

NASSAU COUNTY, FLORIDA

FINANCIAL STATEMENTS and INDEPENDENT AUDITOR'S REPORTS

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2017**



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

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Nassau County, Florida
Table of Contents
September 30, 2017

INTRODUCTORY SECTION

List of Elected and Appointed Officials	i
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FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	4

BASIC FINANCIAL STATEMENTS

Government-wide Statement of Net Position	15
Government-wide Statement of Activities	16
Balance Sheet – Governmental Funds	17
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds	19
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances to the Statement of Activities – Governmental Funds	22
Statement of Net Position – Proprietary Funds	23
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	24
Statement of Cash Flows – Proprietary Funds	25
Statement of Fiduciary Net Position – Agency Funds	27
Notes to Financial Statements	28

REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual:	
General Fund	65
County Transportation Fund	66
Municipal Services Fund	67
One-Cent County Surtax Fund	68
Notes to Schedules of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual	69
Schedule of Funding Progress – Other Post-employment Benefits Plan	70
Schedule of the County's Proportionate Share of the Net Pension Liability Florida Retirement System and Health Insurance Subsidy Pension Plan	71
Schedule of the County's Contributions	72

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of State Financial Assistance	73
Notes to Schedule of Expenditures of State Financial Assistance	--



Nassau County, Florida
Table of Contents
September 30, 2017

Additional Elements Required by the Rules of the Auditor General

Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control Over Compliance Required by Chapter 10.550, Rules of the Auditor General	75
Schedule of Findings and Questioned Costs	77
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	78
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes	80
Independent Accountant's Report on Compliance with Sections 365.175(10) and 365.173(2)(d), <i>Florida Statutes</i>	81
Management Letter	82

Introductory Section

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Nassau County, Florida
List of Elected and Appointed Officials
Serving as of September 30, 2017

ELECTED OFFICIALS

Commissioner – District 1, Chair	Daniel B. Leeper
Commissioner – District 2, Vice-Chair	Stephen W. Kelley
Commissioner – District 3	Pat Edwards
Commissioner – District 4	George V. Spicer
Commissioner – District 5	Justin M. Taylor
Clerk of the Circuit Court/Comptroller	John A. Crawford
Tax Collector	John M. Drew
Sheriff	Bill Leeper
Property Appraiser	A. Michael Hickox
Supervisor of Elections	Vicki P. Cannon

APPOINTED OFFICIALS

County Manager	Shanea Jones
County Attorney	Mike Mullin

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Financial Section

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of County Commissioners
And Constitutional Officers
Nassau County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Nassau County, Florida (the "County"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Nassau County, Florida as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The introductory section is presented for purpose of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of state financial assistance projects, as required by Chapter 10.550, *Rules of the Auditor General* of the State of Florida, is also not a required part of the basic financial statements. The schedule of expenditures of state financial assistance projects is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not

been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

The introductory section, schedules of expenditures—budget and actual and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2018, 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 Nassau County, Florida's internal control over financial reporting and compliance.

Caru, Riggs & Ingram, L.L.C.

Jacksonville, Florida

April 16, 2018

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Management's Discussion and Analysis (MD&A)

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Management's Discussion and Analysis

This management's discussion and analysis of Nassau County's (the County), financial statements is designed to introduce the basic financial activities for the fiscal year ended September 30, 2017. The basic financial statements are comprised of the government-wide financial statements, fund financial statements, and footnotes. We hope this will assist readers in identifying significant financial issues and changes in the County's financial position.

Financial Highlights

- The assets of the County and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2017 by \$416,308,219 (net position). The net position included governmental activities of \$405,678,544 and business-type activities of \$10,629,675.
- The County had a deficit of revenues to expenses of \$9,968,627 for the fiscal year, compared to a deficit of \$547,368 in the prior year. General revenues increased by \$5,116,473, including a \$3,079,043 increase in property tax revenue and a \$1,189,311 increase in sales tax revenue. The year-to-year deficit in program revenues, net of expenses, increased from \$76,720,255 in the prior year to \$91,257,987 in fiscal year 2017, due primarily to a \$14,318,942 increase in program expenses. The increase included a \$9,829,149 increase in public safety expenses and a \$2,901,155 increase in physical environment expenses.
- The General Fund reported a deficit of revenues to expenditures of \$5,139,977 which was more than offset by a \$5,202,107 excess of transfers in over transfers out, and sale of capital asset proceeds of \$26,393, resulting in a \$88,523 increase in fund balance for the fiscal year.
- Proprietary funds reported an increase in net position of \$12,418,915. This is due primarily to the closing of the Solid Waste fund and the transfer of its activities to the General Fund. The net position of the Water and Sewer fund increased by \$1,614,854 in fiscal year 2017.
- Outstanding long-term bonded debt as of September 30, 2017, was \$42,890,061, a reduction of \$3,815,327 from the prior year. Of this amount, \$3,565,891 is considered due within one year.

Overview of the Financial Statements

This management's discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. Below is a breakdown of Nassau County's fund types by count.

<u>Fund Type</u>	<u>Number</u>
General Fund	1
Debt Service Funds	3
Capital Projects Funds	6
Special Revenue Funds	<u>36</u>
Total Governmental Funds	46
Total Proprietary Funds	1
Total Agency Funds	12

Management's Discussion and Analysis

(Continued)

Government-wide Financial Statements

The government-wide financial statements, which consist of the following two statements, are designed to provide the reader with a broad overview of the County's finances, in a manner similar to private sector business. The statement of net position presents information on all of the County's assets, deferred outflow of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected earned revenues such as sales taxes and earned but unused vacation leave).

Both of these financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, physical environment, public safety, court-related, transportation, economic environment, human services, and culture/recreation. The business-type activities consist of the water and sewer utilities. Effective October 1, 2016, activity in the Solid Waste fund was transferred to the General Fund as the landfills are no longer an active County enterprise.

The government-wide financial statements include not only the County itself (known as the primary government), but also the following legally separate component units: Nassau County Housing Finance Authority and Recreation and Water Conservation and Control District No. 1. These component units had no revenues or expenditures during the fiscal year ended September 30, 2017; therefore, financial statements were not prepared for these component units.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: 1) governmental funds, 2) proprietary funds, and 3) fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term* inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's *near-term* financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's *near-term* financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Management's Discussion and Analysis

(Continued)

Fund Financial Statements *(Concluded)*

The County maintains forty-six (46) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Transportation Fund, Municipal Services Fund, One-cent County Surtax Fund, Capital Projects Transportation Fund, and Comprehensive Impact Fee Ordinance Fund which are considered to be major funds. Data from the other forty (40) governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for all of its major funds, as well as all non-major funds. Budget comparison schedules have been provided for these funds to demonstrate budgetary compliance.

The County maintains one type of proprietary fund type, an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses one enterprise fund to account for the fiscal activities relating to water and sewer utilities. Proprietary funds provide the same type of information as the government-wide financial statements only in more detail. The proprietary fund financial statements provide separate information for the water and sewer utilities.

Fiduciary funds are used to account for resources held for the benefit of parties within and outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs, except for those that are within the government. The accounting used for fiduciary funds is similar to proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the County's comparison of budget and actual revenues and expenditures for its major funds. This report also presents certain other information concerning the County's combining non-major fund statements and schedules.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$416,308,219 at the close of the fiscal year ended September 30, 2017.

At the end of the fiscal year 2017, the County is able to report a positive balance in net position for its governmental activities of \$405,678,544 as well as a positive balance in net position for its business type activities of \$10,629,675. Effective October 1, 2016, activity in the Solid Waste fund was transferred to the General Fund as the landfills are no longer an active County enterprise.

Management's Discussion and Analysis

(Continued)

Government-wide Financial Analysis (Concluded)

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 83,663,540	\$ 75,861,685	\$ 8,881,111	\$ 12,175,968	\$ 92,544,651	\$ 88,037,653
Capital Assets	434,292,674	446,625,309	13,891,928	14,735,421	448,184,602	461,360,730
Total Assets	517,956,214	522,486,994	22,773,039	26,911,389	540,729,253	549,398,383
Deferred Outflow of Resources	30,576,170	22,938,958	716,918	790,077	31,293,088	23,729,035
Outstanding Obligations	129,866,244	107,199,740	12,556,026	28,319,010	142,422,270	135,518,750
Other Liabilities	8,988,175	8,056,724	275,808	1,146,203	9,263,983	9,202,927
Total Liabilities	138,854,419	115,256,464	12,831,834	29,465,213	151,686,253	144,721,677
Deferred Inflows of Resources	3,999,421	2,103,402	28,448	25,493	4,027,869	2,128,895
Net Position:						
Net Investment in Capital Assets	401,684,770	410,467,647	2,680,713	2,639,095	404,365,483	413,106,742
Restricted	29,223,327	27,792,110	781,285	2,019,125	30,004,612	29,811,235
Unrestricted	(25,229,553)	(10,193,671)	7,167,677	(6,447,460)	(18,061,876)	(16,641,131)
Total Net Position	\$ 405,678,544	\$ 428,066,086	\$ 10,629,675	\$ (1,789,240)	\$ 416,308,219	\$ 426,276,846

As of the end of fiscal year 2017, the County's total net position of \$416,308,219 includes \$404,365,483 (97.1%) of net investments in capital assets such as land, buildings, infrastructure, improvements and equipment, less any outstanding debt used to acquire those capital assets. The County uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending.

Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position, \$30,004,612 (7.2%), represents resources that are subject to external restriction on how they may be used. On September 30, 2017, the County had a net pension liability for its participation in the Florida Retirement System of \$67.0 million and a landfill postclosure liability of \$13.4 million, both of which contributed to an unrestricted fund balance of \$(18,061,876).

Governmental Activities

The County's total net position of \$416,308,219 on September 30, 2017 represents a year-to-year decrease of \$9,968,627, compared to a year-to-year decrease on September 30, 2016, of \$547,368

Fiscal year 2017 Governmental Activities reduced the County's net position by \$22,387,542, while Business-type Activities improved the County's net position by \$12,418,915. These year to year changes in net position include a \$13,423,054 transfer to the General Fund of long-term liabilities and capital assets resulting from the closing of the Solid Waste fund. Governmental Activities expenses exceeded revenues by \$11,647,361 in fiscal year 2017 compared to a prior year excess of Governmental Activities expenses to revenues of \$1,879,065. Factors contributing to this year-over-year change include a \$5,157,967 increase in General Revenues, which was more than offset by a \$14,787,899 increase in Program Expenses.

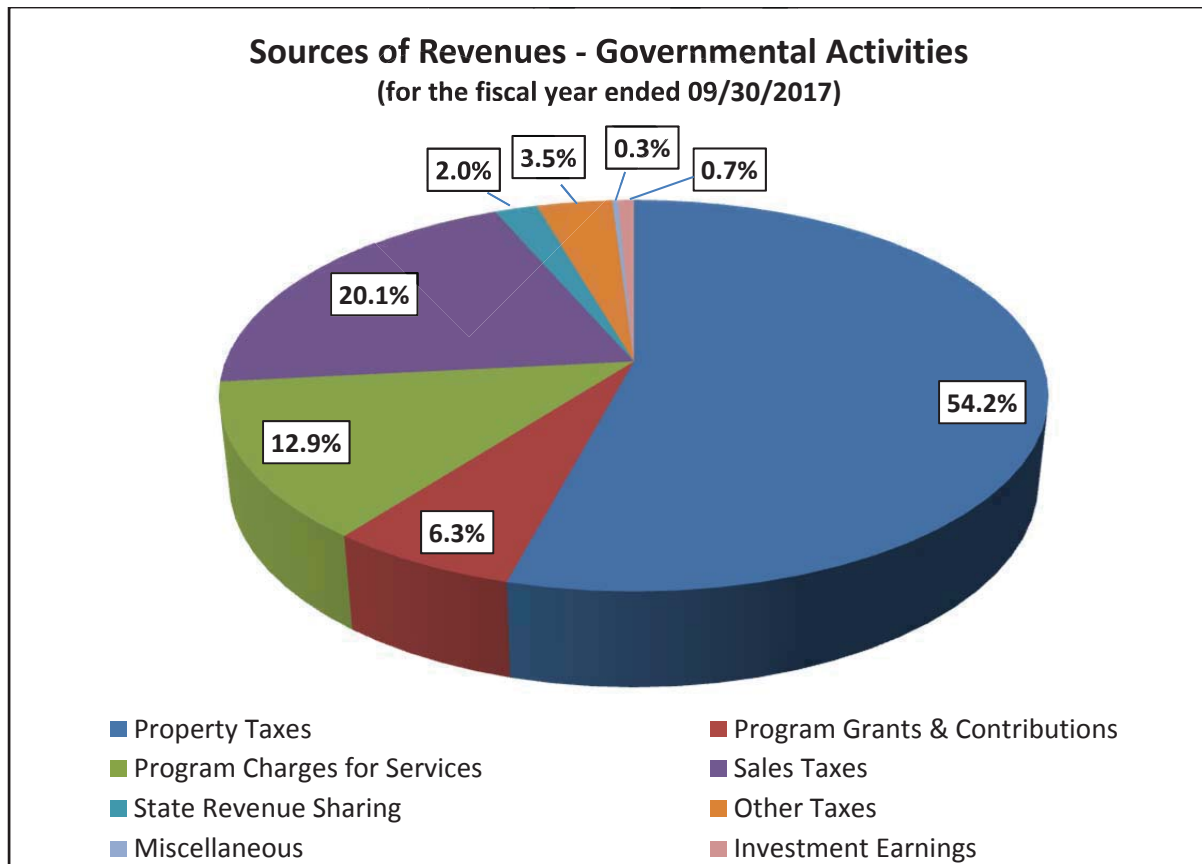
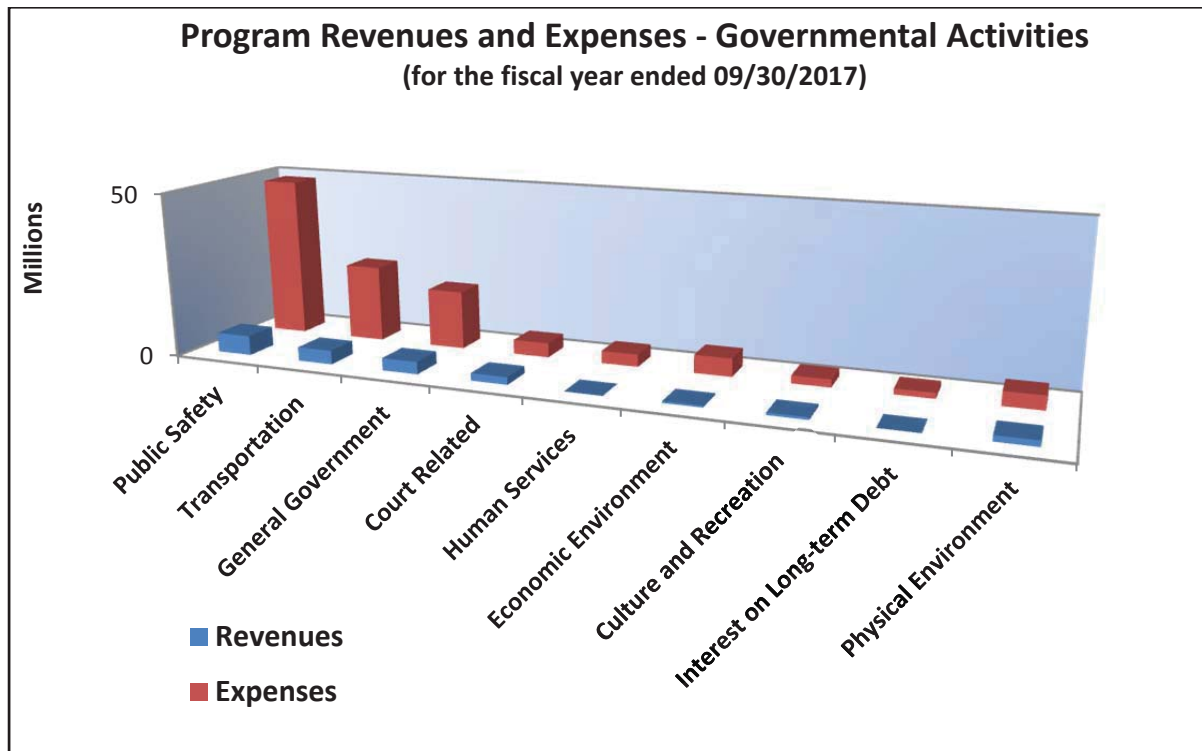
Management's Discussion and Analysis

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Nassau County, Florida Changes in Net Position

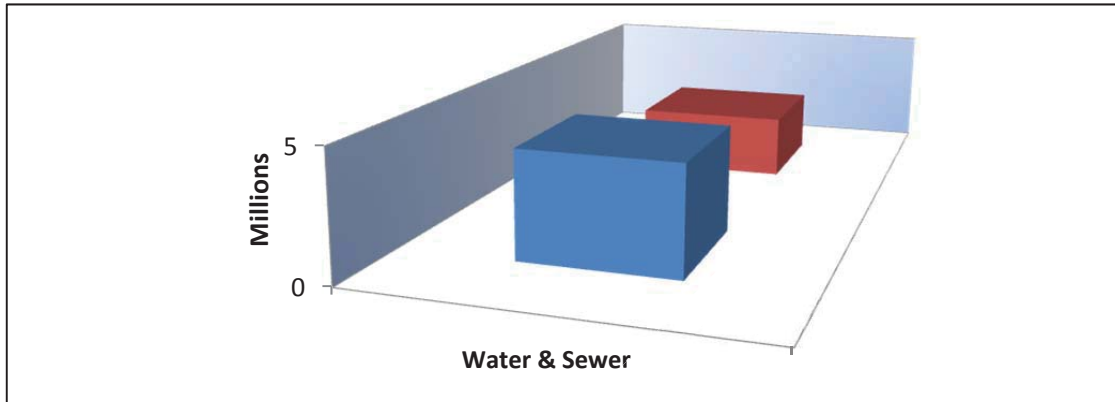
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues:						
Charges for Services	\$ 12,966,986	\$ 11,556,395	\$ 4,124,781	\$ 3,784,417	\$ 17,091,767	\$ 15,340,812
Operating Grants and Contributions	4,787,834	6,232,149	0	90,909	4,787,834	6,323,058
Capital Grants and Contributions	1,522,465	1,627,105	0	329,881	1,522,465	1,956,986
General Revenues:						
Property Taxes	54,408,615	51,329,572	0	0	54,408,615	51,329,572
Other Taxes	25,752,773	22,392,493	0	0	25,752,773	22,392,493
Other Revenues	1,007,765	2,289,121	120,207	161,701	1,127,972	2,450,822
Total Revenues	100,446,438	95,426,835	4,244,988	4,366,908	104,691,426	99,793,743
Expenses						
General Government	17,891,429	17,951,103	0	0	17,891,429	17,951,103
Court Related	4,384,594	4,433,298	0	0	4,384,594	4,433,298
Public Safety	48,742,323	38,913,174	0	0	48,742,323	38,913,174
Physical Environment	4,272,679	1,371,524	0	0	4,272,679	1,371,524
Transportation	23,330,315	22,554,872	0	0	23,330,315	22,554,872
Economic Environment	5,548,946	4,533,154	0	0	5,548,946	4,533,154
Human Services	3,807,519	3,730,586	0	0	3,807,519	3,730,586
Culture/Recreation	2,390,220	2,048,029	0	0	2,390,220	2,048,029
Interest on Long-term Debt	1,725,774	1,770,160	0	0	1,725,774	1,770,160
Solid Waste Disposal	0	0	0	602,265	0	602,265
Water and Sewer	0	0	2,566,254	2,432,946	2,566,254	2,432,946
Total Expenses	112,093,799	97,305,900	2,566,254	3,035,211	114,660,053	100,341,111
Excess of Revenue Over Expense	(11,647,361)	(1,879,065)	1,678,734	1,331,697	(9,968,627)	(547,368)
Add: Contributions	0	0	0	0	0	0
Add: Transfers	(10,740,181)	(574,015)	10,740,181	574,015	0	0
Change in Net Position	(22,387,542)	(2,453,080)	12,418,915	1,905,712	(9,968,627)	(547,368)
Net Position-						
Beginning of Year	428,066,086	430,519,166	(1,789,240)	(3,694,952)	426,276,846	426,824,214
Net Position-End of Year	\$ 405,678,544	\$ 428,066,086	\$ 10,629,675	\$ (1,789,240)	\$ 416,308,219	\$ 426,276,846

Management's Discussion and Analysis (Continued)



Management's Discussion and Analysis (Continued)

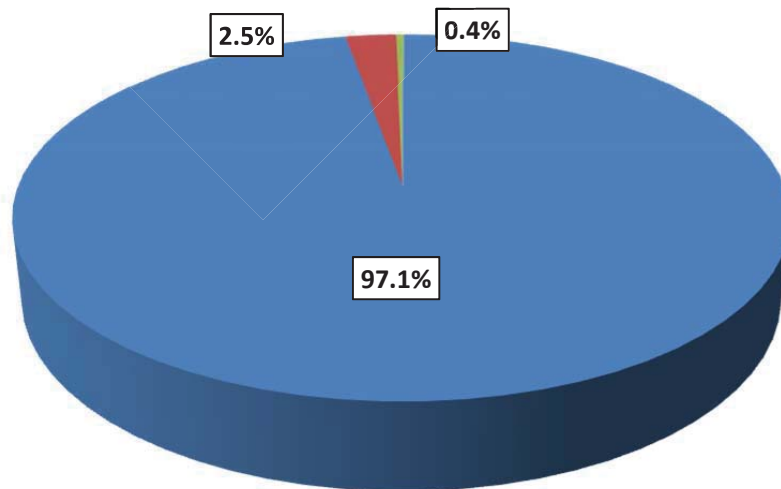
Program Revenues and Expenses - Business-type Activities (for the fiscal year ended 09/30/2017)



■ Revenues

■ Expenses

Sources of Revenues - Business-type Activities (for the fiscal year ended 09/30/2017)



Water & Sewer

■ Program Charges for Services

■ Miscellaneous

■ Investment Earnings

Note: the transfer of activities in the Solid Waste fund to the General Fund on 10/01/2016 resulted in a transfer out of Solid Waste of \$(2,630,780) and a gain in the (closed out) Solid Waste fund from transfer of landfill-related balances of \$13,434,841.

Management's Discussion and Analysis

(Continued)

Analysis of the County's Fund Financials

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the County's governmental funds is to provide information on *near-term* inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2017, the County's governmental funds reported combined ending fund balances of \$72,326,933. This represents an increase of \$7,835,338 from the adjusted balance of the prior year. A portion of fund balance in the amount of \$28,947,127 is internally designated by the County for a specific purpose or available to be spent at the County's discretion. The remainder of fund balance in the amount of \$43,379,806 is non-spendable, restricted or committed to indicate that it is not available for new spending because it has already been committed for: 1) inventories, 2) prepaid items, 3) grants, 4) state law, or 5) constrained by external third parties.

The general fund is the main operating fund of the County. At the end of fiscal year 2017, the general fund had a total fund balance of \$18,544,243, an increase of \$88,523 from the prior year. General fund revenues increased by \$2,987,190, when compared to the prior fiscal year, due primarily to a \$2,147,678 increase in tax revenue. Expenditures in the general fund increased year to year by \$8,093,069. Major components of this increase included a \$4,442,060 increase in public safety, a \$1,827,149 increase in capital outlay, a \$1,115,813 increase in physical environment, and a \$473,124 increase in general government expenditures. Transfers into the general fund of \$9,272,177, primarily from the one cent, municipal services and solid waste funds, more than offset the revenue shortfall. A majority of the fund balance in the amount of \$17,155,207 is internally designated by the County for a specific purpose or available to be spent at the County's discretion. The remainder of fund balance in the amount of \$1,389,036 is non-spendable or restricted and, therefore, already committed for prepaid items, grants and state laws, or constrained by an external third party. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 19.8% of the total General Fund expenditures. Total fund balance represents 31.6% of that same amount.

At the end of fiscal year 2017, the transportation fund had a fund balance of \$5,179,519, an increase of \$1,285,894 when compared to the prior year fund balance. The increase was due primarily to an increase in net transfers in of \$1,906,833, which along with a year to year increase in revenues of \$870,947 more than offset an increase in expenditures of \$366,871.

The municipal services fund had a total fund balance of \$3,415,746 at the end of fiscal year 2017. The net increase in fund balance of \$536,450, as compared to a decrease of \$1,786,309 in the prior year, is mainly due to a year-to-year decrease to net transfers out of \$1,946,246.

The one-cent surtax fund had a total fund balance of \$3,927,748 at the end of fiscal year 2017, a year-to-year decrease of \$1,013,303, compared to a decrease in fund balance of \$1,353,181 in fiscal year 2016. The year-to-year decrease in fund balance was less in 2017 due in part to a \$508,902 increase in fund revenues as well as a \$164,750 decrease in expenditures when compared to fiscal year 2016.

The capital projects transportation fund had a fund balance of \$11,018,260 at the end of the fiscal year, an increase of \$2,743,285 as compared to the prior year ending balance. Revenues were up \$497,990 when compared to the prior year, and expenditures increased by \$1,159,294, while transfers in decreased by \$1,857,532. During the year, the County's road and bridge projects included 14th St. guardrail repairs, multiple drainage repairs, and millings work on Yanie Road, Mt. Olive Road and Henderson Road.

Management's Discussion and Analysis (Continued)

Analysis of the County's Fund Financials (Concluded)

The Comprehensive Impact Fee Ordinance Fund had a fund balance of \$1,646,694 at the end of fiscal year 2017, an increase of \$1,473,378 when compared to fiscal year 2016. The increase was primarily the result of an excess of revenues to expenditures of \$1,492,746 during fiscal year 2017.

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The water and sewer fund is reported as a major enterprise fund. The Solid Waste fund was closed effective October 1, 2016 and its activity was transferred to the County's general fund as the landfills are no longer an active County enterprise. In the Water and Sewer fund the \$1,488,290 increase in unrestricted net position was largely due to operating income of \$1,969,878 and an increase in net position of \$1,614,854 in fiscal year 2017. Unrestricted net position of the proprietary funds at the end of the fiscal year amounted to:

<u>Fund</u>	<u>Unrestricted Net Position</u>	
	<u>2017</u>	<u>2016</u>
Solid Waste	0	\$(12,260,221)
Water and Sewer	7,301,051	5,812,761

Budgetary Highlights

Budget and actual comparison schedules are provided as Required Supplementary Information for the General Fund and all major special revenue funds with annually appropriated budgets. Budget and actual comparison schedules are also provided in the Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for all non-major funds with annually appropriated budgets. The budget and actual comparison schedules show the original budget, the final revised budget, actual results, and variance with final budget columns.

After the original budget is approved, it may be revised for a variety of reasons such as unforeseen circumstances, corrections of errors, new bond or loan proceeds, new grant awards, and other revenues. During fiscal year 2017, supplemental appropriations to the General Fund (Board only) budget were approximately \$4.8 million, or 6.85% of the original adopted budget.

- The major source of supplemental revenue was \$3,492,155 in adjustments for unanticipated cash forward. Other supplemental General Fund revenues include grants and donations of \$121,397, and \$1,169,563 of balance transferred from the Solid Waste fund to the General Fund.
- In addition to the Solid Waste fund balance transfer, major appropriations of the supplemental revenue include the Detention Center chiller system repairs of \$1,873,620 and Public Safety Center construction costs of \$1,012,425.

Management's Discussion and Analysis

(Continued)

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounted to \$448,184,602 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and construction in progress. Additional information on Nassau County's capital assets can be found in Note 5 in Notes to Financial Statements.

Major capital asset events during the fiscal year include the following:

- Completed construction of new Sheriff Administration building with a project budget of \$10,000,000
- Completed RFQ process for design consulting services for resurfacing & widening of CR 115 with a project budget of \$8,999,026
- Purchased vehicles totaling \$2,015,825 in fiscal year 2017 under fleet replacement plan
- Continued NAU rehab & replacement for wastewater system with a project budget of \$10,906,100
- Continued NAU rehab & replacement for water system with a project budget of \$3,759,360
- Began construction of Public Safety Training Center with a project budget of \$1,387,412

Nassau County, Florida Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 76,764,927	\$ 76,083,508	\$ 167,966	\$ 815,228	\$ 76,932,893	\$ 76,898,736
Construction Work in Progress	2,599,819	9,862,551	16,303	172,254	2,616,122	10,034,805
Buildings and Improvements	47,035,061	38,402,356	557,920	939,819	47,592,981	39,342,175
Machinery and Equipment	15,370,320	14,446,634	13,149,739	12,808,120	28,520,059	27,254,754
Infrastructure	292,522,547	307,830,260	0	0	292,522,547	307,830,260
Total	\$ 434,292,674	\$ 446,625,309	\$ 13,891,928	\$ 14,735,421	\$ 448,184,602	\$ 461,360,730

Management's Discussion and Analysis

(Concluded)

Long-term Liabilities

At the end of the fiscal year, the County had total outstanding bonds, notes, and other long term obligations, including net pension liability, in the amount of \$142,183,254. The revenue bonds are collateralized by specific revenue sources while the remainder of the debt utilizes a covenant to budget and appropriate to pledge payment of the debt.

	Long-term Liabilities	
	2017	2016
Governmental Activities:		
Revenue Bonds	\$ 31,185,061	\$ 34,070,388
Compensated Absences	6,906,072	6,553,295
Capital Lease Payable	1,422,843	2,087,274
Claims Payable	0	77,717
Other Post Employment Benefits	9,687,043	8,880,132
Landfill Closure/Postclosures	14,035,143	0
Net Pension Liability	66,521,283	55,530,934
Total Gov't Activities	<u>129,757,445</u>	<u>107,199,740</u>
Business-type Activities:		
Revenue Bonds, Net	11,705,000	12,635,000
Compensated Absences	143,019	234,862
Other Post Employment Benefits	92,383	154,886
Landfill Closure/Postclosures	0	14,648,232
Net Pension Liability	485,407	646,030
Total Business-type Activities	<u>12,425,809</u>	<u>28,319,010</u>
Total Outstanding Liabilities	<u><u>\$ 142,183,254</u></u>	<u><u>\$ 135,518,750</u></u>

The County's outstanding liabilities increased by \$6,664,504 (4.9%) in fiscal year 2017. A reduction in Revenue Bonds of \$3,815,327 was more than offset by an increase in Net Pension Liability of \$10,829,726, and Other Post-employment Benefits of \$744,408. Additional information on Nassau County's outstanding debt can be found in Note 8 in Notes to Financial Statements.

Request for Information

This financial report is designed to present users with a general overview of the County's finances and to demonstrate the County's accountability. If you have any questions concerning the information provided in this report, or need additional financial information, contact the Clerk of the Circuit Court/Comptroller's Financial Services at 76347 Veterans Way, Suite 456, Yulee, Florida. Additional information concerning the County can be found on our website www.nassauclerk.com.

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Basic Financial Statements

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**Statement of Net Position
September 30, 2017**

Primary Government			
	Governmental Activities	Business Type Activities	Total
Assets:			
Cash and equivalents	\$ 15,107,496	\$ 3,371,390	\$ 18,478,886
Cash and equivalents - restricted	586,086	133,374	719,460
Equity in pooled investments	61,334,731	4,011,568	65,346,299
Accounts receivable, net	1,796,175	509,657	2,305,832
Internal balances	24,710	(24,710)	-
Loans receivable, net	48,000	-	48,000
Due from other governments	3,962,966	-	3,962,966
Inventories	279,645	60,231	339,876
Prepaid items	516,731	41,473	558,204
Deposits	7,000	-	7,000
Noncurrent cash and equivalents - restricted	-	778,128	778,128
Capital assets:			
Non-depreciable	79,364,746	184,269	79,549,015
Depreciable, net	354,927,928	13,707,659	368,635,587
Total assets	517,956,214	22,773,039	540,729,253
Deferred outflow of resources:			
Unamortized refunding loss	-	493,785	493,785
Pension related	30,576,170	223,133	30,799,303
Total deferred outflow of resources	30,576,170	716,918	31,293,088
Liabilities:			
Accounts payable	6,365,971	213,152	6,579,123
Other current liabilities	336,133	-	336,133
Retainage payable	27,579	62,577	90,156
Due to other governments	1,779,331	79	1,779,410
Unearned revenue	98	-	98
Accrued interest payable	479,063	-	479,063
Payable from restricted assets:			
Deposits	108,799	130,217	239,016
Landfill postclosure costs	585,620	-	585,620
Noncurrent liabilities:			
Due within one year	6,981,139	1,010,745	7,991,884
Due in more than one year	42,219,880	10,929,657	53,149,537
Landfill postclosure liability	13,449,523	-	13,449,523
Net pension liability	66,521,283	485,407	67,006,690
Total liabilities	138,854,419	12,831,834	151,686,253
Deferred inflow of resources - pension related	3,999,421	28,448	4,027,869
Net position:			
Net investment in capital assets	401,684,770	2,680,713	404,365,483
Restricted:			
Utility system improvements	-	781,285	781,285
Debt service	1,588,683	-	1,588,683
Impact fees	6,287,807	-	6,287,807
Mobility fees	2,753,555	-	2,753,555
Capital projects	808,523	-	808,523
Court facilities	1,530,671	-	1,530,671
Tourist development	4,493,585	-	4,493,585
Building department	4,992,123	-	4,992,123
Grants and other purposes	6,768,380	-	6,768,380
Unrestricted	(25,229,553)	7,167,677	(18,061,876)
Total net position	\$ 405,678,544	\$ 10,629,675	\$ 416,308,219

See accompanying notes.

Statement of Activities

Year ended September 30, 2017

Net (Expense) Revenue
and Changes in Net Position

Functions/programs	Program Revenues				Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 17,891,429	\$ 3,729,311	\$ 64,961	\$ -	\$ (14,097,157)	\$ -	\$ (14,097,157)
Public safety	48,742,323	4,474,268	1,157,947	310,768	(42,799,340)	-	(42,799,340)
Physical environment	4,272,679	849,703	776,500	116,218	(2,530,258)	-	(2,530,258)
Transportation	23,330,315	1,158,395	1,968,643	1,095,479	(19,107,798)	-	(19,107,798)
Economic environment	5,548,946	-	518,521	-	(5,030,425)	-	(5,030,425)
Human services	3,807,519	51,330	-	-	(3,756,189)	-	(3,756,189)
Culture and recreation	2,390,220	562,610	178,178	-	(1,649,432)	-	(1,649,432)
Court related	4,384,594	2,141,369	123,084	-	(2,120,141)	-	(2,120,141)
Interest on long-term debt	1,725,774	-	-	-	(1,725,774)	-	(1,725,774)
Total governmental activities	112,093,799	12,966,986	4,787,834	1,522,465	(92,816,514)	-	(92,816,514)
Business-type activities:							
Solid waste	-	-	-	-	-	-	-
Water and sewer	2,566,254	4,124,781	-	-	-	1,558,527	1,558,527
Total business-type activities	2,566,254	4,124,781	-	-	-	1,558,527	1,558,527
Total primary government	\$ 114,660,053	\$ 17,091,767	\$ 4,787,834	\$ 1,522,465	(92,816,514)	1,558,527	(91,257,987)
General revenues:							
Property taxes					54,408,615	-	54,408,615
Sales taxes					20,240,109	-	20,240,109
State revenue sharing					1,971,917	-	1,971,917
Fuel taxes					2,861,403	-	2,861,403
Utility services taxes					679,344	-	679,344
Investment earnings					749,754	15,401	765,155
Miscellaneous					258,011	104,806	362,817
Transfers					(10,740,181)	10,740,181	-
Total general revenues and transfers					70,428,972	10,860,388	81,289,360
Change in net position					(22,387,542)	12,418,915	(9,968,627)
Net position – beginning of year					428,066,086	(1,789,240)	426,276,846
Net position – end of year					\$ 405,678,544	\$ 10,629,675	\$ 416,308,219

See accompanying notes.

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**Balance Sheet - Governmental Funds
September 30, 2017**

	General Fund	County Transportation	Municipal Services	One-Cent Small County Surtax Fund
Assets:				
Cash and equivalents	\$ 2,230,377	\$ 166,991	\$ 465,922	\$ 698,008
Cash and equivalents - restricted	586,086	-	-	-
Equity in pooled investments	17,730,993	5,451,483	2,807,187	2,571,423
Accounts receivable (Net of allowance for uncollectibles)	1,664,284	129,012	2,692	-
Loans receivable (Net of allowance for uncollectibles)	-	-	-	-
Due from other funds	1,106,353	28,448	47,544	-
Due from other governments	829,814	315,544	62,849	658,317
Inventories	212,561	67,084	-	-
Prepaid expenditures	60,980	-	455,651	-
Deposits	6,105	895	-	-
Total assets	\$ 24,427,553	\$ 6,159,457	\$ 3,841,845	\$ 3,927,748
Liabilities:				
Accounts payable	\$ 3,905,405	\$ 814,113	\$ 125,945	\$ -
Accrued liabilities	336,133	-	-	-
Retainage payable	17,079	-	-	-
Due to other funds	83,208	154,393	298,781	-
Due to other governments	83,780	779	1,333	-
Unearned revenues	98	-	-	-
Deposits	4,809	10,440	40	-
Total liabilities	4,430,512	979,725	426,099	-
Deferred inflows:				
Unavailable revenue	1,452,798	213	-	-
Fund balances:				
Nonspendable:				
Inventory	212,561	67,084	-	-
Prepays	60,980	-	455,651	-
Deposits	6,105	895	-	-
Restricted	1,109,390	-	5,083	-
Committed	-	-	-	-
Assigned	5,532,503	5,111,540	2,955,012	3,927,748
Unassigned	11,622,704	-	-	-
Total fund balances	18,544,243	5,179,519	3,415,746	3,927,748
Total liabilities, deferred inflows and fund balances	\$ 24,427,553	\$ 6,159,457	\$ 3,841,845	\$ 3,927,748

See accompanying notes.

(Continued)

Balance Sheet - Governmental Funds
September 30, 2017

	Capital Projects - Transportation	Comprehensive Impact Fee Ordinance	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Cash and equivalents	\$ 184,710	\$ 634,372	\$ 10,141,030	\$ 14,521,410
Cash and equivalents - restricted	-	-	-	586,086
Equity in pooled investments	11,534,337	2,468,992	19,356,402	61,920,817
Accounts receivable (Net of allowance for uncollectibles)	-	1,455	177	1,797,620
Loans receivable (Net of allowance for uncollectibles)	-	-	48,000	48,000
Due from other funds	-	-	102,707	1,285,052
Due from other governments	628,355	-	1,466,594	3,961,473
Inventories	-	-	-	279,645
Prepaid expenditures	-	-	100	516,731
Deposits	-	-	-	7,000
Total assets	\$ 12,347,402	\$ 3,104,819	\$ 31,115,010	\$ 84,923,834
Liabilities:				
Accounts payable	\$ 690,287	\$ 4,891	\$ 825,281	\$ 6,365,922
Accrued liabilities	-	-	-	336,133
Retainage payable	10,500	-	-	27,579
Due to other funds	-	-	723,960	1,260,342
Due to other governments	-	1,453,234	240,205	1,779,331
Unearned revenues	-	-	-	98
Deposits	-	-	93,510	108,799
Total liabilities	700,787	1,458,125	1,882,956	9,878,204
Deferred inflows:				
Unavailable revenue	628,355	-	637,331	2,718,697
Fund balances:				
Nonspendable:				
Inventory	-	-	-	279,645
Prepays	-	-	100	516,731
Deposits	-	-	-	7,000
Restricted	-	1,646,694	26,462,160	29,223,327
Committed	11,018,260	-	2,334,843	13,353,103
Assigned	-	-	-	17,526,803
Unassigned	-	-	(202,380)	11,420,324
Total fund balances	11,018,260	1,646,694	28,594,723	72,326,933
Total liabilities, deferred inflows and fund balances	\$ 12,347,402	\$ 3,104,819	\$ 31,115,010	\$ 84,923,834

See accompanying notes.

(Concluded)

Reconciliation of the Balance Sheet to the Statement of Net Position
September 30, 2017

Fund balances – total governmental funds \$ 72,326,933

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 governmental funds.

Capital assets – net 434,292,674

Long-term liabilities are not reported in the governmental funds.

Capital leases (1,422,843)

Bonds payable (26,402,255)

Original issue premium (1,039,478)

Accrued interest payable (479,063)

Accreted interest (3,743,328)

Compensated absences (6,906,072)

Net OPEB obligation (9,687,043)

Net pension liability (66,521,283)

Landfill postclosure liability (14,035,143)

Deferred outflows related to pensions are not reported in governmental funds 30,576,170

Deferred inflows related to pensions are not reported in governmental funds (3,999,421)

Revenue is recognized when earned. However, revenue is deferred until the current financial resources are available in the governmental fund statements. 2,718,696

Net position of governmental activities **\$ 405,678,544**

See accompanying notes.

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Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year ended September 30, 2017

	General Fund	County Transportation	Municipal Services	One-Cent Small County Surtax Fund
Revenues:				
Taxes	\$ 41,567,579	\$ 5,539,947	\$ 9,101,974	\$ 9,640,488
Licenses and permits	33,454	84,299	56,486	-
Intergovernmental	6,733,161	1,567,781	698,294	-
Charges for services	3,871,710	43,770	135,088	-
Fines and forfeitures	44,605	578	20,236	-
Investment earnings	268,407	56,441	52,102	42,750
Miscellaneous	1,011,931	202,922	37,493	-
Total revenues	53,530,847	7,495,738	10,101,673	9,683,238
Expenditures:				
Current:				
General government	15,377,258	-	711,564	-
Public safety	30,122,802	-	7,407,688	8,763
Physical environment	1,458,654	-	-	63,698
Transportation	-	6,140,064	443	-
Economic environment	216,593	-	-	-
Human services	2,647,413	-	928,875	-
Culture and recreation	1,685,893	-	-	21,839
Court related	1,526,068	-	-	-
Capital outlay	4,952,540	876,038	93,469	242,448
Debt service:				
Principal retirement	664,431	-	-	-
Interest and fiscal charges	19,172	-	-	-
Total expenditures	58,670,824	7,016,102	9,142,039	336,748
Excess of revenues over (under) expenditures	(5,139,977)	479,636	959,634	9,346,490
Other financing sources (uses):				
Transfers in	9,272,177	3,294,110	3,271,433	442,049
Transfers out	(4,070,070)	(2,527,362)	(3,694,617)	(10,801,842)
Sale of general capital assets	26,393	39,510	-	-
Total other financing sources (uses)	5,228,500	806,258	(423,184)	(10,359,793)
Net change in fund balances	88,523	1,285,894	536,450	(1,013,303)
Fund balances – beginning of year	18,455,720	3,893,625	2,879,296	4,941,051
Fund balances – end of year	\$ 18,544,243	\$ 5,179,519	\$ 3,415,746	\$ 3,927,748

See accompanying notes.

(Continued)

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year ended September 30, 2017

	Capital Projects - Transportation	Comprehensive Impact Fee Ordinance	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ -	\$ -	\$ 7,277,524	\$ 73,127,512
Licenses and permits	-	1,484,860	4,041,922	5,701,021
Intergovernmental	1,064,420	-	3,540,498	13,604,154
Charges for services	-	-	2,033,727	6,084,295
Fines and forfeitures	-	-	537,835	603,254
Investment earnings	90,770	8,884	230,548	749,902
Miscellaneous	31	-	416,405	1,668,782
Total revenues	1,155,221	1,493,744	18,078,459	101,538,920
Expenditures:				
Current:				
General government	-	205	958,640	17,047,667
Public safety	-	396	1,553,710	39,093,359
Physical environment	-	-	2,920,136	4,442,488
Transportation	1,375,550	-	-	7,516,057
Economic environment	-	-	5,332,353	5,548,946
Human services	-	-	125,878	3,702,166
Culture and recreation	-	397	171,771	1,879,900
Court related	-	-	1,963,799	3,489,867
Capital outlay	1,169,974	-	1,384,909	8,719,378
Debt service:				
Principal retirement	-	-	2,569,603	3,234,034
Interest and fiscal charges	-	-	1,799,600	1,818,772
Total expenditures	2,545,524	998	18,780,399	96,492,634
Excess of revenues over (under) expenditures	(1,390,303)	1,492,746	(701,940)	5,046,286
Other financing sources (uses):				
Transfers in	4,133,588	-	5,144,723	25,558,080
Transfers out	-	(19,368)	(1,721,672)	(22,834,931)
Sale of general capital assets	-	-	-	65,903
Total other financing sources (uses)	4,133,588	(19,368)	3,423,051	2,789,052
Net change in fund balances	2,743,285	1,473,378	2,721,111	7,835,338
Fund balances – beginning of year	8,274,975	173,316	25,873,612	64,491,595
Fund balances – end of year	\$ 11,018,260	\$ 1,646,694	\$ 28,594,723	\$ 72,326,933

See accompanying notes.

(Concluded)

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities
Year ended September 30, 2017**

Net change in fund balances – total governmental funds **\$ 7,835,338**

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 depreciated over their estimated useful lives.

Acquisitions of capital assets	8,474,755
Transfer of capital assets from closure of landfill fund	1,456,160
Current year depreciation expense	(22,141,460)
Loss on disposition of capital assets	(122,090)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes current financial resources, but neither transaction has any effect on net assets. Also, governmental funds report the effect of discounts, premiums, and other similar items when debt is first issued, whereas these amounts are deferred and amortized over the term of the debt in the statement of activities.

Principal payments	3,234,034
Amortization of bond premium	74,248
Decrease in long term claims payable	77,717
Change in accrued interest payable	18,750
Change in accreted interest	241,476

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Net changes in compensated absences liability	(352,777)
Changes in net OPEB obligation	(806,911)
Net pension benefit resulting from changes in net pension liability	(10,990,349)
Change in landfill postclosure liability	(613,089)

Certain pension related amounts are deferred and amortized over a period of years or are deferred as contributions to the pension plan made after the measurement date.

Changes in pension related deferred outflows	7,638,212
Changes in pension related deferred inflows	(1,896,019)

Revenue earned but not available for use in current operations is not reported as revenue recognized and is deferred in the fund financial statements.

(1,092,483)

The closure of the Solid Waste Fund resulted in the transfer of its long-term liabilities and capital assets into governmental activities at the beginning of fiscal year 2017

(13,423,054)

Change in net position of governmental activities **\$ (22,387,542)**

See accompanying notes.

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Statement of Net Position – Proprietary Funds
September 30, 2017

	Business Type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Total
Assets:			
Current assets:			
Cash and equivalents	\$ -	\$ 3,371,390	\$ 3,371,390
Cash and equivalents - restricted	-	133,374	133,374
Equity in pooled investments	-	4,011,568	4,011,568
Accounts receivable, net of allowance for uncollectibles	-	509,657	509,657
Due from other funds	-	3,014	3,014
Inventories	-	60,231	60,231
Prepaid expenses	-	41,473	41,473
Total current assets	-	8,130,707	8,130,707
Noncurrent assets:			
Cash and equivalents - restricted	-	778,128	778,128
Capital assets, net of accumulated depreciation	-	13,891,928	13,891,928
Total noncurrent assets	-	14,670,056	14,670,056
Total assets	-	22,800,763	22,800,763
Deferred outflow of resources			
Unamortized refunding loss	-	493,785	493,785
Pension related	-	223,133	223,133
Total deferred outflow of resources	-	716,918	716,918
Liabilities:			
Current liabilities:			
Accounts payable	-	213,152	213,152
Retainage payable	-	62,577	62,577
Due to other funds	-	27,724	27,724
Due to other governments	-	79	79
Deposits	-	130,217	130,217
Bonds payable	-	955,000	955,000
Compensated absences	-	55,745	55,745
Total current liabilities	-	1,444,494	1,444,494
Noncurrent liabilities:			
Compensated absences	-	87,274	87,274
Other postemployment benefits	-	92,383	92,383
Bonds payable long-term	-	10,750,000	10,750,000
Net pension liability	-	485,407	485,407
Total noncurrent liabilities	-	11,415,064	11,415,064
Total liabilities	-	12,859,558	12,859,558
Deferred inflow of resources	-	28,448	28,448
Net position:			
Net investment in capital assets	-	2,680,713	2,680,713
Restricted	-	647,911	647,911
Unrestricted	-	7,301,051	7,301,051
Total net position	\$ -	\$ 10,629,675	\$ 10,629,675

See accompanying notes.

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
Year ended September 30, 2017

	Business Type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Total
Operating revenues			
Charges for services	\$ -	\$ 4,042,363	\$ 4,042,363
Connection and impact fees	-	82,418	82,418
Other income	-	104,806	104,806
Total operating revenues	-	4,229,587	4,229,587
Operating expenses			
Contractual services	-	2,845	2,845
Professional services	-	94,641	94,641
Salaries and benefits	-	687,387	687,387
Rentals and leases	-	21,427	21,427
Repairs and maintenance	-	170,235	170,235
Gas and oil	-	9,821	9,821
Materials	-	1,404	1,404
Depreciation	-	762,115	762,115
Other expenses	-	509,834	509,834
Total operating expenses	-	2,259,709	2,259,709
Operating income	-	1,969,878	1,969,878
Nonoperating revenues (expenses)			
Interest earnings	-	15,401	15,401
Interest and other debt service costs	-	(306,545)	(306,545)
Gain from transfer of landfill-related balances	13,434,841	-	13,434,841
Total nonoperating revenues (expenses)	13,434,841	(291,144)	13,143,697
Income before transfers	13,434,841	1,678,734	15,113,575
Transfers			
Transfers out	(2,630,780)	(63,880)	(2,694,660)
Change in net position	10,804,061	1,614,854	12,418,915
Total net position, beginning of year	(10,804,061)	9,014,821	(1,789,240)
Total net position, end of year	\$ -	\$ 10,629,675	\$ 10,629,675

See accompanying notes.

Statement of Cash Flows - Proprietary Funds
Year ended September 30, 2017

	Business Type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Total
Operating Activities			
Cash received from customers	\$ -	\$ 3,959,439	\$ 3,959,439
Cash payments to vendors for goods and services	-	(1,392,514)	(1,392,514)
Cash payments to employees for services	-	(655,273)	(655,273)
Cash received from other sources	-	104,806	104,806
Net Cash Provided by (Used in) Operating Activities	-	2,016,458	2,016,458
Noncapital Financing Activities			
Transfers to other funds	(1,168,776)	(63,880)	(1,232,656)
Net Cash Provided by (Used in) Noncapital Financing Activities	(1,168,776)	(63,880)	(1,232,656)
Capital and Related Financing Activities			
Acquisition of capital assets	-	(1,455,324)	(1,455,324)
Disposal of capital assets	-	80,542	80,542
Principal payments on bonds	-	(930,000)	(930,000)
Interest paid on long-term debt	-	(306,545)	(306,545)
Net Cash Provided by (Used in) Capital and Related Financing Activities	-	(2,611,327)	(2,611,327)
Investing Activities			
Interest received	-	15,401	15,401
Purchase of investments	-	(4,011,568)	(4,011,568)
Net Cash Provided by (Used in) Investing Activities	-	(3,996,167)	(3,996,167)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,168,776)	(4,654,916)	(5,823,692)
Cash and Cash Equivalents, Beginning of Year	1,168,776	8,937,808	10,106,584
Cash and Cash Equivalents, End of Year	\$ -	\$ 4,282,892	\$ 4,282,892
Reported in Statement of Net Position as:			
Cash and cash equivalents	\$ -	\$ 3,371,390	\$ 3,371,390
Current cash and cash equivalents - restricted	-	133,374	133,374
Noncurrent cash and cash equivalents - restricted	-	778,128	778,128
Total Cash and Cash Equivalents	\$ -	\$ 4,282,892	\$ 4,282,892
Noncash Investing, Capital and Financing Activities:			
Transfers of noncash assets to other funds	\$ (1,462,004)	\$ -	\$ (1,462,004)
Gain from transfer of landfill-related balances	13,434,841	-	13,434,841
Noncash Investing, Capital and Financing Activities:	\$ 11,972,837	\$ -	\$ 11,972,837

See accompanying notes.

(Continued)

Statement of Cash Flows - Proprietary Funds
Year ended September 30, 2017

	Business Type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income	\$ -	\$ 1,969,878	\$ 1,969,878
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:			
Depreciation and Amortization	-	762,115	762,115
Changes in Assets and Deferred Outflows:			
Decrease (Increase) in Accounts Receivable	-	(164,110)	(164,110)
Decrease (Increase) in Due from Other Funds	-	(291)	(291)
Decrease (Increase) in Inventory	-	(8,702)	(8,702)
Decrease (Increase) in Prepaid Expense	-	(21,525)	(21,525)
Decrease (Increase) in Deferred Outflows	-	(5,381)	(5,381)
Changes in Liabilities and Deferred Inflows:			
Increase (Decrease) in Accounts Payable	-	(531,368)	(531,368)
Increase (Decrease) in Retainage Payable	-	(26,145)	(26,145)
Increase (Decrease) in Due to Other Funds	-	5,351	5,351
Increase (Decrease) in Due to Constitutional Officers	-	3	3
Increase (Decrease) in Due to Other Governments	-	79	79
Increase (Decrease) in Deposits	-	(941)	(941)
Increase (Decrease) in OPEB Obligation	-	(10,874)	(10,874)
Increase (Decrease) in Net Pension Liability	-	41,201	41,201
Increase (Decrease) in Deferred Inflows	-	10,919	10,919
Increase (Decrease) in Compensated Absences	-	(3,751)	(3,751)
Net Cash Provided by (Used in) Operating Activities	\$ -	\$ 2,016,458	\$ 2,016,458

See accompanying notes.

(Concluded)

**Statement of Fiduciary Net Position - Agency Funds
September 30, 2017**

	Agency Funds
Assets:	
Cash and equivalents	\$ 5,709,917
Equity in pooled investments	2,367,410
Accounts receivable	2,025
Due from other funds	112,831
Total assets	8,192,183
Liabilities:	
Accounts payable	15,373
Due to other governments	1,337,904
Due to bond holders	2,414,758
Deposits	2,113,336
Other liabilities	22,972
Undistributed collections	2,287,840
Total liabilities	8,192,183
Net position	\$ -

See accompanying notes.

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Nassau County, Florida
Notes to Financial Statements
September 30, 2017

NOTES TO FINANCIAL STATEMENTS INDEX

1. Summary of Significant Accounting Policies:	
A. Reporting Entity	29
B. Government-wide and Fund Financial Statements	30
C. Fund Accounting	30
D. Measurement Focus	32
E. Basis of Accounting	33
F. Cash and Cash Equivalents	34
G. Deposits and Investments	34
H. Accounts Receivable	34
I. Interfund Balances	34
J. Inventories and Prepaid Items	34
K. Unamortized Refunding Loss	35
L. Fund Balance	35
M. Net Position	36
N. Restricted Assets	36
O. Capital Assets and Long-term Liabilities	36
P. Capitalization of Interest Costs	38
Q. Deferred Inflows of Resources and Deferred Outflows of Resources	38
R. Compensated Absences	38
S. Other Post-employment Benefits	38
T. Net Pension Liability	38
U. Property Taxes	39
V. Future GASB Pronouncements Implementation	39
2. Cash and Investments	40
3. Accounts Receivable	42
4. Restricted Assets	42
5. Capital Assets	43
6. Interfund Activity	44
7. Leases	45
8. Long-term Obligations	47
9. No Commitment Special Assessment Debt	52
10. Bond Arbitrage Rebate	52
11. Landfill Postclosure Care Costs	52
12. Retirement Plans	53
13. Deferred Compensation Plan	58
14. Other Post-employment Benefits (OPEB)	58
15. Deficit Equity Balance	61
16. Minimum Fund Balance Reserve Policy and Fund Balance Classification	61
17. Risk Management	63
18. Commitments and Contingencies	63
19. Conduit Debt Obligation	64
20. Tax Abatement	64



Nassau County, Florida
Notes to Financial Statements
September 30, 2017

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Nassau County (the County) conform to accounting principles generally accepted in the United States of America as applied to governmental units. The significant accounting policies followed by the County are described below to enhance the usefulness of the financial statements to the reader.

A. Reporting Entity

Nassau County is a political subdivision of the State of Florida. It is composed of an elected Board of County Commissioners and elected Constitutional Officers, who are governed by federal and state statutes, regulations, and County ordinances.

The Board of County Commissioners (Board) and the offices of the Clerk of the Circuit Court (Clerk), Tax Collector, Sheriff, Property Appraiser, and Supervisor of Elections are operated as separate County agencies in accordance with applicable provisions of Florida Statutes. The office of the Tax Collector operates on a fee system, whereby the officer retains fees, commissions, and other revenues to pay all operating expenditures, including statutory compensation, any excess income is remitted to the Board or other taxing districts at the end of the fiscal year. The office of the Property Appraiser operates on a budget system, whereby appropriated funds are received from the Board and taxing authorities and all unexpended appropriations are required to be returned to the Board and taxing authorities at year-end. The offices of the Sheriff and Supervisor of Elections operate on a budget system, whereby County-appropriated funds are received from the Board, and any unexpended appropriations are required to be returned to the Board at the end of the fiscal year. The office of the Clerk of the Circuit Court operates on a combined fee and budget system. The budget system relates to the Clerk's function as the accountant and the Clerk of the Board, in accordance with the provisions of Section 125.17, Florida Statutes. Beginning July 1, 2013, the court-related operations of the Clerk are funded from fees and charges authorized under Chapter 2013-44, Laws of Florida. Any excess of revenues and other financing sources received over expenditures of the general fund are remitted to the Board at year-end. Any excess of revenues over court-related expenditures of the court fund are remitted to the State of Florida at year-end.

The accompanying financial statements present the County (primary government), and the component units for which the County is considered to be financially accountable. Also included are other entities for which the nature and significance of their relationship with the County are such that exclusion could cause the County's basic financial statements to be misleading or incomplete.

The Nassau County Housing Finance Authority (NCHFA) is a dependent special district, which functions for the benefit of the citizens of Nassau County and is considered a blended component unit of the County. The NCHFA had no revenues or expenditures during the fiscal year ended September 30, 2017. In addition, the NCHFA did not issue any bonds during the audit period, nor were there any bonds outstanding at year-end. Therefore, financial statements were not prepared for NCHFA and, accordingly, no financial data for NCHFA is presented in these financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Concluded)

The Recreation and Water Conservation and Control District No. 1 (RWCCD) is a dependent special district, which functions for the benefit of the citizens of the County and is considered a blended component unit of the County. The Board of County Commissioners sits as the governing body. The RWCCD had no revenues or expenditures during the fiscal year ended September 30, 2017. In addition, the RWCCD did not issue any bonds during the audit period, nor were there any bonds outstanding at year-end. Therefore, financial statements were not prepared for RWCCD and, accordingly, no financial data for RWCCD is presented in these financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the County.

These statements include separate columns for the governmental and business-type activities of the primary government and its component units. Generally, the effect of interfund activity has been eliminated from these statements, unless interfund services were provided. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities shows the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly related to a specific function or segment. Program revenues include: (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (b) grants and contributions that are restricted to meeting specific requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

C. Fund Accounting

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances or net position, as appropriate, revenues, and expenditures or expenses, as appropriate. Government 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. The various funds are organized by governmental funds, proprietary funds, and fiduciary funds in the

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Continued)

financial statements. The following funds are used by the County:

Governmental Funds

- **Major Funds**

- **General Fund** - used to account for all revenues and expenditures applicable to the general operations of the County, which are not properly accounted for in other funds. The General Fund for the County includes the General Fund for the Board and the General Funds of each of the Constitutional Officers. The effect of interfund activity within the General Funds has been eliminated from these financial statements.
- **County Transportation Fund** - used to account for the operation of the Road and Bridge Department. Financing is provided principally by ad valorem taxes and the County's share of State gasoline taxes.
- **Municipal Services Fund** - used to account for activities benefiting only the unincorporated areas of the County. Financing is provided principally by ad valorem taxes and state revenue sharing.
- **One-Cent Small County Surtax Fund** - used to account for transactions associated with one-cent funds. Financing is provided by a one-cent sales tax on all transactions occurring in the County that are subject to imposed state tax on sales, use, services, rentals, and admissions.
- **Capital Projects - Transportation Fund** - used to account for all financial resources used for the acquisition or construction of major transportation related capital facilities and/or projects. Funding is provided from a variety of funding sources.
- **Comprehensive Impact Fee Ordinance Fund** - used to account for the district expenditures associated with capital expansion. Funding is provided from impact fees on new construction.

- **Nonmajor Governmental Funds**

- **Special Revenue Funds** - used to account for the proceeds of specific revenue sources other than major capital projects or to finance specified activities as required by law.
- **Debt Service Funds** - used to account for the accumulation of resources for, and the payment of, interest, principal, and related costs on general long-term debt.
- **Capital Projects Funds** - used to account for all financial resources used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

C. Fund Accounting (*Concluded*)

Business-type Funds

- **Major Proprietary Funds**

- ***Solid Waste Disposal Fund*** - provided a Convenience Recycling Center for the collection and disposal of solid waste and recyclables for the citizens of Nassau County. The fund also accounted for the post-closure requirement costs for all closed landfills. The landfill fund was closed at the beginning of fiscal year 2017 and all related assets and liabilities were transferred to the General Fund.
- ***Water and Sewer Fund*** - accounts for water and wastewater services provided to approximately 3,300 customers on 4,800 acres located entirely in the County, which is situated north of the Duval County line and south of the City of Fernandina Beach.

Fiduciary Funds

- **Agency Funds** – are used to account for assets held by the County as an agent for individuals, private organizations, and other governments; examples include cash bonds, traffic fines, support payments, and ad valorem taxes.

D. Measurement Focus

Government-wide Financial Statements—The government-wide financial statements are accounted for on an “economic resources” measurement focus. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included on the Statement of Net Position, and the reported net position (total reported assets plus deferred outflows of resources less total reported liabilities and deferred inflows of resources) provides an indication of the economic net worth of the funds. The statement of activities reports increases (revenues) and decreases (expenses) in total net position.

Governmental Funds—General, special revenue, debt service, and capital projects funds are accounted for on a “current financial resources” measurement focus. This means that only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are generally included on the balance sheet. Accordingly, the reported fund balances are considered to be a measure of available resources. Governmental funds’ operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances.

Proprietary Funds—The enterprise funds are accounted for on an “economic resources” measurement focus. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included on the Statement of Net Position, and the reported net position provides an indication of the economic net worth of the funds. The operating statements for the proprietary funds report increases (revenues) and decreases (expenses) in total net position.

Note 1 - Summary of Significant Accounting Policies (*Continued*)

D. Measurement Focus (*Concluded*)

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 are charges for services. Operating expenses include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds—Agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting.

E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. In addition, basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are accounted for using the accrual basis of accounting. Under this method, revenues are recognized when they are earned and expenses are recognized when they are incurred.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period when they become susceptible to accrual (i.e., when they become "measurable and available").

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers revenues to be "available" if they are collected within thirty days after year-end.

Primary revenues, including special assessments, intergovernmental revenues, charges for services, rents, and interest, are treated as susceptible to accrual under the modified accrual basis. Other revenue sources are not considered measurable and available, and are not treated as susceptible to accrual. Expenditures are generally recognized under the accrual basis of accounting when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and other postemployment benefits, are recorded only when payment is due.

The proprietary funds and agency funds are accounted for using the accrual basis of accounting. Under this method, revenues are recognized when they are earned and expenses are recognized when they are incurred.

Note 1 - Summary of Significant Accounting Policies (Continued)

F. Cash and Cash Equivalents

For purposes of these financial statements, cash and cash equivalents are considered cash in bank, demand deposits, and short-term investments with maturities of less than three months.

For purposes of the statement of cash flows, the enterprise funds consider all highly liquid investments, including restricted assets with a maturity of three months or less when purchased, to be cash equivalents.

G. Deposits and Investments

The County's investment practices are governed by Section 218.415, *Florida Statutes*, and County Ordinance 95-144. The County is allowed to invest in: (1) obligations of the United States or its agencies and instrumentalities; (2) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the United States; (3) certificates of deposit issued by state or national banks domiciled in Florida that are guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or its successor; (4) interest-bearing demand deposits; (5) fully collateralized direct repurchase agreements, secured by obligations described in subdivisions (1) and (2) above, and pledged with third parties selected or approved by the County; (6) commercial paper; (7) corporate bonds; (8) derivative securities limited to those types authorized in (1) through (7) above; and (9) the Local Government Surplus Funds Trust Fund (the Florida State Board of Administration).

H. Accounts Receivable

Accounts receivable are reported net of the allowance for uncollectibles on the balance sheet - governmental funds and statement of net position - proprietary funds. The allowances for uncollectible accounts are based upon aging schedules of related collection experiences of such receivables.

I. Interfund Balances

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds" in the fund financial statements. Any residual balances outstanding between the governmental activities and the business-type activities are reported as "internal balances" in the government-wide financial statements.

J. Inventories and Prepaid Items

Inventories, consisting principally of expendable items held for consumption, are determined by physical count and are stated at cost based on the average-cost method. On the balance sheet - governmental funds, the prepaid and inventory balances reported are offset by a nonspendable fund balance classification which indicates these balances do not constitute "available spendable resources" even though they represent a component of net current assets. The cost of governmental fund type inventories is recorded as expenditures when consumed; therefore the inventory asset amount is not available for appropriation.

Prepaid items are certain payments to vendors that reflect costs applicable to future accounting periods and are recorded, under the consumption method, as prepaid items in both government-wide and fund financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

K. Unamortized Refunding Loss

Losses resulting from the refunding of debt are reported as deferred outflow of resources and are recognized as a component of interest expense over the remaining life of the refunded debt or the new debt, whichever is shorter.

L. Fund Balance

Fund balance is reported in five components – nonspendable, restricted, committed, assigned, and unassigned:

- **Nonspendable**—This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash, or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.
- **Restricted**—This component of fund balance consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.
- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., ordinance) of the organization's governing authority (the Board of County Commissioners). These committed amounts cannot be used for any other purpose unless the Board of County Commissioners removes or changes the specified use by taking the same type of action (e.g., ordinance) employed to constrain those amounts.
- **Assigned**—This component of fund balance consists of amounts that are constrained by less-than-formal action of the County's governing body (e.g., resolution). The County's fund balance policy was adopted under the County's resolution No. 2013-105. Changes in assigned fund balance require prior approvals from the governing body through less-than formal action (e.g., resolution), the County Manager and Budget Officer. In addition, residual balances in capital projects and debt service funds are considered assigned for the general purpose of the respective funds.
- **Unassigned**—This classification is used for: (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the general fund that are not restricted, committed, or assigned.

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

Note 1 - Summary of Significant Accounting Policies (*Continued*)

M. Net Position

Net position of proprietary funds, governmental activities, and business-type activities are made up of three components. *Net investment in capital assets* represents net capital assets less related long-term liabilities, where unspent debt proceeds increase this amount. *Restricted net position* represents assets that are legally restricted for specific purposes. They include bond sinking and reserve funds; special revenues restricted by statute, ordinance, and bond proceeds; and other sources restricted for capital projects or improvements. The balance of net position is considered *unrestricted net position*.

N. Restricted Assets

Certain resources for solid waste, located in the general fund, and the water and sewer enterprise fund are set-aside for payment of the landfill postclosure and monitoring costs, capital reserves, renewal and replacement, and the utility system. These resources are classified as restricted cash and investments on the statement of net position because their use is limited. All cash and investments classified as restricted are the result of various bond indenture or other legal requirements. When both restricted and unrestricted resources are available for use, the County's practice is to use the restricted resources first, then unrestricted resources as they are needed.

O. Capital Assets and Long-term Liabilities

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, traffic signals, stormwater drainage, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

Governmental Funds

Purchases of capital assets are recorded as expenditures in the governmental funds when the assets are acquired. At year-end, the assets are capitalized at cost by the County in the statement of net position as part of the basic financial statements of the County.

The capital assets used in the operations of the Board of County Commissioners, Clerk of the Circuit Court, Tax Collector, Property Appraiser, and Supervisor of Elections are accounted for by the Board of County Commissioners because the Board holds legal title and is accountable for them under Florida law.

In accordance with Florida Statutes, the Board also holds title and maintains all land and buildings used by the Sheriff. The Sheriff, pursuant to Chapter 274, Florida Statutes, is accountable for and thus maintains capital asset records pertaining to equipment used in operations.

Nassau County, Florida
Notes to Financial Statements
September 30, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

O. Capital Assets and Long-term Liabilities (Continued)

The County capitalizes all capital assets which have a cost of \$750 or more and a useful life in excess of one year with the following exceptions:

Capital Asset Category	Capitalization Threshold
Buildings	\$ 25,000
Building improvements	Greater of \$25,000 or 10% of original value
Improvements to land other than buildings	10,000
Land	All
Easements or right-of-way	10,000
Infrastructure:	
Roads	250,000
Subdivisions	250,000
Bridges	50,000
Sidewalks	10,000
Street lighting system	25,000
Drainage systems	50,000
Additions or improvements to infrastructure	Greater of \$100,000 or 10% of original cost

Such assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Infrastructure	15-40 Years
Machinery and Equipment	5-20 Years
Computer Equipment	2-5 Years

Long-term debt and other long-term liabilities are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Governmental long-term liabilities are financed from governmental funds for principal and interest.

Note 1 - Summary of Significant Accounting Policies (Continued)

O. Capital Assets and Long-term Liabilities (Concluded)

Proprietary Enterprise Funds

Property and equipment purchased by the enterprise funds are capitalized by those funds. Depreciation on such assets is charged as an expense against each fund's operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	15-40 Years
Equipment	3-20 Years

P. Capitalization of Interest Costs

When applicable, the County capitalizes interest costs related to construction of capital assets. For fiscal year ended September 30, 2017, no interest was capitalized.

Q. Deferred Inflows/Outflows of Resources

Deferred inflows of resources reported on applicable governmental fund types represent revenues which are measureable but not available in accordance with the modified accrual basis of accounting. The deferred inflows will be recognized as revenue in the fiscal year they are earned or become available. Deferred outflows of resources represent consumption of net position that is applicable to a future reporting period. Deferred outflows have a positive effect on net position, similar to assets.

R. Compensated Absences

Annual, sick, bonus, and compensatory leave amounts accumulate and vest in accordance with the policies of the Board of County Commissioners, Clerk of the Circuit Court, Tax Collector, Sheriff, Property Appraiser, Supervisor of Elections, and negotiated union contracts. Provisions of these policies and the union contracts specify how benefits are earned, accumulated, and when and to what extent they vest. For governmental activities, compensated absences are generally liquidated by the General Fund, the County Transportation Fund, the Municipal Services Fund, and the Building Department.

S. Other Postemployment Benefits

The County has recorded the liability in the government-wide statements and the enterprise funds for postemployment benefits other than pensions. For governmental activities, other postemployment benefits are generally liquidated by the General Fund, the County Transportation Fund, the Municipal Services Fund, and the Building Department.

T. Net Pension Liability

In the government-wide and proprietary fund statements, the net pension liability represents the County's proportionate share of the net pension liability of the cost-sharing pension plans in which it participates. This liability represents a share of the present value of projected benefit payments to be provided through the cost-sharing plans, less the amount of the cost-sharing plans' fiduciary net position.

Note 1 - Summary of Significant Accounting Policies (Continued)

T. Net Pension Liability (Concluded)

The County participates in both the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy Program (HIS) defined benefit plan administered by the Florida Division of Retirement. The County allocated the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense to the funds and functions/activities based on their respective contribution made to the pension plans for that fiscal year.

U. Property Taxes

Real property and tangible personal property are assessed by the Property Appraiser according to the property's just value on January 1st of each year. Section 200.071, Florida Statutes, authorizes the County to levy ad valorem tax millage against real property and tangible personal property for the County, including dependent districts, not to exceed 10 mills, except for voted levies. The County shall determine the amount of millage to be levied and shall certify such millage to the Property Appraiser. For the year ended September 30, 2017, the County levied 6.5670 mills. An additional 1.6694 mills was levied for the benefit of the Nassau County Municipal Services Taxing Unit.

Property taxes are due and payable on March 31st of each year or as soon hereafter as the assessment rolls are charged to the Tax Collector by the Property Appraiser. Taxes on real property may be prepaid in four quarterly installments beginning not later than June 30th of the year in which assessed. Discounts are allowed for payment of property taxes before March 1st. Taxes become delinquent on April 1st following the year in which the taxes were assessed.

The Tax Collector collects taxes for the various taxing entities, including the Board of County Commissioners. Delinquent taxes on real property are collected by selling tax certificates to individuals. If a tax certificate is not sold, the tax certificate is struck to the County. Attempts to collect delinquent taxes on tangible personal property are done by the issuance of warrants for the seizure and sale of such tangible personal property. Key dates in the property tax cycle (latest date where appropriate) are as follows:

January 1	Property Just Value Established for Assessment of Taxes.
July 1	Assessment Roll Certified, Unless Extension Granted by the Florida Department of Revenue.
93 Days Later	Millage Resolution Approved and Taxes Levied Thereafter as Tax Collector Received Tax Roll.
30 Days Thereafter	Property Taxes Become Due and Payable (Maximum Discount).
April 1	Taxes Become Delinquent.
Prior to June 1	Tax Certificates Sold.

Note 1 - Summary of Significant Accounting Policies (Concluded)

V. Future GASB Pronouncements Implementation

The Governmental Accounting Standards Board has issued statements that will become effective in 2018. The statements address:

- OPEB—accounting and financial reporting by employers;
- Split-interest agreements;
- Various practice issues (Omnibus); and
- Certain debt extinguishment issues.

Nassau County is currently evaluating the effects that these statements will have on its 2018 financial statements.

Note 2 - Cash and Investments

Deposits with Financial Institutions

The carrying amount of the County's deposits with financial institutions was \$25,100,305 at September 30, 2017. Deposits are placed in banks that qualify as public depositories pursuant to the provisions of Chapter 280, Florida Statutes, the *Florida Security for Public Deposits Act*. Qualified public depositories are required by this law to pledge collateral with a market value equal to a percentage of the average daily balance of all public deposits in excess of any federal deposit insurance. In event of default by a qualified public depository, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default, and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool. Therefore, all cash and time deposits held by banks are fully insured and collateralized.

Fair Value Measurement and Application

During the year ended September 30, 2016, the County implemented GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. This statement clarifies the definition of fair value as an exit price. This Statement also defines an investment as a security or other asset that (a) a government holds primarily to generate income or profit, and b) has a present service capacity based solely on that assets ability to generate cash or to generate cash when sold. Governmental entities are required to record investments at fair value unless an exception applies and disclose the fair value measurement and hierarchy. Paragraph 69 of GASB 72 lists several investments that should be measured as described in GASB Statement 31 which includes investments in nonparticipating interest-earning investment contracts (certificates of deposit) and money market investments that have a maturity at the time of purchase of one year or less. At September 30, 2017, the County's investments consisted of money markets and non-negotiable certificates of deposits which are recorded at cost and are excluded from fair value measurement.

Nassau County, Florida
Notes to Financial Statements
September 30, 2017

Note 2 - Cash and Investments (Continued)

Investments

Interest and investment earnings are generally allocated to the various funds based upon each fund's equity balance in the pooled cash or the investment accounts. The County's investments conform to the provisions of Florida Statutes, Section 218.415. The following items discuss the County's exposure to various risks of their investment portfolio.

Interest Rate Risk—The risk that changes in interest rates will adversely affect the fair value of an investment. The County has a formal investment policy for operating surplus funds that limits investment maturities to twelve months as a means of managing its exposure to fair value losses from increasing interest rates. Investments of bond reserves, construction funds, and other non-operating funds shall have a term appropriate to the need for funds and in accordance with debt covenants. The maturities of the underlying securities of a repurchase agreement will follow the requirements of a Master Repurchase Agreement in form approved by the Public Securities Association.

Custodial Credit Risk—For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The certificates of deposit are held in qualified public depositories or at levels below FDIC insurance thresholds.

In accordance with the provisions of Rule 62-701, Florida Administrative Code, the County has established escrow accounts to provide proof of financial responsibility for the postclosure costs associated with the Old West Nassau and the New West Nassau Landfills. The amounts in these escrow accounts are determined by engineering studies as required by the above rule, and are reported as restricted pooled investments.

The following are details of the cash and investments held by the County at year-end:

Description	Amount
Cash and cash equivalents	\$ 25,100,305
Certificates of deposit	36,962,561
Money market accounts	31,337,234
Total Cash and Investments	\$ 93,400,100

Reported in accompanying financial statements as follows:

	Governmental Funds	Proprietary Funds	Agency Fund	Total
Cash and cash equivalents	\$ 14,521,410	\$ 3,371,390	\$ 5,709,917	\$ 23,602,717
Equity in pooled investments	61,920,817	4,011,568	2,367,410	68,299,795
Restricted cash and cash equivalents	586,086	911,502	-	1,497,588
Total Cash and Investments	\$ 77,028,313	\$ 8,294,460	\$ 8,077,327	\$ 93,400,100

Nassau County, Florida
Notes to Financial Statements
September 30, 2017

Note 2 - Cash and Investments (Concluded)

Investments – Fair Value

The County reports investments in accordance with GASB 72. The County's investments include only money market funds and certificates of deposits, and so are not categorized by fair value level because they are carried at amortized cost and not priced at fair value.

Note 3 - Accounts Receivable

Accounts receivable (net of allowances for uncollectibles) at September 30, 2017, included the following:

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental Funds			
General fund	\$ 3,384,400	\$ (1,720,116)	\$ 1,664,284
County transportation	129,012	-	129,012
Municipal services	2,692	-	2,692
Comprehensive impact fee ord.	1,455	-	1,455
Non-major governmental funds	177	-	177
Total Governmental Funds	<u>\$ 3,517,736</u>	<u>\$ (1,720,116)</u>	<u>\$ 1,797,620</u>
Proprietary Funds			
Water and sewer	\$ 512,447	\$ (2,790)	\$ 509,657
Total Business-type Funds	<u>\$ 512,447</u>	<u>\$ (2,790)</u>	<u>\$ 509,657</u>

Note 4 - Restricted Assets

Restricted assets at September 30, 2017, represent monies required to be restricted for landfill postclosure, debt service and construction under terms of outstanding bond agreements, and impact fees restricted to water and sewer system uses. Assets are also restricted in accordance with ordinances and Florida Statutes. Restricted assets at September 30, 2017, were restricted for the following purposes:

Governmental funds

Landfill postclosure escrow	<u>\$ 586,086</u>
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Proprietary funds:

Customer deposits	\$ 133,374
Renewal and replacement (water/sewer)	182,301
Debt service	595,827
Total proprietary funds	<u>\$ 911,502</u>

Nassau County, Florida
Notes to Financial Statements
September 30, 2017

Note 5 - Capital Assets

Capital asset activity for the year ended September 30, 2017, was as follows:

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 76,083,508	\$ 34,157	\$ 647,262	\$ -	\$ 76,764,927
Construction work in progress	9,862,551	2,294,520	118,401	(9,675,653)	2,599,819
Total capital assets not being depreciated	85,946,059	2,328,677	765,663	(9,675,653)	79,364,746
Capital assets being depreciated:					
Building and improvements	61,181,277	9,950,479	468,109	-	71,599,865
Machinery and equipment	41,108,654	4,951,772	1,232,258	(2,357,247)	44,935,437
Leasehold improvements	1,151,985	-	-	(24,314)	1,127,671
Infrastructure	629,329,247	919,480	-	-	630,248,727
Landfill	-	-	41,701,285	(41,701,285)	-
Total capital assets being depreciated	732,771,163	15,821,731	43,401,652	(44,082,846)	747,911,700
Less accumulated depreciation:					
Buildings and improvements	(23,747,133)	(1,602,720)	(106,050)	-	(25,455,903)
Machinery and equipment	(26,662,020)	(4,260,838)	(877,416)	2,235,157	(29,565,117)
Leasehold improvements	(183,773)	(43,858)	(33,255)	24,314	(236,572)
Infrastructure	(321,498,987)	(16,234,044)	6,851	-	(337,726,180)
Landfill	-	-	(41,701,285)	41,701,285	-
Total accumulated depreciation	(372,091,913)	(22,141,460)	(42,711,155)	43,960,756	(392,983,772)
Total capital assets being depreciated, net	360,679,250	(6,319,729)	690,497	(122,090)	354,927,928
Total governmental activities capital assets, net	\$ 446,625,309	\$ (3,991,052)	\$ 1,456,160	\$ (9,797,743)	\$ 434,292,674

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Business-type Activities					
Capital assets not being depreciated:					
Land	\$ 815,228	\$ -	\$ (647,262)	\$ -	\$ 167,966
Construction work in progress	172,254	-	(118,401)	(37,550)	16,303
Total capital assets not being depreciated	987,482	-	(765,663)	(37,550)	184,269
Capital assets being depreciated:					
Building and improvements	1,222,975	19,711	(468,109)	-	774,577
Machinery and equipment	22,193,666	1,392,621	(1,232,258)	(767)	22,353,262
Landfill	41,701,285	-	(41,701,285)	-	-
Total capital assets being depreciated	65,117,926	1,412,332	(43,401,652)	(767)	23,127,839
Less accumulated depreciation:					
Buildings and improvements	(283,156)	(39,551)	106,050	-	(216,657)
Machinery and equipment	(9,385,546)	(722,564)	903,820	767	(9,203,523)
Landfill	(41,701,285)	-	41,701,285	-	-
Total accumulated depreciation	(51,369,987)	(762,115)	42,711,155	767	(9,420,180)
Total capital assets being depreciated, net	13,747,939	650,217	(690,497)	-	13,707,659
Total business-type activities capital assets, net	\$ 14,735,421	\$ 650,217	\$ (1,456,160)	\$ (37,550)	\$ 13,891,928

Nassau County, Florida
Notes to Financial Statements
September 30, 2017

Note 5 - Capital Assets (Concluded)

Depreciation expense was charged to functions/programs of the governmental and business-type activities as follows:

Governmental activities:

General government	\$ 873,789
Public safety	4,148,345
Physical environment	117,679
Transportation	15,579,453
Human services	65,752
Culture and recreation	462,226
Court related	894,216
Total - Governmental activities	<u>\$ 22,141,460</u>

Business-type activities:

Water and sewer	\$ 762,115
Total Business-type activities	<u>\$ 762,115</u>

Note 6 - Interfund Activity

Interfund balances at September 30, 2017, consisted of the following:

	Due to:					Total
	General Fund	County Transp.	Municipal Service	Water and Sewer	Nonmajor Funds	
Due from:						
General Fund	\$ -	\$ 28,153	\$ 47,526	\$ 3,014	\$ 4,515	\$ 83,208
County Transp.	154,393	-	-	-	-	154,393
Municipal Service	298,781	-	-	-	-	298,781
Water and Sewer	27,724	-	-	-	-	27,724
Nonmajor Funds	625,455	295	18	-	98,192	723,960
Total	<u>\$ 1,106,353</u>	<u>\$ 28,448</u>	<u>\$ 47,544</u>	<u>\$ 3,014</u>	<u>\$ 102,707</u>	<u>\$ 1,288,066</u>

The purpose for each of these interfund receivables and payables is to provide temporary loans for cash flow needs, primarily associated with reimbursable grant programs.

Nassau County, Florida
Notes to Financial Statements
September 30, 2017

Note 6 - Interfund Activity (Concluded)

	Transfer to						Total
	General Fund	County Transp.	Municipal Services	One-Cent Surtax	Capital Project Transportation	Nonmajor	
Transfer from							
General Fund	\$ -	\$ 7,613	\$ 21,535	\$ -	\$ -	\$ 4,069,411	\$ 4,098,559
County Transp.	81,026	-	-	-	2,445,900	436	2,527,362
Municipal Services	3,051,617	-	-	-	-	643,000	3,694,617
One-cent Surtax	2,581,331	3,286,497	3,246,326	-	1,687,688	-	10,801,842
Comp Impact Fee	5,786	-	2,897	-	-	10,685	19,368
Solid Waste	2,630,780	-	-	-	-	-	2,630,780
Water and Sewer	63,880	-	-	-	-	-	63,880
Nonmajor Govmtl	857,757	-	675	442,049	-	421,191	1,721,672
Total	\$ 9,272,177	\$ 3,294,110	\$ 3,271,433	\$ 442,049	\$ 4,133,588	\$ 5,144,723	\$ 25,558,080

The purposes for these interfund transfers include transfers to: (a) match for special revenue grant requirements, (b) other funds based on budgetary requirements, and (c) funds that are required by statute or budgetary authority to expend revenues from another fund that by statute or budgetary authority must collect revenues.

Note 7 - Leases

Operating Leases

The County is party to operating leases during the period ended September 30, 2017, as follows:

- **Tower Site (14th Street)** – The Board renewed the lease with Pinnacle Towers, LLC, for five additional years commencing April 1, 2016. Operating lease payments for the year ended September 30, 2017 were \$30,398.
- **Two Tower Sites (Hilliard and Dahoma)** – The Board entered into two one-year leases (with renewal terms of four additional periods of one year each) with American Tower Asset Sub, LLC, commencing May 2011. The Board exercised the first renewal, which has an effective date of May 2016. Operating lease payments for the year ended September 30, 2017 were \$57,575.
- **West Nassau Land Development** – The Board entered into a five-year lease with West Nassau Land Development, LLC, commencing July 1, 2015. Operating lease payments for the year ended September 30, 2017 were \$71,323.
- **Ring Investments** – The board entered into a two-year lease with Ring Investments, LLC on July 27, 2015 and amended it to a three-year lease on January 27, 2017. Operating lease payments for the year ended September 30, 2017 were \$37,494.

Nassau County, Florida
Notes to Financial Statements
September 30, 2017

Note 7 – Leases (Continued)

Future minimum lease payments under these leases are:

Year Ending September 30	Tower lease sites	West Nassau land development	Ring Investments	Total
2018	\$ 92,068	\$ 75,443	\$ 37,494	\$ 205,005
2019	96,356	77,178	-	173,534
2020	100,844	60,892	-	161,736
2021	57,653	-	-	57,653
Total	<u>\$ 346,921</u>	<u>\$ 213,513</u>	<u>\$ 37,494</u>	<u>\$ 597,928</u>

Two constitutional officers entered into several leases for office equipment and office space under operating leases. Total cost for such leases were \$19,473 for the year ended September 30, 2017. The future minimum lease payments for the leases are as follows:

Year Ending September 30	
2018	\$ 20,909
2019	15,084
2020	5,400
2021	5,400
2022	1,350
Total	<u>\$ 48,143</u>

Capital Leases

The County entered into a lease agreement during a prior year for financing the acquisition of radios for the Sheriff and multiple County departments. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The assets acquired through a capital lease are as follows:

Asset:	
Radios	\$ 3,002,089
Less: accumulated depreciation	<u>(1,514,653)</u>
Total	<u>\$ 1,487,436</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2017, were as follows:

Year Ending September 30	
2018	\$ 550,731
2019	<u>550,731</u>
Total	<u>\$1,101,462</u>

Nassau County, Florida
Notes to Financial Statements
September 30, 2017

Note 7 – Leases (Concluded)

During 2015, the Sheriff entered into a capital lease agreement with Presidio Technology Capital, LLC to lease server equipment. The lease is to be paid monthly and matures May 1, 2020. The assets acquired through a capital lease are as follows:

Asset:	
Server	\$ 586,747
Less: accumulated depreciation	<u>(273,815)</u>
Total	<u><u>\$ 312,932</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2017, were as follows:

Year Ending September 30	
2018	\$ 119,517
2019	125,632
2020	<u>76,232</u>
Total	<u><u>\$ 321,381</u></u>

Note 8 - Long-term Obligations

The following is a summary of changes in long-term obligations for the year ended September 30, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable	\$ 32,956,662	\$ -	\$ 2,811,079	\$ 30,145,583	\$ 2,610,891
Premium on bonds payable	1,113,726	-	74,248	1,039,478	-
Total bonds and notes payable	34,070,388	-	2,885,327	31,185,061	2,610,891
Capital lease	2,087,274	-	664,431	1,422,843	670,248
Claims payable	77,717	-	77,717	-	-
Compensated absences	6,553,295	3,797,904	3,445,127	6,906,072	3,700,000
Other postemployment benefits	8,880,132	806,911	-	9,687,043	-
Landfill postclosure	-	14,648,232	613,089	14,035,143	585,620
Net pension liability	55,530,934	10,990,349	-	66,521,283	-
Total governmental activities long-term liabilities	<u><u>\$ 107,199,740</u></u>	<u><u>\$ 30,243,396</u></u>	<u><u>\$ 7,685,691</u></u>	<u><u>\$ 129,757,445</u></u>	<u><u>\$ 7,566,759</u></u>

Nassau County, Florida
Notes to Financial Statements
September 30, 2017

Note 8 - Long-term Obligations (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Bonds payable	\$ 12,635,000	\$ -	\$ 930,000	\$ 11,705,000	\$ 955,000
Compensated absences	234,862	51,993	143,836	143,019	55,745
Other postemployment benefits	154,886	-	62,503	92,383	-
Landfill postclosure	14,648,232	-	14,648,232	-	-
Net pension liability	646,030	-	160,623	485,407	-
Total proprietary funds long-term liabilities	<u>\$ 28,319,010</u>	<u>\$ 51,993</u>	<u>\$ 15,945,194</u>	<u>\$ 12,425,809</u>	<u>\$ 1,010,745</u>

Governmental Activities

A brief synopsis of long-term debt existing at September 30, 2017, follows:

2009-1 Gas Tax Revenue Bonds

In October 2012, the County issued the Gas Tax Revenue Bonds, Series 2009-1, in the amount of \$6,213,421. The Series 2009-1 Bond was issued to provide funds sufficient, together with other available moneys of the issuer, to refund the outstanding Nassau County, Florida, Gas Tax Revenue Bond, Series 2009.

The 2009-1 Gas Tax Revenue Bonds are secured by a lien upon and pledge of the proceeds of the constitutional, County, and ninth-cent gas tax. Annual principal and interest on the bond are expected to require approximately 51% of such tax revenue and are payable through 2018. Principal and interest payments for the current year totaled \$1,104,021 and gas tax revenues totaled \$2,463,807. At year-end, pledged future revenues totaled \$1,104,021, which was the amount of remaining principal and interest on the bond. Other County revenues are not available to finance this bond issue.

In addition, the bondholders do not have any authority to compel the County to increase ad valorem taxes for financing this bond issue. The bond bearing interest at rates at 1.86% per annum, is dated October 1, 2012, and has a maturity date of October 1, 2018.

Future principal and interest payments for this bond issue are as follows:

Year Ending September 30	Principal	Interest	Total
2018	\$ 1,083,861	\$ 20,160	\$ 1,104,021
	<u>\$ 1,083,861</u>	<u>\$ 20,160</u>	<u>\$ 1,104,021</u>

2000 Optional Gas Tax Revenue Bonds

The County, in September 2000, issued the Optional Gas Tax Revenue Bond in the amount of \$6,167,580. The proceeds of the bond issue are to pay the cost of acquisition and construction of certain transportation capital improvements in the County and to pay certain costs related to the issuance and sale of the Series 2000 Bonds. The 2000 bonds are capital appreciation bonds; additional capital appreciation through September 30, 2017, totaled \$3,743,328.

Nassau County, Florida
Notes to Financial Statements
September 30, 2017

Note 8 - Long-term Obligations (Continued)

The Series 2000 Bonds are special, limited obligations of the County payable solely from and secured by a prior lien upon and pledge of the proceeds of the six-cent local option gas tax and until expended, the monies on deposit in certain funds and accounts created by Resolution. Annual principal and interest on the bonds are expected to require approximately 43% of such tax revenue and are payable through 2025.

Principal and Interest payments for the current year totaled \$945,000 and gas tax revenues totaled \$2,364,163. At year-end, pledged future revenues totaled \$7,560,000, which was the amount of remaining principal and interest on the bonds. Other County revenues are not available to finance this bond issue. In addition, the bondholders do not have any authority to compel the County to increase ad valorem taxes for financing this bond issue.

Such bonds, bearing interest at a rate between 5.55% and 5.81% per annum, are dated August 30, 2000, and are in denominations of \$5,000 each. A portion of such bonds mature annually starting March 1, 2010, with final maturity being March 1, 2025. The bonds have a required reserve of \$945,000, which is on hand at year-end.

Future principal and interest payments for this bond issue are as follows:

Year Ending September 30	Principal	Interest	Total
2018	\$ 357,030	\$ 587,970	\$ 945,000
2019	334,662	610,338	945,000
2020	315,176	629,824	945,000
2021	296,125	648,875	945,000
2022	278,643	666,357	945,000
2023-2025	741,759	2,093,241	2,835,000
	<u>\$ 2,323,395</u>	<u>\$ 5,236,605</u>	<u>\$ 7,560,000</u>

2007 Public Improvement Revenue Refunding Bonds

The County, in June 2007, issued the Public Improvement Revenue and Refunding Bonds, Series 2007, in the amount of \$29,630,000. The purposes of the Series 2007 Bonds are to: (1) acquire and construct certain public improvements; (2) partially advance refund the County's outstanding Public Improvement Revenue Bonds, Series 2001; and (3) pay certain issuance costs of the Series 2007 Bonds, including the municipal bond insurance premium.

The Series 2007 Bonds are special obligations of the County payable solely from amounts budgeted and appropriated by the County from non ad valorem tax revenues in accordance with the terms of the Resolution. Annual principal and interest on the bonds are expected to require approximately 33% of such non ad valorem tax revenue and are payable through 2031. Principal and interest payments for the current year totaled \$2,319,750 and non ad valorem tax revenues totaled \$7,489,970. At year end, pledged future revenues totaled \$32,523,250, which was the amount of remaining principal and interest on the bonds. Other County revenues are not available to finance this bond issue.

Nassau County, Florida
Notes to Financial Statements
September 30, 2017

Note 8 - Long-term Obligations (Continued)

In addition, the bondholders do not have any authority to compel the County to increase ad valorem taxes for financing this bond issue. Such bonds, bearing interest rates between 4.0% and 5.0% per annum, are dated June 12, 2007, and are in denominations of \$5,000 each. A portion of such bonds mature annually beginning May 2008, with term maturities in May of 2023, 2025, 2027, and 2031.

Future principal and interest payments for this bond issue are as follows:

Year Ending September 30	Principal	Interest	Total
2018	\$ 1,170,000	\$ 1,149,750	\$ 2,319,750
2019	1,230,000	1,091,250	2,321,250
2020	1,295,000	1,029,750	2,324,750
2021	1,360,000	965,000	2,325,000
2022	1,425,000	897,000	2,322,000
2023-2027	8,280,000	3,340,750	11,620,750
2027-2031	8,235,000	1,054,750	9,289,750
	<u>\$ 22,995,000</u>	<u>\$ 9,528,250</u>	<u>\$ 32,523,250</u>

Compensated Absences

Compensated Absences—are recorded on the government-wide financial statements. Following is a summary of compensated absences by constitutional officer as of September 30, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance
Board	\$ 5,463,466	\$ 2,480,486	\$ (2,319,795)	\$ 5,624,157
Clerk	71,032	932,185	(791,710)	211,507
Sheriff	858,230	158,715	(164,383)	852,562
Tax Collector	57,526	69,623	(40,974)	86,175
Property Appraiser	91,486	125,734	(112,326)	104,894
Supervisor of Elections	11,555	31,161	(15,939)	26,777
	<u>\$ 6,553,295</u>	<u>\$ 3,797,904</u>	<u>\$ (3,445,127)</u>	<u>\$ 6,906,072</u>

Business-type Activities

Advance Refunding—On April 9, 2013, the County issued a \$15,650,000 Water and Sewer System Revenue Refunding Bond, Series 2013, with a fixed interest rate of 2.150%. The net proceeds from the closing were used to refund \$15,550,000 in principal in the amount of the County's outstanding Revenue Note, Series 2003, and to pay the issuance costs of the Series 2013 Bond.

The revenue bond is secured by a pledge of and is payable solely from pledged revenues, which primarily consist of net revenues and impact fees which derive from the Water and Sewer System.

Nassau County, Florida
Notes to Financial Statements
September 30, 2017

Note 8 - Long-term Obligations (Concluded)

Annual principal and interest on the bond is expected to require approximately 51% of such revenue and are payable through 2028. Principal and interest payments for the current year totaled \$1,191,655 and revenues totaled \$2,716,691.

At year-end, pledged future revenues totaled \$13,142,651, which was the amount of remaining principal and interest on the bond. The Series 2013 Bond shall not be, nor does it, constitute a general obligation or indebtedness of the County.

Rate Covenant

The County has covenanted to establish and collect fees from users of the Water and Sewer System (gross revenues of the System, as defined in the bond ordinance) sufficient to pay the costs of operation and maintenance of the System (as defined in the bond ordinance) plus 120% of the bond service requirements for that year. In addition, the rate covenant requires the County to establish and collect fees from users of the System and impact fees sufficient to pay the costs of operation and maintenance of the System plus 120% of the bond service requirements for that year. The County met the 120% requirement and, therefore, is in compliance with the rate covenant at year-end. Future principal and interest payments for this bond issue are as follows:

Year Ending September 30	Principal	Interest	Total
2018	\$ 955,000	\$ 241,391	\$ 1,196,391
2019	975,000	220,644	1,195,644
2020	995,000	199,467	1,194,467
2021	1,015,000	177,859	1,192,859
2022	1,040,000	155,767	1,195,767
2023 - 2027	5,545,000	429,838	5,974,838
2028	1,180,000	12,685	1,192,685
	<u>\$ 11,705,000</u>	<u>\$ 1,437,651</u>	<u>\$ 13,142,651</u>

Compensated Absences

Compensated Absences—Following is a summary of annual, sick, and bonus leave benefits liabilities at September 30, 2017, for the proprietary funds:

	Beginning Balance	Additions	Reductions	Ending Balance
Vacation leave	\$ 79,581	\$ 26,704	\$ (69,063)	\$ 37,222
Paid time off	117	6,804	(2,210)	4,711
Sick leave	152,697	15,258	(68,263)	99,692
Bonus leave	2,467	3,227	(4,300)	1,394
	<u>\$ 234,862</u>	<u>\$ 51,993</u>	<u>\$ (143,836)</u>	<u>\$ 143,019</u>

Note 9 - No Commitment Special Assessment Debt

To finance the cost of certain capital improvements benefitting property within the South Amelia Island Shore Stabilization Municipal Services Benefit Unit, the County has issued the South Amelia Island Shore Stabilization Special Assessment Bonds, Series 2011. The bonds do not constitute a debt or pledge of the faith and credit of the County, and accordingly, has not been reported in the accompanying financial statements.

At September 30, 2017, the Special Assessment Bond outstanding totaled \$3,625,171

Note 10 - Bond Arbitrage Rebate

The County engaged an independent certified public accounting firm to compute the aggregate arbitrage rebate amount in accordance with the requirements of Section 148(f) of the Internal Revenue Code of 1986 for the following bond issues:

- Nassau County, Florida, Public Improvement Revenue and Refunding, Series 2007
- Nassau County, Florida, Water and Sewer System Revenue Bonds, Series 2013
- Nassau County, Florida, Gas Tax Revenue Bond, Series 2009-1
- Nassau County, Florida, SAISSA Renourishment Bond, Series 2011

The payment of arbitrage rebate is made sixty days after five years from the date of issuance of the bonds. Based on their calculations, the independent certified public accounting firm had determined that there is no rebate liability for the bond issues noted above.

Note 11 - Landfill Postclosure Care Costs

State and federal laws require the County to fund landfill postclosure care costs once a landfill site stops accepting waste and to perform certain maintenance and monitoring functions at the landfill sites for twenty years if the landfill stopped receiving waste before October 9, 1993, and for thirty years if the landfill stopped receiving waste after October 9, 1993. The County has two landfills that stopped receiving waste before October 9, 1993, and two that stopped receiving waste after October 9, 1993. Fiscal year 2017 was the final year of postclosure responsibility for the Bryceville and Lofton Creek landfills, therefore no postclosure liability or escrow balances are reported for those landfills as of September 30, 2017. The County does not currently operate an open landfill.

For the closed landfills, actual postclosure care cost incurred for each year is reported as a reduction of the postclosure liability, along with the change in required escrow balance until the required twenty-or-thirty-year postclosure care period is satisfied. The County has accrued a total of \$14,035,143 for postclosure care cost at September 30, 2017, for the two closed landfills that are still subject to postclosure commitments (West Nassau Class I "New West Nassau" and Old West Nassau). The liability is based on engineering estimates of annual postclosure care cost.

These postclosure care costs are based on estimates of what it would cost to perform all postclosure care using 2017 dollars. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Nassau County, Florida
Notes to Financial Statements
September 30, 2017

Note 11 - Landfill Postclosure Care Costs (Concluded)

The County is required by state law to deposit into the escrow accounts, at the time of closing and each year thereafter, sufficient funds to cover the following year's long-term care costs. In addition, the County must document specifically how it intends to finance the long-term care of the landfill as part of its closure plan. The County is in compliance with these requirements with escrow balances that exceed the amounts required by state law (amounts required by State law are \$585,620 as of September 30, 2017).

At September 30, 2017, the escrow balances are as follows:

Landfills	
Old West Nassau Postclosure	\$ 21,442
New West Nassau Postclosure	564,644
Total Escrow Balances	<u>\$ 586,086</u>

Note 12 - Retirement Plans

The County participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Note 12 - Retirement Plans (Continued)

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal 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 plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The employer's contribution rates as of September 30, 2017, were as follows:

	FRS	HIS
Regular class	6.26%	1.66%
Special risk class	21.61%	1.66%
Senior management service class	21.05%	1.66%
Elected officials	43.84%	1.66%
DROP from FRS	11.60%	1.66%

The County's contributions for the year ended September 30, 2017, were \$4,839,874 to the FRS Pension Plan and \$582,630 to the HIS Program.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2017, the County reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2017. The County's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

Nassau County, Florida
Notes to Financial Statements
September 30, 2017

Note 12 - Retirement Plans (Continued)

	FRS	HIS
Net pension liability	\$ 55,197,633	\$ 11,809,057
Proportion at:		
Current measurement date	0.1866%	0.1104%
Prior measurement date	0.1745%	0.1040%
Pension expense	\$ 9,555,014	\$ 987,252

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions after measurement date	\$ 1,200,914	\$ -	\$ 140,158	\$ -
Difference between expected and actual experience	5,065,814	305,767	-	24,588
Changes of assumptions	18,550,302	-	1,659,947	1,021,142
Changes of proportion and difference between County contributions and proportionate share of contributions	3,464,925	1,149,091	710,694	159,346
Net difference between projected and actual earnings on pension plan investments	-	1,367,935	6,549	-
Total	\$ 28,281,955	\$ 2,822,793	\$ 2,517,348	\$ 1,205,076

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2018. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending	FRS Amount	HIS Amount
2018	\$ 3,214,014	\$ 281,476
2019	8,041,345	281,476
2020	5,830,859	281,476
2021	1,635,367	236,649
2022	4,102,491	141,823
Thereafter	1,434,172	(50,786)
Total	\$ 24,258,248	\$ 1,172,114

Note 12 - Retirement Plans (Continued)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2017. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2017. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2016, rolled-forward using standard actuarial procedures.

The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.10%	N/A
Discount rate	7.10%	3.58%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2017:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.60% to 7.10%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 2.85% to 3.58%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

Nassau County, Florida
Notes to Financial Statements
September 30, 2017

Note 12 - Retirement Plans (Continued)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3.0%	3.0%
Fixed income	18%	4.5%	4.4%
Global equity	53%	7.8%	6.6%
Real estate	10%	6.6%	5.9%
Private equity	6%	11.5%	7.8%
Strategic investments	12%	6.1%	5.6%
	<u>100%</u>		

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.10%. FRS's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.58% was used to determine the total pension liability for the program. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	1% Decrease	Current Discount Rate	1% Increase
FRS	6.10%	7.10%	8.10%
County's proportionate share of the net pension liability	\$ 99,904,382	\$ 55,197,633	\$ 18,080,789
	1% Decrease	Current Discount Rate	1% Increase
HIS	2.58%	3.58%	4.58%
County's proportionate share of the net pension liability	13,475,698	\$ 11,809,057	\$ 10,420,837

Note 12 - Retirement Plans (*Concluded*)

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2017, totaled \$23,720.

Note 13 - Deferred Compensation Plan

The County, in accordance with Section 112.215, Florida Statutes, maintains a deferred compensation plan pursuant to the provisions of Internal Revenue Code Section 457. The plan, available to all employees of the County, permits such employees to defer a portion of their salaries until future years. Participation in the plan is optional. The deferred compensation plan amount is not available for withdrawal by employee participants until termination, retirement, death, or unforeseeable emergency of such participants. The County has contracted with a third party for the establishment of custodial accounts to administer these funds for the exclusive benefit of participants and their beneficiaries. The County has no administrative involvement, and does not perform the investing function for this plan.

Note 14 - Other Postemployment Benefits (OPEB)

Plan Description

The County follows GASB Statement No. 45, *Accounting and Reporting for Postemployment Benefits Other than Pensions*, for certain postemployment health care benefits provided by the County. The requirements of this statement are being implemented prospectively, with the actuarially determined liability of \$22,324,333 at October 1, 2008, the date of the transition amortized over thirty years. The OPEB Plan is a single-employer benefit plan administered by the County. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. GASB Statement No. 45 calls this the "implicit rate subsidy".

Nassau County, Florida
Notes to Financial Statements
September 30, 2017

Note 14 - Other Postemployment Benefits (OPEB) (Continued)

Retirees and their dependents (except for life insurance) are permitted to remain covered under the County's respective medical and insurance plans as long as they pay a full premium applicable to coverage elected, subject to the direct subsidy in the following table. This conforms to the minimum required of Florida governmental employers per Chapter 112.08, Florida Statutes. The OPEB Plan does not issue a stand-alone report and is not included in the report of the System or other entity.

Percent of Direct Subsidy up to Subsidy Base Maximum			
Years of Service With Nassau County	Other than Sheriff		Sheriff's Office
	Hired Before 10/1/2005	Hired on or After 10/1/2005	
At Least 6	100%	0%	0%
15 Years	100%	50%	0%
20 Years	100%	65%	0%
25 Years	100%	80%	0%/100%
30 or More Years	100%	100%	100%

Note: Sheriff's special risk employees' subsidy starts at twenty-five years and other employees at thirty years.

Funding Policy—For the OPEB Plan, contribution requirements of the County are established and may be amended through action from either the Board or Constitutional Officers. Currently, the County's OPEB Benefits are unfunded. The required contributions are based on pay-as-you-go financing requirements. There is no separate trust fund or equivalent arrangement into which the County would make contributions to advance-fund the obligation, as it does for its pension plan, the System. Therefore, ultimate subsidies which are provided over time are financed directly by general assets of the County, which are invested in very short-term income instruments. The County selected an interest rate discount of 4.0% for this purpose. The net amount of retiree contributions totaled \$79,225.

Annual OPEB Cost and Net OPEB Obligation—The County's annual OPEB cost (expense) is calculated based on the annual contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The unfunded actuarial accrued liability represents an actuarial measurement to the obligation that has accrued so far based on the promise that has been made to current retirees and to current employees. Since the County's OPEB is currently unfunded, the offset to that expense comes from actual subsidies paid on behalf of the current retirees and their dependents for the current year. This offset is called the employer contribution and equals the total age-adjusted costs paid by the County for coverage for the retirees and their dependents for the year (net of the retiree's own payments for the year).

Nassau County, Florida
Notes to Financial Statements
September 30, 2017

Note 14 - Other Postemployment Benefits (OPEB) (Continued)

The following table shows the components of the County's net OPEB obligation to the other postemployment benefit plan:

Normal cost	\$ 879,845
Amortization of unfunded actuarial accrued liability (UAAL)	1,031,569
Annual required contribution (ARC)	1,911,414
Interest on net OPEB obligation	361,401
Adjustment to ARC	(410,683)
Annual OPEB cost	1,862,132
Employer contributions made	(1,117,724)
Increase in net OPEB obligation	744,408
Net OPEB obligation at beginning of year	9,035,018
Net OPEB obligation at end of year	<u>\$ 9,779,426</u>

The County's annual OPEB cost, the percentage of annual expected employer contribution toward OPEB cost, and the net OPEB obligation were as follows:

Fiscal Year		Employer	Percentage of	
Ending	Annual OPEB	Contributions	Annual OPEB	Net OPEB
September 30,	Cost	toward the	Cost	Obligation
		OPEB Cost	Contributed	
2017	\$ 1,862,132	\$ 1,117,724	60.02%	\$ 9,779,426
2016	1,555,608	1,056,783	67.93%	9,035,018
2015	1,478,654	955,491	64.62%	8,536,193

In the statement of net position, the County reports \$9,687,043 net OPEB obligation in governmental activities and \$92,383 in the business-type activities.

Funding Status and Funding Progress—As of October 1, 2016, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$22,253,791 and the actuarial value of the assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$22,253,791. The covered payroll (annual payroll of active employees covered by the plan) was \$29,403,351, and the ratio of the UAAL to the covered payroll was 70.68%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, termination, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision and actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to actuarial accrued liabilities for benefits.

Note 14 - Other Postemployment Benefits (OPEB) (Concluded)

Actuarial Methods and Assumptions

In any long-term actuarial valuation, certain demographic, economic, and behavioral assumptions are made concerning the population, the investment discount rates, and the benefits provided. These actuarial assumptions form the basis for the actuarial model which is used to project the future population, the future benefits provided, and the contributions collected. Then the investment discount rate assumption is used to discount those projected net OPEB benefits to a present value. This and other related present values are used to calculate the annual OPEB cost. The actuarial assumptions also included a payroll growth rate of 4%, inflation rate of 2.5% and an annual health care cost trend rate of 7.25% initially, reduced annually to an ultimate rate of 4.78%. The remaining amortization period at September 30, 2017, was 22 years.

The results presented as of the actuarial valuation date have been derived using the individual Entry Age Actuarial Cost Method with a closed amortization of the UAAL as a level percent of expected payroll. This is the most common such method used for government pension valuations (and likely so for OPEB valuations) and spreads the cost evenly as a percent of pay throughout the collection careers of those in the covered workforce. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Note 15 - Deficit Equity Balances

The Grants special revenue fund has negative unrestricted fund balances of \$202,380 as of September 30, 2017. The negative fund balance is due to temporary differences resulting from the timing of reimbursable grant expenditures and the subsequent reimbursement. The negative fund balance will be reversed upon receipt of the corresponding grant proceeds.

Note 16 – Minimum Fund Balance Reserve Policy and Fund Balance Classification

The County has adopted a policy that requires a reserve for minimum fund balance be budgeted at a target level equal to two months of Countywide operating expenditures as reported in the previous year's audited financial statements for the General Fund, County Transportation Fund and Municipal Services Fund. The purpose of the minimum fund balance is to protect the County against potential financial risk, ensure cash flow prior to receipt of budgeted revenue for use in the event of a disaster or emergency, and to protect the County's credit rating

Nassau County, Florida
Notes to Financial Statements
September 30, 2017

Note 16 – Minimum Fund Balance Reserve Policy and Fund Balance Classification (Concluded)

The following is a summary of the County's fund balance classifications and the purpose of each as of September 30, 2017:

Nonspendable fund balance	
Inventory	\$ 279,645
Prepaid expenditures	516,731
Deposits	7,000
Total nonspendable fund balance	<u>803,376</u>
Restricted fund balance	
General government	6,941,808
Public safety	2,739,356
Physical environment	1,519,011
Transportation	2,501,974
Economic environment	5,592,141
Human services	305,892
Culture and recreation	634,552
Court related	2,847,289
Capital outlay	4,552,621
Debt service	1,588,683
Total restricted fund balance	<u>29,223,327</u>
Committed fund balance	
General government	3,596
Public safety	94,151
Transportation	13,255,356
Total committed fund balance	<u>13,353,103</u>
Assigned fund balance	
General government	4,213,099
Public safety	3,694,253
Physical environment	2,974,768
Transportation	136,429
Human services	830,176
Culture and recreation	1,228,549
Non court related	711,635
Reserves – capital projects	692,271
Minimum fund balance	3,045,623
Total assigned fund balance	<u>17,526,803</u>
Unassigned fund balance	<u>11,420,324</u>
Total	<u><u>\$ 72,326,933</u></u>

Nassau County, Florida
Notes to Financial Statements
September 30, 2017

Note 17 - Risk Management

The County is exposed to various risks of loss related to legal liability, theft of, damage to, and destruction of assets; accidental death and dismemberment, and on the job injury to employees. Many of these risks are transferred through the purchase of various insurance coverages. Settled claims from these risks have not exceeded insurance coverage for the past three years. The financial liability of the County is limited to premiums paid and losses exceeding or not covered by insurance. The premiums are paid from various funds based on coverage required. There has been no reduction in insurance coverages from the previous year.

Note 18 - Commitments and Contingencies

The County is a party to a number of lawsuits and claims arising out of the normal conduct of its activities. While the results of these lawsuits and claims against the County cannot be predicted with certainty, management does not expect that these matters will have a material adverse effect on the financial position of the County.

The following is a summary of major commitments of the County and contracts in progress as of September 30, 2017:

Project	Source of Payment	Paid to date	Commitment remaining
CR 115 Widening & Resurfacing	Current Available Resources	\$ -	\$ 710,175
NAU Headworks & Piping Project	Current Available Resources	625,763	245,624
Lechate Tank Storage Improvements	Current Available Resources	341,577	16,170
Public Works Facility - Phase 2	Current Available Resources	105,000	140,000
Pages Dairy/Chester Rd Intersection Impv.	Current Available Resources	296,593	759,493
Fire Station #71	Current Available Resources	57,265	127,756
Crawford Road Design Services	Current Available Resources	757,790	10,858
NAU Clarifier No 1 & 2	Current Available Resources	73,985	32,725
Total		<u>\$ 2,257,973</u>	<u>\$ 2,042,801</u>

The following is a summary of encumbrances outstanding for the County as of September 30, 2017:

General Fund	\$ 2,054,294
County Transportation Fund	567,477
Municipal Services Fund	536,730
One Cent Surtax Fund	87,023
Court Facilities	44,536
F.S. Special Revenue	13,735
Building Department	1,544
Water and Sewer Fund	203,861
	<u>\$ 3,509,200</u>

Nassau County, Florida
Notes to Financial Statements
September 30, 2017

Note 19 - Conduit Debt Obligations

The County has issued several series of industrial revenue bonds to furnish financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities considered to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities will transfer to the private sector entity served by the bond issuance. Neither the Board, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2017, there was one bond outstanding with an aggregate principal amount payable of \$9,960,000. The outstanding bond is the AICC, Inc. and Nassau Care Centers – 70 Bed Care Intermediate Care and Day Program Service Facilities bond, originally issued in 2008 for \$11,150,000.

Note 20 – Tax Abatement

Pursuant to Section 125.045 Florida Statutes and Nassau County Ordinance 2012-32, the Economic Development Grant (EDG) incentive is available for companies with the goal to facilitate the development of capital investment and high-wage jobs in Nassau County. The incentives in the tiered program include a specified grant on the Board-only portion of their ad valorem taxes for a specified period of time after meeting or exceeding a specified number/wage level of new jobs, and/or new capital investment in Nassau County.

As of September 30, 2017, the only existing EDG agreement potentially material in size (fiscal year abatement >\$300,000) was with Lignotech Florida, LLC. The July 6, 2016 agreement was amended on September 12, 2016 in order to extend by one year (to January of 2019) the deadline for Lignotech to meet the new job and capital investment requirements under its EDG agreement with the Board. No tax abatement will occur until the company has met the terms of qualification under their agreement. Once qualified, Lignotech would subsequently receive a 75% grant in years 1-5 and a 50% grant in years 6-10.

Required Supplementary Information

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**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund
Year ended September 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 41,735,545	\$ 41,735,545	\$ 41,567,579	\$ (167,966)
Licenses and permits	16,500	16,500	33,454	16,954
Intergovernmental	6,471,120	6,591,494	6,733,161	141,667
Charges for services	3,750,376	3,894,599	3,871,710	(22,889)
Fines and forfeitures	53,600	54,747	44,605	(10,142)
Investment earnings	123,000	122,427	268,407	145,980
Miscellaneous	191,023	513,773	1,011,931	498,158
Total revenues	52,341,164	52,929,085	53,530,847	601,762
Expenditures:				
Current:				
General government	16,653,016	16,590,594	15,377,258	1,213,336
Public safety	29,028,752	31,226,593	30,122,802	1,103,791
Physical environment	1,741,229	1,737,018	1,458,654	278,364
Economic environment	327,464	318,885	216,593	102,292
Human services	2,834,057	2,814,768	2,647,413	167,355
Culture and recreation	1,725,353	1,820,108	1,685,893	134,215
Court related	1,657,146	1,706,720	1,526,068	180,652
Capital outlay	4,332,119	8,168,586	4,952,540	3,216,046
Debt service:				
Principal retirement	658,897	664,431	664,431	-
Interest and fiscal charges	24,706	19,172	19,172	-
Total expenditures	58,982,739	65,066,875	58,670,824	6,396,051
Excess of revenues over (under) expenditures	(6,641,575)	(12,137,790)	(5,139,977)	6,997,813
Other financing sources (uses):				
Transfers in	8,103,749	9,275,212	9,272,177	(3,035)
Transfers out	(3,052,531)	(4,070,070)	(4,070,070)	-
Sale of general capital assets	15,900	17,425	26,393	8,968
Total other financing sources (uses)	5,067,118	5,222,567	5,228,500	5,933
Net change in fund balances	(1,574,457)	(6,915,223)	88,523	7,003,746
Fund balances – beginning of year	14,377,645	17,869,800	18,455,720	585,920
Fund balances – end of year	\$ 12,803,188	\$ 10,954,577	\$ 18,544,243	\$ 7,589,666

See accompanying notes to RSI.

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – County Transportation Fund
Year ended September 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 5,386,608	\$ 5,386,608	\$ 5,539,947	\$ 153,339
Licenses and permits	36,730	36,730	84,299	47,569
Intergovernmental	1,387,847	1,388,094	1,567,781	179,687
Charges for services	14,770	14,770	43,770	29,000
Fines and forfeitures	-	-	578	578
Investment earnings	29,070	29,070	56,441	27,371
Miscellaneous	70,300	88,500	202,922	114,422
Total revenues	6,925,325	6,943,772	7,495,738	551,966
Expenditures:				
Current:				
Transportation	8,053,085	8,272,014	6,140,064	2,131,950
Capital outlay	1,265,750	1,690,225	876,038	814,187
Total expenditures	9,318,835	9,962,239	7,016,102	2,946,137
Excess of revenues over (under) expenditures	(2,393,510)	(3,018,467)	479,636	3,498,103
Other financing sources (uses):				
Transfers in	3,289,497	3,289,497	3,294,110	4,613
Transfers out	(2,528,582)	(2,528,606)	(2,527,362)	1,244
Sale of general capital assets	38,700	38,700	39,510	810
Total other financing sources (uses)	799,615	799,591	806,258	6,667
Net change in fund balances	(1,593,895)	(2,218,876)	1,285,894	3,504,770
Fund balances – beginning of year	3,610,036	3,797,850	3,893,625	95,775
Fund balances – end of year	\$ 2,016,141	\$ 1,578,974	\$ 5,179,519	\$ 3,600,545

See accompanying notes to RSI.

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Municipal Services Fund
Year ended September 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 9,166,795	\$ 9,166,795	\$ 9,101,974	\$ (64,821)
Licenses and permits	51,900	51,900	56,486	4,586
Intergovernmental	663,397	663,907	698,294	34,387
Charges for services	147,840	147,840	135,088	(12,752)
Fines and forfeitures	3,700	3,700	20,236	16,536
Investment earnings	30,661	30,661	52,102	21,441
Miscellaneous	6,800	6,629	37,493	30,864
Total revenues	10,071,093	10,071,432	10,101,673	30,241
Expenditures:				
Current:				
General government	759,445	769,755	711,564	58,191
Public safety	7,532,210	7,701,631	7,407,688	293,943
Transportation	16,873	17,383	443	16,940
Human services	1,004,771	1,004,809	928,875	75,934
Capital outlay	644,318	678,533	93,469	585,064
Total expenditures	9,957,617	10,172,111	9,142,039	1,030,072
Excess of revenues over (under) expenditures	113,476	(100,679)	959,634	1,060,313
Other financing sources (uses):				
Transfers in	3,258,092	3,258,263	3,271,433	13,170
Transfers out	(3,699,157)	(3,699,401)	(3,694,617)	4,784
Sale of general capital assets	300	300	-	(300)
Total other financing sources (uses)	(440,765)	(440,838)	(423,184)	17,654
Net change in fund balances	(327,289)	(541,517)	536,450	1,077,967
Fund balances – beginning of year	2,650,000	2,879,579	2,879,296	(283)
Fund balances – end of year	\$ 2,322,711	\$ 2,338,062	\$ 3,415,746	\$ 1,077,684

See accompanying notes to RSI.

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – One-Cent Small County Surtax Fund
Year ended September 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 9,470,759	\$ 9,470,759	\$ 9,640,488	\$ 169,729
Investment earnings	50,000	50,000	42,750	(7,250)
Total revenues	9,520,759	9,520,759	9,683,238	162,479
Expenditures:				
Current:				
Public safety	344,888	353,175	8,763	344,412
Physical environment	652,870	652,870	63,698	589,172
Transportation	12,273	12,273	-	12,273
Culture and recreation	-	22,542	21,839	703
Capital outlay	556,965	778,243	242,448	535,795
Total expenditures	1,566,996	1,819,103	336,748	1,482,355
Excess of revenues over (under) expenditures	7,953,763	7,701,656	9,346,490	1,644,834
Other financing sources (uses):				
Transfers in	440,000	442,049	442,049	-
Transfers out	(9,214,154)	(11,193,261)	(10,801,842)	391,419
Total other financing sources (uses)	(8,774,154)	(10,751,212)	(10,359,793)	391,419
Net change in fund balances	(820,391)	(3,049,556)	(1,013,303)	2,036,253
Fund balances – beginning of year	4,907,719	4,941,051	4,941,051	-
Fund balances – end of year	\$ 4,087,328	\$ 1,891,495	\$ 3,927,748	\$ 2,036,253

See accompanying notes to RSI.

Nassau County, Florida

Note to Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2017

Budgets and Budgetary Accounting

Budgets were adopted by the Board for all Board funds. The Tax Collector and the Property Appraiser adopt budgets independently of the Board. The Sheriff, Supervisor of Elections, and the Clerk of the Circuit Court (to the extent of his function as ex officio Clerk of the Board) prepare budgets for their general operations, which are submitted to and approved by the Board.

The County-wide General Fund is comprised of the following six subfunds: Board of County Commissioners, Clerk of the Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector. In order to comply with the generally accepted accounting principles, the actual intrafund activity has been consolidated in order to eliminate inflated amounts in the aggregate financial statements of the County-wide General Fund.

Chapter 129, *Florida Statutes*, provides that it is unlawful to make expenditures that exceed the total amount budgeted for each fund. The Board adopted a level of control at the object level (personal services, operating expenses, and capital outlay) by department by fund. Chapter 129, *Florida Statutes*, also governs the manner in which the budget may be legally amended once it has been approved. Department managers may make budget amendments within an object level without Board approval; budget amendments between object levels up to \$50,000 can be approved by the County Budget Officer and County Administrator. Budget amendments greater than \$50,000 require Board approval.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the statutorily required budgetary process under Florida Statutes. The County maintained a computerized encumbrance system, which is a part of the computerized accounting system. All appropriations lapse at year-end, except those that the County intends to honor.

Budgets are adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America (GAAP). The only exception to the GAAP basis is in the enterprise funds where depreciation, amortization of bond costs, and change in post-closure costs are not budgeted, while capital outlay expenditures are budgeted and are reclassified into capital assets. These are then eliminated from the results of operations for financial reporting purposes in the enterprise funds.

The annual budgets serve as legal authorization for expenditures. Expenditures cannot legally exceed the total amount budgeted for each fund. All budget amendments which change the legally adopted total appropriation for a fund are approved by the Board or Constitutional Officer, as applicable.

If during the fiscal year, additional revenues become available for appropriations in excess of those estimated in the budget, the Board or Constitutional Officer, by resolution, may make supplemental appropriations for the year up to the amount of such excess. During the fiscal year ended September 30, 2017, various supplemental appropriations were approved by the Board or Constitutional Officer in accordance with Florida Statutes. The following funds received supplemental appropriations during the year ended September 30, 2017:

Governmental Funds	
General Fund	\$ 5,066,597
Special Revenue Funds	3,099,776
Capital Projects Funds	3,071,403
Total	<u><u>\$ 11,237,776</u></u>

Nassau County, Florida
Other Post-employment Benefits Plan
Schedule of Funding Progress
September 30, 2017

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
10/1/2012	\$ -	\$ 21,592,107	\$ 21,592,107	0.0%	\$ 27,522,523	78.45%
10/1/2014	-	18,362,841	18,362,841	0.0%	25,948,949	70.77%
10/1/2016	-	22,253,791	22,253,791	0.0%	29,403,351	75.68%

Analysis of the dollar amounts of actuarial value of assets, actuarial accrued liability, or unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the system's funded status on a going concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan.

The unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress being made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

Nassau County, Florida

Schedule of the County's Proportionate Share of the Net Pension Liability
Florida Retirement System and Health Insurance Subsidy Pension Plans
September 30, 2017

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	September 30,		
	2017	2016	2015
Nassau County's proportion of the FRS net pension plan	0.186608807%	0.174464593%	0.165580704%
Nassau County's proportionate share of the FRS net pension liability	\$ 55,197,633	\$ 44,052,447	\$ 21,386,969
Nassau County's covered employee payroll plan year 2017	\$ 35,221,567	\$ 32,521,989	\$ 31,678,266
Nassau County's proportionate share of the FRS net pension liability as a percentage of its covered employee payroll	156.72%	135.45%	67.51%
FRS plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%

Notes: The amounts shown above as reported on the date indicated have a measurement date three months prior.
Covered employee payroll is for the year shown.
Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

HEALTH INSURANCE SUBSIDY PENSION PLAN

	September 30,		
	2017	2016	2015
Nassau County's proportion of the HIS net pension plan	0.110442831%	0.104032153%	0.104338602%
Nassau County's proportionate share of the HIS net pension liability	\$ 11,809,057	\$ 12,124,517	\$ 10,640,896
Nassau County's covered employee payroll plan year 2017	\$ 35,221,567	\$ 32,521,989	\$ 31,678,266
Nassau County's proportionate share of the HIS net pension liability as a percentage of its covered employee payroll	33.53%	37.28%	33.59%
HIS plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	0.50%

Notes: The amounts shown above as reported on the date indicated have a measurement date three months prior.
Covered employee payroll is for the year shown.
Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Nassau County, Florida
Schedule of the County's Contributions
Florida Retirement System and Health Insurance Subsidy Pension Plans
September 30, 2017

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	September 30,		
	2017	2016	2015
Contractually required contribution	\$ 4,839,874	\$ 4,390,275	\$ 4,083,702
FRS contribution in relation to the contractually required contribution	4,839,874	4,390,275	4,083,702
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Nassau County's covered employee payroll fiscal year 2017	\$ 35,056,145	\$ 32,521,989	\$ 31,678,266
FRS contributions as a percentage of covered employee payroll	13.81%	13.50%	12.89%

Note: Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

HEALTH INSURANCE SUBSIDY PENSION PLAN

	September 30,		
	2017	2016	2015
Contractually required contribution	\$ 582,630	\$ 539,064	\$ 431,586
HIS contribution in relation to the contractually required contribution	582,630	539,064	431,586
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Nassau County's covered employee payroll fiscal year 2017	\$ 35,056,145	\$ 32,521,989	\$ 31,678,266
HIS contributions as a percentage of covered employee payroll	1.66%	1.66%	1.36%

Note: Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Supplementary Information

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**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR YEAR ENDED SEPTEMBER 30, 2017**

Federal Grantor/Pass-Through Grantor/ Grant Program	CSFA Number	Grant ID Number	Expenditures
Department of Community Affairs			
Emergency Management Programs	31.063	17-BG-83-04-55-01-052	\$ 78,278
Emergency Management Programs	31.063	18-BG-83-04-55-01	24,623
Subtotal Expenditures - CSFA No. 31.063			<u>102,902</u>
Total Department of Community Affairs			<u>102,902</u>
Florida Department of Environmental Protection			
Beach Management Funding Assistance Program	37.003	16NA1	42,747
Small County Consolidated Grants	37.012	SC625	90,909
Total Department of Environmental Protection			<u>133,656</u>
Florida Department of State			
State Aid to Libraries Grant Program	45.030	17-ST-37	35,986
Total Florida Department of State			<u>35,986</u>
Florida Housing Finance Corporation			
State Housing Initiatives Partnership (SHIP) Program	52.901	14/15	246,429
State Housing Initiatives Partnership (SHIP) Program	40.901	15/16	59,110
State Housing Initiatives Partnership (SHIP) Program	40.901	16/17	28,322
Subtotal Expenditures - CSFA No. 40.901/52.901 (SHIP)			<u>333,861</u>
Total Florida Housing Finance Corporation			<u>333,861</u>
Florida Department of Transportation			
Small County Outreach Program (SCOP)	55.009	430691-1-58-01	22,965
Small County Outreach Program (SCOP)	55.009	430691-2-58-01	58,799
Subtotal Expenditures - CSFA No. 55.009			<u>81,764</u>
Small County Road Assistance Program (SCRAP)	55.016	432798-1-54-01	4,772
Small County Road Assistance Program (SCRAP)	55.016	432767-1-54-01	106
Small County Road Assistance Program (SCRAP)	55.016	432604-1-54-01	104
Small County Road Assistance Program (SCRAP)	55.016	434588-1-54-01	67,050
Subtotal Expenditures - CSFA No. 55.016			<u>72,032</u>
Total Florida Department of Transportation			<u>153,797</u>
Florida Department of Health			
County Grant Awards	64.005	C4045	9,959
Total Florida Department of Health			<u>9,959</u>
Florida Fish & Wildlife Conservation Commission			
Bulk Derelict Vessel Removal Grant	77.005	FWC-16186	70,650
			<u>70,650</u>
Division of Emergency Management			
Hurricane Loss Mitigation Program	31.066		6,802
Total Division of Emergency Management			<u>6,802</u>
Total State Expenditures			<u>\$ 847,612</u>

NASSAU COUNTY, FLORIDA

NOTE TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED SEPTEMBER 30, 2017

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of state financial assistance projects includes the state award activity of Nassau County, Florida, and is presented on the modified accrual basis of accounting.

Note 2 - Summary of significant accounting policies

Expenditures are recognized following the cost principles contained in the Rules of the Department of Financial Services as governed by the State Single Audit Act, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

As applicable, nonmonetary assistance is reported in the schedule at fair value of the goods received.

Additional Elements Required by the Rules of the Auditor General

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

The Honorable Board of County Commissioners
and Constitutional Officers
Nassau County, Florida

Report on Compliance for each Major State Project

We have audited Nassau County, Florida (the "County") for compliance with the types of compliance requirements described in the Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on the County's major state projects for the year ended September 30, 2017. The County's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with statutes, regulations, and the terms and conditions of its state awards applicable to its state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General. Those standards and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major State Project

In our opinion, the County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2017.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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

Cam, Riggs & Ingram, L.L.C.

Jacksonville, Florida

April 16, 2018

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Schedule of Findings and Questioned Costs

SECTION I – SUMMARY OF AUDITOR’S RESULTS

- (i) The independent auditor’s report on the financial statements prepared in accordance with GAAP expressed an unmodified opinion.
- (ii) The audit did not report significant deficiencies or disclose material weaknesses in internal control over financial reporting.
- (iii) The audit did not disclose any noncompliance considered material to the financial statements.
- (iv) The audit did not report significant deficiencies or disclose material weaknesses in internal control over compliance applicable to the major state projects.
- (v) The auditors’ report on compliance with requirements applicable to the major state projects expressed an unmodified opinion.
- (vi) The audit did not disclose findings relative to the major state projects that are required to be reported.
- (vii) The projects tested as major is as follows:

<u>State Projects</u>	<u>CSFA Number</u>
Small County Consolidated Grants	37.012
State Housing Initiatives Partnership Program (SHIP)	40.901 & 52.901

- (viii) A threshold of \$300,000 was used to distinguish between Type A and Type B state projects.

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reportable.

SECTION III – FINDINGS AND QUESTIONED COSTS – STATE PROJECTS

No matters are reportable.

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

The Honorable Board of County Commissioners
and Constitutional Officers
Nassau 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 Nassau County, Florida (the "County"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 16, 2018.

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) to determine the 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 may exist that have not been identified.

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 determination of financial statement amounts. 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.

Car, Riggs & Ingram, L.L.C.

Jacksonville, Florida
April 16, 2018

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

The Honorable Board of County Commissioners
and Constitutional Officers
Nassau County, Florida

We have examined Nassau County, Florida (the "County") for compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2017. Management is responsible for the County's compliance with the specified requirements. Our responsibility is to express an opinion on the 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.

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

In our opinion, the County complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, for the year ended September 30, 2017.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Jacksonville, Florida
April 16, 2018

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTIONS 365.172(10) AND 365.173(2)(d), FLORIDA STATUTES

The Honorable Board of County Commissioners
and Constitutional Officers
Nassau County, Florida

We have examined Nassau County, Florida (the "County") for compliance with the requirements of Section 365.172(10), Florida Statutes, *Authorized Expenditures of E911 Fee*, and Section 365.173(2)(d), Florida Statutes, *Distribution and Use of (E911) Funds*, during the year ended September 30, 2017. Management of the County is responsible for the County's compliance with the specified requirements. Our responsibility is to express an opinion on the 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.

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

In our opinion, the County complied, in all material respects, with the requirements of Section 365.172(10) and 365.173(2)(d), Florida Statutes, for the year ended September 30, 2017.

This report is intended solely for the information and use of management, the Board of County Commissioners, and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Jacksonville, Florida
April 16, 2018

MANAGEMENT LETTER

The Honorable Board of County Commissioners
and Constitutional Officers
Nassau County, Florida

Report on the Financial Statements

We have audited the financial statements of the Nassau County, Florida, as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated April 16, 2018.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Reports 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 April 16, 2018, 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. There were no recommendations in the preceding annual financial report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The County was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The County includes component units as described in Note 1 of the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the County has 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.c. 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.

Annual Financial Report

Sections 10.554(1)(i)5.b. 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 the annual financial report for the County for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., 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.

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, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and State 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.

Carr, Riggs & Ingram, L.L.C.

Jacksonville, Florida

April 16, 2018

**NASSAU COUNTY BOARD OF
COUNTY COMMISSIONERS
Nassau County, Florida**

**Financial Statements and
Auditor's Reports**

September 30, 2017



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRIcpa.com



Nassau County Board of County Commissioners Table of Contents

Introductory Section

List of Elected and Appointed Officials	i
-----------------------------------------	---

Financial Section

Report

Independent Auditor's Report	ii
------------------------------	----

Financial Statements

Balance Sheet - Governmental Funds	1
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	3
Statement of Net Position - Proprietary Funds	5
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	6
Statement of Cash Flows - Proprietary Funds	7
Statement of Fiduciary Net Position - Agency Funds	9
Notes to Financial Statements	10

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	31
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - County Transportation Fund	32
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Municipal Services Fund	33
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - One-Cent Small County Surtax Fund	34
Notes to Required Supplementary Information	35

Supplementary Information

Nonmajor Governmental Funds – Fund Descriptions	36
Combining Balance Sheet - Nonmajor Governmental Funds	39
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	46



Nassau County Board of County Commissioners
Table of Contents

Additional Elements Required by the Rules of the Auditor General

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	53
Independent Accountant's Report on Compliance with Section 218.415, <i>Florida Statutes</i>	55
Management Letter	56

Introductory Section

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**Nassau County Board of County Commissioners
List of Elected and Appointed Officials
September 30, 2017**

ELECTED OFFICIALS

Commissioner - District 1, Chair
Commissioner - District 2, Vice-Chair
Commissioner - District 3
Commissioner - District 4
Commissioner - District 5

Daniel B. Leeper
Stephen W. Kelley
Pat Edwards
George V. Spicer
Justin M. Taylor

APPOINTED OFFICIALS

County Manager
County Attorney

Shanea Jones
Michael Mullin

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Financial Section

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of County Commissioners
Nassau County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Nassau County Board of County Commissioners (the "Board"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Board's special-purpose financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Board as of September 30, 2017, and the respective changes in financial position, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 1 to the financial statements, which describes that the accompanying financial statements were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida (the “Rules”). In conformity with the Rules, the accompanying financial statements are special-purpose financial statements that do not constitute a complete presentation, but otherwise constitute financial statements prepared in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the budgetary comparison information to be presented to supplement the special-purpose financial statements. Such information, although not part of the special-purpose financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the special-purpose financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the special-purpose financial statements, and other knowledge we obtained during our audit of the special-purpose 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 Board’s financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance

with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated April 16, 2018, on our consideration of the Board's internal control over financial reporting and 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 Board'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 Board's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

April 16, 2018
Jacksonville, Florida

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Financial Statements

Nassau County Board of County Commissioners

Balance Sheet - Governmental Funds
September 30, 2017

	General Fund	County Transportation	Municipal Services	One-Cent Small County Surtax Fund
Assets:				
Cash and equivalents	\$ 766,278	\$ 166,991	\$ 465,922	\$ 698,008
Cash and equivalents - restricted	586,086	-	-	-
Equity in pooled investments	17,730,993	5,451,483	2,807,187	2,571,423
Accounts receivable (Net of allowance for uncollectibles)	1,660,630	129,012	2,683	-
Loans receivable (Net of allowance for uncollectibles)	-	-	-	-
Due from other funds	702,371	20,835	26,009	-
Due from constitutional officers	1,092,682	17,535	21,544	-
Due from other governments	695,585	305,671	62,849	658,317
Inventories	212,561	67,084	-	-
Prepaid expenditures	60,980	-	455,651	-
Deposits	6,105	895	-	-
Total assets	\$ 23,514,271	\$ 6,159,506	\$ 3,841,845	\$ 3,927,748
Liabilities:				
Accounts payable	\$ 3,455,798	\$ 814,162	\$ 125,945	\$ -
Accrued liabilities	215,634	-	-	-
Retainage payable	17,079	-	-	-
Due to other funds	53,257	154,393	298,367	-
Due to constitutional officers	34,487	-	414	-
Due to other governments	70,566	779	1,333	-
Unearned revenues	98	-	-	-
Deposits	4,809	10,440	40	-
Total liabilities	3,851,728	979,774	426,099	-
Deferred inflows:				
Unavailable revenue	1,415,514	213	-	-
Fund balances:				
Nonspendable:				
Inventory	212,561	67,084	-	-
Prepays	60,980	-	455,651	-
Deposits	6,105	895	-	-
Restricted	1,109,390	-	5,083	-
Committed	-	-	-	-
Assigned	5,235,289	5,111,540	2,955,012	3,927,748
Unassigned	11,622,704	-	-	-
Total fund balances	18,247,029	5,179,519	3,415,746	3,927,748
Total liabilities, deferred inflows and fund balances	\$ 23,514,271	\$ 6,159,506	\$ 3,841,845	\$ 3,927,748

See accompanying notes.

(Continued)

Nassau County Board of County Commissioners

**Balance Sheet - Governmental Funds
September 30, 2017**

	Capital Projects - Transportation	Comprehensive Impact Fee Ordinance	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Cash and equivalents	\$ 184,710	\$ 634,372	\$ 8,086,867	\$ 11,003,148
Cash and equivalents - restricted	-	-	-	586,086
Equity in pooled investments	11,534,337	2,468,992	19,356,402	61,920,817
Accounts receivable (Net of allowance for uncollectibles)	-	-	177	1,792,502
Loans receivable (Net of allowance for uncollectibles)	-	-	48,000	48,000
Due from other funds	-	-	3,712	752,927
Due from constitutional officers	-	1,455	534,805	1,668,021
Due from other governments	628,355	-	744,021	3,094,798
Inventories	-	-	-	279,645
Prepaid expenditures	-	-	100	516,731
Deposits	-	-	-	7,000
Total assets	\$ 12,347,402	\$ 3,104,819	\$ 28,774,084	\$ 81,669,675
Liabilities:				
Accounts payable	\$ 690,287	\$ 4,891	\$ 755,257	\$ 5,846,340
Accrued liabilities	-	-	-	215,634
Retainage payable	10,500	-	-	27,579
Due to other funds	-	-	222,208	728,225
Due to constitutional officers	-	-	6,034	40,935
Due to other governments	-	1,453,234	77,298	1,603,210
Unearned revenues	-	-	-	98
Deposits	-	-	93,510	108,799
Total liabilities	700,787	1,458,125	1,154,307	8,570,820
Deferred inflows:				
Unavailable revenue	628,355	-	637,331	2,681,413
Fund balances:				
Nonspendable:				
Inventory	-	-	-	279,645
Prepays	-	-	100	516,731
Deposits	-	-	-	7,000
Restricted	-	1,646,694	24,947,627	27,708,794
Committed	11,018,260	-	2,237,099	13,255,359
Assigned	-	-	-	17,229,589
Unassigned	-	-	(202,380)	11,420,324
Total fund balances	11,018,260	1,646,694	26,982,446	70,417,442
Total liabilities, deferred inflows and fund balances	\$ 12,347,402	\$ 3,104,819	\$ 28,774,084	\$ 81,669,675

See accompanying notes.

(Concluded)

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year ended September 30, 2017

	General Fund	County Transportation	Municipal Services	One-Cent Small County Surtax Fund
Revenues:				
Taxes	\$ 41,567,579	\$ 5,539,947	\$ 9,101,974	\$ 9,640,488
Licenses and permits	33,454	84,299	56,486	-
Intergovernmental	6,680,439	1,567,781	698,294	-
Charges for services	2,151,234	43,770	135,088	-
Fines and forfeitures	44,605	578	20,236	-
Investment earnings	268,262	56,441	52,102	42,750
Miscellaneous	641,673	202,922	37,493	-
Total revenues	51,387,246	7,495,738	10,101,673	9,683,238
Expenditures:				
Current:				
General government	6,811,571	-	711,564	-
Public safety	12,825,038	-	7,407,472	8,763
Physical environment	1,458,654	-	-	63,698
Transportation	-	6,140,064	443	-
Economic environment	164,565	-	-	-
Human services	2,647,413	-	928,875	-
Culture and recreation	1,685,893	-	-	21,839
Court related	695,182	-	-	-
Capital outlay	3,351,895	876,038	93,469	242,448
Debt service:				
Principal retirement	550,731	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	30,190,942	7,016,102	9,141,823	336,748
Excess of revenues over (under) expenditures	21,196,304	479,636	959,850	9,346,490
Other financing sources (uses):				
Transfer from constitutional officers	1,052,471	7,613	21,535	-
Transfer to constitutional officers	(23,771,827)	(81,026)	(2,966,363)	-
Transfers in	5,622,368	3,286,497	3,249,898	442,049
Transfers out	(4,037,199)	(2,446,336)	(728,470)	(10,801,842)
Sale of general capital assets	26,393	39,510	-	-
Total other financing sources (uses)	(21,107,794)	806,258	(423,400)	(10,359,793)
Net change in fund balances	88,510	1,285,894	536,450	(1,013,303)
Fund balances – beginning of year	18,158,519	3,893,625	2,879,296	4,941,051
Fund balances – end of year	\$ 18,247,029	\$ 5,179,519	\$ 3,415,746	\$ 3,927,748

See accompanying notes.

(Continued)

Nassau County Board of County Commissioners

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year ended September 30, 2017

	Capital Projects - Transportation	Comprehensive Impact Fee Ordinance	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ -	\$ -	\$ 7,277,524	\$ 73,127,512
Licenses and permits	-	1,484,860	4,041,922	5,701,021
Intergovernmental	1,064,420	-	2,134,196	12,145,130
Charges for services	-	-	882,778	3,212,870
Fines and forfeitures	-	-	156,096	221,515
Investment earnings	90,770	8,884	230,548	749,757
Miscellaneous	31	-	100,953	983,072
Total revenues	1,155,221	1,493,744	14,824,017	96,140,877
Expenditures:				
Current:				
General government	-	205	956,618	8,479,958
Public safety	-	396	427,720	20,669,389
Physical environment	-	-	2,920,136	4,442,488
Transportation	1,375,550	-	-	7,516,057
Economic environment	-	-	5,332,353	5,496,918
Human services	-	-	125,878	3,702,166
Culture and recreation	-	397	171,771	1,879,900
Court related	-	-	247,608	942,790
Capital outlay	1,169,974	-	1,384,440	7,118,264
Debt service:				
Principal retirement	-	-	2,569,603	3,120,334
Interest and fiscal charges	-	-	1,799,600	1,799,600
Total expenditures	2,545,524	998	15,935,727	65,167,864
Excess of revenues over (under) expenditures	(1,390,303)	1,492,746	(1,111,710)	30,973,013
Other financing sources (uses):				
Transfer from constitutional officers	-	-	94,283	1,175,902
Transfer to constitutional officers	-	(5,355)	(546,229)	(27,370,800)
Transfers in	4,133,588	-	4,694,951	21,429,351
Transfers out	-	(14,013)	(706,831)	(18,734,691)
Sale of general capital assets	-	-	-	65,903
Total other financing sources (uses)	4,133,588	(19,368)	3,536,174	(23,434,335)
Net change in fund balances	2,743,285	1,473,378	2,424,464	7,538,678
Fund balances – beginning of year	8,274,975	173,316	24,557,982	62,878,764
Fund balances – end of year	\$ 11,018,260	\$ 1,646,694	\$ 26,982,446	\$ 70,417,442

See accompanying notes.

(Concluded)

Statement of Net Position – Proprietary Funds
September 30, 2017

	Business Type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Total
Assets:			
Current assets:			
Cash and equivalents	\$ -	\$ 3,371,390	\$ 3,371,390
Cash and equivalents - restricted	-	133,374	133,374
Equity in pooled investments	-	4,011,568	4,011,568
Accounts receivable, net of allowance for uncollectibles	-	509,657	509,657
Due from other funds	-	3,014	3,014
Inventories	-	60,231	60,231
Prepaid expenses	-	41,473	41,473
Total current assets	-	8,130,707	8,130,707
Noncurrent assets:			
Cash and equivalents - restricted	-	778,128	778,128
Capital assets, net of accumulated depreciation	-	13,891,928	13,891,928
Total noncurrent assets	-	14,670,056	14,670,056
Total assets	-	22,800,763	22,800,763
Deferred outflow of resources			
Unamortized refunding loss	-	493,785	493,785
Pension related	-	223,133	223,133
Total deferred outflow of resources	-	716,918	716,918
Liabilities:			
Current liabilities:			
Accounts payable	-	213,152	213,152
Retainage payable	-	62,577	62,577
Due to other funds	-	27,716	27,716
Due to constitutional officers	-	8	8
Due to other governments	-	79	79
Deposits	-	130,217	130,217
Bonds payable	-	955,000	955,000
Compensated absences	-	55,745	55,745
Total current liabilities	-	1,444,494	1,444,494
Noncurrent liabilities:			
Compensated absences	-	87,274	87,274
Other postemployment benefits	-	92,383	92,383
Bonds payable long-term	-	10,750,000	10,750,000
Net pension liability	-	485,407	485,407
Total noncurrent liabilities	-	11,415,064	11,415,064
Total liabilities	-	12,859,558	12,859,558
Deferred inflow of resources	-	28,448	28,448
Net position:			
Net investment in capital assets	-	2,680,713	2,680,713
Restricted	-	647,911	647,911
Unrestricted	-	7,301,051	7,301,051
Total net position	\$ -	\$ 10,629,675	\$ 10,629,675

See accompanying notes.

Nassau County Board of County Commissioners

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
Year ended September 30, 2017

	Business Type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Total
Operating revenues			
Charges for services	\$ -	\$ 4,042,363	\$ 4,042,363
Connection and impact fees	-	82,418	82,418
Other income	-	104,806	104,806
Total operating revenues	-	4,229,587	4,229,587
Operating expenses			
Contractual services	-	2,845	2,845
Professional services	-	94,641	94,641
Salaries and benefits	-	687,387	687,387
Rentals and leases	-	21,427	21,427
Repairs and maintenance	-	170,235	170,235
Gas and oil	-	9,821	9,821
Materials	-	1,404	1,404
Depreciation	-	762,115	762,115
Other expenses	-	509,834	509,834
Total operating expenses	-	2,259,709	2,259,709
Operating income	-	1,969,878	1,969,878
Nonoperating revenues (expenses)			
Interest earnings	-	15,401	15,401
Interest and other debt service costs	-	(306,545)	(306,545)
Gain from transfer of landfill-related balances	13,434,841	-	13,434,841
Total nonoperating revenues (expenses)	13,434,841	(291,144)	13,143,697
Income before transfers	13,434,841	1,678,734	15,113,575
Transfers			
Transfers out	(2,630,780)	(63,880)	(2,694,660)
Change in net position	10,804,061	1,614,854	12,418,915
Total net position, beginning of year	(10,804,061)	9,014,821	(1,789,240)
Total net position, end of year	\$ -	\$ 10,629,675	\$ 10,629,675

See accompanying notes.

Nassau County Board of County Commissioners

Statement of Cash Flows - Proprietary Funds
Year ended September 30, 2017

	Business Type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Total
Operating Activities			
Cash received from customers	\$ -	\$ 3,959,439	\$ 3,959,439
Cash payments to vendors for goods and services	-	(1,392,514)	(1,392,514)
Cash payments to employees for services	-	(655,273)	(655,273)
Cash received from other sources	-	104,806	104,806
Net Cash Provided by (Used in) Operating Activities	-	2,016,458	2,016,458
Noncapital Financing Activities			
Transfers to other funds	(1,168,776)	(63,880)	(1,232,656)
Net Cash Provided by (Used in) Noncapital Financing Activities	(1,168,776)	(63,880)	(1,232,656)
Capital and Related Financing Activities			
Acquisition of capital assets	-	(1,455,324)	(1,455,324)
Disposal of capital assets	-	80,542	80,542
Principal payments on bonds	-	(930,000)	(930,000)
Interest paid on long-term debt	-	(306,545)	(306,545)
Net Cash Provided by (Used in) Capital and Related Financing Activities	-	(2,611,327)	(2,611,327)
Investing Activities			
Interest received	-	15,401	15,401
Purchase of investments	-	(4,011,568)	(4,011,568)
Net Cash Provided by (Used in) Investing Activities	-	(3,996,167)	(3,996,167)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,168,776)	(4,654,916)	(5,823,692)
Cash and Cash Equivalents, Beginning of Year	1,168,776	8,937,808	10,106,584
Cash and Cash Equivalents, End of Year	\$ -	\$ 4,282,892	\$ 4,282,892
Reported in Statement of Net Position as:			
Cash and cash equivalents	\$ -	\$ 3,371,390	\$ 3,371,390
Current cash and cash equivalents - restricted	-	133,374	133,374
Noncurrent cash and cash equivalents - restricted	-	778,128	778,128
Total Cash and Cash Equivalents	\$ -	\$ 4,282,892	\$ 4,282,892
Noncash Investing, Capital and Financing Activities:			
Transfers of noncash assets to other funds	\$ (1,462,004)	\$ -	\$ (1,462,004)
Gain from transfer of landfill-related balances	13,434,841	-	13,434,841
Noncash Investing, Capital and Financing Activities:	\$ 11,972,837	\$ -	\$ 11,972,837

See accompanying notes.

(Continued)

Nassau County Board of County Commissioners

Statement of Cash Flows - Proprietary Funds Year ended September 30, 2017

	Business Type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income	\$ -	\$ 1,969,878	\$ 1,969,878
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:			
Depreciation and Amortization	-	762,115	762,115
Changes in Assets and Deferred Outflows:			
Decrease (Increase) in Accounts Receivable	-	(164,110)	(164,110)
Decrease (Increase) in Due from Other Funds	-	(291)	(291)
Decrease (Increase) in Inventory	-	(8,702)	(8,702)
Decrease (Increase) in Prepaid Expense	-	(21,525)	(21,525)
Decrease (Increase) in Deferred Outflows	-	(5,381)	(5,381)
Changes in Liabilities and Deferred Inflows:			
Increase (Decrease) in Accounts Payable	-	(531,368)	(531,368)
Increase (Decrease) in Retainage Payable	-	(26,145)	(26,145)
Increase (Decrease) in Due to Other Funds	-	5,351	5,351
Increase (Decrease) in Due to Constitutional Officers	-	3	3
Increase (Decrease) in Due to Other Governments	-	79	79
Increase (Decrease) in Deposits	-	(941)	(941)
Increase (Decrease) in OPEB Obligation	-	(10,874)	(10,874)
Increase (Decrease) in Net Pension Liability	-	41,201	41,201
Increase (Decrease) in Deferred Inflows	-	10,919	10,919
Increase (Decrease) in Compensated Absences	-	(3,751)	(3,751)
Net Cash Provided by (Used in) Operating Activities	\$ -	\$ 2,016,458	\$ 2,016,458

See accompanying notes.

(Concluded)

Nassau County Board of County Commissioners

Statement of Fiduciary Net Position - Agency Funds
September 30, 2017

	Agency Funds
Assets:	
Cash and equivalents	\$ 40,650
Equity in pooled investments	2,367,410
Due from other constitutional officers	1,129
Total assets	2,409,189
Liabilities:	
Due to bond holders	2,409,189
Total liabilities	2,409,189
Net position	\$ -

See accompanying notes.

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Nassau County Board of County Commissioners Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Nassau County Board of County Commissioners (the Board) conform to accounting principles generally accepted in the United States of America as applied to governmental units. The following is a summary of the more significant policies.

Reporting Entity

Nassau County (the County) is a political subdivision of the State of Florida. It is composed of an elected Board of County Commissioners (the Board) and elected Constitutional Officers, who are governed by federal and state statutes, regulations, and County ordinances. The Board of County Commissioners (Board) and the offices of the Clerk of the Circuit Court, Tax Collector, Sheriff, Property Appraiser, and Supervisor of Elections are operated as separate County agencies in accordance with applicable provisions of Florida Statutes.

The accompanying financial statements present the Board, and the component units for which the Board is considered to be financially accountable. Also included are other entities for which the nature and significance of their relationship with the Board are such that exclusion could cause the Board's basic financial statements to be misleading or incomplete.

The Nassau County Housing Finance Authority (NCHFA) is a dependent special district, which functions for the benefit of the citizens of Nassau County and is considered a blended component unit of the Board. The NCHFA had no revenues or expenditures during the fiscal year ended September 30, 2017. In addition, the NCHFA did not issue any bonds during the audit period, nor were there any bonds outstanding at year end. Therefore, financial statements were not prepared for NCHFA and, accordingly, no financial data for NCHFA is presented in these financial statements.

The Recreation and Water Conservation and Control District No. 1 ("RWCCD") is a dependent special district, which functions for the benefit of the citizens of the County and is considered a blended component unit of the Board. The Board of County Commissioners sits as the governing body. The RWCCD had no revenues or expenditures during the fiscal year ended September 30, 2017. In addition, the RWCCD did not issue any bonds during the audit period, nor were there any bonds outstanding at year end. Therefore, financial statements were not prepared for RWCCD and, accordingly, no financial data for RWCCD is presented in these financial statements.

The Board is an integral part of the County, which is the primary government for financial reporting purposes.

Basis of Presentation

The Board's financial statements are special-purpose financial statements which have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (the "Rules"). These special-purpose financial statements are the fund financial statements required by generally accepted accounting principles.



Nassau County Board of County Commissioners Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

However, these fund statements do not constitute a complete presentation because, in conformity with the Rules, the Board has not presented the government-wide financial statements, reconciliations to the government-wide financial statements, or management's discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the county-wide financial statements.

Fund Accounting

The accounts of the Board are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances or net position, as appropriate, revenues, and expenditures or expenses, as appropriate. Government 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. The various funds are organized by governmental funds, proprietary funds, and fiduciary funds in the financial statements. The following funds are used by the Board:

Governmental Funds

- **Major Funds**
 - **General Fund** - used to account for all revenues and expenditures applicable to the general operations of the Board, which are not properly accounted for in other funds.
 - **County Transportation Fund** - used to account for the operation of the Road and Bridge Department. Financing is provided principally by ad valorem taxes and the Board's share of State gasoline taxes.
 - **Municipal Services Fund** - used to account for activities benefiting only the unincorporated areas of the County. Financing is provided principally by ad valorem taxes and state revenue sharing.
 - **One-Cent Small County Surtax Fund** - used to account for transactions associated with one-cent funds. Financing is provided by a one-cent sales tax on all transactions occurring in the County that are subject to imposed state tax on sales, use, services, rentals, and admissions.



Nassau County Board of County Commissioners Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)


- **Capital Projects - Transportation Fund** - used to account for all financial resources used for the acquisition or construction of major transportation related capital facilities and/or projects. Funding is provided from a variety of funding sources.
- **Comprehensive Impact Fee Ordinance Fund** - used to account for the district expenditures associated with capital expansion. Funding is provided from impact fees on new construction.
- **Nonmajor Governmental Fund Types**
 - **Special Revenue Funds** - used to account for the proceeds of specific revenue sources other than major capital projects or to finance specified activities as required by law.
 - **Debt Service Funds** - used to account for the accumulation of resources for, and the payment of, interest, principal and related costs on general long-term debt.
 - **Capital Projects Funds** - used to account for all financial resources used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

Major Proprietary Funds

Proprietary Funds are used to account for operations either: (1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The **Solid Waste Disposal Fund** provided a Convenience Recycling Center for the collection and disposal of solid waste and recyclables for the citizens of Nassau County. The fund also accounted for the post-closure requirement costs for all closed landfills. The landfill fund was closed at the beginning of fiscal year 2017 and all related assets and liabilities were transferred to the General Fund.

The **Water and Sewer Fund** accounts for water and wastewater services provided to approximately 3,300 customers on 4,800 acres located entirely in the County, which is situated north of the Duval County line and south of the City of Fernandina Beach.



Nassau County Board of County Commissioners Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Fiduciary Fund

Agency Fund - The Agency Fund, South Amelia Island Shore Stabilization (SAISS), is used to account for assets held by the Board as agent for the South Amelia Island Shore Stabilization Association, representing property owners within the geographical boundaries of the South Amelia Island Shore Stabilization Municipal Service Benefit Unit.

Measurement Focus

Governmental Funds - General, special revenue, debt service, and capital projects funds are accounted for on a current financial resources measurement focus. This means that only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are generally included on the balance sheet. Accordingly, the reported fund balances are considered to be a measure of available, spendable, or appropriable resources. Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances.

Proprietary Funds - Enterprise funds are accounted for on an economic resources measurement focus. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included on their Statement of Net Position, and the reported net position provides an indication of the economic net worth of the funds. The operating statements for the proprietary funds report increases (revenues) and decreases (expenses) in total net position.

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 are charges for services. Operating expenses include 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.

Fiduciary Funds - Agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. In addition, basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period when they become susceptible to accrual (i.e., when they become "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Board considers revenues to be "available" if they are collected within thirty days after year end.



Nassau County Board of County Commissioners Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Primary revenues, including special assessments, intergovernmental revenues, charges for services, rents, and interest, are treated as susceptible to accrual under the modified accrual basis. Other revenue sources are not considered measurable and available, and are not treated as susceptible to accrual. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and other postemployment benefits, are recorded only when payment is due.

The proprietary funds and agency funds are accounted for using the accrual basis of accounting. Under this method, revenues are recognized when they are earned and expenses are recognized when they are incurred.

Cash and Cash Equivalents

For purposes of these financial statements, cash and cash equivalents are considered cash in bank, demand deposits, and short-term investments with maturities of less than three months.


For purposes of the statement of cash flows, the enterprise funds consider all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents.

Deposits and Investments

The Board is allowed to invest in: (1) obligations of the United States or its agencies and instrumentalities; (2) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the United States; (3) fully collateralized certificates of deposit issued by active Florida qualified public depositories; (4) fully collateralized interest-bearing demand deposits; (5) fully collateralized direct repurchase agreements, secured by obligations described in subdivisions (1) and (2) above, and pledged with third parties selected or approved by the Board; (6) commercial paper; (7) corporate bonds; (8) derivative securities limited to those types authorized in (1) through (7) above; (9) the Local Government Surplus Funds Trust Fund (the Florida State Board of Administration); and (10) any investment authorized or permitted by Florida Statutes or any other law of the State of Florida controlling the investment of public funds of a county.

Restricted Assets

Certain resources in the water and sewer enterprise fund are set-aside for capital reserves, renewal and replacement, and the utility system. These resources are classified as restricted cash and investments on the statement of net position - proprietary funds because their use is limited. All cash and investments classified as restricted are the result of various bond indenture or other legal requirements. When both restricted and unrestricted resources are available for use, the County's practice is to use the restricted resources first, then unrestricted resources as they are needed.



Nassau County Board of County Commissioners Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Accounts Receivable

Accounts receivable are reported net of the allowance for uncollectibles on the balance sheet - governmental funds and statement of net position - proprietary funds. The allowances for uncollectible accounts are based upon aging schedules of related collection experiences of such receivables.

Interfund Balances

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “due to/from other funds” in the fund financial statements.

Inventories and Prepaid Items

Inventories, consisting principally of expendable items held for consumption, are determined by physical count and are stated at cost based on the average-cost method. On the balance sheet - governmental funds, the prepaid and inventory balances reported are offset by a nonspendable fund balance classification which indicates these balances do not constitute available spendable resources. The cost of governmental fund type inventories is recorded as expenditure when consumed; therefore the inventory asset amount is not available for appropriation.

Prepaid items are certain payments to vendors that reflect costs applicable to future accounting periods and are recorded, under the consumption method, as prepaid items.


Unamortized Refunding Loss

Losses resulting from the refunding of debt are reported as deferred outflow of resources and recognized as a component of interest expense over the remaining life of the refunded debt or the new debt whichever is shorter.

Capital Assets and Long-term Liabilities

Governmental Funds - Purchases of capital assets are recorded as expenditures in the governmental funds when the assets are acquired. Capital assets are not reported in the governmental funds.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.



Nassau County Board of County Commissioners Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Due to the current financial resources measurement focus, the accompanying governmental fund financial statements do not report capital assets or long-term liabilities. Such amounts are instead reported in the separately-issued government-wide financial statements of the County as a whole.

Proprietary Enterprise Funds - Property and equipment purchased by the enterprise funds are capitalized by those funds. Depreciation on such assets is charged as an expense against each fund's operations.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	15 - 40 years
Equipment	3 - 20 years

Compensated Absences

Annual, sick, bonus, and compensatory leave amounts accumulate and vest in accordance with the policies of the Board of County Commissioners and negotiated union contracts. Provisions of these policies and the union contracts specify how benefits are earned, accumulated, and when and to what extent they vest.

Other Postemployment Benefits

The Board has recorded the liability in the enterprise funds for postemployment benefits other than pensions. For governmental funds, other postemployment benefits are only reported when due and payable.

Net Pension Liability

In the proprietary fund statements, the net pension liability represents the fund's proportionate share of the Board's proportionate share of the net pension liability of the cost-sharing pension plans in which it participates. This liability represents a share of the present value of projected benefit payments to be provided through the cost-sharing plans, less the amount of the cost-sharing plans' fiduciary net position. The Board participates in both the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy Program (HIS) defined benefit plan administered by the Florida Division of Retirement. The Board allocated the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense to the funds and functions/activities based on their respective contribution made to the pension plans for that fiscal year. Governmental funds do not report this long-term liability.



Nassau County Board of County Commissioners Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Deferred Inflows/Outflows of Revenues

Deferred inflows of resources reported on applicable governmental fund types represent revenues which are measureable but not available in accordance with the modified accrual basis of accounting. The deferred inflows will be recognized as revenue in the fiscal year they are earned or become available. Deferred outflows of resources represent consumption of net position that is applicable to a future reporting period. Deferred outflows have a positive effect on net position, similar to assets.

Fund Balance Reporting

The Board follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type*, to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Board is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Fund balances are described below:

- **Nonspendable** - Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (2) legally or contractually required to be maintained intact.
- **Restricted** - Restricted fund balances are restricted when constraints placed on the uses of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed** - Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action (e.g., ordinance) of the organization's governing authority (the Board of County Commissioners). These committed amounts cannot be used for any other purpose unless the Board of County Commissioners removes or changes the specified use by taking the same type of action employed to constrain those amounts.
- **Assigned** - Assigned fund balances consist of amounts that are constrained by a less-than-formal action of the organization's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. Changes in assigned fund balance require prior approvals from the governing body, the County Manager, or the Budget Officer. In addition, residual balances in capital projects and debt service funds are considered assigned for the general purpose of the respective funds.



Nassau County Board of County Commissioners Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

- **Unassigned** - This classification is used for the following: (a) negative unrestricted fund balances in any governmental fund, or (b) residual fund balances within the general fund that are not nonspendable, restricted, committed, or assigned.

When both restricted and unrestricted resources are available for use, it is the County's policy to use resources in the following order: restricted, committed, assigned and unassigned.

Net Position

Net position of proprietary funds are made up of three components. *Net investment in capital assets* represents net capital assets less related long-term liabilities, where unspent debt proceeds increase this amount. *Restricted net position* represents assets that are legally restricted for specific purposes. They include bond sinking and reserve funds; special revenues restricted by statute, ordinance, and bond proceeds; and other sources restricted for capital projects or improvements. The balance of net position is considered *unrestricted net position*.

Property Taxes

Real property and tangible personal property are assessed by the Property Appraiser according to the property's just value on January 1st of each year. Section 200.071, *Florida Statutes*, authorizes the Board to levy ad valorem tax millage against real property and tangible personal property for the County, including dependent districts, not to exceed 10 mills, except for voted levies. The Board shall determine the amount of millage to be levied and shall certify such millage to the Property Appraiser. For the year ended September 30, 2017, the Board levied 6.5670 mills. An additional 1.6694 mills was levied for the benefit of the Nassau County Municipal Services Taxing Unit and an additional 0.1021 was levied for the benefit of the Amelia Island Beach Renourishment MSTU.

Property taxes are due and payable on March 31st of each year, or as soon thereafter as the assessment rolls are charged to the Tax Collector by the Property Appraiser. Taxes on real property may be prepaid in four quarterly installments beginning not later than June 30th of the year in which assessed. Discounts are allowed for payment of property taxes before March 1st. Taxes become delinquent on April 1st following the year in which the taxes were assessed.

The Tax Collector collects taxes for the various taxing entities, including the Board. Delinquent taxes on real property are collected by selling tax certificates to individuals. If a tax certificate is not sold, the tax certificate is struck to the County. Attempts to collect delinquent taxes on tangible personal property are done by the issuance of warrants for the seizure and sale of such tangible personal property.



Nassau County Board of County Commissioners Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*concluded*)

Key dates in the property tax cycle (latest date where appropriate) are as follows:

- January 1 Property just value established for assessment of taxes
- July 1 Assessment Roll certified, unless extension is granted by the Florida Department of Revenue
- 93 Days Later Millage Resolution approved and taxes levied thereafter as Tax Collector received Tax Roll
- 30 Days Thereafter Property taxes become due and payable (maximum discount)
- April 1 Property taxes become delinquent
- Prior to June 1 Tax certificates are sold

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Future GASB Pronouncement Implementations

The Governmental Accounting Standards Board (GASB) has issued statements that will become effective in 2018. The statements address the following:

- OPEB accounting and financial reporting by employers;
- Split-interest agreements;
- Various practice issues (Omnibus); and
- Certain debt extinguishment issues.

The Board is currently evaluating the effects that these statements will have on its fiscal year 2018 financial statements.

NOTE 2 – CASH AND INVESTMENTS

Deposits with Financial Institutions

All deposits of the Board are placed in banks that qualify as public depositories pursuant to the provisions of Chapter 280, Florida Statutes, *Florida Security for Public Deposits Act*. Qualified public depositories are required by this law to pledge collateral with a market value equal to a percentage of the average daily balance of all public deposits in excess of any federal deposit insurance. In event of default by a qualified public depository, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default, and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool. Therefore, all cash and time deposits held by banks are fully insured and collateralized.



Nassau County Board of County Commissioners
Notes to Financial Statements

NOTE 2 – CASH AND INVESTMENTS (*continued*)

Investments

The Board's investment practices are governed by Section 218.415, *Florida Statutes*, and *County Ordinance* 95-144. Interest and investment earnings are generally allocated to the various funds based upon each fund's equity balance in the pooled cash or the investment accounts. The following items discuss the County's exposure to various risks of their investment portfolio.

Interest Rate Risk - The risk that changes in interest rates will adversely affect the fair value of an investment. The County has a formal investment policy for current operating funds that limits investment maturities to twelve months as a means of managing its exposure to fair value losses from increasing interest rates. Investments of bond reserves, construction funds, and other nonoperating funds shall have a term appropriate to the need for funds and in accordance with debt covenants. The maturities of the underlying securities of a repurchase agreement will follow the requirements of a Master Repurchase Agreement in form approved by the Public Securities Association.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The certificates of deposit are held in qualified public depositories or at levels below FDIC insurance thresholds.

In accordance with the provisions of Rule 62-701, *Florida Administrative Code*, the Board has established escrow accounts to provide proof of financial responsibility for the post-closure costs associated with the Old West Nassau, the Bryceville, the Lofton Creek, and the New West Nassau Landfills. The amounts in these escrow accounts are determined by engineering studies as required by the above rule.

The following summarizes the cash and investments held by the Board at year end:

Description	Amount
Cash and cash equivalents	\$ 15,912,776
Certificates of deposit	36,962,561
Money market accounts	31,337,234
Total cash and investments	\$ 84,212,571

Nassau County Board of County Commissioners
Notes to Financial Statements

NOTE 2 – CASH AND INVESTMENTS (concluded)

Reported in the accompanying financial statements as follows:

	Governmental Funds	Proprietary Funds	Agency Fund	Total
Cash and cash equivalents	\$ 11,003,148	\$ 3,371,390	\$ 40,650	\$ 14,415,188
Equity in pooled investments	61,920,817	4,011,568	2,367,410	68,299,795
Restricted cash and cash equivalents	586,086	911,502	-	1,497,588
Total cash and investments	\$ 73,510,051	\$ 8,294,460	\$ 2,408,060	\$ 84,212,571

Fair Value Measurement and Application

Governmental entities are required to record investments at fair value unless an exception applies and disclose the fair value measurement and hierarchy. Paragraph 69 of GASB 72 lists several investments that should be measured as described in GASB Statement 31 which includes investments in nonparticipating interest-earning investment contracts (certificates of deposit) and money market investments that have a maturity at the time of purchase of one year or less. At September 30, 2017, the Board's investments consisted of money market accounts and non-negotiable certificates of deposits which are recorded at cost and are excluded from fair value measurement.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable (net of allowances for uncollectible accounts) at September 30, 2017, included the following:

	Receivable	Allowance	Net
Governmental Funds			
General fund	\$ 3,380,746	\$ (1,720,116)	\$ 1,660,630
County transportation	129,012	-	129,012
Municipal services	2,683	-	2,683
Non-major governmental funds	177	-	177
Total Governmental Funds	\$ 3,512,618	\$ (1,720,116)	\$ 1,792,502
Proprietary Funds			
Water and Sewer	\$ 512,447	\$ (2,790)	\$ 509,657
Total Business-type Funds	\$ 512,447	\$ (2,790)	\$ 509,657

Nassau County Board of County Commissioners
Notes to Financial Statements

NOTE 4 – RESTRICTED ASSETS

Restricted assets at September 30, 2017, represent monies required to be restricted for landfill postclosure, debt service and construction under terms of outstanding bond agreements, and impact fees restricted to water and sewer system uses. Assets are also restricted in accordance with ordinances and *Florida Statutes*. Restricted assets at September 30, 2017, were restricted for the following purposes:

Governmental Funds:

Landfill postclosure escrow	\$ 586,236
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Proprietary Funds:

Customer deposits	\$ 133,374
Renewal and replacement (water/sewer)	182,301
Debt service	595,827
Total proprietary funds	\$ 911,502

NOTE 5 – INTERFUND ACTIVITY

Interfund balances at September 30, 2017, consists of the following:

Due to/from other funds:

	Due to:					Total Due to
	General Fund	County Transp.	Municipal Service	Water and Sewer	Nonmajor Funds	
Due from:						
General Fund	\$ -	\$ 20,540	\$ 25,991	\$ 3,014	\$ 3,712	\$ 53,257
County Transportation	154,393	-	-	-	-	154,393
Municipal Service	298,367	-	-	-	-	298,367
Water and Sewer	27,716	-	-	-	-	27,716
Nonmajor Funds	221,895	295	18	-	-	222,208
Total Due from	\$ 702,371	\$ 20,835	\$ 26,009	\$ 3,014	\$ 3,712	\$ 755,941

The purpose for each of these interfund receivables and payables is to provide temporary loans for cash flow needs.

Nassau County Board of County Commissioners
Notes to Financial Statements

NOTE 5 – INTERFUND ACTIVITY (concluded)

Interfund transfers:

	Transfers out:						Total Transfers Out
	General Fund	County Transp.	Municipal Services	One-Cent Surtax	Capital Project Transportation	Nonmajor	
Transfers in:							
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,037,199	\$ 4,037,199
County Transportation	-	-	-	-	2,445,900	436	2,446,336
Municipal Services	85,470	-	-	-	-	643,000	728,470
One-cent Surtax	2,581,331	3,286,497	3,246,326	-	1,687,688	-	10,801,842
Comp Impact Fee	431	-	2,897	-	-	10,685	14,013
Solid Waste	2,630,780	-	-	-	-	-	2,630,780
Water and Sewer	63,880	-	-	-	-	-	63,880
Nonmajor Governmental	260,476	-	675	442,049	-	3,631	706,831
Total transfers in	\$ 5,622,368	\$ 3,286,497	\$ 3,249,898	\$ 442,049	\$ 4,133,588	\$ 4,694,951	\$ 21,429,351

The purpose for these interfund transfers include the following: (a) match for special revenue grant requirements (b) other funds based on budgetary requirements, and (c) funds that are required by statute or budgetary authority to expend revenues from another fund that by statute or budgetary authority must collect revenues.

Nassau County Board of County Commissioners
Notes to Financial Statements

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Proprietary Funds				
Capital assets not being depreciated:				
Land	\$ 815,228	\$ -	\$ (647,262)	\$ 167,966
Construction work in progress	172,254	-	(155,951)	16,303
Total capital assets not being depreciated	987,482	-	(803,213)	184,269
Capital assets being depreciated:				
Building and improvements	1,222,975	19,711	(468,109)	774,577
Machinery and equipment	22,193,666	1,392,621	(1,233,025)	22,353,262
Landfill	41,701,285	-	(41,701,285)	-
Total capital assets being depreciated	65,117,926	1,412,332	(43,402,419)	23,127,839
Less accumulated depreciation:				
Buildings and improvements	(283,156)	(39,551)	73,734	(248,973)
Machinery and equipment	(9,385,546)	(722,564)	936,903	(9,171,207)
Landfill	(41,701,285)	-	41,701,285	-
Total accumulated depreciation	(51,369,987)	(762,115)	42,711,922	(9,420,180)
Total capital assets being depreciated, net	13,747,939	650,217	(690,497)	13,707,659
Total proprietary fund capital assets, net	\$ 14,735,421	\$ 650,217	\$ (1,493,710)	\$ 13,891,928

Depreciation expense of \$762,115 was charged to the Water & Sewer Fund. The deletions are primarily related to the closure of the Solid Waste Fund at the beginning of fiscal year 2017.

NOTE 7 – LEASES

The Board is a party to certain operating leases during the period ended September 30, 2017, as follows:

- **Tower Site (14th Street)** - The Board renewed the lease with Pinnacle Towers, LLC, for five additional years commencing April 1, 2016. Operating lease payments for the year ended September 30, 2017 totaled \$30,398.
- **Two Tower Sites (Hilliard and Dahoma)** - The Board entered into two one-year leases (with renewal terms of four additional periods of one year each) with American Tower Asset Sub, LLC, commencing May 2011. The Board exercised the first renewal, which has an effective date of May 2016. Operating lease payments for the year ended September 30, 2017 were \$57,575.

Nassau County Board of County Commissioners

Notes to Financial Statements

NOTE 7 – LEASES (concluded)

- **West Nassau Land Development** - The Board entered into a five-year lease with West Nassau Land Development, LLC, commencing July 1, 2015. Operating lease payments for the year ended September 30, 2017 were \$71,323.
- **Ring Investments** - The Board entered into a two-year lease with Ring Investments, LLC on July 27, 2015 and amended it to a three-year lease effective January 27, 2017. Operating lease payments for the year ended September 30, 2017 totaled \$37,494.

Future minimum lease payments under these leases are summarized as follows:

Year Ending September 30,	Tower lease sites	West Nassau land development	Ring Investments	Total
2018	\$ 92,068	\$ 75,443	\$ 37,494	\$ 205,005
2019	96,356	77,178	-	173,534
2020	100,844	60,892	-	161,736
2021	57,653	-	-	57,653
Total	\$ 346,921	\$ 213,513	\$ 37,494	\$ 597,928

NOTE 8 – LONG-TERM DEBT AND OTHER LIABILITIES

Long-term obligations are not reported in the governmental funds and, therefore, are excluded from this disclosure. Details may be found in the County-wide separately issued financial statements. The following is a summary of changes in proprietary fund long-term obligations for the year ended September 30, 2017:

Proprietary Funds	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	\$ 12,635,000	\$ -	\$ 930,000	\$ 11,705,000	\$ 955,000
Compensated absences	234,862	51,993	143,836	143,019	55,745
Other postemployment benefits	154,886	-	62,503	92,383	-
Landfill closure/postclosures	14,648,232	-	14,648,232	-	-
Net pension liability	646,030	-	160,623	485,407	-
Total proprietary funds long-term liabilities	\$ 28,319,010	\$ 51,993	\$ 15,945,194	\$ 12,425,809	\$ 1,010,745

Nassau County Board of County Commissioners
Notes to Financial Statements

NOTE 8 – LONG-TERM DEBT AND OTHER LIABILITIES (continued)

Advance Refunding

On April 9, 2013, the Board issued a \$15,650,000 Water and Sewer System Revenue Refunding Bond, Series 2013, with a fixed interest rate of 2.150%. The net proceeds from the closing were used to refund \$15,550,000 in principal in the amount of the County's outstanding Revenue Note, Series 2003, and to pay the issuance costs of the Series 2013 Bond.

The revenue bond is secured by a pledge of and is payable solely from pledged revenues, which primarily consist of net revenues and impact fees which derive from the Water and Sewer System. Annual principal and interest on the bond is expected to require approximately 51% of such revenue and are payable through 2028. Principal and interest payments for the current year totaled \$1,191,655 and revenues totaled \$2,716,691. At September 30, 2017, pledged future revenues totaled \$13,142,651, which was the remaining principal and interest on the bond. The Series 2013 Bond shall not be, nor does it, or constitute a general obligation or indebtedness of the County.

Rate Covenant


The County has covenanted to establish and collect fees from users of the Water and Sewer System (gross revenues of the "System", as defined in the bond ordinance) sufficient to pay the costs of operation and maintenance of the System (as defined in the bond ordinance) plus 120% of the bond service requirements for that year. In addition, the rate covenant requires the County to establish and collect fees from users of the System and impact fees sufficient to pay the costs of the operations and maintenance of the System plus 120% of the bond service requirements for that year. The County met the 120% requirement and, therefore, is in compliance with the rate covenant at year end.

Future principal and interest payments for this bond issue are as follows:

Year Ending September 30,	Principal	Interest	Total
2018	\$ 955,000	\$ 241,391	\$ 1,196,391
2019	975,000	220,644	1,195,644
2020	995,000	199,467	1,194,467
2021	1,015,000	177,859	1,192,859
2022	1,040,000	155,767	1,195,767
2023 - 2027	5,545,000	429,838	5,974,838
2028	1,180,000	12,685	1,192,685
Total	\$ 11,705,000	\$ 1,437,651	\$ 13,142,651

Defined Benefit Plans

The Board participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. Detailed descriptions and disclosures for the Board are included in the separately issued County-wide financial statements.



Nassau County Board of County Commissioners Notes to Financial Statements

NOTE 8 – LONG-TERM DEBT AND OTHER LIABILITIES *(concluded)*

Other Postemployment Benefits

The Board follows GASB Statement No. 45, *Accounting and Reporting for Postemployment Benefits Other than Pensions*, for certain postemployment health care benefits provided by the Board. The OPEB Plan is a single-employer benefit plan administered by the Board. Detailed descriptions and disclosures for the Board are included in the separately issued County-wide financial statements.

Deferred Compensation Plan

The Board, in accordance with Section 112.215, *Florida Statutes*, maintains a deferred compensation plan pursuant to the provisions of Internal Revenue Code, Section 457. The plan, available to all employees of the Board, permits such employees to defer a portion of their salaries until future years. Detailed descriptions and disclosures for the Board are included in the separately issued County-wide financial statements.

Landfill Postclosure Care Costs

State and federal laws require the Board to fund landfill postclosure care costs once a landfill site stops accepting waste and to perform certain maintenance and monitoring functions at the landfill sites for twenty years if the landfill stopped receiving waste before October 9, 1993, and thirty years if the landfill stopped receiving waste after October 9, 1993. The Board has three landfills that stopped receiving waste before October 9, 1993, and one that stopped receiving waste after October 9, 1993. The Board does not currently operate an open landfill.

During the fiscal year 2017, the Solid Waste Fund was closed and all related assets and liabilities were transferred to the General Fund. The governmental fund statements do not report long-term liabilities or capital assets and so these special-purpose financial statements do not report a post-closure liability. This liability is shown on the governmental activities of the separately issued County-wide financial statements.

The Board is required by state law to deposit into the escrow accounts, at the time of closing and each year thereafter, sufficient funds to cover the following year's long-term care costs. In addition, the Board must document specifically how it intends to finance the long-term care of the landfill as part of its closure plan. The Board is in compliance with these requirements with escrow balances that exceed the amounts required by state law.

Nassau County Board of County Commissioners
Notes to Financial Statements

NOTE 9 – FUND BALANCE CLASSIFICATION

The following is a summary of the Board's fund balance classifications and the purpose of each as of September 30, 2017:

Nonspendable fund balance		
Inventory	\$	279,645
Prepaid expenditures		516,731
Deposits		7,000
Total nonspendable fund balance		803,376
Restricted fund balance		
General government		6,941,808
Public safety		2,104,094
Physical environment		1,519,011
Transportation		2,501,974
Economic environment		5,592,141
Human services		305,892
Culture and recreation		634,552
Court related		1,968,018
Capital outlay		4,552,621
Debt service		1,588,683
Total restricted fund balance		27,708,794
Committed fund balance		
Public safety		3
Transportation		13,255,356
Total committed fund balance		13,255,359
Assigned fund balance		
General government		3,915,885
Public safety		3,694,253
Physical environment		2,974,768
Transportation		136,429
Human services		830,176
Culture and recreation		1,228,549
Non court related		711,635
Reserves - capital projects		692,271
Minimum fund balance		3,045,623
Total assigned fund balance		17,229,589
Unassigned fund balance		11,420,324
Total	\$	70,417,442

Nassau County Board of County Commissioners Notes to Financial Statements

NOTE 10 – DEFICIT EQUITY BALANCE

The grants special revenue fund has a negative unrestricted fund balance of \$202,380 as of September 30, 2017. The negative fund balance is due to temporary differences resulting from the timing of reimbursable grant expenditures and the subsequent reimbursements. The negative fund balance will be reversed upon receipt of the corresponding grant proceeds.

NOTE 11 – RISK MANAGEMENT

The Board is exposed to various risks of loss related to legal liability, theft of, damage to, and destruction of assets; accidental death and dismemberment, and on the job injury to employees. Many of these risks are transferred through the purchase of various insurance coverages. Settled claims from these risks have not exceeded insurance coverage for the past three years.

The financial liability of the Board is limited to premiums paid and losses exceeding or not covered by insurance. The premiums are paid from various funds based on coverage required. There have been no reductions in insurance coverages from the previous year.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

The Board is a party to a number of lawsuits and claims arising out of the normal conduct of its operations and activities. While the results of these lawsuits and claims against the Board cannot be predicted with certainty, management does not expect that these matters will have a material adverse effect on the financial position of the Board.

The following is a summary of major commitments of the Board and contracts in progress as of September 30, 2017:

Project	Source of Payment	Paid to date	Commitment Remaining
CR 115 Widening & Resurfacing	Current Available Resources	\$ -	\$ 710,175
NAU Headworks & Piping Project	Current Available Resources	625,763	245,624
Lechate Tank Storage Improvements	Current Available Resources	341,577	16,170
Public Works Facility - Phase 2	Current Available Resources	105,000	140,000
Pages Dairy/Chester Rd. Intersection Improv.	Current Available Resources	296,593	759,493
Fire Station #71	Current Available Resources	57,265	127,756
Crawford Road Design Services	Current Available Resources	757,790	10,858
NAU Clarifier No. 1 & 2	Current Available Resources	73,985	32,725
Total		\$ 2,257,973	\$ 2,042,801



Nassau County Board of County Commissioners
Notes to Financial Statements

NOTE 13 – CONDUIT DEBT OBLIGATIONS

The County has issued several series of industrial revenue bonds to furnish financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities considered to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities will transfer to the private sector entity served by the bond issuance. Neither the Board, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2017, there was one bond outstanding with an aggregate principal amount payable of \$9,960,000. The outstanding bond is the AICC, Inc. and Nassau Care Centers - 70 Bed Care Intermediate Care and Day Program Service Facilities bond, originally issued in 2008 for \$11,150,000.

NOTE 14 – TAX ABATEMENT

Pursuant to Section 125.045, *Florida Statutes* and *Nassau County Ordinance* 2012-32, the Economic Development Grant (EDG) incentive is available for companies with the goal to facilitate the development of capital investment and high-wage jobs in Nassau County. The incentives in the tiered program include a specified grant on the Board-only portion of their ad valorem taxes for a specified period of time after meeting or exceeding a specified number/wage level of new jobs, and/or new capital investment in Nassau County.

As of September 30, 2017, the only existing EDC agreement potentially material in size (fiscal year abatement > \$300,000) was with Lignotech Florida, LLC. The July 6, 2016 agreement was amended on September 12, 2016, in order to extend by one year (to January 2019) the deadline for Lignotech to meet the new job and capital investment requirements under its EDC agreement with the Board. No tax abatement will occur until the company has met the terms of qualification under the agreement. Once qualified, Lignotech would subsequently receive a 75% grant in years 1-5 and a 50% grant in years 6-10.

REQUIRED SUPPLEMENTARY INFORMATION

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Nassau County Board of County Commissioners

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund
Year ended September 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 41,735,545	\$ 41,735,545	\$ 41,567,579	\$ (167,966)
Licenses and permits	16,500	16,500	33,454	16,954
Intergovernmental	6,471,120	6,538,772	6,680,439	141,667
Charges for services	2,183,354	2,183,342	2,151,234	(32,108)
Fines and forfeitures	53,600	54,747	44,605	(10,142)
Investment earnings	123,000	122,427	268,262	145,835
Miscellaneous	113,000	164,407	641,673	477,266
Total revenues	50,696,119	50,815,740	51,387,246	571,506
Expenditures:				
Current:				
General government	7,897,323	7,941,669	6,811,571	1,130,098
Public safety	11,812,294	13,928,784	12,825,038	1,103,746
Physical environment	1,741,229	1,737,018	1,458,654	278,364
Economic environment	273,422	266,857	164,565	102,292
Human services	2,834,057	2,814,768	2,647,413	167,355
Culture and recreation	1,725,353	1,820,108	1,685,893	134,215
Court related	847,226	875,834	695,182	180,652
Capital outlay	3,533,114	6,567,939	3,351,895	3,216,044
Debt service:				
Principal retirement	550,731	550,731	550,731	-
Total expenditures	31,214,749	36,503,708	30,190,942	6,312,766
Excess of revenues over (under) expenditures	19,481,370	14,312,032	21,196,304	6,884,272
Other financing sources (uses):				
Transfer from constitutional officers	310,000	310,000	1,052,471	742,471
Transfer to constitutional officers	(23,717,932)	(24,047,133)	(23,771,827)	275,306
Transfers in	4,453,940	5,625,403	5,622,368	(3,035)
Transfers out	(3,019,660)	(4,037,199)	(4,037,199)	-
Sale of general capital assets	15,900	17,425	26,393	8,968
Total other financing sources (uses)	(21,957,752)	(22,131,504)	(21,107,794)	1,023,710
Net change in fund balances	(2,476,382)	(7,819,472)	88,510	7,907,982
Fund balances – beginning of year	14,377,645	17,869,800	18,158,519	288,719
Fund balances – end of year	\$ 11,901,263	\$ 10,050,328	\$ 18,247,029	\$ 8,196,701

See accompanying notes to RSI.

Nassau County Board of County Commissioners

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – County Transportation Fund
Year ended September 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 5,386,608	\$ 5,386,608	\$ 5,539,947	\$ 153,339
Licenses and permits	36,730	36,730	84,299	47,569
Intergovernmental	1,387,847	1,388,094	1,567,781	179,687
Charges for services	14,770	14,770	43,770	29,000
Fines and forfeitures	-	-	578	578
Investment earnings	29,070	29,070	56,441	27,371
Miscellaneous	70,300	88,500	202,922	114,422
Total revenues	6,925,325	6,943,772	7,495,738	551,966
Expenditures:				
Current:				
Transportation	8,053,085	8,272,014	6,140,064	2,131,950
Capital outlay	1,265,750	1,690,225	876,038	814,187
Total expenditures	9,318,835	9,962,239	7,016,102	2,946,137
Excess of revenues over (under) expenditures	(2,393,510)	(3,018,467)	479,636	3,498,103
Other financing sources (uses):				
Transfer from constitutional officers	3,000	3,000	7,613	4,613
Transfer to constitutional officers	(82,428)	(82,270)	(81,026)	1,244
Transfers in	3,286,497	3,286,497	3,286,497	-
Transfers out	(2,446,154)	(2,446,336)	(2,446,336)	-
Sale of general capital assets	38,700	38,700	39,510	810
Total other financing sources (uses)	799,615	799,591	806,258	6,667
Net change in fund balances	(1,593,895)	(2,218,876)	1,285,894	3,504,770
Fund balances – beginning of year	3,610,036	3,797,850	3,893,625	95,775
Fund balances – end of year	\$ 2,016,141	\$ 1,578,974	\$ 5,179,519	\$ 3,600,545

See accompanying notes to RSI.

Nassau County Board of County Commissioners

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Municipal Services Fund
Year ended September 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 9,166,795	\$ 9,166,795	\$ 9,101,974	\$ (64,821)
Licenses and permits	51,900	51,900	56,486	4,586
Intergovernmental	663,397	663,907	698,294	34,387
Charges for services	147,840	147,840	135,088	(12,752)
Fines and forfeitures	3,700	3,700	20,236	16,536
Investment earnings	30,661	30,661	52,102	21,441
Miscellaneous	6,800	6,629	37,493	30,864
Total revenues	10,071,093	10,071,432	10,101,673	30,241
Expenditures:				
Current:				
General government	759,445	769,755	711,564	58,191
Public safety	7,532,210	7,701,631	7,407,472	294,159
Transportation	16,873	17,383	443	16,940
Human services	1,004,771	1,004,809	928,875	75,934
Capital outlay	644,318	678,533	93,469	585,064
Total expenditures	9,957,617	10,172,111	9,141,823	1,030,288
Excess of revenues over (under) expenditures	113,476	(100,679)	959,850	1,060,529
Other financing sources (uses):				
Transfer from constitutional officers	8,000	8,000	21,535	13,535
Transfer to constitutional officers	(2,970,687)	(2,970,931)	(2,966,363)	4,568
Transfers in	3,250,092	3,250,263	3,249,898	(365)
Transfers out	(728,470)	(728,470)	(728,470)	-
Sale of general capital assets	300	300	-	(300)
Total other financing sources (uses)	(440,765)	(440,838)	(423,400)	17,438
Net change in fund balances	(327,289)	(541,517)	536,450	1,077,967
Fund balances – beginning of year	2,650,000	2,879,579	2,879,296	(283)
Fund balances – end of year	\$ 2,322,711	\$ 2,338,062	\$ 3,415,746	\$ 1,077,684

See accompanying notes to RSI.

Nassau County Board of County Commissioners

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – One-Cent Small County Surtax Fund
Year ended September 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 9,470,759	\$ 9,470,759	\$ 9,640,488	\$ 169,729
Investment earnings	50,000	50,000	42,750	(7,250)
Total revenues	9,520,759	9,520,759	9,683,238	162,479
Expenditures:				
Current:				
Public safety	344,888	353,175	8,763	344,412
Physical environment	652,870	652,870	63,698	589,172
Transportation	12,273	12,273	-	12,273
Culture and recreation	-	22,542	21,839	703
Capital outlay	556,965	778,243	242,448	535,795
Total expenditures	1,566,996	1,819,103	336,748	1,482,355
Excess of revenues over (under) expenditures	7,953,763	7,701,656	9,346,490	1,644,834
Other financing sources (uses):				
Transfer to constitutional officers	(100,000)	(100,000)	-	100,000
Transfers in	440,000	442,049	442,049	-
Transfers out	(9,114,154)	(11,093,261)	(10,801,842)	291,419
Total other financing sources (uses)	(8,774,154)	(10,751,212)	(10,359,793)	391,419
Net change in fund balances	(820,391)	(3,049,556)	(1,013,303)	2,036,253
Fund balances – beginning of year	4,907,719	4,941,051	4,941,051	-
Fund balances – end of year	\$ 4,087,328	\$ 1,891,495	\$ 3,927,748	\$ 2,036,253

See accompanying notes to RSI.



Nassau County Board of County Commissioners Notes to Required Supplementary Information

Budgets and Budgetary Accounting

Budgets were adopted by the Board of County Commissioners for all Board funds. Chapter 129, *Florida Statutes*, provides that it is unlawful to make expenditures that exceed the total amount budgeted for each fund. Chapter 129, *Florida Statutes*, also governs the manner in which the budget may be legally amended once it has been approved.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed by the Board as an extension of the statutorily required budgetary process under *Florida Statutes*. The Board maintained a computerized encumbrance system, which is a part of the computerized accounting system. All appropriations lapse at year end, except those that the Board intends to honor.

Budgets are adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America (GAAP). The only exception to the GAAP basis is within the enterprise funds, where depreciation and amortization of bond costs are not budgeted, while capital outlay expenditures are budgeted and are reclassified into capital assets. These are then eliminated from the results of operations for financial reporting purposes in the enterprise funds.

The annual budgets serve as legal authorization for expenditures. Expenditures cannot legally exceed the total amount budgeted for each fund. All budget amendments, which change the legally adopted total appropriations for a fund, are approved by the Board.

If during the fiscal year, additional revenues become available for appropriations in excess of those estimated in the budget, the Board, by resolution, may make supplemental appropriations for the year up to the amount of such excess.

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SUPPLEMENTARY INFORMATION

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Nassau County Board of County Commissioners Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for revenues derived from specific sources to be used for the following types of activities:

Law Enforcement Training: to account for criminal justice education degree programs and training courses. Financing is provided by the imposition of court cost surcharges.

Sheriff Donations: to account for law enforcement projects funded with donations.

Law Enforcement Trust: to account for law enforcement related projects funded by the proceeds from confiscated property forfeitures.

Nassau County Anti-Drug Enforcement: to account for activities associated with the County's drug enforcement and drug education programs. Financing is provided principally by Federal drug grants.

Court Facility Fees: to account for the operation and maintenance of Nassau County court facilities. Financing is provided by court service charges.

Law Library Trust: to account for the costs associated with furnishing and maintaining Nassau County's law library. Funding is provided from surcharges on civil court filings.

Criminal Justice Trust: to account for the reimbursement of expenditures incurred by the County in providing for the services of the State Attorney and Public Defender. Funding is provided by surcharges on felony, misdemeanor, and criminal traffic cases.

Special Drug/Alcohol Rehabilitation: to account for expenditures associated with Nassau County's drug and alcohol rehabilitative programs. Funding is provided by fines imposed for alcohol/drug-related offenses.

Legal Aid Trust: to account for expenditures incurred in providing legal aid to Nassau County residents. Funding is provided by service charges on the filing of circuit and county civil court proceedings.

Drivers Ed Safety Trust: to account for driver education programs in public and nonpublic schools. Funding is provided by surcharges on civil traffic penalties.

911 Operations and Maintenance: to account for the expenditures associated with providing a uniform addressing system for 911 equipment. Funding is principally provided from telephone user charges.

EMS County Awards HRS: to account for expenditures associated with EMS prehospital care. Funding is provided by certain state of Florida grants.



Nassau County Board of County Commissioners
Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS (continued)

Grants: to account for expenditures financed primarily by Federal and/or state grants.

Amelia Island Beach Renourishment: to account for beach renourishment, restoration, erosion control, and storm protection projects outside the South Amelia Island Shore Stabilization MSBU boundaries.

Amelia Island Tourist Development: to account for revenues and expenditures relating to development of tourism in the County through the assessment of a tourist tax.

Local Affordable Housing Trust (SHIP): to account for funds received from the State to be used to assist eligible low-income individuals to buy or construct new housing or rehabilitate older homes.

South Amelia Island Shore Stabilization MSBU: to account for revenues and expenditures relating to the Amelia Island Beach Restoration, local improvements, and maintenance costs.

Building Department: to account for funds received for various fees charged to be used to fund the building, zoning, and planning department.

Amelia Concourse MSBU: to account for funds received from the Amelia Concourse assessment allocated to the administrative charges associated with the levy of special assessments.

Firefighter Education Trust: to account for surcharges on civil penalties for non-criminal, non-moving traffic violations of Section 316.1945(1)(b)(2) or (5), *Florida Statutes*.

F.S. Special Revenues: to account for State and other restricted revenues.



Nassau County Board of County Commissioners Nonmajor Governmental Funds

DEBT SERVICE FUNDS

Debt service funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest.

Optional Gas Tax 2000: to account for debt service requirements to retire the Local Option Gas Tax Revenue Bonds, Series 2000, dated September 12, 2000. The bonds are payable solely from, and secured by a lien upon, and a pledge of the County's local option gas tax. The bonds mature on March 1, 2025.

1998/2009 Gas Tax Bonds: to account for the accumulation of resources for and the payment of interest, principal, and related cost on the Gas Tax Revenue Bonds, Series 1998 and the Gas Tax Revenue Bonds, Series 2009. Funding is provided from the County's Constitutional Two-Cent Gas Tax, the One-Cent Motor and Other Fuel Taxes imposed pursuant to Section 206.60, *Florida Statutes*, and the One-Cent Optional Gas Tax imposed pursuant to Section 336.021, *Florida Statutes*.

County Complex: to account for debt service requirements to retire the Public improvement Revenue Bonds, Series 2001, of Nassau County, Florida, dated May 1, 2001 and Series 2007, of Nassau County, Florida, dated June 1, 2007. The bonds are payable solely from non-ad valorem budgeted revenues. The bonds mature in May 2031.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds and trust funds.

Grants: to account for capital expenditures financed primarily by Federal and/or state grants.

NC Mobility Fee Fund: to account for the construction or improving of the County Transportation System. Funding is provided from fees on new construction within specific mobility zones.

County Complex: to account for the development of County buildings at the County Complex.

ENCPA Mobility Network Fund: to account for the construction or improving of the County Transportation System within the East Nassau Community Planning Area. Funding is provided from the collection of mobility fees from development within the ENCPA and through tax incremental revenues.

Capital Projects - Impact Fees: to account for the District expenditures associated with capital expansion. Funding is provided from fees on new construction.

Capital Projects: to account for expenditures associated with general capital projects.

**Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2017**

	Special Revenue Funds				
	Law Enforcement Training	Sheriff Donations	Law Enforcement Trust	Nassau County Anti-Drug Enforcement	Court Facility Fees
Assets:					
Cash and equivalents	\$ 98,610	\$ 2,978	\$ 12,195	\$ 25,132	\$ 10,474
Equity in pooled investments	47,259	-	86,839	-	607,722
Accounts receivable (Net of allowance for uncollectibles)	-	-	-	-	-
Loans receivable (Net of allowance for uncollectibles)	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from constitutional officers	1,301	-	4,567	-	6,678
Due from other governments	-	-	-	48,401	-
Prepaid expenditures	-	-	-	-	-
Total assets	\$ 147,170	\$ 2,978	\$ 103,601	\$ 73,533	\$ 624,874
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 3,030	\$ 108,857
Due to other funds	-	-	-	-	-
Due to constitutional officers	-	-	-	-	-
Due to other governments	-	-	-	-	124
Deposits	-	-	-	-	-
Total liabilities	-	-	-	3,030	108,981
Deferred inflows:					
Unavailable revenue	-	-	-	18,861	-
Fund balances:					
Nonspendable:					
Prepays	-	-	-	-	-
Restricted	147,170	2,978	103,601	51,642	515,893
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	147,170	2,978	103,601	51,642	515,893
Total liabilities, deferred inflows and fund balances	\$ 147,170	\$ 2,978	\$ 103,601	\$ 73,533	\$ 624,874

(Continued)

Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2017

	Special Revenue Funds				
	Law Library Trust	Criminal Justice Trust	Drug/Alcohol Rehabilitation	Legal Aid Trust	Drivers Ed Safety Trust
Assets:					
Cash and equivalents	\$ 3,293	\$ 2,898	\$ -	\$ 6,110	\$ 35,175
Equity in pooled investments	131,933	175,507	-	13,419	-
Accounts receivable (Net of allowance for uncollectibles)	-	-	-	-	-
Loans receivable (Net of allowance for uncollectibles)	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from constitutional officers	1,385	2,770	-	1,385	2,269
Due from other governments	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Total assets	\$ 136,611	\$ 181,175	\$ -	\$ 20,914	\$ 37,444
Liabilities:					
Accounts payable	\$ 1,104	\$ 8,266	\$ -	\$ 20,914	\$ -
Due to other funds	-	-	-	-	-
Due to constitutional officers	-	-	-	-	-
Due to other governments	-	-	-	-	-
Deposits	-	-	-	-	-
Total liabilities	1,104	8,266	-	20,914	-
Deferred inflows:					
Unavailable revenue	-	-	-	-	-
Fund balances:					
Nonspendable:					
Prepays	-	-	-	-	-
Restricted	135,507	172,909	-	-	37,444
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	135,507	172,909	-	-	37,444
Total liabilities, deferred inflows and fund balances	\$ 136,611	\$ 181,175	\$ -	\$ 20,914	\$ 37,444

(Continued)

Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2017

	Special Revenue Funds						
	911 Operations and Maintenance	EMS County Awards HRS	Grants	Amelia Island Beach Renourishment	Amelia Island Tourist Development		
Assets:							
Cash and equivalents	\$ 74,681	\$ -	\$ -	\$ 30,717	\$ 367,076		
Equity in pooled investments	237,395	-	-	275,744	4,133,632		
Accounts receivable (Net of allowance for uncollectibles)	-	-	-	-	-		
Loans receivable (Net of allowance for uncollectibles)	-	-	-	-	-		
Due from other funds	-	-	-	-	-		
Due from constitutional officers	93,674	-	-	609	394,210		
Due from other governments	-	-	-	-	-		
Prepaid expenditures	-	-	-	-	-		
Total assets	\$ 405,750	\$ -	\$ -	\$ 307,070	\$ 4,894,918		
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 26,380	\$ -	\$ 337,099		
Due to other funds	-	-	176,000	-	-		
Due to constitutional officers	-	-	-	-	6,003		
Due to other governments	-	-	-	-	58,231		
Deposits	-	-	-	-	-		
Total liabilities	-	-	202,380	-	401,333		
Deferred inflows:							
Unavailable revenue	-	-	-	-	-		
Fund balances:							
Nonspendable:							
Prepays	-	-	-	-	-		
Restricted	405,750	-	-	307,070	4,493,585		
Committed	-	-	-	-	-		
Unassigned	-	-	(202,380)	-	-		
Total fund balances	405,750	-	(202,380)	307,070	4,493,585		
Total liabilities, deferred inflows and fund balances	\$ 405,750	\$ -	\$ -	\$ 307,070	\$ 4,894,918		

(Continued)

**Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2017**

	Special Revenue Funds				
	Local Affordable Housing Trust (SHIP)	South Amelia Island Shore Stabilization	Building Department	Amelia Concourse MSBU	Firefighter Education Trust
Assets:					
Cash and equivalents	\$ 992,244	\$ 15,779	\$ 800,243	\$ 934,423	\$ 3
Equity in pooled investments	-	752,678	4,353,349	-	-
Accounts receivable (Net of allowance for uncollectibles)	-	-	-	177	-
Loans receivable (Net of allowance for uncollectibles)	48,000	-	-	-	-
Due from other funds	-	-	3,712	-	-
Due from constitutional officers	-	-	-	361	-
Due from other governments	490,199	80,271	-	-	-
Prepaid expenditures	-	-	100	-	-
Total assets	\$ 1,530,443	\$ 848,728	\$ 5,157,404	\$ 934,961	\$ 3
Liabilities:					
Accounts payable	\$ 408	\$ 141,616	\$ 9,211	\$ 8,330	\$ -
Due to other funds	-	-	46,208	-	-
Due to constitutional officers	-	-	-	-	-
Due to other governments	10	520	16,252	-	-
Deposits	-	-	93,510	-	-
Total liabilities	418	142,136	165,181	8,330	-
Deferred inflows:					
Unavailable revenue	538,199	80,271	-	-	-
Fund balances:					
Nonspendable:					
Prepays	-	-	100	-	-
Restricted	991,826	626,321	4,992,123	926,631	-
Committed	-	-	-	-	3
Unassigned	-	-	-	-	-
Total fund balances	991,826	626,321	4,992,223	926,631	3
Total liabilities, deferred inflows and fund balances	\$ 1,530,443	\$ 848,728	\$ 5,157,404	\$ 934,961	\$ 3

(Continued)

**Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2017**

	<u>Special Rev Funds</u>		<u>Debt Service Funds</u>		
	F.S. Special Revenues Funds	Total Special Revenue Funds	Optional Gas Tax 2000	1998/2009 Gas Tax Bonds	County Complex
Assets:					
Cash and equivalents	\$ 1,253,527	\$ 4,665,558	\$ 381,437	\$ 2,555	\$ -
Equity in pooled investments	-	10,815,477	1,036,494	43,047	-
Accounts receivable (Net of allowance for uncollectibles)	-	177	-	-	-
Loans receivable (Net of allowance for uncollectibles)	-	48,000	-	-	-
Due from other funds	-	3,712	-	-	-
Due from constitutional officers	25,596	534,805	-	-	-
Due from other governments	-	618,871	78,750	46,400	-
Prepaid expenditures	-	100	-	-	-
Total assets	\$ 1,279,123	\$ 16,686,700	\$ 1,496,681	\$ 92,002	\$ -
Liabilities:					
Accounts payable	\$ 31,627	\$ 696,842	\$ -	\$ -	\$ -
Due to other funds	-	222,208	-	-	-
Due to constitutional officers	31	6,034	-	-	-
Due to other governments	2,161	77,298	-	-	-
Deposits	-	93,510	-	-	-
Total liabilities	33,819	1,095,892	-	-	-
Deferred inflows:					
Unavailable revenue	-	637,331	-	-	-
Fund balances:					
Nonspendable:					
Prepays	-	100	-	-	-
Restricted	1,245,304	15,155,754	1,496,681	92,002	-
Committed	-	3	-	-	-
Unassigned	-	(202,380)	-	-	-
Total fund balances	1,245,304	14,953,477	1,496,681	92,002	-
Total liabilities, deferred inflows and fund balances	\$ 1,279,123	\$ 16,686,700	\$ 1,496,681	\$ 92,002	\$ -

(Continued)

Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2017

	Capital Projects Funds				
	Total Debt Service Funds	Grants	NC Mobility Fee Fund	County Complex	ENCPA Mobility Network Fund
Assets:					
Cash and equivalents	\$ 383,992	\$ 3,145	\$ 2,627,576	\$ 24,962	\$ 127,129
Equity in pooled investments	1,079,541	-	-	780,416	-
Accounts receivable (Net of allowance for uncollectibles)	-	-	-	-	-
Loans receivable (Net of allowance for uncollectibles)	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from constitutional officers	-	-	-	-	-
Due from other governments	125,150	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Total assets	\$ 1,588,683	\$ 3,145	\$ 2,627,576	\$ 805,378	\$ 127,129
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 1,150	\$ -	\$ -
Due to other funds	-	-	-	-	-
Due to constitutional officers	-	-	-	-	-
Due to other governments	-	-	-	-	-
Deposits	-	-	-	-	-
Total liabilities	-	-	1,150	-	-
Deferred inflows:					
Unavailable revenue	-	-	-	-	-
Fund balances:					
Nonspendable:					
Prepays	-	-	-	-	-
Restricted	1,588,683	3,145	2,626,426	805,378	127,129
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	1,588,683	3,145	2,626,426	805,378	127,129
Total liabilities, deferred inflows and fund balances	\$ 1,588,683	\$ 3,145	\$ 2,627,576	\$ 805,378	\$ 127,129

(Continued)

**Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2017**

	Capital Projects Funds			Total Nonmajor Governmental Funds
	Capital Projects - Impact Fees	Capital Projects	Total Capital Projects Funds	
Assets:				
Cash and equivalents	\$ 60,043	\$ 194,462	\$ 3,037,317	\$ 8,086,867
Equity in pooled investments	4,581,069	2,099,899	7,461,384	19,356,402
Accounts receivable (Net of allowance for uncollectibles)	-	-	-	177
Loans receivable (Net of allowance for uncollectibles)	-	-	-	48,000
Due from other funds	-	-	-	3,712
Due from constitutional officers	-	-	-	534,805
Due from other governments	-	-	-	744,021
Prepaid expenditures	-	-	-	100
Total assets	\$ 4,641,112	\$ 2,294,361	\$ 10,498,701	\$ 28,774,084
Liabilities:				
Accounts payable	\$ -	\$ 57,265	\$ 58,415	\$ 755,257
Due to other funds	-	-	-	222,208
Due to constitutional officers	-	-	-	6,034
Due to other governments	-	-	-	77,298
Deposits	-	-	-	93,510
Total liabilities	-	57,265	58,415	1,154,307
Deferred inflows:				
Unavailable revenue	-	-	-	637,331
Fund balances:				
Nonspendable:				
Prepays	-	-	-	100
Restricted	4,641,112	-	8,203,190	24,947,627
Committed	-	2,237,096	2,237,096	2,237,099
Unassigned	-	-	-	(202,380)
Total fund balances	4,641,112	2,237,096	10,440,286	26,982,446
Total liabilities, deferred inflows and fund balances	\$ 4,641,112	\$ 2,294,361	\$ 10,498,701	\$ 28,774,084

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Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
Year ended September 30, 2017

	Special Revenue Funds				
	Law Enforcement Training	Sheriff Donations	Law Enforcement Trust	Nassau County Anti-Drug Enforcement	Court Facility Fees
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	97,218	-
Charges for services	9,487	-	-	-	110,756
Fines and forfeitures	14,285	-	22,620	20,038	-
Investment earnings	980	18	327	370	5,156
Miscellaneous	-	-	232	-	-
Total revenues	24,752	18	23,179	117,626	115,912
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	19,846	-	2,500	24,796	-
Physical environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic environment	-	-	-	-	-
Human services	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Court related	-	-	-	-	72,848
Capital outlay	-	-	-	35,138	131,633
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	19,846	-	2,500	59,934	204,481
Excess of revenues over (under) expenditures	4,906	18	20,679	57,692	(88,569)
Other financing sources (uses):					
Transfer from constitutional officers	-	-	-	-	-
Transfer to constitutional officers	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	(12,166)	-	-
Total other financing sources (uses)	-	-	(12,166)	-	-
Net change in fund balances	4,906	18	8,513	57,692	(88,569)
Fund balances – beginning of year	142,264	2,960	95,088	(6,050)	604,462
Fund balances – end of year	\$ 147,170	\$ 2,978	\$ 103,601	\$ 51,642	\$ 515,893

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
Year ended September 30, 2017

	Special Revenue Funds				
	Law Library Trust	Criminal Justice Trust	Special Drug/Alcohol Rehabilitation	Legal Aid Trust	Drivers Ed Safety Trust
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	21,460	42,919	3,118	21,460	-
Fines and forfeitures	-	-	-	-	37,317
Investment earnings	1,199	1,618	-	172	127
Miscellaneous	-	-	-	-	-
Total revenues	22,659	44,537	3,118	21,632	37,444
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Physical environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic environment	-	-	-	-	-
Human services	-	-	3,118	83,656	39,104
Culture and recreation	-	-	-	-	-
Court related	35,229	81,376	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	35,229	81,376	3,118	83,656	39,104
Excess of revenues over (under) expenditures	(12,570)	(36,839)	-	(62,024)	(1,660)
Other financing sources (uses):					
Transfer from constitutional officers	-	-	-	-	-
Transfer to constitutional officers	-	-	-	-	-
Transfers in	-	-	-	62,024	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	62,024	-
Net change in fund balances	(12,570)	(36,839)	-	-	(1,660)
Fund balances – beginning of year	148,077	209,748	-	-	39,104
Fund balances – end of year	\$ 135,507	\$ 172,909	\$ -	\$ -	\$ 37,444

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
Year ended September 30, 2017

	Special Revenue Funds				
	911 Operations & Maintenance	EMS County Awards HRS	Grants	Amelia Island Beach Renourishment	Amelia Island Tourist Development
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ 310,553	\$ 5,537,662
Licenses and permits	-	-	-	-	-
Intergovernmental	-	9,959	776,500	-	-
Charges for services	392,564	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment earnings	2,193	-	-	2,098	49,651
Miscellaneous	-	-	-	-	-
Total revenues	394,757	9,959	776,500	312,651	5,587,313
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	271	-	-	-	-
Physical environment	-	-	878,380	-	1,459,884
Transportation	-	-	-	-	-
Economic environment	-	-	-	-	5,000,170
Human services	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Court related	-	-	-	-	-
Capital outlay	-	9,959	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	271	9,959	878,380	-	6,460,054
Excess of revenues over (under) expenditures	394,486	-	(101,880)	312,651	(872,741)
Other financing sources (uses):					
Transfer from constitutional officers	93,674	-	-	609	-
Transfer to constitutional officers	(334,185)	-	-	(6,190)	(166,130)
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(607)
Total other financing sources (uses)	(240,511)	-	-	(5,581)	(166,737)
Net change in fund balances	153,975	-	(101,880)	307,070	(1,039,478)
Fund balances – beginning of year	251,775	-	(100,500)	-	5,533,063
Fund balances – end of year	\$ 405,750	\$ -	\$ (202,380)	\$ 307,070	\$ 4,493,585

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
Year ended September 30, 2017

	Special Revenue Funds				
	Local Affordable Housing Trust	South Amelia Island Shore Stabilization	Building Department	Amelia Concourse MSBU	Firefighter Education Trust
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	570,454	2,229,128	182,675	-
Intergovernmental	518,521	25,309	-	-	-
Charges for services	-	-	76,656	-	-
Fines and forfeitures	-	-	-	-	-
Investment earnings	6,325	6,648	41,953	5,976	-
Miscellaneous	70,260	-	27,767	-	-
Total revenues	595,106	602,411	2,375,504	188,651	-
Expenditures:					
Current:					
General government	-	-	956,618	-	-
Public safety	-	-	318,657	-	-
Physical environment	-	425,652	-	156,220	-
Transportation	-	-	-	-	-
Economic environment	332,183	-	-	-	-
Human services	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Court related	-	-	-	-	-
Capital outlay	1,400	-	101,665	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	333,583	425,652	1,376,940	156,220	-
Excess of revenues over (under) expenditures	261,523	176,759	998,564	32,431	-
Other financing sources (uses):					
Transfer from constitutional officers	-	-	-	-	-
Transfer to constitutional officers	(278)	(29,264)	(8)	(8,732)	-
Transfers in	-	-	14,316	-	-
Transfers out	-	-	(243,389)	(2,678)	-
Total other financing sources (uses)	(278)	(29,264)	(229,081)	(11,410)	-
Net change in fund balances	261,245	147,495	769,483	21,021	-
Fund balances – beginning of year	730,581	478,826	4,222,740	905,610	3
Fund balances – end of year	\$ 991,826	\$ 626,321	\$ 4,992,223	\$ 926,631	\$ 3

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

Year ended September 30, 2017

	Special Revenue Funds		Debt Service Funds		
	F.S. Special		Optional Gas Tax	1998/2009 Gas	
	Revenues	Total Special	2000	Tax Bonds	County Complex
	Funds	Revenue Funds			
Revenues:					
Taxes	\$ -	\$ 5,848,215	\$ 932,069	\$ 497,240	\$ -
Licenses and permits	-	2,982,257	-	-	-
Intergovernmental	106,556	1,534,063	-	600,133	-
Charges for services	204,358	882,778	-	-	-
Fines and forfeitures	61,836	156,096	-	-	-
Investment earnings	8,068	132,879	13,111	6,649	-
Miscellaneous	75	98,334	-	-	-
Total revenues	380,893	11,634,622	945,180	1,104,022	-
Expenditures:					
Current:					
General government	-	956,618	-	-	-
Public safety	57,575	423,645	-	-	-
Physical environment	-	2,920,136	-	-	-
Transportation	-	-	-	-	-
Economic environment	-	5,332,353	-	-	-
Human services	-	125,878	-	-	-
Culture and recreation	171,771	171,771	-	-	-
Court related	58,155	247,608	-	-	-
Capital outlay	199,045	478,840	-	-	-
Debt service:					
Principal retirement	-	-	380,533	1,064,070	1,125,000
Interest and fiscal charges	-	-	564,898	39,952	1,194,750
Total expenditures	486,546	10,656,849	945,431	1,104,022	2,319,750
Excess of revenues over (under) expenditures	(105,653)	977,773	(251)	-	(2,319,750)
Other financing sources (uses):					
Transfer from constitutional officers	-	94,283	-	-	-
Transfer to constitutional officers	-	(544,787)	-	-	-
Transfers in	-	76,340	-	-	2,319,750
Transfers out	-	(258,840)	-	-	-
Total other financing sources (uses)	-	(633,004)	-	-	2,319,750
Net change in fund balances	(105,653)	344,769	(251)	-	-
Fund balances – beginning of year	1,350,957	14,608,708	1,496,932	92,002	-
Fund balances – end of year	\$ 1,245,304	\$ 14,953,477	\$ 1,496,681	\$ 92,002	\$ -

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
Year ended September 30, 2017

	Capital Projects Funds				
	Total Debt Service Funds	Grants	NC Mobility Fee Fund	County Complex	ENCPA Mobility Network Fund
Revenues:					
Taxes	\$ 1,429,309	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	1,030,403	-	4,844
Intergovernmental	600,133	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment earnings	19,760	20	13,171	16,562	765
Miscellaneous	-	-	-	2,619	-
Total revenues	2,049,202	20	1,043,574	19,181	5,609
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	4,075	-
Physical environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic environment	-	-	-	-	-
Human services	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Court related	-	-	-	-	-
Capital outlay	-	-	-	830,780	-
Debt service:					
Principal retirement	2,569,603	-	-	-	-
Interest and fiscal charges	1,799,600	-	-	-	-
Total expenditures	4,369,203	-	-	834,855	-
Excess of revenues over (under) expenditures	(2,320,001)	20	1,043,574	(815,674)	5,609
Other financing sources (uses):					
Transfer from constitutional officers	-	-	-	-	-
Transfer to constitutional officers	-	-	(974)	-	-
Transfers in	2,319,750	-	-	-	436
Transfers out	-	-	(4,524)	(442,049)	(503)
Total other financing sources (uses)	2,319,750	-	(5,498)	(442,049)	(67)
Net change in fund balances	(251)	20	1,038,076	(1,257,723)	5,542
Fund balances – beginning of year	1,588,934	3,125	1,588,350	2,063,101	121,587
Fund balances – end of year	\$ 1,588,683	\$ 3,145	\$ 2,626,426	\$ 805,378	\$ 127,129

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
Year ended September 30, 2017

	Capital Projects Funds			Total Nonmajor
	Capital Projects - Impact Fees	Capital Projects	Total Capital Projects Funds	Governmental Funds
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 7,277,524
Licenses and permits	24,418	-	1,059,665	4,041,922
Intergovernmental	-	-	-	2,134,196
Charges for services	-	-	-	882,778
Fines and forfeitures	-	-	-	156,096
Investment earnings	40,074	7,317	77,909	230,548
Miscellaneous	-	-	2,619	100,953
Total revenues	64,492	7,317	1,140,193	14,824,017
Expenditures:				
Current:				
General government	-	-	-	956,618
Public safety	-	-	4,075	427,720
Physical environment	-	-	-	2,920,136
Transportation	-	-	-	-
Economic environment	-	-	-	5,332,353
Human services	-	-	-	125,878
Culture and recreation	-	-	-	171,771
Court related	-	-	-	247,608
Capital outlay	6,174	68,646	905,600	1,384,440
Debt service:				
Principal retirement	-	-	-	2,569,603
Interest and fiscal charges	-	-	-	1,799,600
Total expenditures	6,174	68,646	909,675	15,935,727
Excess of revenues over (under) expenditures	58,318	(61,329)	230,518	(1,111,710)
Other financing sources (uses):				
Transfer from constitutional officers	-	-	-	94,283
Transfer to constitutional officers	(468)	-	(1,442)	(546,229)
Transfers in	-	2,298,425	2,298,861	4,694,951
Transfers out	(915)	-	(447,991)	(706,831)
Total other financing sources (uses)	(1,383)	2,298,425	1,849,428	3,536,174
Net change in fund balances	56,935	2,237,096	2,079,946	2,424,464
Fund balances – beginning of year	4,584,177	-	8,360,340	24,557,982
Fund balances – end of year	\$ 4,641,112	\$ 2,237,096	\$ 10,440,286	\$ 26,982,446

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Additional Elements Required by the Rules of the Auditor General

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

The Honorable Board of County Commissioners
Nassau 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 each major fund and the aggregate remaining fund information of the Nassau County, Florida, Board of County Commissioners (the "Board"), as of and for the year ended September 30, 2017, and have issued our report thereon dated April 16, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting (internal control) to determine the 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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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 Board'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board'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 determination of financial statement amounts. 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 Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Car, Riggs & Ingram, L.L.C.

April 16, 2018
Jacksonville, Florida

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH SECTION 218.415, *FLORIDA STATUTES***

The Honorable Board of County Commissioners
Nassau County, Florida

We have examined Nassau County, Florida, Board of County Commissioners' (the "Board") compliance with the requirements of Section 218.415, *Florida Statutes*, as of and for the year ended September 30, 2017, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Board's compliance with the specified requirements. Our responsibility is to express an opinion on the Board'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 Board complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Board 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.

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

In our opinion, the Board complied, in all material respects, with the requirements of Section 218.415, *Florida Statutes*, as of and for the year ended September 30, 2017.

This report 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 State of Florida Auditor General, the Board's management, and the Board of County Commissioners of Nassau County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Jacksonville, Florida
April 16, 2018

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MANAGEMENT LETTER

The Honorable Board of County Commissioners
Nassau County, Florida

Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Nassau County, Florida, Board of County Commissioners (the "Board"), as of and for the year ended September 30, 2017, and have issued our report thereon dated April 16, 2018.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*.

Other Reports

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*; and Independent Accountants' Reports on our examinations conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated April 16, 2018, 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 significant findings and recommendations made in the preceding annual financial audit report. There were no such recommendations made in the preceding annual financial report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Board was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Board.

Other Matters

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

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address 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 determination of financial statements that is less than material but which warrants that attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal, State, 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.

We wish to take this opportunity to thank you and your staff for the cooperation and professional courtesy extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Carr, Riggs & Ingram, L.L.C.

Jacksonville, Florida
April 16, 2018

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**NASSAU COUNTY CLERK OF
THE CIRCUIT COURT
Nassau County, Florida**

**Financial Statements and
Auditor's Reports**

September 30, 2017



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

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Nassau County Clerk of the Circuit Court Table of Contents

REPORT

Independent Auditor's Report	1
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FINANCIAL STATEMENTS

Balance Sheet - Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	4
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Major Governmental Funds	5
Statement of Fiduciary Net Position - Agency Funds	9
Notes to Financial Statements	10

SUPPLEMENTARY INFORMATION

Combining Balance Sheet - Nonmajor Governmental Funds	16
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds	17
Combining Statement of Fiduciary Net Position - Agency Funds	18

ADDITIONAL ELEMENTS REQUIRED BY THE RULES OF THE AUDITOR GENERAL

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19
Independent Accountant's Report on Compliance with Section 218.415, <i>Florida Statutes</i>	21
Independent Accountant's Report on Compliance with Sections 28.35 and 28.36, <i>Florida Statutes</i>	22
Independent Accountant's Report on Compliance with Section 61.181, <i>Florida Statutes</i>	23
Management Letter	24

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INDEPENDENT AUDITOR'S REPORT

The Honorable John A. Crawford
Nassau County Clerk of the Circuit Court
Nassau County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Nassau County Clerk of the Circuit Court (the "Clerk"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Clerk's special purpose financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financials statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Clerk as of September 30, 2017, and the respective changes in financial position, where applicable, and budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 1 to the financial statements, which describes that the accompanying financial statements were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida. In conformity with the Rules, the accompanying financial statements are special purpose financial statements that do not constitute a complete presentation, but otherwise constitute financial statements prepared in accordance with generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clerk's special purpose financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated April 16, 2018, on our consideration of the Clerk's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.

Car, Riggs & Ingram, L.L.C.

April 16, 2018
Jacksonville, Florida

Nassau County Clerk of the Circuit Court
Balance Sheet - Governmental Funds
September 30, 2017

	Major Funds						
	General	Court	Public Records	Child	Other	Total	
	Fund	Fund	Modernization	Support	Governmental	Governmental	
	Fund	Fund	Trust	Fund	Funds	Funds	
ASSETS							
Cash	\$ 156,871	\$ 45,740	\$ 562,774	\$ 340,930	\$ 4,905	\$ 1,111,220	
Due from Board of County Commissioners	12,650	-	-	-	-	12,650	
Due from other funds	64,683	82,095	16,746	-	-	163,524	
Due from other governments	21,615	57,236	-	22,928	-	101,779	
Other assets	652	20	-	-	-	672	
TOTAL ASSETS	\$ 256,471	\$ 185,091	\$ 579,520	\$ 363,858	\$ 4,905	\$ 1,389,845	
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 98,696	\$ 2,977	\$ 62,299	\$ -	\$ -	\$ 163,972	
Due to Board of County Commissioners	37,174	-	-	-	-	37,174	
Due to other funds	-	20,516	-	1,808	-	22,324	
Due to other governments	102	161,598	-	-	1,309	163,009	
Other accrued liabilities	120,499	-	-	-	-	120,499	
Total liabilities	256,471	185,091	62,299	1,808	1,309	506,978	
Fund Balances							
Restricted:							
Public records modernization	-	-	517,221	-	-	517,221	
Child support	-	-	-	362,050	-	362,050	
Committed:							
Teen court	-	-	-	-	3,596	3,596	
Total fund balances	-	-	517,221	362,050	3,596	882,867	
TOTAL LIABILITIES AND FUND BALANCES	\$ 256,471	\$ 185,091	\$ 579,520	\$ 363,858	\$ 4,905	\$ 1,389,845	

The accompanying notes are an integral part of these financial statements.

Nassau County Clerk of the Circuit Court
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2017

	Major Funds						
	General Fund	Court Fund	Public Records Modernization Trust Fund	Child Support Fund	Other Governmental Funds	Total Governmental Funds	
Revenues							
Intergovernmental revenues	\$ -	\$ 100,336	\$ -	\$ 123,084	\$ 63,037	\$ 286,457	
Charges for services	612,361	893,942	257,006	-	-	1,763,309	
Judgments and fines	-	342,214	39,525	-	-	381,739	
Miscellaneous	10,511	4,613	-	-	300	15,424	
Total revenues	622,872	1,341,105	296,531	123,084	63,337	2,446,929	
Expenditures							
Current:							
General Government:							
Personal services	1,975,756	-	-	-	-	1,975,756	
Operating expenditures	645,895	-	-	-	2,022	647,917	
Economic Environment:							
Personal services	49,569	-	-	-	-	49,569	
Operating expenditures	2,459	-	-	-	-	2,459	
Court-related:							
Personal services	-	1,230,140	-	91,648	48,344	1,370,132	
Operating expenditures	-	110,965	212,915	5,158	14,693	343,731	
Capital Outlay	100,593	-	2,326	-	-	102,919	
Total expenditures	2,774,272	1,341,105	215,241	96,806	65,059	4,492,483	
(Deficiency) excess of revenues over (under) expenditures	(2,151,400)	-	81,290	26,278	(1,722)	(2,045,554)	
Other financing sources (uses)							
Transfers in from Board of County Commissioners	2,183,291	-	488	-	-	2,183,779	
Transfers (out) to Board of County Commissioners	(31,891)	-	-	-	-	(31,891)	
Total other financing sources (uses)	2,151,400	-	488	-	-	2,151,888	
Net change in fund balance	-	-	81,778	26,278	(1,722)	106,334	
Fund balance, beginning of year	-	-	435,443	335,772	5,318	776,533	
Fund balance, end of year	\$ -	\$ -	\$ 517,221	\$ 362,050	\$ 3,596	\$ 882,867	

The accompanying notes are an integral part of these financial statements.

Nassau County Clerk of the Circuit Court
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Major Governmental Funds
Year Ended September 30, 2017

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 465,900	\$ 610,135	\$ 612,361	\$ 2,226
Miscellaneous	8,000	10,095	10,511	416
Total revenues	473,900	620,230	622,872	2,642
Expenditures				
Current:				
General Government:				
Personal services	1,919,279	1,975,773	1,975,756	17
Operating expenditures	671,961	645,877	645,895	(18)
Economic Environment:				
Personal services	49,472	49,569	49,569	-
Operating expenditures	4,570	2,459	2,459	-
Capital Outlay	-	100,594	100,593	1
Total expenditures	2,645,282	2,774,272	2,774,272	-
(Deficiency) of revenues over (under) expenditures	(2,171,382)	(2,154,042)	(2,151,400)	2,642
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	2,171,382	2,185,933	2,183,291	(2,642)
Transfers (out) to Board of County Commissioners	-	(31,891)	(31,891)	-
Total other financing sources (uses)	2,171,382	2,154,042	2,151,400	(2,642)
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

Nassau County Clerk of the Circuit Court
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Major Governmental Funds
Year Ended September 30, 2017

	COURT FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 38,424	\$ 48,218	\$ 100,336	\$ 52,118
Charges for services	923,954	923,954	893,942	(30,012)
Judgments and fines	404,787	404,787	342,214	(62,573)
Miscellaneous	403	403	4,613	4,210
Total revenues	1,367,568	1,377,362	1,341,105	(36,257)
Expenditures				
Current:				
Court-related:				
Personal services	1,310,386	1,248,221	1,230,140	18,081
Operating expenditures	57,182	129,141	110,965	18,176
Total expenditures	1,367,568	1,377,362	1,341,105	36,257
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

Nassau County Clerk of the Circuit Court
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Major Governmental Funds
Year Ended September 30, 2017

	PUBLIC RECORDS MODERNIZATION TRUST FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Charges for services	\$ 211,335	\$ 211,335	\$ 257,006	\$ 45,671
Judgments and fines	49,319	39,525	39,525	-
Total revenues	260,654	250,860	296,531	45,671
Expenditures				
Current:				
General Government:				
Operating expenditures	268,718	263,624	-	263,624
Court-related:				
Operating expenditures	427,379	415,233	212,915	202,318
Capital Outlay	-	7,446	2,326	5,120
Total expenditures	696,097	686,303	215,241	471,062
(Deficiency) excess of revenues over (under) expenditures	(435,443)	(435,443)	81,290	516,733
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	-	-	488	488
Total other financing sources (uses)	-	-	488	488
Net change in fund balances	(435,443)	(435,443)	81,778	517,221
Fund balances, beginning of year	435,443	435,443	435,443	-
Fund balances, end of year	\$ -	\$ -	\$ 517,221	\$ 517,221

The accompanying notes are an integral part of these financial statements.

Nassau County Clerk of the Circuit Court
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Major Governmental Funds
Year Ended September 30, 2017

	CHILD SUPPORT FUND				Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Revenues					
Intergovernmental	\$ 118,127	\$ 118,127	\$ 123,084	\$	4,957
Total revenues	118,127	118,127	123,084		4,957
Expenditures					
Current:					
Court-related:					
Personal services	80,724	92,047	91,648		399
Operating expenditures	373,175	361,852	5,158		356,694
Total expenditures	453,899	453,899	96,806		357,093
Net change in fund balances	(335,772)	(335,772)	26,278		362,050
Fund balances, beginning of year	335,772	335,772	335,772		-
Fund balances, end of year	\$ -	\$ -	\$ 362,050	\$	362,050

The accompanying notes are an integral part of these financial statements.

Nassau County Clerk of the Circuit Court
Statement of Fiduciary Net Position -
Agency Funds
September 30, 2017

ASSETS

Cash	\$ 2,713,163
Due from other funds	102
Accounts receivable	772
Due from other governments	141

TOTAL ASSETS	2,714,178
---------------------	------------------

LIABILITIES

Accounts payable	1,470
Due to Board of County Commissioners	35,203
Due to other funds	141,302
Due to other governments	419,496
Deposits	2,093,735
Other liabilities	22,972

TOTAL LIABILITIES	2,714,178
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NET POSITION	\$ -
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The accompanying notes are an integral part of these financial statements.

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Nassau County Clerk of the Circuit Court Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Nassau County, Florida, Clerk of the Circuit Court (the “Clerk”), conform to generally accepted accounting principles (GAAP), as applicable to governments. The following is a summary of significant accounting principles and policies used in the preparation of these special purpose financial statements:

Reporting Entity

Nassau County, Florida (the “County”) is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the “Board”).

The Clerk is an elected constitutional officer of the County pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). The Clerk is a part of the primary government of the County. The Clerk is responsible for the administration and operation of the Clerk's office, and the Clerk's special purpose financial statements do not include the financial statements of the Board or the other Constitutional Officers of the County.

The Clerk funds its non-court operations as a Budget Officer and a Fee Officer pursuant to *Florida Statutes*, Chapters 28, 129, and 218, respectively. As a Budget Officer, the operations of the Clerk are funded by the County General Fund. The receipts from the County General Fund are recorded as other financing sources on the Clerk's general fund financial statements. Any excess of revenues and other financing sources received over expenditures of the general fund are remitted to the County General Fund at year-end. The court-related operations of the Clerk are funded from fees and charges authorized under Chapter 2013-44, *Laws of Florida* and are reported in the Court Fund. At year-end, any excess of revenues over court-related expenditures of the Court fund are remitted to the State of Florida pursuant to *Florida Statute* 28.37.

Basis of Presentation

The Clerk's financial statements are special purpose financial statements that have been prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida (the “Rules”). These special purpose financial statements are the fund financial statements required by generally accepted accounting principles. However, these fund financial statements do not constitute a complete presentation because, in conformity with the Rules, the Office has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, or management's discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County's countywide financial statements.



Nassau County Clerk of the Circuit Court Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Fund Accounting

Accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government 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. The focus of fund financial statements is on major funds, each displayed in a separate column.

The Clerk reports the following major governmental funds:

- **General Fund** - This fund is the general operating fund of the Clerk. It is used to account for all financial resources, except for those required to be accounted for in another fund.
- **Court Fund** - This fund was established to account for court-related revenues and expenditures and is required to be reported separately from the Clerk's general fund activities.
- **Public Records Modernization Trust Fund** - This fund accounts for proceeds of specific revenues that are legally restricted for expenditures of the public records program, and additional clerk court-related operational needs and program enhancements. Effective June 16, 2017, *Florida Statute 28.37* was amended, removing the authorization for Clerks to retain ten percent of court-related fines for use within the fund.
- **Child Support Fund** - This fund accounts for proceeds of specific revenues that are restricted for expenditures of the child support program.

The Clerk also reports the following fiduciary funds:

- **Agency Funds** - Agency funds are used to account for assets held in a custodial capacity.

Measurement Focus/Basis of Accounting

All governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of "available spendable resources" during a period.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.



Nassau County Clerk of the Circuit Court Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on long-term debt are recognized when due.

Agency fund assets and liabilities are accounted for on the accrual basis of accounting.

Capital Assets and Long-Term Liabilities

Because of the current financial resources measurement focus, the accompanying fund financial special purpose statements do not report capital assets or long-term liabilities. Such amounts are instead reported in the government-wide financial statements of the County.

Accrued Compensated Absences

The Clerk maintains a policy of granting employees annual leave based upon the number of years of employment. At December 31 of each year, employees may carry over up to a maximum of 75 hours of paid annual leave. Any unused vacation leave accrued over the 75 hours at the end of the calendar year will be forfeited. Any exception would require the Clerk's or designee's approval.

In addition, sick leave is accumulated at the rate of one day per month for a maximum of 400 hours as of December 31 of each year. There will be no payment in lieu of unused sick leave at the time of separation effective July 1, 2010, and thereafter. The Clerk reserves the right to use a combination of overtime pay and/or compensatory time for compensating overtime worked.

Budgetary Requirement

Governmental fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the *Florida Statutes*. An annual budget was adopted for the general fund, the public records fund, teen court, and child support. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. A budget was adopted for the court fund and approved by the Legislative Budget Commission pursuant to *Florida Statute* 28.35. Budgets are prepared on the modified accrual basis of accounting.

The Clerk's annual budgets are monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year-end.



Nassau County Clerk of the Circuit Court Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*concluded*)

Fund Balance Reporting

The Clerk has implemented the provisions of GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"), as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent.

Fund balances are described below:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either: (a) not in spendable form; or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Clerk's highest level of decision-making authority, which is a policy of the Clerk. Committed amounts cannot be used for any other purpose unless the Clerk removes those constraints by taking the same type of action.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the Clerk's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the constitutional officer or (b) a body or official to which the constitutional officer has delegated the authority to assign amounts used for specific purposes.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.



Nassau County Clerk of the Circuit Court Notes to Financial Statements

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits

Deposits in banks and thrift institutions are collateralized as public funds through a state procedure provided for in Chapter 280, *Florida Statutes*. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, *Florida Statutes*, no public depositor shall be liable for any loss thereof. All of the cash funds of the Clerk are deposited in accordance with Chapters 280 and 218.415, *Florida Statutes*, and *Nassau County Resolution 95-144*.

Investments

The Clerk's investment practices are governed by Chapters 28.33 and 218.415, *Florida Statutes*. The Clerk is authorized to invest in certificates of deposit, money market certificates, obligations of the U.S. Treasury, and the Local Government Surplus Funds Trust Fund (the State Board of Administration). There were no investments as of September 30, 2017.

NOTE 3: RISK MANAGEMENT

Workers' Compensation and Group Health Insurance

For the Clerk's non-Court employees, the Board provides workers' compensation and group health insurance coverages. The premiums for such coverages were paid by the Board and recorded on its records and, consequently, are not recorded on the Clerk's records. For the Clerk's Court employees, the Clerk provides workers' compensation and group health insurance coverages. The premiums for such coverages were paid by the Clerk and recorded on his records.

Risk Management

The Clerk is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and the public; or damage to property of others. The Clerk participates in the risk management program through the Board, which uses commercial insurance to cover the following types of risk:

- Workers' Compensation
- Automobile Liability
- Public Officials' Liability
- Personal Property Damage
- General Liability

Nassau County Clerk of the Circuit Court Notes to Financial Statements

NOTE 3: RISK MANAGEMENT *(concluded)*

Workers' compensation coverage is provided under a retrospectively rated policy. Premiums are accrued based on the ultimate cost-to-date of the Board's experience for this type of risk.

NOTE 4: PENSION AND POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Florida Retirement System (FRS) Pension Benefits

The Clerk participates in the Florida Retirement System for Pension Benefits. A detailed plan description and any liability for employees of the Clerk are included in the financial statements of the County.

Postemployment Benefits other than Pension Benefits

The Clerk participates in the plan established by the Board of County Commissioners to provide other post-employment benefits to retirees of the Board and Constitutional Officers. A detailed plan description and any liability for employees of the Clerk are included in the financial statements of the County.

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at September 30, 2017, are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 64,683	\$ -
Special Revenue Funds:		
Court fund	82,095	20,516
Public records modernization fund	16,746	-
Child support fund	-	1,808
Agency Funds:		
Civil trust fund	-	33,116
Recording trust fund	102	57,487
Criminal trust fund	-	3,302
Special trust fund	-	46,076
Domestic relations fund	-	1,321
Totals	\$ 163,626	\$ 163,626

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SUPPLEMENTARY INFORMATION

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Nassau County Clerk of the Circuit Court
Description of Nonmajor Governmental Funds
September 30, 2017

NONMAJOR GOVERNMENTAL FUNDS

Teen Court Fund - This fund accounts for proceeds of specific revenues that are committed for expenditures of the teen court program.

Jury Services Fund - This fund accounts for proceeds of specific revenues that are committed for expenditures of jury services.

Nassau County Clerk of the Circuit Court
Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended September 30, 2017

	Teen Court	Jury Services	Total Other Governmental Funds
Revenues			
Intergovernmental revenues	\$ -	\$ 63,037	\$ 63,037
Miscellaneous	300	-	300
Total revenues	300	63,037	63,337
Expenditures			
Current:			
General Government:			
Operating expenditures	2,022	-	2,022
Court-related:			
Personal services	-	48,344	48,344
Operating expenditures	-	14,693	14,693
Total expenditures	(2,022)	(63,037)	(65,059)
(Deficiency) excess of revenues over (under) expenditures	(1,722)	-	(1,722)
Net change in fund balances	(1,722)	-	(1,722)
Fund balances, beginning of year	5,318	-	5,318
Fund balances, end of year	\$ 3,596	\$ -	\$ 3,596

Nassau County Clerk of the Circuit Court
Combining Statement of Fiduciary Net Position -
Agency Funds
September 30, 2017

	Civil Trust	Recording Trust	Criminal Trust	Special Trust	Domestic Relations	Registry of the Court	Bail Bonds	Total
ASSETS								
Cash	\$ 1,014,021	\$ 732,286	\$ 28,334	\$ 131,965	\$ 2,159	\$ 745,225	\$ 59,173	\$ 2,713,163
Due from other funds	-	102	-	-	-	-	-	102
Accounts receivable	-	772	-	-	-	-	-	772
Due from other governments	-	-	-	-	141	-	-	141
TOTAL ASSETS	1,014,021	733,160	28,334	131,965	2,300	745,225	59,173	2,714,178
LIABILITIES								
Accounts payable	1,470	-	-	-	-	-	-	1,470
Due to Board of County Commissioners	-	13,278	1,407	20,518	-	-	-	35,203
Due to other funds	33,116	57,487	3,302	46,076	1,321	-	-	141,302
Due to other governments	22,372	353,482	3,421	39,242	979	-	-	419,496
Deposits	950,068	308,736	5,003	25,530	-	745,225	59,173	2,093,735
Other liabilities	6,995	177	15,201	599	-	-	-	22,972
TOTAL LIABILITIES	1,014,021	733,160	28,334	131,965	2,300	745,225	59,173	2,714,178
NET POSITION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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**ADDITIONAL ELEMENTS REQUIRED BY THE
RULES OF THE AUDITOR GENERAL**

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

The Honorable John A. Crawford
Nassau County Clerk of the Circuit Court
Nassau 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 each major fund and the aggregate remaining fund information of the Nassau County, Florida, Clerk of the Circuit Court (the "Clerk"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Clerk's special purpose financial statements and have issued our report thereon dated April 16, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Clerk's internal control over financial reporting (internal control) to determine the 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 Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Clerk'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 was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk'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 determination of financial statement amounts. 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 Clerk'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 Clerk's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

April 16, 2018
Jacksonville, Florida

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

The Honorable John A. Crawford
Nassau County Clerk of the Circuit Court
Nassau County, Florida

We have examined Nassau County, Florida, Clerk of the Circuit Court's (the "Clerk") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2017. Management of the Clerk is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk'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 Clerk complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk 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.

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

In our opinion, the Clerk complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies* for the year ended September 30, 2017.

This report 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, the Clerk, its management, and the Board of County Commissioners of Nassau County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, LLC

Jacksonville, Florida
April 16, 2018

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTIONS 28.35 AND 28.36,
FLORIDA STATUTES**

The Honorable John A. Crawford
Nassau County Clerk of the Circuit Court
Nassau County, Florida

We have examined Nassau County, Florida, Clerk of the Circuit Court's (the "Clerk") compliance with the requirements of Section 28.35, Florida Statutes, *Florida Clerks of Court Operations Corporation*, and Section 28.36, Florida Statutes, *Budget Procedure*, during the year ended September 30, 2017. Management of the Clerk is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk'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 Clerk complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk 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.

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

In our opinion, the Clerk complied, in all material respects, with the requirements of Section 28.35, Florida Statutes, *Florida Clerks of Court Operations Corporation*, and Section 28.36, Florida Statutes, *Budget Procedure* for the year ended September 30, 2017.

This report 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, the Clerk, its management, and the Board of County Commissioners of Nassau County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

April 16, 2018
Jacksonville, Florida



Carr, Riggs & Ingram, LLC
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Jacksonville, Florida 32204

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(904) 353-5836 (fax)
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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 61.181, *FLORIDA STATUTES*

The Honorable John A. Crawford
Nassau County Clerk of the Circuit Court
Nassau County, Florida

We have examined Nassau County, Florida, Clerk of the Circuit Court's (the "Clerk") compliance with the requirements of Section 61.181, Florida Statutes, *Depository for Alimony Transactions, Support, Maintenance, and Support Payments; Fees*, during the year ended September 30, 2017. Management of the Clerk is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk'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 Clerk complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk 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.

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

In our opinion, the Clerk complied, in all material respects, with the requirements of Section 61.181, Florida Statutes, *Depository for Alimony Transactions, Support, Maintenance, and Support Payments; Fees* for the year ended September 30, 2017.

This report 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, the Clerk, its management, and the Board of County Commissioners of Nassau County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, LLC

April 16, 2018
Jacksonville, Florida

MANAGEMENT LETTER

The Honorable John A. Crawford
Nassau County Clerk of the Circuit Court
Nassau County, Florida

Report on the Financial Statements

We have audited the financial statements of the Nassau County, Florida, Clerk of Circuit Courts (the "Clerk"), as of and for the year ended September 30, 2017, and have issued our report thereon dated April 16, 2018.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Compliance and Other Matters Based on an Audit of the Financial Statements Performed in accordance with *Government Auditing Standards*; and Independent Accountant's Report on our examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated April 16, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Clerk was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Clerk.

Financial Management

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

Other Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Clerk and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and professional courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Cam, Riggs & Ingram, L.L.C.

Jacksonville, Florida
April 16, 2018

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NASSAU COUNTY SHERIFF
Nassau County, Florida

**Financial Statements and
Auditor's Reports**

September 30, 2017



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REPORT

Independent Auditor's Report	1
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FINANCIAL STATEMENTS

Balance Sheet - Governmental Funds	4
Statement of Revenues, Expenditures and Changes in Fund Balances -Governmental Funds	5
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Inmate Commissary Fund	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Federal Inmate Fund	8
Statement of Fiduciary Assets and Liabilities - Agency Funds	9
Notes to Financial Statements	10

OTHER INFORMATION

SUPPLEMENTARY INFORMATION

Combining Balance Sheet - Nonmajor Governmental Funds - Special Revenue Funds	16
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds - Special Revenue Funds	17
Description of Agency Funds	18
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds	19

OTHER SUPPLEMENTAL INFORMATION

Employee Retirement Plans	20
Other Postemployment Benefits	26
Capital Assets	27
Operating Leases	28
Changes in Long-Term Debt	29

ADDITIONAL ELEMENTS REQUIRED BY THE RULES OF THE AUDITOR GENERAL

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	30
Independent Accountant's Report on Compliance with Section 218.415, <i>Florida Statutes</i>	32
Management Letter	33

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INDEPENDENT AUDITOR'S REPORT

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Nassau County, Florida, Sheriff (the "Sheriff"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Sheriff's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Sheriff as of September 30, 2017, and the respective changes in financial position, where applicable, and budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Nassau County, Florida that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Nassau County, Florida as of September 30, 2017, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's special purpose financial statements. The other financial information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements.

The other financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information (except for the *Other Supplemental Information*) has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other financial information (except for the *Other Supplemental Information*) is fairly stated in all material respects in relation to the financial statements as a whole.

The *Other Supplemental Information* has not been subjected to the auditing procedures applied in the audit of the financial statements referred to above, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2018, on our consideration of the Nassau County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Nassau County Sheriff's internal control over financial reporting and compliance.

Cam, Riggs & Ingram, L.L.C.

April 16, 2018
Jacksonville, Florida

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Nassau County Sheriff
Balance Sheet - Governmental Funds
September 30, 2017

	Major Funds			Other	Total
	General	Inmate	Federal	Governmental	Governmental
	Fund	Commissary	Inmate	Funds	Funds
ASSETS					
Cash in banks	\$ 354,718	\$ 504,091	\$ 276,132	\$ 317,958	\$ 1,452,899
Cash on hand	500	-	-	1,633	2,133
Accounts receivable	13,373	-	-	-	13,373
Due from other funds	2,262	8,749	-	-	11,011
Due from Board of County Commissioners	27,654	-	-	-	27,654
Due from other governments	3,419	-	98,855	134	102,408
TOTAL ASSETS	\$ 401,926	\$ 512,840	\$ 374,987	\$ 319,725	\$ 1,609,478
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 329,832	\$ 3,736	\$ -	\$ 1,061	\$ 334,629
Due to other funds	-	166	-	-	166
Due to Board of County Commissioners	72,094	-	374,987	98,192	545,273
Total liabilities	401,926	3,902	374,987	99,253	880,068
Fund Balances					
Restricted:					
Law Enforcement	-	-	-	126,324	126,324
Inmate Welfare	-	508,938	-	-	508,938
Committed:					
Investigative	-	-	-	94,148	94,148
Total fund balances	-	508,938	-	220,472	729,410
TOTAL LIABILITIES AND FUND BALANCES	\$ 401,926	\$ 512,840	\$ 374,987	\$ 319,725	\$ 1,609,478

The accompanying notes are an integral part of these financial statements.

Nassau County Sheriff

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2017

	Major Funds			Other	Total
	General	Inmate	Federal	Governmental	Governmental
	Fund	Commissary	Inmate	Funds	Funds
Revenues					
Intergovernmental	\$ 38,102	\$ 547	\$ 1,045,894	\$ 73,404	\$ 1,157,947
Miscellaneous	269,248	299,093	-	11,446	579,787
Total revenues	307,350	299,640	1,045,894	84,850	1,737,734
Expenditures					
Current:					
Court-related:					
Personal services	807,916	-	-	-	807,916
Operating expenditures	22,970	-	-	-	22,970
Public Safety:					
Personal services	12,633,626	-	309,239	110,012	13,052,877
Operating expenditures	4,603,160	136,113	15,276	171,484	4,926,033
Capital Outlay	1,436,878	37,474	346,392	469	1,821,213
Debt Service:					
Principal	113,700	-	-	-	113,700
Interest	19,172	-	-	-	19,172
Total expenditures	19,637,422	173,587	670,907	281,965	20,763,881
(Deficiency) excess of revenues over					
(under) expenditures	(19,330,072)	126,053	374,987	(197,115)	(19,026,147)
Other financing sources (uses)					
Transfers in from Board of County Commissioners	19,392,314	-	-	355,000	19,747,314
Transfers out to Board of County Commissioners	(62,242)	-	(374,987)	(93,625)	(530,854)
Total other financing sources (uses)	19,330,072	-	(374,987)	261,375	19,216,460
Net change in fund balance	-	126,053	-	64,260	190,313
Fund balance, beginning of year	-	382,885	-	156,212	539,097
Fund balance, beginning of year	\$ -	\$ 508,938	\$ -	\$ 220,472	\$ 729,410

The accompanying notes are an integral part of these financial statements.

Nassau County Sheriff

**Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended September 30, 2017**

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 38,102	\$ 38,102	\$ -
Miscellaneous	-	269,248	269,248	-
Total revenues	-	307,350	307,350	-
Expenditures				
Current:				
Court-related:				
Personal services	782,169	807,916	807,916	-
Operating expenditures	27,751	22,970	22,970	-
Public Safety:				
Personal services	12,860,368	12,633,626	12,633,626	-
Operating expenditures	4,295,067	4,603,160	4,603,160	-
Capital Outlay	636,330	1,436,878	1,436,878	-
Debt Service:				
Principal	108,166	113,700	113,700	-
Interest	24,706	19,172	19,172	-
Total expenditures	18,734,557	19,637,422	19,637,422	-
(Deficiency) of revenues over (under) expenditures	(18,734,557)	(19,330,072)	(19,330,072)	-
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	18,814,796	19,392,314	19,392,314	-
Transfers out to Board of County Commissioners	(80,239)	(62,242)	(62,242)	-
Total other financing sources (uses)	18,734,557	19,330,072	19,330,072	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

Nassau County Sheriff

**Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Inmate Commissary Fund
Year Ended September 30, 2017**

	Inmate Commissary Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 547	\$ 547	\$ -
Miscellaneous	192,000	299,093	299,093	-
Total revenues	192,000	299,640	299,640	-
Expenditures				
Current:				
Public Safety:				
Operating expenditures	487,916	582,122	136,113	446,009
Capital Outlay	25,000	37,474	37,474	-
Total expenditures	512,916	619,596	173,587	446,009
Net change in fund balance	(320,916)	(319,956)	126,053	446,009
Fund balance, beginning of year	414,720	262,937	382,885	119,948
Fund balance, end of year	\$ 93,804	\$ (57,019)	\$ 508,938	\$ 565,957

The accompanying notes are an integral part of these financial statements.

Nassau County Sheriff

**Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Federal Inmate Fund
Year Ended September 30, 2017**

	Federal Inmate Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues				
Intergovernmental	\$ 511,000	\$ 1,045,894	\$ 1,045,894	\$ -
Total revenues	511,000	1,045,894	1,045,894	-
Expenditures				
Current:				
Public Safety:				
Personal services	409,993	309,239	309,239	-
Operating expenditures	11,529	15,276	15,276	-
Capital Outlay	-	346,392	346,392	-
Total expenditures	421,522	670,907	670,907	-
Excess of revenues over expenditures	89,478	374,987	374,987	-
Other Financing Sources (Uses)				
Transfers (out) to Board of County Commissioners	(89,478)	(374,987)	(374,987)	-
Total other financing sources (uses)	(89,478)	(374,987)	(374,987)	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

Nassau County Sheriff
Statement of Fiduciary Assets and Liabilities -
Agency Funds
September 30, 2017

ASSETS

Cash	\$ 50,857
Accounts Receivable	130
Due from Board of County Commissioners	640

TOTAL ASSETS	\$ 51,627
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LIABILITIES

Accounts payable	\$ 13,903
Deposits	19,601
Due to other funds	10,845
Due to other governments	1,709
Due to Board of County Commissioners	5,569

TOTAL LIABILITIES	\$ 51,627
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The accompanying notes are an integral part of these financial statements.

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Nassau County Sheriff Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Nassau County, Florida Sheriff (the “Sheriff”) conform to generally accepted accounting principles (GAAP), as applicable to governments. The following is a summary of significant accounting principles and policies used in the preparation of these special purpose financial statements.

Reporting Entity

Nassau County, Florida (the “County”) is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the “Board”).

The Sheriff is an elected official of the County, pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). The Sheriff is an integral part of Nassau County, which is the primary government for financial reporting purposes. The Sheriff is responsible for the administration and operation of the Sheriff’s Office, and the Sheriff’s special purpose financial statements do not include the financial statements of the Board or the other Constitutional Officers of the County.

The operations of the Sheriff are primarily funded by the Board. The receipts from the Board are recorded as other financing sources on the Sheriff’s financial statements. Any excess of revenues and other financing sources received over expenditures are remitted to the Board at year-end.

Basis of Presentation

The Sheriff’s financial statements are special purpose financial statements that have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (the “Rules”). These special purpose financial statements are the fund financial statements required by generally accepted accounting principles. However, these fund financial statements do not constitute a complete presentation because, in conformity with the Rules, the Sheriff has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, or management’s discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County’s county-wide financial statements.

Fund Accounting

Accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government 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. The focus of fund financial statements is on major funds, each displayed in a separate column. All nonmajor governmental funds are aggregated and displayed in a single column.



Nassau County Sheriff Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

The Sheriff reports the following major governmental funds:

- **General Fund** - The general fund is the primary operating fund of the Sheriff. It is used to account for all financial resources, except for those required to be accounted for in another fund. During the previous fiscal year ended September 30, 2016, the Sheriff took over operations of the County Emergency Operations Center, which is accounted for in the general fund.
- **Inmate Commissary Fund** - This fund accounts for commissions received from pay telephones and commissary profits used for the benefit of inmates.
- **Federal Inmate Fund** - This fund accounts for the revenues and associated expenditures of housing federal inmates at the Nassau County Jail.

The Sheriff also reports the following nonmajor governmental funds:

- **Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Sheriff reports three special revenue funds in the financial statements under the following titles: Sheriff's Investigative Fund, 911 Operations Fund, and the Equitable Sharing Fund. The Sheriff's Investigative Fund accounts for monies used in accordance with Section 925.055, *Florida Statutes*. The 911 Operations Fund accounts for the proceeds of telephone charges collected for the operation of the 911 emergency response system. The Equitable Sharing Fund accounts for monies received from forfeiture of assets.

Additionally, the Sheriff reports the following fiduciary funds:

- **Agency Funds** - These funds are used to account for assets held by the Sheriff in a custodial capacity as agent for individuals, private organizations, and other governments. Agency funds are custodial in nature and do not involve measurement of changes in financial position.

Measurement Focus/Basis of Accounting

All governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of "available spendable resources" during a period.



Nassau County Sheriff Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on long-term debt are recognized when due.

Agency fund assets and liabilities are accounted for on the accrual basis of accounting.

Budgetary Requirement

Governmental fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the *Florida Statutes*. The Inmate Commissary fund and the 911 Operations fund expenditures are restricted by statute; therefore, these budgets are not approved by the Board. All budget amounts presented for the general fund in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

The Sheriff's annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year-end.

Fund Balance Reporting

The Sheriff has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"), as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balances are described below:

- ***Nonspendable Fund Balance*** - This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash; or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Sheriff does not have any nonspendable funds.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

- ***Restricted Fund Balance*** - This component of fund balance consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments); or (b) by law through constitutional provisions or enabling legislation.
- ***Committed Fund Balance*** - This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., ordinance or resolution) of the County's governing board. These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (e.g., ordinance or resolution) it employed previously to constrain those amounts.
- ***Assigned Fund Balance*** - This component of fund balance consists of amounts that are constrained by a less than formal action of the Sheriff, or by an individual or body to whom the Sheriff has delegated this responsibility. By definition, fund balances are also assigned to the extent that they are needed to finance a subsequent year's budget deficit.
- ***Unassigned Fund Balance*** - This classification is used for: (a) negative unrestricted fund balances in any governmental fund; or (b) fund balances within the general fund that are not restricted, committed or assigned.

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

Capital Assets and Long-Term Liabilities

Because of the current financial resources measurement focus, the accompanying fund financial special purpose statements do not report capital assets or long-term liabilities. Such amounts are instead reported in the government-wide financial statements of the County.

Accrued Compensated Absences

The Sheriff maintains a policy of granting employees annual leave at the rate of eight hours per month. An employee can receive payment for such accumulated annual leave upon termination of employment. In addition, the Sheriff maintains a policy for sick leave. Sick leave is accumulated at the rate of eight hours per month. An employee will not be paid out any sick time upon termination of employment.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*concluded*)

The Sheriff also allows employees to accumulate compensatory time earned. An employee can receive payment for unused compensatory time upon termination of employment, or at the discretion of the Sheriff.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits

All deposits of the Office are placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida Security for Public Deposits Act. Every qualified public depository is required by this law to deposit with the Chief Financial Officer eligible collateral equal to, or in excess of, an amount to be determined by the Chief Financial Officer. The Chief Financial Officer is required to ensure that all funds are entirely collateralized throughout the fiscal year.

Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, *Florida Statutes*, no public depositor shall be liable for any loss thereof. All of the cash funds of the Sheriff are deposited in accordance with *Florida Statutes* 280 and 218.415, and *Nassau County Resolution* 95-144.

NOTE 3: RISK MANAGEMENT

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and the public; or damage to property of others.

The Sheriff participates in two Florida Sheriffs' self-insurance funds for risks related to professional liability and automobile risks. The funding agreements provide that each fund will be self-sustaining through member premiums and that the Sheriff's liability fund will reinsure through commercial companies. Aggregate coverage provided by the liability fund is \$10,000,000 for professional liability and \$10,000,000 for public officials' coverage. Coverage limits for automobile risks are \$200,000 per accident for bodily injury and \$100,000 per accident for property damage. In addition, the Sheriff has obtained an excess loss reimbursement policy to cover catastrophic inmate medical claims.



Nassau County Sheriff
Notes to Financial Statements

NOTE 4: PENSION AND POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Florida Retirement System (FRS) Pension Benefits

The Sheriff participates in the Florida Retirement System for pension benefits. A detailed plan description and any liability for employees of the Sheriff are included in the financial statements of the County.

Postemployment Benefits other than Pension Benefits

The Sheriff participates in the plan established by the Board of County Commissioners to provide other post-employment benefits to retirees of the Board and Constitutional Officers. A detailed plan description and any liability for employees of the Sheriff are included in the financial statements of the County.

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at September 30, 2017, are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 2,262	\$ -
Special Revenue Funds:		
Inmate Commissary	8,749	166
Agency Funds:		
Inmate Trust	-	10,845
Totals	\$ 11,011	\$ 11,011

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SUPPLEMENTARY INFORMATION

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Nassau County Sheriff
Combining Balance Sheet - Nonmajor Governmental Funds
Special Revenue Funds
September 30, 2017

	Sheriff Investigative	911 Operations	Equitable Sharing	Total Other Governmental Funds
ASSETS				
Cash in banks	\$ 92,381	\$ 94,686	\$ 130,891	\$ 317,958
Cash on hand	1,633	-	-	1,633
Due from other governments	134	-	-	134
TOTAL ASSETS	\$ 94,148	\$ 94,686	\$ 130,891	\$ 319,725
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ 1,061	\$ -	\$ 1,061
Due to Board of County Commissioners	-	93,625	4,567	98,192
Total liabilities	-	94,686	4,567	99,253
Fund Balances				
Restricted:				
Law Enforcement	-	-	126,324	126,324
Committed:				
Investigative	94,148	-	-	94,148
Total fund balances	94,148	-	126,324	220,472
TOTAL LIABILITIES AND FUND BALANCES	\$ 94,148	\$ 94,686	\$ 130,891	\$ 319,725

Nassau County Sheriff
Combining Statement of Revenues, Expenditures and
Changes In Fund Balance - Nonmajor Governmental Funds
Special Revenue Funds
Year Ended September 30, 2017

	Sheriff	911	Equitable	Total Other
	Investigative	Operations	Sharing	Governmental
				Funds
Revenues				
Intergovernmental	\$ -	\$ -	\$ 73,404	\$ 73,404
Miscellaneous	11,446	-	-	11,446
Total revenues	11,446	-	73,404	84,850
Expenditures				
Current:				
Public Safety:				
Personal services	-	110,012	-	110,012
Operating expenditures	20,590	150,894	-	171,484
Capital Outlay	-	469	-	469
Total expenditures	20,590	261,375	-	281,965
(Deficiency) excess of revenues over				
(under) expenditures	(9,144)	(261,375)	73,404	(197,115)
Other financing sources (uses)				
Transfers in from Board of County Commissioners	-	355,000	-	355,000
Transfers (out) to Board of County Commissioners	-	(93,625)	-	(93,625)
Total other financing sources (uses)	-	261,375	-	261,375
Net change in fund balance	(9,144)	-	73,404	64,260
Fund balance, beginning of year	103,292	-	52,920	156,212
Fund balance, beginning of year	\$ 94,148	\$ -	\$ 126,324	\$ 220,472



**Nassau County Sheriff
Description of Agency Funds
September 30, 2017**

AGENCY FUNDS

Individual Depositors/Suspense - Accounts for fees charged for the service of process in civil cases. These nonrefundable fees are set by Section 30.231, *Florida Statutes*. On a monthly basis, the fees are deposited to the general fund of the Board. Accounts for the receipt and disbursement of funds received for various purposes, for example, faulty equipment for inspection and purge money for child support. Disbursement of the funds is made in accordance with the purpose of the receipt.

Inmate Trust - Accounts for inmates' personal cash receipts and disbursements. Individual inmate account records are maintained. This fund makes disbursements requested by inmates to the extent of their available funds.

Abandoned Property - Accounts for funds received from the conversion of abandoned property to cash. These funds are required to be submitted to the Nassau County School Board.

Nassau County Sheriff
Combining Statement of Fiduciary Assets and Liabilities -
Agency Funds
September 30, 2017

	Individual Depositors/ Suspense	Inmate Trust	Abandoned Property	Total
ASSETS				
Cash	\$ 5,415	\$ 44,887	\$ 555	\$ 50,857
Accounts Receivable	130	-	-	130
Due from Board of County Commissioners	640	-	-	640
TOTAL ASSETS	\$ 6,185	\$ 44,887	\$ 555	\$ 51,627
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 5	\$ 13,898	\$ -	\$ 13,903
Deposits	-	19,601	-	19,601
Due to other funds	-	10,845	-	10,845
Due to other governments	640	514	555	1,709
Due to Board of County Commissioners	5,540	29.00	-	5,569
TOTAL LIABILITIES	\$ 6,185	\$ 44,887	\$ 555	\$ 51,627

OTHER SUPPLEMENTAL INFORMATION

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EMPLOYEE RETIREMENT PLANS

General Information about the Florida Retirement System (FRS)

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

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

FRS Pension Plan

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

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

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Members of the Plan may include up to four years of credit for military service toward creditable service.

EMPLOYEE RETIREMENT PLANS *(continued)*

The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, *Florida Statutes*, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal 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. Certain members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>Percent Value</u>
<i>Regular Class Members Initially Enrolled Before July 1, 2011:</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class Members Initially Enrolled on or After July 1, 2011:</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Elected County Officers</i>	3.00
<i>Senior Management Service Class</i>	2.00

Nassau County Sheriff
Other Supplemental Information
September 30, 2017

EMPLOYEE RETIREMENT PLANS (continued)

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2016-2017 fiscal year were as follows:

<u>Class</u>	Year Ended June 30, 2018		Year Ended June 30, 2017	
	<u>Percent of Gross Salary</u>		<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
FRS, Regular	3.00	6.20	3.00	5.80
FRS, Elected County Officers	3.00	43.78	3.00	40.75
FRS, Senior Management Service	3.00	20.99	3.00	20.05
FRS, Special Risk Regular	3.00	21.55	3.00	20.85
DROP - Applicable to Members				
from All of the Above Classes	0.00	11.60	0.00	11.33
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed.

The Sheriff's contributions to the FRS Plan totaled \$1,642,400 for the fiscal year ended September 30, 2017. This amount excludes the HIS defined benefit pension plan contributions.

Pension Liabilities. At September 30, 2017, the Sheriff's proportionate share of the FRS net pension liability was \$15,335,492. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The Sheriff's proportionate share of the net pension liability was based on the Sheriff's contributions to the FRS Plan compared to the contributions of all participating members..

Further details of the FRS Plan net pension liability, annual pension expense, actuarial assumptions, sensitivity analysis, and the other required disclosures can be found in the County-wide annual financial report.

EMPLOYEE RETIREMENT PLANS *(continued)*

HIS Pension Plan

Plan Description. The HIS Pension Plan (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 Division of Retirement within the Florida Department of Management Services.

Benefits Provided. For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 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 Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2018 and 2017, the contribution rates were 1.66% of payroll respectively, pursuant to Section 112.363, *Florida Statutes*. The Sheriff 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 Sheriff's contributions to the HIS Plan for the fiscal year ended September 30, 2017 totaled \$183,129.

Pension Liabilities. At September 30, 2017, the Sheriff's proportionate share of the HIS net pension liability was \$3,653,581. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Sheriff's proportionate share of the net pension liability was based on the Sheriff's contributions to the HIS Plan compared to the contributions of all participating members.

Further details of the HIS Plan net pension liability, annual pension expense, actuarial assumptions, sensitivity analysis, and the other required disclosures can be found in the County-wide annual financial report.

FRS - Defined Contribution Pension Plan

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

EMPLOYEE RETIREMENT PLANS *(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. The Sheriff 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.

Allocations to the investment members' accounts (employer and employee) during the 2016-17 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30
FRS, Elected County Officers	11.34
FRS, Senior Management Service	7.67
FRS, Special Risk Regular	14.00

FRS - Defined Contribution Pension Plan

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Plan is transferred to the Investment Plan, the member must have the years of service required for Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2017, 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 Sheriff.

EMPLOYEE RETIREMENT PLANS (*concluded*)

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Plan, or remain in the Investment Plan and rely upon that account balance for retirement income. The Sheriff's contributions to the Investment Plan totaled \$155,200 for the fiscal year ended September 30, 2017.

OTHER POSTEMPLOYMENT BENEFITS

The County offers certain postemployment health care benefits that are considered part of an Other Postemployment Benefit (OPEB) plan for financial accounting purposes. The OPEB is a single-employer benefit plan administered by the County. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. *GASB Statement No. 45* calls this the “implicit rate subsidy.”

Retirees and their dependents (except for life insurance) are permitted to remain covered under the County’s respective medical and insurance plans as long as they pay a full premium applicable to coverage elected. Special risk employees of the Sheriff’s office begin to receive a subsidy if they have obtained 25 years of service and become fully subsidized once they reach 30 years of service. All other employees of the Sheriff’s office receive a 100% subsidy if they have reached 30 years of service. This conforms to the minimum required of Florida governmental employers per Chapter 112.08, *Florida Statutes*.

The Sheriff’s portion of the OPEB obligation for the year totaled \$3,312,600. This liability will be included in long-term liabilities in the County-wide financial statements. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

**Nassau County Sheriff
Other Supplemental Information
September 30, 2017**

CAPITAL ASSETS

The tangible personal property used by the Sheriff in its governmental fund operations is reported as capital assets in the statement of net assets as part of the basic financial statements of the County. Upon acquisition, such assets are recorded as expenditures in the governmental fund types of the Sheriff and capitalized at cost in the capital asset accounts of the County. The Sheriff maintains recordkeeping and custodial responsibility for certain tangible capital assets used by his office.

Information on vehicles and equipment used in the operations of the Sheriff's office are presented below:

Capital Assets	Balance October 1, 2016	Additions	Deletions	Balance September 30, 2017
Machinery and equipment	\$ 13,322,322	\$ 2,056,585	\$ (806,039)	\$ 14,572,868
Accumulated depreciation	(7,428,582)	(1,765,428)	783,631	(8,410,379)
Total long-term debt	\$ 5,893,740	\$ 291,157	\$ (22,408)	\$ 6,162,489

Depreciation expense totaling \$1,765,428 was recorded in the government-wide financial statements for the year ended September 30, 2017.

**Nassau County Sheriff
Other Supplemental Information
September 30, 2017**

OPERATING LEASES

The Sheriff leases various copier equipment under operating lease agreements requiring monthly lease payments totaling \$2,385 with expiration dates ranging from September 2019 to February 2022. Lease expense totaled \$49,294 for the year ended September 30, 2017.

Future minimum lease payments under the operating leases are as follows:

<i>Year Ending September 30,</i>	Amount
2018	\$ 28,622
2019	28,622
2020	25,865
2021	25,865
2022	20,223
Totals	\$ 129,197

**Nassau County Sheriff
Other Supplemental Information
September 30, 2017**

CHANGES IN LONG-TERM DEBT

The following is a summary of the changes in long-term debt for the year ended September 30, 2017:

	Balance October 1, 2016	Additions	Deletions	Balance September 30, 2017
Capital lease	\$ 435,081	\$ -	\$ (113,700)	\$ 321,381
Accrued compensated absences	858,230	932,185	(791,710)	998,705
Other postemployment benefits	2,645,970	666,630	-	3,312,600
Net pension liabilities:				
FRS Plan	15,335,492	3,249,204	-	18,584,696
HIS Plan	3,793,948	-	(140,367)	3,653,581
Total long-term debt	\$ 23,068,721	\$ 4,848,019	\$ (1,045,777)	\$ 26,870,963

See Employee Retirement Plan note above for additional information on the Net Pension Liabilities related to the FRS and HIS Pension Plans.

Compensated Absences

Accrued compensated absences represent the vested portion of accrued leave, and are liquidated by the general fund and 911 operations fund. See Note 1 for a summary of the Sheriff's compensated absences policy.

A description of the Sheriff's policies on OPEB is described above. The Sheriff's long-term debt is not recorded in the accompanying financial statements, but is recorded in the statement of net assets as part of the basic financial statements of the County.

Capital Lease

In fiscal year 2015, the Sheriff entered into a capital lease agreement with Presidio Technology Capital, LLC to lease server equipment. The lease requires monthly payments of \$11,073 and matures May 1, 2020.

Future minimum lease payments under the capital lease are as follows:

<i>Year Ending September 30,</i>	Amount
2018	\$ 121,799
2019	132,872
2020	88,581
Total future minimum lease payments	343,252
Less amount representing interest	(21,871)
Present value of future minimum lease payments	\$ 321,381

**ADDITIONAL ELEMENTS REQUIRED BY
THE RULES OF THE AUDITOR GENERAL**

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

The Honorable Bill Leeper
Nassau County Sheriff
Nassau 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 each major fund and the aggregate remaining fund information of the Nassau County, Florida Sheriff (the "Sheriff"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated April 16, 2018.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriff'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 determination of financial statement amounts. 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 Sheriff's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carri Riggs & Ingram, L.L.C.

Jacksonville, Florida

April 16, 2018

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, *FLORIDA STATUTES*

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

We have examined Nassau County, Florida Sheriff's (the "Sheriff") compliance with the requirements of Section 218.415, *Florida Statutes, Local Government Investment Policies*, during the year ended September 30, 2017. Management of the Sheriff is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff'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 Sheriff complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Sheriff 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.

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

In our opinion, the Sheriff complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2017.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Jacksonville, Florida
April 16, 2018

MANAGEMENT LETTER

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

Report on the Financial Statements

We have audited the financial statements of the Nassau County, Florida, Sheriff (the “Sheriff”), as of and for the year ended September 30, 2017, and have issued our report thereon dated April 16, 2018.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Compliance and Other Matters Based on an Audit of the Financial Statements Performed in accordance with *Government Auditing Standards*; and Independent Accountant’s Report on our examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated April 16, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Sheriff was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Sheriff.

Financial Management

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

Other Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Sheriff and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and professional courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Caru, Riggs & Ingram, L.L.C.

April 16, 2018
Jacksonville, Florida

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NASSAU COUNTY TAX COLLECTOR
Nassau County, Florida

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORTS**

SEPTEMBER 30, 2017



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

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**Nassau County Tax Collector
Table of Contents
September 30, 2017**

REPORT

Independent Auditor's Report	1
------------------------------	---

FINANCIAL STATEMENTS

Balance Sheet - General Fund	4
Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund	5
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	6
Statement of Fiduciary Assets and Liabilities - Agency Fund	7
Notes to Financial Statements	8

ADDITIONAL ELEMENTS REQUIRED BY THE RULES OF THE AUDITOR GENERAL

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15
Independent Accountant's Report on Compliance with Section 218.415, <i>Florida Statutes</i>	17
Management Letter	18

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INDEPENDENT AUDITOR'S REPORT

The Honorable John Drew
Nassau County Tax Collector
Nassau County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund and the aggregate remaining fund information of the Nassau County, Florida, Tax Collector (the "Tax Collector"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Tax Collector's special purpose financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund and the aggregate remaining fund information of the Tax Collector as of September 30, 2017, and the respective changes in financial position and budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida (the “*Rules*”). In conformity with the *Rules*, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of each major fund and the aggregate remaining fund information, where applicable, only for that portion of the major funds and the aggregate remaining fund information of Nassau County, Florida, that is attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position as a whole of Nassau County, Florida as of September 30, 2017, and the changes in its financial position, or budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tax Collector’s special purpose financial statements. The other financial information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2018, on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Tax Collector'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 Tax Collector's internal control over financial reporting and compliance.

Carri Riggs & Ingram, L.L.C.

April 16, 2018
Jacksonville, Florida

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**Nassau County Tax Collector
Balance Sheet - General Fund
September 30, 2017**

ASSETS

Cash	\$ 308,720
Due from agency fund	58,595
TOTAL ASSETS	\$ 367,315

LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE

Liabilities

Accounts payable	\$ 8,799
Due to Board of County Commissioners	311,875
Due to agency fund	115
Due to other governments	9,242
Total liabilities	330,031

Deferred inflows of resources

Unavailable revenue	37,284
---------------------	--------

Fund balance

	-
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 367,315

The accompanying notes are an integral part of these financial statements.

Nassau County Tax Collector
Statement of Revenues, Expenditures and Changes in Fund Balance -
General Fund
Year Ended September 30, 2017

Revenues	
Charges for services	\$ 1,029,280
Miscellaneous	10,399
Total revenues	1,039,679
Expenditures	
Current:	
General government:	
Salaries and benefits	2,105,574
Operating expenditures	763,184
Capital outlay	34,251
Total expenditures	2,903,009
(Deficiency) of revenues over (under) expenditures	(1,863,330)
Other financing sources (uses)	
Transfers in from Board of County Commissioners	2,173,105
Transfers (out) to Board of County Commissioners	(309,775)
Total other financing sources (uses)	1,863,330
Net change in fund balance	-
Fund balance, beginning of year	-
Fund balance, beginning of year	\$ -

The accompanying notes are an integral part of these financial statements.

Nassau County Tax Collector
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended September 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for services	\$ 1,054,092	\$ 1,054,092	\$ 1,029,280	\$ (24,812)
Miscellaneous	9,000	9,000	10,399	1,399
Total revenues	1,063,092	1,063,092	1,039,679	(23,413)
Expenditures				
Current:				
General government:				
Salaries and benefits	2,170,338	2,170,338	2,105,574	64,764
Operating expenditures	793,234	793,234	763,184	30,050
Capital outlay	38,675	38,675	34,251	4,424
Total expenditures	3,002,247	3,002,247	2,903,009	99,238
(Deficiency) of revenues over (under) expenditures	(1,939,155)	(1,939,155)	(1,863,330)	75,825
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	2,195,038	2,195,038	2,173,105	(21,933)
Transfers (out) to Board of County Commissioners	(255,883)	(255,883)	(309,775)	(53,892)
Total other financing sources (uses)	1,939,155	1,939,155	1,863,330	(75,825)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.



Nassau County Tax Collector
Statement of Fiduciary Assets and Liabilities -
Agency Fund
September 30, 2017

ASSETS

Cash	\$ 2,905,247
Due from general fund	115
Due from others	111,827

TOTAL ASSETS	\$ 3,017,189
---------------------	---------------------

LIABILITIES

Due to general fund	\$ 58,595
Due to Board of County Commissioners	402,806
Due to other governments	267,947
Undistributed collections	2,287,841

TOTAL LIABILITIES	\$ 3,017,189
--------------------------	---------------------

The accompanying notes are an integral part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the office of the Nassau County Tax Collector (the “Tax Collector”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity

Nassau County, Florida (the “County”) is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the “Board”). The Tax Collector is an elected constitutional officer of the County pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). The Tax Collector is an integral part of Nassau County, which is the primary government for financial reporting purposes. The Florida Department of Revenue approves the Tax Collector’s total operating budget, the Tax Collector is responsible for the administration and operation of the Tax Collector’s office, and the Tax Collector’s special purpose financial statements do not include the financial statements of the Board or the other Constitutional Officers of the County.

The Tax Collector operates as a Fee Officer. Upon approval of the operating budget, revenues are collected from fees and from commissions earned for the collection of taxes and special assessments for the various Nassau County taxing authorities pursuant to Section 192.091(2), *Florida Statutes*. Any excess revenues received over expenditures made are remitted at year end to the taxing districts.

Basis of Presentation

The Tax Collector’s financial statements are special purpose financial statements that have been prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida (the “Rules”). These special purpose financial statements are the fund financial statements required by generally accepted accounting principles. However, these fund financial statements do not constitute a complete presentation because, in conformity with the *Rules*, the Office has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, or management’s discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County’s countywide financial statements.

Fund Accounting

Accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government 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. The focus of fund financial statements is on major funds, each displayed in a separate column. All nonmajor funds are aggregated and displayed in a single column. The Tax Collector has no nonmajor funds.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Tax Collector reports the following major governmental fund:

- **General Fund** - The general fund is the general operating fund of the Tax Collector. It is used to account for all financial resources, except for those required to be accounted for in another fund.

Additionally, the Tax Collector reports the following fiduciary fund:

- **Agency Fund** - The agency fund is used to account for assets held by the Tax Collector as an agent for individuals, private organizations, and other governments. The agency fund is custodial in nature and does not involve measurement of changes in financial position.

Fund Balance

The Tax Collector follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Tax Collector is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

The fund balance classifications specified in GASB Statement 54 are as follows:

- **Nonspendable Fund Balance** - Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- **Restricted Fund Balance** - Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed Fund Balance** - Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Tax Collector's highest level of decision-making authority, which is a policy of the Tax Collector. Committed amounts cannot be used for any other purpose unless the Tax Collector removes those constraints by taking the same type of action.
- **Assigned Fund Balance** - Assigned fund balances are amounts that are constrained by the Tax Collector's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the constitutional officer or (b) a body or official to which the constitutional officer has delegated the authority to assign amounts to be used for specific purposes.
- **Unassigned Fund Balance** - Unassigned fund balance is the residual classification for the General Fund.

The Tax Collector's policy is to expend resources in the following order: restricted, committed, assigned and unassigned.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement Focus/Basis of Accounting

All governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of "available spendable resources" during a period.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on long-term debt are recognized when due.

Agency fund assets and liabilities are accounted for on the accrual basis of accounting.

Budgetary Requirement

Governmental fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the *Florida Statutes*. An annual budget is approved by the Florida Department of Revenue for the general fund. Budget to actual comparisons are provided in the financial statements for the general fund, where the Tax Collector has legally adopted an annual budget. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

The Tax Collector's annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year-end.

Capital Assets and Long-Term Liabilities

Capital assets used by the Tax Collector are recorded and accounted for by the Nassau County Board of County Commissioners.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(concluded)*

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude 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. They are instead reported as liabilities in the government-wide financial statements of the County.

Property Tax Collections

Property tax collections are governed by Chapter 197, *Florida Statutes*, as follows:

- **Current Taxes** - All property taxes become due and payable on November 1, and are considered to be delinquent on April 1 of the following year. Discounts of 4%, 3%, 2%, and 1% are allowed for early payment in November, December, January and February, respectively.
- **Unpaid Taxes - Sale of Tax Certificates** - The Tax Collector advertises, as required by *Florida Statutes*, then sells tax certificates on all real property for unpaid taxes. Certificates not purchased are issued to the County. Any person owning real property upon which a tax certificate has been sold may reacquire the real property by paying the Tax Collector the face amount of the tax certificate plus interest and other costs.
- **Tax Deeds** - The owner of a tax certificate may, after two years when the taxes have been delinquent (after April 1), file an application for tax deed sale. The County, as a certificate owner, may exercise similar procedures two years after taxes have been delinquent (after April 1). Tax deeds are issued to the highest bidder for the property, which is sold at public auction. The Clerk of the Circuit Court administers these sales.

Deferred Inflows/Unearned Revenue

Deferred inflows represent revenues that have been earned, but are not available because they were received more than 30 days after year end. Unearned revenue represents the portion of biennial service fees attributable to future years.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits

All deposits of the Tax Collector are placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida Security for Public Deposits Act. Every qualified public depository is required by this law to deposit with the Chief Financial Officer eligible collateral equal to, or in excess of, an amount to be determined by the Chief Financial Officer. The Chief Financial Officer is required to ensure that all funds are entirely collateralized throughout the fiscal year.

Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, *Florida Statutes*, no public depositor shall be liable for any loss thereof. All of the cash funds of the Tax Collector are deposited in accordance with *Florida Statutes* 280 and 218.415, and Nassau County Resolution 95-144.

NOTE 3: RISK MANAGEMENT

The Tax Collector is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Tax Collector carries commercial insurance. There were no significant reductions in insurance coverage from prior years. Settled claims resulting from the risks described above have not exceeded the insurance coverage during the previous three years.

NOTE 4: PENSION AND POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Florida Retirement System (FRS) Pension Benefits

The Tax Collector participates in the Florida Retirement System (FRS) for pension benefits. A detailed plan description and any liability for employees of the Tax Collector are included in the financial statements of the County.

Postemployment Benefits other than Pension Benefits

The Tax Collector participates in the plan established by the Board of County Commissioners to provide other post-employment benefits to retirees of the Board and Constitutional Officers. A detailed plan description and any liability for employees of the Tax Collector are included in the financial statements of the County.

Nassau County Tax Collector
Notes to Financial Statements

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at September 30, 2017, are as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ 58,595	\$ 115
Fiduciary:		
Agency fund	115	58,595
Totals	\$ 58,710	\$ 58,710

NOTE 6: LEASE AGREEMENTS

Equipment Leases

During the year ended September 30, 2017, the Tax Collector executed two lease agreements with Pitney Bowes for various mailing equipment. Lease periods are for 60 months through fiscal year 2022. Quarterly payments due under the leases are \$1,006 and \$344, respectively.

The Tax Collector also has various lease agreements with Canon Business Solutions for copier equipment and a check scanner. Monthly lease payments due under the agreements range from \$92 to \$354, with lease periods from 36 months to 48 months expiring at various dates through July 2019.

Equipment lease payments totaled \$14,199 during the fiscal year ended September 30, 2017.

Future minimum payments due under the equipment lease agreements for fiscal years succeeding September 30, 2017, are as follows:

<i>Year Ending September 30,</i>	Amount
2018	\$ 15,720
2019	10,327
2020	5,400
2021	5,400
2022	1,350
Total	\$ 38,197

NOTE 6: LEASE AGREEMENTS *(continued)*

Building Leases

The Tax Collector has a sublease agreement with the Florida Department of Highway Safety and Motor Vehicles for the establishment and operation of a driver's license office and an administration office. The lease period is for 35 years commencing on March 24, 2008 and ending March 23, 2043. Lease payments are \$25 per month. Upon termination or expiration of this sublease, the premises and improvements are to be surrendered to the Tax Collector.

The Tax Collector leases office space for a branch location in Callahan, Florida. The original lease term expired March 14, 2016. The lease was extended for an additional five-year period from March 15, 2016 through March 14, 2021, under an option to extend the lease for two consecutive lease periods. Current monthly lease payments under the lease are \$3,163, including common area maintenance charges.

The Tax Collector also leases office space for a branch location in Hilliard, Florida. The lease agreement requires monthly lease payments of \$500 and can be terminated upon sixty days' written notice by either party.

Rent expense under the building leases totaled \$43,492 for the year ended September 30, 2017.

Future minimum lease payments under the building lease agreements are as follows:

<i>Year Ending September 30,</i>	Amount
2018	\$ 43,879
2019	38,793
2020	39,738
2021	20,970
2022	300
Thereafter	6,150
Total	\$ 149,830

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**ADDITIONAL ELEMENTS REQUIRED BY THE
RULES OF THE AUDITOR GENERAL**

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

The Honorable John Drew
Nassau County Tax Collector
Nassau 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 office of the Nassau County Tax Collector (the "Tax Collector"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Tax Collector's special purpose financial statements, and have issued our report thereon dated April 16, 2018.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Tax Collector'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.

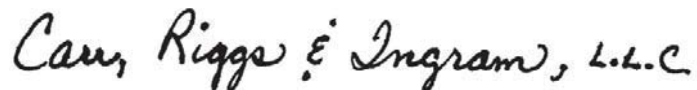
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tax Collector'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 determination of financial statement amounts. 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 Tax Collector'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 Tax Collector's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cam, Riggs & Ingram, L.L.C." in a cursive, slightly informal script.

April 16, 2018
Jacksonville, Florida

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Carr, Riggs & Ingram, LLC
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(904) 353-5836 (fax)
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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, *FLORIDA STATUTES*

The Honorable John Drew
Nassau County Tax Collector
Nassau County, Florida

We have examined Nassau County, Florida, Tax Collector's (the "Tax Collector") compliance with the requirements of Section 218.415, *Florida Statutes, Local Government Investment Policies*, during the year ended September 30, 2017. Management of the Tax Collector is responsible for the entity's compliance with those requirements. Our responsibility is to express an opinion on the Tax Collector'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 Tax Collector complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Tax Collector 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.

Our examination does not provide a legal determination on the Tax Collector's compliance with specified requirements.

In our opinion, the Tax Collector complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2017.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, LLC

April 16, 2018
Jacksonville, Florida

MANAGEMENT LETTER

The Honorable John Drew
Nassau County Tax Collector
Nassau County, Florida

Report on the Financial Statements

We have audited the financial statements of the general fund of the Nassau County, Florida, Tax Collector (the "Tax Collector"), as of and for the year ended September 30, 2017, and have issued our report thereon dated April 16, 2018.

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; and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in accordance with *Government Auditing Standards*; and Independent Accountant's Report on our examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated April 16, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Tax Collector was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Tax Collector.

Financial Management

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

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Tax Collector and applicable management, and the Board of County Commissioners of Nassau County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and professional courtesy extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Carly Riggs & Ingram, L.L.C.

April 16, 2018
Jacksonville, Florida

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**NASSAU COUNTY
PROPERTY APPRAISER
Nassau County, Florida**

**Financial Statements
and Auditor's Reports**

September 30, 2017



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

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**Nassau County Property Appraiser
Table of Contents
September 30, 2017**

REPORT

Independent Auditor's Report	1
------------------------------	---

FINANCIAL STATEMENTS

Balance Sheet - General Fund	4
Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund	5
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	6
Notes to Financial Statements	7

ADDITIONAL ELEMENTS REQUIRED BY THE RULES OF THE AUDITOR GENERAL

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	12
Independent Accountant's Report on Compliance with Section 218.415, <i>Florida Statutes</i>	14
Management Letter	15

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INDEPENDENT AUDITOR'S REPORT

The Honorable A. Michael Hickox
Nassau County Property Appraiser
Nassau County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund of the Nassau County, Florida, Property Appraiser (the "Property Appraiser"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Property Appraiser's special purpose financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financials statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund of the Property Appraiser as of September 30, 2017, and the respective changes in its financial position and budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida (the "*Rules*"). In conformity with the *Rules*, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of each major fund and the aggregate remaining fund information, where applicable, only for that portion of the major funds and the aggregate remaining fund information of Nassau County, Florida, that is attributable to the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Nassau County as of September 30, 2017, and the changes in its financial position, or budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Property Appraiser's special purpose financial statements. The other financial information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2018, on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Property Appraiser'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 Property Appraiser's internal control over financial reporting and compliance.

Carly Riggs & Ingram, L.L.C.

April 16, 2018
Jacksonville, Florida

**Nassau County Property Appraiser
Balance Sheet - General Fund
September 30, 2017**

ASSETS

Cash	\$ 455,872
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TOTAL ASSETS	\$ 455,872
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LIABILITIES AND FUND BALANCE

Liabilities:

Due to Board of County Commissioners	\$ 154,488
Due to other governments	3,870
Other current liabilities	300

Total liabilities	158,658
--------------------------	----------------

FUND BALANCE

Assigned	297,214
----------	---------

TOTAL LIABILITIES AND FUND BALANCE	\$ 455,872
-------------------------------------------	-------------------

The accompanying notes are an integral part of these financial statements.

Nassau County Property Appraiser
Statement of Revenues, Expenditures and Changes in Fund Balances -
General Fund
Year Ended September 30, 2017

REVENUES

Charges for services	\$ 78,834
Interest income	145
Miscellaneous	62,486
Total revenues	141,465

EXPENDITURES

Current:	
General Government:	
Personal services	1,532,250
Operating expenditures	353,464
Public Safety:	
Personal services	60,978
Capital outlay	23,303
Total expenditures	1,969,995

Excess (deficiency) of revenues over (under) expenditures	(1,828,530)
------------------------------------------------------------------	--------------------

Other financing sources (uses)

Transfers in from Board of County Commissioners	1,965,031
Transfers out to Board of County Commissioners	(154,488)
Transfers in from other Constitutional Officers	18,000
Total other financing sources (uses)	1,828,543

Net change in fund balance	13
-----------------------------------	-----------

Fund balance, beginning of year	297,201
---------------------------------	---------

Fund balance, beginning of year	\$ 297,214
----------------------------------------	-------------------

The accompanying notes are an integral part of these financial statements.

Nassau County Property Appraiser
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended September 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for services	\$ 47,030	\$ 47,030	\$ 78,834	\$ 31,804
Interest income	-	-	145	145
Miscellaneous	-	-	62,486	62,486
Total revenues	47,030	47,030	141,465	94,435
Expenditures				
Current:				
General government:				
Personal services	1,593,457	1,594,196	1,532,250	61,946
Operating expenditures	280,113	278,810	353,464	(74,654)
Public safety:				
Personal services	61,023	61,023	60,978	45
Operating expenditures	-	-	-	-
Capital outlay	-	23,303	23,303	-
Reserves	50,000	28,000	-	28,000
Total expenditures	1,984,593	1,985,332	1,969,995	15,337
(Deficiency) of revenues over (under) expenditures	(1,937,563)	(1,938,302)	(1,828,530)	109,772
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	1,937,563	1,937,563	1,965,031	27,468
Transfers in from Constitutional Officers	-	-	18,000	18,000
Transfers (out) to Board of County Commissioners	-	-	(154,488)	(154,488)
Total other financing sources (uses)	1,937,563	1,937,563	1,828,543	(109,020)
Net change in fund balance	-	(739)	13	752
Fund balance, beginning of year	-	-	297,201	297,201
Fund balance, end of year	\$ -	\$ (739)	\$ 297,214	\$ 297,953

The accompanying notes are an integral part of these financial statements.

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Nassau County Property Appraiser Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the office of the Nassau County Property Appraiser (the “Property Appraiser”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity

Nassau County, Florida (the “County”) is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the “Board”). The Property Appraiser is an elected constitutional officer of the County, pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Property Appraiser. The Property Appraiser is an integral part of Nassau County, which is the primary government for financial reporting purposes. The Florida Department of Revenue approves the Property Appraiser’s total operating budget, the Property Appraiser is responsible for the administration and operation of the Property Appraiser’s office, and the Property Appraiser’s financial statements do not include the financial statements of the Board or the other Constitutional Officers of Nassau County, Florida.

The operations of the Property Appraiser are funded by the Board of County Commissioners, the St. Johns River Water Management District, the Amelia Island Mosquito Control District, and the Florida Inland Navigation District. The receipts from the Board are recorded as other financing sources on the Property Appraiser’s financial statements.

Basis of Presentation

The Property Appraiser’s financial statements are special purpose financial statements that have been prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida (the “Rules”). These special purpose financial statements are the fund financial statements required by generally accepted accounting principles. However, these fund financial statements do not constitute a complete presentation because, in conformity with the *Rules*, the Property Appraiser has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, or management’s discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County’s countywide financial statements.

Fund Accounting

Accounts are organized on the basis of funds which are considered separate accounting entities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government 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. The focus of fund financial statements is on major funds, each displayed in a separate column. All nonmajor funds are aggregated and displayed in a single column. The Property Appraiser has no nonmajor funds.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The Property Appraiser reports the following major governmental fund:

- *General Fund* - The general fund is the primary operating fund of the Property Appraiser. It is used to account for all financial resources, except for those required to be accounted for and reported in another fund.

Fund Balance

The Property Appraiser follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Property Appraiser is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

The fund balance classifications specified in GASB Statement No. 54 are as follows:

- *Nonspendable Fund Balance* - Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted Fund Balance* - Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* - Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Property Appraiser's highest level of decision-making authority, which is a policy of the Property Appraiser. Committed amounts cannot be used for any other purpose unless the Property Appraiser removes those constraints by taking the same type of action.
- *Assigned Fund Balance* - Assigned fund balances are amounts that are constrained by the Property Appraiser's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the constitutional officer or (b) a body or official to which the constitutional officer has delegated the authority to assign amounts to be used for specific purposes.
- *Unassigned Fund Balance* - Unassigned fund balance is the residual classification for the General Fund.

The Property Appraiser's policy is to expend resources in the following order: restricted, committed, assigned and unassigned.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement Focus/Basis of Accounting

All governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of "available spendable resources" during a period.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on long-term debt are recognized when due.

Budgetary Requirement

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the *Florida Statutes*. An annual budget is approved by the Florida Department of Revenue for the general fund. Budget to actual comparisons are provided in the financial statements for the general fund, where the Property Appraiser has legally adopted an annual budget. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

The Property Appraiser's annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year end.

Capital Assets and Long-Term Liabilities

Capital assets used by the Property Appraiser are recorded and accounted for by the Nassau County Board of County Commissioners.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude 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. They are instead reported as liabilities in the government-wide financial statements of the County.



Nassau County Property Appraiser Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(concluded)*

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits

All deposits of the Property Appraiser are placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida Security for Public Deposits Act. Every qualified public depository is required by this law to deposit with the Chief Financial Officer eligible collateral equal to, or in excess of, an amount to be determined by the Chief Financial Officer. The Chief Financial Officer is required to ensure that all funds are entirely collateralized throughout the fiscal year.

Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, *Florida Statutes*, no public depositor shall be liable for any loss thereof. All of the cash funds of the Property Appraiser are deposited in accordance with *Florida Statutes* 280 and 218.415, and *Nassau County Resolution* 95-144.

NOTE 3: RISK MANAGEMENT

The Property Appraiser is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Property Appraiser carries commercial insurance. There were no significant reductions in insurance coverage from prior years. Settled claims resulting from the risks described above have not exceeded the insurance coverage during the previous three years.

NOTE 4: PENSION AND POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Florida Retirement System (FRS) Pension Benefits

The Property Appraiser participates in the Florida Retirement System for Pension Benefits. A detailed plan description and any liability for employees of the Property Appraiser are included in the financial statements of the County.



Nassau County Property Appraiser Notes to Financial Statements

NOTE 4: PENSION AND POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (concluded)

Post-employment Benefits other than Pension Benefits

The Property Appraiser participates in the plan established by the Board of County Commissioners to provide other post-employment benefits to retirees of the Board and Constitutional Officers. A detailed plan description and any liability for employees of the Property Appraiser are included in the financial statements of the County.

**ADDITIONAL ELEMENTS REQUIRED BY THE
RULES OF THE AUDITOR GENERAL**

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

The Honorable A. Michael Hickox
Nassau County Property Appraiser
Nassau 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 office of the Nassau County Property Appraiser (the "Property Appraiser"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Property Appraiser's special purpose financial statements, and have issued our report thereon dated April 16, 2018.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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, and therefore, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Property Appraiser'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 determination of financial statement amounts. 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 Property Appraiser's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cam, Riggs & Ingram, L.L.C.

April 16, 2018
Jacksonville, Florida

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, *FLORIDA STATUTES*

The Honorable A. Michael Hickox
Nassau County Property Appraiser
Nassau County, Florida

We have examined Nassau County, Florida, Property Appraiser's (the "Property Appraiser") compliance with the requirements of Section 218.415, *Florida Statutes, Local Government Investment Policies*, during the year ended September 30, 2017. Management of the Property Appraiser is responsible for the entity's compliance with those requirements. Our responsibility is to express an opinion on the Property Appraiser'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 Property Appraiser complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Property Appraiser 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.

Our examination does not provide a legal determination on the Property Appraiser's compliance with specified requirements.

In our opinion, the Property Appraiser complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2017.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

April 16, 2018
Jacksonville, Florida

MANAGEMENT LETTER

The Honorable A. Michael Hickox
Nassau County Property Appraiser
Nassau County, Florida

Report on the Financial Statements

We have audited the financial statements of the general fund of the Nassau County, Florida, Property Appraiser (the "Property Appraiser"), as of and for the year ended September 30, 2017, and have issued our report thereon dated April 16, 2018.

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; 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 Compliance and Other Matters Based on an Audit of the Financial Statements Performed in accordance with *Government Auditing Standards*; and Independent Accountant's Report on our examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated April 16, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Property Appraiser was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Property Appraiser.

Financial Management

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

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Property Appraiser and applicable management, and the Board of County Commissioners of Nassau County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesy extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Caru, Riggs & Ingram, L.L.C.

April 16, 2018
Jacksonville, Florida

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NASSAU COUNTY SUPERVISOR OF ELECTIONS
Nassau County, Florida

Financial Statements and
Auditor's Reports

September 30, 2017



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRlcpa.com



**Nassau County Supervisor of Elections
Table of Contents
September 30, 2017**

REPORT

Independent Auditor's Report	1
------------------------------	---

FINANCIAL STATEMENTS

Balance Sheet - General Fund	3
Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund	4
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	5
Notes to Financial Statements	6

ADDITIONAL ELEMENTS REQUIRED BY THE RULES OF THE AUDITOR GENERAL

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	10
Independent Accountant's Report on Compliance with Section 218.415, <i>Florida Statutes</i>	12
Management Letter	13

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INDEPENDENT AUDITOR'S REPORT

The Honorable Vicki Cannon
Supervisor of Elections
Nassau County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the office of the Nassau County Supervisor of Elections (the "Office") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Office's special purpose financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Office as of September 30, 2017, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Nassau County, Florida that is attributable to the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Nassau County as of September 30, 2017, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's special purpose financial statements. The other financial information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2018, on our consideration of the Office'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 Office'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 Office's internal control over financial reporting and compliance.

Carly Riggs & Ingram, L.L.C.

Jacksonville, Florida

April 16, 2018

**Nassau County Supervisor of Elections
Balance Sheet - General Fund
September 30, 2017**

ASSETS

Cash	\$ 187,418
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TOTAL ASSETS	\$ 187,418
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LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 11,865
------------------	-----------

Due to Board of County Commissioners	175,553
--------------------------------------	---------

Total liabilities	187,418
--------------------------	----------------

Fund balance	-
---------------------	----------

TOTAL LIABILITIES AND FUND BALANCE	\$ 187,418
-------------------------------------------	-------------------

The accompanying notes are an integral part of these financial statements.

Nassau County Supervisor of Elections
Statement of Revenues, Expenditures and Changes in Fund Balance -
General Fund
Year Ended September 30, 2017

REVENUES

Intergovernmental	\$ 14,620
Miscellaneous	4,053
Total revenues	18,673

EXPENDITURES

Current:	
General Government:	
Personal services	811,960
Operating expenditures	377,604
Capital Outlay	5,620
Total expenditures	1,195,184

(Deficiency) of revenues over (under) expenditures	(1,176,511)
-----------------------------------------------------------	--------------------

OTHER FINANCING SOURCES (USES)

Transfers in from Board of County Commissioners	1,342,796
Transfers (out) to Board of County Commissioners	(148,285)
Transfers (out) to Constitutional Officers	(18,000)
Total other financing sources (uses)	1,176,511

Net change in fund balance	-
-----------------------------------	----------

Fund balance, beginning of year	-
---------------------------------	---

Fund balance, beginning of year	\$ -
----------------------------------------	-------------

The accompanying notes are an integral part of these financial statements.

Nassau County Supervisor of Elections
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended September 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 14,620	\$ 14,620	\$ -
Miscellaneous	-	-	4,053	4,053
Total revenues	-	14,620	18,673	4,053
EXPENDITURES				
Current:				
General Government:				
Personal services	824,170	830,195	811,960	18,235
Operating expenditures	476,626	455,315	377,604	77,711
Capital Outlay	124,000	5,621	5,620	1
Total expenditures	1,424,796	1,291,131	1,195,184	95,947
(Deficiency) of revenues over (under) expenditures	(1,424,796)	(1,276,511)	(1,176,511)	100,000
OTHER FINANCING SOURCES (USES)				
Transfers in from Board of County Commissioners	1,442,796	1,442,796	1,342,796	(100,000)
Transfers (out) to Board of County Commissioners	-	(148,285)	(148,285)	-
Transfers (out) to Constitutional Officers	(18,000)	(18,000)	(18,000)	-
Total other financing sources (uses)	1,424,796	1,276,511	1,176,511	(100,000)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

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Nassau County Supervisor of Elections Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the office of the Nassau County Supervisor of Elections (the “Office”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity

The Supervisor of Elections is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law.

The Office is an integral part of Nassau County, which is the primary government for financial reporting purposes.

Basis of Presentation

The Office’s financial statements are special purpose financial statements that have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (the “Rules”). These special purpose financial statements are the fund financial statements required by generally accepted accounting principles. However, these fund financial statements do not constitute a complete presentation because, in conformity with the Rules, the Office has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, or management’s discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County’s countywide financial statements.

Fund Accounting

Accounts are organized on the basis of funds which are considered separate accounting entities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government 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. The focus of fund financial statements is on major funds, each displayed in a separate column. All nonmajor funds are aggregated and displayed in a single column. The Office has no nonmajor funds.

The Office reports the following major governmental fund:

General Fund - The General Fund is the primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

Fund Balance

The Office follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Office is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.



Nassau County Supervisor of Elections Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

The fund balance classifications specified in GASB Statement No. 54 are as follows:

Nonspendable Fund Balance – Non-spendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Office's highest level of decision-making authority, which is a policy of the Office. Committed amounts cannot be used for any other purpose unless the Office removes those constraints by taking the same type of action.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the Office's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the constitutional officer or (b) a body or official to which the constitutional officer has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund.

The Office's policy is to expend resources in the following order: restricted, committed, assigned and unassigned.

Measurement Focus/Basis of Accounting

All governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of "available spendable resources" during a period.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on long-term debt are recognized when due.



Nassau County Supervisor of Elections Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*concluded*)

Capital Assets and Long-term Liabilities

Capital assets used by the Office are recorded and accounted for by the Nassau County Board of County Commissioners.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude 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. They are instead reported as liabilities in the government-wide financial statements of the County.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits

All deposits of the Office are placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida Security for Public Deposits Act. Every qualified public depository is required by this law to deposit with the Chief Financial Officer eligible collateral equal to, or in excess of, an amount to be determined by the Chief Financial Officer. The Chief Financial Officer is required to ensure that all funds are entirely collateralized throughout the fiscal year.

Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, Florida Statutes, no public depositor shall be liable for any loss thereof. All of the cash funds of the Office are deposited in accordance with Florida Statutes 280 and 218.415, and Nassau County Resolution 95-144.

NOTE 3 - RISK MANAGEMENT

Workers' Compensation and Group Health Insurance

The Board provides the Supervisor of Elections and her employees with workers' compensation and group health insurance coverages. The premiums for such coverages are paid by the Board and recorded on its records and, consequently, are not recorded on the Supervisor of Elections' records.



Nassau County Supervisor of Elections Notes to Financial Statements

NOTE 3 - RISK MANAGEMENT (*concluded*)

Risk Management

The Office is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Office carries commercial insurance. There were no significant reductions in insurance coverage from prior years. Settled claims resulting from the risks described above have not exceeded the insurance coverage during the previous three years.

NOTE 4: PENSION AND POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Florida Retirement System (FRS) Pension Benefits

The Office participates in the Florida Retirement System for Pension Benefits. A detailed plan description and any liability for employees of the Office is included in the financial statements of the County.

Post-employment Benefits other than Pension Benefits

The Office participates in the plan established by the Board of County Commissioners to provide other post-employment benefits to retirees of the Board and Constitutional Officers. A detailed plan description and any liability for employees of the Office is included in the financial statements of the County.

NOTE 5 - LEASE COMMITMENTS

The Office leases certain equipment through operating leases with maturity dates ranging from September 2017 to August 2019. Rent expense incurred under the operating leases totaled \$5,274 for the year ended September 30, 2017.

The following is a schedule of future minimum rental payments required under the above operating leases:

<i>Year Ending September 30,</i>	Amount
2018	\$ 5,189
2019	4,757
Totals	\$ 9,946

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**Additional Elements Required by the
Rules of the Auditor General**

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

The Honorable Vicki Cannon
Supervisor of Elections
Nassau 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 office of the Nassau County Supervisor of Elections (the "Office"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Office's special purpose financial statements, and have issued our report thereon dated April 16, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Office's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office'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, and therefore, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office'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 determination of financial statement amounts. 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.

Car, Riggs & Ingram, L.L.C.

Jacksonville, Florida

April 16, 2018

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, *FLORIDA STATUTES*

The Honorable Vicki Cannon
Supervisor of Elections
Nassau County, Florida

We have examined Nassau County, Florida, Supervisor of Elections' (the "Office") compliance with the requirements of Section 218.415, *Florida Statutes, Local Government Investment Policies*, during the year ended September 30, 2017. Management of the Office is responsible for the Office's compliance with those requirements. Our responsibility is to express an opinion on the Office'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 Office complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Office 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.

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

In our opinion, the Office complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2017.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Jacksonville, Florida
April 16, 2018

MANAGEMENT LETTER

The Honorable Vicki Cannon
Supervisor of Elections
Nassau County, Florida

Report on the Financial Statements

We have audited the financial statements of the Nassau County, Florida, Supervisor of Elections (the "Office"), as of and for the year ended September 30, 2017, and have issued our report thereon dated April 16, 2018.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Compliance and Other Matters Based on an Audit of the Financial Statements Performed in accordance with *Government Auditing Standards*; and Independent Accountant's Report on our examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated April 16, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Office was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Office.

Financial Management

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

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Office and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and professional courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Carri Riggs & Ingram, L.L.C.

Jacksonville, Florida
April 16, 2018

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