

2019

Nassau County Board of County Commissioners

Financial Statements

For Fiscal Year Ended September 30, 2019

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR’S REPORT**

**NASSAU COUNTY BOARD
OF COUNTY COMMISSIONERS
NASSAU COUNTY, FLORIDA
SEPTEMBER 30, 2019**

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INTRODUCTORY SECTION

**NASSAU COUNTY, FLORIDA
BOARD OF COUNTY COMMISSIONERS**

LIST OF ELECTED AND APPOINTED OFFICIALS

Serving as of September 30, 2019

ELECTED OFFICIALS

Commissioner—District 1, Vice-Chairman.....Daniel B. Leeper
Commissioner—District 2.....Aaron C. Bell
Commissioner—District 3.....Pat Edwards
Commissioner—District 4.....Thomas R. Ford
Commissioner—District 5, ChairmanJustin M. Taylor

APPOINTED OFFICIALS

County Manager.....Michael Mullin
County Attorney.....Michael Mullin

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of County Commissioners
Nassau County, Florida

We have audited the accompanying financial statements of each major fund and aggregate remaining fund information of the Nassau County Board of County Commissioners, Nassau County, Florida, (the Board) as of and for the year ended September 30, 2019, and the related notes, which collectively comprise the Board'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 of 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 Board'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 Board'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 estimates made by management, as well as evaluating the overall financial statement presentation.

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

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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, 2019, 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.

Emphasis of Matter

Incomplete Presentation

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 that is attributable to the Board of County Commissioners. They do not purport to, and do not, present fairly the financial position of the County as of September 30, 2019, and the changes in its financial position for the fiscal 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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 Honorable Board of County Commissioners
Nassau County, Florida

INDEPENDENT AUDITOR'S REPORT

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2020, on our consideration of the Board'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 under the heading 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*. 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 Board's internal control over financial reporting and compliance.



March 13, 2020
Gainesville, Florida

FINANCIAL STATEMENTS

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	<u>General</u>	<u>County Transportation</u>	<u>Municipal Services</u>
Assets			
Cash and Cash Equivalents	\$ 289,440	\$ 1,277,660	\$ 730,555
Cash and Cash Equivalents - Restricted	646,945	-	-
Equity in Pooled Investments	21,970,139	7,224,416	6,577,064
Accounts Receivable, (Net of Allowance for Uncollectibles)	840,079	2,570	5,802
Loans Receivable, (Net of Allowance for Uncollectibles)	-	-	-
Due from Other Funds	706,223	21,751	38,626
Due from Constitutional Officers	2,108,379	44,169	78,016
Due from Other Governments	5,893,380	441,242	48,767
Inventories	308,313	112,289	-
Prepaid Expenditures	414,479	3,878	2,440,241
Deposits	6,105	895	-
Total Assets	<u><u>33,183,482</u></u>	<u><u>9,128,870</u></u>	<u><u>9,919,071</u></u>
Liabilities			
Accounts Payable	2,377,298	1,184,087	281,129
Accrued Liabilities	974,593	-	-
Retainage Payable	17,079	-	-
Due to Other Funds	61,922	173,466	424,430
Due to Constitutional Officers	250,310	78	107
Due to Other Governments	83,892	4,236	2,554
Deposits	5,271	10,440	-
Total Liabilities	<u>3,770,365</u>	<u>1,372,307</u>	<u>708,220</u>
Deferred Inflows of Resources			
Unavailable Revenues	<u>1,110,237</u>	<u>353</u>	<u>5,125</u>
Fund Balances			
Non-Spendable	728,897	117,062	2,440,241
Restricted	1,126,356	-	5,000
Committed	1,790,161	-	-
Assigned	12,983,838	7,639,148	6,760,485
Unassigned	11,673,628	-	-
Total Fund Balances	<u>28,302,880</u>	<u>7,756,210</u>	<u>9,205,726</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u><u>\$ 33,183,482</u></u>	<u><u>\$ 9,128,870</u></u>	<u><u>\$ 9,919,071</u></u>

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

Capital Projects - Transportation	Comprehensive Impact Fee Ordinance	Non-Major Governmental Funds	Total Governmental Funds
\$ 1,042,784	\$ 896,601	\$ 12,977,642	\$ 17,214,682
-	-	-	646,945
16,645,126	6,119,817	26,484,300	85,020,862
-	-	150	848,601
-	-	40,000	40,000
-	-	8,663	775,263
-	-	121,687	2,352,251
1,294,532	-	90,058	7,767,979
-	-	-	420,602
-	-	2,843	2,861,441
-	-	-	7,000
<u>18,982,442</u>	<u>7,016,418</u>	<u>39,725,343</u>	<u>117,955,626</u>
719,853	-	824,641	5,387,008
-	-	-	974,593
208,117	-	-	225,196
-	-	87,340	747,158
-	-	29,991	280,486
-	1,246,156	18,992	1,355,830
-	-	225,693	241,404
<u>927,970</u>	<u>1,246,156</u>	<u>1,186,657</u>	<u>9,211,675</u>
<u>634,653</u>	<u>-</u>	<u>40,000</u>	<u>1,790,368</u>
-	-	2,843	3,289,043
-	5,770,262	33,570,968	40,472,586
17,419,819	-	4,155,428	23,365,408
-	-	769,447	28,152,918
-	-	-	11,673,628
<u>17,419,819</u>	<u>5,770,262</u>	<u>38,498,686</u>	<u>106,953,583</u>
<u>\$ 18,982,442</u>	<u>\$ 7,016,418</u>	<u>\$ 39,725,343</u>	<u>\$ 117,955,626</u>

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

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General	County Transportation	Municipal Services
Revenues			
Taxes	\$ 67,192,195	\$ 7,537,108	\$ 14,267,565
Licenses and Permits	50,730	8,068	231,567
Intergovernmental Revenues	13,869,867	2,198,695	913,800
Charges for Services	1,791,494	5,381	387,108
Fines and Forfeitures	44,812	1,700	25,458
Investment Earnings	876,576	197,248	169,901
Miscellaneous	267,376	151,092	114,752
Total Revenues	84,093,050	10,099,292	16,110,151
Expenditures			
Current:			
General Government Services	8,098,279	-	1,934,972
Public Safety	12,156,593	-	7,879,078
Physical Environment	1,630,297	-	-
Transportation	-	7,591,530	-
Economic Environment	167,359	-	-
Human Services	2,693,729	-	1,169,330
Culture and Recreation	1,856,025	-	-
Court-Related Expenditures	748,859	-	-
Capital Outlay	1,803,143	1,615,062	1,373,439
Debt Service:			
Principal Retirement	550,731	-	-
Interest and Fiscal Charges	-	-	-
(Total Expenditures)	29,705,015	9,206,592	12,356,819
Excess (Deficiency) of Revenues Over (Under) Expenditures	54,388,035	892,700	3,753,332
Other Financing Sources (Uses)			
Transfers from Constitutional Officers	2,115,989	19,930	77,981
Transfers to Constitutional Officers	(31,151,810)	(95,853)	(3,069,506)
Transfers in	417,709	3,849,338	3,636,104
Transfers (out)	(14,648,949)	(2,503,145)	(85,470)
Sale of General Capital Assets	156,253	23,541	11,585
Total Other Financing Sources (Uses)	(43,110,808)	1,293,811	570,694
Net Change in Fund Balances	11,277,227	2,186,511	4,324,026
Fund Balances at Beginning of Year	17,025,653	5,569,699	4,881,700
Fund Balances at End of Year	\$ 28,302,880	\$ 7,756,210	\$ 9,205,726

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

Capital Projects - Transportation	Comprehensive Impact Fee Ordinance	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 9,017,307	\$ 98,014,175
-	2,351,581	6,396,500	9,038,446
5,154,201	-	678,720	22,815,283
-	-	897,338	3,081,321
-	-	119,100	191,070
280,382	87,427	769,103	2,380,637
-	-	51,085	584,305
<u>5,434,583</u>	<u>2,439,008</u>	<u>17,929,153</u>	<u>136,105,237</u>
-	265	1,383,679	11,417,195
-	530	662,409	20,698,610
-	-	774,068	2,404,365
1,893,167	-	125,102	9,609,799
-	-	6,032,500	6,199,859
-	-	122,044	3,985,103
-	530	60,458	1,917,013
-	-	263,635	1,012,494
3,369,281	-	585,212	8,746,137
-	-	1,564,662	2,115,393
-	-	1,702,019	1,702,019
<u>5,262,448</u>	<u>1,325</u>	<u>13,275,788</u>	<u>69,807,987</u>
<u>172,135</u>	<u>2,437,683</u>	<u>4,653,365</u>	<u>66,297,250</u>
-	-	64,809	2,278,709
-	-	(644,341)	(34,961,510)
5,682,500	-	3,984,152	17,569,803
-	-	(267,438)	(17,505,002)
-	-	1,688	193,067
<u>5,682,500</u>	<u>-</u>	<u>3,138,870</u>	<u>(32,424,933)</u>
5,854,635	2,437,683	7,792,235	33,872,317
11,565,184	3,332,579	30,706,451	73,081,266
<u>\$ 17,419,819</u>	<u>\$ 5,770,262</u>	<u>\$ 38,498,686</u>	<u>\$ 106,953,583</u>

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

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
STATEMENT OF NET POSITION - PROPRIETARY FUND
SEPTEMBER 30, 2019

	Water and Sewer
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 5,118,414
Cash and Cash Equivalents - Restricted	995,764
Equity in Pooled Investments	4,058,885
Accounts Receivable, Net	370,812
Due from Other Funds	3,428
Inventories - Materials and Supplies	62,926
Total Current Assets	<u>10,610,229</u>
Non-Current Assets:	
Capital Assets (Net of Accumulated Depreciation Where Applicable)	<u>13,679,100</u>
Total Non-Current Assets	<u>13,679,100</u>
Total Assets	<u>24,289,329</u>
Deferred Outflow of Resources	
Unamortized Refunding Loss	404,006
Pension Related	209,318
OPEB Related	19,964
Total Deferred Outflow of Resources	<u>633,288</u>
Total Assets and Deferred Outflows	<u>24,922,617</u>
Liabilities	
Current Liabilities:	
Accounts Payable	354,502
Due to Other Funds	31,533
Due to Constitutional Officers	23
Due to Other Governments	77
Deposits	121,697
Bonds Payable	995,000
Other Postemployment Benefits - Current Portion	17,264
Net Pension Liability - HIS Current Portion	2,321
Compensated Absences	84,100
Total Current Liabilities	<u>1,606,517</u>
Non-Current Liabilities:	
Compensated Absences	77,342
Other Postemployment Benefits	213,057
Bonds Payable Long-Term	8,780,000
Net Pension Liability	591,356
Total Non-Current Liabilities	<u>9,661,755</u>
Total Liabilities	<u>11,268,272</u>
Deferred Inflow of Resources	
Pension Related	52,654
OPEB Related	20,366
Total Deferred Inflow of Resources	<u>73,020</u>
Net Position	
Net Investment in Capital Assets	4,308,106
Restricted for:	
Debt Service	655,122
Impact Fees	214,084
Unrestricted	8,404,013
Total Net Position	<u>\$ 13,581,325</u>

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

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Water and Sewer
Operating Revenues	
Charges for Services	\$ 4,388,919
Connection and Impact Fees	49,893
Other Income	148,784
Total Operating Revenues	<u>4,587,596</u>
Operating Expenses	
Contractual Services	6,504
Professional Services	200,856
Salaries and Benefits	944,459
Rentals and Leases	22,574
Repairs and Maintenance	208,622
Gas and Oil	17,741
Materials	1,445
Depreciation	872,147
Other Expenses	533,469
(Total Operating Expenses)	<u>2,807,817</u>
Operating Income	<u>1,779,779</u>
Non-Operating Revenues (Expenses)	
Interest Earnings	42,610
Interest and Other Debt Service Costs	(265,534)
Intergovernmental Revenues	1,464
Loss on Disposal of Capital Assets	(814)
Total Non-Operating Revenues (Expenses)	<u>(222,274)</u>
Income Before Transfers	<u>1,557,505</u>
Transfers	
Transfers (out)	(64,801)
Total Transfers	<u>(64,801)</u>
Change in Net Position	<u>1,492,704</u>
Net Position, Beginning of Year	<u>12,088,621</u>
Total Net Position, End of Year	<u><u>\$ 13,581,325</u></u>

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

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Water and Sewer
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 4,619,316
Cash Payments to Vendors for Goods and Services	(872,658)
Cash Payments to Employees	(811,955)
Net Cash Provided by (Used in) Operating Activities	2,934,703
Non-Capital Financing Activities	
Transfers to Constitutional Officers	1,464
Transfers to Other Funds	(64,801)
Net Cash Provided by (Used in) Non-Capital Financing Activities	(63,337)
Capital and Related Financing Activities	
Acquisition of Property, Plant and Equipment	(625,270)
Principal Payments on Bonds	(975,000)
Payment of Interest and Other Debt Costs	(220,645)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(1,820,915)
Investing Activities	
Interest Received	42,610
Purchase of Investments	(24,076)
Net Cash Provided by (Used in) Investing Activities	18,534
Net Increase (Decrease) in Cash and Cash Equivalents	1,068,985
Cash and Cash Equivalents, Beginning of Year	5,045,193
Cash and Cash Equivalents, End of Year	\$ 6,114,178
<u>Reported in Statement of Net Assets as</u>	
Cash and Cash Equivalents	\$ 5,118,414
Cash and Cash Equivalents - Restricted	995,764
Total	\$ 6,114,178

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

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Water and Sewer</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>	
Operating Income (Loss)	\$ 1,779,779
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Depreciation	872,147
Changes in Assets - Decrease (Increase):	
Decrease (Increase) in Accounts Receivable	47,406
Decrease (Increase) in Due from Other Funds	1,114
Decrease (Increase) in Inventory	(4,079)
Decrease (Increase) in Prepaid Expense	41,365
Decrease (Increase) in Deferred Outflows	(23,735)
Changes in Liabilities - Increase (Decrease):	
Increase (Decrease) in Accounts Payable	81,268
Increase (Decrease) in Due to Other Funds	(1,141)
Increase (Decrease) in Deposits	(15,660)
Increase (Decrease) in OPEB Liability	4,165
Increase (Decrease) in Net Pension Liability	139,736
Increase (Decrease) in Deferred Inflows	(2,944)
Increase (Decrease) in Compensated Absences	15,282
Net Cash Provided by (Used in) Operating Activities	<u>\$ 2,934,703</u>

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

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
SEPTEMBER 30, 2019**

	<u>SAISSA</u>
Assets	
Cash and Equivalents	\$ 1,013,691
Due from Constitutional Officers	<u>2,482</u>
Total Assets	<u><u>1,016,173</u></u>
 Liabilities	
Due to Bond Holders	<u>1,016,173</u>
Total Liabilities	<u><u>\$ 1,016,173</u></u>

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

NOTES TO FINANCIAL STATEMENTS

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
NASSAU COUNTY, FLORIDA**

Note 1 - Summary of Significant Accounting Policies

The significant accounting policies followed by the Nassau County Board of County Commissioners (the Board) are described below to enhance the usefulness of the fund financial statements to the reader.

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 and elected Constitutional Officers, who are governed by federal and state statutes, regulations, and County ordinances. The Board is operated as a separate County agency in accordance with applicable provisions of Florida Statutes. The Nassau County Clerk of the Circuit Court is the clerk and accountant of the Board in accordance with the provisions of Section 125.17, Florida Statutes.

The Nassau County Housing Finance Authority (NCHFA) 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 NCHFA had no revenues or expenditures during the fiscal year ended September 30, 2019. 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 County. The RWCCD had no revenues or expenditures during the fiscal year ended September 30, 2019. 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 statement 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.

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.

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
NASSAU COUNTY, FLORIDA**

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 following funds are used by the Board:

■ **Governmental Funds**

● **Major Governmental Funds**

- ▶ The **General Fund**—is 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.
- ▶ The **County Transportation Trust Fund**—is 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.
- ▶ The **Municipal Services Fund**—is used to account for activities benefiting only the unincorporated areas of the County. Financing is provided principally by ad valorem taxes, the half-cent sales tax, and State Revenue Sharing.
- ▶ The **Capital Projects - Transportation Fund**—is 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.
- ▶ The **Comprehensive Impact Fee Ordinance Fund**—is used to account for the district's expenditures associated with capital expansions. Funding is provided from impact fees on new construction.

● **Non-Major Governmental Funds**

- ▶ **Special Revenue Funds**—are 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**—are 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**—are 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 Board 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 Board 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.

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- ▶ **Water and Sewer 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, situated north of the Duval County line and south of the City of Fernandina Beach.

- **Fiduciary Fund**

The Agency Fund—SAISSA 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 (assets plus deferred outflows, less liabilities, less deferred inflows) are considered 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**—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 their statement of net position, and the reported net position (total reported assets plus deferred outflows, less total reported liabilities, less deferred inflows) provide 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 *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.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the fund 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 sixty days after year-end.

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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 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

As authorized in Florida Statute 218.415, the Board has adopted a written investment policy which governs authorized investments. A description of the authorized investments is detailed in Note 2.

All investments are stated at fair value. Investment fair values are based on quoted market prices. Investments in mutual funds and Local Government Surplus Funds Trust Fund, which are external 2a-7-like investment pools, are stated at share price which is substantially the same as fair value.

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 receivables are based upon aging schedules and the related collection experiences of such receivables.

Inter-Fund Balances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" 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. The costs of inventories in governmental fund types are recorded as expenditures when consumed; therefore, the inventory asset amount is not available for appropriation.

Prepaid items are certain payments to vendors and the Constitutional Officers that reflect costs applicable to future accounting periods and are recorded as prepaid items in fund financial statements. The costs of prepaid items in the governmental fund types are recorded as expenditures when consumed.

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On the governmental funds balance sheet, the prepaid and inventory balances reported are offset by a non-spendable fund balance classification which indicated these balances do not constitute “available spendable resources” even though they are a component of net current assets.

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.

Fund Balance

Fund balance is reported in five components – non-spendable, restricted, committed, assigned, and unassigned:

- **Non-Spendable**—This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash, or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.
- **Restricted**—This component of fund 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). 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) employed to constrain those amounts.
- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization’s governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. In addition, residual balances in capital projects and debt service funds are considered assigned for the general purpose of the respective fund.
- **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.
- **Flow Assumption**—When both restricted and unrestricted resources are available for use, it is the Board’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 Board’s policy to use committed resources first, then assigned, and then unassigned as needed.

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Net Position

Net position of the 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* represent 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*.

Restricted Assets

Certain resources in the general fund and the water and sewer enterprise fund are set-aside for payment of the landfill post-closure and monitoring costs, capital reserves, renewal and replacement, and the utility system. These resources are classified as restricted cash and investments on the balance sheet-governmental funds and 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 Board's practice is to use the restricted resources first, then unrestricted resources as they are needed.

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. At year-end, the assets are capitalized at cost by the Board 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, Clerk of the Circuit Court, Tax Collector, Property Appraiser, and Supervisor of Elections, are accounted for by the Board 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; therefore, those assets are not presented in these fund financial statements.

The Board 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:

<u>Capital Asset Category</u>	<u>Capitalization Threshold</u>
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

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Such assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. 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

Governmental funds recognize bond premiums and discounts, as well as bond issuance costs, 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.

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

Capitalization of Interest Costs

When applicable, the Board capitalizes interest costs related to construction of capital assets. For fiscal year ended September 30, 2019, no interest was capitalized.

Deferred Inflows/Outflows of Resources

Deferred inflows of resources reported on applicable governmental fund types represent revenues which are measurable 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.

Compensated Absences

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

Use of Estimates

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

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Other Postemployment Benefits (OPEB)

The Board allows retirees and their dependents to remain covered under the County's respective medical and insurance plans as required by Florida Statutes. The Board also provides a direct subsidy to retirees based on the number of years of service. The financial reporting requirements for governments whose employees are provided with OPEB, include the recognition and measurement of liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. These liabilities are only recorded in the government-wide full accrual statements, and in the Board's enterprise funds. Further details of the net OPEB liability, annual OPEB expense, actuarial assumptions, sensitivity analysis, and the other required disclosures can be found in the County-wide annual financial report.

Retirement Plans

The Board participates in the Florida Retirement System (FRS) defined benefit plan and Health Insurance Subsidy (HIS) defined benefit plan administered by the Florida Division of Retirement. As a participating employer, the Board implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires employers participating in cost-sharing, multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities and related pension amounts of the defined benefit pension plans. These liabilities are only recorded in the government-wide full accrual financial statements, and in the Board's enterprise fund. Further details of the FRS Plan net position liability, annual pension expense, actuarial assumptions, sensitivity analysis, and the other required disclosures can be found in the County-wide annual financial report.

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, 2019, the Board levied 7.4278 mills. An additional 2.3093 mills and 0.1021 mills were levied for the benefit of the Nassau County Municipal Services Taxing Unit and the Amelia Island Beach Renourishment MSTU, respectively.

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

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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 2 - Cash and Investments

Deposits with Financial Institutions

At year-end, the carrying amount of the Board's deposits with financial institutions was \$24,989,496 and the bank balances were \$25,006,119. All of the Board's deposits are held in qualified public depositories pursuant to the provisions of Florida Statutes, Chapter 280, 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.

Investments

The Board's investment practices are governed by Section 218.415, Florida Statutes, and County Ordinance 95-144. Authorized investments include the Local Government Surplus Funds Trust Fund (the State Pool) or similar intergovernmental investment pools, money market funds registered with the Securities and Exchange Commission, interest-bearing time deposits or savings accounts in qualified public depositories as defined in Section 280.02, Florida Statutes, direct obligations of the United States Treasury, federal agencies and instrumentalities, securities of, or interests in, any open-end or closed-end management-type investment company or investment trust, or other investments authorized by law or ordinance of the County.

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 Board's exposure to various risks of their investment portfolio.

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- **Interest Rate Risk**—The risk that changes in interest rates will adversely affect the fair value of an investment. The Board 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 Board has established escrow accounts to provide proof of financial responsibility for the post-closure costs associated with the Old West Nassau and 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 cash and cash equivalents - restricted.

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

Description	Fair Value
Cash and Cash Equivalents	\$ 24,989,496
Certificates of Deposit	44,371,985
Money Market Accounts	<u>44,707,762</u>
Total Cash and Investments	<u>\$ 114,069,243</u>

Reported in accompanying financial statements as follows:

	Governmental Funds	Proprietary Fund	Agency Fund	Total
Cash and Cash Equivalents	\$ 17,214,682	\$ 5,118,414	\$ 1,013,691	\$ 23,346,787
Equity in Pooled Investments	85,020,862	4,058,885	-	89,079,747
Restricted Cash and Cash Equivalents	<u>646,945</u>	<u>995,764</u>	-	<u>1,642,709</u>
Total Cash and Investments	<u>\$ 102,882,489</u>	<u>\$ 10,173,063</u>	<u>\$ 1,013,691</u>	<u>\$ 114,069,243</u>

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Note 3 - Accounts Receivable

Accounts receivable (net of allowances for uncollectibles) at September 30, 2019, included the following:

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental Funds			
General Fund	\$ 3,624,830	\$ (2,784,751)	\$ 840,079
County Transportation	2,570	-	2,570
Municipal Services	5,802	-	5,802
Non-Major	150	-	150
Total Governmental Funds	<u>\$ 3,633,352</u>	<u>\$ (2,784,751)</u>	<u>\$ 848,601</u>
	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Business-Type Funds			
Water and Sewer	<u>\$ 373,744</u>	<u>\$ (2,932)</u>	<u>\$ 370,812</u>

Note 4 - Restricted Assets

Restricted assets in the general fund and the proprietary funds at September 30, 2019, represent monies required to be restricted for landfill post-closure costs, 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 for the general fund and the proprietary funds at September 30, 2019, were restricted for the following purposes:

Customer Deposits	\$ 126,558
Landfill Post-Closure Costs	646,945
Impact Fees (Water/Sewer)	214,084
Debt Service	655,122
Total	<u>\$ 1,642,709</u>

Reported in accompanying financial statements as follows:

<u>Account</u>	<u>Reported Amount</u>
Current: Restricted Cash and Cash Equivalents - General	\$ 646,945
Current: Restricted Cash and Cash Equivalents - Business-Type Activities	995,764
Total Restricted Assets	<u>\$ 1,642,709</u>

Note 5 - Capital Assets

Capital assets of the governmental funds are not recorded on the accompanying financial statements; however, they will be recorded on the County-wide financial statements. The capital assets of the proprietary funds are recorded on the statement of net position.

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Capital asset activity for the year ended September 30, 2019, was as follows:

	Balance 10/1/18	Increases	(Decreases)	Balance 9/30/19
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 77,738,403	\$ 185,422	\$ -	\$ 77,923,825
Construction Work in Progress	<u>4,433,206</u>	<u>3,990,884</u>	<u>(5,265,008)</u>	<u>3,159,082</u>
Total Capital Assets Not Being Depreciated	<u>82,171,609</u>	<u>4,176,306</u>	<u>(5,265,008)</u>	<u>81,082,907</u>
Capital Assets Being Depreciated:				
Building and Improvements	73,304,081	167,289	-	73,471,370
Machinery and Equipment	31,729,668	5,002,133	(1,948,222)	34,783,579
Improvements other than Buildings	955,423	14,400	-	969,823
Leasehold Improvements	1,040,516	-	-	1,040,516
Infrastructure	<u>630,348,036</u>	<u>5,012,599</u>	<u>-</u>	<u>635,360,635</u>
Total Capital Assets Being Depreciated	<u>737,377,724</u>	<u>10,196,421</u>	<u>(1,948,222)</u>	<u>745,625,923</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(27,270,405)	(1,929,616)	-	(29,200,021)
Machinery and Equipment	(21,713,006)	(2,669,466)	1,840,652	(22,541,820)
Leasehold Improvements	(280,537)	(73,365)	-	(353,902)
Infrastructure	<u>(353,923,976)</u>	<u>(16,258,736)</u>	<u>-</u>	<u>(370,182,712)</u>
Total Accumulated Depreciation	<u>(403,187,924)</u>	<u>(20,931,183)</u>	<u>1,840,652</u>	<u>(422,278,455)</u>
Total Capital Assets Being Depreciated, Net	<u>334,189,800</u>	<u>(10,734,762)</u>	<u>(107,570)</u>	<u>323,347,468</u>
Total Governmental Activities				
Capital Assets, Net	<u>\$ 416,361,409</u>	<u>\$ (6,558,456)</u>	<u>\$ (5,372,578)</u>	<u>\$ 404,430,375</u>
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 167,966	\$ -	\$ -	\$ 167,966
Construction Work in Progress	<u>16,303</u>	<u>164,850</u>	<u>-</u>	<u>181,153</u>
Total Capital Assets, Not Being Depreciated	<u>184,269</u>	<u>164,850</u>	<u>-</u>	<u>349,119</u>
Capital Assets, Being Depreciated:				
Building and Improvements	754,865	-	-	754,865
Equipment	<u>23,220,233</u>	<u>460,420</u>	<u>(40,074)</u>	<u>23,640,579</u>
Total Capital Assets, Being Depreciated	<u>23,975,098</u>	<u>460,420</u>	<u>(40,074)</u>	<u>24,395,444</u>
Less Accumulated Depreciation:				
Building and Improvements	(268,812)	(19,839)	-	(288,651)
Equipment	<u>(9,963,764)</u>	<u>(852,308)</u>	<u>39,260</u>	<u>(10,776,812)</u>
Total Accumulated Depreciation	<u>(10,232,576)</u>	<u>(872,147)</u>	<u>39,260</u>	<u>(11,065,463)</u>
Total Capital Assets, Being Depreciated, Net	<u>13,742,522</u>	<u>(411,727)</u>	<u>(814)</u>	<u>13,329,981</u>
Total Business-Type Activities				
Capital Assets, Net	<u>\$ 13,926,791</u>	<u>\$ (246,877)</u>	<u>\$ (814)</u>	<u>\$ 13,679,100</u>

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Note 6 - Inter-Fund Activity

Inter-fund balances at September 30, 2019, consisted of the following:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
General	County Transportation	\$ 173,466
General	Municipal Service	424,430
General	Water and Sewer	31,533
General	Non-Major	76,794
County Transportation	General Fund	21,138
County Transportation	Non-Major	613
Municipal Service	General Fund	31,236
Municipal Service	Non-major	7,390
Water and Sewer	General Fund	3,428
Non-Major	General Fund	6,119
Non-Major	Non-Major	2,544
Total		<u>\$ 778,691</u>

The purpose for each of these inter-fund receivables and payables is to provide temporary loans for cash flow needs, primarily associated with reimbursable grant programs. In addition to the inter-fund balances, there was also \$2,354,733 due from the Constitutional Officers, and \$280,509 due to the Constitutional Officers.

Inter-fund transfers:

<u>Transfers Out</u>	<u>Transfers In</u>					<u>Totals</u>
	<u>General</u>	<u>County Trans- portation</u>	<u>Municipal Services</u>	<u>Capital Project Transportation</u>	<u>Non-Major</u>	
General	\$ -	\$ 3,849,338	\$ 3,636,104	\$ 3,182,500	\$ 3,981,007	\$ 14,648,949
County Transportation	-	-	-	2,500,000	3,145	2,503,145
Municipal Services	85,470	-	-	-	-	85,470
Non-Major	267,438	-	-	-	-	267,438
Water and Sewer	64,801	-	-	-	-	64,801
Total	<u>\$ 417,709</u>	<u>\$ 3,849,338</u>	<u>\$ 3,636,104</u>	<u>\$ 5,682,500</u>	<u>\$ 3,984,152</u>	<u>\$ 17,569,803</u>

In addition to the inter-fund transfers, there were transfers out to the Constitutional Officers of \$34,961,510 and transfers in from the Constitutional Officers of \$2,278,709.

The purposes for these inter-fund transfers include transfers to: (a) Constitutional Officers; (b) match for special revenue grant requirements; (c) other funds based on budgetary requirements; and (d) 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
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Note 7 - Leases

■ **Governmental Funds**

The Board is party to operating leases during the period ended September 30, 2019, as follows:

- *Tower Site (14th Street)*—the Board entered into a five-year lease with Pinnacle Towers, LLC, commencing April 1, 2011. The Board exercised the five-year renewal, which has an effective date of April 2016. Operating lease payments for the year ended September 30, 2019, were \$32,879.
- *Two Tower Sites (Hilliard and Dahoma)*—the Board entered into five year lease with American Tower Asset Sub, LLC, commencing May 2016. Operating lease payments for the year ended September 30, 2019, were \$63,477.
- *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, 2019, were \$77,178.

Future minimum lease payments under these leases follow:

Year Ending September 30,	Tower Lease Sites	West Nassau Land Development	Totals
2020	\$ 100,844	\$ 60,892	\$ 161,736
2021	75,552	-	75,552
2022	36,984	-	36,984
2023	38,463	-	38,463
2024	40,002	-	40,002
Total	<u>\$ 291,845</u>	<u>\$ 60,892</u>	<u>\$ 352,737</u>

Note 8 - Long-Term Obligations

Long-term debt is not recorded in the governmental funds on the accompanying financial statements; however, it will be recorded on the County-wide financial statements. Long-term debt is recorded in the proprietary funds.

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The following is a summary of changes in long-term obligations for the year ended September 30, 2019:

	<u>Balance</u> <u>10/1/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/19</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Bonds Payable	\$ 27,305,060	\$ -	\$ (1,886,424)	\$ 25,418,636	\$ 1,610,176
Premium on Bonds Payable	<u>965,228</u>	<u>-</u>	<u>(74,248)</u>	<u>890,980</u>	<u>74,428</u>
Total Bonds and Notes Payable	<u>28,270,288</u>	<u>-</u>	<u>(1,960,672)</u>	<u>26,309,616</u>	<u>1,684,604</u>
Capital Lease	550,731	-	(550,731)	-	-
Compensated Absences	5,481,285	2,674,829	(2,266,705)	5,889,409	2,248,877
Other Postemployment Benefits	11,081,649	132,150	-	11,213,799	547,726
Landfill Post-Closure	13,754,714	-	(252,828)	13,501,886	646,944
Net Pension Liability	<u>34,147,931</u>	<u>5,150,679</u>	<u>-</u>	<u>39,298,610</u>	<u>153,667</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 93,286,598</u>	<u>\$ 7,957,658</u>	<u>\$ (5,030,936)</u>	<u>\$ 96,213,320</u>	<u>\$ 5,281,818</u>
Business-type Activities					
Bonds Payable					
(Direct Placement)	\$ 10,750,000	\$ -	\$ (975,000)	\$ 9,775,000	\$ 995,000
Compensated Absences	146,160	69,387	(54,105)	161,442	84,100
Other Postemployment Benefits	226,156	4,165	-	230,321	17,264
Net Pension Liability	<u>453,941</u>	<u>139,736</u>	<u>-</u>	<u>593,677</u>	<u>2,321</u>
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 11,576,257</u>	<u>\$ 213,288</u>	<u>\$ (1,029,105)</u>	<u>\$ 10,760,440</u>	<u>\$ 1,098,685</u>

Governmental Activities

The County's governmental activities related bonds were offered for sale through a public offering and were not a direct borrowing or direct placements. A brief synopsis of long-term debt existing at September 30, 2019, follows:

2000 Optional Gas Tax Revenue Bonds

The Board, 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, 2019, totaled \$3,191,933.

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 \$2,178,789. At year-end, pledged future revenues totaled \$5,670,000, which was the amount of remaining principal and interest on the bonds. Other Board revenues are not available to finance this bond issue. In addition, the bondholders do not have any authority to compel the Board to increase ad valorem taxes for financing this bond issue. Such bonds, bearing interest at a rate between 5.55% to 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.

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Future principal and interest payments for this bond issue are as follows; capital appreciation amounts are included in future interest:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 315,176	\$ 629,824	\$ 945,000
2021	296,125	648,875	945,000
2022	278,643	666,357	945,000
2023	262,086	682,914	945,000
2024	246,976	698,024	945,000
2025	<u>232,697</u>	<u>712,303</u>	<u>945,000</u>
Total	<u>\$ 1,631,703</u>	<u>\$ 4,038,297</u>	<u>\$ 5,670,000</u>

2007 Public Improvement Revenue and Refunding Bonds

The Board, 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 Board'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 Board payable solely from amounts budgeted and appropriated by the Board 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 28% of such non ad valorem tax revenue and are payable through 2031. Principal and interest payments for the current year totaled \$2,321,250 and non ad valorem tax revenues totaled \$8,327,973. At year-end, pledged future revenues totaled \$27,882,250, which was the amount of remaining principal and interest on the bonds. Other Board revenues are not available to finance this bond issue.

In addition, the bondholders do not have any authority to compel the Board 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:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,500,000	825,750	2,325,750
2024	1,575,000	750,750	2,325,750
2025-2029	9,120,000	2,492,250	11,612,250
2030-2032	<u>4,320,000</u>	<u>326,750</u>	<u>4,646,750</u>
Total	<u>\$ 20,595,000</u>	<u>\$ 7,287,250</u>	<u>\$ 27,882,250</u>

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Compensated Absences—are not recorded on the accompanying governmental fund financial statements; however, it will be recorded on the County-wide financial statements. Following is a summary of annual sick, bonus, and compensatory leave benefits liabilities at September 30, 2019:

	Beginning Balance	Additions	(Deletions)	Ending Balance
Vacation Leave	\$ 2,046,960	\$ 1,254,340	\$ (1,106,467)	\$ 2,194,833
Paid Time Off	363,980	577,486	(437,911)	503,555
Sick Leave	3,050,068	786,686	(670,047)	3,166,707
Bonus Leave	14,761	37,701	(34,912)	17,550
Compensatory Leave	<u>5,516</u>	<u>18,615</u>	<u>(17,367)</u>	<u>6,764</u>
Total	<u>\$ 5,481,285</u>	<u>\$ 2,674,828</u>	<u>\$ (2,266,704)</u>	<u>\$ 5,889,409</u>

Business-Type Activities

Advance Refunding—On April 9, 2013, the Board issued through a direct replacement 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 amount of the Board'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 System. Annual principal and interest on the bond is expected to require approximately 46% of such revenue and are payable through 2028. Principal and interest payments for the current year totaled \$1,196,644, and revenues totaled \$2,609,062. At year-end, pledged future revenues totaled \$10,750,616, which was the amount of remaining principal and interest on the bond. The Series 2013 Bond shall not be or constitute a general obligation or indebtedness of the County.

Rate Covenant

The Board 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. The Board 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
2020	\$ 995,000	\$ 199,466	\$ 1,194,466
2021	1,015,000	177,859	1,192,859
2022	1,040,000	155,767	1,195,767
2023	1,065,000	133,139	1,198,139
2024	1,085,000	110,026	1,195,026
2025-2029	<u>4,575,000</u>	<u>199,359</u>	<u>4,774,359</u>
Total	<u>\$ 9,775,000</u>	<u>\$ 975,616</u>	<u>\$ 10,750,616</u>

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Compensated Absences—following is a summary of annual, sick, and bonus leave benefits liabilities at September 30, 2019, for the proprietary funds:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Ending Balance</u>
Vacation Leave	\$ 35,864	\$ 31,141	\$ (29,907)	\$ 37,098
Paid Time Off	8,875	9,194	(15,397)	2,672
Sick Leave	99,956	25,333	(4,805)	120,484
Bonus Leave	<u>1,465</u>	<u>3,719</u>	<u>(3,996)</u>	<u>1,188</u>
Total	<u>\$ 146,160</u>	<u>\$ 69,387</u>	<u>\$ (54,105)</u>	<u>\$ 161,442</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, have not been reported in the accompanying financial statements.

At September 30, 2019, the Special Assessment Bond outstanding totaled \$909,990.

Note 10 - Bond Arbitrage Rebate

The Board 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:

- \$29,630,000 Nassau County, Florida, Public Improvement Revenue and Refunding, Series 2007.
- \$19,160,000 Nassau County, Florida, Water and Sewer System Revenue Bonds, Series 2013.
- \$11,169,000 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 Post-Closure Care Costs

State and federal laws require the Board to fund landfill post-closure 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.

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
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For the closed landfills, actual post-closure care cost incurred for each year is reported as a reduction of the post-closure liability, along with the change in required escrow balance until the required twenty-or-thirty-year post-closure care period is satisfied. The Board has accrued a total of \$13,501,886 for post-closure care cost at September 30, 2019, for the two closed landfills. The liability is based on engineering estimates of annual post-closure care cost.

These post-closure care costs are based on estimates of what it would cost to perform all post-closure care using 2019 dollars. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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 (amounts required by state law are \$645,942 as of September 30, 2019). At September 30, 2019, the actual escrow balances are as follows:

Landfills	
Old West Nassau Post-Closure	\$ 21,861
New West Nassau Post-Closure	<u>625,084</u>
Total Escrow Balances	<u>\$ 646,945</u>

Note 12 - Retirement Plans

General Information about the Florida Retirement System (FRS)

The Board 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.

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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.

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 Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2018-2019 fiscal year were as follows:

Class	Year Ended June 30, 2020		Year Ended June 30, 2019	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	8.47	3.00	8.26
FRS, Special Risk Class	3.00	25.48	3.00	24.50
FRS, Elected County Officers	3.00	48.82	3.00	48.70
FRS, Senior Management Service	3.00	25.41	3.00	24.06
DROP - Applicable to Members				
from All of the Above Classes	0.00	14.60	0.00	14.03
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed.

The Board's contributions (employer) to the Plan totaled \$3,018,574 for the fiscal year ended September 30, 2019. This excludes the HIS defined benefit pension plan contributions.

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Pension Liabilities and Pension Expense. At September 30, 2019, the Board's proportionate share of the FRS net pension liability was \$33,000,347. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The Board's proportionate share of the net pension liability was based on the Board's contributions during the FRS Pension Plan's fiscal year relative to the contributions of all participating members. At June 30, 2019, the Board's proportion was .095823697%, which was an increase of .001566692 from its proportion measured as of June 30, 2018.

Further details of the FRS Plan net position liability, annual pension expense, actuarial assumptions, sensitivity analysis, and the other required disclosures can be found in the County-wide annual financial report.

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, 2019, 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. Contribution rates during the County's fiscal years 2019 and 2018 were 1.66%. The Board 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 Board's contributions to the HIS Plan totaled \$349,917 for the fiscal year ended September 30, 2019.

Pension Liabilities and Pension Expense. At September 30, 2019, the Board's proportionate share of the HIS net pension liability was \$6,891,940. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The Board's proportionate share of the net pension liability was based on the Board's contributions during the HIS Pension Plan's fiscal year relative to the contributions of all participating members. At June 30, 2019, the Board's proportion was .061595675%, which was an increase of .002911743 from its proportion measured as of June 30, 2018.

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FRS – Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Board 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 during the 2018-19 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%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested 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, 2019, 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 Board.

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

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The Board's Investment Plan pension expense totaled \$330,270 for the fiscal year ended September 30, 2019.

Note 13 - 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. 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 Board 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 Board has no administrative involvement, and does not perform the investing function for this plan.

Note 14 - Other Postemployment Benefits

Pursuant to the Nassau County Personnel, Policies and Procedures Manual, the Board allows retired employees and their spouses to remain members of the Board's health insurance program. The Board pays a percentage of the single premium for former employees until age sixty-five that retire under the terms and conditions of the System as follows:

Years of Service With Nassau County	Hired Before 10/1/06	Hired on or After 10/1/06
At Least 6	100%	0%
15 Years	100%	50%
20 Years	100%	65%
25 Years	100%	80%
30 or More Years	100%	100%

Currently, there are 298 active employees and 62 retired employees participating in the plan. The Board's Net OPEB obligation totaled \$11,444,120, of which \$230,321 has been recorded in the Proprietary funds. The remainder has been included in long-term debt of the County as a whole. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

Note 15 - Fund Balance Classification and Minimum Fund Balance Policy

The following is a summary of the Board's fund balance classifications and the purpose of each as of September 30, 2019:

Non-Spendable Fund Balance	
Prepaid Expenses	\$ 2,861,441
Inventory	420,602
Deposits	<u>7,000</u>
Total Non-Spendable Fund Balance	<u>3,289,043</u>

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Restricted Fund Balance	
General Government	\$ 231,230
General Government – Court-Related	1,400,221
Crime Prevention	135,695
Economic Development	64,120
Other Human Services	1,000
Developer Agreements	24,481
Physical Environment	2,411,767
Law Enforcement	324,578
Impact Fees	10,546,993
Law Library	108,043
Public Safety	564,205
Other Culture/Recreation	140,009
State Housing Initiative Program	292,357
Court Facilities	509,488
Criminal Justice	107,263
Tourist Development	7,800,859
Building Department	6,407,264
Debt Services – Bonds	1,496,681
Capital Projects – Transportation	<u>7,906,332</u>
Total Restricted Fund Balance	<u>40,472,586</u>
Committed Fund Balance	
General Government	105,787
Culture/Recreation	205,344
Physical Environment	14,772
Public Safety	4,765,803
Economic Environment	150,000
Human Services	703,883
Transportation	<u>17,419,819</u>
Total Committed Fund Balance	<u>23,365,408</u>
Assigned Fund Balance	
General Government	541,083
Public Safety	3,512,229
Transportation	4,069,093
Human Services	299,900
Culture and Recreation	554,734
Non-Court-Related	77,775
Physical Environment	592,276
County Complex	769,447
Reserves - Capital Projects	4,394,492
Minimum Fund Balance	<u>13,341,889</u>
Total Assigned Fund Balance	<u>28,152,918</u>
Unassigned Fund Balance	<u>11,673,628</u>
Total	<u>\$ 106,953,583</u>

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
NASSAU COUNTY, FLORIDA**

Minimum Fund Balance Reserve Policy

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 County-wide 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.

Note 16 - 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 coverage. 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 has been no reduction in insurance coverages from the previous year.

Note 17 - Commitments and Contingencies

The Board 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 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, 2019:

<u>Project</u>	<u>Source of Payment</u>	<u>Paid to Date</u>	<u>Commitment Remaining</u>
Bailey & Simmons Road Multi-Use Trail	Current Available Resources	\$ 1,458,337	\$ 94,917
Chester Road Resurfacing	Current Available Resources	622,839	548,439
NAU Clarifier No. 1 & 2 Rehabilitation	Current Available Resources	93,591	13,119
Crawford Road Design Services	Current Available Resources	760,937	17,711
Pages Dairy/Chester Road Project	Current Available Resources	858,207	224,114
Chester Road Resurfacing	Current Available Resources	66,904	46,629
CR 115 Widening & Resurfacing	Current Available Resources	710,175	5,162
Amelia Island Booster Pump Station	Current Available Resources	164,850	36,150
Total		<u>\$ 4,735,840</u>	<u>\$ 986,241</u>

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
NASSAU COUNTY, FLORIDA**

Note 18 - Conduit Debt Obligations

The Board 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, 2019, there was one series of such bonds outstanding with a principal amount payable of \$9,515,000. The issue amount and the September 30, 2019, outstanding balance is as follows:

<u>Original Issuance</u>	<u>Year</u>	<u>9/30/19 Balance</u>	<u>Description</u>
\$ 11,150,000	2008	\$ 9,515,000	AICC, Inc. and Nassau Care Centers—70 Bed Care Intermediate Care and Day Program Service Facilities

Note 19 - 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, 2019, the only existing EDG agreement potentially material in size (fiscal year abatement >\$300,000) was with LingoTech Florida, LLC. However, as of September 30, 2019 LingoTech has not met the requirements to receive a tax abatement.

REQUIRED SUPPLEMENTARY INFORMATION

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 67,115,948	\$ 67,115,948	\$ 67,192,195	\$ 76,247
Licenses and Permits	26,000	26,000	50,730	24,730
Intergovernmental Revenues	7,332,058	7,984,200	13,869,867	5,885,667
Charges for Services	2,107,388	2,124,422	1,791,494	(332,928)
Fines and Forfeitures	46,950	46,950	44,812	(2,138)
Interest Earnings	203,000	203,000	876,576	673,576
Miscellaneous	333,813	403,060	267,376	(135,684)
Total Revenues	77,165,157	77,903,580	84,093,050	6,189,470
Expenditures				
Current:				
General Government Services	8,935,442	9,202,985	8,098,279	1,104,706
Public Safety	13,002,457	13,598,347	12,156,593	1,441,754
Physical Environment	1,862,763	1,816,391	1,630,297	186,094
Economic Environment	221,819	229,918	167,359	62,559
Human Services	2,843,752	2,843,111	2,693,729	149,382
Culture and Recreation	2,092,729	2,130,392	1,856,025	274,367
Court-Related Expenditures	813,754	833,396	748,859	84,537
Capital Outlay	2,622,491	3,311,270	1,803,143	1,508,127
Debt Service	550,731	550,731	550,731	-
(Total Expenditures)	32,945,938	34,516,541	29,705,015	4,811,526
Excess (Deficiency) of Revenues Over				
(Under) Expenditures	44,219,219	43,387,039	54,388,035	11,000,996
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	386,360	402,148	2,115,989	1,713,841
Transfers to Constitutional Officers	(31,371,788)	(31,837,136)	(31,151,810)	685,326
Transfers in	418,502	421,033	417,709	(3,324)
Transfers (out)	(14,254,102)	(14,656,268)	(14,648,949)	7,319
Sale of General Capital Assets	34,000	34,000	156,253	122,253
Total Other Financing Sources (Uses)	(44,787,028)	(45,636,223)	(43,110,808)	2,525,415
Net Change in Fund Balances	(567,809)	(2,249,184)	11,277,227	13,526,411
Fund Balances at Beginning of Year	13,521,655	16,736,577	17,025,653	289,076
Fund Balances at End of Year	\$ 12,953,846	\$ 14,487,393	\$ 28,302,880	\$ 13,815,487

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - COUNTY TRANSPORTATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 8,142,250	\$ 8,142,250	\$ 7,537,108	\$ (605,142)
Licenses and Permits	3,260	3,260	8,068	4,808
Intergovernmental Revenues	2,187,216	2,371,514	2,198,695	(172,819)
Charges for Services	1,088	1,088	5,381	4,293
Fines and Forfeitures	-	-	1,700	1,700
Interest Earnings	75,000	75,000	197,248	122,248
Miscellaneous	98,227	115,090	151,092	36,002
Total Revenues	10,507,041	10,708,202	10,099,292	(608,910)
Expenditures				
Current:				
Transportation	10,932,524	11,296,448	7,591,530	3,704,918
Capital Outlay	2,341,441	2,591,987	1,615,062	976,925
(Total Expenditures)	13,273,965	13,888,435	9,206,592	4,681,843
Excess (Deficiency) of Revenues Over				
(Under) Expenditures	(2,766,924)	(3,180,233)	892,700	4,072,933
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	3,000	3,000	19,930	16,930
Transfers to Constitutional Officers	(95,604)	(95,854)	(95,853)	1
Transfers in	3,849,338	3,849,338	3,849,338	-
Transfers (out)	(2,503,161)	(2,503,161)	(2,503,145)	16
Sale of General Capital Assets	7,000	7,000	23,541	16,541
Total Other Financing Sources (Uses)	1,260,573	1,260,323	1,293,811	33,488
Net Change in Fund Balances	(1,506,351)	(1,919,910)	2,186,511	4,106,421
Fund Balances at Beginning of Year	4,817,634	5,479,830	5,569,699	89,869
Fund Balances at End of Year	\$ 3,311,283	\$ 3,559,920	\$ 7,756,210	\$ 4,196,290

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - MUNICIPAL SERVICES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 14,139,874	\$ 14,139,874	\$ 14,267,565	\$ 127,691
Licenses and Permits	130,325	130,325	231,567	101,242
Intergovernmental Revenues	738,690	886,740	913,800	27,060
Charges for Services	130,700	130,700	387,108	256,408
Fines and Forfeitures	1,350	1,350	25,458	24,108
Interest Earnings	50,000	50,000	169,901	119,901
Miscellaneous	900	77,888	114,752	36,864
Total Revenues	15,191,839	15,416,877	16,110,151	693,274
Expenditures				
Current:				
General Government Services	2,556,722	2,775,553	1,934,972	840,581
Public Safety	8,429,903	8,470,991	7,879,078	591,913
Transportation	11,498	-	-	-
Human Services	1,252,223	1,328,784	1,169,330	159,454
Capital Outlay	4,173,441	4,268,976	1,373,439	2,895,537
(Total Expenditures)	16,423,787	16,844,304	12,356,819	4,487,485
Excess (Deficiency) of Revenues Over				
(Under) Expenditures	(1,231,948)	(1,427,427)	3,753,332	5,180,759
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	8,000	8,000	77,981	69,981
Transfers to Constitutional Officers	(3,069,300)	(3,069,900)	(3,069,506)	394
Transfers in	3,648,852	3,648,852	3,636,104	(12,748)
Transfers (out)	(85,470)	(85,470)	(85,470)	-
Sale of General Capital Assets	1,500	1,500	11,585	10,085
Total Other Financing Sources (Uses)	503,582	502,982	570,694	67,712
Net Change in Fund Balances	(728,366)	(924,445)	4,324,026	5,248,471
Fund Balances at Beginning of Year	4,135,161	4,042,081	4,881,700	839,619
Fund Balances at End of Year	\$ 3,406,795	\$ 3,117,636	\$ 9,205,726	\$ 6,088,090

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
NOTE TO SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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, the Supervisor of Elections, and the Clerk of the Circuit Court (to the extent of his function as ex officio Clerk of the Board and amounts above his fee structure as Clerk of the Circuit Court) prepare budgets for their general operations, which are submitted to and approved by the Board.

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 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.

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. During the fiscal year ended September 30, 2019, various supplemental appropriations were approved by the Board in accordance with Florida Statutes. The following funds received supplemental appropriations during the year ended September 30, 2019:

Governmental Funds	
General Fund	\$ 3,971,664
Special Revenue Funds	4,469,826
Capital Projects Funds	<u>3,372,509</u>
Total	<u><u>\$ 11,813,999</u></u>

**COMBINING NON-MAJOR
GOVERNMENTAL FUNDS**

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

- **Law Enforcement Training**—to account for criminal justice education degree programs and training courses. Financing is provided by the imposition of a court cost surcharge.
- **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 a court service charge.
- **Law Library Trust**—to account for the costs associated with furnishing and maintaining Nassau County's law library. Funding is provided from a surcharge 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 a surcharge on felony, misdemeanor, and criminal traffic cases.
- **Legal Aid Trust**—to account for expenditures incurred in providing legal aid to Nassau County residents. Funding is provided for by a service charge on the filing of circuit and county civil court proceedings.
- **Special Drug/Alcohol Rehabilitation**—to account for expenditures associated with Nassau County's drug and alcohol rehabilitative programs. Funding is provided by a fine imposed for alcohol/drug-related offenses.
- **Drivers Ed Safety Trust**—to account for driver education programs in public and non-public schools. Funding is provided by a surcharge 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 Florida State grants.
- **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**—is used to account for revenues and expenditures relating to the Amelia Island Beach Restoration, local improvement, and maintenance cost.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

- **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 the 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 Fund**—to account for State/other restricted revenues from general revenues.

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.
- **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 on May 2031.

Capital Projects Funds

The 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**—is used 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 building projects at the County Complex. Financing for the completed Courthouse Annex and Detention Center was primarily provided by the 2001 Public Improvement Revenue Bonds.
- **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**—is used to account for the District expenditures associated with capital expansion. Funding is provided from fees on new construction.
- **Capital Projects**—to account for various capital projects. Some projects may have their own fund.

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	Special Revenue Funds		
	Law Enforcement Training	Sheriff Donations	Law Enforcement Trust
Assets			
Cash and Cash Equivalents	\$ 155,380	\$ 3,079	\$ 122,373
Equity in Pooled Investments	-	-	-
Accounts Receivable	-	-	-
Loans Receivable			
(Net of Allowance for Uncollectibles)	-	-	-
Prepays	-	-	-
Due from Constitutional Officers	2,270	-	-
Due from Other Funds	-	-	-
Due from Other Governments	-	-	-
Total Assets	157,650	3,079	122,373
Liabilities and Deferred Inflows of Resources and Fund Balance			
Liabilities			
Accounts Payable	-	-	-
Due to Other Funds	-	-	-
Due to Constitutional Officers	-	-	-
Due to Other Governments	-	-	-
Deposits	-	-	-
Total Liabilities	-	-	-
Deferred Inflows of Resources	-	-	-
Fund Balances			
Non-Spendable	-	-	-
Restricted	157,650	3,079	122,373
Committed	-	-	-
Assigned	-	-	-
Total Fund Balances	157,650	3,079	122,373
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$ 157,650	\$ 3,079	\$ 122,373

Special Revenue Funds

Nassau County Anti-Drug Enforcement	Court Facility Fees	Law Library Trust	Criminal Justice Trust	Legal Aid Trust	Special Drug/Alcohol Rehabilitation
\$ 41,444	\$ 501,418	\$ 107,802	\$ 107,156	\$ 19,300	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
32	10,011	1,614	3,228	1,614	-
-	-	32	-	-	-
-	-	-	-	-	-
<u>41,476</u>	<u>511,429</u>	<u>109,448</u>	<u>110,384</u>	<u>20,914</u>	<u>-</u>
-	1,819	1,131	3,121	20,914	-
-	-	273	-	-	-
-	-	-	-	-	-
-	122	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>1,941</u>	<u>1,404</u>	<u>3,121</u>	<u>20,914</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
41,476	509,488	108,044	107,263	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>41,476</u>	<u>509,488</u>	<u>108,044</u>	<u>107,263</u>	<u>-</u>	<u>-</u>
<u>\$ 41,476</u>	<u>\$ 511,429</u>	<u>\$ 109,448</u>	<u>\$ 110,384</u>	<u>\$ 20,914</u>	<u>\$ -</u>

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	Special Revenue Funds		
	Drivers Ed Safety Trust	911 Operations and Maintenance	EMS County Awards HRS
Assets			
Cash and Cash Equivalents	\$ 30,169	\$ 211,091	\$ -
Equity in Pooled Investments	-	237,593	-
Accounts Receivable	-	-	-
Loans Receivable			
(Net of Allowance for Uncollectibles)	-	-	-
Prepays	-	-	-
Due from Constitutional Officers	3,420	63,175	-
Due from Other Funds	-	-	-
Due from Other Governments	-	-	-
Total Assets	33,589	511,859	-
Liabilities and Deferred Inflows of Resources and Fund Balance			
Liabilities			
Accounts Payable	-	-	-
Due to Other Funds	-	-	-
Due to Constitutional Officers	-	-	-
Due to Other Governments	-	-	-
Deposits	-	-	-
Total Liabilities	-	-	-
Deferred Inflows of Resources	-	-	-
Fund Balances			
Non-Spendable	-	-	-
Restricted	33,589	511,859	-
Committed	-	-	-
Assigned	-	-	-
Total Fund Balances	33,589	511,859	-
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$ 33,589	\$ 511,859	\$ -

Special Revenue Funds					
Amelia Island Beach Renourishment	Amelia Island Tourist Development	Local Affordable Housing Trust (SHIP)	South Amelia Island Shore Stabilization MSBU	Building Department	Amelia Concourse MSBU
\$ 7,410	\$ 402,486	\$ 281,364	\$ 2,865	\$ 393,406	\$ 947,345
883,231	8,057,390	-	933,375	6,364,740	-
-	-	-	-	-	-
-	-	40,000	-	-	-
-	-	-	-	2,343	-
1,634	-	-	-	-	809
-	-	-	-	6,088	-
-	-	11,308	-	-	-
<u>892,275</u>	<u>8,459,876</u>	<u>332,672</u>	<u>936,240</u>	<u>6,766,577</u>	<u>948,154</u>
-	634,982	316	71,877	25,366	13,580
-	-	-	-	87,067	-
-	24,034	-	-	-	-
-	-	-	-	18,844	-
-	-	-	-	225,693	-
<u>-</u>	<u>659,016</u>	<u>316</u>	<u>71,877</u>	<u>356,970</u>	<u>13,580</u>
-	-	40,000	-	-	-
-	-	-	-	2,343	-
892,275	7,800,860	292,356	864,363	6,407,264	934,574
-	-	-	-	-	-
-	-	-	-	-	-
<u>892,275</u>	<u>7,800,860</u>	<u>292,356</u>	<u>864,363</u>	<u>6,409,607</u>	<u>934,574</u>
<u>\$ 892,275</u>	<u>\$ 8,459,876</u>	<u>\$ 332,672</u>	<u>\$ 936,240</u>	<u>\$ 6,766,577</u>	<u>\$ 948,154</u>

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	Special Revenue Funds		
	Firefighter Education Trust	F.S. Special Revenues Fund	Total Special Revenue Funds
Assets			
Cash and Cash Equivalents	\$ 3	\$ 1,521,720	\$ 4,855,811
Equity in Pooled Investments		-	16,476,329
Accounts Receivable	-	150	150
Loans Receivable			
(Net of Allowance for Uncollectibles)	-	-	40,000
Prepays	-	500	2,843
Due from Constitutional Officers	-	33,880	121,687
Due from Other Funds	-	-	6,120
Due from Other Governments	-	-	11,308
Total Assets	3	1,556,250	21,514,248
Liabilities and Deferred Inflows of Resources and Fund Balance			
Liabilities			
Accounts Payable	-	10,480	783,586
Due to Other Funds	-	-	87,340
Due to Constitutional Officers	-	5,957	29,991
Due to Other Governments	-	26	18,992
Deposits	-	-	225,693
Total Liabilities	-	16,463	1,145,602
Deferred Inflows of Resources	-	-	40,000
Fund Balances			
Non-Spendable	-	500	2,843
Restricted	-	1,539,287	20,325,800
Committed	3	-	3
Assigned	-	-	-
Total Fund Balances	3	1,539,787	20,328,646
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$ 3	\$ 1,556,250	\$ 21,514,248

Debt Service Funds			Capital Projects Funds			
Optional Gas Tax 2000	County Complex	Total Debt Service Funds	Grants	NC Mobility Fee Fund	County Complex	ENCPA Mobility Network Fund
\$ 442,257	\$ -	\$ 442,257	\$ 3,251	\$ 5,590,045	\$ 828	\$ 398,783
975,674	-	975,674	-	-	772,695	1,004,697
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	2,543
78,750	-	78,750	-	-	-	-
1,496,681	-	1,496,681	3,251	5,590,045	773,523	1,406,023
-	-	-	-	27,013	4,076	549
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	27,013	4,076	549
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,496,681	-	1,496,681	3,251	5,563,032	-	1,405,474
-	-	-	-	-	-	-
-	-	-	-	-	769,447	-
1,496,681	-	1,496,681	3,251	5,563,032	769,447	1,405,474
\$ 1,496,681	\$ -	\$ 1,496,681	\$ 3,251	\$ 5,590,045	\$ 773,523	\$ 1,406,023

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	Capital Projects Funds			
	Capital Projects Impact Fees	Capital Projects	Total Capital Project Funds	Total Non-Major Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 15,772	\$ 1,670,895	\$ 7,679,574	\$ 12,977,642
Equity in Pooled Investments	4,770,375	2,484,530	9,032,297	26,484,300
Accounts Receivable	-	-	-	150
Loans Receivable				
(Net of Allowance for Uncollectibles)	-	-	-	40,000
Prepays	-	-	-	2,843
Due from Constitutional Officers	-	-	-	121,687
Due from Other Funds	-	-	2,543	8,663
Due from Other Governments	-	-	-	90,058
Total Assets	4,786,147	4,155,425	16,714,414	39,725,343
Liabilities and Deferred Inflows of Resources and Fund Balance				
Liabilities				
Accounts Payable	9,417	-	41,055	824,641
Due to Other Funds	-	-	-	87,340
Due to Constitutional Officers	-	-	-	29,991
Due to Other Governments	-	-	-	18,992
Deposits	-	-	-	225,693
Total Liabilities	9,417	-	41,055	1,186,657
Deferred Inflows of Resources	-	-	-	40,000
Fund Balances				
Non-Spendable	-	-	-	2,843
Restricted	4,776,730	-	11,748,487	33,570,968
Committed	-	4,155,425	4,155,425	4,155,428
Assigned	-	-	769,447	769,447
Total Fund Balances	4,776,730	4,155,425	16,673,359	38,498,686
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$ 4,786,147	\$ 4,155,425	\$ 16,714,414	\$ 39,725,343

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Special Revenue Funds		
	Law Enforcement Training	Sheriff Donations	Law Enforcement Trust
Revenues			
Taxes	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-
Intergovernmental Revenues	-	-	-
Charges for Services	11,348	-	-
Fines and Forfeitures	13,283	-	9,432
Investment Earnings (Loss)	3,063	62	559
Miscellaneous	-	-	1,083
Total Revenues	27,694	62	11,074
Expenditures			
Current:			
General Government Services	-	-	-
Public Safety	18,964	-	11,499
Physical Environment	-	-	-
Transportation	-	-	-
Economic Environment	-	-	-
Human Services	-	-	-
Culture and Recreation	-	-	-
Court-Related Expenditures	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
(Total Expenditures)	18,964	-	11,499
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,730	62	(425)
Other Financing Sources (Uses)			
Transfers from Constitutional Officers	-	-	-
Transfers to Constitutional Officers	-	-	-
Transfers in	-	-	-
Transfers (out)	-	-	(12,398)
Sale of General Capital Assets	-	-	-
Total Other Financing Sources (Uses)	-	-	(12,398)
Net Change in Fund Balances	8,730	62	(12,823)
Fund Balances at Beginning of Year	148,920	3,017	135,196
Fund Balances at End of Year	\$ 157,650	\$ 3,079	\$ 122,373

Special Revenue Funds

Nassau County Anti-Drug Enforcement	Court Facility Fees	Law Library Trust	Criminal Justice Trust	Legal Aid Trust	Special Drug/Alcohol Rehabilitation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
54,376	-	-	-	-	-
-	102,129	26,064	52,127	26,064	3,996
5,065	-	-	-	-	-
1,001	9,284	2,151	2,518	-	4
-	369	795	-	-	-
60,442	111,782	29,010	54,645	26,064	4,000
-	-	-	-	-	-
52,974	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	83,655	4,000
-	-	-	-	-	-
-	59,600	33,532	77,850	-	-
14,872	1,690	94	7,044	-	-
-	-	-	-	-	-
-	-	-	-	-	-
67,846	61,290	33,626	84,894	83,655	4,000
(7,404)	50,492	(4,616)	(30,249)	(57,591)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	57,591	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	57,591	-
(7,404)	50,492	(4,616)	(30,249)	-	-
48,880	458,996	112,660	137,512	-	-
\$ 41,476	\$ 509,488	\$ 108,044	\$ 107,263	\$ -	\$ -

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Special Revenue Funds		
	Drivers Ed Safety Trust	911 Operations and Maintenance	EMS County Awards HRS
Revenues			
Taxes	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-
Intergovernmental Revenues	-	-	8,579
Charges for Services	-	400,766	-
Fines and Forfeitures	33,252	-	-
Investment Earnings (Loss)	337	9,792	58
Miscellaneous	-	-	-
Total Revenues	33,589	410,558	8,637
Expenditures			
Current:			
General Government Services	-	-	-
Public Safety	-	390	8,637
Physical Environment	-	-	-
Transportation	-	-	-
Economic Environment	-	-	-
Human Services	34,389	-	-
Culture and Recreation	-	-	-
Court-Related Expenditures	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
(Total Expenditures)	34,389	390	8,637
Excess (Deficiency) of Revenues Over (Under) Expenditures	(800)	410,168	-
Other Financing Sources (Uses)			
Transfers from Constitutional Officers	-	63,175	-
Transfers to Constitutional Officers	-	(366,500)	-
Transfers in	-	-	-
Transfers (out)	-	-	-
Sale of General Capital Assets	-	-	-
Total Other Financing Sources (Uses)	-	(303,325)	-
Net Change in Fund Balances	(800)	106,843	-
Fund Balances at Beginning of Year	34,389	405,016	-
Fund Balances at End of Year	\$ 33,589	\$ 511,859	\$ -

Special Revenue Funds					
Amelia Island Beach Renourishment	Amelia Island Tourist Development	Local Affordable Housing Trust (SHIP)	South Amelia Island Shore Stabilization MSBU	Building Department	Amelia Concourse MSBU
\$ 367,699	\$ 7,739,008	\$ -	\$ -	\$ -	\$ -
-	-	-	560,618	2,712,457	182,556
-	166,862	361,308	31,271	2,326	-
-	-	-	-	59,770	-
-	-	-	-	-	-
19,596	139,890	10,236	22,444	154,128	19,733
-	-	26,637	-	22,176	-
387,295	8,045,760	398,181	614,333	2,950,857	202,289
-	-	-	-	1,383,679	-
-	-	-	-	502,441	-
125,286	266,673	-	234,418	-	147,691
-	-	-	-	-	-
-	5,465,627	566,873	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	18,430	238,235	199,269	-
-	-	-	-	-	-
-	-	-	-	-	-
125,286	5,732,300	585,303	472,653	2,085,389	147,691
262,009	2,313,460	(187,122)	141,680	865,468	54,598
1,634	-	-	-	-	-
(7,329)	(232,170)	(396)	(29,717)	-	(8,229)
-	-	-	-	-	-
-	(948)	-	-	(247,062)	(7,030)
-	-	-	-	1,688	-
(5,695)	(233,118)	(396)	(29,717)	(245,374)	(15,259)
256,314	2,080,342	(187,518)	111,963	620,094	39,339
635,961	5,720,518	479,874	752,400	5,789,513	895,235
\$ 892,275	\$ 7,800,860	\$ 292,356	\$ 864,363	\$ 6,409,607	\$ 934,574

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Special Revenue Funds		
	Firefighter Education Trust	F.S. Special Revenues Fund	Total Special Revenue Funds
Revenues			
Taxes	\$ -	\$ -	\$ 8,106,707
Licenses and Permits	-	-	3,455,631
Intergovernmental Revenues	-	53,998	678,720
Charges for Services	-	215,074	897,338
Fines and Forfeitures	-	58,068	119,100
Investment Earnings (Loss)	-	29,464	424,320
Miscellaneous	-	25	51,085
Total Revenues	-	356,629	13,732,901
Expenditures			
Current:			
General Government Services	-	-	1,383,679
Public Safety	-	67,504	662,409
Physical Environment	-	-	774,068
Transportation	-	-	-
Economic Environment	-	-	6,032,500
Human Services	-	-	122,044
Culture and Recreation	-	10,989	10,989
Court-Related Expenditures	-	92,653	263,635
Capital Outlay	-	17,239	496,873
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
(Total Expenditures)	-	188,385	9,746,197
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	168,244	3,986,704
Other Financing Sources (Uses)			
Transfers from Constitutional Officers	-	-	64,809
Transfers to Constitutional Officers	-	-	(644,341)
Transfers in	-	-	57,591
Transfers (out)	-	-	(267,438)
Sale of General Capital Assets	-	-	1,688
Total Other Financing Sources (Uses)	-	-	(787,691)
Net Change in Fund Balances	-	168,244	3,199,013
Fund Balances at Beginning of Year	3	1,371,543	17,129,633
Fund Balances at End of Year	\$ 3	\$ 1,539,787	\$ 20,328,646

Debt Service Funds			Capital Projects Funds			
Optional Gas Tax 2000	County Complex	Total Debt Service Funds	Grants	NC Mobility Fee Fund	County Complex	ENCPA Mobility Network Fund
\$ 910,600	\$ -	\$ 910,600	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,694,564	-	1,246,305
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
34,831	-	34,831	66	96,719	15,416	17,711
-	-	-	-	-	-	-
945,431	-	945,431	66	1,791,283	15,416	1,264,016
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	91,517	-	33,585
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	49,079	-
334,662	1,230,000	1,564,662	-	-	-	-
610,769	1,091,250	1,702,019	-	-	-	-
945,431	2,321,250	3,266,681	-	91,517	49,079	33,585
-	(2,321,250)	(2,321,250)	66	1,699,766	(33,663)	1,230,431
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,321,250	2,321,250	-	-	-	3,145
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,321,250	2,321,250	-	-	-	3,145
-	-	-	66	1,699,766	(33,663)	1,233,576
1,496,681	-	1,496,681	3,185	3,863,266	803,110	171,898
\$ 1,496,681	\$ -	\$ 1,496,681	\$ 3,251	\$ 5,563,032	\$ 769,447	\$ 1,405,474

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Capital Projects Funds			
	Capital Projects Impact Fees	Capital Projects	Total Capital Project Funds	Total Non-Major Governmental Funds
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 9,017,307
Licenses and Permits	-	-	2,940,869	6,396,500
Intergovernmental Revenues	-	-	-	678,720
Charges for Services	-	-	-	897,338
Fines and Forfeitures	-	-	-	119,100
Investment Earnings (Loss)	114,491	65,549	309,952	769,103
Miscellaneous	-	-	-	51,085
Total Revenues	114,491	65,549	3,250,821	17,929,153
Expenditures				
Current:				
General Government Services	-	-	-	1,383,679
Public Safety	-	-	-	662,409
Physical Environment	-	-	-	774,068
Transportation	-	-	125,102	125,102
Economic Environment	-	-	-	6,032,500
Human Services	-	-	-	122,044
Culture and Recreation	49,469	-	49,469	60,458
Court-Related Expenditures	-	-	-	263,635
Capital Outlay	-	39,260	88,339	585,212
Debt Service:				
Principal Retirement	-	-	-	1,564,662
Interest and Fiscal Charges	-	-	-	1,702,019
(Total Expenditures)	49,469	39,260	262,910	13,275,788
Excess (Deficiency) of Revenues Over (Under) Expenditures	65,022	26,289	2,987,911	4,653,365
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	-	-	-	64,809
Transfers to Constitutional Officers	-	-	-	(644,341)
Transfers in	-	1,602,166	1,605,311	3,984,152
Transfers (out)	-	-	-	(267,438)
Sale of General Capital Assets	-	-	-	1,688
Total Other Financing Sources (Uses)	-	1,602,166	1,605,311	3,138,870
Net Change in Fund Balances	65,022	1,628,455	4,593,222	7,792,235
Fund Balances at Beginning of Year	4,711,708	2,526,970	12,080,137	30,706,451
Fund Balances at End of Year	\$ 4,776,730	\$ 4,155,425	\$ 16,673,359	\$ 38,498,686

OTHER INFORMATION

**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 the Nassau County Board of County Commissioners, Nassau County, Florida, (the Board) as of and for the year ended September 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated March 13, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, 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 statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Board's financial statement 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 or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described as item 2019-01 that we consider to be a significant deficiency.

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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***

2019-01 – Financial Close and Reporting – Accounts Payable

Condition—During our review of accounts payable we identified an invoice in the amount of \$438,000 that was booked and paid in fiscal year 2020; however, the services were rendered in fiscal year 2019. This error was not detected by management's internal controls. Management made an adjusting journal entry to accrue the invoice back to the proper period (fiscal year ending September 30, 2019).

Effect—If the error had not been identified and corrected the financial statements would have been materially misstated.

Recommendation—We recommend that management review their financial close and reporting policies and procedures over accounts payable, and make any adjustments to the policies and procedures, if necessary.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance 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.



March 13, 2020
Gainesville, 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 the Nassau County Board of County Commissioners', Nassau County, Florida, (the Board) compliance with Section 218.415, Florida Statutes, as of and for the year ended September 30, 2019, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Board's compliance with those requirements. Our responsibility is to express an opinion on the Board's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the 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 non-compliance, 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.

In our opinion, the Board complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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, Federal, State or other granting agencies, the Board of County Commissioners and management, and is not intended to be, and should not be, used by anyone other than these specified parties.



March 13, 2020
Gainesville, Florida

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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 the Nassau County Board of County Commissioners, Nassau County, Florida, (the Board) as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 13, 2020.

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*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 13, 2020, 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. Corrective actions have been taken to address findings and recommendation 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 Board was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Board includes component units as described in Note 1 of the financial statements.

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MANAGEMENT LETTER

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 have the following recommendation:

2019-02 – Timeliness of Rescue Billing

Condition—During our review of rescue billing we noted that the input and billing of rescue receivables was not done in a timely manner. Rescue billings were behind approximately four to five months through most of the year. This required management to post significant adjusting entries which impacted the accounts receivable aging.

Effect—The input and billing of rescue services in a timely manner potentially impacts the collectability of the receivables, as well as impacts financial reporting accuracy.

Recommendation—We recommend that the Board reviews their procedures and staffing levels to determine if there are areas where efficiencies could be improved or whether more personnel are needed.

Additional Matters

- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance 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 statement that is less than material but more than inconsequential. 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 or other granting agencies, the Board of County Commissioners and 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 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.



March 13, 2020
Gainesville, Florida



JOHN A. CRAWFORD
Clerk of the Circuit Court / Comptroller
Ex-Officio Clerk to the Board of County Commissioners
Nassau County



Response to Audit Findings

Fiscal Year Ending 9/30/2019

Prepared by Mary N. Potochnik, Chief Deputy Financial Services

2019-01 – Financial Close and Reporting – Accounts Payable

Condition—During our review of accounts payable we identified an invoice in the amount of \$438,000 that was booked and paid in fiscal year 2020; however, the services were rendered in fiscal year 2019. This error was not detected by management’s internal controls. Management made an adjusting journal entry to accrue the invoice back to the proper period (fiscal year ending September 30, 2019).

Effect—If the error had not been identified and corrected the financial statements would have been materially misstated.

Recommendation—We recommend that management reviews their financial close and reporting policies and procedures over accounts payable, and make any adjustments to the policies and procedures, if necessary.

Management Response: We agree with the recommendation to review the financial close and reporting policies and procedures over accounts payable. Although this invoice was marked FY 2020 and a portion of the invoice did belong in 2020, a thorough review of the supporting documentation would have clearly shown that the majority of the invoice was for work performed FY 2019. We have put additional checks and balances for year-end close and will continue to educate staff to prevent this occurrence from happening again in the future.

Management Response to Audit Findings

Fiscal Year Ending 9/30/2019

Prepared by Megan Diehl, Office of Management and Budget Director
Nassau County Board of County Commissioners

Management Letter – Financial Management

2019-02 - Timeliness of Rescue Billing

Condition: “During our review of rescue billing we noted that the input an billing of rescue receivables was not done in a timely manner. Rescue billings were behind



JOHN A. CRAWFORD
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approximately four to five months through most of the year. This required management to post significant adjusting entries which impacted the accounts receivable aging.”

Effect: “The input and billing of rescue services in a timely manner potentially impacts the collectability of the receivables, as well as impacts financial reporting accuracy.”

Recommendation: “We recommend that the Board reviews their procedures and staffing levels to determine if there are areas where efficiencies could be improved or whether more personnel are needed.”

Management Response: We agree with the recommendation and have determined that current staffing levels are insufficient to handle the demand for utility billing and rescue billing functions under the current structure. We are recommending the creation of dedicated billing and customer service position(s) to be housed directly under the Nassau Amelia Utility. This will allow current billing staff under the Office of Management and Budget to focus on the timeliness of non-utility billing. In addition, staff will map out the current billing process to identify potential areas for improved efficiency.

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