior and superior to all other liens or encumbrances on the Gross Revenues, the Connection Charges and such other funds provided in the Resolution. As provided in the Resolution, the County has irrevocably pledged the Gross Revenues, the Connection Charges, moneys deposited into the funds and accounts created by the

Resolution (other than moneys in the Rebate Fund), and all earnings thereon, all in the manner and solely to the extent provided in the Resolution, to the payment of the Cost of Operation and Maintenance of the System (solely from such Gross Revenues), the payment of principal of, premium, if any, and interest on the Bonds, the payment of Qualified Hedge Payments, the funding and maintaining of the reserves therefor as required in the Resolution and for all other payments as provided in the Resolution. In addition, nothing in the Resolution shall be deemed to grant or create a lien on any funds, including investment earnings, in the Rebate Fund. Notwithstanding the foregoing, however, Qualified Hedge Payments shall not be secured by the Reserve Fund or the Construction Fund or accounts in either thereof and nothing provided in the Resolution shall be deemed to grant or create a lien on an account in the Reserve Fund created with respect solely to a particular Series of Bonds in favor of the owners of Bonds of any other Series, and each such account in the Reserve Fund created to secure only such Series shall secure only the Series of Bonds with respect to which it was created. In addition, nothing in the Resolution shall be deemed to grant or create a lien on any funds, including investment earnings, in the Rebate Fund. Notwithstanding the foregoing, the Series 2026 Bonds are not secured by the Reserve Fund. See "No Reserve Funding for the Series 2026 Bonds" below.

"Gross Revenues" is defined in the Resolution as all income or earnings derived by the County from the ownership, operation, leasing or use of the System, or any part thereof, including special assessments related to improvements to the System and specifically designated by the Board to be included in Gross Revenues for the purposes of the Resolution, any income from the investment of funds to be deposited in the Revenue Fund, or any of the accounts therein as provided in the Resolution, and proceeds from insurance, condemnation or the disposition of property (to the extent and for the purposes provided in the Resolution), but shall not include (i) proceeds from the sale of any Bonds or other obligations of the County, (ii) Connection Charges, or (iii) moneys received by the County from federal, state or local governmental grants or stipends that by their terms are restricted from being used in the manner that Gross Revenues are to be applied under the Resolution. Notwithstanding anything in the Resolution to the contrary, Gross Revenues shall not include Subsidy Payments for any purpose of the Resolution.

"Subsidy Payments" is defined in the Resolution as payments received by the County or a Paying Agent on behalf of the County from the United States Treasury or the Internal Revenue Service with respect to Subsidy Bonds pursuant to Section 54AA or 6431 of the Internal Revenue Code of 1986, as amended (the "Code") (as such Sections were added by Section 1531 of the American Recovery and Reinvestment Act of 2009) as such sections may be expanded or modified from time to time, and any other such payments made by the federal government or any agency, branch, bureau thereof to subsidize the interest payable by the County on Bonds pursuant to such Sections or any other similar provisions of the Code or other authorizations with respect to Subsidy Bonds.

"System" is defined in the Resolution as the Sewer System and the Water System. The "System" shall not include Separately Financed Projects.

"Water System" is defined in the Resolution as that portion of the System related to the acquisition, treatment, storage and distribution of potable water and all parts and components thereof or interests therein, owned, operated, used or controlled by the County and any leasehold or other interest in any other water plants or facilities which the County owns or acquires, and all such parts and components of the foregoing hereafter constructed, contracted for or acquired, the improvements, extensions and additions thereto to be constructed or acquired either from the proceeds of the Bonds authorized by the Resolution or from any other sources, together with all land and interests therein, plants, buildings, machinery, franchises, pipes, fixtures, equipment, contract rights and all property, real or personal, tangible or

intangible, now or hereafter owned, operated or used by the County in connection therewith and any joint venture or ownership or other interest in any water plant or facility or any right to use capacity or receive the output or services of any water plant or facility.

"Sewer System" is defined in the Resolution as that portion of the System related to wastewater collection, treatment, disposal and distribution and for reuse of reclaimed water and all parts and components thereof or interests therein, owned, operated, used or controlled by the County and any leasehold or other interest in any wastewater plants or facilities which the County owns or acquires, and all such parts and components of any of the foregoing hereafter constructed, contracted for or acquired, the improvements, extensions and additions thereto to be constructed or acquired either from the proceeds of the Bonds authorized by the Resolution or from any other sources, together with all land and interests therein, plants, buildings, machinery, franchises, pipes, fixtures, equipment, contract rights and all property, real or personal, tangible or intangible, now or hereafter owned, operated or used by the County in connection therewith and any joint venture or ownership or other interest in any sewer or wastewater plant or facility or any right to use capacity or receive the output or services of any sewer or wastewater plant or facility. The Sewer System does not include any facilities for the disposal of stormwater.

"Cost of Operation and Maintenance" is defined in the Resolution as the current expenses, paid or accrued, of operation, maintenance and repair of the System and its facilities, as calculated in accordance with generally accepted accounting principles for governmental entities, consistently applied, and includes, without limiting the generality of the foregoing, administrative expenses relating to the System, purchase of water or wastewater treatment services (if the same may be treated as an operating cost under generally accepted accounting principles for governmental entities), including, without limitation, under take-or-pay contracts, and insurance premiums and charges for the accumulation of appropriate reserves for self-insurance, not annually recurrent but which are reasonably expected to be incurred on a periodic basis in accordance with generally accepted accounting principles for governmental entities, consistently applied. The Cost of Operation and Maintenance does not include (i) any reserve for renewals and replacements, extraordinary repairs or any allowance for depreciation or amortization, (ii) the payment of any principal of and interest on the Bonds and any other notes, bonds and similar obligations of the County, (iii) payments made by the County under leases that are capitalized in accordance with generally accepted accounting principles for governmental entities, and (iv) costs of issuance of Bonds paid with proceeds of such Bonds.

"Connection Charges" is defined in the Resolution as the Water Connection Charges and the Sewer Connection Charges. "Water Connection Charges" is defined in the Resolution as all capital expansion fees, system improvement fees or other similar fees and charges, including, without limitation, impact fees, separately imposed by the County as a capacity charge for the proportionate share of the cost of expanding, oversizing, separating or constructing new additions to the Water System, but only to the extent that they are permitted to be used under applicable law to pay debt service on one or more Series of Bonds issued under the Resolution, and any income from the investment of funds deposited into the Water Connection Charge Fund pursuant to the Resolution. Water Connection Charges do not include payments received by the County as reimbursement for the cost of connecting a new customer with the nearest lateral service lines of the Water System. "Sewer Connection Charges" is defined in the Resolution as all capital expansion fees, system improvement fees or other similar fees and charges, including, without limitation, impact fees, separately imposed by the County as a capacity charge for the proportionate share of the cost of expanding, oversizing, separating or constructing new additions to the Sewer System, but only to the extent that they are permitted to be used under applicable law to pay debt service on one or more Series of Bonds issued under the Resolution, and any income from the investment of funds deposited into the Sewer Connection

Charge Fund pursuant to the Resolution. Sewer Connection Charges do not include payments received by the County as reimbursement for the cost of connecting a new customer with the nearest lateral service lines of the Sewer System.

The Resolution limits the amount of Water Connection Charges and Sewer Connection Charges that can be used for the payment of debt service on the Bonds and Qualified Hedge Payments in any Bond Year to an amount which shall not exceed the Water Expansion Project Percentage and the Sewer Expansion Project Percentage, respectively, times the principal, interest and premium due on the Bonds and Qualified Hedge Payments coming due during such Bond Year. "Water Expansion Project Percentage" means a fraction, the numerator of which is the total Project Costs of the Water Expansion Projects that are being or have been financed through the issuance of Bonds and the denominator of which is the total Project Costs of the Projects that are being or have been financed through the issuance of Bonds, all as established by a certificate of the Utility Director at the time of issuance of each Series of Bonds, as such fraction shall be adjusted from time to time as provided in the Resolution. The Water Expansion Project Percentage shall be adjusted as necessary to reflect the issuance of new Series of Bonds and redemptions of Bonds as provided in the Resolution. "Sewer Expansion Project Percentage" means a fraction the numerator of which is the total Project Costs of the Sewer Expansion Projects that are being or have been financed through the issuance of Bonds and the denominator of which is the total Project Costs of the Projects that are being or have been financed through the issuance of Bonds, all as established by a certificate of the Utility Director at the time of issuance of each Series of Bonds, as such fraction shall be adjusted from time to time. The Sewer Expansion Project Percentage shall be adjusted as necessary to reflect issuance of new Series of Bonds and redemptions of Bonds as provided in the Resolution. The Utilities Director is expected to determine that the Water Expansion Project Percentage and Sewer Expansion Project Percentage following issuance of the Series 2026 Bonds will equal 20.58% and 62.30%, respectively. See "THE SYSTEM AND THE CAPITAL IMPROVEMENTS PROGRAM-- Connection Charges" herein for the expected Water Expansion Project Percentage and Sewer Expansion Project Percentage after the issuance of the Series 2026 Bonds.

"Water Expansion Projects" is defined in the Resolution as Water Projects or portions thereof for the oversizing, separating, expanding or constructing of new additions to the Water System, all of which are designed to expand its capacity. "Sewer Expansion Projects" is defined in the Resolution as Sewer Projects or portions thereof for the oversizing, separating, expanding or constructing of new additions to the Sewer System, all of which are designed to expand its capacity.

Concurrently with the issuance of each Series of Bonds under the Resolution, the Utility Director will certify the total Project Costs, the Project Costs with respect to Sewer Expansion Projects and the Project Costs with respect to Water Expansion Projects being financed with each Series of Bonds and the Sewer Expansion Project Percentage and the Water Expansion Project Percentage applicable after the issuance of such Series of Bonds. See "THE SYSTEM AND THE CAPITAL IMPROVEMENTS PROGRAM-- Potable Water, Reclaimed Water and Sewer Connection Charges, Service Charges and User Rates" herein for more information about Connection Charges.

See "THE SYSTEM AND THE CAPITAL IMPROVEMENTS PROGRAM" herein for a further description of the System, the Gross Revenues and the Connection Charges, including historical revenues and expenditures.

THE BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF FLORIDA, BUT SHALL BE PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND A PLEDGE OF THE

GROSS REVENUES, THE CONNECTION CHARGES AND THE FUNDS AND THE EARNINGS THEREON PLEDGED TO THE PAYMENT OF THE BONDS, IN THE MANNER AND TO THE EXTENT PROVIDED IN THE RESOLUTION. NO BONDHOLDER SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE COUNTY OR TAXATION IN ANY FORM ON ANY REAL OR PERSONAL PROPERTY TO PAY SUCH BONDS OR THE INTEREST THEREON, NOR SHALL ANY BONDHOLDER BE ENTITLED TO PAYMENT OF SUCH PRINCIPAL AND INTEREST FROM ANY OTHER FUNDS OF THE COUNTY OTHER THAN THE GROSS REVENUES, THE CONNECTION CHARGES AND THE FUNDS AND THE EARNINGS THEREON PLEDGED TO PAYMENT OF THE BONDS, ALL IN THE MANNER AND TO THE EXTENT PROVIDED IN THE RESOLUTION. THE BONDHOLDERS SHALL HAVE NO LIEN UPON THE SYSTEM.

No Reserve Funding for Series 2026 Bonds

The Series 2026 Bonds are not secured by any amounts on deposit in the Reserve Fund or any account or subaccount created therein and no Reserve Requirement has been established with respect to the Series 2026 Bonds.

Rate Covenant

Pursuant to the Resolution, the County has agreed to fix, establish, revise from time to time whenever necessary, maintain and collect fees, rates, rentals and other charges for the use of the products, services and facilities of the System that will always provide Gross Revenues in each Bond Year which, together with the additional sources of funds referred to below, will be sufficient to meet one of the following requirements:

(i) The amount of Gross Revenues (but not including therein any revenues derived from special assessments) to be received in such Bond Year less one hundred percent (100%) of the Cost of Operation and Maintenance for such Bond Year shall be equal to at least one hundred ten percent (110%) of the Bond Service Requirement for such Bond Year; or

(ii) The amount of Gross Revenues (but not including therein any revenues derived from special assessments) to be received in such Bond Year less one hundred percent (100%) of the Cost of Operation and Maintenance in such Bond Year shall be equal to at least one hundred percent (100%) of the Bond Service Requirement for such Bond Year and the sum of the Gross Revenues (but not including therein any revenues derived from special assessments) and the Available Connection Charges to be received in such Bond Year less one hundred percent (100%) of the Cost of Operation and Maintenance in such Bond Year shall be equal to at least one hundred twenty-five percent (125%) of the Bond Service Requirement for such Bond Year. "Available Connection Charges," as used herein, means the amount of Connection Charges that, in the opinion of the Utility Director, are reasonably expected to be received or available for such purpose in such Bond Year; provided, however, that the maximum amount of Water Connection Charges that may be included for such purposes will be the Water Expansion Project Percentage of the Bond Service Requirement on the Bonds in such Bond Year and the maximum amount of Sewer Connection Charges that may be included for such purposes shall be the Sewer Expansion Project Percentage of the Bond Service Requirement on the Bonds for such Bond Year.

Notwithstanding the foregoing, failure of the County to comply with the foregoing provisions of the rate covenant shall not constitute an event of default under the Resolution if the County promptly engages the services of a Qualified Independent Consultant to perform a rate study recommending the rate

levels necessary to comply with the foregoing provisions of the rate covenant in the next succeeding Bond Year. Such study must be completed within ninety (90) days after the County becomes aware of its non-compliance with the rate covenant, and the County shall adopt the recommendations of such study within thirty (30) days after the completion of the study. "Qualified Independent Consultant" is defined in the Resolution as any one or more qualified and recognized independent consultants, having favorable repute, skill and experience with respect to the acts and duties required of a Qualified Independent Consultant by a particular section or one or more sections of the Resolution, as shall from time to time be retained by the County for the purposes of the Resolution.

Additional Bonds

The County has covenanted in the Resolution not to issue any obligations payable from the Gross Revenues or the Connection Charges, or voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien of any Bonds issued pursuant to the Resolution, upon the Gross Revenues or the Connection Charges, or both, except under the conditions and in the manner provided in the Resolution. Any obligations issued by the County other than as Additional Bonds (or Qualified Hedge Payments to the extent provided in the Resolution) in accordance with the Resolution and payable from the Gross Revenues or the Connection Charges, or both, shall contain an express statement that such obligations are junior and subordinate in all respects to the Bonds as to lien on, and source of and security for payment from the Gross Revenues and the Connection Charges.

Additional Bonds may be issued under the Resolution if the County shall first have complied with the following requirements:

(1) There shall have been obtained and filed with the Board a certificate signed by the Chief Financial Officer, pursuant to which he or she shall state and certify the following:

(a) With respect to any Project, the cost of which is to be paid in whole or in part from the proceeds of such Bonds, the date on which construction of such Project is expected to commence, and the date on which such Project is expected to be placed in service.

(b) The cost of such Project, itemizing separately the expected financing costs of such Bonds issued to pay the cost thereof, the required deposits, if any, into the Reserve Fund from Bond proceeds and any capitalized interest to be funded from Bond proceeds.

(c) The amount of Gross Revenues (but for such purposes not including therein revenues derived from special assessments), as determined under standard auditing procedures but adjusted as hereinafter described (the "Adjusted Gross Revenues") for, at the option of the County, any twelve (12) consecutive months out of the eighteen (18) consecutive months immediately preceding the date of issue of the proposed Additional Bonds or the most recent Fiscal Year for which audited financial statements are available (the "Audit Period") and the amount of the Cost of Operation and Maintenance for the Audit Period, as determined under standard auditing procedures but adjusted as hereinafter described (the "Adjusted Cost of Operation and Maintenance").

In determining the amount of Adjusted Gross Revenues for the Audit Period, the Chief Financial Officer shall take into account the amount by which Gross Revenues would have

increased if or as a result of: (i) the number of customers served by the System during the Audit Period had included the number of new customers of the System attributable to an existing water or wastewater system to be acquired with the proceeds of such Additional Bonds had the acquisition occurred at the beginning of the Audit Period; (ii) the number of customers served by the System during the Audit Period had included the average number of new customers of the System (A) that by ordinance, agreement, law or regulation will be required to connect to the System during any Bond Year during the period commencing with the Bond Year in which such Additional Bonds are issued and ending with the Bond Year following the Bond Year in which the Project to be financed with such Additional Bonds is estimated to be placed in operation (the "Applicable Bond Years"), or (B) which the Chief Financial Officer projects will, as a result of the proposed Project, by virtue of their proximity to the service provided by the Project or otherwise, connect to the System during any of the Applicable Bond Years; (iii) any changes in the rate schedules for customers and users of the System which the County shall then have in effect, or has enacted by ordinance or resolution on or before the date of such certificate and which the County has covenanted to put into effect during the Applicable Bond Years, or any of them, had such rate changes been effective on the first day of the Audit Period; and (iv) the amount required to be paid by a public body on an annual basis in connection with a contract with a duration at least equal to the term of the proposed Additional Bonds, pursuant to which contract the County shall agree to provide the furnishing of water and/or services for the collection, treatment and disposal of wastewater for such public body, as if such contract had been in effect on the first day of the Audit Period. In determining the amount of the Adjusted Cost of Operation and Maintenance, the Chief Financial Officer shall take into account the estimated amount by which the Cost of Operation and Maintenance for the Audit Period would have increased had the Project to be financed with the proceeds of such Additional Bonds been in operation from the beginning of the Audit Period and had any contract of the type described in clause (iv) of the preceding sentence been in effect at the beginning of the Audit Period. In projecting numbers of new customers for the purposes of clauses (ii)(A) and (ii)(B) of this paragraph, the Chief Financial Officer shall take into account only dwellings, buildings or other structures in existence on the date of such projections.

(d) The average annual amount of Water Connection Charges and Sewer Connection Charges expected to be received in the Applicable Bond Years, taking into account such additional Water Connection Charges, if any, and Sewer Connection Charges, if any, that are expected to be received in each of such Bond Years as a result of the Project to be financed with the proposed Additional Bonds (such Connection Charges, including those attributable to any Expansion Project to be financed with the proceeds of such Bonds, being herein referred to as the "Adjusted Water Connection Charges" and "Adjusted Sewer Connection Charges," respectively);

(e) The aggregate amount of funds, if any, to be transferred from available moneys of the County and from grants, contributions in aid of construction and investment income, if any, that the County reasonably expects to receive or make available to pay the Cost of such Project to be financed with such Additional Bonds;

(f) The amount of the Maximum Bond Service Requirement for any Bond Year thereafter on account of all Bonds then Outstanding under the Resolution and the Additional Bonds proposed to be issued thereunder; and

(g) Based upon the foregoing, the Chief Financial Officer is of the opinion that either:

(i) The amount of the Adjusted Gross Revenues for the Audit Period less one hundred percent (100%) of the Adjusted Cost of Operation and Maintenance shall equal or exceed one hundred ten percent (110%) of the Maximum Bond Service Requirement referred to in subsection (f) above, or

(ii) The amount of the Adjusted Gross Revenues for the Audit Period less one hundred percent (100%) of the Adjusted Cost of Operation and Maintenance shall equal or exceed one hundred percent (100%) of the Maximum Bond Service Requirement referred to in subsection (f) above and the sum of the Adjusted Gross Revenues for the Audit Period and the Adjusted Available Connection Charges (as defined below) less one hundred percent (100%) of the Adjusted Cost of Operation and Maintenance shall equal or exceed one hundred twenty-five percent (125%) of the Maximum Bond Service Requirement referred to in subsection (f) above.

Pursuant to the Resolution, "Adjusted Available Connection Charges" means the applicable Water Expansion Project Percentage of the Adjusted Water Connection Charges and the applicable Sewer Expansion Project Percentage of the Adjusted Sewer Connection Charges, but not in excess of the applicable Expansion Project Percentage of the Maximum Bond Service Requirement referred to in (f) above.

(2) There shall be obtained and filed with the Board a certificate from the engineer, who may be an employee of the County, supervising construction of such Project that the balance of the funds in the special account in the Construction Fund created for such Project, together with net proceeds from such Additional Bonds and the other funds referred to in paragraph (1)(e) above, will be sufficient to pay the Cost of such Project remaining unpaid.

(3) The County may issue at any time and from time to time Additional Bonds for the purpose of refunding any Series of Bonds, or any maturity or portion of a maturity within a Series, by complying with the requirements of (1) above and without meeting the requirements of (2) above. In addition to the foregoing, the County may issue at any time and from time to time Additional Bonds for the purpose of refunding any Series of Bonds, or any maturity of Bonds within a Series, without the necessity of complying with the requirements contained in subparagraphs (1) and (2) above, provided that prior to the issuance of such Bonds there shall be filed with the Board a certificate from the Chief Financial Officer to the effect that (i) the net proceeds from such Additional Bonds will be sufficient to cause the lien created by the Resolution with respect to the Bonds to be refunded to be defeased pursuant to the Resolution, (ii) the Maximum Bond Service Requirement with respect to such Additional Bonds shall not exceed the Maximum Bond Service Requirement with respect to the Bonds being refunded by more than ten percent (10%), and (iii) the final maturity date of the Additional Bonds is not later than the final maturity date of the Bonds being refunded. In addition, prior to the issuance of such Bonds pursuant to the preceding sentence, there shall be filed with the Board an opinion of Bond Counsel to the effect that (i) the proceeds from the sale of such Additional Bonds have been set aside in irrevocable escrow for the payment of the Bonds to be refunded in the manner provided in the Resolution, and (ii) the issuance of such Additional Bonds and the use of the proceeds thereof as described above will not have the effect of causing the interest on any Bond that is not a Taxable Bond then Outstanding under the Resolution (including the Bonds to be refunded) to become included in gross income for federal income tax purposes.

(4) The Chief Financial Officer of the County shall certify that the County is not in default in the performance of any of the covenants and obligations assumed by it under the Resolution, as the same

may have been theretofore amended, and that all payments required in the Resolution to have been made into the funds and accounts provided in the Resolution shall have been made in full.

(5) The County Attorney shall submit an opinion to the Board to the effect that the issuance of such Bonds has been duly authorized and that all conditions precedent to the delivery of such Bonds have been fulfilled.

(6) Each ordinance, resolution or enabling instrument authorizing the issuance of such Bonds will recite that all of the covenants contained in the Resolution will be fully applicable to such Bonds as if originally issued thereunder.

Bonds issued pursuant to the terms and conditions described above will be deemed on a parity with all Bonds then Outstanding under the Resolution, and all of the covenants and other provisions of the Resolution shall be for the equal benefit, protection and security of the Holders of any Bonds originally authorized and issued pursuant thereto and the Holders of any Bonds evidencing additional obligations subsequently created within the limitations of and in compliance with the Resolution. All such Bonds will bear interest payable semiannually on April 1 and October 1 of each year (or more frequently, as provided by the resolution authorizing such Bonds), and shall mature on October 1 of the stated year of maturity thereof (or on April 1 and October 1 of such year if such Bonds are issued with semiannual principal maturities). Bonds shall be issued only for the purpose of financing one or more Projects, or for the purpose of refunding any obligations theretofore issued for such purposes.

The Series 2026 Bonds are being issued as Additional Bonds pursuant to the requirements of the Resolution and will be on parity with all Outstanding Bonds under the Resolution, which at the time of issuance of the Series 2026 Bonds will consist of the Outstanding Parity Bonds. See "INTRODUCTION" herein.

Qualified Hedge Agreements

Pursuant to the Resolution, the County may enter into one or more Qualified Hedge Agreements concurrently with the issuance of Additional Bonds, provided that the financial tests for the issuance of Additional Bonds are complied with, applying the assumptions and provisions relating to Qualified Hedge Agreements set forth in the definition of "Bond Service Requirement" in the Resolution. Such provisions generally, subject to the limitations provided in the Resolution, provide that for purposes of determining the Bond Service Requirement, the interest rate with respect to the principal amount of Bonds equal to the notional amount specified in the Qualified Hedge Agreement shall be assumed to be (A) if the County's Qualified Hedge Payments under the Qualified Hedge Agreement are computed based upon a fixed rate of interest, the actual rate of interest upon which the County's Qualified Hedge Payments are computed under such Qualified Hedge Agreement, or (B) if the County's Qualified Hedge Payments under such Qualified Hedge Agreement are computed based on a variable rate of interest, such Bonds shall be treated as Variable Rate Bonds for the purposes of the definition of "Bond Service Requirement" and the interest thereon shall be the assumed rate of interest described in the definition of "Bond Service Requirement", as the case may be, plus in either case any interest rate differential between the interest rate payable by the Qualified Hedge Provider under the Qualified Hedge Agreement and the interest rate payable on the related Bonds, as estimated by the Chief Financial Officer. See "APPENDIX B – Copy of Resolution" attached hereto. In addition, the County is authorized by the Resolution to enter into one or more Qualified Hedge Agreements with respect to Bonds previously issued and Outstanding under the Resolution; provided that, as estimated by the Chief Financial Officer entering into the Qualified Hedge Agreement

would be permitted under the financial tests for the issuance of Additional Bonds applying the assumptions and provisions relating to Qualified Hedge Agreements set forth in the definition of "Bond Service Requirement" and, if the applicable Bonds are not Taxable Bonds, there is provided to the County an opinion of Bond Counsel that the execution, delivery and performance of such Qualified Hedge Agreement will not cause interest on such Bonds not to be excludable from gross income for federal income tax purposes.

Unless otherwise agreed by a Qualified Hedge Provider, Qualified Hedge Payments under any Qualified Hedge Agreement shall be on parity with payments on the Bonds, all in the manner and to the extent specified in the Resolution. Neither Qualified Hedge Payments nor other payments under any Qualified Hedge Agreement shall be secured by funds on deposit in the Reserve Fund or funds on deposit in the Construction Fund. See "FLOW OF FUNDS" herein and "APPENDIX B – Copy of Resolution" attached hereto.

At this time, the County has not entered into any Qualified Hedge Agreement.

Sale of Part of the System

- (a) The County will not mortgage, pledge or otherwise encumber the System.
- (b) The County will not, except in the ordinary course of business, sell or otherwise dispose of any part of the System or any component thereof, or any portion of the future capacity thereof, the fair market value of which, as determined by the Qualified Independent Consultant, exceeds two percent (2%) of the Cost of Operation and Maintenance in such Fiscal Year, except under the following conditions:

- (1) If the fair market value of the property in question as determined by a Qualified Independent Consultant, together with the fair market value as determined by a Qualified Independent Consultant of all property previously sold or disposed of in such Fiscal Year, does not exceed two percent (2%) of the undepreciated book value of the System as determined by a Qualified Independent Consultant, the Board, by affirmative vote at a meeting duly called and held, shall first find that such property is no longer necessary or useful in the operations of the County and authorize the sale or disposition of such property. The proceeds received from the sale or disposition of such property shall be deposited, at the option of the County, either into the Renewal and Replacement Fund for the uses therein provided or into the Debt Service Fund for the purchase or redemption of Bonds in the manner described in the Resolution.

- (2) If the fair market value of the property in question as determined by a Qualified Independent Consultant, together with the fair market value as determined by a Qualified Independent Consultant of all property previously sold or disposed of in such Fiscal Year, exceeds two percent (2%) of the undepreciated book value of the System as determined by a Qualified Independent Consultant, the Qualified Independent Consultant shall first find in writing that the sale or disposition of such property will not materially and adversely affect the Net Revenues of the System in any of the five (5) Fiscal Years following the Fiscal Year in which such property is sold, and the Board, by affirmative vote at a meeting duly called and held, shall then find that such property is no longer necessary or useful in the operations of the County, and authorize the sale or other disposition of such property. The proceeds derived from the sale or disposition of such property shall be deposited into the Renewal and Replacement Fund in an amount which the Qualified Independent Consultant shall certify is necessary and advisable for said fund, and any

remaining proceeds shall be used for the purchase or redemption of Bonds in the manner described in the Resolution.

Proceeds received from the sale or disposition of the System or a substantial part thereof, are pledged under the Resolution as security for the Bondholders for the purposes provided in the Resolution but shall not be deemed Gross Revenues for purposes of the rate covenant or the financial covenants for issuance of Additional Bonds.

(c) The System may be sold or disposed of in whole or in substantial part only upon the following conditions:

(1) The System may be sold or disposed of as a whole or in substantial part only if the net proceeds to be realized shall be sufficient to fully retire all of the Bonds issued pursuant to the Resolution, or to make provision for their payment in accordance with the Resolution and all other obligations payable pursuant to the terms of the Resolution shall be paid in full. Proceeds from such sale or disposition shall be immediately deposited in the Debt Service Account or any special account established with the Paying Agents for such purpose and shall either be used for the immediate payment and redemption of the Bonds Outstanding or shall be used in a manner that will cause the lien of the Resolution to be defeased in accordance with the Resolution.

(2) The County may also sell, lease, transfer or dispose of all or a substantial part of the System to any other public entity or agency thereof in the State provided (i) such public entity or agency assumes the covenants, duties and obligations of the County under the Resolution by ordinance, resolution or other appropriate written instrument, (ii) the County or such other public entity or agency thereof continues to collect, pledge and make available the Connection Charges as provided in the Resolution, (iii) in the written opinion of the Qualified Independent Consultant, the rates, fees, rentals and charges from the operation of the System by such public entity or agency, together with the remaining Gross Revenues from that part of the System not sold, leased, transferred or disposed of and, to the extent appropriate, the Connection Charges, will be sufficient to satisfy the County's rate covenants contained in the Resolution and to pay in each year the debt service on the Bonds and the Cost of Operation and Maintenance and the deposits into the Reserve Fund and the Renewal and Replacement Fund as provided in the Resolution, (iv) in the opinion of Bond Counsel, such action will not cause the interest on the Bonds outstanding under the Resolution, or any of them, to become included in gross income for federal income tax purposes, (v) the County shall have first received confirmation from any of the Rating Agencies rating all Series of Bonds then Outstanding that such arrangement will not cause the rating on any such Series to be lowered, and (vi) the documents evidencing such sale, lease, transfer or disposition shall otherwise comply in all material respects, in form and substance, with the written recommendations of the Qualified Independent Consultant.

(3) The County may also lease the System or any part thereof to any other legal entity provided (i) the System or such part shall, concurrently with such lease, be subleased to the County or to any other public entity or agency thereof in the State qualifying under the conditions provided in (2) above, pursuant to an agreement with a term no shorter than the final maturity date of any Bonds issued under the Resolution, and (ii) the County shall first comply with all of the provisions of clauses (ii) through (vi) of (2) above.

"Net Revenues" with respect to any Fiscal Year is defined in the Resolution as the remainder of the Gross Revenues, after deducting the Cost of Operation and Maintenance for such Fiscal Year.

Maintenance of System

The County covenants in the Resolution to maintain the System and all parts thereof in good condition and to operate the same in an efficient and economical manner, making such expenditures for such equipment, maintenance and repairs and for renewals and replacements thereof as may be proper for its economical operation and maintenance.

Pursuant to the Resolution, the County agrees that the System will be inspected and its operations reviewed annually by the County or, at the option of the County, by a Qualified Independent Consultant, and promptly following such inspection a written report on the condition of the System and manner of operations will be filed with the County.

A copy of the report as it relates to the funds and accounts created under the Resolution will be available for inspection at the offices of the County, and mailed to any Bondholder requesting the same.

If the report shows that the System is not in good condition, then to the extent funds in the Operation and Maintenance Fund or the Renewal and Replacement Fund are available, the County covenants that it will promptly make or cause to be made such repairs as necessary to place it in good condition.

If the report shows that the operations are not in conformity with any provisions of the Resolution, the County agrees that it will promptly take such reasonable steps as are necessary to comply with such provisions.

Operating Budget

The Resolution provides that before the first day of each Fiscal Year the Board will prepare, approve and adopt in the manner prescribed by law, a detailed budget of the Gross Revenues, Water Connection Charges, Sewer Connection Charges, the Bond Service Requirement (including anticipated amortization of Designated Maturity Bonds and Commercial Paper Obligations) and Cost of Operation and Maintenance for the next succeeding Fiscal Year. Copies of its Annual Budgets and all authorizations for increases in the Cost of Operation and Maintenance will be available for inspection at the offices of the County and will be mailed to any Bondholder requesting the same. The County will not expend any moneys for any purpose in excess of the budgeted appropriation therefor, or for a purpose for which there is no appropriation, unless such expenditure will not have an appreciable effect upon the County's anticipated or actual Net Revenues available to pay debt service on the Bonds and to make the other deposits required under the Resolution.

No Free Services

The County covenants in the Resolution that it will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the County or any department, agency, instrumentality, officer or employee thereof, shall avail itself of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be

charged to the County and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the County will transfer from its general funds sufficient sums to pay such charges. The revenues so received will be deemed to be revenues derived from the operation of the System, and will be deposited and accounted for in the same manner as other revenue derived from such operation of the System.

Mandatory Cut Off

The Resolution provides that, upon the failure of any user to pay for services rendered by the System within sixty (60) days, the County will, to the extent permitted by applicable law, shut off the connection of such user and will not furnish him or permit him to receive from the System further service until all obligations owed by him to the County on account of services will have been paid in full. This covenant will not, however, prevent the County from causing the System connection to be shut off sooner.

Enforcement of Collections

The County covenants in the Resolution that it will diligently enforce its right to receive the Gross Revenues and will diligently enforce and collect the fees, rates, rentals and other charges for the use of the products, services and facilities of the System. The County will not take any action that will impair or adversely affect its rights to levy, collect and receive the Gross Revenues, as pledged in the Resolution, or impair or adversely affect in any manner the pledge of the Gross Revenues, made in the Resolution or the rights of the Bondholders. The County will be unconditionally and irrevocably obligated, so long as any of the Bonds are Outstanding and unpaid, to take all lawful action necessary or required to continue to entitle the County to receive the Gross Revenues in at least the amounts required by the Resolution.

No Competing System

The Resolution provides that, to the full extent permitted by law, the County will not grant, cause, consent to, or allow the granting of, any franchise or permit to any person for the furnishing and distribution of water or the furnishing of wastewater collection and treatment services to or within the boundaries of the County. This will not, however, prevent the County from granting permits for wells, septic tanks or package plants or from granting or renewing franchises for the furnishing and distribution of water or the furnishing of wastewater collection and treatment services (i) if the area in which such facilities are located or the area serviced by such plants or such franchises is not then being serviced by the System and (ii) if such areas are not located in the immediate vicinity of facilities of the System or the County determines that servicing such area would not provide any material financial benefit to the System. The County will not own or operate a competing water distribution or wastewater treatment or distribution system.

Separately Financed Projects

Nothing in the Resolution shall prevent the County from authorizing and issuing bonds, notes or other obligations or evidences of indebtedness, for any project authorized by the Act, or from financing or otherwise providing for any such project from other available funds (each such project being referred to as a "Separately Financed Project"), if the debt service on such bonds, notes, or other obligations or evidences of indebtedness, and the County's share of any operating expenses related to such Separately Financed Project, are payable solely from the revenues or other income derived from the ownership or operation of

such Separately Financed Project, or from other available funds of the County not constituting part of the Pledged Revenues.

Imposition, Collection and Release of Connection Charges

The County covenants in the Resolution to adopt and maintain an ordinance or resolution pursuant to which it will establish just and equitable Connection Charges. The County will diligently enforce its rights to receive Connection Charges and will diligently enforce and collect the same. The County will not take any action that will impair or adversely affect its rights to impose, collect and receive the Connection Charges, as pledged in the Resolution, or impair or adversely affect the pledge of the Connection Charges made herein or the rights of the Bondholders.

FLOW OF FUNDS

Creation of Funds and Accounts

The Resolution creates the following funds and accounts:

- (a) Utility System Revenue Fund (hereinafter referred to as the "Revenue Fund");
- (b) Utility System Operation and Maintenance Fund (hereinafter referred to as the "Operation and Maintenance Fund");
- (c) Utility System Debt Service Fund (hereinafter referred to as the "Debt Service Fund");
- (d) Utility System Reserve Fund (hereinafter referred to as the "Reserve Fund");
- (e) Utility System Renewal and Replacement Fund (hereinafter referred to as the "Renewal and Replacement Fund");
- (f) Water Connection Charge Fund (hereinafter referred to as the "Water Connection Charge Fund");
- (g) Sewer Connection Charge Fund (hereinafter referred to as the "Sewer Connection Charge Fund"); and
- (h) Utility System Rebate Fund (hereinafter referred to as the "Rebate Fund").

Such funds and accounts may be maintained as accounts and subaccounts within a utility fund of the County for purposes of its accounting records, but shall be maintained and shall be traceable as designated in the Resolution.

The moneys required to be accounted for in each of the funds and accounts established under the Resolution may be deposited in a single bank account, and funds allocated to the various funds and accounts established by the Resolution may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys deposited therein and such investments for the various purposes of such funds and accounts as provided in the Resolution.

All funds or other property which at any time may be owned or held in the possession of or deposited with the County in the Revenue Fund, the Water Connection Charge Fund, the Sewer Connection Charge Fund, the Debt Service Fund, the Reserve Fund and the Renewal and Replacement Fund under the provisions of the Resolution shall be held in trust and applied only in accordance with the provisions of the Resolution.

All moneys deposited with each Authorized Depository shall be credited to the particular fund or account to which such moneys belong. Notwithstanding anything in the Resolution to the contrary, for purposes of investment and to the extent permitted by applicable law, amounts on deposit in any Fund or Account may be commingled, provided adequate care is taken to account for such amounts as provided in the preceding sentence.

Disposition of Gross Revenues and Connection Charges

Except as otherwise described in the Resolution, all Gross Revenues, Subsidy Payments and Qualified Hedge Receipts shall be segregated and deposited by the County into the Revenue Fund immediately upon receipt. All payments received as Water Connection Charges shall be segregated and deposited into the Water Connection Charge Fund and all payments received as Sewer Connection Charges shall be segregated and deposited into the Sewer Connection Charge Fund.

Disposition of Funds in the Revenue Fund

Funds in the Revenue Fund shall be disposed of on or before the 15th day of each month only in the following order and priority:

(a) First, by deposit in the Operation and Maintenance Fund, the amount necessary to make the funds on deposit therein equal to the Average Monthly Cost of Operation and Maintenance for the three full months following the date of such deposit.

(b) Then, by deposit into the Debt Service Fund an amount which, after taking into account amounts deposited therein from the Water Connection Charge Fund and the Sewer Connection Charge Fund pursuant to the Resolution (but only to the extent such deposits do not exceed the applicable Water Expansion Project Percentage and Sewer Expansion Project Percentage of the monthly deposits with respect to the Bonds for such month described in this subsection (b)), and other concurrent deposits made into the Debt Service Fund pursuant to the provisions of the Resolution, will equal one-sixth (1/6th) of the interest maturing on the Bonds on the next interest payment date with respect to Bonds that bear interest payable semiannually, the amount of interest next maturing on Bonds that bear interest payable monthly, the amount of any Qualified Hedge Payment becoming due in such month, the amount of interest accruing in such month on Bonds that bear interest on other than a monthly or semiannual basis (other than Bonds that bear interest only payable upon maturity or redemption), one-twelfth (1/12th) of all principal and, with respect to Bonds that pay interest only upon maturity or redemption, principal and accreted interest, maturing or becoming payable during the current Bond Year on the various Series of Serial Bonds that mature annually, one-sixth (1/6th) of all principal and, with respect to Bonds that pay interest only upon maturity or redemption, principal and accreted interest, maturing or becoming payable on the next maturity date in such Bond Year on the various Series of Serial Bonds that mature semiannually, and one-twelfth (1/12th) of the Amortization Installments and unamortized principal balances of Term Bonds coming due during the then-current Bond Year with respect to the Bonds, until there are sufficient funds

then on deposit equal to the sum of the interest, principal and redemption payments due on the Bonds on the next interest, principal and redemption dates in such Bond Year and to timely pay Qualified Hedge Payments coming due.

Deposits required pursuant to the foregoing will be increased or decreased each month to the extent required to pay interest, principal and redemption premiums and any Qualified Hedge Payments next becoming due and payable, after making allowance for any accrued and capitalized interest, and to make up any deficiency or loss that may otherwise arise in such fund. Additionally, if Variable Rate Bonds are outstanding on the fifteenth day of such month, unless the County shall establish a different procedure for the payment or deposit of monthly interest on Variable Rate Bonds at or prior to the issuance of such Variable Rate Bonds, the County shall deposit into the Debt Service Fund in lieu of the monthly interest deposit or the one-sixth (1/6th) semiannual interest deposit described above, the interest actually accruing on such Bonds for such month (plus any deficiencies in interest deposits for the preceding month), assuming the interest rate thereon on the fifteenth day of such month will continue through the end of such month. On or before each interest payment date and each payment date for Qualified Hedge Payments, the County is required to make up any deficiencies in such interest deposit, based on the actual interest accruing through such date, from and to the extent of the funds remaining on deposit in the Revenue Fund and to the extent available for that purpose from the Water Connection Charge Fund and the Sewer Connection Charge Fund.

It is possible that monthly deposits into the Debt Service Fund from the Sewer Connection Charge Fund and/or the Water Connection Charge Fund may exceed the Sewer Expansion Project Percentage and/or the Water Expansion Project Percentage, respectively, of the monthly debt service requirements on the Bonds. Such excess deposits shall be held in the Debt Service Fund, shall be credited against such monthly debt service deposit requirements only up to the applicable Sewer Expansion Project Percentage or Water Expansion Project Percentage of the debt service on the Bonds, and shall be used to reduce the deposits from Gross Revenues required in the next month or months up to the applicable Sewer Expansion Project Percentage or Water Expansion Project Percentage of the debt service on the Bonds for each such month. To the extent that deposits to the Debt Service Fund for a Bond Year exceed the amount necessary to make the debt service payments required for such Bond Year and the amount therein from the Sewer Connection Charge Fund does not exceed the Sewer Expansion Project Percentage and the amount therein from the Water Connection Charge Fund does not exceed the Water Expansion Project Percentage of debt service for such Bond Year, then such excess may be withdrawn from the Debt Service Fund and deposited to the Revenue Fund.

(c) Then, by deposit into the appropriate accounts in the Reserve Fund, amounts which, after taking into account funds deposited therein from the Water Connection Charge Fund and the Sewer Connection Charge Fund pursuant to the Resolution and other funds then on deposit therein, will be sufficient to make the funds on deposit therein equal to the Reserve Requirement for each such account. If there are not sufficient funds in the Revenue Fund, together with funds from the Water Connection Charge Fund and the Sewer Connection Charge Fund, available to make the amounts on deposit in each account in the Reserve Fund equal to the Reserve Requirement for such account, there shall be deposited in each such account an amount equal to the lesser of the Reserve Requirement for such account or the total amount available to be deposited into the Reserve Fund multiplied by a fraction, the numerator of which is the Reserve Requirement for such amount in the Reserve Fund and the denominator of which is the total aggregate of the Reserve Requirement for all accounts in the Reserve Fund.

Notwithstanding anything in the Resolution to the contrary, the County shall not be required to fully fund the Reserve Requirement in an account in the Reserve Fund at the time of issuance of any Series of Bonds under the Resolution, if it provides on the date of issuance of any Series of Bonds in lieu of such funds a Reserve Product issued by a Reserve Product Provider in an amount equal to the difference between the Reserve Requirement and the sums then on deposit in the applicable account in the Reserve Fund. Cash on deposit in an account in the Reserve Fund shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Product. If more than one Reserve Product is deposited in an account in the Reserve Fund, drawings thereunder shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

If one or more accounts in the Reserve Fund have been funded with cash or Investment Obligations and no event of default shall have occurred and be continuing under the Resolution, the County may, at any time in its discretion, substitute a Reserve Product meeting the requirements of the Resolution for the cash and Investment Obligations in any such account, and the County may then withdraw such cash and Investment Obligations from such account and apply them to any lawful purpose (taking into account the source of such funds for purposes of determining compliance with law related to Sewer Connection Charges and Water Connection Charges) that, in the opinion of Bond Counsel will not result in the interest on the Bonds for which such account in the Reserve Fund was held which are not Taxable Bonds to be includable in the gross income of the Holders thereof for federal income tax purposes. See "APPENDIX B – Copy of Resolution" for the definition of "Investment Obligations."

(d) Then, by deposit into the Renewal and Replacement Fund an amount equal to one-twelfth (1/12th) of five percent (5%) of the Gross Revenues for the preceding Fiscal Year, plus an amount equal to any unrestored withdrawal made to cure deficiencies in the Debt Service Fund under the Resolution, until the amounts on deposit therein are equal to three percent (3%) of the depreciated value of the depreciable assets of the System for the preceding Fiscal Year; provided, however, that no further deposits shall be required whenever and so long as there is then on deposit not less than \$1,000,000 or such other amount as shall be recommended by a written report of a Qualified Independent Consultant.

(e) Then, by payment of all amounts related to any Subordinate Debt required to be paid by the terms of the ordinance, resolution or other instrument authorizing such Subordinate Debt, including, without limitation, payment of Hedge Charges constituting Subordinate Debt.

(f) Then, for any lawful purpose of the County.

Notwithstanding the foregoing, to the extent amounts on deposit in the Rebate Fund are insufficient to pay when due the Rebate Amount in accordance with the Resolution, the County shall use Gross Revenues to fund any such deficiency prior to making the deposits required above. "Subordinate Debt" is defined by the Resolution as any bond, note or other indebtedness or obligation authorized by ordinance or resolution of the County, and designated in such ordinance or resolution as constituting "Subordinate Debt" under the Resolution, which shall be payable, and secured by a lien upon Gross Revenues subject and subordinate to Bonds issued, and payment obligations, under the Resolution.

Disposition of Funds in the Water Connection Charge Fund

Simultaneously with the use of funds in the Sewer Connection Charge Fund described below, funds in the Water Connection Charge Fund shall be disposed of on or before the fifteenth day of each month only in the following order and priority:

(a) First, by deposit into the Debt Service Fund, all Water Connection Charges until the amount on deposit therein is equal to the principal (including Amortization Installments), on all Bonds maturing in such Bond Year and the interest (net of Qualified Hedge Receipts) and any premium and Qualified Hedge Payments becoming due on the Bonds in such Bond Year; provided that the maximum deposits into the Debt Service Fund in any Bond Year shall not exceed the Water Expansion Project Percentage times the principal (including Amortization Installments), interest (net of Qualified Hedge Receipts) and any premium due on the Bonds and Qualified Hedge Payments due during such Bond Year. Deposits required pursuant to the foregoing shall be decreased to make allowance for any accrued and capitalized interest.

(b) Then by deposit into the Reserve Fund an amount determined by multiplying the aggregate amount required to be deposited therein pursuant to the Resolution by the Water Expansion Project Percentage.

(c) Then by payment of amounts related to Subordinate Debt required to be paid by the terms of the ordinance, resolution or other instrument authorizing such Subordinate Debt.

(d) Funds remaining in the Water Connection Charge Fund after the distributions described in (a), (b) and (c) above shall be retained therein and used by the County in the following order and priority: (i) first, by deposit to the Revenue Fund such amount as may be necessary to reimburse the County for payments or deposits made from Gross Revenues pursuant to the Resolution representing debt service deposits and replenishment of the Reserve Fund which could have been made from Water Connection Charges had sufficient Water Connection Charges been available at the time such payments were made; (ii) to pay the cost of extending or oversizing, separating or constructing new additions to the Water System; (iii) subject to the maximum limitation described below, by deposit into the Debt Service Fund to purchase or redeem Bonds pursuant to the Resolution in advance of their scheduled maturity or mandatory redemption date, and (iv) to make payments described in (a), (b) and (c) above in future years.

The maximum amount of Water Connection Charges that may be used to redeem Bonds as described in clause (iii) of (d) above shall not exceed the Water Expansion Project Percentage of the total principal amount of Bonds originally issued under the Resolution (including Additional Bonds and without taking into account any repayments of principal), less the sum of the principal amount of Bonds theretofore purchased, redeemed or retired at maturity from Water Connection Charges, plus the funds used to reimburse the County for principal payments made from Gross Revenues as described in clause (i) of (d) above and the funds transferred to the Reserve Fund pursuant to (b) above and not theretofore used to pay debt service.

Disposition of Funds in the Sewer Connection Charge Fund

Simultaneously with the use of funds in the Water Connection Charge Fund described above, funds in the Sewer Connection Charge Fund shall be disposed of on or before the fifteenth day of each month only in the following order and priority:

(a) First by deposit into the Debt Service Fund, all Sewer Connection Charges until the amount on deposit therein is equal to the principal (including Amortization Installments), on all Bonds maturing in such Bond Year and the interest (net of Qualified Hedge Receipts) and any premium and Qualified Hedge Payments becoming due on the Bonds in such Bond Year; provided that the maximum deposits into the Debt Service Fund in any Bond Year shall not exceed the Sewer Expansion Project Percentage times the principal (including Amortization Installments), interest (net of Qualified Hedge Receipts) and any premium due on the Bonds and Qualified Hedge Payments due during such Bond Year. Deposits required pursuant to the foregoing shall be decreased to make allowance for any accrued and capitalized interest.

(b) Then by deposit into the Reserve Fund an amount determined by multiplying the aggregate amount required to be deposited therein pursuant to the Resolution by the Sewer Expansion Project Percentage.

(c) Then by payment of amounts related to Subordinate Debt required to be paid by the terms of the ordinance, resolution or other instrument authorizing such Subordinate Debt.

(d) Funds remaining in the Sewer Connection Charge Fund after the distributions described in (a), (b) and (c) above shall be retained therein and used by the County in the following order and priority: (i) first, by deposit to the Revenue Fund such amount as may be necessary to reimburse the County for payments made from Gross Revenues pursuant to the Resolution which could have been made from Sewer Connection Charges had sufficient Sewer Connection Charges been available at the time such payments were made; (ii) to pay the cost of extending or oversizing, separating or constructing new additions to the Sewer System; (iii) subject to the maximum limitation described below, by deposit into the Debt Service Fund to purchase or redeem Bonds pursuant to the Resolution in advance of their scheduled maturity or mandatory redemption date; and (iv) to make payments described in (a), (b) and (c) above in future years.

The maximum amount of Sewer Connection Charges that may be used to redeem Bonds pursuant to clause (iii) of (d) above shall not exceed the Sewer Expansion Project Percentage of the total principal amount of Bonds originally issued under the Resolution (including Additional Bonds and without taking into account any repayments of principal), less the sum of the principal amount of Bonds theretofore purchased, redeemed or retired at maturity from Sewer Connection Charges, plus the funds used to reimburse the County for principal payments made from Gross Revenues as described in clause (i) of (d) above and the funds transferred to the Reserve Fund pursuant to (b) above and not theretofore used to pay debt service.

No Further Payments

The County shall not be required to make any further payments into the Debt Service Fund or the Reserve Fund when the aggregate amount of moneys in both the Debt Service Fund and Reserve Fund are at least equal to the aggregate principal amount of Bonds issued pursuant to the Resolution and then Outstanding, plus the amount of interest then due or thereafter to become due on said Bonds then Outstanding and the amount of Qualified Hedge Payments then due or thereafter to become due under Qualified Hedge Agreements, or if all Bonds then Outstanding have otherwise been defeased pursuant to the Resolution.

Construction Fund

The Resolution provides that there will be paid into the Construction Fund funds which, together with investment earnings thereon, will be sufficient to pay the Cost of each Project to be funded under the Resolution as designated by supplemental ordinance or resolution of the County.

The County shall establish a separate account in the Construction Fund for the Project or Projects to be financed by each Series of Bonds issued under the Resolution, and, to the extent applicable, two separate subaccounts therein, one for the deposit of an amount of proceeds or other funds of the County equal to the capitalized interest for such Series of Bonds, and the other for the deposit of an amount of proceeds to be applied to pay the costs of issuance of such Series of Bonds. Each such account and subaccount in the Construction Fund shall be kept separate and apart from all other accounts and subaccounts of the County, and the funds on deposit therein shall be withdrawn, used and applied by the County solely for the payment of the Costs of such Project or Projects and purposes incidental thereto as hereinabove described and set forth in the Resolution. Capitalized interest, if any, deposited to a subaccount in the Construction Fund and any income therefrom shall be transferred, to the extent necessary, to the Debt Service Fund to pay interest on the related Series of Bonds. Any moneys on deposit in a subaccount in the Construction Fund to pay capitalized interest not needed to pay interest pursuant to the preceding sentence or deposited to pay costs of issuance and not necessary for such purpose may be used in the same manner as other funds on deposit in that account in the Construction Fund. All such moneys shall be and constitute trust funds for such purposes, and shall be delivered to and held by the Chief Financial Officer (or his designated Authorized Depository) who shall act as trustee of such funds for the purposes of the Resolution. The Resolution creates a lien upon such funds in favor of the holders of the Series of Bonds to which such account is related until applied as therein provided.

The Resolution further provides that there is created and established an account to be held by the County to be designated the "2026 Utility System Revenue Bonds Construction Account" in the Construction Fund (the "2026 Construction Account") and a subaccount therein for costs of issuance. Such Account shall be kept separate and apart from all other funds and accounts of the County and the moneys on deposit therein shall be withdrawn, used and applied by the County solely for the payment of Costs of the 2026 Project and the costs of issuance of the Series 2026 Bonds to the extent provided therein. The Resolution creates a lien on the moneys in the 2026 Construction Account in favor of the holders of the Series 2026 Bonds until applied as provided in the Resolution.

Any funds on deposit in such 2026 Construction Account that, in the opinion of the County, are not immediately necessary for expenditure, as provided in the Resolution, may be invested and reinvested in Investment Obligations that shall mature or be redeemable at face value not later than the dates on which such funds are needed. All income derived from investment of funds in the 2026 Construction Account shall be deposited therein and shall be used to pay the Costs of the 2026 Project.

Any liquidated damages or settlement payments received by the County as a result of the breach by any contractor, subcontractor or supplier working or supplying goods for the Projects, of any representation, warranty or performance guaranty, and all insurance and condemnation proceeds received with respect to damages to or the taking of the Projects during construction will be deposited into the appropriate account or accounts in the Construction Fund to ensure completion of the Projects, or, if the Utility Director certifies that the failure to complete a Project and the modification of a Project or the acquisition or construction of a different Project will not materially adversely affect the projected or estimated Gross Revenues, the modification of a Project or the acquisition or construction of a different

Project, or will be deposited in the Debt Service Fund for the redemption of Bonds, as determined by the County.

The County covenants in the Resolution to commence the acquisition and construction of each Project authorized under the Resolution, promptly upon the delivery of the Series of Bonds issued to pay the Cost thereof, and to thereafter work with due diligence to complete each such Project. The County may, however, abandon or defer any Project if it first obtains the written opinion of the Utility Director that such abandonment or deferral (and the use of the remaining proceeds set aside for the construction of such Project to acquire or construct a different Project or redeem Bonds according to the following paragraph) will not materially adversely affect the projected or estimated Gross Revenues. To the extent the cost of a Project is to be paid in part from revenues of the County (for example, from the Connection Charge Fund or the Renewal and Replacement Fund), such funds will be transferred to and deposited into the appropriate account in the Construction Fund and used in accordance with the provisions of the Resolution. If funds for any Project are to come from other sources (for example, from county funding or state or federal grants and loans), the County will take all legally available actions to ensure the receipt of such funds and shall cause such funds to be deposited into the Construction Fund or otherwise set aside in a separate fund or account and used for the purposes provided in the Resolution. For the purposes of this section, "deferral" of a Project shall refer to situations where the County shall not have formally taken action to abandon or cancel a Project, but shall have determined not to currently proceed with such Project and not to finance such Project with funds then held in the Construction Fund.

Except as otherwise provided with respect to any account in the Construction Fund set forth in the supplemental resolution or ordinance approving the issuance of a Series of Bonds, upon completion of each Project, or upon the abandonment or deferral thereof pursuant to the foregoing, any amounts then remaining in the corresponding account in the Construction Fund and not reserved by the County for the payment of any remaining part of the cost of construction and acquisition thereof or for the payment of the cost of another Project, will be transferred at the option of the County to the Renewal and Replacement Account and used for the purposes therein described, or shall be used to redeem Bonds in the manner described in the Resolution, or upon receipt of an opinion from Bond Counsel that the interest on the Bonds that are not Taxable Bonds will not become includable in gross income for federal income tax purposes as a result of such action, (i) will be deposited into the Debt Service Fund and used to pay principal and interest next coming due on the Bonds, or (ii) if needed, will be deposited in the Reserve Fund, or (iii) will be paid to the County to be used for any lawful purpose. To the extent appropriate, upon such application of funds, the Water Expansion Project Percentage and the Sewer Expansion Project Percentage will be recalculated.

Upon the occurrence of an event of default under the Resolution, the moneys in an account in the Construction Fund related to a Series of Bonds may be applied to the payment of Bonds of such Series.

Renewal and Replacement Fund

The funds in the Renewal and Replacement Fund will be used only (i) at any time for the purpose of curing deficiencies in the Debt Service Fund or the Reserve Fund, or both or (ii) when no such deficiencies exist, as needed for the purpose of paying the cost of the replacement of capital assets of the System, including land, or any unusual or extraordinary maintenance or repairs which the Utility Director of the County will certify are necessary for the System or (iii) to redeem Bonds as described in the Resolution. If the funds on deposit in the Renewal and Replacement Fund exceed \$1,000,000 or such other amount as set forth in a written report of the Qualified Independent Consultant, the portion thereof in excess of that

amount that are not needed for the purposes described in clause (ii) above, and so long as no deficiencies described in clause (i) above exist, may be used for any lawful purpose. The County does not expect to pay any debt service on the Bonds from the Renewal and Replacement Fund, nor does it expect that moneys in the Renewal and Replacement Fund will be available for such purpose.

Investment of Moneys

Moneys held for the credit of the Debt Service Fund and the Reserve Fund (including the accounts therein) will be invested and reinvested by the County in Investment Obligations of the type described in clauses (i) through (iv) of the definition of that term. Moneys held for the credit of the Water Connection Charge Fund and the Sewer Connection Charge Fund will be invested and reinvested by the County in Investment Obligations of the type described in clauses (i) through (v) of the definition of that term. Moneys held for the credit of all other funds and accounts created by the Resolution will be invested and reinvested by the County in Investment Obligations. Such investments or reinvestments will mature not later than the respective dates, as estimated by the County, that the moneys held for the credit of said funds or accounts will be needed for the purposes of such funds or accounts, but in no event will any of the investments of funds in an account in the Reserve Fund have a term to maturity exceeding the final maturity date of the Bonds secured by such Account.

Obligations so purchased as an investment of moneys in any such Fund or Account will be deemed at all times to be a part of such Fund or Account, and will at all times, for the purposes of the Resolution, be valued annually on October 1 of each year (or such more frequent periods as reasonably determined by the County) at the market value thereof, exclusive of accrued interest.

Except as otherwise provided in the Resolution, including specifically the obligations of the County with respect to funding the Rebate Fund as set forth in the Resolution, all income and profits derived from the investment of money in the Construction Fund and the Water Connection Charge Fund and the Sewer Connection Charge Fund will be retained in such funds and used for the purposes specified for such funds. All income and profits derived from the investment of moneys in an account in the Reserve Fund will be retained therein until the amount in such account equals the Reserve Requirement with respect to such account, and thereafter, the Water Expansion Project Percentage of the income and profits will be transferred upon receipt into the Water Connection Charge Fund and Sewer Expansion Project Percentage of the income and profits shall be transferred upon receipt into the Sewer Connection Charge Fund and all remaining income and profits will be transferred upon receipt into the Revenue Fund. All income and profits derived from the investment of moneys in the Rebate Fund will be retained therein. All income and profits derived from the investment of moneys in all other accounts or funds created under the Resolution will be deposited upon receipt in the Revenue Fund.

All such investments will be made in compliance with the Resolution.

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ESTIMATED SOURCES AND USES OF FUNDS

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

<u>SOURCES:</u>	<u>Total</u>
Principal Amount	\$
[Plus/Minus]: [Net] Original Issue [Premium/Discount]	
Total Sources	<u>\$</u>
 <u>USES:</u>	
Deposit to 2026 Construction Account for Costs of the 2026 Project	\$
Cost of Issuance ⁽¹⁾	
Total Uses	<u>\$</u>

⁽¹⁾ Includes costs of issuance including without limitation, legal and municipal advisory fees, paying agent and registrar fees, printing costs and Underwriters' discount.

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DEBT SERVICE REQUIREMENTS

The following schedule sets forth the debt service requirements for the Series 2026 Bonds and the Outstanding Parity Bonds.

Year Ending <u>October 1</u>	Principal on Series 2026 <u>Bonds</u>	Interest on Series 2026 <u>Bonds</u>	Total Debt Service on Series 2026 <u>Bonds</u>	Debt Service on Outstanding <u>Parity Bonds</u>	Total Debt <u>Service</u>
2026	\$	\$	\$	\$12,842,775	\$
2027				12,896,525	
2028				12,905,775	
2029				12,867,025	
2030				13,007,025	
2031				12,491,275	
2032				12,496,525	
2033				12,492,275	
2034				12,488,275	
2035				11,183,775	
2036				11,318,025	
2037				11,461,525	
2038				11,602,775	
2039				11,760,775	
2040				11,922,425	
2041				14,344,225	
2042				14,346,625	
2043				14,342,025	
2044				6,130,025	
2045				6,131,525	
2046				6,133,050	
2047				6,131,700	
2048				6,132,250	
2049				6,134,250	
2050				6,132,250	
2051				6,132,000	
2052				6,129,750	
2053				6,130,000	
2054				6,132,000	
2055					
2056					
TOTAL ⁽¹⁾	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$294,218,450</u>	<u>\$</u>

⁽¹⁾ Amounts may not add up due to rounding.

THE SYSTEM AND THE CAPITAL IMPROVEMENTS PROGRAM

Organization and Management

In accordance with the Act, the Board has all powers of local government required to perform functions and to render services in a manner not inconsistent with general or special law and such power may be utilized by the enactment of ordinances. The ordinance that supports this framework is Ordinance 10-081 of the County Utilities Code as amended. Rates are adopted pursuant to Resolution No. 07-137 adopted by the Board on November 20, 2007, as amended from time to time, and as particularly amended by Resolution 2024-134 adopted by the Board on July 16, 2024, which established the current rates, fees and charges in effect, and as particularly amended by Resolution 2026-078 adopted by the Board on July 21, 2026 establishing the new rates, fees, and charges effective October 1, 2026 and subsequent rate increases through and including October 1, 2030 (the "Rate Resolution").

The County Utilities Division (which term is interchangeable with the term System) provides administrative technical, operational and maintenance support for the System. The regulation of franchised utilities not owned or operated by the County within the unincorporated areas of the County is by the Florida Public Service Commission. The Florida Public Service Commission does not have rate setting authority over the rates and fees relating to the System.

On September 30, 2025, the System's current total service connections were as follows: 89,657 (potable water), 71,937 (sewer) and 14,962 (reclaimed water).

The System is administered and operated by approximately 334 employees with annual operations, maintenance, and administrative expense of approximately \$81.4 million for the Fiscal Year ended September 30, 2025. Those operational costs were totally funded by revenue from customer use charges and service charges for potable water, reclaimed water, and wastewater services.

The fifty-five (55) year history of the System has seen sustained System-wide growth, with certain regions experiencing tremendous growth. This enterprise has transitioned from random, rural individual utility systems to a large water utility network with six (6) major regional independent service areas containing multiple utility systems. The System operates twenty-seven (27) potable water treatment facilities in sixteen (16) community public water systems that includes four (4) consecutive community public water systems, five (5) wastewater treatment systems, three hundred seventy-four (374) wastewater lift stations, seven (7) potable water pumping stations, six (6) reclaimed water booster stations, and approximately 1,946 miles of potable, reclaimed and wastewater pipelines.

As required by the County's Comprehensive Plan and the County's variance and waiver procedures contained therein, all new developments in the County's regional service areas are required to connect to the System, when such System is available. In cases where the County infrastructure will be available within five years, the development must install infrastructure to provide for future service of the development by the System when System services become available.

The System has the authority to collect various types of potable water, reclaimed water, and sewer charges. These charges are:

- Potable water rates that consist of a residential or commercial customer (base) charge according to meter size and a 6-step consumption charge for residential customers and a

4-step consumption charge for commercial customers that is applied to metered water usage.

- Polk Water Resource Initiatives ("PWRI")/Alternative Water Source ("AWS") Surcharge is applied to metered water usage and reclaimed water usage.
- Sewer rates that consist of a customer (base) charge for residential, multi-family and commercial customers and a usage charge based upon the potable water consumption.
- Reclaimed water rates that consist of a usage charge based upon metered reclaimed water consumption, includes a customer base charge by meter size.
- Miscellaneous service charges are designed to recover actual costs for the following miscellaneous services:
 1. New Account Charges
 2. Late Payment Charges
 3. Returned Check or Draft Charges
 4. Premise Visit Charges
 5. Restoration/Reconnection of Services Charges
 6. Theft of Service/Meter Tampering Charges
 7. Surcharge for High Strength Wastes
 8. Meter Installation Charges
 9. Temporary Meter Installation Charges
 10. Meter Exchange/ Meter Up-Size at Customer Request Charges
 11. Meter Test Charges
 12. Septage Receiving Fee
- Deposits are collected for potable water and sewer services to establish credit. These deposits are refundable for residential customers upon satisfying certain criteria or may be used to pay unpaid bills.
- New potable water and wastewater rates included annual rate adjustments of six percent (6%) adopted by the Board effective on each October 1 in the years 2026 through and including October 1, 2030, to match revenue needs with expenses, as well as to moderate financial impacts upon customers.

The billing cycle is twenty (20) days from the billing date. On the twenty-first (21st) day, the customer is assessed a late charge of \$6.00 or five percent (5%) of the past due bill, whichever is greater. Disconnection of utility services can occur on the tenth (10th) day after the past due notice is issued should the bill not be paid. If disconnection takes place, the aforementioned deposit, or a portion, is used to settle the delinquent account with any remainder refunded.

To optimize the collection of customer charges, the County has invoked the following procedures and/or programs:

- Ongoing review of water meter reader routes to identify illegal or unauthorized service connections and to identify improper or nonfunctioning water meters.

- Electronic read meters with automatic tampering alarms, memory chip for usage and consistent billing cycles. The County successfully implemented an Advanced Metering Infrastructure ("AMI") Pilot program for 1,200 customers. This system has expanded to approximately 17,402 customers as of April 30, 2026. This system gives real time usage information and allows the County and its customers to set usage alarms. The system also provides real time leak alarms all of which provide useful tools for water conservation. The County completed changing out all the meters in the County with meters that can be used with the AMI technology, which the County is planning to implement where practical throughout the system in the next three (3) years.
- The County replaced its Customer Information System ("CIS") on August 27, 2023. The main drivers for the change were to provide more customer self-service options, provide for automated service order dispatching and tracking, move to a more modern technology platform, and improve the billing and collection processes.
- To protect Bondholders, the County has invoked enforcement of collection procedures. In accordance with the Resolution, the County has covenanted to collect fees, rates, rentals, and other charges for the use of the products, services, and facilities of the System. The County has covenanted to take all lawful action necessary or required to continue to receive the Gross Revenues in at least the amount required by the Resolution.

New rates adopted by the Board in the Rate Resolution include, but not limited to, the following:

- The PWRI/AWS Surcharge will be set at \$1.05/1,000 gallons of potable and reclaimed water consumption effective October 1, 2026 and will be increased by \$0.25/1,000 gallons of potable and reclaimed water consumption effective October 1 for the years 2027 through and including 2030.
- The Base Facility Charge and Usage Charges will be doubled for each reclaimed water service over two implementation phases effective October 1, 2026 and April 1, 2027, and then will increase six percent (6%) yearly effective on each October 1 in the years 2027 through and including 2030 to keep pace with potable water. Reclaimed water has been considered a beneficial disposal method and rates were considerably discounted to assure adequate disposal was available. Reclaimed water is now considered a valuable water resource and has the potential to be treated to potable water systems for public consumption as a cost-effective Alternative Water Supply source.
- A six percent (6%) yearly increase needed for increased reinvestments system wide on potable water and wastewater rates effective on each October 1 in the years 2026 through and including 2030.
- Water Connection Charges and Sewer Connection Charges are being increased effective January 1, 2027, to recover the costs on a per equivalent residential unit basis.

The County updates Utility Master Plans for our 6 service areas at least every 10 years. These master plans have forecasted future needs, created computerized system models, identified current deficiencies, prioritized activities, estimated costs and consolidated these findings in written reports. Master plan recommendations are incorporated into the 5-Year Capital Improvements Program ("CIP"), utility rate structure, annual work plans and long-range financial forecasts. Such technically-sound

infrastructure guidelines allow the utility to proactively manage its infrastructure, maximize resource utilization and minimize operational complications.

In conjunction with the master planning is a comprehensive capacity tracking system that can periodically analyze each County utility system's capacity, flows, commitments, and growth trends. This capacity management system will be fully automated using software designed to provide scheduled updates of key system performance indicators. These modern utility management practices provide information critical to decision-making.

The County developed a Supervisory Control and Data Acquisition ("SCADA") Master Plan in 2015. Implementation of the recommendations contained therein are on-going, including upgrades to control systems, upgrades to remote communication and monitoring systems and cybersecurity improvements.

In order to address system sustainability, asset tracking, and resiliency, the County implemented its new state-of-the-art Computerized Maintenance Management System ("CMMS") solution. Implementation of this software solution further increased operational efficiencies through enhanced maintenance practices and data gathering/analysis. This will allow for better prioritization of system renewal and replacement projects for planning and implementation purposes. Additionally, this system has allowed for tighter inventory control, development of Key Performance Indicators ("KPIs"), and maintenance asset tracking. In conjunction with this effort, the County has completed the process of updating asset inventories and conducting asset condition assessments for the lift stations and the horizontal system and is in the process of completing these tasks for the vertical systems. The CMMS solution was implemented in the spring of 2023.

Tamara Richardson, P.E. has served as Director of County Utilities Division since December 2017. As director, Ms. Richardson and her team are responsible for all functions of the Utilities Division, including water production and distribution, wastewater collection and treatment, reclaimed water production and distribution, compliance, conservation, capacity, capital investments, maintenance and repairs, customer service and billing, and the financial management of these efforts. Ms. Richardson has over 30 years of experience in public utilities and is a licensed professional engineer. Ms. Richardson is expected to retire on November 6, 2026.

James Tully, P.E., P.G. currently serves as the Deputy Director of Engineering and Technology where he manages the capital investment program and construction related functions. Mr. Tully will become the Director of County Utilities Division upon Ms. Richardson's retirement. In his current position, Mr. Tully manages many of the technological advances used by the utility including Geographic Information Systems (GIS), SCADA, and the utility systemwide cybersecurity program. Mr. Tully has a bachelor's degree in Environmental Geosciences from the University of Notre Dame and a master's degree in Environmental Engineering from the University of Florida. He has over 20 years of experience in the water/wastewater industry and he has worked for the County Utilities since 2018. Mr. Tully is licensed as a Professional Engineer and a Professional Geologist in the State.

Charles Richards, CPA currently serves as the Deputy Director of Customer Service and Finance. Mr. Richards joined the County Utilities in July 2001 as an accountant and was promoted to his current position in July 2007. Mr. Richards earned a Bachelor of Science Degree in Accounting in 1988 and obtained his Certified Public Accountant License in September 2002. Prior to working at the County, Mr. Richards worked in the Insurance and Health Care industries.

Jason Jennings currently serves as the Deputy Director of Operations for the County Utilities Division since August 2021. Mr. Jennings oversees the daily operation of the water, wastewater, maintenance, wholly owned wastewater collection, water distribution and asset management sections. Mr. Jennings has 17 years' experience in wastewater/maintenance and reclaim operations. He earned a Bachelor of Science in Business in 2017 and maintains a current State Wastewater "A" Operators license.

The Deputy Director of Environmental Affairs for the County Utilities Division is currently vacant following the retirement of the former Deputy Director. The County Utilities Division is seeking a qualified, experienced replacement. In the interim, the department is under the supervision of the Utilities Director, with support from the Deputy Director team.

Potable Water

As of September 30, 2025, the System served 89,657 residential and commercial water connections, including 15,917 water service connections behind master meters. The predominate System customer classification is residential. All water customers have water meters that are maintained by the System. The County currently has a System-wide meter replacement program. The meter replacements previously completed have improved meter reading efficiency and reduced unaccounted for water amounts.

Service Areas and Systems

Areas within the County that are served by the System are divided into six (6) major Regional Utility Service Areas. The Regional Utility Service Areas are identified as follows:

- The Southwest Regional Utility Service Area ("SWRUSA") that is supplied by four (4) water supply and treatment facilities and one (1) remote storage and booster station. The Southwest Regional Utility Service Area encompasses 23,150 acres and serves approximately 14,964 customer connections as of September 30, 2025.
- The Central Regional Utility Service Area ("CRUSA") that is supplied by three (3) water supply and treatment facilities and one (1) remote water storage and booster station. The Central Regional Utility Service Area encompasses 12,168 acres and serves 5,649 customer connections as of September 30, 2025.
- The Northwest Regional Utility Service Area ("NWRUSA") that is supplied by four (4) water supply and treatment facilities. The Northwest Regional Utility Service Area encompasses 27,607 acres and serves 13,791 customer connections as of September 30, 2025.
- The Northeast Regional Utility Service Area ("NERUSA") that is supplied by six (6) water supply and treatment facilities. The Northeast Regional Utility Service Area encompasses 42,997 acres and serves 34,905 customer connections as of September 30, 2025.
- The East Regional Utility Service Area ("ERUSA") that is supplied by five (5) water supply and treatment facilities. The East Regional Utility Service Area encompasses 8,054 acres and serves 2,493 customer connections as of September 30, 2025.

- The Southeast Regional Utility Service Area ("SERUSA") that is supplied by five (5) water supply and treatment facilities. The Southeast Regional Utility Service Area encompasses 9,294 acres and serves 1,938 customer connections as of September 30, 2025.

Supply and Treatment

The water source for the System is groundwater primarily from the Upper Floridan Aquifer. Water quality is generally good with typically low to moderate hardness, iron, organic carbon, manganese, and dissolved solids. Chlorination and aeration are the normal treatment prior to distribution. Pressure within the distribution system is supplied via hydropneumatic tanks and/or variable-speed high service pumps. There are also three elevated storage tanks and multiple ground storage tanks within the systems. Movement of water between pressure zones is accomplished using water booster stations and pressure-reducing/sustaining valves.

All regional service areas have permitted capacities that exceed current water demands. The System has in the past and continues to implement the various capacity expansions to ensure that the capacity is available when the demands occur. Throughout the water supply systems, the County has completed or is currently constructing new water production facilities, storage increases, reliability/pressure enhancements and distribution upgrades. Regionalization of water supply and treatment facilities has been on-going in several service areas, resulting in more modernized facilities that provide increased reliability, better water quality, additional treatment, and increased storage for peak demands and fire flow.

The County already has in place, or is planning, water system reliability interconnects with adjacent municipally owned utility systems to further increase reliability in certain regions. Some of these existing or proposed interconnects may be used in the future to wheel water between utility providers for alternative water supplies. The County has also completed several water system looping projects within the past five (5) years to increase system redundancy/reliability and fire flow as well as improve water quality.

In the CRUSA, the new Central Regional Water Production Facility was completed and placed into operation in September 2019. This project replaced four (4) smaller plants with one (1) centralized facility, thereby regionalizing most of the water supply and treatment in the CRUSA and reducing long-term operation and maintenance costs.

In the NWRUSA, the County recently completed construction on two (2) new water supply and treatment facilities, the Cherry Hill WPF and Gibson Oaks WPF, to reduce the number of plants in that region from six (6) to four (4).

In the SWRUSA, regionalization of six (6) water supply and treatment facilities has been completed with three (3) existing treatment plants decommissioned in the last five (5) years reducing to four (4) treatment plants and a remote storage and booster station.

In the NERUSA, water distribution system expansion projects are being implemented collaboratively with developers to serve rapid growth in the region. Since 2013, water system connections have increased from an annual average of: 200 new services from in Fiscal Years ended September 30, 2009, through and including 2012, 600 new services in Fiscal Years ended September 30, 2013, through and including 2016, 1,500 new services in Fiscal Years ended September 30, 2017, through and including 2019, 3,000 new services in Fiscal Years ended September 2020 through and including 2024. Rapid growth is

expected to continue in this region for the foreseeable future, with 953 new services in Fiscal Year ended September 30, 2025, and the County is considering accelerating certain 2030 planning year CIP expansion projects to accommodate the same, including projects in and around the Ernie Caldwell Boulevard corridor.

The County and fifteen (15) municipal participants located within the County formed the Polk Regional Water Cooperative ("PRWC") in mid-2016. The PRWC's primary role is to proactively identify alternative water resources and projects that ensure the future sustainability of the regional water supply for the County and such municipalities. The PRWC has identified the Southeast Well Field Lower Floridan Aquifer Project and the West Polk Lower Floridan Aquifer Project as the first projects to design and construct for alternative water supply sources to meet the System's estimated Fiscal Year ending September 30, 2045 water demands. The PRWC is working collaboratively with the South Florida Water Management District ("SFWMD") and Southwest Florida Water Management District ("SWFWMD") to develop the regional projects. Both Districts support solving future water supply needs using regional supply sources with the SWFWMD providing significant cooperative funding in support of the projects. The County portion of the cost of each project for October 1, 2025 through and including September 30, 2031 (the "Forecast Period") are set forth in the PRWC published its updated business plan in December 2025, and described in the Financial Feasibility Report attached hereto as Appendix F.

The County is also a member of the Water Cooperative of Central Florida ("WCCF"). The other members include Orange County, Tohopekaliga Water Authority, and the City of St. Cloud. The WCCF is working to develop alternative water supplies within Central Florida and is currently in the design phase of the Cypress Lake Lower Floridan Aquifer Wellfield Project which is currently estimated to cost approximately \$420 million. The County will be responsible for approximately 10.33 percent of the costs with the first phase scheduled to come online in the Fiscal Year ending September 30, 2031.

Estimated funding for the County's share of the PRWC projects will be included in the annual budget, and in the CIP for WCCF projects, and as described above, is to be paid historically through water rate revenue, water connection charges, and the AWS Surcharge. The County is working with the PRWC and WCCF on the concept, design, and implementation of these projects to meet the future potable needs to support anticipated growth. Furthermore, the PRWC and the County have been working with regulators to allow for additional "temporary stop gap capacity allocations" to PRWC members to provide for any needed capacity prior to the new AWS sources being placed into service.

The County's utilities management staff reports that all potable water treatment facilities are operating and managed in a manner consistent with industry best practices, that projects identified and recommended in the master plans have been or are being implemented, and they meet or exceed all regulatory requirements.

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WATER SYSTEM PERMITTED CAPACITY AND ACTUAL DEMAND

<u>Name</u>	Permitted Capacity ⁽¹⁾ <u>(MGD)</u>	Actual Demand ⁽²⁾ <u>(MGD)</u>
Central Regional Utility Service Area		
Central Public Water Supply	2.003	1.123
Lake Garfield Public Water Supply	0.084	0.027
Regional Totals	2.087	1.150
Northeast Regional Utility Service Area		
Northeast Regional Public Water Supply	10.9185	10.333 ⁽³⁾
Providence/Oak Hills Estates Service Area	5.000	
Regional Totals	13.9185⁽⁴⁾	10.333
Northwest Regional Utility Service Area		
Northwest Regional Public Water Supply	5.590	3.034
Country Class Public Water Supply	0.110	0.024
Regional Totals	5.700	3.058
Southwest Regional Utility Service Area		
Southwest Regional Public Water Supply	6.872	3.763
Bradley Junction Public Water Supply	0.128	0.072
Regional Totals	7.000	3.835
East Regional Utility Service Area		
East Regional Public Water Supply	0.884	0.418
Waverly Public Water Supply ⁽⁵⁾	0.489	0.113
Regional Totals	1.373	0.531
Southeast Regional Utility Service Area		
Southeast Regional Public Water Supply	0.997	0.485
Babson Park Public Water Supply	0.370	0.256
Walk-In-Water Public Water Supply ⁽⁶⁾	0.094	0.062
Regional Totals	1.461	0.803

(1) The permitted capacity is based on an average daily withdrawal for all potable water supply wells in the named service area or public water supply.

(2) Actual average daily demand is based upon the running annual average daily flows for the period from October 1, 2024 through and including September 30, 2025.

(3) Northeast Regional Public Water Supply demand includes Providence/Oak Hills Estates demand (i.e. covers both water use permit service areas).

(4) The Northeast Regional Utility Service Area has "flexible" permit limits, allowing up to 5.000 MGD from the Oak Hills area and 10.9185 MGD from the main area but a total of 13.9185 MGD from the combined total of both permitted service areas.

(5) Waverly Public Water Supply was sold to the City of Lake Wales in March 2026.

(6) The Walk-In-Water Water System is permitted separately from the rest of the Southeast Regional Utility Service Area. Regional totals include all three public water systems.

MGD = Million Gallons Per Day

Source: Utilities Management.

Sewer

Service Areas and Systems

The System provides wastewater services to County customers within six (6) major regional service areas within the County. Four (4) of the treatment facilities are classified as regional including the Southwest, Northeast, Northwest, and Southeast. There are approximately 374 wastewater pumping stations along with approximately 702 miles of associated wastewater piping. The regional service areas for wastewater are like the respective potable water regional service areas described above. The regional service areas and the approximate number of customer connections are listed below:

- The SWRUSA includes one (1) wastewater treatment facility and has 11,025 wastewater customer connections as of September 30, 2025.
- The CRUSA includes one (1) wastewater treatment facility, plus one (1) interconnect facility to the City of Bartow and one (1) interconnect to the City of Lakeland and has 4,453 wastewater customer connections as of September 30, 2025.
- The NWRUSA includes one (1) wastewater treatment facility plus one (1) interconnect with the City of Auburndale and has 6,330 wastewater customer connections as of September 30, 2025.
- The NERUSA includes one (1) wastewater treatment facility and has 32,298 wastewater customer connections as of September 30, 2025.
- The ERUSA includes one (1) interconnect facility (Sun Air connects to Poinciana) and has about 876 wastewater customer connections as of September 30, 2025.
- The SERUSA includes one (1) wastewater treatment facility and has 599 wastewater customer connections as of September 30, 2025.

The six (6) regional utility service areas described above make up the major wastewater systems within the System. All five (5) of the wastewater treatment facilities are owned and operated by the System.

Wastewater Treatment Systems

Except for the regional treatment facilities, the County acquired most of its wastewater infrastructure from private developers. County Utilities Management reports that all wastewater treatment facilities are operating and managed in a manner consistent with industry best practices, that projects identified and recommended in the master plans have been or are being implemented, redundant power supplies are being installed at key facilities, and they meet or exceed all regulatory requirements. The County as part of its CIP has expanded and upgraded the capacities at the wastewater treatment facilities, major wastewater pumping stations, force mains and interceptor sewer lines. Treated effluent is disposed of via reclaimed water systems, percolation ponds, rapid infiltration systems or other forms of land application. The County has one permit, the Northeast Regional Wastewater Treatment Facility operating permit, allowing for the discharge of public access quality reclaimed water to a surface water pond with a monitored outfall to provide additional irrigation supply to the Providence Golf and Country Club. The County cooperatively works with County Waste Management Division sending biosolids to it, as 15 to 20 percent dry solids for disposal by landfilling. This has significantly reduced hauling and land application

costs of the typical 2 to 3 percent dry solids liquid sludge. The backup biosolids disposal method is via a private contractor.

Like the water system, wastewater system expansion projects are currently in design or construction in the NERUSA to serve rapid growth in the region. New wastewater transmission lines and two (2) new regional master pump stations are planned within the Ernie Caldwell Boulevard and US Highway 17/92 corridors. Additionally, two (2) new clarifiers for the Northeast Regional Wastewater Treatment Facility were put into service in 2022. These improvements will provide redundancy and future capacity for the secondary clarification process while also accommodating piping connections for the future expansion of the facility from 6.0 million gallons per day to 9.0 million gallons per day. The NERUSA Utilities Master Plan projects the need for this additional permitted capacity prior to 2030. Planning and preliminary design for this future expansion is included in the CIP.

System operations and maintenance staff is properly maintaining the wastewater treatment facilities. The permitted capacity at all of the System's wastewater treatment facilities is adequate to meet current demands, with many of the facility upgrades being completed and future capacity needs being addressed through master planning for their expanded treatment capacity.

SEWER SYSTEM PERMITTED CAPACITY AND ACTUAL FLOWS

<u>Wastewater Treatment Facility Name</u>	<u>Permitted Capacity⁽¹⁾ (MGD)</u>	<u>Actual Flows⁽²⁾ (MGD)</u>
Central Regional Utility Service Area		
Central Regional Wastewater Collection System ⁽⁴⁾	1.000 ⁽³⁾	0.764
Heritage Place Wastewater Treatment Facility	0.060 ⁽³⁾	0.018
Combeewood Wastewater Collection System	0.052	0.010 ⁽⁵⁾
Regional Totals	1.112	0.792
Northeast Regional Utility Service Area		
Northeast Regional Wastewater Treatment Facility	6.000	5.708
Regional Totals	6.000	5.708
Northwest Regional Utility Service Area		
Northwest Regional Wastewater Treatment Facility	3.000	1.258
Southwest Regional Utility Service Area		
Southwest Regional Wastewater Treatment Facility	4.000 ⁽³⁾	2.035
East Regional Utility Service Area		
Waverly Wastewater Treatment Facility ⁽⁶⁾	0.130 ⁽³⁾	0.027
Southeast Regional Utility Service Area		
Sun Ray Wastewater Treatment Facility	1.000	0.394

⁽¹⁾ The Florida Department of Environmental Protection ("FDEP") permitted capacity for this wastewater treatment facility is based on an Annual Average Daily Flow.

[Footnotes continued on following page]

- (2) Actual average daily flow based on annual running average data from the County for the period October 1, 2024 through and including September 30, 2025.
- (3) The FDEP permitted capacity for this wastewater treatment facility is based on a Three Month Average Daily Flow (3 Month ADF).
- (4) The permitted capacity for the Central Regional Wastewater Collection System is based on the Interlocal Agreement between the County and the City of Bartow for the treatment of wastewater from this collection system in the amount of 1.000 MGD 3 Month ADF.
- (5) The permitted capacity for the Combeewood Wastewater Collection System is based on the Interlocal Agreement between the County and the City of Lakeland for the treatment of wastewater from this collection system in the amount of 52,103 gallons per day Annual Average Daily Flow.
- (6) Waverly Wastewater Treatment Facility was sold to the City of Lake Wales in March 2026.

Source: Utilities Management.

Effluent Disposal

The System's disposal of treated wastewater effluent is currently in compliance with FDEP regulations and existing FDEP Permits. Effluent disposal is provided typically by on-site percolation ponds and rapid infiltration basins except at the three regional wastewater treatment facilities which provide public access quality reclaimed water for irrigation. The Northeast Regional Wastewater Treatment Facility is undergoing an increase to the Master Reclaimed Water System to allow for additional subdivisions and commercial projects to connect. The County wastewater treatment facilities use rapid infiltration basins as a backup disposal method, with the primary disposal for reclaimed water treatment facilities being through public access reuse water customers. High quality effluent is delivered and sold to these customers at a lower cost than potable water and is an environmentally friendly source of landscape and lawn irrigation water. As of September 30, 2025, the collective reclaimed water systems supplied reclaimed water to approximately 14,962 residential and commercial connections utilizing more than 7 million gallons per day. Integral to this reclaimed customer base are bulk users (golf courses, public parks and other non-residential irrigation uses) that have interruptible services.

The County is currently investing in the future of reclaimed water. At the Northwest Regional Wastewater Treatment Facility, the County constructed an Aquifer Storage and Recovery ("ASR") system. The ASR system allows the County to store treated effluent. As demands in the area increase, the ASR system re-pumps the stored effluent to customers and delivers the water through the System's existing reclaimed water system. Additionally, the County is partnering with SWFWMD to investigate direct potable reuse applications in the NWRUSA to augment water supplies.

Regulatory Requirements

Potable Water

The Federal Government enacted PL 93-523, the Safe Drinking Water Act to govern and set minimum standards for public drinking water supply systems such as the System. The Federal Government regulations enforced by the United States Environmental Protection Agency (the "EPA") establish potable water quality standards for the protection of water for public consumption including operational standards and quality controls for public water systems. The significant regulations affecting the operations of the System's potable water treatment facilities are provided in the Safe Drinking Water Act and its amendments. The Safe Drinking Water Act directs the EPA to establish minimum Primary and Secondary Standards for drinking water. The Primary Standards currently in place are those required for public health. The Secondary Standards are those standards recommended for aesthetic quality. The

National Primary Drinking Water Regulations have been in effect since June 24, 1977. Additionally, Florida Administrative Code ("FAC") Chapters 62-550, 62-555 and 62-560 were promulgated to implement the requirements of the Florida Safe Drinking Water Act. The FDEP has delegated authority to implement the federal drinking water standards for the County to the County Health Department.

SWFWMD and SFWMD have jurisdiction within the County regarding ground and surface water supplies. The regulation of consumptive water use is through the water use permitting system.

A water quality issue that has seen increased public awareness is the presence of per- and polyfluoroalkyl substances ("PFAS"). On April 10, 2024, the EPA released finalized EPA national drinking water standards for PFAS. The standards required initial monitoring for six PFAS substances by 2027, followed by ongoing compliance monitoring. To the extent that PFAS levels exceed maximum contaminant levels ("MCLs"), public water systems must implement solutions that reduce these PFAS exceedances by 2029. In 2029, public water systems that have PFAS in drinking water which violates one or more of these MCLs must take action to reduce levels of these PFAS in their drinking water and must provide notification to the public of the violation. On May 18, 2026, the EPA announced a proposed rule to uphold the federal drinking water MCLs for perfluorooctanoic acid (PFOA) and perfluorooctane sulfonic acid (PFOS) while strengthening practical implementation by providing an option for drinking water systems to request two additional years to 2031 to comply with the enforceable limits. The EPA comment period and public hearing for the proposed rule concluded July 2026. The EPA has not yet issued its final rule. The County is proactively monitoring and testing PFAS levels in raw water and such testing is expected to continue. Based on the preliminary sampling results and the draft regulations from EPA, the County anticipates maintaining compliance with PFAS regulations with the current treatment infrastructure. Therefore, no additional treatment processes at County water production facilities are anticipated for PFAS compliance. The Financial Feasibility Report does not account for any potential costs during the Forecast Period. The County is in compliance with all federal and state regulations that currently exist, but cannot guarantee that such federal and state regulations may change in the future. The County does not expect the implementation of processes to meet EPA standards related to PFAS to materially impact the ability to pay debt service on the Series 2026 Bonds.

Currently there are no outstanding consent orders regarding potable water between the County and the regulatory agencies. All required Water Use Permits (WUPs) and Consumptive Use Permits (CUPs) are in force and up to date with their respective water management districts.

On November 30, 2023, the EPA announced proposed new lead and copper rule improvements ("LCRI") to the existing rule implemented in 2021. The proposed rule may impact utility budgets, staffing and/or need for consultant assistance, including preparing an updated initial service line inventory due 3 years after final LCRI is published, replacement of all lead service lines and galvanized lines under control of public water systems within 10 years, and identification of unknown service line materials by the replacement deadline. The lead action level was lowered to 0.010 mg/L. Water systems with multiple action level exceedances will be required to conduct additional outreach and make certified filters available. The County has been sampling for lead since implementation of the Lead and Copper Rule in 1991. The County has not had, nor does it continue to have, lead samples that are at or above 0.010 mg/L. Although the County continues to sample for lead in the System, it is not anticipated that the Lead and Copper Rule, as revised, will have a material financial or operational impact on the County or System or materially impact the ability to pay debt service on the Series 2026 Bonds.

Sewer

Concern for controlling water pollution led to enactment of the Federal Water Pollution Control Act Amendments of 1972. As amended in 1977, this law became commonly known as the Clean Water Act. The Clean Water Act established the basic structure for regulating discharges of pollutants into the waters of the United States. The EPA was authorized under the Clean Water Act to implement pollution control programs such as setting wastewater treatment standards for publicly owned wastewater treatment works. The Water Quality Act of 1987 added additional requirements to associated to non-point sources.

Currently there are no outstanding consent orders regarding wastewater between the County and the regulatory agencies. Chapters 62-600, 62-601, 62-604, and 62-610 of the FAC were promulgated to implement the requirements of the Clean Water Act. The FDEP has been delegated authority to implement the Act as it relates to wastewater facilities within Florida. The regulations are in place to promote proper design and operational standards and to provide oversight of wastewater treatment facilities for a cleaner environment.

The operating permit for the Northwest Regional WWTP expired on June 11, 2024, and the County is actively pursuing the renewal. The draft permit has been received and reviewed by the County. There are no capital or operating requirements associated with the permit renewal. Maintenance and operation of this facility are fully funded in the County's five-year operating budget.

The operating permit for the Sun Ray WWTP expired on June 20, 2024, and the County is actively pursuing the renewal. The Sun Ray WWTP will require an upgrade to advanced wastewater treatment. However, the requirement for the upgrade is beyond the 5-year capital improvement budget. In preparation for a potential upgrade to the facility, the County has included funds to investigate options and plan for the upgrades to the facility.

The operating permit for the Southwest Regional WWTP expired on May 26, 2026, and the County is actively pursuing the renewal. The draft permit has been received and reviewed by the County. The new permit requires no capital improvements to the facility. The staffing levels have not been determined, so full-time operator positions may be required. In anticipation of additional staffing, the projected 5-year operating budget includes 10 full-time positions to accommodate this potential permit requirement.

The System continues to operate under the conditions of the former permits and is considered in compliance during the renewal process as the renewal applications were submitted in a timely manner. The County anticipates all the permits to be renewed.

The EPA pursuant to the Clean Water Act promulgated rules establishing numeric criteria for certain nutrients (specifically, phosphorous and nitrogen) for both flowing waters and marine waters in Florida. In addition, the Northeast Regional WWTF and Sun Ray WWTF are subject to FDEP's Lake Okeechobee Basin Management Action Plan ("BMAP") which became effective on February 6, 2026. BMAP is a water quality restoration plan prepared pursuant to Section 403.067(7), Florida Statutes. BMAPs are designed to reduce pollutant loadings to achieve the limitations identified in an adopted Total Maximum Daily Load ("TMDL") through a comprehensive set of management strategies which include, but is not limited to, permit limits on wastewater facilities, urban and agricultural best management practices, and conservation programs. TMDLs are water quality targets, based on state water quality standards, for specific pollutants. The Lake Okeechobee BMAP will require wastewater treatment facilities in this basin to meet more stringent nutrient removal requirements by 2036. The System will require capital investments

into the Northeast Regional WWTF and Sun Ray WWTF to increase their treatment levels for total nitrogen and phosphorous. The County anticipates completing these improvements during the period between 2031 and 2036 to comply with the Lake Okeechobee BMAP requirements. The County does not expect such standards related to Lake Okeechobee BMAP to materially impact the ability to pay debt service on the Series 2026 Bonds. The Southwest Regional WWTF is subject to the Alafia River BMAP which became effective on July 25, 2025. The Alafia River BMAP does not require improvements to the Southwest Regional WWTF.

Reclaimed Water

The System supplies reclaimed water services in the three (3) largest utility service areas as measured by population and potable water demand (Northeast, Southwest and Northwest Regional Utility Service Areas). Reclaimed water is supplied to extend water supply sources and to provide a reliable wastewater effluent disposal option. The FDEP has enacted wastewater discharge permit requirements that compel wastewater treatment facilities to employ zero discharge effluent disposal practices. SWFWMD has also enacted regulations which encourage the development of public access reclaimed systems to conserve higher quality groundwater. Currently there are no outstanding consent orders regarding reclaimed water between the County and the regulatory agencies. The reclaimed water is used for irrigation providing both effluent disposal and an offset to groundwater pumping. Such best management practices are becoming increasingly critical to protect the environment, conserve resources and to secure increased water supply capacity. Various regulations are applicable to the operation and oversight of reclaimed water facilities. New uses of high-quality reclaimed water are also being investigated to reduce pumping from the groundwater supply.

Capital Projects

Senate Bill 674 was signed into law and became effective July 1, 2024. The law requires governmental entities to include a requirement in certain contracts that certain iron or steel products be produced in the United States. Under the new law, capital projects that use State funds must use American made steel and iron products. The County may incur indeterminate costs in complying with the law. The County does not expect such requirement to materially impact the ability to pay debt service on the Series 2026 Bonds.

Water Conservation

The County prepared a Water Conservation Policy Manual to address water conservation efforts within the six (6) Regional Utility Service Areas. The Manual was most recently updated on December 2, 2010, and describes specific actions that the Board has taken to implement water conservation within the County.

Within the Manual, projected activities for implementation specific to each of the regional service areas are outlined and updated in accordance with the timelines stated within each region's water use permit with the governing water management district. Recommendations are provided for additional actions to be taken to increase the effectiveness of the existing water conservation efforts. They include:

- Evaluate and adopt plumbing codes, landscape ordinances and permanent irrigation ordinances requiring conservation.

- Pursue funding from regulatory agencies for public education efforts, alternative water supply development and rebate programs to retrofit existing fixtures with water conserving devices (i.e., low flow toilets).

Conservation efforts have contributed to the median water use dropping from 110 gallons per person per day in 2008 to 88.7 gallons per person per day in 2026.

The PRWC is currently developing a water conservation plan which is anticipated to be adopted by all the members. These actions include the following items:

- Authorizing the construction of reclaimed water transmission and distribution systems. The use of reclaimed water can offset the use of potable water for non-potable uses.
- The promotion of Florida Friendly Landscaping.
- The dissemination of public information and providing public education.
- Adopting ordinances and codes promoting water conservation.
- Directing the County staff to perform leak detection and repairs on potable water distributions systems.
- Supporting public information measures. Appoint an advisory committee and promote Water Conservation Month and Drinking Water Week.
- Implementing a water conservation water user rate structure for both potable and reclaimed water.
- Providing residential water audits.
- Funding enforcement activities using a Code Enforcement Officer and off-duty Sheriff's Deputies to discover and ticket watering ordinance violators.
- Providing devices and incentives to increase customer water savings, including fixture replacements, water-saving devices, and special event promotions.
- Rebate Program (e.g. Low-Flow Toilets, Rain Sensors, etc.)
- Installation of new water meters with leak detection alarms to allow the System to directly notify customer service of a potential leak. In addition, accounts with high use are tabulated in a monthly report for investigation.
- Alternative Water Supply Projects/Reclaimed Water Programs.
- Direct County staff to continue the comprehensive program for large meter calibration and the determination of water quantities from pipe breaks and flushing activities.

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Capital Improvement Program and Funding Sources

The County has planned improvements and expansions to the System to meet current service area needs. As shown below and in the Financial Feasibility Report attached hereto as Appendix F, the County has identified approximately \$722 million in System capital expenditures for the Forecast Period, which includes \$15.6 million of funding for operating capital, such as vehicles, machinery, and other minor equipment.

Estimated Capital Improvements Program⁽¹⁾	
Projects	Total FY26 – FY31
System Expansion	
Water System	
Cypress Lake Alternative Water Supply Project	\$64,312,393
NERUSA PRWC AWS Receiving Facility	9,030,000
ERUSA PRWC AWS Receiving Facility	7,960,186
ERUSA Water Production Facility	7,800,000
Miscellaneous Developers Agreement	4,500,000
NERUSA Water Main Looping	4,000,000
Babson Park Water Production Facility GSP and HSP	3,506,431
Central Operations Training Facility ⁽²⁾	3,140,000
NERUSA Operations Support Facility ⁽²⁾	2,530,660
Bradley Junction New Well Improvements	2,360,000
Sun Ray WM Upgrades Phase 1	2,100,000
Sun Ray WM Upgrades Phase 2	2,100,000
Sun Ray WM Upgrades Phase 3	2,100,000
Sun Ray WM Upgrades Phase 4	2,100,000
Oak hills/Providence Well #4 Wellhead Installation	2,068,486
Cherry Hill Direct Potable Reuse Facility	2,000,000
Miscellaneous Potable CIP Upgrades	1,885,803
New HHUFA 2 Well	1,738,159
Facility Security Updates	1,130,188
CRUSA PRWC AWS Receiving Facility	1,054,281
Water Quality Laboratory	914,561
Water Treatment Facility SCADA Upgrades	887,408
Utilities Miscellaneous Services	781,443
Rolling Hills Water Main Upgrades	622,094
Supplemental Water Supply Planning and Coordination	618,331
Electrical Short Circuit Current Studies	229,378
Gibson Oaks WPF	177,777
SCADA Software and Programming Standards	105,000
Total Water System	<u>\$131,752,580</u>

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Sewer System

NERWWTF Expansion (6 to 9 MGD) 5-Stage Carousel	\$229,925,935
East Regional Wastewater Treatment Facility (New 0.64 MGD for 2060 Build-out)	37,135,337
Septage Receiving Station	26,929,541
Southwest Regional WWTF Filter, Dewatering, Clarifier, MCC Improvements	18,551,645
Northwest Regional WWTF Filter, Dewater Improvements	14,825,273
Ernie Caldwell Blvd. Force Main and Master Lift Station	6,320,000
Heritage Place WWTF and Force Main Extensions	6,300,000
Central Operations Training Facility ⁽²⁾	3,140,000
NERUSA Operations Support Facility ⁽²⁾	2,530,660
FDC Grove Road Reclaimed Water Main Loop	2,335,966
US Hwy 98/Duff Road Reclaimed Water Main Loop	1,504,651
Sun Ray WWTF Upgrades	1,475,000
SCADA Cybersecurity Improvements	1,461,540
Standby Power System Improvements (Phase 2)	1,324,245
Facility Security Updates	1,130,188
Miscellaneous Reclaimed Community Investment Program Upgrades	1,092,000
Miscellaneous Wastewater CIP Upgrades	946,258
Utilities Miscellaneous Services	781,443
WWTF SCADA Controls Upgrades	571,250
Pole Barn Improvements	420,000
Deeson Road Lift Station & Force Main	303,080
Electrical Short Circuit Current Studies	229,378
SWRUSA Master Plan Update	216,610
NWRUSA Master Plan Update	171,270
SCADA Software and Programming Standards	<u>105,000</u>
Total Sewer System	<u>\$359,726,270</u>
Total System Expansion	<u>\$491,478,850</u>

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System Renewal & Replacement**Water System**

Renewal and Replacement Potable Water Projects	\$70,911,063
Renewal and Replacement Buildings and Non-Production Projects	10,019,604
Water Capital Outlay	<u>8,577,374</u>

Total Water System**\$89,508,041****Sewer System**

Renewal and Replacement Sewer Projects	\$109,456,035
Renewal and Replacement Reclaimed Water Projects	7,290,002
Renewal and Replacement Buildings and Non-Production Projects	7,243,724
Sewer Capital Outlay	6,995,541
North East Electrical/Communications Network Conversion	6,931,021
Crooked Lake Park Receivership	<u>3,054,814</u>

Total Sewer System**\$140,971,137****Total System Renewal & Replacement****\$230,479,178****Total Estimated Capital Improvements Program****\$721,958,028**

(1) Amounts may not add up due to rounding.

(2) Costs for the Central Operations Training Facility and NERUSA Operations Support Facility projects were split between the Water and Wastewater CIPs

Source: Utilities Management and Adopted 5-year CIP.

Based on an analysis of funds available to the County, the projected funding sources for the approximately \$722 million of water and sewer projects include a combination of Connection Charge revenues, external revenues such as grants, proceeds of proposed future Additional Bonds, including the Series 2026 Bonds, and future net cash flow after payment of the Bond Service Requirement and any other revenue requirements specified by the County. The projected net cash flow available for capital expenditures is based on the adopted rates, fees and charges pursuant to the Rate Resolution. The following tabulation summarizes the planned funding sources over the Forecast Period:

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Summary of Proposed Capital Funding Sources⁽¹⁾⁽²⁾

Description	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
Summary of Projected Capital Expenditures							
System Expansion:							
Water System	\$16,128,580	\$25,264,000	\$30,801,250	\$22,849,250	\$22,482,000	\$14,227,500	\$131,752,580
Sewer System	<u>113,137,265</u>	<u>95,457,755</u>	<u>64,851,250</u>	<u>31,442,500</u>	<u>21,682,500</u>	<u>33,155,000</u>	<u>359,726,270</u>
Total System Expansion	\$129,265,845	\$120,721,755	\$95,652,500	\$54,291,750	\$44,164,500	\$47,382,500	\$491,478,850
System Renewal and Replacement:							
Water System	\$12,844,985	\$14,783,984	\$14,144,638	\$14,800,503	\$18,102,264	\$14,831,667	\$89,508,041
Sewer System	<u>35,373,743</u>	<u>26,106,462</u>	<u>24,365,363</u>	<u>20,869,498</u>	<u>17,442,737</u>	<u>16,813,334</u>	<u>140,971,137</u>
Total System Renewal and Replacement	<u>\$48,218,728</u>	<u>\$40,890,446</u>	<u>\$38,510,001</u>	<u>\$35,670,001</u>	<u>\$35,545,001</u>	<u>\$31,645,001</u>	<u>\$230,479,178</u>
Total Projected Capital Expenditures	\$177,484,573	\$161,612,201	\$134,162,501	\$89,961,751	\$79,709,501	\$79,027,501	\$721,958,028
Projected Funding Sources							
Water and Sewer Rate Revenues	\$15,275,969	\$18,560,446	\$21,925,001	\$20,715,001	\$22,225,001	\$23,685,001	\$122,386,419
AWS Surcharge Revenues / PWRI Fund	3,796,724	11,990,000	17,330,000	12,990,000	11,424,000	7,400,000	64,930,724
Water and Sewer Connection Charge Fund	50,915,882	13,279,215	18,671,898	19,480,500	11,200,500	9,692,500	123,240,494
Proceeds from Sale of Waverly	5,300,000	0	0	0	0	0	5,300,000
Grant Revenues and Other External Sources	30,919,699	15,452,500	302,500	700,000	700,000	2,800,000	50,874,699
Bond Proceeds from the Series 2024 Bonds	31,203,211	1,539,782	0	0	0	0	32,742,993
Bond Proceeds from the Proposed Series 2026 Bonds ⁽³⁾	40,073,087	100,790,259	75,933,102	1,311,250	0	0	218,107,698
Bond Proceeds from the Future Series 2028 Bonds ⁽³⁾	0	0	0	34,765,000	34,160,000	1,100,000	70,025,000
Bond Proceeds from the Future Series 2030 Bonds ⁽³⁾	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>34,350,000</u>	<u>34,350,000</u>
Total Projected Funding Sources	\$177,484,573	\$161,612,201	\$134,162,501	\$89,961,751	\$79,709,501	\$79,027,501	\$721,958,028

⁽¹⁾ Amounts derived from the Financial Feasibility Report attached hereto as Appendix F.

⁽²⁾ Amounts may not add up due to rounding.

⁽³⁾ Estimated Bond Service Requirement for each projected bond issuance provided by the County's Municipal Advisor as shown in the Financial Feasibility Report.

Source: Utilities Management.

As shown above, the County plans to fund approximately \$310.6 million from a combination of rates, fees, and charges, \$5.3 million from sales proceeds of the Waverly System, \$50.9 million from external sources and grants and \$355.2 million through existing and proposed Additional Bonds. As discussed later in the Financial Feasibility Report, this funding plan results in a level of unrestricted reserve funds in excess of 120 days of the Cost of Operation and Maintenance.

Potable Water, Reclaimed Water and Sewer Service Charges and User Rates

The rates for water and sewer service are set by the Board. The establishment of rates is not under the jurisdiction of the Florida Public Service Commission. The rates charged to the County's utility customers for water and sewer service are similar in structure (i.e., rate application) to each other and include: i) a flat availability or minimum monthly base facility charge applied to each residential account and based on the customer's meter size for commercial service; ii) for the Water System a volumetric or usage charge that is based on metered water consumption whereas the usage charge increases at certain intervals (blocks) for all water and irrigation services; iii) for the Sewer System a usage charge based on metered water consumption for individually metered residential customers with a billing maximum of 7,000 gallons per month per account; and iv) a constant usage charge based on 100% of the metered water consumption to such accounts for the remaining customer classes of the Sewer System.

In order to provide for investments in maintenance and expansion of the System, including AWS, the Board approved a comprehensive rate plan that is being implemented pursuant to the Rate Resolution.

The Rate Resolution provides for the following:

- An annual index of the AWS Surcharge by \$0.25/1,000 gallons through and including October 1, 2030;
- Adjustments to the reclaimed water usage rates to better align the charges with potable irrigation rates that are allocated over two (2) implementation periods on October 1, 2026, and April 1, 2027;
- Because the current rates are significantly lower than potable water charges, increases result in a doubling of most fees and charges (100%);
- Beyond April 1, 2027, the reclaimed water rates will continue to be indexed concurrently with the potable water rates;
- An annual six percent (6%) index to be applied to all water, wastewater and reclaimed water base and usage rates through and including October 1, 2030; and
- A new septage receiving fee.

For years on and after October 1, 2031, the Rate Resolution stipulates that all rates would increase based on the Florida Public Service Commission annual reestablishment of price increase or decrease index of major categories of operating costs incurred by water and wastewater utilities pursuant to Section 367.081(4)(a), Florida Statutes, annual price index without further action by the Board (the "FPSC Index").

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The following is a summary of the water and sewer rates as set forth in the Rate Resolution.

RESIDENTIAL WATER RATES						
Effective Date	10/1/2025	10/1/2026	10/1/2027	10/1/2028	10/1/2029	10/1/2030
Indexing Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Base Charge	\$11.72	\$12.42	\$13.17	\$13.96	\$14.80	\$15.69
Usage Block Ranges (in thousands of gallons)						
0 - 3	\$2.24	\$2.37	\$2.51	\$2.66	\$2.82	\$2.99
4 - 10	2.96	3.14	3.33	3.53	3.74	3.96
11 - 20	5.87	6.22	6.59	6.99	7.41	7.85
21 - 30	8.84	9.37	9.93	10.53	11.16	11.83
31 - 40	11.78	12.49	13.24	14.03	14.87	15.76
Over 40	20.98	22.24	23.57	24.98	26.48	28.07

RESIDENTIAL PWRI/AWS SURCHARGE POTABLE WATER						
Effective Date	10/1/2025	10/1/2026	10/1/2027	10/1/2028	10/1/2029	10/1/2030
Indexing Rate	45.45%	31.25%	23.81%	19.23%	16.13%	13.89%
Usage Charge/ 1,000 gallons on all usage	\$0.80	\$1.05	\$1.30	\$1.55	\$1.80	\$2.05

RESIDENTIAL WASTEWATER RATES						
Effective Date	10/1/2025	10/1/2026	10/1/2027	10/1/2028	10/1/2029	10/1/2030
Indexing Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Base Charge	\$40.61	\$43.05	\$45.63	\$48.37	\$51.27	\$54.35
Usage per thousand gallons up to 7,000 gallons	7.28	7.72	8.18	8.67	9.19	9.74

RESIDENTIAL RECLAIMED WATER RATES							
Effective Date	10/1/2025	10/1/2026	4/1/2027	10/1/2027	10/1/2028	10/1/2029	10/1/2030
Indexing Rate	0.00%	50.00%	33.00%	6.00%	6.00%	6.00%	6.00%
Reclaimed Water Base Charge	\$4.20	\$6.30	\$8.40	\$8.90	\$9.43	\$10.00	\$10.60
Usage Block Ranges (in thousands of gallons)							
0 - 20	\$1.41	\$2.12	\$2.82	\$2.99	\$3.17	\$3.36	\$3.56
21 - 30	4.22	5.22	6.22	6.59	6.99	7.41	7.85
31 - 40	5.63	8.45	11.26	11.94	12.66	13.42	14.23
Over 40	8.45	12.68	16.90	17.91	18.98	20.12	21.33

RESIDENTIAL PWRI/AWS SURCHARGE RECLAIMED WATER						
Effective Date	10/1/2025	10/1/2026	10/1/2027	10/1/2028	10/1/2029	10/1/2030
Indexing Rate	45.45%	31.25%	23.81%	19.23%	16.13%	13.89%
Usage Charge/ 1,000 gallons on all usage	\$0.80	\$1.05	\$1.30	\$1.55	\$1.80	\$2.05

COMMERCIAL AND MULTI-FAMILY WATER RATES						
Effective Date	10/1/2025	10/1/2026	10/1/2027	10/1/2028	10/1/2029	10/1/2030
Indexing Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
5/8" & 3/4" Base Charge	\$17.59	\$18.65	\$19.77	\$20.96	\$22.22	\$23.55
5/8" & 3/4" Usage Block Ranges (in thousands of gallons)						
0 - 15	2.96	3.14	3.33	3.53	3.74	3.96
16 - 30	5.87	6.22	6.59	6.99	7.41	7.85
31 - 60	11.78	12.49	13.24	14.03	14.87	15.76
over 60	20.64	21.88	23.19	24.58	26.05	27.61
1" Base Charge	\$29.32	\$31.08	\$32.94	\$34.92	\$37.02	\$39.24
1" Usage Block Ranges (in thousands of gallons)						
0 - 25	2.96	3.14	3.33	3.53	3.74	3.96
26 - 50	5.87	6.22	6.59	6.99	7.41	7.85
51 - 100	11.78	12.49	13.24	14.03	14.87	15.76
over 100	20.64	21.88	23.19	24.58	26.05	27.61
1-1/2" Base Charge	\$58.62	\$62.14	\$65.87	\$69.82	\$74.01	\$78.45
1-1/2" Usage Block Ranges (in thousands of gallons)						
0 - 50	2.96	3.14	3.33	3.53	3.74	3.96
51 - 100	5.87	6.22	6.59	6.99	7.41	7.85
101 - 200	11.78	12.49	13.24	14.03	14.87	15.76
over 200	20.64	21.88	23.19	24.58	26.05	27.61
2" Base Charge	\$93.80	\$99.43	\$105.40	\$111.72	\$118.42	\$125.53
2" Usage Block Ranges (in thousands of gallons)						
0 - 80	2.96	3.14	3.33	3.53	3.74	3.96
81 - 160	5.87	6.22	6.59	6.99	7.41	7.85
161 - 320	11.78	12.49	13.24	14.03	14.87	15.76
over 320	20.64	21.88	23.19	24.58	26.05	27.61
3" Base Charge	\$175.83	\$186.38	\$197.56	\$209.41	\$221.97	\$235.29
3" Usage Block Ranges (in thousands of gallons)						
0 - 150	2.96	3.14	3.33	3.53	3.74	3.96
151 - 300	5.87	6.22	6.59	6.99	7.41	7.85
301 - 600	11.78	12.49	13.24	14.03	14.87	15.76
over 600	20.64	21.88	23.19	24.58	26.05	27.61
4" Base Charge	\$293.09	\$310.68	\$329.32	\$349.08	\$370.02	\$392.22
4" Usage Block Ranges (in thousands of gallons)						
0 - 250	2.96	3.14	3.33	3.53	3.74	3.96
251 - 500	5.87	6.22	6.59	6.99	7.41	7.85
501 - 1,000	11.78	12.49	13.24	14.03	14.87	15.76
over 1,000	20.64	21.88	23.19	24.58	26.05	27.61
6" Base Charge	\$586.15	\$621.32	\$658.60	\$698.12	\$740.01	\$784.41
6" Usage Block Ranges (in thousands of gallons)						
0 - 500	2.96	3.14	3.33	3.53	3.74	3.96
501 - 1,000	5.87	6.22	6.59	6.99	7.41	7.85
1,001 - 2,000	11.78	12.49	13.24	14.03	14.87	15.76
over 2,000	20.64	21.88	23.19	24.58	26.05	27.61

COMMERCIAL AND MULTI-FAMILY WATER RATES						
Effective Date	10/1/2025	10/1/2026	10/1/2027	10/1/2028	10/1/2029	10/1/2030
Indexing Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
8" Base Charge	\$937.87	\$994.14	\$1,053.79	\$1,117.02	\$1,184.04	\$1,255.08
8" Usage Block Ranges (in thousands of gallons)						
0 - 800	2.96	3.14	3.33	3.53	3.74	3.96
801 - 1,600	5.87	6.22	6.59	6.99	7.41	7.85
1,601 - 3,200	11.78	12.49	13.24	14.03	14.87	15.76
over 3,200	20.64	21.88	23.19	24.58	26.05	27.61
10" Base Charge	\$1,348.18	\$1,429.07	\$1,514.81	\$1,605.70	\$1,702.04	\$1,804.16
10" Usage Block Ranges (in thousands of gallons)						
0 - 1,150	2.96	3.14	3.33	3.53	3.74	3.96
1,151 - 2,300	5.87	6.22	6.59	6.99	7.41	7.85
2,301 - 4,600	11.78	12.49	13.24	14.03	14.87	15.76
over 4,600	20.64	21.88	23.19	24.58	26.05	27.61
12" Base Charge	\$2,522.12	\$2,673.45	\$2,833.86	\$3,003.89	\$3,184.12	\$3,375.17
12" Usage Block Ranges (in thousands of gallons)						
0 - 2,150	2.96	3.14	3.33	3.53	3.74	3.96
2,151 - 4,300	5.87	6.22	6.59	6.99	7.41	7.85
4,301 - 8,600	11.78	12.49	13.24	14.03	14.87	15.76
over 8,600	20.64	21.88	23.19	24.58	26.05	27.61

COMMERCIAL AND MULTI-FAMILY PWRI/AWS SURCHARGE POTABLE WATER						
Effective Date	10/1/2025	10/1/2026	10/1/2027	10/1/2028	10/1/2029	10/1/2030
Indexing Rate	45.45%	31.25%	23.81%	19.23%	16.13%	13.89%
Usage Charge/ 1,000 gallons on all usage	\$0.80	\$1.05	\$1.30	\$1.55	\$1.80	\$2.05

COMMERCIAL WASTEWATER RATES						
Effective Date	10/1/2025	10/1/2026	10/1/2027	10/1/2028	10/1/2029	10/1/2030
Indexing Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Base Charge 5/8" & 3/4" Meter	\$60.90	\$64.55	\$68.42	\$72.53	\$76.88	\$81.49
Base Charge 1" Meter	\$101.51	\$107.60	\$114.06	\$120.90	\$128.15	\$135.84
Base Charge 1-1/2" Meter	\$202.99	\$215.17	\$228.08	\$241.76	\$256.27	\$271.65
Base Charge 2" Meter	\$324.81	\$344.30	\$364.96	\$386.86	\$410.07	\$434.67
Base Charge 3" Meter	\$609.02	\$645.56	\$684.29	\$725.35	\$768.87	\$815.00
Base Charge 4" Meter	\$1,015.03	\$1,075.93	\$1,140.49	\$1,208.92	\$1,281.46	\$1,358.35
Base Charge 6" Meter	\$2,030.08	\$2,151.88	\$2,280.99	\$2,417.85	\$2,562.92	\$2,716.70
Base Charge 8" Meter	\$3,248.11	\$3,443.00	\$3,649.58	\$3,868.55	\$4,100.66	\$4,346.70
Base Charge 10" Meter	\$4,669.15	\$4,949.30	\$5,246.26	\$5,561.04	\$5,894.70	\$6,248.38
Base Charge 12" Meter	\$8,729.12	\$9,252.87	\$9,808.04	\$10,396.52	\$11,020.31	\$11,681.53
Usage Charge Per 1,000 Gallons	\$7.28	\$7.72	\$8.18	\$8.67	\$9.19	\$9.74

COMMERCIAL AND MULTIFAMILY RECLAIMED WATER RATES							
Effective Date	10/1/2025	10/1/2026	4/1/2027	10/1/2027	10/1/2028	10/1/2029	10/1/2030
Indexing Rate	0.00%	50.00%	33.00%	6.00%	6.00%	6.00%	6.00%
5/8 Inch & 3/4 Inch Rate							
Reclaimed Water Base Charge	\$6.30	\$9.45	\$12.60	\$13.36	\$14.16	\$15.01	\$15.91
Usage Block Ranges (in thousands of gallons)							
0 – 30	\$1.41	\$2.12	\$2.82	\$2.99	\$3.17	\$3.36	\$3.56
31 - 45	\$4.22	\$5.22	\$6.22	\$6.59	\$6.99	\$7.41	\$7.85
46 - 60	\$5.63	\$8.45	\$11.26	\$11.94	\$12.66	\$13.42	\$14.23
Over 60	\$8.45	\$12.68	\$16.90	\$17.91	\$18.98	\$20.12	\$21.33
1 Inch Rate							
Reclaimed Water Base Charge	\$10.50	\$15.75	\$21.00	\$22.26	\$23.60	\$25.02	\$26.52
Usage Block Ranges (in thousands of gallons)							
0 – 50	\$1.41	\$2.12	\$2.82	\$2.99	\$3.17	\$3.36	\$3.56
51 - 75	\$4.22	\$5.22	\$6.22	\$6.59	\$6.99	\$7.41	\$7.85
76 – 100 ⁽¹⁾	\$5.63	\$8.45	\$11.26	\$11.94	\$12.66	\$13.42	\$14.23
Over 100	\$8.45	\$12.68	\$16.90	\$17.91	\$18.98	\$20.12	\$21.33
1.5 Inch Rate							
Reclaimed Water Base Charge	\$21.00	\$31.50	\$42.00	\$44.52	\$47.19	\$50.02	\$53.02
Usage Block Ranges (in thousands of gallons)							
0 – 100	\$1.41	\$2.12	\$2.82	\$2.99	\$3.17	\$3.36	\$3.56
101 - 150	\$4.22	\$5.22	\$6.22	\$6.59	\$6.99	\$7.41	\$7.85
151 - 200	\$5.63	\$8.45	\$11.26	\$11.94	\$12.66	\$13.42	\$14.23
Over 200	\$8.45	\$12.68	\$16.90	\$17.91	\$18.98	\$20.12	\$21.33
2 Inch Rate							
Reclaimed Water Base Charge	\$33.60	\$50.40	\$67.20	\$71.23	\$75.50	\$80.03	\$84.83
Usage Block Ranges (in thousands of gallons)							
0 – 160	\$1.41	\$2.12	\$2.82	\$2.99	\$3.17	\$3.36	\$3.56
161 - 240	\$4.22	\$5.22	\$6.22	\$6.59	\$6.99	\$7.41	\$7.85
241 -320	\$5.63	\$8.45	\$11.26	\$11.94	\$12.66	\$13.42	\$14.23
Over 320	\$8.45	\$12.68	\$16.90	\$17.91	\$18.98	\$20.12	\$21.33

BULK USE RECLAIMED WATER							
Effective Date	10/1/2025	10/1/2026	4/1/2027	10/1/2027	10/1/2028	10/1/2029	10/1/2030
Indexing Rate	0.00%	50.00%	33.00%	6.00%	6.00%	6.00%	6.00%
Bulk Use Reclaimed Water Base Charges							
Base charge 3 inch meter	\$63.00	\$94.50	\$126.00	\$133.56	\$141.57	\$150.06	\$159.06
Base charge 4 inch meter	\$105.00	\$157.50	\$210.00	\$222.60	\$235.96	\$250.12	\$265.13
Base charge 6 inch meter	\$210.00	\$315.00	\$420.00	\$445.20	\$471.91	\$500.22	\$530.23
Base charge 8 inch meter	\$336.00	\$504.00	\$672.00	\$712.32	\$755.06	\$800.36	\$848.38
Base charge 10 inch meter	\$483.00	\$724.50	\$966.00	\$1,023.96	\$1,085.40	\$1,150.52	\$1,219.55
Base charge 12 inch meter	\$903.00	\$1,354.50	\$1,806.00	\$1,914.36	\$2,029.22	\$2,150.97	\$2,280.03
Bulk Priority 3 inch and above	\$1.05	\$2.12	\$2.82	\$2.99	\$3.17	\$3.36	\$3.56
Bulk Interruptible 3 inch and above	\$0.45	\$1.06	\$1.41	\$1.49	\$1.58	\$1.67	\$1.77

COMMERCIAL AND MULTI-FAMILY PWRI/AWS SURCHARGE RECLAIMED WATER						
Effective Date	10/1/2025	10/1/2026	10/1/2027	10/1/2028	10/1/2029	10/1/2030
Indexing Rate	45.45%	31.25%	23.81%	19.23%	16.13%	13.89%
Usage Charge/ 1,000 gallons on all usage	\$0.80	\$1.05	\$1.30	\$1.55	\$1.80	\$2.05

- (1) The Rate Resolution, as adopted on July 21, 2026, contains a scrivener's error that shows the range of chargeable reclaimed water use as 71-100 thousand gallons. County staff has prepared a resolution to amend the chargeable range to 76-100, which is expected to be presented to and approved by the Board on October 6, 2026.

Source: Utilities Management.

Connection Charges

Connection Charges are capital charges levied against each new user of the System in order to recover the cost of new plant and facilities required to serve such new users. The County's Water Connection Charges and Sewer Connection Charges are designed to recover treatment and transmission system capacity cost.

In general, Connection Charges are those fees imposed by the County on new users connecting to the System, which represent a pro rata share of the increased costs to the System resulting from such connection. These charges shall apply to all new or additional equivalent units connected to the System through either a new meter connection or a meter connection already in use.

Under Florida law, impact fees such as the Connection Charges may be validly imposed against new construction in order to fund capital improvements which are necessitated by such new construction or for debt service for debt incurred to finance such improvements. Proceeds of the fees should be placed in separate accounts and used only for the capital improvements attributable to the new construction or related debt service.

Following the issuance of the Series 2026 Bonds, the Utilities Director is expected to determine that the Water Expansion Project Percentage will equal 20.58% and the Sewer Expansion Project Percentage will equal 62.30%. Therefore, no more than 20.58% of debt service on the Bonds in any one year may be payable from Water Connection Charges and no more than 62.30% of debt service on the Bonds in any one year may be payable from Sewer Connection Charges.

IMPACT FEE REVENUES SUCH AS THE CONNECTION CHARGES FLUCTUATE WITH THE AMOUNT OF NEW CONSTRUCTION WHICH OCCURS WITHIN THE COUNTY. THEREFORE, THERE CAN BE NO ASSURANCES THAT SUCH REVENUES WILL NOT DECREASE OR BE ELIMINATED ALTOGETHER IN THE EVENT THAT EITHER NEW CONSTRUCTION, FOR WHATEVER REASON, MIGHT DECREASE OR CEASE ALTOGETHER WITHIN THE COUNTY OR SUCH IMPACT FEES ARE REDUCED OR ELIMINATED BY THE COUNTY.

Under the Rate Resolution, the Water Connection Charges will be increased 31.3% and the Sewer Connection Charges will be increased 20.9% on January 1, 2027.

The rate schedule for potable Residential Water and Sewer Connection Charges is summarized below:

**POLK COUNTY UTILITIES DEPARTMENT
WATER AND SEWER CONNECTION CHARGES**

WATER CONNECTION CHARGES						
Effective Date	10/1/2025	10/1/2026	1/1/2027	10/1/2028	10/1/2029	10/1/2030
Indexing Rate	3.30%	0%	31.3%	0%	0%	0%
Type of Residence						
Single Family Detached Units on Lots of 1.0 Acre or Less	\$3,038	\$3,038	\$3,989	\$3,989	\$3,989	\$3,989
Single Family Detached Units on Lots of More than 1.0 Usable Acre	\$3,038	\$3,038	\$3,989	\$3,989	\$3,989	\$3,989
Multi-family Units Including Apartments, Condos, Duplexes, Triplexes, etc.	\$1,671	\$1,671	\$2,194	\$2,194	\$2,194	\$2,194
Mobile Homes on Lots of Less Than 6000 Square Feet	\$1,823	\$1,823	\$2,393	\$2,393	\$2,393	\$2,393
Mobile Homes on Lots of 6000 Square Feet or More	\$3,038	\$3,038	\$3,989	\$3,989	\$3,989	\$3,989
Park Model RVs	\$1,671	\$1,671	\$2,194	\$2,194	\$2,194	\$2,194
Destination RVs *	\$1,671	\$1,671	\$2,194	\$2,194	\$2,194	\$2,194
All other RVs Including Transient RVs	\$1,671	\$1,671	\$2,194	\$2,194	\$2,194	\$2,194
WASTEWATER CONNECTION CHARGES						
Effective Date	10/1/2025	10/1/2026	1/1/2027	10/1/2028	10/1/2029	10/1/2030
Indexing Rate	19.05%	0%	20.9%	0%	0%	0%
Type of Residence						
Single Family Detached Units on Lots of 1.0 Acre or Less	\$6,169	\$6,169	\$7,460	\$7,460	\$7,460	\$7,460
Single Family Detached Units on Lots of More than 1.0 Usable Acre	\$6,169	\$6,169	\$7,460	\$7,460	\$7,460	\$7,460
Multi-family Units Including Apartments, Condos, Duplexes, Triplexes, etc.	\$4,132	\$4,132	\$4,997	\$4,997	\$4,997	\$4,997
Mobile Homes on Lots of Less Than 6000 Square Feet	\$4,132	\$4,132	\$4,997	\$4,997	\$4,997	\$4,997
Mobile Homes on Lots of 6000 Square Feet or More	\$6,169	\$6,169	\$7,460	\$7,460	\$7,460	\$7,460
Park Model RVs	\$3,393	\$3,393	\$4,103	\$4,103	\$4,103	\$4,103
Destination RVs *	\$4,132	\$4,132	\$4,997	\$4,997	\$4,997	\$4,997
All other RVs Including Transient RVs	\$6,169	\$6,169	\$7,460	\$7,460	\$7,460	\$7,460
*NOTE:						
A Destination RV must be: (1) Sited on a lot owned in fee simple by the user; (2) Sited in a park that is a platted subdivision; (3) Sited on a lot 3,000 square feet or larger; and (4) Sited in a park that does not have a dump station or undivided interest lot sales or time share lot sales. This category of user is subject to inspection by Polk County Utilities to ensure that Destination RVs are not transient RVs. Destination RV lots used by Transient RVs will be subject to a 1.0 ERC sewer connection charge.						
COMMERCIAL CONNECTION CHARGES						
<u>Water Connection Charges</u>						
Commercial Water Connection charges will be assessed on projected daily usage, in accordance with the Polk County Utilities Code, divided by 250 gallons to calculate the Equivalent Residential Connection (ERC). This ERC will be multiplied by connection charge assessed for a single Family Detached Unit on lots one acre or less.						
<u>Wastewater Connection Charges</u>						
Commercial Wastewater Connection charges will be assessed on projected daily usage, in accordance with the Polk County Utilities Code, divided by 200 gallons to calculate the Equivalent Residential Connection (ERC). This ERC will be multiplied by connection charge assessed for a single Family Detached Unit on lots one acre or less.						

The Florida Legislature passed Senate Bill 180 ("SB 180") on May 2, 2025, which the State of Florida Governor signed into law on June 26, 2025. Among other provisions, SB 180 prohibits local governments located in federal disaster-declared counties from proposing or adopting more restrictive or burdensome land development regulations between August 1, 2024, and October 1, 2027. On August 18, 2026, a ruling from the Seventh Judicial Circuit Court of Florida in Flagler County, Florida found that certain non-utility development impact fee increases imposed by the City of Palm Coast, Florida constituted more burdensome land development regulations in violation of SB 180 and declared such impact fees increases null and void. The City of Palm Coast filed a notice of appeal on August 27, 2026. The County adopted increases for their Connection Charges, that constitute impact fees under Florida law, which have occurred and are scheduled to occur between August 1, 2024, and October 1, 2027. To date, the County has not received any challenges or threats of challenge the increases to the County's Connection Charges in the Rate Resolution. However, the County cannot predict whether they will receive any challenges in the future or, if challenged, whether any such challenge would be successful. The County would vigorously defend any challenge. The County does not believe a successful challenge would materially impact its ability to pay debt service on the Series 2026 Bonds.

Miscellaneous Service Charges

In addition to charging user fees for monthly water and sewer service, the County also charges fees for certain specifically requested miscellaneous services or needs. Examples of these fees include water meter installation charges, water meter testing fees, and reconnection charges. Revenues from miscellaneous charges reduce the level of expenditures funded from user fees. The County's current miscellaneous service charges are as follows:

POLK COUNTY UTILITIES DEPARTMENT SERVICE FEES AND DEPOSITS

Effective Date	10/1/2025	10/1/2026	10/1/2027	10/1/2028	10/1/2029	10/1/2030
Indexing Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
New Account Charge						
3/4" - 2" meter	\$55.00	\$55.00	\$55.00	\$55.00	\$55.00	\$55.00
Larger than 2" meter	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00
Deposit						
<u>Residential</u>						
Water	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00
Sewer	\$210.00	\$210.00	\$210.00	\$210.00	\$210.00	\$210.00
Combined	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00
<u>Commercial</u>						
Water	2.5 X Estimated Monthly Bill					
Sewer	2.5 X Estimated Monthly Bill					
Combined	2.5 X Estimated Monthly Bill					
Same Day Service (During Business Hours)	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00
Same Day Service (After Hours Service)	\$80.00	\$80.00	\$80.00	\$80.00	\$80.00	\$80.00
Return Check or Draft	As Established by Polk County Clerk of Courts by policy					
Checks \$50 or less						
Checks \$51-\$300						

Checks \$301 or more						
Premise Visit Charge	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00
Disconnect for Nonpayment						
Less than 2" Meter	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00
2" Meter and above	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00
Service Restoration/ Reconnection Charge						
Less than 2" meter	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00
2" Meter and above	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00
Meter Installation / Reinstallation Charge						
3/4" Meter	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00
1" Meter	\$1,075.00	\$1,075.00	\$1,075.00	\$1,075.00	\$1,075.00	\$1,075.00
1-1/2" Meter	\$1,850.00	\$1,850.00	\$1,850.00	\$1,850.00	\$1,850.00	\$1,850.00
2" Meter	\$2,250.00	\$2,250.00	\$2,250.00	\$2,250.00	\$2,250.00	\$2,250.00
Larger than 2" meter	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
Temporary Meter Installation						
2" Meter On Hydrant	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00
Installation requiring Line Tap	\$675.00	\$675.00	\$675.00	\$675.00	\$675.00	\$675.00
Meter Test Charge (Field Test)						
Less than 2" Meter	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00
2" Meter and above	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
(This fee is waived if meter is not registering within AWWA standards)						
Penalty for Meter Tampering/Theft of Service						
1st Infraction	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00
2nd Infraction	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00
3rd Infraction	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
Penalty for Obscured Meter	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00
Penalty for Cross Connection	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00
Surcharge for High Strength Industrial Wastes	Shall be calculated and/or applied pursuant to Industrial Wastewater Pretreatment Policy Manual 6(E) contained in Polk County Utilities Code Ordinance 10-081 as amended					
Damage to Utility Main or Other Property	Actual Cost to repair and estimated water loss plus \$1,000.00.					
Relocate Meter						
Less than 2" Meter	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00 ⁽¹⁾	\$250.00 ⁽¹⁾
2" Meter and above	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
Water Audit	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00
Reclaimed Water Follow-up Inspection	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00

Late Payment	\$6 or 5% of balance due, whichever is greater, on balances over \$14.99	\$6 or 5% of balance due, whichever is greater, on balances over \$14.99	\$6 or 5% of balance due, whichever is greater, on balances over \$14.99	\$6 or 5% of balance due, whichever is greater, on balances over \$14.99	\$6 or 5% of balance due, whichever is greater, on balances over \$14.99	\$6 or 5% of balance due, whichever is greater, on balances over \$14.99
Backflow test (Municipal Charge)						
3/4' to 2" Meter	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00
Larger than 2" Meter	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
Effective Date	10/1/2025	10/1/2026	10/1/2027	10/1/2028	10/1/2029	10/1/2030
Indexing Rate	New Fee	New Fee	0.00%	0.00%	0.00%	0.00%
Septage Processing Fee						
Rate per gallon	N/A	\$0.15/gallon	\$0.15/gallon	\$0.15/gallon	\$0.15/gallon	\$0.15/gallon

- (1) The Rate Resolution, as adopted on July 21, 2026, contains a scrivener's error that shows the approved meter relocation charges as \$251.00 effective October 1, 2029, and \$252.00 effective October 1, 2030. County staff has prepared a resolution to amend those charges to \$250.00, which is expected to be presented to and approved by the Board on October 6, 2026.

Source: Utilities Management.

Ten Largest Water/Sewer Consumers

POLK COUNTY UTILITIES DIVISION TEN LARGEST WATER/SEWER CONSUMERS OCTOBER 1, 2024 TO SEPTEMBER 30, 2025⁽¹⁾

Customer	Volume of Water Sold		Annual Revenue	
	Thousand Gallons	Percent of Total System ⁽¹⁾	Revenues	Percent of Total System ⁽²⁾
Polk Co. Correctional Frostproof	105,039	1.53%	\$2,226,642	2.35%
Bahama Bay Resort	25,515	0.37	369,755	0.39
Highlands Village MHP	23,880	0.35	367,937	0.39
Deer Creek RV G & C Club, Inc	22,409	0.33	329,603	0.35
Int. Bass Lk. Homeowners Asso	23,139	0.34	326,676	0.34
GCI Residential LLC	22,756	0.33	323,214	0.34
Carlton Arms of Lakeland	21,830	0.32	319,867	0.34
TPAF VI Huntington LLC	19,232	0.28	274,870	0.29
Artisan Living Bella Citta	19,042	0.28	272,325	0.29
Preserve at Champions Gate	16,416	0.24	242,235	0.26
Total Top Ten ⁽³⁾	299,258	4.37%	\$5,053,125	5.34%
Total Potable Water and Sewer Revenues from Rates	6,871,337	100.00%	\$94,895,481	100.00%

- (1) Amounts based on actual water sales for Fiscal Year ended September 30, 2025, approximately 6.9 billion gallons of water.

- (2) Amounts based on actual charges for potable water and sewer service for Fiscal Year ended September 30, 2025, of approximately \$94.9 million.

- (3) Numbers may not add up due to rounding.

Source: Utilities Management.

Rate Comparison

In order to provide additional information regarding the County's current rates, a comparison of the monthly cost of providing water and sewer service for a 5/8 x 3/4 inch or smaller water meter was developed in the Financial Feasibility Report. For comparison purposes, a summary of utility bills under the current rates and the adopted rates for Fiscal Year ending September 30, 2027. Also included in the comparison are bills calculated under the rates of other neighboring State utilities based on survey results prepared June 2026 for Fiscal Year ending September 30, 2026. The monthly bills for the various State utilities used for the comparison are exclusive of local taxes. The 5/8 x 3/4 inch meter or smaller comparison was prepared since this represents the majority of the System's water and sewer customers and the majority of the customers for the other utilities included in the comparisons. A comparison of water and sewer rates at the monthly consumption level of 6,000 gallons (the average usage of the County's residential customer) is shown as follows:

Utilities	Single Metered Residential Service For a 5/8" or 3/4" Meter at 6,000 Gallons ⁽¹⁾		
	Water	Sewer	Total
Orange County	\$19.26	\$45.67	\$64.93
City of Bartow	36.23	34.24	70.47
City of Winter Haven	26.22	50.89	77.11
City of Lake Alfred	21.11	56.69	77.80
Toho Water Authority (Kissimmee System)	21.12	57.48	78.60
City of Lakeland	25.93	53.55	79.48
City of Lake Wales	31.53	60.12	91.65
Pasco County	25.37	66.62	91.99
City of Haines City	28.17	66.23	94.40
Hillsborough County	43.66	67.64	111.30
Pinellas County	45.17	70.52	115.69
Polk County – Existing	32.12	84.29	116.41
Polk County – Adopted FY27	35.25	89.37	124.62
Sarasota County	44.68	96.36	141.04
Okeechobee Utility Authority	66.05	81.93	147.98
Collier County	61.74	97.82	159.56
Charlotte County	73.85	86.74	160.59

⁽¹⁾ Unless otherwise noted, amounts shown reflect residential rates in effect June 2026 and are exclusive of taxes or franchise fees, if any, and reflect rates charged for inside the city service. All rates are as reported by the respective utility. This comparison is intended to show comparable charges for similar service for comparison purposes only and is not intended to be a complete listing of all rates and charges offered by each listed utility.

Source: Utilities Management.

The County collects Connection Charges from new customers requesting water and sewer capacity from the System in an effort to fund the capital cost of providing such capacity and to assign such costs to new development that requires the capital facilities. The application of a Connection Charge is commonly used by State utilities to fund growth-related capital requirements. A comparison of Connection Charges collected by the County and those charged by neighboring utilities was developed to provide additional information regarding the County's existing fees. The charges shown are based on an equivalent residential connection (ERC) basis. An ERC is representative of the capacity of a single-family residential unit.

<u>Description</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Polk County:			
Existing Connection Fees	\$3,038	\$6,169	\$9,207
Adopted Connection Fees – January 1, 2027	\$3,989	\$7,460	\$11,449
Other Utilities Surveyed ⁽¹⁾	\$3,193	\$4,220	\$7,413

⁽¹⁾ Amounts reflect the average fees of 11 utilities surveyed in June 2026.

Source: Utilities Management.

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Historical Revenues and Expenses of System

All information provided herein are representations of Polk County Utilities Management and the Clerk of Courts & Comptroller for Polk County, Florida.

HISTORICAL REVENUES AND EXPENSES OF SYSTEM AND DEBT SERVICE COVERAGE

Description	Audited Fiscal Year Ending September 30				
	2021	2022	2023	2024	2025
Gross Revenues					
Charges for Service ⁽¹⁾	\$82,323,949	\$85,656,830	\$93,688,056	\$97,161,061	\$109,746,826
Miscellaneous Revenue ⁽²⁾	2,275,425	1,983,423	3,216,938	2,667,371	7,140,984
Sub-total Charges for Service & Miscellaneous Income	\$84,599,374	\$87,640,253	\$96,904,994	\$99,828,432	\$116,887,810
Interest Income ⁽³⁾	1,684,448	1,493,327	3,705,510	6,117,742	8,048,240
Sub-total Operating and Non-operating Income	\$86,283,822	\$89,133,580	\$100,610,504	\$105,946,174	\$124,936,050
Less: Income from Connection Charges ⁽⁴⁾	626,653	722,857	2,004,423	3,055,409	3,087,418
Total Gross Revenues	\$85,657,169	\$88,410,723	\$98,606,081	\$102,890,765	\$121,848,632
Cost of Operation and Maintenance⁽⁵⁾					
Personnel Services	\$15,271,272	\$15,653,654	\$21,164,272	\$20,364,850	\$28,415,862
Operations, Maintenance and Other Expenses ⁽⁶⁾	29,312,694	31,991,682	42,676,212	38,662,875	50,287,884
Indirect ⁽⁷⁾	1,966,089	2,029,914	1,785,603	1,785,603	2,685,419
Total Cost of Operation and Maintenance	\$46,550,055	\$49,675,250	\$65,626,087	\$60,813,328	\$81,389,165
Net Revenues Available for Debt Service (A)	\$39,107,114	\$38,735,473	\$32,979,994	\$42,077,437	\$40,459,467
Plus Available Connection Charges (B)⁽⁸⁾⁽⁹⁾					
Available Connection Charges	\$9,359,196	\$9,360,826	\$9,358,314	\$8,086,977	\$10,340,499
Interest Income on Connection Charges ⁽⁴⁾	626,653	722,857	2,004,423	3,055,409	3,087,418
Total Available Connection Charges (B)	\$9,985,849	\$10,083,683	\$11,362,737	\$11,142,386	\$13,427,917
Net Revenues Plus Available Connection Charges⁽²⁾					
Available for Debt Service (C)	\$49,092,963	\$48,819,156	\$44,342,731	\$53,219,823	\$53,887,385
Annual Bond Service Requirement (D)	\$10,618,556	\$10,620,406	\$10,617,556	\$10,227,617	\$13,077,651
Test A					
Debt Service Coverage Ratio (A/D)					
Excluding Available Connection Charges (1.10x Required)	3.68x	3.65x	3.11x	4.11x	3.09x
Or					
Test B					
Debt Service Coverage Ratio (A/D)					
Excluding Available Connection Charges (1.00x Required)	3.68x	3.65x	3.11x	4.11x	3.09x
And					
Debt Service Coverage Ratio (C/D)					
Including Available Connection Charges (1.25x Required)	4.62x	4.60x	4.18x	5.20x	4.12x

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- (1) Charges for services increased from \$82.3 million in the Fiscal Year ended September 30, 2021 to \$109.7 million in the Fiscal Year ended September 30, 2025, or 33.3%, based on a combination of growth in water, sewer, and reclaimed water customers. The \$12.6 million increase in fiscal year ended September 30, 2025, is mainly due to new rate increases that went into effect beginning October 1, 2024. Connection Charges of \$20,582,235.00, \$33,449,681.00, \$22,971,597.00, \$16,534,883 and \$14,301,713 for Fiscal Years ended September 30, 2021 through and including 2025, respectively, are excluded from Charges for Services.
- (2) Miscellaneous Revenue increased significantly in Fiscal Year ended September 30, 2025, due to \$5.3 million in proceeds received from a class action lawsuit. On November 21, 2023, the Board approved the County to continue in class action settlements with the 3M Company and E.I. DuPont de Nemours and Company to resolve claims of PFAS contamination in public drinking water systems. The County Manager subsequently approved the County joining class actions against Tyco and BASF.
- (3) Amounts reflect interest and investment earnings on all accounts created by the Resolution, including investment income derived from Connection Charges on deposit, as reported by County staff. These amounts do not include any adjustments for the market value of the investments.
- (4) Gross Revenue exclude income derived from Connection Charges, including investment income; however, such amount is includable in Test B of the rate covenant whereby Available Connection Charges and investment income derived from Available Connection Charges are added to Net Revenues.
- (5) Amounts exclude depreciation and amortization expenses, payments in lieu of taxes (PILOT) of \$2,055,011, \$2,137,633, \$2,254,731, \$2,276,808 and \$2,362,788 for the Fiscal Years ended 2021 through and including 2025, respectively, and capitalized labor. Capitalized labor includes direct costs of labor that are associated with and allocable to the construction, assembly, and related labor for capitalized assets and the completion of a capital project, which can be recorded over time by depreciation or amortization scheduled as capitalized costs. In Fiscal Year ended September 30, 2023, personnel services increased by \$4.7 million due to OPEB and pension adjustments which resulted in an overall increase of \$5.5 million from the previous year. In Fiscal Year ended September 30, 2025, the \$9.1 million increase in personnel services is due to increases in salaries, 25 new FTE positions, OPEB and pension adjustments, and adjustments made to compensated absences due to the implementation of GASB Statement No. 101. Includes payments to Polk Regional Water Cooperative in the amount of \$119,410.35, \$139,498.63, \$55,851, \$703,619 and \$1,322,920, for the Fiscal Years ending September 30, 2021, 2022, 2023, 2024 and 2025, respectively, and Water Cooperative of Central Florida in the amounts of \$10,000, \$20,000, \$5,000, \$2,000 and \$2,000, for the Fiscal Years ending September 30, 2021 through and including 2025, respectively.
- (6) Includes all operating expenses and losses on disposition of equipment. Increase in Fiscal Year ended September 30, 2021, 2022, and 2023 largely due to an increase in other contractual services as some employee vacancies were filled by contracted electricians and mechanics as well as the new advanced metering infrastructure and the implementation of a computerized maintenance management system. In addition to the above increases in expenses, maintenance of equipment, utility services (electric), and operating supplies increased due to rising cost in Fiscal Year ended September 30, 2023. Operations and Maintenance cost remained steady in fiscal year ending September 30, 2024. In fiscal year ending September 30, 2025, increases are due to contractual labor expenses and rising cost of maintenance of equipment, utility services (electric), operating supplies, and expenses incurred during Hurricane Milton. See "RISK FACTORS" for additional information on Hurricane Milton.

- (7) Amount reflects an operating transfer from the Water and Sewer Fund to the General Fund to account for allocated operating and administrative expenses associated with utility services.
- (8) The Water Expansion Project Percentage and Sewer Expansion Project Percentage following issuance of the Series 2024 Bonds and prior to the issuance of the Series 2026 Bonds was equal to 31.18% and 47.89%, respectively. The Water Expansion Project Percentage and Sewer Expansion Project Percentage following issuance of the Series 2026 Bonds is expected to equal 20.58% and 62.30%, respectively.
- (9) Connection Charges have decreased in last Fiscal Years ending September 30, 2023 through and including 2025 due to a larger increase in Fiscal Year ended September 30, 2022. Fiscal Year ended September 30, 2022, increased significantly due to the addition of multiple apartment complexes being built in the County during the Fiscal Year. Generally, under Florida law, fees such as the Connection Charges may be validly imposed against new construction or development in order to fund capital improvements or capacity which are necessitated by such new construction or development or to satisfy debt service for the bonds or other obligations issued for such purposes. Proceeds of such Connection Charges may generally be used only for the capital improvements or capacity attributable to the new construction or development or to pay debt service on indebtedness incurred to finance or refinance such capital improvements or capacity.

Source: Utilities Management.

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Projected Operating Results and Debt Service Coverage

PROJECTED OPERATING RESULTS AND DEBT SERVICE COVERAGE

<u>Description</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>
Gross Revenues ⁽¹⁾ :						
Charges for Service at Existing Rates	\$116,019,546	\$118,737,762	\$121,638,535	\$124,539,308	\$127,440,081	\$130,340,854
Additional Revenue from Rate Adjustments ⁽²⁾	0	11,718,917	22,974,989	34,177,290	46,378,475	59,640,743
Sub-total Charges for Service	\$116,019,546	\$130,456,678	\$144,613,524	\$158,716,598	\$173,818,556	\$189,981,597
Miscellaneous Revenue ⁽³⁾	4,620,413	7,721,231	7,751,231	7,781,531	7,812,134	7,843,043
Sub-total Charges for Service and Miscellaneous Income	\$120,639,959	\$138,177,909	\$152,364,755	\$166,498,129	\$181,630,690	\$197,824,640
Interest Income ⁽⁴⁾	5,589,000	3,827,000	3,544,000	3,250,000	3,138,000	3,301,000
Sub-total Operating and Non-operating Income	\$126,228,959	\$142,004,909	\$155,908,755	\$169,748,129	\$184,768,690	\$201,125,640
Less: Interest Income from Connection Charges ⁽⁵⁾	2,483,000	1,208,000	1,032,000	787,000	639,000	627,000
Total Gross Revenues	\$123,745,959	\$140,796,909	\$154,876,755	\$168,961,129	\$184,129,690	\$200,498,640
Cost of Operation and Maintenance ⁽⁶⁾ :						
Personnel Services	\$33,098,220	\$42,214,548	\$46,125,701	\$50,412,454	\$55,111,591	\$60,263,537
Operations, Maintenance and Other Expenses	48,807,463	49,086,458	51,456,361	53,963,295	56,616,404	59,425,489
Purchased Water Costs	4,650,307	13,815,626	20,564,598	20,964,708	21,649,350	23,449,481
Indirect ⁽⁷⁾	3,180,715	3,543,944	3,898,338	4,288,172	4,716,989	5,188,688
Total Cost of Operation and Maintenance	\$89,736,705	\$108,660,576	\$122,044,998	\$129,628,629	\$138,094,335	\$148,327,196
Net Revenues Available for Debt Service (A)	\$34,009,254	\$32,136,333	\$32,831,757	\$39,332,500	\$46,035,355	\$52,171,445
Plus Available Connection Charges (B) ⁽⁸⁾⁽⁹⁾ :						
Available Connection Charges	\$10,200,000	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000
Interest Income on Connection Charges ⁽⁵⁾	2,483,000	1,208,000	1,032,000	787,000	639,000	627,000
Total Available Connection Charges (B)	\$12,683,000	\$13,208,000	\$13,032,000	\$12,787,000	\$12,639,000	\$12,627,000
Net Revenues Plus Connection Charges Available for Debt Service (C)	\$46,692,254	\$45,344,333	\$45,863,757	\$52,119,500	\$58,674,355	\$64,798,445
Annual Bond Service Requirement (D):						
Existing Debt Service Payments	\$12,842,775	\$12,896,525	\$12,905,775	\$12,867,025	\$13,007,025	\$12,491,275
Proposed Debt Service Payments	0	10,307,295	10,945,800	14,548,363	14,548,363	16,280,938
Total Annual Bond Service Requirement (D)	\$12,842,775	\$23,203,820	\$23,851,575	\$27,415,388	\$27,555,388	\$28,772,213
<u>Test A</u>						
Debt Service Coverage Ratio (A/D):						
Excluding Available Connection Charges	2.65x	1.38x	1.38x	1.43x	1.67x	1.81x
Required ⁽¹⁰⁾	1.10x	1.10x	1.10x	1.10x	1.10x	1.10x
Or						
<u>Test B⁽¹⁰⁾</u>						
Debt Service Coverage Ratio (A/D):						
Excluding Available Connection Charges	2.65x	1.38x	1.38x	1.43x	1.67x	1.81x
Required ⁽¹⁰⁾	1.00x	1.00x	1.00x	1.00x	1.00x	1.00x
And						
Debt Service Coverage Ratio (C/D):						
Including Available Connection Charges	3.64x	1.95x	1.92x	1.90x	2.13x	2.25x
Required ⁽¹⁰⁾	1.25x	1.25x	1.25x	1.25x	1.25x	1.25x

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- (1) Amounts derived from Table 6 in the Financial Feasibility Report, which exclude Connection Charges for each year.
- (2) Additional revenues estimated based on adopted increases approved by the Board pursuant to the Rate Resolution.
- (3) Other operating revenue includes income derived from miscellaneous utility charges. Amount beginning in Fiscal Year ending September 30, 2027, includes \$3 million per year from new septage receiving fees as adopted. Amounts generally held constant beyond Fiscal Year ending September 30, 2027.
- (4) Interest Income reflects all projected interest earnings on investment balances for accounts created by the Resolution as derived from Table 12 in the Financial Feasibility Report, including earnings derived from Connection Charges on deposit.
- (5) Gross Revenues exclude income derived from Connection Charges, including investment income; however, such amount is includable in Test B of the rate covenant in the Resolution whereby Connection Charges and investment income derived from Connection Charges are added to Net Revenues.
- (6) Amounts exclude depreciation and amortization expenses, payments in lieu of taxes (PILOT), and capitalized labor. Based on the County's review of budget to actual results, the actual expenses are projected to be approximately 10% lower than the adopted budget for each year.
- (7) Amount reflects an operating transfer from the Water and Sewer Fund to the General Fund to account for allocated operating and administrative expenses associated with utility services. Amounts beyond Fiscal Year ending September 30, 2027, were increased based on the County's assumed labor escalator.
- (8) Amounts derived from Tables 11 and 12 in the Financial Feasibility Report based on the growth assumptions discussed in the Financial Feasibility Report.
- (9) As of the issuance of the Series 2026 Bonds, the Water Expansion Project Percentage is 20.58% and the Sewer Expansion Project Percentage is 62.30%, which limits the amount of Connection Charges available to pay debt service. The Water and Sewer Expansion Project Percentages will change over time with the issuance of any Additional Bonds assumed; however, the amount of Available Connection Charges for this compliance analysis is assumed to be limited to no greater than \$12 million per year, which is consistent with the current budget.
- (10) As provided in Section 11.05 of the Resolution, rates must be adequate to meet one (1) of the following tests (Test A or Test B):
- Test A: The amount of Gross Revenues (but not including therein any revenues derived from special assessments) to be received in such Bond Year less one hundred percent (100%) of the Cost of Operation and Maintenance for such Bond Year shall be equal to at least one hundred ten percent (110%) of the Bond Service Requirement for such Bond Year;
- OR
- Test B: The amount of Gross Revenues (but not including therein any revenues derived from special assessments) to be received in such Bond Year less one hundred percent (100%) of the Cost of Operation and Maintenance for such Bond Year shall be equal to at least one hundred percent (100%) of the Bond Service Requirement of such Bond Year; and
The sum of Gross Revenues (but not including therein any revenues derived from special assessments) and the Available Connection Charges to be received in such Bond Year less one hundred percent (100%) of the Cost of Operation and Maintenance in such Bond Year shall be equal to at least one hundred twenty-five percent (125%) of the Bond Service Requirement for such Bond Year.

Source: Financial Feasibility Report

PRINCIPAL CONSIDERATIONS, ASSUMPTIONS AND CONCLUSIONS OF FEASIBILITY CONSULTANT

Principal Considerations and Assumptions

In making the projections and estimates summarized in the Financial Feasibility Report included in APPENDIX F hereto (the "Financial Feasibility Report"), the principal considerations and assumptions made by Raftelis Financial Consultants, Inc., as Financial Feasibility Consultant for the System (the "Financial Feasibility Consultant") and the principal information and assumptions provided to the Financial Feasibility Consultant, or prepared by others, include but are not limited to the following:

1. Gross Revenues for the Forecast Period were predicated on the actual, audited Fiscal Year ended September 30, 2025, amounts, as provided by County staff. The County expects water and sewer customers to increase an average of approximately 2.6% and 3.1%, respectively, per year over the Forecast Period. When considering the implementation of the adopted rates for the Forecast Period, the County estimates an annual average increase in Gross Revenues of approximately 10.1% through Fiscal Year ending September 30, 2031.
2. The County recently sold the Waverly Public Water and Sewer Systems (the "Waverly System") to the City of Lake Wales for \$5.3 million. Based on provisions of the Resolution, the purchase price was deposited into the reserve funds and will be used for capital renewal and replacement of existing assets as shown in the capital plan. The Waverly System comprised approximately 588 water connections and 245 sewer connections at the time of sale. For the purpose of the Financial Feasibility Report, the Financial Feasibility Consultant has reduced the effective operating results by approximately \$0.3 million per year beginning in Fiscal Year 2026 based on selling the Waverly System to the City of Lake Wales.
3. The Cost of Operation and Maintenance projections are shown in the Financial Feasibility Report for the Water and Sewer Systems, respectively. The projected operating expenses were developed for the study as follows:
 - a. Operating expenses predicated on the approved Fiscal Year ending September 30, 2027 Operating Budget are increased for the following inflationary adjustments shown in the Financial Feasibility Report:
 - i. Existing Personnel Costs (COLA): 3.5% per Fiscal Year
 - ii. Allowance for New Personnel Positions: 6.5% of Labor per Fiscal Year
 - iii. Employee and Liability Insurance: 5.0% per Fiscal Year
 - iv. Utilities and Chemicals: 8.0% per Fiscal Year
 - v. All Other Expenses: 3.0% per Fiscal Year
 - b. To meet the growing needs for water, the County entered into agreements under two new projects with members of the PRWC to develop alternative water resources that meet the System's estimated Fiscal Year ending September 30, 2045 water demands:
 - i. Southeast Project: 3.40 MGD (Phase 1 entitlement 1.56 MGD)
 - ii. West Polk Project: 0.98 MGD (Phase 1 entitlement 0.31 MGD)

The fixed costs of each project include, but are not limited to, operating expenses, capital contributions, deposits for renewal and replacement of assets, debt service payments, and working capital requirements. The fixed costs are allocated to members based on the Fiscal Year ending September 30, 2045 capacity allocations of each project, while the variable expenses are allocated to members based on actual use during any year (a charge per 1,000 gallons ("kgal")). The PRWC published its updated business plan in December 2025, which included the estimated member payments for the County and are described further in the Financial Feasibility Report.

c. The County is also a member of the Water Cooperative of Central Florida ("WCCF") to develop alternative water supplies for the region (the "Cypress Lake Project"). The capacity costs to date have largely been funded by AWS Surcharge revenues as accounted for initially in the County's capital improvement program. Based on discussions with County staff, such disbursements have been treated as a Cost of Operation and Maintenance when evaluating compliance with the rate covenant. For the Fiscal Years ending September 30, 2027 through and including 2030, the estimated annual capacity costs assumed average approximately \$13.4 million per year. During the last year of construction (Fiscal Year ending September 30, 2031), the County estimates the capacity costs will equal \$7.4 million. Based on additional direction from County staff, the Financial Feasibility Consultant has estimated operating expenses of approximately \$5.4 million per year beginning in Fiscal Year ending September 30, 2031. The expenses are based on estimates received from a third-party operator and will be incurred once the capital construction is complete and water is produced and delivered by the WCCF. The following assumptions related to the WCCF are reflected in our analysis of expenses:

- i. Expenses are based on estimates received from a third-party operator including an estimated average charge of \$8.39 per kgal (FY2031) similar to the PRWC Southeast Wellfield assumptions
- ii. County's capacity rights were increased from 10% to 10.33% with build-out capacity ranging from 30 million gallons per day (MGD) to 34 MGD
- iii. Phase 1 water availability could range between 7.5 MGD and 17 MGD
- iv. Phase 1 water estimated to be available beginning in Fiscal Year ending September 30, 2031 with an assumed delivery of 641 million gallons per Fiscal Year
- v. Additional information will be required to make estimates about wheeling water through the transmission systems of certain members, if any
- vi. No additional capital charges (beyond what is approved in the capital plan) have been assumed

d. Based on the discussions in the Financial Feasibility Report related to purchased water costs, when evaluating the projected financial results in Table 8 of the Financial Feasibility Report, the estimated purchased water costs include two primary components: 1) water capacity payments and expenses paid to the PRWC; and 2) water capacity payments and expenses paid to the WCCF. As summarized in Table 8 of the Financial Feasibility Report, the projected amounts are estimated to increase from \$4.7 million in Fiscal Year ending September 30, 2026, to \$23.4 million in Fiscal Year ending September 30, 2031. The detailed amounts are derived from Table 13 of the Financial Feasibility Report. The Feasibility Financial Consultant anticipates that PRWC and WCCF will continue to prepare updated financial results for members and that purchased water costs will increase beyond the Forecast Period. The County has adopted an AWS Surcharge that is anticipated to be updated in the future to account for any increased purchased water costs that may occur.

e. Based upon the County's review of actual Cost of Operation and Maintenance compared to budget during the Historical Period, actual expenditures averaged approximately 92% of adopted budget over the past five (5) fiscal years. Based on discussions with County staff, the financial forecast assumes controllable Cost of Operation and Maintenance will be approximately 90% of budgeted amounts, consistent with the County's historical budget-to-actual experience, while purchased water costs from PRWC and WCCF are recognized at 100% of projected amounts. As a result, total Cost of Operation and Maintenance in Fiscal Year ending September 30, 2027, is projected to be approximately \$11.1 million, or 8%, below budget. Providing an allowance for the County's historical budget-to-actual experience is consistent with the utility rate and pricing practices exercised by County staff over time.

f. No additional contingency allowance beyond the budgeted Cost of Operation and Maintenance was included in the projected water and sewer operating results. Any unknown or unplanned expenditures are anticipated to be funded with reserves on an as-needed basis.

g. Based on the allowances provided in the Financial Feasibility Report, the projected annual average increase in Cost of Operation and Maintenance over the Forecast Period is estimated at 10.6% per year as shown in Table 8 of the Financial Feasibility Report.

For full description of the principal considerations and assumptions used in the preparation of the Financial Feasibility Report see "Principal Considerations and Assumptions" therein and attached hereto as Appendix F.

Conclusions

The conclusions of the Financial Feasibility Consultant for the System, set forth in their Financial Feasibility Report included in APPENDIX F hereto, which such Financial Feasibility Report should be read in its entirety, are set forth below:

1. The projected growth in System revenues for the Forecast Period is based on the adopted Rate Resolution that includes annual adjustments through Fiscal Year ending September 30, 2031. The Financial Feasibility Report contains a detailed explanation of the County's recently adopted rates that provide for annual rate adjustments through Fiscal Year ending September 30, 2031. Beginning on and after October 1, 2031, such rates, fees, and charges shall be increased annually by the FPSC Index without further action required by the Board. An annual increase for new customer connections of 2.6% and 3.1% for the Water and Sewer Systems, respectively, was assumed for the System during the Forecast Period. The projected growth in System customers and applicable usage during the Forecast Period for the System represents reasonable and attainable projections based on discussions with the County and on recent trends in customers served/billed.

2. The projected Cost of Operation and Maintenance reflects the County's current wage and salary plan and inflationary allowances for other operating expenses and as such represents reasonable and attainable projections based on discussions with the County and on recent trends in customers served/billed.

3. The Gross Revenues for the Forecast Period under the County's adopted rates and charges are projected to be sufficient to pay all projected Cost of Operation and Maintenance of the System, pay the estimated annual Bond Service Requirement on all Bonds (including the Series 2026 Bonds and any

Additional Bonds assumed for the Forecast Period), make all additional deposits as required by the Resolution, if any, and meet the rate covenant of the Resolution.

4. The projected debt service coverage of the System as presented in the Financial Feasibility Report are projected to be in compliance with the rate covenant contained in the Resolution. The forecast of projected operating results is considered by Financial Feasibility Consultant as being reasonable and attainable and provides a basis for the County to meet the rate covenant as delineated in the Resolution. A summary of the assumptions and considerations relied upon in the development of the forecast of projected operating results are included in the Financial Feasibility Report.

RISK FACTORS

The future financial condition of the System could be affected adversely by, among other things, legislation, environmental and other regulatory actions, changes in demand for services, economic conditions, demographic changes, hurricanes and litigation. In addition to those items listed in the preceding sentence, some of the possible changes in the future may include, but not be limited to, the following:

1. The State legislature, executive officers and agencies could enact legislation, executive orders or regulations that may have a material adverse effect on the finances and operations of the County and System. In addition, the United States Congress, federal executive officers and federal agencies could also enact legislation, executive orders or regulations that may have a material adverse effect on the finances and operations of the County and System. There can be no assurance that such legislation, executive orders, regulations or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the finances and operations of the County and System. The County cannot predict future policies such agencies may adopt. Future changes could result in the County having to discontinue operations at certain facilities or to make significant capital expenditures and could generate litigation. The County's water and wastewater facilities are subject to regulation and control by numerous federal and state governmental agencies. Neither the County nor its consultants can predict future policies such agencies may adopt. Future changes could result in the County having to discontinue operations at certain facilities or to make significant capital expenditures and could generate substantial litigation.

See Appendix A attached hereto for additional information on State legislative actions related to property tax reform.

2. There is no assurance that permits for operation of major components of the System will be renewed or can be renewed without the expenditure of moneys from the Renewal and Replacement Fund or the issuance of Additional Bonds or Subordinated Indebtedness. Further, there is no assurance that the requirements for renewal of the permits will remain the same prior to the time that renewal is required; a change in requirements could require additional expenditures for improvements.

3. The environmental aspects of the System are regulated by (a) the EPA; (b) FDEP under Chapter 403, Florida Statutes, and the rules and regulations promulgated by FDEP; (c) the SWFWMD; (d) the Army Corps of Engineers; and (e) the Polk County Health Department. FDEP is principal regulator of water and wastewater utilities in Florida. The SFWMD regulates water withdrawals for potable water providers such as the County. The County is subject to federal and state water treatment and wastewater disposal requirements which, among other things, limit raw water withdrawals, control contaminants in

finished water, limit discharges of pollutants into surface and ground waters, regulate the quality of effluent discharged from sewage treatment facilities, and limit the nature of waste materials discharged into the collection facilities. The County is also subject to federal, state and local waste disposal requirements, which control the means of disposal of solids generated by sewage treatment plants. There are no assurances that these agencies will not increase their present environmental or other regulatory standards. Environmental requirements in general are becoming more stringent and further or new requirements may substantially increase the cost of water or wastewater service by requiring changes in the design or operation of existing or new facilities. Future changes in policy could result in discontinued operation, reduced capacity of the System, additional operations or capital expenditures, or a reduction in the revenue received by the System. Further, while the County undertakes to operate the System in a professional manner and in compliance with all regulatory requirements, there is no assurance that the System facilities now or in the future will always be maintained in compliance with current or future regulatory requirements. Failure to comply with those requirements could result in enforcement action against those facilities not in compliance which, under Federal and Florida law, can include the imposition of civil and criminal penalties.

4. The State is naturally susceptible to the effects of extreme weather events and natural disasters including floods, droughts, and hurricanes, which could result in negative economic impacts on the County. Such effects can be exacerbated by change in climate. The occurrence of such extreme weather events could damage the local infrastructure that provides essential services to the County. The economic impacts resulting from such extreme weather events could include a loss of property values, a decline in revenue base, and escalated recovery costs. No assurance can be given as to whether future extreme weather events will occur that could materially impair the financial condition of the County. However, to mitigate against such impacts, the County, has implemented the following:

a. The County Emergency Management Division maintains a Comprehensive Emergency Management Plan ("CEMP") and coordinates training and role playing every year with other governments and many other agencies throughout the County. The work of the Emergency Management Division ensures that the County is prepared for and responds to any disaster quickly, allowing us to get back up to speed as soon as possible.

b. The General Fund budget maintains a fund balance that meets best practices and the recommendations of the national Government Finance Officers Association. Having this fund balance helps ensure that the County will have funds available to address temporary reductions in revenue and pay for repairs that stem from disasters. In addition, there are a number of other funds that have reserves the County can use temporarily to address costs from a disaster. These reserves would be reimbursed once the County received funding from the Federal Emergency Management Agency ("FEMA") and the State.

c. The County has a standing debris management plan and agreements with vendors to pick up and monitor debris removal. Having these standing agreements allows the County to get debris out of the way quickly so transportation impacts are minimized.

d. The County annually secures and maintains property insurance coverage, subject to applicable deductibles, coverage limits, and policy terms and conditions, to protect against catastrophic losses resulting from events such as hurricanes, floods, fires, and other natural disasters. Such coverage is intended to help mitigate the financial impacts associated with damage

to County-owned facilities and infrastructure and to support recovery and restoration efforts following a disaster.

On September 28, 2022, the County was impacted by Hurricane Ian. The County spent approximately \$31.0 million on debris removal and repairs. The County had sufficient disaster recovery and cleanup reserves to manage such costs and expects to recoup a majority of its costs through FEMA and State reimbursements. The County has received approximately \$19.5 million from the State and FEMA through September 2026, and expects to receive another \$10.7 million in fiscal years 2026 and 2027 for a total reimbursement of around \$30.2 million. There were no material impacts to the System as a result of Hurricane Ian.

On October 9, 2024, the County was impacted by Hurricane Milton. The County spent approximately \$28.5 million on debris removal and repairs. The County had sufficient disaster recovery and cleanup reserves to manage such costs and expects to recoup a majority of its costs through FEMA and State reimbursements. As of September 2026, the County received \$11.8 million in obligated funds from the State and FEMA reimbursements to recoup costs for disaster recovery. The County expects to receive the remainder in fiscal years 2027 and 2028. The System had approximately \$2 million in damages as a result of flooding and power outages caused by Hurricane Milton. The County had sufficient reserve to cover such expenses and has submitted for FEMA reimbursement for eligible expenditures.

5. The County, like many other governmental entities, relies on information technology systems and digital infrastructure to conduct its operations. As a result, the County may face cybersecurity threats, including hacking, viruses, malware, ransomware, phishing, and other attacks targeting its systems, networks, data, and other sensitive digital resources. The County mitigates cybersecurity risks through established policies and procedures, internal security controls, and biennial penetration testing conducted by independent auditors. The County also maintains an internal security team, led by an Information Security Officer, which includes multiple Security Analysts and an Identity Management Analyst. To date, the County has not experienced any breaches involving actionable information as a result of cyber-attacks. The County has implemented additional safeguards to protect against cybersecurity threats; however, there can be no assurance that any security measures, operational controls, or other safeguards implemented by the County will be completely successful in preventing or mitigating cyber threats or attacks. Any such attack could adversely impact County operations, information technology systems, digital networks, or data, and the costs associated with responding to, remediating, or recovering from such an incident could be significant. The County has taken certain financial measures to mitigate risk. The County also preemptively worked with vendors to have contracts in place to engage remediation teams in the event of a cybersecurity incident. In addition, the County has adopted and continues to maintain the cybersecurity standards and safeguards necessary to comply with Section 282.3135, Florida Statutes, which resulted from the passage of CS/HB 7055 during the 2022 Florida Legislative Session, including incident reporting requirements, cybersecurity training requirements, and the adoption of cybersecurity standards aligned with the National Institute of Standards and Technology ("NIST") Cybersecurity Framework. The County is in full compliance with these statutory requirements. This compliance was further confirmed through an Inspector General audit performed in March 2026, which found that the Act required Polk County's Information Technology Division to adopt cybersecurity standards aligned with NIST, and that through Board Resolution 2023-096, the Board officially adopted the NIST framework for the County's cybersecurity program and authorized the IT Director to take the actions necessary to bring the County into compliance and enforce cybersecurity standards across all divisions and operations under its authority.

The County Utilities Division also maintains supervisory control and data acquisition ("SCADA") systems and related operational technology used to monitor and control water and wastewater infrastructure. Cybersecurity controls for these systems are designed specifically for the operational technology environment and include network segmentation and access controls intended to limit connectivity between SCADA systems and general-purpose information technology networks, as well as controls governing remote and administrative access. County Utilities Division personnel also employ system monitoring, backup and recovery practices, controlled system changes and updates, and other security measures intended to maintain the availability and integrity of critical utility operations. SCADA cybersecurity practices are coordinated with the County's broader cybersecurity program and are periodically reviewed and updated in response to evolving threats, technology, and industry guidance.

Municipal water and wastewater systems are particularly vulnerable to cybersecurity threats, according to recent warnings from the Federal Bureau of Investigation and EPA.

6. The outbreak of the highly contagious COVID-19 pandemic in the United States in March 2020 generally had a disruptive financial impact on local, state and national economies around the country. COVID-19 was considered a Public Health Emergency of International Concern by the World Health Organization. This led to quarantine and other "social distancing" measures throughout the United States. These measures included recommendations and warnings to limit non-essential travel and promote telecommuting. There can be no guarantee that State could experience future Public Health Emergency which could result in shut downs or closures similar to those implemented in 2020 and may impact State and local government finances.

7. The United States is experiencing higher levels of inflation which is having an impact on the cost of goods, including construction materials and products needed by the County and System. The County may encounter adverse effects resulting from supply chain issues, specifically related to the delivery of goods and construction materials. Deliveries may be delayed, which has the potential to impact the completion of projects. As a result, the County and System may experience delays and increased costs that might be incurred as a result of supply chain issues. Therefore, for new projects that have not yet started, the County and System is taking these factors into account in budgeting and scheduling. It is possible that the United States, including the State, may continue to experience supply chain issues and inflation which will impact State and local government finances.

8. There can be no assurance that State or federal legislation, regulations, or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the County's and System's finances.

INVESTMENT POLICY

Pursuant to Sections 125.31 and 218.415, Florida Statutes, as amended, the Board established an investment policy applicable to all financial assets of the County which are under the direct control of the Clerk of the Circuit Court and County Comptroller; provided, however, such investment policy does not apply to financial assets under the direct control of other constitutional officers of the County, or to bond proceeds of the County, including proceeds of the Series 2026 Bonds.

Pursuant to such investment policy, the County is required to limit investments to:

- Negotiable direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, and which carry the full faith and credit of, the United States Government and its agencies. Investments in this category would include but not be limited to the following: United States Treasury Bills, Notes, Strips and Bonds, and securities issued by the Government National Mortgage Association ("Ginnie Mae"), Federal Financing Bank (FFB) and Federal Housing Administration ("FHA").
- Fully collateralized United States Agency obligations otherwise known as Government Sponsored Enterprises ("GSEs") which carry an implied guarantee and the implied full faith and credit of the United States Government. Investments in this category would include but not be limited to the following: obligations of the Federal Farm Credit Bank ("FFCB"), Federal Home Loan Bank ("FHLB"), Federal Home Loan Mortgage Corporation ("FHLMC"), Tennessee Valley Authority ("TVA"), Financial Assistance Corporation and Federal Agriculture Mortgage Corporation ("Farmer Mac") and the Federal National Mortgage Association ("FNMA").
- Permitted investments in the above listed agencies and instrumentalities shall include bonds, debentures, notes or other evidence of indebtedness issued including mortgage pass-throughs, collateralized mortgage obligations, adjustable rate securities (such as step-ups and floating rate notes) and adjustable rate mortgages ("ARMs").
- Banker's Acceptances which are issued by a domestic bank which has the top ten rating of at least "Prime-1" and "A" by Moody's Investors Service and "A-1" and "A" by Standard & Poor's Corporation.
- Commercial Paper rated, at the time of purchase of at least, "Prime-2" by Moody's and "A-2" by Standard & Poor's.
- Interest bearing savings accounts, money market accounts, certificates of deposit, money market certificates or time deposits constituting direct obligations of any bank or savings and loan association certified as a Qualified Public Depository by the State or Federal Deposit Insurance Corporation.
- Repurchase Agreements collateralized by securities otherwise authorized in paragraphs A. to E.
- State Local Government Surplus Funds Trust Fund (also known as FL Prime or SBA) or any stable net asset value (NAV) Intergovernmental investment pools authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01.
- Florida Local Government Investment Trust (FL Trust or FLGIT).
- Bonds, notes or instruments backed by the full faith and credit of the government of Israel.
- Municipal Debt General Obligation (GO) Securities and -Essential Service Revenue Securities (i.e. water, sewer, gas and power systems) issued by a municipality within the United States, provided that such instrument is rated "A- or equivalent" or better by at least one Nationally Recognized Statistical Rating Organization (NRSRO) at time of purchase.

- Corporate Debt Securities issued by any corporation within the United States, provided that such instrument is rated "BBB- or equivalent" or better by at least two Nationally Recognized Statistical Rating Organizations (NRSRO's) at time of purchase. Investment in convertible securities is prohibited.
- Securities and Exchange Commission (SEC) registered Money Market Funds with the highest credit rating (AAAm or equivalent) by either major Nationally Recognized Statistical Rating Organization (NRSRO) and a weighted average maturity (WAM) of assets in the fund shall be sixty (60) days or less.
- Asset Backed Securities (ABS) limited to traditional consumer receivables, such as, auto, equipment or credit card receivables provided that such instrument is rated A-1/P-1 or equivalent if the final maturity is 13 months or less and AAA or equivalent for longer maturities by at least two Nationally Recognized Statistical Rating Organizations (NRSRO's) at time of purchase.
- Supranational Securities U.S. dollar denominated debt obligations of a multilateral organization of governments rated AAA or equivalent by at least two Nationally Recognized Statistical Rating Organizations (NRSRO's) at time of purchase.

Generally, no more than 10% of the County's investment portfolio will be invested in amortizing securities that have a weighted average life exceeding five and one-half years.

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

For more information about the County's pooled cash and investments, see "APPENDIX C – Annual Comprehensive Financial Report of Polk County for Fiscal Year Ended September 30, 2025" attached hereto.

LEGAL MATTERS

Certain legal matters incident to the validity of the Series 2026 Bonds are subject to the approval of Holland & Knight LLP, Bond Counsel, Lakeland, Florida. The proposed text of the approving opinion is set forth in "APPENDIX D – Form of Bond Counsel Opinion" attached hereto. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of such opinions by recirculation of the Official Statement or otherwise shall create no implication that subsequent to the date of the opinion Bond Counsel has reviewed or expresses any opinions concerning any of the matters referenced in the opinion.

Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances, including changes in law that may thereafter occur or become effective.

The legal opinions to be delivered concurrently with the delivery of the Series 2026 Bonds express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion

is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Holland & Knight LLP has not undertaken independently to verify and therefore expresses no opinion as to the completeness, fairness, or sufficiency of any of the information or statements contained in this Official Statement or any exhibits, schedules or attachments hereto except as to the accuracy of the information in the portions hereof captioned "DESCRIPTION OF THE SERIES 2026 BONDS" (except for the information under the heading "Book-Entry Only System"), "SECURITY FOR THE BONDS" and "FLOW OF FUNDS" (apart from any engineering, financial and statistical data as to which no opinions or belief needs to be expressed) to the extent such portions purport to summarize certain provisions of the Resolution and the Series 2026 Bonds, and except as to the accuracy of the information under the caption "TAX MATTERS" herein.

Certain legal matters will be passed upon for the County by Randy Mink, Esq., County Attorney, and by Bryant Miller Olive P.A., Tampa, Florida, Disclosure Counsel to the County and for the Underwriters by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, counsel to the Underwriters.

LITIGATION

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2026 Bonds or the pledge of the Gross Revenues or the Connection Charges or questioning or affecting the validity of the Series 2026 Bonds or the pledge of the Gross Revenues and the Connection Charges that are pledged or the proceedings under which the Series 2026 Bonds are being issued. Neither the creation, organization or existence, nor the title of the present members of the Board or other officers of the County to their respective offices, is being contested.

The County experiences routine litigation and claims incidental to the conduct of its affairs. The County Attorney believes that no case, either pending or threatened against the County, will materially adversely affect the ability of the County to meet its obligations to pay the Series 2026 Bonds, or will materially adversely affect the operations or financial condition of the System or the County.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

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

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

TAX MATTERS

General

In the opinion of Bond Counsel, under existing law, interest on the Series 2026 Bonds is excludable from gross income for federal income tax purposes. Further, Bond Counsel has expressed no opinion regarding the state tax consequences that may arise with respect to the Series 2026 Bonds.

The Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Series 2026 Bonds in order for the interest thereon to be and remain excludable from gross income for federal income tax purposes. Examples include: the requirement that, unless an exception applies, the County rebates certain excess earnings on proceeds and amounts treated as proceeds of the Series 2026 Bonds to the United States Treasury Department; restrictions on the investment of such proceeds and other amounts; and certain restrictions on the ownership and use of the facilities financed or refinanced with the proceeds of the Series 2026 Bonds. The foregoing is not intended to be an exhaustive listing of the post-issuance tax compliance requirements of the Code but is illustrative of the requirements that must be satisfied subsequent to the issuance of the Series 2026 Bonds to maintain the exclusion of interest on the Series 2026 Bonds from gross income for federal income tax purposes. Failure to comply with such requirements may cause the inclusion of interest on the Series 2026 Bonds in the gross income of the holders thereof for federal income tax purposes, retroactive to the date of issuance of the Series 2026 Bonds. The County has covenanted to comply with each such requirement of the Code that must be satisfied subsequent to the issuance of the Series 2026 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The opinion of Bond Counsel is subject to the condition that the County complies with all such requirements. Bond Counsel has not been retained to monitor compliance with the described post-issuance tax requirements subsequent to the issuance of the Series 2026 Bonds.

Bond Counsel gives no assurance that any future legislation or clarifications or amendments to the Code, if enacted into law or otherwise become effective, will not cause the interest on the Series 2026 Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent the Bondholders from realizing the full current benefit of the tax status of the interest on the Series 2026 Bonds. During recent years, legislative proposals have been introduced in Congress, and in some cases have been enacted, that have altered or could alter certain federal tax consequences of owning obligations similar to the Series 2026 Bonds. In some cases, these proposals have contained provisions that were to be applied on a retroactive basis. It is possible that legislation could be introduced that, if enacted, could change the federal tax consequences of owning the Series 2026 Bonds and, whether or not enacted, could adversely affect their market value. Prospective purchasers of the Series 2026 Bonds are encouraged to consult their own tax advisors regarding any pending or proposed federal legislation, as to which Bond Counsel expresses no view.

As to certain questions of fact material to the opinion of Bond Counsel, Bond Counsel will rely upon representations and covenants made on behalf of the County and certificates of appropriate officers and public officials (including certifications as to the use of proceeds of the Series 2026 Bonds and of the property financed or refinanced thereby).

Reference is made to the proposed form of the opinion of Bond Counsel attached hereto as "APPENDIX D – Form of Bond Counsel Opinion" for the complete text thereof. See also "LEGAL MATTERS" herein.

Alternative Minimum Tax

An alternative minimum tax is imposed by Section 55 of the Code on individuals and certain corporations. Interest on the Series 2026 Bonds will not be treated as an item of tax preference under Section 57 of the Code for purposes of the alternative minimum tax imposed on individuals under the Code; therefore, interest on the Series 2026 Bonds will not be included in the "alternative minimum taxable income" of individuals for purposes of such alternative minimum tax. Interest on the Series 2026 Bonds is included in the "adjusted financial statement income" (as defined in Section 56A of the Code) of certain corporations that are subject to the alternative minimum tax under section 55 of the Code.

Original Issue Premium

The Series 2026 Bonds maturing on October 1 in the years 20__ through 20__ inclusive (the "Premium Bonds"), have been sold to the public at an original issue premium. Section 171(a) of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a Premium Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(a)(2) of the Code. Proceeds received from the sale, exchange, redemption, if applicable, or payment of a Premium Bond in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such Premium Bond and not as interest.

The federal income tax treatment of original issue premium under the Code, including the determination of the amount of amortizable bond premium that is allocable to each year, is complicated and holders of Premium Bonds should consult their own tax advisors in order to determine the federal income tax consequences to them of purchasing, holding, selling or surrendering Premium Bonds at their maturity.

Reference is made to the proposed form of the opinion of Bond Counsel attached hereto as "APPENDIX D – Form of Bond Counsel Opinion" for the complete text thereof.

Original Issue Discount

The Series 2026 Bonds maturing on October 1 in the years 20__ through 20__ inclusive (collectively, the "Discount Bonds"), were sold to the public at an original issue discount. Generally, the original issue discount is the excess of the stated redemption price at maturity of such a Discount Bond, if applicable over the initial offering price to the public (excluding underwriters and related parties thereto)

at which price a substantial amount of that maturity of the Discount Bonds was sold. Under existing law, an appropriate portion of any original issue discount, depending in part on the period a Discount Bond is held by the purchaser thereof, will be treated for federal income tax purposes as interest that is excludable from gross income rather than as taxable gain. Original issue discount will be treated in the same manner as interest on the Series 2026 Bonds for purposes of the federal alternative minimum tax.

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compounded basis. The amount of original issue discount that accrues to an owner of a Discount Bond, who acquires the Discount Bond in this initial offering, during any accrual period generally equals (i) the issue price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Discount Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the owner's tax basis in such Discount Bond. Proceeds received from the sale, exchange, redemption, if applicable, or payment of a Discount Bond in excess of the owner's adjusted basis (as increased by the amount of original issue discount that has accrued and has been treated as tax-exempt interest in such owner's hands), will be treated as a gain from the sale or exchange of such Discount Bond and not as interest.

The federal income tax consequences from the purchase, ownership and redemption, if applicable, sale or other disposition of Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. Owners of Discount Bonds should consult their own tax advisors with respect to the consequences of owning Discount Bonds, including the effect of such ownership under applicable state and local laws.

Reference is hereby made to the proposed form of the opinion of Bond Counsel attached hereto as "APPENDIX D – Form of Bond Counsel Opinion".

Other Tax Consequences

Prospective purchasers of the Series 2026 Bonds should be aware that ownership of the Series 2026 Bonds may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S Corporations with "excess net passive income" and foreign corporations subject to the branch profits tax, individuals entitled to receive the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2026 Bonds. Prospective purchasers of the Series 2026 Bonds should also be aware that ownership of the Series 2026 Bonds may result in adverse tax consequences under the laws of various states. Bond Counsel has not expressed an opinion regarding the collateral federal income tax consequences that may arise with respect to the Series 2026 Bonds. Further, Bond Counsel has expressed no opinion regarding the state tax consequences that may arise with respect to the Series 2026 Bonds. Prospective purchasers of the Series 2026 Bonds should consult their tax advisors as to the collateral federal income tax and state tax consequences to them of owning the Series 2026 Bonds.

The federal income tax consequences from the purchase, ownership and redemption, if applicable, sale or other disposition of Series 2026 Bonds which are not purchased in the initial offering at the initial

offering price may be determined according to rules which differ from those described above. Holders of Series 2026 Bonds, should consult their own tax advisors with respect to the consequences of owning Series 2026 Bonds, including the effect of such ownership under applicable state and local laws.

Information Reporting and Backup Withholding

Interest paid on tax-exempt bonds, such as the Series 2026 Bonds, is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Series 2026 Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Series 2026 Bonds, under certain circumstances, will be subject to "backup withholding" with respect to payments on the Series 2026 Bonds and proceeds from the sale of Series 2026 Bonds. Any amounts so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2026 Bonds. This withholding generally applies if the owner of Series 2026 Bonds (i) fails to furnish the Paying Agent (or other person who would otherwise be required to withhold tax from such payments) such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnishes the Paying Agent (or other person who would otherwise be required to withhold tax from such payments) an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the Paying Agent (or other person who would otherwise be required to withhold tax from such payments) or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2026 Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding and the procedures for obtaining exemptions.

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

Reference is made to the proposed form of the opinion of Bond Counsel attached hereto as "APPENDIX D – Form of Bond Counsel Opinion" for the complete text thereof. See also "LEGAL MATTERS" herein.

RATINGS

S&P and Fitch Ratings, Inc. have assigned ratings of "AA+" (stable outlook) and "AA+" (stable outlook), respectively, to the Series 2026 Bonds. The ratings reflect only the views of said rating agencies and an explanation of the ratings may be obtained only from said rating agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be lowered or withdrawn entirely by the rating agencies, or any of them, if in their judgment, circumstances so warrant. A downward change in or withdrawal of any of such ratings may have an adverse effect on the market price of the Series 2026 Bonds. An explanation of the significance of the ratings can be received from the rating agencies, at the following addresses: S&P Global Ratings, 55 Water Street, 38th Floor, New York, New York 10041 and Fitch Ratings, Inc., One State Street Plaza, New York, New York 10004.

MUNICIPAL ADVISOR

The County has retained PFM Financial Advisors LLC, Orlando, Florida, as Municipal Advisor in connection with the County's financing plans and with respect to the authorization and issuance of the Series 2026 Bonds. The Municipal Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. The Municipal Advisor did not participate in the underwriting of the Series 2026 Bonds.

AUDITED FINANCIAL STATEMENTS

The basic financial statements of the County for the Fiscal Year ended September 30, 2025, included in APPENDIX C attached hereto, have been audited by CliftonLarsonAllen LLP, independent auditors, as stated in their report (the "Audit Report") appearing therein. The consent of the County's auditor to include in this Official Statement the Audit report was not requested, and the audited financial statements are included as a public record and are presented for general information purposes only. The auditor was not requested nor did they perform any procedures with respect to the preparation of this Official Statement or the information presented herein.

The Series 2026 Bonds are payable solely from the Gross Revenues and Connection Charges and certain other funds and investment earnings as described in the Resolution and the Series 2026 Bonds are not otherwise secured by, or payable from, the general revenues of the County. The financial statements are presented for general information purposes only.

UNDERWRITING

BofA Securities, Inc., acting on behalf of itself and Raymond James & Associates, Inc. (collectively, the "Underwriters"), have agreed to purchase the Series 2026 Bonds at an aggregate purchase price of \$_____ (equal to the par amount of the Bonds of \$_____ [plus/minus] a[n] [net] original issue [premium/discount] of \$_____ and less an Underwriters' discount of \$_____). The Underwriters' obligations are subject to certain conditions precedent described in a contract of purchase with the County, and they will be obligated to purchase all of the Series 2026 Bonds if any Series 2026 Bonds are purchased. The Series 2026 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2026 Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

BofA Securities, Inc. ("BofA Securities"), as an underwriter of the Series 2026 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2026 Bonds.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their respective affiliates may have certain creditor and/or other rights against the County and its

affiliates in connection with such activities. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the County (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the County. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

A familial relationship exists between a professional of BofA Securities, Inc. and a professional of Bryant Miller Olive P.A. and both firms are participants in this transaction. Bryant Miller Olive has provided the following sentence for inclusion in this section. Such Bryant Miller Olive P.A. professional did not directly or indirectly participate in the underwriting selection process conducted by the County.

EXPERTS AND CONSULTANTS

The references herein to Raftelis Financial Consultants, Inc., Maitland, Florida, as Financial Feasibility Consultant, have been approved by said firm. The Feasibility Report of the Financial Feasibility Consultant has been included as "APPENDIX F – Financial Feasibility Report" attached to this Official Statement. References to and excerpts herein from such Report do not purport to be an adequate summary of such Report or complete in all respects. The Feasibility Report is an integral part of this Official Statement and should be read in its entirety for complete information with respect to the subjects discussed therein.

CONTINGENT FEES

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

ENFORCEABILITY OF REMEDIES

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

CONTINUING DISCLOSURE

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

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

With respect to the Series 2026 Bonds, no party other than the County is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the Rule. In the past five years, the County has had one late filing of their annual financial information and operating data and the audited financial statements for the Fiscal Year ended September 30, 2021, as a result of delays, in part, due to the implementation of a new financial accounting system. The County provided a timely notice of failure to timely file annual financial information and thereafter filed the annual financial information and operating data and the audited financial statements as soon as they became available. Other than what is described above, the County has not failed to comply in any material respect in the past five years with any prior agreements to provide continuing disclosure information pursuant to the Rule.

ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT

The references, excerpts, and summaries of all documents, statutes, and information concerning the County and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the Series 2026 Bonds, the security for the payment of the Series 2026 Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument.

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

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

AUTHORIZATION OF OFFICIAL STATEMENT

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

BOARD OF COUNTY COMMISSIONERS
POLK COUNTY, FLORIDA

By: _____
Chairman

By: _____
Clerk of the Circuit Court and
County Comptroller

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APPENDIX A

GENERAL INFORMATION REGARDING POLK COUNTY, FLORIDA

County Government

Polk County, Florida (the "County"), is a political subdivision of the State of Florida (the "State") governed by the State Constitution and general laws of the State. The County was incorporated in 1861. On November 3, 1998, the residents of Polk County adopted a home rule charter in accordance with the Constitution and Statutes of the State. The home rule charter assumed all powers and duties on the first day of January 1999. The home rule charter sets forth a commission form of government under which a five-member Board of County Commissioners of the County (the "Board") is elected to serve as the executive and legislative body for the County. The current members of the Board and their terms of office are:

<u>Commissioner</u>	<u>Office</u>	<u>Expiration of Current Term of Office</u>	<u>Longevity on the Board</u>
Martha Santiago, Ed. D.	Chairman	November, 2026	November, 2018
Bill Braswell	Vice Chairman	November, 2028	November, 2016
Michael Scott	Commissioner	November, 2028	November, 2024
Becky Troutman	Commissioner	November, 2028	November, 2024
Rick Wilson	Commissioner	November, 2030	November, 2018

The County Manager

The Board appoints a County Manager whose duties include the administration of directives and policies of the Board, responsibility for the operation of all business centers and the provision of services under the purview of the Board. The residents of the County also elect a Sheriff, a Clerk of the Circuit Court and County Comptroller, a Supervisor of Elections, a Tax Collector, and a Property Appraiser whose responsibilities and duties are not altered by this Home Rule Charter. The Constitutional Officers perform their executive and administrative functions as specified by law.

Budget Process

Formal budgetary integration is employed as a management control device during the year for all fund types. The Constitutional Officers submit, at various times, to the Board and to certain divisions within the Florida Department of Revenue, a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them as set forth in Chapter 129 of the Florida Statutes.

Constitutional Officers and all divisions of the Board submit their proposed budgets to the Budget and Management Services Division for assistance, review, and compilation. The County Manager then reviews the budgets of all County divisions and Constitutional Officers and makes his budget recommendation to the Board in July of each year. The tentative budget includes proposed appropriations and the means of financing them.

During September, public hearings are held pursuant to Section 200.065, Florida Statutes, for the Board to receive public input on the tentative budget. At the end of the last public hearing, the Board adopts resolutions at the fund level to approve the budgets for all governmental fund types. The budgets legally

adopted by the Board set forth the anticipated revenues by source and the appropriations by function. Computerized integrated budget reports are used for management control purposes throughout the year. Management is authorized to transfer budgeted amounts between cost centers and divisions in any fund if the total appropriations of a fund are not exceeded. The Board's approval is required to appropriate reserves and to amend the budget when unanticipated revenues are received that management wishes to have appropriated, thereby increasing the total appropriations of a fund. The appropriations lapse at the close of the fiscal year.

Long-Term Financial Planning

The County is focused on strategic, long-term decision making, is committed to fiscal responsibility, and has developed a strategic business plan that will provide the framework to guide the County accordingly. The strategic plan focuses on several key business units that required policy decisions on significant funding and service level issues that are anticipated to occur in the next five years. The work on this plan will help direct the budget process in future years. The County prepares a biennial budget and five-year projections to enhance long-term financial planning.

Annual Financial Audit

Chapter 218.39, Florida Statutes requires an annual financial audit of counties in the state. In addition to meeting the requirements set forth in the state statutes, the County's audit was designed to meet the requirements of the Government Auditing Standards, 2 CFR 200 – Federal Uniform Grant Guidance (single audit), and the Rules of the Auditor General Chapter 10.550.

The County's financial statements have been audited by CliftonLarsonAllen, LLP. The audit was performed to provide reasonable assurance that the financial statements for the fiscal year ended September 30, 2025, are free from material misstatement. The independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended September 30, 2025, are fairly presented in conformity with generally accepted accounting principles (GAAP). The audited financial statements of the County for the Fiscal Year ending September 30, 2025, and the report thereon of the independent certified public accountants are included in APPENDIX C attached to the Official Statement.

Location

The County is the geographical center of the State. With over 2,000 square miles of land and water, the County is the fourth largest county in the State and the ninth most populous county. In the 10 years between the 2010 and 2020 censuses, the County's population increased by over 122,000. The County is comprised of 17 municipalities, of which the cities of Lakeland, Winter Haven, Haines City, and Bartow are the largest. The County has numerous institutions of higher education including technical schools, community colleges, and public and private universities. Each of these institutions contribute to the development of a robust talent pipeline.

Major attractions, such as LEGOLAND Florida, Streamsong Resort, Bok Tower Gardens, Safari Wilderness, and the County's proximity to other Central Florida attractions, such as Walt Disney World, have played a major role in increasing the County's visibility and appeal. Attracting leisure travelers is the County's number one priority, followed closely by driving demand from the state's number two industry, sports. Recruiting and hosting sporting events has proven to be a powerful recession-resistant economic

engine for the area. The County is the headquarters for the Detroit Tigers Spring Training, the Lakeland Flying Tigers, two professional soccer teams, the annual Sun 'n Fun International Fly-In and Expo – State's largest aircraft convention, and the Miss Florida Pageant. The County also has the second-largest water area for a non-coastal county in the State with 213 miles of lakes, rivers, and streams and is known worldwide as the "Water Ski Capital of the World." Additionally, the County's natural resources and abundant wildlife are second to none, particularly at locations such as the Circle B Bar Reserve and the delicate ecosystems on the Lake Wales Ridge.

Climate

The County has an excellent year-round climate. Winters are warm and summers are partially cooled by breezes fanned by 554 lakes, the headwaters of six rivers and the nearby Gulf of America. The high temperature in July is 92 degrees and the low temperature in January is 49 degrees. The range between high and low temperatures averages about 19.5 degrees in the summer and 22.9 degrees in the winter. The annual average precipitation is 52 inches. The sun shines an average of 239 days throughout the year. Prevailing winds are northerly in fall and winter, easterly in spring and summer.

Population

According to the University of Florida, Bureau of Economic and Business Research, the estimated population of Lakeland, the largest city in the County, was 124,725 as of April 1, 2025. According to the University of Florida, Bureau of Economic and Business Research, the estimated population of the County was 846,896 as of April 1, 2025. The County has been designated a Metropolitan Statistical Area ("MSA") by the United States Bureau of Census and is known as the Lakeland/Winter Haven MSA.

Education

The County also has numerous institutions of higher education including technical schools, community colleges, and public and private universities. One of these, Florida Polytechnic University, which opened in August 2014, is Florida's only public university dedicated to science, technology, engineering and mathematics (STEM) and is one of the largest development projects in the County's history. In addition to being a new top engineering school, Florida Polytechnic University is also known for its Santiago Calatrava designed architecture. Florida Southern College, Warner University, Webber International University, Polk State College, Southeastern University, Webster University, Saint Leo University, Polk State College, Keiser University, Everest University, Fortis Institute, Florida Technical College, Traviss Technical College and Ridge Technical College offer higher education courses in the County. In addition, there are over 100,000 students enrolled in public schools.

Florida Constitutional Limitations and Property Tax Reform

General. State law provides for numerous exemptions and limitations on ad valorem taxation of real property and tangible personal property. Real property used for the following purposes is generally exempt from ad valorem taxation: religious, educational, literary, charitable, scientific, and governmental uses. Certain additional exemptions and limitations are described below. This description does not purport to describe all exemptions available to property owners in the State, and reference is made to the State Constitution and Chapter 196, Florida Statutes, for a full description of such exemptions. In addition, State law allows for, but does not mandate, the imposition of some exemptions by local governments by ordinance. Where applicable, it is noted where the County has imposed such optional exemptions or

limitations. Certain recent amendments to existing provisions relating to ad valorem tax exemptions are described under "*Constitutional Exemptions. - Recent Constitutional Amendments.*" below.

Constitutional Exemptions.

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

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

Economic Development. The State Constitution provides that any county or municipality may, for the purpose of its respective tax levy and subject to the State Constitution and general law, grant community and economic development ad valorem tax exemptions to new businesses and expansions of existing businesses, as defined by general law. Such an exemption may be granted only by ordinance of the county or municipality, and only after the electors of the county or municipality voting on such question in a referendum authorize the county or municipality to adopt such ordinance. An exemption so granted shall apply to improvements to real property made by or for the use of a new business and improvements to real property related to the expansion of an existing business and shall also apply to tangible personal property of such new business and tangible personal property related to the expansion of an existing business. The amount or limits of the amount of such exemption shall be specified by general law (up to 100% in certain circumstances) and the period of time for which such exemption may be granted to a new business or expansion of an existing business shall be determined by general law. State law provides that the authority to grant such exemption shall expire ten years from the date of approval by the electors of the county or municipality, and may be renewable by referendum as provided by general law and that exemptions may be granted for up to 10 or 20 years depending on the use of the applicable facility. The County has enacted a general ordinance granting the exemption described in this paragraph.

Historic Preservation. The State Constitution provides that any county or municipality may, for the purpose of its respective tax levy and subject to the provisions of the State Constitution and general law, grant historic preservation ad valorem tax exemptions to owners of historic properties. This exemption may be granted only by ordinance of the county or municipality. The amount or limits of the amount of this exemption and the requirements for eligible properties must be specified by general law. State law provides that such exemption may be for an amount up to 50% of the assessed value of the property. The period of time for which this exemption may be granted may continue until the ordinance is repealed or

the property no longer qualifies for the exemption. The County has not enacted an ordinance granting the exemption described in this paragraph.

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

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

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

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

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

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

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

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

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

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

Property Tax Relief for Natural Disasters. In light of the certain natural disasters, the state legislature created a property tax relief credit for homestead parcels. Section 197.319 Florida Statutes provides for property tax relief for homestead parcels on which residential improvements are damaged or destroyed by a catastrophic event, including hurricanes. If a residential improvement is rendered uninhabitable for at least 30 days, the property owner may be eligible for a partial refund of ad valorem taxes for the applicable tax year.

Affordable Housing. The State has several statutes providing for property tax exemptions related to affordable and workforce housing including, but not limited to, Sections 196.1978, 196.19781, and

196.19782, Florida Statutes. In accordance with Section 196.1978(3)(o), the County has not enacted an ordinance to opt-out of providing the property tax exemption for multifamily projects that are used to house natural persons or families whose annual household income is greater than 80% but not more than 120% of the median annual adjusted gross income for households within the metropolitan statistical area or, if not within a metropolitan statistical area, within the county in which the person or family resides.

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

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

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

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

During the November 2024 general election, voters approved State House Joint Resolution 7017, Amendment 5, authorizing an amendment to Article VII, Section 6(a) of the State Constitution regarding the existing \$25,000 homestead property tax exemption on property with an assessed valuation greater than \$50,000 that is applicable to all ad valorem taxes except school district taxes. The amendment requires the homestead exemption to be adjusted annually for positive inflation growth. The State legislature passed and

the Governor approved State House Bill 7019 during the 2024 legislative session which amended Section 196.031, Florida Statutes, to implement the annual positive inflation adjustment. The inflation adjustment began January 1, 2025. State House Bill 7019 also created Section 218.136, Florida Statutes, requiring the State legislature to appropriate funds to offset reductions in ad valorem revenue in fiscally constrained counties as a result of the annual positive inflation adjustment. The bill provides emergency rulemaking authority to the Department of Revenue to administer the provisions of the act.

During the 2025 State legislative session, the State legislature passed Committee Substitute for House Joint Resolution 1215 ("CS/HJR 1215") which would create a property tax exemption for certain agricultural tangible personal property from ad valorem taxation. CS/HJR 1215 is not subject to the Governor's veto power but is subject to approval by 60 percent of voters during the 2026 general election, if passed the bill will take effect on January 1, 2027. The State legislature also passed House Bill 7031 which includes new or expanded exemptions for affordable housing which will apply to the 2026 tax rolls.

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

To address property tax reform with the goal of placing a property tax reform amendment on the upcoming November 2026 ballot, the Governor of the State issued a proclamation calling a special legislative session that began on Monday, June 1, 2026. Senate Joint Resolution 2-F was filed on May 28, 2026, as amended, and proposed amendments to the State Constitution to, among other things, revise the limitation on annual assessment increases from 10% to 5% for specified real property, increase the homestead exemption for non-school ad valorem taxes to the first \$150,000 of assessed value of homestead properties in 2027 and to the first \$250,000 of assessed value of homestead properties in 2028, with a mandate for the Florida Legislature to create a schedule for full elimination of ad valorem taxes, and impose other limitations on the use of ad valorem taxes levied by counties and municipalities. House Joint Resolution 1F, as amended, an identical bill to Senate Joint Resolution 2-F, was subsequently passed the State House and State Senate, placing such amendments on the November 2026 ballot. For such amendments to become effective, they require approval by at least 60% of voters in the statewide November general election. If approved, the reduction in the ad valorem tax base and the restriction of the use of ad valorem taxes would increase the amount of non-ad valorem revenues needed to fund essential governmental functions, other operations, and debt service, which could materially and adversely affect local government finances. There can be no assurance that the statewide referendum will pass.

Florida Retirement System

Background

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

Florida Retirement System Pension Plan

Plan Description

The Florida Retirement System Pension Plan ("FRS Plan") is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS 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 FRS 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. Employees enrolled in the FRS Plan may include up to four years of credit for military service toward creditable service. The FRS 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 FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not

to exceed 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 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 FRS 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 member's five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the member's eight highest fiscal years' 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. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

<u>Class, Initial Enrollment, and Retirement Age/Years of Service:</u>	<u>% Value</u>
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement up to age 63 or up to 31 years of service	1.63
Retirement up to age 64 or up to 32 years of service	1.65
Retirement up to age 65 or up to 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 up to age 66 or up to 34 years of service	1.63
Retirement up to age 67 or up to 35 years of service	1.65
Retirement up to age 68 or up to 36 years of service	1.68
Elected County Officers	3.00
Senior Management Service Class	2.00
Special Risk Regular	
Service from December 1, 1970 through September 30, 1974	2.00
Service On and After October 1, 1974	3.00

Source: Annual Comprehensive Financial Report of Polk County, Florida for the Fiscal Year ended September 30, 2025.

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%. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions

The State Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The employer contribution rates by job class for the periods from October 1, 2024, through June 30, 2025, and from July 1, 2025, through September 30, 2025, respectively, were as follows: Regular employees 13.63% and 14.03%; Special Risk employees 32.79% and 35.19%; County Elected Officials 58.68% and 54.57%; Senior Management Services 34.52% and 33.24%; and DROP participants 21.13% and 22.02%. The County's contributions to the FRS Plan were \$62,909,340 for the year ended September 30, 2025.

Pension Costs

At September 30, 2025, the County reported a liability of \$315,424,620 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The County's proportion of the net pension liability was based on the County's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2024, through June 30, 2025, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2025, the County's proportion was 1.016347081%, which was an increase of 0.008272142% from its proportion measured as of June 30, 2024.

For the year ended September 30, 2025, the County recognized pension expense of \$34,702,081 for its proportionate share of the FRS Plan's pension expense. In addition, the County reported its proportionate share of the FRS Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$33,690,676	\$-
Changes in Actuarial Assumptions	36,628,996	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	52,663,329
Changes in Proportion and Differences Between the County's Contributions and Proportionate Share of Contributions	20,016,305	5,967,313
County's Contributions Subsequent to the Measurement Date	<u>15,904,743</u>	<u>-</u>
Total	<u>\$106,240,720</u>	<u>\$58,630,642</u>

Source: Annual Comprehensive Financial Report of Polk County, Florida for the Fiscal Year ended September 30, 2025.

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An amount of \$15,904,743 reported as deferred outflows of resources related to pensions resulting from County contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ended September 30	Amount
2026	\$53,342,128
2027	(3,925,040)
2028	(8,607,464)
2029	<u>(9,104,289)</u>
Total	<u>\$31,705,335</u>

Source: Annual Comprehensive Financial Report of Polk County, Florida for the Fiscal Year ended September 30, 2025.

Actuarial Assumptions

The total pension liability in the July 1, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40% per year
Salary Increases	3.25% average, including inflation
Discount Rate	6.70%, net of pension plan expense

Mortality rates were based on the PUB-2010 base table which varies by member category and sex, projected generationally with Scale MP-2021. The actuarial assumptions used in the July 1, 2025, valuation for the June 30, 2025, measurement date were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023.

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

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The target allocation, as outlined in the FRS Plan's investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.2%	3.2%	1.1%
Fixed Income	29.0	5.5	5.4	4.0
Global Equity	45.0	8.5	6.9	18.3
Real Estate (Property)	12.0	8.4	7.1	16.8
Private Equity	11.0	12.4	8.8	28.4
Strategic Investments	2.0	6.5	6.1	8.7
Totals	<u>100.0%</u>			
Assumed Inflation - Mean			2.4%	1.5%

Source: Annual Comprehensive Financial Report of Polk County, Florida for the Fiscal Year ended September 30, 2025.

Discount Rate

The discount rate used to measure the total pension liability was 6.70% for the FRS Plan, which was no change from the rate as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability for the FRS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase
FRS Plan Discount Rate	5.70%	6.70%	7.70%
County's Proportionate Share of the FRS Plan Net Pension Liability	\$619,016,011	\$315,424,620	\$60,898,046

Source: Annual Comprehensive Financial Report of Polk County, Florida for the Fiscal Year ended September 30, 2025.

Pension Plan Fiduciary Net Position

Detailed information about the FRS Plan's fiduciary's net position is available in a separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report. That report may be obtained through the Florida Department of Management Services website (www.dms.myflorida.com).

Retiree Health Insurance Subsidy Program

Plan Description

The Retiree Health Insurance Subsidy Program ("HIS Plan") is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the State Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

Eligible retirees and beneficiaries received a monthly Health Insurance Subsidy ("HIS") payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a 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 State Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2025, the contribution rate was 2.00% 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 full subsidy benefits to all participants, benefits may be reduced or canceled. The County's contributions to the HIS Plan were \$6,676,542 for the year ended September 30, 2025.

Pension Costs

At September 30, 2025, the County reported a liability of \$93,719,990 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024, and update procedures were used to determine liabilities as of July 1, 2025. The County's proportion of the net pension liability was based on the County's contributions received during the measurement period for employer payroll paid dates from July 1, 2024, through June 30, 2025, relative to the total employer contributions received from all participating employers. At June 30, 2025, the County's proportion was 0.731190937%, which is an increase of 0.012392345% from its proportion measured as of June 30, 2024.

For the year ended September 30, 2025, the County recognized pension expense of \$3,370,016 for its proportionate share of HIS's pension expense. In addition, the County reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$559,446	\$148,668
Changes in Actuarial Assumptions	829,527	22,668,461
Net Difference Between Projected and Actual Earnings on HIS Program Investments	-	78,004
Changes in Proportion and Differences Between the County's Contributions and Proportionate Share of Contributions	6,135,419	603,077
County's Contributions Subsequent to the Measurement Date	<u>1,609,992</u>	<u>-</u>
Total	<u>\$9,134,384</u>	<u>\$23,498,210</u>

Source: Annual Comprehensive Financial Report of Polk County, Florida for the Fiscal Year ended September 30, 2025.

An amount of \$1,609,992 reported as deferred outflows of resources related to pensions resulting from County contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ended September 30	Amount
2026	\$(3,299,510)
2027	(4,447,289)
2028	(3,641,055)
2029	(2,653,388)
2030	<u>(1,932,576)</u>
Total	<u>\$(15,973,818)</u>

Source: Annual Comprehensive Financial Report of Polk County, Florida for the Fiscal Year ended September 30, 2025.

Actuarial Assumptions

The total pension liability in the July 1, 2024, actuarial valuation for the June 30, 2025, measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%, per year
Salary Increases	3.50%, average, including inflation
Municipal Bond Rate	5.20%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2021. The actuarial assumptions used in the July 1, 2024, valuation for the June 30, 2025, measurement date were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023.

Discount Rate

The discount rate used to measure the total pension liability was 5.20% for the HIS Plan, which was a 1.27% increase from the 3.93% rate as of June 30, 2024. 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.

Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability for the HIS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase
HIS Plan Discount Rate	4.20%	5.20%	6.20%
County's Proportionate Share of the HIS Plan Net Pension Liability	\$105,684,376	\$93,719,990	\$83,685,673

Source: Annual Comprehensive Financial Report of Polk County, Florida for the Fiscal Year ended September 30, 2025.

Pension Plan Fiduciary Net Position

Detailed information about the HIS Plan's fiduciary's net position is available in a separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report. That report may be obtained through the Florida Department of Management Services website (www.dms.myflorida.com).

Summary

The aggregate amount of net pension liability, related deferred outflows of resources, deferred inflows of resources, and pension expense for the County's defined benefit pension plans are summarized below:

	<u>FRS Plan</u>	<u>HIS Plan</u>	<u>Total</u>
Net Pension Liability	\$315,424,620	\$93,719,990	\$409,144,610
Deferred outflows of resources	106,240,720	9,134,384	115,375,104
Deferred inflows of resources	58,630,642	23,498,210	82,128,852
Pension expense	34,702,081	3,370,016	38,072,097

FRS Investment Plan

The Florida State Board of Administration ("SBA") administers the defined contribution plan officially titled the FRS Investment Plan ("Investment Plan"). The Investment Plan is reported in the SBA's annual financial statements and in the State Annual Comprehensive Financial Report.

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. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to 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 State 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 Officers, 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. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members.

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 FRS Plan is transferred to the Investment Plan, the member must have the years of service required for FRS 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. For the fiscal year ended June 30, 2025, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

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 FRS Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The County's contributions to the Investment Plan totaled \$12,357,012 for the year ended September 30, 2025.

Employee contributions to the Investment Plan totaled \$2,018,918 for the year ended September 30, 2025.

Other Post Employment Benefits Other than Pension

Plan Description

The postemployment benefits plan is a single-employer defined benefit plan administered by the County. In accordance with Section 112.0801, Florida Statutes, and as authorized by County Ordinance No. 2018-073 effective November 20, 2018, and County Ordinance No. 2020-044 effective January 1, 2021, the County offers retiring employees enrolled in the County's plans at the time of retirement and their covered dependents the opportunity to continue to participate in health and/or life insurance plans through the County's Retiree Benefits Program. The postemployment benefits plan does not issue a separate financial statement.

If an employee wishes to immediately continue group health insurance through the County, the appropriate paperwork must be submitted within 30 days of their employment termination date. A retired employee, who retired on or after November 20, 2018, has a one-time option to elect to cease participation in the group health insurance plan upon retirement, enter into inactive status, and enroll at a later date. A surviving spouse may also elect this one-time option. An employee who retires under a state retirement system or a state optional annuity or retirement program or is placed on disability retirement must immediately begin receiving retirement benefits after leaving County employment to qualify for this benefit. Any employee who retires under the Investment Plan must meet the age and service requirements set forth in Section 121.021(29), Florida Statutes, or attained the retirement age specified by Section 72(t)(2)AA(i) of the Internal Revenue Code and have the years of service required for vesting as set forth in Section 121.021(45), Florida Statutes.

However, an exception to this qualification is that some employees who did not retire, were employed with County government a minimum of 15 years and terminated their employment prior to January 1, 2012, qualified for participation in the Retiree Benefits Program based solely upon their years of service. Retirees age 65 and older and/or their Medicare eligible dependents participate in the fully insured Medicare Advantage plan and must enroll in the Federal Medicare program (Part A & Part B) to be eligible for enrollment in this plan option. Retirees under the age of 65 may remain on the County's self-insured medical plan.

The premiums for the retirees and dependents participating in the County's health plans are the same as that of active employees. If a retiree was employed before January 1, 2009, elects to continue group health insurance, and was employed by County government for a minimum of ten years, or eight years for elected officials and senior management, the County contributes toward the payment of the premium for the employee only coverage. If an employee retired or entered DROP before January 1, 2012, the County contributes 3% of the retiree's premium for each full year of employment that the employee had with a Polk County agency affiliated with the County's health plan. The maximum contribution that the County will provide to a retiree at 3% per year is 75% of the premium. If an employee retires after January 1, 2012, the County contributes the lesser of \$20 per year of service, up to a maximum of \$500 or 3% per year of service up to a maximum of 75%. The County does not make a contribution toward premiums for any employee hired after December 31, 2008. The County also subsidizes the premium rates paid by non-Medicare eligible retirees and their dependents by allowing them to participate in the self-insured plans at the blended group (implicitly subsidized) premium rates for both active and non-Medicare eligible retired employees. These rates provide an implicit subsidy because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

Employees may also retain the amount of basic life coverage in effect on the group life insurance plan at the time they become a retiree; however, they are fully responsible for the premium.

Funding Policy

The County has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit ("OPEB") or the net OPEB obligation. Contribution requirements of the County are established and may be amended through the County. The plan is currently being funded on a pay-as-you-go basis. No trust fund has been established for the plan. The plan does not issue a separate financial report.

Employees Covered by Benefit Terms

At September 30, 2025, the following employees were covered by the benefit terms:

Plan Participants:

Inactive employees or beneficiaries currently receiving benefit payments	1,679
Active employees	<u>4,591</u>
TOTAL	<u>6,270</u>

Total OPEB Liability

The County's Total OPEB liability was measured as of September 30, 2024, and was determined by an actuarial valuation as of September 30, 2024. The following table shows the County's total OPEB liability for the year ended September 30, 2025.

	<u>Total OPEB Liability</u>
Balance - October 1, 2024	\$163,544,255
Changes for the Year:	
Service Cost	3,121,713
Interest	7,510,284
Changes in Assumptions	50,701,772
Differences Between Expected and Actual Experience	1,329,851
Benefit Payments	<u>(8,914,994)</u>
Net Changes	<u>53,748,626</u>
Balance - September 30, 2025	<u><u>\$217,292,881</u></u>

Actuarial Assumptions

The total OPEB liability in the September 30, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.81%
Inflation	2.50%
Healthcare Cost Trend Rates	6.50%

The actuarial cost method used was the Entry Age Normal method.

Mortality tables used for Regular Class and Special Risk Class members in the July 1, 2025, actuarial valuation of the FRS. They are based on the results of statewide experience study covering the period 2013 through 2018.

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this actuarial roll forward, the municipal bond rate is 3.81% (based on the daily rate of Fidelity's "20-Year Municipal GO AA Index" closest to but not later than the measurement date). The discount rate was 4.63% as of the previous measurement date.

Discount Rate Sensitivity

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB Plan Discount Rate	2.81%	3.81%	4.81%
Total OPEB liability	\$241,209,669	\$217,292,881	\$196,638,848

Healthcare Trend Rate Sensitivity

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease in Healthcare Cost Trend Rate	Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
OPEB Plan Healthcare Cost Rate	5.50%	6.50%	7.50%
Total OPEB liability	\$200,209,554	\$217,292,881	\$236,678,389

Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

For the year ended September 30, 2025, the County recognized OPEB expense of \$6,811,861. In addition, the County reported deferred inflows of resources from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$2,366,827	\$1,415,835
Changes in assumptions	56,449,568	52,669,214
County's Contributions Subsequent to the Measurement Date	<u>9,719,982</u>	<u>-</u>
Total	<u>\$68,536,377</u>	<u>\$54,085,049</u>

An amount of \$9,719,982 reported as deferred outflows of resources related to OPEB resulting from County Contributions subsequent to measurement date will be recognized as reduction of the total OPEB

liability in the year ending September 30, 2026. Amounts reported as deferred inflows and outflows of resources related to OPEB will be amortized over five years and will be recognized as follows:

<u>Fiscal Year Ending September 30</u>	<u>Amount</u>
2026	\$(3,820,106)
2027	(3,299,068)
2028	1,671,307
2029	(899,549)
2030	209,323
Thereafter	<u>10,869,439</u>
Total	<u>\$4,731,346</u>

POPULATION ESTIMATES

<u>Year</u>	<u>Polk County</u>		<u>State of Florida</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2016	646,989	-	20,148,654	-
2017	661,645	2.3%	20,484,142	1.7%
2018	673,028	1.7	20,840,568	1.7
2019	690,606	2.6	21,208,589	1.8
2020	725,046	5.0	21,538,187	1.6
2021	748,365	3.2	21,898,945	1.7
2022	770,019	2.9	22,276,132	1.7
2023	797,616	3.6	22,634,867	1.6
2024	826,090	3.6	23,014,551	1.7
2025	846,896	2.5	23,379,261	1.6

Source: University of Florida, Bureau of Economic and Business Research.

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**POLK COUNTY, FLORIDA
PER CAPITA PERSONAL INCOME**

<u>Year</u>	<u>Polk County</u>		<u>Florida</u>		<u>United States</u>
	<u>Current Dollars</u>	<u>Percent of U.S.</u>	<u>Current Dollars</u>	<u>Percent of U.S.</u>	<u>Current Dollars</u>
2016	\$33,702	68.9%	\$45,720	93.4%	\$48,943
2017	35,287	69.2	48,439	95.0	50,977
2018	36,200	67.9	51,009	95.7	53,310
2019	37,771	68.0	53,640	96.6	55,539
2020	40,807	69.0	56,556	95.6	59,159
2021	43,915	68.2	63,071	97.9	64,411
2022	43,223	66.0	64,804	99.0	65,475
2023	45,026	65.7	68,248	99.6	68,498
2024	46,274	63.2	73,340	100.1	73,232
2025	N/A ⁽¹⁾	N/A	76,440	100.1	76,328

⁽¹⁾ Per capita personal income was not yet available for 2025.

Source: Federal Reserve Bank of St. Louis.

**POLK COUNTY, FLORIDA
LABOR FORCE AND UNEMPLOYMENT RATES**

<u>Calendar Year</u>	<u>Polk County</u>			<u>Unemployment Rates</u>		
	<u>Civilian Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Polk County</u>	<u>Florida</u>	<u>U.S.⁽¹⁾</u>
2016	287,843	271,786	16,057	5.6%	4.7%	5.0%
2017	291,121	276,937	14,184	4.9	3.8	4.2
2018	296,925	284,369	12,556	4.2	3.5	3.7
2019	303,759	292,129	11,630	3.8	3.2	3.5
2020	318,841	288,372	30,469	9.6	7.2	7.9
2021	327,390	309,533	17,857	5.5	4.9	4.8
2022	336,044	323,912	12,132	3.6	2.5	3.5
2023	344,422	331,847	12,575	3.7	2.8	3.8
2024	357,886	342,793	15,093	4.2	3.4	4.1
2025	360,682	343,214	17,468	4.8	3.9	4.3

⁽¹⁾ Information in this column sourced from the United States Department of Labor, Bureau of Labor Statistics.

Source: Florida Insight, Florida Department of Economic Opportunity, Labor and Employment Statistics.

**POLK COUNTY, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
YEAR ENDED SEPTEMBER 30, 2025**

Taxpayer	Taxable Value	Percentage of County Taxable Value
Duke Energy/Florida Power	\$1,366,103,246	2.06%
Tampa Electric	1,011,073,282	1.53
Mosaic/Streamsong/Stillwaters	827,348,119	1.25
Publix Supermarkets	604,155,709	0.91
Invitation Homes	439,204,364	0.66
Amazon	289,553,956	0.44
Walmart	254,843,513	0.39
Coca Cola	253,155,511	0.38
Frontier	204,290,927	0.29
Carlton Arms	176,037,068	0.28
Total for ten largest taxpayers	<u>\$5,425,765,695</u>	<u>8.19%</u>
Total Taxable Value	<u><u>\$66,235,770,315</u></u>	

Source Annual Comprehensive Financial Report of Polk County, Florida for the Fiscal Year ended September 30, 2025.

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**POLK COUNTY, FLORIDA
EMPLOYMENT BY INDUSTRY**

	<u>2025</u>
Total, All Industries ⁽¹⁾	264,999
Agriculture, Forestry, Fishing & Hunting	1,588
Mining	674
Utilities	783
Construction	16,171
Manufacturing	19,413
Wholesale Trade	10,720
Retail Trade	32,280
Transportation and Warehousing	31,051
Information	2,049
Finance and Insurance	10,273
Real Estate and Rental and Leasing	3,992
Professional and Technical Services	8,385
Administrative and Waste Services	18,874
Educational Services	20,039
Health Care and Social Assistance	36,320
Arts, Entertainment, and Recreation	4,418
Accommodation and Food Services	22,058
Other Services (Except Public Administration)	6,238

⁽¹⁾ The total of all industries includes certain industries not shown in the table.

Source: Florida Insight, Florida Department of Economic Opportunity, Quarterly Census of Employment Wages and United States Department of Labor, Bureau of Labor Statistics.

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POLK COUNTY, FLORIDA
BUILDING PERMITS, AGGREGATE BANK DEPOSITS AND
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Building Permits ⁽¹⁾		Property Value (in Thousands) ⁽²⁾	
	Commercial Construction	Single-Residential Construction	Taxable	Nontaxable
2016	315	1,722	\$26,767,498,167	\$14,461,786,021
2017	257	2,162	28,428,033,009	15,413,687,057
2018	249	2,574	31,310,394,246	16,830,858,281
2019	202	2,856	34,175,721,942	18,737,212,914
2020	263	2,875	36,805,627,918	20,151,089,547
2021	294	4,338	40,026,742,179	20,551,011,112
2022	231	4,060	43,751,939,037	21,841,302,474
2023	240	2,709	51,487,324,834	32,356,607,005
2024	166	2,034	59,580,373,257	38,050,584,210
2025	244	1,162	66,235,770,315	37,470,024,602

Source Annual Comprehensive Financial Report of Polk County, Florida for the Fiscal Year ended September 30, 2025.

POLK COUNTY, FLORIDA
GENERAL SALES TAX COLLECTIONS

The following table shows the general sales tax collections for the State of Florida and for the County for the ten-year period ending June 30, 2025.

<u>Fiscal Year</u>	<u>State of Florida</u>	<u>Change</u>	<u>Polk County</u>	<u>Change</u>
2016	\$21,811,566,786	5.4%	519,879,033	6.9%
2017	22,670,541,032	3.9	548,037,644	5.4
2018	23,708,810,228	4.6	583,356,556	6.4
2019	24,795,239,840	4.6	612,581,427	5.0
2020	23,526,144,245	(5.1)	615,094,812	0.4
2021	25,632,924,121	9.0	705,228,351	14.7
2022	31,792,929,701	24.0	830,900,004	17.8
2023	38,000,718,276	19.5	995,440,564	19.8
2024	37,672,756,858	(0.9)	1,004,381,392	0.9
2025	40,313,599,861	7.0	870,308,918	(13.3)

Source: Annual Comprehensive Financial Report of Polk County, Florida for the Fiscal Year ended September 30, 2025.

**POLK COUNTY, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal <u>Year</u>	Total Tax <u>Levy⁽¹⁾</u>	Current Tax <u>Collections⁽²⁾</u>	Current Tax Collections as a Percentage of <u>Total Levy</u>	Collections In <u>Subsequent Years⁽²⁾</u>	Total Tax <u>Collections</u>	Total Tax Collections as a Percentage of <u>Total Levy</u>
2016	\$182,495,617	\$175,460,063	96.14%	\$820,373	\$176,280,436	96.59%
2017	193,788,188	186,687,885	96.34	814,715	187,502,600	96.76
2018	213,109,132	205,408,483	96.39	731,151	206,139,634	96.73
2019	245,433,478	236,523,625	96.37	669,318	237,192,943	96.64
2020	264,558,943	254,714,582	96.28	872,911	255,587,493	96.61
2021	277,318,756	266,789,705	96.20	712,402	267,502,107	96.46
2022	302,693,318	291,055,941	96.16	607,861	291,663,802	96.36
2023	345,438,547	330,934,707	95.80	1,480,269	332,414,976	96.23
2024	399,156,075	376,377,334	94.29	7,621,118	383,998,452	96.20
2025	440,304,308	414,883,833	94.23	8,013,708	422,897,541	96.05

⁽¹⁾ Property taxes become due and payable on November 1 of each year. A four percent discount is allowed if the taxes are paid in November with the discount declining by one percent each month thereafter. Accordingly, taxes collected will never be 100% of the tax levy. Taxes become delinquent on April 1 of each year and tax certificates for the full amount of any unpaid taxes and assessments must be sold not later than June 1 of each year.

⁽²⁾ Current and delinquent collections include penalties.

Source Annual Comprehensive Financial Report of Polk County, Florida for the Fiscal Year ended September 30, 2025.

POLK COUNTY, FLORIDA
JUST VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY⁽¹⁾
LAST TEN FISCAL YEARS
(rate per \$1,000 of assessed value)

Fiscal Year	Real Property Just Value	Personal Property	Total Real and Personal Property	Less: Tax-Exempt Property	Total Taxable Value	Total Direct Tax Rate
2016	\$35,066,615,991	\$6,162,668,197	\$41,229,284,188	\$14,461,786,021	\$26,767,498,167	6.7815%
2017	37,775,852,975	6,065,867,091	43,841,720,066	15,413,687,057	28,428,033,009	6.7815
2018	41,555,582,175	6,585,670,352	48,141,252,527	16,830,858,281	31,310,394,246	6.7815
2019	45,671,786,942	7,241,147,914	52,912,934,856	18,737,212,914	34,175,721,942	7.1565
2020	49,571,619,025	7,385,098,440	56,956,717,465	20,151,089,547	36,805,627,918	7.1565
2021	54,549,524,711	6,028,228,580	60,577,753,291	20,551,011,112	40,026,742,179	6.8990
2022	59,282,417,394	6,310,824,117	65,593,241,511	21,841,302,474	43,751,939,037	6.8990
2023	76,952,501,663	6,891,430,176	83,843,931,839	32,356,607,005	51,487,324,834	6.6920
2024	90,384,399,303	7,246,558,164	97,630,957,467	38,050,584,210	59,580,373,257	6.6852
2025	96,091,007,103	7,614,787,814	103,705,794,917	37,470,024,602	66,235,770,315	6.6348

Source Annual Comprehensive Financial Report of Polk County, Florida for the Fiscal Year ended September 30, 2025.

POLK COUNTY, FLORIDA
DIRECT GOVERNMENT ACTIVITIES DEBT
SEPTEMBER 30, 2025

Governmental Unit	Net Debt	Percentage Applicable to this Governmental Unit	All Countywide Debt
<u>Polk County, Florida – Direct</u>			
Utility System Revenue and Refunding Bonds, Series 2020	87,550,000	100%	87,550,000
Utility System Revenue and Refunding Bonds, Series 2024	88,055,000	100%	88,055,000
Public Facilities Revenue Refunding Bonds, Series 2014	46,980,000	100%	46,980,000
Public Facilities Revenue Refunding Note, Series 2015	4,182,000	100%	4,182,000
Promissory Note, Series 2020A	20,149,642	100%	20,149,642
Promissory Note, Series 2020C	21,485,000	100%	21,485,000
Interlocal Agreement – City of Bartow	1,092,604	100%	1,092,604
Interlocal Agreement - City of Auburndale	2,835,000	100%	2,835,000
Interlocal Agreement - City of Lakeland - Joker Marchant Stadium	8,361,456	100%	8,361,456
Interlocal Agreement - City of Lakeland - RP Funding Center	3,432,002	100%	3,432,002
Interlocal Agreement - City of Winter Haven - Chain of Lakes Sports	6,960,000	100%	6,960,000
Interlocal Agreement - City of Auburndale	2,507,339	100%	2,507,339
Interlocal Agreement - City of Winter Haven - Chain of Lakes Sports	<u>6,155,000</u>	100%	<u>6,155,000</u>
Total	<u>\$299,745,043</u>		<u>\$299,745,043</u>

Source: Annual Comprehensive Financial Report of Polk County, Florida for the Fiscal Year ended September 30, 2025.

POLK COUNTY, FLORIDA
RATIO OF NET GENERAL BONDED DEBT
TO JUST VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	Population	Just Value	Gross Bonded Debt ⁽¹⁾	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Per Capita
2015	633,052	\$38,313,773,114	\$168,205,000	\$17,376,072	\$150,828,928	0.39%	\$238.26
2016	646,989	41,229,284,188	141,955,000	17,252,351	124,702,649	0.30	192.74
2017	661,645	43,841,720,066	132,690,000	15,238,450	117,451,550	0.27	177.51
2018	673,028	48,141,252,527	125,890,000	15,182,321	110,707,679	0.23	164.49
2019	690,606	52,912,934,856	119,000,000	15,851,555	103,148,445	0.19	149.36
2020 ⁽¹⁾	725,046	56,956,717,465	61,660,000	5,387,275	56,272,725	0.10	77.61
2021	748,365	60,577,753,291	58,940,000	5,393,000	53,547,000	0.09	71.55
2022	770,019	65,593,241,511	56,105,000	5,411,075	50,693,925	0.08	65.83
2023	797,616	83,843,931,839	53,190,000	5,390,250	47,799,750	0.06	59.93
2024	826,090	97,630,957,467	50,160,000	5,371,200	44,788,800	0.06	54.22
2025	846,896	103,705,794,917	46,980,000	5,365,950	41,614,050	0.04	49.14

⁽¹⁾ Gross Bonded Debt significantly decreased due to the issuance of the \$41,955,000 Revenue Promissory Notes, Series 2020B and 2020C, which refunded the Capital Improvement Revenue Bonds, Series 2010 and Transportation Improvement Revenue Bonds, Series 2010 Bonds in Fiscal Year ended September 30, 2020. The Revenue Promissory Notes are not bonded debt.

Source: Office of the Clerk of the Circuit Court and County Comptroller.

APPENDIX B

COPY OF RESOLUTION

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RESOLUTION NO. 04-157

A RESOLUTION COMPILING, CODIFYING, AMENDING AND RESTATING IN ITS ENTIRETY RESOLUTION NO. 91-03 DULY ADOPTED BY POLK COUNTY, FLORIDA ON SEPTEMBER 24, 1991, AS SUCH RESOLUTION HAS BEEN HERETOFORE COMPILED, CODIFIED, AMENDED AND RESTATED; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF POLK COUNTY, FLORIDA, AS FOLLOWS:

SECTION 1. AUTHORITY OF THIS RESOLUTION. This Resolution is adopted pursuant to the provisions of the Chapter 125, Florida Statutes, Ordinance No. 85-34, duly enacted by the governing body of Polk County, Florida on December 17, 1985, the Charter of Polk County, Florida and other applicable provisions of law.

SECTION 2. FINDINGS. It is hereby found and determined that:

A. On September 24, 1991, Polk County, Florida (the "County") adopted Resolution No. 91-03 (the "Resolution").

B. The Resolution has been heretofore amended by Resolution No. 91-04 adopted on October 3, 1991, and by Resolution No. 97-05 adopted on August 12, 1997, and has been compiled, codified, amended and restated in its entirety by Resolution No. 03-15 adopted on February 19, 2003.

C. The County now desires to further amend the Resolution.

D. Because of the number of amendments, for convenience of reference, the County deems it advisable to again compile, codify and restate the Resolution and all amendments thereof.

E. All amendments to the Resolution set forth herein have been approved by Financial Guaranty Insurance Company which is the insurer of all Bonds outstanding under the Resolution.

SECTION 3. RESTATED RESOLUTION. The Resolution is hereby amended and restated in its entirety to read as set forth on Exhibit "A" hereto. All exhibits to the Resolution remain unchanged.

SECTION 4. EFFECTIVE DATE. This Resolution shall take effect immediately upon its passage in the manner provided by law.

PASSED AND DULY ADOPTED this 3rd day of November, 2004.

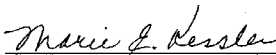
BOARD OF COUNTY COMMISSIONERS
OF POLK COUNTY, FLORIDA

(SEAL)

By 
Chairman

ATTESTED:

By Richard M. Weiss
Clerk of the Circuit Court
and Ex-Officio Clerk of the
Board of County Commissioners
of Polk County, Florida

By 
Marie E. Kessler
Deputy Clerk

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12487-51

EXHIBIT "A"

POLK COUNTY, FLORIDA

Table of Contents

RESOLUTION NO. 91-03

(This table of contents is not part of the Resolution and
is only for convenience of reference.)

	<u>Page</u>
ARTICLE I AUTHORITY FOR THIS RESOLUTION	1
ARTICLE II DEFINITIONS	1
SECTION 2.01. Definitions	1
SECTION 2.02. Singular/Plural.	18
ARTICLE III FINDINGS	19
ARTICLE IV AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF PROJECTS; COST OF PROJECTS	20
SECTION 4.01. Authorization of Projects	20
SECTION 4.02. Cost of Projects	20
ARTICLE V THIS INSTRUMENT TO CONSTITUTE CONTRACT	21
ARTICLE VI AUTHORIZATION, DESCRIPTION, FORM AND TERMS OF BONDS	22
SECTION 6.01. Authority for Issuance of Bonds	22
SECTION 6.02. Description of Obligations.	22
SECTION 6.03. Execution of Bonds.	26
SECTION 6.04. Bonds Mutilated, Destroyed, Stolen or Lost	26
SECTION 6.05. Provisions for Redemption.	26
SECTION 6.06. Effect of Notice of Redemption.	28
SECTION 6.07. Redemption of Portion of Registered Bonds.	28
SECTION 6.08. Bonds Called for Redemption not Deemed Outstanding	28
SECTION 6.09. Form of Bonds.	29
SECTION 6.10. Application of Bond Proceeds.	41
SECTION 6.11. Temporary Bonds	42
SECTION 6.12. Allocation of Proceeds to Expansion Projects.	42
ARTICLE VII CONSTRUCTION FUND	43
SECTION 7.01. Construction Fund	43

ARTICLE VIII SOURCE OF PAYMENT OF BONDS; SPECIAL	
OBLIGATIONS OF THE ISSUER.....	45
SECTION 8.01. Bonds and Qualified Hedge Agreements Not to be	
General Indebtedness of the Issuer.....	45
SECTION 8.02. Pledge of Gross Revenues and Connection Charges.....	45
ARTICLE IX CREATION AND USE OF FUNDS AND ACCOUNTS:	
DISPOSITION OF REVENUES	46
SECTION 9.01. Creation of Funds and Accounts	46
SECTION 9.02. Disposition of Revenues and Connection Charges.....	47
SECTION 9.03. Use of Moneys in Operation and Maintenance Fund.....	58
SECTION 9.04. Use of Moneys in the Debt Service Fund.....	58
SECTION 9.05. Application of Moneys in the Reserve Fund.....	59
SECTION 9.06. Use of Moneys in the Renewal and Replacement	
Fund.....	60
SECTION 9.07. Paying Agents and Registrars.....	61
SECTION 9.08. Deficiencies With Respect to Series 1991 Bonds.....	61
ARTICLE X DEPOSITARIES OF MONEYS, SECURITY FOR DEPOSITS	
AND INVESTMENT OF FUNDS	63
SECTION 10.01. Deposits Constitute Trust Funds.....	63
SECTION 10.02. Investment of Moneys.....	63
SECTION 10.03. Separate Accounts.....	64
ARTICLE XI GENERAL REPRESENTATIONS AND COVENANTS OF THE	
ISSUER	65
SECTION 11.01. Representations of the Issuer.....	65
SECTION 11.02. Punctual Payment.....	65
SECTION 11.03. Maintenance of System.....	66
SECTION 11.04. Operating Budget.....	66
SECTION 11.05. Rate Covenant.....	67
SECTION 11.06. Books and Records.....	68
SECTION 11.07. Reports and Annual Audits.....	68
SECTION 11.08. No Mortgage or Sale of System.....	69
SECTION 11.09. Insurance and Condemnation Awards.....	71
SECTION 11.10. No Free Services.....	71
SECTION 11.11. Mandatory Cut Off.....	72
SECTION 11.12. Enforcement of Collections.....	72
SECTION 11.13. Qualified Independent Consultant.....	72
SECTION 11.14. No Competing System.....	72
SECTION 11.15. Imposition, Collection and Release of Connection	
Charges.....	73
SECTION 11.16. Deposit of Federal and State Reimbursement Funds.....	73
SECTION 11.17. Delivery of Information to FGIC.....	73

ARTICLE XII CONDITIONS TO THE ISSUANCE OF EACH SERIES OF	
BONDS AND ADDITIONAL BONDS	74
SECTION 12.01. Issuance of Obligations.....	74
SECTION 12.02. Issuance of Additional Bonds.....	74
SECTION 12.03. Qualified Hedge Agreements.....	79
SECTION 12.04. Separately Financed Projects.....	79
ARTICLE XIII EVENTS OF DEFAULT; REMEDIES.....	80
SECTION 13.01. Events of Default.....	80
SECTION 13.02. Enforcement of Remedies.....	81
SECTION 13.03. Effect of Discontinuing Proceedings.....	83
SECTION 13.04. Directions to Trustee as to Remedial Proceedings.....	83
SECTION 13.05. Restrictions on Actions by Individual Bondholders.....	83
SECTION 13.06. Appointment of a Receiver.....	84
SECTION 13.07. Notice to Bond Insurer.....	84
SECTION 13.08. Rights of Bond Insurer.....	84
SECTION 13.09. Limitation on Rights of Bond Insurer.....	85
ARTICLE XIV MISCELLANEOUS PROVISIONS	86
SECTION 14.01. Modification or Amendment.....	86
SECTION 14.02. Defeasance and Release of Resolution.....	88
SECTION 14.03. Tax Covenants.....	89
SECTION 14.04. Rebate Fund.....	90
SECTION 14.05. Severability.....	91
SECTION 14.06. No Third-Party Beneficiaries.....	91
SECTION 14.07. Controlling Law; Members of Issuer Not Liable.....	91
SECTION 14.08. Notices to FGIC.....	92
SECTION 14.09. Repeal of Inconsistent Resolutions.....	92
SECTION 14.10. Effective Date.....	92

RESOLUTION NO. 91-03

A RESOLUTION OF POLK COUNTY, FLORIDA, PROVIDING FOR THE CONSTRUCTION AND ACQUISITION OF ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO, AND THE REPAIR OF, THE COUNTY'S WATER DISTRIBUTION AND WASTE WATER COLLECTION AND TREATMENT SYSTEM; PROVIDING FOR THE ISSUANCE OF NOT EXCEEDING \$25,000,000 UTILITY SYSTEM REVENUE BONDS, SERIES 1991 OF THE COUNTY TO BE APPLIED TO THE PAYMENT OF THE COST OF SUCH ADDITIONS, EXTENSIONS, IMPROVEMENTS AND REPAIRS ABOVE DESCRIBED AND TO REFUND THE COUNTY'S OUTSTANDING WATER AND SEWER REVENUE BONDS, SERIES 1975 AND WATER AND SEWER REVENUE BONDS, SERIES 1985; PERMITTING THE ISSUANCE OF ADDITIONAL BONDS IN THE FUTURE; PROVIDING FOR THE PAYMENT OF SUCH BONDS FROM CERTAIN REVENUES OF THE SYSTEM AND CONNECTION CHARGES; MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

BE IT ADOPTED BY THE BOARD OF COUNTY COMMISSIONERS OF POLK COUNTY, FLORIDA, THAT:

ARTICLE I

AUTHORITY FOR THIS RESOLUTION

This Resolution is enacted pursuant to Section 159.11 and Chapter 125, Florida Statutes, Ordinance No. 85-34, enacted on December 17, 1985, Article VIII, Section 1, Constitution of the State of Florida and the Charter of Polk County, Florida.

ARTICLE II

DEFINITIONS

SECTION 2.01. Definitions. As used herein, unless the context otherwise requires:

"Act" means Section 159.11 and Chapter 125, Florida Statutes, the Charter of the Issuer, Ordinance No. 85-34 enacted by the Governing Body of the Issuer on December 17, 1985 and Article VIII, Section 1, Florida Constitution.

"Additional Bonds" means additional obligations, including, without limitation, Commercial Paper Obligations and Designated Maturity Bonds, issued in compliance with the terms, conditions and limitations contained in Article XII hereof which will have an equal lien on the Gross Revenues and Connection Charges to the extent herein provided, and, except as expressly contemplated hereby, rank equally in all other respects with the Series 1991 Bonds initially issued hereunder (except with respect to amounts held in a separate account created in the Construction Fund and with respect to amounts held in any separate account in the Reserve Fund to the extent provided herein) and any Qualified Hedge Obligations under Qualified Hedge Agreements authorized to be incurred under this Resolution.

"Amortization Installment" means the funds to be deposited in the Debt Service Fund in a given Bond Year for the payment at maturity or redemption of a portion of a series of Term Bonds, as established hereby or by resolution or ordinance of the Issuer at or before the delivery of that series of Term Bonds.

"Annual Budget" means the budget, as amended and supplemented from time to time, prepared by the Issuer for each Fiscal Year in accordance with Section 11.04 below and in accordance with the laws of the State of Florida.

"Authorized Depository" means any bank, trust company, national banking association, savings and loan association, savings bank or other banking association selected by the Issuer as a depository, which is authorized under Florida law to be a depository of municipal funds and which has qualified with all applicable state and federal requirements concerning the receipt of Issuer funds.

"Average Monthly Cost of Operation and Maintenance" means an amount equal to one-twelfth of the Cost of Operation and Maintenance shown in the then-current Annual Budget of the Issuer.

"BMA Municipal Index" means The Bond Market Association Municipal Swap Index as of the most recent date for which such index was published, or such other weekly, high-grade index comprised of seven-day, tax-exempt variable rate demand notes produced by Municipal Market Data, Inc., or its

successor, or as otherwise designated by The Bond Market Association or any successor thereto; provided, however, that, if such index is no longer produced by Municipal Market Data, Inc. or its successor, then "BMA Municipal Index" shall mean such other reasonably comparable index selected by the Issuer.

"Bond Counsel" means counsel experienced in matters relating to the validity of, and the exclusion from gross income for federal income tax purposes of interest on, obligations of states and their political subdivisions.

"Bond Insurer" means, with respect to any Series of Bonds, the issuer of a municipal bond insurance policy insuring the payment, when due, of the principal of and interest on such Series of Bonds.

"Bond Obligation" means, as of the date of computation, the sum of: (i) the principal amount of all Current Interest Bonds then Outstanding and (ii) the Compounded Amount on all Capital Appreciation Bonds then Outstanding.

"Bondholders" or "Holders" means the registered owners (or their authorized representatives) of Bonds.

"Bonds" means the Series 1991 Bonds originally issued hereunder and any Additional Bonds.

"Bond Service Requirement" means:

(i) For a given Bond Year the remainder after subtracting any accrued and capitalized interest for that year that has been deposited into the Debt Service Fund or a separate subaccount in the Construction Fund for that purpose from the sum of:

(a) The amount required to pay the interest coming due on Bonds during that Bond Year, including the accreted interest component of the Compounded Amount of Capital Appreciation Bonds maturing during that Bond Year,

(b) The amount required to pay the principal of Serial Bonds and the principal of Term Bonds maturing in that Bond Year that are not included in the Amortization Installments for such Term Bonds, and

(c) The Amortization Installments for all series of Term Bonds for that Bond Year.

(ii) For purpose of the rate covenant contained in Section 11.05 of this Resolution, and for purposes of determining the Reserve Requirement pursuant to Section 9.02 of this Resolution, the interest rate on Variable Rate Bonds for the

Bond Year in which such calculation is made, or for the following Bond Year, as the case may be, shall be assumed to be one hundred twenty percent (120%) of the greater of (a) the average daily interest rate on such Variable Rate Bonds during the twelve months ending with the month preceding the date of calculation, or such shorter period that such Bonds shall have been Outstanding, or (b) the rate of interest on such Variable Rate Bonds on the date of calculation.

(iii) For purposes of determining the Maximum Bond Service Requirement or the Bond Service Requirement for the issuance of Additional Bonds pursuant to Section 12.02 of this Resolution or for the purpose of determining the Reserve Requirement, if applicable, the interest on Variable Rate Bonds outstanding on the date of calculation shall be the same as the rate used for the rate covenant as described above, and the interest on Variable Rate Bonds proposed to be issued under the provisions of Section 12.02, if the proposed Variable Rate Bonds are not Taxable Bonds, shall be deemed to be one hundred ten percent (110%) of the average of the BMA Municipal Index for the twelve months ending with the month preceding the date of calculation, and if the Variable Rate Bonds are Taxable Bonds, the yield to maturity on the U.S. Treasury obligations with comparable maturities, plus one-half of one percent (0.50%).

(iv) If Bonds are subject to purchase by the Issuer at the option of the holder and a Liquidity Facility is available with respect thereto to provide for the purchase of such Bonds at the time a calculation of interest rates is to be made, the "put" date or dates shall be ignored and the stated maturity dates of such Bonds shall be used for the purposes of this calculation.

(v) If the Issuer has entered into a Qualified Hedge Agreement with respect to Outstanding Bonds, or proposes to enter into a Qualified Hedge Agreement in connection with the issuance of Additional Bonds, so long as (a) the Qualified Hedge Agreement is in effect or will become effective as of the date of calculation, (b) the Qualified Hedge Provider has not defaulted thereunder and (c) the Qualified Hedge Provider or an entity guarantying its obligations under such Qualified Hedge Agreement (I) maintains a rating on its unsecured and unenhanced senior long-term debt obligations in any of the highest three Rating Categories from any Rating Agency or (II) has entered into a credit support annex or comparable agreement that requires it to post collateral to, or for the benefit of, the Issuer with respect to such Qualified Hedge Agreement and is not in default thereunder, then interest payable on such Bonds may be consolidated with Qualified Hedge Receipts and Qualified Hedge Obligations under the Qualified Hedge Agreement, such that the interest rate with respect to a principal amount of such Bonds equal to the notional amount specified in the Qualified Hedge Agreement shall be assumed to be:

(A) if the Issuer's Qualified Hedge Payments under the Qualified Hedge Agreement are computed based upon a fixed rate of interest, the

actual interest rate upon which the Issuer's Qualified Hedge Payments are computed under such Qualified Hedge Agreement, or

(B) if the Issuer's Qualified Hedge Payments under the Qualified Hedge Agreement are computed based upon a variable rate of interest, such Bonds shall be treated as Variable Rate Bonds for purposes of this definition and the interest thereon shall be the assumed rate of interest described in paragraph (ii) or (iii), as the case may be, of this definition.

plus, in the case of (A) or (B) above, any interest rate differential between the interest rate payable by the Qualified Hedge Provider under the Qualified Hedge Agreement and the interest rate payable by the Issuer on the related Bonds, as estimated by the Chief Financial Officer.

(vi) For purposes of calculating the Bond Service Requirement with respect to Designated Maturity Bonds, the unamortized principal coming due on the final maturity date thereof that the Issuer reasonably anticipates refinancing, as reflected in the Annual Budget and/or a certificate of the Chief Financial Officer, shall not be included, and in lieu thereof there shall be included in the Bond Service Requirement for the Bond Year in which such final maturity occurs and subsequent Bond Years only the principal amount thereof the Issuer certifies that it reasonably anticipates to become due in each such Bond Year, taking into account any such anticipated refinancing of such Designated Maturity Bonds.

(vii) For purposes of calculating the Bond Service Requirement with respect to Commercial Paper Obligations, only the interest component of such Commercial Paper Obligations and the principal component of the Commercial Paper Obligations that the Issuer reasonably expects to retire and not to pay with the proceeds of roll-over Commercial Paper Obligations in such Bond Year (as reflected in the Annual Budget and/or a certificate of the Chief Financial Officer) shall be included in the calculation of the Bond Service Requirement. The interest rate on the Commercial Paper Obligations shall be computed in the same manner as the computation of interest on Variable Rate Bonds as described above.

(viii) If two Series of Variable Rate Bonds, or one or more maturities within a Series, are issued simultaneously with inverse variable interest rates providing a composite fixed interest rate for such Bonds taken as a whole, such composite fixed rate shall be used in determining the Bond Service Requirement with respect to such Bonds.

"Bond Year" means the annual period beginning on the first day of October of each year and ending on the last day of September of the following year; provided that when such term is used to describe the period during which deposits are to be made pursuant to Section 9.02 to amortize principal and interest on the Bonds maturing or becoming subject to redemption and for purposes of calculating

the Bond Service Requirement, interest and principal maturing or becoming subject to redemption, and Qualified Hedge Payments due for payment, on October 1 of any year shall be deemed to mature or become subject to redemption on the last day of the preceding Bond Year.

"Business Day" means a day on which banking business is transacted in the city or cities in which the Paying Agent has its designated corporate trust offices, on which the New York Stock Exchange is open and on which the Issuer is open to transact business.

"Capital Appreciation Bonds" means Bonds that bear interest, compounded semiannually, that is payable only at maturity or upon redemption prior to maturity in amounts determined by reference to the Compounded Amounts.

"Chairman" means the Chairman or Vice Chairman of the Governing Body.

"Chief Financial Officer" means the Clerk or such other chief financial officer of the Issuer as defined in Section 218.403, Florida Statutes.

"Clerk" means the Clerk or any Deputy Clerk of the Issuer.

"Code" means the Internal Revenue Code of 1986, as amended, or any corresponding provisions of any future laws of the United States of America relating to federal income taxation, and except as otherwise provided herein or required by the context thereof, includes interpretations thereof contained or set forth in the applicable regulations of the Department of the Treasury (including applicable final regulations, temporary regulations and proposed regulations), the applicable rulings of the Internal Revenue Service (including published Revenue Rulings and private letter rulings) and applicable court decisions.

"Commercial Paper Obligations" means all of the Bonds (which may be designated as notes or other obligations) of a Series or a proportionate maturity thereof with a maturity of less than 271 days so designated by the Issuer by a supplemental ordinance or resolution prior to the issuance thereof.

"Completion Date" means for each Project, the cost of which is to be paid from proceeds of one or more Series of Bonds issued hereunder, the date on which such Project is completed and placed in service.

"Composite Reserve Account" means the account in the Reserve Fund established pursuant to Section 9.01 of this Resolution.

"Composite Reserve Requirement" shall mean an amount of money, or the aggregate available amount under one or more Reserve Products, or a combination thereof, equal to the lesser of (i) the Maximum Annual Debt Service

calculated with respect to all Series of Bonds Outstanding hereunder that are secured by the Composite Account in the Reserve Fund, (ii) 125% of the average Annual Debt Service calculated with respect to all Series of Bonds Outstanding hereunder that are secured by the Composite Account in the Reserve Fund, or (iii) 10% of the aggregate stated original principal amount of all Series of Bonds Outstanding hereunder that are secured by the Composite Account in the Reserve Fund, provided, however, that in determining the aggregate stated original principal amount of Bonds Outstanding for the purposes of this clause (iii), the issue price of Bonds (net of pre-issuance accrued interest) shall be substituted for the original stated principal amount of those Bonds if such Bonds were sold at either an original issue discount or premium exceeding two percent (2%) of the stated redemption price at maturity.

"Compounded Amounts" means the principal amount of the Capital Appreciation Bonds plus the amount of interest that has accreted on such Bonds, compounded semiannually, to the date of calculation, determined by reference to accretion tables contained in each such Bond or an offering circular with respect thereto. The Compounded Amounts for such Bonds as of any date not stated in such tables shall be calculated by adding to the Compounded Amount for such Bonds as of the date stated in such tables immediately preceding the date of computation a portion of the difference between the Compounded Amount for such preceding date and the Compounded Amount for such Bonds as of the date shown on such tables immediately succeeding the date of calculation, apportioned on the assumption that interest accretes during any period in equal daily amounts on the basis of a year of twelve 30-day months.

"Connection Charges" means the Water Connection Charges and the Sewer Connection Charges.

"Construction Fund" means the Construction Fund established pursuant to Section 7.01 hereof.

"Cost of Operation and Maintenance" means the current expenses, paid or accrued, of operation, maintenance and repair of the System and its facilities, as calculated in accordance with generally accepted accounting principles for governmental entities, consistently applied, and shall include, without limiting the generality of the foregoing, administrative expenses relating to the System, purchase of water or wastewater treatment services (if the same may be treated as an operating cost under generally accepted accounting principles for governmental entities), including, without limitation, under take-or-pay contracts, and insurance premiums and charges for the accumulation of appropriate reserves for self insurance, not annually recurrent but which are reasonably expected to be incurred on a periodic basis in accordance with generally accepted accounting principles for governmental entities, consistently applied. The Cost of Operation and Maintenance shall not include (i) any reserve for renewals and replacements,

extraordinary repairs or any allowance for depreciation or amortization, (ii) the payment of any principal of and interest on the Bonds and any other notes, bonds and similar obligations of the Issuer, and (iii) payments made by the Issuer under leases that are capitalized in accordance with generally accepted accounting principles for governmental entities.

"Cost of the Project" means, with respect to each Project subsequently authorized pursuant to the terms hereof, those costs described in Section 4.02 hereof.

"Credit Facility" means a line of credit, letter of credit or similar credit enhancement device or arrangement providing support for the payment of the principal of and interest on one or more Series of Bonds. A Credit Facility may also be a Liquidity Facility.

"Current Interest Bonds" means Bonds that bear interest which is payable periodically rather than solely at the maturity of the Bonds.

"Dated Date" means the date established by a resolution authorizing the issuance of a Series of Bonds.

"Debt Service Fund" means the fund established by that name pursuant to Section 9.01 of this Resolution.

"Designated Maturity Bonds" means all of the Bonds of a Series or a particular maturity thereof, with a maturity longer than 270 days and less than or equal to 10 years, so designated by the Issuer by a supplemental ordinance or resolution prior to the issuance thereof, for which no mandatory debt service redemption requirements have been established.

"Escrow Agent" means such bank or trust company as shall be designated by the Issuer by subsequent ordinance or resolution prior to the issuance of the Series 1991 Bonds to serve as escrow agent under the Escrow Deposit Agreement.

"Escrow Deposit Agreement" means the Escrow Deposit Agreement, a proposed form of which is attached hereto as Exhibit "A," pursuant to which the proceeds of the Series 1991 Bonds, together with certain other funds and investments will be held in irrevocable escrow for the payment of the Prior 1975 Bonds.

"Expansion Projects" means Water Expansion Projects and Sewer Expansion Projects.

"Federal Securities" means direct noncallable obligations of the United States of America, obligations the payment when due of the principal of and interest

on which is unconditionally guaranteed by the United States of America and stripped interest obligations on bonds, notes, debentures and similar obligations issued by Resolution Funding Corporation, none of which permit redemption prior to maturity at the option of the obligor.

"FGIC" means Financial Guaranty Insurance Company, a New York stock insurance company, or any successor thereto.

"FGIC Insurance Policy" means the municipal bond new issue insurance policy issued by FGIC that guarantees payment of the principal of and interest on the Series 1991 Bonds.

"Fiscal Year" means the period commencing on October 1 of each year and ending on the succeeding September 30, or such other consecutive 12-month period as may be hereafter designated as the fiscal year of the Issuer pursuant to general law.

"Governing Body" means the Board of County Commissioners of the Issuer.

"Gross Revenues" means all income or earnings derived by the Issuer from the ownership, operation, leasing or use of the System, or any part thereof, including special assessments related to improvements to the System and specifically designated by the Governing Body to be included in Gross Revenues for the purposes of this Resolution, any income from the investment of funds to be deposited in the Revenue Fund, or any of the accounts therein as herein provided, and proceeds from insurance, condemnation or the disposition of property (to the extent and for the purposes herein provided), but shall not include (i) proceeds from the sale of any Bonds or other obligations of the Issuer, (ii) Connection Charges, or (iii) moneys received by the Issuer from federal, state or local governmental grants or stipends that by their terms are restricted from being used in the manner that Gross Revenues are to be applied hereunder.

"Hedge Charges" means (i) amounts payable by the Issuer to a Qualified Hedge Provider upon the execution, renewal, extension, modification or termination (whether optional or mandatory) of any Qualified Hedge Agreement, including, without limitation, any settlement amount, (ii) any periodic fee payable by the Issuer to keep such Qualified Hedge Agreement in effect, and (iii) any non-scheduled amounts required to be paid by the Issuer under the Qualified Hedge Agreement.

"Investment Obligations" means, to the extent permitted by law (i) Federal Securities, or (ii) direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal Home Loan

Mortgage Corporation ("FHLMCs"); debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association ("FNMA's"); participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association ("GNMA's"); guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; guaranteed transit bonds of the Washington Metropolitan Area Transit Authority; and other Resolution Funding Corporation securities; (iii) direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's Investors Service, Inc. and "A" or better by Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's Investors Service, Inc. and "A" or better by Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc.; (iv) commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, "P-1" by Moody's Investors Service, Inc. and "A-1" or better by Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc.; (v) federal funds, unsecured certificates of deposit, time deposits or bankers acceptances (in each case having maturities of not more than 365 days) of any domestic bank including a branch office of a foreign bank which branch office is located in the United States, provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which, at the time of purchase, has a short-term "Bank Deposit" rating of "P-1" by Moody's Investors Service, Inc. and a "Short-Term CD" rating of "A-1" or better by Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc.; (vi) deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than \$3 million, provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation; (vii) investments in money-market funds rated "AAAm" or "AAAm-G" by Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc.; (viii) repurchase agreements collateralized by Federal Securities, GNMA's, FNMA's or FHLMC's with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank insured by the Federal Deposit Insurance Corporation, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation

rated "P-1" or "A3" or better by Moody's Investors Service, Inc. and "A-1" or "A-" or better by Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., provided: (a) a master repurchase agreement or specific written repurchase agreement governs the transaction; and (b) the securities are held free and clear of any lien by an independent third party acting solely as agent ("Agent") and such third party is (i) a Federal Reserve Bank, (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million, or (iii) a bank approved in writing for such purpose by FGIC, and the Issuer shall have received written confirmation from such Agent that it holds such securities, free and clear of any lien, as agent for the Issuer; and (c) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the Issuer; and (d) the repurchase agreement has a term of 180 days or less, and the Issuer or the Agent will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation; and (e) the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least one hundred three percent (103%); (ix) the Local Government Surplus Funds Trust Fund created and established pursuant to Part IV, Chapter 218, Florida Statutes, as amended.

"Issuer" means Polk County, Florida.

"Liquidity Facility" means a line of credit, letter of credit, standby bond purchase agreement or similar enhancement device or arrangement creating a source to be drawn upon by the Issuer to pay the purchase price of one or more Series of Bonds upon a mandatory or optional tender for payment. A Liquidity Facility may also be a Credit Facility.

"Maximum Bond Service Requirement" means, as of any particular date of calculation, the largest Bond Service Requirement for any remaining Bond Year, except that with respect to any Bonds for which Amortization Installments have been established, the amount of principal scheduled to come due on the final maturity date with respect to such Bonds shall be reduced by the aggregate principal amount or Compounded Amounts, as the case may be, of such Bonds that are to be redeemed or paid from Amortization Installments to be made in prior Bond Years.

"Net Revenues" with respect to any Fiscal Year shall be the remainder of the Gross Revenues, after deducting the Cost of Operation and Maintenance for such Fiscal Year.

"Operation and Maintenance Fund" means the account created by that name pursuant to Section 9.01 of this Resolution.

"Outstanding" or "Bonds outstanding" or "Outstanding Bonds" means all Bonds which have been issued pursuant to this Resolution except:

(i) Bonds cancelled after purchase in the open market or because of payment at or redemption prior to maturity;

(ii) Bonds for the payment or redemption of which, pursuant to, and subject to the provisions of, Section 14.02 hereof, cash funds or Federal Securities or any combination thereof shall have been theretofore irrevocably set aside in a special account with the Paying Agent or an Authorized Depository acting as an escrow agent (whether upon or prior to the maturity or redemption date of any such Bonds) in an amount which, together with earnings on such Federal Securities, will be sufficient to pay the principal of and interest on such Bonds at maturity or the principal of, interest on and premiums, if any, upon their earlier redemption; provided that, if such Bonds are to be redeemed before the maturity thereof, notice of such redemption shall have been given according to the requirements of this Resolution or irrevocable instructions directing the timely publication of such notice and directing the payment of the principal of and interest on all Bonds at such redemption dates shall have been given to the Paying Agent or such escrow agent; and

(iii) Bonds which are deemed paid pursuant to Section 6.08 hereof or in lieu of which other Bonds have been issued under Section 6.04 hereof.

"Paying Agent" means the Issuer or any Authorized Depository designated by the Issuer to serve as a Paying Agent or place of payment for any one or more Series of Bonds issued hereunder that shall have agreed to arrange for the timely payment of the principal of, interest on and redemption premium, if any, with respect to the Bonds to the registered owners thereof, from funds made available therefor by the Issuer, and any successors designated pursuant to this Resolution. All Paying Agents appointed hereunder, if other than the Issuer, shall have a combined capital, surplus and undivided profits of at least \$50,000,000.

"Prior Bonds" means the Prior 1985 Bonds and the Prior 1975 Bonds.

"Prior 1975 Bonds" means the Issuer's outstanding Water and Sewer Revenue Bonds, Series 1975.

"Prior 1985 Bonds" means the Issuer's outstanding Water and Sewer Revenue Bonds, Series 1985.

"Prior Resolutions" means all ordinances and resolutions enacted or adopted by the Issuer authorizing or related to the issuance of the Prior Bonds.

"Projects" means Sewer Projects and Water Projects, as described from time to time by ordinance or resolution of the Issuer, or the refunding of obligations issued for such purpose, and the improvements described in Exhibit "B" hereto to be financed with proceeds of the Series 1991 Bonds, as such Exhibit "B" may be modified pursuant to Section 4.01 hereof.

"Project Costs" means the Cost of a Project, other than costs of issuance of Bonds (e.g., bond insurance and Reserve Product premiums, original issue and underwriter's discount, Reserve Requirements, printing costs, legal fees and other issuance costs), accrued interest on Bonds and capitalized interest on Bonds. Project Costs also do not include Cost of the Project paid with proceeds of any federal, state or other grant or with accumulated Connection Charges.

"Qualified Hedge Agreement" an interest rate exchange agreement, an interest rate swap agreement, a forward rate agreement, an interest rate cap, an interest rate floor, an interest rate collar or any other financial product approved by the Issuer and which is used by the Issuer as a hedging device with respect to its obligation to pay debt service on any of the Bonds, entered into between the Issuer and a Qualified Hedge Provider; provided that such arrangement shall be specifically designated in a certificate of the Chief Financial Officer as a "Qualified Hedge Agreement" for purposes of this Resolution; and provided further that, at the time of entering into such Qualified Hedge Agreement, the Issuer shall have obtained written evidence that the Qualified Hedge Provider satisfies the requirements for a Qualified Hedge Provider set forth in the definition thereof.

"Qualified Hedge Provider" means a financial institution whose senior unsecured and unenhanced long-term debt obligations, or whose payment obligations under a Qualified Hedge Agreement are guaranteed by an entity, whose senior unsecured and unenhanced long-term debt obligations, are rated by any Rating Agency in the highest two Rating Categories on the date the Qualified Swap is entered into.

"Qualified Hedge Payments" means the net payment obligation of the Issuer arising under a Qualified Hedge Agreement, which are calculated on the basis of interest on a notional amount, which may correspond with the principal amount of certain Bonds issued hereunder or a particular Series or maturity thereof, based upon a fixed or a variable rate index or formula. Qualified Hedge Payments include only regularly scheduled payments under a Qualified Hedge Agreement determined by reference to interest on a notional amount and shall not include any Hedge Charges.

"Qualified Hedge Receipts" means the net payment obligations of the Qualified Hedge Provider to the Issuer, arising under a Qualified Hedge Agreement which are calculated on the basis of interest on a notional amount, which may correspond with the principal amount of certain Bonds issued hereunder, or a

particular series or maturity thereof, based upon a fixed or variable rate index or formula. Qualified Hedge Receipts include only regularly scheduled payments under a Qualified Hedge Agreement determined by reference to interest on a notional amount and shall not include (i) amounts payable by the Qualified Hedge Provider to the Issuer upon the execution, renewal, extension, modification or termination (whether optional or mandatory) of any Qualified Hedge Agreement, including, without limitation, any settlement amount, (ii) any periodic fee payable by the Qualified Hedge Provider to keep such Qualified Hedge Agreement in effect, and (iii) any other non-scheduled amounts required to be paid by the Qualified Hedge Provider under a Qualified Hedge Agreement.

"Qualified Independent Consultant" means any one or more qualified and recognized independent consultants, having favorable reputations, skill and experience with respect to the acts and duties required of a Qualified Independent Consultant by a particular section or one or more sections hereof, as shall from time to time be retained by the Issuer for the purposes hereof.

"Rating Agency" means each nationally recognized securities rating agency then maintaining a rating on the Bonds at the request of the Issuer.

"Rating Category" means one of the generic rating categories of any nationally recognized securities rating agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

"Rebate Amount" means the excess of the amount earned on all non-purpose investments (as defined in Section 148(f)(6) of the Code) over the amount which would have been earned if such non-purpose investments were invested at a rate equal to the yield on the applicable Series of Bonds, plus any income attributable to such excess.

"Rebate Fund" means the fund established by that name pursuant to Section 9.01 hereof.

"Rebate Year" means a one year period (or shorter period from the date of first issuance of Bonds hereunder) that ends at the close of business on September 30 of each calendar year.

"Registrar" means the Issuer or any agent designated from time to time by the Issuer, by ordinance or resolution, to maintain the registration books for the Bonds issued hereunder or to perform other duties with respect to registering the transfer of Bonds.

"Renewal and Replacement Fund" means the fund by that name established pursuant to Section 9.01 of this Resolution.

"Reserve Fund" means the fund by that name established pursuant to Section 9.01 of this Resolution.

"Reserve Product" means bond insurance, a surety bond or a letter of credit or other credit facility used in lieu of a cash deposit in the Reserve Fund and meeting the terms and conditions of Section 9.02(1)(c) of this Resolution.

"Reserve Product Provider" means a bond insurance provider or a bank or other financial institution providing a Reserve Product, whose bond insurance policies insuring, or whose letters of credit, surety bonds or other credit facilities securing, the payment, when due, of the principal of and interest on bond issues by public entities results in such issues (as of the date of issuance of the Reserve Product) being rated in one of the three highest full Rating Categories by each Rating Agency that is then rating any of the Bonds Outstanding hereunder or the Bonds to be issued hereunder.

"Reserve Requirement" means, with respect to the Composite Account in the Reserve Fund, the Composite Reserve Requirement, and with respect to each Series of Bonds issued hereunder that is not secured by the Composite Reserve Account, the amount of money, if any, or available amount of Reserve Product, if any, or any combination thereof, required by subsequent resolution or ordinance adopted or enacted prior to the issuance of such Series of Bonds to be deposited in the account in the Reserve Fund with respect to such Series of Bonds pursuant to Section 9.02 hereof, and which amount shall be available for use only with respect to such Series of Bonds; provided, however, that the amount so designated by the Issuer shall not cause any existing rating on any Bonds then Outstanding hereunder to be lowered, suspended or withdrawn.

"Revenue Fund" means the fund established by that name pursuant to Section 9.01 hereof.

"Separately Financed Project" has the meaning provided in Section 12.04 hereof.

"Serial Bonds" means all Bonds of a Series other than Term Bonds.

"Series" means any portion of the Bonds of an issue authenticated and delivered in a single transaction, payable from an identical source of revenue and identified pursuant to the supplemental ordinance or resolution authorizing such Bonds as a separate Series of Bonds, regardless of variations in maturity, interest rate, Amortization Installments or other provisions, and any Bonds thereafter authenticated and delivered in lieu of or in substitution of a series of Bonds issued pursuant to this Resolution.

"Series 1991 Bonds" means the Issuer's Utility System Revenue Bonds, Series 1991 authorized to be issued hereunder.

"Sewer Connection Charge Fund" means the account established by that name pursuant to Section 9.01 of this Resolution.

"Sewer Connection Charges" means all capital expansion fees, system improvement fees or other similar fees and charges, including, without limitation, impact fees, separately imposed by the Issuer as a capacity charge for the proportionate share of the cost of expanding, oversizing, separating or constructing new additions to the Sewer System, but only to the extent that they are permitted to be used under applicable law to pay debt service on one or more Series of Bonds issued hereunder, and any income from the investment of funds deposited into the Sewer Connection Charge Fund pursuant to this Resolution. Sewer Connection Charges shall not include payments received by the Issuer as reimbursement for the cost of connecting a new customer with the nearest lateral service lines of the Sewer System.

"Sewer Expansion Project Percentage" means a fraction the numerator of which is the total Project Costs of the Sewer Expansion Projects that are being or have been financed through the issuance of Bonds and the denominator of which is the total Project Costs of the Projects that are being or have been financed through the issuance of Bonds, all as established by a certificate of the Utility Director at the time of issuance of each Series of Bonds, as such fraction shall be adjusted from time to time. The Sewer Expansion Project Percentage shall be adjusted as necessary to reflect issuance of new Series of Bonds and redemptions of Bonds as provided herein.

"Sewer Expansion Projects" means Sewer Projects or portions thereof for the oversizing, separating, expanding or constructing of new additions to the Sewer System, all of which are designed to expand its capacity.

"Sewer Projects" means the construction or acquisition of additions, extensions and improvements and repairs to and replacements of various components of the Sewer System, as described from time to time by ordinance or resolution of the Issuer, or the refunding of obligations (other than Bonds) issued or incurred for such purpose.

"Sewer System" means that portion of the System related to wastewater collection, treatment, disposal and distribution and for reuse of reclaimed water and all parts and components thereof or interests therein, owned, operated, used or controlled by the Issuer and any leasehold or other interest in any wastewater plants or facilities which the Issuer owns or acquires, and all such parts and components of any of the foregoing hereafter constructed, contracted for or acquired, the improvements, extensions and additions thereto to be constructed or acquired either from the proceeds of the Bonds authorized by this Resolution or from any other sources, together with all land and interests therein, plants, buildings, machinery, franchises, pipes, fixtures, equipment, contract rights and all

property, real or personal, tangible or intangible, now or hereafter owned, operated or used by the Issuer in connection therewith and any joint venture or ownership or other interest in any sewer or wastewater plant or facility or any right to use capacity or receive the output or services of any sewer or wastewater plant or facility. The Sewer System does not include any facilities for the disposal of stormwater.

"State" means the State of Florida.

"Subordinate Debt" means any bond, note or other indebtedness or obligation authorized by ordinance or resolution of the Issuer and designated in such ordinance or resolution as constituting "Subordinate Debt" hereunder, which shall be payable from, and secured by a lien upon, Gross Revenues and/or Water Connection Charges and/or Sewer Connection Charges subject and subordinate to Bonds issued, and payment obligations (including, without limitation, Qualified Hedge Payments) incurred hereunder, and may include Hedge Charges.

"System" means the Sewer System and the Water System. The "System" shall not include Separately Financed Projects.

"Taxable Bonds" means Bonds the interest on which is not intended at the time of the issuance thereof to be excluded from the gross income of the holders thereof for federal tax purposes.

"Term Bonds" means Bonds of a Series for which Amortization Installments are established, and such other Bonds of a Series so designated by supplemental ordinance or resolution of the Issuer adopted on or before the date of delivery of such Bonds.

"Utility Director" means the Issuer's Utility Director or such other officer of the Issuer who succeeds to the duties and responsibilities of the Utility Director.

"Variable Rate Bonds" means Bonds issued with a variable, adjustable, convertible or other similar interest rate which is not fixed in percentage at the date of issue for the entire term thereof.

"Water Connection Charge Fund" means the account established by that name pursuant to Section 9.01 of this Resolution.

"Water Connection Charges" means all capital expansion fees, system improvement fees or other similar fees and charges, including, without limitation, impact fees, separately imposed by the Issuer as a capacity charge for the proportionate share of the cost of expanding, oversizing, separating or constructing new additions to the Water System, but only to the extent that they are permitted to be used under applicable law to pay debt service on one or more Series of Bonds

issued hereunder, and any income from the investment of funds deposited into the Water Connection Charge Fund pursuant to this Resolution. Water Connection Charges shall not include payments received by the Issuer as reimbursement for the cost of connecting a new customer with the nearest lateral service lines of the Water System.

"Water Expansion Project Percentage" means a fraction the numerator of which is the total Project Costs of the Water Expansion Projects that are being or have been financed through the issuance of Bonds and the denominator of which is the total Project Costs of the Projects that are being or have been financed through the issuance of Bonds, all as established by a certificate of the Utility Director at the time of issuance of each Series of Bonds, as such fraction shall be adjusted from time to time. The Water Expansion Project Percentage shall be adjusted as necessary to reflect the issuance of new Series of Bonds and redemptions of Bonds as provided herein.

"Water Expansion Projects" means Water Projects or portions thereof for the oversizing, separating, expanding or constructing of new additions to the Water System, all of which are designed to expand its capacity.

"Water Projects" means the construction or acquisition of additions, extensions and improvements and repairs to and replacements of various components of the Water System, as described from time to time by ordinance or resolution of the Issuer or the refunding of obligations (other than Bonds) issued or incurred for such purpose.

"Water System" means that portion of the System related to the acquisition, treatment, storage and distribution of potable water and all parts and components thereof or interests therein, owned, operated, used or controlled by the Issuer and any leasehold or other interest in any other water plants or facilities which the Issuer owns or acquires, and all such parts and components of the foregoing hereafter constructed, contracted for or acquired, the improvements, extensions and additions thereto to be constructed or acquired either from the proceeds of the Bonds authorized by this Resolution or from any other sources, together with all land and interests therein, plants, buildings, machinery, franchises, pipes, fixtures, equipment, contract rights and all property, real or personal, tangible or intangible, now or hereafter owned, operated or used by the Issuer in connection therewith and any joint venture or ownership or other interest in any water plant or facility or any right to use capacity or receive the output or services of any water plant or facility.

SECTION 2.02. Singular/Plural. Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms, corporations or other entities including governments or governmental bodies.

ARTICLE III

FINDINGS

It is hereby ascertained, determined and declared that:

A. The Issuer now owns, operates and maintains the System and derives Gross Revenues therefrom. It has also imposed and is receiving Connection Charges.

B. It is necessary in order to maintain and operate the System for the protection of the health, safety and welfare of the inhabitants of the Issuer and in order to comply with requirements of federal and state law to repair and extend the System to expand and improve its quality and capacity by providing for the Projects to be funded hereunder.

C. It is necessary to provide for the refunding and defeasance of the Prior Bonds to remove unreasonable restrictions and burdensome covenants contained in the Prior Resolutions and to include Connection Charges in the revenues pledged to the Bonds, thereby reducing the rates and charges the users of the System will be obligated to pay in the future.

D. The Issuer is authorized under the Act to issue Bonds and to use the proceeds thereof to pay the Cost of the Projects and to pay the principal of, interest on, and the premium, if any, with respect to the Prior Bonds.

E. The Gross Revenues have been pledged to the payment of the Prior Bonds and the Connection Charges have been pledged to the payment of the Prior 1985 Bonds. Upon the issuance of the Series 1991 Bonds, the Prior Bonds will be redeemed or defeased and the lien created by the Prior Resolutions will be released. After such release, the Gross Revenues and the Connection Charges will not have been pledged or encumbered in any fashion except in accordance with the terms hereof.

F. The principal of, interest on and premiums, if any, with respect to the Bonds and all required sinking fund, reserve and other payments with respect thereto shall be payable solely from moneys deposited in the Revenue Fund, the Debt Service Fund and, to the extent herein provided, from moneys deposited in the Water Connection Charge Fund and the Sewer Connection Charge Fund pursuant to this Resolution, which the Issuer has full authority to irrevocably pledge. The Issuer shall never be required to levy ad valorem taxes on any property to pay the principal of, interest on or any premium with respect to the Bonds or to make any of the required sinking fund, reserve or other payments required herein, and the Bonds shall not constitute a lien on any property owned by or situated within the limits of the Issuer.

G. The estimated Gross Revenues to be derived in each year hereafter from the operation of the System, together with Connection Charges to the extent legally available as herein described, after payment of the Costs of Operation and Maintenance, will be sufficient to pay all of the principal of and interest on the Bonds to be issued hereunder, as the same become due and to make all sinking fund, reserve and other payments in connection with the Bonds required by this Resolution.

ARTICLE IV

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF PROJECTS; COST OF PROJECTS

SECTION 4.01. Authorization of Projects. The acquisition and construction of the Projects, including, without limitation, the Projects described on Exhibit "B" hereto to be financed with proceeds of the Series 1991 Bonds, is hereby authorized. The description of Projects to be financed with proceeds of the Series 1991 Bonds, described on Exhibit "B" hereto may be modified, and a new Exhibit "B" then attached hereto, if a Qualified Independent Consultant shall certify that such modification shall not materially adversely affect the operations of the System or the amount of estimated or projected Gross Revenues to be received as a result of the acquisition and construction of the Projects. Additional Projects to be financed with proceeds of Bonds shall be more particularly defined and described by subsequent ordinances or resolutions of the Issuer, the description of which Projects may also be modified as provided in the resolution or ordinance authorizing the Bonds financing such Projects.

SECTION 4.02. Cost of Projects. Proceeds received from the sale of the Bonds are hereby authorized to be used to pay the Cost of the Projects. The Cost of each Project shall include, without limiting the items of cost permitted under the Act, the following items to the extent they relate to such Project, including without limitation, reimbursement to the County in connection with items previously incurred: (i) all direct costs of the Project items described in the plans and specifications for such Project; (ii) all costs of planning, designing, acquiring, constructing, financing and placing such Projects in operation; (iii) all costs of issuance of Bonds, including, without limitation, the cost of Bond Insurance, any Reserve Product, any Credit Facility, any Liquidity Facility, bond counsel, disclosure counsel, underwriters and underwriters' counsel, special tax counsel, financial advisors, printing costs, rating agency fees, initial acceptance fees of paying agents, registrars, trustees, depositories and financial institutions providing special credit facilities with respect to one or more Series of Bonds, and any other costs of issuance of Bonds; (iv) the cost of any lands or interests therein and all of the properties deemed necessary or convenient for the maintenance and operation of the Projects; (v) all other engineering, legal and financial costs and expenses; (vi) all

expenses for estimates of costs and of revenues; (vii) costs of obtaining governmental and regulatory permits, licenses, covenants and approvals; (viii) all fees of special advisors and consultants associated with one or more aspects of the Projects or the financing thereof; (ix) all costs relating to claims or judgments arising out of the construction of the System; (x) all federal, state and local taxes and payments in lieu of taxes required to be paid in connection with the acquisition and construction of the System; (xi) all amounts required to be paid by this Resolution or any supplemental ordinance or resolution authorizing the issuance of Bonds into the Reserve Fund, Debt Service Fund or Renewal and Replacement Fund upon the issuance of any Series of Bonds; (xii) the payment of all principal, premium, if any, and interest when due, of any Bonds of any Series or other evidences of indebtedness issued to finance a portion of the cost of the Projects, whether at the maturity thereof or at the due date of interest or upon redemption thereof; (xiii) interest on Bonds of any Series prior to and during construction of any Project for which such Bonds were issued, and for such additional periods as the Issuer may reasonably determine to be necessary for the placing of such Projects in operation; (xiv) the reimbursement to the Issuer of all such costs of any Project that have been advanced by the Issuer from its available funds before the delivery of a Series of Bonds issued to finance such costs; (xv) the principal, interest, premium, if any, and costs related thereto, payable with respect to any note or other obligation issued by the Issuer to pay any part of the Cost of the Project enumerated in this Section 4.02; (xvi) all amounts required to be rebated to the United States of America in order to preserve the exclusion from gross income for federal income tax purposes of interest on Bonds other than Taxable Bonds; and (xvii) such other costs and expenses which shall be necessary or incidental to the financing herein authorized and the construction and acquisition of the Projects and the placing of same in operation.

ARTICLE V

THIS INSTRUMENT TO CONSTITUTE CONTRACT

In consideration of the acceptance of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Bondholders. The covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders and all Bonds shall be of equal rank and without preference, priority or distinction over any other thereof, except as expressly provided herein.

ARTICLE VI

AUTHORIZATION, DESCRIPTION, FORM AND TERMS OF BONDS

SECTION 6.01. Authority for Issuance of Bonds. Subject and pursuant to the provisions hereof, Bonds to be known as "Polk County, Florida Utility System Revenue Bonds" are hereby authorized to be issued for the purpose of financing the Cost of Projects. Subject and pursuant to the provisions hereof, the Series 1991 Bonds to be known as "Polk County, Florida Utility System Revenue Bonds, Series 1991" are hereby authorized to be issued in an aggregate principal amount of not exceeding Twenty-Five Million Dollars (\$25,000,000) for the purpose of financing all or part of the Cost of the Projects described on Exhibit "B" to be funded hereunder and to refund and defease the Prior Bonds. Additional Bonds in excess of this amount may be issued from time to time pursuant to the terms hereof.

SECTION 6.02. Description of Obligations. The Bonds authorized hereunder may be issued in one or more Series that may be delivered from time to time. The Bonds may be issued as obligations the interest on which is excluded from gross income for federal tax purposes or as Taxable Bonds, as fixed rate Bonds or Variable Rate Bonds, as Current Interest Bonds or as Capital Appreciation Bonds, as Designated Maturity Bonds and/or as Commercial Paper Obligations. The Issuer shall by supplemental ordinance or resolution authorize such Series and shall specify the following: the authorized principal amount of such Series; the Projects to be financed with the proceeds thereof; the date and terms of maturity or maturities of the Bonds of such Series, whether such Bonds are Taxable Bonds, Variable Rate Bonds, fixed rate Bonds, Capital Appreciation Bonds, Current Interest Bonds, Designated Maturity Bonds and/or Commercial Paper Obligations, or the payment of the Bonds on the demand of the holder, provided that each maturity date shall be October 1 (or, in the event of semiannual maturities of principal, April 1 and October 1) unless otherwise expressly provided by subsequent ordinance or resolution; the interest rate or rates of the Bonds of such Series, which may include variable, dual adjustable, convertible or other rates, original issue discounts, compound interest, Capital Appreciation Bonds and zero interest rate bonds, provided that the average net interest cost rate on each such Series shall never exceed for such Series the maximum interest rate permitted by law in effect at the time such Series are issued, and provided further that in the event original issue discount, zero interest rate, Capital Appreciation Bonds or similar Bonds are issued, only the original principal amount of such Bonds shall be deemed issued on the date of issuance for the purposes of the maximum amount of Bonds authorized hereunder or under a supplemental ordinance or resolution; the denominations, numbering, lettering and series designation of such Series of Bonds, provided that the Bonds shall be in the denominations of \$5,000 or any integral multiple thereof, or in the case of Capital Appreciation Bonds, \$5,000 amount due at maturity, or any integral multiple thereof, or any other denomination designated by subsequent ordinance or resolution; the Paying Agent and place or places of payment of such Bonds; the redemption prices for such Series of Bonds and any terms of redemption

or any formula for accretion upon redemption not inconsistent with the provisions of this Resolution which may include mandatory redemption at the election of the holder or registered owner thereof; the amount and date of each Amortization Installment, if any, for such Series of Bonds, provided that each Amortization Installment shall fall due on April 1 or October 1, or both, of a Bond Year; the use of proceeds of such Series of Bonds, including deposits required to be made into the Construction Fund, Reserve Fund and the Renewal and Replacement Fund; and any other terms or provisions applicable to the Series of Bonds, not inconsistent with the provisions of this Resolution or the Act. All of the foregoing may be added by supplemental resolution or resolutions (or supplemental ordinance or ordinances) adopted at any time and from time to time prior to the issuance of such Series of Bonds. Unless otherwise so provided, each Bond shall bear interest from the later of the Dated Date or original issue date shown thereon or the most recent interest payment date to which interest has been paid, until payment of the principal sum or until provision for the payment thereof on or after the maturity or redemption date has been duly provided for and, unless otherwise provided, interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Series 1991 Bonds may be issued in one or more Series and the Series designation of such Bonds may be changed to reflect the date and sequence of issuance and the particular terms thereof.

Unless coupon bonds, the interest on which is excluded from gross income for federal income tax purposes, may again be issued under Section 103 of the Code, or any successor to such Code section, or unless such Bonds are intended to be Taxable Bonds, all Bonds hereunder shall be in registered form, contain substantially the same terms and conditions as set forth in Section 6.09 below, shall be payable in lawful money of the United States of America, and, in the case of Current Interest Bonds, interest thereon shall be payable by mail to the Holder thereof (or in the case of Holders of \$1,000,000 or more in aggregate principal amount of Bonds, by wire transfer (at the expense of such Holders) to a bank in the continental United States so long as written instructions for such wire transfer are provided to the Paying Agent at least ten (10) days prior to the Payment Date). Unless otherwise provided by subsequent ordinance or resolution authorizing a Series of Bonds, interest will be paid to the Holders of Bonds as their addresses may appear on the registration books of the Issuer at the close of business on the fifteenth day, whether or not a Business Day, of the month next preceding the interest payment date (the "Record Date"), irrespective of any transfer or exchange of a Bond subsequent to such Record Date and prior to the next succeeding interest payment date, unless the Issuer shall be in default in payment of interest due on such interest payment date. Unless otherwise provided by subsequent ordinance or resolution authorizing a Series of Bonds, in the event of any such default, such defaulted interest shall be payable to the persons in whose names the Bonds are registered at the close of business on a special record date for the payment of such defaulted interest as established by notice (which notice shall also designate the payment date) by deposit in the U.S. mail, postage prepaid, by the Issuer to the

Holders of the Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names the Bonds are registered at the close of business on the fifth day, whether or not a Business Day, preceding the date of mailing. Principal of Current Interest Bonds and principal of and any accreted interest on Capital Appreciation Bonds, shall be payable at maturity or earlier redemption thereof upon presentation and surrender of such Bonds at the principal office of the Registrar by check or draft unless otherwise provided by subsequent resolution or ordinance. To the extent the Issuer under then applicable law may issue any Series of Bonds in coupon form, the interest on which, in the opinion of Bond Counsel, is excluded from gross income for federal tax purposes, or to the extent such Bonds are to be issued as Taxable Bonds, the Issuer may amend this Resolution, including the form of the Bonds, to authorize and provide for the issuance and payment of such coupon Bonds. In addition, notwithstanding the foregoing, if and to the extent permitted by applicable law, the Issuer shall establish a system of registration with respect to any Series or all Series of Bonds issued hereunder and may issue thereunder certificated registered public obligations (represented by instruments) or uncertificated registered public obligations (not represented by instruments) commonly known as book-entry obligations, combinations thereof, or such other obligations as may then be permitted by law. The Issuer shall appoint such registrars, transfer agents, depositaries or other agents as may be necessary to cause the registration, registration of transfer and reissuance of the Bonds within a commercially reasonable time according to the then current industry standards and to cause the timely payment of interest, principal and premium payable with respect to the Bonds. Registration and registration of transfer of the Series 1991 Bonds shall be subject to the terms set forth below and those set forth in the forms of the Series 1991 Bonds in Section 6.09 hereof. Any such system may be effective for any Series then outstanding or to be subsequently issued, provided that if the Issuer adopts a system for the issuance of uncertificated registered public obligations, it may permit thereunder the conversion, at the option of a holder of any Bond then outstanding, of a certificated registered public obligation to an uncertificated registered public obligation, and the reconversion of the same. A list of the names and addresses of the registered owners of the Bonds shall be maintained at all times by the Registrar and shall be made available to any Bondholder requesting same during normal business hours.

Unless otherwise provided for a Series of Bonds by the subsequent ordinance or resolution related to such Series of Bonds, the registration of the Bonds may be transferred upon the registration books therefor upon delivery to the Registrar, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Registrar, duly executed by the registered owner of such Bonds or by his attorney-in-fact or legal representative, containing written instructions as to the details of transfer of such Bonds, along with the social security number or federal employer identification number of such transferee. In all cases of a transfer of the Bonds, the Registrar shall at the earliest

practical time in accordance with the provisions of this Resolution enter the transfer of ownership in the registration books for the Bonds and (unless uncertificated registration shall be requested and the Issuer has a registration system that will accommodate uncertificated registration) shall deliver in the name of the new transferee or transferees a new fully registered Bond or Bonds of the same maturity and of authorized denomination or denominations for the same aggregate principal amount and payable from the same sources of funds. Neither the Issuer nor the Registrar shall be required to register the transfer of any Bond during the period commencing on the fifteenth day of the month next preceding an interest payment date on the Bonds and ending on such interest payment date, or, in the case of any proposed redemption of Bonds, after such Bonds or any portion thereof have been selected for redemption. The Registrar or the Issuer may charge the registered owners of such Bonds for the registration of every such transfer of such Bonds sufficient to reimburse it for any tax, fee or any other governmental charge required to be paid, except for any such governmental charge imposed by the Issuer, with respect to the registration of such transfer, and may require that such amounts be paid before any such new Bonds shall be delivered.

If any date for payment of the principal of, premium, if any, or interest on any Bond is not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

The form of Bonds may provide that the holder of any such Bond may demand that the Issuer purchase such Bond by payment of principal and interest within a stated period after delivering notice to a designated agent for the Issuer and providing a copy of the notice with the tender of the Bond to such agent. The designated agent for the Issuer, in accordance with the terms of a remarketing or replacement agreement, may provide for the resale or redelivery of the Bonds on behalf of the Issuer at a price provided for in the agreement. If the Bonds shall not be resold or redelivered within a stated period, the agent for the Issuer may be authorized to draw upon a previously executed Credit Facility or Liquidity Facility between the Issuer and one or more banks or other financial or lending institutions permitting the Issuer to borrow funds to pay for the purchase of Bonds to which such Credit Facility or Liquidity Facility shall pertain. The particular form or forms of such demand provisions, the period or periods for payment of principal and interest after delivery of notice, the appointment of the agent for the Issuer, the terms and provisions of the remarketing or replacement agreement, and the terms and provisions of the Credit Facility or Liquidity Facility shall be as designated by a supplemental ordinance or resolution of the Issuer pertaining to each Series of Bonds to which such terms and provisions are applicable, prior to the sale and delivery thereof.

SECTION 6.03. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Chairman and the seal of the Issuer shall be

imprinted, reproduced or lithographed on the Bonds and attested to and countersigned by the Clerk. The signatures of the Chairman and the Clerk on the Bonds may be by facsimile, but one such officer shall sign his manual signature on the Bonds unless the Issuer appoints an authenticating agent, registrar, transfer agent or trustee who shall be authorized and directed to cause one of its duly authorized officers to manually execute the Bonds. If any officer whose signature appears on the Bonds ceases to hold office before the delivery of the Bonds, his signature shall nevertheless be valid and sufficient for all purposes. In addition, any Bond may bear the signature of, or may be signed by, such persons as at the actual time of execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond or the date of delivery thereof such persons may not have been such officers.

SECTION 6.04. Bonds Mutilated, Destroyed, Stolen or Lost. If any Bond is mutilated, destroyed, stolen or lost, the Issuer or its agent may, in its discretion (i) deliver a duplicate replacement Bond, or (ii) pay a Bond that has matured or is about to mature. A mutilated Bond shall be surrendered to and cancelled by the Clerk of the Issuer or its duly authorized agent. The Bondholder must furnish the Issuer or its agent proof of ownership of any destroyed, stolen or lost Bond; post satisfactory indemnity; comply with any reasonable conditions the Issuer or its agent may prescribe; and pay the Issuer's or its agent's reasonable expenses.

Any such duplicate Bond shall constitute an original contractual obligation on the part of the Issuer whether or not the destroyed, stolen, or lost Bond be at any time found by anyone, and such duplicate Bond shall be entitled to equal and proportionate benefits and rights as to lien on, and source of and security for payment from, the funds pledged to the payment of the Bond so mutilated, destroyed, stolen or lost.

SECTION 6.05. Provisions for Redemption. Each Series of Bonds shall be subject to redemption prior to the maturity thereof at the option of the Issuer at such times and in such manner as shall be established by subsequent resolutions or ordinances of the Issuer adopted with respect to any Series of Bonds on or before the time of delivery of those Bonds. Except as otherwise provided by subsequent ordinance or resolution with respect to a Series of Bonds, notice of redemption shall be given by the deposit in the U. S. mails of a copy of said redemption notice, postage prepaid, at least thirty and not more than sixty days before the redemption date to all registered owners of the Bonds or portions of Bonds to be redeemed at their addresses as they appear on the registration books to be maintained in accordance with provisions hereof. Failure to give any such notice to a registered owner of a Bond, or any defect therein, shall not affect the validity of the proceedings for redemption of any Bond or portion thereof with respect to which no failure or defect occurred.

Each notice shall set forth the date fixed for redemption for each Bond being redeemed, the redemption price to be paid, the name and address of the Registrar and, if less than all of the Bonds then outstanding shall be called for redemption, the distinctive numbers and letters, including CUSIP numbers, if any, of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. If any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall also state that on or after the redemption date, upon surrender of such Bond, new Bond or Bonds in a principal amount equal to the unredeemed portion of such Bond will be issued.

Any notice mailed as provided in this section shall be conclusively presumed to have been duly given, whether or not the owner of such Bond receives such notice.

In addition to the mailing of the notice described above, except as otherwise provided by subsequent ordinance or resolution with respect to a Series of Bonds, each notice of redemption and payment of the redemption price shall meet the requirements of this paragraph; provided however, that failure of such notice or payment to comply with the terms of this paragraph shall not in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above in this Section 6.05.

(a) Each notice of redemption shall be sent at least thirty-five (35) days before the redemption date by registered or certified mail or overnight delivery service or telecopy to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds (such depositories now being The Depository Trust Company, New York, New York, Midwest Securities Trust Company, Chicago, Illinois and Philadelphia Depository Trust Company, Philadelphia, Pennsylvania) and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(b) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Notwithstanding the foregoing or any other provision hereof, notice of optional redemption pursuant to this Section 6.05 may be conditioned upon the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption and may also be subject to rescission by the Issuer if expressly set forth in such notice.

SECTION 6.06. Effect of Notice of Redemption. Except as set forth in the last paragraph of Section 6.05, notice having been given in the manner and under the conditions hereinabove provided, the Bonds or portions of Bonds so called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption of such Bonds or portions of Bonds on such date. On the date so designated for redemption, moneys for payment of the redemption price being held in separate accounts by the Paying Agents in trust for the registered owners of the Bonds or portions thereof to be redeemed, all as provided in this Resolution, and any conditions to such redemption having been satisfied, interest on the Bonds or portions of Bonds so called for redemption shall cease to accrue, such Bonds and portions of Bonds shall cease to be entitled to any lien, benefit or security under this Resolution, and the registered owners of such Bonds or portions of Bonds shall have no right in respect thereof except to receive payment of the redemption price thereof and, to the extent provided in Section 6.07 of this Article, to receive Bonds for any unredeemed portions of the Bonds.

SECTION 6.07. Redemption of Portion of Registered Bonds. In case part but not all of an outstanding fully registered Bond shall be selected for redemption, the registered owners thereof shall present and surrender such Bond to the Issuer or its designated Paying Agent for payment of the principal amount thereof so called for redemption, and the Issuer shall execute and deliver to or upon the order of such registered owner, without charge therefor, for the unredeemed balance of the principal amount of the Bond so surrendered, a Bond or Bonds fully registered as to principal and interest.

SECTION 6.08. Bonds Called for Redemption not Deemed Outstanding. Bonds or portions of Bonds that have been duly called for redemption under the provisions of this Article VI, with respect to which any conditions to such redemption have been satisfied, and with respect to which amounts sufficient to pay the principal of, premium, if any, and interest to the date fixed for redemption shall be delivered to and held in separate accounts by an escrow agent, any Authorized Depository or any Paying Agent in trust for the registered owners thereof, as provided in this Resolution, shall not be deemed to be outstanding under the provisions of this Resolution and shall cease to be entitled to any lien, benefit or security under this Resolution, except to receive the payment of the redemption price on or after the designated date of redemption from moneys deposited with or held by the escrow agent, Authorized Depository or Paying Agent, as the case may be, for such redemption of the Bonds and, to the extent provided in Section 6.07 of this Article, to receive Bonds for any unredeemed portions of the Bonds.

SECTION 6.09. Form of Bonds. The text of the Current Interest Bonds and Capital Appreciation Bonds, the forms of assignment for such Bonds and the forms of certificates of authentication, if any, provisions for compound, zero and dual interest rate Bonds (if other than Capital Appreciation Bonds), and the

certificate of validation, if any, shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary or desirable and authorized or permitted by this Resolution or by any subsequent ordinance or resolution adopted prior to the issuance thereof, including, without limitation, such changes as may be required for the issuance of Taxable Bonds, uncertificated public obligations or coupon Bonds to the extent herein authorized and for the execution of the Bonds by an authenticating agent:

(Form of Current Interest Bond)

REGISTERED
No. R- _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTY OF POLK
UTILITY SYSTEM REVENUE BOND, SERIES ____

Interest Rate: Maturity Date: Dated Date: CUSIP NO.
% % % %

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

Polk County, Florida (hereinafter called the "Issuer"), for value received, hereby promises to pay to the Registered Owner identified above, or to registered assigns or legal representatives, but solely from the revenues hereinafter mentioned, on the Maturity Date identified above (or earlier as hereinafter provided), the Principal Amount identified above, upon presentation and surrender hereof at the principal office of _____, Florida, or its successors, as Bond Registrar and Paying Agent (the "Registrar"), and to pay, solely from such special revenues, interest on the Principal Amount from the Dated Date, or from the most recent interest payment date to which interest has been paid, at the Interest Rate per annum identified above, until payment of the Principal Amount, or until provision for the payment thereof has been duly provided for, such interest being payable semiannually on the first day of ____ and the first day of ____ of each year, commencing on ____ 1, _____. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be paid by check or draft mailed to the Registered Owner hereof at his address as it appears on the registration books of the Issuer maintained by the Registrar at the close of business on the fifteenth day (whether or not a business day) of the month next preceding the interest payment date (the "Record Date"), irrespective of any transfer or exchange of this Bond subsequent to the Record Date and prior to such interest payment date,

unless the Issuer shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date (which date shall also be the date for the payment of such defaulted interest) as established by notice by deposit in the U.S. mails, postage prepaid, by the Issuer to the Registered Owners of Bonds not less than fifteen days preceding such special record date. Such notice shall be mailed to the persons in whose names the Bonds are registered at the close of business on the fifth day (whether or not a business day) preceding the date of mailing.

This Bond and the interest hereon is payable solely from and secured by a prior lien upon and pledge of certain revenues (the "Gross Revenues") derived by the Issuer from the operation of the System (as hereinafter defined), together with certain Connection Charges (as that term is defined in Resolution No. 91-03, adopted by the Issuer on September 24, 1991, as the same has been supplemented, amended, restated, compiled and codified by Resolution No. ____ adopted by the Issuer on _____, 2003 (the "Resolution")), and certain other funds and investment earnings thereon, all in the manner and to the extent provided in the Resolution and as more particularly described below. Reference is hereby made to the Resolution for the provisions, among others, relating to the terms, lien and security of the Bonds, the custody and application of the proceeds of the Bonds, the rights and remedies of the Registered Owners of the Bonds, the extent of and limitations on the Issuer's rights, duties and obligations, and the provisions permitting the issuance of additional parity indebtedness, to all of which provisions the Registered Owner hereof for himself and his successors in interest assents by acceptance of this Bond. All terms used herein in capitalized form, unless otherwise defined herein, shall have the meanings ascribed thereto in the Resolution.

This Bond shall not be deemed to constitute a general debt or a pledge of the faith and credit of the Issuer, or a debt or a pledge of the faith and credit of the State of Florida or any political subdivision thereof within the meaning of any constitutional, legislative or charter provision or limitation, and it is expressly agreed by the Registered Owner of this Bond that such Registered Owner shall never have the right, directly or indirectly, to require or compel the exercise of the ad valorem taxing power of the Issuer or any other political subdivision of the State of Florida or taxation in any form on any real or personal property for the payment of the principal of and interest on this Bond or for the payment of any other amounts provided for in the Resolution.

It is further agreed between the Issuer and the Registered Owner of this Bond that this Bond and the indebtedness evidenced hereby shall not constitute a lien upon the System, or any part thereof, or any other tangible personal property of or in the Issuer, but shall constitute a lien only on the Gross Revenues, certain Connection Charges, as defined in the Resolution, and certain other funds and investment earnings thereon, all in the manner and to the extent

provided in the Resolution. Neither the members of the governing body of the Issuer nor any person executing the Bonds shall be liable personally on the Bonds by reason of their issuance.

[Optional] This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication endorsed hereon shall have been signed by the Registrar.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF FULLY SET FORTH IN THIS PLACE.

IN WITNESS WHEREOF, Polk County, Florida, has issued this Bond and has caused the same to be signed by the Chairman of its Board of County Commissioners and attested to and countersigned by the Clerk of the Circuit Court and Ex-Officio Clerk of its Board of County Commissioners, either manually or with their facsimile signatures, and its corporate seal or a facsimile thereof to be affixed, impressed, imprinted, lithographed or reproduced hereon, all as of the first day of _____.

POLK COUNTY, FLORIDA

(SEAL)

By _____
Chairman, Board of
County Commissioners

ATTESTED AND COUNTERSIGNED:

By _____
Clerk of the Circuit Court
and Ex-Officio Clerk of the
Board of County Commissioners

[Optional]

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds designated in and executed under the provisions of the within mentioned Resolution.

[Name of Registrar]

By: _____
Authorized Officer

Date of Authentication:

[To be printed on the reverse side of Bonds]

FURTHER BOND PROVISIONS

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of \$_____, consisting of \$_____ Current Interest Bonds and \$_____ Capital Appreciation Bonds, of like tenor and effect, except as to number, maturity (unless all Bonds mature on the same date) and interest rate, issued to finance the cost of the repair of and acquisition and construction of additions, extensions and improvements to the Issuer's water distribution and waste water collection, reuse and treatment system (herein called the "System"), and to refund the Issuer's Water and Sewer Revenue Bonds, Series 1975, and Water and Sewer Revenue Bonds, Series 1985, pursuant to the authority of and in full compliance with the Constitution and laws of the State of Florida, including particularly the Resolution, Article VIII, Section 2, Constitution of the State of Florida, Section 159.11 and Chapter 125, Florida Statutes, the Charter of the Issuer and Ordinance No. 85-34 enacted on December 17, 1984. This Bond is also subject to the terms and conditions of the Resolution.

The Bonds of this issue are subject to redemption prior to their maturity [Insert Term Bond amortization provisions]. The Bonds of this issue shall be further subject to redemption prior to their maturity at the option of the Issuer [Insert optional redemption provisions].

Notice of such redemption shall be given in the manner required by the Resolution.

The registration of this Bond may be transferred upon the registration books upon delivery to the designated office of the Registrar accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Registrar, duly executed by the owner of this Bond or

by his attorney-in-fact or legal representative, containing written instructions as to the details of transfer of this Bond, along with the social security number or federal employer identification number of such transferee. In all cases of a transfer of a Bond, the Registrar shall at the earliest practical time in accordance with the provisions of the Resolution enter the transfer of ownership in the registration books and (unless uncertificated registration shall be requested and the Issuer has a registration system that will accommodate uncertificated registration) shall deliver in the name of the new transferee or transferees a new fully registered Bond or Bonds of the same maturity and of authorized denomination or denominations, for the same aggregate principal amount and payable from the same source of funds. Neither the Issuer nor the Registrar shall be required to register the transfer of any Bond during the period commencing on the fifteenth day of the month immediately preceding an interest payment date on the Bonds and ending on such interest payment date, or, in the case of any proposed redemption of Bonds, after such Bonds or any portion thereof have been selected for redemption. The Issuer and the Registrar may charge the owner of such Bond for the registration of every such transfer of a Bond an amount sufficient to reimburse them for any tax, fee or any other governmental charge required (other than by the Issuer) to be paid with respect to the registration of such transfer, and may require that such amounts be paid before any such new Bond shall be delivered.

If the date for payment of the principal of, premium, if any, or interest on this Bond shall be a day which is not a Business Day, then the date for such payment shall be the next succeeding day which is a Business Day, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in regular and due form and time as required by the laws and Constitution of the State of Florida applicable hereto, and that the issuance of the Bonds of this Series does not violate any constitutional or statutory limitation or provision.

[PROVISION FOR VARIABLE RATE BONDS]

The form of the Current Interest Bonds may be modified as appropriate by supplemental ordinance or resolution to provide for a variable interest rate calculated as provided by supplemental ordinance or resolution pertaining to each Series of Bonds, provided that in no event shall the interest rate calculated in accordance with such formula or any accreted interest exceed the maximum rate permitted by law.

[PROVISION FOR DEMAND BONDS]

The form of the Current Interest Bonds may be modified as appropriate by supplemental resolution or ordinance of the Issuer for each Series of Bonds prior to the sale thereof, to provide that the holder of any such Bond may demand from the Issuer payment of principal and interest on his Bond within a specified number of calendar days after delivering notice to a remarketing or other agent for the Issuer and providing a copy of the notice and tendering the Bonds to a named tender or other agent for the Issuer.

(FORM OF CAPITAL APPRECIATION BONDS)

REGISTERED No. CABR: _____ VALUE AT MATURITY \$ _____

UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTY OF POLK
UTILITY SYSTEM REVENUE BOND
SERIES _____

Maturity Date: _____ 1, _____ Original Issue Date: _____

Approximate Interest Rate _____ % (approximate due to rounding) [CUSIP NO.]

Original Principal Amount (per \$5,000 Value at Maturity)

Registered Owner _____

Value at Maturity \$ _____ DOLLARS

Polk County, Florida (hereinafter called the "Issuer"), for value received, hereby promises to pay to the Registered Owner identified above, or to registered assigns or legal representatives, but solely from the revenues hereinafter mentioned, on the Maturity Date identified above (or earlier as hereinafter provided), the Value at Maturity identified above representing the principal amount thereof plus interest thereon at the Approximate Interest Rate per Annum (computed on the basis of a 360-day year, as rounded) specified above, compounded semiannually on the first day of _____ and the first day of _____ of each year from the Original Issue Date shown above to the Maturity Date specified above, or the applicable Compounded Amount (as reflected on the reverse side hereof) if redeemed prior thereto as hereinafter provided, commencing on _____ 1, _____. The Value at Maturity of this Bond specified above or the Compounded Amount if redeemed prior thereto shall be payable upon presentation and surrender hereof on or after the Maturity Date or the date fixed for redemption hereof at the

principal office of _____, _____, or its successors as Registrar and Paying Agent (the "Registrar").

This Bond and the interest hereon is payable solely from and secured by a prior lien upon and pledge of certain revenues (the "Gross Revenues") derived by the Issuer from the operation of the System (as hereinafter defined), together with certain Connection Charges (as that term is defined in Resolution No. 91-03, adopted by the Issuer on September 24, 1991, as the same has been supplemented, amended, compiled and codified by Resolution No. _____ adopted by the Issuer on _____, 2003 (the "Resolution")) and certain other funds and investment earnings thereon, all in the manner and to the extent provided in the Resolution and as more particularly described below. Reference is hereby made to the Resolution for the provisions, among others, relating to the terms, lien and security of the Bonds, the custody and application of the proceeds of the Bonds, the rights and remedies of the Registered Owners of the Bonds, the extent of and limitations on the Issuer's rights, duties and obligations, and the provisions permitting the issuance of additional parity indebtedness (including, without limitation, Qualified Hedge Payments arising under Qualified Hedge Agreements), to all of which provisions the Registered Owner hereof for himself and his successors in interest assents by acceptance of this Bond. All terms used herein in capitalized form, unless otherwise defined herein, shall have the meanings ascribed thereto in the Resolution.

This Bond shall not be deemed to constitute a general debt or a pledge of the faith and credit of the Issuer, or a debt or a pledge of the faith and credit of the State of Florida or any political subdivision thereof within the meaning of any constitutional, legislative or charter provision or limitation, and it is expressly agreed by the Registered Owner of this Bond that such Registered Owner shall never have the right, directly or indirectly, to require or compel the exercise of the ad valorem taxing power of the Issuer or any other political subdivision of the State of Florida or taxation in any form on any real or personal property for the payment of the principal of and interest on this Bond or for the payment of any other amounts provided for in the Resolution.

It is further agreed between the Issuer and the Registered Owner of this Bond that this Bond and the indebtedness evidenced hereby shall not constitute a lien upon the System, or any part thereof, or any other tangible personal property of or in the Issuer, but shall constitute a lien only on the Gross Revenues, certain Connection Charges, as defined in the Resolution, and certain other funds and investment earnings thereon, all in the manner and to the extent provided in the Resolution. Neither the members of the governing body of the Issuer nor any person executing the Bonds shall be liable personally on the Bonds by reason of their issuance.

[Optional] This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication endorsed hereon shall have been signed by the Registrar.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF FULLY SET FORTH IN THIS PLACE.

IN WITNESS WHEREOF, Polk County, Florida, has issued this Bond and has caused the same to be signed by the Chairman of its Board of County Commissioners and attested to and countersigned by the Clerk of the Circuit Court and Ex-Officio Clerk of its Board of County Commissioners, either manually or with their facsimile signatures, and its corporate seal or a facsimile thereof to be affixed, impressed, imprinted or lithographed or reproduced hereon, all as of the first day of _____, _____.

(SEAL)

POLK COUNTY, FLORIDA

By _____
Chairman, Board of
County Commissioners

ATTESTED AND COUNTERSIGNED:

By _____
Clerk of the Circuit Court
and Ex-Officio Clerk of the
Board of County Commissioners

[Optional]

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds designated in and executed under the provisions of the within mentioned Resolution.

[Name of Registrar]

By: _____
Authorized Officer

Date of Authentication:

[To be printed on the reverse side of Bonds]

FURTHER BOND PROVISIONS

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of \$_____, consisting of \$_____ Current Interest Bonds and \$_____ Capital Appreciation Bonds, of like tenor and effect, except as to number, maturity (unless all Bonds mature on the same date) and interest rate, issued to finance the cost of the repair of and acquisition and construction of additions, extensions and improvements to the Issuer's water distribution and waste water collection, reuse and treatment system (herein called the "System"), and to refund the Issuer's Water and Sewer Revenue Bonds, Series 1975, and Water and Sewer Revenue Bonds, Series 1985, pursuant to the authority of and in full compliance with the Constitution and laws of the State of Florida, including particularly the Resolution, Article VIII, Section 2, Constitution of the State of Florida, Section 159.11 and Chapter 125, Florida Statutes, the Charter of the Issuer and Ordinance No. 85-34 enacted on December 17, 1984. This Bond is also subject to the terms and conditions of the Resolution.

The Bonds of this issue are subject to redemption prior to their maturity [Insert Term Bond amortization provisions]. The Bonds of this issue shall be further subject to redemption prior to their maturity at the option of the Issuer [Insert optional redemption provisions with appropriate accretion tables for original issue discount and Capital Appreciation Bonds].

[INSERT TABLE OF COMPOUNDED AMOUNTS]

The Compounded Amounts for the Bonds as of any date not stated in such tables shall be calculated by adding to the Compounded Amount for such Bond as of the date stated in the foregoing table immediately preceding the date of computation a portion of the difference between the Compounded Amount for such preceding date and the Compounded Amount for such Bonds as of the date shown on the table immediately succeeding the date of calculation, apportioned on the assumption that interest accretes during any period in equal daily amounts on the basis of a year of twelve 30-day months.

Notice of such redemption shall be given in the manner required by the Resolution.

The registration of this Bond may be transferred upon the registration books upon delivery to the designated office of the Registrar accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Registrar, duly executed by the owner of this Bond or by his attorney-in-fact or legal representative, containing written instructions as to the details of transfer of this Bond, along with the social security number or federal employer identification number of such transferee. In all cases of a transfer of a

Bond, the Registrar shall at the earliest practical time in accordance with the provisions of the Resolution enter the transfer of ownership in the registration books and (unless uncertificated registration shall be requested and the Issuer has a registration system that will accommodate uncertificated registration) shall deliver in the name of the new transferee or transferees a new fully registered Bond or Bonds of the same maturity and of authorized denomination or denominations, for the same aggregate principal amount and payable from the same source of funds. Neither the Issuer nor the Registrar shall be required to register the transfer of any Bond in the case of any proposed redemption of Bonds, after such Bonds or any portion thereof have been selected for redemption. The Issuer and the Registrar may charge the owner of such Bond for the registration of every such transfer of a Bond an amount sufficient to reimburse them for any tax, fee or any other governmental charge required (other than by the Issuer) to be paid with respect to the registration of such transfer, and may require that such amounts be paid before any such new Bond shall be delivered.

If the date for payment of the principal of, premium, if any, or interest on this Bond shall be a day which is not a Business Day, then the date for such payment shall be the next succeeding day which is a Business Day, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in regular and due form and time as required by the laws and Constitution of the State of Florida applicable hereto, and that the issuance of the Bonds of this Series does not violate any constitutional or statutory limitation or provision.

[PROVISION FOR DUAL, ZERO AND OTHER SIMILAR PROVISIONS]

The form of the Capital Appreciation Bond may be modified as appropriate prior to sale thereof to provide for compound, dual and zero interest rates (if other than Capital Appreciation Bonds).

[Each Bond Form]

VALIDATION CERTIFICATE

This is one of a series of bonds which were validated and confirmed by judgment of the Circuit Court of the Tenth Judicial Circuit, in and for Polk County, Florida, rendered on _____, 19__.

Chairman, Board of County
Commissioners of Polk
County, Florida

[Form of Abbreviations]

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to the applicable laws or regulations.

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with the right of survivorship
and not as tenants in common

UNIFORM GIFT MIN ACT - _____ Custodian _____
(Cust) (Minor)

under Uniform Gifts to Minors

Act _____
(State)

Additional abbreviations may also be used
though not in the above list.

[Each Bond Form]

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned _____
(the "Transferor"), hereby sells, assigns and transfers
unto _____ (the "Transferee")

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER OF TRANSFeree

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ as attorney to register the transfer of the within Bond on the books kept for registration and registration of transfer thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a member firm of any other recognized national securities exchange or a commercial bank or a trust company.

NOTICE: No transfer will be registered and no new Bond will be issued in the name of the Transferee, unless the signature(s) to this assignment correspond(s) with the name as it appears upon the face of the within Bond in every particular without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied.

[End of Bond Forms]

SECTION 6.10. Application of Bond Proceeds. Except as otherwise provided hereby, the proceeds, including accrued interest and premium, if any, received from the sale of the Bonds of any Series shall be applied by the Issuer simultaneously with the delivery of such Bonds in accordance with the provisions of a supplemental ordinance or resolution of the Issuer in conformity with this Resolution to be adopted at or before the delivery of such Series of Bonds.

Unless otherwise provided by subsequent resolution adopted prior to the issuance of the Series 1991 Bonds, the proceeds, including accrued interest and premium, if any, received from the sale of the Series 1991 Bonds shall be applied by

the Issuer, simultaneously with the delivery of the Series 1991 Bonds, in the following order and priority:

(1) Accrued Interest. Accrued interest, if any, shall be deposited in the Debt Service Fund, hereinafter created, and used to pay the interest on the Series 1991 Bonds next coming due.

(2) Reserve Fund. An amount, if any, which the Issuer shall subsequently designate by ordinance or resolution enacted or adopted at or before delivery of the Series 1991 Bonds as necessary to be held in reserve for the Series 1991 Bonds shall be deposited in the account with respect to the Series 1991 Bonds in the Reserve Fund, hereinafter created or a Reserve Product shall be so deposited if provided by subsequent resolution.

(3) Refunding of Prior Bonds. An amount necessary to currently refund or defease the Prior Bonds, as established by ordinance or resolution enacted or adopted at or before delivery of the Series 1991 Bonds, shall be paid over to the paying agents for the Prior Bonds or deposited with the Escrow Agent under the terms of the Escrow Deposit Agreement.

(4) Cost of Issuance. An amount equal to the costs of issuance of the Series 1991 Bonds, including, without limitation, any municipal bond insurance premiums and any Reserve Product premiums or fees, shall be held by the Issuer in a separate subaccount in the Construction Fund, hereinafter created, and shall be used to pay when due the costs of issuance of the Series 1991 Bonds.

(5) All Remaining Funds. The balance of said proceeds shall be deposited to the credit of the Construction Fund, hereinafter created.

SECTION 6.11. Temporary Bonds. Pending the preparation of definitive Bonds, the Issuer may execute and deliver temporary Bonds. Temporary Bonds shall be issuable as registered Bonds without coupons, of any authorized denomination, and substantially in the form of the definitive Bonds but with such omissions, insertions, and variations as may be appropriate for temporary Bonds, all as may be determined by the Issuer. Temporary Bonds may contain such reference to any provisions of this Resolution as may be appropriate. Every temporary Bond shall be executed and authenticated upon the same conditions and in substantially the same manner, and with like effect, as the definitive Bonds. As promptly as practicable the Issuer shall execute and shall furnish definitive Bonds and thereupon temporary Bonds may be surrendered in exchange for definitive Bonds without charge at the principal office of the Registrar, and the Registrar

shall authenticate and deliver in exchange for such temporary Bonds a like aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Resolution as definitive Bonds.

SECTION 6.12. Allocation of Proceeds to Expansion Projects. Concurrently with the issuance of each Series of Bonds hereunder, the Utility Director will certify the total Project Costs, the Project Costs with respect to Sewer Expansion Projects and the Project Costs with respect to Water Expansion Projects being financed with each Series of Bonds and the Sewer Expansion Project Percentage and the Water Expansion Project Percentage applicable after the issuance of such Series of Bonds.

ARTICLE VII

CONSTRUCTION FUND

SECTION 7.01. Construction Fund. The "Utility System Revenue Bonds Construction Fund" (the "Construction Fund") is hereby created and established. There shall be paid into the Construction Fund funds which, together with investment earnings thereon, will be sufficient to pay the Cost of each Project to be funded hereunder as designated by supplemental ordinance or resolution of the Issuer.

The Issuer shall establish a separate account in the Construction Fund for the Project or Projects to be financed by each Series of Bonds issued hereunder, and, to the extent applicable, two separate subaccounts therein, one for the deposit of an amount of proceeds or other funds of the Issuer equal to the capitalized interest for such Series of Bonds, and the other for the deposit of an amount of proceeds to be applied to pay the costs of issuance of such Series of Bonds. Each such account and subaccount in the Construction Fund shall be kept separate and apart from all other accounts and subaccounts of the Issuer, and the funds on deposit therein shall be withdrawn, used and applied by the Issuer solely for the payment of the Costs of such Project or Projects and purposes incidental thereto as hereinabove described and set forth in Section 4.02. Capitalized interest, if any, deposited to a subaccount in the Construction Fund and any income therefrom shall be transferred, to the extent necessary, to the Debt Service Fund to pay interest on the related Series of Bonds. Any moneys on deposit in a subaccount in the Construction Fund to pay capitalized interest not needed to pay interest pursuant to the preceding sentence or deposited to pay costs of issuance and not necessary for such purpose may be used in the same manner as other funds on deposit in that account in the Construction Fund. All such moneys shall be and constitute trust funds for such purposes, and shall be delivered to and held by the Chief Financial Officer (or his designated Authorized Depository) who shall act as trustee of such funds for the purposes of this Resolution. There is hereby created a lien upon such

funds in favor of the holders of the Series of Bonds to which such account is related until applied as herein provided.

Any funds on deposit in the Construction Fund that, in the opinion of the Issuer, are not immediately necessary for expenditure, as hereinabove provided, shall be held and may be invested, in the manner provided by law, in Investment Obligations pursuant to Section 10.02 below. All income derived from investments of funds in an account or subaccount in the Construction Fund shall be deposited in such account or subaccount to which such investment income is attributable, except for any such income constituting a portion of the Rebate Amount, which shall be deposited to the Rebate Fund.

Any liquidated damages or settlement payments received by the Issuer as a result of the breach by any contractor, subcontractor or supplier working or supplying goods for the Projects, of any representation, warranty or performance guaranty, and all insurance and condemnation proceeds received with respect to damages to or the taking of the Projects during construction shall be deposited into the appropriate account or accounts in the Construction Fund to insure completion of the Projects, or, if the Utility Director shall certify that the failure to complete a Project and the modification of a Project or the acquisition or construction of a different Project will not materially adversely affect the projected or estimated Gross Revenues, the modification of a Project or the acquisition or construction of a different Project, or shall be deposited in the Debt Service Fund for the redemption of Bonds, as shall be determined by the Issuer.

The Issuer covenants to commence the acquisition and construction of each Project authorized hereunder, promptly upon the delivery of the Series of Bonds issued to pay the Cost thereof, and to thereafter work with due diligence to complete each such Project. The Issuer may, however, abandon or defer any Project if it first obtains the written opinion of the Utility Director that such abandonment or deferral (and the use of the remaining proceeds set aside for the construction of such Project to acquire or construct a different Project or redeem Bonds according to the following paragraph) will not materially adversely affect the projected or estimated Gross Revenues. To the extent the cost of a Project is to be paid in part from funds of the Issuer (for example, from the Connection Charge Fund or the Renewal and Replacement Fund), such funds shall be transferred to and deposited into the appropriate account in the Construction Fund and used in accordance with the provisions of this Section. If funds for any Project are to come from other sources (for example, from county funding or state or federal grants and loans), the Issuer shall take all legally available actions to insure the receipt of such funds and shall cause such funds to be deposited into the Construction Fund or otherwise set aside in a separate fund or account and used for the purposes herein provided. For the purposes of this Section 7.01, "deferral" of a Project shall refer to situations where the Issuer shall not have formally taken action to abandon or cancel a

Project, but shall have determined not to currently proceed with such Project and not to finance such Project with funds then held in the Construction Fund.

Except as otherwise provided with respect to any account in the Construction Fund set forth in the supplemental resolution or ordinance approving the issuance of a Series of Bonds, upon completion of each Project, or upon the abandonment or deferral thereof pursuant to the foregoing, any amounts then remaining in the corresponding account in the Construction Fund and not reserved by the Issuer for the payment of any remaining part of the cost of construction and acquisition thereof or for the payment of the cost of another Project, shall be transferred at the option of the Issuer to the Renewal and Replacement Account and used for the purposes therein described, or shall be used to redeem Bonds in the manner described in Section 9.04(3) below, or upon receipt of an opinion from Bond Counsel that the interest on the Bonds that are not Taxable Bonds will not become includable in gross income for federal income tax purposes as a result of such action, (i) shall be deposited into the Debt Service Fund and used to pay principal and interest next coming due on the Bonds, or (ii) if needed, shall be deposited in the Reserve Fund, or (iii) shall be paid to the Issuer to be used for any lawful purpose. To the extent appropriate, upon such application of funds, the Water Expansion Project Percentage and the Sewer Expansion Project Percentage shall be recalculated.

Upon the occurrence of an event of default hereunder, the moneys in an account in the Construction Fund related to a Series of Bonds may be applied to the payment of Bonds of such Series.

ARTICLE VIII

SOURCE OF PAYMENT OF BONDS; SPECIAL OBLIGATIONS OF THE ISSUER

SECTION 8.01. Bonds and Qualified Hedge Agreements Not to be General Indebtedness of the Issuer. Neither the Bonds nor any Qualified Hedge Payments or other amounts payable under a Qualified Hedge Agreement shall be or constitute general obligations or indebtedness of the Issuer within the meaning of the Constitution of Florida, but shall be payable solely from and secured by a lien upon and a pledge of the Gross Revenues, the Connection Charges and the funds and the earnings thereon pledged to the payment of the Bonds, in the manner and to the extent herein provided. No Bondholder or Qualified Hedge Provider shall ever have the right to compel the exercise of the ad valorem taxing power of the Issuer or taxation in any form on any real or personal property to pay such Bonds or the interest thereon or any amounts due under a Qualified Hedge Agreement, nor shall any Bondholder or Qualified Hedge Provider be entitled to payment of such principal and interest or Qualified Hedge Payments or other amounts payable

under a Qualified Hedge Agreement, including, to the extent provided in the Qualified Hedge Agreement, Hedge Charges, from any other funds of the Issuer other than the Gross Revenues, the Connection Charges and the funds and the earnings thereon pledged to payment of the Bonds, all in the manner and to the extent herein provided. Neither the Bondholders nor the Qualified Hedge Providers shall have no lien upon the System or the Projects.

SECTION 8.02. Pledge of Gross Revenues and Connection Charges.

The payment of the principal of, interest on and redemption premiums, if any, on the Bonds and the payment of Qualified Hedge Payments shall be secured forthwith equally and ratably by an irrevocable lien on the Gross Revenues, the Connection Charges, moneys deposited into the funds and accounts created by this Resolution (other than moneys in the Rebate Fund), and all earnings thereon, all in the manner and solely to the extent provided herein, prior and superior to all other liens or encumbrances on the Gross Revenues, the Connection Charges and such other funds, and, as provided herein, the Issuer does hereby irrevocably pledge the Gross Revenues, the Connection Charges, moneys deposited into the funds and accounts created by this Resolution (other than moneys in the Rebate Fund), and all earnings thereon, all in the manner and solely to the extent provided herein, to the payment of the Cost of Operation and Maintenance of the System (solely from such Gross Revenues), the payment of principal of, premium, if any, and interest on the Bonds, the payment of Qualified Hedge Payments, the funding and maintaining of the reserves therefor as required herein and for all other payments as provided herein. Notwithstanding the foregoing, however, Qualified Hedge Payments shall not be secured by the Reserve Fund or the Construction Fund or accounts in either thereof and nothing herein provided shall be deemed to grant or create a lien on an account in the Reserve Fund created with respect solely to a particular Series of Bonds in favor of the owners of Bonds of any other Series, and each such account in the Reserve Fund created to secure only such Series shall secure only the Series of Bonds with respect to which it was created. In addition, nothing herein shall be deemed to grant or create a lien on any funds, including investment earnings, in the Rebate Fund.

ARTICLE IX

CREATION AND USE OF FUNDS AND ACCOUNTS; DISPOSITION OF REVENUES

SECTION 9.01. Creation of Funds and Accounts. There are hereby created and established the following funds and accounts to be known as: the "Utility System Revenue Fund" (the "Revenue Fund"), the "Utility System Operation and Maintenance Fund" (the "Operation and Maintenance Fund"), the "Utility System Debt Service Fund" (the "Debt Service Fund"), the "Utility System Reserve Fund" (the "Reserve Fund") and a separate account therein designated the

"Composite Account," the "Utility System Renewal and Replacement Fund" (the "Renewal and Replacement Fund"), the "Water Connection Charge Fund" (the "Water Connection Charge Fund"), the "Sewer Connection Charge Fund" (the "Sewer Connection Charge Fund") and the "Utility System Rebate Fund" (the "Rebate Fund"). There may be created additional accounts within the Reserve Fund securing separate Series of Bond if so provided by resolution or ordinance adopted or enacted prior to the issuance of such Series. Such funds and accounts shall constitute trust funds for the purposes herein provided, shall be delivered to and held by the Chief Financial Officer (or an Authorized Depository designated by the Chief Financial Officer), in each case who shall act as trustee of such funds for the purposes hereof, shall (except for the Rebate Fund) be subject to a lien and charge in favor of the holders and registered owners of the Bonds and Qualified Hedge Providers, and shall, except as expressly permitted hereby, at all times be kept separate and distinct from all other funds of the Issuer and used only as herein provided. Such funds and accounts may be maintained as accounts and subaccounts within a utility fund of the Issuer for purposes of its accounting records, but shall be maintained and shall be traceable as designated herein.

SECTION 9.02. Disposition of Revenues and Connection Charges.

Commencing on the day following the delivery of the first Bonds issued hereunder, except as otherwise provided herein, all Gross Revenues and Qualified Hedge Receipts shall be segregated and deposited by the Issuer into the Revenue Fund immediately upon receipt. All payments received as Water Connection Charges shall be segregated and deposited into the Water Connection Charge Fund and all payments received as Sewer Connection Charges shall be segregated and deposited into the Sewer Connection Charge Fund.

(1) DISPOSITION OF FUNDS IN THE REVENUE FUND. Funds in the Revenue Fund shall be disposed of on or before the 15th day of each month, commencing with the month immediately following the delivery of the first Bonds issued hereunder, only in the following order and priority:

(a) First, by deposit in the Operation and Maintenance Fund, the amount necessary to make the funds on deposit therein equal to Average Monthly Cost of Operation and Maintenance for the three full months following the date of such deposit.

(b) Then, by deposit into the Debt Service Fund an amount which, after taking into account amounts deposited therein from the Water Connection Charge Fund and the Sewer Connection Charge Fund pursuant to Section 9.02(2)(a) below and Section 9.02(3)(a) below, respectively (but only to the extent such deposits do not exceed the applicable Water Expansion Project Percentage and Sewer Expansion Project Percentage of the monthly deposit with respect to the Bonds for such month required in this subsection (b)), and other concurrent

deposits made into the Debt Service Fund pursuant to the provisions of this Resolution, will equal one-sixth (1/6th) of the interest maturing on the Bonds on the next interest payment date, with respect to Bonds that bear interest payable semiannually, the amount of interest next maturing on Bonds that bear interest payable monthly, the amount of any Qualified Hedge Payment becoming due in such month, the amount of interest accruing in such month on Bonds that bear interest on other than a monthly or semiannual basis (other than Bonds that bear interest only payable upon maturity or redemption), one-twelfth (1/12th) of all principal and, with respect to Bonds that pay interest only upon maturity or redemption, principal and accreted interest, maturing or becoming payable during the current Bond Year on the various Series of Serial Bonds that mature annually, one-sixth (1/6th) of all principal and, with respect to Bonds that pay interest only upon maturity or redemption, principal and accreted interest, maturing or becoming payable on the next maturity date in such Bond Year on the various Series of Serial Bonds that mature semiannually, and one-twelfth (1/12th) of the Amortization Installments and unamortized principal balances of Term Bonds coming due during the then-current Bond Year with respect to the Bonds, until there are sufficient funds then on deposit equal to the sum of the interest, principal and redemption payments due on the Bonds on the next interest, principal and redemption dates in such Bond Year and to timely pay Qualified Hedge Payments coming due.

Deposits required pursuant to the foregoing shall be increased or decreased each month to the extent required to pay interest, principal and redemption premiums and any Qualified Hedge Payments next becoming due and payable, after making allowance for any accrued and capitalized interest, and to make up any deficiency or loss that may otherwise arise in such fund. Additionally, if Variable Rate Bonds are outstanding on the fifteenth day of such month, unless the Issuer shall establish a different procedure for the payment or deposit of monthly interest on Variable Rate Bonds at or prior to the issuance of such Variable Rate Bonds, the Issuer shall deposit into the Debt Service Fund in lieu of the monthly interest deposit or the one-sixth (1/6th) semiannual interest deposit described above, the interest actually accruing on such Bonds for such month (plus any deficiencies in interest deposits for the preceding month), assuming the interest rate thereon on the fifteenth day of such month will continue through the end of such month. On or before each interest payment date and each payment date for Qualified Hedge Payments, the Issuer shall make up any deficiencies in such interest deposit, based on the actual interest accruing through such date, from and to the extent of the funds remaining on deposit in the Revenue Fund and to the extent

available for that purpose from the Water Connection Charge Fund and the Sewer Connection Charge Fund.

It is possible that monthly deposits into the Debt Service Fund from the Sewer Connection Charge Fund and/or the Water Connection Charge Fund may exceed the Sewer Expansion Project Percentage and/or the Water Expansion Project Percentage, respectively, of the monthly debt service requirements on the Bonds. Such excess deposits shall be held in the Debt Service Fund, shall be credited against such monthly debt service deposit requirements only up to the applicable Sewer Expansion Project Percentage or Water Expansion Project Percentage of the debt service on the Bonds, and shall be used to reduce the deposits from Gross Revenues required in the next month or months up to the applicable Sewer Expansion Project Percentage or Water Expansion Project Percentage of the debt service on the Bonds for each such month. To the extent that deposits to the Debt Service Fund for a Bond Year exceed the amount necessary to make the debt service payments required for such Bond Year and the amount therein from the Sewer Connection Charge Fund does not exceed the Sewer Project Percentage and the amount therein from the Water Connection Charge Fund does not exceed the Water Connection Charge Percentage of debt service for such Bond Year, then such excess may be withdrawn from the Debt Service Fund and deposited to the Revenue Fund.

(c) Then, by deposit into the appropriate accounts in the Reserve Fund, amounts which, after taking into account funds deposited therein from the Water Connection Charge Fund and the Sewer Connection Charge Fund pursuant to Section 9.02(2) below and Section 9.02(3) below, respectively, and other funds then on deposit therein, will be sufficient to make the funds on deposit therein equal to the Reserve Requirement for each such account. If there are not sufficient funds in the Revenue Fund, together with funds from the Water Connection Charge Fund and the Sewer Connection Charge Fund, available to make the amounts on deposit in each account in the Reserve Fund equal to the Reserve Requirement for such account, there shall be deposited in each such account an amount equal to the lesser of the Reserve Requirement for such account or the total amount available to be deposited into the Reserve Fund multiplied by a fraction, the numerator of which is the Reserve Requirement for such account in the Reserve Fund and the denominator of which is the total aggregate of the Reserve Requirement for all accounts in the Reserve Fund.

Notwithstanding anything herein to the contrary, the Issuer shall not be required to fully fund the Reserve Requirement in an account in the Reserve Fund at the time of issuance of any Series of Bonds hereunder if it provides on the date of issuance of any Series of Bonds in lieu of such funds a Reserve Product issued by a Reserve Product Provider in an amount equal to the difference between the Reserve Requirement and the sums then on deposit in the applicable account in the Reserve Fund. Such Reserve Product must provide for payment on any interest or principal payment date (provided adequate notice is given) on which a deficiency exists (or is expected to exist) in moneys held hereunder for a payment or principal of or interest on Bonds secured by the applicable account in the Reserve Fund due on such date which cannot be cured by funds in any other account held pursuant to this Resolution and available for such purpose, and which shall name the Paying Agent or an Authorized Depository who has agreed to serve as trustee for the benefit of such Bondholders as the beneficiary thereof. In no event shall the use of such Reserve Product be permitted if it would cause any existing rating by any Rating Agency on the Bonds or any Series thereof to be lowered, suspended or withdrawn. If a disbursement is made from a Reserve Product as provided pursuant hereto, the Issuer shall be obligated to reinstate the maximum limits of such Reserve Product immediately following such disbursement or to replace such Reserve Product by depositing into the applicable account in the Reserve Fund from the first available Net Revenues for deposit pursuant to this Section 9.02(1)(c), funds in the maximum amount originally payable under such Reserve Product, plus amounts necessary to reimburse the Reserve Product Provider for previous disbursements made pursuant to such Reserve Product, or a combination of such alternatives. For purposes of this clause (1)(c), amounts necessary to satisfy such reimbursement obligation and other obligations of the Issuer to such a Reserve Product Provider shall be deemed required deposits into the applicable Reserve Fund account, but shall be used by the Issuer to satisfy its obligations to the Reserve Product Provider. Cash on deposit in an account in the Reserve Fund shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Product. If more than one Reserve Product is deposited in an account in the Reserve Fund, drawings thereunder shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

Notwithstanding the foregoing, if one or more accounts in the Reserve Fund have been funded with cash or Investment Obligations and no event of default shall have occurred and be continuing hereunder, the Issuer may, at any time in its discretion, substitute a

Reserve Product meeting the requirements of this Resolution for the cash and Investment Obligations in any such account, and the Issuer may then withdraw such cash and Investment Obligations from such account and apply them to any lawful purpose (taking into account the source of such funds for purposes of determining compliance with law related to Sewer Connection Charges and Water Connection Charges) that, in the opinion of Bond Counsel will not result in the interest on the Bonds for which such account in the Reserve Fund was held which are not Taxable Bonds to be includable in the gross income of the Holders thereof for federal income tax purposes.

Any Reserve Product related to the Series 1991 Bonds shall meet the following requirements so long as no event described in Section 13.09 shall have occurred:

1. The claims paying ability of the Reserve Product Provider, if a company licensed to issue an insurance policy guarantying the timely payment of debt service on bonds, shall be rated at least the same as FGIC by Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. and Moody's Investors Service, Inc.

2. The form and substance of the Reserve Product, if issued by a surety company or insurance company other than a company licensed to issue an insurance policy guarantying the timely payment of debt service on bonds shall be approved by FGIC.

3. If the Reserve Products consists of an unconditional irrevocable letter of credit, the Reserve Product Provider shall be rated at least "AA" by Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., such letter of credit shall be payable to the Paying Agent in one or more draws upon presentation by the Paying Agent of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the Series 1991 Bonds, the draws shall be payable within two days of presentation of the sight draft, the letter of credit shall be for a term of not less than three years, and the Reserve Product Provider shall be required to notify the Issuer and the Paying Agent not later than 30 months prior to the stated expiration date of the letter of credit, as to

whether such expiration date shall be extended, and if so, shall indicate the new expiration date.

If such notice indicates that the expiration date shall not be extended, the Issuer shall deposit in the appropriate account in the Reserve Fund an amount sufficient to cause the cash or permitted investments on deposit in such account in the Reserve Fund together with any other Reserve Product therein, to equal the Reserve Requirement on all outstanding Series 1991 Bonds, such deposit to be paid in equal installments on at least a semi-annual basis over the remaining term of the letter of credit, unless the Reserve Product is replaced by a Reserve Product meeting the requirements in any of 1-3 above. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The Paying Agent shall draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the account in the Reserve Fund is fully funded in its required amount.

4. The use of any Reserve Product pursuant to the terms hereof shall be subject to receipt of an opinion of counsel acceptable to FGIC and in form and substance satisfactory to FGIC as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the Reserve Product Provider is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to FGIC. In addition, the use of a Reserve Product consisting of an irrevocable letter of credit shall be subject to receipt of an opinion of counsel acceptable to FGIC and in form and substance satisfactory to FGIC to the effect that payments under such Reserve Product would not constitute avoidable preferences under Section 547 of the U.S. Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the U.S. Bankruptcy Code or similar state laws by or against the issuer of the bonds (or any other account party under the Reserve Product).

5. The obligation to reimburse the Reserve Product Provider for any fees, expenses, claims or draws upon such Reserve Product shall be subordinate to the payment of debt service on the Series 1991 Bonds. The right of the Reserve Product Provider to payment or reimbursement of its fees and expenses shall be subordinated to cash replenishment of the applicable account in the Reserve Fund, and, subject to the second succeeding sentence of this paragraph 5, its right to reimbursement for claims or draws shall be on a parity with the cash replenishment of the applicable account in the Reserve Fund. The Reserve Product shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the Reserve Product Provider to reimbursement will be further subordinated to cash replenishment of the applicable account in the Reserve Fund to an amount equal to the difference between the full original amount available under the Reserve Product and the amount then available for further draws or claims. If (a) the Reserve Product becomes insolvent or (b) the Reserve Product Provider defaults in its payment obligations thereunder or (c) the claims-paying ability of the Reserve Product Provider falls below the applicable ratings required by 1 or 2 above, the obligation to reimburse the Reserve Product Provider shall be subordinate to the cash replenishment of the applicable account in the Reserve Fund.

6. If (a) the revolving reinstatement feature described in the preceding paragraph is suspended or terminated or (b) the rating of the claims paying ability of the Reserve Product Provider falls below the applicable ratings required by 1 or 2 above, the Issuer shall either (i) deposit into the applicable account in the Reserve Fund an amount sufficient to cause the cash or permitted investments on deposit in the applicable account in the Reserve Fund to equal the Reserve Requirement on all outstanding Series 1991 Bonds, such amount to be paid over the ensuing five years in equal installments deposited at least semi-annually or (ii) replace such instrument with a Reserve Product meeting the requirements in any of 1-3 above within six months of

such occurrence. In the event (a) the rating of the claims-paying ability of the Reserve Product Provider falls below the applicable ratings required by 1 or 2 above, or (b) the Reserve Product Provider defaults in its payment obligations or (c) the Reserve Product Provider becomes insolvent, the Issuer shall either (i) deposit into the applicable account in the Reserve Fund an sufficient to cause the cash or permitted investments on deposit in the applicable account in the Reserve Fund to equal the Reserve Requirement on all outstanding Series 1991 Bonds, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (ii) replace such instrument with a Reserve Product insurance policy or letter of credit meeting the requirements in any of 1-3 above within six months of such occurrence.

7. Where applicable, the amount available for draws or claims under the Reserve Product may be reduced by the amount of cash or permitted investments deposited in the applicable account in the Reserve Fund pursuant to clause (i) of the preceding paragraph 6.

8. If the Issuer chooses the above described alternatives to a cash-funded account in the Reserve Fund, any amounts owed by the Issuer to the Reserve Product Provider as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of debt service requirements required to be made pursuant to the Resolution for the purposes of Sections 11.05 and 12.02 hereof.

9. The Paying Agent shall ascertain the necessity for a claim or draw upon the Reserve Product and provide notice to the Reserve Product Provider in accordance with its terms not later than three days (or such longer period as may be necessary depending on the permitted time period for honoring a draw under the Reserve Product) prior to each interest payment date.

10. Cash on deposit in the applicable account in the Reserve Fund shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Product. If and to the extent that more than one

Reserve Product is deposited in the applicable account in the Reserve Fund, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

(d) Then, by deposit into the Renewal and Replacement Fund an amount equal to one-twelfth (1/12th) of five percent (5%) of the Gross Revenues for the preceding Fiscal Year, plus an amount equal to any unrestored withdrawal made to cure deficiencies in the Debt Service Fund under Section 9.06 below, until the amounts on deposit therein are equal to three percent (3%) of the depreciated value of the depreciable assets of the System for the preceding Fiscal Year; provided, however, that no further deposits shall be required under this subsection (d) whenever and so long as there is then on deposit not less than \$1,000,000 or such other amount as shall be recommended by a written report of a Qualified Independent Consultant.

(e) Then by payment of all amounts related to any Subordinate Debt required to be paid by the terms of the ordinance, resolution or other instrument authorizing such Subordinate Debt, including, without limitation, payment of Hedge Charges that constitute Subordinate Debt.

(f) Then, for any lawful purpose of the Issuer.

Notwithstanding the foregoing, to the extent amounts on deposit in the Rebate Fund are insufficient to pay when due the Rebate Amount in accordance with Sections 14.03 and 14.04 hereof, the Issuer shall use Gross Revenues to fund any such deficiency prior to making the deposits required above.

(2) DISPOSITION OF FUNDS IN THE WATER CONNECTION CHARGE FUND. Simultaneously with the use of funds in the Sewer Connection Charge Fund pursuant to Section 9.02(3) below, funds in the Water Connection Charge Fund shall be disposed of on or before the fifteenth day of each month, commencing with the month immediately following the delivery of the first Bonds issued hereunder, only in the following order and priority:

(a) First by deposit into the Debt Service Fund, all Water Connection Charges until the amount on deposit therein is equal to the principal (including Amortization Installments) on all Bonds maturing in such Bond Year and the interest (net of Qualified Hedge Receipts) and any premium and Qualified Hedge Payments becoming due on the Bonds in such Bond Year; provided that the maximum deposits into the Debt Service Fund in any Bond Year shall not exceed the Water

Expansion Project Percentage times the principal (including Amortization Installments), interest (net of Qualified Hedge Receipts) and any premium due on the Bonds and Qualified Hedge Payments due during such Bond Year. Deposits required pursuant to the foregoing shall be decreased to make allowance for any accrued and capitalized interest.

(b) Then by deposit into the Reserve Fund an amount determined by multiplying the aggregate amount required to be deposited therein pursuant to Section 9.02(1)(c) above by the Water Expansion Project Percentage.

(c) Then by payment of amounts related to Subordinate Debt required to be paid by the terms of the ordinance, resolution or other instrument authorizing such Subordinate Debt.

(d) Funds remaining in the Water Connection Charge Fund after the distributions described in (a), (b) and (c) above shall be retained therein and used by the Issuer in the following order and priority: (i) first, by deposit to the Revenue Fund such amount as may be necessary to reimburse the Issuer for payments or deposits made from Gross Revenues pursuant to Section 9.02(1)(b) or (c) which could have been made from Water Connection Charges had sufficient Water Connection Charges been available at the time such payments were made; (ii) to pay the cost of extending or oversizing, separating or constructing new additions to the Water System; (iii) subject to the maximum limitation described below, by deposit into the Debt Service Fund to purchase or redeem Bonds pursuant to the provisions of Section 9.04(3) below in advance of their scheduled maturity or mandatory redemption date; and (iv) to make payments described in (a), (b) and (c) above in future years.

The maximum amount of Water Connection Charges that may be used to redeem Bonds pursuant to clause (iii) of (d) above shall not exceed the Water Expansion Project Percentage of the total principal amount of Bonds originally issued hereunder (including Additional Bonds and without taking into account any repayments of principal), less the sum of the principal amount of Bonds theretofore purchased, redeemed or retired at maturity from Water Connection Charges, plus the funds used to reimburse the Issuer for principal payments made from Gross Revenues as described in clause (i) of (d) above and the funds transferred to the Reserve Fund pursuant to (b) above and not theretofore used to pay debt service.

(3) DISPOSITION OF FUNDS IN THE SEWER CONNECTION CHARGE FUND. Simultaneously with the use of funds in the Water Connection Charge Fund pursuant to Section 9.02(2) above, funds in the Sewer Connection

Charge Fund shall be disposed of on or before the fifteenth day of each month, commencing with the month immediately following the delivery of the first Bonds issued hereunder, only in the following order and priority:

(a) First by deposit into the Debt Service Fund, all Sewer Connection Charges until the amount on deposit therein is equal to the principal (including Amortization Installments) on all Bonds maturing in such Bond Year and the interest (net of Qualified Hedge Receipts) and any premium and Qualified Hedge Payments becoming due on the Bonds in such Bond Year; provided that the maximum deposits into the Debt Service Fund in any Bond Year shall not exceed the Sewer Expansion Project Percentage times the principal (including Amortization Installments), interest (net of Qualified Hedge Receipts) and any premium due on the Bonds and Qualified Hedge Payments due during such Bond Year. Deposits required pursuant to the foregoing shall be decreased to make allowance for any accrued and capitalized interest.

(b) Then by deposit into the Reserve Fund an amount determined by multiplying the aggregate amount required to be deposited therein pursuant to Section 9.02(1)(c) above by the Sewer Expansion Project Percentage.

(c) Then by payment of amounts related to Subordinate Debt required to be paid by the terms of the ordinance, resolution or other instrument authorizing such Subordinate Debt.

(d) Funds remaining in the Sewer Connection Charge Fund after the distributions described in (a), (b) and (c) above shall be retained therein and used by the Issuer in the following order and priority: (i) first, by deposit to the Revenue Fund such amount as may be necessary to reimburse the Issuer for payments or deposits made from Gross Revenues pursuant to Section 9.02(1)(b) or (c) which could have been made from Sewer Connection Charges had sufficient Sewer Connection Charges been available at the time such payments were made; (ii) to pay the cost of extending or oversizing, separating or constructing new additions to the Sewer System; (iii) subject to the maximum limitation described below, by deposit into the Debt Service Fund to purchase or redeem Bonds pursuant to the provisions of Section 9.04(3) below in advance of their scheduled maturity or mandatory redemption date; and (iv) to make payments described in (a), (b) and (c) above in future years.

The maximum amount of Sewer Connection Charges that may be used to redeem Bonds pursuant to clause (iii) of (d) above shall not exceed the Sewer

Expansion Project Percentage of the total principal amount of Bonds originally issued hereunder (including Additional Bonds and without taking into account any repayments of principal), less the sum of the principal amount of Bonds theretofore purchased, redeemed or retired at maturity from Sewer Connection Charges, plus the funds used to reimburse the Issuer for principal payments made from Gross Revenues as described in clause (i) of (d) above and the funds transferred to the Reserve Fund pursuant to (b) above and not theretofore used to pay debt service.

(4) NO FURTHER PAYMENTS. The Issuer shall not be required to make any further payments into the Debt Service Fund or the Reserve Fund when the aggregate amount of moneys in both the Debt Service Fund and Reserve Fund are at least equal to the aggregate principal amount of Bonds issued pursuant to this Resolution and then Outstanding, plus the amount of interest then due or thereafter to become due on said Bonds then Outstanding and the amount of Qualified Hedge Payments then due or thereafter to become due under Qualified Hedge Agreements, or if all Bonds then Outstanding have otherwise been defeased pursuant to Section 14.02 below.

SECTION 9.03. Use of Moneys in Operation and Maintenance Fund.
Moneys on deposit in the Operation and Maintenance Fund shall be used to pay the Cost of Operation and Maintenance.

SECTION 9.04. Use of Moneys in the Debt Service Fund.

(1) Moneys on deposit in the Debt Service Fund shall be used, on a pro rata basis, solely for the payment of (i) principal of, interest on and any redemption premiums required with respect to the Bonds and (ii) Qualified Hedge Payments.

(2) At the maturity date of each Bond and at the due date of each Amortization Installment and installment of interest on each Bond, the Issuer shall transfer from the Debt Service Fund to the Paying Agent for such Bonds sufficient moneys to pay all principal of, premium, if any, and interest then due and payable with respect to such Bonds and on each date that a Qualified Hedge Payment is due, the Issuer shall transfer from the Debt Service Fund amounts sufficient to pay such Qualified Hedge Payment. Except as otherwise provided with respect to a Series of Bonds by subsequent ordinance or resolution related to such Series enacted or adopted prior to the issuance thereof, interest accruing with respect to any fully registered Bond shall be paid by check or draft of the Paying Agent to the registered owner thereof.

(3) Moneys deposited in the Debt Service Fund for the redemption of Bonds shall be applied with reasonable diligence to the retirement of Bonds issued under the provisions of this Resolution and then outstanding in the following order:

(a) The Issuer may first endeavor to purchase outstanding Term Bonds of each Series redeemable from Amortization Installments, and pro rata (based on the principal amount of the Amortization Installments due in such Bond Year for each such Series of Term Bonds) among all such Bonds if more than one Series of such Term Bonds are outstanding, or if no such Term Bonds are outstanding, Serial Bonds, whether or not such Bonds shall then be subject to redemption, but only to the extent moneys are available therefor, at the most advantageous price obtainable, such price not to exceed the principal of such Bonds plus accrued interest, or the Compounded Amount, as the case may be, but no such purchase shall be made by the Issuer within a period of thirty days next preceding any interest payment date on which such Bonds are subject to call for redemption under the provisions of this Resolution;

(b) Then, to the extent moneys remain on deposit in the Debt Service Fund that are held for the redemption of Bonds, the Issuer shall call for redemption on each interest payment date on which Bonds are subject to redemption, with or without premium, from such moneys, such amount of Term Bonds subject to the Amortization Installments for such Bond Year that have not been purchased pursuant to clause (a) above; and

(c) Then, to the extent moneys remain on deposit in the Debt Service Fund that were deposited therein pursuant to this Resolution for the purpose of redeeming Bonds, the Issuer shall first call any remaining Term Bonds then subject to redemption and then Serial Bonds then subject to redemption, in such order and by such selection method as the Issuer, in its discretion, may determine, from such funds as will exhaust the money then held for the redemption of such Bonds as nearly as may be possible.

If Term Bonds are purchased or redeemed pursuant to this section in excess of the Amortization Installments for such Bond Year, such excess principal amount of such Term Bonds so purchased or redeemed shall be credited against subsequent Amortization Installments for Bonds in such Series in such Bond Year or Years as the Issuer may determine and as may be reflected in the Issuer's permanent accounting records. Such election shall be included in the annual audited reports of Issuer referred to in Section 11.05 below.

(4) Notwithstanding anything to the contrary in this Section 9.04, if principal, interest or premium payments have been made on behalf of the Issuer by a Bond Insurer or the issuer of a Liquidity Facility or Credit Facility or other entity insuring, guarantying or providing for the payment of Bonds or any Series thereof, moneys on deposit in the Debt Service Fund and allocable to such Bonds shall be

paid to such Bond Insurer or issuer of the Liquidity Facility or Credit Facility having theretofore made a corresponding payment on the Bonds.

SECTION 9.05. Application of Moneys in the Reserve Fund. Funds on deposit in an account in the Reserve Fund may be used only for the purpose of curing deficiencies in the Debt Service Fund related to the Series of Bonds with respect to which such account in the Reserve Fund was created and for no other purpose. If funds on deposit in an account in the Reserve Fund exceed, in the aggregate, the applicable Reserve Requirement for a Series of Bonds as a result of deposits thereto made pursuant to Section 9.02(2)(b) and/or Section 9.02(3)(b) above, such excess funds shall be deposited to the Revenue Fund. If funds on deposit in an account in the Reserve Fund exceed in the aggregate the Reserve Requirement for such account for any other reason, the Water Expansion Project Percentage of such excess funds shall be deposited into the Water Connection Charge Fund, the Sewer Expansion Project Percentage of such excess funds shall be deposited into the Sewer Connection Charge Fund and the balance shall be paid into the Revenue Fund. Any proceeds received from a Reserve Product shall be applied immediately to cure deficiencies in the Debt Service Fund with respect to the account for which such Reserve Product was provided and for no other purpose.

The moneys on deposit in each account in the Reserve Fund shall be applied in the manner provided herein solely for the payment of maturing principal of, redemption premium, if any, or interest or Amortization Installments on the Series of Bonds secured by such account and shall not be available to pay debt service on any other Series. Moneys on deposit in the Composite Account shall be applied on a pro rata basis to pay the maturing principal of, redemption premium, if any, or interest or Amortization Installments on the Series of Bonds, if more than one Series, secured thereby, but shall not be available with respect to any Series of Bonds secured by another subaccount of the Reserve Account and not secured by the Composite Account.

The supplemental resolution authorizing the issuance of a Series of Bonds hereunder shall designate whether such Series of Bonds is to be secured by the Composite Account or a separate account in the Reserve Fund and, if such Series is to be secured by a separate account, the Reserve Account Requirement with respect thereto. Upon the issuance of any Series of Bonds under the terms, limitations and conditions as herein provided, the Issuer shall, on the date of delivery of such Series of Bonds, if such Series is secured by the Composite Account, deposit into the Composite Account an amount equal to the increase in the Composite Reserve Requirement attributable to the issuance of such Series of Bonds, or, if such Series is secured by a separate account in the Reserve Fund, deposit into such account an amount at least equal to the Reserve Account Requirement applicable to such Series of Bonds.

Moneys in the Reserve Fund, and any account therein, shall not be available to pay Qualified Hedge Obligations.

SECTION 9.06. Use of Moneys in the Renewal and Replacement Fund. The funds in the Renewal and Replacement Fund shall be used only (i) at any time for the purpose of curing deficiencies in the Debt Service Fund or the Reserve Fund, or both or (ii) when no such deficiencies exist, as needed for the purpose of paying the cost of the replacement of capital assets of the System, including land, or any unusual or extraordinary maintenance or repairs which the Utility Director of the Issuer shall certify are necessary for the System or (iii) to redeem Bonds in the manner described below. If the funds on deposit in the Renewal and Replacement Fund exceed \$1,000,000 or such other amount as set forth in a written report of the Qualified Independent Consultant, the portion thereof in excess of that amount that are not needed for the purposes described in clause (ii) above, and so long as no deficiencies described in clause (i) above exist, may be used for any lawful purpose. The Issuer does not expect to pay any debt service on the Bonds from the Renewal and Replacement Fund, nor does it expect that moneys in the Renewal and Replacement Fund will be available for such purpose.

SECTION 9.07. Paying Agents and Registrars. The Issuer shall transfer, from the various funds and accounts established in this Article IX, to one or more Paying Agents as shall be designated by resolution hereafter and from time to time adopted by the Issuer, on the date preceding each interest, principal and redemption date, an amount sufficient to pay when due the principal of, interest on and redemption premium, if any, with respect to the Bonds.

No resignation or removal of a Paying Agent or Registrar appointed hereunder shall be effective until such time as a successor has been appointed by the Issuer and has accepted the duties as Paying Agent or Registrar, as the case may be, hereunder. Subject to Section 13.09 hereof, any Bond Insurer with respect to a Series of Bonds issued hereunder shall be furnished with written notice of the resignation or removal of the Paying Agent or Registrar for such Series of Bonds.

SECTION 9.08. Deficiencies With Respect to Series 1991 Bonds.

(i) If, on the day preceding any interest payment date for the Series 1991 Bonds there is not on deposit with the Paying Agent sufficient moneys available to pay all principal of and interest on the Series 1991 Bonds due on such date, the Paying Agent shall immediately notify FGIC and Citibank, N.A., New York, New York or its successor as its fiscal agent (the "Fiscal Agent") of the amount of such deficiency. If, by said interest payment date, the Issuer has not provided the amount of such deficiency, the Paying Agent shall simultaneously make available to FGIC and to the Fiscal Agent the registration books for the Series 1991 Bonds maintained by the Paying Agent. In addition:

(A) The Paying Agent shall provide FGIC with a list of the holders of the Series 1991 Bonds entitled to receive principal or interest payments from FGIC under the terms of the FGIC Insurance Policy and shall make arrangements for FGIC and its Fiscal Agent (1) to mail, at the expense of FGIC or its Fiscal Agent, checks or drafts to Bondholders entitled to receive full or partial interest payments from FGIC, and (2) to pay principal of the Series 1991 Bonds surrendered to the Fiscal Agent by the Bondholders entitled to receive full or partial principal payments from FGIC; and

(B) The Paying Agent shall, at the time it makes the registration books available to FGIC pursuant to (A) above, notify holders of Series 1991 Bonds entitled to receive the payment of principal or interest thereon from FGIC (1) as to the fact of such entitlement, (2) that FGIC will remit to them all or part of the interest payments coming due, (3) that, except as provided in paragraph (ii) below, in the event that any Bondholder is entitled to receive full payment of principal from FGIC, such Bondholder must tender his Bond with the instrument of transfer in the form provided in the Series 1991 Bond executed in the name of FGIC, and (4) that, except as provided in paragraph (ii) below, in the event that such Bondholder is entitled to receive partial payment of principal from FGIC, such Bondholder must tender his Series 1991 Bond for payment first to the Paying Agent, which shall note on such Series 1991 Bond the portion of principal paid by the Paying Agent, and then, with the form of transfer executed in the name of FGIC, to the Fiscal Agent, which will then pay the unpaid portion of principal to the Bondholder.

(ii) In the event that the Paying Agent has notice that any payment of principal or interest on a Series 1991 Bond has been recovered from a Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Paying Agent shall, at the time it provides notice to FGIC, notify all holders of Series 1991 Bonds that in the event that any Bondholder's payment is so recovered, such Bondholder will be entitled to payment from FGIC to the extent of such recovery, and the Paying Agent shall furnish to FGIC its records evidencing the payments of principal of and interest on the Series 1991 Bonds which have been made by the Paying Agent and subsequently recovered from Bondholders, and the dates on which such payments were made.

(iii) FGIC shall, to the extent it makes payment of principal or interest on the Series 1991 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the FGIC Insurance Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Paying Agent shall note FGIC's rights as subrogee on the registration

books maintained by the Paying Agent upon receipt from FGIC of proof of the payment of interest thereon to the Bondholders of such Series 1991 Bonds and (2) in the case of subrogation as to claims for past due principal, the Paying Agent shall note FGIC's rights as subrogee on the registration books for the Series 1991 Bonds maintained by the Paying Agent upon receipt of proof of the payment of principal thereof to the Bondholders of such Series 1991 Bonds. Notwithstanding anything in this Resolution to the contrary, the Paying Agent shall make payment of such past due interest and past due principal directly to FGIC to the extent that FGIC is a subrogee with respect thereto.

ARTICLE X

DEPOSITARIES OF MONEYS, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

SECTION 10.01. Deposits Constitute Trust Funds. All funds or other property which at any time may be owned or held in the possession of or deposited with the Issuer in the Revenue Fund, the Water Connection Charge Fund, the Sewer Connection Charge Fund, the Debt Service Fund, the Reserve Fund and the Renewal and Replacement Fund under the provisions of this Resolution shall be held in trust and applied only in accordance with the provisions of this Resolution.

All moneys deposited with each Authorized Depository shall be credited to the particular fund or account to which such moneys belong. Notwithstanding anything herein to the contrary, for purposes of investment and to the extent permitted by applicable law, amounts on deposit in any Fund or Account may be commingled, provided adequate care is taken to account for such amounts as provided in the preceding sentence.

SECTION 10.02. Investment of Moneys. Moneys held for the credit of the Debt Service Fund and the Reserve Fund (including the accounts therein) shall be invested and reinvested by the Issuer in Investment Obligations of the type described in clauses (i) through (iv) of the definition of that term. Moneys held for the credit of the Water Connection Charge Fund and the Sewer Connection Charge Fund shall be invested and reinvested by the Issuer in Investment Obligations of the type described in clauses (i) through (v) of the definition of that term. Moneys held for the credit of all other funds and accounts created hereby shall be invested and reinvested by the Issuer in Investment Obligations. Such investments or reinvestments shall mature not later than the respective dates, as estimated by the Issuer, that the moneys held for the credit of said funds or accounts will be needed for the purposes of such funds or accounts, but in no event shall any of the investments of funds in an account in the Reserve Fund have a term to maturity exceeding the final maturity date of the Bonds secured by such Account.

Obligations so purchased as an investment of moneys in any such Fund or Account shall be deemed at all times to be a part of such Fund or Account, and shall at all times, for the purposes of this Resolution, be valued annually on October 1 of each year (or such more frequent periods as reasonably requested in writing by any Bond Insurer or determined by the Issuer) at the market value thereof, exclusive of accrued interest.

Except as otherwise provided herein, including specifically the obligations of the Issuer with respect to funding the Rebate Fund as set forth in Section 14.04 hereof, all income and profits derived from the investment of money in the Construction Fund and the Water Connection Charge Fund and the Sewer Connection Charge Fund shall be retained in such funds and used for the purposes specified for such funds. All income and profits derived from the investment of moneys in an account in the Reserve Fund shall be retained therein until the amount in such account equals the Reserve Requirement with respect to such account, and thereafter, the Water Expansion Project Percentage of the income and profits shall be transferred upon receipt into the Water Connection Charge Fund and the Sewer Expansion Project Percentage of the income and profits shall be transferred upon receipt into the Sewer Connection Charge Fund and all remaining income and profits shall be transferred upon receipt into the Revenue Fund. All income and profits derived from the investment of moneys in the Rebate Fund shall be retained therein. All income and profits derived from the investment of moneys in all other accounts or funds created hereby shall be deposited upon receipt in the Revenue Fund.

All such investments shall be made in compliance with Section 14.03 below.

SECTION 10.03. Separate Accounts. The moneys required to be accounted for in each of the funds and accounts established under this Resolution may be deposited in a single bank account, and funds allocated to the various funds and accounts established herein may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the various purposes of such funds and accounts as herein provided.

The designation and establishment of the various funds and accounts in and by this Resolution shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues as herein provided.

ARTICLE XI

GENERAL REPRESENTATIONS AND COVENANTS OF THE ISSUER

SECTION 11.01. Representations of the Issuer. The Issuer makes the following representations on which the Bondholders are hereby entitled to rely:

(a) Adoption of this Resolution and the compliance by the Issuer with the requirements hereof will not conflict with or result in a breach of or a default under any ordinance, resolution, agreement or instrument to which the Issuer is now a party.

(b) The Issuer is duly authorized and empowered to operate the System under the laws, rulings, regulations and ordinances of the United States, the State and the departments, agencies and political subdivisions thereof.

(c) As of the date of issuance of the Series 1991 Bonds, there will exist no event of default, as defined in Section 13.01 hereof, or any condition or event which would constitute, or with the passage of time or the giving of notice, or both, would constitute an event of default hereunder.

(d) There are no pending, or to the knowledge of the Issuer, threatened actions or proceedings before any court of the State or any federal court in the State or any administrative agency which are likely in any case or in the aggregate to materially adversely affect the financial condition or operations of the Issuer or its obligations under this Resolution, nor is the Issuer aware of any facts or circumstances that would give rise to any such actions or proceedings.

SECTION 11.02. Punctual Payment. The Issuer covenants and agrees with the Bondholders that it will punctually pay or cause to be paid the principal of, premium, if any, and interest on the Bonds and that it will be unconditionally and irrevocably obligated, so long as any of the Bonds are Outstanding and unpaid, to take all lawful action necessary or required during each Fiscal Year so long as any of the Bonds are Outstanding and unpaid, to pay from the funds pledged hereunder, in accordance with the provisions hereof (i) all Reserve Fund deposits provided herein for such year, (ii) the Bond Service Requirement that shall become due on the Bonds in such Bond Year, and (iii) all other payments required by this Resolution, and that the funds pledged hereunder shall not, in the aggregate, be reduced so as to be insufficient to provide adequate revenues for such purposes. Such covenant and agreement of the Issuer shall be cumulative and shall continue until such funds in amounts sufficient to make all payments required hereunder have been actually paid as herein provided.

SECTION 11.03. Maintenance of System. The Issuer will maintain the System and all parts thereof in good condition and will operate the same in an efficient and economical manner, making such expenditures for such equipment, maintenance and repairs and for renewals and replacements thereof as may be proper for its economical operation and maintenance.

The System shall be inspected and its operations reviewed annually by the Issuer or, at the option of the Issuer, by a Qualified Independent Consultant, and promptly following such inspection a written report on the condition of the System and manner of operations shall be filed with the Issuer.

A copy of the report as it relates to the funds and accounts created hereunder shall be available for inspection at the offices of the Issuer, and mailed to any Bondholder requesting the same.

If a report shows that the System is not in good condition, then to the extent funds in the Operation and Maintenance Fund or the Renewal and Replacement Fund are available, the Issuer shall promptly make or cause to be made such repairs as shall be necessary to place it in good condition.

If a report shows that the operations are not in conformity with any provisions hereof, the Issuer shall promptly take such reasonable steps as are necessary to comply with such provisions.

SECTION 11.04. Operating Budget. Before the first day of each Fiscal Year the Governing Body shall prepare, approve and adopt in the manner prescribed by law, a detailed budget of the Gross Revenues, Water Connection Charges, Sewer Connection Charges, the Bond Service Requirement (including anticipated amortization of Designated Maturity Bonds and Commercial Paper Obligations) and Cost of Operation and Maintenance for the next succeeding Fiscal Year. Copies of its Annual Budgets and all authorizations for increases in the Cost of Operation and Maintenance shall be available for inspection at the offices of the Issuer and shall be mailed to any Bondholder requesting the same. The Issuer shall not expend any moneys for any purpose in excess of the budgeted appropriation therefor, or for a purpose for which there is no appropriation, unless such expenditure will not have an appreciable effect upon the Issuer's anticipated or actual Net Revenues available to pay debt service on the Bonds and to make the other deposits required hereunder.

SECTION 11.05. Rate Covenant. Commencing on a date at least thirty (30) days prior to the first interest payment date for which interest on the initial Series of the Bonds has not been fully funded from Bond proceeds or from other funds of the Issuer, the Issuer will enact (unless the existing rate ordinance or resolution is sufficient for the purposes hereof) and cause to be in effect a rate ordinance or resolution, and the Issuer covenants with the Bondholders to fix,

establish, revise from time to time whenever necessary, maintain and collect fees, rates, rentals and other charges for the use of the products, services and facilities of the System that will always provide Gross Revenues in each Bond Year which, together with the additional sources of funds referred to below, will be sufficient in accordance with the provisions hereof to meet one of the following requirements:

(a) The amount of Gross Revenues (but not including therein any revenues derived from special assessments) to be received in such Bond Year less one hundred percent (100%) of the Cost of Operation and Maintenance for such Bond Year shall be equal to at least one hundred ten percent (110%) of the Bond Service Requirement for such Bond Year; or

(b) The amount of Gross Revenues (but not including therein any revenues derived from special assessments) to be received in such Bond Year less one hundred percent (100%) of the Cost of Operation and Maintenance in such Bond Year shall be equal to at least one hundred percent (100%) of the Bond Service Requirement for such Bond Year and the sum of the Gross Revenues (but not including therein any revenues derived from special assessments) and the Available Connection Charges, defined below, to be received in such Bond Year less one hundred percent (100%) of the Cost of Operation and Maintenance in such Bond Year shall be equal to at least one hundred twenty-five percent (125%) of the Bond Service Requirement for such Bond Year;

For purposes of this Section 11.05, the "Available Connection Charges" shall mean the amount of Connection Charges that, in the opinion of the Utility Director, are reasonably expected to be received or available for such purpose in such Bond Year; provided, however, that the maximum amount of Water Connection Charges that may be included for purposes of this Section shall be the Water Expansion Project Percentage of the Bond Service Requirement on the Bonds in such Bond Year and the maximum amount of Sewer Connection Charges that may be included for purposes of this Section shall be the Sewer Expansion Project Percentage of the Bond Service Requirement on the Bonds in such Bond Year.

Notwithstanding the foregoing, failure of the Issuer to comply with the foregoing provisions of this Section 11.05 shall not constitute an event of default hereunder if the Issuer promptly engages the services of a Qualified Independent Consultant to perform a rate study recommending the rate levels necessary to comply with the foregoing provisions of this Section 11.05 in the next succeeding Bond Year. Such study must be completed within ninety (90) days after the Issuer becomes aware of its non-compliance with this Section, and the Issuer shall adopt the recommendations of such study within thirty (30) days after the completion of the study.

SECTION 11.06. Books and Records. The Issuer shall keep separately identifiable financial books, records, accounts and data concerning the operation of the System and the receipt and disbursement of Gross Revenues and Connection Charges and any Bondholder holding not less than three percent (3%) of the Bond Obligation shall have the right at all reasonable times to inspect the same.

SECTION 11.07. Reports and Annual Audits.

(1) The Issuer shall require that an annual audit of its accounts and records be completed within six (6) months after the end of each Fiscal Year by an independent certified public accountant of recognized standing. Such audit shall be conducted in accordance with generally accepted auditing standards as applied to governments and shall include a statement by the auditors stating that no default on the part of the Issuer of any covenant herein has been disclosed by reason of such audit or, alternatively, specifying in reasonable detail the nature of such default or failure to comply.

(2) The Governing Body shall require its duly authorized officer to file with the Issuer any special financial reports as requested at any time by a written document signed by Bondholders owning more than fifty percent (50%) of the Bond Obligation.

(3) A copy of the comprehensive annual financial report as certified according to the requirements stated herein, shall be available for inspection at the offices of the Issuer and shall be mailed to any Bondholder requesting the same upon payment by such Bondholder of the cost of reproduction and mailing. In addition, the utility portion of the annual financial report shall be promptly mailed to any Bondholder requesting the same without charge.

SECTION 11.08. No Mortgage or Sale of System.

(a) The Issuer will not mortgage, pledge or otherwise encumber the System.

(b) The Issuer will not, except in the ordinary course of business, sell or otherwise dispose of any part of the System or any component thereof, or any portion of the future capacity thereof, the fair market value of which, as determined by the Qualified Independent Consultant, exceeds two percent (2%) of the Cost of Operation and Maintenance in such Fiscal Year, except under the following conditions:

(1) if the fair market value of the property in question as determined by a Qualified Independent Consultant, together with the fair market value as determined by a Qualified Independent Consultant of all property previously sold or disposed of in such Fiscal Year, does not exceed two percent (2%) of the undepreciated book value

of the System as determined by the Qualified Independent Consultant, the Governing Body, by affirmative vote at a meeting duly called and held, shall first find that such property is no longer necessary or useful in the operations of the Issuer and authorize the sale or disposition of such property. The proceeds received from the sale or disposition of such property shall be deposited, at the option of the Issuer, either into the Renewal and Replacement Fund for the uses therein provided or into the Debt Service Fund for the purchase or redemption of Bonds in the manner described in Section 9.04(3) above.

(2) if the fair market value of the property in question as determined by a Qualified Independent Consultant, together with the fair market value as determined by a Qualified Independent Consultant of all property previously sold or disposed of in such Fiscal Year, exceeds two percent (2%) of the undepreciated book value of the System as determined by the Qualified Independent Consultant, the Qualified Independent Consultant shall first find in writing that the sale or disposition of such property will not materially and adversely affect the Net Revenues of the System in any of the five (5) Fiscal Years following the Fiscal Year in which such property is sold, and the Governing Body, by affirmative vote at a meeting duly called and held, shall then find that such property is no longer necessary or useful in the operations of the Issuer, and authorize the sale or other disposition of such property. The proceeds derived from the sale or disposition of such property shall be deposited into the Renewal and Replacement Fund in an amount which the Qualified Independent Consultant shall certify is necessary and advisable for said fund, and any remaining proceeds shall be used for the purchase or redemption of Bonds in the manner described in Section 9.04(3) above.

Proceeds received from the sale or disposition of the System or a substantial part thereof, are hereby pledged as security for the Bondholders for the purposes herein provided but shall not be deemed Gross Revenues for purposes of the rate covenant or the financial covenants for issuance of Additional Bonds.

(c) The System may be sold or disposed of in whole or in substantial part only upon the following conditions:

(1) The System may be sold or disposed of as a whole or in substantial part only if the net proceeds to be realized shall be sufficient to fully retire all of the Bonds issued pursuant to this Resolution, or to make provision for their payment in accordance with Section 14.02 below and all other obligations payable pursuant to the terms hereof shall be paid in full. Proceeds from such sale or disposition shall be immediately deposited in the Debt Service Account

or any special account established with the Paying Agents for such purpose and shall either be used for the immediate payment and redemption of the Bonds Outstanding or shall be used in a manner that will cause the lien of this Resolution to be defeased in accordance with Section 14.02 below.

(2) The Issuer may also sell, lease, transfer or dispose of all or a substantial part of the System to any other public entity or agency thereof in the State provided (i) such public entity or agency assumes the covenants, duties and obligations of the Issuer hereunder by ordinance, resolution or other appropriate written instrument, (ii) the Issuer or such other public entity or agency thereof continues to collect, pledge and make available the Connection Charges as herein provided, (iii) in the written opinion of the Qualified Independent Consultant, the rates, fees, rentals and charges from the operation of the System by such public entity or agency, together with the remaining Gross Revenues from that part of the System not sold, leased, transferred or disposed of and, to the extent appropriate, the Connection Charges, will be sufficient to satisfy the Issuer's rate covenants contained herein and to pay in each year the debt service on the Bonds and the Cost of Operation and Maintenance and the deposits into the Reserve Fund and the Renewal and Replacement Fund as herein provided, (iv) in the opinion of Bond Counsel, such action will not cause the interest on the Bonds outstanding hereunder, or any of them, to become included in gross income for federal income tax purposes, (v) the Issuer shall have first received confirmation from any of the Rating Agencies rating all Series of Bonds then Outstanding that such arrangement will not cause the rating on any such Series to be lowered, and (vi) the documents evidencing such sale, lease, transfer or disposition shall otherwise comply in all material respects, in form and substance, with the written recommendations of the Qualified Independent Consultant.

(3) The Issuer may also lease the System or any part thereof to any other legal entity provided (i) the System or such part shall, concurrently with such lease, be subleased to the Issuer or to any other public entity or agency thereof in the State qualifying under the conditions provided in Section 11.08(c)(2) above, pursuant to an agreement with a term no shorter than the final maturity date of any Bonds issued under this Resolution, and (ii) the Issuer shall first comply with all of the provisions of clauses (ii) through (vi) of Section 11.08(c)(2).

SECTION 11.09. Insurance and Condemnation Awards. The Issuer will carry adequate fire, windstorm and explosion insurance on the components of the System that are subject to loss through fire, windstorm or explosion; adequate

public liability insurance; other insurance of the kinds and amounts normally carried in the operation of similar facilities and properties in Florida; and in time of war, such insurance as may be available at reasonable cost against loss or damage by the risks and hazards of war in an amount or amounts equal to the fair market value of the System as determined by the Qualified Independent Consultant. The Issuer may, upon appropriate authorization by its Governing Body, self-insure against such risks on a sound actuarial basis. Any such insurance shall be carried for the benefit of the Issuer and, to the extent herein provided, the Bondholders. All proceeds received from property damage or destruction insurance and all proceeds received from the condemnation of the System or any part thereof are hereby pledged by the Issuer as security for the Bonds and shall be deposited at the option of the Issuer but subject to the limitations hereinafter described either (i) into the Renewal and Replacement Fund, in which case such proceeds shall be held in the Renewal and Replacement Fund and used to remedy the loss, damage or taking for which such proceeds are received, either by repairing the damaged property or replacing the destroyed or taken property, as soon as practicable after the receipt of such proceeds, or (ii) into the Debt Service Fund for the purpose of purchasing or redeeming Bonds according to the provisions set forth in Section 9.04(3) above.

Proceeds received from such insurance and condemnation awards shall not be deemed to be Gross Revenues.

SECTION 11.10. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer or any department, agency, instrumentality, officer or employee thereof, shall avail itself of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged to the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenue derived from such operation of the System.

SECTION 11.11. Mandatory Cut Off. Upon the failure of any user to pay for services rendered by the System within sixty (60) days, the Issuer shall, to the extent permitted by applicable law, shut off the connection of such user and shall not furnish him or permit him to receive from the System further service until all obligations owed by him to the Issuer on account of services shall have been paid in full. This covenant shall not, however, prevent the Issuer from causing the System connection to be shut off sooner.

SECTION 11.12. Enforcement of Collections. The Issuer will diligently enforce its right to receive the Gross Revenues and will diligently enforce

and collect the fees, rates, rentals and other charges for the use of the products, services and facilities of the System. The Issuer will not take any action that will impair or adversely affect its rights to levy, collect and receive the Gross Revenues, as herein pledged, or impair or adversely affect in any manner the pledge of the Gross Revenues, made herein or the rights of the Bondholders. The Issuer shall be unconditionally and irrevocably obligated, so long as any of the Bonds are Outstanding and unpaid, to take all lawful action necessary or required to continue to entitle the Issuer to receive the Gross Revenues in at least the amounts required by this Resolution.

SECTION 11.13. Qualified Independent Consultant. The Issuer will retain Qualified Independent Consultants from time to time as necessary to comply with the requirements of this Resolution.

SECTION 11.14. No Competing System. To the full extent permitted by law, the Issuer will not, after the date hereof, grant, cause, consent to, or allow the granting of, any franchise or permit to any person for the furnishing and distribution of water or the furnishing of waste water collection and treatment services to or within the boundaries of the Issuer. This section shall not, however, prevent the Issuer from granting permits for wells, septic tanks or package plants or from granting or renewing franchises for the furnishing and distribution of water or the furnishing of waste water collection and treatment services (i) if the area in which such facilities are located or the area serviced by such plants or such franchises is not then being serviced by the System and (ii) if such areas are not located in the immediate vicinity of facilities of the System or the Issuer determines that servicing such area would not provide any material financial benefit to the System. The Issuer will not own or operate a competing water distribution or waste water treatment or distribution system.

SECTION 11.15. Imposition, Collection and Release of Connection Charges. The Issuer shall adopt and maintain an ordinance or resolution pursuant to which it will establish just and equitable Connection Charges. The Issuer shall diligently enforce its rights to receive Connection Charges and shall diligently enforce and collect the same. The Issuer shall not take any action that will impair or adversely affect its rights to impose, collect and receive the Connection Charges, as herein pledged, or impair or adversely affect the pledge of the Connection Charges made herein or the rights of the Bondholders.

SECTION 11.16. Deposit of Federal and State Reimbursement Funds. The Issuer covenants that any funds or disbursements received by it from federal or state governmental sources that constitute or represent reimbursements of funds expended by the Issuer from the Construction Fund shall be deposited at the option of the Issuer (i) into the Construction Fund to complete any Projects then under construction, (ii) into the Renewal and Replacement Fund to the extent necessary to provide for the payment of the costs payable therefrom or (iii) into the Debt Service

Fund (even though such amounts may exceed the amounts then required to be deposited therein) and used or applied to the retirement of the Bonds.

SECTION 11.17. Delivery of Information to FGIC. The Issuer shall deliver the following information to FGIC so long as FGIC is not in default under the FGIC Insurance Policy:

(a) A copy of the Issuer's budget for the succeeding Fiscal Year and annual audited financial statements for the current Fiscal Year within one hundred eighty (180) days after the end of the current Fiscal Year. Financial statements delivered hereunder shall be accompanied by a certificate of the Utility Director indicating the number of customers served by the System at the end of the Fiscal Year covered by such financial statements, indicating the loss during such Fiscal Year of any customer of the System that accounted for at least four percent (4%) of the Gross Revenues in the previous Fiscal Year, and describing any significant plant retirement or System expansions undertaken during such Fiscal Year.

(b) A copy of any Official Statement prepared in connection with any debt obligations hereafter issued by the Issuer and secured by the Gross Revenues, including Additional Bonds, within thirty (30) days after the issuance of such obligations.

(c) Written notice of any deficiency in the account in the Reserve Fund related to the Series 1991 Bonds as a result of fluctuation of the market value of the investments therein within fifteen (15) days after the Issuer becomes aware of such deficiency.

(d) A copy of any redemption notices related to the Series 1991 Bonds sent out in accordance with the provisions of Section 6.05 hereof within five (5) days after the same shall have been mailed to Bondholders.

ARTICLE XII

CONDITIONS TO THE ISSUANCE OF EACH SERIES OF BONDS AND ADDITIONAL BONDS

SECTION 12.01. Issuance of Obligations. The Issuer will not issue any obligations payable from the Gross Revenues or the Connection Charges, or voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien of any Bonds issued pursuant to this Resolution, upon the Gross Revenues or the Connection Charges, or both, except under the conditions and in the manner provided herein. Any obligations issued by the Issuer other than in accordance with this Article XII and payable from the Gross Revenues or the Connection Charges, or both, shall contain an express statement that such obligations are junior and

subordinate in all respects to the Bonds as to lien on, and source of and security for payment from the Gross Revenues and the Connection Charges.

SECTION 12.02. Issuance of Additional Bonds. Except as otherwise provided in this section, no Series of Additional Bonds may be issued under this Resolution unless the Issuer shall first have complied with the requirements of this section.

(1) There shall have been obtained and filed with the Governing Body a certificate signed by the Chief Financial Officer, pursuant to which he or she shall state and certify the following:

(a) With respect to any Project, the cost of which is to be paid in whole or in part from the proceeds of such Bonds, the date on which construction of such Project is expected to commence and the date on which such Project is expected to be placed in service.

(b) The cost of such Project, itemizing separately the expected financing costs of such Bonds issued to pay the cost thereof, the required deposits, if any, into the Reserve Fund from Bond proceeds and any capitalized interest to be funded from Bond proceeds.

(c) The amount of Gross Revenues (but for such purposes not including therein revenues derived from special assessments), as determined under standard auditing procedures but adjusted as hereinafter provided (the "Adjusted Gross Revenues"), for, at the option of the Issuer, any twelve (12) consecutive months out of the eighteen (18) consecutive months immediately preceding the date of issue of the proposed Additional Bonds or the most recent Fiscal Year for which audited financial statements are available (the "Audit Period") and amount of the Cost of Operation and Maintenance for the Audit Period, as determined under standard auditing procedures but adjusted as hereinafter provided (the "Adjusted Cost of Operation and Maintenance").

In determining the amount of Adjusted Gross Revenues for the Audit Period, the Chief Financial Officer shall take into account the amount by which Gross Revenues would have increased if or as a result of: (i) the number of customers served by the System during the Audit Period had included the number of new customers of the System attributable to an existing water or waste water system to be acquired with the proceeds of such Additional Bonds, had the acquisition occurred at the beginning of the Audit Period, (ii) the number of customers served by the System during the Audit Period had included the average number of new customers of the System (A) that by

ordinance, agreement, law or regulation will be required to connect to the System during any Bond Year during the period commencing with the Bond Year in which such Additional Bonds are issued and ending with the Bond Year following the Bond Year in which the Project to be financed with such Additional Bonds is estimated to be placed in operation (the "Applicable Bond Years"), or (B) which the Chief Financial Officer projects will, as a result of the proposed Project, by virtue of their proximity to the service provided by the Project or otherwise, connect to the System during any of the Applicable Bond Years, (iii) any changes in the rate schedules for customers and users of the System which the Issuer shall then have in effect, or has enacted by ordinance or resolution on or before the date of such certificate and which the Issuer has covenanted to put into effect during the Applicable Bond Years, or any of them, had such rate changes been effective on the first day of the Audit Period, and (iv) the amount required to be paid by a public body on an annual basis in connection with a contract with a duration at least equal to the term of the proposed Additional Bonds, pursuant to which contract the Issuer shall agree to provide the furnishing of water and/or services for the collection, treatment and disposal of waste water for such public body, as if such contract had been in effect on the first day of the Audit Period. In determining the amount of the Adjusted Cost of Operation and Maintenance, the Chief Financial Officer shall take into account the estimated amount by which the Cost of Operation and Maintenance for the Audit Period would have increased had the Project to be financed with the proceeds of such Additional Bonds been in operation from the beginning of the Audit Period and had any contract of the type described in clause (iv) of the preceding sentence been in effect at the beginning of the Audit Period. In projecting numbers of new customers for the purposes of clauses (ii)(A) and (ii)(B) of this paragraph, the Chief Financial Officer shall take into account only dwellings, buildings or other structures in existence on the date of such projections.

(d) The average annual amount of Water Connection Charges and Sewer Connection Charges expected to be received in the Applicable Bond Years, taking into account such additional Water Connection Charges, if any, and Sewer Connection Charges, if any, that are expected to be received in each of such Bond Years as a result of the Project to be financed with the proposed Additional Bonds (such Connection Charges, including those attributable to any Expansion Projects to be financed with the proceeds of such Bonds, being herein referred to as the "Adjusted Water Connection Charges" and "Adjusted Sewer Connection Charges," respectively);

(e) The aggregate amount of funds, if any, to be transferred from available moneys of the Issuer and from grants, contributions in aid of construction and investment income, if any, that the Issuer reasonably expects to receive or make available to pay the Cost of such Project to be financed with the proceeds of such Additional Bonds;

(f) The amount of the Maximum Bond Service Requirement for any Bond Year thereafter on account of all Bonds then Outstanding under this Resolution and the Additional Bonds proposed to be issued hereunder; and

(g) Based upon the foregoing, the Chief Financial Officer is of the opinion that either:

(i) The amount of the Adjusted Gross Revenues for the Audit Period less one hundred percent (100%) of the Adjusted Cost of Operation and Maintenance shall equal or exceed one hundred ten percent (110%) of the Maximum Bond Service Requirement referred to in subsection (f) above, or

(ii) The amount of the Adjusted Gross Revenues for the Audit Period less one hundred percent (100%) of the Adjusted Cost of Operation and Maintenance shall equal or exceed one hundred percent (100%) of the Maximum Bond Service Requirement referred to in subsection (f) above and the sum of the Adjusted Gross Revenues for the Audit Period and the Adjusted Available Connection Charges (as defined below) less one hundred percent (100%) of the Adjusted Cost of Operation and Maintenance shall equal or exceed one hundred twenty-five percent (125%) of the Maximum Bond Service Requirement referred to in subsection (f) above,

For the purposes hereof, "Adjusted Available Connection Charges" shall mean the applicable Water Expansion Project Percentage of the Adjusted Water Connection Charges and the applicable Sewer Expansion Project Percentage of the Adjusted Sewer Connection Charges, but not in excess of the applicable Expansion Project Percentage of the Maximum Bond Service Requirement referred to in subsection (f) above.

(2) There shall be obtained and filed with the Governing Body a certificate from the engineer, who may be an employee of the Issuer, supervising construction of such Project that the balance of the funds in the special account in the Construction Fund created for such Project, together with net proceeds from

such Additional Bonds and the other funds referred to in paragraph (1)(e) above, will be sufficient to pay the Cost of such Project remaining unpaid.

(3) The Issuer may issue at any time and from time to time Additional Bonds for the purpose of refunding any Series of Bonds, or any maturity or portion of a maturity within a Series, by complying with the requirements of (1) above and without meeting the requirements of (2) above. In addition to the foregoing, the Issuer may issue at any time and from time to time Additional Bonds for the purpose of refunding any Series of Bonds, or any maturity of Bonds within a Series, without the necessity of complying with the requirements contained in subparagraphs (1) and (2) above, provided that prior to the issuance of such Bonds there shall be filed with the Governing Body of the Issuer a certificate from the Chief Financial Officer to the effect that (i) the net proceeds from such Additional Bonds will be sufficient to cause the lien created by this Resolution with respect to the Bonds to be refunded to be defeased pursuant to Section 14.02 below, (ii) the Maximum Bond Service Requirement with respect to such Additional Bonds shall not exceed the Maximum Bond Service Requirement with respect to the Bonds being refunded by more than ten percent (10%), and (iii) the final maturity date of the Additional Bonds is not later than the final maturity date of the Bonds being refunded. In addition, prior to the issuance of such Bonds pursuant to the preceding sentence, there shall be filed with the Governing Body of the Issuer an opinion of Bond Counsel to the effect that (i) the proceeds from the sale of such Additional Bonds have been set aside in irrevocable escrow for the payment of the Bonds to be refunded in the manner described in Section 14.02 below and (ii) the issuance of such Additional Bonds and the use of the proceeds thereof as described above will not have the effect of causing the interest on any Bond that is not a Taxable Bond then Outstanding under this Resolution (including the Bonds to be refunded) to become included in gross income for federal income tax purposes.

(4) The Chief Financial Officer of the Issuer shall certify that the Issuer is not in default in the performance of any of the covenants and obligations assumed by it under this Resolution, as the same may have been theretofore amended, and that all payments herein required to have been made into the funds and accounts provided herein shall have been made in full.

(5) The County Attorney of the Issuer shall submit an opinion to the Governing Body of the Issuer to the effect that the issuance of such Bonds has been duly authorized and that all conditions precedent to the delivery of such Bonds have been fulfilled.

(6) Each ordinance, resolution or enabling instrument authorizing the issuance of such Bonds will recite that all of the covenants herein contained will be fully applicable to such Bonds as if originally issued hereunder.

Bonds issued pursuant to the terms and conditions of this Article shall be deemed on a parity with all Bonds then Outstanding, and all of the covenants and other provisions of this Resolution shall be for the equal benefit, protection and security of the holders of any Bonds originally authorized and issued pursuant to this Resolution and the holders of any Bonds evidencing additional obligations subsequently created within the limitations of and in compliance with this Article. All such Bonds shall bear interest payable semiannually on April 1 and October 1 of each year (or more frequently, as provided by the resolution authorizing such Bonds), and shall mature on October 1 of the stated year of maturity thereof (or on April 1 and October 1 of such year if such Bonds are issued with semiannual principal maturities). Bonds shall be issued only for the purpose of financing one or more Projects, or for the purpose of refunding any obligations theretofore issued for such purposes.

SECTION 12.03. Qualified Hedge Agreements.

(a) The Issuer may, to the extent permitted by law, enter into one or more Qualified Hedge Agreements concurrently with the issuance of Additional Bonds hereunder, provided that the financial tests described in Section 12.02 are complied with after applying the assumptions and provisions relating to Qualified Hedge Agreements set forth in the definition of Bond Service Requirement, applied as of the date such Qualified Hedge Agreements is entered into.

(b) In addition, the Issuer may, to the extent permitted by law, enter into one or more Qualified Hedge Agreements with respect to Bonds previously issued and Outstanding hereunder; provided that, as estimated by the Chief Financial Officer, entering into such Qualified Hedge Agreement would be permitted under the financial tests described in Section 12.02 applying the assumptions and provisions relating to Qualified Hedge Agreement set forth in the definition of Bond Service Requirement and, if the applicable Bonds are not Taxable Bonds, there is provided to the Issuer an opinion of Bond Counsel that the Issuer's execution, delivery and performance of the Qualified Hedge Agreement will not, in and of themselves, cause the interest on such Bonds not to be excludable from gross income for federal income tax purposes.

(c) Unless otherwise agreed by a Qualified Hedge Provider, Qualified Hedge Payments under any Qualified Hedge Agreement shall be on parity with payments on the Bonds, all in the manner and to the extent specified in Section 9.02. Hedge Charges under any Qualified Hedge Agreement shall only be paid in the manner and to the extent specified in Section 9.02. Neither Qualified Hedge Payments nor Hedge Charges under any Qualified Hedge Agreement shall be secured by funds on deposit in the Reserve Fund or funds on deposit in the Construction Fund.

SECTION 12.04. Separately Financed Projects. Nothing in this Resolution shall prevent the Issuer from authorizing and issuing bonds, notes, or other obligations or evidences of indebtedness, for any project authorized by the Act, or from financing or otherwise providing for any such project from other available funds (each such project being referred to herein as a "Separately Financed Project"), if the debt service on such bonds, notes, or other obligations or evidences of indebtedness, and the Issuer's share of any operating expenses related to such Separately Financed Project, are payable solely from the revenues or other income derived from the ownership or operation of such Separately Financed Project, from other available funds of the Issuer not constituting part of the Pledged Revenues.

ARTICLE XIII

EVENTS OF DEFAULT; REMEDIES

SECTION 13.01. Events of Default. Each of the following events is hereby declared an "event of default," that is to say if:

(a) payment of principal of any Bond shall not be made by the Issuer when the same shall become due and payable, either at maturity (whether by acceleration or otherwise) or on required payment dates by proceedings for redemption or otherwise; or

(b) payment of any installment of interest, or the payment of any Qualified Hedge Payment (after the lapse of any grace or notice period, or both, as provided in the applicable Qualified Hedge Agreement) shall not be made by the Issuer when the same shall become due and payable; or

(c) the Issuer shall discontinue or unreasonably delay or fail to complete within a reasonable period of time a Project for which Bonds have been issued hereunder, unless the same shall be abandoned or deferred pursuant to Article VII hereof; or

(d) the Issuer shall for any reason be rendered incapable of fulfilling its obligations hereunder to the extent that the payment of or security for the Bonds would be materially adversely affected, and such conditions shall continue unremedied for a period of thirty (30) days after the Issuer becomes aware of such conditions; or

(e) an order or decree shall be entered, with the consent or acquiescence of the Issuer, appointing a receiver or receivers of the Issuer, the System, the Gross Revenues, or any part thereof or the filing of a petition by the Issuer for relief under federal bankruptcy laws or any other applicable law or statute of the United States of

America or the State of Florida, which shall not be dismissed, vacated or discharged within thirty (30) days after the filing thereof; or

(f) any proceedings shall be instituted, with the consent or acquiescence of the Issuer, for the purpose of effecting a composition between the Issuer and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statutes now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the Gross Revenues; or

(g) the entry of a final judgment or judgments for the payment of money against the Issuer as a result of the ownership, operation or control of the System or which subjects any of the funds pledged hereunder to a lien for the payment thereof in contravention of the provisions of this Resolution for which there does not exist adequate insurance, reserves or appropriate bonds for the timely payment thereof, and any such judgment shall not be discharged within ninety (90) days from the entry thereof or an appeal shall not be taken therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, in such manner as to stay the execution of or levy under such judgment, order, decree or process or the enforcement thereof; or

(h) the Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Resolution on the part of the Issuer to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by the registered owners of not less than ten percent (10%) of the Bond Obligation.

Notwithstanding the foregoing, with respect to the events described in clause (h), the Issuer shall not be deemed in default hereunder if such default can be cured within a reasonable period of time and if the Issuer in good faith institutes appropriate curative action and diligently pursues such action until the default has been corrected. With respect to the event described in clause (c) above, the Issuer shall not be deemed in default hereunder if the performance by the Issuer is prevented or delayed at any time by an act or the neglect of any contractor who is retained with due diligence by the Issuer or by the unavailability of labor, strikes, lockouts, fire, unusual delay in transportation, unavoidable casualties, war, hostilities, acts of God or other causes beyond the Issuer's control and arising without its fault or negligence, including the existence of any law, order, proclamation, regulation or ordinance of any government (excluding Issuer), provided the Issuer shall use its best efforts to remedy the delay. In determining

whether a payment default has occurred with respect to Bonds or whether a payment of Bonds has been made under this Resolution, no effect shall be given to payments made under any municipal bond insurance policy insuring such Bonds.

SECTION 13.02. Enforcement of Remedies. Upon the happening and continuance of any event of default specified in Section 13.01 of this Article, then and in every such case the owners of not less than twenty-five percent (25%) of the Bond Obligation may appoint any state bank, national bank, trust company or national banking association qualified to transact business in Florida and having a combined capital, surplus and undivided profits of at least \$50,000,000, to serve as trustee for the benefit of the holders of all Bonds then outstanding (the "Trustee"). Notice of such appointment, together with evidence of the requisite signatures of the holders of twenty-five percent (25%) of the Bond Obligation and the trust instrument under which the Trustee shall have agreed to serve shall be filed with the Issuer and the Trustee and notice of such appointment shall be mailed by first class mail, postage prepaid, to all registered owners of Bonds. After the appointment of the first Trustee hereunder, no additional Trustees may be appointed; however, the holders of a majority of the Bond Obligation may remove the Trustee initially appointed and appoint a successor and subsequent successors at any time, but no such removal, and no resignation, of such Trustee shall be effective until a successor has been appointed and has accepted the duties of Trustee hereunder. The Issuer shall furnish each Bond Insurer with written notice of the appointment or removal of any Trustee in connection with an event of default related to the Series of Bonds insured by such Bond Insurer so long as no event described in Section 13.09 hereof shall have occurred. If the default for which the Trustee was appointed is cured or waived pursuant to this Article, the appointment of the Trustee shall terminate with respect to such default.

After a Trustee has been appointed pursuant to the foregoing, the Trustee may proceed, and upon the written request of holders of twenty-five percent (25%) of the Bond Obligation shall proceed to protect and enforce the rights of the Bondholders under the laws of the State, including the Act, and under this Resolution, by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board, body or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid of execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, all as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights. The Trustee shall not take the FGIC Insurance Policy into account in determining whether the rights of holders of the Series 1991 Bonds are adversely affected by actions or remedies undertaken by the Trustee under the terms of this Resolution.

In the enforcement of any remedy against the Issuer under this Resolution the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time

remaining, due from the Issuer for principal, interest or otherwise under any provisions of this Resolution or of such Bonds and unpaid, with interest on overdue payments of principal and, to the extent permitted by law, on interest at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce any judgment or decree against the Issuer, but solely as provided herein and in such Bonds, for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided, and to collect (but solely from moneys in the Debt Service Fund, the Reserve Fund and any other moneys available for such purpose) in any manner provided by law, the moneys adjudged or decreed to be payable.

To the extent that no other funds are available under the terms of this Resolution to cure a payment default with respect to any Series of Bonds, the Trustee may apply any moneys in an account in the Construction Fund with respect to such Series of Bonds to cure such default.

SECTION 13.03. Effect of Discontinuing Proceedings. In case any proceeding taken by the Trustee or any Bondholder on account of any default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or such Bondholder, then and in every such case the Issuer, the Trustee and Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

SECTION 13.04. Directions to Trustee as to Remedial Proceedings. Anything in this Resolution to the contrary notwithstanding, the holders of a majority of the Bond Obligation shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

SECTION 13.05. Restrictions on Actions by Individual Bondholders. No Bondholder shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder or for any other remedy hereunder unless such Bondholder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be taken, and unless the holders of not less than twenty-five percent (25%) of the Bond Obligation shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity

either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, including the reasonable fees of its attorneys (including fees on appeal), and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Resolution or for any other remedy hereunder. It is understood and intended that no one or more owners of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this ordinance, or to enforce any right hereunder, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Bondholders, and that any individual rights of action or any other right given to one or more of such owners by law are restricted by this Resolution to the rights and remedies herein provided.

Nothing contained herein, however, shall affect or impair the right of any Bondholder, individually, to enforce the payment of the principal of and interest on his Bond or Bonds at and after the maturity thereof, at the time, place, from the source and in the manner provided in this Resolution.

SECTION 13.06. Appointment of a Receiver. Upon the happening and continuance of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders under this Resolution, the Trustee shall be entitled, as a matter of right, without regard to the solvency of the Issuer, to the appointment of a receiver or receivers of the System, pending such proceedings, with such powers as the court making such appointments shall confer, whether or not the Gross Revenues and other funds pledged hereunder shall be deemed sufficient ultimately to satisfy the Bonds outstanding hereunder.

SECTION 13.07. Notice to Bond Insurer. The Issuer, the Paying Agent and the Trustee shall promptly notify the Bond Insurer that has issued a municipal bond insurance policy insuring a Series of Bonds in writing of any default under Section 13.01(a) or (b) hereof with respect to such Series of Bonds and shall, within thirty (30) days after obtaining notice thereof, notify such Bond Insurer in writing of any other default under Section 13.01 hereof related to such Series of Bonds.

SECTION 13.08. Rights of Bond Insurer. Upon the occurrence of an event of default hereunder with respect to a Series of Bonds issued hereunder, and so long as no event described in Section 13.09 below shall have occurred with respect to the Bond Insurer issuing a municipal bond insurance policy insuring

Bonds of such Series, such Bond Insurer shall, to the extent permitted by law, be deemed a holder of the Bonds of such Series that are insured by it for the purposes of giving and receiving notices and the sole holder of such Series of Bonds for purposes of giving any approvals, directions and requests or exercising any remedial rights under this Article XIII.

Subject to Section 13.09 hereof, a Bond Insurer shall be included as a party in interest hereunder and as a party entitled to (i) notify the Issuer, the Trustee or any receiver of the occurrence of an event of default with respect to any Series of Bonds insured by such Bond Insurer and (ii) request the Trustee or receiver to intervene in judicial proceedings that affect such Series of Bonds or the security therefor. Subject to Section 13.09 hereof, the Trustee or receiver shall be required to accept notice of an event of default from the Bond Insurer with respect to a Series of Bonds insured by such Bond Insurer.

SECTION 13.09. Limitation on Rights of Bond Insurer. Notwithstanding any other provision contained in this Resolution to the contrary:

(i) If a Bond Insurer shall be in default in the due and punctual performance of its obligations under the a municipal bond insurance policy insuring Bonds issued hereunder, or if such policy for whatever reason is not then enforceable and in full force and effect; or

(ii) If a Bond Insurer shall apply for or consent to the appointment of a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its assets, or shall admit in writing its inability, or be generally unable, to pay its debts as such debts become due, or shall make a general assignment for the benefit of its creditors, or commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect) or shall file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, or shall fail to convert in a timely and appropriate manner, or acquiesce in writing to, any other petition filed against a Bond Insurer in any involuntary case under said Federal Bankruptcy Code, or shall take any other action for the purpose of effecting the foregoing; or

(iii) If a proceeding or case shall be commenced without the application or consent of a Bond Insurer, in any court of competent jurisdiction seeking the liquidation, reorganization, dissolution, winding up or composition or readjustment of debts of a Bond Insurer or the appointment of a trustee, receiver, custodian, or liquidator or the like of the Bond Insurer or of all or a substantial part of its assets, or similar relief with respect to the Bond Insurer under any law relating to bankruptcy, insolvency, reorganization, winding up or

composition or adjustment of debts, and such proceeding or case shall continue undismissed and an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed in effect for a period of one hundred twenty (120) days from the commencement of such proceedings or case, or any order for relief against the Bond Insurer shall be entered in an involuntary case under said Federal Bankruptcy Code;

then and in any such event such Bond Insurer shall not be entitled to any rights specifically granted to it herein to consent to, approve or participate in any actions proposed to be taken by the Issuer, a Bondholder or any of them pursuant to this Resolution.

ARTICLE XIV

MISCELLANEOUS PROVISIONS

SECTION 14.01. Modification or Amendment. This Resolution may be modified and amended and all appropriate blanks appearing herein may be completed by the Issuer from time to time prior to the issuance of the first Series of Bonds hereunder. Thereafter, no modification or amendment of this Resolution, or of any resolution or ordinance amendatory hereof or supplemental hereto, materially adverse to the Bondholders of a Series may be made without the consent in writing of the owners of not less than a majority of the Bond Obligation, but no modification or amendment shall permit (a) a change in the maturity of any of the Bonds or a reduction in the rate of interest thereon, (b) a change in the amount of the principal obligation of any Bond, or (c) that would reduce such percentage of holders of the Bond Obligation, required above, for such modifications or amendments, without the consent of all of the Bondholders. For the purpose of Bondholders' voting rights or consents, the Bonds owned by or held for the account of the Issuer, directly or indirectly, shall not be counted. Notwithstanding the foregoing, the Issuer may, from time to time and at any time without the consent of the Bondholders, enter into such supplemental resolutions (which supplemental resolutions shall thereafter form a part hereof):

(i) To cure any ambiguity, inconsistency or formal defect or omission in this Resolution or in any supplemental resolution, or

(ii) To grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders, or

(iii) To provide for the sale, authentication and delivery of Additional Bonds or refunding Bonds and the disposition of the

proceeds from the sale thereof, in the manner and to the extent authorized by Article XII above, or

(iv) To modify, amend or supplement this Resolution or any resolution supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States of America, and, if the Issuer so determines, to add to this Resolution or any resolution supplemental hereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute, or

(v) To provide for the issuance of coupon Bonds or certificated or uncertificated registered public obligations as contemplated in Section 6.02 hereof, or

(vi) To provide for changes suggested by a Rating Agency as necessary to secure the highest rating on the Bonds, or

(vii) To subject to the terms of this Resolution any additional funds, securities or properties, or

(viii) To make any other change or modification of the terms hereof which, in the reasonable judgment of the Issuer is not prejudicial in any material manner to the rights or interests of the holders of the Bonds hereunder.

Notice of any amendments or modifications of this Resolution shall be given by the Issuer to any Rating Agencies then rating any Bonds Outstanding hereunder.

Notwithstanding anything in this Section 14.01 to the contrary, no supplement or amendment of this Resolution shall be made pursuant to this Section 14.01 without the prior written consent of each Bond Insurer insuring any Bonds hereunder and such Bond Insurer shall receive a full transcript of all proceedings relating to the execution of any amendment or supplement hereto, provided, however, that no such consent shall be required from any Bond Insurer and no transcript shall be required to be delivered to any Bond Insurer as to which an event described in Section 13.09 shall have occurred.

In addition, notwithstanding anything in the foregoing to the contrary, in the event that a municipal bond insurance policy is in full force and effect with respect to any Bonds and the Bond Insurer is not insolvent and no default under such insurance policy exists on the part of the Bond Insurer, then the Bond Insurer

shall be deemed to be the sole registered owner and Bondholder of all Bonds insured by such insurance policy for the purpose of granting the consents required by this Section 14.01.

SECTION 14.02. Defeasance and Release of Resolution. If, at any time after the date of issuance of any series of the Bonds, (a) all Bonds secured hereby or any Series thereof or maturity or portion of a maturity within a Series shall have become due and payable in accordance with their terms or otherwise as provided in this Resolution, or shall have been duly called for redemption, or the Issuer gives the Paying Agent irrevocable instructions directing the payment of the principal of, premium, if any, and interest on such Bonds at maturity or at any earlier redemption date scheduled by the Issuer, or any combination thereof, and (b) the whole amount of the principal, premium, if any, and the interest so due and payable upon all of such Bonds then outstanding, at maturity or upon redemption, shall be paid, or sufficient moneys shall be held by the Paying Agent or other Authorized Depository acting as an escrow agent in irrevocable trust for the benefit of such Bondholders (whether or not in any accounts created hereby) which, as verified by a report of an independent certified public accountant or firm of independent certified public accountants, when invested in Federal Securities maturing not later than the maturity or redemption dates of such principal, premium, if any, and interest will, together with the income realized on such investments, be sufficient to pay all such principal, premium, if any, and interest on said Bonds at the maturity thereof or the date upon which such Bonds are to be called for redemption prior to maturity, then and in that case the right, title and interest of such Bondholders hereunder and the pledge of and lien on the Gross Revenues and the Connection Charges and all other pledges and liens created hereby or pursuant hereto, with respect to such Bondholders shall thereupon cease, determine and become void, and if such conditions have been satisfied with respect to all Bonds issued hereunder and then Outstanding and all Qualified Hedge Payments due or to become due under Qualified Swap Agreements, all balances remaining in any other funds or accounts created by this Resolution other than moneys held for redemption or payment of Bonds and to pay all other sums payable by the Issuer hereunder shall be distributed to the Issuer for any lawful purpose; otherwise this Resolution shall be, continue and remain in full force and effect.

For purposes of this Section 14.02, the amount of interest to accrue on Variable Rate Bonds to maturity or redemption shall be determined by assuming interest thereon will accrue at the maximum rate of interest such Variable Rate Bonds may bear pursuant to the ordinance or resolution authorizing the issuance thereof, or the maximum rate permitted by law if such authorizing ordinance or resolution provides no maximum rate of interest.

Notwithstanding anything herein to the contrary, in the event that the principal and/or interest on a Series of Bonds shall have been paid to the Holders of such Series of Bonds by a Bond Insurer, such Bonds shall remain Outstanding for

all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, and the assignment and pledge of the security hereunder and all covenants, agreements and other obligations of the Issuer to the Holders shall continue to exist and shall run to the benefit of the Bond Insurer and such Bond Insurer shall be subrogated to the rights of such Holders.

Notwithstanding any other provision of this Resolution, including in particular this Section 14.02, the obligation to pay over the Rebate Amount to the United States and to comply with all other requirements of Section 14.03 and Section 14.04 shall survive the defeasance or payment in full of the Bonds.

SECTION 14.03. Tax Covenants. It is the intention of the Issuer and all parties under its control that the interest on the Bonds issued hereunder that are not Taxable Bonds be and remain excluded from gross income for federal income tax purposes and to this end the Issuer hereby represents to and covenants with each of the holders of the Bonds issued hereunder that are not Taxable Bonds that it will comply with the requirements applicable to it contained in Section 103 and Part IV of Subchapter B of Chapter 1 of Subtitle A of the Code to the extent necessary to preserve the exclusion of interest on the Bonds issued hereunder that are not Taxable Bonds from gross income for federal income tax purposes. Specifically, without intending to limit in any way the generality of the foregoing, the Issuer covenants and agrees:

(1) to make or cause to be made all necessary determinations and calculations of the Rebate Amount (as hereinafter defined) and required payments of the Rebate Amount;

(2) to set aside sufficient moneys in the Rebate Fund or elsewhere, from the Gross Revenues or other legally available funds of the Issuer, to timely pay the Rebate Amount to the United States of America;

(3) to pay the Rebate Amount to the United States of America from the Gross Revenues or from any other legally available funds, at the times and to the extent required pursuant to Section 148(f) of the Code;

(4) to maintain and retain all records pertaining to the Rebate Amount with respect to the Bonds that are not Taxable Bonds issued hereunder and required payments of the Rebate Amount with respect to the Bonds that are not Taxable Bonds for at least six years after the final maturity of the Bonds that are not Taxable Bonds or such other period as shall be necessary to comply with the Code;

(5) to refrain from using proceeds from the Bonds issued hereunder that are not Taxable Bonds or that are not issued with the

intent that they will be private activity bonds under Section 141(a) of the Code in a manner that might cause the Bonds to be classified as private activity bonds under Section 141(a) of the Code; and

(6) to refrain from taking any action that would cause the Bonds that are not Taxable Bonds issued hereunder to become arbitrage bonds under Section 148 of the Code.

The Issuer understands that the foregoing covenants impose continuing obligations of the Issuer that will exist as long as the requirements of Section 103 and Part IV of Subchapter B of Chapter 1 of Subtitle A of the Code are applicable to the Bonds.

Notwithstanding any other provision of this Resolution, including, in particular Section 14.02 hereof, the obligation of the Issuer to pay the Rebate Amount to the United States of America and to comply with the other requirements of this Section 14.03 shall survive the defeasance or payment in full of the Bonds that are not Taxable Bonds.

SECTION 14.04. Rebate Fund. The Issuer covenants and agrees that it shall maintain and retain all records pertaining to and shall be responsible for making or having made all determinations and calculations of the Rebate Amount for each Series of Bonds issued hereunder that are not Taxable Bonds for each Rebate Year within twenty-five (25) days after the end of such Rebate Year and within twenty-five (25) days after the final maturity of each such Series of Bonds. On or before the expiration of each such period, the Issuer shall deposit into the Rebate Fund from investment earnings on moneys deposited in the other funds and accounts created hereunder, or from any other legally available funds of the Issuer, an amount equal to the Rebate Amount for such Rebate Year. The Issuer shall use such moneys deposited in the Rebate Fund only for the payment of the Rebate Amount to the United States as required by Section 14.03 hereof, which payments shall, unless otherwise permitted or required by applicable law, be made in installments, commencing not more than thirty (30) days after the end of the fifth Rebate Year and with subsequent payments to be made not later than five (5) years after the preceding payment was due, except that the final payment shall be made within sixty (60) days after the final maturity of the last obligation of the Series of Bonds issued hereunder that are not Taxable Bonds. In complying with the foregoing, the Issuer may rely upon any instructions or opinions from Bond Counsel.

If any amount shall remain in the Rebate Fund after payment in full of all Bonds issued hereunder that are not Taxable Bonds and after payment in full of the Rebate Amount to the United States in accordance with the terms hereof, such amounts shall be available to the Issuer for any lawful purpose.

The Rebate Fund shall be held separate and apart from all other funds and accounts of the Issuer, shall not be impressed with a lien in favor of the Bondholders or any Qualified Hedge Provider, and the moneys therein shall be available for use only as herein provided.

Notwithstanding any other provision of this Resolution, including in particular Section 14.02 hereof, the obligation to pay over the Rebate Amount to the United States and to comply with all other requirements of Section 14.03 and this Section 14.04 shall survive the defeasance or payment in full of the Bonds.

SECTION 14.05. Severability. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Resolution or of the Bonds issued hereunder, which remaining covenants, agreements and provisions shall remain in full force and effect.

SECTION 14.06. No Third-Party Beneficiaries. Except as herein otherwise expressly provided, nothing in this Resolution expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the parties hereto and the owners and holders of the Bonds issued under and secured by this Resolution, any right, remedy or claim, legal or equitable, under or by reason of this Resolution or any provision hereof, this Resolution and all its provisions being intended to be and being for the sole and exclusive benefit of the parties hereto and the owners and holders from time to time of the Bonds issued hereunder.

SECTION 14.07. Controlling Law; Members of Issuer Not Liable. All covenants, stipulations, obligations and agreements of the Issuer contained in this Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the Issuer to the full extent authorized by the Act and provided by the Constitution and laws of the State of Florida. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, agent, officer or employee of the Issuer or the Governing Body of the Issuer in his or her individual capacity, and neither the members or officers of the Governing Body of the Issuer nor any official executing the Bonds shall be liable personally on the Bonds or this Resolution or shall be subject to any personal liability or accountability by reason of the issuance or the execution by the Issuer or such members thereof.

SECTION 14.08. Notices to FGIC. All notices required to be delivered to FGIC hereunder shall be delivered as follows:

Financial Guaranty Insurance Company
175 Water Street
New York, New York 10038
Attention: General Counsel

and

Citibank, N.A.
20 Exchange Place - 16th Floor
New York, New York 10005
Attention: Municipal Trust and Agency
Services Administration

or at such other address or addresses as FGIC shall request in writing delivered to the Issuer and the Paying Agent.

SECTION 14.09. Repeal of Inconsistent Resolutions. All ordinances and resolutions or parts thereof in conflict herewith are to the extent of such conflict superseded and repealed.

SECTION 14.10. Effective Date. This Resolution shall become effective immediately upon its adoption.

Approved and adopted by the Board of County Commissioners of Polk County, Florida, in open session this 24th day of September, 1991.

BOARD OF COUNTY COMMISSIONERS
OF POLK COUNTY, FLORIDA

By _____
Chairman

(SEAL)

Attested:

Richard M. Weiss, Clerk

By _____
Deputy Clerk

RESOLUTION NO. 10-117

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF POLK COUNTY, FLORIDA, SUPPLEMENTING AND PROVIDING FOR THE AMENDMENT OF RESOLUTION NO. 91-03 OF THE COUNTY, AS THE SAME HAS BEEN SUPPLEMENTED, AMENDED, RESTATED AND COMPILED BY RESOLUTION NO. 04-157; PROVIDING FOR AND AUTHORIZING THE ISSUANCE OF ITS UTILITY SYSTEM REVENUE BONDS, SERIES 2010A AND ITS UTILITY SYSTEM REVENUE BONDS, SERIES 2010B (FEDERALLY TAXABLE - BUILD AMERICA BONDS - DIRECT SUBSIDY) IN AN AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING \$60,000,000 TO FINANCE THE COST OF (1) CONSTRUCTION AND ACQUISITION OF ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO THE COUNTY'S WATER DISTRIBUTION AND TREATMENT AND WASTEWATER COLLECTION AND TREATMENT SYSTEM; (2) CAPITALIZING INTEREST ON SUCH BONDS; (3) FUNDING A DEPOSIT TO A RESERVE ACCOUNT OR PAYMENT OF THE PREMIUM FOR A DEBT SERVICE RESERVE FUND POLICY, TO THE EXTENT DESCRIBED HEREIN; AND (4) PAYING COSTS OF ISSUANCE FOR SUCH BONDS, INCLUDING, TO THE EXTENT APPLICABLE, THE PREMIUM FOR A POLICY OF BOND INSURANCE; PROVIDING FOR THE PAYMENT OF SUCH BONDS FROM GROSS REVENUES OF THE SYSTEM AND CERTAIN CONNECTION CHARGES ON A PARITY WITH OUTSTANDING BONDS; AUTHORIZING THE CHAIRMAN OR VICE CHAIRMAN OF THE BOARD TO AWARD THE SALE OF SUCH BONDS TO THE UNDERWRITERS DESCRIBED HEREIN IN ACCORDANCE WITH CERTAIN PARAMETERS SET FORTH HEREIN AND PURSUANT TO THE TERMS OF A PURCHASE CONTRACT APPROVED HEREIN; AUTHORIZING THE CONSTRUCTION AND ACQUISITION OF ADDITIONS, EXTENSIONS AND IMPROVEMENTS OF THE SYSTEM; APPOINTING THE PAYING AGENT AND REGISTRAR WITH RESPECT TO SUCH BONDS; APPROVING THE FORM AND AUTHORIZING THE CIRCULATION OF A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT; AUTHORIZING THE CHAIRMAN OR CLERK TO DEEM FINAL THE PRELIMINARY OFFICIAL STATEMENT; AUTHORIZING THE ACCEPTANCE OF A COMMITMENT FOR MUNICIPAL BOND INSURANCE AND A RESERVE PRODUCT FROM THE 2010 BOND INSURER; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A DEBT SERVICE RESERVE FUND POLICY AGREEMENT AND APPROVING THE

PAYMENT OF THE RELATED PREMIUMS AS DESCRIBED HEREIN; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A CONTINUING DISCLOSURE CERTIFICATE; AUTHORIZING CERTAIN OFFICIALS OF THE COUNTY TO EXECUTE ANY DOCUMENTS AND TAKE ANY ACTIONS REQUIRED IN CONNECTION WITH THE ISSUANCE OF SAID BONDS; PROVIDING AN EFFECTIVE DATE FOR THIS RESOLUTION; APPROVING CERTAIN AMENDMENTS TO RESOLUTION NO. 04-157, AS PREVIOUSLY SUPPLEMENTED, AMENDED, RESTATED AND COMPILED, RELATED TO BUILD AMERICA BONDS; AND PROVIDING CERTAIN OTHER DETAILS WITH RESPECT THERETO.

WHEREAS, the Board of County Commissioners (the "Board") of Polk County, Florida (the "Issuer" or the "County") adopted Resolution No. 91-03 on September 24, 1991 ("Resolution No. 91-03"), as amended and supplemented by Resolution No. 91-04 adopted on October 3, 1991, and Resolution No. 97-05 adopted on August 12, 1997, as supplemented, amended, restated and compiled by Resolution No. 03-15 adopted on February 19, 2003, as supplemented, amended, restated and compiled by Resolution No. 04-157 adopted by the Board on November 3, 2004 (the "Bond Resolution"), pursuant to which the Issuer has issued its Utility System Revenue Refunding Bonds, Series 1997B in the original aggregate principal amount of \$21,730,000 (the "1997 Bonds"), its Utility System Revenue Bonds, Series 2003 in the original aggregate principal amount of \$49,770,000 (the "2003 Bonds"), its Utility System Revenue Bonds, Series 2004A in the original aggregate principal amount of \$41,045,000 (the "2004A Bonds") and its Utility System Revenue Refunding Bonds, Series 2004B in the original aggregate principal amount of \$15,770,000 (the "2004B Bonds," and together with the 2004A Bonds, the "2004 Bonds"); and

WHEREAS, the Bond Resolution authorizes the issuance of Additional Bonds (as such term is defined in the Bond Resolution) for the purpose of financing the acquisition and construction of additions, extensions and improvements to, and the repair of, the Issuer's existing water distribution and wastewater collection and treatment system (the "System") and for the purpose of refunding other outstanding Bonds; and

WHEREAS, the Issuer desires to acquire and construct certain additions, extensions and improvements to the System, including, without limitation, those described in Exhibit "A" hereto (collectively, the "2010 Project"); and

WHEREAS, the Board has determined that it is in the best interest of the Issuer to issue its Utility System Revenue Bonds, Series 2010A (the "2010A Bonds") and/or its Utility System Revenue Bonds, Series 2010B (Federally Taxable - Build America Bonds - Direct Subsidy) (the "2010B Bonds," and, together with

the 2010A Bonds, the "2010 Bonds") in one or more series or subseries as Additional Bonds under the Bond Resolution to finance the cost of the 2010 Project and for the other purposes described herein; and

WHEREAS, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., Edward Jones and Raymond James & Associates, Inc. (collectively, the "Underwriters") intend to submit an offer to purchase the 2010 Bonds by negotiated sale pursuant to the terms of a Purchase Contract between the Issuer and the Underwriters in substantially the form attached hereto as Exhibit "B" (the "Bond Purchase Agreement"); and

WHEREAS, because of the current conditions existing in the market for securities similar to the 2010 Bonds, the Issuer finds it appropriate to delegate to the Chairman of the Board of County Commissioners (the "Chairman"), or in his absence or unavailability, the Vice Chairman of the Board of County Commissioners (the "Vice Chairman"), the authority to determine whether it is in the best interests of the Issuer to issue the 2010 Bonds and to accept the offer of the Underwriters to purchase the 2010 Bonds to be issued pursuant to the terms of the Bond Purchase Agreement if certain conditions set forth in this Resolution are met; and

WHEREAS, the Issuer desires to approve the form of an official statement (the "Final Official Statement") in substantially the form of a draft of the Preliminary Official Statement (the "Preliminary Official Statement") attached hereto as Exhibit "C" in connection with the issuance and sale of the 2010 Bonds; and

WHEREAS, the Issuer desires to authorize the Chairman or the Clerk of the Circuit Court of the Tenth Judicial Circuit and ex officio clerk of the Board of County Commissioners (the "Clerk") to deem the Preliminary Official Statement final on behalf of the Issuer for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (the "Rule"), to authorize the use of the Preliminary Official Statement and the Final Official Statement in the marketing of the 2010 Bonds and to authorize the execution and delivery of the Final Official Statement; and

WHEREAS, the Issuer desires to approve the form of and authorize the execution and delivery of a Continuing Disclosure Certificate substantially in the form attached hereto as Exhibit "D" (the "Continuing Disclosure Certificate"); and

WHEREAS, the Issuer desires to appoint The Bank of New York Mellon Trust Company, N.A., as initial Paying Agent and Registrar with respect to the 2010 Bonds; and

WHEREAS, the Issuer desires to approve the form of and authorize the acceptance of a commitment or commitments in the form attached hereto as

Exhibit "E" (collectively, the "Commitment") for the issuance of a policy or policies of municipal bond insurance insuring all or a portion of the 2010 Bonds (collectively, the "Policy") and for one or more Reserve Products (as defined in the Bond Resolution) from Assured Guaranty Municipal Corp. (the "2010 Bond Insurer") and to approve the form of and authorize the execution and delivery of a Debt Service Reserve Fund Policy Agreement substantially in the form attached hereto as Exhibit "F" (the "Reserve Policy Agreement"), if it is determined by the Chairman, or in the Chairman's absence or unavailability, the Vice Chairman, based upon advice of the Financial Advisor, to be in the best financial interest of the Issuer; and

WHEREAS, the Board desires to amend the Bond Resolution with respect to the treatment of certain federal subsidy payments related to Build America Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF POLK COUNTY, FLORIDA, that:

SECTION 1. Authority. This Resolution is adopted pursuant to Article VIII, Section 1, Constitution of the State of Florida, Section 159.11 and Chapter 125, Florida Statutes, Ordinance No. 85-34 enacted by the Board on December 17, 1985, Chapter 159, Part VII (with respect to the 2010B Bonds) the Charter of the Issuer and the Bond Resolution (collectively, the "Act").

SECTION 2. Definitions. All terms used herein in capitalized form, unless otherwise defined herein, shall have the same meanings as ascribed to them in the Bond Resolution, unless the context otherwise requires. All terms used herein in capitalized form and defined in the preamble hereto shall have the meanings ascribed thereto in such preamble.

In addition, the following terms shall have the meanings ascribed below:

"Aggregate Authorized Amount" shall mean an aggregate principal amount of Bonds not to exceed \$60,000,000.

"BABs Composite Account Reserve Requirement" shall mean an amount of money, or the aggregate available amount under one or more Reserve Products, or a combination thereof, equal to the lesser of (i) the Maximum Bond Service Requirement calculated with respect to all Series of Bonds Outstanding hereunder that are secured by the BABs Composite Reserve Account in the Reserve Fund, (ii) 125% of the average Bond Service Requirement calculated with respect to all Series of Bonds Outstanding hereunder that are secured by the BABs Composite Reserve Account in the Reserve Fund, or (iii) 10% of the aggregate stated original principal amount of all Series of Bonds Outstanding hereunder that are secured by the BABs Composite Reserve Account in the Reserve Fund, provided, however, (x) that in determining the aggregate stated original principal amount of Bonds

Outstanding for the purposes of this clause (iii), the issue price of Bonds (net of pre-issuance accrued interest) shall be substituted for the original stated principal amount of those Bonds if such Bonds were sold at either an original issue discount or premium exceeding two percent (2%) of the stated redemption price at maturity; and (y) in determining the Bond Service Requirement for the purposes hereof, the amount of Subsidy Payments expected to be received on any Subsidy Bonds on each respective interest payment date shall be netted against the amount of interest payable on such interest payment date, provided, however, that if for any reason, the Issuer is no longer entitled to, or will not receive Subsidy Payments on any Outstanding Subsidy Bonds (other than as a result of a non-recurring reduction due to an offset of an amount due or alleged to be due from the Issuer to the federal government or any agency, branch or bureau thereof), for purposes hereof, the interest on such Subsidy Bonds shall be determined without regard to such Subsidy Payments.

"Build America Bonds" means any Bonds (or the allocable portion thereof) the Issuer has designated as "Build America Bonds" and as to which the Issuer has made an irrevocable election to have Section 54AA of the Code apply, which may include Subsidy Bonds and the 2010B Bonds.

"Cost" or "Costs," when used in connection with the 2010 Project, shall mean, to the extent permitted under the Act, (i) with respect to the 2010A Bonds, (a) the Issuer's cost of physical construction; (b) costs of acquisition by or for the Issuer of such 2010 Project or any component thereof; (c) costs of land and interests therein and the costs of the Issuer incidental to such acquisition; (d) the cost of any indemnity and surety bonds and premiums for insurance during construction; (e) all interest due to be paid on the 2010 Bonds and other obligations relating to the 2010 Project during, and if advisable by the Issuer, for up to one (1) year after the end of, the construction period of the 2010 Project; (f) engineering, legal and other consultant fees and expenses; (g) costs and expenses of the financing incurred during, and if advisable by the Issuer, for up to one (1) year after the end of, the construction period for the 2010 Project, including audits, fees and expenses of any Paying Agent, Bond Registrar, bond insurer, if any, or depository; (h) payments, when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of the Issuer (other than the 2010 Bonds) incurred for such Project; (i) costs of machinery or equipment required by the Issuer for the commencement of operation of the 2010 Project; (j) any other costs properly attributable to such construction or acquisition, as determined by generally accepted accounting principles and may include reimbursement to the Issuer of costs previously paid or financed by the Issuer to the extent legally permissible and (ii) with respect to 2010B Bonds, any cost of a type that is properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of placed in service under §1.150-2(c) of the Code) under general Federal income tax principles, and other costs permitted under the Act and

the Code, and may include reimbursement to the Issuer of costs previously paid or financed by the Issuer to the extent legally permissible under the Act and the Code.

"Financial Advisor" means RBC Capital Markets Corporation.

"2010A Bonds Authorized Amount" means the principal amount of 2010A Bonds which, when combined with the principal amount of 2010B Bonds, shall not exceed the Aggregate Authorized Amount.

"2010B Bonds Authorized Amount" means the principal amount of 2010B Bonds which, when combined with the principal amount of 2010A Bonds, shall not exceed the Aggregate Authorized Amount.

"2010A Construction Account" shall mean the 2010A Utility System Revenue Bond Construction Account in the Construction Fund established pursuant to Section 14 hereof.

"2010B Construction Account" shall mean the 2010B Utility System Revenue Bond Construction Account in the Construction Fund established pursuant to Section 14 hereof.

"Second Composite Account Reserve Requirement" shall mean an amount of money, or the aggregate available amount under one or more Reserve Products, or a combination thereof, equal to the lesser of (i) the Maximum Bond Service Requirement calculated with respect to all Series of Bonds Outstanding hereunder that are secured by the Second Composite Account in the Reserve Fund, (ii) 125% of the average Bond Service Requirement calculated with respect to all Series of Bonds Outstanding hereunder that are secured by the Second Composite Account in the Reserve Fund, or (iii) 10% of the aggregate stated original principal amount of all Series of Bonds Outstanding hereunder that are secured by the Second Composite Account in the Reserve Fund, provided, however, that in determining the aggregate stated original principal amount of Bonds Outstanding for the purposes of this clause (iii), the issue price of Bonds (net of pre-issuance accrued interest) shall be substituted for the original stated principal amount of those Bonds if such Bonds were sold at either an original issue discount or premium exceeding two percent (2%) of the stated redemption price at maturity.

"Subsidy Bonds" shall mean any Build America Bonds or any other similar Bonds for which the Issuer receives direct subsidy payments in an amount equal to a portion of the interest paid on such Bonds.

"Subsidy Payments" shall mean payments received by the Issuer or a Paying Agent on behalf of the Issuer from the United States Treasury or the Internal Revenue Service with respect to Subsidy Bonds pursuant to Section 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the American Recovery and Reinvestment Act of 2009) as such sections may be expanded or

modified from time to time, and any other such payments made by the federal government or any agency, branch or bureau thereof to subsidize the interest payable by the Issuer on Bonds pursuant to such Sections or any other similar provisions of the Code or other authorizations with respect to Subsidy Bonds.

SECTION 3. Findings.

A. The findings and declarations of the Issuer contained in the Bond Resolution are hereby expressly approved, reaffirmed and ratified to the extent not inconsistent herewith.

B. For the benefit of its inhabitants, the Issuer presently owns, operates and maintains the System for the supply, treatment and distribution of water for domestic, commercial and industrial use, and for the collection, treatment, reuse and disposal of wastewater and sewage waste matter within Polk County, Florida.

C. The Issuer deems it necessary, desirable and in the best interests of the health and welfare of the Issuer and its inhabitants that the 2010 Project be acquired, constructed and installed.

D. The Issuer is authorized under the Act and the Bond Resolution to issue Bonds for various purposes, and it is necessary and in the best interests of the Issuer to provide for the issuance of the 2010 Bonds in one or more series or subseries for the purpose of financing the Cost of the acquisition, construction and installation of the 2010 Project and for the other purposes described herein.

E. The 2010 Bonds will not be issued unless the requirements of the applicable provisions of Section 12.02 of the Bond Resolution are satisfied on or prior to the issuance of the 2010 Bonds, and upon issuance in accordance with the terms hereof, the 2010 Bonds will constitute Additional Bonds under the Bond Resolution, as supplemented and amended hereby, entitled to all the security and benefits thereof and hereof, except as otherwise specifically provided herein.

F. The Bond Resolution, as hereby supplemented and amended, creates a valid and binding pledge of the Gross Revenues and Connection Charges in favor of the Bondholders of the 2010 Bonds as security for payment of the 2010 Bonds, enforceable by such Bondholders in accordance with the terms of the Bond Resolution, as hereby supplemented and amended, which lien under the laws of the State of Florida is on a parity with the lien of the Bondholders of the 1997B Bonds, the 2003 Bonds and the 2004 Bonds (collectively, the "Outstanding Parity Bonds"), with that of the Bondholders of Additional Bonds hereafter issued and with that of Qualified Hedge Providers with respect to Qualified Hedge Obligations. The Issuer has not heretofore made a senior pledge of or granted a senior lien on the Gross Revenues and Connection Charges which pledge or lien remains in existence except for the benefit of the Bondholders of the Outstanding Parity Bonds. The Issuer will

not grant hereafter a lien upon or pledge of the Gross Revenues and Connection Charges on a parity with that of the 2010 Bonds except as expressly permitted by the terms of the Bond Resolution.

G. It is estimated that the Gross Revenues and Connection Charges to be derived in each year hereafter and legally available for such purpose will be sufficient to pay all the principal of, premium, if any, and interest on the Bonds Outstanding, including the 2010 Bonds herein authorized, as the same become due and to make all sinking fund, reserve and other payments in connection therewith as required by the Bond Resolution and this Resolution.

H. The Issuer is not in default in performing any of the covenants and obligations assumed by it under the Bond Resolution, all payments required thereunder to have been made into accounts and funds established therein have been made to the full extent required and no event of default has occurred and is continuing under the Bond Resolution.

I. Except as expressly provided hereby, all of the covenants of the Bond Resolution will be applicable to the 2010 Bonds.

J. Because of the characteristics of the 2010 Bonds, prevailing and anticipated market conditions and savings to be realized from the expeditious sale of the 2010 Bonds, and taking into account the advice of the Issuer's Financial Advisor, if the parameters hereinafter set forth are met, it is in the best interest of the Issuer to accept the offer of the Underwriters to purchase the 2010 Bonds in an aggregate principal amount not exceeding the Aggregate Authorized Amount, at a negotiated sale upon the terms and conditions outlined herein and in the Bond Purchase Agreement and as determined by the Chairman or Vice Chairman in accordance with the terms hereof.

K. The Underwriters will, prior to acceptance by the Issuer of the offer of the Underwriters to purchase the 2010 Bonds, provide the Issuer with (i) a disclosure statement regarding the 2010 Bonds containing the information required by Section 218.385(6), Florida Statutes, and (ii) a Truth-In-Bonding Statement pursuant to Section 218.385(2) and (3), Florida Statutes, and no further disclosure is or shall be required by the Issuer.

SECTION 4. Instrument to Constitute a Contract;
Covenants in Bond Resolution Applicable. In consideration of the acceptance of the 2010 Bonds authorized to be issued hereunder by those who shall hold the same from time to time, the Bond Resolution, as supplemented and amended by this Resolution, shall be deemed to be and shall constitute a contract between the Issuer and the registered owners of the 2010 Bonds. The covenants and agreements set forth herein and in the Bond Resolution to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of the 2010 Bonds, and the 2010 Bonds shall be of equal rank with the Outstanding Parity

Bonds and with all other Additional Bonds hereafter issued under the Bond Resolution, without preference, priority or distinction over any other thereof. All applicable covenants contained in the Bond Resolution shall be fully applicable to the 2010 Bonds as if originally issued thereunder.

SECTION 5. Authorization of 2010 Project and Payment of Costs of Issuance. The acquisition, construction and installation of the 2010 Project is hereby authorized. The payment of costs of issuance of the 2010 Bonds, including premiums for the Policy and the Reserve Products contemplated herein, if any, with proceeds of the 2010 Bonds, to the extent permitted under the Code, and from Gross Revenues of the System or other available funds of the Issuer is hereby authorized.

SECTION 6. Authorization of 2010 Bonds; Delegation to Chairman; Terms and Form of 2010 Bonds.

A. Subject and pursuant to the provisions hereof, the 2010A Bonds to be known as "Polk County, Florida Utility System Revenue Bonds, Series 2010A" are hereby authorized to be issued at one time or from time to time as needed in one or more sub-series in an aggregate principal amount not exceeding the 2010A Bonds Authorized Amount for the purpose of (i) paying all or a portion of the Costs of the 2010 Project (to the extent not financed with proceeds of the 2010B Bonds), (ii) capitalizing interest on the 2010A Bonds, (iii) paying the premium for a Reserve Product and/or funding a deposit, to the extent not funded with a Reserve Product, in each case to be deposited in the Second Composite Reserve Account hereinafter created, and (iv) paying the allocable costs of issuance of the 2010A Bonds, including the allocable portion of the premium for the Policy related to the 2010A Bonds, if any. The specific principal amount of the 2010A Bonds shall be determined as hereinafter provided.

B. Subject and pursuant to the provisions hereof, the 2010B Bonds to be known as "Polk County, Florida Utility System Revenue Bonds, Series 2010B (Federally Taxable – Build America Bonds – Direct Subsidy)" are hereby authorized to be issued at one time or from time to time as needed in one or more series in an aggregate principal amount not exceeding the 2010B Bonds Authorized Amount for the purpose of (i) paying all or a portion of the Costs of the 2010 Project (to the extent not financed with proceeds of the 2010A Bonds), (ii) capitalizing interest on the 2010B Bonds, (iii) funding a deposit into the BABs Composite Reserve Account hereinafter created, to the extent not funded with a Reserve Product, and (iv) paying the allocable costs of issuance of the 2010B Bonds. The specific principal amount of the 2010B Bonds shall be determined as hereinafter provided.

C. Notwithstanding anything contained herein to the contrary, the 2010 Bonds shall not be issued until the conditions precedent to the issuance of Additional Bonds contained in the applicable provisions of Section 12.02 of the Bond Resolution have been complied with.

D. Notwithstanding anything herein to the contrary, based upon advice of the Financial Advisor to the Issuer that the same is in the best financial interest of the Issuer, the Chairman or, in his absence or unavailability, the Vice Chairman is hereby authorized to determine the principal amount of the 2010A Bonds and the principal amount of the 2010B Bonds, if any, provided that the principal amount of the 2010A Bonds shall not exceed the 2010A Bonds Authorized Amount, the principal amount of the 2010B Bonds shall not exceed the 2010B Bonds Authorized Amount and the principal amount of the 2010 Bonds shall not exceed the Aggregate Authorized Amount. If any 2010B Bonds are issued, this Resolution shall be conclusive evidence that pursuant to Section 54AA(d)(1)(C) the Issuer has made an irrevocable election that Section 54AA of the Code apply to such 2010B Bonds and pursuant to Section 54AA(g)(2)(B) of the Code has also made an irrevocable election to have Section 54AA(g) of the Code apply to such 2010B Bonds in order to receive the Subsidy Payments directly from the United States Treasury in connection therewith. For the avoidance of doubt, all Subsidy Payments are, and shall be treated as, Gross Revenues under the terms of the Bond Resolution, subject to the amendments thereof provided for herein. The Issuer covenants and agrees not to use any Subsidy Payments received with respect to the 2010B Bonds for the payment of debt service on any debt or obligation of the Issuer other than the 2010B Bonds.

E. Pursuant to paragraph D above, the Issuer may determine to issue both 2010A Bonds and 2010B Bonds, or to issue all of the 2010 Bonds as 2010A Bonds and to not issue any 2010B Bonds, or to issue all of the 2010 Bonds as 2010B Bonds and to not issue any 2010A Bonds. If the Issuer determines not to issue any 2010A Bonds or not to issue any 2010B Bonds, then the Series designation of the 2010 Bonds shall merely be "Series 2010" with no additional letter designation.

F. The Chairman, or in his absence or unavailability, the Vice Chairman, is hereby designated and authorized to award the sale of the 2010 Bonds to the Underwriters in an aggregate principal amount not to exceed the Aggregate Authorized Amount (with the principal amount of the 2010A Bonds not exceeding the 2010A Bonds Authorized Amount and the principal amount of the 2010B Bonds not exceeding the 2010B Bonds Authorized Amount) and to approve the terms thereof, including, without limitation, the date or dates thereof, the principal amount thereof, the interest rate or rates with respect thereto, whether such 2010 Bonds shall be Serial Bonds and/or Term Bonds, whether all or a portion of the 2010 Bonds shall be issued as tax-exempt bonds or Build America Bonds that are Taxable Bonds, the purchase price thereof, the maturity dates thereof and the redemption terms with respect thereto; provided, however, that in no event shall (i) the aggregate principal amount of the 2010 Bonds exceed the Aggregate Authorized Amount, (ii) the purchase price of the 2010 Bonds be less than 98% of the original principal amount of the 2010 Bonds (excluding original issue discount or premium) (the "2010 Minimum Purchase Price"), (iii) the true interest cost rate

(the "TIC") of the 2010A Bonds exceed 5.75% (the "Tax-Exempt Maximum TIC"), the TIC of the 2010B Bonds (taking into consideration Subsidy Payments expected to be received with respect to such 2010B Bonds) exceed 5.75% (the "Taxable Maximum TIC"), (iv) the interest rate on the 2010 Bonds exceed the maximum rate permitted by law, or (v) the final maturity of the 2010 Bonds occur after October 1, 2040.

G. The 2010 Bonds shall be dated such date, shall bear interest from such date, payable semiannually on the first day of April and the first day of October of each year, at such rates, and shall mature on October 1 of such year or years as shall be established by the Bond Purchase Agreement and approved by the Chairman or Vice Chairman as herein provided. The 2010 Bonds shall be issued as fully registered bonds in the denomination of \$5,000 each or any integral multiple thereof.

H. The 2010 Bonds shall be numbered consecutively from one upward preceded by the letters "R" prefixed to the number with such prefix to be modified, to the extent applicable, by the addition of a series letter designation to differentiate between Series of 2010 Bonds issued hereunder. Principal of and premium, if any, on the 2010 Bonds shall be payable upon presentation and surrender of the 2010 Bonds at the principal corporate trust office of the Bond Registrar.

I. The 2010 Bonds may be subject to such optional, mandatory and/or extraordinary optional redemption prior to their maturity as shall be provided by the Bond Purchase Agreement and approved by the Chairman or Vice Chairman as herein provided. The redemption provisions for the 2010 Bonds may differ if so provided by the Bond Purchase Agreement.

J. Interest on the 2010 Bonds will be paid by check or draft mailed (or in the case of registered owners of \$1,000,000 or more in principal amount of 2010 Bonds who shall request the same in writing and pay the expense thereof, by wire transfer to a bank in the continental United States so long as written instructions for such wire transfer are provided to the Paying Agent at least ten (10) days prior to an interest payment date) to the registered owners thereof as their addresses may appear on the registration books of the Issuer at the close of business on the fifteenth day, whether or not a Business Day, of the month next preceding the interest payment date (the "Record Date"), irrespective of any transfer or exchange of a 2010 Bond subsequent to such Record Date and prior to the next succeeding interest payment date, unless the Issuer shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the persons in whose names the 2010 Bonds are registered at the close of business on a special record date for the payment of such defaulted interest as established by notice (which notice shall also designate the payment date) by deposit in the U.S. mail, postage prepaid, by the Issuer to the Bondholders of the 2010 Bonds not less than fifteen (15) days

preceding such special record date. Such notice shall be mailed to the persons in whose names the 2010 Bonds are registered at the close of business on the fifth day, whether or not a Business Day, preceding the date of mailing. The registration of any 2010 Bond may be transferred upon the registration books upon delivery thereof to the Registrar, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Issuer or the Registrar, duly executed by the Bondholder or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of such 2010 Bond, along with the social security number or federal employer identification number of such transferee. In all cases of a transfer of a 2010 Bond, the Registrar shall at the earliest practical time in accordance with the terms hereof enter the transfer of ownership in the registration books and shall deliver in the name of the new transferee or transferees a new fully registered 2010 Bond or Bonds of the applicable series and of the same maturity and of authorized denomination or denominations, for the same aggregate principal amount and payable from the same source of funds. Neither the Issuer nor the Registrar shall be required to register the transfer of any 2010 Bond during the period commencing on the fifteenth day of the month next preceding an interest payment date on the Bonds and ending on such interest payment date, or, in the case of any proposed redemption of 2010 Bonds, after such 2010 Bonds or any portion thereof have been selected for redemption.

So long as any of the 2010 Bonds remain outstanding, the Issuer shall maintain and keep, at the office of the Registrar, books for the registration of the 2010 Bonds.

The Registrar or the Issuer may require payment from the registered owner or transferee of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in connection with any exchange or transfer of the 2010 Bonds. Such charges and expenses shall be paid before any new 2010 Bond shall be delivered.

The Issuer and the Registrar may treat the registered owner of any 2010 Bond as the absolute owner thereof for all purposes, whether or not such 2010 Bond shall be overdue, and shall not be bound by any notice to the contrary. The person in whose name any 2010 Bond is registered may be deemed the owner thereof by the Issuer and the Registrar, and any notice to the contrary shall not be binding upon the Issuer or the Registrar.

K. Whenever any 2010 Bond shall be delivered to the Registrar for cancellation, upon payment of the principal amount thereof, or for replacement, transfer or exchange, such 2010 Bond shall, after cancellation, either be retained by the Registrar for a period of time specified in writing by the Issuer, or, at the option of the Issuer, shall be destroyed or cancelled by the Registrar and counterparts of a certificate of destruction or cancellation evidencing such destruction shall be furnished to the Issuer.

The Registrar shall not be required to transfer or exchange any 2010 Bond after the publication and mailing of a notice of redemption nor during the period of fifteen days next preceding publication and mailing of a notice of redemption with respect to such 2010 Bond.

L. If the date for the payment of principal of, premium, if any, or interest on any 2010 Bonds is not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

M. The mutilation, destruction, theft or loss of any 2010 Bonds shall be governed by the provisions of Section 6.04 of the Bond Resolution.

N. In case part but not all of an Outstanding fully registered 2010 Bond shall be selected for redemption, the registered owner thereof shall present and surrender such 2010 Bond to the Issuer or the Paying Agent for payment of the principal amount thereof so called for redemption, and the Issuer shall execute and deliver to or upon the order of such registered owner, without charge therefor, for the unredeemed balance of the principal amount of the 2010 Bond so surrendered, a 2010 Bond or 2010 Bonds of the same Series fully registered as to principal and interest.

O. 2010 Bonds or portions of 2010 Bonds that have been duly called for redemption under the provisions hereof, and with respect to which amounts sufficient to pay the principal of, premium, if any, and interest to the date fixed for redemption shall be delivered to and held in separate accounts by an escrow agent, any Authorized Depository or any Paying Agent in trust for the registered owners thereof, as provided in the Bond Resolution, shall not be deemed to be Outstanding under the provisions of this Resolution or the Bond Resolution and shall cease to be entitled to any lien, benefit or security under this Resolution or the Bond Resolution, except to receive the payment of the redemption price on or after the designated date of redemption from moneys deposited with or held by such escrow agent, Authorized Depository or the Paying Agent, as the case may be, for such redemption of such 2010 Bonds and, to the extent provided in the preceding subsection, to receive 2010 Bonds of the same Series for any unredeemed portion of the 2010 Bonds.

P. The 2010A Bonds, together with any Additional Bonds designated by a supplemental resolution authorizing such Additional Bonds as being secured thereby, shall be secured by the Second Composite Reserve Account in the Reserve Fund created by the Bond Resolution, and the Reserve Requirement shall be the Second Composite Account Reserve Requirement.

Q. The 2010B Bonds, together with any Additional Bonds designated by a supplemental resolution authorizing such Additional Bonds as being secured thereby, shall be secured by the BABs Composite Reserve Account in

the Reserve Fund hereinafter created, and the Reserve Requirement applicable thereto shall be the BABs Composite Account Reserve Requirement.

R. The 2010 Bonds shall be and have all the qualities and incidents of negotiable instruments under the laws of the State of Florida, and each successive registered owner, in accepting any of the 2010 Bonds, shall be conclusively deemed to have agreed that such 2010 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the laws of the State of Florida.

S. The text of the 2010 Bonds and the form of the assignment for such 2010 Bonds shall be substantially in the following form, with such omissions, insertions and variations as may be necessary or desirable and authorized by this Resolution or by any subsequent resolution adopted prior to the issuance thereof, or as may be approved by the Chairman (execution thereof manually or by facsimile to be conclusive evidence of such approval), including, without limitation, such changes as may be required for the issuance of uncertificated public obligations, for the addition of language required by the 2010 Bond Insurer and for execution of the 2010 Bonds by an authenticating agent:

[Form of 2010 Bond]

REGISTERED
NO. R[]

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF FLORIDA
POLK COUNTY
UTILITY SYSTEM REVENUE BOND,
SERIES 2010[A][B]

[(FEDERALLY TAXABLE – BUILD AMERICA BONDS – DIRECT SUBSIDY)]

Interest Rate: Maturity Date: Dated Date: CUSIP NO:
_____% _____ 1, ____ _____, 2010

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

Polk County, Florida (hereinafter called the "Issuer"), for value received, hereby promises to pay to the Registered Owner identified above, or to registered assigns or legal representatives, but solely from the revenues hereinafter mentioned, on the Maturity Date identified above (or earlier as hereinafter provided), the Principal Amount identified above, upon presentation and surrender

hereof at the principal office of The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, or its successors, as Bond Registrar and Paying Agent (the "Registrar"), and to pay, solely from such special revenues, interest on the Principal Amount from the Dated Date, or from the most recent interest payment date to which interest has been paid, at the Interest Rate per annum identified above, until payment of the Principal Amount, or until provision for the payment thereof has been duly provided for, such interest being payable semiannually on the first day of April and the first day of October of each year, commencing on [_____] 1, 20____]. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be paid by check or draft mailed to the Registered Owner hereof at his address as it appears on the registration books of the Issuer maintained by the Registrar at the close of business on the 15th day (whether or not a business day) of the month next preceding the interest payment date (the "Record Date"), irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such interest payment date, unless the Issuer shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date for the payment of such defaulted interest as established by notice (which notice shall also designate the payment date) by deposit in the U.S. mails, postage prepaid, by the Issuer to the Registered Owners of Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names the Bonds are registered at the close of business on the fifth (5th) day (whether or not a business day) preceding the date of mailing.

This Bond and the interest hereon is payable solely from and secured by a lien upon and pledge of certain revenues (the "Gross Revenues") derived by the Issuer from the operation of the System (as hereinafter defined), together with certain Connection Charges, as that term is defined in Resolution No. 91-03 adopted by the Issuer on September 24, 1991, as supplemented, amended, restated and compiled, including, without limitation, by Resolution No. 04-157 adopted on November 3, 2004, and as supplemented and amended by Resolution No. 10-____ adopted on _____, 2010 (collectively, the "Bond Resolution"), and certain other funds and investment earnings thereon, all in the manner and to the extent provided in the Bond Resolution. Reference is hereby made to the Bond Resolution for the provisions, among others, relating to the terms, lien and security of the Bonds, the custody and application of the proceeds of the Bonds, the rights and remedies of the registered owners of the Bonds, the extent of and limitations on the Issuer's rights, duties and obligations, and the provisions permitting the issuance of additional parity indebtedness, to all of which provisions the Registered Owner hereof for himself and his successors in interest assents by acceptance of this Bond. All terms used herein in capitalized form, unless otherwise defined herein, shall have the meanings ascribed thereto in the Bond Resolution.

This Bond shall not be deemed to constitute a general debt or obligation or a pledge of the faith and credit of the Issuer, the State of Florida or any political subdivision thereof within the meaning of any constitutional, legislative or charter provision or limitation, and it is expressly agreed by the Registered Owner of this Bond that such Registered Owner shall never have the right, directly or indirectly, to require or compel the exercise of the ad valorem taxing power of the Issuer or any other political subdivision of the State of Florida or taxation in any form on any real or personal property for the payment of the principal of and interest on this Bond or for the payment of any other amounts provided for in the Bond Resolution.

It is further agreed between the Issuer and the Registered Owner of this Bond that this Bond and the indebtedness evidenced hereby shall not constitute a lien upon the System (as hereinafter defined), or any part thereof, or any other tangible personal property of or in the Issuer, but shall constitute a lien only on the Gross Revenues, certain Connection Charges, as defined in the Bond Resolution, and certain other funds and investment earnings thereon, all in the manner and to the extent provided in the Bond Resolution. Neither the members of the governing body of the Issuer nor any person executing the Bonds shall be liable personally on the Bonds by reason of their issuance.

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of \$_____, of like date, tenor and effect, except as to number, maturity (unless all Bonds mature on the same date) and interest rate, issued on a parity with the Issuer's Utility System Revenue Refunding Bonds, Series 1997B, its Utility System Revenue Bonds, Series 2003, Utility System Revenue Bonds, Series 2004A, its Utility System Revenue Refunding Bonds, Series 2004B [and the Utility System Revenue Bonds, Series 2010[_____] issued simultaneously with the Bonds of this Series]. The Bonds of this series were issued to finance a portion of the Cost of construction and acquisition of additions, extensions and improvements to and the repair of, the Issuer's water distribution and wastewater collection, reuse and treatment system (the "System"), all pursuant to the authority of and in full compliance with the Constitution and laws of the State of Florida, including particularly the Bond Resolution, Article VIII, Section 1, Constitution of the State of Florida, Section 159.11, Florida Statutes, Chapter 125, Florida Statutes, [Chapter 159, Part VII, Florida Statutes], the Charter of the Issuer and Ordinance No. 85-34 enacted on December 17, 1984. This Bond is also subject to the terms and conditions of the Bond Resolution.

The Issuer has entered into certain covenants with the holders of the Bonds of this issue for the terms of which reference is made to the Bond Resolution.

The Bonds of this issue are subject to redemption prior to their maturity. [Insert Term Bond amortization provisions.]

[In addition, the Bonds of this issue maturing on _____, ____ are subject to redemption prior to maturity at the option of the Issuer [insert optional redemption provisions].

[The Bonds of this issue are also subject to extraordinary optional redemption.] [Insert extraordinary optional redemption provisions.]

Notice of such redemption shall be given in the manner required by the Bond Resolution.

The registration of this Bond may be transferred upon the registration books upon delivery to the designated office of the Registrar accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Registrar, duly executed by the owner of this Bond or by his attorney-in-fact or legal representative, containing written instructions as to the details of transfer of this Bond, along with the social security number or federal employer identification number of such transferee. In all cases of a transfer of a Bond, the Registrar shall at the earliest practical time in accordance with the provisions of the Bond Resolution enter the transfer of ownership in the registration books and (unless uncertificated registration shall be requested and the Issuer has a registration system that will accommodate uncertificated registration) shall deliver in the name of the new transferee or transferees a new fully registered Bond or Bonds of the same maturity and of authorized denomination or denominations, for the same aggregate principal amount and payable from the same source of funds. Neither the Issuer nor the Registrar shall be required to register the transfer of any Bond during the period commencing on the fifteenth day of the month immediately preceding an interest payment date, or, in the case of any proposed redemption of Bonds, after such Bonds or any portion thereof have been selected for redemption. The Issuer and the Registrar may charge the owner of such Bond for the registration of every such transfer of a Bond an amount sufficient to reimburse them for any tax, fee or any other governmental charge required (other than by the Issuer) to be paid with respect to the registration of such transfer, and may require that such amounts be paid before any such new Bond shall be delivered.

If the date for payment of the principal of, premium, if any, or interest on this Bond shall be a day which is not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in regular and due form and time as required by the laws and Constitution of the State of Florida applicable hereto, and that the issuance of the Bonds of this series does not violate any constitutional or statutory limitation or provision.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication endorsed hereon shall have been signed by the Registrar.

This Bond is and has all the qualities and incidents of a negotiable instrument under the laws of the State of Florida.

IN WITNESS WHEREOF, Polk County, Florida, has issued this Bond and has caused the same to be signed by the Chairman of its Board of County Commissioners and attested to and countersigned by the Clerk of such Board, either manually or with their facsimile signatures, and its corporate seal or a facsimile thereof to be reproduced hereon, all as of the ____ day of ____, 2010.

POLK COUNTY, FLORIDA

(SEAL)

By _____
Chairman, Board of County
Commissioners of Polk County,
Florida

ATTESTED:

By _____
Clerk of the Board of County
Commissioners of Polk County,
Florida

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds designated in and executed under the provisions of the within mentioned Bond Resolution.

By _____
Authorized Officer

Date of Authentication:

STATEMENT OF INSURANCE

[To come if insured]

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned _____
(the "Transferor"), hereby sells, assigns and transfers unto
_____ (the "Transferee")

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER OF TRANSFeree

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ as attorney to register the transfer of the within Bond on the books kept for registration and registration of transfer thereof, with full power of substitution in the premises.

Date: _____
Signature Guaranteed: _____

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: No transfer will be registered and no new Bond will be issued in the name of the Transferee, unless the signature(s) to this assignment correspond(s) with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied.

ABBREVIATIONS

The following abbreviations, when used in inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws of regulations:

TEN COM — as tenants in common
TEN ENT — as tenants by the entireties
JT TEN — as joint tenants with right of survivorship and not as tenants in common

UNIF TRANS MIN ACT — _____
(Cust)

Custodian for _____

under Uniform Transfers to Minors Act of _____
(State)

Additional abbreviations may also be used though not in the above list.

[End of 2010 Bond Form]

SECTION 7. Approval of Bond Purchase Agreement; Approval of Official Statement.

A. The form of the Bond Purchase Agreement presented by the Underwriters and attached hereto as Exhibit "B" is hereby approved, subject to such changes, insertions and omissions and such filling of blanks therein as may be approved and made in such Bond Purchase Agreement by the Chairman or the Vice Chairman, in a manner consistent with the provisions of this Resolution, such execution to be conclusive evidence of such approval. Upon receipt of a disclosure statement and a Truth-in-Bonding Statement from the Underwriters, the Chairman, or in his absence or unavailability, the Vice Chairman, with the advice of the Financial Advisor, is hereby authorized to accept the offer of the Underwriters to purchase the 2010 Bonds, the principal amount of the 2010A Bonds not to exceed the 2010A Bonds Authorized Amount, the principal amount of the 2010B Bonds not to exceed the 2010B Bonds Authorized Amount and the aggregate principal amount of the 2010 Bonds not to exceed the Aggregate Authorized Amount, at a TIC not to exceed the Tax-Exempt Maximum TIC with respect to the 2010A Bonds, at a TIC not to exceed the Taxable Maximum TIC with respect to 2010B Bonds, at a purchase price of not less than the 2010 Minimum Purchase Price, plus, to the extent applicable, accrued interest thereon to the date of delivery, with an interest rate no greater than the maximum rate permitted by law, upon the terms and conditions set forth in the Bond Purchase Agreement. The Chairman, or in his absence or unavailability, the Vice Chairman, is hereby authorized to execute

the Bond Purchase Agreement for and on behalf of the Issuer pursuant to the terms hereof and of the Bond Purchase Agreement and the Clerk or any Deputy Clerk is hereby authorized to attest such signature, to the extent applicable.

B. The Issuer hereby approves the form and content of the Preliminary Official Statement substantially in the form attached hereto as Exhibit "C" and the Official Statement which shall be in substantially in the same form as the Preliminary Official Statement attached hereto as Exhibit "C," subject, in each case, to such changes, insertions and omissions and such filling of the blanks therein as shall be approved by the Chairman, or in his absence or unavailability, the Vice Chairman, execution thereof to be conclusive evidence of such approval. The distribution and use of the Preliminary Official Statement and the Official Statement in connection with the marketing of the 2010 Bonds is hereby authorized.

C. In order to enable the Underwriters to comply with the Rule, in connection with the offering and sale of the 2010 Bonds, the Chairman, Clerk or any Deputy Clerk of the Issuer is hereby authorized, on behalf of the Issuer, to deem the Preliminary Official Statement final as of its date, except for Permitted Omissions. As used herein, "Permitted Omissions" shall mean the offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, bond ratings, and other terms of the 2010 Bonds depending on such matters.

SECTION 8. Appointment of Registrar and Paying Agent.

The Bank of New York Mellon Trust Company, N.A. is hereby appointed as Registrar and Paying Agent in connection with the 2010 Bonds and shall undertake the duties as such under the terms of the Bond Resolution, as supplemented hereby.

SECTION 9. Application of 2010 Bond Proceeds.

To the extent not otherwise provided by the Issuer by certificate of the Chairman or Vice Chairman delivered at or prior to the issuance and delivery of the 2010 Bonds, the proceeds from the sale of the 2010 Bonds shall be disposed of as follows:

A. The proceeds of the 2010A Bonds shall be applied as follows:

(1) An amount equal to the costs of issuance of the 2010A Bonds, to the extent permitted under the Code, including the cost of the premiums for the allocable portion of the Policy insuring the 2010A Bonds and for the Reserve Product for the Second Composite Reserve Account, if applicable, shall be deposited to the 2010A Construction Account hereinafter created and used to pay, when due, the costs of issuance allocable to the 2010A Bonds or shall be applied directly to the payment of such costs.

(2) If applicable, an amount sufficient to bring the balance on deposit in the Second Composite Reserve Account up to the Second Composite

Account Reserve Requirement shall be deposited to the Second Composite Reserve Account.

(3) The balance of the proceeds of the 2010A Bonds shall be deposited in the 2010A Construction Account hereinafter created and applied to the Cost of the 2010 Project.

B. The proceeds of the 2010B Bonds shall be applied as follows:

(1) An amount equal to the costs of issuance of the 2010B Bonds, not including any premiums related to the Policy or a Reserve Product, shall be deposited to the 2010B Construction Account hereinafter created and used to pay, when due, the costs of issuance allocable to the 2010B Bonds or shall be applied directly to the payment of such costs.

(2) If applicable, an amount sufficient to bring the balance on deposit in the BABs Composite Reserve Account equal to the BABs Composite Account Reserve Requirement shall be deposited in the BABs Composite Reserve Account.

(3) The balance of the proceeds of the 2010B Bonds shall be deposited in the 2010B Construction Account hereinafter created and applied to the Cost of the 2010 Project.

The premiums for the allocable portion of the Policy insuring the 2010B Bonds and for the Reserve Product for the BABs Composite Reserve Account, if applicable, shall be paid from funds of the Issuer and not from proceeds of the 2010 Bonds; provided however, proceeds from the 2010 Bonds can be used to pay such premiums if in the opinion of Bond Counsel, such payments will not adversely affect the eligibility of the Issuer to receive Subsidy Payments on the 2010B Bonds.

SECTION 10. Second Composite Reserve Account and BABs Composite Reserve Account.

A. There is hereby created and established an account to be held by the Issuer to be designated the "Utility System Revenue Bonds Second Composite Reserve Account" in the Reserve Fund created under the Bond Resolution (the "Second Composite Reserve Account"). Funds on deposit in the Second Composite Reserve Account may be used only for the purpose of curing deficiencies in the Debt Service Fund related to the 2010A Bonds and any Additional Bonds that are designated by supplemental resolution to be secured thereby. Upon the issuance of any Series of Additional Bonds secured by the Second Composite Reserve Account, under the terms, limitations and conditions provided in the Bond Resolution and herein, the Issuer shall deposit into the Second Composite Reserve Account an amount equal to the increase in the Second Composite Account Reserve Requirement attributable to the issuance of such Series of Additional Bonds.

Moneys on deposit in the Second Composite Reserve Account shall be applied to pay the maturing principal of, redemption premium, if any, or interest or Amortization Installments on the Series of Additional Bonds, on a pro rata basis if more than one Series, secured thereby, but shall not be available with respect to any Bonds secured by another subaccount of the Reserve Account and not secured by the Second Composite Reserve Account.

B. There is hereby created and established an account to be held by the Issuer to be designated the "Utility System Revenue Bonds BABs Composite Reserve Account" in the Reserve Fund created under the Bond Resolution (the "BABs Composite Reserve Account"). Funds on deposit in the BABs Composite Reserve Account may be used only for the purpose of curing deficiencies in the Debt Service Fund related to the 2010B Bonds and any Additional Bonds that are designated by supplemental resolution to be secured thereby. Upon the issuance of any Series of Additional Bonds secured by the BABs Composite Reserve Account, under the terms, limitations and conditions provided in the Bond Resolution and herein, the Issuer shall deposit into the BABs Composite Reserve Account an amount equal to the increase in the BABs Composite Account Reserve Requirement attributable to the issuance of such Series of Additional Bonds. Moneys on deposit in the BABs Composite Reserve Account shall be applied to pay the maturing principal of, redemption premium, if any, or interest or Amortization Installments on the Series of Additional Bonds, on a pro rata basis if more than one Series, secured thereby, but shall not be available with respect to any Bonds secured by another subaccount of the Reserve Account and not secured by the BABs Composite Reserve Account.

SECTION 11. Construction Account. There is hereby created and established a fund to be held by the Issuer to be designated the "2010A Utility System Revenue Bonds Construction Account" in the Construction Fund created under the Bond Resolution (the "2010A Construction Account") and a fund to be held by the Issuer to be designated the "2010B Utility System Revenue Bonds Construction Account" in the Construction Fund created under the Bond Resolution (the "2010B Construction Account"). Such Accounts shall be kept separate and apart from each other and from all other funds and accounts of the Issuer and the moneys on deposit therein shall be withdrawn, used and applied by the Issuer solely for the payment of Costs of the 2010 Project and the allocable cost of issuance of the 2010 Bonds to the extent provided herein. There is hereby created a lien on the moneys in the 2010A Construction Account in favor of the holders of the 2010A Bonds and on the moneys in the 2010B Construction Account in favor of the holders of the 2010B Bonds, in each case until applied as herein provided.

Any funds on deposit in such Accounts that, in the opinion of the Issuer, are not immediately necessary for expenditure, as herein provided, may be invested and reinvested in Investment Obligations that shall mature or be redeemable at face value not later than the dates on which such funds are needed.

All income derived from investment of funds in the 2010A Construction Account shall be deposited therein and shall be used to pay Costs of the 2010 Project and all income derived from investment of funds in the 2010B Construction Account shall be deposited therein and shall be used to pay the Costs of the 2010 Project.

SECTION 12. Trust Funds. All funds and accounts created hereby and by the Bond Resolution are, and shall be deemed to be, trust funds. All moneys deposited in such funds and accounts shall be held in trust, and the Clerk of the Issuer or any other officer of the Issuer, and any other bank, trust company or fiscal agent holding such moneys shall act as trustee thereof and shall hold and apply the same only for the purposes provided in, and subject to the provisions of, the Bond Resolution and this Resolution.

SECTION 13. Continuing Disclosure. The Issuer hereby covenants and agrees that, in order to assist the Underwriters in complying with the provisions of the Rule mandating continuing disclosure with respect to the 2010 Bonds, it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") to be executed by the Issuer prior to the time the Issuer delivers the 2010 Bonds to the Underwriters, as it may be amended from time to time in accordance with the terms thereof. The form of the Continuing Disclosure Certificate, attached hereto as Exhibit "D," is hereby approved, subject to such changes, insertions and omissions and filling of blanks therein as may be approved and made therein by the officer of the Issuer executing the same, execution and delivery thereof to be conclusive evidence of such approval. The Chairman or Vice Chairman is hereby authorized to execute and deliver the Continuing Disclosure Certificate on behalf of the Issuer. Notwithstanding any other provision of the Bond Resolution or this Resolution, failure of the Issuer to comply with such Continuing Disclosure Certificate shall not be considered an Event of Default thereunder or hereunder. However, the Continuing Disclosure Certificate shall be enforceable by the 2010 Bondholders in the event that the Issuer fails to cure a breach thereunder within a reasonable time after written notice from a 2010 Bondholder to the Issuer that a breach exists. Any rights of the 2010 Bondholders to enforce the provisions of this Section shall be on behalf of all 2010 Bondholders and shall be limited to a right to obtain specific performance of the Issuer's obligations under the Continuing Disclosure Certificate.

SECTION 14. Reserve Product; Authorization of Reserve Fund Policy Agreement. The Issuer has received a commitment to issue a Reserve Product or Reserve Products in an amount or amounts equal to the Second Composite Account Reserve Requirement and the BABs Composite Account Reserve Requirement upon issuance of the 2010 Bonds. If it is determined by the Chairman, or in the Chairman's absence or unavailability, the Vice Chairman, based upon advice of the Financial Advisor, to be in the best financial interest of the Issuer, such officer is hereby authorized to accept the commitment on behalf of the Issuer and to take all actions and execute and deliver any documents which may be

necessary to evidence the same. The Reserve Fund Policy Agreement is hereby authorized and approved if a Reserve Product is to be obtained in connection with the issuance of the 2010 Bonds. The Chairman or Vice Chairman and the Clerk or any Deputy Clerk are hereby authorized to execute and deliver the Reserve Fund Policy Agreement in the form attached hereto as Exhibit "E," with such changes, insertions or omissions as any of such officers shall approve, such approval to be conclusively evidenced by execution thereof.

SECTION 15. Financial Guaranty Insurance: Provisions Relating to Financial Guaranty Insurance Policy; Provisions in Effect During Term of Financial Guaranty Insurance Policy. The Issuer has received a commitment from the 2010 Bond Insurer to issue the Policy insuring all or a portion of the scheduled principal of and interest on the 2010 Bonds (the 2010 Bonds so insured shall be referred to in this Section 15 as the "Insured Bonds"). If it is determined by the Chairman, or in the Chairman's absence or unavailability, the Vice Chairman, based upon advice of the Financial Advisor, to be in the best financial interest of the Issuer, such officer is hereby authorized to accept such commitment on behalf of the Issuer and to take all actions and execute and deliver any documents which may be necessary to evidence the same. If the Policy is issued in accordance with the terms hereof, the 2010 Bond Insurer, or any successor thereto or assignee thereof, shall be deemed to be a "Bond Insurer" for all purposes of the Bond Resolution in connection with the Insured Bonds. To the extent that the terms of the commitment shall conflict with the terms of the Bond Resolution as supplemented and amended hereby, the Bond Resolution, as supplemented and amended hereby, shall control.

In order to obtain the Policy from the 2010 Bond Insurer, notwithstanding anything to the contrary contained in the Bond Resolution, if the Policy is obtained, so long as any Insured Bond insured by the Policy remains Outstanding and no event described in paragraph V below shall have occurred, the following shall apply to the Insured Bonds:

A. The 2010 Bond Insurer shall be deemed to be the sole holder of the Insured Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Insured Bonds are entitled to take pursuant to the sections or articles of the Bond Resolution pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Paying Agent. Mandamus is available as a remedy to the 2010 Bond Insurer in such capacity.

B. The 2010 Bond Insurer is hereby deemed a third party beneficiary of the Bond Resolution.

C. Any Insured Bonds purchased by or on behalf of the Issuer shall be promptly cancelled unless the 2010 Bond Insurer consents otherwise.

D. Any amendment, supplement or modification to, or waiver of, the Bond Resolution, that requires the consent of Insured Bondholders or adversely affects the rights and interests of the 2010 Bond Insurer shall be subject to the prior written consent of the 2010 Bond Insurer.

E. Unless the 2010 Bond Insurer otherwise directs, upon the occurrence and continuance of an event of default or an event which with notice or lapse of time would constitute an event of default, proceeds of Insured Bonds on deposit in any fund or account held under the Bond Resolution shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the Insured Bonds.

F. The rights granted to the 2010 Bond Insurer under the Bond Resolution to request, consent to or direct any action are rights granted to the 2010 Bond Insurer in consideration of its issuance of the Policy. Any exercise by the 2010 Bond Insurer of such rights is merely an exercise of the 2010 Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Insured Bondholders and such action does not evidence any position of the 2010 Bond Insurer, affirmative or negative, as to whether the consent of the Insured Bondholders or any other person is required in addition to the consent of the 2010 Bond Insurer, provided however, this shall not limit the 2010 Bond Insurer's right to grant consents or waivers under the Bond Resolution, including the rights of the 2010 Bond Insurer under Section 13.08 of the Bond Resolution.

G. Notwithstanding the provisions of Section 14.02 of the Bond Resolution, only (1) cash or (2) non-callable direct obligations of the United States of America ("Treasures") shall be used to effect defeasance of the Insured Bonds unless the 2010 Bond Insurer otherwise approves.

To accomplish defeasance, the Issuer shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the 2010 Bond Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Insured Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be reasonably acceptable in form and substance to the 2010 Bond Insurer), and (iii) an opinion of nationally recognized bond counsel to the effect that the Insured Bonds are no longer "Outstanding" under the Bond Resolution; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Issuer and 2010 Bond Insurer. The 2010 Bond Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

Insured Bonds shall be deemed "Outstanding" under the Bond Resolution unless and until they are in fact paid and retired or the above criteria are met.

H. Amounts paid by the 2010 Bond Insurer under the Policy shall not be deemed paid for purposes of the Bond Resolution and the Insured Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Issuer in accordance with the Bond Resolution. The Bond Resolution shall not be discharged unless all amounts due or to become due to the 2010 Bond Insurer have been paid in full or duly provided for.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Paying Agent, after making all transfers and deposits required under the Bond Resolution, moneys sufficient to pay the principal of and interest on the Insured Bonds due on such Payment Date, the Paying Agent shall give notice to the 2010 Bond Insurer and to its designated agent (if any) (the "Bond Insurer's Fiscal Agent") by telephone or teletype of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Insured Bonds due on such Payment Date, the Paying Agent shall make a claim under the Policy and give notice to the 2010 Bond Insurer and the Bond Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Insured Bonds and the amount required to pay principal of the Insured Bonds, confirmed in writing to the 2010 Bond Insurer and the Bond Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Policy.

The Paying Agent shall designate any portion of payment of principal on Insured Bonds paid by the 2010 Bond Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Insured Bond to the 2010 Bond Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Paying Agent's failure to so designate any payment or issue any replacement Insured Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Insured Bond or the subrogation rights of the 2010 Bond Insurer.

The Paying Agent shall keep a complete and accurate record of all funds deposited by the 2010 Bond Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Insured Bond. The 2010 Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Paying Agent.

Upon payment of a claim under the Policy, the Paying Agent shall establish a separate special purpose trust account for the benefit of Insured Bondholders referred to herein as the "Policy Payments Account" and over which the Paying Agent shall have exclusive control and sole right of withdrawal. The Paying Agent shall receive any amount paid under the Policy in trust on behalf of Insured Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Paying Agent to Insured Bondholders in the same manner as principal and interest payments are to be made with respect to the Insured Bonds under the sections hereof regarding payment of Insured Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Issuer agrees to pay to the 2010 Bond Insurer, solely from net Revenues (i) a sum equal to the total of all amounts paid by the 2010 Bond Insurer under the Policy (the "Bond Insurer Advances"); and (ii) interest on such Bond Insurer Advances from the date paid by the 2010 Bond Insurer until payment thereof in full, payable to the 2010 Bond Insurer at the Late Payment Rate per annum (collectively, the "Bond Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Insured Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Issuer hereby covenants and agrees that the Bond Insurer Reimbursement Amounts are secured by a lien on and pledge of the net Revenues and payable from such net Revenues on a parity with debt service due on the 2010 Bonds.

Funds held in the Policy Payments Account shall not be invested by the Paying Agent and may not be applied to satisfy any costs, expenses or liabilities of the Paying Agent. Any funds remaining in the Policy Payments Account following an Insured Bond payment date shall promptly be remitted to the 2010 Bond Insurer.

I. The 2010 Bond Insurer shall, to the extent it makes any payment of principal of or interest on the Insured Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Policy. Each obligation of the Issuer to the 2010 Bond Insurer under the Bond Resolution shall survive discharge or termination of the Bond Resolution.

J. The Issuer shall pay or reimburse the 2010 Bond Insurer solely from Net Revenues and on a basis subordinate to the Bonds, any and all charges, fees, costs and expenses that the 2010 Bond Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in the Bond Resolution; (ii) the pursuit of any remedies under the Bond Resolution or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Bond Resolution whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Bond Resolution or the transactions contemplated thereby, other than costs resulting from the failure of the 2010 Bond Insurer to honor its obligations under the Policy. The 2010 Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Bond Resolution.

K. The 2010 Bond Insurer shall be entitled to pay principal or interest on the Insured Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Policy) and any amounts due on the Insured Bonds as a result of acceleration of the maturity thereof in accordance with the Bond Resolution, whether or not the 2010 Bond Insurer has received a Notice of Nonpayment (as such terms are defined in the Policy) or a claim upon the Policy.

L. The notice address of the 2010 Bond Insurer is: Assured Guaranty Municipal Corp., 31 West 52nd Street, New York, New York 10019, Attention: Risk Management Department – Public Finance – Surveillance, Re: Policy No. _____, Telephone: (212) 974-0100; Telecopier: (212) 581-3268; Email: riskmanagementdept@assuredguaranty.com. In each case in which notice or other communication refers to an Event of Default or a claim on the Policy, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel at the same address and at generalcounsel@assuredguaranty.com or at the following Facsimile Number (212) 445-8705 and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

M. The 2010 Bond Insurer shall be provided with the following information by the Issuer or Paying Agent, as the case may be:

(i) Annual audited financial statements by March 31 following the end of the Issuer's fiscal year (together with a certification of the Issuer as to whether it is aware of any default or Event of Default under the Bond Resolution), and the Issuer's annual budget for the System within 30 days after the approval thereof together with such other information, data or reports as the 2010 Bond Insurer shall reasonably request from time to time;

(ii) Notice of any event of default known to the Paying Agent or Issuer within five Business Days after knowledge thereof;

(iii) Prior notice of the advance refunding or optional redemption of any of the Insured Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(iv) Notice of the resignation or removal of the Paying Agent and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(v) Notice of the commencement of any proceeding by or against the Issuer commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(vi) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Insured Bonds;

(vii) A full original transcript of all proceedings relating to the execution of any amendment to or waiver of the provisions of the Bond Resolution;

(viii) All reports, notices and correspondence to be delivered to Insured Bondholders under the terms of the Bond Resolution; and

(ix) To the extent that the Issuer has entered into a continuing disclosure agreement, covenant or undertaking with respect to the Insured Bonds, all information furnished pursuant to such agreements shall also be provided to the 2010 Bond Insurer simultaneously with the furnishing of such information.

N. The 2010 Bond Insurer shall have the right to receive such additional information from the Issuer as it may reasonably request in writing.

O. The Issuer will permit the 2010 Bond Insurer to discuss the affairs, finances and accounts of the Issuer or any information the 2010 Bond Insurer may reasonably request regarding the security for the Insured Bonds with appropriate officers of the Issuer and will use commercially reasonable efforts to enable the 2010 Bond Insurer to have access to the facilities, books and records of the Issuer on any business day upon reasonable prior notice.

P. The Issuer shall notify the 2010 Bond Insurer of its failure to provide notices, certificates and other information under the Bond Resolution.

Q. Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Bond Resolution, no such issuance may

occur if an event of default (as defined in Section 13.01 of the Bond Resolution) (or any event which, once all notice or grace periods have passed, would constitute an event of default) exists unless such event of default shall be cured upon such issuance unless otherwise permitted by the 2010 Bond Insurer.

R. In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Bond Resolution would adversely affect the security for the Insured Bonds or the rights of the Insured Bondholders, the Issuer shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Policy.

S. No contract shall be entered into or any action taken by the Issuer by which the rights of the 2010 Bond Insurer may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the 2010 Bond Insurer.

T. So long as any Insured Bonds remain Outstanding or any amounts are owed to the 2010 Bond Insurer by the Issuer, the Issuer shall not enter into any swap or any other interest rate exchange agreement, cap, collar, floor, ceiling, or other agreement or instrument involving reciprocal payment obligations between the Issuer and a counterparty based on interest rates applied to a notional amount of principal entered into by or on behalf of the Issuer and payable from or secured in whole or in part by the Gross Revenues, without the prior written consent of the 2010 Bond Insurer.

U. So long as any Insured Bonds remain Outstanding, the Issuer will not issue Variable Rate Bonds or Commercial Paper Obligations under the Bond Resolution, if upon issuance of such Bonds, the total aggregate principal amount of Variable Rate Bonds and Commercial Paper Obligations that would then be Outstanding would exceed twenty-five percent (25%) of the aggregate principal amount of Bonds then Outstanding.

V. Notwithstanding any other provision contained herein to the contrary:

(i) If the 2010 Bond Insurer shall be in default in the due and punctual performance of its obligations under the Policy or a Reserve Product or if such Policy or Reserve Product for whatever reason is not then enforceable and in full force and effect; or

(ii) If the 2010 Bond Insurer shall apply for or consent to the appointment of a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its assets, or shall admit in writing its inability, or be generally unable, to pay its debts as such debts become due, or shall make a general assignment for the benefit of its creditors, or commence a voluntary

case under the Federal Bankruptcy Code (as now or hereafter in effect) or shall file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, or shall fail to convert in a timely and appropriate manner, or acquiesce in writing to, any other petition filed against the 2010 Bond Insurer in any involuntary case under said Federal Bankruptcy Code, or shall take any other action for the purpose of effecting the foregoing; or

(iii) If a proceeding or case shall be commenced without the application or consent of the 2010 Bond Insurer, in any court of competent jurisdiction seeking the liquidation, reorganization, dissolution, winding up or composition or readjustment of debts of the 2010 Bond Insurer or the appointment of a trustee, receiver, custodian, or liquidator or the like of the 2010 Bond Insurer or of all or a substantial part of its assets, or similar relief with respect to the 2010 Bond Insurer under any law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, and such proceeding or case shall continue undismissed and an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed in effect for a period of one hundred twenty (120) days from the commencement of such proceedings or case, or any order for relief against the 2010 Bond Insurer shall be entered in an involuntary case under said Federal Bankruptcy Code;

then and in any such event the 2010 Bond Insurer shall not be entitled to any rights specifically granted to it herein to consent to, approve or participate in any actions proposed to be taken by the Issuer, a Bondholder or any of them pursuant to this Resolution or the Bond Resolution or to any other rights granted to the 2010 Bond Insurer under the Bond Resolution, provided, however, that notwithstanding the foregoing, the 2010 Bond Insurer shall retain its rights to reimbursement for amounts theretofore paid under the Policy.

SECTION 16. Redemption Provisions

A. The Issuer shall have the option to cause the 2010 Bonds to be purchased in lieu of redemption on the applicable redemption date at a price equal to the then applicable redemption price, plus accrued interest thereon to, but not including, the date of such purchase. Such option may be exercised by delivery to the Paying Agent (if the Registrar is not the Paying Agent for such 2010 Bonds) on or prior to the Business Day preceding the redemption date of a written notice of the Issuer specifying that the 2010 Bonds shall not be redeemed, but instead shall be subject to purchase pursuant to this Section 16 with the moneys provided or to be provided by or on behalf of the Issuer. Upon delivery of such notice, the 2010 Bonds shall not be redeemed but shall instead be subject to mandatory tender at the redemption price on the date that would have been the redemption date.

B. (i) Notwithstanding anything in the Bond Resolution to the contrary, if less than all of the 2010 Bonds are to be redeemed, if the 2010 Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the 2010 Bonds, the Registrar, upon written instruction from the Issuer shall select the 2010 Bonds for redemption from such maturity dates and in such amounts as are selected by the Issuer, and (a) with respect to a redemption of the 2010A Bonds, select the 2010A Bonds from within such selected maturities by lot within each such maturity in such manner as the Registrar shall determine; and (b) with respect to a redemption of the 2010B Bonds, select the 2010B Bonds within such selected maturities on a Pro Rata Pass-Through Distribution of Principal Basis in accordance with DTC procedures; provided that so long as the 2010B Bonds are held in book-entry form, the selection for redemption of such 2010B Bonds shall be made in accordance with the operational arrangements of DTC then in effect that currently provide for adjustment of the principal by a factor provided by the Issuer or Paying Agent pursuant to DTC operational arrangements. If the Issuer or the Paying Agent does not provide the necessary information and identify the redemption as on a Pro Rata Pass-Through Distribution of Principal Basis or if the DTC operational arrangements do not allow for redemption on a Pro Rata Pass-Through Distribution of Principal Basis, the 2010B Bonds will be selected for redemption, in accordance with DTC procedures, by lot. In any event, the portion of any 2010 Bond to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof. Notwithstanding anything in the Bond Resolution to the contrary, if the 2010A Bonds or the 2010B Bonds are not registered in book-entry only form, any redemption of less than all of a maturity of such 2010A Bonds or 2010B Bonds shall be effected by the Issuer among owners on a pro-rata basis; provided, however in any event, the portion of any such 2010 Bond to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof.

(ii) It is the Issuer's intent that redemption allocations made by DTC with respect to the 2010B Bonds be made on a "Pro Rata Pass-Through Distribution" of Principal Basis as described above. However, the Issuer does not provide any assurance that DTC, DTC's direct and indirect participants or any other intermediary will allocate the redemption of the 2010B Bonds on such basis. If the DTC operational arrangements do not allow for the redemption of such 2010B Bonds on a Pro Rata Pass-Through Distribution of Principal Basis as discussed above, then the 2010B Bonds will be selected for redemption, in accordance with DTC procedures, by lot. So long as the 2010B Bonds are held in book-entry form, the Paying Agent and the Issuer shall have no responsibility or liability for the redemption of such 2010B Bonds, including the calculation of the amount of any beneficial owner's redemption payment and ensuring that all beneficial owners own such 2010B Bonds in authorized denominations, other than delivery to DTC of such notice of redemption and the funds necessary to accomplish the redemption.

SECTION 17. Springing Amendments to Bond Resolution and this Resolution.

A. Pursuant to the provisions of Section 14.01 of the Bond Resolution, the Bond Resolution is hereby amended in the following respects, such amendments to become effective upon the Issuer obtaining the consent of the owners of not less than a majority of the Bond Obligation and to the extent required, each Bond Insurer then insuring Outstanding Bonds (the owners of the 2010 Bonds, by acceptance of the 2010 Bonds, and the 2010 Bond Insurer, if any of the 2010 Bonds are insured, being deemed to have expressly and irrevocably consented to these amendments in writing):

(i) The following definitions are inserted in Section 2.01 of the Bond Resolution:

"BABs Composite Account Reserve Requirement" shall mean an amount of money, or the aggregate available amount under one or more Reserve Products, or a combination thereof, equal to the lesser of (i) the Maximum Bond Service Requirement calculated with respect to all Series of Bonds Outstanding hereunder that are secured by the BABs Composite Reserve Account in the Reserve Fund, (ii) 125% of the average Bond Service Requirement calculated with respect to all Series of Bonds Outstanding hereunder that are secured by the BABs Composite Reserve Account in the Reserve Fund, or (iii) 10% of the aggregate stated original principal amount of all Series of Bonds Outstanding hereunder that are secured by the BABs Composite Reserve Account in the Reserve Fund, provided, however, that in determining the aggregate stated original principal amount of Bonds Outstanding for the purposes of this clause (iii), the issue price of Bonds (net of pre-issuance accrued interest) shall be substituted for the original stated principal amount of those Bonds if such Bonds were sold at either an original issue discount or premium exceeding two percent (2%) of the stated redemption price at maturity.

"BABs Composite Reserve Account" shall mean the account of that name created by a Resolution of the Issuer adopted on August 18, 2010.

"Build America Bonds" shall mean any Bonds (or the allocable portion thereof) the Issuer has designated as "Build America Bonds" and as to which the Issuer has made an irrevocable election to have Section 54AA of the Code apply, which may include Subsidy Bonds and the 2010B Bonds.

"Second Composite Account Reserve Requirement" shall mean an amount of money, or the aggregate available amount under one or

more Reserve Products, or a combination thereof, equal to the lesser of (i) the Maximum Bond Service Requirement calculated with respect to all Series of Bonds Outstanding hereunder that are secured by the Second Composite Account in the Reserve Fund, (ii) 125% of the average Bond Service Requirement calculated with respect to all Series of Bonds Outstanding hereunder that are secured by the Second Composite Account in the Reserve Fund, or (iii) 10% of the aggregate stated original principal amount of all Series of Bonds Outstanding hereunder that are secured by the Second Composite Account in the Reserve Fund, provided, however, that in determining the aggregate stated original principal amount of Bonds Outstanding for the purposes of this clause (iii), the issue price of Bonds (net of pre-issuance accrued interest) shall be substituted for the original stated principal amount of those Bonds if such Bonds were sold at either an original issue discount or premium exceeding two percent (2%) of the stated redemption price at maturity.

"Second Composite Reserve Account" shall mean the account of that name created by a Resolution of the Issuer adopted on August 18, 2010.

"Subsidy Bonds" shall mean any Build America Bonds or any other similar Bonds for which the Issuer receives direct subsidy payments in an amount equal to a portion of the interest paid on such Bonds.

"Subsidy Payments" shall mean payments received by the Issuer or a Paying Agent on behalf of the Issuer from the United States Treasury or the Internal Revenue Service with respect to Subsidy Bonds pursuant to Section 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the American Recovery and Reinvestment Act of 2009) as such sections may be expanded or modified from time to time, and any other such payments made by the federal government or any agency, branch or bureau thereof to subsidize the interest payable by the Issuer on Bonds pursuant to such Sections or any other similar provisions of the Code or other authorizations with respect to Subsidy Bonds.

(ii) A new Clause (ix) of the definition of "Bond Service Requirement" contained in Section 2.01 of the Bond Resolution is hereby inserted as follows:

(ix) In calculating the Bond Service Requirement on Subsidy Bonds, the amount of Subsidy Payments expected to be received on Subsidy Bonds on each respective interest payment date shall be netted against the amount of interest payable on

such interest payment date, provided, however, that if for any reason, the Issuer is no longer entitled to, or will not, receive Subsidy Payments on any Outstanding Subsidy Bonds (other than as a result of a non-recurring reduction due to an offset of an amount due or alleged to be due from the Issuer to the federal government or any agency, branch or bureau thereof), for purposes of this definition, the interest on such Subsidy Bonds shall be determined without regard to such Subsidy Payments.

(iii) The definition of "Gross Revenues" contained in Section 2.01 of the Bond Resolution is hereby amended by adding the following sentence at the end thereof:

Notwithstanding anything in the foregoing to the contrary, Gross Revenues shall not include Subsidy Payments for any purpose of this Resolution.

(iv) The first sentence of Section 9.02 is hereby amended in its entirety to read as follows:

Commencing on the day following the delivery of the first Bonds issued hereunder, except as otherwise provided herein, all Gross Revenues, Subsidy Payments and Qualified Hedge Receipts shall be segregated and deposited by the Issuer into the Revenue Fund immediately upon receipt.

(v) Section 11.06 is hereby amended in its entirety to read as follows:

The Issuer shall keep separately identifiable financial books, records, accounts and data concerning the operation of the System and the receipt and disbursement of Gross Revenues, Subsidy Payments and Connection Charges, and any Bondholder holding not less than three percent (3%) of the Bond Obligation shall have the right at all reasonable times to inspect the same.

B. Upon the above amendments to Section 2.01 of the Bond Resolution becoming effective, the definitions set forth in subsection (A)(i) above, shall with no further action of the Issuer, be deemed to replace the definitions of the same terms set forth in Section 2 of this Resolution.

SECTION 18. Authorizations.

A. The Chairman, or in his absence or unavailability, the Vice Chairman, and the Clerk or any Deputy Clerk are hereby authorized, in accordance with the terms hereof, to sign the Bond Purchase Agreement at the places provided therein. The Chairman, or in his absence or unavailability, the Vice Chairman, is hereby authorized to deliver the Bond Purchase Agreement immediately following the execution thereof to the representative of the Underwriters.

B. The Chairman, or in his absence or unavailability, the Vice Chairman, and the Clerk or any Deputy Clerk of the Issuer or their duly authorized alternative officers are hereby authorized and directed on behalf of the Issuer to execute the 2010 Bonds (including any temporary bond or bonds) manually or by their facsimile signature as provided in this Resolution or the Bond Resolution and any of such officers are hereby authorized and directed upon the execution of the 2010 Bonds in the form and manner set forth in this Resolution to deliver the 2010 Bonds in the amounts and Series authorized to be issued hereunder, to the Registrar for authentication and delivery to or upon the order of the Underwriters pursuant to the Bond Purchase Agreement, upon payment of said purchase price and upon compliance by the Underwriters with the terms of the Bond Purchase Agreement.

C. The Chairman, or in his absence or unavailability, the Vice Chairman, and the Clerk or any Deputy Clerk of the Issuer are hereby authorized to approve the terms and to execute and deliver on behalf of the Issuer the Continuing Disclosure Certificate, the Reserve Policy Agreement and the Official Statement.

D. The Chairman, or in his absence or unavailability, the Vice Chairman, the County Administrator, the Clerk, any Deputy Clerk of the Issuer, and such other officers and employees of the Issuer as may be designated by the Chairman, or in his absence or unavailability the Vice Chairman, are each designated as agents of the Issuer in connection with the issuance and delivery of the 2010 Bonds and are authorized and empowered, collectively or individually, to take all action and steps and to execute all instruments, documents and contracts on behalf of the Issuer that are necessary or desirable in connection with the execution and delivery of the 2010 Bonds, and which are specifically authorized by or are not inconsistent with, the terms and provisions of this Resolution or any action relating to the 2010 Bonds heretofore taken by the Issuer. Such officers and those so designated are hereby charged with the responsibility for the issuance of the 2010 Bonds.

SECTION 19. General Authority. In addition to the authorization set forth above, the members of the Board and the officers, attorneys and other agents or employees of the Issuer are hereby authorized to do all acts and things required of them by this Resolution, the Continuing Disclosure Certificate or

the Reserve Policy Agreement or which are desirable or consistent with the requirements hereof or the Bond Resolution, the Continuing Disclosure Certificate or the Bond Purchase Agreement, for the full punctual and complete performance of all the terms, covenants and agreements contained herein or in the 2010 Bonds, the Continuing Disclosure Certificate or the Bond Purchase Agreement, and each member, employee, attorney and officer of the Issuer and the Clerk and any Deputy Clerk are hereby authorized and directed to execute and deliver any and all papers and instruments and to be and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereunder. The Vice Chair is hereby authorized to do all acts or things required of the Chair by the terms hereof in the event of the Chair's absence or unavailability.

SECTION 20. Repeal of Inconsistent Resolutions. Except as supplemented and amended hereby, all provisions of the Bond Resolution remain in full force and effect. All other resolutions or parts of other resolutions in conflict herewith are hereby repealed.

SECTION 21. Severability. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Resolution or of the 2010 Bonds issued hereunder.

SECTION 22. Reimbursement. The Issuer expects to pay on or after the date of this Resolution and before the issuance of the 2010 Bonds to pay certain costs of the 2010 Project with funds other than proceeds of the 2010 Bonds (the "Advanced Funds"). The Issuer reasonably expects to use proceeds of the 2010 Bonds to reimburse itself for all expenditures described herein made with the Advanced Funds. This section is a declaration of the official intent of the Issuer in that regard, within the contemplation of Section 1.150-2 of the Income Tax Regulations promulgated by the United States Department of the Treasury. The maximum principal amount of Bonds expected to be issued to finance the cost of the 2010 Project is \$60,000,000. All of the expenditures initially to be made with the Advanced Funds and then to be reimbursed by the Issuer from proceeds of the 2010 Bonds will be for costs of the 2010 Project of a type constituting capital expenditures or preliminary expenditures relating to the 2010 Project or costs of issuing the 2010 Bonds.

SECTION 23. Effective Date. This Resolution shall become effective immediately upon its adoption.

Passed and duly adopted at a regular meeting of the Board of County Commissioners of Polk County, Florida on the 18th day of August, 2010.

BOARD OF COUNTY COMMISSIONERS
OF POLK COUNTY, FLORIDA

ATTEST:

RICHARD WEISS, Clerk of the
Circuit Court and Ex-Officio Clerk
of the Board of County Commissioners
of Polk County, Florida

By: *Richard Weiss*
Deputy Clerk

By: *Bob E. P.*
Chairman



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LIST OF EXHIBITS

- A 2010 PROJECT DESCRIPTION
- B BOND PURCHASE AGREEMENT
- C PRELIMINARY OFFICIAL STATEMENT
- D CONTINUING DISCLOSURE CERTIFICATE
- E BOND INSURANCE AND RESERVE PRODUCT COMMITMENT
- F FORM OF RESERVE FUND POLICY AGREEMENT

EXHIBIT A
2010 Project Description

Water Treatment and Storage Facility Projects & Water Distribution Systems Projects

NERUSA Water Permitting PBS&J
New Holly Hill WPF
New Oak Hills WPF and Storage Tanks
Edgehill WPF Upgrade and Storage Tank
Oak Hills RWM/Well Pump & WPF Upgrade
Van Fleet WPF Improvements
Loma Linda WPF Expansion
New Mann Road Well & WPF (Cherry Hill)
SWRUSA Water Permitting
Imperial Lakes WPF Expansion
Hodge Street WPF
South County Jail Well & Water Storage
Walk in Water Well/Upgrade WPF
SE Polk County Exploratory Well
Misc Developers Agreement
Homestead WPF Improvements
Sherwood Lakes WPF Improvements
Central Master Plan Gordonville WPF Exp
Central Master Plan Jan Phyl Village WPF Improvements
NW Gen Land Purchase
Lake Gibson WPF Improvements & W-Q
Country Class WPF Improvements
Indian Woods WPF
Heritage Place WPF
Timberidge WPF Improvements
Central Master Plan Tanamora WPF Improvements
Central Water Distribution Expansion
CR 54 Heritage Pass
CR 54 Water Main Upgrades Phase 2
JPA Ernie Caldwell Blvd Water
NW Water Distribution Expansion
NW Master Plan WM W-N (1 of 4)
NWRUSA WM Impr A B D F G I N 4
Gus Stewart/Valley View Connector
SWRUSA PRVs Improvements
Misc Water Distribution Expansion
Central Master Plan Water Main Immediate
NWRUSA PRVs
SW Master Plan Water Main W-14 & W-18
Northeast Water Distribution Expansion
Crews Lake Water Distribution Improvements
Polk/Toho Interconnect

A-1

Wastewater Treatment and Disposal Facility Projects & Wastewater Collection System Projects

Central WWTF Improvements
Heritage Place WWTF Improvements
Combeewoods WWTF Improvements
Upgrade NERWWTF from 3.0 to 6.0 MGD
Oak Hills WWTF Plant Expansion
Polo Park Decommissioning
Oak Hills Decommissioning
Upgrade NWRWWTF from 1.0 to 3.0 MGD
Upgrade SWRWWTF from 2.0 to 4.0 MGD
Waverly WWTF Upgrade 125K to 250K
Sun Ray WWTP Expansion and Effluent Disposal
Biosolids Management
LS 181 to US 27 FM Upgrades
JPA Ernie Caldwell Blvd Ww
Const. LS No. 35 and Force Main Upgrade
Const. LS No. 20 & 99 and Force Main Upgrades
Central Master Plan WW Immediate
NW Master Plan General LS Upgrades S-B thru S-G
NE Master Plan LS Imp. 3 Master LS
NE Master Plan LS Imp. 5 Deficient
Master Plan General LS Upgrades HS-SO

Reclaimed Water Projects

Reuse Expansion Central 2010-2020
Holly Hill Reclaim Storage & Repump
Oak Hills Reclaim Main
JPA Ernie Caldwell Blvd Reclaim
Duff Road Spray Field
Northwest Effluent Disposal
Fox Branch Ranch Reclaim Line NW Master Plan R-B
Northwest Effluent Disposal (50 Acres)
SW Re-Use Booster Station Pumps
Reuse Expansion Northeast 2010-2020
SW Carter Road Re-Use Line
Reuse Expansion Northwest 2010-2020
Crews Lake Road Reclaim Water Line

A-2

RESOLUTION NO. 2012-122

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF POLK COUNTY, FLORIDA, SUPPLEMENTING AND PROVIDING FOR THE AMENDMENT OF RESOLUTION NO. 91-03 OF THE COUNTY, AS THE SAME HAS BEEN SUPPLEMENTED, AMENDED, RESTATED AND COMPILED BY RESOLUTION NO. 04-159 ADOPTED ON NOVEMBER 3, 2004, PROVIDING FOR AND AUTHORIZING THE ISSUANCE OF ITS UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2012 IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING \$60,000,000 TO FINANCE THE COST OF (1) ADVANCE REFUNDING ALL OF THE UTILITY SYSTEM REVENUE BONDS, SERIES 2003, AND (2) PAYING THE COSTS OF ISSUANCE OF SUCH BONDS; INCLUDING, TO THE EXTENT APPLICABLE, A PREMIUM FOR MUNICIPAL BOND INSURANCE; PROVIDING FOR THE PAYMENT OF SUCH BONDS FROM GROSS REVENUES OF THE SYSTEM AND CERTAIN CONNECTION CHARGES; AUTHORIZING THE CHAIRMAN OR VICE CHAIRMAN TO AWARD THE SALE OF SUCH BONDS TO MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, CITIGROUP GLOBAL MARKETS INC. AND RAYMOND JAMES & ASSOCIATES, INC. IN ACCORDANCE WITH CERTAIN PARAMETERS SET FORTH HEREIN AND PURSUANT TO THE TERMS OF A PURCHASE CONTRACT APPROVED HEREIN; AUTHORIZING THE REFUNDING OF SERIES 2003 BONDS; AUTHORIZING THE REDEMPTION OF THE REFUNDED SERIES 2003 BONDS ON OCTOBER 1, 2013; APPOINTING THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. AS PAYING AGENT AND REGISTRAR WITH RESPECT TO SUCH BONDS; APPROVING THE FORM AND AUTHORIZING THE CIRCULATION OF A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT; AUTHORIZING THE CLERK TO DEEM FINAL THE PRELIMINARY OFFICIAL STATEMENT; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT AND APPOINTING AN ESCROW AGENT IN CONNECTION THEREWITH; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A CONTINUING DISCLOSURE CERTIFICATE; DELEGATING AUTHORITY TO ENTER INTO NEGOTIATIONS WITH NATIONALLY RECOGNIZED MUNICIPAL BOND INSURANCE COMPANIES AND APPROVING THE PAYMENT OF THE RELATED PREMIUM AND TO ENTER INTO AN AGREEMENT RELATED TO SUCH BOND INSURANCE POLICY; AUTHORIZING CERTAIN OFFICIALS OF THE COUNTY

TO EXECUTE ANY DOCUMENTS AND TAKE ANY ACTIONS REQUIRED IN CONNECTION WITH THE ISSUANCE OF SAID BONDS; AUTHORIZING CERTAIN OFFICIALS OF THE COUNTY TO EXECUTE ANY DOCUMENTS AND TAKE ANY ACTIONS REQUIRED IN CONNECTION WITH THE ISSUANCE OF SAID BONDS; PROVIDING AN EFFECTIVE DATE FOR THIS RESOLUTION; AND PROVIDING CERTAIN OTHER DETAILS WITH RESPECT THERETO.

WHEREAS, the Board of County Commissioners (the "Board") of Polk County, Florida (the "Issuer" or the "County") adopted Resolution No. 91-03 on September 24, 1991 ("Resolution No. 91-03"), as amended and supplemented by Resolution No. 91-04 adopted on October 3, 1991, and Resolution No. 97-05 adopted on August 12, 1997, as supplemented, amended, restated and compiled by Resolution No. 03-15 adopted on February 19, 2003, and as compiled, codified, amended and restated by Resolution No. 04-157 adopted by the Board on November 3, 2004 (the "Bond Resolution"), pursuant to which the Issuer has issued its Utility System Revenue Bonds, Series 2003 in the original aggregate principal amount of \$49,770,000 (the "2003 Bonds"), its Utility System Revenue Bonds, Series 2004A in the original aggregate principal amount of \$41,045,000 (the "2004A Bonds"), its Utility System Revenue Refunding Bonds, Series 2004B in the original aggregate principal amount of \$15,770,000 (the "2004B Bonds" and together with the 2004A Bonds, the "2004 Bonds") and its Utility System Revenue Bond, Series 2010 (Federally Taxable - Build America Bond - Direct Subsidy) in the original aggregate principal amount of \$46,360,000 (the "2010 Bonds"); and

WHEREAS, the Bond Resolution authorizes the issuance of Additional Bonds (as such term is defined in the Bond Resolution) for the purpose of financing the acquisition and construction of additions, extensions and improvements to, and the repair of, the Issuer's existing water distribution and wastewater collection and treatment system (the "System") and for the purpose of refunding other outstanding "Bonds"; and

WHEREAS, the Board has determined that it is in the best interest of the Issuer to (i) provide for the advance refunding of all of the 2003 Bonds in order to reduce the annual debt service payable by the Issuer, and (ii) issue its Utility System Revenue Refunding Bonds, Series 2012 (the "2012 Bonds") as Additional Bonds under the Bond Resolution, the proceeds of which will accomplish such refunding; and

WHEREAS, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc. and Raymond James & Associates, Inc. (the "Underwriters") intend to submit an offer to purchase the 2012 Bonds by negotiated sale pursuant to the terms of a Purchase Contract between the Issuer and the Underwriters in substantially the form attached hereto as Exhibit "A" (the "Bond Purchase Agreement"); and

WHEREAS, the Issuer desires to approve the form of an official statement (the "Final Official Statement") in substantially the form of a draft of the Preliminary Official Statement (the "Preliminary Official Statement") attached hereto as Exhibit "B" in connection with the issuance and sale of the 2012 Bonds; and

WHEREAS, the Issuer desires to authorize the Clerk of the Issuer to deem the Preliminary Official Statement final on behalf of the Issuer for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (the "Rule"), to authorize the use of the Preliminary Official Statement and the Final Official Statement in the marketing of the 2012 Bonds and to authorize the execution and delivery of the Final Official Statement; and

WHEREAS, the Issuer desires to approve the form of and authorize the execution and delivery of a Continuing Disclosure Certificate substantially in the form attached hereto as Exhibit "C" (the "Continuing Disclosure Certificate"); and

WHEREAS, the Issuer desires to delegate the authority to certain officers of the Issuer to enter into negotiations with Assured Guaranty Municipal Corp. or such other nationally recognized municipal bond insurance company (the "2012 Bond Insurer") for the issuance of a municipal bond insurance policy (the "Policy") related to all or a portion of the 2012 Bonds and if deemed economically advantageous to the Issuer based on advice of the Financial Advisor, to enter into an agreement with such bond insurer related thereto and to pay the premium for such municipal bond insurance policy with proceeds of the 2012 Bonds; and

WHEREAS, the Issuer desires to approve the form of and authorize the execution and delivery of an Escrow Deposit Agreement substantially in the form attached hereto as Exhibit "D" (the "Escrow Deposit Agreement") in connection with the refunding of the 2003 Bonds being refunded and to appoint The Bank of New York Mellon Trust Company, N.A., as the Escrow Agent thereunder; and

WHEREAS, the Issuer desires to appoint The Bank of New York Mellon Trust Company, N.A., as initial Paying Agent and Registrar with respect to the 2012 Bonds; and

WHEREAS, because of the current conditions existing in the market for securities similar to the 2012 Bonds, the Issuer finds it appropriate to delegate to the Chairman of the Board of County Commissioners (the "Chairman"), or in his absence or unavailability, the Vice Chairman of the Board of County Commissioners (the "Vice Chairman"), the authority to determine whether it is in the best interests of the Issuer to issue the 2012 Bonds, to determine which 2003 Bonds to refund, to determine certain other terms of the 2012 Bonds and to accept the offer of the Underwriters to purchase the 2012 Bonds to be issued pursuant to the terms of the

Bond Purchase Agreement if certain conditions and parameters set forth in this Resolution are met;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF POLK COUNTY, FLORIDA, that:

SECTION 1. Authority. This Resolution is adopted pursuant to Article VIII, Section 1, Constitution of the State of Florida, Section 159.11 and Chapter 125, Florida Statutes, Ordinance No. 85-34 enacted by the Board on December 17, 1985, the Charter of the Issuer and the Bond Resolution (collectively, the "Act").

SECTION 2. Definitions. All terms used herein in capitalized form, unless otherwise defined herein, shall have the same meanings as ascribed to them in the Bond Resolution, unless the context otherwise requires. All terms used herein in capitalized form and defined in the preamble hereto shall have the meanings ascribed thereto in such preamble.

In addition, the following terms shall have the meanings ascribed below:

"Financial Advisor" means RBC Capital Markets, LLC.

SECTION 3. Findings.

A. The findings and declarations of the Issuer contained in the Bond Resolution are hereby expressly approved, reaffirmed and ratified to the extent not inconsistent herewith.

B. For the benefit of its inhabitants, the Issuer presently owns, operates and maintains the System for the supply, treatment and distribution of water for domestic, commercial and industrial use, and for the collection, treatment, reuse and disposal of wastewater and sewage waste matter within Polk County, Florida.

C. The Issuer is authorized under the Act and the Bond Resolution to issue Bonds for various purposes and it is necessary and in the best interests of the Issuer to provide for the issuance of the 2012 Bonds for the advance refunding of all of the 2003 Bonds and to pay costs of issuance thereof.

D. The 2012 Bonds will not be issued unless the requirements of the applicable provisions of Section 12.02 of the Bond Resolution are satisfied on or prior to the issuance of the 2012 Bonds, and upon issuance in accordance with the terms hereof, the 2012 Bonds will constitute Additional Bonds under the Bond Resolution, as amended and supplemented hereby, entitled to all the security and benefits thereof and hereof, except as otherwise specifically provided herein.

E. The Bond Resolution, as hereby amended and supplemented, creates a valid and binding pledge of the Gross Revenues and Connection Charges in favor of the Bondholders of the 2012 Bonds as security for payment of the 2012 Bonds, enforceable by such Bondholders in accordance with the terms of the Bond Resolution, as hereby supplemented, which lien under the laws of the State of Florida is on a parity with the lien of the Bondholders of the 2004 Bonds and the 2010 Bonds, with that of the Bondholders of Additional Bonds hereafter issued and with that of Qualified Hedge Providers with respect to Qualified Hedge Obligations. Under Section 679.1091(4)(n), Florida Statutes, transfers by a government or governmental unit are exempt from the perfection requirements of Chapter 679, Florida Statutes, the Uniform Commercial Code - Secured Transactions - Article 9. The Issuer has not heretofore made a pledge of or granted a lien on the Gross Revenues and Connection Charges which pledge or lien remains in existence except for the benefit of the Bondholders of the Refunded Bonds, the 2004 Bonds and the 2010 Bonds. The Issuer will not grant hereafter a lien upon or pledge of the Gross Revenues and Connection Charges on a parity with that of the 2004 Bonds, the 2010 Bonds and the 2012 Bonds except as expressly permitted by the terms of the Bond Resolution.

F. It is estimated that the Gross Revenues and Connection Charges to be derived in each year hereafter and legally available for such purpose will be sufficient to pay all the principal of, premium, if any, and interest on the Bonds Outstanding, including the 2012 Bonds herein authorized, as the same become due and to make all sinking fund, reserve and other payments in connection therewith as required by the Bond Resolution and this Resolution.

G. The Issuer is not in default in performing any of the covenants and obligations assumed by it under the Bond Resolution and all payments required thereunder to have been made into accounts and funds established therein have been made to the full extent required and no event of default has occurred and is continuing under the Bond Resolution.

H. Except as expressly provided hereby, all of the covenants of the Bond Resolution will be applicable to the 2012 Bonds.

I. The Underwriters will, prior to acceptance by the Issuer of the offer of the Underwriters to purchase the 2012 Bonds, provide the Issuer with (i) a disclosure statement regarding the 2012 Bonds containing the information required by Section 218.385(6), Florida Statutes, and (ii) a Truth-In-Bonding Statement pursuant to Section 218.385(2) and (3), Florida Statutes, and no further disclosure is or shall be required by the Issuer.

J. Because of the characteristics of the 2012 Bonds, prevailing and anticipated market conditions and savings to be realized from the expeditious sale of the 2012 Bonds, and taking into account the advice of the Issuer's Financial Advisor, if the parameters hereinafter set forth are met, it is in the best interest of

the Issuer to accept the offer of the Underwriters to purchase the 2012 Bonds in a principal amount not exceeding \$60,000,000, at a negotiated sale upon the terms and conditions outlined herein and in the Bond Purchase Agreement and as determined by the Chairman or Vice Chairman in accordance with the terms hereof.

SECTION 4. Instrument to Constitute a Contract; Covenants in Bond Resolution Applicable. In consideration of the acceptance of the 2012 Bonds authorized to be issued hereunder by those who shall hold the same from time to time, the Bond Resolution, as amended and supplemented by this Resolution, shall be deemed to be and shall constitute a contract between the Issuer and the registered owners of the 2012 Bonds. The covenants and agreements set forth herein and in the Bond Resolution to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of the 2012 Bonds, and the 2012 Bonds shall be of equal rank with the 2004 Bonds and the 2010 Bonds and with all other Additional Bonds hereafter issued under the Bond Resolution, without preference, priority or distinction over any other thereof. All applicable covenants contained in the Bond Resolution shall be fully applicable to the 2012 Bonds as if originally issued thereunder.

SECTION 5. Authorization of 2012 Bonds; Delegation to Chairman; Terms and Form of 2012 Bonds.

A. Subject and pursuant to the provisions hereof, the 2012 Bonds to be known as "Polk County, Florida Utility System Revenue Refunding Bonds, Series 2012" are hereby authorized to be issued in an aggregate principal amount not exceeding \$60,000,000 for the purpose of (i) advance refunding all of the 2003 Bonds, and (ii) paying the costs of issuance of the 2012 Bonds, including, to the extent applicable, the premium for the Policy. Notwithstanding anything contained herein to the contrary, the 2012 Bonds shall not be issued until the conditions precedent to the issuance of Additional Bonds contained in the applicable provisions of Section 12.02 of the Bond Resolution have been complied with. The specific principal amount of the 2012 Bonds shall be determined as hereinafter provided.

B. The Chairman, or in his absence or unavailability, the Vice Chairman, is hereby authorized and directed to award the sale of the 2012 Bonds to the Underwriters in an aggregate principal amount not to exceed \$60,000,000 (including, in calculating such amount, all original issue premium), to approve the terms thereof, including, without limitation, the date or dates thereof, principal amount thereof, the interest rate or rates with respect thereto, the purchase price thereof and the redemption terms with respect thereto; provided, however, that in no event shall (i) the principal amount of the 2012 Bonds exceed \$60,000,000 (including, in calculating such amount, all original issue premium) (the "2012 Maximum Principal Amount"), (ii) the purchase price be less than 98% of the original principal amount of the 2012 Bonds (excluding original issue discount) (the "2012 Minimum Purchase Price"), (iii) the interest rate exceed the maximum rate permitted by applicable law, (iv) the final maturity date of the 2012 Bonds be later

than October 1, 2030, or (v) the net present value debt service savings be less than five percent (5%) of the par amount of the 2003 Bonds being refunded (the "Minimum Savings"). The Chairman, or in his absence or unavailability, the Vice Chairman, is hereby authorized to approve the modification of the name or series designation of the 2012 Bonds, as deemed appropriate and desirable, to reflect the year of issuance, the approval of such modification to be evidenced by the execution of the Bond Purchase Agreement showing such modification.

C. The 2012 Bonds shall be dated such date, shall bear interest from such date, payable semiannually on the first day of April and the first day of October of each year, at such rates, and shall mature on October 1 of such year or years as shall be established by the Bond Purchase Agreement and approved by the Chairman or Vice Chairman as herein provided. The 2012 Bonds shall be issued as fully registered bonds in the denomination of \$5,000 each or any integral multiple thereof.

D. The 2012 Bonds shall be numbered consecutively from one upward preceded by the letter "R" prefixed to the numbers. Principal of and premium, if any, on the 2012 Bonds shall be payable upon presentation and surrender of the 2012 Bonds at the principal corporate trust office of the Bond Registrar.

E. The 2012 Bonds may be subject to such optional and mandatory redemption prior to their maturity as shall be provided by the Bond Purchase Agreement and approved by the Chairman or Vice Chairman as herein provided.

F. Interest on the 2012 Bonds will be paid by check or draft mailed (or in the case of registered owners of \$1,000,000 or more in principal amount of 2012 Bonds who shall request the same in writing and pay the expense thereof, by wire transfer to a bank in the continental United States so long as written instructions for such wire transfer are provided to the Paying Agent at least ten (10) days prior to an interest payment date) to the registered owners thereof as their addresses may appear on the registration books of the Issuer at the close of business on the fifteenth day, whether or not a Business Day, of the month next preceding the interest payment date (the "Record Date"), irrespective of any transfer or exchange of a 2012 Bond subsequent to such Record Date and prior to the next succeeding interest payment date, unless the Issuer shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the persons in whose names the 2012 Bonds are registered at the close of business on a special record date for the payment of such defaulted interest as established by notice (which notice shall also designate the payment date) by deposit in the U.S. mail, postage prepaid, by the Issuer to the Bondholders of the 2012 Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names the 2012 Bonds are registered at the close of business on the fifth day, whether or not a Business Day, preceding the date of mailing. The registration of

any 2012 Bond may be transferred upon the registration books upon delivery thereof to the Registrar, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Issuer or the Registrar, duly executed by the Bondholder or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of such 2012 Bond, along with the social security number or federal employer identification number of such transferee. In all cases of a transfer of a 2012 Bond, the Registrar shall at the earliest practical time in accordance with the terms hereof enter the transfer of ownership in the registration books and shall deliver in the name of the new transferee or transferees a new fully registered 2012 Bond or Bonds of the applicable series and of the same maturity and of authorized denomination or denominations, for the same aggregate principal amount and payable from the same source of funds. Neither the Issuer nor the Registrar shall be required to register the transfer of any 2012 Bond during the period commencing on the fifteenth day of the month next preceding an interest payment date on the Bonds and ending on such interest payment date, or, in the case of any proposed redemption of 2012 Bonds, after such 2012 Bonds or any portion thereof have been selected for redemption.

So long as any of the 2012 Bonds remain outstanding, the Issuer shall maintain and keep, at the office of the Registrar, books for the registration of the 2012 Bonds.

The Registrar or the Issuer may require payment from the registered owner or transferee of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in connection with any exchange or transfer of the 2012 Bonds. Such charges and expenses shall be paid before any new 2012 Bond shall be delivered.

The Issuer and the Registrar may treat the registered owner of any 2012 Bond as the absolute owner thereof for all purposes, whether or not such 2012 Bond shall be overdue, and shall not be bound by any notice to the contrary. The person in whose name any 2012 Bond is registered may be deemed the owner thereof by the Issuer and the Registrar, and any notice to the contrary shall not be binding upon the Issuer or the Registrar.

G. Whenever any 2012 Bond shall be delivered to the Registrar for cancellation, upon payment of the principal amount thereof, or for replacement, transfer or exchange, such 2012 Bond shall, after cancellation, either be retained by the Registrar for a period of time specified in writing by the Issuer, or at the option of the Issuer, shall be destroyed or cancelled by the Registrar and counterparts of a certificate of destruction or cancellation evidencing such destruction shall be furnished to the Issuer.

The Registrar shall not be required to transfer or exchange any 2012 Bond after the publication and mailing of a notice of redemption nor during the

period of fifteen days next preceding publication and mailing of a notice of redemption.

H. If the date for the payment of principal of, premium, if any, or interest on any 2012 Bonds is not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

I. The mutilation, destruction, theft or loss of any 2012 Bonds shall be governed by the provisions of Section 6.04 of the Bond Resolution.

J. In case part but not all of an outstanding fully registered 2012 Bond shall be selected for redemption, the registered owner thereof shall present and surrender such 2012 Bond to the Issuer or the Paying Agent for payment of the principal amount thereof so called for redemption, and the Issuer shall execute and deliver to or upon the order of such registered owner, without charge therefor, for the unredeemed balance of the principal amount of the 2012 Bonds so surrendered, a 2012 Bond or 2012 Bonds of the same series fully registered as to principal and interest.

K. 2012 Bonds or portions of 2012 Bonds that have been duly called for redemption under the provisions hereof, and with respect to which amounts sufficient to pay the principal of, premium, if any, and interest to the date fixed for redemption shall be delivered to and held in separate accounts by an escrow agent, any Authorized Depository or any Paying Agent in trust for the registered owners thereof, as provided in the Bond Resolution, shall not be deemed to be Outstanding under the provisions of this Resolution or the Bond Resolution and shall cease to be entitled to any lien, benefit or security under this Resolution or the Bond Resolution, except to receive the payment of the redemption price on or after the designated date of redemption from moneys deposited with or held by an escrow agent, any Authorized Depository or the Paying Agent, as the case may be, for such redemption of the 2012 Bonds and, to the extent provided in the preceding subsection, to receive 2012 Bonds of the same series for any unredeemed portion of the 2012 Bonds.

L. There is hereby created and established a separate account in the Reserve Fund to be held by the Issuer designated the "Utility System Revenue Bonds, Series 2012 Reserve Account" for the benefit of the 2012 Bonds and the Reserve Requirement with respect thereto is hereby established as \$0.

M. The 2012 Bonds shall be and have all the qualities and incidents of negotiable instruments under the laws of the State of Florida, and each successive registered owner, in accepting any of the 2012 Bonds, shall be conclusively deemed to have agreed that such 2012 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the laws of the State of Florida.

N. The text of the 2012 Bonds and the form of the assignment for such 2012 Bonds shall be substantially in the following form, with such omissions, insertions and variations as may be necessary or desirable and authorized by this Resolution or by any subsequent resolution adopted prior to the issuance thereof, or as may be approved by the Chairman (execution thereof manually or by facsimile to be conclusive evidence of such approval), including, without limitation, such changes as may be required for the issuance of uncertificated public obligations, for the addition of language required by the 2012 Bond Insurer, to the extent applicable and for execution of the 2012 Bonds by an authenticating agent:

[Form of 2012 Bond]

REGISTERED
NO. R. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF FLORIDA
POLK COUNTY
UTILITY SYSTEM REVENUE REFUNDING BOND,
SERIES 2012

Interest Rate: Maturity Date: Dated Date: CUSIP NO:

_____ % _____ 1, _____, 2012

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

Polk County, Florida (hereinafter called the "Issuer"), for value received, hereby promises to pay to the Registered Owner identified above, or to registered assigns or legal representatives, but solely from the revenues hereinafter mentioned, on the Maturity Date identified above (or earlier as hereinafter provided), the Principal Amount identified above, upon presentation and surrender hereof at the principal office of The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, or its successors, as Bond Registrar and Paying Agent (the "Registrar"), and to pay, solely from such special revenues, interest on the Principal Amount from the Dated Date, or from the most recent interest payment date to which interest has been paid, at the Interest Rate per annum identified above, until payment of the Principal Amount, or until provision for the payment thereof has been duly provided for, such interest being payable semiannually on the first day of April and the first day of October of each year, commencing on April 1, 2013. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be paid by check or draft mailed to the Registered Owner hereof at his address as it appears on the registration books of the Issuer maintained by the

Registrar at the close of business on the 15th day (whether or not a business day) of the month next preceding the interest payment date (the "Record Date"), irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such interest payment date, unless the Issuer shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date for the payment of such defaulted interest as established by notice (which notice shall also designate the payment date) by deposit in the U.S. mails, postage prepaid, by the Issuer to the Registered Owners of Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names the Bonds are registered at the close of business on the fifth (5th) day (whether or not a business day) preceding the date of mailing.

This Bond and the interest hereon is payable solely from and secured by a lien upon and pledge of certain revenues (the "Gross Revenues") derived by the Issuer from the operation of the System (as hereinafter defined), together with certain Connection Charges, as that term is defined in Resolution No. 91-03 adopted by the Issuer on September 24, 1991, as supplemented, amended, restated and compiled, including, without limitation, by Resolution No. 04-157 adopted on November 3, 2004, as amended and supplemented, including without limitation, by Resolution No. ____ adopted on _____, 2012 (collectively, the "Bond Resolution"), and certain other funds and investment earnings thereon, all in the manner and to the extent provided in the Bond Resolution. Reference is hereby made to the Bond Resolution for the provisions, among others, relating to the terms, lien and security of the Bonds, the custody and application of the proceeds of the Bonds, the rights and remedies of the registered owners of the Bonds, the extent of and limitations on the Issuer's rights, duties and obligations, and the provisions permitting the issuance of additional parity indebtedness, to all of which provisions the Registered Owner hereof for himself and his successors in interest assents by acceptance of this Bond. All terms used herein in capitalized form, unless otherwise defined herein, shall have the meanings ascribed thereto in the Bond Resolution.

This Bond shall not be deemed to constitute a general debt or obligation or a pledge of the faith and credit of the Issuer, the State of Florida or any political subdivision thereof within the meaning of any constitutional, legislative or charter provision or limitation, and it is expressly agreed by the Registered Owner of this Bond that such Registered Owner shall never have the right, directly or indirectly, to require or compel the exercise of the ad valorem taxing power of the Issuer or any other political subdivision of the State of Florida or taxation in any form on any real or personal property for the payment of the principal of and interest on this Bond or for the payment of any other amounts provided for in the Bond Resolution.

It is further agreed between the Issuer and the Registered Owner of this Bond that this Bond and the indebtedness evidenced hereby shall not

constitute a lien upon the System (as hereinafter defined), or any part thereof, or any other tangible personal property of or in the Issuer, but shall constitute a lien only on the Gross Revenues, certain Connection Charges, as defined in the Bond Resolution, and certain other funds and investment earnings thereon, all in the manner and to the extent provided in the Bond Resolution. Neither the members of the governing body of the Issuer nor any person executing the Bonds shall be liable personally on the Bonds by reason of their issuance.

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of \$_____, of like date, tenor and effect, except as to number, maturity (unless all Bonds mature on the same date) and interest rate, issued on a parity with the Issuer's Utility System Revenue Bonds, Series 2004A, its Utility System Revenue Refunding Bonds, Series 2004B and its Utility System Revenue Bond, Series 2010 (Federally Taxable – Build America Bond – Direct Subsidy). The Bonds of this series were issued to advance refund all of the Utility System Revenue Bonds, Series 2003, that were issued to finance a portion of the Cost of construction and acquisition of additions, extensions and improvements to and the repair of, the Issuer's water distribution and wastewater collection, reuse and treatment system (the "System"), all pursuant to the authority of and in full compliance with the Constitution and laws of the State of Florida, including particularly the Bond Resolution, Article VIII, Section 1, Constitution of the State of Florida, Section 159.11, Florida Statutes, Chapter 125, Florida Statutes, the Charter of the Issuer and Ordinance No. 85-34 enacted on December 17, 1984. This Bond is also subject to the terms and conditions of the Bond Resolution.

The Issuer has entered into certain covenants with the holders of the Bonds of this issue for the terms of which reference is made to the Bond Resolution.

The Bonds of this issue are subject to redemption prior to their maturity. [Insert Term Bond amortization provisions.]

[In addition, the Bonds of this issue maturing on _____, ____ are subject to redemption prior to maturity at the option of the Issuer [insert optional redemption provisions].]

Notice of such redemption shall be given in the manner required by the Bond Resolution.

The registration of this Bond may be transferred upon the registration books upon delivery to the designated office of the Registrar accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Registrar, duly executed by the owner of this Bond or by his attorney-in-fact or legal representative, containing written instructions as to the details of transfer of this Bond, along with the social security number or federal employer identification number of such transferee. In all cases of a transfer of a Bond, the Registrar shall at the earliest practical time in accordance with the

provisions of the Bond Resolution enter the transfer of ownership in the registration books and (unless uncertificated registration shall be requested and the Issuer has a registration system that will accommodate uncertificated registration) shall deliver in the name of the new transferee or transferees a new fully registered Bond or Bonds of the same maturity and of authorized denomination or denominations, for the same aggregate principal amount and payable from the same source of funds. Neither the Issuer nor the Registrar shall be required to register the transfer of any Bond during the period commencing on the fifteenth day of the month immediately preceding an interest payment date, or, in the case of any proposed redemption of Bonds, after such Bonds or any portion thereof have been selected for redemption. The Issuer and the Registrar may charge the owner of such Bond for the registration of every such transfer of a Bond an amount sufficient to reimburse them for any tax, fee or any other governmental charge required (other than by the Issuer) to be paid with respect to the registration of such transfer, and may require that such amounts be paid before any such new Bond shall be delivered.

If the date for payment of the principal of, premium, if any, or interest on this Bond shall be a day which is not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in regular and due form and time as required by the laws and Constitution of the State of Florida applicable hereto, and that the issuance of the Bonds of this series does not violate any constitutional or statutory limitation or provision.

By acceptance hereof, the Registered Owner hereof shall be deemed, on behalf of themselves and their successors and assigns to have expressly and irrevocably consented in writing to the amendments to the Bond Resolution set forth in Resolution No. 10-117 adopted by the Issuer on August 18, 2010 and the amendments set forth in Resolution No. 12-[] adopted by the Issuer on November 20, 2012. Such amendments shall only become effective upon the Issuer obtaining consent in writing of the owners of not less than a majority of the Bond Obligation and, if the Bonds or any series of Bonds outstanding are insured by a municipal bond insurance policy, the Bond Insurer.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication endorsed hereon shall have been signed by the Registrar.

This Bond is and has all the qualities and incidents of a negotiable instrument under the laws of the State of Florida.

IN WITNESS WHEREOF, Polk County, Florida, has issued this Bond and has caused the same to be signed by the Chairman of its Board of County Commissioners and attested to and countersigned by the Clerk of such Board, either manually or with their facsimile signatures, and its corporate seal or a facsimile thereof to be reproduced hereon, all as of the ____ day of ____, 2012.

POLK COUNTY, FLORIDA

(SEAL)

By _____
Chairman, Board of County
Commissioners of Polk County,
Florida

ATTESTED

By _____
Clerk of the Board of County
Commissioners of Polk County,
Florida

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds designated in and executed under the provisions of the within mentioned Bond Resolution.

By _____
Authorized Officer

Date of Authentication:

STATEMENT OF INSURANCE

[Insert if required.]

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned _____
(the "Transferor"), hereby sells, assigns and transfers unto
_____ (the "Transferee")

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER OF TRANSFeree

the within Bond and all rights thereunder, and hereby irrevocably constitutes and
appoints _____ as attorney to
register the transfer of the within Bond on the books kept for registration and
registration of transfer thereof, with full power of substitution in the premises.

Date: _____
Signature Guaranteed:

NOTICE: Signature(s) must be
guaranteed by a member firm of the
New York Stock Exchange or a
commercial bank or trust company.

NOTICE: No transfer will be
registered and no new Bond will be
issued in the name of the Transferee,
unless the signature(s) to this
assignment correspond(s) with the
name as it appears upon the face of
the within Bond in every particular,
without alteration or enlargement
or any change whatever and the
Social Security or Federal Employer
Identification Number of the
Transferee is supplied.

ABBREVIATIONS

The following abbreviations, when used in inscription on the face of the
within Bond, shall be construed as though they were written out in full according to
applicable laws of regulations:

TEN COM — as tenants in common
TEN ENT — as tenants by the entireties
JT TEN — as joint tenants with right of
survivorship and not as tenants
in common

UNIF TRANS MIN ACT — _____
(Cust)

Custodian for _____
under Uniform Transfers to Minors Act of _____
(State)

Additional abbreviations may also be used though not in the above list.

[End of 2012 Bond Form]

SECTION 6. Approval of Bond Purchase Agreement; Approval of
Official Statement.

A. The form of the Bond Purchase Agreement presented by the
Underwriters and attached hereto as Exhibit "A" is hereby approved, subject to
such changes, insertions and omissions and such filling of blanks therein as may be
approved and made in such Bond Purchase Agreement by the Chairman or the Vice
Chairman, in a manner consistent with the provisions of this Resolution, such
execution to be conclusive evidence of such approval. Upon receipt of a disclosure
statement and a Truth-in-Bonding Statement from the Underwriters, the
Chairman, or in his absence or unavailability, the Vice Chairman, with the advice
of the Financial Advisor, is hereby authorized to accept the offer of the
Underwriters to purchase the 2012 Bonds in the aggregate principal amount not
exceeding the 2012 Maximum Principal Amount, at a purchase price not less than
the 2012 Minimum Purchase Price plus, to the extent applicable, accrued interest
thereon to the date of delivery, with an interest rate no greater than the maximum
rate permitted by law, with a final maturity date no later than October 1, 20__, and
a net present value debt service savings no less than the Minimum Savings. The
Chairman, or in his absence or unavailability, the Vice Chairman, is hereby
authorized to execute the Bond Purchase Agreement for and on behalf of the Issuer
pursuant to the terms hereof and of the Bond Purchase Agreement and the Clerk or
any Deputy Clerk is hereby authorized to attest such signature, to the extent
applicable.

B. The Issuer hereby approves the form and content of the Official Statement which shall be in substantially the form of the Preliminary Official Statement attached hereto as Exhibit "B," subject to such changes, insertions and omissions and such filling of the blanks therein as shall be approved by the Chairman, or in his absence or unavailability, the Vice Chairman, execution thereof to be conclusive evidence of such approval.

C. In order to enable the Underwriters to comply with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule"), in connection with the offering and sale of the 2012 Bonds, the Clerk or any Deputy Clerk of the Issuer is hereby authorized, on behalf of the Issuer, to deem the Preliminary Official Statement final as of its date, except for Permitted Omissions. As used herein, "Permitted Omissions" shall mean the offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, bond ratings, and other terms of the 2012 Bonds depending on such matters.

SECTION 7. Appointment of Registrar and Paying Agent. The Bank of New York Mellon Trust Company, N.A. is hereby appointed as Registrar and Paying Agent in connection with the 2012 Bonds and shall undertake the duties as such under the terms of the Bond Resolution, as supplemented hereby.

SECTION 8. Approval of Escrow Deposit Agreement. The Escrow Deposit Agreement to be utilized in connection with the refunding of the 2003 Bonds, a form of which is attached hereto as Exhibit "D," is hereby approved, subject to such changes, insertions and omissions and filling of blanks therein as may be approved and made in such form of Escrow Deposit Agreement by either office of the Issuer executing the same, in a manner consistent with the provisions of this Resolution, such execution to be conclusive evidence of such approval. The Chairman or in his absence or unavailability, the Vice Chairman, and the Clerk or any Deputy Clerk are hereby authorized to execute and deliver the Escrow Deposit Agreement on behalf of the Issuer. The Bank of New York Mellon Trust Company, N.A. is hereby appointed as Escrow Agent under the Escrow Deposit Agreement (in such capacity, the "Escrow Agent").

SECTION 9. Redemption of Refunded Bonds. Subject to the issuance of the 2012 Bonds, the redemption on October 1, 2013 of the Refunded Bonds, at a redemption price not exceeding 100% of the principal amount thereof plus accrued interest to the redemption date, is hereby approved and authorized.

SECTION 10. Application of 2012 Bond Proceeds. To the extent not otherwise provided by the Issuer by certificate of the Chairman or Vice Chairman delivered at or prior to the issuance and delivery of the 2012 Bonds, the proceeds from the sale of the 2012 Bonds shall be disposed of as follows:

- (1) An amount that, together with investment earnings thereon and, to the extent applicable, other legally available funds of

the Issuer, shall be sufficient to pay debt service on the Refunded Bonds as the same shall come due, including upon redemption of the Refunded Bonds on October 1, 2013, shall be transferred to the Escrow Agent for deposit to the Escrow Deposit Trust Fund under the Escrow Deposit Agreement in connection with the refunding of the Refunded Bonds.

- (2) The remainder of the proceeds of the 2012 Bonds shall be deposited with the Issuer to pay or shall be applied directly to pay, the costs of issuance, including, to the extent applicable, the premium for the Policy.

SECTION 11. Trust Funds. All funds and accounts created hereby and by the Bond Resolution are, and shall be deemed to be, trust funds. All moneys deposited in such funds and accounts shall be held in trust, and the Clerk of the Issuer or any other officer of the Issuer, and any other bank, trust company or fiscal agent holding such moneys shall act as trustee thereof and shall hold and apply the same only for the purposes provided in, and subject to the provisions of, the Bond Resolution and this Resolution.

SECTION 12. Continuing Disclosure. The Issuer hereby covenants and agrees that, in order to assist the Underwriters in complying with the provisions of the Rule mandating continuing disclosure with respect to the 2012 Bonds, it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") to be executed by the Issuer prior to the time the Issuer delivers the 2012 Bonds to the Underwriters, as it may be amended from time to time in accordance with the terms thereof. The form of the Continuing Disclosure Certificate, attached hereto as Exhibit "C," is hereby approved, subject to such changes, insertions and omissions and filling of blanks therein as may be approved and made therein by the officer of the Issuer executing the same, execution and delivery thereof to be conclusive evidence of such approval. The Chairman or Vice Chairman is hereby authorized to execute and deliver the Continuing Disclosure Certificate on behalf of the Issuer. Notwithstanding any other provision of the Bond Resolution or this Resolution, failure of the Issuer to comply with such Continuing Disclosure Certificate shall not be considered an Event of Default thereunder or hereunder. However, the Continuing Disclosure Certificate shall be enforceable by the 2012 Bondholders in the event that the Issuer fails to cure a breach thereunder within a reasonable time after written notice from a 2012 Bondholder to the Issuer that a breach exists. Any rights of the 2012 Bondholders to enforce the provisions of this Section shall be on behalf of all 2012 Bondholders and shall be limited to a right to obtain specific performance of the Issuer's obligations under the Continuing Disclosure Certificate.

SECTION 13. Municipal Bond Insurance. The Chairman, or in the Chairman's absence or unavailability, the Vice Chairman, is authorized to enter into negotiations with the 2012 Bond Insurer for the issuance of a municipal bond

insurance policy related to all or a portion of the 2012 Bonds. If, after consultation with the Financial Advisor, it is determined to be economically advantageous to the Issuer, the Chairman, or in the Chairman's absence or unavailability, the Vice Chairman, is authorized to enter into an agreement with the 2012 Bond Insurer (the "Insurance Agreement") and to pay the premiums for such municipal bond insurance policy with proceeds of the 2012 Bonds.

SECTION 14. Redemption Provisions.

A. The Issuer shall have the option to cause the 2012 Bonds to be purchased in lieu of optional redemption on the applicable redemption date at a price equal to the then applicable redemption price, plus accrued interest thereon to, but not including, the date of such purchase. Such option may be exercised by delivery to the Paying Agent (if the Registrar is not the Paying Agent for such 2012 Bonds) on or prior to the Business Day preceding the redemption date of a written notice of the Issuer specifying that the 2012 Bonds shall not be redeemed, but instead shall be subject to purchase pursuant to this Section 14 with the moneys provided or to be provided by or on behalf of the Issuer. Upon delivery of such notice, the 2012 Bonds shall not be redeemed but shall instead be subject to mandatory tender at the redemption price on the date that would have been the redemption date.

B. (i) Notwithstanding anything in the Bond Resolution to the contrary, if less than all of the 2012 Bonds are to be redeemed, if the 2012 Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the 2012 Bonds, the Registrar, upon written instruction from the Issuer shall select the 2012 Bonds for redemption from such maturity dates and in such amounts as are selected by the Issuer, and within such selected maturities by lot within each such maturity in such manner as the Registrar shall determine. In any event, the portion of any 2012 Bond to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof. Notwithstanding anything in the Bond Resolution to the contrary, if the 2012 are not registered in book-entry only form, any redemption of less than all of a maturity of such 2012 Bonds shall be effected by the Issuer among owners on a pro-rata basis; provided, however in any event, the portion of any such 2012 Bond to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof.

SECTION 15. Authorizations.

A. The Chairman, or in his absence or unavailability, the Vice Chairman, and the Clerk or any Deputy Clerk are hereby authorized, in accordance with the terms hereof, to sign the Bond Purchase Agreement at the places provided therein. The Chairman, or in his absence or unavailability, the Vice Chairman, is hereby authorized to deliver the Bond Purchase Agreement immediately following the execution thereof to the representative of the Underwriters.

B. The Chairman, or in his absence or unavailability, the Vice Chairman, and the Clerk or any Deputy Clerk of the Issuer or their duly authorized alternative officers are hereby authorized and directed on behalf of the Issuer to execute the 2012 Bonds (including any temporary bond or bonds) as provided in this Resolution and any of such officers are hereby authorized and directed upon the execution of the 2012 Bonds in the form and manner set forth in this Resolution to deliver the 2012 Bonds in the amounts authorized to be issued hereunder, to the Registrar for authentication and delivery to or upon the order of the Underwriters pursuant to the Bond Purchase Agreement, upon payment of said purchase price and upon compliance by the Underwriters with the terms of the Bond Purchase Agreement.

C. The Chairman, or in his absence or unavailability, the Vice Chairman, and the Clerk or any Deputy Clerk of the Issuer are hereby authorized to approve the terms and to execute and deliver on behalf of the Issuer the Continuing Disclosure Certificate, the Insurance Agreement, if applicable, and the Escrow Deposit Agreement.

D. The Chairman, or in his absence or unavailability, the Vice Chairman, the County Administrator, the Clerk, any Deputy Clerk of the Issuer, and such other officers and employees of the Issuer as may be designated by the Chairman, or in his absence or unavailability the Vice Chairman, are each designated as agents of the Issuer in connection with the issuance and delivery of the 2012 Bonds and are authorized and empowered, collectively or individually, to take all action and steps and to execute all instruments, documents and contracts on behalf of the Issuer that are necessary or desirable in connection with the execution and delivery of the 2012 Bonds, and which are specifically authorized by or are not inconsistent with, the terms and provisions of this Resolution or any action relating to the 2012 Bonds heretofore taken by the Issuer. Such officers and those so designated are hereby charged with the responsibility for the issuance of the 2012 Bonds.

SECTION 16. Amendment of Bond Resolution. By acceptance of the 2012 Bonds, the Bondholders thereof, on behalf of themselves and their successors and assigns, are, and shall be, deemed to have expressly and irrevocably consented in writing to the amendments to the Bond Resolution set forth in Resolution No. 10-117 adopted by the Issuer on August 18, 2010 and the amendments set forth in Section 17 hereof.

SECTION 17. Additional Springing Amendment to Bond Resolution. Pursuant to the provisions of Section 14.01 of the Bond Resolution, the Bond Resolution is hereby amended in the following respect, such amendment to become effective upon the Issuer's obtaining the consent of the owners of not less than a majority of the Bond Obligation and to the extent required, each Bond Insurer then insuring Outstanding Bonds (the Bondholders of the 2012 Bonds, by acceptance of

the 2012 Bonds, being deemed to have expressly and irrevocably consented to this amendment in writing):

The definition of the term "Cost of Operation and Maintenance" in the Bond Resolution is hereby amended to read as follows:

"Cost of Operation and Maintenance" means the current expenses, paid or accrued, of operation, maintenance and repair of the System and its facilities, as calculated in accordance with generally accepted accounting principles for governmental entities, consistently applied, and shall include, without limiting the generality of the foregoing, administrative expenses relating to the System, purchase of water or wastewater treatment services (if the same may be treated as an operating cost under generally accepted accounting principles for governmental entities), including, without limitation, under take-or-pay contracts, and insurance premiums and charges for the accumulation of appropriate reserves for self-insurance, not annually recurrent but which are reasonably expected to be incurred on a periodic basis in accordance with generally accepted accounting principles for governmental entities, consistently applied. The Cost of Operation and Maintenance shall not include (i) any reserve for renewals and replacements, extraordinary repairs or any allowance for depreciation or amortization, (ii) the payment of any principal of and interest on the Bonds and any other notes, bonds and similar obligations of the Issuer, (iii) payments made by the Issuer under leases that are capitalized in accordance with generally accepted accounting principles for governmental entities, and (iv) costs of issuance of Bonds paid with proceeds of such Bonds.

SECTION 18. Repeal of Inconsistent Resolutions. Except as supplemented and amended hereby, all provisions of the Bond Resolution remain in full force and effect. All other resolutions or parts of other resolutions in conflict herewith are hereby repealed.

SECTION 19. Severability. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Resolution or of the 2012 Bonds issued hereunder.

SECTION 20. Effective Date. This Resolution shall become effective immediately upon its adoption.

Passed and duly adopted at a regular meeting of the Board of County Commissioners of Polk County, Florida on the 20th day of November, 2012.

BOARD OF COUNTY COMMISSIONERS
OF POLK COUNTY, FLORIDA



ATTEST:

By: Melvin M. Bell
Chairman

RICHARD WEISS, Clerk of the
Circuit Court and Ex-Officio
Clerk of the Board of County
Commissioners of Polk County,
Florida

By: Kim Hancock
Deputy Clerk

#11687562.v9
12487-68

RESOLUTION NO. 2026-113

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF POLK COUNTY, FLORIDA, AMENDING AND SUPPLEMENTING RESOLUTION NO. 91-03 OF THE COUNTY, AS THE SAME HAS BEEN SUPPLEMENTED, AMENDED, RESTATED AND COMPILED BY RESOLUTION NO. 04-157, AS FURTHER SUPPLEMENTED AND AMENDED; PROVIDING FOR AND AUTHORIZING THE ISSUANCE OF THE COUNTY'S UTILITY SYSTEM REVENUE BONDS, SERIES 2026, IN AN AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING \$250,000,000 TO FINANCE THE COST OF CONSTRUCTION AND ACQUISITION OF ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO THE COUNTY'S WATER AND WASTEWATER COLLECTION AND TREATMENT SYSTEM, AND PAYING THE COSTS OF ISSUANCE OF SUCH BONDS; PROVIDING FOR THE PAYMENT OF SUCH BONDS FROM GROSS REVENUES OF THE SYSTEM AND CERTAIN CONNECTION CHARGES ON A PARITY WITH OUTSTANDING BONDS; AUTHORIZING THE CHAIRMAN OF THE BOARD TO AWARD THE SALE OF SUCH BONDS TO THE UNDERWRITERS DESCRIBED HEREIN PURSUANT TO THE TERMS OF A PURCHASE CONTRACT APPROVED HEREIN, ALL IN ACCORDANCE WITH CERTAIN PARAMETERS SET FORTH HEREIN; APPOINTING A PAYING AGENT AND REGISTRAR WITH RESPECT TO SUCH BONDS; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF AN AGREEMENT RELATED TO THE PAYING AGENT AND REGISTRAR; APPROVING THE FORM AND AUTHORIZING THE CIRCULATION OF A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT; AUTHORIZING THE CHAIRMAN OR CLERK TO DEEM FINAL THE PRELIMINARY OFFICIAL STATEMENT; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A CONTINUING DISCLOSURE CERTIFICATE; APPOINTING A DISSEMINATION AGENT; WITH RESPECT TO SUCH BONDS; AUTHORIZING CERTAIN OFFICIALS OF THE COUNTY TO EXECUTE ANY DOCUMENTS AND TAKE ANY ACTIONS REQUIRED IN CONNECTION WITH THE ISSUANCE OF SAID BONDS; DELEGATING AUTHORITY TO DETERMINE WHETHER TO UTILIZE MUNICIPAL BOND INSURANCE FOR ALL OR A PORTION OF SUCH BONDS; PROVIDING AN EFFECTIVE DATE FOR THIS RESOLUTION; AND PROVIDING CERTAIN OTHER DETAILS WITH RESPECT THERETO.

WHEREAS, the Board of County Commissioners (the "Board") of Polk County, Florida (the "Issuer" or the "County") adopted Resolution No. 91-03 on September 24, 1991, as amended and supplemented by Resolution No. 91-04 adopted on October 3, 1991, and Resolution No. 97-05 adopted on August 12, 1997, as supplemented, amended, restated and compiled by Resolution No. 03-15 adopted on February 19, 2003, as supplemented, amended, restated and compiled by Resolution No. 04-157 adopted by the Board on November 3, 2004, as amended by Resolution No. 10-117 adopted by the Board on August 18, 2010, as amended by Resolution No. 12-122 adopted by the Board on November 20, 2012, and as heretofore supplemented and amended

(collectively, the "Bond Resolution"), pursuant to which the Issuer has issued its Utility System Revenue and Revenue Refunding Bonds, Series 2020 (the "2020 Bonds") and its Utility System Revenue and Revenue Refunding Bonds, Series 2024 (the "2024 Bonds"); and

WHEREAS, the Bond Resolution authorizes the issuance of Additional Bonds (as such term is defined in the Bond Resolution) for the purpose of financing the acquisition and construction of additions, extensions and improvements to, and the repair of the Issuer's water distribution and wastewater collection and treatment system (the "System"); and

WHEREAS, the Issuer desires to acquire and construct, or to reimburse certain costs of acquisition and construction of certain additions, extensions and improvements to the System, including, without limitation, those described in Exhibit "A" hereto (the "2026 Project"); and

WHEREAS, the Board has determined that upon satisfying the conditions described herein it will be in the best interest of the Issuer to issue its Utility System Revenue Bonds, Series 2026 (the "2026 Bonds") as Additional Bonds under the Bond Resolution to (i) finance the acquisition and construction of the 2026 Project, including through reimbursement, and (ii) pay the costs of issuance of the 2026 Bonds; and

WHEREAS, BofA Securities, Inc. and Raymond James & Associates, Inc. (collectively, the "Underwriters") intend to submit an offer to purchase the 2026 Bonds by negotiated sale pursuant to the terms of a Purchase Contract between the Issuer and the representative of the Underwriters in substantially the form attached hereto as Exhibit "B" (the "Purchase Contract"); and

WHEREAS, because of the currently fluctuating conditions existing in the market for securities similar to the 2026 Bonds, the Issuer finds it appropriate to delegate to the Chairman, the authority to determine whether it is in the best interests of the Issuer to issue the 2026 Bonds, to accept the offer of the Underwriters to purchase the 2026 Bonds pursuant to the terms of the Purchase Contract if certain conditions set forth in this Resolution are met, and to make certain other determinations with respect to the 2026 Bonds and the security therefor all as set forth herein; and

WHEREAS, the Issuer desires to approve the form of the Preliminary Official Statement (the "Preliminary Official Statement") attached hereto as Exhibit "C" and an official statement (the "Final Official Statement") in substantially the form of the Preliminary Official Statement in connection with the issuance and sale of the 2026 Bonds; and

WHEREAS, the Issuer desires to authorize the Chairman or the Clerk of the Circuit Court of the Tenth Judicial Circuit and ex officio clerk of the Board (the "Clerk") to deem the Preliminary Official Statement final on behalf of the Issuer for purposes of Rule 15c2-12 promulgated by the U.S. Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (the "Rule"), to authorize the use of the Preliminary Official Statement and the Final Official Statement in the marketing of the 2026 Bonds and to authorize the execution and delivery of the Final Official Statement; and

WHEREAS, the Issuer desires to approve the form of and authorize the execution and delivery of a Continuing Disclosure Certificate related to the 2026 Bonds substantially in the form

attached hereto as Exhibit "D" (the "Continuing Disclosure Certificate") and appointing a Dissemination Agent with respect to the 2026 Bonds; and

WHEREAS, the Issuer desires to appoint The Bank of New York Mellon Trust Company, N.A., as initial Paying Agent and Registrar with respect to the 2026 Bonds and authorize the execution and delivery of a Registrar and Paying Agent Agreement substantially in the form attached hereto as Exhibit "E" (the "Registrar and Paying Agent Agreement");

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF POLK COUNTY, FLORIDA, that:

SECTION 1. Authority. This Resolution is adopted pursuant to Article VIII, Section 1, Constitution of the State of Florida, Chapter 125, Florida Statutes, Chapter 159, Florida Statutes, Ordinance No. 85-34 enacted by the Board on December 17, 1985, the Charter of the Issuer (collectively, the "Act") and the Bond Resolution.

SECTION 2. Definitions. All terms used herein in capitalized form, unless otherwise defined herein, shall have the same meanings as ascribed to them in the Bond Resolution, unless the context otherwise requires. All terms used herein in capitalized form and defined in the preamble hereto shall have the meanings ascribed thereto in such preamble.

In addition, the following terms shall have the meanings ascribed below:

"Authorized Amount" shall mean a principal amount of 2026 Bonds not to exceed \$250,000,000.

"Cost" or "Costs," when used in connection with the 2026 Project, shall mean, to the extent permitted under the Act, costs described under Section 4.02 of the Bond Resolution, including, without limitation (a) cost of construction of the 2026 Project; (b) costs of acquisition by or for the Issuer of such 2026 Project or any component thereof; (c) costs of land and interests therein and the costs of the Issuer incidental to such acquisition; (d) the cost of any indemnity and surety bonds and premiums for insurance during construction; (e) all interest due to be paid on the 2026 Bonds and other obligations relating to the 2026 Project during, and if advisable by the Issuer, for up to one (1) year after the end of, the construction period of the 2026 Project; (f) engineering, legal and other consultant fees and expenses; (g) payments, when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of the Issuer (other than the 2026 Bonds) incurred for such 2026 Project; (h) costs of machinery or equipment required by the Issuer for the commencement of operation of the 2026 Project; and (i) any other costs properly attributable to such construction or acquisition, as determined by generally accepted accounting principles and may include reimbursement to the Issuer of costs previously paid or financed by the Issuer to the extent legally permissible.

"2026 Construction Account" shall mean the 2026 Utility System Revenue Bonds Construction Account in the Construction Fund established pursuant to Section 10 hereof.

"2026 Insurer" means the municipal bond insurance company issuing the Municipal Bond Insurance Policy, if any, approved as provided herein.

"Municipal Advisor" means PFM Financial Advisors LLC, the municipal advisor to the Issuer.

"Municipal Bond Insurance Policy" means the municipal bond insurance policy, if any, issued by the 2026 Insurer guaranteeing the scheduled payment, when due, of the principal and interest represented by all or a portion of the 2026 Bonds as provided therein.

SECTION 3. Findings.

A. The findings and declarations of the Issuer contained in the Bond Resolution are hereby expressly approved, reaffirmed and ratified to the extent not inconsistent herewith.

B. For the benefit of its inhabitants, the Issuer presently owns, operates and maintains the System for the supply, treatment and distribution of water for domestic, commercial and industrial use, and for the collection, treatment, reuse and disposal of wastewater and sewage waste matter within Polk County, Florida.

C. The Issuer deems it necessary, desirable and in the best interests of the health and welfare of the Issuer and its inhabitants that the 2026 Project be acquired, constructed and installed.

D. The Issuer is authorized under the Act and the Bond Resolution to issue Bonds for various purposes, and it is necessary and in the best interests of the Issuer to provide for the issuance of the 2026 Bonds for the purpose of financing or reimbursing the Cost of the acquisition, construction and installation of the 2026 Project and to pay the costs of issuance of the 2026 Bonds, all as contemplated herein.

E. The 2026 Bonds will not be issued unless the requirements of the applicable provisions of Section 12.02 of the Bond Resolution are satisfied on or prior to the issuance of the 2026 Bonds, and upon issuance in accordance with the terms hereof, the 2026 Bonds will constitute Additional Bonds under the Bond Resolution, as supplemented hereby, entitled to all the security and benefits thereof and hereof, except as otherwise specifically provided herein.

F. The Bond Resolution, as hereby supplemented, creates a valid and binding pledge of the Gross Revenues and Connection Charges and moneys on deposit in certain funds and accounts established under the Bond Resolution in favor of the Holders of the 2026 Bonds as security for payment of the 2026 Bonds, enforceable by such Holders in accordance with the terms of the Bond Resolution, which lien under the laws of the State of Florida will be on a parity with the lien of the Holders of the Outstanding 2020 Bonds and the 2024 Bonds (collectively, the "Outstanding Parity Bonds"), the Holders of Additional Bonds hereafter issued and with that of Qualified Hedge Providers with respect to Qualified Hedge Obligations. The Issuer has not heretofore made a pledge of or granted a lien on the Gross Revenues and Connection Charges which pledge or lien would be on a parity with or would be senior to the lien securing the 2026 Bonds and which remains in existence, except for security interests for the benefit of the Holders of the Outstanding Parity Bonds. The Issuer will not grant hereafter a lien upon or pledge of the Gross Revenues and Connection Charges superior to the 2026 Bonds, or, except as expressly permitted by the terms of the Bond Resolution with respect to Additional Bonds and Qualified Hedge Obligations, on a parity with that of the 2026 Bonds.

G. The 2026 Bonds shall not be secured or payable from any funds or Reserve Products on deposit in the Composite Reserve Account or the Second Composite Reserve Account or any other account in the Reserve Fund created under the Bond Resolution, so that there shall be no Reserve Requirement for the 2026 Bonds.

H. It is estimated that the Gross Revenues and Connection Charges to be derived in each year hereafter and legally available for such purpose will be sufficient to pay all the principal of, premium, if any, and interest on the Bonds Outstanding, including the 2026 Bonds herein authorized, as the same become due, and to make all sinking fund, reserve and other payments in connection therewith as required by the Bond Resolution and this Resolution.

I. The Issuer is not in default in performing any of the covenants and obligations assumed by it under the Bond Resolution, all payments required thereunder to have been made into accounts and funds established therein have been made to the full extent required and no event of default has occurred and is continuing under the Bond Resolution.

J. Because of the characteristics of the 2026 Bonds, prevailing and anticipated market conditions and savings to be realized from the expeditious sale of the 2026 Bonds, and taking into account the advice of the Issuer's Municipal Advisor, if the parameters hereinafter set forth are met, it is in the best interest of the Issuer to accept the offer of the Underwriters to purchase the 2026 Bonds in an aggregate principal amount not exceeding the Authorized Amount, at a negotiated sale upon the terms and conditions outlined herein and in the Purchase Contract and as determined by the Chairman in accordance with the terms hereof.

K. The Underwriters will, prior to acceptance by the Issuer of the offer of the Underwriters to purchase the 2026 Bonds, provide the Issuer with (i) a disclosure statement regarding the 2026 Bonds, as applicable, containing the information required by Section 218.385(6), Florida Statutes, (ii) a Truth-In-Bonding Statement pursuant to Section 218.385(2) and (3), Florida Statutes, and (iii) a human trafficking affidavit from the representative of the Underwriters meeting the requirements under Section 787.06, Florida Statutes, and no further disclosure is or shall be required by the Issuer in connection therewith.

SECTION 4. Instrument to Constitute a Contract: Covenants in Bond Resolution Applicable. In consideration of the acceptance of the 2026 Bonds authorized to be issued hereunder by those who shall hold the same from time to time, the Bond Resolution, as supplemented by this Resolution, shall be deemed to be and shall constitute a contract between the Issuer and the registered owners of the 2026 Bonds. The covenants and agreements set forth herein and in the Bond Resolution to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of the 2026 Bonds, and the 2026 Bonds shall be of equal rank with the Outstanding Parity Bonds and with all other Additional Bonds hereafter issued under the Bond Resolution and with Qualified Hedge Obligations hereafter incurred, without preference, priority or distinction over any other thereof. All applicable covenants contained in the Bond Resolution shall be fully applicable to the 2026 Bonds as if originally issued thereunder.

SECTION 5. Authorization of 2026 Project and Payment of Costs of Issuance. The acquisition, construction and installation of the 2026 Project, all as contemplated herein, upon satisfaction of the conditions provided in Section 6 below, is hereby authorized.

SECTION 6. Authorization of 2026 Bonds; Delegation to Chairman; Terms and Form of 2026 Bonds.

A. Subject and pursuant to the provisions hereof, the 2026 Bonds to be known as "Polk County, Florida Utility System Revenue Bonds, Series 2026" are hereby authorized to be issued in an aggregate principal amount not exceeding the Authorized Amount for the purpose of (i) financing the acquisition and construction of the 2026 Project, including through reimbursement, and (ii) paying the costs of issuance of the 2026 Bonds. The specific principal amount of the 2026 Bonds shall be determined as hereinafter provided.

B. Notwithstanding anything contained herein to the contrary, the 2026 Bonds shall not be issued until the conditions precedent to the issuance of Additional Bonds contained in the applicable provisions of Section 12.02 of the Bond Resolution have been complied with.

C. Notwithstanding anything herein to the contrary, the Chairman is hereby authorized to determine the principal amount of the 2026 Bonds, provided that the principal amount of the 2026 Bonds shall not exceed the Authorized Amount with respect thereto.

D. The Chairman is hereby designated and authorized to award the sale of the 2026 Bonds to the Underwriters in an aggregate principal amount not to exceed the Authorized Amount and to approve the terms thereof, including, without limitation, the date thereof, the principal amount thereof, the interest rate with respect thereto, whether such 2026 Bonds shall be Serial Bonds and/or Term Bonds, the purchase price thereof, the maturity date thereof and the redemption terms with respect thereto; provided, however, that in no event shall (i) the aggregate principal amount of the Series of 2026 Bonds exceed the Authorized Amount, (ii) the purchase price of the 2026 Bonds be less than 99.55% of the original principal amount of the 2026 Bonds (excluding original issue discount and premium), (iii) the interest rate on the 2026 Bonds exceed the maximum rate permitted by law, (iv) the final maturity of the 2026 Bonds occur after October 1, 2056, or (v) the 2026 Bonds be callable later than October 1, 2037 or at a redemption price greater than par. The Chairman is hereby authorized to approve the modification of the name or series designation of the 2026 Bonds as deemed appropriate and desirable, to reflect, among other things, the year of issuance, the approval of such modification to be evidenced by the execution of the Purchase Contract showing such modification. No later than the delivery of the 2026 Bonds, the Chairman shall execute a certificate certifying compliance with the terms of this paragraph D with respect to such 2026 Bonds.

E. The 2026 Bonds shall be dated such date, shall bear interest from such date, payable semiannually on the first day of April and the first day of October of each year, commencing on April 1, 2027, or such other date as shall be set forth in the Purchase Contract, at such rates, and shall mature on October 1 of such year or years as shall be established by the Purchase Contract and approved by the Chairman as herein provided. The 2026 Bonds shall be issued as fully registered bonds in the denomination of \$5,000 each or any integral multiple thereof.

F. The 2026 Bonds shall be numbered consecutively from one upward preceded by the letter "R" prefixed to the numbers, with such letter modified to correspond with any changes in series designation as authorized hereby. Principal of and premium, if any, on the 2026 Bonds shall be payable upon presentation and surrender of the 2026 Bonds at the principal corporate trust office of the Bond Registrar.

G. Subject to paragraph D above, the 2026 Bonds may be subject to such optional and/or mandatory redemption prior to their maturity as shall be provided by the Purchase Contract and/or the terms of such 2026 Bonds.

H. Interest on the 2026 Bonds will be paid by check or draft mailed (or in the case of registered owners of \$1,000,000 or more in principal amount of 2026 Bonds who shall request the same in writing and pay the expense thereof, by wire transfer to a bank in the continental United States so long as written instructions for such wire transfer are provided to the Paying Agent at least ten (10) days prior to an interest payment date) to the registered owners thereof as their addresses may appear on the registration books of the Issuer at the close of business on the fifteenth day, whether or not a Business Day, of the month next preceding the interest payment date (the "Record Date"), irrespective of any transfer or exchange of a 2026 Bonds subsequent to such Record Date and prior to the next succeeding interest payment date, unless the Issuer shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the persons in whose names the 2026 Bonds are registered at the close of business on a special record date for the payment of such defaulted interest as established by notice (which notice shall also designate the payment date) electronically or by deposit in the U.S. mail, postage prepaid, by the Issuer to the Holders of the 2026 Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be sent or mailed to the persons in whose names the 2026 Bonds are registered at the close of business on the fifth day, whether or not a Business Day, preceding the date of sending or mailing. The registration of the 2026 Bonds may be transferred upon the registration books upon delivery thereof to the Registrar, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Issuer or the Registrar, duly executed by the Holder of such 2026 Bonds or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of such 2026 Bonds, along with the social security number or federal employer identification number of such transferee. In all cases of a transfer of a 2026 Bonds, the Registrar shall at the earliest practical time in accordance with the terms hereof enter the transfer of ownership in the registration books and (unless uncertificated registration shall be requested and the Issuer has a registration system that will accommodate uncertificated registration) shall deliver in the name of the new transferee or transferees a new fully registered 2026 Bonds or Bonds of the applicable series and of the same maturity and of authorized denomination or denominations, for the same aggregate principal amount and payable from the same source of funds. Neither the Issuer nor the Registrar shall be required to register the transfer of any 2026 Bonds during the period commencing on the fifteenth day of the month next preceding an interest payment date on the Bonds and ending on such interest payment date, or, in the case of any proposed redemption of 2026 Bonds, after such 2026 Bonds or any portion thereof have been selected for redemption.

So long as any of the 2026 Bonds remain Outstanding, the Issuer shall maintain and keep, at the office of the Registrar, books for the registration of the 2026 Bonds.

The Registrar or the Issuer may require payment from the registered owner or transferee of a sum sufficient to cover any tax, fee or other governmental charge (other than by the Issuer) that may be imposed in connection with any exchange or transfer of the 2026 Bonds. Such charges and expenses shall be paid before any new 2026 Bonds shall be delivered.

The Issuer and the Registrar may treat the registered owner of any 2026 Bonds as the absolute owner thereof for all purposes, whether or not such 2026 Bonds shall be overdue, and

shall not be bound by any notice to the contrary. The person in whose name any 2026 Bonds is registered may be deemed the owner thereof by the Issuer and the Registrar, and any notice to the contrary shall not be binding upon the Issuer or the Registrar.

I. Whenever any 2026 Bonds shall be delivered to the Registrar for cancellation, upon payment of the principal amount thereof, or for replacement, transfer or exchange, such 2026 Bonds shall, after cancellation, be destroyed or cancelled by the Registrar and counterparts of a certificate of destruction or cancellation evidencing such destruction shall be furnished to the Issuer.

J. If the date for the payment of principal of, premium, if any, or interest on any 2026 Bonds is not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

K. The 2026 Bonds shall be and have all the qualities and incidents of a negotiable instrument under the laws of the State of Florida, and each successive registered owner, in accepting any of the 2026 Bonds, shall be conclusively deemed to have agreed that such 2026 Bonds shall be and have all of the qualities and incidents of a negotiable instrument under the laws of the State of Florida.

L. The text of the 2026 Bonds and the form of the assignment for such 2026 Bonds shall be substantially in the following form, with such omissions, insertions and variations as may be necessary or desirable and authorized by this Resolution or by any subsequent resolution adopted prior to the issuance thereof, or as may be approved by the Chairman (execution thereof manually or by facsimile to be conclusive evidence of such approval), to the extent applicable, and for execution of the 2026 Bonds by an authenticating agent:

[Form of 2026 Bonds]

REGISTERED
NO. R- _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF FLORIDA
POLK COUNTY
UTILITY SYSTEM REVENUE BOND,
SERIES 2026

Interest Rate: _____ % Maturity Date: October 1, 20__ Dated Date: _____, 2026 CUSIP NO: _____

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

Polk County, Florida (hereinafter called the "Issuer"), for value received, hereby promises to pay to the Registered Owner identified above, or to registered assigns or legal representatives, but solely from the revenues hereinafter mentioned, on the Maturity Date identified above (or earlier as hereinafter provided), the Principal Amount identified above, upon presentation and surrender hereof at the principal office of The Bank of New York Mellon Trust Company, N.A., or its successors, as Bond Registrar and Paying Agent (the "Registrar"), and to pay, solely from such special revenues, interest on the Principal Amount from the Dated Date, or from the most recent interest payment date to which interest has been paid, at the Interest Rate per annum identified above, until payment of the Principal Amount, or until provision for the payment thereof has been duly provided for, such interest being payable semiannually on the first day of April and the first day of October of each year, commencing on _____ 1, 20___. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be paid by check or draft mailed to the Registered Owner hereof at his address as it appears on the registration books of the Issuer maintained by the Registrar at the close of business on the 15th day (whether or not a Business Day) of the month next preceding the interest payment date (the "Record Date"), irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such interest payment date, unless the Issuer shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date for the payment of such defaulted interest as established by notice (which notice shall also designate the payment date) electronically or by deposit in the U.S. mails, postage prepaid, by the Issuer to the Registered Owners of Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be sent or mailed to the persons in whose names the Bonds are registered at the close of business on the fifth (5th) day (whether or not a Business Day) preceding the date of sending or mailing.

This Bond and the interest hereon is payable solely from and secured by a lien upon and pledge of certain revenues (the "Gross Revenues") derived by the Issuer from the operation of the

System, together with certain Connection Charges, as that term is defined in Resolution No. 91-03 adopted by the Issuer on September 24, 1991, as supplemented, amended, restated and compiled by Resolution No. 04-157 adopted on November 3, 2004, and as further supplemented and amended, including, without limitation, as supplemented by Resolution No. 2026-__ adopted on July 21, 2026 (the "Bond Resolution"), and certain other funds and investment earnings thereon, all in the manner and to the extent provided in the Bond Resolution. Reference is hereby made to the Bond Resolution for the provisions, among others, relating to the terms, lien and security of the Bonds, the custody and application of the proceeds of the Bonds, the rights and remedies of the registered owners of the Bonds, the extent of and limitations on the Issuer's rights, duties and obligations, and the provisions permitting the issuance of additional parity indebtedness, to all of which provisions the Registered Owner hereof for himself and his successors in interest assents by acceptance of this Bond. All terms used herein in capitalized form, unless otherwise defined herein, shall have the meanings ascribed thereto in the Bond Resolution.

This Bond shall not be deemed to constitute a general debt or obligation or a pledge of the faith and credit of the Issuer, the State of Florida or any political subdivision thereof within the meaning of any constitutional, legislative or charter provision or limitation, and it is expressly agreed by the Registered Owner of this Bond that such Registered Owner shall never have the right, directly or indirectly, to require or compel the exercise of the ad valorem taxing power of the Issuer or any other political subdivision of the State of Florida or taxation in any form on any real or personal property for the payment of the principal of and interest on this Bond or for the payment of any other amounts provided for in the Bond Resolution.

It is further agreed between the Issuer and the Registered Owner of this Bond that this Bond and the indebtedness evidenced hereby shall not constitute a lien upon the System, or any part thereof, or any other tangible personal property of or in the Issuer, but shall constitute a lien only on the Gross Revenues, certain Connection Charges, as defined in the Bond Resolution, and certain other funds and investment earnings thereon, all in the manner and to the extent provided in the Bond Resolution. Neither the members of the governing body of the Issuer nor any person executing the Bonds shall be liable personally on the Bonds by reason of their issuance.

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of \$ _____, of like date, tenor and effect, except as to number, maturity (unless all Bonds mature on the same date) and interest rate, issued on a parity with the Issuer's Outstanding Utility System Revenue and Revenue Refunding Bonds, Series 2020 and Utility System Revenue and Revenue Refunding Bonds, Series 2024. The Bonds of this series were issued to (i) finance the acquisition and construction of the 2026 Project, including through reimbursement, and (ii) pay the costs of issuance of the 2026 Bonds, all pursuant to the authority of and in full compliance with the Constitution and laws of the State of Florida, including particularly the Bond Resolution, Article VIII, Section 1, Constitution of the State of Florida, Chapter 159, Florida Statutes, Chapter 125, Florida Statutes, the Charter of the Issuer and Ordinance No. 85-34 enacted on December 17, 1985. This Bond is also subject to the terms and conditions of the Bond Resolution.

[The Bonds of this issue maturing on and after _____ 1, 20__ are subject to redemption prior to maturity at the option of the Issuer [insert optional redemption provisions].]

[Insert Term Bond amortization provisions.]

Notice of such redemption shall be given in the manner required by the Bond Resolution.

The registration of this Bond may be transferred upon the registration books upon delivery to the designated office of the Registrar accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Registrar, duly executed by the owner of this Bond or by his attorney-in-fact or legal representative, containing written instructions as to the details of transfer of this Bond, along with the social security number or federal employer identification number of such transferee. In all cases of a transfer of a Bond, the Registrar shall at the earliest practical time in accordance with the provisions of the Bond Resolution enter the transfer of ownership in the registration books and (unless uncertificated registration shall be requested and the Issuer has a registration system that will accommodate uncertificated registration) shall deliver in the name of the new transferee or transferees a new fully registered Bond or Bonds of the same maturity and of authorized denomination or denominations, for the same aggregate principal amount and payable from the same source of funds. Neither the Issuer nor the Registrar shall be required to register the transfer of any Bond during the period commencing on the fifteenth day of the month immediately preceding an interest payment date, or, in the case of any proposed redemption of Bonds, after such Bonds or any portion thereof have been selected for redemption. The Issuer and the Registrar may charge the owner of such Bond for the registration of every such transfer of a Bond an amount sufficient to reimburse them for any tax, fee or any other governmental charge required (other than by the Issuer) to be paid with respect to the registration of such transfer, and may require that such amounts be paid before any such new Bond shall be delivered.

If the date for payment of the principal of, premium, if any, or interest on this Bond shall be a day which is not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in regular and due form and time as required by the laws and Constitution of the State of Florida applicable hereto, and that the issuance of the Bonds of this series does not violate any constitutional or statutory limitation or provision.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication endorsed hereon shall have been signed by the Registrar.

This Bond is and has all the qualities and incidents of a negotiable instrument under the laws of the State of Florida.

IN WITNESS WHEREOF, Polk County, Florida, has issued this Bond and has caused the same to be signed by the Chairman of its Board of County Commissioners and attested to and countersigned by the Clerk of such Board, either manually or with their facsimile signatures, and

its corporate seal or a facsimile thereof to be reproduced hereon, all as of the ____ day of ____, 2026.

(SEAL)

ATTESTED:

By _____
Clerk of the Board of County
Commissioners of Polk County,
Florida

POLK COUNTY, FLORIDA

By _____
Chairman, Board of County
Commissioners of Polk County,
Florida

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds designated in and executed under the provisions of the within mentioned Bond Resolution.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.

By _____
Authorized Officer

Date of Authentication:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned _____ (the
"Transferor"), hereby sells, assigns and transfers unto
_____ (the "Transferee")

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER OF TRANSFeree

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ as attorney to register the transfer of the within Bond on the books kept for registration and registration of transfer thereof, with full power of substitution in the premises.

Date: _____
Signature Guaranteed: _____

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: No transfer will be registered and no new Bond will be issued in the name of the Transferee, unless the signature(s) to this assignment correspond(s) with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied.

ABBREVIATIONS

The following abbreviations, when used in inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws of regulations:

TEN COM — as tenants in common
TEN ENT — as tenants by the entireties
JT TEN — as joint tenants with right of survivorship and not as tenants in common

UNIF TRANS MIN ACT — _____
(Cust)

Custodian for _____

under Uniform Transfers to Minors Act of _____
(State)

Additional abbreviations may also be used though not in the above list.

[End of 2026 Bonds Form]

SECTION 7. Approval of Purchase Contract; Approval of Official Statement.

A. The form of the Purchase Contract presented by the Underwriters and attached hereto as Exhibit "B" is hereby approved, subject to such changes, insertions and omissions and such filling of blanks therein as may be approved and made in such Purchase Contract by the Chairman, in a manner consistent with the provisions of this Resolution, such execution to be conclusive evidence of such approval. Upon receipt of a disclosure statement and a Truth-in-Bonding Statement from the Underwriters, the Chairman or Vice-Chairman, with the advice of the Municipal Advisor, is hereby authorized to accept the offer of the Underwriters to purchase the 2026 Bonds in accordance with the provisions of Section 6D hereof. The Chairman or Vice-

Chairman is hereby authorized to execute the Purchase Contract for and on behalf of the Issuer pursuant to the terms hereof and the Clerk is hereby authorized to attest such signature, to the extent applicable.

B. The Issuer hereby approves the form and content of the Preliminary Official Statement substantially in the form attached hereto as Exhibit "C" and the Final Official Statement which shall be in substantially the same form as the Preliminary Official Statement attached hereto as Exhibit "C" subject, in each case, to such changes, insertions and omissions and such filling of the blanks therein as shall be approved by the Chairman, execution of the Final Official Statement to be conclusive evidence of such approval of the Final Official Statement. The distribution and use of the Preliminary Official Statement and the Final Official Statement by the Underwriters in connection with the marketing of the 2026 Bonds is hereby authorized.

C. In connection with the offering and sale of the 2026 Bonds, the Chairman or the Clerk of the Issuer is hereby authorized, on behalf of the Issuer, to deem the Preliminary Official Statement final as of its date, except for Permitted Omissions, in accordance with the Rule. As used herein, "Permitted Omissions" shall mean the offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, bond ratings, and other terms of the 2026 Bonds, depending on such matters.

SECTION 8. Appointment of Registrar and Paying Agent and Approval of Form of Registrar and Paying Agent Agreement. The Bank of New York Mellon Trust Company, N.A. is hereby appointed as Registrar and Paying Agent in connection with the 2026 Bonds. The form of the Registrar and Paying Agent Agreement attached hereto as Exhibit "E" to be utilized in connection with the 2026 Bonds is hereby approved, subject to such changes, insertions and omissions and filling of blanks therein and the attachment of such schedules thereto as may be approved and made in such form of Registrar and Paying Agent Agreement by the officers of the Issuer executing the same, such execution and delivery to be conclusive evidence of such approval. The Chairman is hereby authorized to execute the Registrar and Paying Agent Agreement for and on behalf of the Issuer pursuant to the terms hereof and the Clerk is hereby authorized to attest such signature.

SECTION 9. Application of 2026 Bonds Proceeds. To the extent not otherwise provided by the Issuer by certificate of the Chairman delivered at or prior to the issuance and delivery of the 2026 Bonds, the net proceeds from the sale of the 2026 Bonds shall be disposed of as follows:

(1) An amount equal to the costs of issuance of the 2026 Bonds shall be (a) deposited into a costs of issuance subaccount created in the 2026 Construction Account, hereinafter created, and used to pay, when due, the costs of issuance of the 2026 Bonds or (b) applied directly to the payment of such costs, including the costs of the Municipal Bond Insurance Policy, if any. The balance of any moneys remaining in the costs of issuance subaccount in the 2026 Construction Account following payment of all costs of issuance of the 2026 Bonds shall be deposited into the 2026 Construction Account.

(2) The balance of the proceeds of the 2026 Bonds shall be deposited in the 2026 Construction Account and applied to pay Costs of the 2026 Project.

SECTION 10. Construction Account. There is hereby created and established a fund to be held by the Issuer to be designated the "2026 Utility System Revenue Bonds Construction Account" in the Construction Fund created under the Bond Resolution (the "2026 Construction Account") and a subaccount therein for costs of issuance. Such account and subaccount shall be kept separate and apart from all other funds and accounts of the Issuer and the moneys on deposit therein shall be withdrawn, used and applied by the Issuer solely for the payment of Costs of the 2026 Project and costs of issuance of the 2026 Bonds. There is hereby created a lien on the moneys in the 2026 Construction Account in favor of the holders of the 2026 Bonds until applied as herein provided.

Any funds on deposit in the 2026 Construction Account that, in the opinion of the Issuer, are not immediately necessary for expenditure, as herein provided, may be invested and reinvested in Investment Obligations that shall mature or be redeemable at face value not later than the dates on which such funds are needed. All income derived from investment of funds in the 2026 Construction Account shall be deposited therein and shall be used to pay Costs of the 2026 Project.

SECTION 11. Trust Funds. All funds and accounts created hereby and by the Bond Resolution are, and shall be deemed to be, trust funds. All moneys deposited in such funds and accounts shall be held in trust, and the Clerk of the Issuer or any other officer of the Issuer, and any other bank, trust company or fiscal agent holding such moneys shall act as trustee thereof and shall hold and apply the same only for the purposes provided in, and subject to the provisions of, the Bond Resolution and this Resolution.

SECTION 12. Continuing Disclosure. The Issuer hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate to be executed by the Issuer at or prior to the time the Issuer delivers the 2026 Bonds to the Underwriters, as may be amended from time to time in accordance with the terms thereof. The form of the Continuing Disclosure Certificate, attached hereto as Exhibit "D," is hereby approved, subject to such changes, insertions and omissions and filling of blanks therein as may be approved and made therein by the officer of the Issuer executing the same, execution and delivery thereof to be conclusive evidence of such approval. The Chairman is hereby authorized to execute and deliver the Continuing Disclosure Certificate on behalf of the Issuer. Notwithstanding any other provision of the Bond Resolution or this Resolution, failure of the Issuer to comply with such Continuing Disclosure Certificate shall not be considered an Event of Default under the Bond Resolution or hereunder and the sole and exclusive remedy of any Bondholder of a 2026 Bond for the enforcement of the provisions of the Continuing Disclosure Certificate shall be an action for mandamus or specific performance, as applicable, by court order, to cause the Issuer to comply with its obligations under this Section 12 and the Continuing Disclosure Certificate. For purposes of this Section 12, "Bondholder" shall mean any person who (A) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2026 Bonds (including persons holding 2026 Bonds through nominees, depositories or other intermediaries), or (B) is treated as the owner of any 2026 Bond for federal income tax purposes. Digital Assurance Certification LLC is hereby designated as dissemination agent (the "Dissemination Agent") for the 2026 Bonds; and any authorized officer is authorized to negotiate with and to enter into an agreement with the Dissemination Agent on terms not inconsistent herewith.

SECTION 13. Purchase in Lieu of Redemption; Redemption Notice Provisions.

A. The Issuer shall have the option to cause the 2026 Bonds to be purchased in lieu of optional redemption on the applicable redemption date at a price equal to the then applicable redemption price, plus accrued interest thereon to, but not including, the date of such purchase. Such option may be exercised by delivery to the Paying Agent (if the Registrar is not the Paying Agent for such 2026 Bonds) on or prior to the Business Day preceding the redemption date of a written notice of the Issuer specifying that such 2026 Bonds shall not be redeemed, but instead shall be subject to purchase pursuant to this Section 13 with the moneys provided or to be provided by or on behalf of the Issuer. Upon delivery of such notice, such Bonds shall not be redeemed but shall instead be subject to mandatory tender at the redemption price on the date that would have been the redemption date.

B. Notwithstanding anything in the Bond Resolution to the contrary, if less than all of such 2026 Bonds are to be redeemed, if such 2026 Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of such 2026 Bonds, the Registrar, upon written instruction from the Issuer shall select such 2026 Bonds of the applicable series for redemption from such maturity dates and in such amounts as are selected by the Issuer, and within such selected maturities by lot within each such maturity in such manner as the Registrar shall determine. In any event, the portion of any such 2026 Bond to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof. Notwithstanding anything in the Bond Resolution to the contrary, if such 2026 Bonds are not registered in book-entry only form, any redemption of less than all of a maturity of such 2026 Bonds shall be effected by the Issuer among owners on a pro-rata basis; provided, however in any event, the portion of any such 2026 Bond to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof.

C. Notwithstanding Section 6.05 of the Bond Resolution to the contrary, notice of redemption shall be given by the deposit in the U.S. mails of a copy of said redemption notice, postage prepaid or electronically, at least twenty (20) and not more than sixty (60) days before the redemption date to all registered owners of the 2026 Bonds or portions of 2026 Bonds to be redeemed at their addresses as they appear on the registration books to be maintained in accordance with provisions of the Bond Resolution.

SECTION 14. Authorizations.

A. The Chairman and the Clerk are hereby authorized, in accordance with the terms hereof, to sign the Purchase Contract at the places provided therein. The Chairman is hereby authorized to deliver the Purchase Contract to the representative of the Underwriters immediately following the execution thereof.

B. The Chairman and the Clerk of the Issuer or their duly authorized alternative officers are hereby authorized and directed on behalf of the Issuer to execute the 2026 Bonds manually or by their facsimile signature as provided in this Resolution or the Bond Resolution and any of such officers are hereby authorized and directed upon the execution of the 2026 Bonds in the form and manner set forth in this Resolution to deliver the 2026 Bonds in the amounts authorized to be issued hereunder, to the Registrar for authentication and delivery to or upon the

order of the Underwriters pursuant to the Purchase Contract, upon payment of said purchase price of the 2026 Bonds and upon compliance by the Underwriters with the terms of the Purchase Contract.

C. The Chairman and the Clerk of the Issuer are hereby authorized to approve the terms and to execute and deliver on behalf of the Issuer the Continuing Disclosure Certificate, the Registrar and Paying Agent Agreement and the Final Official Statement.

D. The Chairman, the County Administrator, the Clerk, and such other officers and employees of the Issuer as may be designated by the Chairman, are each designated as agents of the Issuer in connection with the issuance and delivery of the 2026 Bonds and are authorized and empowered, collectively or individually, to take all action and steps and to execute all instruments, documents and contracts on behalf of the Issuer that are necessary or desirable in connection with the execution and delivery of the 2026 Bonds, and which are specifically authorized by or are not inconsistent with, the terms and provisions of this Resolution or any action relating to the 2026 Bonds heretofore taken by the Issuer. Such officers and those so designated are hereby charged with the responsibility for the issuance of the 2026 Bonds.

SECTION 15. Insurance Policy. If based upon advice of the Municipal Advisor, it is determined by the Chairman or the Clerk that there will be interest rate savings by acquiring the Municipal Bond Insurance Policy insuring all or a portion of the 2026 Bonds, the Board hereby authorizes and directs the Chairman or the Clerk to (i) execute a commitment of the 2026 Insurer for the issuance of the Municipal Bond Insurance Policy and, (ii) execute and deliver such agreements, instruments or certificates for and on behalf of the Issuer as may be required as a condition to the issuance of such Municipal Bond Insurance Policy with such terms, covenants, provisions and agreements, including the granting to the provider of such Municipal Bond Insurance Policy the power to exercise all rights and privileges of the holders of such insured 2026 Bonds under the Bond Resolution, in a manner consistent with the requirements of the 2026 Insurer, as may be approved by the Chairman or Clerk. The execution of such agreements or instruments for and on behalf of the Board shall be conclusive evidence of the Board's approval of such agreements or instruments. Nothing contained herein shall require such insurance to be obtained if, in such officer's sole judgment, it is not economically advantageous to the Board to enter into such agreement.

SECTION 16. General Authority. In addition to the authorization set forth above, the members of the Board and the officers, attorneys and other agents or employees of the Issuer are hereby authorized to do all acts and things required of them by the Bond Resolution, this Resolution, the Continuing Disclosure Certificate, the Purchase Contract, the Registrar and Paying Agent Agreement, the commitment of the 2026 Insurer, if any, or which are desirable or consistent with the requirements hereof or the Bond Resolution, the Continuing Disclosure Certificate, the Purchase Contract, the Registrar and Paying Agent Agreement, the commitment of the 2026 Insurer, if any, or the full punctual and complete performance of all the terms, covenants and agreements contained herein or in the 2026 Bonds, the Continuing Disclosure Certificate, the Purchase Contract, the Registrar and Paying Agent Agreement, the commitment of the 2026 Insurer, if any, and each member, employee, attorney and officer of the Issuer and the Clerk are hereby authorized and directed to execute and deliver any and all papers and instruments and to be and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereunder. The Vice Chairman of the Board is hereby authorized to do

all acts or things required of the Chairman by the terms hereof in the event of the Chairman's absence or unavailability. A Deputy Clerk is hereby authorized to do all acts and things required of the Clerk by the terms hereof in the event of the Clerk's absence or unavailability.

SECTION 17. Amendment to Bond Resolution. Pursuant to the provisions of Section 14.01 of the Bond Resolution, in order to cure any ambiguity, inconsistency or formal defect or omission Section 12.04 of the Bond Resolution is hereby amended and restated in the following respects (with underling reflecting inserts to the original text), such amendment to become effective as of the date hereof:

SECTION 12.04. Separately Financed Projects. Nothing in this Resolution shall prevent the Issuer from authorizing and issuing bonds, notes, or other obligations or evidences of indebtedness, for any project authorized by the Act, or from financing or otherwise providing for any such project from other available funds (each such project being referred to herein as a "Separately Financed Project"), if the debt service on such bonds, notes, or other obligations or evidences of indebtedness, and the Issuer's share of any operating expenses related to such Separately Financed Project, are payable solely from the revenues or other income derived from the ownership or operation of such Separately Financed Project, or from other available funds of the Issuer not constituting part of the Pledged Revenues.

SECTION 18. Repeal of Inconsistent Resolutions. Except as supplemented hereby, all provisions of the Bond Resolution remain in full force and effect. All other resolutions or parts of other resolutions in conflict herewith are hereby repealed.

SECTION 19. Severability. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Resolution or of the 2026 Bonds issued hereunder.

SECTION 20. Effective Date. This Resolution shall become effective immediately upon its adoption.

Passed and duly adopted at a regular meeting of the Board of County Commissioners of Polk County, Florida on the 15th day of September, 2026.

BOARD OF COUNTY COMMISSIONERS
OF POLK COUNTY, FLORIDA

ATTEST:

STACY BUTTERFIELD, Clerk of the
Circuit Court and Ex-Officio Clerk
of the Board of County Commissioners
of Polk County, Florida

By Alison Brown
Deputy Clerk

By: Martha Santiago c3.
Chairman



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LIST OF EXHIBITS

- A 2026 PROJECT
- B PURCHASE CONTRACT
- C PRELIMINARY OFFICIAL STATEMENT
- D FORM OF CONTINUING DISCLOSURE CERTIFICATE
- E REGISTRAR AND PAYING AGENT AGREEMENT

EXHIBIT A TO RESOLUTION

2026 PROJECT

- Northeast Regional Wastewater Treatment Facility (NERWWTF) Expansion (6 to 9 MGD) - 5 Stage Carousel
- Northwest Regional Wastewater Treatment Facility (NWRWTF) Filter, Dewatering System Improvements
- Southwest Regional Wastewater Treatment Facility (SWRWTF) Filter, Dewatering, Clarifier, Motor Control Center
- East Regional Wastewater Treatment Facility (New 0.64 million gallons per day for 2060 build out)
- FDC Grove Road Reclaimed Water Main Loop
- Bradley Junction New Well Improvements
- East Regional Water Production Facility
- Sun Ray Wastewater Treatment Facility Upgrades
- Northeast Regional Utility Service Area Water Main Looping
- Ernie Caldwell Blvd. Force Main and Master Lift Station
- Northeast Regional Utility Service Area – Polk Regional Water Cooperative Alternative Water Receiving Facility
- Cherry Hill Direct Potable Reuse Facility
- East Regional Utility Service Area – Polk Regional Water Cooperative Alternative Water Receiving Facility
- Northeast Regional Utility Service Area Operations Support Facility
- US HWY 98/Duff Road Reclaimed Water Main Loop
- Miscellaneous Reclaimed Water Community Investment Program Upgrades
- Miscellaneous Wastewater CIP Upgrades
- Supervisory Control and Data Acquisition Cyber Security Updates
- Septage Receiving Station
- Pole Barn Improvements
- Renewal and Replacement Reclaimed Water Projects
- Renewal and Replacement Potable Water Projects
- Renewal and Replacement Wastewater Projects
- Renewal and Replacement Buildings and Non-Production Projects

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APPENDIX C

**ANNUAL COMPREHENSIVE FINANCIAL REPORT OF
POLK COUNTY FOR FISCAL YEAR ENDED SEPTEMBER 30, 2025**

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POLK COUNTY, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2025

PREPARED BY THE OFFICE OF
STACY M. BUTTERFIELD, CPA, CLERK OF CIRCUIT COURT
AND COUNTY COMPTROLLER

**POLK COUNTY, FLORIDA
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2025**

INTRODUCTORY SECTION

Clerk and Accountants' Letter of Transmittal	A-1
Certificate of Achievement for Excellence in Financial Reporting	A-9
Principal Officials	A-10
Organizational Chart	A-11

FINANCIAL SECTION

AUDIT REPORTS	
Independent Auditors' Report	B-1

MANAGEMENT'S DISCUSSION AND ANALYSIS	C-1
---	-----

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements:

Statement of Net Position	D-1
Statement of Activities	D-3

Fund Financial Statements:

Balance Sheet – Governmental Funds	D-5
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	D-7
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	D-8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds	D-10
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund	D-11
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Special Revenue Grants Fund	D-12
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Coronavirus Relief Fund	D-13
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – County Transportation Trust Fund	D-14
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Impact Fees Fund	D-15
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Capital Improvements Fund	D-16
Statement of Fund Net Position – Proprietary Funds	D-17
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	D-19
Statement of Cash Flows – Proprietary Funds	D-20
Statement of Fiduciary Net Position – Custodial Funds	D-22
Statement of Changes in Fiduciary Net Position – Custodial Funds	D-23

Notes to Financial Statements	E-1
--------------------------------------	-----

**POLK COUNTY, FLORIDA
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the County's Total OPEB Liability and Related Ratios	F-1
Schedule of County's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan	F-3
Schedule of County Contributions – Florida Retirement System Pension Plan	F-5
Schedule of County's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan	F-7
Schedule of County Contributions – Health Insurance Subsidy Pension Plan	F-9

COMBINING AND INDIVIDUAL FUND SCHEDULES AND STATEMENTS

Nonmajor Governmental Funds:	G-1
Combining Balance Sheet – Nonmajor Governmental Funds	G-6
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	G-12
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual	G-19
Internal Service Funds:	G-47
Combining Statement of Fund Net Position – Internal Service Funds	G-48
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds	G-49
Combining Statement of Cash Flows – Internal Service Funds	G-50
Custodial Funds:	G-51
Combining Statement of Fiduciary Net Position – All Custodial Funds	G-53
Combining Statement of Changes in Fiduciary Net Position – All Custodial Funds	G-55

OTHER INFORMATION SECTION (NON-AUDITED)

Statistical Schedules:

Financial Trends:	
Net Position by Component – Last Ten Years	H-1
Changes in Net Position – Last Ten Years	H-3
Fund Balances – Governmental Funds, Last Ten Years	H-7
Changes in Fund Balances – Governmental Funds, Last Ten Years	H-9
Revenue Capacity:	
Just Value and Estimated Actual Value of Taxable Property, Last Ten Years	H-11
Direct and Overlapping Property Tax Rates, Last Ten Years	H-13
Principal Property Tax Payers, Current Year and Nine Years Ago	H-14
Property Tax Levies and Collections, Last Ten Years	H-15

**POLK COUNTY, FLORIDA
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

OTHER INFORMATION SECTION (NON-AUDITED) (CONTINUED)

Statistical Schedules (Continued):

Debt Capacity:

Ratios of Outstanding Debt by Type, Last Ten Years	H-16
Pledged Revenue Coverage, Sales Tax Revenue Bonds, Last Ten Years	H-20
Pledged Revenue Coverage, Non-Ad Valorem Revenue, Last Ten Years	H-21
Pledged Revenue Coverage, Local Option Fuel Tax and Public Service Tax Bonds, Last Ten Years	H-22
Pledged Revenue Coverage, Public Service Tax and Revenue Sharing Monies, Last Ten Years	H-23
Pledged Revenue Coverage, Water and Sewer Bonds, Last Ten Years	H-24

Demographic and Economic:

Demographic and Economic Statistics, Last Ten Years	H-25
Principal Employers, Current Year and Nine Years Ago	H-26

Operating:

Operating Indicators by Function and Program, Last Ten Years	H-27
Full-Time Equivalent Government Employees by Function, Last Ten Years	H-31
Capital Asset Statistics by Function and Program, Last Ten Years	H-32

Other Supplemental Schedules:

Revenue Promissory Notes, Series 2020A and 2020C

Continuing Disclosure

Anti-Dilution Test	H-34
Maximum Annual Debt Service	H-35
Breakdown of Revenues	H-36

Public Facilities Revenue Refunding Bonds, Series 2014 and 2025,

Public Facilities Revenue Refunding Note, Series 2015

Continuing Disclosure

County Revenue Sharing Apportionment Factor Data	
Revenue Sharing Trust Fund for Counties Receipts	H-37
Pledged Revenue Share Monies, Public Service Tax Revenue, Pro Forma Debt Coverage	H-38

**POLK COUNTY, FLORIDA
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

OTHER INFORMATION SECTION (NON-AUDITED) (CONTINUED)

Other Supplemental Schedules (Continued):

Utility Systems Revenue Bonds, Series, 2020 and 2024

Continuing Disclosure

Historical Revenues and Expenses of Utility System and Debt	
Service Coverage	H-39
Utilities Rates	H-42
Utilities Service Charges	H-49
Water System Permitted Capacity, Actual Demand	H-52
Wastewater System Permitted Capacity and Actual Flows	H-53
Ten Largest Water/Sewer Consumers	H-54

Substance Abuse and Mental Health – Funded Entity Schedules

CH-MH 1034, July 2014, Schedule of State Earnings	H-55
CH-MH 1035, July 2014, Schedule of Related Party Transaction Adjustments	H-56
CH-MH 1036, July 2014, Schedule of Bed-Day Availability Payments	H-56
CH-MH 1037, July 2014, Actual Expenses and Revenues Schedule	H-57

COMPLIANCE SECTION

Independent Accountants' Report	I-1
Management Letter	I-2
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	I-5
Independent Auditors' Report on Compliance with Requirements for Each Major Federal Program and State Project, and Report on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the State of Florida	I-7
Schedule of Expenditures of Federal Awards and State Financial Assistance	I-10
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	I-16
Schedule of Findings and Questioned Costs – Federal Programs and State Projects	I-18



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INTRODUCTORY SECTION

March 24, 2026

Honorable Members of the Board of County Commissioners,
Constitutional Officers, and Residents of Polk County, Florida

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of Polk County, Florida for the fiscal year ended September 30, 2025. The financial activities of the Board of County Commissioners (Board) and the Constitutional Officers, as well as the Harden/Parkway and Eloise Community Redevelopment Agencies, which are blended component units, are included in the Annual Report.

The Clerk of the Circuit Court, by authority of the Constitution of the State of Florida, serves as the Chief Financial Officer of the County and is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. We believe the data presented is accurate in all material aspects, is presented in a manner designed to fairly set forth the financial position and results of operations of the County and that all disclosures necessary to enable the reader to obtain a comprehensive understanding of the County have been included.

Internal accounting controls for the County have been designed to provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management.

Chapter 218.39 of the Florida Statutes requires an annual financial audit of counties in the state. In addition to meeting the requirements set forth in the state statutes, the County's audit was designed to meet the requirements of the Government Auditing Standards, 2 CFR 200 – Federal Uniform Grant Guidance (single audit), and the Rules of the Auditor General Chapter 10.550.

The County's financial statements were audited by CliftonLarsonAllen, LLP. The audit was performed to provide reasonable assurance that the financial statements for the fiscal year ended September 30, 2025, are free from material misstatement. The independent auditors concluded there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended September 30, 2025, are fairly presented in conformity with generally accepted accounting principles (GAAP). The Independent Auditors' Report is located at the front of the Financial Section of this report on page B-1. The independent auditors' reports related specifically to Government Auditing Standards and the single audit are included in the Compliance Section.

Management's Discussion & Analysis (MD&A) provides a narrative introduction, overview, and analysis of the basic financial statements and begins on page C-1. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

A-1

The mission of the Clerk of Courts & Comptroller is to safeguard the public's records, funds, and trust while providing exceptional service.

COUNTY PROFILE

Polk County, Florida, is a political subdivision of the State of Florida governed by the State Constitution and general laws of the State of Florida. The County was incorporated in 1861. On November 3, 1998, the residents of Polk County adopted a Home Rule Charter in accordance with the Constitution and Statutes of the State of Florida. The Home Rule Charter assumed all powers and duties on the first day of January 1999. The Home Rule Charter sets forth a "commission" form of government under which a five-member Board of County Commissioners is elected to serve as the executive and legislative body for the County.

The Commissioners appoint a County Manager whose duties include the administration of directives and policies of the Commissioners, responsibility for the operation of all business centers, and the provision of services under the purview of the Commissioners. The residents of the County also elect a Sheriff, a Clerk of the Circuit Court and County Comptroller, a Supervisor of Elections, a Tax Collector, and a Property Appraiser whose responsibilities and duties are not altered by this Home Rule Charter. The Constitutional Officers perform their executive and administrative functions as specified by law.

Formal budgetary integration is employed as a management control device during the year for all fund types. The Constitutional Officers submit, at various times, to the Board and to certain divisions within the Florida Department of Revenue, a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them as set forth in Chapter 129 of the Florida Statutes.

Constitutional Officers and all divisions of the Board of County Commissioners submit their proposed budgets to the Budget and Management Services Division for assistance, review, and compilation. The County Manager then reviews the budgets of all County divisions and Constitutional Officers and makes his budget recommendation to the Board in July of each year. The tentative budget includes proposed appropriations and the means of financing them.

During September, public hearings are held pursuant to Section 200.065, Florida Statutes, for the Board to receive public input on the tentative budget. At the end of the last public hearing, the Board adopts resolutions at the fund level to approve the budgets for all governmental fund types. Unbudgeted Special Revenue Funds account for the proceeds of specified revenue sources that are contractually or legally restricted to expenditures for specific purposes. The budgets legally adopted by the Board set forth the anticipated revenues by source and the appropriations by function. Computerized integrated budget reports are used for management control purposes throughout the year. Management is authorized to transfer budgeted amounts between cost centers and divisions in any fund if the total appropriations of a fund are not exceeded. The Board's approval is required to appropriate reserves and to amend the budget when unanticipated revenues are received that management wishes to have appropriated, thereby increasing the total appropriations of a fund. The appropriations lapse at the close of the fiscal year.

Polk County is the geographical center of the State of Florida. With over 2,000 square miles of land and water, Polk County is the fourth largest county in the State and the ninth most populous county with an estimated population of 846,896 persons. In the 10 years between the 2010 and 2020 censuses, Polk County's population increased by over 122,000. The County is comprised of seventeen municipalities, of which the cities of Lakeland, Winter Haven, Haines City, and Bartow are the largest. Polk County has numerous institutions of higher education including technical schools, community colleges, and public and private universities. Each of these institutions contribute to the development of a robust talent pipeline.

A-2

County services offered to residents include fire suppression, law enforcement, and emergency medical activities; construction and maintenance of street and traffic systems, highways, bridges, and other infrastructure; preservation and maintenance of lakes, parks, and environmentally-sensitive lands; recreational facilities, programs, and cultural activities; comprehensive planning and community development; community information and education programs; health and human services; water and wastewater utilities; solid waste collection and disposal facilities; and stormwater utility facilities.

LOCAL ECONOMY

Polk County remains one of the fastest-growing counties in the nation and the fastest-growing in Florida, ranking 18th in the U.S. for population gain. The area is projected for a continued real estate and population boom, driven by its reputation as a top-growth and affordable choice in Central Florida. The population growth brought significant increases in revenues from taxes and other state shared revenues when compared to the previous year. As more people moved to and visited Polk County in 2025, sales taxes increased by 2.0% and services taxes increased by 11.1%. Revenue from property taxes increased by 10.2%.

Polk County is less than an hour away from Florida's largest cargo tonnage port in Tampa and has more rail miles than any other community in the state. The County is the only southeast location with two major international airports (Tampa and Orlando) within an hour drive and is also home to its own international airport and three general aviation airports. In addition, the CSX Integrated Logistics Center in Winter Haven is a critical rail connection point throughout the state.

Major attractions, such as LEGOLAND Florida, Streamsong Resort, Bok Tower Gardens, Safari Wilderness, and the County's proximity to Central Florida attractions such as Walt Disney World have played a major role in increasing the County's visibility and appeal. Attracting leisure travelers is Polk County's number one priority, followed closely by driving demand from the state's number two industry, sports. Recruiting and hosting sporting events has proven to be a powerful recession-resistant economic engine for the area. Polk County is the headquarters for the Detroit Tigers Spring Training, the annual Sun 'n Fun International Fly-In and Expo – Florida's largest aircraft convention, and the Miss Florida Pageant. Polk County also has the second-largest water area for a non-coastal county in Florida with 213 miles of lakes, rivers, and streams and is known worldwide as the "Water Ski Capital of the World." Additionally, the County's natural resources and abundant wildlife are second to none, particularly at locations such as the Circle B Bar Reserve and the delicate ecosystems on the Lake Wales Ridge. Residents and visitors can also enjoy the best of natural Florida at numerous parks throughout the County, including Bonnet Springs Park, a 168-acre facility blending nature, art and interactive experiences.

The largest employers in the County by industry are trade, transportation, and utilities (20.8%), professional and business services (19.3%), construction (12.6%), education and health activities (11.7%), and financial activities (9.7%). Polk County's unemployment rate at the end of FY 2025 was 5.2% compared to 4.4% in FY 2024 and was higher than the statewide average of 4.2%.

LONG-TERM FINANCIAL PLANNING

Polk County is focused on strategic, long-term decision making, is committed to fiscal responsibility, and has developed a strategic business plan that will provide the framework to guide the County accordingly. The strategic plan focuses on several key business units that require policy decisions on significant funding and service level issues that are anticipated to occur in the next five years. The work on this plan will help direct the budget process in future years. The County prepares a biennial budget and five-year projections to enhance long-term financial planning.

A-3

RELEVANT FINANCIAL POLICIES

Fund Balance Policy

The County's General Fund reserve budget includes 42 to 45 days (11% to 12%) of operating expense; adding the 5% of estimated receipts that are not budgeted, in accordance with Florida Statutes, there is 16% to 17%, or two months of operating expense in fund balance. The Enterprise Funds are budgeted to maintain a minimum of 30 days to 60 days of operating expenditures plus debt service requirements. During times of economic recession, it may not be practical to maintain these levels, but in those instances, the County's goal is to restore these levels as funds can be made available.

Community Investment Program Policy

Polk County has a Capital Improvement Program (CIP) that is a five-year plan for capital/infrastructure projects. The program identifies anticipated projects, schedules, costs, revenue sources, comprehensive plan information, and future operating impacts. The proposed projects are presented to the Board in August for discussion and input into budget before requesting approval in September.

INITIATIVES

Previously, input received from residents helped to establish seven result areas that captured what residents expect from government. These result areas continue to help guide the budget process as the County focuses on providing the desired services for residents. In addition, the Polk County Board of County Commissioners holds an annual retreat to discuss major issues and gives direction on key strategic items. The Board has maintained a consistent, long-standing conservative fiscal policy of maintaining millage rates and allowing recovering property values and new growth to gradually increase investments in public safety, infrastructure projects, and improved quality of life for residents. For FY 24/25, the adopted Countywide operating millage rate is 6.6348 mills.

Each year, budget decisions are guided by Board policy with funding being directed towards the Board's highest priority goals. In recent years, these goals have been focused on the Safety and the Growth and Infrastructure Result Areas. The following highlights the result areas and some of the accomplishments:

Basic Needs – All Polk County residents who are at-risk because of their health or economic status will have their basic needs met and become as self-sufficient as possible.

To serve the needs of eligible low-income residents, Polk County administers an indigent health care trust fund via its Community Health Care program. The fund supports access to health care services through the Polk HealthCare Plan, a comprehensive local health care program that serves eligible residents through a network of contracted providers offering primary care, specialty care, hospital services, medications, and diagnostics. In FY 24/25, the Community Health Care program supported access to health care services for more than 18,702 eligible low-income County residents, delivered over 1.5 million services, and funded the County's share of Medicaid costs for more than 203,378 Medicaid-eligible residents.

Healthy Families Polk, a nationally accredited home visiting program for expectant parents and parents of newborns experiencing stressful life situations, provided 7,217 home visits to approximately 400 families during FY 24/25. The program offered a six-week certificate parenting course in Winter Haven, Lake Alfred, and Lakeland.

Veterans Services assisted veterans and their families by addressing specific gaps in the basic needs area by helping veterans obtain veteran benefits, privileges, and services. Veterans Services assisted over 11,000 clients during FY 24/25. To meet the veteran community's needs, veterans and their families were seen across the County at Bartow, Lake Wales, and Lake Alfred locations as well as at the VA clinic in Lakeland where veterans could be seen on a walk-in basis several days a week.

The Mission of the Polk County Housing and Neighborhood Development Office (HND) is to improve the quality of life for the very low-, low-, and moderate-income citizens of Polk County, while renewing community pride through economic and political empowerment and development of lasting partnerships between government and the community. HND assisted more than 150 families with housing preservation and affordable housing in FY 24/25. HND also worked with non-profit agencies and municipalities providing services such as after-school care, re-housing, mental health or substance abuse, and revitalization of parks and roads.

Economic Development – To develop an economic environment that attracts and retains industry-diverse businesses with higher-paying careers and educates and retains qualified talent to align with targeted industry workforce needs.

The County continued its focus on attracting industrial businesses within target industries through marketing and business-friendly programs including the availability of specialized incentives to help companies grow. This provided quality job opportunities and expanded the tax base to support schools, public safety, and other important programs. To assist with this process and to aid in future economic prosperity for the County, investment was made in site-readiness and quality location development, as well as the elevation of three strategic initiatives. The first was to expand the local ecosystem for technology-enabled employment in Polk County including life sciences and healthcare advancements, advanced and tech-enabled manufacturing, autonomous vehicles, and aviation, aerospace, and defense. The second was to elevate Polk County's position within the state and nation for research and innovation-driven projects. The third was to advance Polk County's water, road, and transportation infrastructure to support community needs and future business growth.

For FY 24/25, economic development efforts resulted in the following job creation and investment results:

- Capital Investment: \$246,000,000
- Total Jobs (New & Retained): 625
- Total New Square Footage: 456,000
- Average Annual Wage of Projects: \$67,159
- Total New Projected Annual Payroll: \$41,974,375

For the 24/25 fiscal year, Polk County's tourism industry saw continued growth in revenue generated from tourist accommodations, albeit by a modest 2%. Marketing Polk County as a tourist, sports, and business destination generated increases in overnight stays, direct expenditures, and tourism tax revenue for the County during the fiscal year. Sporting events provided stability in a volatile market, while the ongoing efforts of the Polk County Tourism and Sports Marketing (PCTSM) office yielded promising results from the successful expansion of Avelo Airlines when it cemented its presence in the area by adding new routes and growing its total destinations to ten markets. Additionally, partnerships and co-branding with professional sports teams such as the Detroit Tigers, Swansea City, and Columbus Blue Jackets continued to produce impressive results. LEGOLAND Florida made the largest investment in their history in the area with the opening of a new indoor roller coaster and a Sea Life aquarium. As consumers tightened their belts during the last half of 2025, PCTSM's strategies also shifted, with an increased focus on areas such as the culinary market.

Recreation and Cultural Arts – Polk County offers safe, plentiful, and diverse recreation and cultural arts opportunities.

The County's Parks Maintenance program provided maintenance, operations, and management services for over 3,000 park acres with diverse amenities for routine patron use. Property tax revenue received from the Parks MSTU continued to assist in the funding needed to support the master plan ideas identified in the strategic plan, such as replacing and repurposing existing park facilities.

To enhance Polk County residents' access to arts and cultural programs, the County approved sponsorship agreements with organizations such as the Bok Tower Gardens, a 250-acre garden and bird sanctuary; Theatre Winter Haven, a community theatre in Winter Haven; and the Lake Wales Arts Council.

Good Government – Residents can trust that government is well run and is a good steward of their tax dollars.

To keep residents and employees informed, connected, and involved with the County's services and initiatives, the County's Communication Division connected with residents through digital platforms such as social media, newsletters, and website content, as well as traditional media and print methods.

The County continued to provide recurring funding for building asset management to ensure that County facilities can be maintained. The Board approved funding of \$3.5 million in FY 24/25 for a prioritized list of building asset management projects that will help prolong the useful lives of the buildings. Additionally, the Board allocated over \$2.7 million in funding for subsequent years through 2029 which will allow the County to complete large capital asset replacements while using the operating budget for planned repairs, preventative maintenance, and small projects. Successful projects for FY 24/25 include the Bartow Courthouse roof repairs and chiller rebuild, Emergency Operations Center chiller replacement, Frank B Smith air handler and chiller coil replacement, the History Center attic structural evaluation and repairs, Emergency Communications Center chiller replacement, Sheriff Operations chiller replacement and the South County Jail boiler replacement.

The County's Procurement Division continued to leverage technology to its full potential. Continued use of Zoom/Microsoft Teams to facilitate meetings with County staff and vendors has reduced driving time and increased productivity countywide. This leverage of technology has been pivotal in meeting strategic objectives of adding value to the procurement process while increasing open communications. What used to take a week can now be resolved in a quick virtual meeting in which documents can be shared and explained. Divisions spend less time responding to emails and driving to meetings, resulting in more time being spent on operations.

Natural Resources and Environment – Polk County will have clean and plentiful natural resources for a healthy environment.

To maintain cost-effective service, the Solid Waste Division continued to reduce reliance on external service providers and manage financial assets responsibly. This approach allowed the Division to offer competitive tipping fees, assessment rates, and dividend allocations, all without compromising service quality.

The County's Environmental Lands Program, established to acquire, preserve, protect, manage, and restore endangered and environmentally sensitive lands, water resources, and important wildlife habitat, continued to serve as part of the County's conservation efforts. Properties acquired as part of the program may be used for passive outdoor recreational purposes, provided that such uses will not disturb or degrade the environmental quality for which the site was acquired.

A-6

Growth/Infrastructure – Polk County will grow in a manner and pace that County residents find desirable and allows them to move around the County safely and without excessive congestion.

In FY 24/25, the Building Division permitted approximately 1,639 new residential dwelling units (single-family detached, single-family attached, townhouse, and duplex units), which represents a 43.4% decrease in comparison to FY 23/24. Based on the current trends in the housing market, new housing demand in unincorporated Polk County appears to be more consistent with the levels in FY 18/19 and FY 19/20.

The County funded over \$30 million in pavement management, drainage/culverts, and sidewalks, which helped maintain the 2,615 miles of roads and right-of-way. The County also continued to execute several high-priority capacity CIP projects on its work list including County Road 557 widening (\$161.1 million), Northridge Trail Phase I Segment I (\$56.6 million), Pipkin Road widening (\$57.5 million), Marigold Avenue widening (\$62.8 million), and Thompson Nursery Road Phases I and II (\$336.4 million).

The Utilities Division continued to expand and evolve to successfully meet the many challenges facing the industry, including developing alternative water supplies, reversing environmental harm to water bodies from the migration of nutrients, and providing advanced treatment for both water and wastewater related to emerging contaminants of concern. These challenges, in addition to continued growth, drove new and expanded initiatives and programs within the Utilities Division. Furthermore, the Utilities Division continued to tap technological advancements to improve workflow within the Division as well as to meet customer expectations of availability of information and convenience related to services.

As part of the One Water Polk initiative, Polk County Utilities served as a leader in regional and localized alternative water supply solutions, creative conservation efforts, expansive use of reclaimed water initiatives, inclusion of septic-to-sewer conversion projects, and planning for expanding services to include septage receiving facilities aimed at protecting the environment. Technology advancements included developing a data warehouse that incorporates artificial intelligence for its management and use, adding a multi-faceted communication initiative to proactively provide information to the customer base, and continuing expansion of Advanced Metering Infrastructure initiatives.

Safety – People will feel safe from crime, fire, and the effects of natural disasters.

The safety of Polk County's residents has always been and continued to be a major priority for both the Board and the Polk County Sheriff's Office. Though the number of residents grew in FY 24/25, the crime rate per capita decreased year over year from 0.84% to 0.69%.

Effective FY 24/25, the Board approved the fourth annual 5% indexing of the Fire Assessment rate, which resulted in a \$13 increase to residential properties that provided additional funding for several much-needed operational improvements. The FY 24/25 budget included three additional driver engineers to provide staffing for coverage on water tenders, an administrative assistant to handle asset tracking, and a division fiscal analyst. Additional training gear was funded for the Special Operations marine unit, along with continued investments to make improvements at older stations.

The Emergency Medical millage of 0.2500 continued to provide critically needed investments for emergency medical services, allowing the County to adequately support the volume of 9-1-1 medical calls and other calls for service. This funding source also supported a portion of the new station costs throughout Polk County, as well as additional rescues and staffing in peak-demand areas across the County.

The Code Enforcement Division served as a vital community resource, maintaining the cleanliness, safety, and aesthetic appeal of Polk County. As a committed partner in community well-being, the

A-7

Division addressed nuisance property complaints, unsafe housing conditions, unpermitted construction, and land development regulatory compliance that helped support economic growth within Polk County. During this time, the Division participated in several cash handling procedural audits to ensure fiscal responsibly remains in check. The Division remains committed to excellence by leveraging technological advancements, prioritizing staff safety, and investing in recruiting and retaining highly qualified professionals, along with continuous training and development of staff and contracted resources. The Division strives to deliver exceptional service to the residents and businesses of Polk County by means of continuous process improvement and keeping expenses and revenues balanced while offering payment assistance programs and a means to reduce fines and liens for property violations that have come into compliance.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Polk County, Florida, for its annual comprehensive financial report for the fiscal year ended September 30, 2024. This was the 45th consecutive year that the government has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. An Annual Report of this nature could not have been prepared without the dedicated efforts of all staff members concerned. We would like to thank the entire staff of the Comptroller Division of the Clerk of the Circuit Court and County Comptroller of Polk County for their invaluable assistance in the preparation of this report. We would also like to thank the Board of County Commissioners and their staff, and the other Constitutional Officers for their personal interest and dedicated support in planning and conducting the financial operations of the County in a responsible and progressive manner. We would also like to recognize our auditors, CliftonLarsonAllen, LLP, for their continuing support in helping us achieve the Certificate of Achievement for Excellence in Financial Reporting.

Sincerely,


Stacy M. Butterfield, CPA
Clerk of the Circuit Court and
County Comptroller


Tanra-Lee Milson, CPA, CGFO
Senior Accounting Manager
Comptroller Division

A-8



Government Finance Officers Association

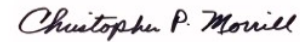
Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Polk County
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024


Executive Director/CEO

A-9

**POLK COUNTY, FLORIDA
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2025**

BOARD OF COUNTY COMMISSIONERS

Rick Wilson, District 2
Martha Santiago, District 4
Becky Troutman, District 1
Bill Braswell, District 3
Michael Scott, District 5

Chairman
Vice Chair
Member
Member

CLERK OF THE CIRCUIT COURT

Stacy M. Butterfield

SHERIFF

Grady Judd

PROPERTY APPRAISER

Neil Combee

SUPERVISOR OF ELECTIONS

Melony Bell

TAX COLLECTOR

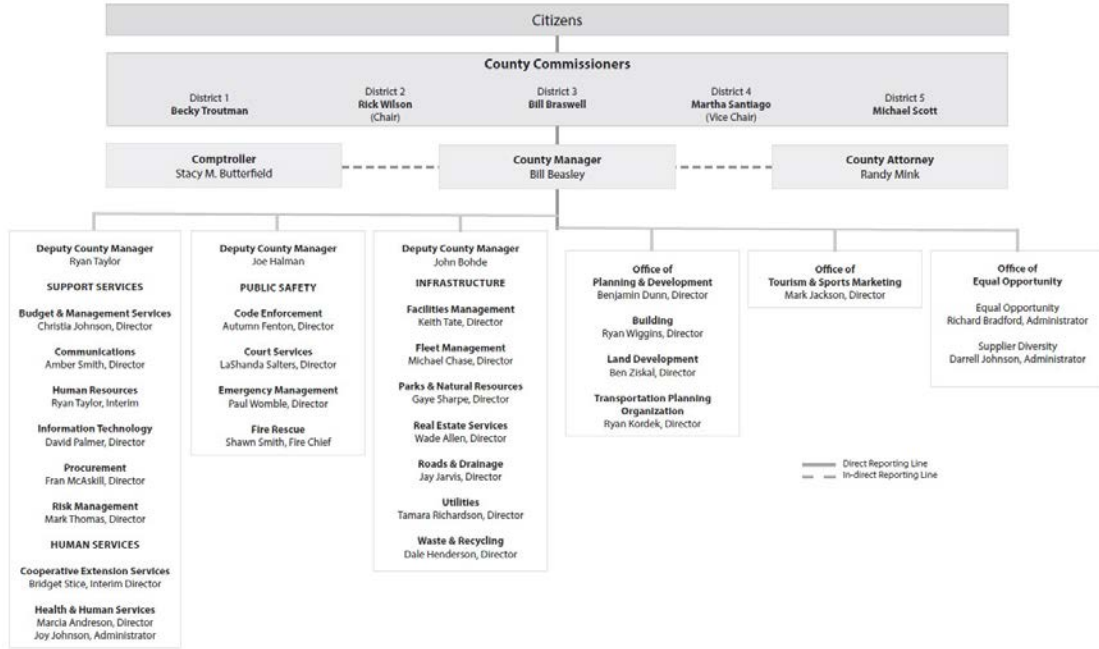
Joe G. Tedder

COUNTY MANAGER

Bill Beasley

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**POLK COUNTY, FLORIDA
ORGANIZATIONAL CHART
SEPTEMBER 30, 2025**



A-11

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CliftonLarsonAllen LLP
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Board of County Commissioners
Polk County, Florida

INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Polk County Board of County Commissioners
Bartow, Florida

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying 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, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Special Revenue Grants Fund, Coronavirus Relief Fund, County Transportation Trust Fund, and Impact Fees Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, effective for the fiscal year end September 30, 2025. GASB Statement No. 101 requires the liabilities to be recognized for leave attributable to services already rendered, that accumulates and is more likely than not to be used or otherwise paid or settled. The provisions of GASB Statement No. 101 have been applied to the County's net position at October 1, 2024. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Board of County Commissioners
Polk County, Florida

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedule of changes to the County's total OPEB liability and related ratios, schedules of the County's proportionate share of the net pension liability and of its contributions – pension plans be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, Rules of the Auditor General for Local Government Audits are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

B-3

Board of County Commissioners
Polk County, Florida

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, statistical sections, and other supplemental schedules listed in the table of contents but does not include the basic financial statements and our auditors' 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 24, 2026, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Lakeland, Florida
March 24, 2026

B-4

**POLK COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2025**

Polk County's discussion and analysis provides a narrative overview and easily readable analysis of the County's financial activities. The analysis provides a summary of financial information for the County and should be read in conjunction with the transmittal letter and the County's financial statements.

FINANCIAL HIGHLIGHTS

- Total net position at the end of the fiscal year was \$4,895.8 million compared to \$4,514.4 million, as restated, in 2024, an increase of \$381.4 million, with \$308.3 million related to governmental activities and \$73.1 million to business-type activities.
- Total assets were \$6,247.7 million, an increase of \$268.4 million, with increases of \$188.6 million in governmental activities and \$79.8 million in business-type activities.
- Total liabilities were \$1,404.9 million, a decrease of \$96.8 million, with a decrease of \$102.9 million in governmental activities and an increase of \$6.1 million in business-type activities.
- Polk County's combined ending fund balance for governmental funds was \$1,025.7 million, an increase of \$101.3 million over the prior year ending fund balance, with \$533.5 million of the fund balance restricted and \$160.0 million unassigned in the various governmental fund types of the County.
- At the end of the current fiscal year, the fund balance for the general fund was \$216.1 million, an increase of \$17.9 million over the prior year fund balance. Of this amount, \$205.7 million was unassigned and \$6.0 million was restricted.

OVERVIEW OF THE FINANCIAL STATEMENTS

The County's basic financial statements comprise three components: 1) *government-wide financial statements*, 2) *fund financial statements*, and 3) *notes to the financial statements*. This report also contains the statistical section, single audit, and other supplementary information in addition to the basic financial statements themselves. The government-wide financial statements present an overall picture of the County's financial position and results of operations. The fund financial statements present financial information for the County's various funds. The notes to the financial statements provide additional information that is not disclosed in the government-wide or fund financial statements.

The government-wide financial statements are the statement of net position and the statement of activities. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and business-type activities and the change in net position. Governmental activities are primarily supported by property taxes, charges for services, fuel taxes, sales taxes, services taxes, and grants. Business-type activities are supported by charges to the users of those activities, such as water and sewer service charges and landfill tipping fees.

The government-wide financial statements include not only Polk County itself (known as the primary government) but also the legally separate component units for which Polk County is financially accountable. These component units are detailed in the notes to the financial statements.

C-1

**POLK COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2025**

The statement of net position presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the County, with the difference between assets plus deferred outflows and liabilities plus deferred inflows reported as net position. Net position is reported in three categories: 1) investment in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position are reported for all governmental activities separate from the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of business-type activities. It is not uncommon, particularly in the governmental activities' column, to see an unrestricted net position deficit. For example, this may occur when governments have long-term liabilities that they fund on a pay-as-you-go basis, rather than accumulating resources in advance or issuing debt to build capital assets for another government.

The statement of activities reflects the expenses of a given function or program, which are offset by program revenues providing the net cost of all functions of the County. General revenues are presented following the total net expense of the functions or programs. To assist in understanding the County's operations, expenses have been reported as governmental activities or business-type activities. Governmental activities financed by the County include general government, public safety, physical environment, transportation, economic environment, human services, culture and recreation, and debt service. Business-type activities financed by user charges include water and sewer services, garbage collection/disposal, and a nursing home.

Fund financial statements present financial information for governmental funds, proprietary funds, and fiduciary funds. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources. The proprietary funds financial statement provides information on all assets and liabilities of the funds, changes in the economic resources (revenues and expenses), and total economic resources. The fiduciary fund statement provides information concerning assets held in trust by the County on behalf of others.

Fund financial statements include a *balance sheet* and a *statement of revenues, expenditures, and changes in fund balances – budget and actual* for all governmental funds. For the proprietary funds, which include internal service funds in addition to business-type activities, a *statement of net position*, a *statement of revenues, expenses, and changes in fund net position* and a *statement of cash flows* are presented. A *statement of fiduciary net position* and a *statement of changes in fiduciary net position* are presented for the County's custodial funds. Fund financial statements provide more detailed information about the County's activities. Individual funds are established by the County to track revenues that are restricted to certain uses, comply with legal requirements, or account for the use of state and federal grants.

The government-wide financial statements and the fund financial statements provide different pictures of the County. The government-wide financial statements provide an overall picture of the County's financial standing, divided into governmental activities and business-type activities. These statements are comparable to private-sector companies and provide a good understanding of the County's overall financial status and how the County paid for the various activities, or functions, provided by the County. Assets of the County, including buildings, land, roads, bridges, and traffic signals are reported in the statement of net position. All liabilities, including principal outstanding on bonds and future employee benefits obligated but not paid by the County, are included. The statement of activities includes depreciation on all long-lived assets of the County, but transactions between the different functions of the County have been eliminated in order to avoid duplication of the revenues and expenses. The fund financial statements provide a picture of the major funds of the County and all nonmajor funds.

C-2

**POLK COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2025**

In the case of governmental activities, outlays for long-lived assets are reported as expenditures and long-term liabilities, such as general obligation bonds, are not included in the fund financial statements. A reconciliation has been included to provide a link from the fund financial statements to the government-wide financial statements.

Notes to the financial statements provide additional details concerning the financial balances and financial activities of the County. Additional information regarding the accounting practices of the County, investments of the County, capital assets, and long-term debt are some of the items included in the notes to the financial statements.

The statistical section has been prepared in accordance with Governmental Accounting Standards Board Statement No. 44. This section contains selected data regarding financial trends, revenue capacity, debt capacity, demographic and economic conditions, and operating indicators of the County.

The single audit compliance section lists the expenditures of federal awards and state financial assistance during the fiscal year and presents grant compliance information and auditor reports.

C-3

**POLK COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2025**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following schedule provides a summary of assets, liabilities, deferred outflows and inflows of resources, and net position of the County for fiscal years 2025 and 2024:

Net Position September 30, 2025 and 2024 (In Millions)					
	Governmental Activities		Business-Type Activities		Total
	2025	2024*	2025	2024*	
Current and Other Assets	\$ 1,469.5	\$ 1,376.4	\$ 432.4	\$ 413.5	\$ 1,901.9
Capital Assets	3,472.4	3,376.9	873.4	812.5	4,345.8
Total Assets	4,941.9	4,753.3	1,305.8	1,226.0	6,247.7
Deferred outflows of resources	179.4	158.6	14.5	15.3	193.9
Other Liabilities	286.1	359.2	32.6	26.9	318.7
Noncurrent Liabilities	797.6	827.4	288.6	288.2	1,086.2
Total Liabilities	1,083.7	1,186.6	321.2	315.1	1,404.9
Deferred inflows of resources	132.9	113.1	8.0	6.9	140.9
Net Investment in Capital Assets	3,362.5	3,251.0	708.7	607.0	4,071.2
Restricted	584.5	493.8	1.0	1.0	585.5
Unrestricted	(42.3)	(132.6)	281.4	311.3	239.1
Total Net Position	\$ 3,904.7	\$ 3,612.2	\$ 991.1	\$ 919.3	\$ 4,895.8

* The County implemented GASB Statement No. 101, Compensated Absences, in 2025. The 2024 information has not been restated to reflect the change in accounting principle.

Polk County's net investment in capital assets, such as land, roads, parks, buildings, machinery and equipment as a percentage of net position was 83.2 percent in 2025 and 85.1 percent in 2024. These asset values are presented less any outstanding debt related to the acquisition and including accumulated depreciation of those assets. The County uses capital assets to provide services to the citizens. Consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the capital assets cannot be used to liquidate that liability and, therefore, other resources will be needed to repay any associated debt.

The County's unrestricted net position increased \$60.4 million and restricted net position increased by \$90.7 million in 2025. Unrestricted net position represents County resources that may be used for any purpose while restricted net position represents resources that are constrained for a particular purpose.

C-4

**POLK COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2025**

The schedule below provides a summary of the changes in net position for fiscal years 2025 and 2024.

**Change in Net Position
Years Ended September 30, 2025 and 2024
(In Millions)**

	Governmental Activities		Business-Type Activities		Total Government	
	2025	2024*	2025	2024*	2025	2024*
REVENUES						
Program Revenues:						
Charges for Services	\$ 311.6	\$ 259.8	\$ 200.8	\$ 169.1	\$ 512.4	\$ 428.9
Operating Grants and Contributions	66.2	23.5	-	-	66.2	23.5
Capital Grants and Contributions	106.1	21.8	21.2	7.3	127.3	29.1
General Revenues:						
Property Taxes	454.8	412.8	-	-	454.8	412.8
Fuel Taxes	41.6	40.3	-	-	41.6	40.3
Sales Tax	136.2	133.5	-	-	136.2	133.5
Services Taxes	63.3	57.0	-	-	63.3	57.0
Tourism Taxes	24.9	24.4	-	-	24.9	24.4
Local Business Taxes	1.9	1.9	-	-	1.9	1.9
State Shared Revenues	25.9	25.1	-	-	25.9	25.1
Investment Earnings	49.5	44.4	15.5	12.4	65.0	56.8
Net Change in Fair Value of Investments	10.6	42.6	3.3	12.5	13.9	55.1
Gain on Sale of Capital Assets	0.8	1.5	-	-	0.8	1.5
Miscellaneous	38.2	69.5	7.8	2.8	46.0	72.3
Total Revenues	1,331.6	1,158.1	248.6	204.1	1,580.2	1,362.2
EXPENSES						
General Government	177.4	169.1	-	-	177.4	169.1
Public Safety	448.3	442.7	-	-	448.3	442.7
Physical Environment	30.1	6.5	-	-	30.1	6.5
Transportation	139.3	119.9	-	-	139.3	119.9
Economic Environment	33.5	36.5	-	-	33.5	36.5
Human Services	160.8	133.9	-	-	160.8	133.9
Culture/Recreation	24.0	27.9	-	-	24.0	27.9
Interest on Long-Term Debt	5.0	4.0	-	-	5.0	4.0
Water and Sewer	-	-	110.6	87.5	110.6	87.5
Garbage Collection/Disposal	-	-	69.2	51.9	69.2	51.9
Rohr Nursing Home	-	-	0.6	1.0	0.6	1.0
Total Expenses	1,018.4	940.5	180.4	140.4	1,198.8	1,080.9
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	313.2	217.6	68.2	63.7	381.4	281.3
Transfers In/Transfers (Out)	(4.9)	(7.0)	4.9	7.0	-	-
CHANGE IN NET POSITION	308.3	210.6	73.1	70.7	381.4	281.3
Net Position - Beginning of Year	3,612.2	3,401.6	919.3	848.6	4,531.5	4,250.2
Change in Accounting Principle	(15.8)	-	(1.3)	-	(17.1)	-
Net Position - Beginning of Year, as Restated	3,596.4	3,401.6	918.0	848.6	4,514.4	4,250.2
NET POSITION - END OF YEAR	<u>\$ 3,904.7</u>	<u>\$ 3,612.2</u>	<u>\$ 991.1</u>	<u>\$ 919.3</u>	<u>\$ 4,895.8</u>	<u>\$ 4,531.5</u>

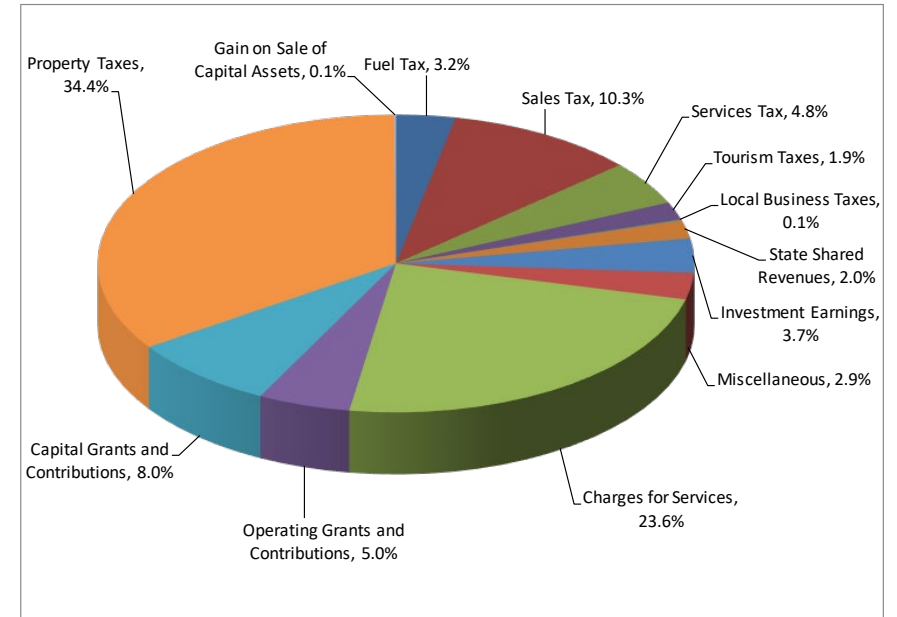
* The County implemented GASB Statement No. 101, Compensated Absences, in 2025. The 2024 information has not been restated to reflect the change in accounting principle.

C-5

**POLK COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2025**

The following chart depicts revenues of the governmental activities for the fiscal year, excluding transfers and net change in fair value of investments.

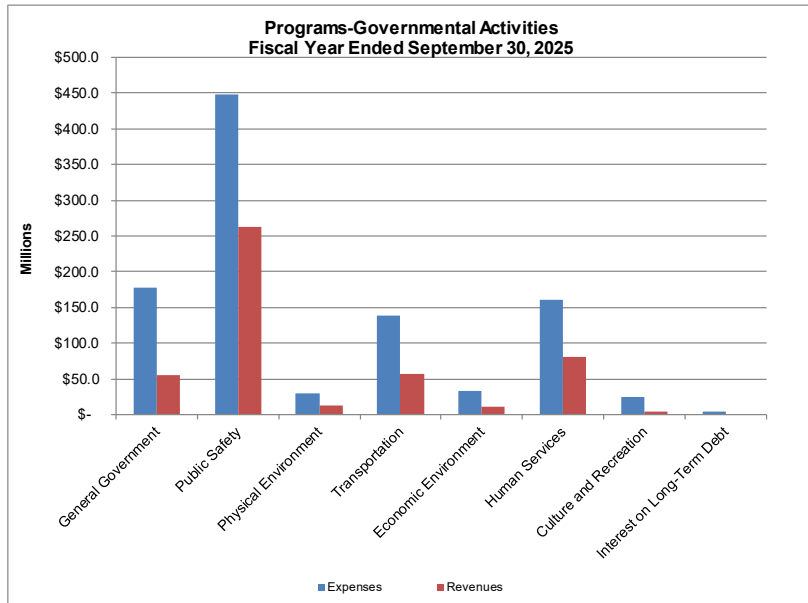
**Revenues-Governmental Activities
Fiscal Year Ended September 30, 2025**



C-6

**POLK COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2025**

The following chart depicts governmental activities expenses compared to the program revenues which funded those activities for the fiscal year. The amounts not funded by program revenues were funded by general revenues (e.g., property taxes, sales taxes, etc.).



C-7

**POLK COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2025**

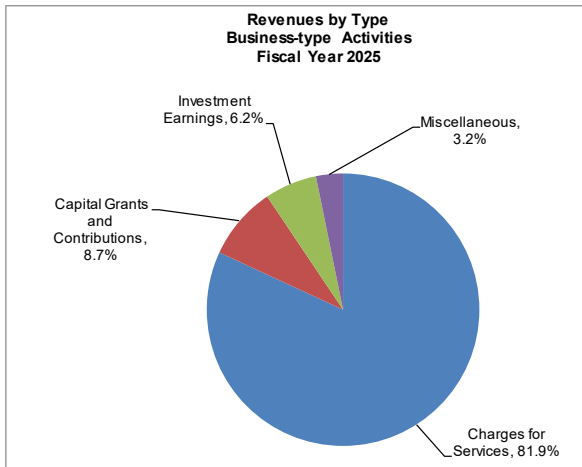
Governmental activities. The change in net position for governmental activities was a \$308.3 million increase as the result of current fiscal year activities.

- Overall, revenues related to governmental activities increased by \$173.5 million or 15.0 percent.
- Charges for services increased by \$51.8 million or 19.9 percent primarily from increases in fire rescue assessments and revenues from Medicaid managed care organizations that were established to address Medicaid payment inadequacies routinely faced by local governments.
- Operating grants and contributions increased by \$42.7 million or 181.7 percent. Public safety grants recognized the majority of the increase, comprised of FEMA reimbursements for hurricane debris cleanup activities and law enforcement technology grants.
- Capital grants and contributions increased by \$84.3 million or 386.7 percent primarily due to Coronavirus Relief American Rescue Plan funds allocated to capital projects in support of public safety and physical environment improvements. Other capital grants and contributions were received for environmental lands conservation and hazard mitigation grants to aid in proactively protecting the community against losses from disasters.
- General revenues from various taxes increased overall in FY 2025. Property taxes increased by \$42.0 million or 10.2 percent due to growth in local real estate market values. The County's taxable property values increased approximately 11.2 percent in 2025. Sales tax revenues increased by \$2.7 million, or 2.0 percent. Services taxes, which are mainly public service taxes, increased by \$6.3 million or 11.1 percent.
- The net change in the fair value of investments had an increase of \$10.6 million compared to an increase of \$42.6 million in 2024 and investment earnings increased \$5.1 million or 11.5 percent primarily due to stable interest rates and the value of marketable investments.
- Miscellaneous revenues decreased \$31.3 million compared to a \$2.1 million increase in 2024. The County had fewer contributed capital assets donations and other capital-related items in FY 2025, as compared to the previous year.
- In total, expenses for governmental activities increased by \$77.9 million or 8.3 percent, led primarily by increases in physical environment, transportation, and human services expenses while economic environment and culture and recreation expenses decreased. Physical environment expenses, which increased by \$23.6 million, were largely made up of stormwater and drainage improvements as well as land purchases for environmental conservation and wetland restoration. Human services expenses increased by \$26.9 million primarily due to expansion of the Local Provider Participation Fund (LPPF). The LPPF aids in closing the gap in Medicaid reimbursements and improves access to care for indigent residents. Transportation expenses increased by \$19.4 million mainly due to the rising costs of road repairs and maintenance and the costs of contractual services. The increase also included a \$4.2 million payment to Lakeland Area Mass Transit District, pursuant to an interlocal agreement to support the consolidation of transit services in Polk County and provide for the transition to a countywide transit system.
- The net pension liability for governmental activities decreased by \$85.7 million. This decrease is attributable to the recording of the County's proportionate share of net pension liabilities for its various defined benefit retirement plans for County employees as determined by the plan's actuaries.

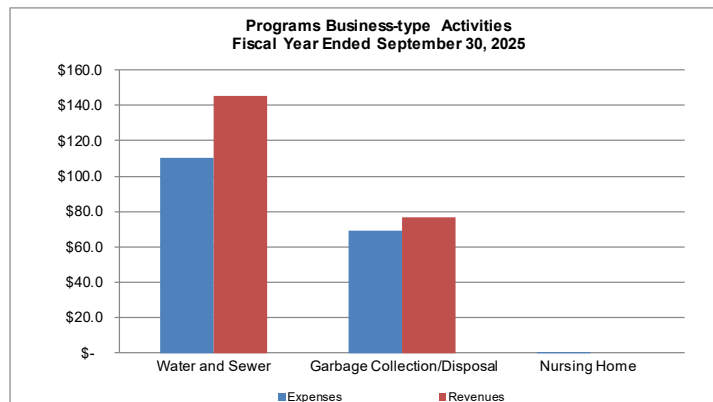
C-8

**POLK COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2025**

The following chart depicts revenues of the business-type activities for the fiscal year, excluding transfers and net change in fair value of investments.



The following chart depicts business-type activities expenses compared to revenues.



C-9

**POLK COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2025**

Business-type activities. Business-type activities resulted in a \$73.1 million increase in net position for the fiscal year.

- Overall, revenues for business-type activities increased by \$44.5 million.
- Charges for services increased \$31.7 million or 18.8 percent. Water and Sewer increased \$10.3 million and Garbage Collections/Disposal increased \$22.7 million. Both increases are due to rate increases implemented in FY 25. Water and Sewer rates increased due to the need for alternative water supply projects, growth and rising cost of operations. Garbage Collections/Disposal rate increase is due to growth and increased operational costs. The Rohr Nursing Home closed on June 7, 2024. Revenue and expense activity during the year were related to finalizing patient accounts and costs related to closing the facility.
- The net change in the fair value of investments was an increase of \$3.3 million in 2025 compared to an increase of \$12.5 million in 2024, while investment earnings increased by \$3.1 million or 25.0 percent primarily because of stable market conditions and improved interest rates.
- In total, expenses for business-type activities increased \$40.0 million or 28.5 percent in 2025. Garbage Collection/Disposal operations increased by \$17.3 million mainly due to new hauler contracts that cover new trucks and increased operational costs. Water and Sewer operations and maintenance costs increased \$23.1 million due to contractual labor expenses and rising cost of operations.

FINANCIAL ANALYSIS OF FUNDS

Polk County uses fund accounting to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds

Governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. In assessing Polk County's financing requirements, unassigned fund balance is a particularly useful measure of net resources available for spending at the end of the fiscal year. The County's governmental fund types include the general, special revenue, debt service and capital project funds.

As of September 30, 2025, Polk County governmental funds reported combined fund balance of \$1,025.7 million compared to \$924.4 million in 2024. These fund balances reflect increases of \$101.3 million and \$131.2 million for 2025 and 2024, respectively. Approximately 15.6 percent of the 2025 fund balance (\$160.0 million) represents unassigned fund balance, which is available for spending at the County's discretion. The remainder of the fund balances are either not in a spendable form (\$4.0 million) or are restricted (\$533.5 million), committed (\$161.2 million), or assigned (\$167.0 million) for particular purposes, reflecting constraints that have been placed upon those resources for future use.

C-10

**POLK COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2025**

**Major Fund Information
(In Millions)**

	General	Special Revenue Grants	Coronavirus Relief	County Transportation Trust	Impact Fees	General Capital Improvements
<u>Fiscal Year 2025:</u>						
Revenues	\$ 582.9	\$ 38.1	\$ 66.9	\$ 47.8	\$ 41.3	\$ 9.7
Expenditures	(518.3)	(60.3)	(66.9)	(33.9)	(17.0)	(21.1)
Other Financing Sources (Uses)	(46.7)	(17.7)	-	(3.9)	(1.6)	60.0
Net Change in Fund Balances	<u>\$ 17.9</u>	<u>\$ (39.9)</u>	<u>\$ -</u>	<u>\$ 10.0</u>	<u>\$ 22.7</u>	<u>\$ 48.6</u>
<u>Fiscal Year 2024:</u>						
Revenues	\$ 552.6	\$ 29.5	\$ 28.7	\$ 49.2	\$ 48.6	\$ 10.9
Expenditures	(481.5)	(37.6)	(28.7)	(25.4)	(26.8)	(18.7)
Other Financing Sources (Uses)	(15.5)	2.2	-	(3.9)	(0.5)	25.4
Net Change in Fund Balances	<u>\$ 55.6</u>	<u>\$ (5.9)</u>	<u>\$ -</u>	<u>\$ 19.9</u>	<u>\$ 21.3</u>	<u>\$ 17.6</u>

The General Fund is the main operating fund of the County. The fund balance for the General Fund increased by \$17.9 million in 2025. Total revenues increased \$30.3 million or 5.5 percent due to increases in taxes, mainly property taxes and public service taxes.

Taxes increased by \$34.9 million or 10.0 percent primarily due to an increase in ad valorem taxes of \$28.5 million resulting from increases in property values. Public service taxes increased \$5.9 million or 12.7 percent. Intergovernmental revenues increased by \$1.6 million or 2.2 percent. Charges for services increased by \$2.4 million, or 2.8 percent. The fair value of investments had an increase of \$2.9 million compared to \$14.5 million in the previous year. Miscellaneous Revenues increased by 1.6 million or 24.1 percent as a result of refunds, reimbursements, and miscellaneous revenues attributed to the Polk County Sheriff's Office. There were no other significant changes in other revenue sources in the General Fund.

Total General Fund expenditures increased \$36.8 million or 7.6 percent with the most significant increases in public safety expenditures, which increased by \$23.5 million or 7.3 percent, as a result of an increase in funds transferred to the Polk County Sheriff's Office, as well as increases in Fire Rescue salaries and benefits needed to maintain competitive pay and appropriate staffing.

The Special Revenue Grants fund accounts for various federal and state grants obtained by the County. Revenues increased by \$8.6 million or 29.2 percent while expenditures increased by \$22.7 million, or 60.2 percent in FY 2025. Hurricane-related grant reimbursements from FEMA and associated expenditures for hurricane debris removal and other clean-up efforts drove much of the increase. The County also obtained grant funding for environmental lands conservation and wetlands preservation.

Polk County received funding from the U.S. Department of Treasury in 2020 under the Coronavirus Aid, Relief and Economic Security (CARES) Act and the Coronavirus Relief Fund was established to account for all activities related to money received for coronavirus relief. Additionally, in March 2021, Congress signed into law the American Rescue Plan Act (ARP) to provide relief for organizations impacted by the pandemic. The Coronavirus Relief fund also accounts for the ARP funds that the County received to address necessary investments in infrastructure. ARP funds are required to be spent by the end of 2026. Revenues and expenditures recognized in FY 25 increased by \$38.2 million with the expenditures split primarily between public safety and physical environment. This increase is

C-11

**POLK COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2025**

attributable to spending on planned infrastructure projects pursuant to the County's ARP Recovery Plan.

State-shared revenues and gas taxes fund the County Transportation Trust Fund and these revenues are used for roads and bridge maintenance and construction. Expenses rose by \$8.5 million, with the largest increases in personnel, contractual services, and capital expenditures. Rising costs associated with road repair, maintenance, and construction, as well as impacts of hurricane damage contributed to the 33.0 percent increase.

Impact fees are charged to new developments to offset the cost of infrastructure needed for additional facilities and services necessitated by the County's robust growth. Impact fees are used for the construction and improvement of the County's emergency medical system, roads, correctional facilities and schools. The County is currently undergoing a phased implementation of a new impact fee schedule which increased impact fee rates beginning in January 2025. Despite increased rates, impact fee revenues decreased by \$7.3 million and total expenditures decreased by \$9.8 million. Decreases were the result of reduced development activity after several years of heightened growth. Overall, the fund balance for the Impact Fees Fund increased by \$22.7 million due to lower expenditures than in the previous year. The entire fund balance of the Impact Fees Fund is restricted for future use.

The General Capital Improvements fund accounts for the acquisition, construction, and renovations of major capital facilities. The fund saw an 11.3 percent decrease in revenues, or \$1.2 million, and a 12.5 percent increase in expenses, or \$2.4 million. Major projects funded by the General Capital Improvements fund in FY 2025 included lighting enhancements for parks and schools, fire rescue station improvements, government building and facilities management, and roadway improvements to County roads in cooperation with developers.

Proprietary Funds

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

Enterprise Funds

On September 30, 2025, total net position was \$991.1 million for enterprise funds compared to \$919.3 million in 2024.

The Utilities Fund had operating income of \$28.4 million in 2025 compared to \$34.4 million in 2024. Operating revenues increased by \$14.8 million due to rate increases implemented in 2025. Operating expenses increased by \$20.8 million. Personnel services increased \$8.1 million due to increases in salaries, additional positions, other post-employment benefits, pension adjustments, and adjustments made to compensated absences due to the implementation of GASB Statement No. 101, *Compensated Absences*. Operating and Maintenance increased due to contractual labor expenses and rising cost of maintenance of equipment, utility services (electric) and operating supplies.

The Waste and Recycling Fund had an operating income for 2025 of \$8.9 million compared to \$2.2 million in 2024. Waste and Recycling operating revenue increased by \$23.3 million or 42.9 percent due to an increase in assessment collections of \$19.2 million because of rate increases implemented in FY 2025. Operating expenses overall increased \$16.6 million primarily due to residential waste collection costs increasing due to new hauler contracts that cover new trucks and increased operational costs.

C-12

**POLK COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2025**

Personnel services increased \$1.3 million due to salary increases and adjustments to other post-employment benefits, pensions, and compensated absences.

On June 7, 2024, the Rohr Home officially closed. Revenue and expense activity during the year were related to finalizing patient accounts and cost related to closing the facility.

Internal Service Funds

Internal service funds are designed to recover the costs of general services provided to the other fund groups.

The Fleet Fund operations resulted in operating income of \$4.1 million in 2025, a \$0.3 million increase over 2024. Charges for services and other revenues increased \$2.3 million, while operating expenses increased \$2.0 million in 2025. Personnel service expenses increased \$0.5 million, and operations and maintenance expenses saw an increase of \$0.7 million while depreciation and amortization expenses increased by approximately \$0.8 million.

The Employee Health Insurance Fund operating income for 2025 was \$3.1 million compared to an operating income of \$4.9 million in 2024. Charges for services and other revenues overall increased by \$5.8 million due primarily to increases in employer-funded health insurance premiums. Similarly, Healthcare Program expenses increased \$7.4 million in 2025 due to higher health insurance claims for employees as compared to FY 2024. The County continues to review insurance needs as well as cost containment.

The Information Technology Fund had an operating income of \$1.2 million in 2025 compared to \$1.4 million in 2024. Operating revenues increased \$1.4 million. Overall, operating expenses increased \$1.4 million with personnel services increasing by \$0.6 million and operations and maintenance increasing \$0.9 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget to actual statement is presented in the Basic Financial Statements. Variances between original and final budget amounts are due to excess revenue and unspent appropriations. Revenues were budgeted at 95.0 percent of the anticipated amount as required by State Statute.

The actual net change in the fund balance of the General Fund compared to the final budget was a positive variance of \$79.3 million. General Fund revenues were \$31.0 million more than the final budget amounts. The most significant areas of revenue overages were in the areas of taxes, licenses and permits, and interest income. Furthermore, actual expenditures in the General Fund functional areas were \$252.1 million higher than the final budget due to public safety and general government expenditures. This was offset by a positive variance in Transfers Out of the General Fund in the amount of \$294.8 million.

CAPITAL ASSETS ACTIVITY

At year end, the County had \$4,345.8 million (net of accumulated depreciation) invested in a variety of capital assets as reflected in the following schedule. The net increase in capital assets in 2025 resulting from additions, deletions, and depreciation/amortization was \$156.4 million. For more detailed information regarding capital asset activity see Note 6 in the Notes to Financial Statements.

C-13

**POLK COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2025**

**Capital Assets, Net of Accumulated Depreciation/Amortization
(In Millions)**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land and Right-of-Way	\$ 1,069.9	\$ 1,020.9	\$ 20.2	\$ 20.3	\$ 1,090.1	\$ 1,041.2
Infrastructure	1,799.6	1,797.8	-	-	1,799.6	1,797.8
Building and Improvements	268.7	261.7	687.1	661.5	955.8	923.2
Equipment	111.5	102.3	8.7	6.4	120.2	108.7
Right-to-Use Buildings	5.8	6.1	-	-	5.8	6.1
Right-to-Use Equipment	1.6	2.6	5.1	5.1	6.7	7.7
Intangibles	9.3	9.8	3.3	3.2	12.6	13.0
SBITA	11.5	13.4	0.7	0.6	12.2	14.0
Construction in Progress	194.5	162.3	148.3	115.4	342.8	277.7
Total	<u>\$ 3,472.4</u>	<u>\$ 3,376.9</u>	<u>\$ 873.4</u>	<u>\$ 812.5</u>	<u>\$ 4,345.8</u>	<u>\$ 4,189.4</u>

DEBT MANAGEMENT

At September 30, 2025, the County had \$459.7 million in long-term liabilities (bonds, notes, etc.) outstanding compared to \$454.3 million last year. For additional details see Note 11 in the Notes to Financial Statements.

**Long-Term Liabilities
(In Millions)**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024*	2025	2024*	2025	2024*
Bonds Payable	\$ 49.5	\$ 53.0	\$ 199.7	\$ 205.5	\$ 249.2	\$ 258.5
Notes Payable	45.8	54.8	-	-	45.8	54.8
Interlocal Agreements	30.3	32.9	1.1	1.3	31.4	34.2
Closure and Long-Term Care	-	-	46.2	43.7	46.2	43.7
Lease Liability	8.1	9.4	5.3	5.2	13.4	14.6
SBITA Liability	8.8	10.3	0.6	0.5	9.4	10.8
Compensated Absences	38.2	20.0	2.6	1.1	40.8	21.1
Self-Insurance Liability	23.4	16.5	-	-	23.4	16.5
Other Long-Term Liabilities and						
Contracts Payable	-	-	0.1	0.1	0.1	0.1
Total	<u>\$ 204.1</u>	<u>\$ 196.9</u>	<u>\$ 255.6</u>	<u>\$ 257.4</u>	<u>\$ 459.7</u>	<u>\$ 454.3</u>

* The County implemented GASB Statement No. 101, Compensated Absences, in 2025. The 2024 information has not been restated to reflect the change in accounting principle.

Bonds payable, notes payable and interlocal agreements overall decreased \$21.1 million due to principal payments made during FY 2025. Compensated Absences increased \$19.7 million due to the new GASB pronouncement, GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments. Self-Insurance liability increased \$6.9 million in FY 25.

C-14

**POLK COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2025**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- According to the U.S Bureau of Labor Statistics, the unemployment rate for Polk County in September 2025 was 5.2 percent compared to 4.4 percent in September 2024. In contrast, the statewide and national rates in September 2025 were 4.2 percent and 4.4 percent, respectively.
- Service demands are growing as the County continues to urbanize. Florida's Office of Economic and Demographic Research reported Polk County's 2025 estimated population as 846,896 with forecasts suggesting the County will be home to an estimated 930,097 by 2030 and 1,055,810 by 2040. Polk County provides many services for its citizens, including fire suppression and ambulance services; building and maintaining parks, roads, sidewalks and trails; garbage and recycling collection; and water/wastewater utilities. The County's population growth will play a major role in determining next year's budgets and rates.
- Countywide budgeted property values increased 8.83 percent in FY 2026 as compared to 11.39 percent in FY 2025. Polk County has experienced thirteen consecutive years of robust property value increases and remains cautiously optimistic that this can be sustained in the second year of the biennial budget. Projections for the FY 26/27 budget slow this valuation growth down to 6.0 percent. Over the past few years, the County has developed a strategic business plan that provides the framework to guide a long-term plan and to help with making difficult decisions for the future.
- The adopted total countywide operating millage rate remained the same at 6.6348 mills in the FY 2026 adopted budget, with the General Fund operating millage remaining at 4.9848 mills. Revenue from this millage includes the second year of levies for environmental lands, seventh year of levies for emergency medical services, and twenty-first year of levies for transportation. More information can be found by accessing the County's website at www.polkfl.gov and selecting "Business," then "Budget and Management Services."

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REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Polk County's finances and was prepared by the Comptroller Division of the Clerk of the Circuit Court and County Comptroller. Requests for additional information should be addressed to the above department at P.O. Box 988, Bartow, Florida 33831, or by accessing the website at www.PolkClerkFl.gov.

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

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 1,348,992,414	\$ 349,804,790	\$ 1,698,797,204
Cash with Fiscal Agent	700,000	-	700,000
Restricted Cash and Investments	-	56,641,443	56,641,443
Accounts Receivable - Net	14,901,864	15,851,353	30,753,217
Interest Receivable	2,819,873	866,334	3,686,207
Lease Receivable	4,210,348	-	4,210,348
Due from Other Governments	87,262,692	-	87,262,692
Internal Balances	2,108,664	(2,108,664)	-
Inventory	2,095,086	11,350,635	13,445,721
Other Assets	6,379,108	-	6,379,108
Capital Assets Not Being Depreciated/Amortized	1,269,850,753	171,802,428	1,441,653,181
Capital Assets Net of Accumulated Depreciation/Amortization	2,202,564,449	701,632,993	2,904,197,442
Total Assets	<u>4,941,885,251</u>	<u>1,305,841,312</u>	<u>6,247,726,563</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Pension	110,714,066	4,661,038	115,375,104
Deferred Amounts on OPEB	67,085,629	1,450,748	68,536,377
Deferred Charges on Debt Refundings	1,619,707	8,369,918	9,989,625
Total Deferred Outflows of Resources	<u>\$ 179,419,402</u>	<u>\$ 14,481,704</u>	<u>\$ 193,901,106</u>

See accompanying Notes to Financial Statements.

D-1

**POLK COUNTY, FLORIDA
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2025**

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Vouchers Payable	\$ 61,968,411	\$ 20,009,736	\$ 81,978,147
Accrued Liabilities	28,464,077	3,173,242	31,637,319
Accrued Interest Payable	1,019,398	-	1,019,398
Customer Deposits and Other Liabilities			
Payable from Restricted Assets	-	9,429,112	9,429,112
Other Deposits	6,848,875	-	6,848,875
Due to Other Governments	132,275,751	53,102	132,328,853
Unearned Revenue	49,203,028	-	49,203,028
Claims Payable	6,281,000	-	6,281,000
Noncurrent Liabilities:			
Due within One Year			
Bonds Payable, Net	3,596,634	5,731,444	9,328,078
Lease Liability	1,651,233	831,516	2,482,749
SBITA Liability	3,193,845	123,662	3,317,507
Interlocal Agreements	2,362,667	201,217	2,563,884
Notes Payable	9,252,168	-	9,252,168
Compensated Absences	14,213,735	2,052,526	16,266,261
Self-Insurance Liability	8,800,000	-	8,800,000
Total OPEB Liability	9,026,692	693,293	9,719,985
Due in More than One Year			
Net Pension Liability	391,754,313	17,390,297	409,144,610
Closure and Long-Term Care	-	46,234,423	46,234,423
Other Liabilities	-	85,479	85,479
Bonds Payable, Net	45,949,702	194,017,532	239,967,234
Lease Liability	6,470,425	4,458,075	10,928,500
SBITA Liability	5,653,618	489,255	6,142,873
Interlocal Agreements	27,888,130	891,387	28,779,517
Notes Payable	36,564,474	-	36,564,474
Compensated Absences	23,958,031	517,493	24,475,524
Self-Insurance Liability	14,570,000	-	14,570,000
Total OPEB Liability	<u>192,725,104</u>	<u>14,847,792</u>	<u>207,572,896</u>
Total Liabilities	<u>1,083,691,311</u>	<u>321,230,583</u>	<u>1,404,921,894</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Pension	78,572,237	3,556,615	82,128,852
Deferred Amounts on OPEB	50,211,033	3,874,016	54,085,049
Leases	772,144	-	772,144
Taxes Received in Advance	3,385,023	574,006	3,959,029
Total Deferred Inflows of Resources	<u>132,940,437</u>	<u>8,004,637</u>	<u>140,945,074</u>
NET POSITION			
Net Investment in Capital Assets	3,362,520,887	708,701,052	4,071,221,939
Restricted for:			
Court Fund and Records Modernization	8,326,759	-	8,326,759
Grants, Federal Elections	59,815,290	-	59,815,290
Public Safety	38,141,090	-	38,141,090
Physical Environment	11,449,076	-	11,449,076
Transportation	133,430,331	-	133,430,331
Economic Environment	21,409,043	-	21,409,043
Human Services	107,299,409	-	107,299,409
Culture and Recreation	24,746,356	-	24,746,356
Capital Projects	167,554,068	-	167,554,068
Renewal, Replacement, and Improvements	-	1,000,000	1,000,000
Restricted for General Government Purposes	12,253,370	-	12,253,370
Unrestricted	<u>(42,272,774)</u>	<u>281,386,744</u>	<u>239,113,970</u>
Total Net Position	<u>\$ 3,904,672,905</u>	<u>\$ 991,087,796</u>	<u>\$ 4,895,760,701</u>

See accompanying Notes to Financial Statements.

D-2

**POLK COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2025**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 177,353,092	\$ 45,715,713	\$ 3,422,916	\$ 6,824,538
Public Safety	448,310,930	151,660,192	42,052,285	69,043,098
Physical Environment	30,077,328	505,104	681,757	12,301,159
Transportation	139,302,615	30,656,207	7,912,048	17,780,018
Economic Environment	33,514,609	1,209,534	9,311,402	-
Human Services	160,815,954	78,501,518	2,687,215	-
Culture and Recreation	24,005,803	3,363,138	160,561	184,914
Debt Service:				
Interest on Long-Term Debt	5,037,923	-	-	-
Total Governmental Activities	1,018,418,254	311,611,406	66,228,184	106,133,727
Business-Type Activities:				
Water and Sewer	110,569,018	124,048,539	-	21,219,312
Garbage Collection/Disposal	69,216,486	76,758,496	-	-
Rohr Nursing Home	633,356	7,723	-	-
Total Business-Type Activities	180,418,860	200,814,758	-	21,219,312
Total Primary Government	<u>\$ 1,198,837,114</u>	<u>\$ 512,426,164</u>	<u>\$ 66,228,184</u>	<u>\$ 127,353,039</u>

GENERAL REVENUES

Taxes:	
Property Taxes	
Fuel Taxes	
Sales Tax	
Services Taxes	
Tourism Taxes	
Local Business Taxes	
State Shared Revenues, Unrestricted	
Investment Earnings	
Net Change in Fair Value of Investments	
Gain on Sale of Capital Assets	
Miscellaneous	

TRANSFERS

Total General Revenues and Transfers

CHANGE IN NET POSITION

Net Position - Beginning of Year	
Change in Accounting Principle	
Net Position - Beginning of Year, as Restated	

NET POSITION - END OF YEAR

**POLK COUNTY, FLORIDA
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (121,389,925)	\$ -	\$ (121,389,925)
(185,555,355)	-	(185,555,355)
(16,589,308)	-	(16,589,308)
(82,954,342)	-	(82,954,342)
(22,993,673)	-	(22,993,673)
(79,627,221)	-	(79,627,221)
(20,297,190)	-	(20,297,190)
(5,037,923)	-	(5,037,923)
(534,444,937)	-	(534,444,937)
-	34,698,833	34,698,833
-	7,542,010	7,542,010
-	(625,633)	(625,633)
-	41,615,210	41,615,210
(534,444,937)	41,615,210	(492,829,727)
454,781,116	-	454,781,116
41,551,029	-	41,551,029
136,218,094	-	136,218,094
63,298,240	-	63,298,240
24,871,835	-	24,871,835
1,946,561	-	1,946,561
25,875,231	-	25,875,231
49,545,915	15,439,060	64,984,975
10,637,694	3,287,764	13,925,458
797,673	-	797,673
38,138,410	7,831,733	45,970,143
(4,926,899)	4,928,899	-
842,732,899	31,487,456	874,220,355
308,287,962	73,102,666	381,390,628
3,612,177,438	919,264,872	4,531,442,310
(15,792,495)	(1,279,742)	(17,072,237)
3,596,384,943	917,985,130	4,514,370,073
\$ 3,904,672,905	\$ 991,087,796	\$ 4,895,760,701

See accompanying Notes to Financial Statements.

D-3

See accompanying Notes to Financial Statements.

D-4

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

	General	Special Revenue Grants	Coronavirus Relief	County Transportation Trust	Impact Fees
ASSETS					
Cash and Investments	\$ 331,076,599	\$ -	\$ 35,124,967	\$ 131,085,337	\$ 164,381,622
Cash with Fiscal Agent	200,000	-	-	-	-
Accounts Receivable	12,208,026	-	-	-	53,728
Interest Receivable	735,870	21,028	-	279,205	348,310
Lease Receivable	3,580,632	-	-	-	-
Due from Other Governments	15,059,119	49,842,413	-	4,021,592	1,849,804
Due from Other Funds	36,427,353	-	-	-	-
Inventory, at Cost	1,498,198	-	-	-	-
Other Assets	3,539,067	-	-	-	-
Total Assets	\$ 404,324,864	\$ 49,863,441	\$ 35,124,967	\$ 135,386,134	\$ 166,633,464
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Vouchers Payable	\$ 21,181,772	\$ 3,061,555	\$ 7,398,163	\$ 2,361,506	\$ 1,070,583
Accrued Liabilities	12,394,339	1,068,234	2,225,171	504,139	44,345
Customer Deposits	1,011,045	-	-	-	-
Due to Other Governments	129,013,920	354,894	-	92,849	-
Due to Other Funds	7,361,869	34,879,694	-	-	-
Unearned Revenue	250,701	10,501,812	25,501,633	341,968	113,691
Total Liabilities	171,213,646	49,866,189	35,124,967	3,300,462	1,228,619
DEFERRED INFLOWS OF RESOURCES					
Taxes Received in Advance	1,712,301	-	-	-	-
Leases	165,941	-	-	-	-
Unavailable Revenue	15,141,667	45,788,983	-	-	-
Total Deferred Inflows of Resources	17,019,909	45,788,983	-	-	-
FUND BALANCES					
Nonspendable	2,866,139	-	-	-	-
Restricted	6,034,483	-	-	132,085,672	165,404,845
Committed	-	-	-	-	-
Assigned	1,448,402	-	-	-	-
Unassigned	205,742,285	(45,791,731)	-	-	-
Total Fund Balances	216,091,309	(45,791,731)	-	132,085,672	165,404,845
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 404,324,864	\$ 49,863,441	\$ 35,124,967	\$ 135,386,134	\$ 166,633,464

See accompanying Notes to Financial Statements.

D-5

**POLK COUNTY, FLORIDA
GOVERNMENTAL FUNDS
BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2025**

General Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
\$ 165,415,888	\$ 428,770,827	\$ 1,255,855,240
-	500,000	700,000
-	704,596	12,966,350
357,141	880,364	2,621,918
-	629,716	4,210,348
-	16,489,764	87,262,692
-	3,182,034	39,609,387
-	-	1,498,198
-	1,092,479	4,631,546
\$ 165,773,029	\$ 452,249,780	\$ 1,409,355,679
\$ 2,451,573	\$ 20,145,457	\$ 57,670,609
147,276	11,505,107	27,888,611
-	5,837,830	6,848,875
-	2,814,088	132,275,751
-	217,829	42,459,392
116,570	14,564,689	51,391,064
2,715,419	55,085,000	318,534,302
-	1,672,722	3,385,023
-	606,203	772,144
-	-	60,930,650
-	2,278,925	65,087,817
-	1,092,479	3,958,618
-	230,024,831	533,549,831
-	161,258,478	161,258,478
163,057,610	2,510,067	167,016,079
-	-	159,950,554
163,057,610	394,885,855	1,025,733,560
\$ 165,773,029	\$ 452,249,780	\$ 1,409,355,679

See accompanying Notes to Financial Statements.

D-6

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

Total Fund Balances - Total Governmental Funds \$ 1,025,733,560

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 funds:

Nondepreciable/Amortizable Capital Assets	\$ 1,269,850,753	
Depreciable Capital Assets	<u>2,202,564,449</u>	3,472,415,202

Unavailable Revenues are not financial resources in the current period and, therefore, are reported as deferred inflows in the funds.

60,930,650

Other long-term assets are not available to pay for current period expenditures and, therefore, are expensed in future periods. This item includes unamortized bond insurance.

2,621,907

Deferred Charges on Debt Refundings

1,619,707

Long-term liabilities, including bonds payable, leases, and accrued compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable, Net of Premiums (Amortized as Interest Expense)	(49,546,336)	
Notes Payable	(45,816,642)	
Interlocal Agreements	(30,250,797)	
Self-Insurance Liability	(23,370,000)	
Lease Liability	(8,121,658)	
SBITA Liability	(8,847,463)	
Compensated Absences	<u>(38,171,766)</u>	(204,124,662)

Net Pension Liability and Related Deferred Outflows and Inflows of Resources

(359,612,484)

Total OPEB Liability and Related Deferred Outflows and Inflows of Resources

(184,877,200)

Accrued general long-term debt interest expenses are not financial uses and, therefore, are not reported in the funds and other liabilities.

(1,019,398)

Internal service funds are used by management to charge the costs of certain activities, such as employee health insurance, information technology support, and fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position, net of amounts for capital assets, net other post employment benefits obligation (OPEB), net pension liability and related amounts, and accrued compensated absences which are listed below:

Internal Service Net Position	125,475,180	
Internal Service Capital Assets	(51,969,132)	
Internal Service Pension Liability and Related Deferred Outflows and Inflows	6,857,129	
Internal Service OPEB Liability and Related Deferred Outflows and Inflows	5,524,603	
Internal Service Lease Liability	133,115	
Internal Service SBITA Liability	2,414,182	
Internal Service Accrued Compensated Absences	<u>1,199,925</u>	89,635,002

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

1,350,621

Net Position of Governmental Activities

\$ 3,904,672,905

**POLK COUNTY, FLORIDA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2025**

	General	Special Revenue Grants	Coronavirus Relief	County Transportation Trust	Impact Fees
REVENUES					
Taxes	\$ 382,881,699	\$ -	\$ -	\$ 28,961,853	\$ -
Licenses and Permits	9,278,267	-	-	-	-
Intergovernmental	75,250,293	36,380,098	66,876,276	12,589,176	-
Charges for Services	88,762,939	197,985	-	314,556	-
Fines and Forfeitures	2,953,693	50	-	-	-
Special Assessments	775,934	-	-	-	34,583,925
Interest Income	11,634,035	73	-	4,665,333	5,376,863
Net Change in Fair Value of Investments	2,862,100	-	-	1,059,588	1,321,845
Miscellaneous Revenue	8,315,633	1,541,152	-	186,972	-
Total Revenues	<u>582,914,593</u>	<u>38,119,358</u>	<u>66,876,276</u>	<u>47,777,478</u>	<u>41,282,633</u>
EXPENDITURES					
Current:					
General Government	148,266,015	971,858	1,179,561	-	-
Public Safety	346,159,997	21,681,442	17,882,634	-	1,639,865
Physical Environment	5,204,845	12,908,302	47,430,812	-	-
Transportation	4,208,717	9,332,886	383,269	33,897,757	12,581,980
Economic Environment	2,070,630	11,232,674	-	-	-
Human Services	6,136,025	3,656,978	-	-	-
Culture and Recreation	919,534	489,911	-	-	2,653,394
Debt Service:					
Principal Retirement	4,535,963	5,802	-	6,051	43,403
Interest and Fiscal Charges	757,045	443	-	1,847	54,487
Capital Projects	-	-	-	-	-
Total Expenditures	<u>518,258,771</u>	<u>60,280,296</u>	<u>66,876,276</u>	<u>33,905,655</u>	<u>16,973,129</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	64,655,822	(22,160,938)	-	13,871,823	24,309,504
OTHER FINANCING SOURCES (USES)					
Transfers In	15,450,841	1,032,489	-	480,003	161,100
Transfers Out	(66,454,079)	(18,762,481)	-	(4,362,522)	(1,803,824)
Proceeds from the Sale of Capital Assets	1,308,947	-	-	2,172	-
Leases	575,075	-	-	28,834	-
Subscription-Based Information Technology Arrangements	2,375,099	-	-	-	-
Total Other Financing Sources (Uses)	<u>(46,744,117)</u>	<u>(17,729,992)</u>	<u>-</u>	<u>(3,851,513)</u>	<u>(1,642,724)</u>
NET CHANGE IN FUND BALANCES	17,911,705	(39,890,930)	-	10,020,310	22,666,780
Fund Balances - Beginning of Year					
As previously Reported	198,179,604	-	-	-	142,738,065
Adjustments - Change within Financial Reporting Entity	-	(5,900,801)	-	122,065,362	-
FUND BALANCES - END OF YEAR	<u>\$ 216,091,309</u>	<u>\$ (45,791,731)</u>	<u>\$ -</u>	<u>\$ 132,085,672</u>	<u>\$ 165,404,845</u>

See accompanying Notes to Financial Statements.

D-7

See accompanying Notes to Financial Statements.

D-8

**POLK COUNTY, FLORIDA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
(CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

General Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
\$ 193	\$ 245,317,536	\$ 657,161,281
-	7,650,504	16,928,771
2,700,000	8,247,278	202,043,121
-	96,690,107	185,965,587
-	7,772,010	10,725,753
-	69,675,109	105,034,968
5,640,478	19,004,513	46,521,295
1,355,317	3,287,597	9,886,447
4,512	6,584,166	16,632,435
9,700,500	464,228,820	1,250,899,658
-	17,971,586	168,389,020
-	102,211,122	489,575,060
-	7,827,845	73,371,804
-	69,949,199	130,353,808
-	22,138,745	35,442,049
-	151,448,074	161,241,077
-	30,819,631	34,882,470
-	15,898,677	20,489,896
-	4,477,612	5,291,434
21,055,742	8,270,993	29,326,735
21,055,742	431,013,484	1,148,363,353
(11,355,242)	33,215,336	102,536,305
59,965,372	19,108,079	96,197,884
-	(11,681,069)	(103,063,975)
-	145,203	1,456,322
-	185,725	789,634
-	1,039,497	3,414,596
59,965,372	8,797,435	(1,205,539)
48,610,130	42,012,771	101,330,766
-	583,485,125	924,402,794
114,447,480	(230,612,041)	-
\$ 163,057,610	\$ 394,885,855	\$ 1,025,733,560

**POLK COUNTY, FLORIDA
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2025**

Net Change in Fund Balances - Total Governmental Funds \$ 101,330,766

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlay is more than depreciation expense in the current period.

Capital Outlay	\$ 203,918,130	
Depreciation and Amortization	(116,077,296)	
Net Activity of Capital Contributions, Transfers, and Gains/Loss on Disposals	1,400,425	89,241,259

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Forgiveness of Interlocal Agreement	335,246	
Amortization of Bond Premium/Discount	256,634	
Principal Payments - Notes Payable	9,036,900	
Principal Payments - Bonds Payable	3,180,000	
Principal Payments - Leases	2,156,963	
Principal Payments - SBITAs	3,859,642	
Leases	(789,634)	
SBITAs	(3,414,596)	
Principal Payments - Interlocal Agreements	2,300,753	16,921,908

Some expenses, such as expenses related to accrued compensated absences, accrued interest expense, self-insurance liabilities, other postemployment benefit obligations (OPEB), and other accrued liabilities are reported in the statement activities and do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences	(2,378,996)	
Self-Insurance Liability	(6,830,000)	
Interest Expense	114,486	
Pension Expense	29,907,202	
OPEB Expense	8,397,072	29,209,764

Governmental funds record unavailable revenues as deferred inflows.

However, on the government-wide financial statements these are recorded as revenue. 53,173,251

Internal service funds are used by management to charge the costs of insurance, information technology support and fleet management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

Change in Net Position of Governmental Activities \$ 308,287,962

See accompanying Notes to Financial Statements.

D-9

See accompanying Notes to Financial Statements.

D-10

**POLK COUNTY, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 368,850,445	\$ 368,850,445	\$ 382,881,699	\$ 14,031,254
Licenses and Permits	987,128	987,128	9,278,267	8,291,139
Intergovernmental	70,630,516	73,227,417	75,250,293	2,022,876
Charges for Services	62,259,809	84,542,019	88,762,939	4,220,920
Fines and Forfeitures	1,580,181	5,840,966	2,953,693	(2,887,273)
Special Assessments	3,945,484	838,298	775,934	(62,364)
Interest Income	2,991,131	5,666,810	11,834,035	6,167,225
Net Change in Fair Value of Investments	-	-	2,862,100	2,862,100
Miscellaneous Revenue	7,655,758	11,938,283	8,315,633	(3,622,650)
Total Revenues	518,900,452	551,891,366	582,914,593	31,023,227
EXPENDITURES				
Current:				
General Government	117,687,864	116,138,950	148,266,015	(32,127,065)
Public Safety	86,047,686	122,773,637	346,159,997	(223,386,360)
Physical Environment	5,828,117	5,392,561	5,204,845	187,716
Transportation	4,246,619	4,246,619	4,208,717	37,902
Economic Environment	2,153,824	2,114,356	2,070,630	43,726
Human Services	8,170,596	8,283,420	6,136,025	2,147,395
Culture and Recreation	1,392,522	1,429,090	919,534	509,556
Debt Service:				
Principal Retirement	480,841	4,998,369	4,535,963	462,406
Interest and Fiscal Charges	826	765,837	757,045	8,792
Total Expenditures	226,008,895	266,142,839	518,258,771	(252,115,932)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	292,891,557	285,748,527	64,655,822	(221,092,705)
OTHER FINANCING SOURCES (USES)				
Transfers In	11,239,342	11,011,254	15,450,841	4,439,587
Transfers Out	(360,983,358)	(361,206,611)	(66,454,079)	294,752,532
Proceeds from the Sale of Capital Assets	-	435,722	1,308,947	873,225
Issuance of Lease Liability	-	2,226,690	575,075	(1,651,615)
Issuance of SBITA Liability	-	393,755	2,375,099	1,981,344
Total Other Financing Sources (Uses)	(349,744,016)	(347,139,190)	(46,744,117)	300,395,073
NET CHANGE IN FUND BALANCE	(56,852,459)	(61,390,663)	17,911,705	79,302,368
Fund Balance - Beginning of Year	198,179,604	198,179,604	198,179,604	-
FUND BALANCE - END OF YEAR	<u>\$ 141,327,145</u>	<u>\$ 136,788,941</u>	<u>\$ 216,091,309</u>	<u>\$ 79,302,368</u>

See accompanying Notes to Financial Statements.

D-11

**POLK COUNTY, FLORIDA
SPECIAL REVENUE GRANTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 111,610,959	\$ 155,139,936	\$ 36,380,098	\$ (118,759,838)
Charges for Services	-	-	197,985	197,985
Fines and Forfeitures	-	-	50	50
Interest Income	108,470	108,470	73	(108,397)
Miscellaneous Revenue	11,283,589	11,283,589	1,541,152	(9,742,437)
Total Revenues	123,003,018	166,531,995	38,119,358	(128,412,637)
EXPENDITURES				
Current:				
General Government	2,000,180	2,013,980	971,858	1,042,122
Public Safety	13,520,953	38,988,034	21,681,442	17,306,592
Physical Environment	35,424,063	35,424,063	12,908,302	22,515,761
Transportation	39,901,196	58,586,159	9,332,886	49,253,273
Economic Environment	31,428,435	31,351,853	11,232,674	20,119,179
Human Services	4,665,505	4,665,505	3,656,978	1,008,527
Culture and Recreation	991,000	991,000	489,911	501,089
Debt Service:				
Principal Retirement	-	5,952	5,802	150
Interest and Fiscal Charges	-	594	443	151
Total Expenditures	127,931,332	172,027,140	60,280,296	111,746,844
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,928,314)	(5,495,145)	(22,160,938)	(16,665,793)
OTHER FINANCING SOURCES (USES)				
Transfers In	2,596,447	3,073,844	1,032,489	(2,041,355)
Transfers Out	(24,450,145)	(24,450,145)	(18,762,481)	5,687,664
Total Other Financing Sources (Uses)	(21,853,698)	(21,376,301)	(17,729,992)	3,646,309
NET CHANGE IN FUND BALANCE	(26,782,012)	(26,871,446)	(39,890,930)	(13,019,484)
Fund Balance - Beginning of Year	(5,900,801)	(5,900,801)	(5,900,801)	-
FUND BALANCE - END OF YEAR	<u>\$ (32,682,813)</u>	<u>\$ (32,772,247)</u>	<u>\$ (45,791,731)</u>	<u>\$ (13,019,484)</u>

See accompanying Notes to Financial Statements.

D-12

**POLK COUNTY, FLORIDA
CORONAVIRUS RELIEF FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 66,876,276	\$ 66,876,276
Total Revenues	-	-	66,876,276	66,876,276
EXPENDITURES				
Current:				
General Government	2,875,346	2,875,346	1,179,561	1,695,785
Public Safety	24,951,021	24,951,021	17,882,634	7,068,387
Physical Environment	50,941,029	51,101,969	47,430,812	3,671,157
Transportation	1,700,000	1,700,000	383,269	1,316,731
Total Expenditures	80,467,396	80,628,336	66,876,276	13,752,060
NET CHANGE IN FUND BALANCE	(80,467,396)	(80,628,336)	-	80,628,336
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ (80,467,396)</u>	<u>\$ (80,628,336)</u>	<u>\$ -</u>	<u>\$ 80,628,336</u>

See accompanying Notes to Financial Statements.

D-13

**POLK COUNTY, FLORIDA
COUNTY TRANSPORTATION TRUST FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 26,887,836	\$ 26,887,836	\$ 28,961,853	\$ 2,074,017
Intergovernmental	11,414,682	11,414,682	12,589,176	1,174,494
Charges for Services	-	-	314,556	314,556
Interest Income	3,499,055	3,499,055	4,665,333	1,166,278
Net Change in Fair Value of Investments	-	-	1,059,588	1,059,588
Miscellaneous Revenue	21,000	21,000	186,972	165,972
Total Revenues	41,822,573	41,822,573	47,777,478	5,954,905
EXPENDITURES				
Current:				
Transportation	84,907,799	87,918,187	33,897,757	54,020,430
Debt Service:				
Principal Retirement	8,000	14,201	6,051	8,150
Interest and Fiscal Charges	-	1,998	1,847	151
Total Expenditures	84,915,799	87,934,386	33,905,655	54,028,731
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(43,093,226)	(46,111,813)	13,871,823	59,983,636
OTHER FINANCING SOURCES (USES)				
Transfers In	21,500,000	21,500,000	480,003	(21,019,997)
Transfers Out	(25,350,000)	(25,350,000)	(4,362,522)	20,987,478
Proceeds from the Sale of Capital Assets	-	-	2,172	2,172
Leases	-	28,834	28,834	-
Total Other Financing Sources (Uses)	(3,850,000)	(3,821,166)	(3,851,513)	(30,347)
NET CHANGE IN FUND BALANCE	(46,943,226)	(49,932,979)	10,020,310	59,953,289
Fund Balance - Beginning of Year	122,065,362	122,065,362	122,065,362	-
FUND BALANCE - END OF YEAR	<u>\$ 75,122,136</u>	<u>\$ 72,132,383</u>	<u>\$ 132,085,672</u>	<u>\$ 59,953,289</u>

See accompanying Notes to Financial Statements.

D-14

**POLK COUNTY, FLORIDA
IMPACT FEES FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special Assessments	\$ 30,197,241	\$ 30,197,241	\$ 34,583,925	\$ 4,386,684
Interest Income	1,147,107	1,147,107	5,376,863	4,229,756
Net Change in Fair Value of Investments	-	-	1,321,845	1,321,845
Total Revenues	31,344,348	31,344,348	41,282,633	9,938,285
EXPENDITURES				
Current:				
Public Safety	3,678,362	3,678,362	1,639,865	2,038,497
Transportation	50,856,814	50,856,814	12,581,980	38,274,834
Culture and Recreation	11,776,645	11,678,454	2,653,394	9,025,060
Debt Service:				
Principal Retirement	-	43,553	43,403	150
Interest and Fiscal Charges	-	54,638	54,487	151
Total Expenditures	66,311,821	66,311,821	16,973,129	49,338,692
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(34,967,473)	(34,967,473)	24,309,504	59,276,977
OTHER FINANCING SOURCES (USES)				
Transfers In	63,154,835	63,154,835	161,100	(62,993,735)
Transfers Out	(64,704,835)	(64,704,835)	(1,803,824)	62,901,011
Total Other Financing Sources (Uses)	(1,550,000)	(1,550,000)	(1,642,724)	(92,724)
NET CHANGE IN FUND BALANCE	(36,517,473)	(36,517,473)	22,666,780	59,184,253
Fund Balance - Beginning of Year	142,738,065	142,738,065	142,738,065	-
FUND BALANCE - END OF YEAR	<u>\$ 106,220,592</u>	<u>\$ 106,220,592</u>	<u>\$ 165,404,845</u>	<u>\$ 59,184,253</u>

See accompanying Notes to Financial Statements.

D-15

**POLK COUNTY, FLORIDA
GENERAL CAPITAL IMPROVEMENTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ 193	\$ 193
Intergovernmental	2,700,000	2,700,000	2,700,000	-
Interest Income	2,202,299	2,202,299	5,640,478	3,438,179
Net Change in Fair Value of Investments	-	-	1,355,317	1,355,317
Miscellaneous Revenue	-	-	4,512	4,512
Total Revenues	4,902,299	4,902,299	9,700,500	4,798,201
EXPENDITURES				
Capital Projects	132,399,742	137,796,742	21,055,742	116,741,000
Total Expenditures	132,399,742	137,796,742	21,055,742	116,741,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(127,497,443)	(132,894,443)	(11,355,242)	121,539,201
OTHER FINANCING SOURCES (USES)				
Transfers In	59,965,372	59,965,372	59,965,372	-
NET CHANGE IN FUND BALANCE	(67,532,071)	(72,929,071)	48,610,130	121,539,201
Fund Balance - Beginning of Year	114,447,480	114,447,480	114,447,480	-
FUND BALANCE - END OF YEAR	<u>\$ 46,915,409</u>	<u>\$ 41,518,409</u>	<u>\$ 163,057,610</u>	<u>\$ 121,539,201</u>

See accompanying Notes to Financial Statements.

D-16

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

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Utilities	Waste and Recycling	Rohr Nursing Home (Nonmajor Fund)	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
CURRENT ASSETS					
Cash and Investments	\$ 196,409,194	\$ 153,391,395	\$ 4,201	\$ 349,804,790	\$ 93,137,174
Restricted Cash and Investments	9,138,823	290,289	-	9,429,112	-
Accounts Receivable	23,674,756	1,820,346	-	25,495,102	1,935,514
Allowance for Uncollectible Accounts	(9,643,749)	-	-	(9,643,749)	-
Interest Receivable	449,603	416,731	-	866,334	197,955
Due from Other Funds	3,546	570,097	-	573,643	3,608,948
Inventory	11,350,635	-	-	11,350,635	596,888
Other Assets	-	-	-	-	1,747,562
Total Current Assets	231,382,808	156,488,858	4,201	387,875,867	101,224,041
NONCURRENT ASSETS					
Restricted Cash and Investments	977,908	46,234,423	-	47,212,331	-
Capital Assets:					
Land and Easements	16,515,576	7,008,301	-	23,523,877	-
Buildings and Improvements	957,432,005	86,388,886	-	1,043,820,891	2,618,888
Equipment	7,050,514	15,941,901	-	22,992,415	133,886,626
Infrastructure	-	95,783	-	95,783	-
Intangible Assets	6,816,970	464,000	-	7,280,970	7,148,498
Right-to-Use Building	371,710	-	-	371,710	-
Right-to-Use Equipment	162,248	5,697,631	-	5,859,879	182,120
SBITAs	642,585	256,234	-	898,819	11,119,272
Construction in Progress	101,326,099	46,952,452	-	148,278,551	1,407,722
Less: Accumulated Depreciation/Amortization	(291,285,940)	(88,401,534)	-	(379,687,474)	(104,393,994)
Total Capital Assets (Net of Accumulated Depreciation/Amortization)	799,031,767	74,403,654	-	873,435,421	51,969,132
Total Noncurrent Assets	800,009,675	120,638,077	-	920,647,752	51,969,132
Total Assets	1,031,392,483	277,126,935	4,201	1,308,523,619	153,193,173
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Amounts on Pension	3,694,578	964,803	1,657	4,661,038	1,853,272
Deferred Amounts on OPEB	1,184,632	260,307	5,809	1,450,748	445,694
Deferred Charges on Debt Refundings	8,369,918	-	-	8,369,918	-
Total Deferred Outflows of Resources	13,249,128	1,225,110	7,466	14,481,704	2,298,966

See accompanying Notes to Financial Statements.

D-17

**POLK COUNTY, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF FUND NET POSITION (CONTINUED)
SEPTEMBER 30, 2025**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Utilities	Waste and Recycling	Rohr Nursing Home (Nonmajor Fund)	Total	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
CURRENT LIABILITIES					
Vouchers Payable	\$ 13,990,714	\$ 6,018,014	\$ 1,008	\$ 20,009,736	\$ 4,297,802
Accrued Liabilities	2,840,936	332,306	-	3,173,242	575,466
Due to Other Funds	1,868	-	1,329,818	1,331,686	900
Due to Other Governments	53,102	-	-	53,102	-
Unearned Revenue	-	-	-	-	433,871
Lease Liability, Current Portion	137,674	693,842	-	831,516	54,968
SBITA Liability, Current Portion	72,261	51,401	-	123,662	1,194,957
Accrued Compensated Absences, Current Portion	1,672,359	380,167	-	2,052,526	979,901
Interlocal Agreement, Current Portion	201,217	-	-	201,217	-
Revenue Bonds Payable, Current Portion	5,731,444	-	-	5,731,444	-
Claims Payable	-	-	-	-	6,281,000
Total Current Liabilities	24,701,575	7,475,730	1,330,826	33,508,131	13,818,865
CURRENT LIABILITIES, Payable from Restricted Assets					
Vouchers Payable	-	9,512	-	9,512	-
Customer Deposits	9,138,823	280,777	-	9,419,600	-
Total Current Liabilities, Payable from Restricted Assets	9,138,823	290,289	-	9,429,112	-
Total Current Liabilities	33,840,398	7,766,019	1,330,826	42,937,243	13,818,865
NONCURRENT LIABILITIES					
Closure and Long-Term Care, Payable from Restricted Assets	-	46,234,423	-	46,234,423	-
Contracts Payable	58,880	-	-	58,880	-
Interlocal Agreement, Net of Current Portion	891,387	-	-	891,387	-
Revenue Bonds Payable (Net of Unamortized Premiums)	194,017,532	-	-	194,017,532	-
Total OPEB Liability	12,706,657	2,792,103	42,325	15,541,085	4,780,616
Lease Liability	278,549	4,179,526	-	4,458,075	78,147
SBITA Liability	413,585	75,670	-	489,255	1,219,225
Accrued Compensated Absences	421,644	95,849	-	517,493	220,024
Net Pension Liability	13,588,211	3,795,053	7,033	17,390,297	7,213,426
Other Noncurrent Liabilities	26,599	-	-	26,599	-
Total Noncurrent Liabilities	222,403,044	57,172,624	49,358	279,625,026	13,511,438
Total Liabilities	256,243,442	64,938,643	1,380,184	322,562,269	27,330,303
DEFERRED INFLOWS OF RESOURCES					
Deferred Amounts on Pension	2,764,772	790,342	1,501	3,556,615	1,496,975
Deferred Amounts on OPEB	3,162,118	694,829	17,069	3,874,016	1,189,681
Taxes Received In Advance	2,223	571,783	-	574,006	-
Total Deferred Inflows of Resources	5,929,113	2,056,954	18,570	8,004,637	2,686,656
NET POSITION					
Net Investment in Capital Assets	639,297,837	69,403,215	-	708,701,052	49,421,835
Restricted for:					
Renewal, Replacement, and Improvements	1,000,000	-	-	1,000,000	-
Unrestricted (Deficit)	142,171,219	141,953,233	(1,387,087)	282,737,365	76,053,345
Total Net Position	\$ 782,469,056	\$ 211,356,448	\$ (1,387,087)	992,438,417	\$ 125,475,180
Adjustment to Reflect Consolidation of Internal Service Fund Activities Related to Enterprise Funds (Cumulative)				(1,350,621)	
Net Position of Business-Type Activities				\$ 991,087,796	

See accompanying Notes to Financial Statements.

D-18

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

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Utilities	Waste and Recycling	Rohr Nursing Home (Nonmajor Fund)	Total	
OPERATING REVENUES					
Charges for Services	\$ 124,048,539	\$ 76,758,496	\$ 7,723	\$ 200,814,758	\$ 124,546,844
Other Revenue	7,140,984	690,749	-	7,831,733	8,284,959
Total Operating Revenues	131,189,523	77,449,245	7,723	208,646,491	132,831,803
OPERATING EXPENSES					
Current:					
Personnel Services	28,415,862	7,555,752	(842,742)	35,128,872	11,914,510
Operations and Maintenance	49,224,081	52,841,061	2,529	102,067,671	15,565,897
Indirect	2,685,419	763,809	-	3,449,228	1,636,172
Depreciation/Amortization	22,388,384	4,392,677	111,718	26,892,779	13,425,394
Closure and Long-Term Care	-	2,578,838	-	2,578,838	-
Healthcare Program	-	-	-	-	81,651,514
Other	46,580	440,888	-	487,468	217,913
Total Operating Expenses	102,760,326	68,573,025	(728,495)	170,604,856	124,411,400
OPERATING INCOME (LOSS)	28,429,197	8,876,220	736,218	38,041,635	8,420,403
NONOPERATING REVENUES (EXPENSES)					
Investment Income (Loss)	8,048,240	7,390,820	-	15,439,060	3,206,404
Net Change in Fair Value of Investments	1,706,256	1,581,508	-	3,287,764	751,247
Interest Revenue (Expense)	(7,422,949)	-	-	(7,422,949)	-
Gain (Loss) on Disposition of Equipment	(1,017,223)	-	(1,304,568)	(2,321,791)	564,794
Total Nonoperating Revenues (Expenses), Net	1,314,324	8,972,328	(1,304,568)	8,982,084	4,522,445
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	29,743,521	17,848,548	(568,350)	47,023,719	12,942,848
CAPITAL CONTRIBUTIONS AND TRANSFERS					
Capital Contributions	21,219,312	(663,023)	(57,163)	20,499,126	4,181,896
Transfers In	-	17,442,635	-	17,442,635	1,937,192
Transfers Out	(7,215,442)	(5,298,294)	-	(12,513,736)	-
Total Capital Contributions and Transfers	14,003,870	11,481,318	(57,163)	25,428,025	6,119,088
CHANGE IN NET POSITION	43,747,391	29,329,866	(625,513)	72,451,744	19,061,936
Total Net Position - Beginning of Year	739,741,893	182,283,802	(759,280)	921,266,415	107,043,440
Change in Accounting Principle	(1,020,228)	(257,220)	(2,294)	(1,279,742)	(630,196)
Net Position - Beginning of Year, as Restated	738,721,665	182,026,582	(761,574)	919,986,673	106,413,244
TOTAL NET POSITION - END OF YEAR	<u>\$ 782,469,056</u>	<u>\$ 211,356,448</u>	<u>\$ (1,387,087)</u>	<u>992,438,417</u>	<u>\$ 125,475,180</u>
Adjustments to Reflect Consolidation of Internal Service Fund Activities Related to Enterprise Funds:					
Current Year Adjustment				650,922	
Change in Net Position of Business-Type Activities				<u>\$ 73,102,666</u>	

See accompanying Notes to Financial Statements.

D-19

**POLK COUNTY, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2025**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Utilities	Waste and Recycling	Rohr Nursing Home (Nonmajor Fund)	Total	
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES					
Cash Received from Customers	\$ 123,412,842	\$ 77,257,729	\$ 29,546	\$ 200,700,117	\$ 2,142,019
Cash Received from Internal Services	-	-	-	-	122,689,500
Cash Paid for Internal Services	(6,547,422)	(1,133,327)	(1,450)	(7,682,199)	-
Cash Paid to Suppliers for Goods and Services	(46,217,731)	(52,922,749)	(8,778)	(99,149,258)	(97,722,940)
Cash Paid to Employees for Services	(24,934,585)	(6,199,895)	(20,423)	(31,154,903)	(11,864,398)
Cash Received from Other Sources	7,140,984	690,749	-	7,831,733	8,284,959
Net Cash Provided (Used) by Operating Activities	52,854,088	17,692,507	(1,105)	70,545,490	23,509,140
CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES					
Transfers from Other Funds	-	17,442,635	-	17,442,635	1,754,667
Transfers to Other Funds	(7,215,442)	(5,298,294)	-	(12,513,736)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(7,215,442)	12,144,341	-	4,928,899	1,754,667
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and Construction of Capital Assets	(62,271,388)	(5,434,908)	-	(67,706,296)	(15,056,341)
Principal Paid on Bonds, Interlocal Loans, Leases and Subscriptions	(5,111,011)	(538,174)	-	(5,649,185)	(2,116,960)
Interest Paid on Bonds and Interlocal Loans	(7,422,949)	-	-	(7,422,949)	-
Proceeds on Sales of Capital Assets	-	-	-	-	1,473,132
Net Cash Provided (Used) by Capital and Related Financing Activities	(74,805,348)	(5,973,082)	-	(80,778,430)	(15,700,169)
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES					
Interest and Dividends on Investments	9,786,015	8,955,903	-	18,741,918	3,949,422
Net Cash Provided (Used) by Investing Activities	9,786,015	8,955,903	-	18,741,918	3,949,422
NET CHANGE IN CASH AND INVESTMENTS	(19,380,687)	32,819,669	(1,105)	13,437,877	13,513,060
Cash and Investments - Beginning of Year	225,906,612	167,096,438	5,306	393,008,356	79,624,114
CASH AND INVESTMENTS - END OF YEAR	<u>\$ 206,525,925</u>	<u>\$ 199,916,107</u>	<u>\$ 4,201</u>	<u>\$ 406,446,233</u>	<u>\$ 93,137,174</u>
RECONCILIATION OF CASH AND INVESTMENTS TO COMBINATION STATEMENT OF NET POSITION					
Cash and Investments	\$ 196,409,194	\$ 153,391,395	\$ 4,201	\$ 349,804,790	\$ 93,137,174
Restricted Cash and Investments - Current	9,138,823	290,289	-	9,429,112	-
Restricted Cash and Investments - Noncurrent	977,908	46,234,423	-	47,212,331	-
Total Cash and Investments	<u>\$ 206,525,925</u>	<u>\$ 199,916,107</u>	<u>\$ 4,201</u>	<u>\$ 406,446,233</u>	<u>\$ 93,137,174</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES					
Capital Assets Acquired through Lease and SBITA	\$ 681,126	\$ 358,795	\$ -	\$ 1,039,921	\$ 1,345,682
Capital Related Accounts Payable and Retainage	\$ 3,883,977	\$ -	\$ -	\$ 3,883,977	\$ -
Contribution and Transfer of Capital Assets	\$ 21,219,312	\$ (663,023)	\$ (57,163)	\$ 20,499,126	\$ 4,181,896

See accompanying Notes to Financial Statements.

D-20

**POLK COUNTY, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

	Business-Type Activities - Enterprise Funds				Governmental
	Utilities	Waste and Recycling	Rohr Nursing Home (Nonmajor Fund)	Total	Activities - Internal Service Funds
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 28,429,197	\$ 8,876,220	\$ 736,218	\$ 38,041,635	\$ 8,420,403
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation/Amortization	22,388,384	4,392,677	111,718	26,892,779	13,425,394
Change in Long-Term Care Liability	-	2,578,838	-	2,578,838	-
(Increase) Decrease in Assets and Deferred Outflows:					
Accounts Receivable, Net of Allowance	(1,440,574)	453,240	21,823	(965,511)	558,463
Due from Other Funds	1,108	728	-	1,836	(321,832)
Other Assets	-	-	-	-	(981,843)
Inventory	(3,902,010)	-	-	(3,902,010)	(128,266)
Deferred Outflow from Pension	411,403	16,268	251,427	679,098	436,010
Deferred Outflow from OPEB	18,690	(33,492)	-	(14,802)	69,983
Increase (Decrease) in Liabilities and Deferred Inflows:					
Vouchers Payable	2,615,604	(11,032)	(7,699)	2,596,873	1,766,935
Accrued Liabilities	270,016	89,894	(3,978)	355,932	12,455
Accrued Compensated Absences	150,112	53,784	(6,410)	197,486	35,315
Customer Deposits	804,834	27,098	-	831,932	-
Unearned Revenue	-	-	-	-	48,044
Self-Insurance Liability	-	-	-	-	688,000
Total OPEB Liability	3,940,277	1,139,731	30	5,080,038	1,023,837
Due to Other Governments	1,325	-	-	1,325	-
Due to Other Funds	(1,773)	(14)	-	(1,787)	900
Taxes Received in Advance	43	18,895	-	18,938	-
Net Pension Liability	(1,679,788)	(296,593)	(1,000,961)	(2,977,342)	(1,785,568)
Deferred Inflow from Pension	1,220,425	357,804	(103,273)	1,474,956	566,261
Deferred Inflow from OPEB	(373,185)	28,461	-	(344,724)	(325,351)
Total Adjustments	24,424,891	8,816,287	(737,323)	32,503,855	15,088,737
Net Cash Provided (Used) by Operating Activities	\$ 52,854,088	\$ 17,692,507	\$ (1,105)	\$ 70,545,490	\$ 23,509,140

See accompanying Notes to Financial Statements.

D-21

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

ASSETS	
Cash and Cash Equivalents	\$ 36,107,939
Due from Individuals and Businesses	81,346
Due from Other Governments	87,954
Total Assets	<u>\$ 36,277,239</u>
LIABILITIES AND FIDUCIARY NET POSITION	
LIABILITIES	
Due to State of Florida	\$ 1,580,366
Due to Municipalities	5,657,596
Due to Others	11,512,780
Tax Certificates Payable	693,147
Due to Individuals and Businesses	638,322
Deposits, Registry of the Court	4,441,574
Deposits, Witness Fees	29,973
Deposits, Other	399,307
Total Liabilities	24,953,065
FIDUCIARY NET POSITION	
Restricted for Individuals, Businesses, and Other Governments	11,324,174
Total Liabilities and Fiduciary Net Position	<u>\$ 36,277,239</u>

See accompanying Notes to Financial Statements.

D-22

**POLK COUNTY, FLORIDA
CUSTODIAL FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED SEPTEMBER 30, 2025**

ADDITIONS

Fines, Taxes, and Fees Collections:	
Individuals and Businesses	\$ 204,738,878
Other Governments	858,487,830
Licenses and Fees Collected from State Agencies	125,397,286
Contributions from Individuals and Businesses	5,277,496
Total Additions	<u>1,193,901,490</u>

DEDUCTIONS

Payments of Fines, Taxes, and Fees	852,301,990
Payments of Property Tax:	
Individuals and Businesses	59,647,297
Other Governments	122,490,594
Payments of Tax Certificates	30,572,037
Canteen Purchases	3,283,863
Inmate Spending	762,888
Payments to State Agencies	125,321,747
Miscellaneous Charges	1,212,445
Total Deductions	<u>1,195,592,861</u>

NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION (1,691,371)

Net Position - Beginning of Year 13,015,545

FIDUCIARY NET POSITION - END OF YEAR \$ 11,324,174

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Polk County is a political subdivision of the State of Florida governed by the State Constitution and general laws of the State of Florida.

The legislative and governing body of the County is the five-member Board of County Commissioners (Board). Each County Commissioner is elected on a county-wide basis for a four-year term of office and each County Commissioner is a resident of their Commission District. Polk County became a Home Rule Charter County on January 1, 1999, with an appointed County Manager, and with separate legislative and executive functions. The County Manager is the head of the administrative branch of county government and is responsible to the Board of County Commissioners for the proper administration of all affairs of the County, except for those powers, duties and functions residing, as specified by law, with the elected constitutional officers.

There are six offices elected countywide which are as follows: Board of County Commissioners, Clerk of the Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector.

The Board of County Commissioners and all Constitutional Officers maintain their accounts in accordance with the uniform classification of accounts required by Section 218.33, *Florida Statutes*. Pursuant to Section 125.17, *Florida Statutes*, the Clerk of the Courts of the County is designated as clerk, auditor and accountant for the Board.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The County is financially responsible if it appoints a voting majority of the organization's governing body and (a) is able to impose its will on that organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County. The County may be financially accountable if an organization is fiscally dependent on the County regardless of whether the organization has (a) a separately elected governing board, (b) a governing board appointed by a higher level of government, or (c) a jointly appointed board. If a component unit is, in substance, part of the government's operations, it should be reported as a blended component unit. Otherwise, a component unit should be discretely presented. For the year ended September 30, 2025, the County had no discretely presented component units.

POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Blended Component Units

The Harden/Parkway and Eloise Community Redevelopment Agencies (CRAs), were created pursuant to Section 163.360 of the *Florida Statutes* and by County Ordinances 04-11, and 98-50, respectively. The CRAs provide for the rehabilitation and/or conservation of the communities in the interest of the public health, safety, morals or welfare of the residents in these unincorporated areas of Polk County. The financial information for these component units is included with the financial information of the primary government in the government-wide statements since the Board of County Commissioners serves as the governing body of these CRAs and approves the annual budgets. The Harden/Parkway and Eloise CRAs are reported as special revenue funds of Polk County.

The CRAs are presented separately as blended units due to the CRA's governing bodies being substantively the same as the governing body of the Board of County Commissioners and the financial burden between the County and the CRAs.

Measurement Focus and Basis of Accounting

The basic financial statements of the County are composed of the following:

- Government-wide financial statements
- Fund financial statements
- 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 all of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, gains and losses on all of the nonfiduciary activities of the County, providing a consolidated financial picture of the government as a whole. The effect of interfund activity has been removed from these statements.

Each statement distinguishes between activities that are supported primarily by taxes and intergovernmental revenues (governmental activities) and activities that are intended to recover all or most of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, physical environment, transportation, economic environment, human services, and culture and recreation. The business-type activities of the County include the Utilities Fund, Waste and Recycling Fund, and the Rohr Nursing Home Fund.

The statement of net position reports all financial and capital resources and obligations of the County as a whole. The effects of fiduciary funds are not included as a part of this statement. The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as net position. The statement of activities presents information showing how the County's net position changed during the fiscal year. Further, this statement demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues.

E-2

POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements (Continued)

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows, liabilities and deferred inflows resulting from nonexchange transactions are recognized in accordance with the requirements of the Government Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the cost of the function to be financed from the government's general revenues. Program revenues include charges for services, program specific operating grants and contributions, and program specific capital grants and contributions. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

As a general rule, the effects of interfund transfers among governmental funds and enterprise funds, respectively, have been eliminated from the government-wide financial statements. However, certain interfund services, accounted for in the internal service funds, have not been eliminated from the government-wide financial statements. The County eliminates the indirect costs between governmental activities to avoid a "doubling up" effect.

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

Fund Financial Statements

The underlying accounting system of the County is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

E-3

POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

Fund financial statements, for the primary governments, governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. The Custodial fund of the County primarily represents assets held by the County in a custodial capacity for other individuals or governments.

Governmental Funds

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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Property taxes, intergovernmental revenues and interest earned 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. All other revenue items are considered to be measurable only when cash is received by the County.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources." Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Due to the spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as other financing sources rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

E-4

POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds

Proprietary funds focus on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The proprietary fund category includes enterprise and internal service funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met: (a) the activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity, (b) laws or regulations require that the activity's costs of providing services, including capital costs be recovered with fees and charges, rather than with taxes or similar revenues, or (c) the pricing policies of the activity establish fees and charges designated to recover its costs, including capital costs.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for the County's enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

Basis of Presentation

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The County has used GASB Statement No. 34 minimum criteria for major fund determination. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section.

Governmental Major Funds

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

Special Revenue Grants Fund – This fund accounts for the various federal and state grants obtained by the County.

Coronavirus Relief Fund – The Coronavirus Relief Fund accounts for all activities related to money received from the U.S. Department of Treasury for Coronavirus relief.

E-5

POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Governmental Major Funds (Continued)

County Transportation Trust Fund – The main sources of revenues are from the state-shared revenues and local option gas taxes. These revenues are used for roads and bridge maintenance and construction.

Impact Fees Fund – This fund accounts for impact fees used for the construction or improvement of the County's emergency medical system, roads, and correctional facilities.

General Capital Improvements Fund – This fund is used to account for the acquisition, construction, modification, improvement, and renovation of major capital facilities such as buildings and parks.

Business-Type Major Funds

Utilities Fund – This fund accounts for all activities necessary to provide water and sewer services to residents in certain unincorporated areas of the County.

Waste and Recycling Fund – This fund accounts for all activities necessary to provide garbage collection and disposal services to the residents and businesses of the County.

Other Fund Types

Internal Service Funds – Internal Service Funds account for Fleet Management, Information Technology, and Employee Health Insurance services provided to other departments of the County on a cost reimbursement basis.

Custodial Fund – The Custodial Fund accounts for all assets held by Polk County in its capacity as custodian for individuals, other governmental units, and nonpublic organizations. The County's Custodial Funds are: County Court Fund, Registry of Court Fund, Jury and Witness Fund, Domestic Relations Fund, Tax Deed Fund, Intangible Tax and Documentary Stamp Fund, County Court/Civil Court Fund, Cash Bonds Fund, Other Custodial Funds, Fees and Suspense Fund, Fines and DRD Fund, Inmate Fund, and Taxes, Licenses, and Fee Collections Fund. A description of each custodial fund can be found on pages G-51 and G-52.

Noncurrent Governmental Assets/Liabilities

GASB Statement No. 34 requires noncurrent governmental assets, such as land and buildings, and noncurrent governmental liabilities, such as general obligation bonds and leases, to be reported in the governmental activities column in the government-wide statement of net position.

E-6

POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pooled Cash and Investments

All funds participate in the pooled cash and investments program for the purpose of maximizing investment yields. The earnings of the pool are allocated on a monthly basis to individual funds based upon their average monthly balance in the pool.

Each fund's equity in the County's pool is considered to be a cash equivalent since the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

Pooled cash of the County determined to be available in excess of immediate needs is placed in investments in accordance with the Polk County Investment Policy as amended December 17, 2019, under the guidelines of Section 218.415, *Florida Statutes*.

Allowance for Doubtful Accounts

The County provides an allowance for water and sewer accounts and governmental funds receivables, which include ambulance and impact fee receivables, which may become uncollectible. At September 30, 2025, these allowances were \$9,643,749 and \$3,304,561, respectively. No other allowances for doubtful accounts are maintained since all other receivables are considered collectible as reported at September 30, 2025.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. Prepaid items are generally accounted for using the consumption method. These are not available expendable resources.

Inventory

Inventories are stated at cost using the first-in, first-out, (FIFO) method. Inventories consist of expendable supplies held for consumption (consumption method).

Restricted Assets

Certain funds of the County are classified as restricted assets on the statement of net position because the restriction is either imposed by law through constitutional provisions or enabling legislation or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Therefore, their use is limited by applicable laws and regulations.

E-7

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, water and sewer distribution systems, and similar items), and intangible assets (e.g., software and easements), are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

Capital assets are valued at historical cost or estimated historical cost if actual is not available. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Betterments and major improvements which significantly increase the values, change capacities, or extend the useful lives are capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are charged to expenditures/expenses as incurred and not capitalized.

Capital assets acquired by lease/purchase agreements or multiple year installment purchase contracts are recorded in the governmental funds in the year acquired as capital outlay expenditures and as other financing sources in the amount of the discounted present value of the total stipulated payments.

The Sheriff is accountable for and thus maintains capital asset records pertaining only to equipment used in his operations. These assets have been combined with the rest of the County's governmental capital assets in the statement of net position.

Property, plant, equipment, infrastructure, and intangibles related to software of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives. Assets with an initial, individual cost equal to or greater than the following thresholds, along with their estimated useful lives are as follows:

Assets	Years	Capitalization Threshold
Buildings and Improvements	10, 40 to 45	Capitalize All
Equipment	5 to 15	\$5,000
Infrastructure	10 to 75	Capitalize All
Intangibles - Software	3 to 10	\$100,000
Right-to-Use Equipment	1 to 10	\$25,000
Right-to-Use Buildings	1 to 15	\$25,000
Subscription-Based IT Arrangements	1 to 15	Capitalize All

E-8

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Ad Valorem Taxes

The property tax calendar for 2025 is as follows:

Lien Date	January 1
Levy Date	January 1
Due Dates	November 1 through March 31
Delinquent Date	April 1
Tax Certificate Sale	Not Later than June 1

No accrual for the property tax levy becoming due in November of 2025 is included in the accompanying financial statements since such taxes are collected to finance expenditures of the subsequent period.

Pension

In the government-wide statement of net position, liabilities are recognized for the County's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

In the statement of net position, liabilities are recognized for the County's total OPEB liability as determined by an actuarial review of the healthcare coverage purchased by retirees to continue participation in the County's health plan. OPEB expense is recognized for changes in the OPEB liability resulting from current year service cost, interest on the total OPEB liability, and changes of benefit terms or actuarial assumptions. Changes to liability are first put into deferred inflows of resources and deferred outflows of resources then amortized.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources which 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. The amounts from pension, OPEB, and deferred amounts of refunding will be recognized as increases in expense in future years. In addition to liabilities, the statement of net position includes a separate section for the deferred inflows of resources. This represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue or decrease in expense) until that time. The amounts will be recognized as decreases in pension and OPEB expenses in future years. In addition, the County has deferred inflows as of September 30, 2025, resulting from prepayment of taxes collected by the Tax Collector. These prepaid taxes will be recorded as revenue in November 2025.

E-9

POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The unpaid vacation and sick leave accumulated by employees is accrued as an expense when incurred in the government-wide statement of activities and the proprietary funds. Therefore, the entire unpaid liability for compensated absences is recorded in the government-wide statement of net position. In the government-wide statements, compensated absences (i.e. paid absences for employee vacation leave and sick leave) are accrued as liabilities to the extent that it has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

Leases

Lessee Arrangements

The County determines if an arrangement is a lease at inception. Leases are included in lease assets and lease liabilities in the statements of net position.

Lease assets represent the County's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the County's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the County will exercise that option.

The County recognized payments for short-term leases with a lease term of 12 months or less as expenses are incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

Significant lease terms are disclosed in Note 7.

The County accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, the County treats the components as a single lease unit.

POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Lessor Arrangements

The County determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statements of net position and fund financial statements.

Lease receivables represent the County's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The County recognized payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

Significant lease terms are disclosed in Note 7.

The County accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, the County treats the components as a single lease unit.

POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subscription-Based Information Technology Arrangements (SBITAs)

The County determines if an arrangement is a SBITA at inception. SBITAs are included in SBITA assets and SBITA liabilities in the statements of net position.

SBITA assets represent the County's control of the right to use an underlying asset for the SBITA term, as specified in the contract, in an exchange or exchange-like transaction. SBITA assets are recognized at the commencement date based on the initial measurement of the SBITA liability, plus any payments made at or before the commencement of the SBITA term and certain direct costs. SBITA assets are amortized in a systematic and rational manner over the shorter of the SBITA term or the useful life of the underlying asset.

SBITA liabilities represent the County's obligation to make SBITA payments arising from the SBITA. SBITA liabilities are recognized at the commencement date based on the present value of expected SBITA payments over the SBITA term, less any SBITA incentives. Interest expense is recognized ratably over the contract term.

The SBITA term may include options to extend or terminate the lease when it is reasonably certain that the County will exercise that option.

The County recognized payments for short-term SBITAs with a subscription term of 12 months or less as expenses are incurred, and these subscriptions are not included as SBITA liabilities or SBITA assets on the statements of net position.

Significant SBITA terms are disclosed in Note 8.

The County accounts for contracts containing both subscription and nonsubscription components as separate contracts when possible. In cases where the contract does not provide separate price information for subscription and nonsubscription components, and it is impractical to estimate the price of such components, the County treats the components as a single subscription unit.

Unavailable Revenue

Revenue related to federal and state financial assistance programs is recognized when funds are expended. Grant funds received in advance of meeting any eligibility requirements other than a time requirement are reported as unavailable revenues.

Amortization

Bond premiums and discounts are presented as additions or reductions of the face amount of bonds payable.

Contributions

Contributions of cash or property received from other County funds, other governmental units and from contractors or developers are credited directly to the contribution accounts in the proprietary funds. Property and equipment contributed for general governmental purposes are recorded in the government-wide statement of net position.

E-12

POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fund Balance and Spending Policies

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governments are required to classify fund balance in governmental funds as nonspendable, restricted, committed, assigned, and unassigned. The following are the definitions of the fund balance classifications:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the Board of County Commissioners, the County's highest level of decision-making authority, by establishment of an Ordinance. Commitments may be modified or removed by the Board of County Commissioners by amending or repealing an Ordinance.

Assigned – Amounts that are intended by the Board to be used for specific purposes, but are neither restricted nor committed. The Board has not granted any specific individual the authority to assign amounts, thus assignments may be made only by the Board.

Unassigned – All other spendable amounts. The general fund is the only fund that may report a positive unassigned fund balance amount.

The County has implemented fund balance and spending policies to clearly define the process for tracking the various classifications of fund balance. The policy states when a general fund expenditure is incurred and where restricted, committed, assigned, or unassigned amounts are available to be used, the County will first use restricted amounts, then committed amounts, then assigned amounts, and finally unassigned amounts. All other funds in which an expenditure is incurred and where restricted, committed, assigned, or unassigned amounts are available to be used; the County will first use unassigned amounts, then assigned amounts, then committed amounts, and finally restricted amounts.

E-13

POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance and Spending Policies (Continued)

The Unbudgeted Other Special Revenue Funds are comprised of the Clerk of Courts' Records Modernization Trust, the Sheriff's Other Special Revenue Funds (Grants Fund and Other Governmental Funds) and the Supervisor of Elections' Special Revenue Grants Fund. These funds have distinct revenue sources and serve different purposes for the entities which administer them; therefore, their respective fund balances are classified separately before being combined together for financial reporting purposes.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the County's policy is to first use restricted net position then unrestricted net position.

New GASB Pronouncement

In June 2022, the Governmental Accounting Standards Board issued GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures.

The County adopted the requirements of the guidance effective October 1, 2024, and has elected to apply the provisions of this standard to the beginning of the earliest comparative period presented. See Note 22 for further information.

NOTE 2 BUDGETS AND BUDGETARY ACCOUNTING

The Board follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) Prior to July 15, the County Manager, as County Budget Officer, submits to the Board of County Commissioners a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted to obtain taxpayer comments.
- 3) Prior to October 1, the budget is legally enacted through passage of a resolution.
- 4) Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, debt service funds, and capital projects funds.
- 5) Budgets for the general, certain special revenue, debt service, and capital projects funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).
- 6) The County Manager (or his designee) approves budget transfers at the department level within a fund. Budget amendments at the fund level are approved by the Board.

E-14

POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 2 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

- 7) Section 129.07, *Florida Statutes*, provides that expenditures in excess of total fund budgets are unlawful. When supplemental appropriations are necessary, the budget is amended by the Board in a legally permissible manner. The budgetary data presented herein reflects the original adopted budget and the final budget after all amendments were made.
- 8) Unused appropriations lapse at the end of each fiscal year. However, some amounts may be carried forward to the following fiscal year in the form of a new appropriation which must be approved by the County Commission.

Chapter 195, *Florida Statutes*, governs the preparation, adoption and administration of the Tax Collector and Property Appraiser's annual budgets. The annual budget of the Tax Collector and the Property Appraiser must be submitted to and approved by the Department of Revenue, state of Florida.

The budget for the Clerk of the Circuit Court's general fund is prepared, adopted and administered in accordance with Sections 129.03 and 218.35, *Florida Statutes*, which requires separation of the part pertaining to the court system from that pertaining to the Clerk and Comptroller to the Board of County Commissioners.

The budget for the Clerk of the Circuit Court's court fund is prepared, adopted, and administered in accordance with Section 28.36, *Florida Statutes*.

The budget for the Sheriff's general fund is prepared, adopted and administered in accordance with Section 30.49, *Florida Statutes*.

The budget for the Supervisor of Election's general fund is prepared, adopted, and administered in accordance with Sections 129.201 and 129.202, *Florida Statutes*.

NOTE 3 POOLED 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 investment guidelines in compliance with Section 218.415, *Florida Statutes*. Investment policy objectives place an emphasis on enhancing yield while maintaining safety and liquidity by continually balancing risk and cash flow management.

E-15

POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 3 POOLED CASH AND INVESTMENTS (CONTINUED)

Investment risk is managed in the following forms:

- Custodial credit risk – risk that a government will not be able to recover deposits or the value of an investment that is 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 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.

Custodial Credit Risk

To manage custodial credit risk for deposits, the County's investment policy requires that all demand and time deposits, including money market accounts, are insured and fully collateralized. The County's bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. The remaining balances 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. Section 280.08, *Florida Statutes*, 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 the collateral pool are considered to be fully insured. As of September 30, 2025, the County's book balance of cash was \$84,885,470 and the bank balance was \$114,028,447.

The County may also enter into overnight repurchase agreements with a local banking institution. On any given banking day, the County may authorize the bank to "sweep" their account for the purpose of entering into repurchase agreements and other investments. The next day the same account is credited for the principal amount of the previous day's sweep, plus interest earned. As such, the balance is included as part of the deposit total for purposes of financial statement presentation. The amounts are fully collateralized by U.S. government treasury and/or agency securities. There were no outstanding amounts on September 30, 2025.

Investment in State Investment Pool

The County participates in the State of Florida Local Government Surplus Funds Trust Fund (LGIP), also known as Florida Prime administered by the State Board of Administration (SBA), under the regulatory oversight of the state of Florida. The purpose of this pool is to promote, through state assistance, the maximization of net interest earnings on invested surplus funds of local units of government. The LGIP is a 2a-7 like external investment pool and therefore uses amortized cost which is reported at a stable Net Asset Value (NAV), typically \$1.00 per share. Therefore, the account balance should be considered the fair value of the investment. As of September 30, 2025, the LGIP, now known as Florida Prime, is rated AAAM for Credit Quality by Standard & Poor's Rating Agency and had a weighted average maturity (WAM) of 47 days, and had a weighted average life (WAL) of 73 days.

E-16

POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 3 POOLED CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (Continued)

Investment in State Investment Pool (Continued)

A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments.

In accordance with GASB Statement No. 79, as a participant in a qualifying external investment pool, the County should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority) to impose liquidity fees or redemption gates in the notes to the financial statements.

With regard to redemption gates, Section 218.409(8)(a), *Florida Statutes*, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the monies in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest monies entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days."

With regard to liquidity fees, Section 218.409(4), *Florida Statutes*, provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made. As of September 30, 2025, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.

E-17

POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 3 POOLED CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (Continued)

Investment in State Investment Pool (Continued)

In addition, the County participates in the Florida Trust, formerly known as the Florida Local Government Investment Trust, which is administered by a board of trustees appointed by the Florida Association of Court Clerks and County Comptrollers, and the Florida Association of Counties, Inc. The Florida Trust was created in December 1991 to provide a means for public entities to pool surplus funds to maximize net earnings. As of September 30, 2025, all noncash investments held by the Florida Trust were money market, U.S. Treasury Notes, Commercial Paper, Repurchase Agreements, Asset-Backed Securities, Corporate Notes, Commercial Paper, Government Related Securities, Agency Notes, Municipal Notes, Collateralized Mortgage Obligations, and Certificates of Deposit. The Florida Trust reports share all information at Net Asset Value and reflects share value, in accordance with GASB Statement No. 31. As of September 30, 2025, the Florida Trust was rated AA+ for Credit Quality and S1 for Bond Fund Volatility by Fitch Ratings.

In relation to the FLGIT Day to Day Fund, at September 30, 2025, the average maturity in days was 32 days. The investments in the Day to Day Fund meet all of the necessary criteria to elect to measure all of the investments at amortized cost, as a cash equivalent.

The Florida Cooperative Liquid Assets Securities System (FLCLASS) is an independent local government investment pool. FLCLASS invests in a variety of securities, including U.S. government securities, corporate bonds, and money market funds. FLCLASS measures its investments at fair value. The County's investment in FLCLASS is classified as a cash equivalent in the statement of net position, as it is highly liquid and readily convertible to cash. The County has the ability to redeem its investment in FLCLASS on a daily basis, subject to certain restrictions and limitations. The FLCLASS is rated by S&P Global. The current rating is AA+M. The weighted average days to maturity (WAM) of the FLCLASS at September 30, 2025 was 42 days. The weighted average life (WAL) of the FLCLASS at September 30, 2025 was 85 days. Therefore, the fair value of the County's position in the pool is the same as the value of the pool shares. At September 30, 2025, the balance in FLCLASS totaled \$2,226,092.

A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the local government investment pool to interest rate changes.

In accordance with GASB 79, as a participant in a qualifying external investment pool, the County should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority) to impose liquidity fees or redemption gates in the notes to the financial statements. There were no such limitations or restrictions noted for both Florida Trust and FLCLASS.

POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 3 POOLED CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (Continued)

Investment in State Investment Pool (Continued)

To further 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. 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.

Credit Risk

To manage credit risk, the County's investment policy identifies and limits investments to only top ratings issued by nationally recognized statistical rating organizations (NRSROs). The County's investments in Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA) and Government National Mortgage Association (GNMA) were rated AA+ by Moody's Investor Service and as of the reporting date, exceeded 5% of the portfolio. At time of purchase, Commercial Paper should be rated at least "Prime-2" by Moody's and "A-2" by Standard & Poor's. Municipal debt should be rated "A- or equivalent" or better by at least one NRSRO at the time of purchase. Corporate debt securities should be rated "BBB- or equivalent" or better by at least two NRSROs at time of purchase. Asset Backed Securities are limited to traditional receivables, such as auto, equipment, or credit card receivables provided that such instrument is rated "A-1/P-1" or equivalent if the maturity is 13 months or less and "AAA" or equivalent for longer maturities by at least two NRSROs at time of purchase. Supranational Securities of a multilateral organization of governments must be rated "AAA" or equivalent by at least two NRSROs. Generally Commercial Paper securities purchased with a rating of "A-2" or "Prime-2" should have maturities not exceeding 90 days and corporates with BBB ratings should have maturities not exceeding two years. The investment policy allows for the timely and appropriate disposal when an investment credit rating falls below a minimum threshold. The following table illustrates the credit quality distribution with credit exposure as a percentage of the County's investment securities:

POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 3 POOLED CASH AND INVESTMENTS (CONTINUED)

Rating Concentration Matrix

TYPE / RATING	AAA ¹		AA	A	BBB	A-1	NR ³	Totals
	AAAm ^{2,5}	AAA						
U.S. Treasury								
Fixed	- %	- %	11.17 %	- %	- %	- %	- %	11.17 %
U.S. Agency								
Fixed	-	-	0.06	-	-	-	-	0.06
Corporates								
Fixed	-	-	-	0.59	0.24	-	-	0.83
Adjustable Rates	-	-	0.24	1.72	-	-	-	1.96
CMOs								
Fixed	-	-	13.25	-	-	-	-	13.25
Adjustable Rates	-	-	0.02	-	-	-	-	0.02
GSEs								
Fixed	-	-	7.97	-	-	-	-	7.97
Adjustable Rates	-	-	1.77	-	-	-	-	1.77
MBS								
Fixed	-	-	8.72	-	-	-	-	8.72
Adjustable Rates	-	-	0.16	-	-	-	-	0.16
Municipal								
Fixed	-	1.88	3.93	0.72	-	-	-	6.53
Asset Backed								
Fixed	-	8.26	-	-	-	-	-	8.26
CMBS								
Fixed	-	-	5.42	-	-	-	-	5.42
Adjustable Rates	-	-	3.92	-	-	-	-	3.92
CDs								
Fixed ⁴	-	-	-	-	-	-	1.85	1.85
Other								
FL Trust (FLGIT) ¹	2.85	-	-	-	-	-	-	2.85
FLCLASS ⁵	0.13	-	-	-	-	-	-	0.13
Wells Fargo-WFFXX ²	4.56	-	-	-	-	-	-	4.56
FL Prime (SBA) ²	4.15	-	-	-	-	-	-	4.15
FL Trust Day to Day ¹	5.34	-	-	-	-	-	-	5.34
Bank United (Money Market) ⁴	-	-	-	-	-	-	8.05	8.05
Valley Bank (Money Market) ⁴	-	-	-	-	-	-	3.03	3.03
Total	17.03 %	10.14 %	56.63 %	3.03 %	0.24 %	- %	12.93 %	100.00 %

¹ Florida Trust

² Florida Prime

³ Not Rated

⁴ Qualified Public Depository

⁵ FLCLASS

Liquidity Risk

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 various issuers. Position size is also taken into consideration with regard to liquidity risk.

POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 3 POOLED CASH AND INVESTMENTS (CONTINUED)

Concentration Risk

To manage concentration of investment risk, the County's investment policy stipulates maximum limitation guidelines for diversification by instrument. The following limits are established to serve as guidelines for diversification by instrument:

Local Government Surplus Funds Trust Fund	100 %
Certificates of Deposit	50
Federal Instrumentalities/ Government Sponsored Enterprises (GSEs)	50
SEC Registered Money Market Funds	50
United States Treasury Bills/Notes/Bonds/Strips	50
Repurchase Agreements	35
Asset Backed Securities (ABS)	35
Commercial Paper	35
Corporate Bonds	35
Collateralized Mortgage Obligations	25
Mortgage Backed Securities (MBS) Pass Through(s)	25
Municipal Bonds Gen.Oblg. (GO) and Water & Sewer (WS)	25
Supranationals	25
United States Federal Agencies Full Faith & Credit (FFC)	25
Banker's Acceptances	20
Florida Local Government Investment Trust	20
Israel Bonds	5

Interest Rate Risk

To manage interest rate risk, the County maintains a formal investment policy that limits investment maturities. The County manages interest rate risk by limiting how much of the portfolio is allocated to longer dated maturities. This coupled with a diversified portfolio of differing maturities and coupons that employ callable and structured securities limits exposure to fair value losses arising from interest rate risk.

In accordance with the County's investment policy, the County may invest in mortgage-backed securities, including collateralized mortgage-backed securities. It is management's opinion that the credit and legal risk associated with these investments would be comparable to other investments within the portfolio. The principal repayment portions may be sensitive to prepayment by mortgagors, which may be affected by interest rate changes.

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 3 POOLED CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk (Continued)

The prepayments and anticipated interest rate changes can therefore affect the fair values of the respective investments. As of September 30, 2025, the County has the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		< 1 Year	1 - 5 Years	> 5 Years
U.S. Treasury Notes:				
Fixed	\$ 188,926,120	\$ 104,989,440	\$ 83,936,680	\$ -
U.S. Agency Notes:				
Fixed	1,002,030	-	1,002,030	-
Corporates:				
Fixed	13,975,400	9,979,160	3,996,240	-
Adjustable Rates	33,051,790	22,023,540	11,028,250	-
CMOs:				
Fixed	224,194,159	-	497,512	223,696,647
Adjustable Rates	254,763	-	-	254,763
GSEs:				
Fixed	134,709,043	14,511,340	120,197,703	-
Adjustable Rates	29,884,261	8,212,981	21,671,280	-
MBS:				
Fixed	147,506,022	373,696	2,522,351	144,609,975
Adjustable Rates	2,721,863	-	1,230	2,720,633
Municipal:				
Fixed	110,503,179	25,676,142	40,954,763	43,872,274
Asset Backed:				
Fixed	139,600,228	-	139,600,228	-
CMBS:				
Fixed	91,578,112	7,175,313	80,042,405	4,360,394
Adjustable Rates	66,215,515	-	1,673,397	64,542,118
CDs:				
Fixed	31,219,261	31,219,261	-	-
FL Trust	48,375,238	48,375,238	-	-
FLCLASS	2,226,092	2,226,092	-	-
WFFXX	77,144,836	77,144,836	-	-
Florida Prime (SBA)	70,226,904	70,226,904	-	-
FL Trust Day to Day	90,382,054	90,382,054	-	-
Bank United (Money Market)	136,165,711	136,165,711	-	-
Valley Bank (Money Market)	51,159,413	51,159,413	-	-
Total	<u>\$ 1,691,021,994</u>	<u>\$ 699,841,121</u>	<u>\$ 507,124,069</u>	<u>\$ 484,056,804</u>

E-22

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 3 POOLED CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurements and Application*, sets forth the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described as follows:

Level 1 – Investments reflect prices quoted in active markets for identical assets or liabilities.

Level 2 – Investments reflect prices that are based on similar observable assets either directly or indirectly, which may include input in markets that are not considered to be active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Investments reflect prices that are based on unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Investments whose values are based on quoted market prices in active markets, and are therefore classified as Level 1, primarily include those assets that are traded daily in public markets in the United States. The fair value of these investments is based on the last reported sales price on the last day of the fiscal year.

Investments that trade in markets that are not considered to be actively traded on a daily basis, but are valued based on quoted market prices, dealer and broker quotations, bid prices, or alternative pricing sources using observable inputs, are classified within Level 2. Inputs used in fair value measurement should be consistent with the inputs that market participants would use in pricing the asset or liability. These include U.S. government obligations, investment grade corporate bonds and bank loans, certain mortgage and asset backed securities, less liquid listed securities and certain government agency securities. For example, inputs other than quoted prices, which provide a reasonable basis for fair value determination may include interest rates and yield curves, volatilities, prepayment speeds, credit risks, and default rates. The fair value of these investments is based upon the last reported observable input(s) on the last day of the fiscal year.

E-23

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 3 POOLED CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

Investments classified Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 investments include private equity funds, real estate investment, limited partnerships, certain mortgages and asset backed and common and collective trust funds that are primarily real estate. The fair value of these investments is determined by estimations provided by independent pricing sources in asset classes, nonbinding prices from industry vendors and managers, and the net asset value on the last day of the fiscal year.

The County has the following recurring fair value measurements as of September 30, 2025:

	Fair Value Measurements				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		September 30, 2025
Investments by Fair Value Level					
Debt Securities					
U.S. Treasury Notes	\$ -	\$ 188,926,120	\$ -	\$ -	\$ 188,926,120
U.S. Agency Notes	-	1,002,030	-	-	1,002,030
Corporate - Fixed	-	13,975,400	-	-	13,975,400
Corporate - Adjustable	-	33,051,790	-	-	33,051,790
CMO - Fixed	-	224,194,159	-	-	224,194,159
CMO - Adjustable	-	254,763	-	-	254,763
GSE - Fixed	-	134,709,043	-	-	134,709,043
GSE - Adjustable	-	29,884,261	-	-	29,884,261
MBS - Fixed	-	147,506,022	-	-	147,506,022
MBS - Adjustable	-	2,721,863	-	-	2,721,863
Municipal - Fixed	-	110,503,179	-	-	110,503,179
Asset Backed - Fixed	-	139,600,228	-	-	139,600,228
CMBS -Fixed	-	91,578,112	-	-	91,578,112
CMBS - Adjustable	-	66,215,515	-	-	66,215,515
Total Investments by Fair Value Level	\$ -	\$ 1,184,122,485	\$ -	\$ -	\$ 1,184,122,485
Investments Measured at the Net Asset Value (NAV)					
Florida Trust (FLGIT)					48,375,238
FLCLASS					2,226,092
Total Investments Measured at the NAV					50,601,330
Investments Measured at \$1.00					
LGIP					
State Board of Administration - FL PRIME					70,226,904
FL Trust Day to Day					90,382,054
SEC Reg. Money Mkt Fund					
Wells Fargo-WFFXX					77,144,836
Qualified Public Deposits					
Money Market Deposits					187,325,124
Certificates of Deposit					31,219,261
Total Investments Measured at \$1.00					456,298,179
Total Investments				\$	1,691,021,994

E-24

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 4 RESTRICTED ASSETS, LIABILITIES AND NET POSITION – ENTERPRISE FUNDS

Revenue bond ordinances and certain other agreements generally require the restriction of certain fund assets for specific purposes. Reserves, representing the excess of amounts provided for certain restricted asset accounts over the liabilities payable there from, are established by a reduction of unrestricted net position.

Restricted assets, liabilities, and net position as of September 30, 2025, consist of the following:

	Renewal Replacement and Improvements	Customer Deposits	Total	
Utilities Fund				
Cash and Investments	\$ 1,000,000	\$ 9,116,731	\$	10,116,731
Liabilities, Payable from Restricted Assets	-	(9,116,731)	(9,116,731)	
Restricted Net Position	\$ 1,000,000	\$ -	\$	1,000,000
Waste and Recycling Fund				
	Landfill Closure	Customer Deposits	Other Liabilities	Total
Cash and Investments	\$ 46,234,423	\$ 280,777	\$ 9,512	\$ 46,524,712
Liabilities, Payable from Restricted Assets	(46,234,423)	(280,777)	(9,512)	(46,524,712)
Restricted Net Position	\$ -	\$ -	\$ -	\$ -

Rule 62-701 of the Florida Administrative Code requires owners or operators of existing landfills to establish and maintain a landfill management escrow account or an alternative financial mechanism to show proof of financial responsibility for future landfill closure costs. The reserve for landfill closure includes funds restricted for this purpose.

E-25

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 5 INTERFUND BALANCES

The outstanding balances between funds result mainly from a time lag between the dates that (1) interfund services are provided or reimbursement occurs, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All amounts are expected to be collected in the subsequent year.

The composition of interfund balances as of September 30, 2025, was as follows:

Due to General Fund from:	
Special Revenue Grants Fund	\$ 34,879,694
Nonmajor Governmental Funds	215,073
Utilities Fund	1,868
Rohr Nursing Home Fund	1,329,818
Internal Service Funds	900
Total	<u>\$ 36,427,353</u>
Due to Nonmajor Governmental Funds from:	
General Fund	\$ 3,179,278
Nonmajor Governmental Funds	2,756
Total	<u>\$ 3,182,034</u>
Due to Utilities Fund from:	
General Fund	\$ 3,546
Total	<u>\$ 3,546</u>
Due to Waste and Recycling Fund from:	
General Fund	\$ 570,097
Total	<u>\$ 570,097</u>
Due to Internal Service Funds from:	
General Fund	\$ 3,608,948
Total	<u>\$ 3,608,948</u>

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 6 CAPITAL ASSETS

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

	October 1, 2024	Additions	Deletions	Reclassifications and Adjustments	September 30, 2025
<u>Governmental Activities</u>					
Capital Assets Not Being Depreciated/Amortized:					
Land and Right of Way	\$ 1,020,862,621	\$ 49,057,324	\$ (7,789)	\$ -	\$ 1,069,912,156
Intangibles - Easements	4,589,616	799,490	-	-	5,389,106
Construction in Process	162,352,433	121,363,406	(89,166,348)	-	194,549,491
Total Capital Assets Not Being Depreciated/Amortized	1,187,804,670	171,220,220	(89,174,137)	-	1,269,850,753
Capital Assets Being Depreciated/Amortized:					
Buildings and Improvements	528,051,545	20,058,008	(9,866,871)	-	538,242,682
Equipment	285,560,905	36,026,754	(13,660,322)	-	307,927,337
Infrastructure	3,975,817,069	82,630,770	-	-	4,058,447,839
Intangibles - Software	28,787,337	-	-	-	28,787,337
Total Capital Assets Being Depreciated/Amortized	4,818,216,856	138,715,532	(23,527,193)	-	4,933,405,195
Less Accumulated Depreciation/ Amortization for:					
Buildings and Improvements	(266,378,209)	(12,214,690)	9,060,347	-	(269,532,543)
Equipment	(183,292,838)	(25,612,149)	12,704,283	(5,746)	(196,406,450)
Infrastructure	(2,177,986,756)	(80,892,647)	-	(1,634)	(2,258,881,037)
Intangibles - Software	(23,552,348)	(1,349,004)	-	-	(24,901,352)
Total Accumulated Depreciation/Amortization	(2,651,210,142)	(120,268,490)	21,764,630	(7,380)	(2,749,721,382)
Total Capital Assets Being Depreciated/Amortized, Net	2,167,006,714	18,447,042	(1,762,563)	(7,380)	2,183,683,813
Right-to-Use Capital Assets Being Depreciated/Amortized:					
Right-to-Use Buildings	7,862,105	509,034	-	-	8,371,139
Right-to-Use Equipment	5,051,616	433,557	(135,579)	-	5,349,594
Total Capital Assets Being Depreciated/Amortized	12,913,721	942,591	(135,579)	-	13,720,733
Less Accumulated Depreciation/ Amortization for:					
Right-to-Use Buildings	(1,737,687)	(874,381)	-	-	(2,612,068)
Right-to-Use Equipment	(2,424,632)	(1,443,594)	135,579	(27,588)	(3,760,235)
Total Accumulated Depreciation/Amortization	(4,162,319)	(2,317,975)	135,579	(27,588)	(6,372,303)
Total Right-to-Use Capital Assets Being Depreciated/Amortized, Net	8,751,402	(1,375,384)	-	(27,588)	7,348,430
Subscription-Based Information Technology Arrangements Being Depreciated/Amortized:					
Subscription-Based Information Technology Arrangements	23,768,053	5,087,461	(2,362,324)	(327,183)	26,166,007
Less Accumulated Depreciation/ Amortization for:					
Subscription-Based Information Technology Arrangements	(10,407,083)	(6,916,225)	2,689,507	-	(14,633,801)
Total Subscription-Based Information Technology Arrangements Being Depreciated/Amortized, Net	13,360,970	(1,828,764)	327,183	(327,183)	11,532,206
Total Capital Assets Being Depreciated/Amortized, Net	2,189,119,086	15,242,894	(1,435,380)	(362,151)	2,202,564,449
Governmental Activities Capital Assets, Net	<u>\$ 3,376,923,756</u>	<u>\$ 186,463,114</u>	<u>\$ (90,609,517)</u>	<u>\$ (362,151)</u>	<u>\$ 3,472,415,202</u>

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 6 CAPITAL ASSETS (CONTINUED)

	October 1, 2024	Additions	Deletions	Reclassifications and Adjustments	September 30, 2025
Business-Type Activities:					
Capital Assets Not Being Depreciated/Amortized:					
Land and Right of Way	\$ 20,280,791	\$ -	\$ (59,880)	\$ -	\$ 20,220,911
Intangibles - Easements	3,183,256	119,710	-	-	3,302,966
Construction in Progress	115,361,024	78,397,173	(45,479,646)	-	148,278,551
Total Capital Assets Not Being Depreciated/Amortized	138,825,071	78,516,883	(45,539,526)	-	171,802,428
Capital Assets Being Depreciated/Amortized:					
Buildings and Improvements	997,644,867	51,311,877	(5,135,853)	-	1,043,820,891
Equipment	20,066,631	5,936,173	(3,010,389)	-	22,992,415
Infrastructure	95,783	-	-	-	95,783
Intangibles - Software	7,280,970	-	-	-	7,280,970
Total Capital Assets Being Depreciated/Amortized	1,025,088,251	57,248,050	(8,146,242)	-	1,074,190,059
Less Accumulated Depreciation/Amortization for:					
Buildings and Improvements	(336,126,271)	(23,890,001)	3,285,581	-	(356,730,691)
Equipment	(13,706,214)	(2,033,108)	1,437,939	-	(14,301,383)
Infrastructure	(88,120)	(1,295)	-	-	(89,415)
Intangibles - Software	(7,230,547)	(12,874)	-	-	(7,243,421)
Total Accumulated Depreciation/Amortization	(357,151,152)	(25,937,278)	4,723,520	-	(378,364,910)
Total Capital Assets Being Depreciated/Amortized, Net	667,937,099	31,310,772	(3,422,722)	-	695,825,149
Right-to-Use Capital Assets Being Depreciated/Amortized:					
Right-to-Use Equipment	5,423,742	807,847	-	-	6,231,589
Less Accumulated Depreciation/Amortization for:					
Right-to-Use Equipment	(291,581)	(826,615)	-	-	(1,118,196)
Total Right-to-Use Capital Assets Being Depreciated/Amortized, Net	5,132,161	(18,768)	-	-	5,113,393
Subscription-Based Information Technology Arrangements Being Depreciated/Amortized:					
Subscription-Based Information Technology Arrangements	666,744	232,075	-	-	898,819
Less Accumulated Depreciation/Amortization for:					
Subscription-Based Information Technology Arrangements	(75,482)	(128,886)	-	-	(204,368)
Total Subscription-Based Information Technology Arrangements Being Depreciated/Amortized, Net	591,262	103,189	-	-	694,451
Total Capital Assets Being Depreciated/Amortized, Net	673,660,522	31,395,193	(3,422,722)	-	701,632,993
Business-Type Activities Capital Assets, Net	\$ 812,485,593	\$ 109,912,076	\$ (48,962,248)	\$ -	\$ 873,435,421

E-28

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 6 CAPITAL ASSETS (CONTINUED)

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 7,338,104
Public Safety	24,760,008
Physical Environment	1,340,511
Transportation	77,271,899
Economic Environment	577,153
Human Services	1,749,698
Culture/Recreation	3,039,923
Capital Assets Held by Internal Service Funds	13,425,394
Total Additions to Accumulated Depreciation/Amortization	<u>\$ 129,502,690</u>

Business-Type Activities:	
Utilities	\$ 22,388,384
Waste and Recycling	4,392,677
Rohr Nursing Home	111,718
Total Additions to Accumulated Depreciation/Amortization	<u>\$ 26,892,779</u>

NOTE 7 LEASES

Lessee Arrangements

The County leases equipment as well as certain operating and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2042.

Total future minimum lease payments under lease agreements are as follows:

	Governmental Activities		Business-Type Activities		
	Principal	Interest	Principal	Interest	Total
2026	\$ 1,651,233	\$ 413,196	\$ 831,516	\$ 407,333	\$ 3,303,278
2027	836,252	332,894	679,910	347,120	2,196,176
2028	544,599	290,473	691,293	289,851	1,816,216
2029	490,502	259,597	640,818	233,166	1,624,083
2030	419,838	233,716	682,311	177,081	1,512,946
2031-2035	2,517,419	764,446	1,763,743	168,347	5,213,955
2036-2040	1,408,065	136,454	-	-	1,544,519
2041 and Thereafter	253,750	6,842	-	-	260,592
Total Minimum Lease Payments	<u>\$ 8,121,658</u>	<u>\$ 2,437,618</u>	<u>\$ 5,289,591</u>	<u>\$ 1,622,898</u>	<u>\$ 17,471,765</u>

E-29

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 7 LEASES (CONTINUED)

Lessor Arrangements

The County, acting as lessor, leases office space and cell towers under long-term, noncancelable lease agreements. The leases expire at various dates through 2033 and provide for renewal options ranging from three months to six years. During the year ended September 30, 2025, the County recognized \$1,583,628 and \$247,498 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Total future minimum lease payments to be received under lease agreements are as follows:

	Governmental Activities		Total
	Principal	Interest	
2026	\$ 1,653,932	\$ 171,267	\$ 1,825,199
2027	1,736,022	89,628	1,825,650
2028	574,205	23,391	597,596
2029	104,183	14,028	118,211
2030	46,801	10,288	57,089
2031-2035	95,205	11,491	106,696
Total Minimum Lease Receipts	<u>\$ 4,210,348</u>	<u>\$ 320,093</u>	<u>\$ 4,530,441</u>

NOTE 8 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The County subscribes for various IT arrangements for various terms under long-term, noncancelable subscription agreements. The SBITAs expire at various dates through 2033.

SBITAs entered into by the County are included as other financing sources and capital outlay expenditures in the statement of revenues, expenditures, and changes in fund balance in the year of inception. Payments made in accordance with the SBITA terms are reported as debt service expenditures in the statement of revenues, expenditures, and changes in fund balance as they are incurred.

Total future minimum SBITA payments under subscription agreements are as follows:

	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2026	\$ 3,193,845	\$ 444,489	\$ 123,662	\$ 46,323	\$ 3,808,319
2027	2,160,814	273,834	139,176	35,261	2,609,085
2028	1,402,199	167,462	72,484	24,967	1,667,112
2029	1,080,088	96,280	60,160	19,615	1,256,143
2030	722,106	39,222	44,046	15,337	820,711
2031-2035	288,411	32,289	173,389	16,720	510,809
Total Minimum Subscription Payments	<u>\$ 8,847,463</u>	<u>\$ 1,053,576</u>	<u>\$ 612,917</u>	<u>\$ 158,223</u>	<u>\$ 10,672,179</u>

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 9 RISK MANAGEMENT

The County is exposed to various risk of loss related to theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. A self-insurance program is effectively maintained by the County to administer insurance activities related to workers' compensation insurance, general and employment practices liability, auto liability, and health. The County's self-insurance program covers operations of the Board of County Commissioners and the constitutional officers. Under the program, the County has retention limits for each type of claim, which is covered by commercial insurance purchased by the County. Additional information regarding the self-insured employee health plan can be found in Note 10. The County also maintains fully-insured policies with several different carriers for property insurance with the total insured value for all properties estimated at \$1,056,609,557.

There have been no significant reductions in insurance coverage in the last year. Settled claims have not exceeded the insurance provided by third-party carriers in any of the last three years.

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 9 RISK MANAGEMENT (CONTINUED)

Litigation

Various suits and claims arising in the ordinary course of operations, some of which involve substantial amounts, are pending against the County. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the County, the liabilities which may arise from such action would not result in losses which would materially affect the financial position of the County or the results of its operations.

Claim Type	County Coverage (Deductible / Self-insured Amount)	Excess Carrier's Coverage
Property	Deductible \$ 1,000,000 except for as below: Named Windstorm 5% of TIV with \$ 5,000,000 Maximum \$ 1,000,000 Builders Risk	\$ 20,000,000 Named Windstorm \$ 50,000,000 All Other Perils (AOP), except \$100,000,000 AOP losses sustained at Courthouse \$ 50,000,000 Builder's Risk \$ 25,000,000 Earthquake Aggregate \$ 20,000,000 Flood Aggregate \$ 10,000,000 Flood Aggregate (zones A & V)
General and Employment Practices Liability	\$ 1,500,000 Self-insurance Retention Sovereign immunity limits: \$ 200,000 Any One Person \$ 300,000 Any One Claim	\$ 5,000,000 Per Occurrence \$ 10,000,000 Aggregate
General and Auto Liability	\$ 1,500,000 Self-insured Retention Sovereign immunity limits: \$ 200,000 Any One Person \$ 300,000 Any One Claim	\$ 5,000,000 Per Occurrence
Employee Health	\$ 1,000,000 Self-insurance Retention	Unlimited Stop Loss
Workers Compensation	\$ 1,500,000 Self-insured Retention \$ 1,000,000 Employers Liability	Workers Compensation Statutory Employers Liability - No Excess Coverage

E-32

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 10 SELF-INSURED EMPLOYEE HEALTH PLAN

The County provides a self-insured health plan for all eligible employees, retirees under the age of 65, and their dependents. Medical claims for the self-insured plan are paid from premium contributions made by participants and the County. The amount of the contribution toward the premium paid by the participant and the County are determined by projected claims based on historical and actuarial experience. Claim liabilities are recorded when it is probable to determine that a liability has been incurred and the amount can be reasonably estimated. This estimate is based on the County's actual claims incurred and payment patterns. The County incurred no claims against its stop loss policy in the current fiscal year.

The following table shows the changes in aggregate liabilities for claims for the past two fiscal years:

Fiscal Year	Beginning Balance	Incurred Claims	Payments	Ending Balance
2025	\$ 5,593,000	\$ 50,791,527	\$ 50,103,527	\$ 6,281,000
2024	5,750,000	43,308,071	43,465,071	5,593,000

E-33

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 11 LONG-TERM LIABILITIES

The following is a summary of the changes in long-term liabilities of the County for the year ended September 30, 2025:

	October 1, 2024	Additions	Deletions	September 30, 2025	Due Within One Year
Governmental Activities:					
Revenue Bonds Payable from					
Direct Borrowings	\$ 50,160,000	\$ -	\$ (3,180,000)	\$ 46,980,000	\$ 3,340,000
Plus Deferred Amounts:					
For Issuance Premium	2,822,970	-	(256,634)	2,566,336	256,634
Net Bonds Payable	52,982,970	-	(3,436,634)	49,546,336	3,596,634
Direct Borrowings:					
Interlocal Agreements	32,886,796	-	(2,635,999)	30,250,797	2,362,667
Notes Payable	54,853,542	-	(9,036,900)	45,816,642	9,252,168
Lease Liability	9,374,360	942,593	(2,195,295)	8,121,658	1,651,233
SBITA Liability	10,294,992	5,253,390	(6,700,919)	8,847,463	3,193,845
Compensated Absences	35,757,455	2,414,311	-	38,171,766	14,213,735
Self-Insurance Liability	16,540,000	14,889,248	(8,059,248)	23,370,000	8,800,000
Governmental Activities					
Long-Term Liabilities	<u>\$ 212,690,115</u>	<u>\$ 23,499,542</u>	<u>\$ (32,064,995)</u>	<u>\$ 204,124,662</u>	<u>\$ 43,070,262</u>
Business-Type Activities:					
Revenue Bonds Payable from					
Direct Borrowings	\$ 180,185,000	\$ -	\$ (4,580,000)	\$ 175,605,000	\$ 4,725,000
Plus Deferred Amounts:					
For Issuance Premium	25,335,971	-	(1,191,995)	24,143,976	1,006,444
Net Bonds Payable	205,520,971	-	(5,771,995)	199,748,976	5,731,444
Direct Borrowings:					
Interlocal Agreements	1,310,589	-	(217,985)	1,092,604	201,217
Contracts Payable	58,880	-	-	58,880	-
Closure and Long-Term Care	43,655,585	2,578,838	-	46,234,423	-
Lease Liability	5,178,900	807,846	(697,155)	5,289,591	831,516
SBITA Liability	534,887	232,075	(154,045)	612,917	123,662
Compensated Absences	2,372,533	197,486	-	2,570,019	2,052,526
Other Long-Term Liabilities	26,599	-	-	26,599	-
Business-Type Activities					
Long-Term Liabilities	<u>\$ 258,658,944</u>	<u>\$ 3,816,245</u>	<u>\$ (6,841,180)</u>	<u>\$ 255,634,009</u>	<u>\$ 8,940,365</u>

The compensated absences beginning balance was restated pursuant to implementation of GASB 101. Additionally, the compensated absences activity is reported as a net change pursuant to GASB 101.

Long-term liabilities are typically liquidated by the individual fund to which the liability is directly associated. Claims and judgments are typically liquidated by the General Fund and charged to the funds to which a portion of the liabilities directly relates.

The self-insurance claims liability consists of \$23,370,000 for workers' compensation, general liability and employment practices, and automobile liability.

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 11 LONG-TERM LIABILITIES (CONTINUED)

Revenue Bonds, Notes, and Interlocal Agreements

Revenue bonds payable and interlocal agreements at September 30, 2025, are comprised of the following individual issues:

<u>Business-Type Activities - Revenue Bonds Payable</u>	<u>Amount</u>
\$87,550,000 in Utility System Revenue and Refunding Bonds, Series 2020; due in annual installments of \$3,108,750 to \$11,886,600, including interest through October 1, 2043; interest ranging from 1.75% to 5.0%; collateralized by an irrevocable senior lien on gross revenues derived from the operation of the system and certain connection charges.	\$ 87,550,000
\$92,635,000 in Utility System Revenue and Refunding Bonds, Series 2024; due in annual installments of \$960,000 to \$6,590,000, including interest through October 1, 2054; interest ranging from 1.75% to 5.0%; collateralized by an irrevocable senior lien on gross revenues derived from the operation of the system and certain connection charges.	88,055,000
Total Business-Type Activities - Revenue Bonds Payable	175,605,000
<u>Business-Type Activities - Interlocal Agreements</u>	
\$4,050,046 interlocal agreement with the City of Bartow due in annual installments of \$201,217 through August 15, 2031, collateralized by a portion of operating revenue.	1,092,604
Total Business-Type Activities - Interlocal Agreements	1,092,604
Total Business-Type Activities - Revenue Bonds Payable and Interlocal Agreement Payable	<u>\$ 176,697,604</u>

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 11 LONG-TERM LIABILITIES (CONTINUED)

Revenue Bonds, Notes, and Interlocal Agreements (Continued)

<u>Governmental Activities - Revenue Bonds Payable</u>	<u>Amount</u>
\$71,510,000 in Public Facilities Revenue Refunding Bonds, Series 2014, due in annual installments of \$1,787,556 to \$5,453,600, including interest through December 1, 2035; interest ranging from 3.0% to 5.0%; collateralized by a pledge of revenues from the State Revenue Sharing Trust Funds, and 8.0% of the 10.0% public service tax accruing to the County under provisions of Chapter 210, <i>Florida Statutes</i> , Section 212.20 and Chapter 125, <i>Florida Statutes</i> ; Chapter 218, Part II, <i>Florida Statutes</i> ; Section 166.231, <i>Florida Statutes</i> .	<u>\$ 46,980,000</u>
Total Governmental Activities - Revenue Bonds Payable	<u>46,980,000</u>
 <u>Governmental Activities - Revenue Notes Payable</u>	
\$18,157,000 in Public Facilities Revenue Refunding Note, Series 2015, due in annual installments of \$592,356 to \$2,151,780; including interest through December 1, 2026; interest of 2.14%; collateralized by a pledge of State Revenue Sharing Trust Funds and 8.0% of the 10.0% public service tax accruing to the County under provisions of Section 210, <i>Florida Statutes</i> , Section 212.20 and Chapter 125, <i>Florida Statutes</i> ; Chapter 218, Part II, <i>Florida Statutes</i> ; Section 166.231, <i>Florida Statutes</i> .	4,182,000
\$27,062,000 in Promissory Note, Series 2020A, due in annual installments of \$648,285 to \$2,249,066; including interest through April 1, 2035; interest of 2.20%; collateralized by a non-ad valorem revenue.	20,149,642
\$41,955,000 in Promissory Note, Series 2020C, due in annual installments of \$611,319 to \$5,741,775; including interest through December 1, 2029; interest of 1.95%; collateralized by non-ad valorem revenue.	<u>21,485,000</u>
Total Governmental Activities - Revenue Notes Payable	<u>\$ 45,816,642</u>

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 11 LONG-TERM LIABILITIES (CONTINUED)

Revenue Bonds, Notes, and Interlocal Agreements (Continued)

<u>Governmental Activities - Interlocal Agreements</u>	<u>Amount</u>
\$5,500,000 interlocal agreement with the City of Auburndale due in annual installments not to exceed \$303,672, through October 2035; collateralized by a portion of the local 4% and 5% of the Tourist Development Tax.	\$ 2,835,000
\$13,616,000 interlocal agreement with the City of Lakeland (Joker Marchant Stadium) due in annual installments not to exceed \$1,044,561, through September 2036; collateralized by the 4% portion of the Tourist Development Tax.	8,361,456
\$6,718,697 interlocal agreement with the City of Lakeland due in annual installments not to exceed \$537,016, through October 2032; collateralized by a portion of the local 4% and 5% of the Tourist Development Tax.	3,432,002
\$10,000,000 interlocal agreement with the City of Winter Haven (Chain of Lakes) due in annual installments not to exceed \$786,375, through September 2037, collateralized by a portion of the local 4% and 5% of the Tourist Development Tax.	6,960,000
\$3,500,000 interlocal agreement with the City of Auburndale due in annual installments not to exceed \$381,325, through December 2030; collateralized by a portion of the local 4% and 5% of the Tourist Development Tax.	2,507,339
\$6,525,000 interlocal agreement with the City of Winter Haven (Chain of Lakes) due in annual installments not to exceed \$510,300, through October 2043, collateralized by a portion of the local 4% and 5% of the Tourist Development Tax.	<u>6,155,000</u>
Total Governmental Activities - Interlocal Agreements	<u>30,250,797</u>
Total Governmental Activities - Revenue Bonds Payable, Revenue Notes Payable, and Interlocal Agreements Payable	<u>\$ 123,047,439</u>

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 11 LONG-TERM LIABILITIES (CONTINUED)

Revenue Bonds, Notes, and Interlocal Agreements (Continued)

Annual debt service requirements to maturity for bonds, notes, and interlocal agreements are as follows:

Year Ending September 30,	Governmental Activities			
	Bonds		Notes and Interlocal Agreements from Direct Borrowings	
	Principal	Interest	Principal	Interest
2026	\$ 3,340,000	\$ 2,022,950	\$ 11,614,835	\$ 1,938,728
2027	3,510,000	1,851,700	11,901,437	1,674,106
2028	3,685,000	1,671,825	7,883,590	1,446,152
2029	3,865,000	1,483,075	8,067,543	1,256,570
2030	4,060,000	1,284,950	8,258,858	1,062,459
2031-2035	23,280,000	3,473,725	22,425,614	3,230,423
2036-2040	5,240,000	104,800	4,515,562	712,956
2041 and Thereafter	-	-	1,400,000	113,200
Total	<u>\$ 46,980,000</u>	<u>\$ 11,893,025</u>	<u>\$ 76,067,439</u>	<u>\$ 11,434,594</u>

Year Ending September 30,	Business Type Activities			
	Bonds		Notes and Interlocal Agreements from Direct Borrowings	
	Principal	Interest	Principal	Interest
2026	\$ 4,725,000	\$ 8,117,775	\$ 201,217	\$ -
2027	5,015,000	7,881,525	201,217	-
2028	5,275,000	7,630,775	201,217	-
2029	5,500,000	7,367,025	201,217	-
2030	5,915,000	7,092,025	201,217	-
2031-2035	30,165,000	30,987,125	86,519	-
2036-2040	34,720,000	23,345,525	-	-
2041 and Thereafter	84,290,000	26,191,675	-	-
Total	<u>\$ 175,605,000</u>	<u>\$ 118,613,450</u>	<u>\$ 1,092,604</u>	<u>\$ -</u>

There are a number of limitations and restrictions contained in the various bond indentures. As of September 30, 2025, all funds are being maintained in accordance with the ordinances and resolutions.

The County's revenue bonds and notes payable include provisions that in the event of default, all outstanding interest and principal will be due on demand. Events of default include nonpayment of interest and principal, incurring new debt above amounts allowed by the lender and other administrative requirements. The County is not in default on any long-term liabilities.

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 11 LONG-TERM LIABILITIES (CONTINUED)

Revenue Bonds – Pledged Future Revenues

Polk County Board of County Commissioners has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$175,605,000 in revenue bonds issued in 2020 and 2024. Proceeds from the bonds were used to finance the cost of the acquisition and construction of additions, extensions and improvements to the System. Principal and interest on the bonds are payable through 2054, from the water and sewer gross revenues and connection charges. Annual principal and interest on the bonds are expected to require approximately 8% of such gross revenues and connection charges. Principal and interest paid for the year ended September 30, 2025, was \$13,077,651.

Closure and Long-Term Care Costs

State and federal laws and regulations require that a final cover be placed on all landfill sites when they are no longer accepting waste and that certain maintenance and monitoring functions are performed at the respective sites for thirty years after closure. Although closure and long-term care costs will be paid only near or after the date that the landfill stops accepting waste, a portion of these closure and long-term care costs are reported as an operating expense in each period based on the landfill capacity used as of each balance sheet date. The \$46,234,423 payable from restricted assets reported as landfill closure and long-term care liability at September 30, 2025, represents the cumulative amount reported to date based on the use of 82.24% of the estimated capacity for all landfill sites. These amounts are estimated based on what it would cost to perform all closure and long-term care as of September 30, 2025. County landfills are permitted to remain open through 2038. One phase of the County's current landfill is not open yet and one phase is expected to close within the next 12 months. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

State and federal laws and regulations require that annual contributions be made to a trust to finance closure and long-term care. At September 30, 2025, cash, investments, and receivables of \$46,234,423 are held for these purposes; therefore, the County is in compliance with financial assurance requirements. These assets are reported as Restricted Assets on the statement of net position. Future inflation costs are expected to be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional long-term care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

Each year the Florida Department of Environmental Protection (FLDEP) requires the County to assess the estimate of post-closure costs for each landfill owned by the County. During the year ended September 30, 2025, the post-closure liability increased by \$2,578,838, for an ending balance of \$46,234,423. The total estimated cost for closure and post closure care for the landfill at September 30, 2025, was \$56,218,957. The County will recognize the remaining estimated cost of closure and post closure care of \$9,984,534 as the remaining estimated capacity is filled.

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 11 LONG-TERM LIABILITIES (CONTINUED)

Compensated Absences

Total available vacation and sick leave hours are multiplied by the current pay rate to determine the accrued liability. The County uses the last-in, first-out (LIFO) method of recognizing the use of vacation and sick leave hours. Employees are charged for the last day of vacation or sick leave earned when the leave is used. Thus, unless it is anticipated that vacation or sick leave will be used in excess of a normal year's accumulation, no additional expenditures are accrued.

Self-Insurance

In an effort to combat the rising cost of insurance premiums and the unavailability of coverage, the County has initiated self-insured workers' compensation, general liability, employment practices and automobile liability programs. The programs effectively interrelate between an independent risk manager, a loss control consultant, an excess reinsurer, and County management.

The changes in aggregate liability for claims and judgments for the past two fiscal years are:

Year Ended September 30,	Beginning Balance	Current Year Claims and Changes in Estimates	Current Year Claims Payments	Ending Balance
2025:				
Worker's Compensation General and Employment Practices Liability	\$ 9,350,000	\$ 4,708,048	\$ 3,308,048	\$ 10,750,000
Automobile Liability	3,010,000	4,403,427	2,593,427	4,820,000
	4,180,000	5,777,773	2,157,773	7,800,000
Total Self-Insurance Liability	<u>\$ 16,540,000</u>	<u>\$ 14,889,248</u>	<u>\$ 8,059,248</u>	<u>\$ 23,370,000</u>
2024:				
Worker's Compensation General and Employment Practices Liability	\$ 8,580,000	\$ 4,289,230	\$ 3,519,230	\$ 9,350,000
Automobile Liability	1,690,000	2,894,050	1,574,050	3,010,000
	1,680,000	4,430,001	1,930,001	4,180,000
Total Self-Insurance Liability	<u>\$ 11,950,000</u>	<u>\$ 11,613,281</u>	<u>\$ 7,023,281</u>	<u>\$ 16,540,000</u>

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 11 LONG-TERM LIABILITIES (CONTINUED)

Interlocal Agreements

The County has entered into Interlocal agreements, in accordance with *Florida Statute* 163.01, with various municipalities within Polk County, Florida. The County and the various municipalities have joint powers to develop projects that contribute to economic development of Polk County, Florida. The County's participation in these projects include providing financing for a portion of the projects. The amounts contributed to these projects are disclosed in this footnote including the term and annual payments. These ventures are funded primarily through the tourism development tax. In addition to providing financing, the County provides other services to the developments including marketing, construction development oversight, and economic development services. These ventures allow for a method for equitably providing for and allocating and financing the capital and operating costs, including payments to reserve funds authorized by law and payments of principal and interest on obligations. The method is established by the participating parties to the interlocal agreement on a ratio of full valuation of real property, on the basis of the amount of services rendered or to be rendered or benefits received or conferred or to be received or conferred, or on any other equitable basis, subject to such limitations as may be contained in the constitution and statutes of this state.

Pension and Other Postemployment Benefits (OPEB)

The liabilities for pension and OPEB are liquidated in the fund in which an employee's payroll expense is normally recorded. The significant funds that have been used in prior years to liquidate these liabilities have been the General, Utilities, and Fire Rescue Funds. Additional disclosure for Pension and OPEB can be found in Note 12 and Note 13, respectively of the financial statements.

NOTE 12 RETIREMENT PLANS

Background

The Florida Retirement System (FRS) was created by 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 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.

POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 12 RETIREMENT PLANS (CONTINUED)

Background (Continued)

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

Florida Retirement System Pension Plan

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 12 RETIREMENT PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Plan Description (Continued)

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS 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 FRS 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. Employees enrolled in the FRS Plan may include up to four years of credit for military service toward creditable service. The FRS 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 FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, *Florida Statutes*, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 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 FRS 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 member's five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the member's eight highest fiscal years' 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. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 12 RETIREMENT PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)
Benefits Provided (Continued)

The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>Percent Value</u>
Regular Class Members Initially Enrolled Before July 1, 2011:	
Retirement Up to Age 62 or Up to 30 Years of Service	1.60 %
Retirement Up to Age 63 or Up to 31 Years of Service	1.63
Retirement Up to Age 64 or Up to 32 Years of Service	1.65
Retirement Up to Age 65 or Up to 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 Up to Age 66 or Up to 34 Years of Service	1.63
Retirement Up to Age 67 or Up to 35 Years of Service	1.65
Retirement Up to Age 68 or Up to 36 Years of Service	1.68
Elected County Officers	3.00
Senior Management Service Class	2.00
Special Risk Regular:	
Service from December 1, 1970, through 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%. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The employer contribution rates by job class for the periods from October 1, 2024, through June 30, 2025, and from July 1, 2025, through September 30, 2025, respectively, were as follows: Regular employees 13.63% and 14.03%; Special Risk employees 32.79% and 35.19%; County Elected Officials 58.68% and 54.57%; Senior Management Services 34.52% and 33.24%; and DROP participants 21.13% and 22.02%. The County's contributions to the FRS Plan were \$62,909,340 for the year ended September 30, 2025.

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 12 RETIREMENT PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)
Pension Costs

At September 30, 2025, the County reported a liability of \$315,424,620 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The County's proportion of the net pension liability was based on the County's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2024, through June 30, 2025, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2025, the County's proportion was 1.016347081%, which was an increase of 0.008272142% from its proportion measured as of June 30, 2024.

For the year ended September 30, 2025, the County recognized pension expense of \$38,072,081 for its proportionate share of the FRS Plan's pension expense. In addition, the County reported its proportionate share of the FRS Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 33,690,676	\$ -
Changes in Actuarial Assumptions	36,628,996	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	52,663,329
Changes in Proportion and Differences Between the County's Contributions and Proportionate Share of Contributions	20,016,305	5,967,313
County's Contributions Subsequent to the Measurement Date	15,904,743	-
Total	<u>\$ 106,240,720</u>	<u>\$ 58,630,642</u>

An amount of \$15,904,743 reported as deferred outflows of resources related to pensions resulting from County contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2026	\$ 53,342,128
2027	(3,925,040)
2028	(8,607,464)
2029	(9,104,289)
Total	<u>\$ 31,705,335</u>

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 12 RETIREMENT PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the July 1, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40% Per Year
Salary Increases	3.50%, Average, Including Inflation
Investment Rate of Return	6.70%, Net of Pension Plan Expense

Mortality rates were based on the PUB-2010 base table which varies by member category and sex, projected generationally with Scale MP-2021. The actuarial assumptions used in the July 1, 2025, valuation for the June 30, 2025, measurement date were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023.

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

The target allocation, as outlined in the FRS Plan's investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0 %	3.2 %	3.2 %	1.1 %
Fixed Income	29.0	5.5	5.4	4.0
Global Equity	45.0	8.5	6.9	18.3
Real Estate (Property)	12.0	8.4	7.1	16.8
Private Equity	11.0	12.4	8.8	28.4
Strategic Investments	2.0	6.5	6.1	8.7
Totals	100.0 %			
Assumed Inflation - Mean			2.4	1.5

Discount Rate

The discount rate used to measure the total pension liability was 6.70% for the FRS Plan, which was no change from the rate as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

E-46

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 12 RETIREMENT PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability for the FRS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
FRS Plan Discount Rate	5.70%	6.70%	7.70%
County's Proportionate Share of the FRS Plan Net Pension Liability	\$ 619,016,011	\$ 315,424,620	\$ 60,898,046

Pension Plan Fiduciary Net Position

Detailed information about the FRS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report. That report may be obtained through the Florida Department of Management Services website (www.dms.myflorida.com).

Retiree Health Insurance Subsidy Program

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

Eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month, pursuant to Section 112.363, *Florida Statutes*. To be eligible to receive a HIS Plan benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

E-47

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 12 RETIREMENT PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)
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 fiscal year ended June 30, 2025, the contribution rate was 2.00% 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 full subsidy benefits to all participants, benefits may be reduced or canceled. The County's contributions to the HIS Plan were \$6,676,542 for the year ended September 30, 2025.

Pension Costs

At September 30, 2025, the County reported a liability of \$93,719,990 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024, and update procedures were used to determine liabilities as of July 1, 2025. The County's proportion of the net pension liability was based on the County's contributions received during the measurement period for employer payroll paid dates from July 1, 2024, through June 30, 2025, relative to the total employer contributions received from all participating employers. At June 30, 2025, the County's proportion was 0.731190937%, which is an increase of 0.012392345% from its proportion measured as of June 30, 2024.

For the year ended September 30, 2025, the County recognized pension expense of \$3,370,016 for its proportionate share of HIS's pension expense. In addition, the County reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 559,446	\$ 148,668
Changes in Actuarial Assumptions	829,527	22,668,461
Net Difference Between Projected and Actual		
Earnings on HIS Program Investments	-	78,004
Changes in Proportion and Differences Between the		
County's Contributions and Proportionate Share		
of Contributions	6,135,419	603,077
County's Contributions Subsequent to the		
Measurement Date	1,609,992	-
Total	<u>\$ 9,134,384</u>	<u>\$ 23,498,210</u>

E-48

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 12 RETIREMENT PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)
Pension Costs (Continued)

An amount of \$1,609,992 reported as deferred outflows of resources related to pensions resulting from County contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2026	\$ (3,299,510)
2027	(4,447,289)
2028	(3,641,055)
2029	(2,653,388)
2030	(1,932,576)
Total	<u>\$ (15,973,818)</u>

Actuarial Assumptions

The total pension liability in the July 1, 2024, actuarial valuation for the June 30, 2025, measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40% Per Year
Salary Increases	3.50%, Average, Including Inflation
Municipal Bond Rate	5.20%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2021. The actuarial assumptions used in the July 1, 2024, valuation for the June 30, 2025, measurement date were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023.

Discount Rate

The discount rate used to measure the total pension liability was 5.20% for the HIS Plan, which was a 1.27% increase from the 3.93% rate as of June 30, 2024. 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.

E-49

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 12 RETIREMENT PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability for the HIS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	4.20%	5.20%	6.20%
County's Proportionate Share of the HIS Plan Net Pension Liability	\$ 105,684,376	\$ 93,719,990	\$ 83,685,673

Pension Plan Fiduciary Net Position

Detailed information about the HIS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report. That report may be obtained through the Florida Department of Management Services website (www.dms.myflorida.com).

Summary

The aggregate amount of net pension liability, related deferred outflows of resources, deferred inflows of resources, and pension expense for the County's defined benefit pension plans are summarized below:

	FRS Plan	HIS Plan	Total
Net Pension Liability	\$ 315,424,620	\$ 93,719,990	\$ 409,144,610
Deferred outflows of resources	106,240,720	9,134,384	115,375,104
Deferred inflows of resources	58,630,642	23,498,210	82,128,852
Pension expense	34,702,081	3,370,016	38,072,097

FRS Investment Plan

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Annual Comprehensive Financial Report.

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 12 RETIREMENT PLANS (CONTINUED)

FRS Investment Plan (Continued)

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. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to 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 Officers, 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. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members.

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 FRS Plan is transferred to the Investment Plan, the member must have the years of service required for FRS 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. For the fiscal year ended June 30, 2025, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

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 FRS Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The County's contributions to the Investment Plan totaled \$12,357,012 for the year ended September 30, 2025.

Employee contributions to the Investment Plan totaled \$2,018,918 for the year ended September 30, 2025.

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The postemployment benefits plan is a single-employer defined benefit plan administered by the County. In accordance with Section 112.0801, *Florida Statutes*, and as authorized by County Ordinance 2018-073 effective November 20, 2018, and County Ordinance 2020-044 effective January 1, 2021, the County offers retiring employees enrolled in the County's plans at the time of retirement and their covered dependents the opportunity to continue to participate in health and/or life insurance plans through the County's Retiree Benefits Program. The postemployment benefits plan does not issue a separate financial statement.

If an employee wishes to immediately continue group health insurance through the County, the appropriate paperwork must be submitted within 30 days of their employment termination date. A retired employee, who retired on or after November 20, 2018, has a one-time option to elect to cease participation in the group health insurance plan upon retirement, enter into inactive status, and enroll at a later date. A surviving spouse may also elect this one-time option. An employee who retires under a state retirement system or a state optional annuity or retirement program or is placed on disability retirement must immediately begin receiving retirement benefits after leaving County employment to qualify for this benefit. Any employee who retires under the Investment Plan must meet the age and service requirements set forth in Section 121.021(29), *Florida Statutes*, or attained the retirement age specified by Section 72(t)(2)(AA)(i) of the Internal Revenue Code and have the years of service required for vesting as set forth in Section 121.021(45), *Florida Statutes*.

However, an exception to this qualification is that some employees who did not retire, were employed with County government a minimum of 15 years and terminated their employment prior to January 1, 2012, qualified for participation in the Retiree Benefits Program based solely upon their years of service. Retirees age 65 and older and/or their Medicare eligible dependents participate in the fully-insured Medicare Advantage plan and must enroll in the Federal Medicare program (Part A & Part B) to be eligible for enrollment in this plan option. Retirees under the age of 65 may remain on the County's self-insured medical plan.

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Description (Continued)

The premiums for the retirees and dependents participating in the County's health plans are the same as that of active employees. If a retiree was employed before January 1, 2009, elects to continue group health insurance, and was employed by County government for a minimum of ten years, or eight years for elected officials and senior management, the County contributes toward the payment of the premium for the employee only coverage. If an employee retired or entered DROP before January 1, 2012, the County contributes 3% of the retiree's premium for each full year of employment that the employee had with a Polk County agency affiliated with the County's health plan. The maximum contribution that the County will provide to a retiree at 3% per year is 75% of the premium. If an employee retires after January 1, 2012, the County contributes the lesser of \$20 per year of service, up to a maximum of \$500 or 3% per year of service up to a maximum of 75%. The County does not make a contribution toward premiums for any employee hired after December 31, 2008. The County also subsidizes the premium rates paid by non-Medicare eligible retirees and their dependents by allowing them to participate in the self-insured plans at the blended group (implicitly subsidized) premium rates for both active and non-Medicare eligible retired employees. These rates provide an implicit subsidy because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

Employees may also retain the amount of basic life coverage in effect on the group life insurance plan at the time they become a retiree; however, they are fully responsible for the premium.

Funding Policy

The County has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) or the net OPEB obligation. Contribution requirements of the County are established and may be amended through the County. The plan is currently being funded on a pay-as-you-go basis. No trust fund has been established for the plan. The plan does not issue a separate financial report.

Employees Covered by Benefit Terms

At September 30, 2025, the following employees were covered by the benefit terms:

Plan Participants:	
Inactive Employees or Beneficiaries Currently Receiving Benefits	1,679
Active Plan Members	4,591
Total Participants	<u>6,270</u>

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability

The County's Total OPEB liability was measured as of September 30, 2024, and was determined by an actuarial valuation as of September 30, 2024. The following table shows the County's total OPEB liability for the year ended September 30, 2025.

	Total OPEB Liability
Balance - October 1, 2024	\$ 163,544,255
Changes for the Year:	
Service Cost	3,121,713
Interest	7,510,284
Changes in Assumptions	50,701,772
Differences Between Expected and Actual Experience	1,329,851
Benefit Payments	(8,914,994)
Net Changes	53,748,626
Balance - September 30, 2025	<u>\$ 217,292,881</u>

Actuarial Assumptions

The total OPEB liability in the September 30, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.81 %
Inflation	2.50 %
Healthcare Cost Trend Rates	6.50 %

The actuarial cost method used was the Entry Age Normal method.

Mortality tables used for Regular Class and Special Risk Class members in the July 1, 2025, actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2013 through 2018.

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this actuarial roll forward, the municipal bond rate is 3.81% (based on the daily rate of Fidelity's "20-Year Municipal GO AA Index" closest to but not later than the measurement date). The discount rate was 4.63% as of the previous measurement date.

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Discount Rate Sensitivity

The following presents the total OPEB liability of the County, 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 or one percentage point higher than the current discount rate:

Description	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB Plan Discount Rate	2.81 %	3.81 %	4.81 %
Total OPEB Liability	\$ 241,209,669	\$ 217,292,881	\$ 196,638,848

Healthcare Trend Rate Sensitivity

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

Description	1% Decrease in Healthcare Cost Trend Rate	Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
OPEB Plan Healthcare Cost Rate	5.50 %	6.50 %	7.50 %
Total OPEB Liability	\$ 200,209,554	\$ 217,292,881	\$ 236,678,389

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

For the year ended September 30, 2025, the County recognized OPEB expense of \$6,811,861. In addition, the County reported deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,366,827	\$ 1,415,835
Changes of Assumptions	56,449,568	52,669,214
County's Contributions Subsequent to the Measurement Date	9,719,982	-
Total	<u>\$ 68,536,377</u>	<u>\$ 54,085,049</u>

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

An amount of \$9,719,982 reported as deferred outflows of resources related to OPEB resulting from County Contributions subsequent to measurement date will be recognized as reduction of the total OPEB liability in the year ending September 30, 2026. Amounts reported as deferred inflows and outflows of resources related to OPEB will be amortized over five years and will be recognized as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2026	\$ (3,820,106)
2027	(3,299,068)
2028	1,671,307
2029	(899,549)
2030	209,323
Thereafter	10,869,439
Total	<u>\$ 4,731,346</u>

E-56

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 14 GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The County's governmental fund balances as of September 30, 2025, were classified as follows:

	General Fund	Special Revenue Grants Fund	Coronavirus Relief Fund	County Transportation Trust Fund	Impact Fees Fund
Nonspendable:					
Prepays	\$ 1,118,399	\$ -	\$ -	\$ -	\$ -
Advances	249,542	-	-	-	-
Inventories	1,488,198	-	-	-	-
Total Nonspendable	<u>2,866,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted:					
Economic Development	2,592,339	-	-	-	-
Human Services Multi-Purpose Centers and Healthy Families Program	11,988	-	-	-	-
Roadway Maintenance, Operations, and Capital	-	-	-	132,085,672	-
Community Redevelopment Areas	-	-	-	-	-
Emergency Services	-	-	-	-	-
Libraries, Museums, and Parks	-	-	-	-	-
Maintenance, Operations, and Capital	129,644	-	-	-	-
Law Enforcement	1,192,342	-	-	-	-
Court Related Operation/Technology	-	-	-	-	-
Opioid and Other Drug Prevention	-	-	-	-	-
Debt Service	-	-	-	-	-
Tourism Development	-	-	-	-	-
Indigent Healthcare	-	-	-	-	-
Impact Fees	-	-	-	-	165,404,845
Building Code Enforcement	2,108,170	-	-	-	-
Total Restricted	<u>6,034,483</u>	<u>-</u>	<u>-</u>	<u>132,085,672</u>	<u>165,404,845</u>
Committed:					
Roadway Maintenance, Operations, and Capital	-	-	-	-	-
Environmental Lands Acquisition and Maintenance	-	-	-	-	-
Emergency Medical Services	-	-	-	-	-
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned:					
Subsequent Year's Budget	1,448,402	-	-	-	-
Roadway Maintenance, Operations, and Capital	-	-	-	-	-
Debt Service	-	-	-	-	-
General Capital Improvement Projects	-	-	-	-	-
Total Assigned	<u>1,448,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>205,742,285</u>	<u>(45,791,731)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>\$ 216,091,309</u>	<u>\$ (45,791,731)</u>	<u>\$ -</u>	<u>\$ 132,085,672</u>	<u>\$ 165,404,845</u>

E-57

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 14 GOVERNMENTAL FUND BALANCE CLASSIFICATIONS (CONTINUED)

	General Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Prepays	\$ -	\$ 1,092,479	\$ 2,210,878
Advances	-	-	249,542
Inventories	-	-	1,498,198
Total Nonspendable	-	1,092,479	3,958,618
Restricted:			
Economic Development	-	-	2,592,339
Human Services Multi-Purpose Centers and Healthy Families Program	-	-	11,988
Roadway Maintenance, Operations, and Capital	-	10,589,119	142,674,791
Community Redevelopment Areas	-	1,388,805	1,388,805
Emergency Services	-	18,628,380	18,628,380
Libraries, Museums, and Parks Maintenance, Operations, and Capital	-	26,404,796	26,534,440
Law Enforcement	-	6,265,559	7,457,901
Court Related Operation/Technology	-	8,326,759	8,326,759
Opioid and Other Drug Prevention	-	10,145,200	10,145,200
Debt Service	-	11,089,552	11,089,552
Tourism Development	-	18,816,704	18,816,704
Indigent Healthcare	-	106,286,867	106,286,867
Impact Fees	-	-	165,404,845
Building Code Enforcement	-	12,083,090	14,191,260
Total Restricted	-	230,024,831	533,549,831
Committed:			
Roadway Maintenance, Operations, and Capital	-	82,416,868	82,416,868
Environmental Lands Acquisition and Maintenance	-	55,732,597	55,732,597
Emergency Medical Services	-	23,109,013	23,109,013
Total Committed	-	161,258,478	161,258,478
Assigned:			
Subsequent Year's Budget	-	-	1,448,402
Roadway Maintenance, Operations, and Capital	-	942,386	942,386
Debt Service	-	1,567,681	1,567,681
General Capital Improvement Projects	163,057,610	-	163,057,610
Total Assigned	163,057,610	2,510,067	167,016,079
Unassigned	-	-	159,950,554
Total Fund Balances	<u>\$ 163,057,610</u>	<u>\$ 394,885,855</u>	<u>\$ 1,025,733,560</u>

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 15 PROPERTY TAX REVENUES

Taxable values for all property are established as of January 1, which is the date of lien, for the fiscal year starting October 1. Property tax revenues recognized for the year ended September 30, 2025, were levied in January 2024. All taxes are payable on November 1 and due by March 31, or as soon as the assessments roll is certified and delivered to the Tax Collector. Discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount. All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to June 1; therefore, there were no material taxes receivable at fiscal year-end. Any prepaid taxes paid in June through September are accrued as deferred inflows at the fiscal year-end.

NOTE 16 REHABILITATION AND HOMEOWNERSHIP LOAN PROGRAMS

The County has multi and single-family home rehabilitation and homeownership loan programs funded under the Community Development Block Grant (CDBG), HOME Investment Partnership Loan Program (HOME), and the State Housing Initiative Partnership Program (SHIP). If the homeowners remain in their homes for the full term of the deferred loan, the loan is forgiven. If the property is transferred or sold before the end of the loan period, the proceeds from the repayment including interest, if any, are then repaid and returned to the appropriate grant program. If the net proceeds from a voluntary (sale) or involuntary (foreclosure) sale are insufficient to repay the amount of the assistance, the County shall recapture the balance due on the loan or 100% of net proceeds from the sale, whichever is less. If there are no net proceeds from the sale, no repayment is required. A lien is placed against the property to ensure the repayment of the loan and interest, if any. As collection is uncertain on these loans, they are not recognized in the financial statements.

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

**NOTE 17 PROPERTY TAX REVENUES AFFORDABLE HOUSING ASSISTANCE TRUST FUND
STATE HOUSING INITIATIVE PARTNERSHIP PROGRAM (SHIP)**

The Affordable Housing Assistance Trust Fund – State Housing Initiative Partnership Program (SHIP) is included in the Special Revenue Grant Governmental Fund. Separate financial information for this fund is reported below:

ASSETS

Cash and Investments	\$ 9,535,598
Interest Receivable	21,028
	<u> </u>
Total Assets	<u>\$ 9,556,626</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Vouchers Payable	\$ 411,967
Unearned Revenue	9,144,659
Total Liabilities	<u>9,556,626</u>

FUND BALANCE

	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 9,556,626</u>

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 4,695,942	\$ 4,695,942	\$ 6,045,362	\$ 1,349,420
Interest Income	50,000	50,000	-	(50,000)
Miscellaneous Revenues	100,000	100,000	669,015	569,015
Total Revenues	<u>4,845,942</u>	<u>4,845,942</u>	<u>6,714,377</u>	<u>1,868,435</u>
EXPENDITURES				
Economic Environment	<u>16,331,711</u>	<u>16,331,711</u>	<u>6,714,377</u>	<u>9,617,334</u>
Total Expenditures	<u>16,331,711</u>	<u>16,331,711</u>	<u>6,714,377</u>	<u>9,617,334</u>
NET CHANGE IN FUND BALANCE	(11,485,769)	(11,485,769)	-	11,485,769
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$(11,485,769)</u></u>	<u><u>\$(11,485,769)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,485,769</u></u>

E-60

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 18 COMMITMENTS AND CONTINGENCIES

Federal Grant Programs

The County participates in a number of federal programs. Grant programs are subject to financial and compliance audits by the grantors or their representatives. The grantor audits of all programs for or including the year ended September 30, 2025, have not been completed. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

Litigation

Various suits and claims involving disputed ad valorem real property taxes are pending against Polk County. Portions of these taxes have been voluntarily paid, others have been paid under protest, and in certain instances, there are unpaid balances.

Various other suits and claims arising in the ordinary course of County operations, some of which may involve substantial amounts, are pending against the County. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the County, the liabilities which may arise from such action would not result in losses which would materially affect the financial position of Polk County or the results of its operations.

Polk Regional Water Cooperative

Background

The Polk Regional Water Cooperative (PRWC) was created on April 1, 2016, by an interlocal agreement between the City of Lake Alfred, City of Auburndale, City of Bartow, City of Davenport, City of Eagle Lake, City of Fort Meade, City of Frostproof, Haines City, City of Lakeland, City of Lake Wales, City of Mulberry, Polk City, City of Winter Haven, Town of Dundee, Town of Lake Hamilton, and Polk County in accordance with Chapters 163 and 373 of the *Florida Statutes*. These local government units are collectively considered the Member Governments. The PRWC is a separate legal entity organized under the laws and the state of Florida, and the Member Governments have no equity ownership and no rights to the assets or obligations to satisfy liabilities of PRWC.

The PRWC is devoted to encouraging the development of fully integrated robust public water supply systems comprised of diverse sources managed in a manner that take full advantage of Florida's intense climatic cycles to ensure reliable, sustainable and drought resistant systems which maximize the use of alternative water supplies to the greatest extent practicable. The PRWC will evaluate, plan, and implement water projects and coordinate partnerships with other water users.

Commitments to Membership Fees

The terms of the interlocal agreement require each Member Government to contribute their proportionate share of the PRWC's annual working capital needs which are established annually by a resolution of the PRWC's Board of Directors.

E-61

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 18 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Large Contractual Commitments

The County has contractual commitments at September 30, 2025, for the following:

Project	Estimated Amount
Comprehensive Service Agreement-Vendor Is To Design,Permit,Construct,Monitor & Maintain The Polk County Wilson Ranch Reserve	\$ 38,677,977
Northeast Regional Wastewater Treatment Facility Expansion - Gmp Addendum # 1	28,536,011
Northeast Regional Wastewater Treatment Facility Expansion - Gmp Addendum # 2	24,731,337
Septage Receiving & Leachate Treatment System	20,820,850
Prof Svcs Agreement For Engineering Svcs-NE Regional Wastewater Treatment Facility Expansion From 6.0 Mgd To 9.0 Mgd	12,897,101
Polk County Fire Rescue Training Center	10,494,656
West Pikpin Road Widening Construction Project	4,932,308
Imperial Lakes Blvd Drainage Improvement Proj-Arp	4,671,520
Wynnstone, Cascades, & Brentwood Infrastructure Agreement	4,448,012
Babson Park Wpf No.1 Ground Storage Tank & High Service Pump Station	3,739,573
Holly Hill Ufa #2 And Oak Hill #4 Wellheads	3,379,590
NW Regional Wastewater Treatment Facility Improvements	3,249,568
Professional Services For Phase IV Landfill Construction	2,940,798
Southwest Regional Wastewater Treatment Facility (Srrwwtf) Improvements	2,795,241
Drainage Improvements Along E. Lake Parker Dr,Lakeview,Fairway,Golfview,Burns & Weber	2,331,864
Provide Advanced Algae Cultivation Technology For Nutrient Removal From Lower/Saddle Creek & Lk Hancock	2,300,000
Services For Qualified Polk County Residents At Or Below 200% Of The Federal Poverty Level	2,286,944
US 27 At Tierra Del Sol Intersection Improvement	2,286,826
Fountain Of Youth Sewer	2,125,764
Lake Annie Water Quality Improvement Project	2,094,706
S. Lake Wales Drainage Improvement Project-Arp	1,993,628
Purchase & Renovate The Mulberry Community Health Center	1,950,000
Primary Care Services For Qualified Polk County Residents At Or Below 200% Of Federal Poverty Level	1,865,454
Professional Services For The Alignment Study & Final Design Services For A Roadway Proj In NE Polk County	1,750,072
17 Lift Station Sites Scada Upgrades	1,714,500
Infrastructure & Impact Fee Credit Agreement-Power Line Rd-Northern Extension - Phase 1	1,714,315
Lift Station 38 Replacement	1,597,833
Professional Services Agreement For Stormwater Infrastructure Improvement Project	1,593,607
Architectural/Engineering Services For The Polk County Agricultural Center Complex Master Plan	1,445,225
Christina Ls No. 34 Gs Fm Improvements	1,437,489
Case Management & Contract Management Software Modules	1,434,875
Professional Services For Northeast Polk County Minor Road Projects	1,422,698
Construction Of A New Sally Port & Demolition Of The Lawrence Crow Building	1,381,571
Installation Of 11 Air Handling Units-Polk County Admi Building	1,318,414
Provide Primary Care Services To Qualified Residents Of Polk County	1,302,301
Rolling Oaks Estates Wm Upgrades	1,255,854
Professional Engineering Services For CR557 (Buena Vista Dr) Widening	1,228,687
Reimbursement Of Uncompensated Care For Psychiatry Services For Qualified, Uninsured Polk Cty Residents At Or Below 200% Of FPL	1,219,560
Architectural & Engineering Services For PCSO/Polk County Joint Use Warehouse	1,105,325
Engineering Services In Connection With The Thompson Nursery Road Project	1,093,055
Project Sub-Agreement For Cost-Sharing Of Wheeling Infrastructure-Sub-Agreement Sa-5	1,069,132
New Beginning Transition Center For Men (NBTC Men)	1,035,230
Construction Of The New Consolidated Lakeland Health Center	1,000,000
Architectural & Engineering Services For Expansion Of Polk Cnty Medical Examiner's Office	993,550
Polk County Sheriff's K-9 Training Facility	954,348
Professional Services For Circle B Reserve Project	941,437
Subtotal	215,559,166

E-62

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 18 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Large Contractual Commitments (Continued)

Project	Estimated Amount
Simmers Young Park Water Quality Improvement Project	\$ 939,884
PCSO Ridge District Station At Poinciana Project	865,835
Bone Valley ATV Park Campground	864,752
Regal Palms Long Services Replacement-- Ph 2	856,945
Polk County Specialty Care & Children Home Society Building Roof Replacement	850,500
Purchase Of One New Mobile Medical Unit	845,080
Palmer Road Drainage Improvement Project-ARP	819,493
Provide Dental Care Services To Qualified Residents Of Polk County	811,328
Inpatient Psychiatric Services For Qualified Polk County Residents At Or Below 200% Federal Poverty Level	801,000
CR532 Pwm Relocation At Lk Wilson Rd To 1400 Ft East	766,002
Vision Zero Action Plan & Transportation Planning Organization (TPO)	763,503
Access Rd 24-Inch Force Main Relocation	760,471
New Lift Station/Lift Station 330 Replacement	749,361
Dental Care Services For Qualified Polk County Residents At Or Below 200% Of Federal Poverty Level	729,640
Crooked Lake Park Receivership Lift Station Force Main Improvements Project	729,250
Fort Fraser Trail Extension	713,755
Non-Site Related Transportation Improvements - To Connect Cunningham Rd East To Eloise Loop Rd	709,695
Quality Behavioral Health Care Services For Qualified Polk Cty Residents At Or Below 200% Of Fpl	696,707
Provision Of Psychiatric Services For Qualified Polk County Residents	671,862
Rolling Hills Pwm Upgrade	659,704
Improvements On Buckeye Loop	658,229
New Beginning Transition Center For Women	654,196
Professional Services In Connection With The Septage Receiving Stations Design	653,345
Utilities Division Ami Radio Towers	653,141
Provide Forensic Case Management & Competency Restoration Services To Qualified Polk County Residents At Or Below 200% Of The Federal Poverty Level	648,013
Daughtery Rd Park Phase I	616,205
Primary Care Services For Qualified Polk County Residents At Or Below 200% Of Federal Poverty Level	606,508
Utilities Customer Information System	581,192
North Central Landfill Wetlands Construction	566,450
Mand Local Match For Behavioral Health Services	556,797
Citrus Ridge Dr At Mandarin Pwm Improvements	553,556
Provide Oracle Saas Erp Services And Implementation Services	551,429
Architectural & Engineering Services For New Roadway Maintenance Facility	534,277
Subtotal	23,438,105
Total	\$ 238,997,271

E-63

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 19 TRANSFERS

Transfers for the year ended September 30, 2025, consisted of the following:

Transfers to General Fund from:	
Nonmajor Governmental Funds	\$ 6,938,332
Special Revenue Grants Fund	851,454
Utilities Fund	2,362,761
Waste and Recycling Fund	5,298,294
Total	<u>\$ 15,450,841</u>

Transfer to Special Revenue Grants Fund from:	
General Fund	\$ 927,017
Nonmajor Governmental Funds	105,472
Total	<u>\$ 1,032,489</u>

Transfers to County Transportation Trust Fund from:	
Special Revenue Grants Fund	\$ 468,392
Nonmajor Governmental Funds	11,611
Total	<u>\$ 480,003</u>

Transfer to Impact Fees Fund from:	
Nonmajor Governmental Funds	\$ 161,100
Total	<u>\$ 161,100</u>

Transfer to General Capital Improvements Fund from:	
General Fund	\$ 59,965,372
Total	<u>\$ 59,965,372</u>

Transfers to Nonmajor Governmental Funds from:	
General Fund	\$ 5,499,498
County Transportation Trust Fund	4,362,522
Impact Fees Fund	1,803,824
Nonmajor Governmental Funds	2,589,554
Utilities Fund	4,852,681
Total	<u>\$ 19,108,079</u>

Transfer to Waste and Recycling Fund from:	
Special Revenue Grants Fund	\$ 17,442,635
Total	<u>\$ 17,442,635</u>

Transfers to Internal Service from:	
General Fund	\$ 62,192
Nonmajor Governmental Funds	1,875,000
Total	<u>\$ 1,937,192</u>

E-64

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 19 TRANSFERS (CONTINUED)

Transfers are used to: 1) move revenues from the fund which state law requires to collect them to the fund that state law requires to expend them, 2) provide matching funds for grants, 3) or use unrestricted General Fund and other fund revenues to finance transportation or other activities which must be accounted for in another fund.

NOTE 20 DEFICIT FUND BALANCES AND NET POSITION

At September 30, 2025, the Special Revenue Grants Fund had a fund balance deficit of \$45,791,731. The deficit in the Special Revenue Grants Fund will be eliminated through the future receipt of grant revenues.

At September 30, 2025, the Rohr Nursing Home Fund had a net position deficit of \$1,387,087. The deficit in the Rohr Nursing Home Fund will be eliminated through a future transfer from the General Fund.

NOTE 21 POLK COUNTY ECONOMIC DEVELOPMENT AD VALOREM TAX EXEMPTION PROGRAM

On November 6, 2012, the electorate of Polk County, Florida, passed a referendum authorizing the County to grant ad valorem tax exemptions to qualifying businesses. The Polk County Board of County Commissioners adopted Ordinance 2013-017 on May 7, 2013, to establish such a program. This ordinance authorized the County to grant economic development ad valorem tax exemptions to new businesses and expansions of existing businesses as defined in Section 196.012, of the *Florida Statutes* as authorized by Article VII, Section 3 of the Florida Constitution and section 196.195, *Florida Statutes*.

The ad valorem tax exemption program currently recognizes three categories of businesses for eligibility: new businesses in qualified target industries (QTI), existing businesses in QTI seeking to expand, and manufacturing expansion. Qualified applicants are eligible to receive ad valorem tax exemptions for up to 100% of the assessed value of the property for a maximum of 10 years. There were 33 businesses participating in the ad valorem tax exemption program for year ended September 30, 2025. The mutual agreement provides financial incentives to the companies and economic job growth for the County. The County assesses compliance with these agreements on an annual basis. The exemptions offered by the County do not apply to taxes levied by the Polk County School Board, Southwest Florida Water Management District, or any other taxing authorities not governed by the County. The County did not set a threshold for disclosure and therefore all are disclosed.

E-65

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 21 POLK COUNTY ECONOMIC DEVELOPMENT AD VALOREM TAX EXEMPTION PROGRAM (CONTINUED)

The following is a schedule of tax assessments and exemptions by exemption type for year ended September 30, 2025:

Taxable Value Summary - New Business QT1	
Assessed Taxes Without Abatements	\$ 4,021,058
Tax Revenue Abated	3,550,875
Tax Revenue to County	<u>\$ 470,183</u>
Tax Revenue Summary - New Business NonQT1	
Assessed Taxes Without Abatements	\$ 4,137,712
Tax Revenue Abated	3,743,737
Tax Revenue to County	<u>\$ 393,975</u>
Taxable Value Summary - Existing Business QT1	
Assessed Taxes Without Abatements	\$ 1,613,378
Tax Revenue Abated	998,141
Tax Revenue to County	<u>\$ 615,237</u>
Taxable Value Summary - Existing AVTE	
Assessed Taxes Without Abatements	\$ 286,776
Tax Revenue Abated	165,348
Tax Revenue to County	<u>\$ 121,428</u>
Taxable Value Summary - AVTE Expansion	
Assessed Taxes Without Abatements	\$ 3,471,671
Tax Revenue Abated	2,051,432
Tax Revenue to County	<u>\$ 1,420,239</u>

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 22 ADJUSTMENTS AND RESTATEMENTS OF BEGINNING BALANCES

Changes to or Within the Financial Reporting Entity

The Special Revenue Grants Fund and General Capital Improvements Fund met the requirement for reporting as a major fund in the current fiscal year whereas they did not meet those requirements in the previous fiscal year. Management has designated the County Transportation Trust Fund as a major fund for the current fiscal year. The effect of these changes are shown in column A of the table below.

Change in Accounting Principle

Effective October 1, 2024, the County implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. As a result of the implementation of this standard, the compensated absences liability as of October 1, 2024 was restated. The effect of the implementation of this standard is shown in column B of the table below.

	September 30, 2024 as Previously Reported	Change to or Within the Financial Reporting Entity (A)	Change in Accounting Principle (B)	September 30, 2024 as Restated
Government-Wide:				
Governmental Activities	\$ 3,612,177,438	\$ -	\$ (15,792,495)	\$ 3,596,384,943
Business-Type Activities	919,264,872	-	(1,279,742)	917,985,130
Total Primary Government	<u>\$ 4,531,442,310</u>	<u>\$ -</u>	<u>\$ (17,072,237)</u>	<u>\$ 4,514,370,073</u>
Governmental Funds:				
Major Funds:				
General Fund	\$ 198,179,604	\$ -	\$ -	\$ 198,179,604
Special Revenue Grants Fund	-	(5,900,801)	-	(5,900,801)
County Transportation Trust Fund	-	122,065,362	-	122,065,362
Coronavirus Relief Fund	-	-	-	-
Impact Fees Fund	142,738,065	-	-	142,738,065
General Capital Improvements Fund	-	114,447,480	-	114,447,480
Nonmajor Funds	583,485,125	(230,612,041)	-	352,873,084
Total Governmental Funds	<u>\$ 924,402,794</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 924,402,794</u>
Proprietary Funds				
Major Funds:				
Utilities Fund	\$ 739,741,893	\$ -	\$ (1,020,228)	\$ 738,721,665
Waste and Recycling Fund	182,283,802	-	(257,220)	182,026,582
Nonmajor Funds	(759,280)	-	(2,294)	(761,574)
Total Proprietary Funds	<u>\$ 921,266,415</u>	<u>\$ -</u>	<u>\$ (1,279,742)</u>	<u>\$ 919,986,673</u>
Governmental Activities - Internal Service Funds	\$ 107,043,440	\$ -	\$ (630,196)	\$ 106,413,244

**POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 23 SUBSEQUENT EVENTS

On November 25, 2025, the County issued \$39,290,000 of its Public Facilities Revenue Refunding Bonds, Series 2025 to 1) refund the County's outstanding Public Facilities Revenue Refunding Bonds, Series 2014, maturing on and after December 1 2026, and 2) pay costs of issuance of the 2025 bonds. The County was able to realize net present value savings of \$3,097,764.

REQUIRED SUPPLEMENTARY INFORMATION

**POLK COUNTY, FLORIDA
SCHEDULE OF CHANGES IN THE COUNTY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service Cost	\$ 3,121,713	\$ 3,349,338	\$ 5,180,152	\$ 4,871,937	\$ 5,010,354	\$ 4,515,181	\$ 5,016,274	\$ 5,521,352
Interest	7,510,284	7,194,147	4,592,364	4,513,869	5,482,702	6,618,093	6,957,959	6,311,071
Difference Between Expected and Actual Experience	1,329,851	879,933	1,611,336	4,501,038	(3,062,160)	-	-	42,401
Changes of Assumptions	50,701,772	(3,700,158)	(47,145,598)	16,434,859	(11,669,908)	23,137,736	(37,082,312)	(13,232,965)
Benefit Payments	(8,914,994)	(8,665,948)	(8,536,247)	(7,924,382)	(7,467,966)	(8,914,773)	(9,675,173)	(7,893,882)
Net Change in Total OPEB Liability	53,748,626	(942,688)	(44,297,993)	22,397,321	(11,706,978)	25,356,237	(34,783,252)	(9,252,023)
Total OPEB Liability - Beginning	163,544,255	164,486,943	208,784,936	186,387,615	198,094,593	172,738,356	207,521,608	216,773,631
Total OPEB Liability - Ending	<u>\$ 217,292,881</u>	<u>\$ 163,544,255</u>	<u>\$ 164,486,943</u>	<u>\$ 208,784,936</u>	<u>\$ 186,387,615</u>	<u>\$ 198,094,593</u>	<u>\$ 172,738,356</u>	<u>\$ 207,521,608</u>
County's Covered-Employee Payroll	\$ 278,416,681	\$ 228,004,001	\$ 220,293,721	\$ 216,549,962	\$ 209,227,016	\$ 278,386,886	\$ 268,972,837	\$ 201,726,831
County's Total OPEB Liability as a Percentage of Covered-Employee Payroll	78.05 %	71.73 %	74.67 %	96.41 %	89.08 %	71.16 %	64.22 %	102.87 %

Notes to Schedule:

Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available. The defined benefit OPEB plan is not administered through a trust that meets the criteria of GASB Statement No. 75, paragraph 4. There are no assets accumulated in a trust to pay for OPEB.

Changes in Assumptions: The following assumptions have been updated in accordance with GASB Statement No. 75.

- The discount rate was changed from 4.63% as of the previous measurement date to 3.81% as of September 30, 2025.
- Per capita costs and premiums were updated based on information provided.
- The healthcare cost trend assumption was updated.

POLK COUNTY, FLORIDA
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
FLORIDA RETIREMENT SYSTEM PENSION PLAN
LAST TEN MEASUREMENT PERIODS¹

	2025	2024	2023	2022	2021
County's Proportion of the Net Pension Liability	1.016347081%	1.008074940%	0.936660014%	0.928621015%	0.933778505%
County's Proportionate Share of the Net Pension Liability	\$ 315,424,620	\$ 389,970,765	\$ 373,229,371	\$ 345,521,643	\$ 70,536,352
County's Covered Payroll ²	\$ 310,500,329	\$ 295,979,933	\$ 262,445,203	\$ 202,292,985	\$ 196,292,168
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	101.59%	131.76%	142.21%	170.80%	35.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.26%	83.70%	82.38%	82.89%	96.40%

* The amounts presented for each fiscal year were determined as of June 30.

¹ Information is required to be presented for 10 years.

² Covered payroll consists of pensionable wages calculated as of the respective measurement date.

	2020	2019	2018	2017	2016
	1.006785508%	0.984599641%	0.979972181%	0.957941800%	0.941256310%
	\$ 436,355,676	\$ 339,082,409	\$ 295,172,700	\$ 283,352,754	\$ 237,667,957
	\$ 195,548,909	\$ 187,983,897	\$ 187,511,944	\$ 172,448,583	\$ 175,979,949
	223.14%	180.38%	157.42%	164.31%	135.05%
	78.85%	82.61%	84.26%	83.89%	84.88%

**POLK COUNTY, FLORIDA
SCHEDULE OF COUNTY CONTRIBUTIONS –
FLORIDA RETIREMENT SYSTEM PENSION PLAN
LAST TEN FISCAL YEARS¹**

	2025	2024	2023	2022	2021
Contractually Required Contribution	\$ 62,909,340	\$ 57,803,413	\$ 46,488,928	\$ 40,763,758	\$ 36,676,127
Contributions in Relation to the Contractually Required Contribution	(62,909,340)	(57,803,413)	(46,488,928)	(40,763,758)	(36,676,127)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 312,470,059	\$ 297,764,343	\$ 267,733,163	\$ 205,226,995	\$ 197,335,827
Contributions as a Percentage of Covered Payroll	20.13%	19.41%	17.36%	19.86%	18.59%

* The amounts presented for each fiscal year were determined as of September 30.

¹ Information is required to be presented for 10 years.

	2020	2019	2018	2017	2016
	\$ 34,117,293	\$ 31,176,804	\$ 28,567,372	\$ 25,519,776	\$ 24,584,511
	(34,117,293)	(31,176,804)	(28,567,372)	(25,519,776)	(24,584,511)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	\$ 195,101,781	\$ 189,658,115	\$ 189,552,917	\$ 176,635,169	\$ 180,312,824
	17.49%	16.44%	15.07%	14.45%	13.63%

POLK COUNTY, FLORIDA
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
HEALTH INSURANCE SUBSIDY PENSION PLAN
LAST TEN MEASUREMENT PERIODS¹

	2025	2024	2023	2022	2021
County's Proportion of the Net Pension Liability	0.731190937%	0.718798591%	0.686708600%	0.690185997%	0.689358050%
County's Proportionate Share of the Net Pension Liability	\$ 93,719,990	\$ 107,826,810	\$ 109,058,485	\$ 73,101,721	\$ 84,560,128
County's Covered Payroll ²	\$ 310,500,329	\$ 295,979,933	\$ 262,445,203	\$ 244,016,805	\$ 236,133,101
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	30.18%	36.43%	41.55%	29.96%	35.81%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	6.36%	4.80%	4.12%	4.81%	3.56%

* The amounts presented for each fiscal year were determined as of June 30.

¹ Information is required to be presented for 10 years.

² Covered payroll consists of pensionable wages calculated as of the respective measurement date.

	2020	2019	2018	2017	2016
	0.682123618%	0.671150490%	0.668910157%	0.647821000%	0.640800865%
	\$ 83,286,183	\$ 75,095,024	\$ 70,798,201	\$ 69,268,011	\$ 74,682,686
	\$ 231,129,920	\$ 219,181,243	\$ 218,394,455	\$ 194,438,570	\$ 197,293,241
	36.03%	34.26%	32.42%	35.62%	37.85%
	3.00%	2.63%	21.50%	1.64%	0.97%

**POLK COUNTY, FLORIDA
SCHEDULE OF COUNTY CONTRIBUTIONS –
HEALTH INSURANCE SUBSIDY PENSION PLAN
LAST TEN FISCAL YEARS¹**

	2025	2024	2023	2022	2021
Contractually Required Contribution	\$ 6,676,542	\$ 6,178,973	\$ 4,748,785	\$ 4,227,855	\$ 4,093,103
Contributions in Relation to the Contractually Required Contribution	<u>(6,676,542)</u>	<u>(6,178,973)</u>	<u>(4,748,785)</u>	<u>(4,227,855)</u>	<u>(4,093,103)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 312,470,059	\$ 297,764,343	\$ 267,733,163	\$ 247,125,157	\$ 238,317,179
Contributions as a Percentage of Covered Payroll	2.14%	2.08%	1.77%	1.71%	1.72%

* The amounts presented for each fiscal year were determined as of September 30.

¹ Information is required to be presented for 10 years.

	2020	2019	2018	2017	2016
	\$ 3,973,874	\$ 3,767,613	\$ 3,643,123	\$ 3,492,346	\$ 3,424,007
	<u>(3,973,874)</u>	<u>(3,767,613)</u>	<u>(3,643,123)</u>	<u>(3,492,346)</u>	<u>(3,424,007)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	\$ 231,767,620	\$ 221,501,919	\$ 219,482,843	\$ 203,529,598	\$ 202,834,766
	1.71%	1.70%	1.66%	1.72%	1.69%

**POLK COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative action.

Tourist Development Tax Fund

The County's portion of the four and five cent tourism tax revenue is recorded in this fund. These revenues are to be used to promote tourism for the County.

Lake and River Enhancement Fund

The annual County vessel registration fee revenues are recorded in this fund. These revenues are used for the maintenance and enhancement of the lakes, rivers, waters, and for other boating related activities.

Lighting Districts Fund

This fund accounts for the costs of providing street lighting to residents living within the boundaries of the lighting districts. The primary revenue source is from non-ad valorem special assessments restricted for the purpose of street lighting in special districts.

Stormwater MSTU Fund

This fund accounts for MSTU revenue and cost of operating and maintaining the stormwater management system and complying with mandates of the National Pollutant Discharge Elimination System Stormwater (NPDES) permitting program.

Fire Rescue Fund

This fund accounts for the costs of providing fire protection services to the residents living within the unincorporated areas of the County. The primary revenue source is from various special assessments to citizens to be used for fire rescue and emergency medical services.

Emergency 911 Fund

This fund accounts for fees provided by the Florida emergency telephone act and by ordinance No. 86-23. These revenues are to be used for the acquisition, implementation, and maintenance of public safety answering point equipment and "911" service features.

Hazardous Waste Fund

This fund accounts for costs of regulations and inspections of hazardous waste facilities. The primary revenue source is from a 3% tax on gross receipts on commercial hazardous waste facilities pursuant to Section 403.7215, *Florida Statutes*. According to Florida Statutes, these funds are restricted to be spent on the regulation and inspection of hazardous waste facilities.

Radio Communications Fund

This fund accounts for the cost of constructing and maintaining the County-wide 800-megahertz radio communications system. Primary revenue sources are court fines and radio communication user fees.

G-1

**POLK COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2025**

SPECIAL REVENUE FUNDS (CONTINUED)

Law Enforcement Trust Fund

This fund accounts for the monies obtained from cash forfeitures and the sale of property and equipment confiscated by the Sheriff as provided for in Chapter 932, *Florida Statutes*. The amounts in the fund are to be expended only for certain law enforcement purposes.

Land Management Trust Fund

This fund accounts for monies obtained from ad valorem taxes, which may only be expended for the purchase and management of environmentally sensitive lands.

Building Fund

This fund accounts for building permit fees. Revenues are used solely to defer the costs of inspections and to enforce the building code, as permitted by Section 125.56 and 553.80, *Florida Statutes*.

Local Provider Participation Fund

Funding is generated through levying a non-ad valorem special assessment on public and private hospitals. Revenue is used for intergovernmental transfers to draw down additional State and Federal funds to close the gap in Medicaid reimbursements.

Opioid Settlement Fund

Funding is generated through settlement proceeds resulting from legal action filed by the State (re: National Prescription Opiate Litigation, MDL No. 2804). Proceeds are used to fund and implement the Polk County Florida Opioid Abatement Plan.

Indigent Healthcare Fund

This fund accounts for receipts and disbursements of monies received from the discretionary half-cent sales tax approved by Polk County voters. Monies may be expended only for healthcare services for qualified residents, including but not limited to, the indigent and medically poor.

Harden/Parkway CRA Fund

This fund was established in 2004 and has a 40-year sunset date. This fund accounts for monies obtained from ad valorem taxes, which may only be expended to fund the design, construction, and payment for all components of the transportation improvements to the Harden/Parkway area.

Leisure Services MSTU Fund

The Leisure Services MSTU was established in 2005 to provide and maintain expanded public access to parks and recreation areas and activities, by improving, acquiring, and operating parks, recreation areas and facilities, historical venues and trails within unincorporated areas of the County. Revenues are provided by ad valorem taxes.

Libraries MSTU Fund

The Libraries MSTU fund was established in 2005 to provide and maintain expanded public access to library facilities and programs by improving, acquiring, constructing, and operating library facilities within the unincorporated areas of the County. Revenues are provided by ad valorem taxes.

G-2

POLK COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2025

SPECIAL REVENUE FUNDS (CONTINUED)

Rancho Bonito MSTU Fund

The Rancho Bonito MSTU fund was established in 2013 to fund County and law enforcement services, facilities, operations, maintenance, and programs properly located within Rancho Bonito. Revenues are provided by ad valorem taxes.

Transportation Millage Fund

This fund accounts for 1.2 mill of ad valorem revenue levied county-wide. In addition, the Board of Commissioners has assigned a portion of the Public Service Tax, assessed on the purchase of utilities such as electricity, water, natural gas, and petroleum gas, to the fund. The primary purpose of the fund is for pavement management, roadway drainage, road capacity, road safety, and general roadway improvements.

Eloise CRA Fund

This fund accounts for monies obtained from ad valorem taxes, which may only be expended for the rehabilitation, conservation, or redevelopment of the Eloise area.

Emergency Medical Millage Fund

This fund was established based on a proposed millage increase of 0.25 mills. The fund is to support Emergency Medical Services (EMS) throughout the County, covering operating and capital costs associated with Emergency Medical Services.

Clerk of the Circuit Courts – Court Fund

This fund accounts for court-related financial resources. The primary revenue source is revenue sharing from Florida Clerks of Court Operations Corporation and is restricted for court-related operations.

Unbudgeted Other Special Revenue Funds

The Clerk of Courts' Records Modernization Trust accounts for the proceeds of specified revenue sources that are legally restricted to expenditures for specified purposes. The Sheriff's Other Special Revenue Funds (Grants Fund and Other Governmental Funds) account for the proceeds of specific revenue sources related to law enforcement education, law enforcement equipment, and other governmental activities that are legally restricted or committed to expenditures for these specified purposes. The Supervisor of Elections' Special Revenue Grants Fund accounts for the proceeds and expenditures of grants that are contractually restricted for election related expenditures. Funds are unbudgeted and will not have a budget to actual fund statement.

G-3

POLK COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2025

DEBT SERVICE FUNDS

Debt service funds are used to account for the accumulation of resources for and payment of the County's long-term debt other than those payable from the operations of enterprise funds.

Public Facilities Revenue Refunding Bonds, Series 2014 Fund

This fund accumulates monies for the payment of the \$71,510,000 Public Facilities Revenue Refunding Bond, Series 2014, which are serial bonds, due in annual installments of \$1,787,556 to \$5,453,600 through December 2035. Principal and interest are paid by a pledge of revenues from the State Revenue Sharing Trust Funds and 8% of the 10% public service tax accruing to the County under provisions of Chapter 210, *Florida Statutes*, Section 212.20 and Chapter 125, *Florida Statutes*; Chapter 218, Part II, *Florida Statutes*; Section 166.231, *Florida Statutes*.

Public Facilities Revenue Refunding Note, Series 2015 Fund

This fund accumulates monies for the payment of the \$18,157,000 in Public Facilities Revenue Refunding Note, Series 2015, due in annual installments of \$592,356 to \$2,151,780; including interest through December 1, 2026; interest of 2.14%; collateralized by a pledge of State Revenue Sharing Trust Funds and 8% of the 10% public service tax accruing to the County under provisions of Chapter 210, *Florida Statutes*, Section 212.20 and Chapter 125, *Florida Statutes*; Chapter 218, Part II, *Florida Statutes*; Section 166.231, *Florida Statutes*.

Promissory Note, Series 2020A Fund

This fund accumulates monies for the payment of the \$27,062,000 in Promissory Note, Series 2020A, due in annual installments of \$648,285 to \$2,249,066; including interest through April 1, 2035; interest of 2.20%; collateralized by non-ad valorem revenue.

Promissory Note, Series 2020C Fund

This fund accumulates monies for the payment of the \$41,955,000 in Promissory Note, Series 2020C, due in annual installments of \$611,319 to \$5,741,775; including interest through December 1, 2029; interest of 1.95%; collateralized by non-ad valorem revenue.

G-4

**POLK COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2025**

CAPITAL PROJECT FUNDS

Capital project funds account for funds used for the acquisition or construction of major capital facilities.

Environmental Lands Acquisition Fund

This fund is used to account for the purchase of environmentally sensitive lands which are funded by a 0.2 mill ad valorem tax levy that sunset in 2015.

Drainage and Water Quality Fund

This fund was established to account for drainage and water quality activities.

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

	Special Revenue			
	Tourist Development Tax	Lake and River Enhancement	Lighting Districts	Stormwater MSTU
ASSETS				
Cash and Investments	\$ 20,109,258	\$ 1,755,350	\$ 1,207,802	\$ 9,801,499
Cash and Investments with Fiscal Agent	-	-	-	-
Accounts Receivable	34	-	2	14
Interest Receivable	44,527	3,708	2,848	20,606
Lease Receivable	-	-	-	-
Due from Other Governments	10,760	-	-	54,000
Due from Other Funds	1,159,359	44,059	707	19,020
Other Assets	-	-	-	5,092
Total Assets	<u>\$ 21,323,938</u>	<u>\$ 1,803,117</u>	<u>\$ 1,211,359</u>	<u>\$ 9,900,231</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Vouchers Payable	\$ 2,286,169	\$ 13,823	\$ 254,021	\$ 209,890
Accrued Liabilities	206,532	-	-	26,113
Customer Deposits	-	-	-	-
Due to Other Governments	-	-	-	-
Due to Other Funds	-	-	-	-
Unearned Revenue	14,533	1,210	930	6,726
Total Liabilities	<u>2,507,234</u>	<u>15,033</u>	<u>254,951</u>	<u>242,729</u>
DEFERRED INFLOWS OF RESOURCES				
Taxes Received in Advance	-	-	-	19,699
Leases	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,699</u>
FUND BALANCES				
Nonspendable	-	-	-	5,092
Restricted	18,816,704	1,788,084	956,408	9,632,711
Committed	-	-	-	-
Assigned	-	-	-	-
Total Fund Balances	<u>18,816,704</u>	<u>1,788,084</u>	<u>956,408</u>	<u>9,637,803</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 21,323,938</u>	<u>\$ 1,803,117</u>	<u>\$ 1,211,359</u>	<u>\$ 9,900,231</u>

G-6

**POLK COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2025**

	Special Revenue						
	Fire Rescue	Emergency 911	Hazardous Waste	Radio Communications	Law Enforcement Trust	Land Management Trust	Building
	\$ 11,095,929	\$ 6,814,533	\$ 28,644	\$ 4,408,288	\$ 1,598,530	\$ 41,133,550	\$ 13,744,158
	-	-	-	-	-	-	-
	54,563	-	-	72,247	-	-	82,243
	14,906	14,325	70	23,870	3,378	88,145	29,370
	-	-	-	538,365	-	-	-
	27,646	331,604	-	16,800	-	-	-
	922,187	-	-	51,061	187,626	15,959	-
	-	-	-	-	-	57,204	-
	<u>\$ 12,115,231</u>	<u>\$ 7,160,462</u>	<u>\$ 28,714</u>	<u>\$ 5,110,631</u>	<u>\$ 1,789,534</u>	<u>\$ 41,294,858</u>	<u>\$ 13,855,771</u>
	\$ 573,357	\$ 852,698	\$ 406	\$ 13,359	\$ -	\$ 256,422	\$ 210,645
	2,800,341	48,492	4	43,935	-	25,650	1,552,449
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	4,866	4,676	23	2,996	1,103	28,771	9,587
	<u>3,378,564</u>	<u>905,866</u>	<u>433</u>	<u>60,290</u>	<u>1,103</u>	<u>310,843</u>	<u>1,772,681</u>
	917,929	-	-	-	-	17,662	-
	-	-	-	523,576	-	-	-
	<u>917,929</u>	<u>-</u>	<u>-</u>	<u>523,576</u>	<u>-</u>	<u>17,662</u>	<u>-</u>
	-	-	-	-	-	57,204	-
	7,818,738	6,254,596	28,281	4,526,765	1,788,431	-	12,083,090
	-	-	-	-	-	40,909,149	-
	-	-	-	-	-	-	-
	<u>7,818,738</u>	<u>6,254,596</u>	<u>28,281</u>	<u>4,526,765</u>	<u>1,788,431</u>	<u>40,966,353</u>	<u>12,083,090</u>
	<u>\$ 12,115,231</u>	<u>\$ 7,160,462</u>	<u>\$ 28,714</u>	<u>\$ 5,110,631</u>	<u>\$ 1,789,534</u>	<u>\$ 41,294,858</u>	<u>\$ 13,855,771</u>

G-7

**POLK COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2025**

	Special Revenue			
	Local Provider Participation	Opioid Settlement	Indigent Healthcare	Harden/ Parkway CRA
ASSETS				
Cash and Investments	\$ 7,550,536	\$ 10,097,187	\$ 105,937,578	\$ 387,425
Cash and Investments with Fiscal Agent	-	-	500,000	-
Accounts Receivable	-	-	218,006	-
Interest Receivable	16,280	21,530	226,362	1,226
Lease Receivable	-	-	-	-
Due from Other Governments	-	6,088,307	9,667,149	-
Due from Other Funds	-	-	-	-
Other Assets	-	-	835,989	-
Total Assets	<u>\$ 7,566,816</u>	<u>\$ 16,207,024</u>	<u>\$ 117,385,084</u>	<u>\$ 388,651</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Vouchers Payable	\$ -	\$ 17,472	\$ 7,037,813	\$ -
Accrued Liabilities	-	6,900	3,150,528	-
Customer Deposits	-	-	-	-
Due to Other Governments	-	-	-	-
Due to Other Funds	-	-	-	-
Unearned Revenue	5,314	13,598,954	73,887	400
Total Liabilities	<u>5,314</u>	<u>13,623,326</u>	<u>10,262,228</u>	<u>400</u>
DEFERRED INFLOWS OF RESOURCES				
Taxes Received in Advance	-	-	-	-
Leases	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	835,989	-
Restricted	7,561,502	2,583,698	106,286,867	388,251
Committed	-	-	-	-
Assigned	-	-	-	-
Total Fund Balances	<u>7,561,502</u>	<u>2,583,698</u>	<u>107,122,856</u>	<u>388,251</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,566,816</u>	<u>\$ 16,207,024</u>	<u>\$ 117,385,084</u>	<u>\$ 388,651</u>

G-8

**POLK COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2025**

	Special Revenue					
	Leisure Services MSTU	Libraries MSTU	Rancho Bonito MSTU	Transportation Millage	Eloise CRA	Emergency Medical Millage
\$ 21,109,939	\$ 4,651,767	\$ 79,610	\$ 93,045,546	\$ 1,000,597	\$ 23,407,491	
-	-	-	-	-	-	-
7,925	29	-	1,141	-	169	
44,584	9,929	170	204,501	2,136	50,643	
42,471	-	-	48,880	-	-	-
-	-	-	-	-	-	-
106,847	40,123	-	383,409	-	79,852	
-	-	-	116,992	-	-	-
<u>\$ 21,311,766</u>	<u>\$ 4,701,848</u>	<u>\$ 79,780</u>	<u>\$ 93,800,469</u>	<u>\$ 1,002,733</u>	<u>\$ 23,538,155</u>	
\$ 709,478	\$ 144,417	\$ -	\$ 7,363,820	\$ 13	\$ 15,230	
332,806	-	-	2,539,984	1,469	309,072	
-	-	-	139,499	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
15,462	3,241	55	756,041	697	16,530	
<u>1,057,746</u>	<u>147,658</u>	<u>55</u>	<u>10,799,344</u>	<u>2,179</u>	<u>340,832</u>	
110,660	41,555	-	423,921	-	88,310	
39,283	-	-	43,344	-	-	-
<u>149,943</u>	<u>41,555</u>	<u>-</u>	<u>467,265</u>	<u>-</u>	<u>88,310</u>	
-	-	-	116,992	-	-	-
20,104,077	4,512,635	79,725	-	1,000,554	-	-
-	-	-	82,416,868	-	23,109,013	
-	-	-	-	-	-	-
<u>20,104,077</u>	<u>4,512,635</u>	<u>79,725</u>	<u>82,533,860</u>	<u>1,000,554</u>	<u>23,109,013</u>	
<u>\$ 21,311,766</u>	<u>\$ 4,701,848</u>	<u>\$ 79,780</u>	<u>\$ 93,800,469</u>	<u>\$ 1,002,733</u>	<u>\$ 23,538,155</u>	

G-9

**POLK COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2025**

	Special Revenue		Debt Service	
	Clerk of the Circuit Courts Court Fund	Unbudgeted Other Special Revenue Funds	Public Facilities Revenue	Public Facilities Revenue
			Refunding Bonds	Refunding Note
			Series 2014	Series 2015
ASSETS				
Cash and Investments	\$ 8,562,113	\$ 12,991,052	\$ 3,829,003	\$ 1,882,867
Cash and Investments with Fiscal Agent	-	-	-	-
Accounts Receivable	155,568	112,655	-	-
Interest Receivable	-	-	7,494	3,442
Lease Receivable	-	-	-	-
Due from Other Governments	122,349	4,482	-	-
Due from Other Funds	-	123,947	-	-
Other Assets	-	77,202	-	-
Total Assets	<u>\$ 8,840,030</u>	<u>\$ 13,309,338</u>	<u>\$ 3,836,497</u>	<u>\$ 1,886,309</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Vouchers Payable	\$ 16,998	\$ 133,916	\$ -	\$ -
Accrued Liabilities	315,846	126,073	-	-
Customer Deposits	5,698,331	-	-	-
Due to Other Governments	2,808,855	5,233	-	-
Due to Other Funds	-	217,829	-	-
Unearned Revenue	-	-	2,446	1,123
Total Liabilities	<u>8,840,030</u>	<u>483,051</u>	<u>2,446</u>	<u>1,123</u>
DEFERRED INFLOWS OF RESOURCES				
Taxes Received in Advance	-	-	-	-
Leases	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	77,202	-	-
Restricted	-	12,724,162	3,485,483	1,740,665
Committed	-	-	-	-
Assigned	-	24,923	348,568	144,521
Total Fund Balances	<u>-</u>	<u>12,826,287</u>	<u>3,834,051</u>	<u>1,885,186</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,840,030</u>	<u>\$ 13,309,338</u>	<u>\$ 3,836,497</u>	<u>\$ 1,886,309</u>

G-10

**POLK COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2025**

	Debt Service		Capital Projects		Total Nonmajor Governmental Funds
	Promissory Note	Promissory Note	Environmental Lands	Drainage and Water Quality	
	Series 2020A	Series 2020C	Acquisition		
	\$ 1,926,847	\$ 4,835,997	\$ 14,861,590	\$ 916,141	\$ 428,770,827
	-	-	-	-	500,000
	-	-	-	-	704,596
	3,449	9,148	31,754	1,963	880,364
	-	-	-	-	629,716
	-	166,667	-	-	16,489,764
	-	-	47,878	-	3,182,034
	-	-	-	-	1,092,479
	<u>\$ 1,930,296</u>	<u>\$ 5,011,812</u>	<u>\$ 14,941,222</u>	<u>\$ 918,104</u>	<u>\$ 452,249,780</u>
	\$ -	\$ -	\$ 35,510	\$ -	\$ 20,145,457
	-	-	18,913	-	11,505,107
	-	-	-	-	5,837,830
	-	-	-	-	2,814,088
	-	-	-	-	217,829
	1,126	2,986	10,365	641	14,564,689
	<u>1,126</u>	<u>2,986</u>	<u>64,788</u>	<u>641</u>	<u>55,085,000</u>
	-	-	52,986	-	1,672,722
	-	-	-	-	606,203
	-	-	52,986	-	2,278,925
	-	-	-	-	1,092,479
	1,667,904	4,195,500	-	-	230,024,831
	-	-	14,823,448	-	161,258,478
	261,266	813,326	-	917,463	2,510,067
	<u>1,929,170</u>	<u>5,008,826</u>	<u>14,823,448</u>	<u>917,463</u>	<u>394,885,855</u>
	<u>\$ 1,930,296</u>	<u>\$ 5,011,812</u>	<u>\$ 14,941,222</u>	<u>\$ 918,104</u>	<u>\$ 452,249,780</u>

G-11

**POLK COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2025**

	Special Revenue			
	Special Revenue Grants	County Transportation Trust	Tourist Development Tax	Lake and River Enhancement
REVENUES				
Taxes	\$ -	\$ -	\$ 24,871,835	\$ -
Licenses and Permits	-	-	-	133,647
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	352,035
Fines and Forfeitures	-	-	-	-
Special Assessments	-	-	-	-
Interest Income	-	-	729,015	59,484
Net Change in Fair Value of Investments	-	-	168,983	14,071
Miscellaneous Revenue	-	-	196,917	7
Total Revenues	-	-	25,966,750	559,244
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Physical Environment	-	-	-	155,436
Transportation	-	-	-	-
Economic Environment	-	-	22,106,698	-
Human Services	-	-	-	-
Culture and Recreation	-	-	-	621,899
Debt Service:				
Principal Retirements	-	-	2,304,479	-
Interest and Fiscal Charges	-	-	1,164,469	-
Capital Projects	-	-	-	-
Total Expenditures	-	-	25,575,646	777,335
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	391,104	(218,091)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	(54,000)	-
Proceeds from Sale of Capital Assets	-	-	-	-
Leases	-	-	-	-
Subscription-Based Information Technology Arrangements	-	-	-	-
Total Other Financing Sources (Uses)	-	-	(54,000)	-
NET CHANGE IN FUND BALANCES	-	-	337,104	(218,091)
Fund Balances - Beginning of Year				
As previously Reported	(5,900,801)	122,065,362	18,479,600	2,006,175
Adjustments	5,900,801	(122,065,362)	-	-
Fund Balances - Beginning of Year As Adjusted	-	-	18,479,600	2,006,175
FUND BALANCES - END OF YEAR	\$ -	\$ -	\$ 18,816,704	\$ 1,788,084

G-12

**POLK COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

	Special Revenue						
	Lighting Districts	Stormwater MSTU	Fire Rescue	Emergency 911	Hazardous Waste	Radio Communications	Law Enforcement Trust
REVENUES							
Taxes	\$ -	\$ 3,499,187	\$ -	\$ -	\$ 110,911	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-
Intergovernmental	-	-	87,176	-	-	-	-
Charges for Services	-	-	925,563	3,998,869	-	4,331,128	-
Fines and Forfeitures	-	-	-	-	-	593,166	274,502
Special Assessments	3,409,099	-	64,362,780	-	-	-	-
Interest Income	80,170	401,633	927,688	244,101	599	227,404	62,410
Net Change in Fair Value of Investments	10,808	78,201	56,570	54,364	266	34,837	12,820
Miscellaneous Revenue	-	64,000	16,796	1,500	-	261,618	-
Total Revenues	3,500,077	4,043,021	66,376,573	4,298,834	111,776	5,448,153	349,732
EXPENDITURES							
Current:							
General Government	-	-	-	-	-	-	-
Public Safety	-	-	70,637,231	4,782,332	-	3,312,942	50,546
Physical Environment	-	4,717,792	-	-	110,601	-	-
Transportation	3,285,252	-	-	-	-	-	-
Economic Environment	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-
Debt Service:							
Principal Retirements	-	-	88,529	352,296	460	44,551	-
Interest and Fiscal Charges	-	-	14,101	2,606	66	1,400	-
Capital Projects	-	-	-	-	-	-	-
Total Expenditures	3,285,252	4,717,792	70,739,861	5,137,234	111,127	3,358,893	50,546
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	214,825	(674,771)	(4,363,288)	(838,400)	649	2,089,260	299,186
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	3,510,956	-	-	22,507	-
Transfers Out	(57,883)	(238,617)	(2,973,571)	-	-	-	(79,000)
Proceeds from Sale of Capital Assets	-	-	126	-	-	574	-
Leases	-	-	117,640	-	-	-	-
Subscription-Based Information Technology Arrangements	-	-	5,406	643,586	-	-	-
Total Other Financing Sources (Uses)	(57,883)	(238,617)	660,557	643,586	-	23,081	(79,000)
NET CHANGE IN FUND BALANCES	156,942	(913,388)	(3,702,731)	(194,814)	649	2,112,341	220,186
Fund Balances - Beginning of Year							
As previously Reported	799,466	10,551,191	11,521,469	6,449,410	27,632	2,414,424	1,568,245
Adjustments	-	-	-	-	-	-	-
Fund Balances - Beginning of Year As Adjusted	799,466	10,551,191	11,521,469	6,449,410	27,632	2,414,424	1,568,245
FUND BALANCES - END OF YEAR	\$ 956,408	\$ 9,637,803	\$ 7,818,738	\$ 6,254,596	\$ 28,281	\$ 4,526,765	\$ 1,788,431

G-13

**POLK COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

	Special Revenue			
	Land Management Trust	Building	Local Provider Participation	Opioid Settlement
REVENUES				
Taxes	\$ 3,192,653	\$ -	\$ -	\$ -
Licenses and Permits	-	7,495,292	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	326,339	76,807,581	-
Fines and Forfeitures	-	785	-	-
Special Assessments	-	-	-	-
Interest Income	1,503,951	520,505	1,621,546	313,057
Net Change in Fair Value of Investments	334,512	111,459	61,784	81,709
Miscellaneous Revenue	145,915	3,116	-	773,031
Total Revenues	5,177,031	8,457,496	78,490,911	1,167,797
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	10,002,896	-	-
Physical Environment	2,844,016	-	-	-
Transportation	-	-	-	-
Economic Environment	-	-	-	-
Human Services	-	-	73,895,481	219,447
Culture and Recreation	-	-	-	-
Debt Service:				
Principal Retirements	1,371	399,891	-	-
Interest and Fiscal Charges	397	20,569	-	-
Capital Projects	-	-	-	-
Total Expenditures	2,845,784	10,423,356	73,895,481	219,447
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,331,247	(1,965,860)	4,595,430	948,350
OTHER FINANCING SOURCES (USES)				
Transfers In	12,967	-	-	-
Transfers Out	(150,000)	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-
Leases	-	-	-	-
Subscription-Based Information Technology Arrangements	-	-	-	-
Total Other Financing Sources (Uses)	(137,033)	-	-	-
NET CHANGE IN FUND BALANCES	2,194,214	(1,965,860)	4,595,430	948,350
Fund Balances - Beginning of Year				
As previously Reported	38,772,139	14,048,950	2,966,072	1,635,348
Adjustments	-	-	-	-
Fund Balances - Beginning of Year As Adjusted	38,772,139	14,048,950	2,966,072	1,635,348
FUND BALANCES - END OF YEAR	<u>\$ 40,966,353</u>	<u>\$ 12,083,090</u>	<u>\$ 7,561,502</u>	<u>\$ 2,583,698</u>

G-14

**POLK COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

	Special Revenue						
	Indigent Healthcare	Harden/ Parkway CRA	Leisure Services MSTU	Libraries MSTU	Rancho Bonito MSTU	Transportation Millage	Eloise CRA
	\$ 83,748,176	\$ 708,819	\$ 19,656,159	\$ 7,381,270	\$ 9,638	\$ 76,602,806	\$ -
	-	-	-	-	-	21,565	-
	-	-	-	-	-	-	-
	608,623	-	1,247,001	-	-	49,050	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	3,654,100	35,807	1,047,176	232,317	2,802	3,951,978	35,912
	859,050	4,653	179,770	37,681	644	767,840	8,107
	601,716	-	37,187	-	-	2,872,019	-
	89,471,665	749,279	22,167,293	7,651,268	13,084	84,265,258	44,019
	-	-	-	-	-	-	-
	-	-	-	-	650	-	-
	-	-	-	-	-	66,663,947	-
	-	-	-	-	-	-	32,047
	77,310,596	-	-	-	-	-	22,550
	-	-	24,067,229	6,130,503	-	-	-
	22,671	-	25,870	-	-	268,448	-
	2,049	-	1,918	-	-	26,733	-
	-	-	-	-	-	-	-
	77,335,316	-	24,095,017	6,130,503	650	66,959,128	54,597
	12,136,349	749,279	(1,927,724)	1,520,765	12,434	17,306,130	(10,578)
	-	920,348	9,771	-	-	4,843,075	158,678
	-	(1,500,000)	(1,354,066)	(358,329)	(445)	(4,069,285)	(8,000)
	-	-	144,503	-	-	-	-
	37,611	-	5,785	-	-	24,689	-
	-	-	-	-	-	301,221	-
	37,611	(579,652)	(1,194,007)	(358,329)	(445)	1,099,700	150,678
	12,173,960	169,627	(3,121,731)	1,162,436	11,989	18,405,830	140,100
	94,948,896	218,624	23,225,808	3,350,199	67,736	64,128,030	860,454
	-	-	-	-	-	-	-
	94,948,896	218,624	23,225,808	3,350,199	67,736	64,128,030	860,454
	<u>\$ 107,122,856</u>	<u>\$ 388,251</u>	<u>\$ 20,104,077</u>	<u>\$ 4,512,635</u>	<u>\$ 79,725</u>	<u>\$ 82,533,860</u>	<u>\$ 1,000,554</u>

G-15

**POLK COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

	Special Revenue		
	Emergency Medical Millage	Clerk of the Circuit Courts Court Fund	Unbudgeted Other Special Revenue Funds
REVENUES			
Taxes	\$ 15,958,222	\$ -	\$ -
Licenses and Permits	-	-	-
Intergovernmental	-	1,238,940	526,162
Charges for Services	-	6,758,310	1,285,608
Fines and Forfeitures	-	6,850,648	52,909
Special Assessments	-	-	1,903,230
Interest Income	907,701	-	1,600,701
Net Change in Fair Value of Investments	192,193	-	-
Miscellaneous Revenue	1,306	127,365	1,481,673
Total Revenues	17,059,422	14,975,263	6,850,283
EXPENDITURES			
Current:			
General Government	-	14,905,220	3,066,366
Public Safety	11,020,493	-	2,404,032
Physical Environment	-	-	-
Transportation	-	-	-
Economic Environment	-	-	-
Human Services	-	-	-
Culture and Recreation	-	-	-
Debt Service:			
Principal Retirements	-	65,407	107,804
Interest and Fiscal Charges	-	4,636	9,495
Capital Projects	-	-	-
Total Expenditures	11,020,493	14,975,263	5,587,697
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,038,929	-	1,262,586
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	259,000
Transfers Out	(802,757)	-	(728)
Proceeds from Sale of Capital Assets	-	-	-
Leases	-	-	-
Subscription-Based Information Technology Arrangements	-	-	89,284
Total Other Financing Sources (Uses)	(802,757)	-	347,556
NET CHANGE IN FUND BALANCES	5,236,172	-	1,610,142
Fund Balances - Beginning of Year			
As previously Reported	17,872,841	-	11,216,145
Adjustments	-	-	-
Fund Balances - Beginning of Year As Adjusted	17,872,841	-	11,216,145
FUND BALANCES - END OF YEAR	<u>\$ 23,109,013</u>	<u>\$ -</u>	<u>\$ 12,826,287</u>

G-16

**POLK COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

Debt Service				Capital Projects
Public Facilities Revenue Refunding Bonds Series 2014	Public Facilities Revenue Refunding Note Series 2015	Promissory Note Series 2020A	Promissory Note Series 2020C	General Capital Improvements
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
4,395,000	-	-	2,000,000	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
76,770	25,187	23,344	77,000	-
28,442	13,062	13,094	34,718	-
-	-	-	-	-
4,500,212	38,249	36,438	2,111,718	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,180,000	1,987,000	1,784,900	5,265,000	-
2,186,775	110,756	462,490	469,152	-
-	-	-	-	-
5,366,775	2,097,756	2,247,390	5,734,152	-
(866,563)	(2,059,507)	(2,210,952)	(3,622,434)	-
1,050,000	2,150,000	2,470,777	3,700,000	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,050,000	2,150,000	2,470,777	3,700,000	-
183,437	90,493	259,825	77,566	-
3,650,614	1,794,693	1,669,345	4,931,260	114,447,480
-	-	-	-	(114,447,480)
3,650,614	1,794,693	1,669,345	4,931,260	-
<u>\$ 3,834,051</u>	<u>\$ 1,885,186</u>	<u>\$ 1,929,170</u>	<u>\$ 5,008,826</u>	<u>\$ -</u>

G-17

**POLK COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

	Capital Projects		
	Environmental Lands Acquisition	Drainage and Water Quality	Total All Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 9,577,860	\$ -	\$ 245,317,536
Licenses and Permits	-	-	7,650,504
Intergovernmental	-	-	8,247,278
Charges for Services	-	-	96,690,107
Fines and Forfeitures	-	-	7,772,010
Special Assessments	-	-	69,675,109
Interest Income	573,314	68,841	19,004,513
Net Change in Fair Value of Investments	120,508	7,451	3,287,597
Miscellaneous Revenue	-	-	6,584,166
Total Revenues	10,271,682	76,292	464,228,820
EXPENDITURES			
Current:			
General Government	-	-	17,971,586
Public Safety	-	-	102,211,122
Physical Environment	-	-	7,827,845
Transportation	-	-	69,949,199
Economic Environment	-	-	22,138,745
Human Services	-	-	151,448,074
Culture and Recreation	-	-	30,819,631
Debt Service:			
Principal Retirements	-	-	15,898,677
Interest and Fiscal Charges	-	-	4,477,612
Capital Projects	6,854,972	1,416,021	8,270,993
Total Expenditures	6,854,972	1,416,021	431,013,484
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,416,710	(1,339,729)	33,215,336
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	19,108,079
Transfers Out	(34,388)	-	(11,681,069)
Proceeds from Sale of Capital Assets	-	-	145,203
Leases	-	-	185,725
Subscription-Based Information Technology Arrangements	-	-	1,039,497
Total Other Financing Sources (Uses)	(34,388)	-	8,797,435
NET CHANGE IN FUND BALANCES	3,382,322	(1,339,729)	42,012,771
Fund Balances - Beginning of Year			
As previously Reported	11,441,126	2,257,192	583,485,125
Adjustments	-	-	(230,612,041)
Fund Balances - Beginning of Year As Adjusted	11,441,126	2,257,192	352,873,084
FUND BALANCES - END OF YEAR	<u>\$ 14,823,448</u>	<u>\$ 917,463</u>	<u>\$ 394,885,855</u>

G-18

**POLK COUNTY, FLORIDA
TOURIST DEVELOPMENT TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 22,132,150	\$ 22,132,150	\$ 24,871,835	\$ 2,739,685
Interest Income	473,364	473,364	729,015	255,651
Net Change in Fair Value of Investments	-	-	168,983	168,983
Miscellaneous Revenue	200,000	200,000	196,917	(3,083)
Total Revenues	22,805,514	22,805,514	25,966,750	3,161,236
EXPENDITURES				
Current:				
Economic Environment	28,150,962	28,145,663	22,106,698	6,038,965
Debt Service:				
Principal Retirement	2,392,210	2,396,238	2,304,479	91,759
Interest and Fiscal Charges	1,083,204	1,084,475	1,164,469	(79,994)
Total Expenditures	31,626,376	31,626,376	25,575,646	6,050,730
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,820,862)	(8,820,862)	391,104	9,211,966
OTHER FINANCING SOURCES (USES)				
Transfers Out	(54,000)	(54,000)	(54,000)	-
Total Other Financing Sources (Uses)	(54,000)	(54,000)	(54,000)	-
NET CHANGE IN FUND BALANCE	(8,874,862)	(8,874,862)	337,104	9,211,966
Fund Balance - Beginning of Year	18,479,600	18,479,600	18,479,600	-
FUND BALANCE - END OF YEAR	<u>\$ 9,604,738</u>	<u>\$ 9,604,738</u>	<u>\$ 18,816,704</u>	<u>\$ 9,211,966</u>

G-19

**POLK COUNTY, FLORIDA
LAKE AND RIVER ENHANCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses and Permits	\$ 141,389	\$ 141,389	\$ 133,647	\$ (7,742)
Charges for Services	344,648	344,648	352,035	7,387
Interest Income	72,326	72,326	59,484	(12,842)
Net Change in Fair Value of Investments	-	-	14,071	14,071
Miscellaneous Revenue	-	-	7	7
Total Revenues	558,363	558,363	559,244	881
EXPENDITURES				
Current:				
Physical Environment	197,385	197,385	155,436	41,949
Culture and Recreation	1,608,383	1,608,383	621,899	986,484
Total Expenditures	1,805,768	1,805,768	777,335	1,028,433
NET CHANGE IN FUND BALANCE	(1,247,405)	(1,247,405)	(218,091)	1,029,314
Fund Balance - Beginning of Year	2,006,175	2,006,175	2,006,175	-
FUND BALANCE - END OF YEAR	<u>\$ 758,770</u>	<u>\$ 758,770</u>	<u>\$ 1,788,084</u>	<u>\$ 1,029,314</u>

G-20

**POLK COUNTY, FLORIDA
LIGHTING DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special Assessments	\$ 3,864,757	\$ 3,864,757	\$ 3,409,099	\$ (455,658)
Interest Income	25,000	25,000	80,170	55,170
Net Change in Fair Value of Investments	-	-	10,808	10,808
Total Revenues	3,889,757	3,889,757	3,500,077	(389,680)
EXPENDITURES				
Current:				
Transportation	3,939,757	3,939,757	3,285,252	654,505
Total Expenditures	3,939,757	3,939,757	3,285,252	654,505
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(50,000)	(50,000)	214,825	264,825
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(57,883)	(57,883)
Total Other Financing Sources (Uses)	-	-	(57,883)	(57,883)
NET CHANGE IN FUND BALANCE	(50,000)	(50,000)	156,942	206,942
Fund Balance - Beginning of Year	799,466	799,466	799,466	-
FUND BALANCE - END OF YEAR	<u>\$ 749,466</u>	<u>\$ 749,466</u>	<u>\$ 956,408</u>	<u>\$ 206,942</u>

G-21

**POLK COUNTY, FLORIDA
STORMWATER MSTU FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,449,594	\$ 3,449,594	\$ 3,499,187	\$ 49,593
Interest Income	330,752	330,752	401,633	70,881
Net Change in Fair Value of Investments	-	-	78,201	78,201
Miscellaneous Revenue	<u>432,656</u>	<u>432,656</u>	<u>64,000</u>	<u>(368,656)</u>
Total Revenues	4,213,002	4,213,002	4,043,021	(169,981)
EXPENDITURES				
Current:				
Physical Environment	<u>11,647,748</u>	<u>11,646,208</u>	<u>4,717,792</u>	<u>6,928,416</u>
Total Expenditures	11,647,748	11,646,208	4,717,792	6,928,416
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,434,746)	(7,433,206)	(674,771)	6,758,435
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(373,362)</u>	<u>(374,902)</u>	<u>(238,617)</u>	<u>136,285</u>
Total Other Financing Sources (Uses)	(373,362)	(374,902)	(238,617)	136,285
NET CHANGE IN FUND BALANCE	(7,808,108)	(7,808,108)	(913,388)	6,894,720
Fund Balance - Beginning of Year	<u>10,551,191</u>	<u>10,551,191</u>	<u>10,551,191</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,743,083</u>	<u>\$ 2,743,083</u>	<u>\$ 9,637,803</u>	<u>\$ 6,894,720</u>

G-22

**POLK COUNTY, FLORIDA
FIRE RESCUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 59,000	\$ 59,000	\$ 87,176	\$ 28,176
Charges for Services	292,910	292,910	925,563	632,653
Special Assessments	64,055,411	64,055,411	64,362,780	307,369
Interest Income	313,427	313,427	927,688	614,261
Net Change in Fair Value of Investments	-	-	56,570	56,570
Miscellaneous Revenue	<u>-</u>	<u>-</u>	<u>16,796</u>	<u>16,796</u>
Total Revenues	64,720,748	64,720,748	66,376,573	1,655,825
EXPENDITURES				
Current:				
Public Safety	72,594,133	72,612,442	70,637,231	1,975,211
Debt Service:				
Principal Retirement	-	89,583	88,529	1,054
Interest and Fiscal Charges	<u>-</u>	<u>15,154</u>	<u>14,101</u>	<u>1,053</u>
Total Expenditures	72,594,133	72,717,179	70,739,861	1,977,318
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,873,385)	(7,996,431)	(4,363,288)	3,633,143
OTHER FINANCING SOURCES (USES)				
Transfers In	3,508,112	3,508,112	3,510,956	2,844
Transfers Out	<u>(2,983,184)</u>	<u>(2,983,184)</u>	<u>(2,973,571)</u>	<u>9,613</u>
Proceeds from Sale of Capital Assets	-	-	126	126
Leases	-	117,640	117,640	-
Subscription-Based Information Technology Arrangements	<u>-</u>	<u>5,406</u>	<u>5,406</u>	<u>-</u>
Total Other Financing Sources (Uses)	524,928	647,974	660,557	12,583
NET CHANGE IN FUND BALANCE	(7,348,457)	(7,348,457)	(3,702,731)	3,645,726
Fund Balance - Beginning of Year	<u>11,521,469</u>	<u>11,521,469</u>	<u>11,521,469</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 4,173,012</u>	<u>\$ 4,173,012</u>	<u>\$ 7,818,738</u>	<u>\$ 3,645,726</u>

G-23

**POLK COUNTY, FLORIDA
EMERGENCY 911 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 3,402,662	\$ 3,402,662	\$ 3,998,869	\$ 596,207
Interest Income	120,520	120,520	244,101	123,581
Net Change in Fair Value of Investments	-	-	54,364	54,364
Miscellaneous Revenue	-	-	1,500	1,500
Total Revenues	3,523,182	3,523,182	4,298,834	775,652
EXPENDITURES				
Current:				
Public Safety	5,330,856	5,329,705	4,782,332	547,373
Debt Service:				
Principal Retirement	-	919	352,296	(351,377)
Interest and Fiscal Charges	-	232	2,606	(2,374)
Total Expenditures	5,330,856	5,330,856	5,137,234	193,622
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,807,674)	(1,807,674)	(838,400)	969,274
OTHER FINANCING SOURCES (USES)				
Subscription-Based Information				
Technology Arrangements	-	-	643,586	643,586
Total Other Financing Sources (Uses)	-	-	643,586	643,586
NET CHANGE IN FUND BALANCE	(1,807,674)	(1,807,674)	(194,814)	1,612,860
Fund Balance - Beginning of Year	6,449,410	6,449,410	6,449,410	-
FUND BALANCE - END OF YEAR	<u>\$ 4,641,736</u>	<u>\$ 4,641,736</u>	<u>\$ 6,254,596</u>	<u>\$ 1,612,860</u>

G-24

**POLK COUNTY, FLORIDA
HAZARDOUS WASTE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 105,000	\$ 105,000	\$ 110,911	\$ 5,911
Interest Income	240	240	599	359
Net Change in Fair Value of Investments	-	-	266	266
Total Revenues	105,240	105,240	111,776	6,536
EXPENDITURES				
Current:				
Physical Environment	112,621	111,795	110,601	1,194
Debt Service:				
Principal Retirement	-	610	460	150
Interest and Fiscal Charges	-	216	66	150
Total Expenditures	112,621	112,621	111,127	1,494
NET CHANGE IN FUND BALANCE	(7,381)	(7,381)	649	8,030
Fund Balance - Beginning of Year	27,632	27,632	27,632	-
FUND BALANCE - END OF YEAR	<u>\$ 20,251</u>	<u>\$ 20,251</u>	<u>\$ 28,281</u>	<u>\$ 8,030</u>

G-25

**POLK COUNTY, FLORIDA
RADIO COMMUNICATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 4,372,200	\$ 4,372,200	\$ 4,331,128	\$ (41,072)
Fines and Forfeitures	500,000	500,000	593,166	93,166
Interest Income	10,997	10,997	227,404	216,407
Net Change in Fair Value of Investments	-	-	34,837	34,837
Miscellaneous Revenue	236,000	236,000	261,618	25,618
Total Revenues	5,119,197	5,119,197	5,448,153	328,956
EXPENDITURES				
Current:				
Public Safety	5,088,758	5,042,505	3,312,942	1,729,563
Debt Service:				
Principal Retirement	-	44,702	44,551	151
Interest and Fiscal Charges	-	1,551	1,400	151
Total Expenditures	5,088,758	5,088,758	3,358,893	1,729,865
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	30,439	30,439	2,089,260	2,058,821
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	22,507	22,507
Proceeds from Sale of Capital Assets	-	-	574	574
Total Other Financing Sources (Uses)	-	-	23,081	23,081
NET CHANGE IN FUND BALANCE	30,439	30,439	2,112,341	2,081,902
Fund Balance - Beginning of Year	2,414,424	2,414,424	2,414,424	-
FUND BALANCE - END OF YEAR	<u>\$ 2,444,863</u>	<u>\$ 2,444,863</u>	<u>\$ 4,526,765</u>	<u>\$ 2,081,902</u>

G-26

**POLK COUNTY, FLORIDA
LAW ENFORCEMENT TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fines and Forfeitures	\$ -	\$ -	\$ 274,502	\$ 274,502
Interest Income	43,598	43,598	62,410	18,812
Net Change in Fair Value of Investments	-	-	12,820	12,820
Total Revenues	43,598	43,598	349,732	306,134
EXPENDITURES				
Current:				
Public Safety	1,290,644	1,290,644	50,546	1,240,098
Total Expenditures	1,290,644	1,290,644	50,546	1,240,098
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,247,046)	(1,247,046)	299,186	1,546,232
OTHER FINANCING SOURCES (USES)				
Transfers Out	(64,168)	(64,168)	(79,000)	(14,832)
Total Other Financing Sources (Uses)	(64,168)	(64,168)	(79,000)	(14,832)
NET CHANGE IN FUND BALANCE	(1,311,214)	(1,311,214)	220,186	1,531,400
Fund Balance - Beginning of Year	1,568,245	1,568,245	1,568,245	-
FUND BALANCE - END OF YEAR	<u>\$ 257,031</u>	<u>\$ 257,031</u>	<u>\$ 1,788,431</u>	<u>\$ 1,531,400</u>

G-27

**POLK COUNTY, FLORIDA
LAND MANAGEMENT TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,150,461	\$ 3,150,461	\$ 3,192,653	\$ 42,192
Interest Income	1,152,685	1,152,685	1,503,951	351,266
Net Change in Fair Value of Investments	-	-	334,512	334,512
Miscellaneous Revenue	136,951	136,951	145,915	8,964
Total Revenues	4,440,097	4,440,097	5,177,031	736,934
EXPENDITURES				
Current:				
Physical Environment	3,157,792	3,155,723	2,844,016	311,707
Debt Service:				
Principal Retirement	-	1,522	1,371	151
Interest and Fiscal Charges	-	547	397	150
Total Expenditures	3,157,792	3,157,792	2,845,784	312,008
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,282,305	1,282,305	2,331,247	1,048,942
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	12,967	12,967
Transfers Out	-	-	(150,000)	(150,000)
Total Other Financing Sources (Uses)	-	-	(137,033)	(137,033)
NET CHANGE IN FUND BALANCE	1,282,305	1,282,305	2,194,214	911,909
Fund Balance - Beginning of Year	38,772,139	38,772,139	38,772,139	-
FUND BALANCE - END OF YEAR	<u>\$ 40,054,444</u>	<u>\$ 40,054,444</u>	<u>\$ 40,966,353</u>	<u>\$ 911,909</u>

G-28

**POLK COUNTY, FLORIDA
BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses and Permits	\$ 6,430,454	\$ 6,430,454	\$ 7,495,292	\$ 1,064,838
Charges for Services	570,952	570,952	326,339	(244,613)
Fines and Forfeitures	-	-	785	785
Interest Income	456,514	456,514	520,505	63,991
Net Change in Fair Value of Investments	-	-	111,459	111,459
Miscellaneous Revenue	672	672	3,116	2,444
Total Revenues	7,458,592	7,458,592	8,457,496	998,904
EXPENDITURES				
Current:				
Public Safety	13,081,532	12,660,472	10,002,896	2,657,576
Debt Service:				
Principal Retirement	-	400,191	399,891	300
Interest and Fiscal Charges	-	20,869	20,569	300
Total Expenditures	13,081,532	13,081,532	10,423,356	2,658,176
NET CHANGE IN FUND BALANCE	(5,622,940)	(5,622,940)	(1,965,860)	3,657,080
Fund Balance - Beginning of Year	14,048,950	14,048,950	14,048,950	-
FUND BALANCE - END OF YEAR	<u>\$ 8,426,010</u>	<u>\$ 8,426,010</u>	<u>\$ 12,083,090</u>	<u>\$ 3,657,080</u>

G-29

**POLK COUNTY, FLORIDA
LOCAL PROVIDER PARTICIPATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 69,903,127	\$ 76,873,824	\$ 76,807,581	\$ (66,243)
Interest Income	865,000	865,000	1,621,546	756,546
Net Change in Fair Value of Investments	-	-	61,784	61,784
Total Revenues	70,768,127	77,738,824	78,490,911	752,087
EXPENDITURES				
Current:				
Human Services	74,468,127	81,438,824	73,895,481	7,543,343
Total Expenditures	74,468,127	81,438,824	73,895,481	7,543,343
NET CHANGE IN FUND BALANCE	(3,700,000)	(3,700,000)	4,595,430	8,295,430
Fund Balance - Beginning of Year	2,966,072	2,966,072	2,966,072	-
FUND BALANCE - END OF YEAR	<u>\$ (733,928)</u>	<u>\$ (733,928)</u>	<u>\$ 7,561,502</u>	<u>\$ 8,295,430</u>

G-30

**POLK COUNTY, FLORIDA
OPIOID SETTLEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest Income	\$ 211,802	\$ 211,802	\$ 313,057	\$ 101,255
Net Change in Fair Value of Investments	-	-	81,709	81,709
Miscellaneous Revenue	2,322,130	2,322,130	773,031	(1,549,099)
Total Revenues	2,533,932	2,533,932	1,167,797	(1,366,135)
EXPENDITURES				
Current:				
Human Services	8,999,839	8,999,839	219,447	8,780,392
Total Expenditures	8,999,839	8,999,839	219,447	8,780,392
NET CHANGE IN FUND BALANCE	(6,465,907)	(6,465,907)	948,350	7,414,257
Fund Balance - Beginning of Year	1,635,348	1,635,348	1,635,348	-
FUND BALANCE - END OF YEAR	<u>\$ (4,830,559)</u>	<u>\$ (4,830,559)</u>	<u>\$ 2,583,698</u>	<u>\$ 7,414,257</u>

G-31

**POLK COUNTY, FLORIDA
INDIGENT HEALTHCARE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 80,026,115	\$ 80,026,115	\$ 83,748,176	\$ 3,722,061
Charges for Services	899,770	899,770	608,623	(291,147)
Interest Income	2,019,138	2,019,138	3,654,100	1,634,962
Net Change in Fair Value of Investments	-	-	859,050	859,050
Miscellaneous Revenue	641,271	641,271	601,716	(39,555)
Total Revenues	83,586,294	83,586,294	89,471,665	5,885,371
EXPENDITURES				
Current:				
Human Services	113,375,110	113,386,798	77,310,596	36,076,202
Debt Service:				
Principal Retirement	-	23,273	22,671	602
Interest and Fiscal Charges	-	2,650	2,049	601
Total Expenditures	113,375,110	113,412,721	77,335,316	36,077,405
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(29,788,816)	(29,826,427)	12,136,349	41,962,776
OTHER FINANCING SOURCES (USES)				
Leases	-	37,611	37,611	-
Total Other Financing Sources (Uses)	-	37,611	37,611	-
NET CHANGE IN FUND BALANCE	(29,788,816)	(29,788,816)	12,173,960	41,962,776
Fund Balance - Beginning of Year	94,948,896	94,948,896	94,948,896	-
FUND BALANCE - END OF YEAR	<u>\$ 65,160,080</u>	<u>\$ 65,160,080</u>	<u>\$ 107,122,856</u>	<u>\$ 41,962,776</u>

G-32

**POLK COUNTY, FLORIDA
HARDEN/PARKWAY CRA FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 667,408	\$ 667,408	\$ 708,819	\$ 41,411
Interest Income	8,703	8,703	35,807	27,104
Net Change in Fair Value of Investments	-	-	4,653	4,653
Total Revenues	676,111	676,111	749,279	73,168
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	676,111	676,111	749,279	73,168
OTHER FINANCING SOURCES (USES)				
Transfers In	918,500	918,500	920,348	1,848
Transfers Out	(1,500,000)	(1,500,000)	(1,500,000)	-
Total Other Financing Sources (Uses)	(581,500)	(581,500)	(579,652)	1,848
NET CHANGE IN FUND BALANCE	94,611	94,611	169,627	75,016
Fund Balance - Beginning of Year	218,624	218,624	218,624	-
FUND BALANCE - END OF YEAR	<u>\$ 313,235</u>	<u>\$ 313,235</u>	<u>\$ 388,251</u>	<u>\$ 75,016</u>

G-33

**POLK COUNTY, FLORIDA
LEISURE SERVICES MSTU FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 19,377,844	\$ 19,377,844	\$ 19,656,159	\$ 278,315
Charges for Services	925,437	925,437	1,247,001	321,564
Interest Income	987,110	987,110	1,047,176	60,066
Net Change in Fair Value of Investments	-	-	179,770	179,770
Miscellaneous Revenue	61,529	61,529	37,187	(24,342)
Total Revenues	21,351,920	21,351,920	22,167,293	815,373
EXPENDITURES				
Current:				
Culture and Recreation	37,037,724	37,005,819	24,067,229	12,938,590
Debt Service:				
Principal Retirement	-	26,321	25,870	451
Interest and Fiscal Charges	-	2,369	1,918	451
Total Expenditures	37,037,724	37,034,509	24,095,017	12,939,492
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(15,685,804)	(15,682,589)	(1,927,724)	13,754,865
OTHER FINANCING SOURCES (USES)				
Transfers In	2,620,000	2,620,000	9,771	(2,610,229)
Transfers Out	(4,055,452)	(4,064,452)	(1,354,066)	2,710,386
Proceeds from Sale of Capital Assets	-	-	144,503	144,503
Leases	-	5,785	5,785	-
Total Other Financing Sources (Uses)	(1,435,452)	(1,438,667)	(1,194,007)	244,660
NET CHANGE IN FUND BALANCE	(17,121,256)	(17,121,256)	(3,121,731)	13,999,525
Fund Balance - Beginning of Year	23,225,808	23,225,808	23,225,808	-
FUND BALANCE - END OF YEAR	<u>\$ 6,104,552</u>	<u>\$ 6,104,552</u>	<u>\$ 20,104,077</u>	<u>\$ 13,999,525</u>

G-34

**POLK COUNTY, FLORIDA
LIBRARIES MSTU FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 7,276,773	\$ 7,276,773	\$ 7,381,270	\$ 104,497
Interest Income	141,355	141,355	232,317	90,962
Net Change in Fair Value of Investments	-	-	37,681	37,681
Total Revenues	7,418,128	7,418,128	7,651,268	233,140
EXPENDITURES				
Current:				
Culture and Recreation	6,965,184	6,956,184	6,130,503	825,681
Total Expenditures	6,965,184	6,956,184	6,130,503	825,681
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	452,944	461,944	1,520,765	1,058,821
OTHER FINANCING SOURCES (USES)				
Transfers Out	(382,812)	(391,812)	(358,329)	33,483
Total Other Financing Sources (Uses)	(382,812)	(391,812)	(358,329)	33,483
NET CHANGE IN FUND BALANCE	70,132	70,132	1,162,436	1,092,304
Fund Balance - Beginning of Year	3,350,199	3,350,199	3,350,199	-
FUND BALANCE - END OF YEAR	<u>\$ 3,420,331</u>	<u>\$ 3,420,331</u>	<u>\$ 4,512,635</u>	<u>\$ 1,092,304</u>

G-35

**POLK COUNTY, FLORIDA
RANCHO BONITO MSTU FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 8,952	\$ 8,952	\$ 9,638	\$ 686
Interest Income	1,852	1,852	2,802	950
Net Change in Fair Value of Investments	-	-	644	644
Total Revenues	10,804	10,804	13,084	2,280
EXPENDITURES				
Current:				
Public Safety	20,744	20,724	650	20,074
Total Expenditures	20,744	20,724	650	20,074
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(9,940)	(9,920)	12,434	22,354
OTHER FINANCING SOURCES (USES)				
Transfers Out	(465)	(485)	(445)	40
Total Other Financing Sources (Uses)	(465)	(485)	(445)	40
NET CHANGE IN FUND BALANCE	(10,405)	(10,405)	11,989	22,394
Fund Balance - Beginning of Year	67,736	67,736	67,736	-
FUND BALANCE - END OF YEAR	<u>\$ 57,331</u>	<u>\$ 57,331</u>	<u>\$ 79,725</u>	<u>\$ 22,394</u>

G-36

**POLK COUNTY, FLORIDA
TRANSPORTATION MILLAGE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 75,611,057	\$ 75,611,057	\$ 76,602,806	\$ 991,749
Licenses and Permits	-	-	21,565	21,565
Charges for Services	-	-	49,050	49,050
Interest Income	1,672,228	1,672,228	3,951,978	2,279,750
Net Change in Fair Value of Investments	-	-	767,840	767,840
Miscellaneous Revenue	1,187,517	1,187,517	2,872,019	1,684,502
Total Revenues	78,470,802	78,470,802	84,265,258	5,794,456
EXPENDITURES				
Current:				
Transportation	89,253,153	94,387,422	66,663,947	27,723,475
Debt Service:				
Principal Retirement	98,832	368,183	268,448	99,735
Interest and Fiscal Charges	-	27,635	26,733	902
Total Expenditures	89,351,985	94,783,240	66,959,128	27,824,112
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,881,183)	(16,312,438)	17,306,130	33,618,568
OTHER FINANCING SOURCES (USES)				
Transfers In	4,830,553	4,830,553	4,843,075	12,522
Transfers Out	(4,309,623)	(4,342,623)	(4,069,285)	273,338
Leases	-	24,689	24,689	-
Subscription-Based Information Technology Arrangements	-	301,221	301,221	-
Total Other Financing Sources (Uses)	520,930	813,840	1,099,700	285,860
NET CHANGE IN FUND BALANCE	(10,360,253)	(15,498,598)	18,405,830	33,904,428
Fund Balance - Beginning of Year	64,128,030	64,128,030	64,128,030	-
FUND BALANCE - END OF YEAR	<u>\$ 53,767,777</u>	<u>\$ 48,629,432</u>	<u>\$ 82,533,860</u>	<u>\$ 33,904,428</u>

G-37

**POLK COUNTY, FLORIDA
ELOISE CRA FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest Income	\$ 22,461	\$ 22,461	\$ 35,912	\$ 13,451
Net Change in Fair Value of Investments	-	-	8,107	8,107
Total Revenues	22,461	22,461	44,019	21,558
EXPENDITURES				
Current:				
Economic Environment	36,557	36,557	32,047	4,510
Human Services	445,000	445,000	22,550	422,450
Total Expenditures	481,557	481,557	54,597	426,960
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(459,096)	(459,096)	(10,578)	448,518
OTHER FINANCING SOURCES (USES)				
Transfers In	159,670	159,670	158,678	(992)
Transfers Out	(8,000)	(8,000)	(8,000)	-
Total Other Financing Sources (Uses)	151,670	151,670	150,678	(992)
NET CHANGE IN FUND BALANCE	(307,426)	(307,426)	140,100	447,526
Fund Balance - Beginning of Year	860,454	860,454	860,454	-
FUND BALANCE - END OF YEAR	<u>\$ 553,028</u>	<u>\$ 553,028</u>	<u>\$ 1,000,554</u>	<u>\$ 447,526</u>

G-38

**POLK COUNTY, FLORIDA
EMERGENCY MEDICAL MILLAGE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 15,752,304	\$ 15,752,304	\$ 15,958,222	\$ 205,918
Interest Income	551,870	551,870	907,701	355,831
Net Change in Fair Value of Investments	-	-	192,193	192,193
Miscellaneous Revenue	-	-	1,306	1,306
Total Revenues	16,304,174	16,304,174	17,059,422	755,248
EXPENDITURES				
Current:				
Public Safety	22,513,693	22,506,693	11,020,493	11,486,200
Total Expenditures	22,513,693	22,506,693	11,020,493	11,486,200
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,209,519)	(6,202,519)	6,038,929	12,241,448
OTHER FINANCING SOURCES (USES)				
Transfers Out	(856,172)	(863,172)	(802,757)	60,415
Total Other Financing Sources (Uses)	(856,172)	(863,172)	(802,757)	60,415
NET CHANGE IN FUND BALANCE	(7,065,691)	(7,065,691)	5,236,172	12,301,863
Fund Balance - Beginning of Year	17,872,841	17,872,841	17,872,841	-
FUND BALANCE - END OF YEAR	<u>\$ 10,807,150</u>	<u>\$ 10,807,150</u>	<u>\$ 23,109,013</u>	<u>\$ 12,301,863</u>

G-39

POLK COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURTS – COURT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 542,051	\$ 1,124,413	\$ 1,238,940	\$ 114,527
Charges for Services	10,508,048	10,508,048	6,758,310	(3,749,738)
Fines and Forfeitures	6,313,177	6,313,177	6,850,648	537,471
Interest Income	582,362	-	-	-
Miscellaneous Revenue	96,413	96,413	127,365	30,952
Total Revenues	18,042,051	18,042,051	14,975,263	(3,066,788)
EXPENDITURES				
Current:				
General Government	15,245,112	15,170,112	14,905,220	264,892
Debt Service:				
Principal Retirement	-	70,000	65,407	4,593
Interest and Fiscal Charges	-	5,000	4,636	364
Total Expenditures	15,245,112	15,245,112	14,975,263	269,849
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,796,939	2,796,939	-	(2,796,939)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(2,796,939)	(2,796,939)	-	2,796,939
Total Other Financing Sources (Uses)	(2,796,939)	(2,796,939)	-	2,796,939
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

G-40

POLK COUNTY, FLORIDA
PUBLIC FACILITIES REVENUE REFUNDING BONDS, SERIES 2014 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 4,395,000	\$ 4,395,000	\$ 4,395,000	\$ -
Interest Income	5,000	5,000	76,770	71,770
Net Change in Fair Value of Investments	-	-	28,442	28,442
Total Revenues	4,400,000	4,400,000	4,500,212	100,212
EXPENDITURES				
Debt Service:				
Principal Retirement	3,180,000	3,180,000	3,180,000	-
Interest and Fiscal Charges	2,188,950	2,188,950	2,186,775	2,175
Total Expenditures	5,368,950	5,368,950	5,366,775	2,175
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(968,950)	(968,950)	(866,563)	102,387
OTHER FINANCING SOURCES (USES)				
Transfers In	1,050,000	1,050,000	1,050,000	-
Total Other Financing Sources (Uses)	1,050,000	1,050,000	1,050,000	-
NET CHANGE IN FUND BALANCE	81,050	81,050	183,437	102,387
Fund Balance - Beginning of Year	3,650,614	3,650,614	3,650,614	-
FUND BALANCE - END OF YEAR	<u>\$ 3,731,664</u>	<u>\$ 3,731,664</u>	<u>\$ 3,834,051</u>	<u>\$ 102,387</u>

G-41

POLK COUNTY, FLORIDA
PUBLIC FACILITIES REVENUE REFUNDING NOTE, SERIES 2015 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest Income	\$ 5,686	\$ 5,686	\$ 25,187	\$ 19,501
Net Change in Fair Value of Investments	-	-	13,062	13,062
Total Revenues	5,686	5,686	38,249	32,563
EXPENDITURES				
Debt Service:				
Principal Retirement	1,987,000	1,987,000	1,987,000	-
Interest and Fiscal Charges	112,256	112,256	110,756	1,500
Total Expenditures	2,099,256	2,099,256	2,097,756	1,500
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,093,570)	(2,093,570)	(2,059,507)	34,063
OTHER FINANCING SOURCES (USES)				
Transfers In	2,150,000	2,150,000	2,150,000	-
Total Other Financing Sources (Uses)	2,150,000	2,150,000	2,150,000	-
NET CHANGE IN FUND BALANCE	56,430	56,430	90,493	34,063
Fund Balance - Beginning of Year	1,794,693	1,794,693	1,794,693	-
FUND BALANCE - END OF YEAR	<u>\$ 1,851,123</u>	<u>\$ 1,851,123</u>	<u>\$ 1,885,186</u>	<u>\$ 34,063</u>

G-42

POLK COUNTY, FLORIDA
PROMISSORY NOTE, SERIES 2020A FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest Income	\$ 13,125	\$ 13,125	\$ 23,344	\$ 10,219
Net Change in Fair Value of Investments	-	-	13,094	13,094
Total Revenues	13,125	13,125	36,438	23,313
EXPENDITURES				
Debt Service:				
Principal Retirement	1,784,900	1,784,900	1,784,900	-
Interest and Fiscal Charges	464,926	464,926	462,490	2,436
Total Expenditures	2,249,826	2,249,826	2,247,390	2,436
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,236,701)	(2,236,701)	(2,210,952)	25,749
OTHER FINANCING SOURCES (USES)				
Transfers In	2,470,777	2,470,777	2,470,777	-
Total Other Financing Sources (Uses)	2,470,777	2,470,777	2,470,777	-
NET CHANGE IN FUND BALANCE	234,076	234,076	259,825	25,749
Fund Balance - Beginning of Year	1,669,345	1,669,345	1,669,345	-
FUND BALANCE - END OF YEAR	<u>\$ 1,903,421</u>	<u>\$ 1,903,421</u>	<u>\$ 1,929,170</u>	<u>\$ 25,749</u>

G-43

POLK COUNTY, FLORIDA
PROMISSORY NOTE, SERIES 2020C FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ -
Interest Income	27,358	27,358	77,000	49,642
Net Change in Fair Value of Investments	-	-	34,718	34,718
Total Revenues	2,027,358	2,027,358	2,111,718	84,360
EXPENDITURES				
Debt Service:				
Principal Retirement	5,265,000	5,265,000	5,265,000	-
Interest and Fiscal Charges	472,290	472,290	469,152	3,138
Total Expenditures	5,737,290	5,737,290	5,734,152	3,138
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,709,932)	(3,709,932)	(3,622,434)	87,498
OTHER FINANCING SOURCES (USES)				
Transfers In	3,700,000	3,700,000	3,700,000	-
Total Other Financing Sources (Uses)	3,700,000	3,700,000	3,700,000	-
NET CHANGE IN FUND BALANCE	(9,932)	(9,932)	77,566	87,498
Fund Balance - Beginning of Year	4,931,260	4,931,260	4,931,260	-
FUND BALANCE - END OF YEAR	<u>\$ 4,921,328</u>	<u>\$ 4,921,328</u>	<u>\$ 5,008,826</u>	<u>\$ 87,498</u>

G-44

POLK COUNTY, FLORIDA
ENVIRONMENTAL LANDS ACQUISITION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 9,451,382	\$ 9,451,382	\$ 9,577,860	\$ 126,478
Interest Income	331,930	331,930	573,314	241,384
Net Change in Fair Value of Investments	-	-	120,508	120,508
Total Revenues	9,783,312	9,783,312	10,271,682	488,370
EXPENDITURES				
Capital Projects	19,225,463	19,225,463	6,854,972	12,370,491
Total Expenditures	19,225,463	19,225,463	6,854,972	12,370,491
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(9,442,151)	(9,442,151)	3,416,710	12,858,861
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,034,388)	(1,034,388)	(34,388)	1,000,000
Total Other Financing Sources (Uses)	(1,034,388)	(1,034,388)	(34,388)	1,000,000
NET CHANGE IN FUND BALANCE	(10,476,539)	(10,476,539)	3,382,322	13,858,861
Fund Balance - Beginning of Year	11,441,126	11,441,126	11,441,126	-
FUND BALANCE - END OF YEAR	<u>\$ 964,587</u>	<u>\$ 964,587</u>	<u>\$ 14,823,448</u>	<u>\$ 13,858,861</u>

G-45

**POLK COUNTY, FLORIDA
DRAINAGE AND WATER QUALITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest Income	\$ 66,059	\$ 66,059	\$ 68,841	\$ 2,782
Net Change in Fair Value of Investments	-	-	7,451	7,451
Total Revenues	66,059	66,059	76,292	10,233
EXPENDITURES				
Capital Projects	1,907,000	1,907,000	1,416,021	490,979
Total Expenditures	1,907,000	1,907,000	1,416,021	490,979
NET CHANGE IN FUND BALANCE	(1,840,941)	(1,840,941)	(1,339,729)	501,212
Fund Balance - Beginning of Year	2,257,192	2,257,192	2,257,192	-
FUND BALANCE - END OF YEAR	<u>\$ 416,251</u>	<u>\$ 416,251</u>	<u>\$ 917,463</u>	<u>\$ 501,212</u>

G-46

**POLK COUNTY, FLORIDA
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2025**

Internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies, and to other governments on a cost reimbursement basis.

Fleet Management Fund

This fund accounts for all activities necessary to provide for the maintenance, replacement, and management of the County's fleet of vehicles.

Employee Health Insurance Fund

This fund accounts for the provision of health benefits to County employees, retirees, and their dependents.

Information Technology Fund

This fund accounts for the operations of the computer replacement and information technology enhancement and maintenance programs.

G-47

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

	Fleet Management	Employee Health Insurance	Information Technology	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and Investments	\$ 41,058,211	\$ 44,144,601	\$ 7,934,362	\$ 93,137,174
Accounts Receivable	452,529	1,482,646	339	1,935,514
Interest Receivable	88,265	93,087	16,603	197,955
Due from Other Funds	380,766	3,228,182	-	3,608,948
Inventory	596,888	-	-	596,888
Other Assets	1,732,539	-	15,023	1,747,562
Total Current Assets	44,309,198	48,948,516	7,966,327	101,224,041
NONCURRENT ASSETS				
Capital Assets:				
Buildings and Improvements	2,536,023	-	82,865	2,618,888
Equipment	129,511,125	3,757	4,371,744	133,886,626
Intangible Assets	213,825	-	6,934,673	7,148,498
Right-to-use Lease Equipment	159,132	5,275	17,713	182,120
SBITAs	-	-	11,119,272	11,119,272
Construction in Progress	1,049,482	-	358,240	1,407,722
Less: Accumulated Depreciation/Amortization	(87,094,317)	(7,148)	(17,292,529)	(104,393,994)
Total Capital Assets, Net of Accumulated Depreciation/Amortization	46,375,270	1,884	5,591,978	51,969,132
Total Assets	90,684,468	48,950,400	13,558,305	153,193,173
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amounts on Pension	576,463	94,909	1,181,900	1,853,272
Deferred Amounts on OPEB	156,665	26,312	282,717	465,694
Total Deferred Outflows of Resources	733,128	121,221	1,464,617	2,298,966
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
CURRENT LIABILITIES				
Vouchers Payable	2,908,831	257,137	1,131,834	4,297,802
Accrued Liabilities	176,740	27,543	371,183	575,466
Due to Other Funds	-	900	-	900
Unearned Revenue	-	433,871	-	433,871
Lease Liability, Current Portion	50,166	890	3,912	54,968
SBITA Liability, Current Portion	-	-	1,194,957	1,194,957
Accrued Compensated Absences, Current	329,503	45,877	604,521	979,901
Claims Payable	-	6,281,000	-	6,281,000
Total Current Liabilities	3,465,240	7,047,218	3,306,407	13,818,865
NONCURRENT LIABILITIES				
Total OPEB Liability	1,680,432	282,227	2,817,957	4,780,616
Lease Liability	71,359	933	5,855	78,147
SBITA Liability	-	-	1,219,225	1,219,225
Accrued Compensated Absences	56,043	11,566	152,415	220,024
Net Pension Liability	2,240,483	370,090	4,602,853	7,213,426
Total Noncurrent Liabilities	4,048,317	664,816	8,798,305	13,511,438
Total Liabilities	7,513,557	7,712,034	12,104,712	27,330,303
DEFERRED INFLOWS OF RESOURCES				
Deferred Amounts on Pension	464,732	76,851	955,392	1,496,975
Deferred Amounts on OPEB	418,184	70,234	701,263	1,189,681
Total Deferred Inflows of Resources	882,916	147,085	1,656,655	2,686,656
NET POSITION				
Net Investment in Capital Assets	46,253,745	61	3,168,029	49,421,835
Unrestricted (Deficit)	36,767,378	41,212,441	(1,926,474)	76,053,345
Total Net Position	\$ 83,021,123	\$ 41,212,502	\$ 1,241,555	\$ 125,475,180

G-48

**POLK COUNTY, FLORIDA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEAR ENDED SEPTEMBER 30, 2025**

	Fleet Management	Employee Health Insurance	Information Technology	Total
OPERATING REVENUES				
Charges for Services	\$ 25,589,106	\$ 80,900,808	\$ 18,056,930	\$ 124,546,844
Other Revenue	1,126	8,270,513	13,320	8,284,959
Total Operating Revenues	25,590,232	89,171,321	18,070,250	132,831,803
OPERATING EXPENSES				
Personnel Services	3,682,492	632,243	7,599,775	11,914,510
Operations and Maintenance	7,571,693	3,423,688	4,570,516	15,565,897
Indirect	510,196	338,251	787,725	1,636,172
Depreciation/Amortization	9,764,761	1,607	3,659,026	13,425,394
Healthcare Program	-	81,651,514	-	81,651,514
Other Expenses	5,854	185	211,874	217,913
Total Operating Expenses	21,534,996	86,047,488	16,828,916	124,411,400
OPERATING INCOME (LOSS)	4,055,236	3,123,833	1,241,334	8,420,403
NONOPERATING REVENUES (EXPENSES)				
Interest Income	1,431,127	1,545,320	229,957	3,206,404
Net Change in Fair Value of Investments	334,970	353,269	63,008	751,247
Gain (Loss) on Disposal of Equipment	710,349	-	(145,555)	564,794
Total Nonoperating Revenues	2,476,446	1,898,589	147,410	4,522,445
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	6,531,682	5,022,422	1,388,744	12,942,848
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital Contributions	4,178,667	-	3,229	4,181,896
Transfers In	1,937,192	-	-	1,937,192
Total Capital Contributions and Transfers	6,115,859	-	3,229	6,119,088
CHANGE IN NET POSITION	12,647,541	5,022,422	1,391,973	19,061,936
Net Position - Beginning of Year	70,593,467	36,212,176	237,797	107,043,440
Change in Accounting Principle	(219,885)	(22,096)	(388,215)	(630,196)
Net Position - Beginning of Year, as Restated	70,373,582	36,190,080	(150,418)	106,413,244
NET POSITION - END OF YEAR	\$ 83,021,123	\$ 41,212,502	\$ 1,241,555	\$ 125,475,180

G-49

**POLK COUNTY, FLORIDA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2025**

	Fleet Management	Employee Health Insurance	Information Technology	Total
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES				
Cash Received from Customers	\$ 2,142,019	\$ -	\$ -	\$ 2,142,019
Cash Received from Internal Services	23,455,972	81,176,700	18,056,828	122,689,500
Cash Paid to Suppliers for Goods and Services	(8,200,995)	(84,859,772)	(4,662,173)	(97,722,940)
Cash Paid to Employees for Services	(3,735,461)	(611,000)	(7,537,937)	(11,884,398)
Cash Received from Other Sources	1,126	8,270,513	13,320	8,284,959
Net Cash Provided (Used) by Operating Activities	13,662,661	3,976,441	5,870,038	23,509,140
RELATED CASH FLOWS PROVIDED (USED) BY NONCAPITAL AND FINANCING ACTIVITIES				
Transfers from Other Funds	1,754,667	-	-	1,754,667
Net Cash Provided (Used) by Noncapital and Related Financing Activities	1,754,667	-	-	1,754,667
CASH FLOWS PROVIDED (USED) BY CAPITAL AND FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(13,889,969)	-	(1,166,372)	(15,056,341)
Gain (Loss) on Sales of Capital Assets	1,473,132	-	-	1,473,132
Principal Paid on Leases and Subscriptions	118,786	458	(2,236,204)	(2,116,960)
Net Cash Provided (Used) by Capital and Related Financing Activities	(12,298,051)	458	(3,402,076)	(15,700,169)
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES				
Interest and Dividends on Investments	1,764,171	1,895,318	289,933	3,949,422
Net Cash Provided (Used) by Investing Activities	1,764,171	1,895,318	289,933	3,949,422
NET CHANGE IN CASH AND INVESTMENTS	4,883,448	5,872,217	2,757,395	13,513,060
Cash and Investments - Beginning of Year	36,174,763	38,272,384	5,176,967	79,624,114
CASH AND INVESTMENTS - END OF YEAR	<u>\$ 41,058,211</u>	<u>\$ 44,144,601</u>	<u>\$ 7,934,362</u>	<u>\$ 93,137,174</u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Net Income (Loss) from Operations	\$ 4,055,236	\$ 3,123,833	\$ 1,241,334	\$ 8,420,403
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Amortization	9,764,761	1,607	3,659,026	13,425,394
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable, Net of Allowance	8,885	549,680	(102)	558,463
Due from Other Funds	-	(321,832)	-	(321,832)
Inventory	(128,266)	-	-	(128,266)
Other Assets	(966,820)	-	(15,023)	(981,843)
Deferred Outflows of Pension	160,590	23,101	252,319	436,010
Deferred Outflows of OPEB	24,600	4,131	41,252	69,983
Increase (Decrease) in Liabilities and Deferred Outflows:				
Vouchers Payable	981,834	(137,864)	922,965	1,766,935
Accrued Liabilities	18,161	2,830	(8,536)	12,455
Due to Other Funds	-	900	-	900
Unearned Revenue	-	48,044	-	48,044
Claims Payable	-	688,000	-	688,000
Accrued Compensated Absences	(20,804)	16,609	39,510	35,315
Total OPEB Liability	359,888	60,443	603,506	1,023,837
Net Pension Liability	(647,461)	(92,845)	(1,045,262)	(1,785,568)
Deferred Inflows of Pension	166,421	29,011	370,829	566,261
Deferred Inflows of OPEB	(114,364)	(19,207)	(191,780)	(325,351)
Total Adjustments	9,607,425	852,608	4,628,704	15,088,737
Net Cash Provided (Used) by Operating Activities	\$ 13,662,661	\$ 3,976,441	\$ 5,870,038	\$ 23,509,140
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Capital Assets Acquired through Lease and SBITA	\$ -	\$ -	\$ 1,345,682	\$ 1,345,682
Contribution and Transfers of Capital Assets	\$ 4,178,667	\$ -	\$ 3,229	\$ 4,181,896

G-50

**POLK COUNTY, FLORIDA
CUSTODIAL FUNDS
YEAR ENDED SEPTEMBER 30, 2025**

Custodial funds account for all assets held as custodian for individuals, governmental entities and nonpublic organizations.

County Court Fund

This fund accounts for the fine and forfeiture collections generated from criminal cases which are then disbursed to state or local agencies.

Registry of Court Fund

This fund accounts for deposits from civil cases at the direction of the court, the funds are held until the court directs the fund to be disbursed.

Jury and Witness Fund

This fund accounts for money used by the state attorney, public defender, and regional counsel to pay their witnesses when called for trial.

Domestic Relations Fund

This fund accounts for the money collected for court order child support payments.

Tax Deed Fund

This fund accounts for the proceeds from sales of property held due to delinquent property taxes.

Intangible Tax and Documentary Stamp Fund

This fund accounts for the documentary stamps and intangible taxes collected on items recorded in the Official Records to be remitted to the state.

County Court/Civil Court Fund

This fund accounts for the money collected on civil cases for funds collected for sheriff services.

Cash Bonds Fund

This fund accounts for cash bonds received on criminal cases as well as civil bonds deposited by parties in civil cases.

Other Custodial Fund

This fund accounts for all the other funds collected by the Clerk to be disbursed out to other agencies. These funds mainly come from civil cases and Official Records filings.

Fees and Suspense Fund

This fund accounts for fees and related sales taxes collected for other governmental units, judgment levies, charity fundraisers, forfeitures, and F.S. Chapter 705 property awaiting award or distribution.

G-51

**POLK COUNTY, FLORIDA
CUSTODIAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

Fines and DRD Fund

This fund accounts for the fines and child support payments collected for other governments.

Inmate Fund

This fund accounts for monies collected from inmates who have money in their possession at the time of their arrest and subsequent deposits to their accounts during incarceration.

Taxes, Licenses, and Fee Collections Fund

This fund accounts for taxes, licenses, and fees collected by the Tax Collector for individuals and other governmental units.

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**POLK COUNTY, FLORIDA
CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL CUSTODIAL FUNDS
SEPTEMBER 30, 2025**

	County Court	Registry of Court	Jury and Witness	Domestic Relations	Tax Deed	Intangible Tax and Documentary Stamp
ASSETS						
Cash and Cash Equivalents	\$ 2,676,715	\$ 13,756,355	\$ 29,973	\$ 334,932	\$ 8,875,118	\$ 362,584
Due from Individuals and Businesses	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-
Total Assets	<u>\$ 2,676,715</u>	<u>\$ 13,756,355</u>	<u>\$ 29,973</u>	<u>\$ 334,932</u>	<u>\$ 8,875,118</u>	<u>\$ 362,584</u>
LIABILITIES AND FIDUCIARY NET POSITION						
LIABILITIES						
Due to State of Florida	\$ 773,461	\$ -	\$ -	\$ -	\$ -	\$ 362,584
Due to Municipalities	234,363	-	-	-	-	-
Due to Others	1,668,891	-	-	334,932	8,875,118	-
Tax Certificates Payable	-	-	-	-	-	-
Due to Individuals and Businesses	-	-	-	-	-	-
Deposits, Registry of the Court	-	4,441,574	-	-	-	-
Deposits, Witness Fees	-	-	29,973	-	-	-
Deposits, Other	-	-	-	-	-	-
Total Liabilities	<u>2,676,715</u>	<u>4,441,574</u>	<u>29,973</u>	<u>334,932</u>	<u>8,875,118</u>	<u>362,584</u>
FIDUCIARY NET POSITION						
Restricted for:						
Individuals, Businesses, and Other Governments	-	9,314,781	-	-	-	-
Total Liabilities and Fiduciary Net Position	<u>\$ 2,676,715</u>	<u>\$ 13,756,355</u>	<u>\$ 29,973</u>	<u>\$ 334,932</u>	<u>\$ 8,875,118</u>	<u>\$ 362,584</u>

G-53

**POLK COUNTY, FLORIDA
CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION (CONTINUED)
ALL CUSTODIAL FUNDS
SEPTEMBER 30, 2025**

County Court/ Civil Court	Cash Bonds	Other Custodial Funds	Fees and Suspense	Fines and DRDs	Inmate	Taxes, Licenses, and Fee Collections	Total Custodial Funds
\$ 12,889	\$ 1,534,348	\$ 1,078,160	\$ 615,984	\$ 2,039	\$ 217,371	\$ 6,611,471	\$ 36,107,939
-	-	-	4,757	-	28,583	48,006	81,346
-	-	-	7,597	-	-	80,357	87,954
<u>\$ 12,889</u>	<u>\$ 1,534,348</u>	<u>\$ 1,078,160</u>	<u>\$ 628,338</u>	<u>\$ 2,039</u>	<u>\$ 245,954</u>	<u>\$ 6,739,834</u>	<u>\$ 36,277,239</u>
\$ -	\$ -	\$ 444,321	\$ -	\$ -	\$ -	\$ -	\$ 1,580,366
-	-	-	4,616	350	-	5,418,267	5,657,596
-	-	633,839	-	-	-	-	11,512,780
-	-	-	-	-	-	693,147	693,147
-	-	-	5,236	-	4,666	628,420	638,322
-	-	-	-	-	-	-	4,441,574
-	-	-	-	-	-	-	29,973
-	-	-	397,618	1,689	-	-	399,307
<u>-</u>	<u>-</u>	<u>1,078,160</u>	<u>407,470</u>	<u>2,039</u>	<u>4,666</u>	<u>6,739,834</u>	<u>24,953,065</u>
12,889	1,534,348	-	220,868	-	241,288	-	11,324,174
<u>\$ 12,889</u>	<u>\$ 1,534,348</u>	<u>\$ 1,078,160</u>	<u>\$ 628,338</u>	<u>\$ 2,039</u>	<u>\$ 245,954</u>	<u>\$ 6,739,834</u>	<u>\$ 36,277,239</u>

G-54

**POLK COUNTY, FLORIDA
CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
ALL CUSTODIAL FUNDS
YEAR ENDED SEPTEMBER 30, 2025**

	County Court	Registry of Court	Jury and Witness	Domestic Relations	Tax Deed	Intangible Tax and Documentary Stamp
ADDITIONS						
Fines, Taxes, and Fees Collections:						
Individuals and Businesses	\$ 1,220,127	\$ 17,786,130	\$ 25,000	\$ 2,611,363	\$ 19,669,922	\$ 104,178,838
Other Governments	3,712,293	22,891,687	-	-	-	-
Licenses and Fees Collected from State Agencies	17,279,637	-	-	-	-	104,200,425
Contributions:						
Individuals and Businesses	-	-	-	-	-	-
Total Additions	22,212,057	40,677,817	25,000	2,611,363	19,669,922	208,379,263
DEDUCTIONS						
Payments of Fines, Taxes, and Fees	-	-	-	-	-	-
Payments of Property Tax:						
Individuals and Businesses	-	42,106,592	25,000	2,611,363	9,719,984	-
Other Governments	4,956,733	78,965	-	-	9,949,938	104,202,238
Payments of Tax Certificates	-	-	-	-	-	-
Canteen Purchases	-	-	-	-	-	-
Inmate Spending	-	-	-	-	-	-
Payments to State Agencies	17,255,324	109,285	-	-	-	104,177,025
Miscellaneous Charges	-	-	-	-	-	-
Total Deductions	22,212,057	42,294,842	25,000	2,611,363	19,669,922	208,379,263
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	-	(1,617,025)	-	-	-	-
Net Position - Beginning of Year	-	10,931,806	-	-	-	-
FIDUCIARY NET POSITION - END OF YEAR	<u>\$ -</u>	<u>\$ 9,314,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

G-55

**POLK COUNTY, FLORIDA
CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (CONTINUED)
ALL CUSTODIAL FUNDS
YEAR ENDED SEPTEMBER 30, 2025**

County Court/ Civil Court	Cash Bonds	Other Custodial Funds	Fees and Suspende	Fines and DRDs	Inmate	Taxes, Licenses, and Fee Collections	Total Custodial Funds
\$ 160	\$ 2,837,897	\$ 5,262,908	\$ 474,534	\$ -	\$ -	\$ 50,671,999	\$ 204,738,878
-	52,633	220	84,193	85,514	-	831,661,290	858,487,830
-	-	3,917,224	-	-	-	-	125,397,286
-	-	-	-	-	5,277,496	-	5,277,496
160	2,890,530	9,180,352	558,727	85,514	5,277,496	882,333,289	1,193,901,490
-	-	-	455,224	85,514	-	851,761,252	852,301,990
-	-	5,184,358	-	-	-	-	59,647,297
160	3,086,679	215,881	-	-	-	-	122,490,594
-	-	-	-	-	-	30,572,037	30,572,037
-	-	-	-	-	3,283,863	-	3,283,863
-	-	-	-	-	762,888	-	762,888
-	-	3,780,113	-	-	-	-	125,321,747
-	-	-	-	-	1,212,445	-	1,212,445
160	3,086,679	9,180,352	455,224	85,514	5,259,196	882,333,289	1,195,592,861
-	(196,149)	-	103,503	-	18,300	-	(1,691,371)
12,889	1,730,497	-	117,365	-	222,988	-	13,015,545
<u>\$ 12,889</u>	<u>\$ 1,534,348</u>	<u>\$ -</u>	<u>\$ 220,868</u>	<u>\$ -</u>	<u>\$ 241,288</u>	<u>\$ -</u>	<u>\$ 11,324,174</u>

G-56

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STATISTICAL SECTION (UNAUDITED)

The statistical data presents physical, economic, social, and political characteristics of Polk County. It is intended to provide users with a more broad and complete understanding of the County and its financial affairs than is possible from the financial statements and supporting schedules included in the financial section.

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

These schedules offer demographic and economic indicators designed to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

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

**POLK COUNTY, FLORIDA
NET POSITION BY COMPONENT
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2016	2017	2018	2019
Governmental Activities				
Net Invested in Capital Assets	\$ 3,222,781,761	\$ 3,177,524,066	\$ 3,114,700,553	\$ 3,076,238,733
Restricted	133,940,651	155,163,331	191,429,236	241,349,528
Unrestricted	(199,386,710)	(244,108,343)	(279,518,937)	(274,232,722)
Total Governmental Activities Net Position	<u>\$ 3,157,335,702</u>	<u>\$ 3,088,579,054</u>	<u>\$ 3,026,610,852</u>	<u>\$ 3,043,355,539</u>
Business-Type Activities				
Net Invested in Capital Assets	\$ 342,297,477	\$ 352,745,164	\$ 377,253,771	\$ 429,136,625
Restricted	18,524,034	30,141,818	36,663,476	30,634,059
Unrestricted	162,680,642	184,654,457	156,431,318	183,604,397
Total Business-Type Activities Net Position	<u>\$ 523,502,153</u>	<u>\$ 567,541,439</u>	<u>\$ 570,348,565</u>	<u>\$ 643,375,081</u>
Primary Government				
Net Invested in Capital Assets	\$ 3,565,079,238	\$ 3,530,269,230	\$ 3,491,954,324	\$ 3,505,375,358
Restricted	152,464,685	185,305,149	228,092,712	271,983,587
Unrestricted	(36,706,068)	(59,453,886)	(123,087,619)	(90,628,325)
Total Primary Government Net Position	<u>\$ 3,680,837,855</u>	<u>\$ 3,656,120,493</u>	<u>\$ 3,596,959,417</u>	<u>\$ 3,686,730,620</u>

Note: The County implemented GASB Statement No. 101, Compensated Absences, in 2025. The FY 2016-2024 information has not been restated to reflect the change in accounting principle.

	Fiscal Year					
	2020	2021	2022	2023	2024	2025
Governmental Activities						
Net Invested in Capital Assets	\$ 3,117,488,139	\$ 3,128,287,504	\$ 3,124,788,127	\$ 3,187,627,404	\$ 3,251,015,689	\$ 3,362,520,887
Restricted	248,098,983	343,343,919	392,226,812	439,578,000	493,780,268	584,424,792
Unrestricted	(307,653,435)	(284,548,518)	(260,514,028)	(225,560,665)	(132,618,519)	(42,272,774)
Total Governmental Activities Net Position	<u>\$ 3,057,933,687</u>	<u>\$ 3,187,082,905</u>	<u>\$ 3,256,500,911</u>	<u>\$ 3,401,644,739</u>	<u>\$ 3,612,177,438</u>	<u>\$ 3,904,672,905</u>
Business-Type Activities						
Net Invested in Capital Assets	\$ 520,040,556	\$ 550,645,838	\$ 585,854,572	\$ 618,304,327	\$ 606,989,178	\$ 708,701,052
Restricted	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Unrestricted	127,025,788	210,144,678	225,640,484	229,247,723	311,275,694	281,386,744
Total Business-Type Activities Net Position	<u>\$ 648,066,344</u>	<u>\$ 761,790,516</u>	<u>\$ 812,495,056</u>	<u>\$ 848,552,050</u>	<u>\$ 919,264,872</u>	<u>\$ 991,087,796</u>
Primary Government						
Net Invested in Capital Assets	\$ 3,637,528,695	\$ 3,678,933,342	\$ 3,710,642,699	\$ 3,805,931,731	\$ 3,858,004,867	\$ 4,071,221,939
Restricted	249,098,983	344,343,919	393,226,812	440,578,000	494,780,268	585,424,792
Unrestricted	(180,627,647)	(74,403,840)	(34,873,544)	3,687,058	178,657,175	239,113,970
Total Primary Government Net Position	<u>\$ 3,706,000,031</u>	<u>\$ 3,948,873,421</u>	<u>\$ 4,068,995,967</u>	<u>\$ 4,250,196,789</u>	<u>\$ 4,531,442,310</u>	<u>\$ 4,895,760,701</u>

**POLK COUNTY, FLORIDA
CHANGES IN NET POSITION
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2016	2017	2018	2019
Expenses				
Governmental Activities:				
General Government	\$ 112,588,018	\$ 122,095,397	\$ 128,375,707	\$ 135,675,718
Public Safety	255,382,758	280,780,239	284,730,743	335,481,293
Physical Environment	7,404,169	7,274,077	7,237,187	7,816,153
Transportation	124,866,353	114,415,680	123,289,846	116,998,337
Economic Environment	28,564,232	33,536,843	14,107,210	16,759,484
Human Services	47,792,049	53,221,121	57,083,269	64,839,994
Culture and Recreation	15,324,797	15,858,425	16,559,029	17,896,996
Debt Service:				
Interest on Long-Term Debt	6,859,878	6,970,445	6,843,112	6,717,274
Total Governmental Activities Expenses	<u>598,782,254</u>	<u>634,152,227</u>	<u>638,226,103</u>	<u>702,185,249</u>
Business-Type Activities:				
Water and Sewer	54,859,927	56,680,180	62,274,176	63,590,688
Garbage Collection/Disposal	26,138,255	17,791,119	58,080,819	32,976,015
Rohr Nursing Home	5,405,268	5,759,243	5,979,361	4,597,940
Total Business-Type Activities Expenses	<u>86,403,450</u>	<u>80,230,542</u>	<u>126,334,356</u>	<u>101,164,643</u>
Total Primary Government Expenses	<u>\$ 685,185,704</u>	<u>\$ 714,382,769</u>	<u>\$ 764,560,459</u>	<u>\$ 803,349,892</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$ 34,560,775	\$ 37,585,325	\$ 38,882,736	\$ 37,638,881
Public Safety	82,858,025	84,436,135	92,282,419	97,192,071
Physical Environment	948,514	934,766	863,975	948,197
Transportation	7,182,673	11,477,984	17,145,175	20,082,007
Economic Environment	727,661	1,799,119	867,523	462,696
Human Services	3,305,504	2,328,155	2,237,569	2,721,805
Culture and Recreation	598,052	894,608	1,480,703	1,729,061
Operating Grants and Contributions	19,573,115	14,941,900	14,538,931	53,550,395
Capital Grants and Contributions	15,009,142	5,792,061	2,017,716	3,097,922
Total Governmental Activities Program Revenues	<u>164,763,461</u>	<u>160,190,053</u>	<u>170,316,747</u>	<u>217,423,035</u>
Business-Type Activities:				
Charges for Services:				
Water and Sewer	68,436,965	77,895,390	80,010,629	87,165,566
Garbage Collection/Disposal	35,638,509	35,898,865	43,612,417	42,727,872
Rohr Nursing Home	5,122,598	5,938,925	5,742,733	5,435,686
Operating Grants and Contributions	1,906	57,874	-	-
Capital Grants and Contributions	7,046,400	6,157,649	3,032,456	12,150,138
Total Business-Type Activities Program Revenues	<u>116,246,378</u>	<u>125,948,703</u>	<u>132,398,235</u>	<u>147,479,262</u>
Total Primary Government Program Revenues	<u>\$ 281,009,839</u>	<u>\$ 286,138,756</u>	<u>\$ 302,714,982</u>	<u>\$ 364,902,297</u>
Net (Expense) / Revenue				
Governmental Activities	\$ (434,018,793)	\$ (473,962,174)	\$ (467,909,356)	\$ (484,762,214)
Business-Type Activities	<u>29,842,928</u>	<u>45,718,161</u>	<u>6,063,879</u>	<u>46,314,619</u>
Total Primary Government Net Expense	<u>\$ (404,175,865)</u>	<u>\$ (428,244,013)</u>	<u>\$ (461,845,477)</u>	<u>\$ (438,447,595)</u>

Note: The County implemented GASB Statement No. 101, Compensated Absences, in 2025. The FY 2016-2024 information has not been restated to reflect the change in accounting principle.

	Fiscal Year					
	2020	2021	2022	2023	2024	2025
Governmental Activities:						
General Government	\$ 140,265,715	\$ 134,649,163	\$ 139,983,355	\$ 215,577,955	\$ 169,087,653	\$ 177,353,092
Public Safety	436,191,212	349,746,313	378,924,840	434,234,689	442,690,730	448,310,930
Physical Environment	7,911,423	9,075,217	9,100,379	5,028,552	6,473,800	30,077,328
Transportation	108,772,258	115,738,091	122,981,425	131,815,167	119,869,772	139,302,615
Economic Environment	17,734,331	27,677,491	24,781,982	26,735,124	36,546,681	33,514,609
Human Services	63,368,523	60,562,584	56,446,406	73,404,530	133,900,642	160,815,954
Culture and Recreation	17,674,837	18,765,150	24,125,204	20,898,429	27,983,355	24,005,803
Debt Service:						
Interest on Long-Term Debt	4,080,074	4,645,475	4,347,963	4,011,489	3,958,954	5,037,923
Total Governmental Activities Expenses	<u>795,998,373</u>	<u>720,859,484</u>	<u>760,691,554</u>	<u>911,705,935</u>	<u>940,511,587</u>	<u>1,018,418,254</u>
Business-Type Activities:						
Water and Sewer	70,087,866	69,848,512	74,009,120	89,495,651	87,537,497	110,569,018
Garbage Collection/Disposal	79,928,258	(18,211,417)	36,770,767	71,706,394	51,896,896	69,216,486
Rohr Nursing Home	6,888,565	4,253,588	3,516,974	3,359,591	1,042,027	633,356
Total Business-Type Activities Expenses	<u>156,904,689</u>	<u>55,890,683</u>	<u>114,296,861</u>	<u>164,561,636</u>	<u>140,476,420</u>	<u>180,418,860</u>
Total Primary Government Expenses	<u>\$ 952,903,062</u>	<u>\$ 776,750,167</u>	<u>\$ 874,988,415</u>	<u>\$ 1,076,267,571</u>	<u>\$ 1,080,988,007</u>	<u>\$ 1,198,837,114</u>
Governmental Activities:						
Charges for Services:						
General Government	\$ 34,490,169	\$ 39,020,958	\$ 38,539,510	\$ 64,520,660	\$ 61,298,273	\$ 45,715,713
Public Safety	106,854,138	122,656,594	131,825,216	148,833,584	152,983,573	151,660,192
Physical Environment	879,178	1,371,577	967,880	785,934	861,170	505,104
Transportation	28,036,302	32,686,102	35,313,595	33,057,200	38,798,568	30,656,207
Economic Environment	760,666	1,503,920	299,652	247,851	318,754	1,209,534
Human Services	1,887,371	2,177,281	2,445,240	1,830,605	1,502,792	78,501,518
Culture and Recreation	2,373,720	4,065,775	4,327,575	4,237,032	4,011,216	3,363,138
Operating Grants and Contributions	104,462,284	59,038,691	12,021,396	19,525,739	23,527,961	66,228,184
Capital Grants and Contributions	18,365,891	19,724,709	35,388,687	42,622,081	21,760,012	106,133,727
Total Governmental Activities Program Revenues	<u>298,109,719</u>	<u>282,245,607</u>	<u>261,128,751</u>	<u>315,660,686</u>	<u>305,062,319</u>	<u>483,973,317</u>
Business-Type Activities:						
Charges for Services:						
Water and Sewer	92,061,354	102,906,183	119,094,458	116,659,653	113,695,944	124,048,539
Garbage Collection/Disposal	44,373,805	46,011,180	51,406,018	50,802,329	54,050,174	76,758,496
Rohr Nursing Home	5,070,388	4,244,876	3,428,189	2,624,954	1,352,088	7,723
Operating Grants and Contributions	-	-	-	-	-	-
Capital Grants and Contributions	14,514,812	19,659,222	17,776,346	20,605,145	7,319,226	21,219,312
Total Business-Type Activities Program Revenues	<u>156,020,359</u>	<u>172,821,461</u>	<u>191,705,011</u>	<u>190,692,081</u>	<u>176,417,432</u>	<u>222,034,070</u>
Total Primary Government Program Revenues	<u>\$ 454,130,078</u>	<u>\$ 455,067,068</u>	<u>\$ 452,833,762</u>	<u>\$ 506,352,767</u>	<u>\$ 481,479,751</u>	<u>\$ 706,007,387</u>
Governmental Activities	\$ (497,888,654)	\$ (438,613,877)	\$ (499,562,803)	\$ (596,045,249)	\$ (635,449,268)	\$ (534,444,937)
Business-Type Activities	<u>(884,330)</u>	<u>116,930,778</u>	<u>77,408,150</u>	<u>26,130,445</u>	<u>35,941,012</u>	<u>41,615,210</u>
Total Primary Government Net Expense	<u>\$ (498,772,984)</u>	<u>\$ (321,683,099)</u>	<u>\$ (422,154,653)</u>	<u>\$ (569,914,804)</u>	<u>\$ (599,508,256)</u>	<u>\$ (492,829,727)</u>

**POLK COUNTY, FLORIDA
CHANGES IN NET POSITION
LAST TEN YEARS (CONTINUED)
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2016	2017	2018	2019
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes	\$ 190,279,026	\$ 202,427,517	\$ 222,886,089	\$ 255,492,946
Fuel Taxes	32,198,727	33,100,879	34,443,610	36,253,973
Sales Tax	74,798,881	77,192,196	82,123,979	89,132,246
Services Taxes	41,409,750	42,214,128	42,546,116	44,555,971
Tourism Taxes	10,401,040	11,161,114	13,510,495	14,082,594
Local Business Taxes	1,803,683	1,831,458	1,882,362	1,826,134
State Shared Revenues	13,999,363	14,712,512	15,571,560	16,524,279
Investment Earnings	6,767,080	9,157,906	11,814,141	17,408,065
Net Change in Fair Value of Investments	(1,242,549)	(4,034,397)	(5,918,987)	3,878,545
Gain/(Loss) on Sale of Capital Assets	-	1,993,156	911,451	1,075,990
Miscellaneous	4,448,071	7,111,146	10,582,958	33,766,841
Transfers	7,004,612	8,337,911	8,233,201	(12,490,683)
Total Governmental Activities	<u>\$ 381,867,684</u>	<u>\$ 405,205,526</u>	<u>\$ 438,586,975</u>	<u>\$ 501,506,901</u>
Business-Type Activities:				
Investment Earnings	\$ 4,635,458	\$ 6,583,564	\$ 7,871,778	\$ 8,373,962
Net Change in Fair Value of Investments	(989,160)	(3,270,174)	(4,199,272)	2,223,317
Miscellaneous	3,435,764	3,345,646	3,644,542	3,623,935
Transfers	(7,004,612)	(8,337,911)	(8,233,201)	12,490,683
Total Business-Type Activities	<u>\$ 77,450</u>	<u>\$ (1,678,875)</u>	<u>\$ (916,153)</u>	<u>\$ 26,711,897</u>
Total Primary Government	<u>\$ 381,945,134</u>	<u>\$ 403,526,651</u>	<u>\$ 437,670,822</u>	<u>\$ 528,218,798</u>
Change in Net Position				
Governmental Activities	\$ (52,151,109)	\$ (68,756,648)	\$ (29,322,381)	\$ 16,744,687
Business-Type Activities	29,920,378	44,039,286	5,147,726	73,026,516
Total Primary Government	<u>\$ (22,230,731)</u>	<u>\$ (24,717,362)</u>	<u>\$ (24,174,655)</u>	<u>\$ 89,771,203</u>

Note: The County implemented GASB Statement No. 101, Compensated Absences, in 2025. The FY 2016-2024 information has not been restated to reflect the change in accounting principle.

Fiscal Year						
2020	2021	2022	2023	2024	2025	
\$ 274,652,227	\$ 288,136,760	\$ 314,541,874	\$ 358,229,192	\$ 412,822,422	\$ 454,781,116	
33,636,639	37,019,381	38,548,037	40,081,029	40,250,360	41,551,029	
89,644,741	106,416,346	125,048,030	130,647,436	133,529,335	136,218,094	
45,984,840	47,365,436	53,707,137	52,183,746	57,001,754	63,298,240	
10,495,725	15,952,749	22,544,416	24,313,354	24,420,386	24,871,835	
1,781,155	2,008,018	1,762,570	1,808,503	1,889,314	1,946,561	
15,573,361	18,357,148	24,048,547	25,828,288	25,053,858	25,875,231	
15,592,580	11,949,172	11,160,952	29,724,224	44,390,081	49,545,915	
3,066,138	(8,826,493)	(75,789,166)	1,903,148	42,626,330	10,637,694	
1,582,402	2,581,111	1,462,130	6,100,448	1,475,388	797,673	
14,068,297	40,075,684	44,916,670	67,368,424	69,513,045	38,138,410	
6,388,697	6,727,783	7,029,612	3,001,285	(6,990,306)	(4,928,899)	
<u>\$ 512,466,802</u>	<u>\$ 567,763,095</u>	<u>\$ 568,980,809</u>	<u>\$ 741,189,077</u>	<u>\$ 845,981,967</u>	<u>\$ 842,732,899</u>	
\$ 7,183,878	\$ 4,641,628	\$ 3,780,172	\$ 8,785,432	\$ 12,430,149	\$ 15,439,060	
1,555,988	(3,736,316)	(26,069,872)	572,652	12,551,579	3,287,764	
3,224,424	2,615,865	2,615,702	3,569,750	2,799,776	7,831,733	
(6,388,697)	(6,727,783)	(7,029,612)	(3,001,285)	6,990,306	4,928,899	
<u>\$ 5,575,593</u>	<u>\$ (3,206,606)</u>	<u>\$ (26,703,610)</u>	<u>\$ 9,926,549</u>	<u>\$ 34,771,810</u>	<u>\$ 31,487,456</u>	
<u>\$ 518,042,395</u>	<u>\$ 564,556,489</u>	<u>\$ 542,277,199</u>	<u>\$ 751,115,626</u>	<u>\$ 880,753,777</u>	<u>\$ 874,220,355</u>	
\$ 14,578,148	\$ 129,149,218	\$ 69,418,006	\$ 145,143,828	\$ 210,532,699	\$ 308,287,962	
4,691,263	113,724,172	50,704,540	36,056,994	70,712,822	73,102,666	
<u>\$ 19,269,411</u>	<u>\$ 242,873,390</u>	<u>\$ 120,122,546</u>	<u>\$ 181,200,822</u>	<u>\$ 281,245,521</u>	<u>\$ 381,390,628</u>	

**POLK COUNTY, FLORIDA
FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2016	2017	2018	2019
General Fund				
Nonspendable	\$ 2,375,422	\$ 5,009,020	\$ 2,749,680	\$ 1,901,571
Restricted	3,632,172	3,599,854	4,143,272	4,778,557
Committed	3,699,649	3,167,473	2,164,342	1,002,823
Assigned	21,609,306	21,507,052	20,076,216	22,544,776
Unassigned	42,922,323	31,152,780	40,198,772	74,544,016
Total General Fund	<u>\$ 74,238,872</u>	<u>\$ 64,436,179</u>	<u>\$ 69,332,282</u>	<u>\$ 104,771,743</u>
All Other Governmental Funds				
Unreserved, reported in:				
Nonspendable	\$ 77,390	\$ 75,376	\$ 81,744	\$ 70,724
Restricted	130,308,479	151,563,477	187,285,964	236,570,971
Committed	88,860,554	84,457,383	90,099,475	100,439,327
Assigned	13,405,998	19,608,186	21,303,773	27,817,695
Unassigned	(1,555,075)	(1,479,663)	(1,057,420)	(104,125)
Total all Other Governmental Funds	<u>\$ 231,097,346</u>	<u>\$ 254,224,759</u>	<u>\$ 297,713,536</u>	<u>\$ 364,794,592</u>

Fiscal Year						
2020	2021	2022	2023	2024	2025	
\$ 2,630,495	\$ 2,120,659	\$ 2,645,580	\$ 2,435,516	\$ 2,658,962	\$ 2,866,139	
4,511,609	4,050,909	6,133,948	5,127,650	5,556,175	6,034,483	
2,553,751	1,634,012	90,481	115,571	169,328	-	
14,234,587	7,950,335	160,826	-	-	1,448,402	
95,868,165	123,868,333	124,841,876	134,928,575	189,795,139	205,742,285	
<u>\$ 119,798,607</u>	<u>\$ 139,624,248</u>	<u>\$ 133,872,711</u>	<u>\$ 142,607,312</u>	<u>\$ 198,179,604</u>	<u>\$ 216,091,309</u>	
\$ 84,624	\$ 2,123,716	\$ 6,101,098	\$ 250,047	\$ 100,415	\$ 1,092,479	
268,432,191	340,720,749	387,431,247	424,642,101	478,294,867	527,515,348	
105,469,594	101,838,418	111,109,480	121,513,339	132,214,136	161,258,478	
46,510,873	37,918,101	37,576,142	104,550,332	121,548,944	165,567,677	
(40,866)	(2,070,477)	(6,221,673)	(353,639)	(5,935,172)	(45,791,731)	
<u>\$ 420,456,416</u>	<u>\$ 480,530,507</u>	<u>\$ 535,996,294</u>	<u>\$ 650,602,180</u>	<u>\$ 726,223,190</u>	<u>\$ 809,642,251</u>	

H-7

H-8

POLK COUNTY, FLORIDA
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2016	2017	2018	2019
Revenues				
Taxes	\$ 306,847,583	\$ 322,833,252	\$ 349,858,666	\$ 390,916,577
Licenses and Permits	8,358,141	12,959,957	15,674,897	15,779,022
Intergovernmental	81,248,105	81,963,799	79,300,969	122,827,934
Charges for Services	70,253,115	66,257,353	72,482,432	75,188,117
Fines and Forfeitures	8,028,945	8,502,029	9,646,150	9,443,719
Special Assessments	42,087,216	48,017,524	56,998,654	63,016,004
Interest Income	5,841,347	8,366,192	10,840,720	16,181,405
Net Change in Fair Value				
of Investments	(1,103,804)	(3,684,893)	(5,539,447)	3,878,545
Miscellaneous Revenues	23,798,542	14,398,334	13,428,182	17,511,034
Total Revenues	\$ 545,359,190	\$ 559,613,547	\$ 602,691,223	\$ 714,742,357
Expenditures				
General Government	\$ 107,648,727	\$ 116,151,355	\$ 119,154,121	\$ 124,216,179
Public Safety	233,135,166	258,082,607	266,563,228	288,697,783
Physical Environment	5,726,659	6,636,846	6,194,328	8,505,454
Transportation	72,143,469	52,239,447	54,177,825	56,832,511
Economic Environment	15,722,753	17,720,365	15,580,153	18,027,947
Human Services	45,894,042	52,139,093	56,004,142	63,035,349
Culture and Recreation	15,105,961	18,358,446	14,323,400	16,014,337
Debt Service				
Principal Retirement	10,152,382	11,214,379	9,878,081	10,755,256
Interest and Fiscal Charges	7,366,054	7,381,218	7,050,973	6,944,149
Capital Projects	24,971,025	13,286,713	9,321,424	6,794,693
Total Expenditures	\$ 537,866,238	\$ 553,210,469	\$ 558,247,675	\$ 599,823,658
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	\$ 7,492,952	\$ 6,403,078	\$ 44,443,548	\$ 114,918,699
Other Financing Sources (Uses)				
Payments to Escrow Agent	\$ (17,375,000)	\$ -	\$ -	\$ -
Proceeds from Issuance of Debt	17,375,000	-	-	-
Transfers In	29,345,881	32,608,319	30,831,263	45,991,151
Transfers Out	(22,716,269)	(25,686,677)	(23,844,969)	(58,860,536)
Distribution of Excess Fees to State of Florida	-	-	(3,098,522)	-
Proceeds from the Sale of Capital Assets	173,648	-	53,560	471,203
Lease Proceeds	-	-	-	-
Leases	-	-	-	-
Subscription-Based Information Technology Arrangements	-	-	-	-
Total Other Financing Sources (Uses)	\$ 6,803,260	\$ 6,921,642	\$ 3,941,332	\$ (12,398,182)
Net Change in Fund Balance	\$ 14,296,212	\$ 13,324,720	\$ 48,384,880	\$ 102,520,517
Debt service as a Percentage of Noncapital Expenditures	2.9%	3.1%	2.9%	3.9%

H-9

	Fiscal Year					
	2020	2021	2022	2023	2024	2025
	\$ 407,578,456	\$ 439,499,591	\$ 492,344,708	\$ 540,959,839	\$ 604,183,334	\$ 657,161,281
	15,583,451	19,487,200	19,730,664	18,877,839	16,767,931	16,928,771
	168,725,922	154,334,238	129,260,014	143,998,348	154,855,640	202,043,121
	73,848,556	80,132,221	88,139,236	132,717,559	141,889,201	185,965,587
	7,466,270	9,045,174	9,560,205	9,589,950	9,747,784	10,725,753
	75,556,362	93,678,656	97,698,811	96,620,124	105,148,128	105,034,968
	13,262,025	11,775,072	10,381,259	27,562,706	41,223,514	46,521,295
	2,770,526	(8,282,607)	(71,344,897)	1,795,227	39,924,634	9,886,447
	18,510,302	17,381,538	16,485,259	15,784,098	19,094,939	16,632,435
	\$ 783,301,870	\$ 817,051,083	\$ 792,255,259	\$ 987,905,690	\$ 1,132,835,105	\$ 1,250,899,658
	\$ 129,770,926	\$ 130,659,522	\$ 141,410,218	\$ 203,760,931	\$ 160,882,254	\$ 168,389,020
	384,566,278	366,848,814	354,341,552	369,915,894	447,217,395	489,575,060
	8,266,198	9,831,827	9,449,758	16,218,330	26,359,781	73,371,804
	76,879,253	79,914,536	97,879,764	126,614,922	134,889,113	130,353,808
	20,280,745	25,852,770	25,504,734	28,185,068	38,033,975	35,442,049
	61,597,939	60,083,798	55,206,303	71,867,365	133,189,463	161,241,077
	17,295,220	18,589,100	28,034,904	24,036,653	26,934,127	34,882,470
	21,675,383	6,880,305	14,652,767	18,561,999	19,620,711	20,489,896
	5,760,654	5,291,565	5,459,057	5,817,680	5,697,793	5,291,434
	18,086,514	37,251,220	26,255,589	20,550,825	19,115,414	29,326,735
	\$ 744,179,110	\$ 741,203,457	\$ 758,194,646	\$ 885,529,667	\$ 1,011,940,026	\$ 1,148,363,353
	\$ 39,122,760	\$ 75,847,626	\$ 34,060,613	\$ 102,376,023	\$ 120,895,079	\$ 102,536,305
	\$ (41,955,000)	\$ -	\$ -	\$ -	\$ -	\$ -
	69,017,000	-	-	-	-	-
	40,350,259	56,359,431	68,932,858	113,005,246	56,119,527	96,197,884
	(36,316,030)	(52,657,425)	(62,628,246)	(106,298,431)	(51,324,545)	(103,063,975)
	-	-	-	-	-	-
	469,699	350,100	1,904,304	6,920,470	278,153	1,456,322
	-	-	7,444,721	-	-	-
	-	-	-	3,125,403	1,858,987	789,634
	-	-	-	4,211,776	3,366,101	3,414,596
	\$ 31,565,928	\$ 4,052,106	\$ 15,653,637	\$ 20,964,464	\$ 10,298,223	\$ (1,205,539)
	\$ 70,688,688	\$ 79,899,732	\$ 49,714,250	\$ 123,340,487	\$ 131,193,302	\$ 101,330,766
	4.2%	1.8%	2.9%	2.9%	2.6%	1.9%

H-10

**POLK COUNTY, FLORIDA
JUST VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(RATE PER \$1,000 OF ASSESSED VALUE)**

Real Property - Just Value (1)					
Fiscal Year	Residential Property	Commercial Property	Industrial Property	Agriculture Property	Other Property
2016	\$ 23,766,289,395	\$ 4,232,146,151	\$ 1,763,558,817	\$ 1,957,205,668	\$ 3,347,415,960
2017	25,609,401,296	4,544,498,571	2,010,226,111	2,072,680,851	3,539,046,146
2018	28,142,177,270	4,932,218,735	2,660,960,875	2,037,710,078	3,782,515,217
2019	31,491,549,535	5,224,662,742	2,895,915,541	2,174,082,401	3,885,576,723
2020	34,679,011,304	5,453,958,695	3,126,546,938	2,202,656,452	4,109,445,636
2021	38,819,346,348	5,671,072,305	3,406,250,226	2,189,637,444	4,463,218,388
2022	42,834,602,362	5,803,370,420	3,798,265,234	2,281,778,406	4,564,400,972
2023	57,577,648,341	6,701,545,653	5,036,306,142	2,428,422,019	5,208,579,508
2024	69,267,100,084	7,498,474,112	5,256,017,666	2,783,686,494	5,579,120,947
2025	73,634,353,483	8,085,988,714	5,558,738,560	2,853,211,390	5,958,714,956

Source: Polk County Property Appraiser

Note:

(1) Just Values are determined by the Polk County Property Appraiser on January 1 of each year at 100% of fair value as is required by *Florida Statutes*, Section 192.042. Taxable values are based on just value after deducting allowable exemptions. Does not include centrally assessed property.

Total Just Value	Personal Property	Total Real and Personal Property	Less: Tax-exempt Property	Total Taxable Value	Total Direct Tax Rate
\$ 35,066,615,991	\$ 6,162,668,197	\$ 41,229,284,188	\$ 14,461,786,021	\$ 26,767,498,167	6.7815
37,775,852,975	6,065,867,091	43,841,720,066	15,413,687,057	28,428,033,009	6.7815
41,555,582,175	6,585,670,352	48,141,252,527	16,830,858,281	31,310,394,246	6.7815
45,671,786,942	7,241,147,914	52,912,934,856	18,737,212,914	34,175,721,942	7.1565
49,571,619,025	7,385,098,440	56,956,717,465	20,151,089,547	36,805,627,918	7.1565
54,549,524,711	6,028,228,580	60,577,753,291	20,551,011,112	40,026,742,179	6.8990
59,282,417,394	6,310,824,117	65,593,241,511	21,841,302,474	43,751,939,037	6.8990
76,952,501,663	6,891,430,176	83,843,931,839	32,356,607,005	51,487,324,834	6.6920
90,384,399,303	7,246,558,164	97,630,957,467	38,050,584,210	59,580,373,257	6.6852
96,091,007,103	7,614,787,814	103,705,794,917	37,470,024,602	66,235,770,315	6.6348

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

	Year Taxes Are Payable									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
County Direct Rates										
General Fund	6.7815	6.7815	6.7815	7.1565	7.1565	6.8990	6.8990	6.6920	6.6852	6.6348
Total direct rate	6.7815	6.7815	6.7815	7.1565	7.1565	6.8990	6.8990	6.6920	6.6852	6.6348
City Rates										
Auburndale	4.2657	4.2657	4.2657	4.2515	4.2515	4.2515	4.2515	4.2515	4.2515	4.2515
Bartow	3.8387	3.8044	3.6541	3.5378	3.2768	3.0862	4.0000	4.6080	6.1080	6.1080
Davenport	7.5000	7.5000	7.5000	7.5000	7.5000	7.5000	7.5000	7.5000	7.2500	7.2500
Dundee	7.9000	7.9000	7.9000	7.9000	7.9000	7.9000	7.9000	7.9000	7.9000	7.9000
Eagle Lake	7.6516	7.6516	7.6516	7.6516	7.6516	7.6516	7.6516	7.6516	7.6516	7.6516
Ft Meade	5.6484	6.2458	6.8704	6.8704	7.8899	7.8899	8.6306	8.0000	8.0000	8.5000
Frostproof	8.0587	7.7716	7.4978	7.3045	6.9705	6.5530	6.5530	6.5530	6.5530	6.5530
Haines City	7.7900	7.5895	7.5895	7.5895	7.5895	7.5895	7.5895	7.5895	7.5895	7.5895
Highland Park	9.9759	9.9759	9.9759	9.9759	9.9759	9.9759	9.9759	9.9759	9.9759	9.9759
Hillcrest Heights	1.3788	1.2726	1.1932	1.1050	0.9807	0.9129	0.8580	0.7981	0.7543	0.7182
Lake Alfred	7.4890	7.2390	7.2390	7.2390	7.2390	7.2390	7.2390	6.9890	6.8500	6.7500
Lake Hamilton	8.4276	8.4276	8.4276	8.4276	8.4276	8.4276	8.4276	8.4276	8.4276	8.4276
Lake Wales	7.3638	7.3273	7.0438	7.0438	6.9339	6.7974	6.7697	6.3626	7.1214	7.0462
Lakeland	5.5644	5.5644	5.5644	5.4644	5.4644	5.4644	5.4323	5.4323	5.4323	5.4323
Mulberry	7.2900	6.7900	6.5900	6.4400	6.4400	6.4400	6.4400	6.4400	6.4400	6.3900
Polk City	8.2500	8.0000	7.4877	7.2500	6.0000	6.0000	5.7000	5.5000	5.5000	5.2500
Winter Haven	5.7900	5.7900	5.7900	6.7900	6.7900	6.7900	6.7900	6.5900	6.5900	6.5900
County School District										
Local	2.2480	2.2480	2.2480	2.2480	2.2480	2.2480	2.2480	2.2480	2.2480	2.2480
State	4.9010	4.5490	4.2660	4.0030	3.8380	3.6870	3.5810	3.2710	3.1600	3.0480
Unincorporated County MSTU										
Parks	0.5619	0.5619	0.5619	0.5619	0.5619	0.5619	0.5619	0.5450	0.5286	0.5286
Library	0.2109	0.2109	0.2109	0.2109	0.2109	0.2109	0.2109	0.2046	0.1985	0.1985
Storm	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.0970	0.0941	0.0941
Rancho Bonito Area MSTU	9.1272	9.1272	9.1272	9.1272	9.1272	9.1272	9.1272	9.1272	9.1272	9.1272
Special Districts:										
Everglades Construction	0.0506	0.0471	0.0441	0.0417	0.0397	0.0380	0.0365	0.0327	0.0327	0.0327
Lake Region LMD	0.4715	0.4512	0.4214	0.4214	0.4214	0.4100	0.4100	0.4100	0.3691	0.3486
Lakeland Mass/Transit	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
South FL WMD	0.1459	0.1359	0.1275	0.1209	0.1152	0.2669	0.1061	0.0948	0.0948	0.0948
SW FLA WMD	0.3488	0.3317	0.3131	0.2955	0.2801	0.2801	0.2535	0.2260	0.2043	0.1909
Okeechobee	-	-	-	-	-	-	-	-	0.1026	0.1026

Source: Polk County Tax Collector's Office

H-13

**POLK COUNTY, FLORIDA
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2025			2016		
	Taxable Value	Rank	Percentage of Total County Taxable Value	Taxable Value	Rank	Percentage of Total County Taxable Value
Duke Energy/Florida Power	\$ 1,366,103,246	1	2.06%	\$ 974,989,816	1	3.64%
Tampa Electric	1,011,073,282	2	1.53%	545,963,975	2	2.04%
Mosaic /Streamsong/Stillwaters	827,348,119	3	1.25%	562,654,075	3	2.10%
Publix Supermarkets	604,155,709	4	0.91%	351,611,802	4	1.31%
Invitation Homes	439,204,364	5	0.66%	-	-	-
Amazon	289,553,956	6	0.44%	-	-	-
Walmart	254,843,513	7	0.39%	134,107,075	8	0.50%
Coca Cola	253,155,511	8	0.38%	203,595,769	5	0.76%
Frontier	204,290,927	9	0.29%	137,687,109	7	0.52%
Carlton Arms	176,037,068	10	0.28%	-	-	-
Gulfstream Natural Gas	-	-	-	139,498,979	6	0.52%
The Florida LLP/Invitation Homes	-	-	-	127,627,859	9	0.48%
Cutrale Citrus Juices Inc USA	-	-	-	106,923,342	10	0.40%
Total	<u>\$ 5,425,765,695</u>		<u>8.19%</u>	<u>\$ 3,284,659,801</u>		<u>12.27%</u>
Total Taxable Value:	\$ 66,235,770,315			\$ 26,767,498,167		

Source: Polk County Property Appraiser

H-14

**POLK COUNTY, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS**

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (2)	Current Tax Collections as a percent(%) of Total Levy	Collections in Subsequent Years (2)	Total Tax Collections	Total Tax Collections as a percent(%) of Total Levy
2016	\$ 182,495,617	\$ 175,460,063	96.14%	\$ 820,373	\$ 176,280,436	96.59%
2017	193,788,188	186,687,885	96.34%	814,715	187,502,600	96.76%
2018	213,109,132	205,408,483	96.39%	731,151	206,139,634	96.73%
2019	245,433,478	236,523,625	96.37%	669,318	237,192,943	96.64%
2020	264,558,943	254,714,582	96.28%	872,911	255,587,493	96.61%
2021	277,318,756	266,789,705	96.20%	712,402	267,502,107	96.46%
2022	302,693,318	291,055,941	96.16%	607,861	291,663,802	96.36%
2023	345,438,547	330,934,707	95.80%	1,480,269	332,414,976	96.23%
2024	399,156,075	376,377,334	94.29%	7,621,118	383,998,452	96.20%
2025	440,304,308	414,883,833	94.23%	8,013,708	422,897,541	96.05%

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Source: Polk County Tax Collector's Office

Notes:

- (1) Property taxes become due and payable on November 1 of each year. A four percent discount is allowed if the taxes are paid in November with the discount declining by one percent each month thereafter. Accordingly, taxes collected will never be 100% of the tax levy. Taxes become delinquent on April 1 of each year and tax certificates for the full amount of any unpaid tax assessments must be sold not later than June 1 of each year.
- (2) Current and delinquent collections include penalties.

**POLK COUNTY, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS**

Fiscal Year	Governmental Activities					Deferred Amounts: Premium/Discount
	Sales Tax Increment Bonds	Constitutional Fuel Tax Bonds (1)	Local Option Fuel Tax / Public Service Tax Bonds	Public Service Tax Bonds/Revenue Sharing Monies Tax Bonds		
2016	\$ 24,260,000	\$ 3,200,000	\$ 43,090,000	\$ 71,405,000	\$ 7,828,387	
2017	22,490,000	225,000	40,850,000	69,125,000	7,203,635	
2018	20,645,000	-	38,495,000	66,750,000	6,709,928	
2019	18,720,000	-	36,025,000	64,255,000	6,216,221	
2020	-	-	-	61,660,000	3,849,502	
2021	-	-	-	58,940,000	3,592,872	
2022	-	-	-	56,105,000	3,336,238	
2023	-	-	-	53,190,000	3,079,604	
2024	-	-	-	50,160,000	2,822,970	
2025	-	-	-	46,980,000	2,566,332	

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

- (1) Constitutional Fuel Tax Revenue Refunding Bond, Series 2006 matured on December 1, 2017.
- (2) In FY 2016, Public Facilities Revenue Note, Series 2015 refunded a portion of the Constitutional Fuel Tax Revenue Bonds, Series 2006. It is collateralized by a pledge of 8.0% of the 10.0% Public Service Tax and 50% of the previous fiscal year's Revenue Sharing Monies received.
- (3) In FY 2020, Promissory Note, Series 2020 C refunded the Capital Improvement Refunding Revenue Bonds, Series 2010 and the Transportation Improvement Refunding Revenue Bonds, Series 2010. Also, in FY 2020 new monies were received from Promissory Note, Series 2020A. Promissory Note, Series 2020A and 2020C are payable from pledged Non-Ad Valorem Revenues.

H-16

Governmental Activities						Total Governmental Debt
Net Bonds Payable	Notes Payable	Interlocal Agreements	Leases (4)	SBITA (5)		
\$ 149,783,387	\$ 18,157,000 (2)	\$ 23,503,334	\$ -	\$ -	\$ 191,443,721	
139,893,635	17,951,000	38,478,800	-	-	196,323,435	
132,599,928	16,709,000	36,642,719	-	-	185,951,647	
125,216,221	15,137,000	34,349,463	-	-	174,702,684	
65,509,502	82,482,000 (3)	31,988,143	-	-	179,979,645	
62,532,872	80,752,000	33,057,838	3,021,674	-	179,364,384	
59,441,238	72,319,903	30,537,597	8,619,263	10,075,020	180,993,021	
56,269,604	63,686,020	28,560,755	9,475,735	12,387,766	170,379,880	
52,982,970	54,853,542	32,886,796	9,374,360	10,294,992	160,392,660	
49,546,332	45,816,642	30,250,796	8,121,658	8,847,463	142,582,891	

- (4) Leases were added due to the implementation of GASB Statement No. 87, *Leases*.
- (5) SBITA has been added due to the implementation of GASB Statement No. 96, *Subscription Based Information Technology Arrangements (SBITA)*.

H-17

**POLK COUNTY, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE (CONTINUED)
LAST TEN YEARS**

Fiscal Year	Business-Type Activities				
	Water and Sewer Bonds (1)	Deferred Amounts: Premium/Discount	Net Bonds Payable	Contracts Payable	Interlocal Agreements
2016	\$ 181,485,000	\$ 7,045,425	\$ 188,530,425	\$ 58,880	\$ 2,903,556
2017	177,950,000	6,524,534	184,474,534	58,880	2,702,339
2018	174,320,000	6,003,643	180,323,643	58,880	2,501,122
2019	170,530,000	5,482,752	176,012,752	58,880	2,299,905
2020	151,130,000	24,043,511	175,173,511	58,880	2,098,688
2021	147,025,000	22,703,652	169,728,652	58,880	1,897,472
2022	142,795,000	21,363,793	164,158,793	58,880	1,696,255
2023	138,370,000	20,023,933	158,393,933	58,880	1,495,037
2024	180,185,000	25,335,971	205,520,971	58,880	1,310,589
2025	175,605,000	24,143,976	199,748,976	58,880	1,092,604

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

(1) Total consists of more than one issuance.

(2) Leases were added due to the implementation of GASB Statement No. 87, *Leases*.

(3) SBITA has been added due to the implementation of GASB Statement No. 96, *Subscription Based Information Technology Arrangements (SBITA)*.

Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
Other Long-Term Liability	Leases (2)	SBITA (3)	Total Business-Type Debt				
\$ 377,985	\$ -	\$ -	\$ 191,870,846	\$ 383,314,567	1.73%	592	
377,985	-	-	187,613,738	383,937,173	1.70%	580	
377,985	-	-	183,261,630	369,213,277	1.55%	549	
377,985	-	-	178,749,522	353,452,206	1.40%	512	
377,985	-	-	177,709,064	357,688,709	1.24%	493	
377,985	88,877	-	172,151,866	351,516,250	1.08%	470	
377,985	54,933	-	166,346,846	347,339,868	1.04%	451	
26,599	45,980	-	160,020,429	330,400,309	0.93%	414	
26,599	5,178,900	534,887	212,630,826	373,023,486	0.98%	452	
26,599	5,289,591	612,917	206,829,567	349,412,458	0.89%	413	

**POLK COUNTY, FLORIDA
PLEDGED REVENUE COVERAGE
SALES TAX REVENUE BONDS
LAST TEN YEARS**

Fiscal Year	Sales Taxes	Debt Service			Coverage
		Principal	Interest	Total	
2016	\$ 33,321,558	\$ 1,715,000	\$ 1,038,925	\$ 2,753,925	12.10
2017	34,091,310	1,770,000	974,950	2,744,950	12.42
2018	36,094,105	1,845,000	896,075	2,741,075	13.17
2019	38,560,203	1,925,000	807,325	2,732,325	14.11
2020	38,190,238 (1)	2,025,000	379,600	2,404,600	15.88
2021	-	-	-	-	-
2022	-	-	-	-	-
2023	-	-	-	-	-
2024	-	-	-	-	-
2025	-	-	-	-	-

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

(1) The Capital Improvement Revenue Bonds, Series 2010 were refunded by the Promissory Revenue Note, Series 2020 C which are payable from pledged Non-Ad Valorem revenues.

H-20

**POLK COUNTY, FLORIDA
PLEDGED REVENUE COVERAGE
NON-AD VALOREM REVENUES
LAST TEN YEARS**

Fiscal Year	Non-Ad Valorem	Average Amount of Non-Ad Valorem Revenues Available for Debt		Maximum Annual Debt Service for All Debt Secured by Non-Ad Valorem Revenues		Coverage
2020	\$ 273,276,737	\$	227,286,047	\$	15,501,148	14.66
2021	257,451,457		247,860,378		15,501,148	15.87
2022	188,001,238		239,576,477		15,501,148	15.46
2023	298,128,440		247,860,378		15,501,148	15.99
2024	357,434,165		281,187,948		15,501,148	18.14
2025	377,832,071		342,464,892		15,446,824	22.17

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

Promissory Note, Series 2020A and Promissory Note, Series 2020C were signed in FY 2020 and are non-general obligation debt pledged by Non-Ad Valorem Revenues. Additional years will be displayed as the data becomes available.

H-21

**POLK COUNTY, FLORIDA
PLEDGED REVENUE COVERAGE
LOCAL OPTION FUEL TAX AND PUBLIC SERVICE TAX BONDS
LAST TEN YEARS**

Fiscal Year	Local Option Fuel Taxes(1)	Public Service Tax (1)	Debt Service		Total	Coverage
			Principal	Interest		
2016	\$ 7,653,503	\$ 6,330,937	\$ 2,155,000	\$ 1,976,975	\$ 4,131,975	3.38
2017	7,898,728	6,523,435	2,240,000	1,877,875	4,117,875	3.50
2018	8,141,473	6,582,019	2,355,000	1,763,000	4,118,000	3.58
2019	8,669,540	7,070,593	2,470,000	1,647,800	4,117,800	3.82
2020	8,247,849 (2)	7,347,384	2,585,000	795,738	3,380,738	4.61
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-

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

(1) The Transportation Improvement Revenue Bonds are collateralized by a pledge of revenues from the 5-cents per gallon local option fuel tax and 2.0% of the 10.0% Public Service Tax.

(2) The Transportation Improvement Revenue Bonds, Series 2010 were refunded by the Promissory Revenue Note, Series 2020 C, which are payable from pledged Non-Ad Valorem revenues.

H-22

**POLK COUNTY, FLORIDA
PLEDGED REVENUE COVERAGE
PUBLIC SERVICE TAX AND REVENUE SHARING MONIES
LAST TEN YEARS**

Fiscal Year	Public Service Tax (1)	Revenue Sharing Monies (2)	Debt Service Requirements		Total	Coverage
			Principal	Interest		
2016	\$ 25,323,175	\$ 6,777,189	\$ 105,000	\$ 3,378,945	\$ 3,483,945	9.21
2017	26,093,209	6,999,682	2,486,000	3,507,656	5,993,656	5.52
2018	26,327,452	7,356,256	3,617,000	3,387,187	7,004,187	4.81
2019	28,281,821	7,785,780	4,067,000	3,247,802	7,314,802	4.93
2020	29,389,485	8,262,140	4,267,000	3,247,802	7,514,802	5.01
2021	30,854,174	7,786,681	4,450,000	2,942,640	7,392,640	5.23
2022	35,509,667	9,178,574	4,625,000	2,808,051	7,433,051	6.01
2023	33,694,413	12,014,797	4,770,000	2,668,225	7,438,225	6.15
2024	37,610,247	12,914,144	4,951,000	2,493,771	7,444,771	6.79
2025	42,367,981	12,526,929	5,167,000	2,296,706	7,463,706	7.35

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

(1) The Public Facilities Revenue Bonds and Public Facilities Revenue Note are collateralized by a pledge of 8.0% of the 10.0% Public Service Tax.

(2) The Public Facilities Revenue Bonds and Note are also collateralized by a pledge of 50% of the previous fiscal year's Revenue Sharing Monies received.

H-23

**POLK COUNTY, FLORIDA
PLEDGED REVENUE COVERAGE
WATER AND SEWER BONDS
LAST TEN YEARS**

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service		Total	Coverage
				Principal	Interest		
2016	\$ 60,133,329	\$ 30,439,008	\$ 29,694,321	\$ 3,515,000	\$ 8,819,861	\$ 12,334,861	2.41
2017	65,320,604	33,247,543	32,073,061	3,535,000	8,792,805	12,327,805	2.60
2018	67,868,397	37,334,208	30,534,189	3,630,000	8,739,147	12,369,147	2.47
2019	72,156,630	36,266,287	35,890,343	3,790,000	8,582,097	12,372,097	2.90
2020	76,377,766	48,589,167	27,788,599	3,955,000	4,954,594	8,909,594	3.12
2021	82,323,949	44,777,913	37,546,036	4,105,000	6,513,556	10,618,556	3.54
2022	85,656,830	49,539,748	36,117,082	4,230,000	6,390,406	10,620,406	3.40
2023	93,688,056	65,626,087	28,061,969	4,425,000	6,192,556	10,617,556	2.64
2024	97,161,061	60,813,328	36,347,733	4,635,000	5,592,617	10,227,617	3.55
2025	109,746,826	80,371,942	29,374,884	4,580,000	8,497,651	13,077,651	2.25

Notes:

(1) Gross revenues exclude connection fees associated with the implementation of Governmental Accounting Standards Board Statement No. 33 - *Accounting and Financial Reporting for Nonexchange Transactions*. It also does not include miscellaneous revenues and interest income.

(2) Expenses are exclusive of depreciation.

**POLK COUNTY, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS**

Year	Population (1)	Personal Income (in thousands)	Per Capita Personal Income	Public School Enrollment (2)	Unemployment Rate
2016	646,989	\$ 22,126,377	\$ 34,199	99,247	5.9%
2017	661,645	22,636,860	34,213	101,050	4.1%
2018	673,028	23,867,592	35,463	104,136	3.5%
2019	690,606	25,310,019	36,649	108,330	3.5%
2020	725,046 (4)	28,827,829	39,760	107,696	7.9%
2021	748,365	32,595,786	43,556	105,368	4.9%
2022	770,019	33,282,531	43,223	110,253	3.2%
2023	797,616	35,438,079	44,430	114,483	3.8%
2024	826,090	38,226,489	46,274	116,440	4.4%
2025	846,896	39,189,266	46,274 (3)	127,657	5.2%

Notes:

(1) Data provided by the Office of Economic and Demographic Research

(2) Florida Department of Education

(3) Data provided by U.S. Bureau of Economic Analysis. Per capita personal income was not available for 2025. The 2024 per capita income information was used, along with 2025 population data to determine the personal income data.

(4) 2020 Census data

**POLK COUNTY, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2025			2016		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Publix Super Markets	16,537	1	4.57%	10,249	2	3.77%
Polk County School Board	13,500	2	3.73%	13,061	1	4.80%
Lakeland Regional Health	8,279	3	2.29%	4,499	4	1.65%
Walmart	5,523	4	1.53%	6,238	3	2.29%
Amazon	5,500	5	1.52%	-	-	-
Polk County Government	5,262	6	1.45%	4,493	5	1.65%
Baycare	3,402	7	0.94%	-	-	-
Geico	2,941	8	0.81%	2,139	8	0.79%
City of Lakeland	2,297	9	0.63%	2,359	7	0.87%
Winter Haven Hospital	2,130	10	0.59%	2,567	6	0.94%
Mosaic	-	-	-	1,993	9	0.73%
Watson Clinic	-	-	-	1,600	10	0.59%
Total	<u>65,371</u>		<u>18.06%</u>	<u>49,198</u>		<u>18.08%</u>
Average Annual Labor Force :	362,054			272,020		

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Sources:
Central Florida Development Council
Florida Department of Economic Opportunity, Labor Market Statistics Center

**POLK COUNTY, FLORIDA
OPERATING INDICATORS BY FUNCTION AND PROGRAM
LAST TEN YEARS**

	Fiscal Year			
	2016	2017	2018	2019
General Government				
Business Licenses	35,008	33,728	35,290	35,693
County Attorney				
Request for legal service	1,506	1,355	1,405	1,621
Land Development				
Residential plans submitted for approval	1,405	2,666	*	*
Non-Residential plans submitted for approval	326	433	*	*
Conditional uses/planned developments	50	49	*	*
Land Use Hearing Cases	*	*	*	*
Planning Commission Cases	*	*	*	*
Public Safety				
Fire Rescue				
Responses per year	87,441	92,536	94,699	97,697
Average response time (minutes)	7.4	7.4	7.3	7.6
Sheriff				
Average Inmate Population	2,520	2,592	2,612	2,556
% Crime Rate per Capita	1.87%	1.64%	1.52%	1.40%
Calls for Service	150,629	151,055	153,680	151,847
911 Calls	394,362	332,025	320,684	281,585
Building Permits				
Residential New - Single-Family	1,722	2,162	2,574	2,856
Commercial New	315	257	249	202
Physical Environment				
Utilities - Number of customers				
Water	62,941	65,306	66,920	68,482
Sewer	46,074	48,329	49,673	51,083
Re-use	7,594	9,314	10,230	11,138
Waste and Recycling				
Tons Collected	613,289	606,424	655,779	644,231
Tons Recycled (4)	17,517	17,170	11,717	11,545
Environmental Lands				
Acres acquired	1	8.66	24.15	70.52
Transportation				
Transportation				
Lane miles of roads resurfaced	188	248	271	104
Roadway Maintenance				
Mowing (Acres)	35,036	34,796	30,120	41,965
Chemical Mowing (Acres)	4,695	3,908	1,026	2,371
Shoulders Maintained (Feet)	995,313	556,908	386,575	422,035
Drainage Ditches Cleaned (Feet)	408,756	269,517	242,472	413,591

	Fiscal Year					
	2020	2021	2022	2023	2024	2025
	35,838	34,595	35,852	38,376	36,514	39,197
	2,141	684	*	*	*	*
	*	*	101	93	*	*
	*	218	221	247	*	*
	55	37	75	68	*	*
	148	119	121	131	*	*
	118	141	200	80	*	*
	102,781	116,895	122,472	125,352	127,483	130,208
	7.6	8.1	8.4	8.3	9.2	8.6
	2,363	2,790	2,939	2,613	2,766	2,703
	1.26%	1.18%	1.02%	1.06%	0.84%	0.69%
	152,917	164,035	163,446	166,529	157,653	154,984
	289,038	318,685	303,066	345,546	316,799	306,247
	2,875	4,338	4,060	2,709	2,034	1,162
	263	294	231	240	166	244
	70,413	74,213	77,658	86,596	88,425	89,657
	52,776	56,138	59,418	68,952	71,210	71,937
	12,026	13,803	14,874	13,824	14,451	14,962
	633,579	641,266	689,986	753,158	780,255	870,936
	20,277	22,165	38,133	24,208	30,944	-
	63.34	251.29	105.55	118.18	22.53	2,156.27
	132	96	111	98	80	83
	50,866	50,577	41,350	783,360	28,461	32,306
	3,292	5,984	2,194	21,018	353	2,468
	464,653	263,453	321,780	1,613,757	884,012	350,980
	373,303	289,606	187,489	556,402	962,345	293,167

Source: Polk County Board of County Commissioner's applicable divisions and Constitutional Officers

Notes:

- * Information not available
- Operating indicator was not performed during fiscal year.

POLK COUNTY, FLORIDA
OPERATING INDICATORS BY FUNCTION AND PROGRAM (CONTINUED)
LAST TEN YEARS

	Fiscal Year			
	2016	2017	2018	2019
Economic Environment				
Business Development				
Businesses Recruited	10	6	8	6
Jobs Created	605	942	1,386	1,581
Sports Marketing				
Number of events assisted or managed	225	246	261	276
Human Services				
Veterans Services				
Veterans Assisted	3,472	3,458	10,729	11,377
Outreach Events	28	13	12	*
Elderly Services				
In-home Nutrition Meals (1)	79,093	66,659	-	-
Congregate meals served (1)	86,053	65,536	-	-
In-Home Service (clients) (1)	131	1,316	-	-
Elderly Day Care Participants (2)	*	*	94	104
Number of hours of direct service	*	*	60,049	53,208
Culture and Recreation				
Parks and Recreation				
Special Events patrons	64,735	60,513	58,727	59,216
Summer Camp attendees (3)	346	324	336	328
Campground rentals	11,300	10,225	10,539	11,214
Homeland Heritage Park patrons	5,717	6,847	5,235	6,124
Historical Museum				
Total patrons	37,883	38,331	34,439	36,637
Historical Library				
Total patrons (walk-in and online viewers) (5)	81,415	56,236	40,660	44,716

Fiscal Year					
2020	2021	2022	2023	2024	2025
7	7	7	8	8	6
1,650	598	898	483	1,024	625
220	270	280	308	311	315
7,280	7,253	9,557	9,358	10,070	11,109
*	*	8	10	6	5
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
55	-	-	-	-	-
20,285	-	-	-	-	-
4,340	6,100	6,718	10,865	12,238	10,157
-	63	69	85	105	170
7,270	11,232	13,300	17,864	19,324	18,397
4,985	9,363	9,865	3,245	2,850	4,311
25,210	21,342	27,275	34,315	33,766	27,999
40,987	57,495	81,441	46,144	45,878	916

Source: Polk County Board of County Commissioner's applicable divisions and Constitutional Officers

Notes:

- * Information not available
- Operating indicator was not performed during fiscal year.

- (1) Beginning in 2018, the In-home Services and Nutrition programs were transitioned to a non-profit organization. Data reported is no longer available.
- (2) Adult Day Care services were closed due to Covid-19 on March 18, 2020. On July 17, 2020, the Polk County Board of County Commissioners decided to close the Adult Day Care services permanently.
- (3) Due to Covid-19, there were no summer camp programs in FY 2020.
- (4) Recycling services were discontinued FY 25.
- (5) FY 25 data only includes patrons that visited in person. Facility was closed during the year for renovations.

**POLK COUNTY, FLORIDA
FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN YEARS**

Function	Full-time Equivalent Employees									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government	1,138	1,108	1,139	1,099	1,102	1,118	1,130	1,177	1,165	1,208
Public Safety	2,439	2,457	2,430	2,539	2,591	2,611	2,705	2,785	2,866	3,052
Physical Environment	50	50	43	45	45	47	47	47	47	50
Transportation	265	265	264	263	263	264	267	271	271	281
Economic Environment	23	23	23	23	26	26	27	28	28	30
Human Services	235	237	214	211	212	188	188	188	152	136
Culture and Recreation	81	82	93	94	97	100	101	110	116	123
Utilities	218	223	228	237	246	257	257	273	282	307
Waste and Recycling	44	48	50	56	56	56	56	59	71	75
Total	4,493	4,493	4,484	4,567	4,638	4,667	4,778	4,938	4,998	5,262

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Sources:
Polk County Office of Budget and Management Services
Constitutional Officers

**POLK COUNTY, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION AND PROGRAM
LAST TEN YEARS**

	Fiscal Year			
	2016	2017	2018	2019
General Government				
Square footage of Building Space	4,109,757	4,502,521	4,510,633	4,582,721
Public Safety				
Fire Rescue Stations	50	47	44	46
Vehicles	243	237	248	248
Physical Environment				
Utilities				
Miles of Sewer and Water Lines				
Water	973	1,000	986	858
Sewer	594	613	610	582
Re-use	207	221	225	216
Utility Plants				
Water	39	37	35	36
Sewer	7	7	7	7
Lift Stations	310	317	321	332
Potable Hydrants	3,668	3,720	3,893	3,923
Environmental Lands				
Number of purchased acres owned	18,524	18,533	18,557	18,593
Transportation				
Miles of Roads				
Paved	2,385	2,273	2,280	2,341
Unpaved	292	414	415	413
Economic Environment				
Welcome Center	1	1	1	1
Human Services				
Fixed-Route/WHAT Buses (1)	10	10	-	-
Paratransit Vans (1)	31	31	-	-
Culture and Recreation				
Recreational Parks	69	69	69	69
Boat Ramps/Launch Lanes	46	46	46	46
Historical Library	1	1	1	1
Historical Museum	1	1	1	1

Source: Polk County Board of County Commissioner's applicable divisions

Notes:

- No assets to report.

(1) In FY 2018, all vehicles were turned over to the Lakeland Area Mass Transit District (LAMTD).

	Fiscal Year					
	2020	2021	2022	2023	2024	2025
	4,556,445	4,631,630	4,631,630	4,624,403	4,635,522	4,684,324
	46	45	46	46	46	46
	248	248	248	239	249	249
	875	886	903	948	956	969
	602	615	636	662	670	678
	236	246	265	295	279	287
	31	27	29	32	32	32
	7	8	8	8	7	7
	345	355	349	370	367	380
	4,052	4,211	4,308	4,470	4,579	4,669
	18,640	18,891	18,997	19,115	19,138	21,294
	2,356	2,355	2,364	2,391	2,448	2,441
	414	412	213	207	249	247
	1	1	1	1	1	1
	-	-	-	-	-	-
	-	-	-	-	-	-
	69	69	69	69	69	69
	46	46	46	46	46	46
	1	1	1	1	1	1
	1	1	1	1	1	1

**OTHER SUPPLEMENTAL SCHEDULES
(UNAUDITED)**

Revenue Promissory Notes, Series 2020A and 2020C

Continuing Disclosure

Anti-Dilution Test
Maximum Annual Debt Service
Breakdown of Revenues

**Public Facilities Revenue Refunding Bonds, Series 2014 and 2025,
Public Facilities Revenue Refunding Note, Series 2015**

Continuing Disclosure

County Revenue Sharing Apportionment Factor Data
Revenue Sharing Trust Fund for Counties Receipts
Pledged Revenue Share Monies/Public Service Tax Revenue
Pro Forma Debt Coverage

Utility Systems Revenue and Revenue Refunding Bonds, Series 2020 and 2024

Continuing Disclosure

Historical Revenues and Expenses and Debt Service Coverage
Utilities Rates
Utilities Service Charges
Water System Permitted Capacity and Actual Demand
Wastewater System Permitted Capacity and Actual Flows
Ten Largest Water/Sewer Consumers

Required Central Florida Behavioral Health Network, Inc. Grant Audit Schedules

Audit Schedule 1034 - Match
Audit Schedule 1035 - Related Party Transactions
Audit Schedule 1036 - Bed-Day Availability Payments
Audit Schedule 1037 - Actual Operating Revenue and Expenditures

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**POLK COUNTY, FLORIDA
REVENUE PROMISSORY NOTES, SERIES 2020A AND 2020C
CONTINUING DISCLOSURE
ANTI-DILUTION TEST**

	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>
Revenues			
Total Governmental Funds			
Revenues	\$ 987,905,690	\$ 1,132,835,105	\$ 1,250,899,658
Less: Ad Valorem Revenues - Property Taxes	<u>(358,229,192)</u>	<u>(412,822,422)</u>	<u>(454,781,116)</u>
Total Non-Ad Valorem Revenues	<u>\$ 629,676,498</u>	<u>\$ 720,012,683</u>	<u>\$ 796,118,542</u>
Less: Restricted Non-Ad Valorem Revenues in Special Revenue Funds (Cannot Be Used to Pay Debt Service or Essential Expenditures)			
(Excluded SR Funds with Ad Valorem Funding)			
Special Revenue Grants	\$ (36,879,308)	\$ (29,534,494)	\$ (38,119,358)
Tourist Development Tax (1)	(25,068,632)	(25,840,492)	(25,966,750)
Lake and River Enhancement	(562,127)	(642,125)	(559,244)
Lighting District	(3,230,903)	(4,106,912)	(3,500,077)
Hazardous Waste	(103,601)	(97,990)	(111,776)
Law Enforcement Trust	(617,361)	(367,208)	(349,732)
Local Provider Participation	(30,150,423)	(38,177,182)	(78,490,911)
Opioid Settlement	(466,549)	(1,340,063)	(1,167,797)
Indigent Healthcare	(80,527,536)	(87,871,175)	(89,471,665)
Clerk of Circuit Courts Court Fund	<u>(13,148,319)</u>	<u>(14,253,713)</u>	<u>(14,975,263)</u>
Total Restricted Non-Ad Valorem Revenues in Special Revenue Funds	<u>\$ (190,754,759)</u>	<u>\$ (202,231,354)</u>	<u>\$ (252,712,573)</u>
Adjusted Non-Ad Valorem Revenues	<u>\$ 438,921,739</u>	<u>\$ 517,781,329</u>	<u>\$ 543,405,969</u>
Essential Expenditures			
General Government	\$ 203,760,931	\$ 160,882,254	\$ 168,389,020
Public Safety	369,915,894	447,217,395	489,575,060
Total Essential Expenditures	<u>\$ 565,259,164</u>	<u>\$ 596,745,832</u>	<u>\$ 657,964,080</u>
Less Essential Expenditures Paid by Special Revenue Funds Not Included In Revenues			
General Government	\$ (63,126,736)	\$ (20,135,718)	\$ (15,877,078)
Public Safety	<u>(3,109,937)</u>	<u>(3,440,528)</u>	<u>(21,731,988)</u>
Total Essential Expenditures Paid by Special Revenue Funds Not Included in Revenues	<u>(66,236,673)</u>	<u>(23,576,246)</u>	<u>(37,609,066)</u>
Less Ad Valorem Revenues	<u>(358,229,192)</u>	<u>(412,822,422)</u>	<u>(454,781,116)</u>
Adjusted Essential Expenditures	<u>\$ 140,793,299</u>	<u>\$ 160,347,164</u>	<u>\$ 165,573,898</u>
Adjusted Net Non-Ad Valorem Revenues available for Debt Service	<u>\$ 298,128,440</u>	<u>\$ 357,434,165</u>	<u>\$ 377,832,071</u>
Average Amount of Non-Ad Valorem Revenues Avail for Debt Past 3 FYs	<u>\$ 247,860,378</u>	<u>\$ 281,187,948</u>	<u>\$ 342,464,892</u>
Maximum Annual Debt Service for All Debt Secured by Non-Ad Valorem Revenues	\$ 15,501,148	\$ 15,501,148	\$ 15,446,824
Coverage of Maximum Annual Debt Service (Minimum 1.50x)	15.99	18.14	22.17

H-34

**POLK COUNTY, FLORIDA
REVENUE PROMISSORY NOTES, SERIES 2020A AND 2020C
CONTINUING DISCLOSURE
MAXIMUM ANNUAL DEBT SERVICE**

Fiscal Years 2023, 2024 and 2025

FYE	2014 Pub Facs	2025 Pub Facs (1)	2015 Pub Facs	2020 Prom. Note A	2020 Prom. Note C	Total
9/30/2025	\$ 5,365,950	\$ -	\$ 2,097,756	\$ 2,247,827	\$ 5,735,291	\$ 15,446,824
9/30/2026	3,423,500	998,621	2,120,528	2,247,395	5,741,551	14,531,595
9/30/2027	-	4,998,496	2,151,780	2,246,953	5,740,715	15,137,944
9/30/2028	-	5,007,750	-	2,246,502	3,648,404	10,902,656
9/30/2029	-	5,004,625	-	2,246,041	3,649,959	10,900,625
9/30/2030	-	5,003,000	-	2,245,570	3,645,198	10,893,768
9/30/2031	-	4,997,500	-	2,245,088	-	7,242,588
9/30/2032	-	4,992,750	-	2,244,596	-	7,237,346
9/30/2033	-	4,988,250	-	2,244,093	-	7,232,343
9/30/2034	-	4,983,500	-	2,243,579	-	7,227,079
9/30/2035	-	4,978,000	-	2,243,143	-	7,221,143
9/30/2036	-	4,971,250	-	-	-	4,971,250
9/30/2037	-	-	-	-	-	-
9/30/2038	-	-	-	-	-	-
	\$ 8,789,450	\$ 50,923,742	\$ 6,370,064	\$ 24,700,787	\$ 28,161,118	\$ 118,945,160

Maximum Annual Debt Service: \$ 15,446,824

Notes:

(1) On November 25, 2025, Public Facilities Revenue Refunding Bonds, Series 2025 refunded the Public Facilities Revenue Refunding Bonds, Series 2014.

H-35

**POLK COUNTY, FLORIDA
REVENUE PROMISSORY NOTES, SERIES 2020A AND 2020C
CONTINUING DISCLOSURE
BREAKDOWN OF REVENUES**

Breakdown of Revenues Total Governmental Funds	FY 23	FY 24	FY 25
Taxes			
Tourism	\$ 24,313,354	\$ 24,420,386	\$ 24,871,835
Fuel Taxes	27,748,025	27,997,041	28,961,853
Half-cent Sales Tax Surtax	77,060,561	80,498,721	83,748,176
Public Service Tax	42,118,016	47,012,808	52,959,977
Comm Srv Tax	10,065,730	9,988,946	10,338,264
Other Taxes	1,424,961	1,443,010	1,500,060
Total Taxes	\$ 182,730,647	\$ 191,360,912	\$ 202,380,165
Licenses and Permits			
Building	\$ 10,617,186	\$ 8,148,487	\$ 7,495,292
Other Licenses and Permits	8,260,653	8,619,444	9,433,479
Total Licenses and Permits	\$ 18,877,839	\$ 16,767,931	\$ 16,928,771
Intergovernmental			
State Revenue Sharing	\$ 25,828,287	\$ 25,053,858	\$ 25,875,231
Sales Tax	53,586,875	53,030,614	52,469,918
Constitutional Fuel Tax	8,144,888	8,345,502	8,246,590
County Gas Tax	3,622,429	3,611,258	3,613,607
Other Public Safety Grants (includes Covid Relief Revenues)	12,861,011	27,937,548	79,379,785
Other State Grants (Transp, Econ Envir, Human Serv, Culture/Rec)	8,841,165	10,846,150	16,065,407
Other Federal Grants (Transp, Econ Envir, Human Serv, Culture/Rec)	24,807,884	4,797,020	8,600,713
Other Intergovernmental	6,305,809	21,233,690	7,791,870
Total Intergovernmental	\$ 143,998,348	\$ 154,855,640	\$ 202,043,121
Charges for Services			
Ambulance Fees	\$ 44,466,502	\$ 41,793,267	\$ 36,380,472
911 Fees	3,687,605	3,901,766	3,998,868
BoCC Emergency Radio Fees	3,302,604	3,495,154	4,331,128
Sheriff	16,124,865	19,824,625	22,282,210
Clerk of Courts	10,684,607	12,383,369	11,894,773
Fees Other - Local Provider Participation	29,827,904	37,930,464	76,807,581
Other Charges for Services	24,623,472	22,560,556	30,270,555
Total Charges for Services	\$ 132,717,559	\$ 141,889,201	\$ 185,965,587
Fines & Forfeitures	\$ 9,589,950	\$ 9,747,784	\$ 10,725,753
Special Assessments			
Fire Assessments	\$ 55,833,784	\$ 57,699,937	\$ 62,456,254
Impact Fees - Municipality/School	2,035,802	2,187,408	2,391,993
Impact Fees - Transportation	25,244,493	29,513,519	26,549,757
Impact Fees - Public Safety	5,433,256	5,420,270	4,451,591
Impact Fees - Cultural & Recreation	2,969,526	2,576,035	1,904,338
Other Special Assessments	5,103,264	7,750,959	7,281,035
Total Special Assessments	\$ 96,620,125	\$ 105,148,128	\$ 105,034,968
Interest Income	\$ 27,562,706	\$ 41,223,514	\$ 46,521,295
Net Change in Fair Value of Investments	\$ 1,795,227	\$ 39,924,634	\$ 9,886,447
Miscellaneous Revenue	\$ 15,784,098	\$ 19,094,939	\$ 16,632,435
Total Non-Ad Valorem Revenues	\$ 629,676,498	\$ 720,012,683	\$ 796,118,542

H-36

**POLK COUNTY, FLORIDA
PUBLIC FACILITIES REVENUE REFUNDING BONDS, SERIES 2014,
PUBLIC FACILITIES REVENUE REFUNDING BONDS, SERIES 2025
PUBLIC FACILITIES REVENUE REFUNDING NOTE, SERIES 2015
CONTINUING DISCLOSURE**

County Revenue Sharing Apportionment Factor Data						
State Fiscal Year Ended June 30,	County Population (1)	Total Eligible Counties Population (1)	County Unincorporated Population (1)	State Unincorporated Population (1)	Annual Polk County Sales Tax Collections	Annual Statewide Sales Tax Collections
2021	687,343	21,091,609	420,233	10,369,520	\$ 705,228,351	\$ 25,632,924,121
2022	711,931	21,483,409	434,662	10,590,549	830,900,004	31,792,929,701
2023	745,439	21,802,278	452,781	10,800,425	995,440,564	38,000,718,276
2024	766,735	22,176,131	462,963	10,988,392	1,004,381,392	37,672,756,858
2025	794,193	22,530,738	477,999	11,191,503	870,308,918	40,313,599,861

Revenue Sharing Trust Fund For Counties Receipts State Fiscal Year Ended June 30					
	2021	2022	2023	2024	2025
Cigarette Tax	\$ 5,565,262	\$ 6,117,274	\$ 5,760,593	\$ 4,992,967	\$ 5,041,981
Sales Tax	551,304,721	714,254,670	747,703,889	748,233,637	748,974,220
Total Receipts	\$ 556,869,983	\$ 720,371,944	\$ 753,464,482	\$ 753,226,604	\$ 754,016,201
Guaranteed Entitlement for Florida Counties	\$ 30,329,957	\$ 30,329,957	\$ 30,329,957	\$ 30,329,957	\$ 30,329,957
Second Guaranteed Entitlement for Florida Counties	\$ 64,756,373	\$ 64,756,373	\$ 64,756,373	\$ 64,756,373	\$ 64,756,373

Source: Department of Revenue of the State of Florida

Note:

(1) The adjusted population estimates exclude the estimated number of inmates and patients in institutions operated by the federal government, the Florida Department of Corrections, Department of Health, and Department of Children and Family Services. Pursuant to Section 186.901, *Florida Statutes*, such inmates and patients are not considered residents for the purpose of determining revenue-sharing allocations.

(2) On November 25, 2025, the Public Facilities Revenue Refunding Bonds, Series 2014 were refunded by the Public Facilities Revenue Refunding Bonds, Series 2025.

H-37

POLK COUNTY, FLORIDA
PUBLIC FACILITIES REVENUE REFUNDING BONDS, SERIES 2014,
PUBLIC FACILITIES REVENUE REFUNDING BONDS, SERIES 2025
PUBLIC FACILITIES REVENUE REFUNDING NOTE, SERIES 2015 (CONTINUED)
CONTINUING DISCLOSURE

Pledged Revenue Share Monies

Fiscal Year Ended September 30,	Revenue Sharing Money (1)	Pledged Revenue Sharing Monies (Equals 50 % of Previous Fiscal Year's Revenue Sharing Monies) (2)
2021	\$ 18,357,148	\$ 7,786,681
2022	24,029,593	9,178,574
2023	25,828,287	12,014,797
2024	25,053,858	12,914,144
2025	25,875,231	12,526,929

Public Service Tax Revenue (3)

Fiscal Year Ended September 30,	Metered/ Bottled Gas (1)	Electricity (1)(2)	Water(1)	Total Amount
2021	\$ 774,274	\$ 31,904,324	\$ 5,889,119	\$ 38,567,717
2022	894,220	37,506,404	5,986,459	44,387,083
2023	888,339	34,419,826	6,809,851	42,118,016
2024	991,486	39,196,560	6,824,762	47,012,808
2025	1,052,775	44,606,744	7,300,457	52,959,976

Pro Forma Debt Service Coverage

Fiscal Year Ended September 30,	Pledged Public Service Tax Revenues	Pledged Revenue Sharing Monies	Total Pledged Funds	Maximum Annual Debt Service	Debt Service Coverage
2021	\$ 38,567,717	\$ 7,786,681	\$ 46,354,398	\$ 7,150,276	6.48x
2022	44,387,083	9,178,574	53,565,657	7,150,276	7.49x
2023	42,118,016	12,014,797	54,132,813	7,150,276	7.57x
2024	47,012,808	12,914,144	59,926,952	7,150,276	8.38x
2025	52,959,976	12,526,929	65,486,905	7,150,276	9.16x

Notes:

- (1) The historical amounts differ from the County's prior continuing disclosure filings due to a previously excluded portion of the Public Service Tax being incorporated into the Pledged Funds pursuant to Resolution No. 2025-118 adopted by the Board on October 7, 2025.
- (2) Duke Energy overpaid Public Service Revenues from November, 2021 through May, 2022 by \$3,275,118.90. To correct the overpayment, Duke Energy reduced the payments for the period of February, 2023 through May, 2023 to the County. Error was due to Duke Energy's new accounting system at the time.

Source: Polk County, Florida, Clerk of Circuit Court - County Comptroller Department

POLK COUNTY, FLORIDA
UTILITY SYSTEMS REVENUE AND REVENUE REFUNDING BONDS, SERIES 2020 AND 2024
CONTINUING DISCLOSURE

	2021	2022	2023	2024	2025
Gross Revenues (1)					
Charges for Services (2)	\$ 82,323,949	\$ 85,656,830	\$ 93,688,056	\$ 97,161,061	\$ 109,746,826
Miscellaneous Revenue (3)	2,275,425	1,983,423	3,216,938	2,667,371	7,140,984
Sub-total Charges for Service & Miscellaneous Income	\$ 84,599,374	\$ 87,640,253	\$ 96,904,994	\$ 99,828,432	\$ 116,887,810
Interest Income (4)	1,684,448	1,493,327	3,705,510	6,117,742	8,048,240
Sub-total Operating and Non-operating Income	\$ 86,283,822	\$ 89,133,580	\$ 100,610,504	\$ 105,946,174	\$ 124,936,050
Less income from Connection Charges (5)	626,653	722,857	2,004,423	3,055,409	3,087,418
Total Gross Revenues	\$ 85,657,169	\$ 88,410,723	\$ 98,606,081	\$ 102,890,765	\$ 121,848,632
Cost of Operation and Maintenance (6)					
Personnel Services	\$ 15,271,272	\$ 15,653,654	\$ 21,164,272	\$ 20,364,850	\$ 28,415,862
Operations,Maintenance & Other Expenses (7)	29,312,694	31,991,682	42,676,212	38,662,875	50,287,884
Indirect (8)	1,966,089	2,029,914	1,785,603	1,785,603	2,685,419
Total Cost of Operation and Maintenance	\$ 46,550,055	\$ 49,675,250	\$ 65,626,087	\$ 60,813,328	\$ 81,389,165
Net Revenues Available for Debt Service(A)	\$ 39,107,114	\$ 38,735,473	\$ 32,979,994	\$ 42,077,437	\$ 40,459,467
Plus Available Connection Charges (B)(9)(10)					
Available Connection Charges	\$ 9,359,196	\$ 9,360,826	\$ 9,358,314	\$ 8,070,613	\$ 10,384,963
Interest Income - Connection Charges (5)	626,653	722,857	2,004,423	3,055,409	3,087,418
Total Available Connection Charges (B)	\$ 9,985,848	\$ 10,083,683	\$ 11,362,737	\$ 11,126,021	\$ 13,472,381
Net Revenues Plus Available Connection Charges Available for Debt Service (C)	\$ 49,092,963	\$ 48,819,156	\$ 44,342,731	\$ 53,203,459	\$ 53,931,849
Annual Bond Service Requirement (D)	\$ 10,618,556	\$ 10,620,406	\$ 10,617,556	\$ 10,227,617	\$ 13,077,651
Test A					
Debt Service Coverage Ratio (A/D)	3.68	3.65	3.11	4.11	3.09
Excluding Available Connection Charges (1.10x Required)					
Or					
Test B					
Debt Service Coverage Ratio (A/D)	3.68	3.65	3.11	4.11	3.09
Excluding Available Connection Charges (1.00x Required)					
And					
Debt Service Coverage Ratio (C/D)	4.62	4.60	4.18	5.20	4.12
Including Expansion Projects Connection Charges (1.25x Required)					

Notes:

- (1) Gross Revenues and Cost of Operation and Maintenance for the fiscal years ending September 30, 2021 through and including 2025 are audited.
- (2) Charges for services increased from \$82.3 million in the fiscal year ending September 30, 2021 to \$109.7 million in the fiscal year ending September 30, 2025, or 33.3% based on a combination of growth in water, sewer, and reclaimed water customers. The \$12.6 million increase in fiscal year ending September 30, 2025, is mainly due to new rate increases that went into effect beginning October 1, 2024. Connection Charges of \$20,582,235, \$33,449,681, \$22,971,597, \$16,534,883 and \$14,301,713 for fiscal years-ending September 30, 2021 through 2025, respectively, are excluded from Charges for Services.

**POLK COUNTY, FLORIDA
UTILITY SYSTEMS REVENUE AND REVENUE REUNING BONDS, SERIES 2020 AND 2024
(CONTINUED)
CONTINUING DISCLOSURE**

Notes (continued):

- (3) Miscellaneous Revenue increased significantly in fiscal year ending September 30, 2025, due to \$5.3 million in proceeds received from a class action lawsuit. On November 21, 2023, the Board of County Commissioners approved the County to continue in class action settlements with the 3M Company and E.I. DuPont de Nemours and Company to resolve claims of PFAS7 contamination in public drinking water systems. The County Manager subsequently approved the County joining class actions against Tyco and BASF.
- (4) Amounts reflect interest and investment earnings on all accounts created by the Resolution, including investment income derived from Connection Charges on deposit, as reported by County staff. These amounts do not include any adjustments for the fair value of the investments.
- (5) Gross Revenues exclude income derived from Connection Charges, including investment income; however, such amount is includable in Test B of the rate covenant whereby Available Connection Charges and investment income derived from Available Connection Charges are added to Net Revenues.
- (6) Amounts exclude depreciation and amortization expenses, payments in lieu of taxes (PILOT) of \$2,055,011, \$2,137,633, \$2,254,731, \$2,276,808 and \$2,362,788 for the fiscal years 2021 through and including 2025, respectively, and capitalized labor. In fiscal year ending in September 30, 2021, the decrease in personnel services is attributable to reduced adjustments to OPEB and vacant positions. In fiscal year ending September 30, 2023, personnel services increased by \$4.7 million due to OPEB and pension adjustments which resulted in an overall increase of \$5.5 million from the previous year. In Fiscal Year ended September 30, 2025, the \$9.1 million increase in personnel services is due to increases in salaries, 25 new FTE positions, OPEB and pension adjustments, and adjustments made to compensated absences due to the implementation of GASB Statement No. 101. Includes payments to Polk Regional Water Cooperative in the amount of \$119,410.35, \$139,498.63, \$55,851, \$703,619 and \$1,322,920, for the fiscal years ending September 30, 2021, 2022, 2023, 2024 and 2025, respectively, and Water Cooperative of Central Florida in the amounts of \$10,000, \$20,000, \$5,000, \$2,000 and \$2,000, for the fiscal years ending September 30, 2021 through and including 2025, respectively.
- (7) Includes all operating expenses and losses on disposition of equipment. Increases in fiscal year ending September 30, 2021, 2022 and 2023, largely are due to increases in other contractual services as some employee vacancies were filled by contracted electricians and mechanics as well as the new advanced metering infrastructure and the implementation of a computerized maintenance management system. In addition to the above increase in expenses, maintenance of equipment, utility services (electric) and operating supplies increased due to rising costs in fiscal year ending September 30, 2023. Operations and Maintenance cost remained steady in fiscal year ending September 30, 2024. In fiscal year ending September 30, 2025, increases are due to contractual labor expenses and rising cost of maintenance of equipment, utility services (electric) and operating supplies.
- (8) Amount reflects an operating transfer from the Water and Sewer Fund to the General Fund to account for allocated operating and administrative expenses associated with utility services.

H-40

**POLK COUNTY, FLORIDA
UTILITY SYSTEMS REVENUE AND REVENUE REUNING BONDS, SERIES 2020 AND 2024
(CONTINUED)
CONTINUING DISCLOSURE**

- (9) The Water Expansion Project Percentage and Sewer Expansion Project Percentage following the issuance of the Series 2020 Bonds equal to 39.59% and 48.55%, respectively. Following the issuance of the Series 2024 Bonds, the Utilities Director is expected to determine that the Water Expansion Project Percentage will equal 36.77% and the Sewer Expansion Project Percentage will equal 42.64%. Therefore, no more than 36.77% of debt service on the bonds in any one year may be payable from Water Connection Charges and no more than 42.64% of debt service on the Bonds in any one year may be payable from Sewer Connection Charges.
- (10) Connection Charges have decreased over the last two years after a huge increase in Fiscal Year ending September 30, 2022. Under Florida law, fees such as the Connection Charges may be validly imposed against new construction or development in order to fund capital improvements or capacity which are necessitated by such new construction or development or to satisfy debt service for the bonds or other obligations issued for such purposes. Proceeds of such Connection Charges may generally be used only for the capital improvements or capacity attributable to the new construction or development or to pay debt service on indebtedness incurred to finance or refinance such capital improvements or capacity. Year ending September 30, 2022, increased due to the addition of multiple apartment complexes being built in the County during the year.

H-41

**POLK COUNTY, FLORIDA
UTILITIES RATES
CONTINUING DISCLOSURE**

Monthly Water Rates						
Effective Date	10/01/2019	10/01/2024	10/01/2025	10/01/2026	10/01/2027	10/01/2028
Residential Service						
Base Charge	\$ 10.43	\$ 11.06	\$ 11.72	\$ 12.42	\$ 13.17	\$ 13.96
Usage Block Ranges (per 1,000 Gallons)						
0 - 3	\$ 1.99	\$ 2.11	\$ 2.24	\$ 2.37	\$ 2.51	\$ 2.66
4 - 10	2.63	2.79	2.96	3.14	3.33	3.53
11 - 20	5.23	5.54	5.87	6.22	6.59	6.99
21 - 30	7.87	8.34	8.84	9.37	9.93	10.53
31 - 40	10.48	11.11	11.78	12.49	13.24	14.03
Over 40	18.37	19.79	20.98	22.24	23.57	24.98
Residential PWRI/AWS Surcharge	\$ 0.30	\$ 0.55	\$ 0.80	\$ 1.05	\$ 1.30	\$ 1.55
Commercial And Multi-Family Services						
5/8" and 3/4" Base Charge	\$ 15.65	\$ 16.59	\$ 17.59	\$ 18.65	\$ 19.77	\$ 20.96
Usage Block Ranges (per \$1,000 Gallons):						
0-15	\$ 2.63	\$ 2.79	\$ 2.96	\$ 3.14	\$ 3.33	\$ 3.53
16-30	5.23	5.54	5.87	6.22	6.59	6.99
31-60	10.48	11.11	11.78	12.49	13.24	14.03
Over 60	18.37	19.47	20.64	21.88	23.19	24.58
1" Base Charge	\$ 26.09	\$ 27.66	\$ 29.32	\$ 31.08	\$ 32.94	\$ 34.92
Usage Block Ranges (per \$1,000 Gallons):						
0-25	\$ 2.63	\$ 2.79	\$ 2.96	\$ 3.14	\$ 3.33	\$ 3.53
26-50	5.23	5.54	5.87	6.22	6.59	6.99
51-100	10.48	11.11	11.78	12.49	13.24	14.03
Over 100	18.37	19.47	20.64	21.88	23.19	24.58
1-1/2" Base Charge	\$ 52.17	\$ 55.30	\$ 58.62	\$ 62.14	\$ 65.87	\$ 69.82
Usage Block Ranges (per \$1,000 Gallons):						
0-50	\$ 2.63	\$ 2.79	\$ 2.96	\$ 3.14	\$ 3.33	\$ 3.53
51-100	5.23	5.54	5.87	6.22	6.59	6.99
101-200	10.48	11.11	11.78	12.49	13.24	14.03
Over 200	18.37	19.47	20.64	21.88	23.19	24.58
2" Base Charge	\$ 83.48	\$ 88.45	\$ 93.80	\$ 99.43	\$ 105.40	\$ 111.72

H-42

**POLK COUNTY, FLORIDA
UTILITIES RATES (CONTINUED)
CONTINUING DISCLOSURE**

Monthly Water Rates						
Effective Date	10/01/2019	10/01/2024	10/01/2025	10/01/2026	10/01/2027	10/01/2028
Usage Block Ranges (per \$1,000 Gallons):						
0-80	\$ 2.63	\$ 2.79	\$ 2.96	\$ 3.14	\$ 3.33	\$ 3.53
81-160	5.23	5.54	5.87	6.22	6.59	6.99
161-320	10.48	11.11	11.78	12.49	13.24	14.03
Over 320	18.37	19.47	20.64	21.88	23.19	24.58
3" Base Charge	\$ 156.49	\$ 165.88	\$ 175.83	\$ 186.38	\$ 197.56	\$ 209.41
Usage Block Ranges (per \$1,000 Gallons):						
0-150	\$ 2.63	\$ 2.79	\$ 2.96	\$ 3.14	\$ 3.33	\$ 3.53
151-300	5.23	5.54	5.87	6.22	6.59	6.99
301-600	10.48	11.11	11.78	12.49	13.24	14.03
Over 600	18.37	19.47	20.64	21.88	23.19	24.58
4" Base Charge	\$ 260.85	\$ 276.50	\$ 293.09	\$ 310.68	\$ 329.32	\$ 349.08
Usage Block Ranges (per \$1,000 Gallons):						
0-250	\$ 2.63	\$ 2.79	\$ 2.96	\$ 3.14	\$ 3.33	\$ 3.53
251-500	5.23	5.54	5.87	6.22	6.59	6.99
501-1,000	10.48	11.11	11.78	12.49	13.24	14.03
Over 1,000	18.37	19.47	20.64	21.88	23.19	24.58
6" Base Charge	\$ 521.67	\$ 552.97	\$ 586.15	\$ 621.32	\$ 658.60	\$ 698.12
Usage Block Ranges (per \$1,000 Gallons):						
0-500	\$ 2.63	\$ 2.79	\$ 2.96	\$ 3.14	\$ 3.33	\$ 3.53
501-1,000	5.23	5.54	5.87	6.22	6.59	6.99
1,001-2,000	10.48	11.11	11.78	12.49	13.24	14.03
Over 2,000	18.37	19.47	20.64	21.88	23.19	24.58
8" Base Charge	\$ 834.70	\$ 884.78	\$ 937.87	\$ 994.14	\$ 1,053.79	\$ 1,117.02
Usage Block Ranges (per \$1,000 Gallons):						
0-800	\$ 2.63	\$ 2.79	\$ 2.96	\$ 3.14	\$ 3.33	\$ 3.53
801-1,600	5.23	5.54	5.87	6.22	6.59	6.99
1,601-3,200	10.48	11.11	11.78	12.49	13.24	14.03
Over 3,200	18.37	19.47	20.64	21.88	23.19	24.58
10" Base Charge	\$ 1,199.88	\$ 1,271.87	\$ 1,348.18	\$ 1,429.07	\$ 1,514.81	\$ 1,605.70

H-43

**POLK COUNTY, FLORIDA
UTILITIES RATES (CONTINUED)
CONTINUING DISCLOSURE**

Commercial/Multi-Family Water Rates (continued)							
Effective Date	10/01/2019	10/01/2024	10/01/2025	10/01/2026	10/01/2027	10/01/2028	
Usage Block Ranges (per \$1,000 Gallons):							
0-1,150	\$ 2.63	\$ 2.79	\$ 2.96	\$ 3.14	\$ 3.33	\$ 3.53	
1,151-2,300	5.23	5.54	5.87	6.22	6.59	6.99	
2,301-4,600	10.48	11.11	11.78	12.49	13.24	14.03	
Over 4,600	18.37	19.47	20.64	21.88	23.19	24.58	
12" Base Charge	\$ 2,244.68	\$ 2,379.36	\$ 2,522.12	\$ 2,673.45	\$ 2,833.86	\$ 3,003.89	
Usage Block Ranges (per \$1,000 Gallons):							
0-2,150	\$ 2.63	\$ 2.79	\$ 2.96	\$ 3.14	\$ 3.33	\$ 3.53	
2,151-4,300	5.23	5.54	5.87	6.22	6.59	6.99	
4,301-8,600	10.48	11.11	11.78	12.49	13.24	14.03	
Over 8,600	18.37	19.47	20.64	21.88	23.19	24.58	
Commercial PWRI/AWS Surcharge	\$ 0.30	\$ 0.55	\$ 0.80	\$ 1.05	\$ 1.30	\$ 1.55	

Monthly Sewer Rates							
Effective Date	10/01/2019	10/01/2024	10/01/2025	10/01/2026	10/01/2027	10/01/2028	
Commercial PRWI/AWS Surcharge							
	\$ 0.30	\$ 0.55	\$ 0.80	\$ 1.05	\$ 1.30	\$ 1.55	
Residential Service Base Charge							
	\$ 36.14	\$ 38.31	\$ 40.61	\$ 43.05	\$ 45.63	\$ 48.37	
Usage Block Ranges (per \$1,000 Gallons) up to 7,000 Gallons							
	\$ 6.48	\$ 6.87	\$ 7.00	\$ 7.72	\$ 8.18	\$ 8.67	
Commercial Service Base Charge:							
5/8" and 3/4"	\$ 54.20	\$ 57.45	\$ 60.90	\$ 64.55	\$ 68.42	\$ 72.53	
1"	90.34	95.76	101.51	107.60	114.06	120.90	
1-1/2"	180.66	191.50	202.99	215.17	228.08	241.76	
2"	289.08	306.42	324.81	344.30	364.96	386.86	
3"	542.03	574.55	609.02	645.56	684.29	725.35	
4"	903.38	957.88	1,015.03	1,075.93	1,140.49	1,208.92	
6"	1,806.76	1,915.17	2,030.08	2,151.88	2,280.99	2,417.85	
8"	2,890.80	3,064.25	3,248.11	3,443.00	3,649.58	3,868.55	
10"	4,155.53	4,404.86	4,669.15	4,949.30	5,246.26	5,561.04	
12"	7,768.89	8,235.02	8,729.12	9,252.87	9,808.04	10,396.50	
Usage (per 1,000 Gallons)	\$ 6.48	\$ 6.87	\$ 7.28	\$ 7.72	\$ 8.18	\$ 8.67	

H-44

**POLK COUNTY, FLORIDA
UTILITIES RATES (CONTINUED)
CONTINUING DISCLOSURE**

Monthly Reclaimed Water Rates							
Effective Date	10/01/2019	10/01/2024	10/01/2025	10/01/2026	10/01/2027	10/01/2028	
Residential Service Base Charge							
	N/A	\$ 4.20	\$ 4.20	\$ 4.20	\$ 4.20	\$ 4.20	
Usage Block Ranges (in thousands of gallons)							
0-20	\$ 1.41	\$ 1.41	\$ 1.41	\$ 1.41	\$ 1.41	\$ 1.41	
21-30	4.22	4.22	4.22	4.22	4.22	4.22	
31-40	5.63	5.63	5.63	5.63	5.63	5.63	
Over 40	8.45	8.45	8.45	8.45	8.45	8.45	
Residential PWRI/AWS	N/A	\$ 0.55	\$ 0.80	\$ 1.05	\$ 1.30	\$ 1.55	
Multi-family and Commercial Service							
5/8" and 3/4" Base Charge	N/A	\$ 3.60	\$ 6.30	\$ 6.30	\$ 6.30	\$ 6.30	
Usage Block Ranges (per 1,000 Gallons):							
0-30	\$ 1.41	\$ 1.41	\$ 1.41	\$ 1.41	\$ 1.41	\$ 1.41	
31-45	4.22	4.22	4.22	4.22	4.22	4.22	
46-60	5.63	5.63	5.63	5.63	5.63	5.63	
Over 60	8.45	8.45	8.45	8.45	8.45	8.45	
Multi-family and Commercial Service (cont'd)							
1" Base Charge	N/A	\$ 10.50	\$ 10.50	\$ 10.50	\$ 10.50	\$ 10.50	
Usage Block Ranges (per 1,000 Gallons):							
0-50	\$ 1.41	\$ 1.41	\$ 1.41	\$ 1.41	\$ 1.41	\$ 1.41	
51-75	4.22	4.22	4.22	4.22	4.22	4.22	
76-100	5.63	5.63	5.63	5.63	5.63	5.63	
Over 100	8.45	8.45	8.45	8.45	8.45	8.45	
1-1/2" Base Charge	N/A	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	
Usage Block Ranges (per 1,000 Gallons):							
0-100	\$ 1.41	\$ 1.41	\$ 1.41	\$ 1.41	\$ 1.41	\$ 1.41	
101-150	4.22	4.22	4.22	4.22	4.22	4.22	
151-200	5.63	5.63	5.63	5.63	5.63	5.63	
Over 200	8.45	8.45	8.45	8.45	8.45	8.45	
2" Base Charge	N/A	\$ 33.60	\$ 33.60	\$ 33.60	\$ 33.60	\$ 33.60	

Source: Polk County, Florida Utilities Department

H-45

**POLK COUNTY, FLORIDA
UTILITIES RATES (CONTINUED)
CONTINUING DISCLOSURE**

Monthly Reclaimed Water Rates						
Effective Date	10/01/2019	10/01/2024	10/01/2025	10/01/2026	10/01/2027	10/01/2028
<u>Usage Block Ranges</u> (in thousands of gallons)						
0-160	\$ 1.41	\$ 1.41	\$ 1.41	\$ 1.41	\$ 1.41	\$ 1.41
161-240	4.22	4.22	4.22	4.22	4.22	4.22
241-320	5.63	5.63	5.63	5.63	5.63	5.63
Over 320	8.45	8.45	8.45	8.45	8.45	8.45
Residential PWRI/AWS	N/A	\$ 0.55	\$ 0.80	\$ 1.05	\$ 1.30	\$ 1.55
<u>Bulk Use Reclaimed Water</u>						
Base Charge						
3 inch meter	N/A	\$ 63.00	\$ 63.00	\$ 63.00	\$ 63.00	\$ 63.00
4 inch meter	N/A	105.00	105.00	105.00	105.00	105.00
6 inch meter	N/A	210.00	210.00	210.00	210.00	210.00
8 inch meter	N/A	336.00	336.00	336.00	336.00	336.00
10 inch meter	N/A	483.00	483.00	483.00	483.00	483.00
12 inch meter	N/A	903.00	903.00	903.00	903.00	903.00
Bulk Priority 3" and Above (per 1,000 Gallons)	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05
Bulk Interruptible 3" and Above (per 1,000 Gallons)	\$ 0.45	\$ 0.45	\$ 0.45	\$ 0.45	\$ 0.45	\$ 0.45
Commercial PWRI/AWS Surcharge	N/A	\$ 0.55	\$ 0.80	\$ 1.05	\$ 1.30	\$ 1.55

Source: Polk County, Florida Utilities Department

H-46

**POLK COUNTY, FLORIDA
UTILITIES RATES (CONTINUED)
CONTINUING DISCLOSURE**

Connection Charges

Under the Rate Resolution No. 24-134, the Water Connection Charges will be increased 3% on January 1, 2025, and again on October 1, 2025. Sewer Connection Charges will be increased 23.5% on January 1, 2025, and 19.05% on October 1, 2025.

The rate schedule for potable Residential Water and Sewer Connection Charges is summarized below:

Residential Water Connection Charges						
Effective Date	10/01/2019	10/01/2024	10/01/2025	10/01/2026	10/01/2027	10/01/2028
<u>Type of Residence</u>						
Single Family Detached Units on Lots of 1.0 Acre or Less	\$ 2,844	\$ 2,941	\$ 3,038	\$ 3,038	\$ 3,038	\$ 3,038
Single Family Detached Units on Lots of More than 1.0 Usable Acre	4,268	2,941	3,038	3,038	3,038	3,038
Multi-family Units Including Apartments, Condos, Duplexes, Triplexes, etc.	1,564	1,618	1,671	1,671	1,671	1,671
Mobile Homes on Lots of Less Than 6,000 Square Feet	1,707	1,765	1,823	1,823	1,823	1,823
Mobile Homes on Lots of 6,000 Square Feet or More	2,844	2,941	3,038	3,038	3,038	3,038
Park Model RVs	1,564	1,618	1,671	1,671	1,671	1,671
Destination RVs(1)	1,564	1,618	1,671	1,671	1,671	1,671
All Other RVs Including Transient RVs	1,564	1,618	1,671	1,671	1,671	1,671

Notes:

(1) A Destination RV must be: (i) sited on a lot owned in fee simple by the user; (ii) sited in a park that is a platted subdivision; (iii) sited on a lot 3,000 square feet or larger; and (iv) sited in a park that does not have a dump station or undivided interest lot sales or time share lot sales. This category of user is subject to inspection by the County to ensure that Destination RVs are not Transient RVs. Destination RV lots used by Transient RVs will be subject to a 1.0 ERC connection charge.

Source: Utilities Management

H-47

**POLK COUNTY, FLORIDA
UTILITIES RATES (CONTINUED)
CONTINUING DISCLOSURE**

Residential Sewer Connection Charges						
Effective Date	10/01/2019	10/01/2024	10/01/2025	10/01/2026	10/01/2027	10/01/2028
Type of Residence						
Single Family Detached Units on Lots of 1.0 Acre or Less	\$ 4,195	\$ 5,182	\$ 6,169	\$ 6,169	\$ 6,169	\$ 6,169
Single Family Detached Units on Lots of More than 1.0 Usable Acre	4,195	5,182	6,169	6,169	6,169	6,169
Multi-family Units Including Apartments, Condos, Duplexes, Triplexes, etc.	2,810	3,471	4,132	4,132	4,132	4,132
Mobile Homes on Lots of Less Than 6,000 Square Feet	2,810	3,471	4,132	4,132	4,132	4,132
Mobile Homes on Lots of 6,000 Square Feet or More	4,195	5,182	6,169	6,169	6,169	6,169
Park Model RVs	2,307	2,850	3,393	3,393	3,393	3,393
Destination RVs(1)	2,810	3,471	4,132	4,132	4,132	4,132
All Other RVs Including Transient RVs	4,195	5,182	6,169	6,169	6,169	6,169

Notes:

(1) A Destination RV must be: (i) sited on a lot owned in fee simple by the user; (ii) sited in a park that is a platted subdivision; (iii) sited on a lot 3,000 square feet or larger; and (iv) sited in a park that does not have a dump station or undivided interest lot sales or time share lot sales. This category of user is subject to inspection by the County to ensure that Destination RVs are not Transient RVs. Destination RV lots used by Transient RVs will be subject to a 1.0 ERC connection charge.

Source: Utilities Management

H-48

**POLK COUNTY, FLORIDA
UTILITIES SERVICE CHARGES
CONTINUING DISCLOSURE**

Miscellaneous Service Charge

In addition to charging user fees for monthly water and sewer, the County also charges fees for certain specifically requested miscellaneous services or needs. Examples of these fees include water meter installation charges, annual fire protection charges, water meter testing fees, and reconnection charges. Revenues from miscellaneous charges reduce the level of expenditures funded from user fees. Miscellaneous Service fee charges will be adjusted to recover actual cost of providing the services effective October 1, 2024. The current miscellaneous service charges are as follows.

Utilities Service Charges						
Fee Description	Current Charge	10/01/2024	10/01/2025	10/01/2026	10/01/2027	10/01/2028
New Account Charge						
3/4" - 2 Meter	\$ 55.00	\$ 55.00	\$ 55.00	\$ 55.00	\$ 55.00	\$ 55.00
Larger than 2" Meter	70.00	70.00	70.00	70.00	70.00	70.00
Residential Deposits						
Water	75.00	90.00	90.00	90.00	90.00	90.00
Sewer	110.00	210.00	210.00	210.00	210.00	210.00
Combined	185.00	300.00	300.00	300.00	300.00	300.00
Commercial Deposit						
Water			2.5 X Est. Monthly Bill			
Sewer			2.5 X Est. Monthly Bill			
Combined			2.5 X Est. Monthly Bill			
Same Day Service (During Business Hours)	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00
Same Day Service (After Business Hours)	80.00	80.00	80.00	80.00	80.00	80.00
Premise Visit Charge	60.00	60.00	60.00	60.00	60.00	60.00
Return Check or Draft						
Checks \$50 or Less	\$ 25.00	(1)	(1)	(1)	(1)	(1)
Checks \$51 - \$300	30.00	(1)	(1)	(1)	(1)	(1)
Checks \$301 - \$800 or Less	40.00	(1)	(1)	(1)	(1)	(1)
Checks Greater than \$800	5% of the Face Value of the Check	(1)	(1)	(1)	(1)	(1)

Source: Utilities Management

H-49

**POLK COUNTY, FLORIDA
UTILITIES SERVICE CHARGES (CONTINUED)
CONTINUING DISCLOSURE**

Utilities Service Charges Continued

Fee Description	Current Charge	10/01/2024	10/01/2025	10/01/2026	10/01/2027	10/01/2028
Disconnect for						
Nonpayment						
Less than 2" Meter	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00
2" Meter and Above	105.00	105.00	105.00	105.00	105.00	105.00
3/4" Temporary	60.00	N/A	N/A	N/A	N/A	N/A
Absence						
Disconnect	60.00	N/A	N/A	N/A	N/A	N/A
3/4" Temporary						
Absence Reconnect						
Service						
Restoration/Reconnection						
Charge						
Less than 2" Meter	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00
2" Meter and Above	105.00	105.00	105.00	105.00	105.00	105.00
Water Audit or Disputed						
Meter Reading	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00
	(Not Charged					
	if Meter is					
	Found to be in					
	error					
Meter						
Installation//Reinstallation						
on Charge						
3/4" Meter	\$ 450.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00
1" Meter	550.00	1,075.00	1,075.00	1,075.00	1,075.00	1,075.00
1-1/2" Meter	900.00	1,850.00	1,850.00	1,850.00	1,850.00	1,850.00
2" Meter	1,415.00	2,250.00	2,250.00	2,250.00	2,250.00	2,250.00
Larger than 2" Meter	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
Relocate Meter						
Less than 2" Meter	\$ 175.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00
2" Meter or Above	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
Temporary Meter						
Installation						
" 2 Meter on Hydrant	\$ 105.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00
Installation Requiring Line						
Tap	\$ 195.00	\$ 675.00	\$ 675.00	\$ 675.00	\$ 675.00	\$ 675.00

Source: Utilities Management

H-50

**POLK COUNTY, FLORIDA
UTILITIES SERVICE CHARGES (CONTINUED)
CONTINUING DISCLOSURE**

Utilities Service Charges Continued

Fee Description	Current Charge	10/01/2024	10/01/2025	10/01/2026	10/01/2027	10/01/2028
Meter Test Charge (Field						
Test)(2)						
Less than 2" Meter	\$ 90.00	\$ 90.00	\$ 90.00	\$ 90.00	\$ 90.00	\$ 90.00
2" Meter and Above	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
Backflow Test (Municipal						
Charge)						
3/4" to 2" Meter	\$ 90.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00
Larger than 2" Meter	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
Penalty for Meter						
Tampering/Theft of Service						
1st Infraction	\$ 100.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00
2nd Infraction	500.00	500.00	500.00	500.00	500.00	500.00
3rd Infraction	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Damage to Utility Main or						
Other Property		Actual cost to repair and estimated water loss plus \$1000				
Penalty for Obscured Meter	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00
Penalty for Connection to	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
Other Systems						
Penalty for Cross	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
Connection						
Reclaimed Water Follow-						
up Inspection	\$ 60.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00
Late Payment		\$6.00 or 5% of	\$6.00 or 5% of	\$6.00 or 5% of	\$6.00 or 5% of	\$6.00 or 5% of
		payment due,	payment due,	payment due,	payment due,	payment due,
		whichever is	whichever is	whichever is	whichever is	whichever is
		greater on	greater on	greater on	greater on	greater on
		balances over	balances over	balances over	balances over	balances over
		\$14.99	\$14.99	\$14.99	\$14.99	\$14.99
	Shall be	Shall be	Shall be	Shall be	Shall be	Shall be
	Calculated and	Calculated and	Calculated and	Calculated and	Calculated and	Calculated and
	Applied	Applied	Applied	Applied	Applied	Applied
	Pursuant to	Pursuant to	Pursuant to	Pursuant to	Pursuant to	Pursuant to
	Section 30E,	Section 30E,	Section 30E,	Section 30E,	Section 30E,	Section 30E,
	"Sewer	"Wastewater	"Wastewater	"Wastewater	"Wastewater	"Wastewater
	Constituents	Constituents	Constituents	Constituents	Constituents	Constituents
	Limitations, "	Limitations, "	Limitations, "	Limitations, "	Limitations, "	Limitations, "
	Contained in	Contained in	Contained in	Contained in	Contained in	Contained in
	Polk County	Polk County	Polk County	Polk County	Polk County	Polk County
	Utilities Code	Utilities Code	Utilities Code	Utilities Code	Utilities Code	Utilities Code
	Ordinance No.	Ordinance No.	Ordinance No.	Ordinance No.	Ordinance No.	Ordinance No.
	03-21 as	10-081 as	10-081 as	10-081 as	10-081 as	10-081 as
	Amended.	Amended.	Amended.	Amended.	Amended.	Amended.
Surcharge for High						
Strength Industrial Wastes						

(1) Return check fees are established by the Polk County Clerk of Courts Office and are adjusted from time to time.

(2) This fee is waived if meter is not registering within AWWA standards.

Source: Utilities Management

H-51

**POLK COUNTY, FLORIDA
WATER SYSTEM PERMITTED CAPACITY AND ACTUAL DEMAND
CONTINUING DISCLOSURE**

REGIONAL UTILITY SERVICE AREAS (Public Water Systems)	PERMITTED CAPACITY "ANNUAL AVERAGE" (MGD) ^{1,2}	ACTUAL TOTAL FLOW "ANNUAL TOTAL" (MG) ^{1,3}	ACTUAL DAILY FLOW "ANNUAL AVERAGE" (MGD) ^{1,3}	PEAK MONTHLY DEMAND "PEAK MON AVG PER YR" (MGD) ^{1,4}	CONSUMPTION DEMAND COMMERCIAL RESIDENTIAL "ANNUAL PERCENTAGE" (%) ^{1,6}	
Central Regional Utility Service Area (CRUSA) (Gordonville/Lake Garfield)	2.003	419.652	1.150	1.434	12.10%	87.90%
East Regional Utility Service Area (ERUSA) (Waverly/Sun Air/Timberlake/Lake Wales/Oak Acres)	1.373	194.157	0.532	0.573	3.50%	95.11%
NE Regional Utility Service Area (NERUSA) *	14.3647	4,231.358				
SWFWMD Permit Subtotal	10.9185	2,973.241				
SWFWMD Permit Subtotal	5.0000	1,206.268				
Jordans Grove LLC Permit Subtotal (for augmentation)	0.4147	51.842				
Net (Import - Export) from Tohopekaliga Water Authority	0.0000	0.007	11.593	11.743	7.04%	92.92%
NW Regional Utility Service Area (NWRUSA) (North Lakeland/Country Class)	5.700	1,118.196	3.064	3.996	6.08%	94.24%
SW Regional Utility Service Area (SWRUSA) (Imperial/Lakes/Turner/Rd/Valley View/Bradley Junction)	7.000	1,399.360	3.834	4.887	5.36%	95.35%
SE Regional Utility Service Area (SERUSA) (Sun Ray/Lakeview/Little Sun Ray/Babson Park)	1.367	270.288	0.741	0.848	56.04%	41.54%
Walk in Water (Isolated Permit and System)	0.094	22.459	0.062	0.074	0.18%	99.82%
TOTAL	31.903	7,655.470	20.976	N/A	8.51%	91.49%

- (1) MGD is Million Gallons per Day
(2) From Water Management District Permits for entire Regional Utility Service Areas (Includes all water systems in region, by permit and interconnected systems.)
(3) As reported on operating reports to FDEP
(4) Based on highest monthly average daily flow during the year.
(5) The NERUSA service area is physically interconnected as one system. There is a 13.95 MGD cap between two of the permits (SWFWMD and SFWMD). Jordan's Grove/Ovation permits were combined in FY 2022.
(6) Consumption is based on water meter readings from January 1, 2025 to December 31, 2025.
(7) The NWRUSA Consumption data includes consecutive systems with the City of Lakeland. Imported quantities from Lakeland are not shown in permitted capacity.

H-52

**POLK COUNTY, FLORIDA
WASTEWATER SYSTEM PERMITTED CAPACITY AND ACTUAL FLOWS
CONTINUING DISCLOSURE**

WASTEWATER TREATMENT FACILITY	PERMITTED CAPACITY "ANNUAL AVERAGE" (MGD) ^{1,2}	ACTUAL TOTAL FLOW "ANNUAL TOTAL" (MG) ^{1,3}	ACTUAL DAILY FLOW "ANNUAL AVERAGE" (MGD) ^{1,3}	ACTUAL TOTAL PUBLIC ACCESS REUSE "ANNUAL TOTAL" (MG) ^{1,3,7}	CONSUMPTION DEMAND COMMERCIAL RESIDENTIAL "ANNUAL PERCENTAGE" (%) ^{1,4}
CENTRAL REGIONAL ⁵	N/A	278.860	0.764	N/A	5.79% 94.21%
HERITAGE PLACE	0.060	6.570	0.018	N/A	0.00% 100.00%
NE REGIONAL ^{6,7}	6.000	2,083.420	5.708	2,927.665	6.38% 93.62%
NW REGIONAL ^{6,7}	3.000	376.315	1.031	350.400	8.90% 91.10%
SW REGIONAL ^{6,7}	4.000	742.775	2.035	493.845	3.44% 96.56%
WAVERLY (East) ⁸	0.130	9.855	0.027	N/A	2.78% 97.22%
SUN AIR/POINCIANNA ⁸	0.053	22.995	0.063	N/A	1.10% 98.90%
SUN RAY (Southeast) ⁸	1.000	143.810	0.394	N/A	82.31% 17.69%
TOTAL	14.243	3,664.600	10.040	3,771.910	10.47% 89.53%

- (1) MGD is Million Gallons per Day (Total MG divided by 365 days)
(2) From FDEP Operating permits for Annual Average Daily Flow (AADF)
(3) As reported on monthly operating reports or annual reuse report to FDEP or for Central Regional and Sun Air/Poincianna by flow meter records or billing information, respectively.
(4) Consumption is based on water meter readings from Polk County Utilities' billing records for the period of January 1, 2025 to December 31, 2025. Portions of SW Regional and all of Combeewoods is sewer only.
(5) Central Regional Wastewater Treatment Facility was removed from service on January 10, 2014. Flows have been diverted to the City of Bartow. Capacity per Agreement is 1.00 MGD.
(6) Northeast Regional, Northwest Regional, Southwest Regional, Sun Ray, and Waverly WWTFs Annual Total and Average values are based on Total Effluent flows.
(7) Total Public Access Reuse Flows are based on R002 (FLW-06, Calculated) for Northeast Regional, R001 (FLW-03) for Northwest Regional, and R001 (Calculated) for Southwest Regional.
(8) Sun Air/North Lake Pierce Wastewater Treatment Facility was removed from service in 2001. Flows have been diverted to Toho Water Authority/Poincianna. Capacity per Agreement is 0.053 MGD.

H-53

**POLK COUNTY, FLORIDA
TEN LARGEST WATER/SEWER CONSUMERS
CONTINUING DISCLOSURE**

Customer	Volume of Water Sold		Annual Revenue	
	Thousand Gallons	Percent of Total System (1)	Revenues	Percent of Total System (2)
POLK CO CORRECTIONAL FRPRF	105,039	1.09%	\$ 2,226,642	2.54%
HIGHLAND VILLAGE MHP	23,880	0.25%	413,814	0.47%
BAHAMA BAY RESORT	25,515	0.27%	387,730	0.44%
DEER CREEK RV G & C CLUB INC	22,409	0.23%	333,119	0.38%
INT BASS LK HOMEOWNERS ASA	23,139	0.24%	326,676	0.37%
GCI RESIDENTIAL LLC	22,756	0.24%	323,214	0.37%
CARLTON ARMS OF LAKE LAND	21,830	0.23%	319,867	0.37%
TPAF VI HUNTINGTON LLC	19,232	0.20%	274,870	0.31%
ARTISAN LIVING BELLA CITTA	19,042	0.20%	272,325	0.31%
PRESERVE AT CHAMPIONS GATE	16,416	0.17%	242,235	0.28%
TOTAL WATER	9,611,825		\$ 87,629,693	

Source Polk County, Florida Utilities Division
County Staff for the Fiscal Year ended September 30, 2025

Notes:

- (1) Amounts based on actual water sales for Fiscal Year ended September 30, 2025, approximately 9.6 billion gallons of water.
- (2) Amounts based on actual charges for service for Fiscal Year ended September 30, 2025, of approximately \$87.6 million.

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**POLK COUNTY, FLORIDA
CENTRAL FLORIDA BEHAVIORAL HEALTH NETWORK, INC. GRANT
AUDIT SCHEDULE 1034 - MATCH**

Schedule of State Earnings for
Fiscal Year 9/30/2025

1	Total Expenditures	\$	151,235
2	Less Other State and Federal Funds		-
3	Less Non-Match SAMH Funds		-
4	Less Unallowable Costs per 65E-14, F.A.C.		-
5	Total Allowable Expenditures (Sum of lines 1, 2, 3, and 4)		151,235
6	Maximum Available Earnings		138,602
7	Amount of State Funds Requiring Match		138,602
8	Amount Due to Department (Subtract line 7 from line 6)	\$	-

Matching Requirements

Polk County receives a substantial portion of its support from various funding sources which require a local match. These funding sources include: the State of Florida Department of Children and Families, Central Florida Behavioral Health Network, Inc., and HUD under the Supportive Housing Program. The Organization has satisfied all matching requirements through local grants and by incurring sufficient eligible expenses.

Contract Funding Requiring Local Resource Match

As required under certain contracts, Polk County is required to match varying percentages of contract funds received. This match may be cash, in-kind, or a combination. For the year ended September 30, 2025, Polk County met its matching requirements for all related contracts.

H-55

**POLK COUNTY, FLORIDA
CENTRAL FLORIDA BEHAVIORAL HEALTH NETWORK, INC. GRANT
AUDIT SCHEDULE 1035 AND AUDIT SCHEDULE 1036**

AUDIT SCHEDULE 1035 - RELATED PARTY TRANSACTIONS

Please note Schedule 1035 is not applicable as there are no related party transactions to report.

AUDIT SCHEDULE 1036 - BED-DAY AVAILABILITY PAYMENTS

Please note Schedule 1036 is not applicable as there are no bed-day availability payments to report.

H-56

POLK COUNTY, FLORIDA
CENTRAL FLORIDA BEHAVIORAL HEALTH NETWORK, INC. GRANT
AUDIT SCHEDULE 1037 – ACTUAL OPERATING REVENUE AND EXPENDITURES

(Blank rows and columns have been deleted to conserve space)

CONTRACT # QG038 DATE: 9/30/2025

PART I: ACTUAL FUNDING SOURCES & REVENUES	Mental Health		Substance Abuse				
	01 Assessment	01 Assessment	02 Case Management	11 Intervention - Individual	14 Outpatient - Individual	15 Outreach	18 Residential Level I
IA. STATE SAMH FUNDING							
(1) Central Florida Behavioral Health Network	9,682	44,608	33,591	-	9,012	5,556	-
MH000	9,088						
MH009	9,088						
MH009 CF (FY 23-24)	466						
MHARP	128						
MS000	-	44,608	24,214	-	9,012	5,556	-
MS003							
MS011		44,608	24,214		9,012	5,556	
MS021							
MS003 CF (FY 23-24)							
MS011 CF (FY 23-24)			9,377				
(3) Local Government							
(5) In-kind from local government only							
TOTAL GOVERNMENT FUNDING =	-	-	-	-	-	-	-
IC. ALL OTHER REVENUES							
(6) In-kind							
TOTAL ALL OTHER REVENUES =	-	-	-	-	-	-	-
TOTAL ACTUAL FUNDING =	9,682	44,608	33,591	-	9,012	5,556	-

PART II: ACTUAL EXPENSES							
EXPENSE CATEGORIES	01 Assessment	01 Assessment	02 Case Management	11 Intervention - Individual	14 Outpatient - Individual	15 Outreach	18 Residential Level I
IIA. PERSONNEL EXPENSES							
(1) Salaries	-	-	37,731	473	12,047	8,123	732
(2) Fringe Benefits							
TOTAL PERSONNEL EXPENSES =	-	-	37,731	473	12,047	8,123	732
IIIB. OTHER EXPENSES							
(11) Donated Items							
(11) Other Expense	9,725	44,625					
TOTAL OTHER EXPENSES =	9,725	44,625	-	-	-	-	-
**Donated items are not allowable							
TOTAL PERSONNEL & OTHER EXPENSES =	9,725	44,625	37,731	473	12,047	8,123	732
IIIC. DISTRIBUTED INDIRECT COSTS							
(b) Administration							
TOTAL DISTRIBUTED INDIRECT COSTS =	-	-	-	-	-	-	-
TOTAL ACTUAL OPERATING EXPENSES =	9,725	44,625	37,731	473	12,047	8,123	732
IIID. UNALLOWABLE COSTS							
IIIE. CAPITAL EXPENDITURES							
TOTAL ALLOWABLE OPERATING EXPENSES =	9,725	44,625	37,731	473	12,047	8,123	732

IIIG. BUDGET NARRATIVE
Attach separate set of workpapers

PART III: CERTIFICATION
I certify the above to be an accurate projection and in agreement with this agency's records and with the terms of this agency's contract.

Cassie Frasher	9/30/2025	Director of Administrative Services						
Signature	Date	Title						
		(43)	(17)	(4,140)	(473)	(3,035)	(2,567)	(732)
CFBHN Funding - Allowable Expenditures		(43)	(17)	(4,140)	(473)	(3,035)	(2,567)	(732)
Does CFBHN funding exceed allowable expenses?		NO	NO	NO	NO	NO	NO	NO
Admin percentage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

H-57

29 Aftercare - Individual	Total for State Funded SAMH Cost Centers	Total All SAMH Cost Centers	Non-SAMH (change name to actual cost pool)	Non-SAMH (change name to actual cost pool)	Non-SAMH Cost Center	Total Revenue	Administration	Total Expenses
-	138,602	138,602				138,602	*****	*****
	9,088					9,088	*****	*****
	9,088					9,088	*****	*****
	466					466	*****	*****
	128					128	*****	*****
-	119,543					119,543	*****	*****
	-					-	*****	*****
	119,543					119,543	*****	*****
	-					-	*****	*****
	-					-	*****	*****
	9,377					9,377	*****	*****
	-		321,037		321,037	321,037	*****	*****
-	-	-	321,037	-	321,037	321,037	*****	*****
-	-	-	-	-	-	-	*****	*****
-	-	-	-	-	-	-	*****	*****
-	138,602	138,602	321,037	-	321,037	459,639	*****	*****

29 Aftercare - Individual	Total for State Funded SAMH Cost Centers	Total SAMH Cost Centers	Non-SAMH (change name to actual cost pool)	Non-SAMH (change name to actual cost pool)	Non-SAMH Cost Center		Administration	Total Expenses
-	67,104	67,104	-	321,037	321,037	*****	41,923	430,066
-	67,104	67,104	-	321,037	321,037	*****	41,923	430,066
*****	*****	*****	*****	*****	*****	*****	*****	*****
-	-	-	-	-	-	*****	-	-
-	84,219	84,219	-	-	-	*****	-	84,219
-	84,219	84,219	-	-	-	*****	-	84,219
-	151,325	151,325	-	321,037	321,037	*****	41,923	514,285
*****	*****	*****	*****	*****	*****	*****	*****	*****
-	-	-	-	-	-	*****	-	-
-	-	-	-	-	-	*****	-	-
-	151,325	151,325	-	321,037	321,037	*****	41,923	514,285
-	-	-	-	-	-	*****	-	-
-	-	-	-	-	-	*****	-	-
-	151,325	151,325	-	321,037	321,037	*****	41,923	514,285

H-58



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INDEPENDENT ACCOUNTANTS' REPORT

Board of County Commissioners and the Florida Auditor General
Polk County, Florida

We have examined Polk County, Florida's (County) compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds and Section 365.172(10) and 365.173(2)(d), *Florida Statutes*, regarding emergency communications number E911 system fund during the year ended September 30, 2025. Management of the County is responsible for County's compliance with the specified requirements. Our responsibility is to express an opinion on County's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the County complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

In our opinion, the County complied, in all material respects, with Section 218.415, *Florida Statutes*, regarding the investment of public funds and Section 365.172(10) and 365.173(2)(d), *Florida Statutes*, regarding emergency communications number E911 system fund during the year ended September 30, 2025.

This report is intended solely for the information and use of the County and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Lakeland, Florida
March 24, 2026

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I-1

COMPLIANCE SECTION



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Board of County Commissioners
Polk County, Florida

MANAGEMENT LETTER

Honorable Chairman and Members
Board of County Commissioners
Polk County, Florida

Report on the Financial Statements

We have audited the financial statements of Polk County, Florida (County), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated March 24, 2026.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the 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; Schedule of Findings and Questioned Costs; and Independent Accountants' 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 24, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective action has partially been taken to address the finding and recommendation made in the preceding financial audit report.

Prior Year Findings		Current Year Status			Current Year Finding #
		Cleared	Partially Cleared	Not Cleared	
2024-001 Reporting (Hazard Mitigation Grant)	Significant Deficiency in Internal Control over Compliance		X		2024-001

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The County was established by Constitution of the State of Florida; Article VIII, Section 1 (c). Polk County, Florida has two blended component units, Harden/Parkway and Eloise Community Redevelopment Agencies (CRAs), were created pursuant to Section 163.360 of the Florida Statutes and by County Ordinances 04-11 and 98-50, respectively.

Financial Condition and Management

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

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

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

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, *Florida Statutes*, operated in the County's geographical boundaries. A PACE program did not operate within the County's geographical boundaries during the fiscal year under audit.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide 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 did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), *Florida Statutes*.

As required by Section 218.39(3)(c), *Florida Statutes*, and Section 10.554(1)(i)6, Rules of the Auditor General, the Harden Parkway Community Redevelopment Agency (CRA) and the Eloise Community Redevelopment Agency (CRA) reported the required information in their own audit report.



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 warrants the attention of those charged with governance. In connection with our audit, there was one instance of noncompliance described in the accompanying schedule of findings and questioned costs as items 2025-001.

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Lakeland, Florida
March 24, 2026

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

Polk County Board of County Commissioners
Polk County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Polk County, Florida (the County) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 24, 2026.

Report on Internal Control Over Financial Reporting

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

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

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



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

A handwritten signature in blue ink that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Lakeland, Florida
March 24, 2026

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

Polk County Board of County Commissioners
Polk 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 Polk County, Florida's (the County) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement*, and the requirements described in the Florida Department of Financial Services' *State Project Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2025. The County's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the 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, 2025.

Basis for Opinion on 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 (GAAS); 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 for Local Government Entity Audits (Chapter 10.550). Our responsibilities under those standards and the Uniform Guidance and Chapter 10.550 are further described in the Auditors' 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.

Responsibilities 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.

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Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550 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 GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, 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, 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and Chapter 10.550 and which are described in the accompanying schedule of findings and questioned costs as items 2025-001. Our opinion on each major federal program and State Project is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001, to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



CliftonLarsonAllen LLP

Lakeland, Florida
March 24, 2026

**POLK COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2025**

Agency/Program	Assistance Listing Number	Pass-Through Identifying Number	Grant Identification	Expenditures	Transfers to Subrecipients
Federal Awards					
Corporation for National and Community Service					
Direct Programs:					
Retired and Senior Volunteer Program	94.002	N/A	22SRHFL008	\$ 36,137	\$ -
Total Program				36,137	-
Total Corporation for National and Community Service				36,137	-
Department of Health and Human Services					
Direct Programs:					
Congressional Directive Spending Projects	93.493	N/A	6H79G000944-01M001	184,536	184,536
Total Program				184,536	184,536
Passed through the Ounce of Prevention Fund of Florida and Healthy Families:					
Promoting Safe and Stable Families	93.556	LJ959	#20-25-05	19,257	-
Promoting Safe and Stable Families	93.556	LJ959	#20-25-05 (Amendment #13)	90,443	-
Total Program				109,700	-
TANF Cluster:					
Passed through the Ounce of Prevention Fund of Florida and Healthy Families:					
Temporary Assistance for Needy Families Block Grant	93.558	LJ959	#20-25-05	105,588	-
Temporary Assistance for Needy Families Block Grant	93.558	LJ959	#20-25-05 (Amendment #13)	312,921	-
Total TANF Cluster				418,509	-
Passed through the Ounce of Prevention Fund of Florida and Healthy Families:					
Community-Based Child Abuse Prevention Grants	93.590	LJ959	#20-25-05	40,422	-
Community-Based Child Abuse Prevention Grants	93.590	LJ959	#20-25-05 (Amendment #13)	84,684	-
Total Program				125,106	-
Passed through the Department of Revenue:					
Child Support Enforcement	93.563	15-279-2115	COC53	323,377	-
Passed through Florida Department of Children and Families and Central Florida Behavioral Health Network, Inc.:					
Block Grants for Prevention and Treatment of Substance Abuse	93.959	QG038	QG038	141,117	-
Total Department of Health and Human Services				1,302,345	184,536

See accompanying Notes to the Schedule of Federal Awards and State Projects.

I-10

**POLK COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

Agency/Program	Assistance Listing Number	Pass-Through Identifying Number	Grant Identification	Expenditures	Transfers to Subrecipients
Department of Homeland Security					
Passed through Florida Division of Emergency Management:					
Disaster Grants - Public Assistance FEMA-4673-DR-FL	97.036	Hurricane Ian Z2980	Hurricane Ian Z2980	\$ 18,255,374	\$ -
Disaster Grants - Public Assistance FEMA-4834-DR-FL	97.036	Hurricane Milton Z4408	Hurricane Milton Z4408	18,922,577	-
Disaster Grants - Public Assistance FEMA-4734-DR-FL	97.036	Hurricane Idalia Z4043	Hurricane Idalia Z4043	198,875	-
Disaster Grants - Public Assistance FEMA-4673-DR-FL	97.036	Hurricane Ian Z3179	Hurricane Ian Z3179	17,772	-
Total Program				37,394,598	-
Passed through Florida Division of Emergency Management:					
Emergency Management Performance Grant	97.042	G0548	G0548	152,408	-
Emergency Management Performance Grant	97.042	G0481	G0481	13,745	-
Total Program				166,153	-
Staffing for Adequate Fire and Emergency Response (SAFER)					
	97.083	N/A	EMW-2016-FH-00630	205,783	-
Total Department of Homeland Security				37,766,534	-
Department of Housing and Urban Development					
CDBG - Entitlement Grants Cluster					
Direct Programs:					
Community Development Block Grant	14.218	N/A	B-24-UC-12-0007	2,789,389	863,993
Direct Programs:					
Emergency Solutions Grant Program	14.231	N/A	E-24-UC-12-0007	348,954	322,631
Emergency Solutions Grant Program - RUSH Funding	14.231	N/A	E-24-UW-12-0007	196,458	185,925
Emergency Solutions Grant Program - RUSH Funding	14.231	N/A	E-22-UW-12-0007	40,019	38,469
Total Program				585,431	547,025
Direct Programs:					
Home Investment Partnerships Program	14.239	N/A	M-21-UC-12-0218	70,561	-
Home Investment Partnerships Program	14.239	N/A	M-22-UC-12-0218	8,873	-
Home Investment Partnerships Program	14.239	N/A	M-23-UC-12-0218	596,253	-
Home Investment Partnerships Program	14.239	N/A	M-24-UC-12-0218	300,263	-
COVID-19 - Home Investment Partnerships Program	14.239	N/A	M-21-UP-12-0218	35,445	-
Total Program				1,011,395	-
Passed through Department of Economic Opportunity:					
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	I0176	I0176	407,740	-
Direct Programs:					
Economic Development Initiative, Community Project Funding and Miscellaneous Grants	14.251	N/A	B-23-CP-FL-0405	195,757	-
Total Department of Housing and Urban Development				4,989,712	1,411,018
Department of Justice					
Direct Programs:					
Public Safety Partnership and Community Policing Grant	16.710	N/A	15JCOPS-24-GG-02140-TECP	704,998	-
Public Safety Partnership and Community Policing Grant	16.710	N/A	15JCOPS-24-GG-02137-TECP	636,747	-
Total Program				1,341,745	-
Direct Programs:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	15PBJA-21-GG-01383-JAGX	103,108	-
Total Department of Justice				1,444,853	-

See accompanying Notes to the Schedule of Federal Awards and State Projects.

I-11

POLK COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025

Agency/Program	Assistance Listing Number	Pass-Through Identifying Number	Grant Identification	Expenditures	Transfers to Subrecipients
Department of Transportation					
Direct Programs:					
Passed through Florida Department of Transportation:					
Highway Planning and Construction-Local Agency Program	20.205	G2H04	G2H04	\$ 59,160	\$ -
Highway Planning and Construction-Local Agency Program	20.205	G2R78	G2R78	188,783	-
Total Program				247,943	-
Passed through Florida Department of Transportation:					
FTA Section 5305(d), Metropolitan Planning Program	20.505	G2V52	G2V52	1,530,377	-
Direct Programs:					
Safe Streets and Roads for All	20.939	693JJ32440057	693JJ32440057	219,534	-
Total Department of Transportation				1,997,854	-
Department of Treasury					
Direct Programs:					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	Z1890	66,876,278	-
Passed through Florida Department of Environmental Protection State and Local Fiscal Recovery Funds (SLFRFP0125)	21.027	22FRP12	22FRP12	7,050,000	-
Direct Programs:					
COVID-19 Emergency Rental Assistance	21.023	N/A	1505-0270	70,036	-
Direct Programs:					
Local Assistance and Tribal Consistency Fund	21.032	N/A	ARP Act of 2021, Section 9901	100,000	-
Total Department of Treasury				74,096,314	-
Elections Assistance Commission					
Passed through Florida Department of State:					
Help America Vote Act Requirements Payments	90.401	24.e.an.000.53	24.e.an.000.53	10,350	-
Total Expenditures of Federal Awards				\$ 121,644,099	\$ 1,595,554

See accompanying Notes to the Schedule of Federal Awards and State Projects.
I-12

POLK COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025

Agency/Program	CSFA Number	Pass-Through Identifying Number	Grant Identification	Expenditures	Transfers to Subrecipients
State Financial Assistance					
Department of Agriculture and Consumer Services					
Direct Programs:					
Mosquito Control	42.003	N/A	31684	\$ 55,670	\$ -
Off-Highway Vehicle Safety and Recreation (OHV)	42.020	N/A	31374	184,014	-
Agriculture Education and Promotional Facility	42.047	N/A	27954	43,752	-
Total Department of Agriculture and Consumer Services				284,336	-
Department of Children and Families					
Passed through Florida Department of Children and Families:					
Block Grants for Community Mental Health Services	60.115	LH833	LH833	423,417	-
Total Department of Children and Families				423,417	-
Department of Economic Opportunity					
Passed through Enterprise Florida, Inc.:					
Economic Development Partnerships	40.040	2025 Iron Man Florida 70.3	2025 Iron Man Florida 70.3	11,696	-
Economic Development Partnerships	40.040	2025 Spring Games	2025 Spring Games	16,008	-
Economic Development Partnerships	40.040	2025 RussMatt Collegiate Invitational	2025 RussMatt Collegiate Invitational	99,000	-
Economic Development Partnerships	40.040	2025 Senior Softball USA Tournament of Champions	2025 Senior Softball USA Tournament of Champions	11,624	-
Total Department of Economic Opportunity				138,328	-
Department of Education					
Direct Programs:					
Coach Aaron Feis Guardian Program	48.140	N/A	96T-90210-SD001	177,876	-
Total Department of Education				177,876	-
Department of Environmental Protection					
Direct Programs:					
Statewide Water Quality Restoration Projects	37.039	N/A	LPR0019	445,000	-
Statewide Water Quality Restoration Projects	37.039	N/A	LFA0436	2,862,249	-
Statewide Water Quality Restoration Projects	37.039	N/A	WRP08	227,476	-
Statewide Water Quality Restoration Projects	37.039	N/A	L0124	1,800,000	-
Total Program				5,334,725	-
Direct Programs:					
Innovative Technologies	37.103	N/A	INV37	536,909	-
Total Department of Environmental Protection				5,871,634	-
Department of Health					
Direct Programs:					
Emergency Medical Services (EMS) Matching Awards	64.003	N/A	M2452	95,419	-
Total Department of Health				95,419	-

See accompanying Notes to the Schedule of Federal Awards and State Projects.
I-13

**POLK COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

Agency/Program	CSFA Number	Pass-Through Identifying Number	Grant Identification	Expenditures	Transfers to Subrecipients
Department of Law Enforcement					
Direct Programs:					
State Assistance for Fentanyl Eradication (S.A.F.E.) in Florida	71.122	N/A	2023-SAFE-SF-001	\$ 197,642	\$ -
Direct Programs:					
School Security Assessment Grant Program	71.152	N/A	LV026	273	-
Total Department of Law Enforcement				197,915	-
Department of State					
Direct Programs:					
Cultural Facilities Grant Program	45.014	N/A	23.h.sc.100.014	350,591	-
Direct Programs:					
State Aid to Libraries	45.030	N/A	24-ST-72	199,608	-
Total Department of State				550,199	-
Department of Transportation					
Direct Programs:					
Commission for the Transportation Disadvantaged Planning	55.002	N/A	G3D39	7,678	-
Commission for the Transportation Disadvantaged Planning	55.002	N/A	G3036	28,400	-
Total Program				36,078	-
Direct Programs:					
Transportation Regional Assistance Program	55.026	N/A	G1W29	4,589,434	-
Direct Programs:					
Florida Shared-Use Nonmotorized (Sun) Trail Network	55.038	N/A	G2M82	2,194,216	-
Direct Programs:					
Local Transportation Projects	55.039	N/A	G2L18	323,825	-
Total Department of Transportation				7,143,553	-
Executive Office of the Governor					
Direct Programs:					
Emergency Management Programs	31.063	N/A	A0570	30,375	-
Emergency Management Programs	31.063	N/A	A0430	83,479	-
Total Program				113,854	-
Direct Programs:					
Local Emergency Management and Mitigation Initiatives	31.064	N/A	F0088	219,500	-
Direct Programs:					
Emergency Management Projects	31.067	N/A	T0374	1,152	-
Emergency Management Projects	31.067	N/A	T0314	15,269	-
Emergency Management Projects	31.067	N/A	T0214	9,079	-
Total Program				25,500	-
Total Executive Office of the Governor				358,854	-

See accompanying Notes to the Schedule of Federal Awards and State Projects.
I-14

**POLK COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

Agency/Program	CSFA Number	Pass-Through Identifying Number	Grant Identification	Expenditures	Transfers to Subrecipients
Florida Housing Finance Corporation					
Direct Programs:					
State Housing Initiative Partnership Program (SHIP)	40.901	N/A	FY 22/23	\$ 3,138,973	\$ 228,000
State Housing Initiative Partnership Program (SHIP)	40.901	N/A	FY 23/24	2,825,179	422,425
State Housing Initiative Partnership Program (SHIP)	40.901	N/A	FY 24/25	750,226	554,825
Total Program				6,714,378	1,205,250
Total Florida Housing Finance Corporation				6,714,378	1,205,250
Total Expenditures of State Financial Assistance				\$ 21,955,909	\$ 1,205,250
Total Expenditures of Federal Awards and State Financial Assistance				\$ 143,600,008	\$ 2,800,804

See accompanying Notes to the Schedule of Federal Awards and State Projects.
I-15

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

NOTE 1 GENERAL

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) presents the activity of all federal awards and state financial assistance of Polk County, Florida (the County). The County reporting entity is defined in Note 1 to the County's basic financial statements for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and Chapter 691-5, Rules of the Florida Department of Financial Services. The Schedule presents only a selected portion of the operations of the County and is not intended to and does not present the financial position, changes in net position, or cash flows of the County. Therefore, some amounts presented in the Schedule may differ from amounts presented or used in the preparation of the basic financial statements for the fiscal year ended September 30, 2025.

NOTE 2 BASIS OF ACCOUNTING

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements for the year ended September 30, 2025. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Chapter 691-5, Rules of the Florida Department of Financial Services for all awards with the exception of Assistance Listing Number 21.027, which follow criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown in the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

The county has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

I-16

POLK COUNTY, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025

NOTE 4 OUNCE OF PREVENTION MATCH

In addition to the amounts listed on the Schedule, the County received additional funding from the state of Florida as a match for certain Federal programs. The amounts listed below represent the funding provided by the state of Florida as a match to the specified federal programs.

Agency/Program	Assistance Listing Number	Grant Identification	Expenditures
<u>State Matching Monies</u>			
Passed through the Ounce of Prevention Fund			
of Florida and Healthy Families:			
Promoting Safe and Stable Families	93.556	#20-25-05	\$ 6,419
Promoting Safe and Stable Families	93.556	#20-25-05 (Amendment #13)	18,837
Total Program			25,256
Temporary Assistance for Needy Families	93.558	#20-25-05	185,410
Temporary Assistance for Needy Families	93.558	#20-25-05 (Amendment #13)	549,483
Total Program			734,893
Community-Based Child Abuse Prevention Grants	93.590	#20-25-05	10,106
Community-Based Child Abuse Prevention Grants	93.590	#20-25-05 (Amendment #13)	21,171
Total Program			31,277
HFF Workforce Stabilization Funds-			
II C-State funds not subject to Sec 215.97, F.S. (FSAA)	N/A	#20-25-05	25,877
II C-State funds not subject to Sec 215.97, F.S. (FSAA)	N/A	#20-25-05 (Amendment #13)	75,936
Total Program			101,813
Total State Matching Monies			<u>\$ 893,239</u>

I-17

POLK COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2025

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness identified? _____ yes X no
 - Significant deficiency identified? _____ yes X none reported
3. Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

1. Internal control over major federal programs:
- Material weakness identified? _____ yes X no
 - Significant deficiency identified? _____ yes X none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of Major Federal Programs

Assistance Listing Number	Name of Federal Program or Cluster
21.027	Coronavirus State & Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$ 3,000,000

Auditee qualified as low-risk auditee? X yes _____ no

POLK COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025

Part I – Summary of Auditors’ Results (Continued)

State Financial Assistance

1. Internal control over state projects:

- Material weakness identified? _____ yes X no
- Significant deficiency identified? X yes _____ none reported

2. Type of auditors’ report issued on compliance for state projects:

Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, Rules of the Auditor General?

 X yes _____ no

Identification of Major State Projects

Catalog of State Financial Assistance Number	Name of State Project
37.039	Statewide Water Quality Restoration Projects
55.026	Transportation Regional Incentive Program (TRIP)
55.038	Florida Shared-Use Non-motorized (SUN) Trail Network

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

\$ 750,000

I-19

POLK COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025

Part II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Part III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Part IV – Findings and Questioned Costs – Major State Projects

2025-001 - Reporting

State Agency: Florida Department of Environmental Protection
State Project Name: Statewide Water Quality Restoration Projects
Assistance Listing Number: 37.039
State Award Identification Number and Year: See table below
Award Period: See table below

Contract Number	Contract Start Date	Contract End Date
LPA0436	12/14/2023	03/31/2027
L0124	12/10/2024	03/31/2027
LPR0019	08/16/2022	12/31/2026
WRP08	04/08/2024	10/31/2027

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matter

Criteria or specific requirement: The grant agreements require that quarterly project progress reports are due to the Department no later than twenty (20) days following the completion of the quarterly reporting period.

Condition: During our testing, we noted that a quarterly progress report was not submitted within 20 days of period-end. Additionally, this quarterly progress report was not reviewed and approved before submission to the Department.

Questioned costs: None

Context: One of five quarterly progress reports selected for testing were not submitted within 20 days of the quarter-end and was not reviewed and approved prior to submission.

Cause: The County’s internal controls did not prevent or detect the noncompliance.

I-20

**POLK COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

2025-001 – Reporting (Continued)

Effect: The County was not in compliance with the reporting requirements as specified in the grant agreement.

Repeat Finding: No

Recommendation: We recommend the County update policies, procedures, and controls to ensure that reports are filed timely. In addition, we recommend implementing a tracking system for each grant which includes significant reporting requirements and deadlines.

Views of responsible officials: There is no disagreement with the audit finding. See Corrective Action Plan.

William D. Beasley
County Manager

Deputy County Managers:

John M. Bohde
Ryan J. Taylor



Board of County Commissioners

330 W. Church St.
PO Box 9005 • Drawer CA01
Bartow, FL 33831-9005

PHONE: 863-534-6444
FAX: 863-534-7069
www.polkfl.gov

March 24, 2026

CORRECTIVE ACTION PLAN

Polk County, Florida, respectfully submits the following corrective action plan for the year ended September 30, 2025.

Audit period: October 1, 2024 – September 30, 2025

The finding from the Schedule of Findings and Questioned Costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

FINDINGS – STATE AWARD PROGRAMS AUDITS

2025-001 Statewide Water Quality Restoration Projects – Assistance Listing No. 37.039

Recommendation: We recommend the County update policies, procedures, and controls to ensure that reports are filed timely. In addition, we recommend implementing a tracking system for each grant which includes significant reporting requirements and deadlines.

Explanation of Disagreement with Audit finding: There is no disagreement with the audit finding.

Action taken in response to the finding: Polk County is implementing corrective actions to ensure timely and compliant submission of required reports.

The County is implementing a centralized grants management system (Euna Grants, fka AmpliFund) to track reporting requirements, due dates, and assigned responsibilities, with automated reminders and escalation alerts for upcoming and missed deadlines.

Each grant will be assigned to a designated project manager responsible for maintaining accurate information and ensuring timely submission of all required reports. Division Directors will provide final review and approval prior to submission to ensure completeness, accuracy, and compliance with funder requirements.

The County is establishing formalized written procedures requiring documented review of all reports for completeness, accuracy, and compliance with funder requirements.

The grants management team will conduct ongoing monitoring of active grants to track reporting status, verify deadlines, and follow up on any outstanding items. Any reports identified as at risk of being late will be escalated to senior leadership.

Staff training has been implemented and will continue on an ongoing basis to reinforce reporting requirements, system usage, and compliance expectations.

Name(s) of the contact person(s) responsible for corrective action: Antquan Taylor, Interim Grants and Community Investment Manager.

Planned completion date for corrective action plan: September 30, 2026.

If there are any questions regarding this corrective action plan, please contact Antquan Taylor at 863-278-9593.

Sincerely,

A handwritten signature in blue ink, appearing to read "William D. Beasley".

William D. Beasley

County Manager

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APPENDIX D

FORM OF BOND COUNSEL OPINION

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APPENDIX D

[FORM OF BOND COUNSEL OPINION]

[Date of Delivery]

Polk County, Florida
Bartow, Florida

Re: \$[_____] Polk County, Florida Utility System Revenue Bonds, Series
 2026

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and sale by Polk County, Florida (the "Issuer"), of its \$[_____] Utility System Revenue Bonds, Series 2026 (the "2026 Bonds").

All terms used herein in capitalized form and not otherwise defined herein shall have the same meanings as ascribed to them under Resolution No. 91-03 adopted by the Issuer on September 24, 1991, as amended and supplemented by Resolution No. 91-04 adopted on October 3, 1991, and Resolution No. 97-05 adopted on August 12, 1997, as supplemented, amended, restated and compiled by Resolution No. 03-15 adopted on February 19, 2003, as supplemented, amended, restated and compiled in its entirety by Resolution No. 04-157 adopted by the Issuer on November 3, 2004, as amended by Resolution No. 10-117 adopted by the Issuer on August 18, 2010 and Resolution No. 2012-122 adopted by the Issuer on November 20, 2012, and as further amended and supplemented by Resolution No. 2026-113 adopted by the Issuer on September 15, 2026 (collectively, the "Bond Resolution").

The 2026 Bonds are dated the date of their issuance and delivery and have been issued in fully registered form. The 2026 Bonds finally mature on October 1, 20[___], bear interest from their date at the rates set forth therein and are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth therein and in the Bond Resolution.

The 2026 Bonds have been issued to (i) finance the acquisition and construction of the 2026 Project, and (ii) pay the costs of issuance of the 2026 Bonds.

Pursuant to the Bond Resolution, the principal of, premium, if any, and interest on the 2026 Bonds shall be payable from and secured by a lien upon and pledge of the Gross Revenues, Connection Charges, certain funds and investment earnings thereon, in each case to the extent and in the manner described in the Bond Resolution (collectively, the "Pledged Funds") on a parity with the Issuer's Outstanding Revenue and Revenue Refunding Bonds, Series 2020 and the Revenue and Revenue Refunding Bonds, Series 2024 (collectively, the "Parity Bonds") and Additional Bonds hereafter issued.

In no event shall the 2026 Bonds or any interest or premium thereon be payable from the ad valorem tax revenues of the Issuer. The 2026 Bonds and the obligations evidenced thereby do not constitute a general liability or obligation of the Issuer or the State of Florida or any political

subdivision or agency thereof, or a pledge of the faith and credit or taxing power of the Issuer, the State of Florida or any political subdivision or agency thereof. In no event shall the 2026 Bonds or the interest or premium thereon be payable out of any funds or property other than those of the Issuer and then only to the extent of the Pledged Funds in the manner and to the extent expressly provided in the Bond Resolution.

The description of the 2026 Bonds in this letter and other statements concerning the terms and conditions of the issuance of the 2026 Bonds do not purport to set forth all of the terms and conditions of the 2026 Bonds or of any other document relating to the issuance of the 2026 Bonds, but are intended only to identify the 2026 Bonds and to describe briefly certain features thereof. This letter shall not be deemed or treated as an offering circular, prospectus or official statement and is not intended in any way to be a disclosure document used in connection with the sale or delivery of the 2026 Bonds.

In rendering the opinions set forth below, we have examined certified copies of the Bond Resolution and various other agreements, certificates and opinions delivered in connection therewith, and are relying on the covenants, representations and agreements of the Issuer contained therein, including, without limitation, the Certificate Relating to Tax, Arbitrage and Other Matters of the Issuer delivered on the date hereof (the "Tax Certificate") and the covenant of the Issuer to comply with the applicable requirements contained in Section 103 and Part IV of Subchapter B of Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations thereunder, to the extent necessary to preserve the excludability of interest on the 2026 Bonds from gross income for federal income tax purposes.

We have also examined certified copies of proceedings of the Issuer, and other information submitted to us relative to the issuance and sale by the Issuer of the 2026 Bonds. In addition, we have examined and relied upon the opinion of the County Attorney to the Issuer, as to the due organization and valid existence of the Issuer, the due adoption of the Bond Resolution, the due authorization, execution and delivery of the 2026 Bonds and all other documents associated with the issuance thereof and the compliance of the Issuer with all conditions precedent to the issuance of the 2026 Bonds and the financing of the 2026 Project. We have examined and relied upon such other agreements, certificates, documents and opinions, including certificates and representations of public officials and other officers and representatives of the various parties participating in this transaction, as we have deemed relevant and necessary in connection with the opinions expressed below. We have not undertaken an independent audit, examination, investigation or inspection of the matters described, contained or referenced in such agreements, documents, certificates, representations and opinions, and have relied solely on the facts, estimates and circumstances described and set forth therein.

In our examination of the foregoing, we have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States of America.

Based upon and subject to the foregoing, we are of the opinion that, as of the date hereof and under existing law:

(i) The Issuer is a political subdivision of the State of Florida, duly organized and validly existing under the laws of the State of Florida.

(ii) The Bond Resolution constitutes a valid and legally binding obligation of the Issuer, enforceable against the Issuer in accordance with the laws of the State of Florida.

(iii) The 2026 Bonds are valid and legally binding special obligations of the Issuer, enforceable in accordance with the laws of the State of Florida and the terms of the Bond Resolution and are payable solely from and secured solely by a lien on and pledge of the Pledged Funds, in the manner and to the extent provided in, and subject to the provisions of, the Bond Resolution, on a parity with the Parity Bonds and any Additional Bonds hereafter issued.

(iv) The interest on the 2026 Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code and will not be treated as an item of tax preference in computing the federal alternative minimum tax imposed on individuals under the Code; however, interest on the 2026 Bonds is included in the "adjusted financial statement income" of certain corporations on which the federal alternative minimum tax is imposed under the Code.

The opinions set forth in the preceding paragraph are subject to the condition that the Issuer complies with all requirements of the Code that must be satisfied subsequent to the issuance of the 2026 Bonds in order for interest on the 2026 Bonds to be excludable from gross income for federal income tax purposes. The Issuer has covenanted in the Bond Resolution and the Tax Certificate related to the 2026 Bonds to comply with such requirements. Failure of the Issuer to comply with such requirements may cause the interest on the 2026 Bonds to not be excludable from gross income for federal income tax purposes retroactively to the date of issuance of the 2026 Bonds irrespective of the date on which such noncompliance occurs or is ascertained.

We express no opinion regarding any state or local tax consequences of acquiring, carrying, owning or disposing of the 2026 Bonds. Owners of the 2026 Bonds should consult their tax advisors regarding any state or local tax consequences of owning the 2026 Bonds.

Except as expressly provided in paragraph (iv) above, we express no opinion regarding other federal income tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the 2026 Bonds.

Our opinions set forth above are based upon current facts and circumstances, and upon existing laws and interpretations thereof, and we assume no affirmative obligation to update, revise or supplement the opinions expressed herein to reflect any action hereafter taken or not taken or if such facts or circumstances, or laws or interpretations thereof, change after the date hereof, including, without limitation, changes that adversely affect the excludability of interest on the 2026 Bonds, even if such actions, inactions or changes come to our attention.

All opinions as to legal obligations of the Issuer set forth above are subject to and limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws, in each case relating to or affecting the enforcement of creditors' rights, (b) applicable laws or equitable principles that may affect remedies or injunctive or other equitable relief, and (c) judicial discretion which may be exercised in applicable cases to adversely affect the enforcement of certain rights or remedies.

The scope of our engagement in relation to the issuance of the 2026 Bonds has been limited solely to the examination of facts and law incident to rendering the opinions expressed herein. We have not been engaged, nor have we undertaken, to review, confirm or verify and therefore express no opinion as to the accuracy, completeness, fairness or sufficiency of the Official Statement or any exhibits or appendices thereto or any other offering material relating to the 2026 Bonds and therefore express no opinion in regard thereto, except as otherwise set forth in our opinions to the underwriters of the 2026 Bonds and the Issuer each dated as of the date hereof. In addition, we have not been engaged to and therefore express no opinion herein regarding the perfection or priority of the lien on the Pledged Funds or the funds and accounts created by the Bond Resolution or as to the compliance by the Issuer or the underwriters of the 2026 Bonds with any federal or state registration requirements or securities laws, regulations or rulings with respect to the offer, sale or distribution of the 2026 Bonds.

Our opinion is limited solely to the matters stated herein, and no opinion is to be implied or is intended beyond the opinions expressly stated herein.

Sincerely yours,

HOLLAND & KNIGHT LLP

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") dated _____, 2026 is executed and delivered by Polk County, Florida (the "Issuer") in connection with the issuance by the Issuer of its \$_____ Utility System Revenue Bonds, Series 2026 (the "Bonds"). The Bonds are being issued pursuant to Resolution No. 91-03 adopted by the County on September 24, 1991, as amended and supplemented by Resolution No. 91-04 adopted by the County on October 3, 1991, and Resolution No. 97-05 adopted by the County on August 12, 1997, as supplemented, amended, restated and compiled by Resolution No. 03-15 adopted by the County on February 19, 2003, as supplemented, amended, restated and compiled by Resolution No. 04-157 adopted by the County on November 3, 2004, as amended and supplemented from time to time, as particularly amended by Resolution No. 10-117 adopted by the Board on August 18, 2010 and Resolution No. 2012-122 adopted by the Board on November 20, 2012, and as particularly amended and supplemented by Resolution No. 2026-113 adopted by the County on September 15, 2026 (collectively, the "Resolution").

SECTION 1. PURPOSE OF THE DISCLOSURE CERTIFICATE. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and Beneficial Owners (defined below) of the Bonds and in order to assist the Participating Underwriters in complying with the continuing disclosure requirements of the Rule (defined below).

SECTION 2. DEFINITIONS. In addition to the definitions set forth in the Resolution which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially Digital Assurance Certification, LLC, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access web portal of the MSRB, located at <http://www.emma.msrb.org>.

"Event of Bankruptcy" shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Obligated Person" shall mean any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity or credit facilities).

"Participating Underwriters" shall mean the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Repository" shall mean each entity authorized and approved by the Securities and Exchange Commission from time to time to act as a repository for purposes of complying with the Rule. As of the date hereof, the Repository recognized by the Securities and Exchange Commission for such purpose is the MSRB, which currently accepts continuing disclosure submissions through EMMA.

"Rule" shall mean the continuing disclosure requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Florida.

SECTION 3. PROVISION OF ANNUAL REPORTS.

(a) The Issuer shall, or shall cause the Dissemination Agent to, by not later than April 30th, following the end of the prior fiscal year, commencing April 30, 2027 with respect to the report for the fiscal year ended September 30, 2026, provide to any Repository, in the electronic format as required and deemed acceptable by such Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date provided, further, in such event unaudited financial statements are required to be delivered as part of the Annual Report in accordance with Section 4(a) below. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) If on the fifteenth (15th) day prior to the annual filing date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 3(a). Upon such reminder, the Issuer shall either (i) provide the

Dissemination Agent with an electronic copy of the Annual Report no later than two (2) business days prior to the annual filing date, or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Certificate, state the date by which the Annual Report for such year will be provided and instruct the Dissemination Agent that a failure to file has occurred and to immediately send a notice to the Repository in substantially the form attached as Exhibit A, accompanied by a cover sheet completed by the Dissemination Agent in the form set forth in Exhibit B.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of any Repository;

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing any Repository to which it was provided; and

(iii) if the Dissemination Agent has not received an Annual Report by 6:00 p.m. Eastern time on the annual filing date (or, if such annual filing date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a failure to file shall have occurred and the Issuer irrevocably directs the Dissemination Agent to immediately send a notice to the Repository in substantially the form attached as Exhibit A without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Dissemination Agent in the form set forth in Exhibit B.

SECTION 4. CONTENT OF ANNUAL REPORTS. The Issuer's Annual Report shall contain or include by reference the following:

(a) the audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement dated _____, 2026 (the "Official Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; and

(b) updates of the following historical financial and operating data set forth in the Official Statement, in tabular form in the section entitled "THE SYSTEM AND THE CAPITAL IMPROVEMENTS PROGRAM."

1. Historical Revenues and Expenses of System and Debt Service Coverage;
2. Water System Permitted Capacity and Actual Demand;
3. Sewer System Permitted Capacity and Actual Flows;
4. Potable Water, Reclaimed Water and Sewer Service Charges and User Rates;

5. Miscellaneous Service Charges; and
6. Ten Largest Water/Sewer Consumers.

The information provided under Section 4(b) may be included by specific reference to documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the Repository's Internet website or filed with the Securities and Exchange Commission.

The Issuer reserves the right to modify from time to time the specific types of information provided in its Annual Report or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule and Section 9 hereof.

SECTION 5. REPORTING OF SIGNIFICANT EVENTS.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds. Such notice shall be given in a timely manner not in excess of ten (10) business days after the occurrence of the event, with the exception of the event described in number 17 below, which notice shall be given in a timely manner:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. modifications to rights of the holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds, if material;
11. ratings changes;
12. an Event of Bankruptcy or similar event of an Obligated Person;

13. the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. incurrence of a Financial Obligation of the Issuer or Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or Obligated Person, any of which affect security holders, if material;
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the Issuer or Obligated Person, any of which reflect financial difficulties; and
17. notice of any failure on the part of the Issuer to meet the requirements of Section 3 hereof.

(b) The notice required to be given in Section 5(a) above shall be filed with any Repository, in electronic format as prescribed by such Repository.

SECTION 6. IDENTIFYING INFORMATION. In accordance with the Rule, all disclosure filings submitted in pursuant to this Disclosure Certificate to any Repository must be accompanied by identifying information as prescribed by the Repository. Such information may include, but not be limited to:

- (a) the category of information being provided;
- (b) the period covered by any annual financial information, financial statement or other financial information or operation data;
- (c) the issues or specific securities to which such documents are related (including CUSIPs, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);
- (d) the name of any Obligated Person other than the Issuer;
- (e) the name and date of the document being submitted; and
- (f) contact information for the submitter.

SECTION 7. TERMINATION OF REPORTING OBLIGATION. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, so long as there is no remaining liability of the Issuer, or if the Rule is repealed or no longer in effect. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 8. DISSEMINATION AGENT. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Digital Assurance Certification, LLC.

SECTION 9. AMENDMENT; WAIVER. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions of Sections 3, 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer, or the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver either (i) is approved by the holders or Beneficial Owners of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of holders or Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or Beneficial Owners of the Bonds.

Notwithstanding the foregoing, the Issuer shall have the right to adopt amendments to this Disclosure Certificate necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. ADDITIONAL INFORMATION. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. DEFAULT. The continuing disclosure obligations of the Issuer set forth herein constitute a contract with the holders of the Bonds. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate; provided, however, the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with the provisions of this Disclosure Certificate shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution.

SECTION 12. DUTIES, IMMUNITIES AND LIABILITIES OF DISSEMINATION AGENT.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Dissemination Agent as required by this Disclosure Certificate. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the holders of the Bonds or any other party. The Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Certificate. The Dissemination Agent may conclusively rely upon certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Certificate shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 13. GOVERNING LAW. The construction of this Disclosure Certificate shall be governed by the laws of the State of Florida.

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SECTION 14. BENEFICIARIES. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated as of _____, 2026

(SEAL)

POLK COUNTY, FLORIDA

By: _____
Chairman
Board of County Commissioners

ATTESTED:

By: _____
Clerk of the Circuit Court and
County Comptroller

ACKNOWLEDGED BY:

DIGITAL ASSURANCE CERTIFICATION, LLC,
as Dissemination Agent

By: _____
Name: _____
Title: _____

EXHIBIT A
NOTICE OF FAILURE TO FILE ANNUAL REPORT

Issuer: _____

Obligated Person: _____

Name(s) of Bond Issue(s): _____

Date(s) of Issuance: _____

Date(s) of Disclosure
Certificate: _____

CUSIP Number: _____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate between the Issuer and Digital Assurance Certification, LLC, as Dissemination Agent. The Issuer has notified the Dissemination Agent that it anticipates that the Annual Report will be filed by _____.

Dated: _____

Digital Assurance Certification, LLC, as Dissemination
Agent, on behalf of the Issuer

cc:

EXHIBIT B
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

Number of pages attached: _____

____ Description of Notice Events (Check One):

1. _____ "Principal and interest payment delinquencies;"
2. _____ "Non-Payment related defaults, if material;"
3. _____ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. _____ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. _____ "Substitution of credit or liquidity providers, or their failure to perform;"
6. _____ "Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;"
7. _____ "Modifications to rights of securities holders, if material;"
8. _____ "Bond calls, if material, and tender offers;"
9. _____ "Defeasances;"
10. _____ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. _____ "Rating changes;"
12. _____ "An Event of Bankruptcy or similar event of an Obligated Person;"
13. _____ "The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;"
14. _____ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material."
15. _____ "Incurrence of a Financial Obligation of the Issuer or Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or Obligated Person, any of which affect security holders, if material;" and
16. _____ "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the Issuer or Obligated Person, any of which reflect financial difficulties."

____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, LLC
315 E. Robinson Street, Suite 300
Orlando, FL 32801
407-515-1100

Date:

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APPENDIX F

FINANCIAL FEASIBILITY REPORT

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POLK COUNTY, FLORIDA

FINANCIAL FEASIBILITY REPORT
Utility System Revenue Bonds,
Series 2026

Appendix F

FINAL REPORT / September 16, 2026



September 16, 2026

The Honorable Chairman and Members
of the Board of County Commissioners
Polk County Government
330 W. Church Street
Bartow, FL 33830

Subject: Financial Feasibility Report – Utility System Revenue Bonds, Series 2026

Ladies and Gentlemen:

Presented herein is our financial feasibility report for inclusion in the Official Statement on behalf of Polk County's (the "County") Water and Sewer System (the "System") that summarizes our analyses, studies, and conclusions with regard to the proposed issuance by the County of approximately \$211.3 million^[1] aggregate par amount of its Utility System Revenue Bonds, Series 2026 (the "Series 2026 Bonds"). The Series 2026 Bonds are being issued by the County pursuant to Article VIII, Section 1, Constitution of the State of Florida, Chapter 159, Florida Statutes, Chapter 125, Florida Statutes, the Charter of the County, Ordinance No. 85-34 enacted by the Board of County Commissioners of the County (the "Board") on December 17, 1985 (collectively, the "Act") and by Resolution No. 91-03 adopted by the Board on September 24, 1991, as amended and supplemented by Resolution No. 91-04 adopted by the Board on October 3, 1991, and Resolution No. 97-05 adopted by the Board on August 12, 1997, as supplemented, amended, restated and compiled by Resolution No. 03-15 adopted by the Board on February 19, 2003, as supplemented, amended, restated and compiled by Resolution No. 04-157 adopted by the Board on November 3, 2004, as amended and supplemented from time to time, as particularly amended by Resolution No. 10-117 adopted by the Board on August 18, 2010 and Resolution No. 2012-122 adopted by the Board on November 20, 2012, and as particularly amended and supplemented by Resolution No. 2026-113 adopted by the Board on September 15, 2026 (collectively, the "Bond Resolution"). All capitalized undefined terms referenced herein shall have the same meaning as ascribed thereto in the Bond Resolution.

The Series 2026 Bonds are being issued, together with other legally available funds of the County, to: i) finance the cost of the acquisition and construction, or reimburse certain costs of acquisition and construction of certain additions, extensions and improvements to the System, including, without limitation, the various System expansion projects and improvement projects described in the Bond Resolution (the "Series 2026 Project"); and ii) pay costs of issuance of the Series 2026 Bonds. Net proceeds of the Series 2026 Bonds will finance approximately \$218.1 million of capital improvements.

The primary purpose of this report is to summarize our estimates of the financial projections of the System including funding of the capital improvement projects identified by the County. As such, this report includes, among other things, discussions of: i) historical and projected customers and sales; ii) the schedule of currently

[1] Preliminary; subject to change.

adopted rates and fees for utility service; iii) capital improvement projects and anticipated funding sources; and iv) overall projected System financial operating results. The forecast of financial operating results includes projections of the System's ability to meet the Rate Covenant requirements of the Bond Resolution. Raftelis Financial Consultants, Inc. ("Raftelis") does not offer any opinion as to: i) the general condition of the System and compliance with regulations imposed by various agencies upon the System; and ii) the reasonableness of the estimated costs of the improvements anticipated to be funded during the period commencing October 1, 2025 through September 30, 2031 (the "Forecast Period").

The financial projections in this report, associated with the issuance of the Series 2026 Bonds, were based on discussions with and information provided by the management of the County, as well as certain assumptions and analyses made by us with respect to such financial projections. Our report includes a summary of our opinions and conclusions regarding the financial projections as well as the System's ability to meet the debt service requirements of the System and the Rate Covenant in the Bond Resolution. Such opinions and conclusions are subject to the assumptions and considerations identified in the report and information obtained during preparation of the report. As such, this report should be read in its entirety with respect to such projections.

Conclusions

Based upon the principal considerations and assumptions and the results of our studies and analyses, as summarized in this report, which should be read in its entirety in conjunction with the following, we are of the opinion that:

1. The projected growth in System revenues for the Forecast Period is based on the adopted water and sewer rate resolution that includes annual adjustments through Fiscal Year ending September 30, 2031. Please refer to the pages beginning on page 4 of this report for a detailed explanation of the County's recently adopted rates that provide for annual rate adjustments through Fiscal Year ending September 30, 2031. Beginning on and after October 1, 2031, such rates, fees, and charges shall be increased annually by an annual index (the "Florida Public Service Commission Index" or "FPSC Index") without any further action required by the Board. An annual increase for new customer connections of 2.6% and 3.1% for the Water and Sewer Systems, respectively, was assumed for the System during the Forecast Period. The projected growth in System customers and applicable usage during the Forecast Period for the System represents reasonable and attainable projections based on discussions with the County and on recent trends in customers served / billed.
2. The projected Cost of Operation and Maintenance reflects the County's current wage and salary plan and inflationary allowances for other operating expenses and as such represents reasonable and attainable projections based on discussions with the County and on recent trends in customers served / billed.

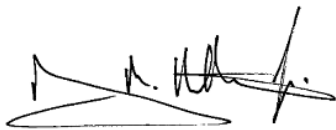
3. The Gross Revenues for the Forecast Period under the County's adopted rates and charges are projected to be sufficient to pay all projected Cost of Operation and Maintenance of the System, pay the estimated annual Bond Service Requirement on all Bonds (including the Series 2026 Bonds and any Additional Bonds assumed for the Forecast Period), make all additional deposits as required by the Bond Resolution, if any, and meet the Rate Covenant of the Bond Resolution.
4. The projected debt service coverage of the System as presented in this report is projected to be in compliance with the Rate Covenant contained in the Bond Resolution. The forecast of projected operating results is considered by Raftelis as being reasonable and attainable and provides a basis for the County to meet the Rate Covenant as delineated in the Bond Resolution. A summary of the assumptions and considerations relied upon in the development of the forecast of projected operating results is included herein.

This report summarizes the results of our studies and analyses up to the date of this report. Prospective purchasers of the Series 2026 Bonds should not rely upon the information contained in this report for a current description of any matters set forth herein as of any date subsequent to the date of this report. Raftelis did not perform an audit of the financial books and records of the System, but relied upon information, assumptions, and projections provided by County staff and others.

There will usually be differences between the forecast and actual results because events and circumstances frequently do not occur as expected. Those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Respectfully submitted,

RAFTELIS FINANCIAL CONSULTANTS, INC.

A handwritten signature in black ink, appearing to read "M. Hamilton, Jr.", with a stylized flourish at the end.

Murray M. Hamilton, Jr.
Vice President

MMH/dlc
Attachments

Contents

Introduction..... 1

General 2

Rates, Fees, and Charges 4

General4

Water and Sewer Rates.....5

 Monthly Rates for Utility Services 6

 Connection Charges..... 13

 Miscellaneous Service Charges 15

 Rate Comparisons..... 18

Historical and Projected Customers and Sales 20

Existing Customer Profile20

Historical and Projected Customers and Sales21

Ten Largest Customers of the Water and Sewer Systems25

Capital Improvements Program 26

Capital Project Summary26

Funding Sources for Capital Program.....29

 The Series 2026 Project 31

Projected Operating Results..... 32

General32

Principal Considerations and Assumptions33

Summary of Projected Operating Results.....42

Conclusions 44

Tables

Table 1: Comparison of Typical Monthly Residential Bills for Water Service
Table 2: Comparison of Typical Monthly Residential Bills for Sewer Service
Table 3: Comparison of Typical Monthly Residential Bills for Water and Sewer Service
Table 4: Summary of Projected Water Customer Growth and Billing Determinants
Table 5: Summary of Projected Sewer Customer Growth and Billing Determinants
Table 6: Projected Gross Revenues at Adopted Rates
Table 7: Detailed Funding of Capital Improvement Projects
Table 8: Projected Operating Results and Debt Service Coverage
Table 9: Projected Net Annual Cashflow and Sufficiency of Rates
Table 10: Other Miscellaneous Operating Revenues and Income
Table 11: Projected Connection Charge Revenues
Table 12: Summary of Projected Account Balances
Table 13: Projected Water Cost of Operation and Maintenance
Table 14: Projected Sewer Cost of Operation and Maintenance
Table 15: Cost of Operation and Maintenance Escalation Assumptions
Table 16: Projected Annual Bond Service Requirements
Table 17: Summary of Debt Service Sizing and Payments

Introduction

This financial feasibility report for inclusion in the Official Statement on behalf of Polk County's (the "County") Water and Sewer System (the "System") summarizes our analyses, studies, and conclusions with regard to the proposed issuance by the County of approximately \$211.3 million^[1] aggregate par amount of Utility System Revenue Bonds, Series 2026 (the "Series 2026 Bonds").

The Series 2026 Bonds are being issued by the County pursuant to Article VIII, Section 1, Constitution of the State of Florida, Chapter 159, Florida Statutes, Chapter 125, Florida Statutes, the Charter of the County, Ordinance No. 85-34 enacted by the Board of County Commissioners of the County (the "Board") on December 17, 1985 (collectively, the "Act") and by Resolution No. 91-03 adopted by the Board on September 24, 1991, as amended and supplemented by Resolution No. 91-04 adopted by the Board on October 3, 1991, and Resolution No. 97-05 adopted by the Board on August 12, 1997, as supplemented, amended, restated and compiled by Resolution No. 03-15 adopted by the Board on February 19, 2003, as supplemented, amended, restated and compiled by Resolution No. 04-157 adopted by the Board on November 3, 2004, as amended and supplemented from time to time, as particularly amended by Resolution No. 10-117 adopted by the Board on August 18, 2010 and Resolution No. 2012-122 adopted by the Board on November 20, 2012, and as particularly amended and supplemented by Resolution No. 2026-113 adopted by the Board on September 15, 2026 (collectively, the "Bond Resolution"). All capitalized undefined terms referenced herein shall have the same meaning as ascribed thereto in the Bond Resolution.

The Series 2026 Bonds are being issued, together with other legally available funds of the County to: i) finance the cost of the acquisition and construction or reimburse certain costs of acquisition and construction of certain additions, extensions and improvements to the System, including, without limitation, the various System expansion projects and improvement projects described in the Bond Resolution (the "Series 2026 Project"); and ii) pay costs of issuance of the Series 2026 Bonds. Net proceeds of the Series 2026 Bonds will finance approximately \$218.1 million of capital improvements.

The primary purpose of this report is to summarize our estimates of the financial projections of the System including the anticipated ability of the System to meet the Rate Covenant requirements as set forth in the Bond Resolution for the period commencing October 1, 2025 through September 30, 2031 (the "Forecast Period"). As such, this report includes, among other things, discussions of: i) historical and projected customers and sales; ii) the schedule of currently adopted rates and fees for utility service; iii) capital improvement projects and anticipated funding sources; and iv) overall projected System financial operating results. The forecast of financial operating results includes projections of the System's ability to meet the Rate Covenant requirements of the Bond Resolution. Raftelis Financial Consultants, Inc. ("Raftelis") does not offer any opinion as to: i) the general condition of the System and compliance with regulations imposed by various agencies upon the System; and ii) the reasonableness of the estimated costs of the improvements anticipated to be funded during the Forecast Period ending September 30, 2031.

Raftelis was responsible for the review and summation of recent historical financial information and the preparation of the projected financial operating results, including the projections of customer and sales revenues, operating expenses, capital funding, and other components of the projected operating results. As a

[1] Preliminary; subject to change.

recognized utility management consulting firm serving publicly owned and not-for-profit utility systems nationwide, Raftelis specializes in the development of rates, charges, and financial projections for utility systems. The firm has been involved in numerous utility financings that have involved the preparation of financial forecasts on behalf of local governments and utility corporations nationwide that issue utility revenue bonds secured for repayment by the revenues of such utility and has served as the County's utility rate and financial feasibility consultant for more than 10 years.

Raftelis does not offer any opinion as to the general condition of the System, compliance with regulations imposed by various agencies upon the operation of the System, the impact of potential future regulatory requirements or the estimated cost of the various capital improvements to be funded from System operations as referenced in this report.

In preparation of this report, Raftelis has relied upon financial, statistical, and operational data provided by the County that has been derived from operating and financial reports and records prepared and provided by the County, including information contained in the Annual Comprehensive Financial Reports ("ACFR") prepared and published by the County Clerk. While we believe the sources of such information, assumptions, and projections to be reasonable for the purposes of this report, we offer no assurances with respect thereto.

There will usually be differences between the forecast and actual results because events and circumstances frequently do not occur as expected. Those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

General

The County is a political subdivision of the State of Florida governed by the State Constitution and general laws of the State of Florida (the "State"). The County encompasses approximately 2,000 square miles. According to the University of Florida, Bureau of Economic and Business Research, the estimated population of the County was 846,896 in 2025. The County has been designated a Metropolitan Statistical Area ("MSA") by the United States Bureau of Census and is known as the Lakeland/Winter Haven MSA.

The Board of County Commissioners of the County (previously defined as the "Board") has all powers of a local government required to perform functions and to render services in a manner consistent with general or special law and such power may be utilized by the enactment of ordinances. The Polk County Utilities Division (which term is interchangeable with the term System) provides administrative support for the operation and maintenance of the System. Any franchised utilities not owned or operated by the County within the unincorporated areas of the County are regulated by the Florida Public Service Commission (the "FPSC"). The FPSC does not have rate-setting authority over the rates and fees of the System.

On September 30, 2025, the System's total connections were as follows: 89,657 (potable water), 71,937 (sewer), and 14,962 (reclaimed water). The number of connections exceeds the number of active accounts, because the System includes a number of service connections, which are served by a single master meter. Based on discussions with County staff, approximately 15,917 water and 16,012 sewer service connections are located behind a master meter. In addition, there are approximately 344 sewer-only service connections also served by a master meter. For the Fiscal Year ended September 30, 2025, the County's active connections included 73,740

water accounts, 55,581 sewer accounts, and 14,962 reclaimed water accounts. The customer base consists primarily of single-family and multi-family (condominium, mobile home, etc.) residential customers.

The System has the authority to collect various types of utility charges. Pursuant to Resolution No. 2026-078 adopted by the Board on July 21, 2026 (the “Rate Resolution”), the rates, fees and charges will consist of the following:

- Potable water rates consist of a customer (base) charge for residential, multi-family, and commercial customers according to meter size and a six-step consumption charge for residential customers and a four-step consumption charge for commercial customers that is applied to metered water usage.
- Sewer rates consist of a customer (base) charge for residential, multi-family, and commercial customers and a usage charge based upon the potable water consumption.
- Reclaimed water rates consist of a usage charge based upon metered reclaimed water consumption and effective October 1, 2024, also includes a customer base charge by meter size.
- Alternative Water Supply (“AWS”) Surcharge consists of a usage charge based upon metered potable water consumption and effective October 1, 2024, also applies to reclaimed water usage (the “AWS Surcharge”).
- Miscellaneous service charges are designed to recover actual costs for the following types of miscellaneous services:
 - New Account Charges
 - Late Payment Charges
 - Returned Check or Draft Charges
 - Premise Visit Charges
 - Restoration / Reconnection of Services Charges
 - Theft of Service / Meter Tampering Charges
 - Surcharge for High Strength Wastes
 - Meter Installation Charges
 - Temporary Meter Installation Charges
 - Meter Exchange / Meter Up-Size at Customer Request Charges
 - Meter Test Charges
 - Septage Receiving (effective October 1, 2026)
- Deposits are collected for potable water and sewer services to establish credit. These deposits are refundable upon satisfying certain criteria or may be used to pay unpaid bills.

On July 21, 2026, the Board held a public hearing to adopt rate study recommendations related to the System’s rates, fees, and charges. Upon action by the Board, the Board implemented a comprehensive list of utility rates and charges to become effective each October 1 beginning October 1, 2026. The Rate Resolution provides a five-year schedule of rates, fees, and charges through and including October 1, 2030 (the “Implementation Period”). Beyond the Implementation Period, utility rates and charges will be increased based on an automatic

annual index provision without further action by the Board. Based on the adopted rates for the Implementation Period, a typical residential customer using 6,000 monthly gallons of water and sewer service will incur an average bill increase of approximately seven percent (7%) per year.

The remainder of this report provides a summary of the existing rates, fees and charges for utility service rendered by the County, a discussion of the recent historical and projected customer statistics, a presentation of the capital improvement plan identified by County management, and a discussion of the projected financial operating results of the System.

Rates, Fees, and Charges

General

As previously mentioned, the Series 2026 Bonds will be issued pursuant to the Bond Resolution. The presentation of the future ability to meet the Rate Covenant as reflected in this report is based on the provisions of the Bond Resolution.

The Bond Resolution identifies the debt service coverage requirements (Rate Covenant), generally, as follows:

SECTION 11.05. Rate Covenant. Commencing on a date at least thirty (30) days prior to the first interest payment date for which interest on the initial Series of the Bonds has not been fully funded from Bond proceeds or from other funds of the Issuer, the Issuer will enact (unless the existing rate ordinance or resolution is sufficient for the purposes hereof) and cause to be in effect a rate ordinance or resolution, and the Issuer covenants with the Bondholders to fix, establish, revise from time to time whenever necessary, maintain and collect fees, rates, rentals and other charges for the use of the products, services and facilities of the System that will always provide Gross Revenues in each Bond Year which, together with the additional sources of funds referred to below, will be sufficient in accordance with the provisions hereof to meet one of the following requirements:

(a) The amount of Gross Revenues (but not including therein any revenues derived from special assessments) to be received in such Bond Year less one hundred percent (100%) of the Cost of Operation and Maintenance for such Bond Year shall be equal to at least one hundred ten percent (110%) of the Bond Service Requirement for such Bond Year;

-or-

(b) The amount of Gross Revenues (but not including therein any revenues derived from special assessments) to be received in such Bond Year less one hundred percent (100%) of the Cost of Operation and Maintenance in such Bond Year shall be equal to at least one hundred percent (100%) of the Bond Service Requirement for such Bond Year and the sum of the Gross Revenues (but not including therein any revenues derived from special assessments) and the Available Connection Charges, defined below, to be received in such Bond Year less one hundred percent (100%) of the Cost of Operation and Maintenance in such Bond Year shall be equal to at least one hundred twenty-five percent (125%) of the Bond Service Requirement for such Bond Year.

For purposes of this Section 11.05, the “Available Connection Charges” shall mean the amount of Connection Charges that, in the opinion of the Utility Director, are reasonably expected to be received or available for such purpose in such Bond Year; provided, however, that the maximum amount of Water Connection Charges that may be included for purposes of this Section shall be the Water Expansion Project Percentage of the Bond Service Requirement on the Bonds in such Bond Year and the maximum amount of Sewer Connection Charges that may be included for purposes of this Section shall be the Sewer Expansion Project Percentage of the Bond Service Requirement on the Bonds in such Bond Year.

Water and Sewer Rates

The rates for water and sewer service are set by the Board. The establishment of rates is not under the jurisdiction of the FPSC. The rates charged to the County’s utility customers for water and sewer service are similar in structure (i.e., rate application) to each other and include: i) a flat availability or minimum monthly base facility charge applied to each residential account and based on the customer’s meter size for commercial service; ii) for the water system (the “Water System”) a volumetric or usage charge that is based on metered water consumption whereas the usage charge increases at certain intervals (blocks) for all water and irrigation services; iii) for the sewer system (the “Sewer System”) a usage charge based on metered water consumption for individually metered residential customers with a billing maximum of 7,000 gallons per month per account; and iv) a constant usage charge based on 100% of the metered water consumption to such accounts for the remaining customer classes of the Sewer System.

The current rates for the System were recently updated pursuant to the Rate Resolution, as approved by the Board on July 21, 2026, resulting in a series of annual rate adjustments through October 1, 2030 (previously defined as the Implementation Period). Based on the adopted schedule of rates for the Implementation Period, a typical residential customer using 6,000 monthly gallons of water and sewer service will incur an average bill increase of approximately seven percent (7%) per year. Beyond the Implementation Period, utility rates and charges will continue to be increased based on an automatic annual index provision. The projected revenues outlined in this report are based on the adopted rates being implemented at their planned levels.

In order to provide for investments in maintenance and expansion of the System, including AWS, the Board approved a comprehensive rate plan that is being implemented pursuant to the Rate Resolution. The Rate Resolution provides for the following:

- An annual index of the AWS Surcharge by \$0.25/1,000 gallons through and including October 1, 2030;
- Adjustments to the reclaimed water usage rates to better align the charges with potable irrigation rates that are allocated over two (2) implementation periods on October 1, 2026 and April 1, 2027;
 - Because the current rates are significantly lower than potable water charges, increases result in a doubling of most fees and charges (100%);
- Beyond April 1, 2027, the reclaimed water rates will continue to be indexed concurrently with the potable water rates;

- An annual six percent (6%) index to be applied to all water, wastewater and reclaimed water base and usage rates through and including October 1, 2030; and
- A new septage receiving fee.

For years on and after October 1, 2031, the Rate Resolution stipulates that all rates would increase based on the FPSC annual reestablishment of price increase or decrease index of major categories of operating costs incurred by water and wastewater utilities pursuant to Section 367.081(4)(a), Florida Statutes, annual price index without further action by the Board (the “FPSC Index”).

The following tables provide a summary of the adopted utility rates, fees, and charges of the System that will be in effect for the Forecast Period:

MONTHLY RATES FOR UTILITY SERVICES

Monthly Water Rates

Description	Current Rates	Rates Effective October 1, 2026	Rates Effective October 1, 2027	Rates Effective October 1, 2028	Rates Effective October 1, 2029	Rates Effective October 1, 2030
Residential Service:						
Base Charge	\$11.72	\$12.42	\$13.17	\$13.96	\$14.80	\$15.69
Usage Block Ranges (per 1,000 Gallons):						
0-3	\$2.24	\$2.37	\$2.51	\$2.66	\$2.82	\$2.99
4-10	\$2.96	\$3.14	\$3.33	\$3.53	\$3.74	\$3.96
11-20	\$5.87	\$6.22	\$6.59	\$6.99	\$7.41	\$7.85
21-30	\$8.84	\$9.37	\$9.93	\$10.53	\$11.16	\$11.83
31-40	\$11.78	\$12.49	\$13.24	\$14.03	\$14.87	\$15.76
Over 40	\$20.98	\$22.24	\$23.57	\$24.98	\$26.48	\$28.07
Residential PWRI / AWS Surcharge (per 1,000 Gallons)	\$0.80	\$1.05	\$1.30	\$1.55	\$1.80	\$2.05

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Monthly Water Rates (cont'd.)

Description	Current Rates	Rates Effective October 1, 2026	Rates Effective October 1, 2027	Rates Effective October 1, 2028	Rates Effective October 1, 2029	Rates Effective October 1, 2030
Commercial and Multi-family Service:						
5/8" and 3/4" Base Charge	\$17.59	\$18.65	\$19.77	\$20.96	\$22.22	\$23.55
Usage Block Ranges (per 1,000 Gallons):						
0-15	\$2.96	\$3.14	\$3.33	\$3.53	\$3.74	\$3.96
16-30	\$5.87	\$6.22	\$6.59	\$6.99	\$7.41	\$7.85
31-60	\$11.78	\$12.49	\$13.24	\$14.03	\$14.87	\$15.76
Over 60	\$20.64	\$21.88	\$23.19	\$24.58	\$26.05	\$27.61
1" Base Charge						
	\$29.32	\$31.08	\$32.94	\$34.92	\$37.02	\$39.24
Usage Block Ranges (per 1,000 Gallons):						
0-25	\$2.96	\$3.14	\$3.33	\$3.53	\$3.74	\$3.96
26-50	\$5.87	\$6.22	\$6.59	\$6.99	\$7.41	\$7.85
51-100	\$11.78	\$12.49	\$13.24	\$14.03	\$14.87	\$15.76
Over 100	\$20.64	\$21.88	\$23.19	\$24.58	\$26.05	\$27.61
1-1/2" Base Charge						
	\$58.62	\$62.14	\$65.87	\$69.82	\$74.01	\$78.45
Usage Block Ranges (per 1,000 Gallons):						
0-50	\$2.96	\$3.14	\$3.33	\$3.53	\$3.74	\$3.96
51-100	\$5.87	\$6.22	\$6.59	\$6.99	\$7.41	\$7.85
101-200	\$11.78	\$12.49	\$13.24	\$14.03	\$14.87	\$15.76
Over 200	\$20.64	\$21.88	\$23.19	\$24.58	\$26.05	\$27.61
2" Base Charge						
	\$93.80	\$99.43	\$105.40	\$111.72	\$118.42	\$125.53
Usage Block Ranges (per 1,000 Gallons):						
0-80	\$2.96	\$3.14	\$3.33	\$3.53	\$3.74	\$3.96
81-160	\$5.87	\$6.22	\$6.59	\$6.99	\$7.41	\$7.85
161-320	\$11.78	\$12.49	\$13.24	\$14.03	\$14.87	\$15.76
Over 320	\$20.64	\$21.88	\$23.19	\$24.58	\$26.05	\$27.61

Table continued on following page.

Monthly Water Rates (cont'd.)

Description	Current Rates	Rates Effective October 1, 2026	Rates Effective October 1, 2027	Rates Effective October 1, 2028	Rates Effective October 1, 2029	Rates Effective October 1, 2030
Commercial and Multi-family Service: (cont'd.)						
3" Base Charge	\$175.83	\$186.38	\$197.56	\$209.41	\$221.97	\$235.29
Usage Block Ranges (per 1,000 Gallons):						
0-150	\$2.96	\$3.14	\$3.33	\$3.53	\$3.74	\$3.96
151-300	\$5.87	\$6.22	\$6.59	\$6.99	\$7.41	\$7.85
301-600	\$11.78	\$12.49	\$13.24	\$14.03	\$14.87	\$15.76
Over 600	\$20.64	\$21.88	\$23.19	\$24.58	\$26.05	\$27.61
4" Base Charge	\$293.09	\$310.68	\$329.32	\$349.08	\$370.02	\$392.22
Usage Block Ranges (per 1,000 Gallons):						
0-250	\$2.96	\$3.14	\$3.33	\$3.53	\$3.74	\$3.96
251-500	\$5.87	\$6.22	\$6.59	\$6.99	\$7.41	\$7.85
501-1,000	\$11.78	\$12.49	\$13.24	\$14.03	\$14.87	\$15.76
Over 1,000	\$20.64	\$21.88	\$23.19	\$24.58	\$26.05	\$27.61
6" Base Charge	\$586.15	\$621.32	\$658.60	\$698.12	\$740.01	\$784.41
Usage Block Ranges (per 1,000 Gallons):						
0-500	\$2.96	\$3.14	\$3.33	\$3.53	\$3.74	\$3.96
501-1,000	\$5.87	\$6.22	\$6.59	\$6.99	\$7.41	\$7.85
1,001-2,000	\$11.78	\$12.49	\$13.24	\$14.03	\$14.87	\$15.76
Over 2,000	\$20.64	\$21.88	\$23.19	\$24.58	\$26.05	\$27.61
8" Base Charge	\$937.87	\$994.14	\$1,053.79	\$1,117.02	\$1,184.04	\$1,255.08
Usage Block Ranges (per 1,000 Gallons):						
0-800	\$2.96	\$3.14	\$3.33	\$3.53	\$3.74	\$3.96
801-1,600	\$5.87	\$6.22	\$6.59	\$6.99	\$7.41	\$7.85
1,601-3,200	\$11.78	\$12.49	\$13.24	\$14.03	\$14.87	\$15.76
Over 3,200	\$20.64	\$21.88	\$23.19	\$24.58	\$26.05	\$27.61

Table continued on following page.

Monthly Water Rates (cont'd.)

Description	Current Rates	Rates Effective October 1, 2026	Rates Effective October 1, 2027	Rates Effective October 1, 2028	Rates Effective October 1, 2029	Rates Effective October 1, 2030
Commercial and Multi-family Service: (cont'd.)						
10" Base Charge	\$1,348.18	\$1,429.07	\$1,514.81	\$1,605.70	\$1,702.04	\$1,804.16
Usage Block Ranges (per 1,000 Gallons):						
0-1,150	\$2.96	\$3.14	\$3.33	\$3.53	\$3.74	\$3.96
1,151-2,300	\$5.87	\$6.22	\$6.59	\$6.99	\$7.41	\$7.85
2,301-4,600	\$11.78	\$12.49	\$13.24	\$14.03	\$14.87	\$15.76
Over 4,600	\$20.64	\$21.88	\$23.19	\$24.58	\$26.05	\$27.61
12" Base Charge	\$2,522.12	\$2,673.45	\$2,833.86	\$3,003.89	\$3,184.12	\$3,375.17
Usage Block Ranges (per 1,000 Gallons):						
0-2,150	\$2.96	\$3.14	\$3.33	\$3.53	\$3.74	\$3.96
2,151-4,300	\$5.87	\$6.22	\$6.59	\$6.99	\$7.41	\$7.85
4,301-8,600	\$11.78	\$12.49	\$13.24	\$14.03	\$14.87	\$15.76
Over 8,600	\$20.64	\$21.88	\$23.19	\$24.58	\$26.05	\$27.61
Commercial PWRI / AWS Surcharge (per 1,000 Gallons)	\$0.80	\$1.05	\$1.30	\$1.55	\$1.80	\$2.05

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Monthly Sewer Rates

Description	Current Rates	Rates Effective October 1, 2026	Rates Effective October 1, 2027	Rates Effective October 1, 2028	Rates Effective October 1, 2029	Rates Effective October 1, 2030
Residential Service:						
Base Charge	\$40.61	\$43.05	\$45.63	\$48.37	\$51.27	\$54.35
Usage (per 1,000 Gallons) up to 7,000 Gallons	\$7.28	\$7.72	\$8.18	\$8.67	\$9.19	\$9.74
Commercial Service:						
Base Charge:						
5/8" and 3/4"	\$60.90	\$64.55	\$68.42	\$72.53	\$76.88	\$81.49
1"	\$101.51	\$107.60	\$114.06	\$120.90	\$128.15	\$135.84
1-1/2"	\$202.99	\$215.17	\$228.08	\$241.76	\$256.27	\$271.65
2"	\$324.81	\$344.30	\$364.96	\$386.86	\$410.07	\$434.67
3"	\$609.02	\$645.56	\$684.29	\$725.35	\$768.87	\$815.00
4"	\$1,015.03	\$1,075.93	\$1,140.49	\$1,208.92	\$1,281.46	\$1,358.35
6"	\$2,030.08	\$2,151.88	\$2,280.99	\$2,417.85	\$2,562.92	\$2,716.70
8"	\$3,248.11	\$3,443.00	\$3,649.58	\$3,868.55	\$4,100.66	\$4,346.70
10"	\$4,669.15	\$4,949.30	\$5,246.26	\$5,561.04	\$5,894.70	\$6,248.38
12"	\$8,729.12	\$9,252.87	\$9,808.04	\$10,396.52	\$11,020.31	\$11,681.53
Usage (per 1,000 Gallons)	\$7.28	\$7.72	\$8.18	\$8.67	\$9.19	\$9.74

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Monthly Reclaimed Water Rates

Description	Current Rates	Rates Effective October 1, 2026	Rates Effective April 1, 2027	Rates Effective October 1, 2027	Rates Effective October 1, 2028	Rates Effective October 1, 2029	Rates Effective October 1, 2030
Residential Service:							
Base Charge	\$4.20	\$6.30	\$8.40	\$8.90	\$9.43	\$10.00	\$10.60
Usage Block Ranges (per 1,000 Gallons):							
0-20	\$1.41	\$2.12	\$2.82	\$2.99	\$3.17	\$3.36	\$3.56
21-30	\$4.22	\$5.22	\$6.22	\$6.59	\$6.99	\$7.41	\$7.85
31-40	\$5.63	\$8.45	\$11.26	\$11.94	\$12.66	\$13.42	\$14.23
Over 40	\$8.45	\$12.68	\$16.90	\$17.91	\$18.98	\$20.12	\$21.33
PWRI / AWS Surcharge (per 1,000 Gallons)							
	\$0.80	\$1.05	\$1.05	\$1.30	\$1.55	\$1.80	\$2.05
Commercial and Multi-family Service:							
5/8" and 3/4" Base Charge	\$6.30	\$9.45	\$12.60	\$13.36	\$14.16	\$15.01	\$15.91
Usage Block Ranges (per 1,000 Gallons):							
0-30	\$1.41	\$2.12	\$2.82	\$2.99	\$3.17	\$3.36	\$3.56
31-45	\$4.22	\$5.22	\$6.22	\$6.59	\$6.99	\$7.41	\$7.85
46-60	\$5.63	\$8.45	\$11.26	\$11.94	\$12.66	\$13.42	\$14.23
Over 60	\$8.45	\$12.68	\$16.90	\$17.91	\$18.98	\$20.12	\$21.33
1" Base Charge	\$10.50	\$15.75	\$21.00	\$22.26	\$23.60	\$25.02	\$26.52
Usage Block Ranges (per 1,000 Gallons):							
0-50	\$1.41	\$2.12	\$2.82	\$2.99	\$3.17	\$3.36	\$3.56
51-75	\$4.22	\$5.22	\$6.22	\$6.59	\$6.99	\$7.41	\$7.85
76-100 [1]	\$5.63	\$8.45	\$11.26	\$11.94	\$12.66	\$13.42	\$14.23
Over 100	\$8.45	\$12.68	\$16.90	\$17.91	\$18.98	\$20.12	\$21.33

[1] The Rate Resolution, as adopted on July 21, 2026, contains a typo that shows the range of chargeable reclaimed water use as 71-100 thousand gallons. County staff prepared a resolution to amend the chargeable range to 76-100, which is expected to be presented to and approved by the Board on October 6, 2026.

Table continued on following page.

Monthly Reclaimed Water Rates (cont'd.)

Description	Current Rates	Rates Effective October 1, 2026	Rates Effective April 1, 2027	Rates Effective October 1, 2027	Rates Effective October 1, 2028	Rates Effective October 1, 2029	Rates Effective October 1, 2030
Commercial and Multi-family Service: (cont'd.)							
1-1/2" Base Charge	\$21.00	\$31.50	\$42.00	\$44.52	\$47.19	\$50.02	\$53.02
Usage Block Ranges (per 1,000 Gallons):							
0-100	\$1.41	\$2.12	\$2.82	\$2.99	\$3.17	\$3.36	\$3.56
101-150	\$4.22	\$5.22	\$6.22	\$6.59	\$6.99	\$7.41	\$7.85
151-200	\$5.63	\$8.45	\$11.26	\$11.94	\$12.66	\$13.42	\$14.23
Over 200	\$8.45	\$12.68	\$16.90	\$17.91	\$18.98	\$20.12	\$21.33
2" Base Charge							
	\$33.60	\$50.40	\$67.20	\$71.23	\$75.50	\$80.03	\$84.83
Usage Block Ranges (per 1,000 Gallons):							
0-160	\$1.41	\$2.12	\$2.82	\$2.99	\$3.17	\$3.36	\$3.56
161-240	\$4.22	\$5.22	\$6.22	\$6.59	\$6.99	\$7.41	\$7.85
241-320	\$5.63	\$8.45	\$11.26	\$11.94	\$12.66	\$13.42	\$14.23
Over 320	\$8.45	\$12.68	\$16.90	\$17.91	\$18.98	\$20.12	\$21.33
Bulk Use Reclaimed Water:							
Base Charge:							
3-inch meter	\$63.00	\$94.50	\$126.00	\$133.56	\$141.57	\$150.06	\$159.06
4-inch meter	\$105.00	\$157.50	\$210.00	\$222.60	\$235.96	\$250.12	\$265.13
6-inch meter	\$210.00	\$315.00	\$420.00	\$445.20	\$471.91	\$500.22	\$530.23
8-inch meter	\$336.00	\$504.00	\$672.00	\$712.32	\$755.06	\$800.36	\$848.38
10-inch meter	\$483.00	\$724.50	\$966.00	\$1,023.96	\$1,085.40	\$1,150.52	\$1,219.55
12-inch meter	\$903.00	\$1,354.50	\$1,806.00	\$1,914.36	\$2,029.22	\$2,150.97	\$2,280.03
Bulk Priority 3" and Above (per 1,000 Gallons)							
	\$1.05	\$2.12	\$2.82	\$2.99	\$3.17	\$3.36	\$3.56
Bulk Interruptible 3" and Above (per 1,000 Gallons)							
	\$0.45	\$1.06	\$1.41	\$1.49	\$1.58	\$1.67	\$1.77
PWRI / AWS Surcharge (per 1,000 Gallons)							
	\$0.80	\$1.05	\$1.05	\$1.30	\$1.55	\$1.80	\$2.05

Source: Utilities Management.

CONNECTION CHARGES

Connection Charges are capital charges levied against each new user of the System in order to recover the cost of new plants and facilities required to serve such new users. The County's Water Connection Charges and Sewer Connection Charges are designed to recover treatment and transmission system capacity cost.

In general, Connection Charges are those fees imposed by the County on new users connecting to the System, which represent a pro rata share of the increased costs to the System resulting from such connections. These charges shall apply to all new or additional equivalent units connected to the System through either a new meter connection or a meter connection already in use.

Under State law, impact fees such as the Connection Charges may be validly imposed against new construction in order to fund capital improvements, which are necessitated by such new construction or for debt service for debt incurred to finance such improvements. Proceeds of the fees should be placed in separate accounts and used only for the capital improvements attributable to the new construction or related debt service.

Following the issuance of the Series 2026 Bonds, the Utilities Director is expected to determine that the Water Expansion Project Percentage will equal 20.58% and the Sewer Expansion Project Percentage will equal 62.30%. Therefore, no more than 20.58% of debt service on the Bonds in any one year may be payable from Water Connection Charges and no more than 62.30% of debt service on the Bonds in any one year may be payable from Sewer Connection Charges.

Under the Rate Resolution, the Water Connection Charges will be increased 31.3% and the Sewer Connection Charges will be increased 20.9% on January 1, 2027.

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The rate schedule for potable Residential Water and Sewer Connection Charges is summarized below:

Residential Water Connection Charges

Type of Residence	Current Fees	Rates Effective January 1, 2027	Rates Effective October 1, 2027	Rates Effective October 1, 2028	Rates Effective October 1, 2029	Rates Effective October 1, 2030
Single-family Detached Units on Lots of 1.0 Acre or Less	\$3,038	\$3,989	\$3,989	\$3,989	\$3,989	\$3,989
Single-family Detached Units on Lots of More than 1.0 Usable Acre	\$3,038	\$3,989	\$3,989	\$3,989	\$3,989	\$3,989
Multi-family Units Including Apartments, Condos, Duplexes, Triplexes, etc.	\$1,671	\$2,194	\$2,194	\$2,194	\$2,194	\$2,194
Mobile Homes on Lots of Less than 6,000 Square Feet	\$1,823	\$2,393	\$2,393	\$2,393	\$2,393	\$2,393
Mobile Homes on Lots of 6,000 Square Feet or More	\$3,038	\$3,989	\$3,989	\$3,989	\$3,989	\$3,989
Park Model RVs	\$1,671	\$2,194	\$2,194	\$2,194	\$2,194	\$2,194
Destination RVs [1]	\$1,671	\$2,194	\$2,194	\$2,194	\$2,194	\$2,194
All Other RVs Including Transient RVs	\$1,671	\$2,194	\$2,194	\$2,194	\$2,194	\$2,194

[1] A Destination RV must be: i) sited on a lot owned in fee simple by the user; ii) sited in a park that is a platted subdivision; iii) sited on a lot 3,000 square feet or larger; and iv) sited in a park that does not have a dump station or undivided interest lot sales or time share lot sales. This category of user is subject to inspection by the County to ensure that Destination RVs are not Transient RVs. Destination RV lots used by Transient RVs will be subject to a 1.0 ERC connection charge.

Source: Utilities Management.

Commercial Water Connection Charges will be assessed on projected daily usage, in accordance with the Polk County Utilities Code, divided by 250 gallons to calculate the Equivalent Residential Connection (ERC). This ERC will be multiplied by connection charge assessed for a single Family Detached Unit on lots one acre or less.

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Residential Sewer Connection Charges

Description	Current Fees	Rates Effective January 1, 2027	Rates Effective October 1, 2027	Rates Effective October 1, 2028	Rates Effective October 1, 2029	Rates Effective October 1, 2030
Type of Residence:						
Single-family Detached Units on Lots of 1.0 Acre or Less	\$6,169	\$7,460	\$7,460	\$7,460	\$7,460	\$7,460
Single-family Detached Units on Lots of More than 1.0 Usable Acre	\$6,169	\$7,460	\$7,460	\$7,460	\$7,460	\$7,460
Multi-family Units Including Apartments, Condos, Duplexes, Triplexes, etc.	\$4,132	\$4,997	\$4,997	\$4,997	\$4,997	\$4,997
Mobile Homes on Lots of Less Than 6,000 Square Feet	\$4,132	\$4,997	\$4,997	\$4,997	\$4,997	\$4,997
Mobile Homes on Lots of 6,000 Square Feet or More	\$6,169	\$7,460	\$7,460	\$7,460	\$7,460	\$7,460
Park Model RVs	\$3,393	\$4,103	\$4,103	\$4,103	\$4,103	\$4,103
Destination RVs [1]	\$4,132	\$4,997	\$4,997	\$4,997	\$4,997	\$4,997
All Other RVs Including Transient RVs	\$6,169	\$7,460	\$7,460	\$7,460	\$7,460	\$7,460

[1] A Destination RV must be: i) sited on a lot owned in fee simple by the user; ii) sited in a park that is a platted subdivision; iii) sited on a lot 3,000 square feet or larger; and iv) sited in a park that does not have a dump station or undivided interest lot sales or time share lot sales. This category of user is subject to inspection by the County to ensure that Destination RVs are not Transient RVs. Destination RV lots used by Transient RVs will be subject to a 1.0 ERC connection charge.

Source: Utilities Management.

Commercial Sewer Connection Charges will be assessed on projected daily usage, in accordance with the Polk County Utilities Code, divided by 200 gallons to calculate the Equivalent Residential Connection (ERC). This ERC will be multiplied by connection charge assessed for a single Family Detached Unit on lots one acre or less.

MISCELLANEOUS SERVICE CHARGES

In addition to charging user fees for monthly water and sewer service, the County also charges fees for certain specifically requested miscellaneous services or needs. Examples of these fees include water meter installation charges, annual fire protection charges, water meter testing fees, and reconnection charges. Revenues from miscellaneous charges reduce the level of expenditures funded from user fees. The County's current miscellaneous service charges are as follows:

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Utilities Service Charges

Fee Description	Current Charge	Rates Effective October 1, 2026	Rates Effective October 1, 2027	Rates Effective October 1, 2028	Rates Effective October 1, 2029	Rates Effective October 1, 2030
New Account Charge:						
3/4" – 2" Meter	\$55.00	\$55.00	\$55.00	\$55.00	\$55.00	\$55.00
Larger than 2" Meter	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00
Residential Deposit:						
Water	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00
Sewer	\$210.00	\$210.00	\$210.00	\$210.00	\$210.00	\$210.00
Combined	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00
Commercial Deposit:						
Water	2.5 × Est. Monthly Bill					
Sewer	2.5 × Est. Monthly Bill					
Combined	2.5 × Est. Monthly Bill					
Same Day Service (During Business Hours)	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00
Same Day Service (After Business Hours)	\$80.00	\$80.00	\$80.00	\$80.00	\$80.00	\$80.00
Premise Visit Charge	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00
Return Check or Draft:						
Checks \$50 or Less						
Checks \$51 - \$300	As Established by the Polk County Clerk of Courts office by policy					
Checks \$301 or more						
Disconnect for Nonpayment:						
Less than 2" Meter	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00
2" Meter and Above	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00

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Utilities Service Charges (cont'd.)

Fee Description	Current Charge	Charge Effective October 1, 2026	Charge Effective October 1, 2027	Charge Effective October 1, 2028	Charge Effective October 1, 2029	Charge Effective October 1, 2030
Service Restoration / Reconnection Charge:						
Less than 2" Meter	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00
2" Meter and Above	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00
Water Audit or Disputed Meter Reading						
	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00
Meter Installation / Reinstallation Charge:						
3/4" Meter	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00
1" Meter	\$1,075.00	\$1,075.00	\$1,075.00	\$1,075.00	\$1,075.00	\$1,075.00
1-1/2" Meter	\$1,850.00	\$1,850.00	\$1,850.00	\$1,850.00	\$1,850.00	\$1,850.00
2" Meter	\$2,250.00	\$2,250.00	\$2,250.00	\$2,250.00	\$2,250.00	\$2,250.00
Larger than 2" Meter	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
Relocate Meter:						
Less than 2" Meter	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00 [1]	\$250.00 [1]
2" Meter and Above	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
Temporary Meter Installation:						
2" Meter on Hydrant	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00
Installation Requiring Line Tap	\$675.00	\$675.00	\$675.00	\$675.00	\$675.00	\$675.00
Meter Test Charge (Field Test)						
Less than 2" Meter	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00
2" Meter and Above	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
Backflow Test (Municipal Charge):						
3/4" to 2" Meter	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00
Larger than 2" Meter	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost

[1] The Rate Resolution, as adopted on July 21, 2026, contains a typo that shows the approved meter relocation charges as \$251.00 effective October 1, 2029, and \$252.00 effective on October 1, 2030. County staff prepared a resolution to amend the charges to \$250.00, which is expected to be presented to and approved by the Board on October 6, 2026.

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Utilities Service Charges (cont'd.)

Fee Description	Current Charge	Charge Effective October 1, 2026	Charge Effective October 1, 2027	Charge Effective October 1, 2028	Charge Effective October 1, 2029	Charge Effective October 1, 2030
Penalty for Meter Tampering / Theft of Service:						
First Infraction	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00
Second Infraction	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00
Third Infraction	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
Damage to Utility Main or Other Property		Actual cost to repair and estimated water loss plus \$1,000.00				
Penalty for Obscured Meter	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00
Penalty for Cross Connection	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00
Reclaimed Water Follow-up Inspection	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00
Late Payment	\$6.00 or 5% of balance due, whichever is greater, on balances over \$14.99					
Surcharge for High Strength Industrial Wastes	Shall be calculated and/or applied pursuant to Industrial Wastewater Pretreatment Policy Manual 6 (E) contained in Polk County Utilities Code Ordinance No. 10-081 as amended					
Septage Processing Fee:						
Rate per Gallon	---	\$0.15/ Gallon	\$0.15/ Gallon	\$0.15/ Gallon	\$0.15/ Gallon	\$0.15/ Gallon

Source: Utilities Management.

RATE COMPARISONS

Tables 1 through 3 at the end of this report provide a comparison of the monthly cost of providing water and sewer service for a 5/8-inch × 3/4-inch or smaller water meter at various usage levels calculated under the rates for the System. For comparison purposes, Tables 1 through 3 include a summary of utility bills under the current rates and the adopted rates for Fiscal Year ending September 30, 2027. Also included in the comparison are bills calculated under the rates of other neighboring State utilities based on survey results prepared in June 2026 for Fiscal Year ending September 30, 2026. The monthly bills for the various State utilities used for the comparison are exclusive of local taxes. The 5/8-inch × 3/4-inch meter or smaller comparison was prepared for this report since this represents the majority of the System's water and sewer residential customers and the majority of the customers for the other utilities reflected in the comparisons. A comparison of water and sewer rates at the monthly consumption level of 6,000 gallons (the average usage of the County's residential customer) is shown as follows:

Single Metered Residential Service for a 5/8" or 3/4" Meter at 6,000 Gallons [1]

Utilities	Water	Sewer	Total
Orange County	\$19.26	\$45.67	\$64.93
City of Bartow	36.23	34.24	70.47
City of Winter Haven	26.22	50.89	77.11
City of Lake Alfred	21.11	56.69	77.80
Toho Water Authority (Kissimmee System)	21.12	57.48	78.60
City of Lakeland	25.93	53.55	79.48
City of Lake Wales	31.53	60.12	91.65
Pasco County	25.37	66.62	91.99
City of Haines City	28.17	66.23	94.40
Hillsborough County	43.66	67.64	111.30
Pinellas County	45.17	70.52	115.69
Polk County – Existing	32.12	84.29	116.41
Polk County – Adopted FY27	35.25	89.37	124.62
Sarasota County	44.68	96.36	141.04
Okeechobee Utility Authority	66.05	81.93	147.98
Collier County	61.74	97.82	159.56
Charlotte County	73.85	86.74	160.59

[1] Unless otherwise noted, amounts shown reflect residential rates in effect June 2026 and are exclusive of taxes or franchise fees, if any, and reflect rates charged for inside the city service. All rates are as reported by the respective utility. This comparison is intended to show comparable charges for similar service for comparison purposes only and is not intended to be a complete listing of all rates and charges offered by each listed utility.

As discussed previously, the County collects Connection Charges from new customers requesting water and sewer capacity from the System in an effort to fund the capital cost of providing such capacity and to assign such costs to new development that requires the capital facilities. The application of a Connection Charge is commonly used by State utilities to fund growth-related capital requirements. A comparison of Connection Charges collected by the County and those charged by neighboring utilities was developed to provide additional information regarding the County's existing fees. The charges shown are based on an equivalent residential connection (ERC) basis. An ERC is representative of the capacity of a single-family residential unit.

Typical Connection Charges for a Residential Connection

Description	Water	Sewer	Total
Polk County:			
Existing Connection Fees	\$3,038	\$6,169	\$9,207
Adopted Connection Fees – January 1, 2027	\$3,989	\$7,460	\$11,449
Other Utilities Surveyed [1]	\$3,193	\$4,220	\$7,413

[1] Amounts reflect the average fees of 11 utilities surveyed in June 2026.

Historical and Projected Customers and Sales

Existing Customer Profile

During the Fiscal Year ended September 30, 2025, the County rendered bills to approximately 73,740 water customers, 55,581 sewer customers, and 14,962 reclaimed water customers. Based on customer billing data provided by the County, a summary of the active accounts served by customer classification during Fiscal Year 2025 for the System is shown below:

Number of Active Accounts – Fiscal Year Ended September 30, 2025 [1][2]

Customer Class	Water System		Sewer System		Reclaimed Water System	
	Active Accounts	Percent of Total	Active Accounts	Percent of Total	Active Accounts	Percent of Total
Residential	72,002	97.6%	54,662	98.3%	14,567	97.4%
Commercial	1,738	2.4%	919	1.7%	395	2.6%
Total	73,740	100.0%	55,581	100.0%	14,962	100.0%

[1] Amounts provided by County staff for the Fiscal Year ended September 30, 2025.

[2] Based on discussions with County staff, active accounts may differ from total service connections due to the number of services located behind master meters, which comprise multiple service connections served by one meter, and inactive accounts.

As can be seen above, residential customers represent the predominant class in terms of the number of customers served. Approximately 97.6% of the water customers are classified as residential while 2.4% are classified as commercial. For the Sewer System, 98.3% of the customers are classified as residential while 1.7% are classified as commercial. Approximately 20% of the potable water accounts also have reclaimed water service.

In order to provide additional information regarding the customer mix and service levels of the County's utility customers, a summary of the customers by meter size was prepared. The primary meter size for all services is the 5/8-inch × 3/4-inch meter, which is consistent with the customer mix (i.e., mostly residential). The number of customers served by meter size as of September 30, 2025 is summarized in the tabulation on the following page as provided by County staff:

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Active Accounts by Meter Size – Fiscal Year Ended September 30, 2025 [1]

Meter Size	Water System		Sewer System		Reclaimed Water System	
	Active Accounts	Percent of Total	Active Accounts	Percent of Total	Active Accounts	Percent of Total
5/8-inch x 3/4-inch	61,590	83.52%	54,919	98.81%	14,695	98.21%
1-inch	1,267	1.72%	285	0.51%	110	0.74%
1-1/2-inch	876	1.19%	100	0.18%	42	0.28%
2-inch	1,895	2.57%	178	0.32%	102	0.68%
3-inch	438	0.59%	21	0.04%	0	0.00%
4-inch	634	0.86%	18	0.03%	8	0.05%
6-inch	1,361	1.85%	12	0.02%	4	0.03%
8-inch	2,935	3.98%	32	0.06%	1	0.01%
10-inch	2,744	3.72%	16	0.03%	0	0.00%
Total	73,740	100.00%	55,581	100.00%	14,962	100.00%

[1] Amounts provided by County staff for the Fiscal Year ended September 30, 2025.

Historical and Projected Customers and Sales

The County provided customer billing and statistical reports to summarize the historical customers and sales information for the System for Fiscal Years ended September 30, 2021 through and including Fiscal Year ended September 30, 2025 (the “Historical Period”). The following tabulations summarize the recent historical water, sewer and reclaimed water customer and sales activity as follows:

Historical Customer Statistics – Water System [1]

Fiscal Year Ended September 30, (Historical)	Active Accounts	Water Sales (000s Gallons)	Average Monthly Water Use per Bill (Gallons)
2021	65,049	5,918,140	7,582
2022	68,496	6,207,270	7,552
2023	70,725	6,339,921	7,470
2024	72,531	6,743,620	7,748
2025	73,740	6,871,337	7,765
Annual Average Growth Rate			
FY2021 to 2025	3.18%	3.80%	0.60%

[1] Amounts provided by County staff for the Historical Period.

Historical Customer Statistics – Sewer System [1]

Fiscal Year Ended September 30, (Historical)	Active Accounts	Revenue Gallons (000s Gallons)	Average Monthly Water Use per Bill (Gallons)
2021	47,700	3,017,745	5,272
2022	51,129	3,198,912	5,214
2023	52,596	3,295,274	5,221
2024	54,854	3,580,787	5,440
2025	55,581	3,721,131	5,579
Annual Average Growth Rate			
FY2021 to 2025	3.90%	5.38%	1.43%

[1] Amounts provided by County staff for the Historical Period. The County implemented a new customer service and billing system on or about August 2023 that reports revenue gallons for the Sewer System, which include total metered sales minus the number of residential sales above the sewer cap or maximum. The amount of water sales was restated to reflect the revenue gallons for Fiscal Years ending September 30, 2021 through 2023 for consistency.

Historical Customer Statistics – Reclaimed Water System [1]

Fiscal Year Ended September 30, (Historical)	Active Accounts	Reclaimed Water Sales (000s Gallons)	Average Monthly Water Use per Bill (Gallons)
2021	10,976	2,399,377	18,217
2022	12,749	2,568,881	16,791
2023	13,824	2,816,917	16,981
2024	14,451	2,792,583	16,104
2025	14,962	3,371,263	18,777
Annual Average Growth Rate			
FY2021 to 2025	8.05%	8.87%	0.76%

[1] Amounts provided by County staff for the Historical Period.

As shown in the tables above, the System has experienced strong growth over the past five (5) years. Specifically, the water system has incurred a historical growth rate in the average number of accounts served of 3.18% per year since Fiscal Year ended September 30, 2021 for the Historical Period, while water sales increased 3.80% for the period. For the sewer and reclaimed water systems, the County experienced customer account growth of 3.90% and 8.05% per year on average, respectively. The sewer system experienced an increase in sales volume (revenue gallons billed) of 5.38% per year on average over the Historical Period, while the reclaimed water system experienced sales growth of 8.87% per year on average.

Based on discussions with County staff, the County is anticipating approximately 2.6% and 3.1% annual customer growth within the Water and Sewer Systems, respectively, from new development and redevelopment for the Forecast Period. The results are based on connecting 2,100 water accounts and 1,900 sewer accounts

each year as shown on Tables 4 and 5 at the end of this report, while average water demands per account are assumed to decrease over time. The following tabulations summarize the projected water, sewer and reclaimed water customers and sales over the Forecast Period:

Projected Customer Statistics – Water System [1]

Fiscal Year Ended September 30, (Projected)	Active Accounts	Water Sales (000s Gallons)	Average Monthly Water Use per Bill (Gallons)
2026	75,840	7,036,273	7,731
2027	77,940	7,202,781	7,701
2028	80,040	7,369,288	7,673
2029	82,140	7,535,795	7,645
2030	84,240	7,702,303	7,619
2031	86,340	7,868,810	7,595
Annual Average Growth Rate			
FY2026 to 2031	2.63%	2.26%	-0.36%

[1] Amounts based on connecting an average of 2,100 water accounts per year as derived from Table 4 at the end of this report. Average use per account is estimated to decline over time as smaller and more efficient customer connections are added to the System.

Projected Customer Statistics – Sewer System [1]

Fiscal Year Ended September 30, (Projected)	Active Accounts	Revenue Gallons (000s Gallons)	Average Monthly Water Use per Bill (Gallons)
2026	57,481	3,817,174	5,534
2027	59,381	3,913,216	5,492
2028	61,281	4,009,259	5,452
2029	63,181	4,105,302	5,415
2030	65,081	4,201,345	5,380
2031	66,981	4,297,387	5,347
Annual Average Growth Rate			
FY2026 to 2031	3.11%	2.40%	-0.69%

[1] Amounts based on connecting an average of 1,900 sewer accounts per year as derived from Table 5 at the end of this report. Average use per account is estimated to decline over time as smaller and more efficient customer connections are added to the System.

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Projected Customer Statistics – Reclaimed Water System [1]

Fiscal Year Ended September 30, (Projected)	Active Accounts	Reclaimed Water Sales (000s Gallons)	Average Monthly Water Use per Bill (Gallons)
2026	15,762	3,466,320	18,326
2027	16,562	3,258,340	16,395
2028	17,362	3,347,694	16,068
2029	18,162	3,437,047	15,770
2030	18,962	3,526,400	15,498
2031	19,762	3,615,753	15,247
Annual Average Growth Rate			
FY2026 to 2031	4.63%	0.85%	-3.61%

[1] Amounts based on connecting an average of 800 reclaimed water accounts per year as derived from Table 5 at the end of this report. Average use per account is estimated to decline over time as smaller, residential customer connections are added to the System. Pursuant to the Rate Resolution, the County has adopted new reclaimed water rates that will significantly increase the charges beginning in Fiscal Year ending September 30, 2027. To estimate revenues under the adopted rates, we have assumed that some customers may irrigate less due to the increased costs. Sales were reduced approximately 6% to account for the possibility of reduced demand.

The County completed a utility rate study in Fiscal Year ending September 30, 2026 and adopted a new rate schedule on July 21, 2026 to establish charges and fees for the Implementation Period. As discussed previously in this report, the current rates are effective for Fiscal Year ending September 30, 2026. Subsequent increases to the rates, fees and charges were adopted and are assumed to be implemented each October 1 thereafter over the Forecast Period.

Based upon the County's adopted rates for the Forecast Period, Gross Revenues, including miscellaneous charges and other revenues, are projected to increase from approximately \$123.7 million to \$200.5 million or 10.1% per year on average. The amounts shown on the following page were derived from Table 6 at the end of this report.

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Projected Gross Revenues at Adopted Rates

Description	Projected Fiscal Year Ending September 30,					
	2026	2027	2028	2029	2030	2031
Gross Revenues:						
Charges for Service at Existing Rates [1]	\$116,019,546	\$118,737,762	\$121,638,535	\$124,539,308	\$127,440,081	\$130,340,854
Additional Revenue from Rate Adjustments [2]	0	11,718,917	22,974,989	34,177,290	46,378,475	59,640,743
Sub-total Charges for Service	\$116,019,546	\$130,456,678	\$144,613,524	\$158,716,598	\$173,818,556	\$189,981,597
Miscellaneous Revenue [3]	4,620,413	7,721,231	7,751,231	7,781,531	7,812,134	7,843,043
Sub-total Charges for Service and Miscellaneous Income	\$120,639,959	\$138,177,909	\$152,364,755	\$166,498,129	\$181,630,690	\$197,824,640
Interest Income [4]	5,589,000	3,827,000	3,544,000	3,250,000	3,138,000	3,301,000
Sub-total Operating and Non-operating Income	\$126,228,959	\$142,004,909	\$155,908,755	\$169,748,129	\$184,768,690	\$201,125,640
Less: Interest Income from Connection Charges [5]	2,483,000	1,208,000	1,032,000	787,000	639,000	627,000
Total Gross Revenues	\$123,745,959	\$140,796,909	\$154,876,755	\$168,961,129	\$184,129,690	\$200,498,640

[1] Charges for service include income derived from the minimum monthly base charges and consumption rates for water, reclaimed water, and sewer service. Amounts also include revenues derived from the AWS Surcharge. The projection of revenues under the existing rates are based on connecting 2,100 water accounts and 1,900 sewer accounts each year over the Forecast Period.

[2] Additional revenues estimated based on adopted increases approved by the Board pursuant to the Rate Resolution.

[3] Other operating revenue includes income derived from miscellaneous utility charges. Amount beginning in Fiscal Year 2027 includes \$3 million per year from new septage receiving fees as adopted. Amounts generally held constant beyond Fiscal Year ending September 30, 2027.

[4] Interest Income reflects all projected interest earnings on investment balances for accounts created by the Bond Resolution as derived from Table 12, including earnings derived from Connection Charges on deposit.

[5] Gross Revenues exclude income derived from Connection Charges, including investment income; however, such amount is includable in Test B of the Rate Covenant whereby Connection Charges and investment income derived from Connection Charges are added to Net Revenues.

Ten Largest Customers of the Water and Sewer Systems

In order to provide additional information regarding the existing customers served by the System, a summary of certain statistical information of the 10 largest customers in Fiscal Year ended September 30, 2025 on the basis of revenue billed has been prepared based on information compiled by the County. As shown in the following table, the 10 largest customers of the Water System account for approximately 4% of the total water sales and approximately 5% of the total potable water and sewer rate revenues.

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Ten Largest Water/Sewer Consumers October 1, 2024 to September 30, 2025

Customer	Volume of Water Sold		Annual Revenues	
	Thousand Gallons	Percent of Total System [1]	Revenues	Percent of Total System [2]
Polk County Correctional Frostproof	105,039	1.53%	\$2,226,642	2.35%
Bahama Bay Resort	25,515	0.37%	\$369,755	0.39%
Highlands Village MHP	23,880	0.35%	\$367,937	0.39%
Deer Creek RV G & C Club Inc.	22,409	0.33%	\$329,603	0.35%
Int. Bass Lk. Homeowners Asso.	23,139	0.34%	\$326,676	0.34%
GCI Residential LLC	22,756	0.33%	\$323,214	0.34%
Carlton Arms of Lakeland	21,830	0.32%	\$319,867	0.34%
TPAF VI Huntington LLC	19,232	0.28%	\$274,870	0.29%
Artisan Living Bella Citta	19,042	0.28%	\$272,325	0.29%
Preserve at Champions Gate	16,416	0.24%	\$242,235	0.26%
Total Top Ten	299,258	4.37%	\$5,053,125	5.34%
Total Potable Water and Sewer Revenues from Rates	6,871,337	100%	\$94,895,481	100%

[1] Amounts based on actual water sales for Fiscal Year ended September 30, 2025, approximately 6.9 billion gallons of water.

[2] Amounts based on actual charges for service for potable water and sewer service for Fiscal Year ended September 30, 2025, of approximately \$94.9 million.

Source: Utilities Management

Capital Improvements Program

Capital Project Summary

The County has planned improvements and expansions to the System to meet current service area needs. The System capital improvement program is summarized on Table 7 at the end of this report. As can be seen on Table 7 and as summarized below, the County has identified \$722.0 million in System capital expenditures for the Forecast Period, which includes \$15.6 million of funding for operating capital, such as vehicles, machinery, and other minor equipment.

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Capital Improvement Program [1]

Description	Total FY26-FY31
System Expansion:	
<u>Water System:</u>	
Cypress Lake Alternative Water Supply Project	\$64,312,393
Northeast Regional Utility Service Area – Polk Regional Water Cooperative Alternative Water Receiving Facility	9,030,000
East Regional Utility Service Area – Polk Regional Water Cooperative Alternative Water Receiving Facility	7,960,186
East Regional Water Production Facility	7,800,000
Miscellaneous Developers Agreement	4,500,000
Northeast Regional Utility Service Area Water Main Looping	4,000,000
Babson Park Water Production Facility GSP and HSP	3,506,431
Central Operations Training Facility	3,140,000
Northeast Regional Utility Service Area Operations Support Facility	2,530,660
Bradley Junction New Well Improvements	2,360,000
Sun Ray Water Main Upgrades Ph 1	2,100,000
Sun Ray Water Main Upgrades Ph 2	2,100,000
Sun Ray Water Main Upgrades Ph 3	2,100,000
Sun Ray Water Main Upgrades Ph 4	2,100,000
Oakhills/Providence Well #4 Wellhead Installation	2,068,486
Cherry Hill Direct Potable Reuse Facility	2,000,000
Miscellaneous Potable CIP Upgrades	1,885,803
New HHUFA 2 Well	1,738,159
Facility Security Updates	1,130,188
Central Regional Utility Service Area – Polk Regional Water Cooperative Alternative Water Receiving Facility	1,054,281
Water Quality Laboratory Facility	914,561
Water Treatment Facility SCADA Upgrades	887,409
Utilities Miscellaneous Services	781,443
Rolling Hills Water Main Upgrades	622,094
Supplemental Water Supply Planning and Coordination	618,331
Electrical Short Circuit Current Studies	229,378
Gibson Oaks Water Production Facility	177,777
SCADA Software and Programming Standards	105,000
Total Water System	\$131,752,580

Table continued on following page.

Capital Improvement Program [1] (cont'd.)

Description	Total FY26-FY31
Sewer System:	
Northeast Regional Wastewater Treatment Facility ("NERWWTF") Expansion (6 to 9 MGD – 5-Stage Carousel	\$229,925,935
East Regional Wastewater Treatment Facility (New 0.64 Million Gallons per Day for 2060 Build-out)	37,135,337
Septage Receiving Station	26,929,541
Southwest Regional Wastewater Treatment Facility ("SWRWTF") Filter, Dewatering, Clarifier, Motor Control Center	18,551,645
Northwest Regional Wastewater Treatment Facility ("NWRWTF") Filter, Dewatering System Improvements	14,825,273
Ernie Caldwell Blvd. Force Main and Master Lift Station	6,320,000
Heritage Place Wastewater Treatment Facility and Force Main Extensions	6,300,000
Central Operations Training Facility	3,140,000
Northeast Regional Utility Service Area Operations Support Facility	2,530,660
FDC Grove Road Reclaimed Water Main Loop	2,335,966
US Highway 98/Duff Road Reclaimed Water Main Loop	1,504,651
Sun Ray Wastewater Treatment Facility Upgrades	1,475,000
Supervisory Control and Data Acquisition Cyber Security Updates	1,461,540
Standby Power System Improvements (Phase 2)	1,324,245
Facility Security Updates	1,130,188
Miscellaneous Reclaimed Water Community Investment Program Upgrades	1,092,000
Miscellaneous Wastewater CIP Upgrades	946,258
Utilities Miscellaneous Services	781,443
Wastewater Treatment Facility SCADA Controls Upgrades	571,250
Pole Barn Improvements	420,000
Deeson Rd Lift Station & Force Main	303,080
Electrical Short Circuit Current Studies	229,378
SWRUSA Master Plan Update	216,610
NWRUSA Master Plan Update	171,270
SCADA Software and Programming Standards	105,000
Total Sewer System	\$359,726,270

Table continued on following page.

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Capital Improvement Program [1] (cont'd.)

Description	Total FY26-FY31
Total System Expansion	\$491,478,850
System Renewal & Replacement:	
<u>Water System:</u>	
Renewal and Replacement Potable Water Projects	\$70,911,063
Renewal and Replacement Buildings and Non-Production Projects	10,019,604
Water Capital Outlay	<u>8,577,374</u>
Total Water System	\$89,508,041
<u>Sewer System:</u>	
Renewal and Replacement Wastewater Projects	\$109,456,035
Renewal and Replacement Reclaimed Water Projects	7,290,002
Renewal and Replacement Buildings and Non-Production Projects	7,243,724
Sewer Capital Outlay	6,995,541
Northeast Electrical / Communications Network Conversion	6,931,021
Crooked Lake Park Receivership	<u>3,054,814</u>
Total Sewer System	\$140,971,137
Total System Renewal & Replacement	\$230,479,178
Total Estimated Capital Improvements Program	<u>\$721,958,028</u>

[1] Amounts derived from Table 7 at the end of this report.

Funding Sources for Capital Program

Based on an analysis of funds available to the County, the projected funding sources for the \$722.0 million water and sewer projects include a combination of Connection Charge revenues, external revenues such as grants, proceeds of proposed future Additional Bonds, including the Series 2026 Bonds, and future net cash flow after payment of the Bond Service Requirement and any other revenue requirements specified by the County. The projected net cash flow available for capital expenditures is based on the adopted rates, fees, and charges pursuant to the Rate Resolution. The following tabulation summarizes the planned funding sources over the Forecast Period:

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Summary of Proposed Capital Funding Sources [1]

Description	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	Total
Summary of Projected Capital Expenditures:							
<u>System Expansion:</u>							
Water System	\$16,128,580	\$25,264,000	\$30,801,250	\$22,849,250	\$22,482,000	\$14,227,500	\$131,752,580
Sewer System	113,137,265	95,457,755	64,851,250	31,442,500	21,682,500	33,155,000	359,726,270
Total System Expansion	\$129,265,845	\$120,721,755	\$95,652,500	\$54,291,750	\$44,164,500	\$47,382,500	\$491,478,850
<u>System Renewal and Replacement:</u>							
Water System	\$12,844,985	\$14,783,984	\$14,144,638	\$14,800,503	\$18,102,264	\$14,831,667	\$89,508,041
Sewer System	35,373,743	26,106,462	24,365,363	20,869,498	17,442,737	16,813,334	140,971,137
Total System Renewal and Replacement	\$48,218,728	\$40,890,446	\$38,510,001	\$35,670,001	\$35,545,001	\$31,645,001	\$230,479,178
Total Projected Capital Expenditures	\$177,484,573	\$161,612,201	\$134,162,501	\$89,961,751	\$79,709,501	\$79,027,501	\$721,958,028
Projected Funding Sources:							
Water and Sewer Rate Revenues	\$15,275,969	\$18,560,446	\$21,925,001	\$20,715,001	\$22,225,001	\$23,685,001	\$122,386,419
AWS Surcharge Revenues / PWRI Fund	3,796,724	11,990,000	17,330,000	12,990,000	11,424,000	7,400,000	64,930,724
Water and Sewer Connection Charge Fund	50,915,882	13,279,215	18,671,898	19,480,500	11,200,500	9,692,500	123,240,494
Proceeds from Sale of Waverly	5,300,000	0	0	0	0	0	5,300,000
Grant Revenues and Other External Sources	30,919,699	15,452,500	302,500	700,000	700,000	2,800,000	50,874,699
Bond Proceeds from the Existing Series 2024 Bonds	31,203,211	1,539,782	0	0	0	0	32,742,993
Bond Proceeds from the Proposed Series 2026 Bonds [2]	40,073,087	100,790,259	75,933,102	1,311,250	0	0	218,107,698
Bond Proceeds from the Future Series 2028 Bonds [2]	0	0	0	34,765,000	34,160,000	1,100,000	70,025,000
Bond Proceeds from the Future Series 2030 Bonds [2]	0	0	0	0	0	34,350,000	34,350,000
Total Projected Funding Sources	\$177,484,573	\$161,612,201	\$134,162,501	\$89,961,751	\$79,709,501	\$79,027,501	\$721,958,028

[1] Amounts derived from Table 7 at the end of this report.

[2] Estimated Bond Service Requirement for each projected bond issuance provided by the County's Municipal Advisor as shown on Tables 16 and 17.

As shown above, the County plans to fund approximately \$310.6 million from a combination of rates, fees, and charges, \$5.3 million from sales proceeds of the Waverly System, \$50.9 million from external sources and grants and \$355.2 million through existing and proposed Bonds. As discussed later in this report, this funding plan results in a level of unrestricted reserve funds in excess of 120 days of the Cost of Operation and Maintenance.

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THE SERIES 2026 PROJECT

As shown in the above table, the County plans to issue the Series 2026 Bonds to provide project proceeds of approximately \$218.1 million. Based on discussions with County staff, the use of the Series 2026 Bond proceeds may be used for, but not limited to, the following capital requirements:

Series 2026 Project [1]

Description	Total FY26-FY29
System Expansion:	
<u>Water System:</u>	
East Regional Utility Service Area – Polk Regional Water Cooperative Alternative Water Receiving Facility	\$7,960,186
Bradley Junction New Well Improvements	2,360,000
Total Water System	\$10,320,186
<u>Sewer System:</u>	
Northeast Regional Wastewater Treatment Facility ("NERWWTF") Expansion (6 to 9 MGD) – 5-Stage Carousel	\$149,102,007
Septage Receiving Station	6,375,000
East Regional Wastewater Treatment Facility (New 0.64 Million Gallons per Day for 2060 Build-out)	3,000,000
Southwest Regional Wastewater Treatment Facility ("SWRWTF") Filter, Dewatering, Clarifier, Motor Control Center	2,075,000
FDC Grove Road Reclaimed Water Main Loop	2,060,000
Northwest Regional Wastewater Treatment Facility ("NWRWTF") Filter, Dewatering System Improvements	1,488,255
Miscellaneous Reclaimed Water Community Investment Program Upgrades	1,049,500
Miscellaneous Wastewater CIP Upgrades	905,500
Supervisory Control and Data Acquisition Cyber Security Updates	594,250
US Highway 98/Duff Road Reclaimed Water Main Loop	570,000
Pole Barn Improvements	368,000
Total Sewer System	\$167,587,512
Total System Expansion	\$177,907,698

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Series 2026 Project [1] (cont'd.)

Description	Total FY26-FY29
System Renewal & Replacement:	
<u>Water System:</u>	
Renewal and Replacement Potable Water Projects	\$6,600,000
Total Water System	\$6,600,000
<u>Sewer System:</u>	
Renewal and Replacement Wastewater Projects	\$33,600,000
Total Sewer System	\$33,600,000
Total System Renewal & Replacement	\$40,200,000
Total Series 2026 Project	\$218,107,698
[1] Amounts derived from Table 7 at the end of this report. Qualified projects based on the County's authorizing resolution for use of the Series 2026 Bond proceeds.	

Projected Operating Results

General

The projected operating results of the System for the Forecast Period are summarized on Table 8. The projections were based on: i) the amended Fiscal Year ending September 30, 2026 and approved Fiscal Year ending September 30, 2027 Operating Budgets associated with the operations of the System as provided by County staff; ii) discussions with County staff regarding current and future utility needs associated with capital improvements to the System and the capital funding plan; and iii) other information provided by the County and its consultants.

Table 8 summarizes annual projections of Gross Revenues, Cost of Operation and Maintenance, and annual Bond Service Requirements on senior lien debt (the County does not currently have any debt with a junior or subordinate claim to Net Revenues) being repaid through System Net Revenues, which are used to calculate the projected debt service coverage ratios. Table 9, at the end of this report, provides the detailed calculations related to the combined System cash flows, which further includes capital expenditures and required transfers after the payment of all Cost of Operation and Maintenance and existing and proposed annual Bond Service Requirements. As discussed previously, existing and proposed annual Bond Service Requirements include principal and interest payments on the Outstanding Parity Bonds, the proposed Series 2026 Bonds, and the projected Series 2028 and Series 2030 Bonds (the "Additional Bonds") in order to fully fund the capital plan.

As provided at the end of this report, projected customers and sales for the Water and Sewer Systems are presented on Tables 4 and 5, respectively. The forecast of customers and sales is based on historical growth and usage trends and information provided by the County relating to projected service area development.

A thorough discussion of customer and sales growth was provided earlier in this report. Such assumed growth included 2,100 water accounts and 1,900 sewer accounts per year or an annual growth rate of 2.6% and 3.1% for the Water and Sewer Systems, respectively.

Projected revenue includes sales revenue, investment earnings on fund balances, and other miscellaneous revenues derived from operations. For the purpose of estimating Gross Revenue, investment earnings on Connection Charge Funds were excluded. The projected revenues for the System are shown in detail on Table 6, which are based on the adopted rates, fees, and charges for the Forecast Period.

Other miscellaneous operating revenue and income are provided on Table 10 at the end of this report, which includes late fees and penalties, new account fees, connect / reconnect charges (turn-on / turn-off fees), reclaimed water charges (as a component of the sewer system) and AWS Surcharge revenues. Connection Charges, which reflect the County's recoupment of capital-related infrastructure and facility costs incurred to serve future growth, are not considered a Gross Revenue to satisfy the operating needs of the System; however, the Rate Covenant allows for the inclusion of Water and Sewer Connection Charges for certain purposes for the determination of Rate Covenant compliance. Table 11 at the end of this report provides a summary of projected Connection Charges, which were based on the new customer connections estimated to occur during the Forecast Period.

Investment earnings included in Gross Revenues are estimated based on projected cash and investments balances that are assumed to be available to the County during the Forecast Period but exclude earnings from Connection Charges on deposit. Table 12 at the end of this report provides a summary of estimated cash and investment balances for each year of the Forecast Period and the estimated investment earnings.

The Projected Cost of Operation and Maintenance (as defined in the Bond Resolution) is based on various factors such as projected expense increases due to inflation and projected changes in expenses due to anticipated changes in operations, if any. The following section provides a detailed discussion of study assumptions and other considerations made in developing the projected results.

Principal Considerations and Assumptions

In the preparation of this report and the conclusions that follow, we have made certain assumptions with respect to conditions that are anticipated to occur in the future. While we believe the assumptions are reasonable for the purpose of this report, they are dependent upon future events and actual conditions may differ from those assumed. In addition, for our projections, estimates and studies, we have used and relied upon certain information and assumptions provided to us or prepared by others, including: i) information and assumptions provided to us by the County regarding historical financial information and historical customer and sales statistics; ii) information contained in the County's ACFRs; iii) information provided by the County's Municipal Advisor with respect to assumptions regarding the issuance of the Series 2026 Bonds and any future Additional Bonds assumed for the Forecast Period; and iv) information provided by the County with respect to the capital improvement program for the System. While we believe use thereof to be reasonable for the purpose of this report, we offer no further assurances with respect thereto. To the extent that actual conditions differ from those assumed by us herein or from information or assumptions provided to us, or prepared by others, the actual results will vary from those estimated and projected in this report. Those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

In making the projections and estimates summarized in this report, the principal considerations and assumptions made by us and the principal information and assumptions provided to us, or prepared by others, include the following:

1. Gross Revenues for the Forecast Period were predicated on the actual, audited Fiscal Year ended September 30, 2025 amounts, as provided by County staff. The County expects water and sewer customers to increase an average of approximately 2.6% and 3.1%, respectively, per year over the Forecast Period. When considering the implementation of the adopted rates for the Forecast Period, the County estimates an annual average increase in Gross Revenues of approximately 10.1% through Fiscal Year ending September 30, 2031. Table 6 at the end of this report provides the details behind the projected amounts, which are summarized as follows:

Projected Gross Revenues at Adopted Rates

Description	Projected Fiscal Year Ending September 30,					
	2026	2027	2028	2029	2030	2031
Gross Revenues:						
Charges for Service at Existing Rates [1]	\$116,019,546	\$118,737,762	\$121,638,535	\$124,539,308	\$127,440,081	\$130,340,854
Additional Revenue from Rate Adjustments [2]	0	11,718,917	22,974,989	34,177,290	46,378,475	59,640,743
Sub-total Charges for Service	\$116,019,546	\$130,456,678	\$144,613,524	\$158,716,598	\$173,818,556	\$189,981,597
Miscellaneous Revenue [3]	4,620,413	7,721,231	7,751,231	7,781,531	7,812,134	7,843,043
Sub-total Charges for Service and Miscellaneous Income	\$120,639,959	\$138,177,909	\$152,364,755	\$166,498,129	\$181,630,690	\$197,824,640
Interest Income [4]	5,589,000	3,827,000	3,544,000	3,250,000	3,138,000	3,301,000
Sub-total Operating and Non-operating Income	\$126,228,959	\$142,004,909	\$155,908,755	\$169,748,129	\$184,768,690	\$201,125,640
Less: Interest Income from Connection Charges [5]	2,483,000	1,208,000	1,032,000	787,000	639,000	627,000
Total Gross Revenues	\$123,745,959	\$140,796,909	\$154,876,755	\$168,961,129	\$184,129,690	\$200,498,640

[1] Charges for service include income derived from the minimum monthly base charges and consumption rates for water, reclaimed water, and sewer service. Amounts also include revenues derived from the AWS Surcharge. The projection of revenues under the existing rates are based on connecting 2,100 water accounts and 1,900 sewer accounts each year over the Forecast Period.

[2] Additional revenues estimated based on adopted increases approved by the Board pursuant to the Rate Resolution.

[3] Other operating revenue includes income derived from miscellaneous utility charges. Amount beginning in Fiscal Year 2027 includes \$3 million per year from new septage receiving fees as adopted. Amounts generally held constant beyond Fiscal Year ending September 30, 2027.

[4] Interest Income reflects all projected interest earnings on investment balances for accounts created by the Bond Resolution as derived from Table 12, including earnings derived from Connection Charges on deposit.

[5] Gross Revenues exclude income derived from Connection Charges, including investment income; however, such amount is includable in Test B of the Rate Covenant whereby Connection Charges and investment income derived from Connection Charges are added to Net Revenues.

The County recently sold the Waverly Public Water and Sewer Systems (the “Waverly System”) to the City of Lake Wales for \$5.3 million. Based on provisions of the Bond Resolution, the purchase price was deposited into the reserve funds and will be used for capital renewal and replacement of existing assets as shown in the capital plan. The Waverly System comprised approximately 588 water connections and 245 sewer connections at the time of sale. For the purpose of this study, we have reduced the effective operating results by approximately \$0.3 million per year beginning in Fiscal Year 2026 based on selling the Waverly System to the City of Lake Wales.

2. The amended Fiscal Year ending September 30, 2026 and approved Fiscal Year ending September 30, 2027 Operating Budgets provided by the County serve as the basis for the operating expense projections. Unless otherwise noted, the underlying assumptions and expenditure amounts included therein are assumed to be reasonable and reflect anticipated operations. Such budgetary amounts are incorporated into the Cost of Operation and Maintenance component of this feasibility study, except for adjustments and assumptions as noted hereunder.
3. The Cost of Operation and Maintenance projections are shown on Tables 13 and 14 for the Water and Sewer Systems, respectively. The projected operating expenses were developed for the study as follows:
 - a. Operating expenses predicated on the approved Fiscal Year ending September 30, 2027 Operating Budget are increased for the following inflationary adjustments shown on Table 15:
 - Existing Personnel Costs (COLA): 3.5% per Fiscal Year
 - Allowance for New Personnel Positions: 6.5% of Labor per Fiscal Year
 - Employee and Liability Insurance: 5.0% per Fiscal Year
 - Utilities and Chemicals: 8.0% per Fiscal Year
 - All Other Expenses: 3.0% per Fiscal Year
 - b. To meet the growing needs for water, the County entered into agreements under two new projects with members of the Polk Regional Water Cooperative (the “PRWC”) to develop alternative water resources that meet the System’s estimated Fiscal Year ending September 30, 2045 water demands:
 - Southeast Project: 3.40 MGD (Phase 1 entitlement 1.56 MGD)
 - West Polk Project: 0.98 MGD (Phase 1 entitlement 0.31 MGD)

The fixed costs of each project include, but are not limited to, operating expenses, capital contributions, deposits for renewal and replacement of assets, debt service payments, and working capital requirements. The fixed costs are allocated to members based on the Fiscal Year ending September 30, 2045 capacity allocations of each project, while the variable expenses are allocated to members based on actual use during any year (a charge per 1,000 gallons [kgal]). The PRWC published its updated business plan in December 2025, which included the following estimated member payments for the County:

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Projected PRWC Payments Due from the County [1]

Fiscal Year	Admin Budget	Debt Service	Other Fixed Costs	Variable Expenses	Total
FY2026	\$110,091	\$1,353,888	\$7,935		\$1,471,914
FY2027	\$62,356	\$1,682,242	\$81,028		\$1,825,626
FY2028	\$64,133	\$2,794,098	\$198,712	\$177,655	\$3,234,598
FY2029	\$65,981	\$3,803,414	\$1,783,719	\$2,321,594	\$7,974,708
FY2030	\$67,904	\$5,769,584	\$1,853,616	\$2,534,246	\$10,225,350
FY2031	\$69,905	\$5,887,543	\$1,941,162	\$2,773,078	\$10,671,688

[1] Amounts based on the current Business Plan published December 2025. Amounts subject to change.

- c. The County is also a member of the Water Cooperative of Central Florida (“WCCF”) to develop alternative water supplies for the region (the “Cypress Lake Project”). The capital costs to date have largely been funded by AWS Surcharge revenues as accounted for initially in the County’s capital improvement program. Based on discussions with County staff, such disbursements have been treated as a Cost of Operation and Maintenance when evaluating compliance with the Rate Covenant. For the Fiscal Years ending September 30, 2027 through and including 2030, the estimated annual capacity costs assumed average approximately \$13.4 million per year. During the last year of construction (FY 2031), the County estimates the capacity costs will equal \$7.4 million. Based on additional direction from County staff, we have also estimated operating expenses of approximately \$5.4 million per year beginning in Fiscal Year ending September 30, 2031. The expenses are based on estimates received from a third-party operator and will be incurred once the capital construction is complete and water is produced and delivered by the WCCF. The following assumptions related to the WCCF are reflected in our analysis of expenses:

- Expenses are based on estimates received from a third-party operator including an estimated average charge of \$8.39 per kgal (FY2031) similar to the PRWC Southeast Wellfield assumptions
- County’s capacity rights were increased from 10% to 10.33% with build-out capacity ranging from 30 million gallons per day (MGD) to 34 MGD
- Phase 1 water availability could range between 7.5 MGD and 17 MGD
- Phase 1 water estimated to be available beginning in Fiscal Year ending September 30, 2031 with an assumed delivery of 641 million gallons per Fiscal Year
- Additional information will be required to make estimates about wheeling water through the transmission systems of certain members, if any
- No additional capital charges (beyond what is approved in the capital plan) have been assumed

- d. Based on the foregoing discussions related to purchased water costs, when evaluating the projected financial results on Table 8, the estimated purchased water costs include two primary components: 1) water capacity payments and expenses paid to the PRWC; and 2) water capacity payments and expenses paid to the WCCF. As summarized on Table 8 at the end of this report, the projected amounts are estimated to increase from \$4.7 million in Fiscal Year 2026 to \$23.4 million in Fiscal Year 2031. The detailed amounts are derived from Table 13. We anticipate that PRWC and WCCF will continue to prepare updated financial results for members and that purchased water costs will increase beyond the Forecast Period. The County has adopted an AWS Surcharge that is anticipated to be updated in the future to account for any increased purchased water costs that may occur.
 - e. Based upon the County's review of actual Cost of Operation and Maintenance compared to budget during the Historical Period, actual expenditures averaged approximately 92% of adopted budget over the past five (5) fiscal years. Based on discussions with County staff, the financial forecast assumes controllable operating expenses will be approximately 90% of budgeted amounts, consistent with the County's historical budget-to-actual experience, while purchased water costs from PRWC and WCCF are recognized at 100% of projected amounts. As a result, total Cost of Operation and Maintenance in Fiscal Year 2027 is projected to be approximately \$11.1 million, or 8%, below budget. Providing an allowance for the County's historical budget-to-actual experience is consistent with the utility rate and pricing practices exercised by County staff over time.
 - f. No additional contingency allowance beyond the budgeted Cost of Operation and Maintenance was included in the projected water and sewer operating results. Any unknown or unplanned expenditures are anticipated to be funded with reserves on an as-needed basis.
 - g. Based on the allowances provided herein, the projected annual average increase in operating expenses over the Forecast Period is estimated at 10.6% per year as shown on Table 8.
4. For the purposes of this study, amounts associated with depreciation and amortization expenses have not been recognized in this analysis. These expenditures are non-cash in nature and are also not considered as a component of Cost of Operation and Maintenance for the purpose of calculating compliance with the Rate Covenant of the Bond Resolution. Also not included in the coverage calculation are the County's non-operating transfers from the System in the form of a payment-in-lieu-of-taxes (the "PILOT") as this transfer to the General Fund is not considered as a Cost of Operation and Maintenance as defined in the Bond Resolution and thus is paid from the net cash flows after the payment of debt service, which is considered "below the line" for the purposes of Rate Covenant compliance.
5. Upon the issuance of the Series 2026 Bonds, the County shall have approximately \$175.6 million of existing utility revenue bonds outstanding (the "Outstanding Bonds") before considering the Series 2026 Bonds and any Additional Bonds assumed to be issued during the Forecast Period. The annual Bond Service Requirement included in this report for the Outstanding Bonds was based on the actual debt service schedules for each issue as provided by the County's Municipal Advisor. Furthermore, based on the requirements of the Bond Resolution, the annual Bond Service Requirement used to calculate the Rate Covenant debt service coverage test for the Forecast Period is based on when the annual debt service sinking fund deposit is required to be made. Table 16 at the end of this report

summarizes the annual Bond Service Requirement. A summary of the principal for each series of Outstanding Bonds is as follows:

Summary of Outstanding Bonds

Description	Principal Outstanding Delivery Date of the Series 2026 Bonds [1]
Utility System Revenue and Refunding Bonds, Series 2024	\$88,055,000
Utility System Revenue and Refunding Bonds, Series 2020	87,550,000
Total Outstanding Bonds	\$175,605,000
[1] Amount outstanding as of the delivery date of the Series 2026 Bonds; includes principal payments made on October 1, 2026, as provided by the County's Municipal Advisor.	

Annual Bond Service Requirements for the Outstanding Bonds for the Forecast Period are shown on Table 16 at the end of this report, which averages approximately \$12.8 million.

6. As discussed previously in this report and in Assumption 7 below, the County plans to spend approximately \$722.0 million on capital improvements over the Forecast Period, of which approximately 45% or \$322.5 million is expected to be funded through the Series 2026 Bonds and future Additional Bonds. Table 16, at the end of this report, summarizes the projected annual Bond Service Requirement for the Series 2026 Bonds and the future Additional Bonds that were provided by the County's Municipal Advisor. The financing assumptions, which include estimated borrowing rates over a financing term through Fiscal Year 2057, are summarized on Table 17. As shown on Table 16, the first payment on the proposed Series 2026 Bonds is estimated to be approximately \$10.3 million on October 1, 2027 and an annual average interest-only payment of \$10.9 million per year over the remaining Forecast Period. The County's Municipal Advisor provided estimated financing schedules for all future Additional Bonds, including the Series 2026 Bonds, and as such, the estimated terms and conditions of the borrowing assumptions will change. We have no responsibility to update this report for events and/or circumstances occurring after the date of this report.
7. The capital expenditures for the System are based on data derived from the most recent capital improvement program prepared by the County along with information regarding the status of current and anticipated projects and annual departmental capital needs. The following is a summary of the capital expenditures anticipated for the System and the funding sources expected to be utilized during the Forecast Period:

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Summary of Proposed Capital Funding Sources [1]

Description	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	Total
Summary of Projected Capital Expenditures:							
<u>System Expansion:</u>							
Water System	\$16,128,580	\$25,264,000	\$30,801,250	\$22,849,250	\$22,482,000	\$14,227,500	\$131,752,580
Sewer System	113,137,265	95,457,755	64,851,250	31,442,500	21,682,500	33,155,000	359,726,270
Total System Expansion	\$129,265,845	\$120,721,755	\$95,652,500	\$54,291,750	\$44,164,500	\$47,382,500	\$491,478,850
<u>System Renewal and Replacement:</u>							
Water System	\$12,844,985	\$14,783,984	\$14,144,638	\$14,800,503	\$18,102,264	\$14,831,667	\$89,508,041
Sewer System	35,373,743	26,106,462	24,365,363	20,869,498	17,442,737	16,813,334	140,971,137
Total System Renewal and Replacement	\$48,218,728	\$40,890,446	\$38,510,001	\$35,670,001	\$35,545,001	\$31,645,001	\$230,479,178
Total Projected Capital Expenditures	<u>\$177,484,573</u>	<u>\$161,612,201</u>	<u>\$134,162,501</u>	<u>\$89,961,751</u>	<u>\$79,709,501</u>	<u>\$79,027,501</u>	<u>\$721,958,028</u>
<u>Projected Funding Sources:</u>							
Water and Sewer Rate Revenues	\$15,275,969	\$18,560,446	\$21,925,001	\$20,715,001	\$22,225,001	\$23,685,001	\$122,386,419
AWS Surcharge Revenues / PWRI Fund	3,796,724	11,990,000	17,330,000	12,990,000	11,424,000	7,400,000	64,930,724
Water and Sewer Connection Charge Fund	50,915,882	13,279,215	18,671,898	19,480,500	11,200,500	9,692,500	123,240,494
Proceeds from Sale of Waverly	5,300,000	0	0	0	0	0	5,300,000
Grant Revenues and Other External Sources	30,919,699	15,452,500	302,500	700,000	700,000	2,800,000	50,874,699
Bond Proceeds from the Existing Series 2024 Bonds	31,203,211	1,539,782	0	0	0	0	32,742,993
Bond Proceeds from the Proposed Series 2026 Bonds [2]	40,073,087	100,790,259	75,933,102	1,311,250	0	0	218,107,698
Bond Proceeds from the Future Series 2028 Bonds [2]	0	0	0	34,765,000	34,160,000	1,100,000	70,025,000
Bond Proceeds from the Future Series 2030 Bonds [2]	0	0	0	0	0	34,350,000	34,350,000
Total Projected Funding Sources	<u>\$177,484,573</u>	<u>\$161,612,201</u>	<u>\$134,162,501</u>	<u>\$89,961,751</u>	<u>\$79,709,501</u>	<u>\$79,027,501</u>	<u>\$721,958,028</u>

[1] Amounts derived from Table 7 at the end of this report.

[2] Estimated Bond Service Requirement for each projected bond issuance provided by the County's Municipal Advisor as shown on Tables 16 and 17.

Table 7 at the end of this report provides a detailed listing of the capital projects and funding sources for the System for each year of the Forecast Period.

- Table 12 at the end of this report provides the details behind the System's fund balance activity and development of interest income on reserve balances. The System maintains typical utility accounts and

reserves similar to other utility enterprise funds. Such accounts include, but are not limited to, the Operating Fund, Customer Deposits Fund, Renewal & Replacement Fund, and Water and Sewer Connection Charge Funds. Upon the implementation of the AWS Surcharge, the Board established an internally designated fund to account for the sources and uses of AWS projects and other County water initiatives (the “Polk Water Resource Initiatives Fund” or “PWRI Fund”). The following tabulation summarizes the projected year-ending cash and investment balances by major fund as follows:

Projected Year-end Cash and Investment Balances [1][2]

Description		Actual	Projected Fiscal Year Ending September 30,					
		2025	2026	2027	2028	2029	2030	2031
Projected Year-End Cash and Investment Balances:								
Operating Fund	(U)	\$51,331,087	\$59,437,890	\$60,099,627	\$61,295,691	\$64,014,259	\$69,224,917	\$76,244,403
Customer Deposits Fund	(R)	9,571,907	9,571,907	9,571,907	9,571,907	9,571,907	9,571,907	9,571,907
Polk Water Resource Initiatives Fund	(R)	13,546,792	16,728,977	13,612,952	6,901,665	2,709,873	1,137,705	860,509
Renewal & Replacement Fund	(R)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Existing Construction Funds (Series 2024 Bonds) [3]	(R)	32,742,993	0	0	0	0	0	0
Proposed Construction Funds [4]	(R)	0	179,574,393	77,244,353	1,311,251	35,260,001	1,100,001	0
Water and Sewer Connection Charge Funds	(R)	83,560,989	43,029,007	38,727,442	31,092,244	22,195,212	21,033,156	21,357,103
Total End of Fiscal Year		\$191,753,768	\$309,342,174	\$200,256,282	\$111,172,758	\$134,751,252	\$103,067,686	\$109,033,923
Unrestricted Reserve Balance	(U)	\$51,331,087	\$59,437,890	\$60,099,627	\$61,295,691	\$64,014,259	\$69,224,917	\$76,244,403
Restricted Reserve Balance	(R)	140,422,681	249,904,284	140,156,655	49,877,067	70,736,993	33,842,769	32,789,520
Total End of Fiscal Year Reserve Balances		\$191,753,768	\$309,342,174	\$200,256,282	\$111,172,758	\$134,751,252	\$103,067,686	\$109,033,923
Minimum Reserve Balance – 30 Days of Operating Expenses & Bond Service Requirement to Meet Bond Covenants [5]		\$20,000,000	\$21,000,000	\$33,000,000	\$34,000,000	\$39,000,000	\$39,000,000	\$41,000,000
Days of Gross Revenues		60	62	86	80	84	77	75
Unrestricted Reserve Balance		\$51,331,087	\$59,437,890	\$60,099,627	\$61,295,691	\$64,014,259	\$69,224,917	\$76,244,403
Days of Gross Revenues		154	175	156	144	138	137	139

(U) = Unrestricted

(R)= Restricted

[1] Amounts derived from Table 12 and assume that the adopted rates are implemented through and including Fiscal Year ending September 30, 2031. When comparing the amounts for Fiscal Year ended September 30, 2025 to the ACFR, available reserves were reduced by any current liabilities outstanding at year-end.

[2] Amounts exclude sinking fund debt service payment reserve.

[3] Amounts fully expended by September 30, 2026.

[4] Amounts reflect bond proceeds remaining in the Construction Fund at the end of each year based on the Proposed Series 2026 Bonds and any Additional Bonds.

[5] The County has adopted an internal cash reserve policy that targets a minimum cash balance of 30 days of Cost of Operation and Maintenance, plus the Bond Service Requirement to meet the Bond covenants.

As shown above, cash and investment reserve balances are projected to decrease from \$191.8 million as of September 30, 2025 to \$109.0 million by the end of Fiscal Year ending September 30, 2031. This

decrease in reserve balances is mainly due to the funding of certain expansion-related capital improvements through the use of existing Connection Charge Funds and construction funds available from the Series 2024 Bonds. Approximately \$76.2 million of the projected ending balance for Fiscal Year ending September 30, 2031 is unrestricted, which includes the Operating Fund. This unrestricted amount alone equals approximately 139 days of annual Gross Revenues.

The County has adopted an internal cash reserve policy that targets a minimum cash and investment balance of 30 days of Cost of Operation and Maintenance, plus the annual Bond Service Requirement to meet the Bond covenants. As shown above, the minimum required balance in Fiscal Year ending September 30, 2031 is estimated at \$41.0 million or 75 days of Gross Revenues. Based on the projections outlined in this study, unrestricted reserves are projected to exceed the County's minimum target.

9. With respect to the Renewal and Replacement Fund (the "R&R Fund"), the Bond Resolution provides that deposits to the fund are not required once the balance reaches \$1.0 million. The County has \$1.0 million in the R&R Fund and the County anticipates maintaining this reserve over the Forecast Period since the County is meeting the near-term capital maintenance requirements as demonstrated within the capital plan shown on Table 7.
10. In accordance with the flow of funds and as defined in the Bond Resolution, certain interest income (the "Investment Earnings") has been recognized as revenue available to fund the expenditure needs of the System for purposes of calculating compliance with the Rate Covenant of the Bond Resolution. For purposes of calculating Gross Revenues, Investment Earnings from funds and accounts established by the County that are considered unrestricted (earnings not required to be retained in such funds and accounts and are available as a component of Gross Revenues) have been recognized. Investment Earnings from restricted funds, such as customer deposits and Connection Charges, were not considered as a component of Investment Earnings and therefore are not a component of Gross Revenues.

In the development of the estimated Investment Earnings, an average annual interest rate of 3.0% was assumed to be earned on the estimated average fund balances during the Forecast Period, which is consistent with the County's internal budget assumptions. This interest rate is lower than recent earning performance results of the System, investment earnings rates and information provided by County staff.

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Summary of Projected Operating Results

As shown in Table 8 and summarized as follows, projections have been prepared of the operating results for the System. Such projections were prepared in accordance with the flow of funds prescribed by the Bond Resolution and the various assumptions and considerations used in the projections as set forth above.

Projected Operating Results and Debt Service Coverage

Description	Projected Fiscal Year Ending September 30,					
	2026	2027	2028	2029	2030	2031
Gross Revenues [1]:						
Charges for Service at Existing Rates	\$116,019,546	\$118,737,762	\$121,638,535	\$124,539,308	\$127,440,081	\$130,340,854
Additional Revenue from Rate Adjustments [2]	0	11,718,917	22,974,989	34,177,290	46,378,475	59,640,743
Sub-total Charges for Service	\$116,019,546	\$130,456,678	\$144,613,524	\$158,716,598	\$173,818,556	\$189,981,597
Miscellaneous Revenue [3]	4,620,413	7,721,231	7,751,231	7,781,531	7,812,134	7,843,043
Sub-total Charges for Service and Miscellaneous Income	\$120,639,959	\$138,177,909	\$152,364,755	\$166,498,129	\$181,630,690	\$197,824,640
Interest Income [4]	5,589,000	3,827,000	3,544,000	3,250,000	3,138,000	3,301,000
Sub-total Operating and Non-operating Income	\$126,228,959	\$142,004,909	\$155,908,755	\$169,748,129	\$184,768,690	\$201,125,640
Less: Interest Income from Connection Charges [5]	2,483,000	1,208,000	1,032,000	787,000	639,000	627,000
Total Gross Revenues	\$123,745,959	\$140,796,909	\$154,876,755	\$168,961,129	\$184,129,690	\$200,498,640
Cost of Operation and Maintenance [6]:						
Personnel Services	\$33,098,220	\$42,214,548	\$46,125,701	\$50,412,454	\$55,111,591	\$60,263,537
Operations, Maintenance, and Other Expenses	48,807,463	49,086,458	51,456,361	53,963,295	56,616,404	59,425,489
Purchased Water Costs	4,650,307	13,815,626	20,564,598	20,964,708	21,649,350	23,449,481
Indirect [7]	3,180,715	3,543,944	3,898,338	4,288,172	4,716,989	5,188,688
Total Cost of Operation and Maintenance	\$89,736,705	\$108,660,576	\$122,044,998	\$129,628,629	\$138,094,335	\$148,327,196
Net Revenues Available for Debt Service (A)	\$34,009,254	\$32,136,333	\$32,831,757	\$39,332,500	\$46,035,355	\$52,171,445
Plus Available Connection Charges (B) [8] [9]:						
Available Connection Charges	\$10,200,000	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000
Interest Income on Connection Charges [5]	2,483,000	1,208,000	1,032,000	787,000	639,000	627,000
Total Available Connection Charges (B)	\$12,683,000	\$13,208,000	\$13,032,000	\$12,787,000	\$12,639,000	\$12,627,000
Net Revenues Plus Connection Charges Available for Debt Service (C)	\$46,692,254	\$45,344,333	\$45,863,757	\$52,119,500	\$58,674,355	\$64,798,445
Annual Bond Service Requirement (D):						
Existing Debt Service Payments	\$12,842,775	\$12,896,525	\$12,905,775	\$12,867,025	\$13,007,025	\$12,491,275
Proposed Debt Service Payments	0	10,307,295	10,945,800	14,548,363	14,548,363	16,280,938
Total Annual Bond Service Requirement (D)	\$12,842,775	\$23,203,820	\$23,851,575	\$27,415,388	\$27,555,388	\$28,772,213

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Projected Operating Results and Debt Service Coverage (cont'd.)

Description	Projected Fiscal Year Ending September 30,					
	2026	2027	2028	2029	2030	2031
Test A [10]						
Debt Service Coverage Ratio (A/D):						
Excluding Available Connection Charges (1.10× Required)	2.65	1.38	1.38	1.43	1.67	1.81
Or						
Test B [10]						
Debt Service Coverage Ratio (A/D):						
Excluding Available Connection Charges (1.00× Required)	2.65	1.38	1.38	1.43	1.67	1.81
And						
Debt Service Coverage Ratio (C/D):						
Including Available Connection Charges (1.25× Required)	3.64	1.95	1.92	1.90	2.13	2.25

- [1] Amounts derived from Table 6, which exclude Connection Charges for each year.
- [2] Additional revenues estimated based on adopted increases approved by the Board pursuant to the Rate Resolution.
- [3] Other operating revenue includes income derived from miscellaneous utility charges. Amount beginning in Fiscal Year 2027 includes \$3 million per year from new septage receiving fees as adopted. Amounts generally held constant beyond Fiscal Year ending September 30, 2027.
- [4] Interest Income reflects all projected interest earnings on investment balances for accounts created by the Bond Resolution as derived from Table 12, including earnings derived from Connection Charges on deposit.
- [5] Gross Revenues exclude income derived from Connection Charges, including investment income; however, such amount is includable in Test B of the Rate Covenant whereby Connection Charges and investment income derived from Connection Charges are added to Net Revenues.
- [6] Amounts exclude depreciation and amortization expenses, payments in lieu of taxes (PILOT), and capitalized labor. Based on the County's review of budget to actual results, the actual expenses are projected to be approximately 10% lower than the adopted budget for each year. The amounts shown were derived as follows:

	Projected Fiscal Year Ending September 30,					
	2026	2027	2028	2029	2030	2031
Cost of Operation and Maintenance [a]						
Water Operating Expenses	\$58,212,060	\$73,618,409	\$84,516,427	\$89,407,322	\$94,955,331	\$102,025,156
Sewer Operating Expenses	45,626,678	50,943,112	54,489,288	58,328,151	62,486,149	66,992,223
Sub-total Operating Expenses	\$103,838,738	\$124,561,521	\$139,005,715	\$147,735,473	\$157,441,480	\$169,017,379
Less Budget to Actual Variance Adjustments [b]	(9,918,843)	(11,074,589)	(11,844,112)	(12,677,077)	(13,579,213)	(14,556,790)
Total Cost of Operation and Maintenance	\$93,919,895	\$113,486,931	\$127,161,603	\$135,058,397	\$143,862,267	\$154,460,589
Less Capitalized Labor Costs [c]	(1,820,402)	(2,321,800)	(2,536,914)	(2,772,685)	(3,031,138)	(3,314,495)
Less Transfer to the General Fund (PILOT) [c]	(2,362,788)	(2,504,555)	(2,579,692)	(2,657,082)	(2,736,795)	(2,818,899)
Total Cost of Operation and Maintenance (Net)	\$89,736,705	\$108,660,576	\$122,044,998	\$129,628,629	\$138,094,335	\$148,327,196
Allocation of Cost of Operation and Maintenance [d]						
Personnel Services	\$33,098,220	\$42,214,548	\$46,125,701	\$50,412,454	\$55,111,591	\$60,263,537
Operations, Maintenance, and Other Expenses	48,807,463	49,086,458	51,456,361	53,963,295	56,616,404	59,425,489
Purchased Water Costs [e]	4,650,307	13,815,626	20,564,598	20,964,708	21,649,350	23,449,481
Indirect	3,180,715	3,543,944	3,898,338	4,288,172	4,716,989	5,188,688
Total Allocation of Cost of Operation and Maintenance	\$89,736,705	\$108,660,576	\$122,044,998	\$129,628,629	\$138,094,335	\$148,327,196

[a] Amounts derived from Tables 13 and 14.

[b] Amounts equal to approximately 10% of the projected expenses, which is consistent with the County's utility rate and pricing practices.

[c] Amounts provided by County staff, which are not included in Cost of Operation and Maintenance as defined in the Bond Resolution.

[d] Allocation of operating expenses based upon a detailed review of the projected charges by account as shown in Tables 13 and 14.

[e] Projected purchased water costs include two (2) components: 1) water capacity payments and expenses paid to the PRWC; and 2) water capacity payments and expenses paid to the WCCF.

Table footnotes (cont'd.)

- [7] Amount reflects an operating transfer from the Water and Sewer Fund to the General Fund to account for allocated operating and administrative expenses associated with utility services. Amounts beyond Fiscal Year ending September 30, 2027 were increased based on the County's assumed labor escalator.
- [8] Amounts derived from Tables 11 and 12 based on the growth assumptions discussed in the report.
- [9] As of the issuance of the Series 2026 Bonds, the Water Expansion Project Percentage is 20.58% and the Sewer Expansion Project Percentage is 62.30%, which limits the amount of Connection Charges available to pay debt service. The Water and Sewer Expansion Project Percentages will change over time with the issuance of any Additional Bonds assumed, however, the amount of Available Connection Charges for this compliance analysis is assumed to be limited to no greater than \$12 million per year which is consistent with the current budget.
- [10] As provided in Section 11.05 of the Bond Resolution (the "Rate Covenant"), rates must be adequate to meet one (1) of the following tests (Test A or Test B):
- Test A: *The amount of Gross Revenues (but not including therein any revenues derived from special assessments) to be received in such Bond Year less one hundred percent (100%) of the Cost of Operation and Maintenance for such Bond Year shall be equal to at least one hundred ten percent (110%) of the Bond Service Requirement for such Bond Year;*
- Or
- Test B: *The amount of Gross Revenues (but not including therein any revenues derived from special assessments) to be received in such Bond Year less one hundred percent (100%) of the Cost of Operation and Maintenance for such Bond Year shall be equal to at least one hundred percent (100%) of the Bond Service Requirement for such Bond Year; and*
- The sum of Gross Revenues (but not including therein any revenues derived from special assessments) and the Available Connection Charges (as defined in Section 11.05) to be received in such Bond Year less one hundred percent (100%) of the Cost of Operation and Maintenance in such Bond Year shall be equal to at least one hundred twenty-five percent (125%) of the Bond Service Requirement for such Bond Year.*

In order to provide additional information regarding the projected revenue sufficiency of the System, including the County's non-operating transfers and other funding requirements after the payment of the annual Bond Service Requirement, Table 9 at the end of this report was compiled to summarize the annual projected cash flows of the System, including a summary of projected cash and investment balances estimated as of September 30 for each Fiscal Year of the Forecast Period. As discussed previously in this report, the projected results are based on the County's planned implementation of previously adopted water and wastewater rates for the Forecast Period. Please refer to Table 9 for a summary of projected System cash flow and projected cash and investment balances.

Conclusions

Based upon the principal considerations and assumptions and the results of our studies and analyses, as summarized in this report, which should be read in its entirety in conjunction with the following, we are of the opinion that:

1. The projected growth in System revenues for the Forecast Period is based on the adopted water and sewer rate resolution that includes annual adjustments through Fiscal Year ending September 30, 2031. Please refer to the pages beginning on page 4 of this report for a detailed explanation of the County's recently adopted rates that provide for annual rate adjustments through Fiscal Year ending September 30, 2031. Beginning on and after October 1, 2031, such rates, fees, and charges shall be increased annually by the FPSC Index without further action required by the Board. An annual increase for new customer connections of 2.6% and 3.1% for the Water and Sewer Systems, respectively, was assumed for the System during the Forecast Period. The projected growth in System customers and applicable usage during the Forecast Period for the System represents reasonable and attainable projections based on discussions with the County and on recent trends in customers served / billed.
2. The projected Cost of Operation and Maintenance reflects the County's current wage and salary plan and inflationary allowances for other operating expenses and as such represents reasonable and attainable projections based on discussions with the County and on recent trends in customers served / billed.

3. The Gross Revenues for the Forecast Period under the County's adopted rates and charges are projected to be sufficient to pay all projected Cost of Operation and Maintenance of the System, pay the estimated annual Bond Service Requirement on all Bonds (including the Series 2026 Bonds and any Additional Bonds assumed for the Forecast Period), make all additional deposits as required by the Bond Resolution, if any, and meet the Rate Covenant of the Bond Resolution.
4. The projected debt service coverage of the System as presented in this report is projected to be in compliance with the Rate Covenant contained in the Bond Resolution. The forecast of projected operating results is considered by Raftelis as being reasonable and attainable and provides a basis for the County to meet the Rate Covenant as delineated in the Bond Resolution. A summary of the assumptions and considerations relied upon in the development of the forecast of projected operating results is included herein.

The financial projections in this report, associated with the issuance of the Series 2026 Bonds, were based on discussions with and information provided by the County, the County's Municipal Advisor and consultants, as well as certain assumptions and analyses made by us with respect to such financial projections. The ability of the System to meet the Bond Service Requirement and to comply with the Rate Covenant of the Bond Resolution are subject to the assumptions and considerations identified in the report and information obtained during preparation of the report regarding the System and the financial projections reflected therein. As such, the report should be read in its entirety with respect to such projections.

This report summarizes the results of our studies and analyses up to the date of this report. Prospective purchasers of the Series 2026 Bonds should not rely upon the information contained in this report for a current description of any matters set forth herein as of any date subsequent to the date of this report. Raftelis did not perform an audit of the financial books and records of the System, but relied upon information, assumptions, and projections provided by County staff and others.

There will usually be differences between the forecast and actual results because events and circumstances frequently do not occur as expected. Those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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Tables

Table 1: Comparison of Typical Monthly Residential Bills for Water Service
Table 2: Comparison of Typical Monthly Residential Bills for Sewer Service
Table 3: Comparison of Typical Monthly Residential Bills for Water and Sewer Service
Table 4: Summary of Projected Water Customer Growth and Billing Determinants
Table 5: Summary of Projected Sewer Customer Growth and Billing Determinants
Table 6: Projected Gross Revenues at Adopted Rates
Table 7: Detailed Funding of Capital Improvement Projects
Table 8: Projected Operating Results and Debt Service Coverage
Table 9: Projected Net Annual Cashflow and Sufficiency of Rates
Table 10: Other Miscellaneous Operating Revenues and Income
Table 11: Projected Connection Charge Revenues
Table 12: Summary of Projected Account Balances
Table 13: Projected Water Cost of Operation and Maintenance
Table 14: Projected Sewer Cost of Operation and Maintenance
Table 15: Cost of Operation and Maintenance Escalation Assumptions
Table 16: Projected Annual Bond Service Requirements
Table 17: Summary of Debt Service Sizing and Payments

Table 1
Polk County, Florida
Financial Feasibility Report

Comparison of Typical Monthly Residential Bills for Water Service [1]

Line No.	Description	Residential Service for a 5/8" or 3/4" Meter								
		0 Gallons	2,000 Gallons	4,000 Gallons	6,000 Gallons	10,000 Gallons	15,000 Gallons	20,000 Gallons	25,000 Gallons	30,000 Gallons
Polk County										
1	Current Rates (Includes AWS Surcharge)	\$11.72	\$17.80	\$24.60	\$32.12	\$47.16	\$80.51	\$113.86	\$162.06	\$210.26
2	Adopted (Includes AWS Surcharge) - FY27	12.42	19.26	26.87	35.25	52.01	88.36	124.71	176.81	228.91
3	Adopted (Includes AWS Surcharge) - FY28	13.17	20.79	29.23	38.49	57.01	96.46	135.91	192.06	248.21
4	Adopted (Includes AWS Surcharge) - FY29	13.96	22.38	31.67	41.83	62.15	104.85	147.55	207.95	268.35
5	Adopted (Includes AWS Surcharge) - FY30	14.80	24.04	34.20	45.28	67.44	113.49	159.54	224.34	289.14
6	Adopted (Includes AWS Surcharge) - FY31	15.69	25.77	36.82	48.84	72.88	122.38	171.88	241.28	310.68
Other Florida Utilities:										
7	Charlotte County	\$31.79	\$45.47	\$59.15	\$73.85	\$105.29	\$154.84	\$211.19	\$267.54	\$332.49
8	City of Bartow	15.17	22.19	29.21	36.23	58.77	91.22	123.67	156.12	188.57
9	City of Haines City	18.07	20.99	24.36	28.17	35.80	50.39	64.98	85.93	106.87
10	City of Lake Alfred	11.48	14.22	16.96	21.11	32.23	52.13	72.03	91.93	111.83
11	City of Lake Wales	8.98	16.08	23.18	31.53	50.73	87.93	125.13	162.33	223.68
12	City of Lakeland	11.83	16.53	21.23	25.93	37.79	56.82	80.79	116.04	151.29
13	City of Winter Haven	10.26	14.96	19.66	26.22	43.06	79.66	125.06	170.46	215.86
14	Collier County	32.84	41.72	50.60	61.74	88.54	132.99	177.44	232.99	288.54
15	Hillsborough County	16.85	25.13	33.41	43.66	68.10	98.65	139.70	180.75	221.80
16	Okeechobee Utility Authority	25.55	36.33	49.83	66.05	98.49	139.04	179.59	220.14	260.69
17	Orange County	9.03	11.89	15.30	19.26	27.18	46.88	66.58	105.93	145.28
18	Pasco County	11.00	15.36	19.72	25.37	39.25	73.95	120.75	167.55	214.35
19	Pinellas County	10.55	18.65	26.75	45.17	82.01	128.06	174.11	220.16	266.21
20	Sarasota County	22.78	29.50	36.22	44.68	67.80	118.85	189.12	273.82	358.52
21	Toho Water Authority (Kissimmee System)	7.75	9.17	14.15	21.12	39.04	74.74	110.44	164.19	217.94
22	Other Florida Utilities' Average	\$16.26	\$22.55	\$29.31	\$38.01	\$58.27	\$92.41	\$130.71	\$174.39	\$220.26

[1] Unless otherwise noted, amounts shown reflect residential rates in effect June 2026 and are exclusive of taxes or franchise fees, if any, and reflect rates charged for inside the city service. All rates are as reported by the respective utility. This comparison is intended to show comparable charges for similar service for comparison purposes only and is not intended to be a complete listing of all rates and charges offered by each listed utility.

Table 2
Polk County, Florida
Financial Feasibility Report

Comparison of Typical Monthly Residential Bills for Wastewater Service [1]

		Residential Service for a 5/8" or 3/4" Meter								
Line No.	Description	0 Gallons	2,000 Gallons	4,000 Gallons	6,000 Gallons	10,000 Gallons	15,000 Gallons	20,000 Gallons	25,000 Gallons	30,000 Gallons
Polk County										
1	Current Rates	\$40.61	\$55.17	\$69.73	\$84.29	\$91.57	\$91.57	\$91.57	\$91.57	\$91.57
2	Adopted - FY27	43.05	58.49	73.93	89.37	97.09	97.09	97.09	97.09	97.09
3	Adopted - FY28	45.63	61.99	78.35	94.71	102.89	102.89	102.89	102.89	102.89
4	Adopted - FY29	48.37	65.71	83.05	100.39	109.06	109.06	109.06	109.06	109.06
5	Adopted - FY30	51.27	69.65	88.03	106.41	115.60	115.60	115.60	115.60	115.60
6	Adopted - FY31	54.35	73.83	93.31	112.79	122.53	122.53	122.53	122.53	122.53
<u>Other Florida Utilities:</u>										
7	Charlotte County	\$47.26	\$60.42	\$73.58	\$86.74	\$113.06	\$113.06	\$113.06	\$113.06	\$113.06
8	City of Bartow	22.84	26.64	30.44	34.24	41.84	41.84	41.84	41.84	41.84
9	City of Haines City	24.52	38.42	52.32	66.23	94.03	94.03	94.03	94.03	94.03
10	City of Lake Alfred	38.45	44.53	50.61	56.69	68.85	68.85	68.85	68.85	68.85
11	City of Lake Wales	31.89	40.25	48.61	60.12	89.44	126.09	162.74	199.39	236.04
12	City of Lakeland	22.83	33.07	43.31	53.55	74.03	84.27	84.27	84.27	84.27
13	City of Winter Haven	12.67	25.41	38.15	50.89	76.37	108.22	140.07	171.92	203.77
14	Collier County	53.06	67.98	82.90	97.82	127.66	164.96	164.96	164.96	164.96
15	Hillsborough County	25.22	39.36	53.50	67.64	81.78	81.78	81.78	81.78	81.78
16	Okeechobee Utility Authority	28.59	46.37	64.15	81.93	117.49	161.94	206.39	250.84	295.29
17	Orange County	19.33	28.11	36.89	45.67	63.23	80.79	80.79	80.79	80.79
18	Pasco County	23.42	37.82	52.22	66.62	95.42	95.42	95.42	95.42	95.42
19	Pinellas County	22.10	38.24	54.38	70.52	102.80	102.80	102.80	102.80	102.80
20	Sarasota County	24.60	48.52	72.44	96.36	144.20	144.20	144.20	144.20	144.20
21	Toho Water Authority (Kissimmee System)	19.26	24.12	40.80	57.48	90.84	132.54	174.24	215.94	257.64
22	Other Florida Utilities' Average	\$27.74	\$39.95	\$52.95	\$66.17	\$92.07	\$106.72	\$117.03	\$127.34	\$137.65

[1] Unless otherwise noted, amounts shown reflect residential rates in effect June 2026 and are exclusive of taxes or franchise fees, if any, and reflect rates charged for inside the city service. All rates are as reported by the respective utility. This comparison is intended to show comparable charges for similar service for comparison purposes only and is not intended to be a complete listing of all rates and charges offered by each listed utility.

Table 3
Polk County, Florida
Financial Feasibility Report

Comparison of Typical Monthly Residential Bills for Water and Wastewater Service [1]

Line No.	Description	Residential Service for a 5/8" or 3/4" Meter								
		0 Gallons	2,000 Gallons	4,000 Gallons	6,000 Gallons	10,000 Gallons	15,000 Gallons	20,000 Gallons	25,000 Gallons	30,000 Gallons
Polk County										
1	Current Rates (Includes AWS Surcharge)	\$52.33	\$72.97	\$94.33	\$116.41	\$138.73	\$172.08	\$205.43	\$253.63	\$301.83
2	Adopted (Includes AWS Surcharge) - FY27	55.47	77.75	100.80	124.62	149.10	185.45	221.80	273.90	326.00
3	Adopted (Includes AWS Surcharge) - FY28	58.80	82.78	107.58	133.20	159.90	199.35	238.80	294.95	351.10
4	Adopted (Includes AWS Surcharge) - FY29	62.33	88.09	114.72	142.22	171.21	213.91	256.61	317.01	377.41
5	Adopted (Includes AWS Surcharge) - FY30	66.07	93.69	122.23	151.69	183.04	229.09	275.14	339.94	404.74
6	Adopted (Includes AWS Surcharge) - FY31	70.04	99.60	130.13	161.63	195.41	244.91	294.41	363.81	433.21
Other Florida Utilities:										
7	Charlotte County	\$79.05	\$105.89	\$132.73	\$160.59	\$218.35	\$267.90	\$324.25	\$380.60	\$445.55
8	City of Bartow	38.01	48.83	59.65	70.47	100.61	133.06	165.51	197.96	230.41
9	City of Haines City	42.59	59.41	76.68	94.40	129.83	144.42	159.01	179.96	200.90
10	City of Lake Alfred	49.93	58.75	67.57	77.80	101.08	120.98	140.88	160.78	180.68
11	City of Lake Wales	40.87	56.33	71.79	91.65	140.17	214.02	287.87	361.72	459.72
12	City of Lakeland	34.66	49.60	64.54	79.48	111.82	141.09	165.06	200.31	235.56
13	City of Winter Haven	22.92	40.36	57.80	77.10	119.42	187.87	265.12	342.37	419.62
14	Collier County	85.90	109.70	133.50	159.56	216.20	297.95	342.40	397.95	453.50
15	Hillsborough County	42.07	64.49	86.91	111.30	149.88	180.43	221.48	262.53	303.58
16	Okeechobee Utility Authority	54.14	82.70	113.98	147.98	215.98	300.98	385.98	470.98	555.98
17	Orange County	28.36	40.00	52.19	64.93	90.41	127.67	147.37	186.72	226.07
18	Pasco County	34.42	53.18	71.94	91.99	134.67	169.37	216.17	262.97	309.77
19	Pinellas County	32.65	56.89	81.13	115.69	184.81	230.86	276.91	322.96	369.01
20	Sarasota County	47.38	78.02	108.66	141.04	212.00	263.05	333.32	418.02	502.72
21	Toho Water Authority (Kissimmee System)	27.01	33.29	54.95	78.60	129.88	207.28	284.68	380.13	475.58
22	Other Florida Utilities' Average	\$44.00	\$62.50	\$82.27	\$104.17	\$150.34	\$199.13	\$247.73	\$301.73	\$357.91

[1] Unless otherwise noted, amounts shown reflect residential rates in effect June 2026 and are exclusive of taxes or franchise fees, if any, and reflect rates charged for inside the city service. All rates are as reported by the respective utility. This comparison is intended to show comparable charges for similar service for comparison purposes only and is not intended to be a complete listing of all rates and charges offered by each listed utility.

Table 4
Polk County, Florida
Financial Feasibility Report

Summary of Projected Water Customer Growth and Billing Determinants

Line No.	Description	Historical [1]	Projected Fiscal Year Ending September 30.					
		2025	2026	2027	2028	2029	2030	2031
WATER SYSTEM								
Residential								
1	Annual Average Units	72,003	74,083	76,163	78,243	80,323	82,403	84,483
2	Average Growth in Accounts	N/A	2,080	2,080	2,080	2,080	2,080	2,080
3	Annual Average Accounts	72,003	74,083	76,163	78,243	80,323	82,403	84,483
4	Average Monthly Use per Account (Gallon	6,584	6,584	6,584	6,584	6,583	6,583	6,583
5	Average Monthly Use per Unit (Gallons)	6,584	6,584	6,584	6,584	6,583	6,583	6,583
6	Total Projected Consumption (000s)	5,689,088	5,853,190	6,017,292	6,181,394	6,345,496	6,509,598	6,673,699
Commercial								
7	Annual Average Units	1,737	1,757	1,777	1,797	1,817	1,837	1,857
8	Average Growth in Accounts	N/A	20	20	20	20	20	20
9	Annual Average Accounts	1,737	1,757	1,777	1,797	1,817	1,837	1,857
10	Average Monthly Use per Account (Gallon	56,644	56,113	55,594	55,087	54,591	54,106	53,631
11	Average Monthly Use per Unit (Gallons)	56,644	56,113	55,594	55,087	54,591	54,106	53,631
12	Total Projected Consumption (000s)	1,180,678	1,183,083	1,185,489	1,187,894	1,190,300	1,192,705	1,195,111
TOTAL WATER SYSTEM								
13	Annual Average Units	73,740	75,840	77,940	80,040	82,140	84,240	86,340
14	Average Growth in Accounts	N/A	2,100	2,100	2,100	2,100	2,100	2,100
15	Annual Average Accounts	73,740	75,840	77,940	80,040	82,140	84,240	86,340
16	Average Monthly Use per Account (Gallon	7,764	7,731	7,701	7,673	7,645	7,619	7,595
17	Average Monthly Use per Unit (Gallons)	7,764	7,731	7,701	7,673	7,645	7,619	7,595
18	Total Projected Consumption (000s)	6,869,766	7,036,273	7,202,781	7,369,288	7,535,795	7,702,303	7,868,810

Footnotes:

[1] Amounts based on detailed water billing statistics as provided by the County, which were reconciled against the actual revenues for the period

Table 5
Polk County, Florida
Financial Feasibility Report

Summary of Projected Sewer Customer Growth and Billing Determinants

Line No.	Description	Historical [1] 2025	2026	2027	2028	2029	2030	2031
SEWER SYSTEM								
Residential								
1	Annual Average Units	54,663	56,543	58,423	60,303	62,183	64,063	65,943
2	Average Growth in Accounts	N/A	1,880	1,880	1,880	1,880	1,880	1,880
3	Annual Average Accounts	54,663	56,543	58,423	60,303	62,183	64,063	65,943
4	Average Monthly Use per Account (Gallons)	6,204	6,203	6,203	6,203	6,203	6,203	6,203
5	Average Monthly Use per Unit (Gallons)	6,204	6,203	6,203	6,203	6,203	6,203	6,203
6	Total Projected Metered Water (000s)	4,069,250	4,209,151	4,349,051	4,488,952	4,628,853	4,768,754	4,908,654
7	Total Projected Billed Water (000s)	2,731,868	2,825,790	2,919,711	3,013,633	3,107,554	3,201,476	3,295,397
Commercial								
8	Annual Average Units	918	938	958	978	998	1,018	1,038
9	Average Growth in Accounts	N/A	20	20	20	20	20	20
10	Annual Average Accounts	918	938	958	978	998	1,018	1,038
11	Average Monthly Use per Account (Gallons)	89,802	88,076	86,422	84,835	83,312	81,849	80,442
12	Average Monthly Use per Unit (Gallons)	89,802	88,076	86,422	84,835	83,312	81,849	80,442
13	Total Projected Billed Water (000s)	989,263	991,384	993,505	995,626	997,748	999,869	1,001,990
TOTAL SEWER SYSTEM								
14	Annual Average Units	55,581	57,481	59,381	61,281	63,181	65,081	66,981
15	Average Growth in Accounts	N/A	1,900	1,900	1,900	1,900	1,900	1,900
16	Annual Average Accounts	55,581	57,481	59,381	61,281	63,181	65,081	66,981
17	Average Monthly Use per Account (Gallons)	7,584	7,539	7,498	7,458	7,421	7,386	7,354
18	Average Monthly Use per Unit (Gallons)	7,584	7,539	7,498	7,458	7,421	7,386	7,354
19	Total Projected Metered Water (000s)	5,058,513	5,200,535	5,342,557	5,484,579	5,626,600	5,768,622	5,910,644
20	Total Projected Billed Water (000s)	3,721,131	3,817,174	3,913,216	4,009,259	4,105,302	4,201,345	4,297,387
TOTAL RECLAIMED SYSTEM								
21	Average Growth in Accounts	N/A	800	800	800	800	800	800
22	Annual Average Accounts	14,962	15,762	16,562	17,362	18,162	18,962	19,762
23	Average Monthly Use per Account (Gallons)	18,777	18,326	16,395	16,068	15,770	15,498	15,247
24	Total Projected Metered Water (000s)	3,371,263	3,466,320	3,258,340	3,347,694	3,437,047	3,526,400	3,615,753

Footnotes:

[1] Amounts based on detailed water billing statistics as provided by the County, which were reconciled against the actual revenues for the period.

Table 6
Polk County, Florida
Financial Feasibility Report

Projected Gross Revenues at Adopted Rates

Line No.	Description	Projected Fiscal Year Ending September 30					
		2026	2027	2028	2029	2030	2031
	Gross Revenues						
1	Charges for Service at Existing Rates [1]	\$116,019,546	\$118,737,762	\$121,638,535	\$124,539,308	\$127,440,081	\$130,340,854
2	Additional Revenue from Rate Adjustments [2]	0	11,718,917	22,974,989	34,177,290	46,378,475	59,640,743
3	Sub-total Charges for Service	\$116,019,546	\$130,456,678	\$144,613,524	\$158,716,598	\$173,818,556	\$189,981,597
4	Miscellaneous Revenue [3]	4,620,413	7,721,231	7,751,231	7,781,531	7,812,134	7,843,043
5	Sub-total Charges for Service & Miscellaneous Income	\$120,639,959	\$138,177,909	\$152,364,755	\$166,498,129	\$181,630,690	\$197,824,640
6	Interest Income [4]	5,589,000	3,827,000	3,544,000	3,250,000	3,138,000	3,301,000
7	Sub-total Operating and Non-operating Income	\$126,228,959	\$142,004,909	\$155,908,755	\$169,748,129	\$184,768,690	\$201,125,640
8	Less: Interest Income from Connection Charges [5]	2,483,000	1,208,000	1,032,000	787,000	639,000	627,000
9	Total Gross Revenues	\$123,745,959	\$140,796,909	\$154,876,755	\$168,961,129	\$184,129,690	\$200,498,640

Footnotes

- [1] Charges for service include income derived from the minimum monthly base charges and consumption rates for water, reclaimed water and sewer service. Amounts also include revenues derived from the AWS Surcharge. The projection of revenues under the existing rates are based on connecting 2,100 water accounts and 1,900 sewer accounts each year over the Forecast Period.
- [2] Additional revenues estimated based on adopted increases approved by the Board pursuant to the Rate Resolution.
- [3] Other operating revenue includes income derived from miscellaneous utility charges. Amount beginning in Fiscal Year 2027 includes \$3 million per year from new septage receiving fees as adopted . Amounts generally held constant beyond Fiscal Year ending September 30, 2027.
- [4] Interest Income reflects all projected interest earnings on investment balances for accounts created by the Bond Resolution as derived from Table 12, including earnings derived from Connection Charges on deposit.
- [5] Gross Revenues exclude income derived from Connection Charges, including investment income; however, such amount is includable in Test B of the Rate Covenant whereby Connection Charges and investment income derived from Connection Charges are added to Net Revenues.

Table 7
Polk County, Florida
Financial Feasibility Report

Detailed Funding of Capital Improvement Projects

Line No.	Project ID	Description	Funding Source		Actual and Appropriated 2026	Proposed Budget 2027	Fiscal Year Ending September 30,				Total FY26-31
			Original	Proposed			2028	2029	2030	2031	
WATER CIP EXPANSION											
1	6817009	Miscellaneous Developers Agreement	Connection Fees	Connection Fees	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$0	\$4,500,000
2	6812017	New HHUFA 2 Well	Connection Fees	Connection Fees	1,208,159	530,000	0	0	0	0	1,738,159
3	6814012	Bradley Junction New Well Improvements	W Rates	Bond1	0	210,000	1,600,000	550,000	0	0	2,360,000
4	6816018	Babson Park Water Production Facility GSP and HSP	Connection Fees	Connection Fees	1,642,828	65,000	0	0	0	0	1,707,828
5	6816018	Babson Park Water Production Facility GSP and HSP	ARP	ARP	1,748,603	50,000	0	0	0	0	1,798,603
6	6857014	Gibson Oaks Water Production Facility	Connection Fees	Connection Fees	177,777	0	0	0	0	0	177,777
7	6817011	Water Treatment Facility SCADA Upgrades	Connection Fees	Connection Fees	456,909	430,500	0	0	0	0	887,409
8	6812014	Cypress Lake Alternative Water Supply Project	AWS Surcharge	AWS Surcharge	3,178,393	11,990,000	17,330,000	12,990,000	11,424,000	7,400,000	64,312,393
9	6815004	East Regional Water Production Facility	Connection Fees	Connection Fees	0	0	500,000	600,000	350,000	350,000	1,800,000
10	6815004	East Regional Water Production Facility	Connection Fees	Connection Fees	0	0	0	2,000,000	2,000,000	2,000,000	6,000,000
11	Total Water Treatment and Storage Facility Projects				\$9,312,669	\$14,175,500	\$20,330,000	\$17,040,000	\$14,674,000	\$9,750,000	\$85,282,169
Water Distribution System Projects											
12	6835008	Rolling Hills Water Main Upgrades	Connection Fees	Connection Fees	\$622,094	\$0	\$0	\$0	\$0	\$0	\$622,094
13	6832033	Northeast Regional Utility Service Area Water Main Looping	Bond2	Bond2	0	0	0	0	2,900,000	1,100,000	4,000,000
14	6802041	Oakhills/Providence Well #4 Wellhead Installation	Connection Fees	Connection Fees	1,555,486	513,000	0	0	0	0	2,068,486
15	6836005	Sun Ray Water Main Upgrades Ph 1	Connection Fees	Connection Fees	1,050,000	1,050,000	0	0	0	0	2,100,000
16	6835009	Sun Ray Water Main Upgrades Ph 2	Connection Fees	Connection Fees	0	1,050,000	1,050,000	0	0	0	2,100,000
17	6835010	Sun Ray Water Main Upgrades Ph 3	Connection Fees	Connection Fees	0	0	1,050,000	1,050,000	0	0	2,100,000
18	6835011	Sun Ray Water Main Upgrades Ph 4	Connection Fees	Connection Fees	0	0	0	1,050,000	1,050,000	0	2,100,000
19	6837014	Miscellaneous Potable CIP Upgrades	Connection Fees	Connection Fees	58,303	412,500	465,000	420,000	530,000	0	1,885,803
20	6861008	Central Regional Utility Service Area - Polk Regional Water Cooperative Alternative Water Receiving Facility	Connection Fees	Connection Fees	27,781	819,000	207,500	0	0	0	1,054,281
21	6865002	East Regional Utility Service Area - Polk Regional Water Cooperative Alternative Water Receiving Facility	AWS Surcharge	Bond1	252,686	3,953,750	3,753,750	0	0	0	7,960,186
22	6852005	Northeast Regional Utility Service Area - Polk Regional Water Cooperative Alternative Water Receiving Facility	Connection Fees	Connection Fees	1,890,000	1,921,500	2,572,500	1,953,000	693,000	0	9,030,000
23	Total Water Distribution System Projects				\$5,456,350	\$9,719,750	\$9,098,750	\$4,473,000	\$5,173,000	\$1,100,000	\$35,020,850
General Engineering Service Projects											
24	6857019	Electrical Short Circuit Current Studies	W Rates	W Rates	\$94,378	\$135,000	\$0	\$0	\$0	\$0	\$229,378
25	6857024	Facility Security Updates	W Rates	W Rates	340,188	288,750	288,750	212,500	0	0	1,130,188
26	6857025	SCADA Software and Programming Standards	W Rates	W Rates	0	52,500	52,500	0	0	0	105,000
27	Total General Engineering Service Projects				\$434,566	\$476,250	\$341,250	\$212,500	\$0	\$0	\$1,464,566
Miscellaneous Water Projects											
28	6867011	Supplemental Water Supply Planning and Coordination	AWS Surcharge	AWS Surcharge	\$618,331	\$0	\$0	\$0	\$0	\$0	\$618,331
29	6867012	Water Quality Laboratory Facility	Connection Fees	Connection Fees	127,061	157,500	157,500	157,500	157,500	157,500	914,561
30	6863001	Cherry Hill Direct Potable Reuse Facility	AWS Surcharge	W Rates	0	400,000	400,000	400,000	400,000	400,000	2,000,000
31	Total Miscellaneous Water Projects				\$745,392	\$557,500	\$557,500	\$557,500	\$557,500	\$557,500	\$3,532,892
Operations/Emergency Equipment/Grant Projects											
32	6897998	Utilities Miscellaneous Services	W Rates	W Rates	\$116,443	\$131,250	\$270,000	\$263,750	\$0	\$0	\$781,443
33	Total Operations/Emergency Equipment/Grant Projects				\$116,443	\$131,250	\$270,000	\$263,750	\$0	\$0	\$781,443

Table 7
Polk County, Florida
Financial Feasibility Report

Detailed Funding of Capital Improvement Projects

Line No.	Project ID	Description	Funding Source		Actual and Appropriated 2026	Proposed Budget 2027	Fiscal Year Ending September 30,				Total FY26-31
			Original	Proposed			2028	2029	2030	2031	
Building and Non- Production Projects											
34	6892002	Northeast Regional Utility Service Area Operations Support Facility	W Rates	W Rates	\$63,160	\$0	\$0	\$250,000	\$665,000	\$1,250,000	\$2,228,160
35	6892002	Northeast Regional Utility Service Area Operations Support Facility	GF	GF	0	151,250	151,250	0	0	0	302,500
36	6891002	Central Operations Training Facility	W Rates	W Rates	0	52,500	52,500	52,500	1,412,500	1,570,000	3,140,000
37	Total Building and Non-Production Projects				\$63,160	\$203,750	\$203,750	\$302,500	\$2,077,500	\$2,820,000	\$5,670,660
38	TOTALWATER CIP EXPANSION				\$16,128,580	\$25,264,000	\$30,801,250	\$22,849,250	\$22,482,000	\$14,227,500	\$131,752,580
WATER R&R EXPANSION											
Water Treatment and Storage Facility Projects											
39	6817000	Renewal and Replacement Potable Water Projects	W Rates	W Rates	(\$355,772)	\$2,200,167	\$3,671,667	\$4,181,667	\$5,031,667	\$5,831,667	\$20,561,063
40	6817000	Renewal and Replacement Potable Water Projects	W Rates	Bond1	0	500,000	6,100,000	0	0	0	6,600,000
41	6817000	Renewal and Replacement Potable Water Projects	W Rates	Bond2	0	0	0	7,900,000	10,700,000	0	18,600,000
42	6817000	Renewal and Replacement Potable Water Projects	W Rates	Bond3	0	0	0	0	0	7,500,000	7,500,000
43	6817000	Renewal and Replacement Potable Water Projects	W Rates	Waverly	2,650,000	0	0	0	0	0	2,650,000
44	6817000	Renewal and Replacement Potable Water Projects	W Rates	Grant 4	7,500,000	7,500,000	0	0	0	0	15,000,000
45	Total Water Treatment and Storage Facility Projects				\$9,794,228	\$10,200,167	\$9,771,667	\$12,081,667	\$15,731,667	\$13,331,667	\$70,911,063
Buildings and Non-Production											
46	6897003	Renewal and Replacement Buildings and Non-Production Projects	W Rates	W Rates	\$1,265,529	\$1,905,401	\$1,131,776	\$58,040	\$0	\$0	\$4,360,746
47	6567006	AMI Meter Change-Out	W Rates	W Rates	145,075	1,741,195	1,741,195	1,160,796	870,597	0	5,658,858
48	Total Operations/Emergency Equipment/Grant Projects				\$1,410,604	\$3,646,595	\$2,872,971	\$1,218,836	\$870,597	\$0	\$10,019,604
49	TOTAL WATER R&R EXPANSION				\$11,204,832	\$13,846,762	\$12,644,638	\$13,300,503	\$16,602,264	\$13,331,667	\$80,930,667
Capital Outlay											
50	Water Capital Outlay		W Rates	W Rates	\$1,640,152	\$937,222	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$8,577,374
51	Wastewater Capital Outlay		W Rates	W Rates	0	0	0	0	0	0	0
52	Total Capital Outlay				\$1,640,152	\$937,222	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$8,577,374
53	TOTAL WATER CAPITAL IMPROVEMENTS				\$28,973,564	\$40,047,984	\$44,945,888	\$37,649,753	\$40,584,264	\$29,059,167	\$221,260,621
SEWER CIP EXPANSION											
Reclaimed Water Projects											
54	6802040	FDC Grove Road Reclaimed Water Main Loop	Connection Fees	Connection Fees	\$275,966	\$0	\$0	\$0	\$0	\$0	\$275,966
55	6802040	FDC Grove Road Reclaimed Water Main Loop	Bond1	Bond1	0	1,725,000	335,000	0	0	0	2,060,000
56	6803013	US Highway 98/Duff Road Reclaimed Water Main Loop	Connection Fees	Connection Fees	934,651	0	0	0	0	0	934,651
57	6803013	US Highway 98/Duff Road Reclaimed Water Main Loop	Bond1	Bond1	0	570,000	0	0	0	0	570,000
58	6807002	Miscellaneous Reclaimed Water Community Investment Program Upgrades	Connection Fees	Connection Fees	42,500	0	0	0	0	0	42,500
59	6807002	Miscellaneous Reclaimed Water Community Investment Program Upgrades	Bond1	Bond1	0	367,000	341,250	341,250	0	0	1,049,500
60	Total Reclaimed Water Projects				\$1,253,117	\$2,662,000	\$676,250	\$341,250	\$0	\$0	\$4,932,617
Wastewater Treatment and Disposal Facility Project											
61	6826010	Sun Ray Wastewater Treatment Facility Upgrades	Connection Fees	Connection Fees	\$0	\$0	\$0	\$0	\$0	\$1,160,000	\$1,160,000
62	6826010	Sun Ray Wastewater Treatment Facility Upgrades	Bond2	Bond2	0	0	0	0	315,000	0	315,000

Table 7
Polk County, Florida
Financial Feasibility Report

Detailed Funding of Capital Improvement Projects

Line No.	Project ID	Description	Funding Source		Actual and Appropriated 2026	Proposed Budget 2027	Fiscal Year Ending September 30,				Total FY 26-31
			Original	Proposed			2028	2029	2030	2031	
63	6827009	Northwest Regional Wastewater Treatment Facility ("NWRWTF") Filter, Dewatering System Improvements	Connection Fees	Connection Fees	3,287,018	0	0	0	0	0	3,287,018
64	6827009	Northwest Regional Wastewater Treatment Facility ("NWRWTF") Filter, Dewatering System Improvements	Bond1	Bond1	0	808,255	680,000	0	0	0	1,488,255
65	6827009	Northwest Regional Wastewater Treatment Facility ("NWRWTF") Filter, Dewatering System Improvements	Bond2	Bond2	0	0	0	1,550,000	1,500,000	0	3,050,000
66	6827009	Northwest Regional Wastewater Treatment Facility ("NWRWTF") Filter, Dewatering System Improvements	Bond3	Bond3	0	0	0	0	0	5,200,000	5,200,000
67	6827009	Northwest Regional Wastewater Treatment Facility ("NWRWTF") Filter, Dewatering System Improvements	Connection Fees	Grant 4	0	0	0	300,000	300,000	1,200,000	1,800,000
68	6822015	Northeast Regional Wastewater Treatment Facility ("NERWWTF") Expansion (6 to 9 MGD) - 5 Stage Carousel	Connection Fees	Connection Fees	5,252,323	5,409,215	11,769,398	11,000,000	0	0	33,430,935
69	6822015	Northeast Regional Wastewater Treatment Facility ("NERWWTF") Expansion (6 to 9 MGD) - 5 Stage Carousel	Series 2024	Series 2024	31,203,211	1,539,782	0	0	0	0	32,742,993
70	6822015	Northeast Regional Wastewater Treatment Facility ("NERWWTF") Expansion (6 to 9 MGD) - 5 Stage Carousel	Bond1	Bond1	29,820,401	74,551,004	44,730,602	0	0	0	149,102,007
71	6822015	Northeast Regional Wastewater Treatment Facility ("NERWWTF") Expansion (6 to 9 MGD) - 5 Stage Carousel	Bond2	Bond2	0	0	0	7,900,000	0	0	7,900,000
72	6822015	Northeast Regional Wastewater Treatment Facility ("NERWWTF") Expansion (6 to 9 MGD) - 5 Stage Carousel	Connection Fees	Grant 4	6,750,000	0	0	0	0	0	6,750,000
73	6824008	Southwest Regional Wastewater Treatment Facility ("SWRWTF") Filter, Dewatering, Clarifier, Motor Control	Connection Fees	Connection Fees	2,551,645	0	0	350,000	5,150,000	6,025,000	14,076,645
74	6824008	Southwest Regional Wastewater Treatment Facility ("SWRWTF") Filter, Dewatering, Clarifier, Motor Control	Bond1	Bond1	0	1,500,000	575,000	0	0	0	2,075,000
75	6824008	Southwest Regional Wastewater Treatment Facility ("SWRWTF") Filter, Dewatering, Clarifier, Motor Control	Bond1	Grant 4	0	0	0	400,000	400,000	1,600,000	2,400,000
76	6825008	East Regional Wastewater Treatment Facility (New 0.64 million gallons per day for 2060 build out)	Connection Fees	Connection Fees	5,385,337	0	0	0	0	0	5,385,337
77	6825008	East Regional Wastewater Treatment Facility (New 0.64 million gallons per day for 2060 build out)	Bond1	Bond1	0	800,000	2,200,000	0	0	0	3,000,000
78	6825008	East Regional Wastewater Treatment Facility (New 0.64 million gallons per day for 2060 build out)	Bond2	Bond2	0	0	0	2,100,000	8,000,000	0	10,100,000
79	6825008	East Regional Wastewater Treatment Facility (New 0.64 million gallons per day for 2060 build out)	Connection Fees	Bond3	0	0	0	0	0	15,150,000	15,150,000
80	6825008	East Regional Wastewater Treatment Facility (New 0.64 million gallons per day for 2060 build out)	Connection Fees	GF	3,500,000	0	0	0	0	0	3,500,000
81	Total Sewer Treatment and Disposal Facility Project				\$87,749,935	\$84,608,255	\$59,955,000	\$23,600,000	\$15,665,000	\$30,335,000	\$301,913,190
Wastewater Collection System Projects											
82	6842059	Ernie Caldwell Blvd. Force Main and Master Lift Station	Connection Fees	Connection Fees	\$0	\$0	\$0	\$0	\$370,000	\$0	\$370,000
83	6842059	Ernie Caldwell Blvd. Force Main and Master Lift Station	Bond2	Bond2	0	0	0	3,160,000	2,790,000	0	5,950,000
84	6841026	Heritage Place Wastewater Treatment Facility and Force Main Extensions	S Rates	S Rates	0	0	2,887,500	2,887,500	525,000	0	6,300,000
85	6847014	Miscellaneous Wastewater CIP Upgrades	Connection Fees	Connection Fees	40,758	0	0	0	0	0	40,758
86	6847014	Miscellaneous Wastewater CIP Upgrades	Bond1	Bond1	0	223,000	262,500	420,000	0	0	905,500
87	6843022	Deeson Rd Lift Station & Force Main	Connection Fees	Connection Fees	303,080	0	0	0	0	0	303,080
88	Total Sewer Collection System Projects				\$343,838	\$223,000	\$3,150,000	\$6,467,500	\$3,685,000	\$0	\$13,869,338
General Engineering Service Projects											
89	6827007	Supervisory Control and Data Acquisition Cyber Security Updates	Connection Fees	Connection Fees	\$357,290	\$0	\$0	\$0	\$0	\$0	\$357,290
90	6827007	Supervisory Control and Data Acquisition Cyber Security Updates	Bond1	Bond1	0	339,250	255,000	0	0	0	594,250

Table 7
Polk County, Florida
Financial Feasibility Report

Detailed Funding of Capital Improvement Projects

Line No.	Project ID	Description	Funding Source		Actual and Appropriated 2026	Proposed Budget 2027	Fiscal Year Ending September 30,				Total FY26-31
			Original	Proposed			2028	2029	2030	2031	
91	6827007	Supervisory Control and Data Acquisition Cyber Security Updates	Bond2	Bond2	0	0	0	255,000	255,000	0	510,000
92	6857019	Electrical Short Circuit Current Studies	S Rates	S Rates	94,378	135,000	0	0	0	0	229,378
93	6857024	Facility Security Updates	S Rates	S Rates	340,188	288,750	288,750	212,500	0	0	1,130,188
94	6857025	SCADA Software and Programming Standards	S Rates	S Rates	0	52,500	52,500	0	0	0	105,000
95	Total General Engineering Service Projects				\$791,856	\$815,500	\$596,250	\$467,500	\$255,000	\$0	\$2,926,106
Miscellaneous Wastewater Projects											
96	6873001	Septage Receiving Station	Connection Fees	Connection Fees	\$20,454,541	\$0	\$0	\$0	\$0	\$0	\$20,454,541
97	6873001	Septage Receiving Station	Bond1	Bond1	0	6,375,000	0	0	0	0	6,375,000
98	6873001	Septage Receiving Station	ARP	ARP	50,000	50,000	0	0	0	0	100,000
99	6887003	Pole Barn Improvements	Connection Fees	Connection Fees	52,000	0	0	0	0	0	52,000
100	6887003	Pole Barn Improvements	Bond1	Bond1	0	368,000	0	0	0	0	368,000
101	6854003	Southwest Regional Utility Service Area Master Plan Update	Connection Fees	Connection Fees	205,610	11,000	0	0	0	0	216,610
102	6877006	Wastewater Treatment Facility SCADA Controls Upgrades	Connection Fees	Connection Fees	561,250	10,000	0	0	0	0	571,250
103	6853002	Northwest Regional Utility Service Area Master Plan Update	Connection Fees	Connection Fees	171,270	0	0	0	0	0	171,270
104	Total Miscellaneous Wastewater Projects				\$21,494,671	\$6,814,000	\$0	\$0	\$0	\$0	\$28,308,671

Table 7
Polk County, Florida
Financial Feasibility Report

Detailed Funding of Capital Improvement Projects

Line No.	Project ID	Description	Funding Source		Actual and Appropriated 2026	Proposed Budget 2027	Fiscal Year Ending September 30,				Total FY26-31
			Original	Proposed			2028	2029	2030	2031	
105	6897998	Operations/Emergency Equipment/Grant Projects Utilities Miscellaneous Services	S Rates	S Rates	\$116,443	\$131,250	\$270,000	\$263,750	\$0	\$0	\$781,443
106		Total Operations/Emergency Equipment/Grant Projects			\$116,443	\$131,250	\$270,000	\$263,750	\$0	\$0	\$781,443
107	6877005	Building and Non- Production Projects Standby Power System Improvements (Phase 2)	Connection Fees	Connection Fees	\$1,324,245	\$0	\$0	\$0	\$0	\$0	\$1,324,245
108	6892002	Northeast Regional Utility Service Area Operations Support Facility	S Rates	S Rates	63,160	0	0	250,000	665,000	1,250,000	2,228,160
109	6892002	Northeast Regional Utility Service Area Operations Support Facility	GF	GF	0	151,250	151,250	0	0	0	302,500
110	6891002	Central Operations Training Facility	S Rates	S Rates	0	52,500	52,500	52,500	1,412,500	1,570,000	3,140,000
111		Total Building and Non-Production Projects			\$1,387,405	\$203,750	\$203,750	\$302,500	\$2,077,500	\$2,820,000	\$6,994,905
112		TOTAL SEWER CIP EXPANSION			\$113,137,265	\$95,457,755	\$64,851,250	\$31,442,500	\$21,682,500	\$33,155,000	\$359,726,270
		SEWER R&R EXPANSION									
		Reclaimed Water Projects									
113	6807000	Renewal and Replacement Reclaimed Water Projects	S Rates	S Rates	\$331,667	\$1,331,667	\$1,331,667	\$1,431,667	\$1,431,667	\$1,431,667	\$7,290,002
114	6807000	Renewal and Replacement Reclaimed Water Projects	S Rates	S Rates	0	0	0	0	0	0	0
115		Total Reclaimed Water Projects			\$331,667	\$1,331,667	\$1,331,667	\$1,431,667	\$1,431,667	\$1,431,667	\$7,290,002
		Wastewater Treatment and Disposal Facility Project									
116	6827000	Renewal and Replacement Wastewater Projects	S Rates	S Rates	\$4,489,271	\$3,340,096	\$4,656,667	\$5,456,667	\$6,481,667	\$7,681,667	\$32,106,035
117	6827000	Renewal and Replacement Wastewater Projects	S Rates	Bond1	10,000,000	8,500,000	15,100,000	0	0	0	33,600,000
118	6827000	Renewal and Replacement Wastewater Projects	S Rates	Bond2	0	0	0	11,900,000	7,700,000	0	19,600,000
119	6827000	Renewal and Replacement Wastewater Projects	S Rates	Bond3	0	0	0	0	0	6,500,000	6,500,000
120	6827000	Renewal and Replacement Wastewater Projects	S Rates	Waverly	2,650,000	0	0	0	0	0	2,650,000
121	6827000	Renewal and Replacement Wastewater Projects	S Rates	Grant 4	7,500,000	7,500,000	0	0	0	0	15,000,000
122	6876001	Crooked Lake Park Receivership	S Rates	S Rates	2,086,078	0	0	0	0	0	2,086,078
123	6876001	Crooked Lake Park Receivership	ARP	ARP	968,736	0	0	0	0	0	968,736
124	6852007	Northeast Electrical / Communications Network Conversion	S Rates	S Rates	2,028,661	1,950,000	0	0	0	0	3,978,661
125	6852007	Northeast Electrical / Communications Network Conversion	ARP	ARP	2,902,360	50,000	0	0	0	0	2,952,360
126		Total Wastewater Treatment and Disposal Facility Project			\$32,625,106	\$21,340,096	\$19,756,667	\$17,356,667	\$14,181,667	\$14,181,667	\$119,441,870
		Buildings and Non-Production									
127	6897003	Renewal and Replacement Buildings and Non-Production Projects	S Rates	S Rates	\$914,921	\$1,377,519	\$818,224	\$41,960	\$0	\$0	\$3,152,624
128	6567006	AMI Meter Change-Out	S Rates	S Rates	104,883	1,258,805	1,258,805	839,204	629,403	0	4,091,100
129		Total Operations/Emergency Equipment/Grant Projects			\$1,019,804	\$2,636,325	\$2,077,029	\$881,164	\$629,403	\$0	\$7,243,724
130		TOTAL SEWER R&R EXPANSION			\$33,976,577	\$25,308,088	\$23,165,363	\$19,669,498	\$16,242,737	\$15,613,334	\$133,975,596
		Capital Outlay									
131		Water Capital Outlay	S Rates	S Rates	\$0	\$0	\$0	\$0	\$0	\$0	\$0
132		Wastewater Capital Outlay	S Rates	S Rates	1,397,167	798,374	1,200,000	1,200,000	1,200,000	1,200,000	6,995,541
133		Total Capital Outlay			\$1,397,167	\$798,374	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$6,995,541
134		TOTAL SEWER CAPITAL IMPROVEMENTS			\$148,511,008	\$121,564,217	\$89,216,613	\$52,311,998	\$39,125,237	\$49,968,334	\$500,697,407

Table 7
Polk County, Florida
Financial Feasibility Report

Detailed Funding of Capital Improvement Projects

Line No.	Project ID	Description	Funding Source		Actual and Appropriated 2026	Proposed Budget 2027	Fiscal Year Ending September 30,				Total FY26-31
			Original	Proposed			2028	2029	2030	2031	
135		GRAND TOTAL CAPITAL IMPROVEMENTS - CURRENT DOLLARS			\$177,484,573	\$161,612,201	\$134,162,501	\$89,961,751	\$79,709,501	\$79,027,501	\$721,958,028
TOTAL FUNDING SOURCES - WITH CONSTRUCTION CONTINGENCY (IF ANY)											
Water Funding Source Summary											
136		Water Rate Revenue		W Rates	\$3,309,153	\$7,843,984	\$9,108,388	\$8,079,253	\$9,879,764	\$10,551,667	\$48,772,210
137		Water Connection Fee Revenue		Connection Fees	9,716,398	7,849,000	6,902,500	8,130,500	5,680,500	2,507,500	40,786,398
138		Series 2024 Bonds (Used to Reduce the Series 2026 Bond Proceeds)		Series 2024	0	0	0	0	0	0	0
139		ARP		ARP	1,748,603	50,000	0	0	0	0	1,798,603
140		General Fund Cost Share		GF	0	151,250	151,250	0	0	0	302,500
141		Proceeds from Sale of Waverly - Use of R&R Fund Deposit		Waverly	2,650,000	0	0	0	0	0	2,650,000
142		AWS Surcharge		AWS Surcharge	3,796,724	11,990,000	17,330,000	12,990,000	11,424,000	7,400,000	64,930,724
143		Hazard Mitigation Grant Program (HMGP)		Grant 1	0	0	0	0	0	0	0
144		Sp Revenue Grant Septage Receiving Stations		Grant 2	0	0	0	0	0	0	0
145		Sp Revenue Grant Crooked Lake Park		Grant 3	0	0	0	0	0	0	0
146		Grants - Other		Grant 4	7,500,000	7,500,000	0	0	0	0	15,000,000
147		Additional Debt 1 - Series 2026 Bonds		Bond1	252,686	4,663,750	11,453,750	550,000	0	0	16,920,186
148		Additional Debt 2 - Series 2028 Bonds		Bond2	0	0	0	7,900,000	13,600,000	1,100,000	22,600,000
149		Additional Debt 3 - Series 2030 Bonds		Bond3	0	0	0	0	0	7,500,000	7,500,000
150		Total Water Funding Sources			\$28,973,564	\$40,047,984	\$44,945,888	\$37,649,753	\$40,584,264	\$29,059,167	\$221,260,621
Wastewater Funding Source Summary											
151		Sewer Rate Revenue		S Rates	\$11,966,816	\$10,716,462	\$12,816,613	\$12,635,748	\$12,345,237	\$13,133,334	\$73,614,209
152		Sewer Connection Fee Revenue		Connection Fees	41,199,484	5,430,215	11,769,398	11,350,000	5,520,000	7,185,000	82,454,096
153		Series 2024 Bonds (Used to Reduce the Series 2026 Bond Proceeds)		Series 2024	31,203,211	1,539,782	0	0	0	0	32,742,993
154		ARP		ARP	3,921,096	100,000	0	0	0	0	4,021,096
155		General Fund Cost Share		GF	3,500,000	151,250	151,250	0	0	0	3,802,500
156		Proceeds from Sale of Waverly - Use of R&R Fund Deposit		Waverly	2,650,000	0	0	0	0	0	2,650,000
157		AWS Surcharge		AWS Surcharge	0	0	0	0	0	0	0
158		Hazard Mitigation Grant Program (HMGP)		Grant 1	0	0	0	0	0	0	0
159		Sp Revenue Grant Septage Receiving Stations		Grant 2	0	0	0	0	0	0	0
160		Sp Revenue Grant Crooked Lake Park		Grant 3	0	0	0	0	0	0	0
161		Grants - Other		Grant 4	14,250,000	7,500,000	0	700,000	700,000	2,800,000	25,950,000
162		Additional Debt 1 - Series 2026 Bonds		Bond1	39,820,401	96,126,509	64,479,352	761,250	0	0	201,187,512
163		Additional Debt 2 - Series 2028 Bonds		Bond2	0	0	0	26,865,000	20,560,000	0	47,425,000
164		Additional Debt 3 - Series 2030 Bonds		Bond3	0	0	0	0	0	26,850,000	26,850,000
165		Total Wastewater Funding Sources			\$148,511,008	\$121,564,217	\$89,216,613	\$52,311,998	\$39,125,237	\$49,968,334	\$500,697,407

Table 7
Polk County, Florida
Financial Feasibility Report

Detailed Funding of Capital Improvement Projects

Line No.	Project ID	Description	Funding Source		Actual and Appropriated 2026	Proposed Budget 2027	Fiscal Year Ending September 30,				Total FY26-31
			Original	Proposed			2028	2029	2030	2031	
TOTAL FUNDING SOURCE SUMMARY											
166		Water Rate Revenue		W Rates	\$3,309,153	\$7,843,984	\$9,108,388	\$8,079,253	\$9,879,764	\$10,551,667	\$48,772,210
167		Sewer Rate Revenue		S Rates	11,966,816	10,716,462	12,816,613	12,635,748	12,345,237	13,133,334	73,614,209
168		Connection Fee Revenue		Connection Fees	50,915,882	13,279,215	18,671,898	19,480,500	11,200,500	9,692,500	123,240,494
		Series 2024 Bonds (Used to Reduce the Series 2026 Bond Proceeds)		Series 2024	31,203,211	1,539,782	0	0	0	0	32,742,993
169		ARP		ARP	5,669,699	150,000	0	0	0	0	5,819,699
170		General Fund Cost Share		GF	3,500,000	302,500	302,500	0	0	0	4,105,000
171		Proceeds from Sale of Waverly - Use of R&R Fund Deposit		Waverly	5,300,000	0	0	0	0	0	5,300,000
172		AWS Surcharge		AWS Surcharge	3,796,724	11,990,000	17,330,000	12,990,000	11,424,000	7,400,000	64,930,724
173		Hazard Mitigation Grant Program (HMGP)		Grant 1	0	0	0	0	0	0	0
174		Sp Revenue Grant Septage Receiving Stations		Grant 2	0	0	0	0	0	0	0
175		Sp Revenue Grant Crooked Lake Park		Grant 3	0	0	0	0	0	0	0
176		Grants - Other		Grant 4	21,750,000	15,000,000	0	700,000	700,000	2,800,000	40,950,000
177		Additional Debt 1 - Series 2026 Bonds		Bond1	40,073,087	100,790,259	75,933,102	1,311,250	0	0	218,107,698
178		Additional Debt 2 - Series 2028 Bonds		Bond2	0	0	0	34,765,000	34,160,000	1,100,000	70,025,000
179		Additional Debt 3 - Series 2030 Bonds		Bond3	0	0	0	0	0	34,350,000	34,350,000
180											
181		TOTAL FUNDING SOURCES			\$177,484,573	\$161,612,201	\$134,162,501	\$89,961,751	\$79,709,501	\$79,027,501	\$721,958,028

Table 8
Polk County, Florida
Financial Feasibility Report

Projected Operating Results and Debt Service Coverage

Line No.	Description	Projected Fiscal Year Ending September 30					
		2026	2027	2028	2029	2030	2031
Gross Revenues [1]							
1	Charges for Service at Existing Rates	\$116,019,546	\$118,737,762	\$121,638,535	\$124,539,308	\$127,440,081	\$130,340,854
2	Additional Revenue from Rate Adjustments [2]	0	11,718,917	22,974,989	34,177,290	46,378,475	59,640,743
3	Sub-total Charges for Service	\$116,019,546	\$130,456,678	\$144,613,524	\$158,716,598	\$173,818,556	\$189,981,597
4	Miscellaneous Revenue [3]	4,620,413	7,721,231	7,751,231	7,781,531	7,812,134	7,843,043
5	Sub-total Charges for Service & Miscellaneous Income	\$120,639,959	\$138,177,909	\$152,364,755	\$166,498,129	\$181,630,690	\$197,824,640
6	Interest Income [4]	5,589,000	3,827,000	3,544,000	3,250,000	3,138,000	3,301,000
7	Sub-total Operating and Non-operating Income	\$126,228,959	\$142,004,909	\$155,908,755	\$169,748,129	\$184,768,690	\$201,125,640
8	Less: Interest Income from Connection Charges [5]	2,483,000	1,208,000	1,032,000	787,000	639,000	627,000
9	Total Gross Revenues	\$123,745,959	\$140,796,909	\$154,876,755	\$168,961,129	\$184,129,690	\$200,498,640
Cost of Operation and Maintenance [6]							
10	Personnel Services	\$33,098,220	\$42,214,548	\$46,125,701	\$50,412,454	\$55,111,591	\$60,263,537
11	Operations, Maintenance and Other Expenses	48,807,463	49,086,458	51,456,361	53,963,295	56,616,404	59,425,489
12	Purchased Water Costs	4,650,307	13,815,626	20,564,598	20,964,708	21,649,350	23,449,481
13	Indirect [7]	3,180,715	3,543,944	3,898,338	4,288,172	4,716,989	5,188,688
14	Total Cost of Operation and Maintenance	\$89,736,705	\$108,660,576	\$122,044,998	\$129,628,629	\$138,094,335	\$148,327,196
15	Net Revenues Available for Debt Service (A)	\$34,009,254	\$32,136,333	\$32,831,757	\$39,332,500	\$46,035,355	\$52,171,445
Plus Available Connection Charges (B) [8] [9]							
16	Available Connection Charges	\$10,200,000	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000
17	Interest Income on Connection Charges [5]	2,483,000	1,208,000	1,032,000	787,000	639,000	627,000
18	Total Available Connection Charges (B)	\$12,683,000	\$13,208,000	\$13,032,000	\$12,787,000	\$12,639,000	\$12,627,000
19	Net Revenues Plus Connection Charges Available for Debt Service (C)	\$46,692,254	\$45,344,333	\$45,863,757	\$52,119,500	\$58,674,355	\$64,798,445
Annual Bond Service Requirement (D)							
20	Existing Debt Service Payments	\$12,842,775	\$12,896,525	\$12,905,775	\$12,867,025	\$13,007,025	\$12,491,275
21	Proposed Debt Service Payments	0	10,307,295	10,945,800	14,548,363	14,548,363	16,280,938
22	Total Annual Bond Service Requirement (D)	\$12,842,775	\$23,203,820	\$23,851,575	\$27,415,388	\$27,555,388	\$28,772,213
Test A [10]							
Debt Service Coverage Ratio (A/D)							
23	Excluding Available Connection Charges (1.10x Required)	2.65	1.38	1.38	1.43	1.67	1.81
Or							
Test B [10]							
Debt Service Coverage Ratio (A/D)							
24	Excluding Available Connection Charges (1.00x Required)	2.65	1.38	1.38	1.43	1.67	1.81
And							
Debt Service Coverage Ratio (C/D)							
25	Including Available Connection Charges (1.25x Required)	3.64	1.95	1.92	1.90	2.13	2.25

Table 8
Polk County, Florida
Financial Feasibility Report

Projected Operating Results and Debt Service Coverage

Footnotes:

- [1] Amounts derived from Table 6, which exclude Connection Charges for each year.
- [2] Additional revenues estimated based on adopted increases approved by the Board pursuant to the Rate Resolution.
- [3] Other operating revenue includes income derived from miscellaneous utility charges. Amount beginning in Fiscal Year 2027 includes \$3 million per year from new septage receiving fees as adopted. Amounts generally held constant beyond Fiscal Year ending September 30, 2027.
- [4] Interest Income reflects all projected interest earnings on investment balances for accounts created by the Bond Resolution as derived from Table 12, including earnings derived from Connection Charges on deposit.
- [5] Gross Revenues exclude income derived from Connection Charges, including investment income; however, such amount is includable in Test B of the Rate Covenant whereby Connection Charges and investment income derived from Connection Charges are added to net revenues.
- [6] Amounts exclude depreciation and amortization expenses, payments in lieu of taxes (PILOT), and capitalized labor. Based on the County's review of budget to actual results, the actual expenses are projected to be approximately 10% lower than the adopted budget for each year. The amounts shown were derived as follows:

	Projected Fiscal Year Ending September 30					
	2026	2027	2028	2029	2030	2031
Cost of Operation and Maintenance [a]						
Water Operating Expenses	\$58,212,060	\$73,618,409	\$84,516,427	\$89,407,322	\$94,955,331	\$102,025,156
Sewer Operating Expenses	45,626,678	50,943,112	54,489,288	58,328,151	62,486,149	66,992,223
Sub-total Operating Expenses	\$103,838,738	\$124,561,521	\$139,005,715	\$147,735,473	\$157,441,480	\$169,017,379
Less Budget to Actual Variance Adjustments [b]	(9,918,843)	(11,074,589)	(11,844,112)	(12,677,077)	(13,579,213)	(14,556,790)
Total Cost of Operation and Maintenance	\$93,919,895	\$113,486,931	\$127,161,603	\$135,058,397	\$143,862,267	\$154,460,589
Less Capitalized Labor Costs [c]	(1,820,402)	(2,321,800)	(2,536,914)	(2,772,685)	(3,031,138)	(3,314,495)
Less Transfer to the General Fund (PILOT) [c]	(2,362,788)	(2,504,555)	(2,579,692)	(2,657,082)	(2,736,795)	(2,818,899)
Total Cost of Operation and Maintenance (net)	\$89,736,705	\$108,660,576	\$122,044,998	\$129,628,629	\$138,094,335	\$148,327,196
Allocation of Cost of Operation and Maintenance [d]						
Personnel Services	\$33,098,220	\$42,214,548	\$46,125,701	\$50,412,454	\$55,111,591	\$60,263,537
Operations, Maintenance and Other Expenses	48,807,463	49,086,458	51,456,361	53,963,295	56,616,404	59,425,489
Purchased Water Costs [e]	4,650,307	13,815,626	20,564,598	20,964,708	21,649,350	23,449,481
Indirect	3,180,715	3,543,944	3,898,338	4,288,172	4,716,989	5,188,688
Total Allocation of Cost of Operation and Maintenance	\$89,736,705	\$108,660,576	\$122,044,998	\$129,628,629	\$138,094,335	\$148,327,196

[a] Amounts derived from Tables 13 and 14.

[b] Amounts equal to approximately 10% of the projected expenses, which is consistent with the County's utility rate and pricing practices.

[c] Amounts provided by County staff, which are not included in Cost of Operation and Maintenance as defined in the Bond Resolution.

[d] Allocation of operating expenses based upon a detailed review of the projected charges by account as shown in Tables 13 and 14.

[e] Projected purchased water costs include 2 components: 1) water capacity payments and expenses paid to the PRWC; and 2) water capacity payments and expenses paid to the WCCF.

- [7] Amount reflects an operating transfer from the Water and Sewer Fund to the General Fund to account for allocated operating and administrative expenses associated with utility services. Amounts beyond Fiscal Year ending September 30, 2027 were increased based on the County's assumed labor escalator.
- [8] Amounts derived from Tables 11 and 12 based on the growth assumptions discussed in the report.

Table 8
Polk County, Florida
Financial Feasibility Report

Projected Operating Results and Debt Service Coverage

- [9] As of the issuance of the Series 2026 Bonds, the Water Expansion Project Percentage is 20.58% and the Sewer Expansion Project Percentage is 62.30%, which limits the amount of Connection Charges available to pay debt service. The Water and Sewer Expansion Project Percentages will change over time with the issuance of any Additional Bonds assumed, however, the amount of Available Connection Charges for this compliance analysis is assumed to be limited to no greater than \$12 million per year which is consistent with the current budget.
- [10] As provided in Section 11.05 of the Bond Resolution (the "Rate Covenant"), rates must be adequate to meet one (1) of the following tests (Test A or Test B):
- Test A: *The amount of Gross Revenues (but not including therein any revenues derived from special assessments) to be received in such Bond Year less one hundred percent (100%) of the Cost of Operation and Maintenance for such Bond Year shall be equal to at least one hundred ten percent (110%) of the Bond Service Requirement for such Bond Year;*
- Or
- Test B: *The amount of Gross Revenues (but not including therein any revenues derived from special assessments) to be received in such Bond Year less one hundred percent (100%) of the Cost of Operation and Maintenance for such Bond Year shall be equal to at least one hundred percent (100%) of the Bond Service Requirement for such Bond Year; and*
- The sum of Gross Revenues (but not including therein any revenues derived from special assessments) and the Available Connection Charges (as defined in Section 11.05) to be received in such Bond Year less one hundred percent (100%) of the Cost of Operation and Maintenance in such Bond Year shall be equal to at least one hundred twenty-five percent (125%) of the Bond Service Requirement for such Bond Year.*

Table 9
Polk County, Florida
Financial Feasibility Report

Projected Net Annual Cashflow and Sufficiency of Rates

Line No.	Description	Projected Fiscal Year Ending September 30,					
		2026	2027	2028	2029	2030	2031
Cost of Operation and Maintenance							
1	Water Operating Expenses [1]	\$58,212,060	\$73,618,409	\$84,516,427	\$89,407,322	\$94,955,331	\$102,025,156
2	Sewer Operating Expenses [2]	45,626,678	50,943,112	54,489,288	58,328,151	62,486,149	66,992,223
3	Sub-total Operating Expenses	\$103,838,738	\$124,561,521	\$139,005,715	\$147,735,473	\$157,441,480	\$169,017,379
4	Budget to Actual Variance Adjustments [3]	(9,918,843)	(11,074,589)	(11,844,112)	(12,677,077)	(13,579,213)	(14,556,790)
5	Total Cost of Operation and Maintenance	\$93,919,895	\$113,486,931	\$127,161,603	\$135,058,397	\$143,862,267	\$154,460,589
6	Total Existing and Proposed Bond Service Requirement [4]	\$12,842,775	\$23,203,820	\$23,851,575	\$27,415,388	\$27,555,388	\$28,772,213
Other Revenue Requirements							
7	AWS Surplus After Expenses - Transfer to (from) PWRI Surcharge Fund	\$3,206,517	(\$3,564,025)	(\$7,014,287)	(\$4,333,792)	(\$1,629,168)	(\$307,195)
8	Capital Improvements Funded from Rates [5]	15,275,969	18,560,446	21,925,001	20,715,001	22,225,001	23,685,001
9	Additional Transfer to Capital Expansion Fund (if any)	0	0	0	0	0	0
10	Transfer to Operating Reserves	0	0	0	0	0	0
11	Total Other Revenue Requirements	\$18,482,486	\$14,996,421	\$14,910,714	\$16,381,209	\$20,595,833	\$23,377,806
12	Gross Revenue Requirements	\$125,245,156	\$151,687,172	\$165,923,892	\$178,854,993	\$192,013,487	\$206,610,607
Less Income and Funds from Other Sources							
13	Other Operating Revenue (Including RCW and AWS Surcharge) [6]	\$19,877,460	\$28,703,505	\$33,551,178	\$37,615,357	\$41,894,852	\$46,394,098
14	Unrestricted Interest Income [7]	2,512,000	2,171,000	2,209,000	2,321,000	2,442,000	2,644,000
15	Transfer from Operating Reserves	0	0	0	0	0	0
16	Transfer from Connection Charges to Pay Debt Service [8]	10,200,000	12,000,000	12,546,201	12,754,432	13,151,456	13,161,453
17	Transfer from Debt Service Reserve	0	0	0	0	0	0
18	Total Income and Funds from Other Sources	\$32,589,460	\$42,874,505	\$48,306,379	\$52,690,789	\$57,488,308	\$62,199,551
19	Net Revenue Requirements	\$92,655,696	\$108,812,667	\$117,617,513	\$126,164,205	\$134,525,179	\$144,411,056
Revenue from Rates							
20	Rate Revenue from Current Rates [9]	\$100,762,499	\$103,277,739	\$105,792,980	\$108,308,221	\$110,823,462	\$113,338,702
21	Prior Year Rate Adjustments [10]	0	0	6,295,300	13,279,300	21,002,800	29,520,300
22	Total Rate Revenue Before Current Year Adjustment	\$100,762,499	\$103,277,739	\$112,088,280	\$121,587,521	\$131,826,262	\$142,859,002
23	<u>Current Year Rate Adjustments</u>	Implemented	Adopted	Adopted	Adopted	Adopted	Adopted
24	Current Year Water Rate Adjustments	0.0%	6.0%	6.0%	6.0%	6.0%	6.0%
25	Current Year Wastewater Rate Adjustments	0.0%	6.0%	6.0%	6.0%	6.0%	6.0%
26	Effective Month	October	October	October	October	October	October
27	Revenue From Current Year Rate Adjustments [10]	\$0	\$6,196,664	\$6,725,297	\$7,295,251	\$7,909,576	\$8,571,540
28	Total Revenue from Rates	\$100,762,499	\$109,474,404	\$118,813,577	\$128,882,772	\$139,735,837	\$151,430,543
29	Revenue Surplus/(Deficiency) - \$	\$8,106,803	\$661,737	\$1,196,064	\$2,718,568	\$5,210,658	\$7,019,486
30	Revenue Surplus/(Deficiency) - %	8.0%	0.6%	1.0%	2.1%	3.7%	4.6%
Projected Reserve Balances (End of Fiscal Year) [11]							
31		2026	2027	2028	2029	2030	2031
32	Operating Fund	\$59,437,890	\$60,099,627	\$61,295,691	\$64,014,259	\$69,224,917	\$76,244,403
33	Customer Deposits Fund	9,571,907	9,571,907	9,571,907	9,571,907	9,571,907	9,571,907
34	Polk Water Resource Initiatives Fund	16,728,977	13,612,952	6,901,665	2,709,873	1,137,705	860,509
35	Renewal & Replacement Fund	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
36	Proposed Construction Funds (Bond Proceeds Available)	179,574,393	77,244,353	1,311,251	35,260,001	1,100,001	0
37	Water and Sewer Connection Charge Funds	43,029,007	38,727,442	31,092,244	22,195,212	21,033,156	21,357,103
38	Total End of Fiscal Year Balances	\$309,342,174	\$200,256,282	\$111,172,758	\$134,751,252	\$103,067,686	\$109,033,923
39	Unrestricted Cash Balance	\$59,437,890	\$60,099,627	\$61,295,691	\$64,014,259	\$69,224,917	\$76,244,403
40	Restricted Cash Balance	249,904,284	140,156,655	49,877,067	70,736,993	33,842,769	32,789,520
41	Total End of Fiscal Year Balances	\$309,342,174	\$200,256,282	\$111,172,758	\$134,751,252	\$103,067,686	\$109,033,923
Minimum Reserve Policy - 30 Days of Operating Expenses							
42	& Debt Service Requirements to Meet Bond Covenants [12]	\$21,000,000	\$33,000,000	\$34,000,000	\$39,000,000	\$39,000,000	\$41,000,000
43	Minimum Policy (Expressed as Days of Gross Revenues)	62	86	80	84	77	75
44	Unrestricted Reserve Balance	\$59,437,890	\$60,099,627	\$61,295,691	\$64,014,259	\$69,224,917	\$76,244,403
45	Days of Gross Revenues	175	156	144	138	137	139
Coverage (Test #1)							
46	Net Revenues Only (Min. = 1.10)	2.65	1.38	1.38	1.43	1.67	1.81
47	Target Coverage	1.50	1.50	1.50	1.50	1.50	1.50

Table 9
Polk County, Florida
Financial Feasibility Report

Projected Net Annual Cashflow and Sufficiency of Rates

Footnotes:

-
- [1] Amounts derived from Table 13, which include capitalized labor and the County's Transfer to the General Fund (PILOT).
 - [2] Amounts derived from Table 14, which include capitalized labor and the County's Transfer to the General Fund (PILOT).
 - [3] Amounts reflect budget to actual variance adjustments based on County staff's review of actual operating expenses compared to the adopted budget. Based on discussions with PCU staff, we have assumed that the County will spend approximately 90% of the County's controlled expenses and 100% of any purchased water costs for any given fiscal year. The resulting amounts are approximately 91-92% of the projected budget levels.
 - [4] Amounts derived from Table 16, which includes existing and proposed principal and interest payments.
 - [5] Amounts derived from Table 7, which reflects annual contributions from current revenues to fund recurring capital project needs such as System renewal and replacement of assets.
 - [6] Amounts derived from Table 10, which includes adopted increases to the AWS Surcharge and reclaimed water rates.
 - [7] Amounts derived from Table 12 based on the annual average amount on deposit in the System's unrestricted utility accounts. For the purposes of estimating investment income, an average interest rate of 3% was assumed for the Forecast Period.
 - [8] Reflects a portion of Connection Charges used to pay a portion of the expansion-related annual debt service costs, which are equal to or less than the maximum allowed by the Bond Resolution (expansion factor).
 - [9] Amounts derived from Table 6 based on existing rates.
 - [10] Additional revenues estimated based on adopted increases approved by the Board pursuant to Rate Resolution.
 - [11] Amounts derived from Table 12.
 - [12] The County has adopted an internal cash reserve policy that targets a minimum cash balance of thirty (30) days of Cost of Operation and Maintenance, plus debt service requirements to meet the Bond covenants.

Table 10
Polk County, Florida
Financial Feasibility Report

Other Miscellaneous Operating Revenues and Income

Line No.	Description	Budget [1] 2026	Budget [1] 2027	Projected [1] 2028	Escalation Reference	Projected Fiscal Year Ending September 30,		
						2029	2030	2031
Projected Miscellaneous Operating Revenues								
1	Miscellaneous Revenue	\$4,620,413	\$4,721,231	\$4,721,231	Constant	\$4,721,231	\$4,721,231	\$4,721,231
2	Alternative Water Supply Surcharge [2]	7,856,824	10,251,601	13,004,110	Input	15,876,485	18,868,726	21,980,832
3	Reclaimed Water Revenue [2]	7,400,223	10,730,674	12,795,838	Input	13,957,342	15,213,993	16,570,222
4	Septage Revenues [2]	0	3,000,000	3,030,000	Marginal	3,060,300	3,090,903	3,121,812
4	Total Miscellaneous Operating Revenues	<u>\$19,877,460</u>	<u>\$28,703,505</u>	<u>\$33,551,178</u>		<u>\$37,615,357</u>	<u>\$41,894,852</u>	<u>\$46,394,098</u>

Footnotes

[1] Amounts based on the adopted amounts for FY26-27 as provided by the County, adjusted for recent actual results.

[2] Amounts include new and additional revenues estimated based on adopted rate and fee increases outlined in the Rate Resolution.

Table 11
Polk County, Florida
Financial Feasibility Report

Page 1 of 1

Projected Connection Charge Revenues

Line No.	Description	Projected Fiscal Year Ending September 30, [1]					
		2026	2027	2028	2029	2030	2031
			Yr. 1				
	Projected Connection Charge Revenues		Jan. 2027				
1	Water Connection Charge Revenues	\$6,379,800	\$7,128,713	\$8,376,900	\$8,376,900	\$8,376,900	\$8,376,900
1	Credit for Developer Funded Transmission	0	0	0	0	0	0
2	Water Connection Charge Revenues	\$6,379,800	\$7,128,713	\$8,376,900	\$8,376,900	\$8,376,900	\$8,376,900
3	Sewer Connection Charge Revenues	\$11,721,100	\$12,640,938	\$14,174,000	\$14,174,000	\$14,174,000	\$14,174,000
3	Credit for Developer Funded Transmission	0	0	0	0	0	0
4	Sewer Connection Charge Revenues	\$11,721,100	\$12,640,938	\$14,174,000	\$14,174,000	\$14,174,000	\$14,174,000
5	Total Connection Charge Revenues	\$18,100,900	\$19,769,650	\$22,550,900	\$22,550,900	\$22,550,900	\$22,550,900

Footnotes

- [1] Connection Charges are based on projected customer growth of approximately 2,100 water and 1,900 wastewater ERCs per year and the current fees per ERC as adopted under the Rate Resolution. Annual average growth rate assumed to equal the County's 10-year average based on recent actual experience. Revenues were increased based on the adopted fees effective on and after January 1, 2027

Table 12
Polk County, Florida
Financial Feasibility Report

Summary of Projected Account Balances

Line No.		Projected Fiscal Year Ending September 30,					
Description		2026	2027	2028	2029	2030	2031
Summary of Projected Ending Balances:							
1	Operating Fund	\$59,437,890	\$60,099,627	\$61,295,691	\$64,014,259	\$69,224,917	\$76,244,403
2	Customer Deposits Fund	9,571,907	9,571,907	9,571,907	9,571,907	9,571,907	9,571,907
3	Polk Water Resource Initiatives Fund	16,728,977	13,612,952	6,901,665	2,709,873	1,137,705	860,509
4	Renewal & Replacement Fund	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
5	Capital Expansion From Rates Fund	0	0	0	0	0	0
6	Proposed Construction Funds (Bond Proceeds Available)	179,574,393	77,244,353	1,311,251	35,260,001	1,100,001	1
7	Water and Sewer Connection Charge Funds	43,029,007	38,727,442	31,092,244	22,195,212	21,033,156	21,357,103
8	Total End of Fiscal Year Balances	\$309,342,174	\$200,256,282	\$111,172,758	\$134,751,252	\$103,067,686	\$109,033,924
UTILITIES OPERATING FUNDS (42010)							
OPERATING FUND (42011)							
9	Beginning Balance [1]	(U) \$51,331,087	\$59,437,890	\$60,099,627	\$61,295,691	\$64,014,259	\$69,224,917
10	Transfers In - Water System	40,068,030	43,394,988	46,921,542	50,718,396	54,805,372	59,203,353
11	Transfers In - Sewer System	60,694,469	66,079,416	71,892,035	78,164,376	84,930,465	92,227,190
12	Transfers In (Out) - Other	0	0	0	0	0	0
13	Transfers Out - Water System Revenue Requirements	48,045,376	59,045,069	64,087,782	68,210,145	74,396,480	79,920,231
14	Transfers Out - Sewer System Revenue Requirements	44,610,320	49,767,598	53,529,731	57,954,060	60,128,699	64,490,825
15	Transfers Out - CIP	0	0	0	0	0	0
16	Transfer In (Out) - Contingency Reserve	0	0	0	0	0	0
17	Transfer In (Out) - Series 2024 Bond Fund for Reimbursments	0	0	0	0	0	0
18	Transfers In (Out) - Year End Adjustments	0	0	0	0	0	0
19	Sub-total	\$59,437,890	\$60,099,627	\$61,295,691	\$64,014,259	\$69,224,917	\$76,244,403
20	Maximum Balance Allowed (20% of Revenue)	\$24,749,000	\$28,159,000	\$30,975,000	\$33,792,000	\$36,826,000	\$40,100,000
21	Transfers Out	0	0	0	0	0	0
22	Interest Rate	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%
23	Interest Income	\$2,215,000	\$1,793,000	\$1,821,000	\$1,880,000	\$1,999,000	\$2,182,000
	Recognition of Interest Earnings						
24	in Revenue Requirements	\$2,215,000	\$1,793,000	\$1,821,000	\$1,880,000	\$1,999,000	\$2,182,000
25	Ending Balance	\$59,437,890	\$60,099,627	\$61,295,691	\$64,014,259	\$69,224,917	\$76,244,403
26	Days of Revenue - 20% (Target = 73 Days)	175	156	144	138	137	139
27	Percent Allocated to Water System (Revenue)	39.8%	39.6%	39.5%	39.4%	39.2%	39.1%
28	Amount Allocated to Water System	\$880,800	\$710,700	\$719,100	\$739,800	\$784,000	\$853,100
29	Amount Allocated to Sewer System	1,334,200	1,082,300	1,101,900	1,140,200	1,215,000	1,328,900
CUSTOMER DEPOSITS FUND							
30	Beginning Balance [1]	(R) \$9,571,907	\$9,571,907	\$9,571,907	\$9,571,907	\$9,571,907	\$9,571,907
31	Transfers In from customers	0	0	0	0	0	0
32	Transfers Out to customers	0	0	0	0	0	0
33	End of Year Transfers In	0	0	0	0	0	0
34	Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
35	Interest Income	\$0	\$0	\$0	\$0	\$0	\$0
	Recognition of Interest Earnings						
36	in Revenue Requirements	\$0	\$0	\$0	\$0	\$0	\$0
37	Ending Balance	\$9,571,907	\$9,571,907	\$9,571,907	\$9,571,907	\$9,571,907	\$9,571,907

Table 12
Polk County, Florida
Financial Feasibility Report

Summary of Projected Account Balances

Line No.	Description	Projected Fiscal Year Ending September 30,						
		2026	2027	2028	2029	2030	2031	
POLK WATER RESOURCE INITIATIVES FUND (42013)								
38	Beginning Balance [1]	(R)	\$13,546,792	\$16,728,977	\$13,612,952	\$6,901,665	\$2,709,873	\$1,137,705
39	Transfers In - AWS Surcharge		\$7,856,824	\$10,251,601	\$13,004,110	\$15,876,485	\$18,868,726	\$21,980,832
40	Transfers In - Operations (None Above the Surcharge)		0	0	0	0	0	0
41	Sub-total Transfers In		\$7,856,824	\$10,251,601	\$13,004,110	\$15,876,485	\$18,868,726	\$21,980,832
Program Requirements								
PRWC Member Payments								
42	Debt Service Requirements (Excludes Coverage & LC Interest)		\$800,298	\$1,153,833	\$2,184,803	\$3,017,726	\$4,605,824	\$4,645,813
43	Planned Use of Water Connection Fees	25%	0	0	(546,201)	(754,432)	(1,151,456)	(1,161,453)
44	Net Debt Service Requirement		\$800,298	\$1,153,833	\$1,638,602	\$2,263,295	\$3,454,368	\$3,484,360
45	Remaining Operating Expenses & Member Payments		\$671,616	\$671,793	\$1,049,795	\$4,956,982	\$5,619,526	\$6,025,875
46	Net PRWC Member Payments (After Use of Connection Fees)		\$1,471,914	\$1,825,626	\$2,688,397	\$7,220,277	\$9,073,894	\$9,510,235
47	Cypress Lake Member Payments		\$3,178,393	\$11,990,000	\$17,330,000	\$12,990,000	\$11,424,000	\$12,777,793
48	Adopted AWS Surcharge per Kgal		\$0.80	\$1.05	\$1.30	\$1.55	\$1.80	\$2.05
49	Transfers Out - CIP		3,796,724	11,990,000	17,330,000	12,990,000	11,424,000	7,400,000
50	Adjustment to Recognize Cypress Lake in O&M		(3,178,393)	(11,990,000)	(17,330,000)	(12,990,000)	(11,424,000)	(7,400,000)
51	Transfers Out - CIP		618,331	0	0	0	0	0
52	Interest Rate		4.00%	3.00%	3.00%	3.00%	3.00%	3.00%
53	Interest Income		\$594,000	\$448,000	\$303,000	\$142,000	\$57,000	\$30,000
54	Recognition of Interest Earnings in Revenue Requirements		\$0	\$0	\$0	\$0	\$0	\$0
55	Ending Balance		\$16,728,977	\$13,612,952	\$6,901,665	\$2,709,873	\$1,137,705	\$860,509
56	Percent Allocated to Water System		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
57	Amount Allocated to Water System		\$594,000	\$448,000	\$303,000	\$142,000	\$57,000	\$30,000
58	Amount Allocated to Sewer System		0	0	0	0	0	0
DEBT SERVICE SINKING FUND (R)								
Annual Sinking Fund Deposit								
59	Total Debt Service		\$12,842,775	\$23,203,820	\$23,851,575	\$27,415,388	\$27,555,388	\$28,772,213
60	Average Balance		6,421,400	11,601,900	11,925,800	13,707,700	13,777,700	14,386,100
61	Interest Rate		4.00%	3.00%	3.00%	3.00%	3.00%	3.00%
62	Interest Income		\$257,000	\$348,000	\$358,000	\$411,000	\$413,000	\$432,000
63	Recognition of Interest Earnings in Revenue Requirements		\$257,000	\$348,000	\$358,000	\$411,000	\$413,000	\$432,000
64	Percent Allocated to Water System		38.2%	24.7%	24.2%	25.3%	25.3%	24.9%
65	Amount Allocated to Water System		\$98,200	\$86,000	\$86,600	\$104,000	\$104,500	\$107,600
66	Amount Allocated to Sewer System		158,800	262,000	271,400	307,000	308,500	324,400

Table 12
Polk County, Florida
Financial Feasibility Report

Summary of Projected Account Balances

		Projected Fiscal Year Ending September 30,						
Line No.	Description		2026	2027	2028	2029	2030	2031
RENEWAL & REPLACEMENT FUND								
67	Beginning Balance [1]	(R)	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
68	Transfers In		0	0	0	0	0	0
69	Transfers Out		0	0	0	0	0	0
70	Transfers Out - CIP		0	0	0	0	0	0
71	Interest Rate		4.00%	3.00%	3.00%	3.00%	3.00%	3.00%
72	Interest Income		\$40,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
73	Recognition of Interest Earnings in Revenue Requirements		\$40,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
74	Ending Balance		\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
75	Percent Allocated to Water System		39.8%	39.6%	39.5%	39.4%	39.2%	39.1%
76	Amount Allocated to Water System		\$15,900	\$11,900	\$11,800	\$11,800	\$11,800	\$11,700
77	Amount Allocated to Sewer System		24,100	18,100	18,200	18,200	18,200	18,300
78	TOTAL UTILITIES OPERATING FUNDS		\$86,738,775	\$84,284,487	\$78,769,263	\$77,296,039	\$80,934,529	\$87,676,820
BOND FUND (42611)								
EXISTING CONSTRUCTION FUND - SERIES 2024 (42434) (R)								
79	Beginning Balance [1]		\$32,742,993	\$1,539,782	\$0	\$0	\$0	\$0
80	Transfers In		0	0	0	0	0	0
81	Transfers Out - Capital Projects		31,203,211	1,539,782	0	0	0	0
82	Subtotal		1,539,782	0	0	0	0	0
83	Additional - Other (Carryover)		0	0	0	0	0	0
84	Interest Rate		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
85	Interest Income		\$0	\$0	\$0	\$0	\$0	\$0
86	Recognition of Interest Earnings in Revenue Requirements		\$0	\$0	\$0	\$0	\$0	\$0
87	Ending Balance		\$1,539,782	\$0	\$0	\$0	\$0	\$0
88	Percent Allocated to Water System		50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
89	Amount Allocated to Water System		\$0	\$0	\$0	\$0	\$0	\$0
90	Amount Allocated to Sewer System		0	0	0	0	0	0
PROPOSED CONSTRUCTION FUND - PROPOSED DEBT 1 (R)								
91	Beginning Balance [1]		\$0	\$178,034,611	\$77,244,353	\$1,311,251	\$1	\$1
92	Transfers In - Bond Proceeds		218,107,698	0	0	0	0	0
93	Transfers Out - Capital Projects		40,073,087	100,790,259	75,933,102	1,311,250	0	0
94	Transfers In (Out) - Operating Reserves for Project Reimbursements		0	0	0	0	0	0
95	Subtotal		178,034,611	77,244,353	1,311,251	1	1	1
96	Additional - Other		0	0	0	0	0	0
97	Interest Rate		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
98	Interest Income		\$0	\$0	\$0	\$0	\$0	\$0
99	Recognition of Interest Earnings in Revenue Requirements		\$0	\$0	\$0	\$0	\$0	\$0
100	Ending Balance		\$178,034,611	\$77,244,353	\$1,311,251	\$1	\$1	\$1
101	Percent Allocated to Water System		7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
102	Amount Allocated to Water System		\$0	\$0	\$0	\$0	\$0	\$0
103	Amount Allocated to Sewer System		0	0	0	0	0	0

Table 12
Polk County, Florida
Financial Feasibility Report

Summary of Projected Account Balances

Line No.	Description	Projected Fiscal Year Ending September 30,					
		2026	2027	2028	2029	2030	2031
PROPOSED CONSTRUCTION FUND - PROPOSED DEBT 2 (R)							
104	Beginning Balance [1]	\$0	\$0	\$0	\$0	\$35,260,000	\$1,100,000
105	Transfers In - Bond Proceeds	0	0	0	70,025,000	0	0
106	Transfers Out - Capital Projects	0	0	0	34,765,000	34,160,000	1,100,000
107	Subtotal	0	0	0	35,260,000	1,100,000	0
108	Additional - Other	0	0	0	0	0	0
109	Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
110	Interest Income	\$0	\$0	\$0	\$0	\$0	\$0
111	Recognition of Interest Earnings in Revenue Requirements	\$0	\$0	\$0	\$0	\$0	\$0
112	Ending Balance	\$0	\$0	\$0	\$35,260,000	\$1,100,000	\$0
113	Percent Allocated to Water System	32.3%	32.3%	32.3%	32.3%	32.3%	32.3%
114	Amount Allocated to Water System	\$0	\$0	\$0	\$0	\$0	\$0
115	Amount Allocated to Sewer System	0	0	0	0	0	0
PROPOSED CONSTRUCTION FUND - PROPOSED DEBT 3 (R)							
116	Beginning Balance [1]	\$0	\$0	\$0	\$0	\$0	\$0
117	Transfers In - Bond Proceeds	0	0	0	0	0	34,350,000
118	Transfers Out - Capital Projects	0	0	0	0	0	34,350,000
119	Subtotal	0	0	0	0	0	0
120	Additional - Other	0	0	0	0	0	0
121	Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
122	Interest Income	\$0	\$0	\$0	\$0	\$0	\$0
123	Recognition of Interest Earnings in Revenue Requirements	\$0	\$0	\$0	\$0	\$0	\$0
124	Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0
125	Percent Allocated to Water System	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
126	Amount Allocated to Water System	\$0	\$0	\$0	\$0	\$0	\$0
127	Amount Allocated to Sewer System	0	0	0	0	0	0
128	TOTAL BOND FUND	\$179,574,393	\$77,244,353	\$1,311,251	\$35,260,001	\$1,100,001	\$1
CAPITAL EXPANSION FUNDS							
WATER SYSTEM CONNECTION FEES (42111)							
129	Beginning Balance [1]	(R) \$33,833,693	\$26,990,095	\$22,196,807	\$18,933,007	\$14,112,975	\$11,232,919
130	Transfers In	6,379,800	7,128,713	8,376,900	8,376,900	8,376,900	8,376,900
131	Transfers Out to CIP	9,716,398	7,849,000	6,902,500	8,130,500	5,680,500	2,507,500
132	Transfers Out to Pay PCU Debt Service	4,700,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000
133	Transfers Out to Pay PRWC Debt Service	0	0	546,201	754,432	1,151,456	1,161,453
134	Interest Rate	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%
135	Interest Income	\$1,193,000	\$727,000	\$608,000	\$488,000	\$375,000	\$336,000
	Interest Earnings transferred to General Revenue Account	\$0	\$0	\$0	\$0	\$0	\$0
137	Ending Balance	\$26,990,095	\$22,196,807	\$18,933,007	\$14,112,975	\$11,232,919	\$11,476,866
WASTEWATER SYSTEM CONNECTION FEES (42113)							
138	Beginning Balance [1]	(R) \$49,727,296	\$16,038,912	\$16,530,635	\$12,159,237	\$8,082,237	\$9,800,237
139	Transfers In	11,721,100	12,640,938	14,174,000	14,174,000	14,174,000	14,174,000
140	Transfers Out to CIP	41,199,484	5,430,215	11,769,398	11,350,000	5,520,000	7,185,000
141	Transfers Out to Pay Debt Service	5,500,000	7,200,000	7,200,000	7,200,000	7,200,000	7,200,000
142	Interest Rate	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%
143	Interest Income	\$1,290,000	\$481,000	\$424,000	\$299,000	\$264,000	\$291,000
	Interest Earnings transferred to General Revenue Account	\$0	\$0	\$0	\$0	\$0	\$0
145	Ending Balance	\$16,038,912	\$16,530,635	\$12,159,237	\$8,082,237	\$9,800,237	\$9,880,237
TOTAL CAPITAL EXPANSION FUND (42110)		\$43,029,007	\$38,727,442	\$31,092,244	\$22,195,212	\$21,033,156	\$21,357,103

Table 12
Polk County, Florida
Financial Feasibility Report

Summary of Projected Account Balances

Line No.	Description	Projected Fiscal Year Ending September 30,					
		2026	2027	2028	2029	2030	2031
	Adjustment to Interest Income						
146	Unrestricted Interest Allocated to Water	\$0	\$0	\$0	\$0	\$0	\$0
147	Unrestricted Interest Allocated to Sewer	0	0	0	0	0	0
148	Total Unrestricted Interest Income Adjustment	\$0	\$0	\$0	\$0	\$0	\$0
	Total Interest Income						
149	Unrestricted Interest Allocated to Water	\$994,900	\$808,600	\$817,500	\$855,600	\$900,300	\$972,400
150	Unrestricted Interest Allocated to Sewer	1,517,100	1,362,400	1,391,500	1,465,400	1,541,700	1,671,600
151	Total Unrestricted Interest Income	\$2,512,000	\$2,171,000	\$2,209,000	\$2,321,000	\$2,442,000	\$2,644,000
152	Internally Designated Interest Income	\$594,000	\$448,000	\$303,000	\$142,000	\$57,000	\$30,000
153	Restricted Interest Income	\$2,483,000	\$1,208,000	\$1,032,000	\$787,000	\$639,000	\$627,000
154	Total Interest Income	\$5,589,000	\$3,827,000	\$3,544,000	\$3,250,000	\$3,138,000	\$3,301,000

Footnotes:

[1] Beginning balances as of 10/01/2025 estimated based on audited cash and investment balances for Fiscal Year ended September 30, 2025 as provided by County staff.

Table 13
Polk County, Florida
Financial Feasibility Report

Projected Water Cost of Operation & Maintenance

Line No.	Account Number	Account Description	Cost Center	Budget [1]	Budget [1]	Cost	Projected Fiscal Year Ending September 30,			
				2026	2027	Escalation [2]	2028	2029	2030	2031
Personnel Services										
1	5112010	Straight Time	Personnel Services	\$10,512,262	\$12,905,610	Labor	\$14,196,171	\$15,615,788	\$17,177,367	\$18,895,103
2	5112030	Vacation Term	Personnel Services	36,971	44,524	Labor	48,976	53,874	59,261	65,187
3	5112050	Sick Termination With FICA	Personnel Services	0	0	Labor	0	0	0	0
4	5112060	Shift Diff. Pay	Personnel Services	6,264	7,392	Labor	8,131	8,944	9,838	10,822
5	5112070	Bonus	Personnel Services	540	669	Labor	736	810	891	980
6	5112080	Emp. Suggestion Awards	Personnel Services	179	179	Labor	197	216	238	262
7	5113010	Other Straight Time	Personnel Services	3,263	3,851	Labor	4,236	4,659	5,125	5,638
8	5114010	Overtime Scheduled	Personnel Services	614,261	749,176	Labor	824,094	906,503	997,154	1,096,869
9	5114030	Overtime Emergency	Personnel Services	590,695	714,170	Labor	785,587	864,146	950,560	1,045,616
10	5114050	Overtime Mandatory Fire Rescue	Personnel Services	0	0	Labor	0	0	0	0
11	5115060	Cell Phone Allowance	Personnel Services	0	0	Inflation	0	0	0	0
12	5116010	Payroll Tuition Reimb.	Personnel Services	0	0	Inflation	0	0	0	0
13	5121010	FICA Taxes	Personnel Services	804,187	987,280	Labor	1,086,008	1,194,609	1,314,070	1,445,477
14	5122010	Retirement Contributions	Personnel Services	1,501,422	1,843,256	Labor	2,027,582	2,230,340	2,453,374	2,698,712
15	5123010	Health Insurance	Personnel Services	3,191,774	3,351,261	HealthIns	3,518,824	3,694,765	3,879,504	4,073,479
16	5123030	Life Insurance	Personnel Services	4,178	4,930	Labor	5,423	5,965	6,562	7,218
17	5123060	Long-Term Dis. Insurance	Personnel Services	4,943	5,832	Labor	6,416	7,057	7,763	8,539
18	5124010	Workers' Compensation Claims	Personnel Services	61,290	72,322	WorkersComp	79,554	87,510	96,261	105,887
19	5125010	Unemployment Compensation	Personnel Services	810	956	Labor	1,051	1,157	1,272	1,399
20	5129989	Sal Adj-Budget Only	Personnel Services	540,000	2,104,448	Labor	2,314,893	2,546,382	2,801,020	3,081,122
21	5129990	Reclass-Budget Only	Personnel Services	0	0	Labor	0	0	0	0
22	5334993	Contracted BoCC Position personnel or	Personnel Services	0	0	Labor	0	0	0	0
23		Total Operating Expenses		\$17,873,039	\$22,795,856		\$24,907,878	\$27,222,725	\$29,760,259	\$32,542,310
Operating Expenses										
24	5331010	Professional Services	Operating Expenses	\$3,069,006	\$3,112,010	Inflation	\$3,205,371	\$3,301,532	\$3,400,578	\$3,502,595
25	5331011	Recruitment Services	Operating Expenses	57,223	56,601	Inflation	58,299	60,048	61,850	63,705
26	5334020	Laundry And Dry Clean	Operating Expenses	0	0	Inflation	0	0	0	0
27	5334990	Other Contractual Services	Operating Expenses	6,910,477	7,985,273	Inflation	8,224,831	8,471,576	8,725,724	8,987,495
28	5334991	Ct Srvs I.T. Base Service Exp	Operating Expenses	1,563,576	1,387,067	Inflation	1,428,679	1,471,540	1,515,686	1,561,156
29	5340010	Travel Out Of County	Operating Expenses	120,203	120,181	Inflation	123,786	127,500	131,325	135,264
30	5340020	Travel In County	Operating Expenses	22,539	23,049	Inflation	23,741	24,453	25,186	25,942
31	5341010	Communication Services	Operating Expenses	530,806	559,391	Utilities	604,142	652,473	704,671	761,045
32	5341050	Communication Supplies/Implement	Operating Expenses	11,023	11,049	Inflation	11,381	11,722	12,074	12,436
33	5351020	Postage	Operating Expenses	366,029	379,514	W Cust	401,432	424,323	448,226	473,182
34	5343010	Utility Services	Operating Expenses	4,106,554	4,025,521	W Utilities	4,448,066	4,912,454	5,422,677	5,983,096
35	5344010	Rental Software	Operating Expenses	0	0	Inflation	0	0	0	0
36	5344020	Rent Lease Equipment Building	Operating Expenses	180,663	175,875	Inflation	181,151	186,585	192,183	197,948
37	5344030	Leases - GASB 87	Operating Expenses	1,681	1,636	Inflation	1,685	1,736	1,788	1,842
38	5344990	Uniform Rental	Operating Expenses	86,675	85,177	Inflation	87,732	90,364	93,075	95,867
39	5344035	(For Comptroller) Lease Exp. Clearing	Operating Expenses	0	0	Inflation	0	0	0	0
40	5344040	SBITA Software License - GASB 96	Operating Expenses	0	0	Inflation	0	0	0	0
41	5345020	Insurance Claims Expense	Operating Expenses	0	0	Insurance	0	0	0	0
42	5345021	Risk-Bodily Injury	Operating Expenses	0	0	Insurance	0	0	0	0
43	5345023	Risk-Property Damage	Operating Expenses	0	0	Insurance	0	0	0	0
44	5345030	Self-Insurance Tail Claim Expense	Operating Expenses	0	0	Insurance	0	0	0	0
45	5346010	Maintenance Building/Grounds	Operating Expenses	628,976	621,040	Repair	652,092	684,697	718,932	754,879
46	5346011	Maint Cts Bldg/Grounds	Operating Expenses	0	0	Repair	0	0	0	0
47	5346020	Maintenance Equipment	Operating Expenses	2,379,785	2,362,005	Repair	2,480,105	2,604,110	2,734,316	2,871,031
48	5346040	Maintenance Of Data Software	Operating Expenses	250,223	524,472	Repair	550,696	578,230	607,142	637,499
49	5346080	Maintenance Util System	Operating Expenses	4,559,121	4,480,837	Repair	4,704,879	4,940,123	5,187,129	5,446,486
50	5346100	Parts Fleet Maintenance Only	Operating Expenses	0	0	Repair	0	0	0	0
51	5346110	Vehicle Maint Charge-F/M Only	Operating Expenses	725,381	736,280	Repair	773,094	811,748	852,336	894,953
52	5346120	Billable Vehicle Charge-F/M Only	Operating Expenses	157,276	155,965	Repair	163,764	171,952	180,549	189,577
53	5346130	Maintenance Generators-F/M Only	Operating Expenses	498,265	501,130	Repair	526,186	552,496	580,120	609,127
54	5346600	Repair/Replace Computer Hdwre,Exc	Operating Expenses	34,007	34,783	Repair	36,522	38,348	40,266	42,279
55	5346610	Repair/Replace Communications Hdw	Operating Expenses	280	273	Repair	286	301	316	331
56	5346025	Maint on Leased Equip	Operating Expenses	1,121	1,091	Repair	1,145	1,203	1,263	1,326
57	5347010	Print And Bind Outside	Operating Expenses	68,172	68,532	W Cust	72,490	76,623	80,940	85,446
58	5347020	Print And Bind Inside	Operating Expenses	40,958	41,418	W Cust	43,810	46,308	48,917	51,641
59	5348010	Promotional Activities	Operating Expenses	210,374	215,215	W Cust	227,644	240,625	254,180	268,332
60	5348040	T.D. Tourism Publicity	Operating Expenses	280	286	W Cust	303	320	338	357
61	5336010	FEMA Oper Exp	Operating Expenses	0	0	Marginal	0	0	0	0
62	5349010	Other Current Charges	Operating Expenses	199,449	199,194	Inflation	205,170	211,325	217,664	224,194
63	5349011	Bank Fees (to account for BB&T/Well)	Operating Expenses	4,482	4,636	Inflation	4,775	4,918	5,066	5,218
64	5349741	Emergency Radio Fees	Operating Expenses	75,647	77,451	Inflation	79,775	82,168	84,633	87,172
65	5349750	Fleet Replacement Fee	Operating Expenses	1,226,296	1,193,792	Repair	1,253,482	1,316,156	1,381,964	1,451,062
66	5351010	Office Supplies	Operating Expenses	52,135	81,535	Inflation	\$83,981	\$86,501	\$89,096	\$91,768
67	5351990	Furn/Equip(Less Than \$5,000)	Operating Expenses	461,088	456,529	Inflation	470,225	484,332	498,862	513,828
68	5351880	Equip/Attractive Items (\$1,000 - \$4,999)	Operating Expenses	20,729	20,453	Inflation	21,066	21,698	22,349	23,019
69	5331020	Purchase Of Computer Software	Operating Expenses	341,648	343,500	Inflation	353,805	364,419	375,352	386,612
70	5352010	Motor Fuels	Operating Expenses	675,246	676,794	Utilities	730,938	789,413	852,566	920,771

Table 13
Polk County, Florida
Financial Feasibility Report

Projected Water Cost of Operation & Maintenance

Line No.	Account Number	Account Description	Cost Center	Budget [1]		Cost Escalation [2]	Projected Fiscal Year Ending September 30,			
				2026	2027		2028	2029	2030	2031
71	5352020	Chemicals	Operating Expenses	2,248,597	2,190,086	W Chem	2,419,972	2,672,623	2,950,210	3,255,106
72	5352060	Heating Fuels	Operating Expenses	0	0	W Utilities	0	0	0	0
73	5352250	Misc Supplies & Exp	Operating Expenses	280	273	Inflation	281	289	298	307
74	5352600	Medical and Surgical Supplies	Operating Expenses	0	0	Inflation	0	0	0	0
75	5352710	Food & Dietary	Operating Expenses	0	0	Inflation	0	0	0	0
76	5352980	Tool Reimbursement (Federation Cont)	Operating Expenses	1,401	1,364	Inflation	1,404	1,447	1,490	1,535
77	5352990	Operating Supplies Other	Operating Expenses	367,862	398,744	W Utilities	440,598	486,598	537,137	592,649
78	5352991	P-Card Clearing-Project Related	Operating Expenses	0	0	Inflation	0	0	0	0
79	5353010	Road Material/Resurfacing	Operating Expenses	0	0	Construction	0	0	0	0
80	5353040	Traffic Striping Material	Operating Expenses	0	0	Construction	0	0	0	0
81	5354010	Publications And Subscriptions	Operating Expenses	20,891	21,440	Inflation	22,083	22,746	23,428	24,131
82	5354030	Memberships And Dues	Operating Expenses	109,899	110,591	Inflation	113,908	117,326	120,846	124,471
83	5354040	Education	Operating Expenses	260,419	250,208	Inflation	257,714	265,446	273,409	281,612
84		Total Personnel Services		\$32,646,745	\$33,692,260		\$35,492,490	\$37,410,794	\$39,456,155	\$41,638,293
		Capital Expenses								
85	5661010	Land	Capital Expenses	\$0	\$0	Constant	\$0	\$0	\$0	\$0
86	5662010	Buildings And Plant	Capital Expenses	0	0	Construction	0	0	0	0
87	5662020	Plants & Systems Util Div Only	Capital Expenses	0	0	Construction	0	0	0	0
88	5662030	Prof Svcs, Cap Outlay	Capital Expenses	0	0	Construction	0	0	0	0
89	5664080	Telephone Equipment	Capital Expenses	0	0	Inflation	0	0	0	0
90	5664970	Autos, Trucks, Trailers	Capital Expenses	0	0	Construction	0	0	0	0
91	5664980	Computer Hardware	Capital Expenses	0	0	Inflation	0	0	0	0
92	5664990	Furn/Equip, Other \$1,000 Or More)	Capital Expenses	0	0	Inflation	0	0	0	0
93	5666000	Capital Expense-Program Budget	Capital Expenses	0	0	Construction	0	0	0	0
94	5668020	Intangibles-Capitalized	Capital Expenses	0	0	Inflation	0	0	0	0
95		Total Capital Expenses		\$0	\$0		\$0	\$0	\$0	\$0
		Debt Service								
96	5771010	Principal	Debt Services	\$0	\$0	Constant	\$0	\$0	\$0	\$0
97	5772010	Interest	Debt Services	0	0	Constant	0	0	0	0
98	5773010	Other Debt Service	Debt Services	0	0	Constant	0	0	0	0
99	5771020	Debt Service Principal Retirement - G/	Debt Services	0	0	Constant	0	0	0	0
100	5772020	Interest Cap Leases - GASB 87	Debt Services	0	0	Constant	0	0	0	0
101				\$0	\$0		\$0	\$0	\$0	\$0
		Reserves								
102	5998010	Reserves - Cash Balance Forward	Reserves	\$0	\$0	Constant	\$0	\$0	\$0	\$0
103	5998020	Reserves - Contingencies	Reserves	0	0	Constant	0	0	0	0
104	5998060	Reserves - Constitutional Officers	Reserves	0	0	Constant	0	0	0	0
105	5998080	Reserves - Debt Service	Reserves	0	0	Constant	0	0	0	0
106	5998090	Reserves - Renewal & Replacement	Reserves	0	0	Constant	0	0	0	0
107	5998110	Reserves - Landfill Closure	Reserves	0	0	Constant	0	0	0	0
108	5998120	Reserves - Salary Adjustments	Reserves	48,477	48,477	Labor	53,325	58,658	64,523	70,976
109	5998140	Reserves - Future Capital Expansion	Reserves	0	0	Constant	0	0	0	0
110		Total Reserves		\$48,477	\$48,477		\$53,325	\$58,658	\$64,523	\$70,976
		Transfers								
111	5991021	Interfund Transfers-CRA	Internal Transfers	\$0	\$0	Constant	\$0	\$0	\$0	\$0
112	5991022	Interfund Transfer - PILOT	Internal Transfers	1,275,906	1,352,460	PILOT	1,393,033	1,434,824	1,477,869	1,522,205
113	5991010	Interfund Transfers-Unbudgeted	Internal Transfers	0	0	Constant	0	0	0	0
114	5991020	Interfund Transfers-Budgeted	Internal Transfers	0	0	Constant	0	0	0	0
115	5991030	Indirect Expense	Internal Transfers	1,717,586	1,913,730	Labor	2,105,103	2,315,613	2,547,174	2,801,892
116		Total Transfers		\$2,993,492	\$3,266,189		\$3,498,136	\$3,750,438	\$4,025,044	\$4,324,097
117		Pre-Total		\$53,561,753	\$59,802,783		\$63,951,829	\$68,442,614	\$73,305,981	\$78,575,675
118	Bad Debt Expense		Adjustments	0	0	Inflation	0	0	0	0
119	Subtotal			\$53,561,753	\$59,802,783		\$63,951,829	\$68,442,614	\$73,305,981	\$78,575,675
120	Contingency		Adjustments	\$0	\$0	Inflation	\$0	\$0	\$0	\$0
121	Cypress Lake [1]		Purchased Water	3,178,393	11,990,000	Inflation	17,330,000	12,990,000	11,424,000	12,777,793
122	Summary Budget Adjustments			\$3,178,393	\$11,990,000		\$17,330,000	\$12,990,000	\$11,424,000	\$12,777,793
		PRWC - Combined and Project Implementation Agreement [3]								
123	Fixed O&M		Purchased Water	\$0	\$0	Constant	\$193,509	\$1,778,766	\$1,848,551	\$1,935,981
124	Debt Service		Purchased Water	800,298	\$1,153,833	Constant	2,184,803	3,017,726	4,605,824	4,645,813

Table 13
Polk County, Florida
Financial Feasibility Report

Projected Water Cost of Operation & Maintenance

Line No.	Account Number	Account Description	Cost Center	Budget [1]		Cost Escalation [2]	Projected Fiscal Year Ending September 30,			
				2026	2027		2028	2029	2030	2031
125	Line of Credit Interest Payments		Purchased Water	282,812	191,961	Constant	50,475	25,005	9,843	64,221
126	Coverage Allowance		Purchased Water	270,778	336,448	Constant	558,820	760,683	1,153,917	1,177,509
127	Total Base Costs			1,353,888	1,682,242	Constant	2,987,607	5,582,180	7,618,135	7,823,524
128	Variable O&M		Purchased Water	0	0	Constant	177,655	2,321,594	2,534,246	2,773,078
129	Member Funded		Purchased Water	7,935	81,028	Constant	5,203	4,953	5,065	5,181
130	Total PRWC - Combined and Project Implementation Agreement			\$1,361,823	\$1,763,270		\$3,170,465	\$7,908,727	\$10,157,446	\$10,601,783
	PRWC - Formation Agreement [3]									
131	Admin Budget		Purchased Water	\$91,168	\$44,132	Constant	\$45,909	\$47,757	\$49,680	\$51,681
132	Conservation Budget		Purchased Water	18,923	18,224	Constant	18,224	18,224	18,224	18,224
133	Total PRWC - Formation Agreement			\$110,091	\$62,356		\$64,133	\$65,981	\$67,904	\$69,905
134	Total PRWC Annual Payments			\$1,471,914	\$1,825,626		\$3,234,598	\$7,974,708	\$10,225,350	\$10,671,688
135	Grand Total			\$58,212,060	\$73,618,409		\$84,516,427	\$89,407,322	\$94,955,331	\$102,025,156
	<u>Summary by Cost Center</u>									
136	Personnel Services			\$17,873,039	\$22,795,856		\$24,907,878	\$27,222,725	\$29,760,259	\$32,542,310
137	Operating Expenses			\$32,646,745	\$33,692,260		\$35,492,490	\$37,410,794	\$39,456,155	\$41,638,293
138	Capital Expenses			\$0	\$0		\$0	\$0	\$0	\$0
139	Grants & Aid			\$0	\$0		\$0	\$0	\$0	\$0
140	Debt Services			\$0	\$0		\$0	\$0	\$0	\$0
141	Reserves			\$48,477	\$48,477		\$53,325	\$58,658	\$64,523	\$70,976
142	Internal Transfers			\$2,993,492	\$3,266,189		\$3,498,136	\$3,750,438	\$4,025,044	\$4,324,097
143	Purchased Water			\$4,650,307	\$13,815,626		\$20,564,598	\$20,964,708	\$21,649,350	\$23,449,481
144	Adjustments			\$0	\$0		\$0	\$0	\$0	\$0
145				\$58,212,060	\$73,618,409		\$84,516,427	\$89,407,322	\$94,955,331	\$102,025,156

Footnotes

- [1] Amounts provided by County staff.
[2] Cost escalation references derived from Table 15.
[3] Estimated member payments due by Polk County provided by PRWC.

Table 14
Polk County, Florida
Financial Feasibility Report

Projected Sewer Cost of Operation & Maintenance

Line No.	Account Number	Account Description	Cost Center	Budget [1]	Budget [1]	Cost	Projected Fiscal Year Ending September 30,			
				2026	2027	Escalation [2]	2028	2029	2030	2031
Personnel Services										
1	5112010	Straight Time	Personnel Services	\$8,954,889	\$10,993,668	Labor	\$12,093,034	\$13,302,338	\$14,632,572	\$16,095,829
2	5112030	Vacation Term	Personnel Services	31,493	37,928	Labor	41,720	45,892	50,482	55,530
3	5112050	Sick Termination With FICA	Personnel Services	0	0	Labor	0	0	0	0
4	5112060	Shift Diff. Pay	Personnel Services	5,336	6,296	Labor	6,926	7,619	8,381	9,219
5	5112070	Bonus	Personnel Services	460	570	Labor	627	690	759	834
6	5112080	Emp. Suggestion Awards	Personnel Services	152	152	Labor	167	184	203	223
7	5113010	Other Straight Time	Personnel Services	2,780	3,280	Labor	3,608	3,969	4,366	4,802
8	5114010	Overtime Scheduled	Personnel Services	523,259	638,187	Labor	702,006	772,207	849,427	934,370
9	5114030	Overtime Emergency	Personnel Services	503,185	608,367	Labor	669,204	736,124	809,736	890,710
10	5114050	Overtime Mandatory Fire Rescue	Personnel Services	0	0	Labor	0	0	0	0
11	5115060	Cell Phone Allowance	Personnel Services	0	0	Inflation	0	0	0	0
12	5116010	Payroll Tuition Reimb.	Personnel Services	0	0	Inflation	0	0	0	0
13	5121010	FICA Taxes	Personnel Services	685,049	841,016	Labor	925,118	1,017,630	1,119,393	1,231,332
14	5122010	Retirement Contributions	Personnel Services	1,278,990	1,570,181	Labor	1,727,200	1,899,920	2,089,912	2,298,903
15	5123010	Health Insurance	Personnel Services	2,718,919	2,854,778	HealthIns	2,997,517	3,147,393	3,304,762	3,470,000
16	5123030	Life Insurance	Personnel Services	3,559	4,200	Labor	4,620	5,082	5,590	6,149
17	5123060	Long-Term Dis. Insurance	Personnel Services	4,210	4,968	Labor	5,465	6,012	6,613	7,274
18	5124010	Workers' Compensation Claims	Personnel Services	52,210	61,608	WorkersComp	67,769	74,545	82,000	90,200
19	5125010	Unemployment Compensation	Personnel Services	690	814	Labor	896	985	1,084	1,192
20	5129989	Sal Adj-Budget Only	Personnel Services	460,000	1,792,678	Labor	1,971,946	2,169,140	2,386,054	2,624,660
21	5129990	Reclass-Budget Only	Personnel Services	0	0	Labor	0	0	0	0
22	5334993	Contracted BoCC Position personnel or	Personnel Services	0	0	Labor	0	0	0	0
23		Total Operating Expenses		\$15,225,181	\$19,418,692		\$21,217,822	\$23,189,729	\$25,351,332	\$27,721,227
Operating Expenses										
24	5331010	Professional Services	Operating Expenses	\$2,614,339	\$2,650,972	Inflation	\$2,730,501	\$2,812,416	\$2,896,788	\$2,983,692
25	5331011	Recruitment Services	Operating Expenses	48,746	48,216	Inflation	49,662	51,152	52,687	54,267
26	5334020	Laundry And Dry Clean	Operating Expenses	0	0	Inflation	0	0	0	0
27	5334990	Other Contractual Services	Operating Expenses	5,886,703	6,802,270	Inflation	7,006,338	7,216,528	7,433,024	7,656,015
28	5334991	Ct Srvs I.T. Base Service Exp	Operating Expenses	1,331,935	1,181,576	Inflation	1,217,023	1,253,534	1,291,140	1,329,874
29	5340010	Travel Out Of County	Operating Expenses	102,395	102,376	Inflation	105,447	108,611	111,869	115,225
30	5340020	Travel In County	Operating Expenses	19,200	19,634	Inflation	20,223	20,830	21,455	22,099
31	5341010	Communication Services	Operating Expenses	452,168	476,518	Utilities	514,639	555,811	600,275	648,297
32	5341050	Communication Supplies/Implement	Operating Expenses	9,390	9,412	Inflation	9,695	9,986	10,285	10,594
33	5351020	Postage	Operating Expenses	311,803	323,290	S Cust	343,643	364,926	387,177	410,435
34	5343010	Utility Services	Operating Expenses	3,498,176	3,429,148	S Utilities	3,794,374	4,196,091	4,637,798	5,123,324
35	5344010	Rental Software	Operating Expenses	0	0	Inflation	0	0	0	0
36	5344020	Rent Lease Equipment Building	Operating Expenses	153,898	149,819	Inflation	154,314	158,943	163,711	168,623
37	5344030	Leases - GASB 87	Operating Expenses	1,432	1,394	Inflation	1,436	1,479	1,523	1,569
38	5344990	Uniform Rental	Operating Expenses	73,834	72,558	Inflation	74,735	76,977	79,286	81,665
39	5344035	(For Comptroller) Lease Exp. Clearing	Operating Expenses	0	0	Inflation	0	0	0	0
40	5344040	SBITA Software License - GASB 96	Operating Expenses	0	0	Inflation	0	0	0	0
41	5345020	Insurance Claims Expense	Operating Expenses	0	0	Insurance	0	0	0	0
42	5345021	Risk-Bodily Injury	Operating Expenses	0	0	Insurance	0	0	0	0
43	5345023	Risk-Property Damage	Operating Expenses	0	0	Insurance	0	0	0	0
44	5345030	Self-Insurance Tail Claim Expense	Operating Expenses	0	0	Insurance	0	0	0	0
45	5346010	Maintenance Building/Grounds	Operating Expenses	535,794	529,034	Repair	555,486	583,260	612,423	643,045
46	5346011	Maint Cts Bldg/Grounds	Operating Expenses	0	0	Repair	0	0	0	0
47	5346020	Maintenance Equipment	Operating Expenses	2,027,224	2,012,078	Repair	2,112,682	2,218,316	2,329,232	2,445,693
48	5346040	Maintenance Of Data Software	Operating Expenses	213,153	446,772	Repair	469,111	492,567	517,195	543,055
49	5346080	Maintenance Util System	Operating Expenses	3,883,696	3,817,010	Repair	4,007,860	4,208,253	4,418,666	4,639,599
50	5346100	Parts Fleet Maintenance Only	Operating Expenses	0	0	Repair	0	0	0	0
51	5346110	Vehicle Maint Charge-F/M Only	Operating Expenses	617,918	627,201	Repair	658,561	691,489	726,064	762,367
52	5346120	Billable Vehicle Charge-F/M Only	Operating Expenses	133,976	132,859	Repair	139,502	146,477	153,801	161,491
53	5346130	Maintenance Generators-F/M Only	Operating Expenses	424,448	426,888	Repair	448,233	470,644	494,177	518,886
54	5346600	Repair/Replace Computer Hdwre,Exc	Operating Expenses	28,969	29,630	Repair	31,111	32,667	34,300	36,015
55	5346610	Repair/Replace Communications Hdw	Operating Expenses	239	232	Repair	244	256	269	282
56	5346025	Maint on Leased Equip	Operating Expenses	955	929	Repair	976	1,024	1,076	1,129
57	5347010	Print And Bind Outside	Operating Expenses	58,072	58,379	S Cust	62,054	65,898	69,916	74,115
58	5347020	Print And Bind Inside	Operating Expenses	34,890	35,282	S Cust	37,503	39,826	42,255	44,793
59	5348010	Promotional Activities	Operating Expenses	179,207	183,331	S Cust	194,873	206,943	219,561	232,750
60	5348040	T.D. Tourism Publicity	Operating Expenses	239	244	S Cust	259	275	292	310
61	5336010	FEMA Oper Exp	Operating Expenses	0	0	Marginal	0	0	0	0
62	5349010	Other Current Charges	Operating Expenses	169,901	169,684	Inflation	174,774	180,017	185,418	190,980
63	5349011	Bank Fees (to account for BB&T/Well)	Operating Expenses	3,818	3,949	Inflation	4,068	4,190	4,315	4,445
64	5349741	Emergency Radio Fees	Operating Expenses	64,440	65,977	Inflation	67,956	69,995	72,095	74,258
65	5349750	Fleet Replacement Fee	Operating Expenses	1,044,623	1,016,934	Repair	1,067,781	1,121,170	1,177,228	1,236,090
66	5351010	Office Supplies	Operating Expenses	44,411	69,456	Inflation	\$71,540	\$73,896	\$75,896	\$78,173
67	5351990	Furn/Equip(Less Than \$5,000)	Operating Expenses	392,779	388,895	Inflation	400,562	412,579	424,956	437,705
68	5351880	Equip/Attractive Items (\$1,000 - \$4,999)	Operating Expenses	17,658	17,423	Inflation	17,945	18,484	19,038	19,609
69	5331020	Purchase Of Computer Software	Operating Expenses	291,033	292,611	Inflation	301,389	310,431	319,744	329,336
70	5352010	Motor Fuels	Operating Expenses	575,210	576,529	Utilities	622,651	672,463	726,260	784,361

Table 14
Polk County, Florida
Financial Feasibility Report

Projected Sewer Cost of Operation & Maintenance

Line No.	Account Number	Account Description	Cost Center	Budget [1]	Budget [1]	Cost Escalation [2]	Projected Fiscal Year Ending September 30,			
				2026	2027		2028	2029	2030	2031
71	5352020	Chemicals	Operating Expenses	1,915,472	1,865,629	S Chem	2,064,331	2,282,885	2,523,196	2,787,347
72	5352060	Heating Fuels	Operating Expenses	0	0	S Utilities	0	0	0	0
73	5352250	Misc Supplies & Exp	Operating Expenses	239	232	Inflation	239	246	254	261
74	5352600	Medical and Surgical Supplies	Operating Expenses	0	0	Inflation	0	0	0	0
75	5352710	Food & Dietary	Operating Expenses	0	0	Inflation	0	0	0	0
76	5352980	Tool Reimbursement (Federation Cont)	Operating Expenses	1,193	1,162	Inflation	1,196	1,232	1,269	1,307
77	5352990	Operating Supplies Other	Operating Expenses	313,364	339,670	S Utilities	375,848	415,639	459,392	507,485
78	5352991	P-Card Clearing-Project Related	Operating Expenses	0	0	Inflation	0	0	0	0
79	5353010	Road Material/Resurfacing	Operating Expenses	0	0	Construction	0	0	0	0
80	5353040	Traffic Striping Material	Operating Expenses	0	0	Construction	0	0	0	0
81	5354010	Publications And Subscriptions	Operating Expenses	17,796	18,264	Inflation	18,812	19,376	19,957	20,556
82	5354030	Memberships And Dues	Operating Expenses	93,617	94,207	Inflation	97,033	99,944	102,942	106,031
83	5354040	Education	Operating Expenses	221,838	213,140	Inflation	219,535	226,121	232,904	239,891
84		Total Personnel Services		\$27,810,190	\$28,700,814		\$30,246,146	\$31,893,637	\$33,651,112	\$35,527,045
		Capital Expenses								
85	5661010	Land	Capital Expenses	\$0	\$0	Constant	\$0	\$0	\$0	\$0
86	5662010	Buildings And Plant	Capital Expenses	0	0	Construction	0	0	0	0
87	5662020	Plants & Systems Util Div Only	Capital Expenses	0	0	Construction	0	0	0	0
88	5662030	Prof Svcs, Cap Outlay	Capital Expenses	0	0	Construction	0	0	0	0
89	5664080	Telephone Equipment	Capital Expenses	0	0	Inflation	0	0	0	0
90	5664970	Autos, Trucks, Trailers	Capital Expenses	0	0	Construction	0	0	0	0
91	5664980	Computer Hardware	Capital Expenses	0	0	Inflation	0	0	0	0
92	5664990	Furn/Equip, Other \$1,000 Or More)	Capital Expenses	0	0	Inflation	0	0	0	0
93	5666000	Capital Expense-Program Budget	Capital Expenses	0	0	Construction	0	0	0	0
94	5668020	Intangibles-Capitalized	Capital Expenses	0	0	Inflation	0	0	0	0
95		Total Capital Expenses		\$0	\$0		\$0	\$0	\$0	\$0
		Debt Service								
96	5771010	Principal	Debt Services	\$0	\$0	Constant	\$0	\$0	\$0	\$0
97	5772010	Interest	Debt Services	0	0	Constant	0	0	0	0
98	5773010	Other Debt Service	Debt Services	0	0	Constant	0	0	0	0
99	5771020	Debt Service Principal Retirement - G/	Debt Services	0	0	Constant	0	0	0	0
100	5772020	Interest Cap Leases - GASB 87	Debt Services	0	0	Constant	0	0	0	0
101				\$0	\$0		\$0	\$0	\$0	\$0
		Reserves								
102	5998010	Reserves - Cash Balance Forward	Reserves	\$0	\$0	Constant	\$0	\$0	\$0	\$0
103	5998020	Reserves - Contingencies	Reserves	0	0	Constant	0	0	0	0
104	5998060	Reserves - Constitutional Officers	Reserves	0	0	Constant	0	0	0	0
105	5998080	Reserves - Debt Service	Reserves	0	0	Constant	0	0	0	0
106	5998090	Reserves - Renewal & Replacement	Reserves	0	0	Constant	0	0	0	0
107	5998110	Reserves - Landfill Closure	Reserves	0	0	Constant	0	0	0	0
108	5998120	Reserves - Salary Adjustments	Reserves	41,296	41,296	Labor	45,425	49,968	54,964	60,461
109	5998140	Reserves - Future Capital Expansion	Reserves	0	0	Constant	0	0	0	0
110		Total Reserves		\$41,296	\$41,296		\$45,425	\$49,968	\$54,964	\$60,461
		Transfers								
111	5991021	Interfund Transfers-CRA	Internal Transfers	\$0	\$0	Constant	\$0	\$0	\$0	\$0
112	5991022	Interfund Transfer - PILOT	Internal Transfers	1,086,882	1,152,095	PILOT	1,186,658	1,222,258	1,258,926	1,296,693
113	5991010	Interfund Transfers-Unbudgeted	Internal Transfers	0	0	Constant	0	0	0	0
114	5991020	Interfund Transfers-Budgeted	Internal Transfers	0	0	Constant	0	0	0	0
115	5991030	Indirect Expense	Internal Transfers	1,463,129	1,630,214	Labor	1,793,236	1,972,559	2,169,815	2,386,797
116		Total Transfers		\$2,550,011	\$2,782,310		\$2,979,894	\$3,194,817	\$3,428,741	\$3,683,490
117		Pre-Total		\$45,626,678	\$50,943,112		\$54,489,288	\$58,328,151	\$62,486,149	\$66,992,223
118	Bad Debt Expense		Adjustments	0	0	Inflation	0	0	0	0
119	Subtotal			\$45,626,678	\$50,943,112		\$54,489,288	\$58,328,151	\$62,486,149	\$66,992,223
120	Contingency		Adjustments	\$0	\$0	Inflation	\$0	\$0	\$0	\$0
121	Cypress Lake		Purchased Water	0	0	Inflation	0	0	0	0
122	Summary Budget Adjustments			\$0	\$0		\$0	\$0	\$0	\$0
		PRWC - Combined and Project Implementation Agreement								
123	Fixed O&M		Purchased Water	\$0	\$0	Constant	\$0	\$0	\$0	\$0
124	Debt Service		Purchased Water	0	\$0	Constant	0	0	0	0

Table 14
Polk County, Florida
Financial Feasibility Report

Projected Sewer Cost of Operation & Maintenance

Line No.	Account Number	Account Description	Cost Center	Budget [1] 2026	Budget [1] 2027	Cost Escalation [2]	Projected Fiscal Year Ending September 30,			
							2028	2029	2030	2031
125	Line of Credit Interest Payments		Purchased Water	0	0	Constant	0	0	0	0
126	Coverage Allowance		Purchased Water	0	0	Constant	0	0	0	0
127	Total Base Costs			0	0	Constant	0	0	0	0
128	Variable O&M		Purchased Water	0	0	Constant	0	0	0	0
129	Member Funded		Purchased Water	0	0	Constant	0	0	0	0
130	Total PRWC - Combined and Project Implementation Agreement			<u>\$0</u>	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
	PRWC - Formation Agreement									
131	Admin Budget		Purchased Water	\$0	\$0	Constant	\$0	\$0	\$0	\$0
132	Conservation Budget		Purchased Water	0	0	Constant	0	0	0	0
133	Total PRWC - Formation Agreement			<u>\$0</u>	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
134	Total PRWC Annual Payments			<u>\$0</u>	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
135	Grand Total			<u><u>\$45,626,678</u></u>	<u><u>\$50,943,112</u></u>		<u><u>\$54,489,288</u></u>	<u><u>\$58,328,151</u></u>	<u><u>\$62,486,149</u></u>	<u><u>\$66,992,223</u></u>
	<u>Summary by Cost Center</u>									
136	Personnel Services			\$15,225,181	\$19,418,692		\$21,217,822	\$23,189,729	\$25,351,332	\$27,721,227
137	Operating Expenses			\$27,810,190	\$28,700,814		\$30,246,146	\$31,893,637	\$33,651,112	\$35,527,045
138	Capital Expenses			\$0	\$0		\$0	\$0	\$0	\$0
139	Grants & Aid			\$0	\$0		\$0	\$0	\$0	\$0
140	Debt Services			\$0	\$0		\$0	\$0	\$0	\$0
141	Reserves			\$41,296	\$41,296		\$45,425	\$49,968	\$54,964	\$60,461
142	Internal Transfers			\$2,550,011	\$2,782,310		\$2,979,894	\$3,194,817	\$3,428,741	\$3,683,490
143	Purchased Water			\$0	\$0		\$0	\$0	\$0	\$0
144	Adjustments			\$0	\$0		\$0	\$0	\$0	\$0
145				<u>\$45,626,678</u>	<u>\$50,943,112</u>		<u>\$54,489,288</u>	<u>\$58,328,151</u>	<u>\$62,486,149</u>	<u>\$66,992,223</u>

Footnotes

- [1] Amounts provided by County staff.
[2] Cost escalation references derived from Table 15.

Table 15
Polk County, Florida
Financial Feasibility Report

Cost of Operation and Maintenance Escalation Assumptions

Line No.	Description	Escalation	Projected Fiscal Year ending September 30, [1]			
			2028	2029	2030	2031
1	Constant	Constant	1.000	1.000	1.000	1.000
2	Elimination	Eliminate	0.000	0.000	0.000	0.000
3	Marginal	Marginal	1.010	1.010	1.010	1.010
4	Inflation (CPI) [2]	Inflation	1.030	1.030	1.030	1.030
3	Personnel Services - COLA Assumptions	COLA	1.035	1.035	1.035	1.035
4	Personnel Services - New FTE Allowance	FTE	1.063	1.063	1.063	1.063
5	Personnel Services - Combined	Labor	1.100	1.100	1.100	1.100
6	Health Insurance	HealthIns	1.050	1.050	1.050	1.050
7	Workers Compensation	WorkersComp	1.100	1.100	1.100	1.100
8	General Insurance	Insurance	1.100	1.100	1.100	1.100
9	Repair and Maintenance	Repair	1.050	1.050	1.050	1.050
10	Construction Cost Index	Construction	1.050	1.050	1.050	1.050
11	PILOT	PILOT	1.030	1.030	1.030	1.030
12	Utilities	Utilities	1.080	1.080	1.080	1.080
13	Chemicals	Chemicals	1.080	1.080	1.080	1.080
14	Water Customers + Inflation	W Cust	1.058	1.057	1.056	1.056
15	Sewer Customers + Inflation	S Cust	1.063	1.062	1.061	1.060
16	Water Utilities + Growth	W Utilities	1.105	1.104	1.104	1.103
17	Sewer Utilities + Growth	S Utilities	1.107	1.106	1.105	1.105
18	Water Chemicals + Growth	W Chem	1.105	1.104	1.104	1.103
19	Sewer Chemicals + Growth	S Chem	1.107	1.106	1.105	1.105
20	Water Rate Revenue	WRev	1.021	1.021	1.020	1.020
21	Wastewater Rate Revenue	SRev	1.026	1.026	1.025	1.024

Footnotes

[1] Amounts based on discussions with County staff unless otherwise described below.

[2] Assumed to be 3% per year.

Table 16
Polk County, Florida
Financial Feasibility Report

Projected Annual Bond Service Requirements

Line No.	Description	Projected Fiscal Year Ending September 30, [1]					
		2026	2027	2028	2029	2030	2031
EXISTING SENIOR LIEN DEBT SERVICE							
Utility System Revenue and Refunding Bonds, Series 2020							
1	Start Balance	\$87,550,000	\$87,550,000	\$83,495,000	\$79,230,000	\$79,230,000	\$73,315,000
2	Plus: Interest	3,820,500	3,820,500	3,617,750	3,404,500	3,404,500	3,108,750
3	Less: Payments	3,820,500	7,875,500	7,882,750	3,404,500	9,319,500	3,108,750
4	Balance End of Year	\$87,550,000	\$83,495,000	\$79,230,000	\$79,230,000	\$73,315,000	\$73,315,000
5	Percent Allocated to Water	38.2%	38.2%	38.2%	38.2%	38.2%	38.2%
6	Amount Allocated to Water	\$1,459,813	\$3,009,229	\$3,011,999	\$1,300,859	\$3,560,981	\$1,187,853
7	Amount Allocated to Sewer	2,360,687	4,866,271	4,870,751	2,103,641	5,758,519	1,920,897
Utility System Revenue and Revenue Refunding Bonds, Series 2024							
8	Start Balance	\$88,055,000	\$83,330,000	\$82,370,000	\$81,360,000	\$75,860,000	\$75,860,000
9	Plus: Interest	4,297,275	4,061,025	4,013,025	3,962,525	3,687,525	3,687,525
10	Less: Payments	9,022,275	5,021,025	5,023,025	9,462,525	3,687,525	9,382,525
11	Balance End of Year	\$83,330,000	\$82,370,000	\$81,360,000	\$75,860,000	\$75,860,000	\$70,165,000
12	Percent Allocated to Water	38.2%	38.2%	38.2%	38.2%	38.2%	38.2%
13	Amount Allocated to Water	\$3,447,411	\$1,918,534	\$1,919,298	\$3,615,631	\$1,409,003	\$3,585,063
14	Amount Allocated to Sewer	5,574,864	3,102,491	3,103,727	5,846,894	2,278,522	5,797,462
Total Existing Senior Lien Revenue Bonds							
Amount Funded							
15	Start Balance	\$175,605,000	\$170,880,000	\$165,865,000	\$160,590,000	\$155,090,000	\$149,175,000
16	Plus: Interest	8,117,775	7,881,525	7,630,775	7,367,025	7,092,025	6,796,275
17	Less: Payments	12,842,775	12,896,525	12,905,775	12,867,025	13,007,025	12,491,275
18	Balance End of Year	\$170,880,000	\$165,865,000	\$160,590,000	\$155,090,000	\$149,175,000	\$143,480,000
19	Percent Allocated to Water	38.2%	38.2%	38.2%	38.2%	38.2%	38.2%
20	Amount Allocated to Water	\$4,907,224	\$4,927,762	\$4,931,297	\$4,916,490	\$4,969,984	\$4,772,916
21	Amount Allocated to Sewer	7,935,551	7,968,763	7,974,478	7,950,535	8,037,041	7,718,359

Table 16
Polk County, Florida
Financial Feasibility Report

Projected Annual Bond Service Requirements

Line No.	Description	Projected Fiscal Year Ending September 30, [1]					
		2026	2027	2028	2029	2030	2031
PROPOSED DEBT SERVICE							
Additional Debt 1 - Series 2026 Bonds							
22	Start Balance	\$0	\$211,290,000	\$211,290,000	\$211,290,000	\$211,290,000	\$211,290,000
23	Plus: Interest	0	10,307,295	10,945,800	10,945,800	10,945,800	10,945,800
24	Less: Payments	0	10,307,295	10,945,800	10,945,800	10,945,800	10,945,800
25	Balance End of Year	\$0	\$211,290,000	\$211,290,000	\$211,290,000	\$211,290,000	\$211,290,000
26	Percent Allocated to Water	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
27	Amount Allocated to Water	\$0	\$799,611	\$849,145	\$849,145	\$849,145	\$849,145
28	Amount Allocated to Sewer	0	9,507,684	10,096,655	10,096,655	10,096,655	10,096,655
Additional Debt 2 - Series 2028 Bonds							
29	Start Balance	\$0	\$0	\$0	\$69,010,000	\$69,010,000	\$69,010,000
30	Plus: Interest	0	0	0	3,602,563	3,602,563	3,602,563
31	Less: Payments	0	0	0	3,602,563	3,602,563	3,602,563
32	Balance End of Year	\$0	\$0	\$0	\$69,010,000	\$69,010,000	\$69,010,000
33	Percent Allocated to Water	32.3%	32.3%	32.3%	32.3%	32.3%	32.3%
34	Amount Allocated to Water	\$0	\$0	\$0	\$1,162,698	\$1,162,698	\$1,162,698
35	Amount Allocated to Sewer	0	0	0	2,439,865	2,439,865	2,439,865

Table 16
Polk County, Florida
Financial Feasibility Report

Projected Annual Bond Service Requirements

Line No.	Description	Projected Fiscal Year Ending September 30, [1]					
		2026	2027	2028	2029	2030	2031
	Additional Debt 3 - Series 2030 Bonds						
36	Start Balance	\$0	\$0	\$0	\$0	\$0	\$33,785,000
37	Plus: Interest	0	0	0	0	0	1,732,575
38	Less: Payments	0	0	0	0	0	1,732,575
39	Balance End of Year	\$0	\$0	\$0	\$0	\$0	\$33,785,000
40	Percent Allocated to Water	21.8%	21.8%	21.8%	21.8%	21.8%	21.8%
41	Amount Allocated to Water	\$0	\$0	\$0	\$0	\$0	\$378,291
42	Amount Allocated to Sewer	0	0	0	0	0	1,354,284
	Total Proposed Debt						
	Amount Funded						
43	Start Balance	\$0	\$211,290,000	\$211,290,000	\$280,300,000	\$280,300,000	\$314,085,000
44	Plus: Interest	0	10,307,295	10,945,800	14,548,363	14,548,363	16,280,938
45	Less: Payments	0	10,307,295	10,945,800	14,548,363	14,548,363	16,280,938
46	Balance End of Year	\$0	\$211,290,000	\$211,290,000	\$280,300,000	\$280,300,000	\$314,085,000
47	Percent Allocated to Water	0.0%	7.8%	7.8%	13.8%	13.8%	14.7%
48	Amount Allocated to Water	\$0	\$799,611	\$849,145	\$2,011,842	\$2,011,842	\$2,390,134
49	Amount Allocated to Sewer	0	9,507,684	10,096,655	12,536,520	12,536,520	13,890,804

Table 16
Polk County, Florida
Financial Feasibility Report

Projected Annual Bond Service Requirements

Line No.	Description	Projected Fiscal Year Ending September 30, [1]					
		2026	2027	2028	2029	2030	2031
	TOTAL DEBT SERVICE						
	Percent Debt Service Allocated to Water	38.2%	24.7%	24.2%	25.3%	25.3%	24.9%
50	Total Debt Service Allocated to Water	\$4,907,224	\$5,727,373	\$5,780,441	\$6,928,333	\$6,981,827	\$7,163,050
51	Total Debt Service Allocated to Sewer	\$7,935,551	\$17,476,447	\$18,071,134	\$20,487,055	\$20,573,561	\$21,609,162
52	Total Annual Interest Cost	8,117,775	18,188,820	18,576,575	21,915,388	21,640,388	23,077,213
53	Total Debt Service - Principal and Interest	12,842,775	23,203,820	23,851,575	27,415,388	27,555,388	28,772,213
54	Total Balance End of Year	\$170,880,000	\$377,155,000	\$371,880,000	\$435,390,000	\$429,475,000	\$457,565,000

Footnotes:

[1] Amounts provided by the County's Municipal Advisor. Assumptions related to future obligations shown on Table 17.

Table 17
Polk County, Florida
Financial Feasibility Report

Summary of Debt Service Sizing and Payments

No.	Description	Percent	Amount	Amortization						
Additional Debt 1 - Series 2026 Bonds				Year	Start Bal	Principal	Interest	Cap Int	Payment	End Bal
	Projects									
1	Water	7.8%	\$16,920,186	2027	211,290,000	0	10,307,295	0	10,307,295	211,290,000
2	Wastewater	92.2%	201,187,512	2028	211,290,000	0	10,945,800	0	10,945,800	211,290,000
3	Other	0.0%	0	2029	211,290,000	0	10,945,800	0	10,945,800	211,290,000
4	Other	0.0%	0	2030	211,290,000	0	10,945,800	0	10,945,800	211,290,000
5	Other	0.0%	0	2031	211,290,000	0	10,945,800	0	10,945,800	211,290,000
6	Other	0.0%	0	2032	211,290,000	1,695,000	10,945,800	0	12,640,800	209,595,000
7	Total Project Cost		\$218,107,698	2033	209,595,000	1,780,000	10,861,050	0	12,641,050	207,815,000
8	Issuance and Surety Costs			2034	207,815,000	1,875,000	10,772,050	0	12,647,050	205,940,000
9	Issuance Costs (%)	1.00%	\$800,000	2035	205,940,000	3,275,000	10,678,300	0	13,953,300	202,665,000
10	Rounding	0.00%	4,546	2036	202,665,000	3,300,000	10,514,550	0	13,814,550	199,365,000
11	Premium	1.00%	(8,361,759)	2037	199,365,000	3,325,000	10,349,550	0	13,674,550	196,040,000
12	Underwriters Discount	0.00%	739,515	2038	196,040,000	3,350,000	10,183,300	0	13,533,300	192,690,000
13	Total Issuance Costs	2.00%	(\$6,817,698)	2039	192,690,000	3,360,000	10,015,800	0	13,375,800	189,330,000
14	Capitalized Interest - CP Used	No		2040	189,330,000	3,365,000	9,847,800	0	13,212,800	185,965,000
15	Capitalized Interest	0.0	0.0 yr	2041	185,965,000	1,110,000	9,679,550	0	10,789,550	184,855,000
16	Debt Service Reserve Requirement	0%	-	2042	184,855,000	1,165,000	9,624,050	0	10,789,050	183,690,000
17	Principal Amount of Bonds (Rounded)		\$211,290,000	2043	183,690,000	1,225,000	9,565,800	0	10,790,800	182,465,000
18	Assumed Issue Date		October 1, 2026	2044	182,465,000	9,500,000	9,504,550	0	19,004,550	172,965,000
19	Level Debt Service Payment			2045	172,965,000	9,975,000	9,029,550	0	19,004,550	162,990,000
20	Term-Years		30	2046	162,990,000	10,470,000	8,530,800	0	19,000,800	152,520,000
21	Interest Rate		5.20%	2047	152,520,000	10,995,000	8,007,300	0	19,002,300	141,525,000
22	First Year of Bond Term (Fiscal Year)		2027	2048	141,525,000	11,575,000	7,430,063	0	19,005,063	129,950,000
23	First Year of Amortization (Fiscal Year)		2027	2049	129,950,000	12,180,000	6,822,375	0	19,002,375	117,770,000
24	Interest Only Periods		-	2050	117,770,000	12,820,000	6,182,925	0	19,002,925	104,950,000
25	Issue Month (Jan=1)		10	2051	104,950,000	13,495,000	5,509,875	0	19,004,875	91,455,000
26	Principal Payment Month (Jan=1)		10	2052	91,455,000	14,205,000	4,801,388	0	19,006,388	77,250,000
27	Annual Average Payment		\$15,538,945	2053	77,250,000	14,950,000	4,055,625	0	19,005,625	62,300,000
28				2054	62,300,000	15,730,000	3,270,750	0	19,000,750	46,570,000
29				2055	46,570,000	22,690,000	2,444,925	0	25,134,925	23,880,000
30				2056	23,880,000	23,880,000	1,253,700	0	25,133,700	0
Do Not Delete Lines - For Amortization Purposes						0	0			

Table 17
Polk County, Florida
Financial Feasibility Report

Summary of Debt Service Sizing and Payments

No.	Description	Percent	Amount	Amortization						
Additional Debt 2 - Series 2028 Bonds				Year	Start Bal	Principal	Interest	Cap Int	Payment	End Bal
	Projects									
31	Water	32.3%	\$22,600,000	2029	69,010,000	0	3,602,563	0	3,602,563	69,010,000
32	Wastewater	67.7%	47,425,000	2030	69,010,000	0	3,602,563	0	3,602,563	69,010,000
33	Other	0.0%	0	2031	69,010,000	0	3,602,563	0	3,602,563	69,010,000
34	Other	0.0%	0	2032	69,010,000	315,000	3,602,563	0	3,917,563	68,695,000
35	Other	0.0%	0	2033	68,695,000	335,000	3,586,813	0	3,921,813	68,360,000
36	Other	0.0%	0	2034	68,360,000	350,000	3,570,063	0	3,920,063	68,010,000
37	Total Project Cost		\$70,025,000	2035	68,010,000	365,000	3,552,563	0	3,917,563	67,645,000
38	Issuance and Surety Costs			2036	67,645,000	385,000	3,534,313	0	3,919,313	67,260,000
39	Issuance Costs (%)	1.00%	\$600,000	2037	67,260,000	405,000	3,515,063	0	3,920,063	66,855,000
40	Rounding	0.00%	1,048	2038	66,855,000	425,000	3,494,813	0	3,919,813	66,430,000
41	Premium	1.00%	(1,892,088)	2039	66,430,000	445,000	3,473,563	0	3,918,563	65,985,000
42	Underwriters Discount	0.00%	276,040	2040	65,985,000	465,000	3,451,313	0	3,916,313	65,520,000
43	Total Issuance Costs	2.00%	(\$1,015,000)	2041	65,520,000	490,000	3,428,063	0	3,918,063	65,030,000
44	Capitalized Interest - CP Used	No		2042	65,030,000	515,000	3,403,563	0	3,918,563	64,515,000
45	Capitalized Interest	0.0 yr	-	2043	64,515,000	545,000	3,377,813	0	3,922,813	63,970,000
46	Debt Service Reserve Requirement	0%	-	2044	63,970,000	570,000	3,350,563	0	3,920,563	63,400,000
47	Principal Amount of Bonds (Rounded)		\$69,010,000	2045	63,400,000	595,000	3,322,063	0	3,917,063	62,805,000
48	Assumed Issue Date		October 1, 2028	2046	62,805,000	630,000	3,292,313	0	3,922,313	62,175,000
49	Level Debt Service Payment			2047	62,175,000	660,000	3,260,813	0	3,920,813	61,515,000
50	Term-Years		30	2048	61,515,000	690,000	3,227,813	0	3,917,813	60,825,000
51	Interest Rate		5.24%	2049	60,825,000	725,000	3,193,313	0	3,918,313	60,100,000
52	First Year of Bond Term (Fiscal Year)		2029	2050	60,100,000	765,000	3,155,250	0	3,920,250	59,335,000
53	First Year of Amortization (Fiscal Year)		2029	2051	59,335,000	800,000	3,115,088	0	3,915,088	58,535,000
54	Interest Only Periods		-	2052	58,535,000	845,000	3,073,088	0	3,918,088	57,690,000
55	Issue Month		10	2053	57,690,000	890,000	3,028,725	0	3,918,725	56,800,000
56	Principal Payment Month		10	2054	56,800,000	940,000	2,982,000	0	3,922,000	55,860,000
57	Annual Average Payment		\$5,563,280	2055	55,860,000	985,000	2,932,650	0	3,917,650	54,875,000
58				2056	54,875,000	1,040,000	2,880,938	0	3,920,938	53,835,000
59				2057	53,835,000	26,230,000	2,826,338	0	29,056,338	27,605,000
60	Do Not Delete Lines - For Amortization Purposes			2058	27,605,000	27,605,000	1,449,263	0	29,054,263	0

Table 17
Polk County, Florida
Financial Feasibility Report

Summary of Debt Service Sizing and Payments

No.	Description	Percent	Amount	Amortization						
Additional Debt 3 - Series 2030 Bonds				Year	Start Bal	Principal	Interest	Cap Int	Payment	End Bal
61	Projects									
61	Water	21.8%	\$7,500,000	2031	33,785,000	0	1,732,575	0	1,732,575	33,785,000
62	Wastewater	78.2%	26,850,000	2032	33,785,000	540,000	1,732,575	0	2,272,575	33,245,000
63	Other	0.0%	0	2033	33,245,000	565,000	1,705,575	0	2,270,575	32,680,000
64	Other	0.0%	0	2034	32,680,000	595,000	1,677,325	0	2,272,325	32,085,000
65	Other	0.0%	0	2035	32,085,000	625,000	1,647,575	0	2,272,575	31,460,000
66	Other	0.0%	0	2036	31,460,000	655,000	1,616,325	0	2,271,325	30,805,000
67	Total Projects		\$34,350,000	2037	30,805,000	690,000	1,583,575	0	2,273,575	30,115,000
68	Issuance and Surety Costs			2038	30,115,000	720,000	1,549,075	0	2,269,075	29,395,000
69	Issuance Costs (%)	1.00%	\$400,000	2039	29,395,000	760,000	1,513,075	0	2,273,075	28,635,000
70	Rounding	0.00%	2,681	2040	28,635,000	795,000	1,475,075	0	2,270,075	27,840,000
71	Premium	1.00%	(1,119,714)	2041	27,840,000	835,000	1,435,325	0	2,270,325	27,005,000
72	Underwriters Discount	0.00%	152,033	2042	27,005,000	880,000	1,393,575	0	2,273,575	26,125,000
73	Total Issuance Costs	2.00%	(\$565,000)	2043	26,125,000	920,000	1,349,575	0	2,269,575	25,205,000
74	Capitalized Interest - CP Used	No		2044	25,205,000	970,000	1,303,575	0	2,273,575	24,235,000
75	Capitalized Interest	0 yr	-	2045	24,235,000	1,015,000	1,255,075	0	2,270,075	23,220,000
76	Debt Service Reserve Requirement	0%	-	2046	23,220,000	1,065,000	1,204,325	0	2,269,325	22,155,000
77	Principal Amount of Bonds (Rounded)		\$33,785,000	2047	22,155,000	1,120,000	1,151,075	0	2,271,075	21,035,000
78	Assumed Issue Date		October 1, 2030	2048	21,035,000	1,175,000	1,095,075	0	2,270,075	19,860,000
79	Level Debt Service Payment			2049	19,860,000	1,235,000	1,036,325	0	2,271,325	18,625,000
80	Term-Years		30	2050	18,625,000	1,295,000	974,575	0	2,269,575	17,330,000
81	Interest Rate		5.17%	2051	17,330,000	1,360,000	909,825	0	2,269,825	15,970,000
82	First Year of Bond Term (Fiscal Year)		2031	2052	15,970,000	1,435,000	838,425	0	2,273,425	14,535,000
83	First Year of Amortization (Fiscal Year)		2031	2053	14,535,000	1,510,000	763,088	0	2,273,088	13,025,000
84	Interest Only Periods		-	2054	13,025,000	1,585,000	683,813	0	2,268,813	11,440,000
85	Issue Month		10	2055	11,440,000	1,670,000	600,600	0	2,270,600	9,770,000
86	Principal Payment Month		10	2056	9,770,000	1,760,000	512,925	0	2,272,925	8,010,000
87	Annual Average Payment		\$2,253,443	2057	8,010,000	1,850,000	420,525	0	2,270,525	6,160,000
88				2058	6,160,000	1,950,000	323,400	0	2,273,400	4,210,000
89				2059	4,210,000	2,050,000	221,025	0	2,271,025	2,160,000
90	Do Not Delete Lines - For Amortization Purposes			2060	2,160,000	2,160,000	113,400	0	2,273,400	0

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