

2021

Nassau County, Florida

Financial Statements and Independent Auditor's Report

September 30, 2021

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORTS**

NASSAU COUNTY, FLORIDA

SEPTEMBER 30, 2021

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

NASSAU COUNTY, FLORIDA

SEPTEMBER 30, 2021

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INTRODUCTORY SECTION

NASSAU COUNTY, FLORIDA
LIST OF ELECTED AND APPOINTED OFFICIALS

Serving as of September 30, 2021

ELECTED OFFICIALS

Commissioner—District 4, Chairman	Thomas R. Ford
Commissioner—District 2, Vice Chairman	Aaron C. Bell
Commissioner—District 1	John F. Martin
Commissioner—District 3	Jeff Gray
Commissioner—District 5	Klynt A. Farmer
Clerk of the Circuit Court and Comptroller	John A. Crawford
Tax Collector	John M. Drew
Sheriff	Bill Leeper
Property Appraiser	A. Michael Hickox
Supervisor of Elections	Janet H. Adkins

APPOINTED OFFICIALS

County Manager	Taco Pope
County Attorney	Michael Mullin

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Nassau County, Florida (the County) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2021, 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

As discussed in Note 20 to the financial statements, in January 2017 the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 84, *Fiduciary Activities* (the Statement). The principal objective of the Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. The Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, *Rules of the Auditor General* of the State of Florida, and is also not a required part of the basic financial statements.

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

INDEPENDENT AUDITOR'S REPORT

The schedule of federal awards and state financial assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 28, 2022, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



March 18, 2022
Gainesville, Florida

**MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)**

Management's Discussion and Analysis

This management's discussion and analysis of Nassau County's (the County) financial statements is designed to introduce the basic financial activities for the fiscal year ended September 30, 2021. The basic financial statements are comprised of the government-wide financial statements, fund financial statements, and footnotes. We hope this will assist readers in identifying significant financial issues and changes in the County's financial position.

Financial Highlights

- The assets of the County and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2021 by \$455,232,416 (net position). The net position included governmental activities of \$440,061,075 and business-type activities of \$15,171,341.
- The County had an excess of revenues to expenses of \$38,340,191 for the fiscal year, compared to an excess of \$8,715,633 in the prior year. General revenues & transfers increased by \$12,849,990 including increases of \$7,137,504 in property tax revenue and \$236,223 in state revenue sharing. There was an increase in sales tax revenue of \$6,189,223. Program Revenues significantly increased by \$9,166,745, which allowed the County to provide CARES assistance to Non-Profits of \$2,984,090. Program Expenses had a substantial decrease of \$7,607,823 due to the County's share in the Florida Retirement System's (FRS) net pension liability decreasing, as well.
- The General Fund reported an excess of revenues to expenditures of \$21,195,434 compared to an excess of \$18,156,275 in the prior fiscal year. General Fund tax revenues were up \$7,743,503 compared to the prior year due to an increase in the County's taxable assessed value and substantial growth in the housing market. This resulted in a net increase in General Fund balance of \$15,544,340 and an ending fund balance on September 30, 2021 of \$56,196,804.
- The Water & Sewer proprietary fund reported a negative change in net position of \$608,012 in fiscal year 2021. In the prior fiscal year there was a positive change in net position of \$1,192,526.
- Outstanding long-term bonded debt and notes as of September 30, 2021, was \$30,350,654 a reduction of \$3,321,682 from the prior year. Of this amount, \$2,960,336 is considered due within one year.

Overview of the Financial Statements

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

<u>Fund Type</u>	<u>Number</u>
General Fund	1
Debt Service Funds	1
Capital Projects Funds	8
Special Revenue Funds	<u>35</u>
Total Governmental Funds	45
Total Proprietary Funds	2
Total Agency Funds	13

Management's Discussion and Analysis

Government-Wide Financial Statements

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

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

Both of these financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, physical environment, public safety, court-related, transportation, economic environment, human services, and culture/recreation. The business-type activities consist of the water and sewer utilities.

The government-wide financial statements include not only the County itself (known as the primary government), but also the following legally separate component units: Nassau County Housing Finance Authority and Recreation and Water Conservation and Control District No. 1. These component units had no revenues or expenditures during the fiscal year ended September 30, 2021; therefore, financial statements were not prepared for these component units.

Fund Financial Statements

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

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

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

Management's Discussion and Analysis

The County maintains forty-five (45) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, County Transportation Fund, Municipal Services Fund, Grants Fund, Capital Projects Transportation Fund, and Comprehensive Impact Fee Ordinance Fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

Notes to the Financial Statements

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

Other Information

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$455,232,416 at the close of the fiscal year ended September 30, 2021.

At the end of the fiscal year 2021, the County is able to report a positive balance in net position for its governmental activities of \$440,061,075 as well as a positive balance in net position for its business-type activities of \$15,171,341.

Management's Discussion and Analysis

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and Other						
Assets	\$ 191,415,183	\$ 154,427,697	\$ 9,879,974	\$ 11,063,699	\$ 201,295,157	\$ 165,491,396
Capital Assets	406,757,405	406,750,248	14,297,223	13,683,826	421,054,628	420,434,074
Total Assets	598,172,588	561,177,945	24,177,197	24,747,525	622,349,785	585,925,470
Deferred Outflow of Resources	27,509,256	40,215,288	366,706	635,993	27,875,962	40,851,281
Outstanding Obligations	99,508,109	180,921,176	7,929,034	9,835,062	107,437,143	190,756,238
Other Liabilities	21,704,762	15,010,848	1,316,882	736,718	23,021,644	15,747,566
Total Liabilities	121,212,871	195,932,024	9,245,916	10,571,780	130,458,787	206,503,804
Deferred Inflows of Resources	64,407,898	3,342,835	126,646	37,887	64,534,544	3,380,722
Net Position:						
Net Investment in						
Capital Assets	386,334,402	380,614,953	6,846,450	5,262,942	393,180,852	385,877,895
Restricted	66,622,913	61,770,546	802,065	1,243,510	67,424,978	63,014,056
Unrestricted	(12,896,240)	(40,267,125)	7,522,826	8,267,399	(5,373,414)	(31,999,726)
Total Net Position	\$ 440,061,075	\$ 402,118,374	\$ 15,171,341	\$ 14,773,851	\$ 455,232,416	\$ 416,892,225

As of the end of fiscal year 2021, the County's total net position of \$455,232,416 includes \$393,180,852 (86.4%) of net investments in capital assets such as land, buildings, infrastructure, improvements and equipment, less any outstanding debt used to acquire those capital assets. The County uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending.

Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position, \$67,424,978 (14.8%), represents resources that are subject to external restriction on how they may be used. On September 30, 2021, the County had a net pension liability for its participation in the Florida Retirement System of \$31.8 million, a net OPEB obligation of \$20.4 million, and a landfill post-closure liability of \$15.8 million, which contributed to an unrestricted net position of \$(5,373,414).

Governmental Activities

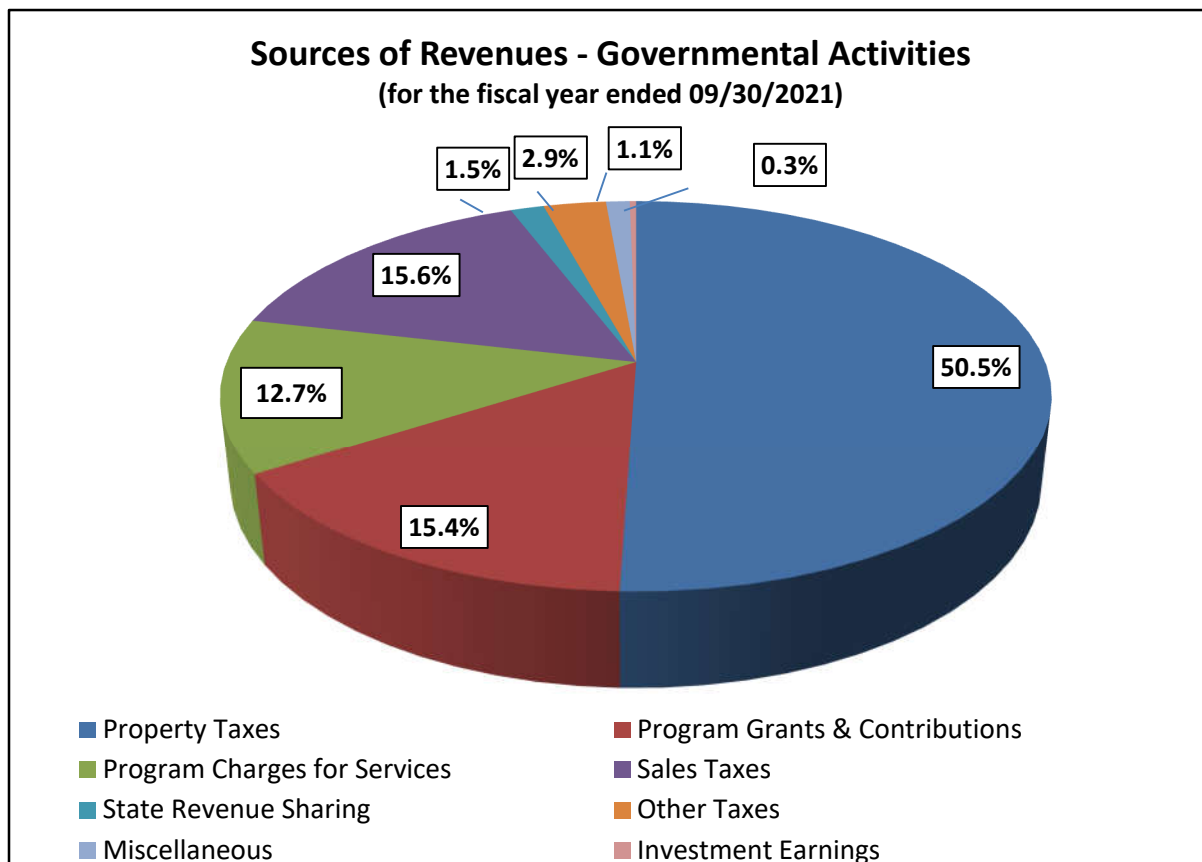
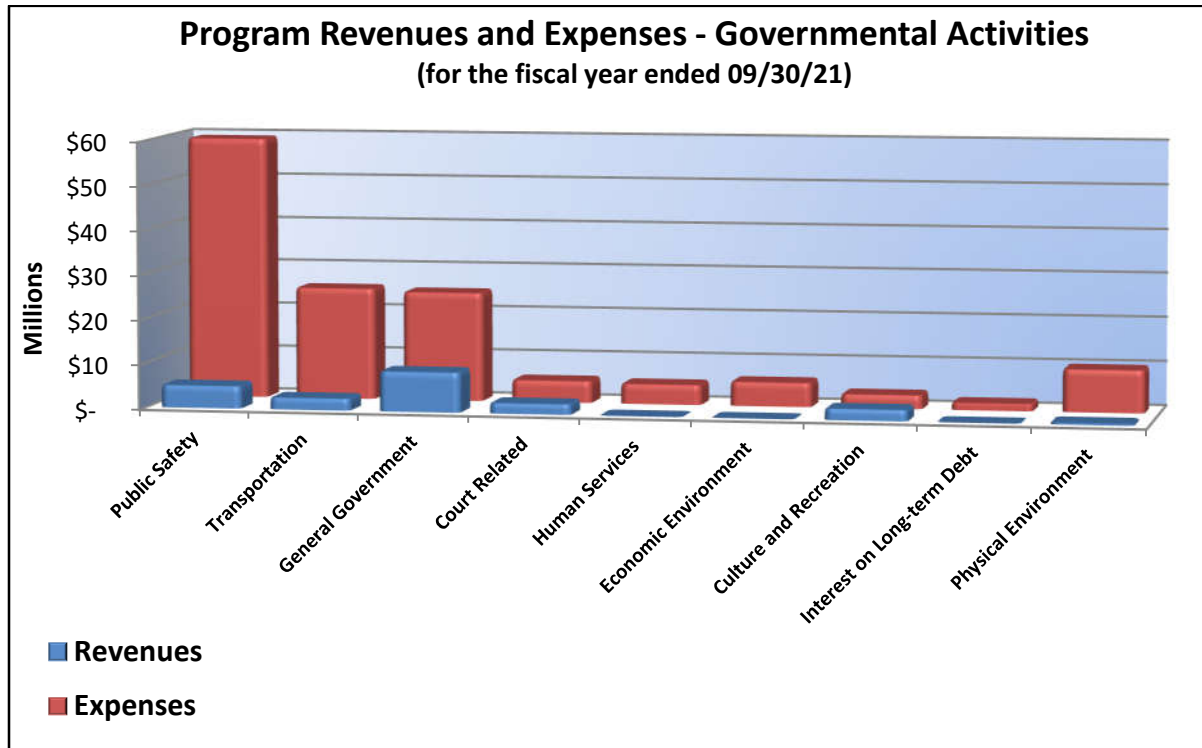
Fiscal year 2021 governmental activities increased the County's net position by \$37,942,701 to \$440,061,075. Governmental activities revenues exceeded expenses by \$37,876,743 in fiscal year 2021 compared to the prior year excess of \$7,457,988. Factors contributing to this year-over-year change in net position include a \$12,860,011 increase in general revenues and transfers, and a \$9,037,636 increase in governmental program revenues.

Management's Discussion and Analysis

Nassau County, Florida Changes in Net Position

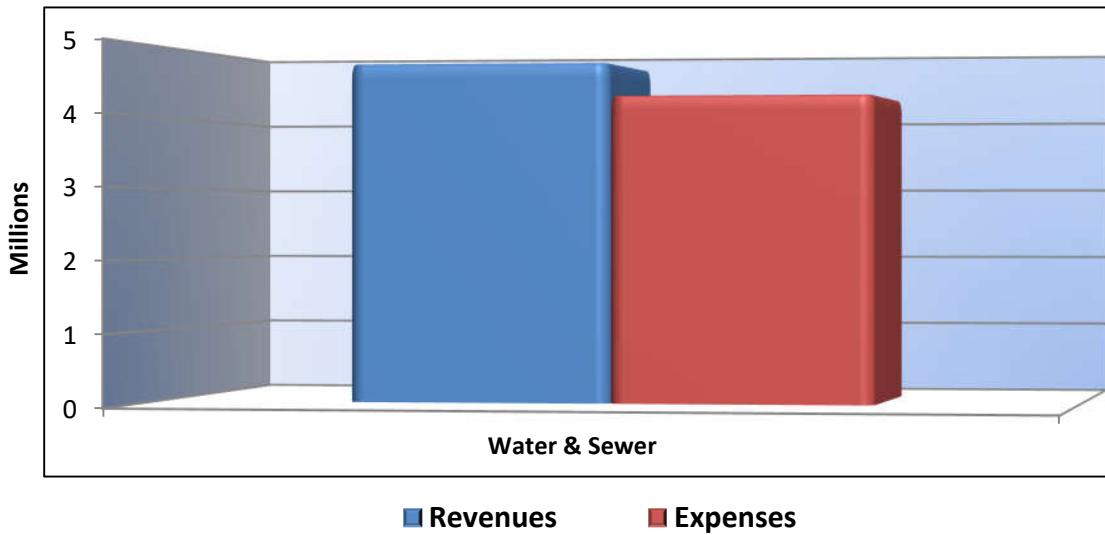
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charges for Services	\$ 22,433,610	\$ 14,465,086	\$ 4,726,612	\$ 4,597,503	\$ 27,160,222	\$ 19,062,589
Operating Grants and Contributions	.					
	8,262,459	19,224,067	-	-	8,262,459	19,224,067
Capital Grants and Contributions						
	18,934,716	6,903,996	-	-	18,934,716	6,903,996
General Revenues:						
Property Taxes	89,177,944	82,040,440	-	-	89,177,944	82,040,440
Other Taxes	35,235,200	28,041,345	-	-	35,235,200	28,041,345
Other Revenues	2,448,076	3,920,263	8,294	17,476	2,456,370	3,937,739
Total Revenues	176,492,005	154,595,197	4,734,906	4,614,979	181,226,911	159,210,176
Expenses						
General Government	24,625,283	26,615,321	-	-	24,625,283	26,615,321
Court Related	4,987,940	5,000,815	-	-	4,987,940	5,000,815
Public Safety	59,147,820	66,518,596	-	-	59,147,820	66,518,596
Physical Environment	9,694,197	6,060,528	-	-	9,694,197	6,060,528
Transportation	25,223,668	28,262,200	-	-	25,223,668	28,262,200
Economic Environment	5,510,707	4,485,952	-	-	5,510,707	4,485,952
Human Services	4,578,441	5,573,204	-	-	4,578,441	5,573,204
Culture/Recreation	3,164,970	3,056,005	-	-	3,164,970	3,056,005
Interest on Long-term Debt	1,682,236	1,564,588	-	-	1,682,236	1,564,588
Water and Sewer	-	-	4,271,458	3,357,334	4,271,458	3,357,334
Total Expenses	138,615,262	147,137,209	4,271,458	3,357,334	142,886,720	150,494,543
Excess of Revenue Over Expense	37,876,743	7,457,988	463,448	1,257,645	38,340,191	8,715,633
Add: Contributions	-	-	-	-	-	-
Add: Transfers	65,958	65,119	(65,958)	(65,119)	-	-
Change in Net Position	37,942,701	7,523,107	397,490	1,192,526	38,340,191	8,715,633
Net Position-						
Beginning of Year	402,118,374	394,595,267	14,773,851	13,581,325	416,892,225	408,176,592
Net Position-End of Year	\$ 440,061,075	\$ 402,118,374	\$ 15,171,341	\$ 14,773,851	\$ 455,232,416	\$ 416,892,225

Management's Discussion and Analysis

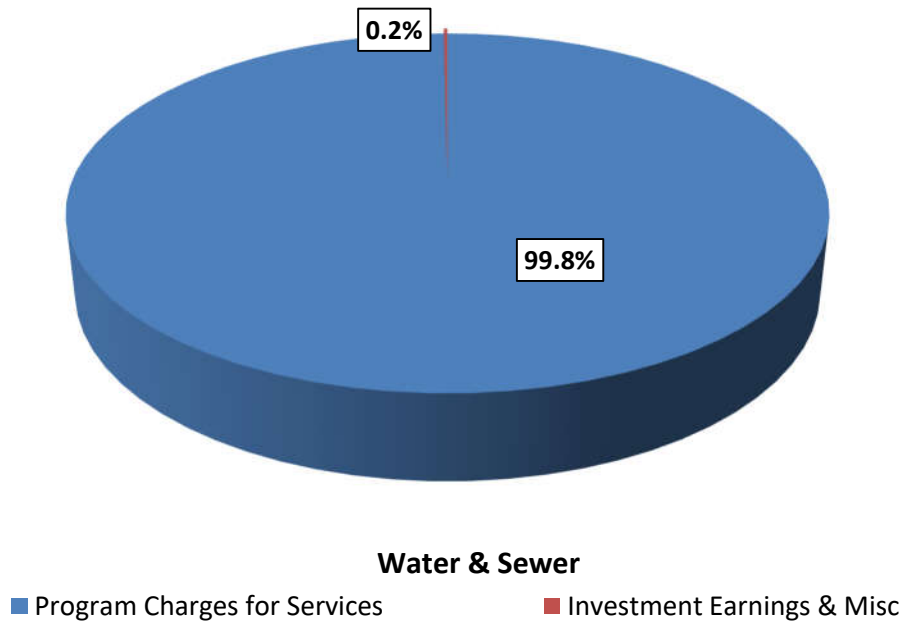


Management's Discussion and Analysis

Program Revenues and Expenses - Business-type Activities
(for the fiscal year ended 09/30/2021)



Sources of Revenues - Business-type Activities
(for the fiscal year ended 09/30/2021)



Management's Discussion and Analysis

Analysis of the County's Fund Financials

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

As of the end of fiscal year 2021, the County's governmental funds reported combined ending fund balances of \$159,888,058. This represents an increase of \$30,846,447 when compared to the prior year ending balance. A portion of fund balance in the amount of \$65,165,024 is internally designated by the County for a specific purpose or available to be spent at the County's discretion. The remainder of fund balance in the amount of \$94,723,034 is non-spendable, restricted or committed to indicate that it is not available for new spending because it has already been committed for: 1) inventories, 2) prepaid items, 3) grants, 4) state law, or 5) constrained by external third parties.

The general fund is the main operating fund of the County. At the end of fiscal year 2021, the general fund had a total fund balance of \$56,196,804, an increase of \$15,544,340 from the prior year. General fund revenues increased by \$11,649,445 when compared to the prior fiscal year, due primarily to a \$7,743,503 increase in tax revenue and a \$2,917,438 increase in intergovernmental revenues. The net increase in tax revenue resulted from an increase in Ad Valorem taxes and an increase in one-cent and half-cent taxes. Expenditures in the general fund increased year to year by \$8,610,286. Major components of this increase included a \$5,070,640 increase in public safety expenditures and a \$1,805,822 increase in general government expenditures. Transfers-in of \$5,988,408 (a \$2,271,046 increase from fiscal year 2020), as well as transfers-out of \$11,650,309 (a \$1,107,425 increase from fiscal year 2020), also contributed to a net change in fund balance of \$15,554,340 and an ending fund balance of \$56,196,804.

A majority of the fund balance in the general fund in the amount of \$47,458,907 is internally designated by the County for a specific purpose or available to be spent at the County's discretion. The remainder of fund balance in the amount of \$8,737,897 is non-spendable, restricted or committed. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 24.6% of the total General Fund expenditures. Total fund balance represents 67.5% of that same amount.

At the end of fiscal year 2021, the transportation fund had a fund balance of \$12,790,388, an increase of \$4,449,915 when compared to the prior year fund balance. The increase was primarily due to a \$3,147,582 increase of pooled investments due to the increase in ad valorem taxes.

The municipal services fund had a total fund balance of \$12,260,348 at the end of fiscal year 2021. The net increase in fund balance of \$1,167,767 was primarily due to a \$2,952,258 excess of revenues to expenditures and a \$1,784,496 deficiency of transfers-in to transfer-out. The excess of revenue to expenditures was due in large part to an increase in taxes, and licenses and permits.

The capital projects transportation fund had a fund balance of \$17,384,579 at the end of the fiscal year, an increase of \$3,602,581 as compared to the prior year ending balance. The increase was a result of \$8,586,366 of transfers in, offset by expenditures exceeding revenues by \$4,983,755. The excess of expenditures over revenues was due primarily to increases in road projects of \$5.9M.

Management's Discussion and Analysis

The comprehensive impact fee ordinance fund had a fund balance of \$11,943,744 at the end of fiscal year 2021. This is a \$3,723,455 increase from the prior year, which is due solely to the collection of 2021 impact fees. There were no expenditures in the fund for 2021.

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The water and sewer fund is reported as a major enterprise fund. The funds overall net position decreased by \$608,012 when comparing to the prior year. The decrease was comprised of a \$996,092 increase in investment in capital assets, a \$441,445 decrease in restricted net position and a \$1,162,659 decrease in unrestricted net position. Operating income in fiscal year 2021 of \$447,315 was down from prior year operating income of \$1,294,878. Operating revenues increased in 2021 by \$83,984 and operating costs increased by \$931,547 compared to fiscal year 2020.

Unrestricted net position of the water and sewer fund at the end of the fiscal year amounted to:

<u>Fund</u>	Unrestricted Net Position	
	2021	2020
Water and Sewer	\$ 7,104,740	\$ 8,267,399

Budgetary Highlights

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

After the original budget is approved, it may be revised for a variety of reasons such as unforeseen circumstances, corrections of errors, new bond or loan proceeds, new grant awards, and other revenues. During fiscal year 2021, supplemental appropriations to the General Fund (Board only) budget were approximately \$23.9 million, or 21.8% of the original adopted budget.

- The major source of supplemental revenue was \$16,266,969, in adjustments for county-wide grant revenue.
- Major appropriations of the supplemental revenue include \$6,435,299 to Reserves, \$12,785,598 to Emergency Management for COVID-19, \$713,667 to Maintenance of ceiling/attic/roof repair in the County, and \$353,230 for Public Safety Training.
- The significant revenue budgetary variances in the general fund were mainly the result of COVID-19 grant revenue and sales tax revenues above state projections. This includes an additional half-cent sales tax revenue of \$1,578,092, and one-cent sales tax revenue of \$3,822,950. The COVID-19 revenue allowed us to give financial assistance to eligible Nassau County businesses, and foreclosure prevention and rental/utility assistance for the citizens of Nassau County. This additional sales tax revenue is the result of the economy stabilizing from the pandemic and external dollars flowing into our hotels, restaurants and across our service industry.

Management's Discussion and Analysis

- The significant general fund budgetary expenditure variances resulted for the most part from projects being scaled back in preparation of a continued projected revenue shortfall due to COVID-19. Other measures taken in preparation of COVID-19, which caused budget variances, included freezing vacant budgeted positions and deferring budgeted equipment replacements.

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounted to \$421,054,628 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and construction in progress. Additional information on Nassau County's capital assets can be found in Note 5 in Notes to Financial Statements.

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

- Completed County Road 115 at a cost of \$9.6M
- Started Crawford Road paving with a budget of \$8.5M
- Started Pages Dairy widening and resurfacing with a budget of \$4.9M
- Completed Fire Station 71 within the Heron Isles Development at a cost of \$3.2M
- Started Westside Regional Park, Phase 1 (design), with a budget of \$4.4M
- Completed Detention Center Improvements (HVAC modifications at a cost of \$650K and Security System Upgrade at a cost of \$122K)

Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	80,596,590	80,552,717	167,966	167,966	80,764,556	80,720,683
Construction Work in Progress	21,699,113	11,817,431	872,897	218,284	22,572,010	12,035,715
Buildings & Improvements	44,799,091	43,344,150	426,537	446,376	45,225,628	43,790,526
Machinery & Equipment	25,776,537	21,028,921	12,829,823	12,851,200	38,606,360	33,880,121
Improvements Other than Bldg	993,723	993,323	-	-	993,723	993,323
Infrastructure	232,892,351	249,013,706	-	-	232,892,351	249,013,706
Total	406,757,405	406,750,248	14,297,223	13,683,826	421,054,628	420,434,074

Management's Discussion and Analysis

Long-Term Obligations

At the end of the fiscal year, the County had total outstanding bonds, notes, and other long-term obligations, including net pension liability, and other postemployment benefits in the amount of \$107,437,143. The revenue bonds are collateralized by specific revenue sources while the remainder of the debt utilizes a covenant to budget and appropriate to pledge payment of the debt. The County's bonds payable decreased by \$3,183,842 in fiscal year 2021 with a balance outstanding of \$29,842,213 on September 30, 2021.

The County's outstanding obligations decreased by \$83,319,095 in fiscal year 2021 primarily due to a \$72,847,835 decrease in net pension liability costs, and a \$6,931,805 decrease in Other Postemployment Benefit costs. Additional information on Nassau County's outstanding debt can be found in Note 8 in Notes to Financial Statements.

Long-Term Obligations

		2021	2020
Governmental Activities:			
Notes Payable	\$	508,441	\$ 646,281
Revenue Bonds		22,077,213	24,246,055
Compensated Absences		8,835,793	8,323,627
Capital Lease Payable		211,677	317,517
Other Post-Employment Benefits		20,309,601	27,041,354
Landfill Closure/Post Closures		15,795,295	16,337,291
Net Pension Liability		31,770,089	104,009,051
Total Gov't Activities		99,508,109	180,921,176
Business-Type Activities:			
Revenue Bonds, Net		7,765,000	8,780,000
Compensated Absences		33,418	115,521
Other Post-Employment Benefits		75,971	276,023
Net Pension Liability		54,645	663,518
Total Business-Type Activities		7,929,034	9,835,062
Total Outstanding Liabilities	\$	107,437,143	\$ 190,756,238

Request for Information

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

BASIC FINANCIAL STATEMENTS

NASSAU COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
Assets			
Cash and Cash Equivalents	\$ 29,121,918	\$ 3,883,738	\$ 33,005,656
Equity in Pooled Investments	144,059,405	4,079,139	148,138,544
Accounts Receivable, Net	977,712	450,853	1,428,565
Internal Balances	(789)	789	-
Loans Receivable, Net	40,000	-	40,000
Due from Other Governments	15,524,092	483,914	16,008,006
Inventories	546,015	74,363	620,378
Prepaid Items	1,146,830	589	1,147,419
Cash and Cash Equivalents - Restricted	-	906,589	906,589
Capital Assets:			
Non-Depreciable	102,295,703	1,040,863	103,336,566
Depreciable, Net	304,461,702	13,256,360	317,718,062
Total Assets	598,172,588	24,177,197	622,349,785
Deferred Outflow of Resources			
Unamortized Refunding Loss	-	314,227	314,227
Pension Related	23,380,051	37,033	23,417,084
OPEB Related	4,129,205	15,446	4,144,651
Total Deferred Outflow of Resources	27,509,256	366,706	27,875,962
Liabilities			
Accounts Payable	9,107,244	1,030,138	10,137,382
Other Current Liabilities	2,335,121	-	2,335,121
Retainage Payable	596,891	-	596,891
Due to Other Governments	347,853	188,952	536,805
Unearned Revenue	8,607,184	-	8,607,184
Deposits	336,719	97,792	434,511
Accrued Interest Payable	373,750	-	373,750
Non-Current Liabilities:			
Due Within One Year	8,124,732	1,064,795	9,189,527
Due in More Than One Year	91,383,377	6,864,239	98,247,616
Total Liabilities	121,212,871	9,245,916	130,458,787
Deferred Inflows of Resources			
Pension Related	55,477,541	93,241	55,570,782
OPEB Related	8,930,357	33,405	8,963,762
Total Deferred Inflow of Resources	64,407,898	126,646	64,534,544
Net Position			
Net Investment in Capital Assets	386,334,402	6,846,450	393,180,852
Restricted for:			
Debt Service	1,496,251	561,736	2,057,987
Impact Fees	16,178,298	240,329	16,418,627
Mobility Fees	4,906,380	-	4,906,380
Capital Projects	3,284	-	3,284
Court Facilities	1,962,707	-	1,962,707
Tourist Development	13,167,925	-	13,167,925
Building Department	6,802,751	-	6,802,751
Grants and Other Purposes	22,105,317	-	22,105,317
Unrestricted	(12,896,240)	7,522,826	(5,373,414)
Total Net Position	\$ 440,061,075	\$ 15,171,341	\$ 455,232,416

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

NASSAU COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities:							
General Government	\$ 24,625,283	\$ 9,045,288	\$ 372,003	\$ 248,328	\$ (14,959,664)	\$ -	\$ (14,959,664)
Court-Related	4,987,940	2,418,256	187,981	-	(2,381,703)	-	(2,381,703)
Public Safety	59,147,820	5,092,010	4,661,821	-	(49,393,989)	-	(49,393,989)
Physical Environment	9,694,197	493,028	786,537	7,140,728	(1,273,904)	-	(1,273,904)
Transportation	25,223,668	2,728,725	1,833,003	10,900,494	(9,761,446)	-	(9,761,446)
Economic Environment	5,510,707	-	244,849	645,166	(4,620,692)	-	(4,620,692)
Human Services	4,578,441	74,866	21,016	-	(4,482,559)	-	(4,482,559)
Culture and Recreation	3,164,970	2,581,437	155,249	-	(428,284)	-	(428,284)
Interest on Long-Term Debt	1,682,236	-	-	-	(1,682,236)	-	(1,682,236)
Total Governmental Activities	138,615,262	22,433,610	8,262,459	18,934,716	(88,984,477)	-	(88,984,477)
Business-Type Activities:							
Water and Sewer	4,271,458	4,726,612	-	-	-	455,154	455,154
Total Business-Type Activities	4,271,458	4,726,612	-	-	-	455,154	455,154
Total Primary Government	\$ 142,886,720	\$ 27,160,222	\$ 8,262,459	\$ 18,934,716	(88,984,477)	455,154	(88,529,323)
General Revenues							
Property Taxes					89,177,944	-	89,177,944
Sales Taxes					27,436,151	-	27,436,151
State Revenue Sharing					2,716,214	-	2,716,214
Fuel Taxes					4,457,382	-	4,457,382
Utility Services Taxes					625,453	-	625,453
Investment Earnings					517,175	8,294	525,469
Miscellaneous					1,930,901	-	1,930,901
Transfers					65,958	(65,958)	-
Total General Revenues and Transfers					126,927,178	(57,664)	126,869,514
Change in Net Position					37,942,701	397,490	38,340,191
Net Position, Beginning of Year					402,118,374	14,773,851	416,892,225
Net Position, End of Year					\$ 440,061,075	\$ 15,171,341	\$ 455,232,416

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

NASSAU COUNTY, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General Fund	County Transportation Fund	Municipal Services Fund
Assets			
Cash and Cash Equivalents	\$ 12,654,260	\$ 553,341	\$ 299,862
Equity in Pooled Investments	45,492,971	12,694,460	11,071,221
Accounts Receivable (Net of Allowance for Uncollectibles)	889,565	68	18,294
Loans Receivable (Net of Allowance for Uncollectibles)	-	-	-
Due from Other Funds	1,048,593	61,746	129,440
Due from Other Governments	4,411,830	590,529	255,378
Inventories	493,263	52,752	-
Prepaid Expenditures	311,047	900	823,424
Total Assets	65,301,529	13,953,796	12,597,619
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	2,730,563	1,126,837	231,694
Accrued Liabilities	2,314,809	-	-
Retainage Payable	3,927	-	-
Due to Other Funds	859,425	-	3,039
Due to Other Governments	246,354	292	2,281
Unearned Revenue	-	-	-
Deposits	-	10,440	-
Total Liabilities	6,155,078	1,137,569	237,014
Deferred Inflows of Resources	2,949,647	25,839	100,257
Fund Balances			
Non-Spendable	804,340	53,652	823,424
Restricted	1,064,777	-	16,329
Committed	6,868,780	5,725,957	842,952
Assigned	26,935,576	7,010,779	10,577,643
Unassigned	20,523,331	-	-
Total Fund Balances	56,196,804	12,790,388	12,260,348
Total Liabilities and Fund Balances	\$ 65,301,529	\$ 13,953,796	\$ 12,597,619

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

Grants	Capital Projects - Transportation Fund	Comprehensive Impact Fee Ordinance	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 481,699	\$ -	\$ 15,132,756	\$ 29,121,918
8,615,315	18,310,075	11,985,260	35,890,103	144,059,405
-	-	-	69,785	977,712
-	-	-	40,000	40,000
-	-	-	55,963	1,295,742
-	7,084,311	-	3,182,044	15,524,092
-	-	-	-	546,015
-	-	-	11,459	1,146,830
<u>8,615,315</u>	<u>25,876,085</u>	<u>11,985,260</u>	<u>54,382,110</u>	<u>192,711,714</u>
442	1,724,598	41,516	3,251,594	9,107,244
-	-	-	20,312	2,335,121
-	592,964	-	-	596,891
-	-	-	434,067	1,296,531
-	-	-	98,926	347,853
8,607,184	-	-	-	8,607,184
-	-	-	326,279	336,719
<u>8,607,626</u>	<u>2,317,562</u>	<u>41,516</u>	<u>4,131,178</u>	<u>22,627,543</u>
-	6,173,944	-	946,426	10,196,113
-	-	-	11,429	1,692,845
7,689	-	11,943,744	43,405,507	56,438,046
-	17,384,579	-	5,769,875	36,592,143
-	-	-	117,695	44,641,693
-	-	-	-	20,523,331
<u>7,689</u>	<u>17,384,579</u>	<u>11,943,744</u>	<u>49,304,506</u>	<u>159,888,058</u>
<u>\$ 8,615,315</u>	<u>\$ 25,876,085</u>	<u>\$ 11,985,260</u>	<u>\$ 54,382,110</u>	<u>\$ 192,711,714</u>

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

NASSAU COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

Total Fund Balances of Governmental Funds \$ 159,888,058

**Amounts Reported for Governmental Activities in the Statement of
Net Position are Different Because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Total Capital Assets	\$ 883,798,765	
(Less: Accumulated Depreciation)	<u>(477,041,360)</u>	
		406,757,405

Certain receivables do not provide current financial resources and, therefore, are reported as deferred inflows of resources in the funds.	10,196,113
--	------------

Certain pension and OPEB related amounts are being deferred and amortized over a period of years or are being deferred as contributions to the pension and OPEB plans made after the measurement date:

Deferred Outflows Related to Pensions	23,380,051	
Deferred Outflows Related to OPEB	4,129,205	
Deferred Inflows Related to Pensions	(55,477,541)	
Deferred Inflows Related to OPEB	<u>(8,930,357)</u>	
		(36,898,642)

Long-term liabilities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is generally not accrued in the governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Long-term liabilities at year-end consist of:

Revenue Bonds Payable	(21,334,730)	
Premium on Bonds Payable	(742,483)	
Notes Payable	(508,441)	
Capital Leases Payable	(211,677)	
Compensated Absences	(8,835,793)	
Accrued Interest Payable	(373,750)	
Post-Closure Landfill Liability	(15,795,295)	
Net OPEB Obligation	(20,309,601)	
Net Pension Liability	<u>(31,770,089)</u>	
		<u>(99,881,859)</u>

Total Net Position of Governmental Activities \$ 440,061,075

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

NASSAU COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	County Transportation Fund	Municipal Services Fund
Revenues			
Taxes	\$ 79,701,616	\$ 9,296,357	\$ 16,631,751
Licenses and Permits	73,483	14,936	737,835
Intergovernmental Revenues	18,080,387	2,035,560	1,071,629
Charges for Services	5,706,785	34,858	663,676
Fines and Forfeitures	20,058	176	7,098
Interest Earnings	207,938	46,744	50,968
Miscellaneous	685,572	131,660	102,847
Total Revenues	<u>104,475,839</u>	<u>11,560,291</u>	<u>19,265,804</u>
Expenditures			
Current:			
General Government Services	21,062,487	-	1,926,902
Public Safety	44,714,394	-	10,486,635
Physical Environment	1,797,885	-	-
Transportation	-	7,376,711	-
Economic Environment	1,064,462	-	-
Human Services	2,984,090	-	1,344,649
Culture and Recreation	2,575,704	-	-
Court-Related Expenditures	2,183,710	-	-
Capital Outlay	6,638,176	577,810	2,555,360
Debt Service:			
Principal Retirement	243,679	-	-
Interest and Fiscal Charges	15,818	-	-
(Total Expenditures)	<u>83,280,405</u>	<u>7,954,521</u>	<u>16,313,546</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>21,195,434</u>	<u>3,605,770</u>	<u>2,952,258</u>
Other Financing Sources (Uses)			
Reversion to State of Florida	-	-	-
Transfers in	5,988,408	987,261	1,422,726
Transfers (out)	(11,650,309)	(162,847)	(3,207,222)
Aid from Individuals	-	-	-
Sale of Capital Assets	10,807	19,731	5
Total Other Financing Sources (Uses)	<u>(5,651,094)</u>	<u>844,145</u>	<u>(1,784,491)</u>
Net Change in Fund Balances	15,544,340	4,449,915	1,167,767
Fund Balances at Beginning of Year	<u>40,652,464</u>	<u>8,340,473</u>	<u>11,092,581</u>
Fund Balances at End of Year	<u><u>\$ 56,196,804</u></u>	<u><u>\$ 12,790,388</u></u>	<u><u>\$ 12,260,348</u></u>

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

Grants	Capital Projects - Transportation Fund	Comprehensive Impact Fee Ordinance	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 9,919,443	\$ 115,549,167
-	-	5,565,982	6,836,824	13,229,060
-	6,392,188	-	3,681,987	31,261,751
-	-	-	2,493,233	8,898,552
-	-	-	684,870	712,202
8,131	37,263	30,150	135,981	517,175
-	-	-	1,052,186	1,972,265
<u>8,131</u>	<u>6,429,451</u>	<u>5,596,132</u>	<u>24,804,524</u>	<u>172,140,172</u>
-	-	-	2,159,158	25,148,547
-	-	-	1,428,816	56,629,845
442	-	-	831,862	2,630,189
-	2,100	-	2,018,885	9,397,696
-	-	-	4,447,709	5,512,171
-	-	-	119,878	4,448,617
-	-	-	23,208	2,598,912
-	-	-	1,828,237	4,011,947
-	11,411,106	-	11,116,052	32,298,504
-	-	-	1,656,125	1,899,804
-	-	-	1,666,418	1,682,236
<u>442</u>	<u>11,413,206</u>	<u>-</u>	<u>27,296,348</u>	<u>146,258,468</u>
<u>7,689</u>	<u>(4,983,755)</u>	<u>5,596,132</u>	<u>(2,491,824)</u>	<u>25,881,704</u>
-	-	-	(68,739)	(68,739)
-	8,586,336	-	7,145,668	24,130,399
-	-	(1,872,677)	(7,171,386)	(24,064,441)
-	-	-	4,936,981	4,936,981
-	-	-	-	30,543
<u>-</u>	<u>8,586,336</u>	<u>(1,872,677)</u>	<u>4,842,524</u>	<u>4,964,743</u>
7,689	3,602,581	3,723,455	2,350,700	30,846,447
-	13,781,998	8,220,289	46,953,806	129,041,611
<u>\$ 7,689</u>	<u>\$ 17,384,579</u>	<u>\$ 11,943,744</u>	<u>\$ 49,304,506</u>	<u>\$ 159,888,058</u>

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

NASSAU COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 30,846,447

**Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:**

Governmental funds report capital purchases as expenditures. However,
in the statement of activities, the cost of those assets is depreciated
over their estimated useful lives and reported as depreciation expense:

Expenditures for Capital Assets	\$ 23,919,185	
(Current Year Depreciation)	(24,161,394)	
Contributions of Capital Assets	286,750	
Gain (Loss) on Disposal of Capital Assets	(37,479)	7,062

Certain revenues reported in the statement of activities are not considered
current financial resources and, therefore, are not reported as revenue in
the governmental funds. (585,144)

Repayment of long-term debt principal is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the statement of
net position. 2,338,273

The changes in net pension liability and pension related deferred outflows
and inflows of resources result in an adjustment to pension expense in
the statement of activities, but not in the governmental fund statements. 5,694,372

The changes in the OPEB liability and OPEB related deferred outflows
and inflows of resources result in an adjustment to OPEB expense in
the statement of activities, but not in the governmental fund statements. (494,752)

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

Change in Accrued Interest Payable	32,365	
Amortization of Premiums	74,248	
Change in Post-Closure Liability	541,996	
Change in Accrued Compensated Absences	(512,166)	136,443

Change in Net Position - Governmental Activities \$ 37,942,701

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

NASSAU COUNTY, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUND
SEPTEMBER 30, 2021

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	American Beach Water and Sewer District	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 3,507,010	\$ 376,728	\$ 3,883,738
Cash and Cash Equivalents - Restricted	906,589	-	906,589
Equity in Pooled Investments	4,079,139	-	4,079,139
Accounts Receivable, Net	450,853	-	450,853
Due from Other Funds	803	642,576	643,379
Due from Other Governments	483,914	-	483,914
Inventories	74,363	-	74,363
Prepays	589	-	589
Total Current Assets	9,503,260	1,019,304	10,522,564
Non-Current Assets:			
Capital Assets (Net of Accumulated Depreciation Where Applicable)	13,709,807	587,416	14,297,223
Total Non-Current Assets	13,709,807	587,416	14,297,223
Total Assets	23,213,067	1,606,720	24,819,787
Deferred Outflow of Resources			
Unamortized Refunding Loss	314,227	-	314,227
Pension Related	37,033	-	37,033
OPEB Related	15,446	-	15,446
Total Deferred Outflow of Resources	366,706	-	366,706
Total Assets and Deferred Outflows	23,579,773	1,606,720	25,186,493
Liabilities			
Current Liabilities:			
Accounts Payable	380,337	601,218	981,555
Retainage Payable	48,583	-	48,583
Due to Other Funds	642,590	-	642,590
Due to Other Governments	188,952	-	188,952
Deposits	97,792	-	97,792
Bonds Payable	1,040,000	-	1,040,000
Other Postemployment Benefits	12,810	-	12,810
Net Pension Liability - HIS Current Portion	322	-	322
Compensated Absences	11,663	-	11,663
Total Current Liabilities	2,423,049	601,218	3,024,267
Non-Current Liabilities:			
Compensated Absences	21,755	-	21,755
Other Postemployment Benefits	63,161	-	63,161
Bonds Payable Long-Term	6,725,000	-	6,725,000
Net Pension Liability	54,323	-	54,323
Total Non-Current Liabilities	6,864,239	-	6,864,239
Total Liabilities	9,287,288	601,218	9,888,506
Deferred Inflow of Resources			
Pension Related	93,241	-	93,241
OPEB Related	33,405	-	33,405
Total Deferred Inflow of Resources	126,646	-	126,646
Total Liabilities and Deferred Inflows			
Net Position			
Investment in Capital Assets	6,259,034	587,416	6,846,450
Restricted for:			
Debt Service	561,736	-	561,736
Renewal and Replacement	240,329	-	240,329
Unrestricted	7,104,740	418,086	7,522,826
Total Net Position	\$ 14,165,839	\$ 1,005,502	\$ 15,171,341

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

NASSAU COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities - Enterprise Funds		
	Water and	American Beach	
	Sewer	Water and Sewer	
		District	Totals
Operating Revenues			
Charges for Services	\$ 4,468,950	\$ -	\$ 4,468,950
Connection and Impact Fees	113,176	45,125	158,301
Other Income	99,361	-	99,361
Total Operating Revenues	4,681,487	45,125	4,726,612
Operating Expenses			
Contractual Services	36,994	-	36,994
Professional Services	2,487,404	13,803	2,501,207
Salaries and Benefits	(344,126)	-	(344,126)
Rentals and Leases	27,694	-	27,694
Utilities	323,643	-	323,643
Repairs and Maintenance	667,263	-	667,263
Gas and Oil	58	-	58
Depreciation	926,159	-	926,159
Other Expenses	109,083	-	109,083
Total Operating Expenses	4,234,172	13,803	4,247,975
Operating Income (Loss)	447,315	31,322	478,637
Non-Operating Revenues (Expenses)			
Interest Earnings	8,294	-	8,294
Interest and Other Debt Service Costs	(222,748)	-	(222,748)
Intergovernmental Revenues	199,265	-	199,265
Total Non-Operating Revenues (Expenses)	(15,189)	-	(15,189)
Income (Loss) Before Transfers	432,126	31,322	463,448
Transfers			
Transfers in	-	974,180	974,180
Transfers (out)	(1,040,138)	-	(1,040,138)
Total Transfers	(1,040,138)	974,180	(65,958)
Change in Net Position	(608,012)	1,005,502	397,490
Total Net Position, Beginning of Year	14,773,851	-	14,773,851
Total Net Position, End of Year	\$ 14,165,839	\$ 1,005,502	\$ 15,171,341

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

**NASSAU COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	American Beach Water and Sewer District	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 5,231,099	\$ 45,125	\$ 5,276,224
Cash Payments to Vendors for Goods and Services	(3,472,216)	(55,161)	(3,527,377)
Cash Payments to Employees	(426,230)	-	(426,230)
Net Cash Provided by (Used in) Operating Activities	1,332,653	(10,036)	1,322,617
Non-Capital Financing Activities			
Due from other Governments	(294,267)	-	(294,267)
Intergovernmental Revenue	199,265	-	199,265
Transfer in (out)	(1,040,138)	974,180	(65,958)
Net Cash Provided by (Used in) Non-Capital Financing Activities	(1,135,140)	974,180	(160,960)
Capital and Related Financing Activities			
Acquisition of Property, Plant, and Equipment	(952,140)	-	(952,140)
Principal Payments on Bonds	(1,015,000)	(587,416)	(1,602,416)
Payment of Interest and Other Debt Costs	(177,859)	-	(177,859)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(2,144,999)	(587,416)	(2,732,415)
Investing Activities			
Interest Received	8,294	-	8,294
Purchase of Investments	(7,381)	-	(7,381)
Net Cash Provided by (Used in) Investing Activities	913	-	913
Net Increase (Decrease) in Cash and Cash Equivalents	(1,946,573)	376,728	(1,569,845)
Cash and Cash Equivalents, Beginning of Year	6,360,172	-	6,360,172
Cash and Cash Equivalents, End of Year	\$ 4,413,599	\$ 376,728	\$ 4,790,327
<u>Reported in Statement of Net Position as:</u>			
Cash and Cash Equivalents	\$ 3,507,010	\$ 376,728	\$ 3,883,738
Cash and Cash Equivalents - Restricted	906,589	-	906,589
Total	\$ 4,413,599	\$ 376,728	\$ 4,790,327

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

NASSAU COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	American Beach Water and Sewer District	Total
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>			
Operating Income (Loss)	\$ 447,315	\$ 31,322	\$ 478,637
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	926,159	-	926,159
Changes in Assets - Decrease (Increase):			
Decrease (Increase) in Accounts Receivable	(9,739)	-	(9,739)
Decrease (Increase) in Assessments Receivable	-	(642,576)	(642,576)
Decrease (Increase) in Due from Other Funds	3,511	-	3,511
Decrease (Increase) in Inventory	(6,220)	-	(6,220)
Decrease (Increase) in Prepaid Expense	1,078	-	1,078
Decrease (Increase) in Deferred Outflows	224,398	-	224,398
Changes in Liabilities - Increase (Decrease):			
Increase (Decrease) in Accounts Payable	(42,500)	601,218	558,718
Increase (Decrease) in Due to Other Governments	35,119	-	35,119
Increase (Decrease) in Due to Other Funds	569,474	-	569,474
Increase (Decrease) in Deposits	(13,673)	-	(13,673)
Increase (Decrease) in Compensated Absences	(82,103)	-	(82,103)
Increase (Decrease) in Net Pension Liability	(608,873)	-	(608,873)
Increase (Decrease) in Deferred Inflows	88,759	-	88,759
Increase (Decrease) in Other Postemployment Benefits	(200,052)	-	(200,052)
Net Cash Provided by (Used in) Operating Activities	\$ 1,332,653	\$ (10,036)	\$ 1,322,617

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

NASSAU COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2021

	Total Custodial Funds
Assets	
Cash and Cash Equivalents	\$ 6,676,071
Equity in Pooled Investments	1,898,234
Accounts Receivable	917,140
Due from Other Governments	1,406
Total Assets	<u>9,492,851</u>
Liabilities	
Accounts Payable and Accrued Liabilities	150,101
Due to Other Governments	4,390,454
Due to Bond Holders	95,207
Other Liabilities	2,542
Undistributed Collections	3,153,425
Total Liabilities	<u>7,791,729</u>
Net Position, Held in a Custodial Capacity to be Disbursed	<u><u>\$ 1,701,122</u></u>

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

NASSAU COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Total Custodial Funds
Additions	
Property Taxes and Fees Collected	\$ 182,068,249
Licenses and Tag Fees Collected	16,186,915
Impact Fees Collected for Other Governments	8,688,960
Inmate Funds Collected	1,069,813
Fines, Forfeitures and Fees Collected	11,894,834
Tax Deeds and Fees Collected	830,003
Support and Fees Collected	52,215
Registry of the Court and Fees Collected	12,321,192
Recording Fees Collected	11,611,801
Bail Bonds and Fees Collected	478,170
Refunds, Unclaimed Funds, Redeposits, and Credit Card Payments	49,180,991
Tourist Development Fees Collected	8,581,415
Total Additions	302,964,558
Deductions	
Inmate Funds Disbursed	1,056,687
Fines, Forfeitures, and Fees Disbursed	11,740,530
Licenses and Tag Fees Disbursed	16,186,915
Property Taxes and Fees Disbursed	182,068,249
Tax Deeds and Fees Disbursed	482,565
Support and Fees Disbursed	52,215
Registry of the Court and Fees Disbursed	12,028,119
Recording Fees Disbursed	11,600,283
Bail Bonds and Fees Disbursed	554,078
Refunds, Unclaimed Funds, Redeposits, and Credit Card Payments	49,185,222
Tourist Development Fees Disbursed	8,581,415
Impact Fees Disbursed	8,693,006
Total Deductions	302,229,284
Non Operating Revenues	
Interest Earnings	4,046
Total Non-Operating Revenues (Expenses)	4,046
Change in Net Position	739,320
Net Position, Beginning of Year	-
Prior Period Adjustment	961,802
Net Position, Beginning of Year Restated	961,802
Total Net Position, End of Year	\$ 1,701,122

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

NASSAU COUNTY, FLORIDA

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NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 1 - Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

The Nassau County Housing Finance Authority (NCHFA) is a dependent special district, which functions for the benefit of the citizens of Nassau County and is considered a blended component unit of the County. The NCHFA had no revenues or expenditures during the fiscal year ended September 30, 2021. 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.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

The Recreation and Water Conservation and Control District No. 1 (RWCCD) is a dependent special district, which functions for the benefit of the citizens of the County and is considered a blended component unit of the County. The Board of County Commissioners sits as the governing body. The RWCCD had no revenues or expenditures during the fiscal year ended September 30, 2021. 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 American Beach Water Sewer District 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.

B. Government-Wide and Fund Financial Statements

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

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

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

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

C. Fund Accounting

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, or net position, as appropriate, revenues and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds, based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are organized by governmental funds, proprietary funds, and fiduciary funds in the financial statements. The following funds are used by the County:

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

■ **Governmental Funds**

● **Major Governmental Funds**

- ▶ The **General Fund**—is used to account for all revenues and expenditures applicable to the general operations of the County, which are not properly accounted for in other funds. The General Fund for the County includes the General Fund for the Board and each of the Constitutional Officers. The effect of interfund activity has been eliminated from these financial statements.
- ▶ The **County Transportation 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 and state revenue sharing.
- ▶ The **Grants Fund**—is used to account for the proceeds of grant revenue sources that are restricted or committed to expenditure for specified purposes.
- ▶ 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**—use to account for the district expenditures associated with capital expansion. Funding is provided from impact fees on new constructions.

● **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 governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

- ▶ **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.
- **Non-Major Proprietary Funds**
 - ▶ **American Beach Water Sewer District**—are used to account for the proceeds of specific revenue sources related to the planning, design and construction of water and sewer facility located at American Beach.
- **Fiduciary Funds**
 - The custodial funds are fiduciary funds which are used it to account for assets received and held by the County in the capacity of a trustee or as an agent for individuals, government agencies, and other public organizations.
- D. **Measurement Focus**
 - **Government-Wide Financial Statements**—The government-wide financial statements are accounted for on an “economic resources” measurement focus. Accordingly, all assets, deferred outflows of resources and 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 of resources less total reported liabilities and deferred inflows of resources) provides an indication of the economic net worth of the funds. The statement of activities reports increases (revenues) and decreases (expenses) in total net position.
 - **Governmental Funds**—General, special revenue, debt service, and capital projects funds are accounted for on a “current financial resources” measurement focus. This means that only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are generally included on the balance sheet. Accordingly, the reported fund balances are considered 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 provides an indication of the economic net worth of the funds. The operating statements for the proprietary funds report increases (revenues) and decreases (expenses) in total net position.

Proprietary funds distinguish *operating* revenues and expenses from *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.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

- **Fiduciary Funds**—Fiduciary funds are accounted for using the accrual basis of accounting. Per GASB 84, fiduciary funds will now report additions and deductions within the Statement of Changes in Fiduciary Net Position. Fiduciary fund assets and liabilities are reported using economic resources measurement focus and accrual basis of accounting.

E. Basis of Accounting

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

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

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

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

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

The proprietary funds and fiduciary 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.

F. Cash and Cash Equivalents

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

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

G. Deposits and Investments

The County’s investment practices are governed by Section 218.415, Florida Statutes, and County Ordinance 95-144. The County is allowed to invest in: (1) obligations of the United States or its agencies and instrumentalities; (2) other obligations, the principal of and interest on, which are unconditionally guaranteed or insured by the United States; (3) certificates of deposit issued by state or national banks

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

domiciled in Florida that are guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or its successor; (4) interest-bearing demand deposits; (5) fully collateralized direct repurchase agreements, secured by obligations described in subdivisions (1) and (2) above, and pledged with third parties selected or approved by the Board; (6) commercial paper; (7) corporate bonds; (8) derivative securities limited to those types authorized in (1) through (7) above; and (9) the Local Government Surplus Funds Trust Fund (the Florida State Board of Administration).

H. Accounts Receivable

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

I. Interfund Balances

Activity between funds that 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. Any residual balances outstanding between the governmental activities and the business-type activities are reported as “internal balances” in the government-wide financial statements.

J. Inventories and Prepaid Items

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

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

K. 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.

L. 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.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

M. Net Position

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

N. Restricted Assets

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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O. Capital Assets and Long-Term Liabilities

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

■ **Governmental Funds**

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

The capital assets used in the operations of the Board of County Commissioners, Clerk of the Circuit Court, Tax Collector, Property Appraiser, and Supervisor of Elections are accounted for by the Board of County Commissioners because the Board holds legal title and is accountable for them under Florida law. In accordance with Florida Statutes, the Board also holds title and maintains all land and buildings used by the Sheriff.

The Sheriff, pursuant to Chapter 274, Florida Statutes, is accountable for and thus maintains capital asset records pertaining to equipment used in operations.

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

Capital Asset Category	Capitalization Threshold
Buildings	\$25,000
Building Improvements	Greater of \$25,000 or 10% of Original Value
Improvements to Land Other than Buildings	\$10,000
Land	All
Easements or Right-of-Way	\$10,000
Infrastructure:	
Roads	\$250,000
Subdivisions	\$250,000
Bridges	\$50,000
Sidewalks	\$10,000
Street Lighting System	\$25,000
Drainage Systems	\$50,000
Additions or Improvements to Infrastructure	Greater of \$100,000 or 10% of Original Cost

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

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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Buildings and Infrastructure	15-40 Years
Machinery and Equipment	5-20 Years
Computer Equipment	3-5 Years

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

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

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

■ **Proprietary Enterprise Funds**

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

Buildings	15-40 Years
Equipment	3-20 Years

P. Capitalization of Interest Costs

When applicable, the County capitalizes interest costs related to construction of capital assets. For fiscal year ended September 30, 2021, no interest was capitalized.

Q. Deferred Inflows/Outflows of Resources

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

R. Compensated Absences

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

S. Other Postemployment Benefits

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

T. Net Pension Liability

In the government-wide and proprietary fund statements, the net pension liability represents the County's proportionate share of the net pension liability of the cost-sharing pension plans in which it participates. This liability represents a share of the present value of projected benefit payments to be provided through cost-sharing plans, less the amount of the cost-sharing plans' fiduciary net position. The County participates in both the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy Program (HIS) defined benefit plan administered by the Florida Division of Retirement. The County allocated the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense to the funds and functions/activities based on their respective contribution made to the pension plans for that fiscal year.

U. Property Taxes

Real property and tangible personal property are assessed by the Property Appraiser according to the property's just value on January 1st of each year. Section 200.071, Florida Statutes, authorizes the 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, 2021, the Board levied 7.4278 mills. An additional 2.3093 mills and 0.0960 was 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 of County Commissioners. Delinquent taxes on real property are collected by selling tax certificates to individuals. If a tax certificate is not sold, the tax certificate is struck to the County. Attempts to collect delinquent taxes on tangible personal property are done by the issuance of warrants for the seizure and sale of such tangible personal property. Key dates in the property tax cycle (latest date where appropriate) are as follows:

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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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.

V. Recent GASB Standards

The County is currently evaluating the effects that the following GASB Statements, which will be implemented in future financial statements, will have on its financial statements for subsequent fiscal years:

- Statement No. 87, *"Leases."* This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is currently under review and the County will consider the impact, if any, upon financial reporting. The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
- Statement No. 89, *"Accounting for Interest Cost Incurred Before the End of a Construction Period."* This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. This statement is currently under review and the County will consider the impact, if any, upon financial reporting. The provisions of this statement are effective for fiscal years beginning after December 15, 2020.

Note 2 - Cash and Investments

Deposits with Financial Institutions

The carrying amount of the County's deposits with financial institutions was \$40,588,316 and the bank balances were \$45,074,743 at September 30, 2021. Deposits are placed in banks that qualify as public depositories pursuant to the provisions of Chapter 280, Florida Statutes, the *Florida Security for Public Deposits Act*. Qualified public depositories are required by this law to pledge collateral with a market value equal to a percentage of the average daily balance of all public deposits in excess of any federal deposit insurance. In event of default by a qualified public depository, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default, and if necessary a pro rata assessment to the other qualified public depositories in the collateral pool. Therefore, all cash and time deposits held by banks are fully insured and collateralized.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Investments

Interest and investment earnings are generally allocated to the various funds based upon each fund's equity balance in the pooled cash or the investment accounts.

The County's investments conform to the provisions of Florida Statutes, Section 218.415. The following items discuss the County's exposure to various risks of their investment portfolio.

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

Custodial Credit Risk—For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The certificates of deposit and money market accounts 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.

External Investment Pool—The County participates in the Florida Local Government Investment Trust (FLGIT) Short-term Bond Fund. The fund was created in December 12, 1991 through the joint efforts of the Florida Court Clerks and Comptrollers and the Florida Association of Counties. The fund is rated AA+ by Standard & Poor's. The weighted average maturity at September 30, 2021 was 2.00 years. The fund is structured to maintain safety of principal and maximize available yield through a balance of quality and diversification. Separately issued financial statements for the FLGIT Short-Term Bond Fund can be obtained from the Florida Local Government Investment Trust website (<https://www.floridatrustononline.com>).

Detail of the County's Cash and Investments

<u>Description</u>	<u>Fair Value</u>
Cash and Cash Equivalents	\$ 40,588,316
Florida Local Government Investment Trust	12,390,872
Certificates of Deposit	51,234,288
Money Market Accounts	<u>86,411,618</u>
Total Cash and Investments	<u>\$ 190,625,094</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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Reported in accompanying financial statements as follows:

	Governmental Funds	Proprietary Funds	Custodial Funds	Total
Cash and Cash Equivalents	\$ 29,121,918	\$ 3,883,738	\$ 6,676,071	\$ 39,681,727
Equity in Pooled Investments	144,059,405	4,079,139	1,898,234	150,036,778
Restricted Cash and Cash Equivalents	-	906,589	-	906,589
Total Cash and Investments	<u>\$ 173,181,323</u>	<u>\$ 8,869,466</u>	<u>\$ 8,574,305</u>	<u>\$ 190,625,094</u>

Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The County's investments in certificates of deposits and money market accounts have remaining maturities at the time of purchase of one year or less, and are therefore reported at amortized cost. The FLGIT Short-Term Bond Fund is an external investment pool and is reported at Net Asset Value (NAV).

Investments Measured at Net Asset Value (NAV)

	<u>September 30, 2021</u>
Florida Government Investment Trust	
Short-Term Bond Fund	<u>\$ 12,390,872</u>

Note 3 - Accounts Receivable

Accounts receivable (net of allowances for uncollectibles) at September 30, 2021, included the following:

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental Funds			
General Fund	\$ 2,157,756	\$ (1,268,191)	\$ 889,565
County Transportation	68	-	68
Municipal Services	18,294	-	18,294
Non-Major Funds	69,785	-	69,785
Total Governmental Funds	<u>\$ 2,245,903</u>	<u>\$ (1,268,191)</u>	<u>\$ 977,712</u>
Business-Type Funds			
Water	<u>\$ 452,713</u>	<u>\$ (1,860)</u>	<u>\$ 450,853</u>

Note 4 - Restricted Assets

Restricted assets in the proprietary funds at September 30, 2021, represent monies required to be restricted for 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 proprietary funds at September 30, 2021, were restricted for the following purposes:

Proprietary Funds	
Customer Deposits	\$ 104,524
Impact Fees (Water/Sewer)	240,329
Debt Service	561,736
Total	<u>\$ 906,589</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 5 - Capital Assets

Capital asset activity for the year ended September 30, 2021, was as follows:

	Balance 10/1/2020	Increases	(Decreases)	Balance 9/30/2021
Governmental Activities				
Capital Assets not Being Depreciated:				
Land	\$ 80,552,717	\$ 43,873	\$ -	\$ 80,596,590
Construction Work in Progress	11,817,431	12,451,742	(2,570,060)	21,699,113
Total Capital Assets not Being Depreciated	92,370,148	12,495,615	(2,570,060)	102,295,703
Capital Assets Being Depreciated:				
Buildings and Improvements	73,817,610	3,464,599	-	77,282,209
Machinery and Equipment	57,466,848	10,352,408	(1,834,372)	65,984,884
Improvements other than Buildings	993,323	400	-	993,723
Leasehold Improvements	1,040,516	-	-	1,040,516
Infrastructure	635,733,131	468,599	-	636,201,730
Total Capital Assets Being Depreciated	769,051,428	14,286,006	(1,834,372)	781,503,062
Less Accumulated Depreciation:				
Buildings and Improvements	(31,088,100)	(1,936,615)	-	(33,024,715)
Machinery and Equipment	(36,437,927)	(5,561,782)	1,791,362	(40,208,347)
Leasehold Improvements	(425,876)	(73,043)	-	(498,919)
Infrastructure	(386,719,425)	(16,589,954)	-	(403,309,379)
Total Accumulated Depreciation	(454,671,328)	(24,161,394)	1,791,362	(477,041,360)
Total Capital Assets Being Depreciated, Net	314,380,100	(9,875,388)	(43,010)	304,461,702
Total Governmental Activities Capital Assets, Net	<u>\$ 406,750,248</u>	<u>\$ 2,620,227</u>	<u>\$ (2,613,070)</u>	<u>\$ 406,757,405</u>
Business-Type Activities				
Capital Assets not Being Depreciated:				
Land	\$ 167,966	\$ -	\$ -	\$ 167,966
Construction Work in Progress	218,284	655,918	(1,305)	872,897
Total Capital Assets not Being Depreciated	386,250	655,918	(1,305)	1,040,863
Capital Assets Being Depreciated:				
Buildings and Improvements	754,865	-	-	754,865
Equipment	24,491,517	885,401	(113,302)	25,263,616
Total Capital Assets Being Depreciated	25,246,382	885,401	(113,302)	26,018,481
Less Accumulated Depreciation:				
Buildings and Improvements	(308,489)	(19,839)	-	(328,328)
Infrastructure	(11,208,538)	(826,498)	-	(12,035,036)
Equipment	(431,779)	(79,822)	112,844	(398,757)
Total Accumulated Depreciation	(11,948,806)	(926,159)	112,844	(12,762,121)
Total Capital Assets Being Depreciated, Net	13,297,576	(40,758)	(458)	13,256,360
Total Governmental Activities Capital Assets, Net	<u>\$ 13,683,826</u>	<u>\$ 615,160</u>	<u>\$ (1,763)</u>	<u>\$ 14,297,223</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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Depreciation expense was charged to functions/programs of the governmental and business-type activities as follows:

Governmental Activities	
General Government	\$ 930,730
Public Safety	5,571,088
Physical Environment	148,537
Transportation	15,905,570
Human Services	163,274
Culture and Recreation	472,922
Court-Related	969,273
Total Depreciation Expense -	
Governmental Activities	<u>\$ 24,161,394</u>
Business-Type Activities	
Water and Sewer	<u>\$ 926,159</u>

Note 6 - Interfund Activity

Interfund balances at September 30, 2021, consisted of the following:

Due From	Due To				
	General	Municipal Services	Water and Sewer Fund	Non-Major Governmental	Total
General Fund	\$ -	\$ 3,039	\$ 642,590	\$ 402,964	\$ 1,048,593
County Transportation	61,746	-	-	-	61,746
Municipal Services Fund	129,440	-	-	-	129,440
Non-Major Governmental	24,860	-	-	31,103	55,963
Water and Sewer Fund	803	-	-	-	803
NM Business-Type	642,576	-	-	-	642,576
Total	<u>\$ 859,425</u>	<u>\$ 3,039</u>	<u>\$ 642,590</u>	<u>\$ 434,067</u>	<u>\$ 1,939,121</u>

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

Transfers Out	Transfers In					
	General	County Transportation	Municipal Services	Capital Project	Non-Major Government	Non-Major Business Type
General	\$ -	\$ 987,261	\$ 1,422,726	\$ 4,269,736	\$ 3,996,406	\$ 974,180
County Transportation	114,117	-	-	-	48,730	-
Municipal Services	3,207,222	-	-	-	-	-
Comprehensive Impact Fee	-	-	-	-	1,872,677	-
Non-Major Governmental	1,626,931	-	-	4,316,600	1,227,855	-
Water and Sewer	1,040,138	-	-	-	-	-
Total	<u>\$ 5,988,408</u>	<u>\$ 987,261</u>	<u>\$ 1,422,726</u>	<u>\$ 8,586,336</u>	<u>\$ 7,145,668</u>	<u>\$ 974,180</u>

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 7 - Leases

■ **Governmental Funds**

The Board is party to operating leases during the period ended September 30, 2021, as follows:

- *Tower Site (14th Street)*—the Board entered into a five-year lease with Pinnacle Towers, LLC, commencing August 1, 2006. The lease has three automatic (unless 90 days' notice is given) renewal terms of 60 months each. The lease automatically renewed for an additional five-years, which has an effective date of August 2021. Operating lease payments for the year ended September 30, 2021, were \$35,562.
- *Two Tower Sites (Hilliard and Dahoma)*—the Board entered into five year lease with American Tower Asset Sub, LLC, commencing May 2021. Operating lease payments for the year ended September 30, 2021, were \$69,983.
- *West Nassau Land Development*—the Board entered into a five-year lease with West Nassau Land Development, LLC, commencing July 1, 2015. The lease was renewed effective July 1, 2020 for an additional five years, with an expiration date of June 30, 2025. Operating lease payments for the year ended September 30, 2021, were \$89,897.

Future minimum lease payments under these leases follow:

Year Ending September 30,	Tower Lease Sites	West Nassau Land Development	Totals
2022	\$ 110,466	\$ 82,482	\$ 192,948
2023	115,619	83,085	198,704
2024	121,016	83,705	204,721
2025	126,666	63,136	189,802
2026	86,855	-	86,855
Total	<u>\$ 560,622</u>	<u>\$ 312,408</u>	<u>\$ 873,030</u>

Three constitutional officers entered into several leases for office equipment and a building lease under operating leases. Total cost for such leases were \$116,078 for the year ended September 30, 2021. The future minimum lease payments for the leases are as follows:

Year Ending September 30	Total
2022	\$ 91,536
2023	47,198
2024	22,709
2025	10,110
2026	4,382
Thereafter	4,950
Total	<u>\$ 180,885</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Capital Lease

In October of 2018, the Sheriff entered into a capital lease agreement with Axon for the purchase of taser equipment. The lease agreement requires annual installments of \$105,839 for five years until October of 2023 with no interest.

Future minimum lease payments under this capital lease are as follows:

Year Ending September 30,	Future Lease Payments
2022	\$ 105,839
2023	<u>105,838</u>
Total Future Minimum Lease Payments	211,677
(Less Amount Representing Interest)	<u>-</u>
Present Value of Future Minimum Lease Payments	<u>\$ 211,677</u>

Note 8 - Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended September 30, 2021:

	Balance 10/1/20	Additions	Reductions	Balance 9/30/21	Due Within One Year
Governmental Activities					
Notes Payable	\$ 646,281	\$ -	\$ (137,840)	\$ 508,441	\$ 142,445
Bonds Payable	23,429,324	-	(2,094,594)	21,334,730	1,703,643
Premium on Bonds Payable	<u>816,731</u>	-	<u>(74,248)</u>	<u>742,483</u>	<u>74,248</u>
Total Bonds and Notes Payable	24,892,336	-	(2,306,682)	22,585,654	1,920,336
Capital Lease Payable	317,517	-	(105,840)	211,677	105,839
Compensated Absences	8,323,627	512,166	-	8,835,793	4,036,853
Other Postemployment Benefits	27,041,354	-	(6,731,753)	20,309,601	1,140,277
Landfill Post-Closure	16,337,291	-	(541,996)	15,795,295	738,043
Net Pension Liability	<u>104,009,051</u>	-	<u>(72,238,962)</u>	<u>31,770,089</u>	<u>183,384</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 180,921,176</u>	<u>\$ 512,166</u>	<u>\$ (81,925,233)</u>	<u>\$ 99,508,109</u>	<u>\$ 8,124,732</u>
Business-Type Activities					
Bonds Payable					
(Direct Placement Bonds)	\$ 8,780,000	\$ -	\$ (1,015,000)	\$ 7,765,000	\$ 1,040,000
Compensated Absences	115,521	12,039	(94,142)	33,418	11,663
Other Postemployment Benefits	276,023	-	(200,052)	75,971	12,810
Net Pension Liability	<u>663,518</u>	-	<u>(608,873)</u>	<u>54,645</u>	<u>322</u>
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 9,835,062</u>	<u>\$ 12,039</u>	<u>\$ (1,918,067)</u>	<u>\$ 7,929,034</u>	<u>\$ 1,064,795</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021, 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, 2021, totaled \$2,374,328.

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 40% 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 \$2,371,718. At year-end, pledged future revenues totaled \$3,780,000, 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.

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>
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>\$ 1,020,402</u>	<u>\$ 2,759,598</u>	<u>\$ 3,780,000</u>

2007 Public Improvement Revenue 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.

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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 25% of such non ad valorem tax revenue and are payable through 2031. Principal and interest payments for the current year totaled \$2,325,000 and non-ad valorem tax revenues totaled \$9,291,180. At year-end, pledged future revenues totaled \$23,232,500, 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>
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	1,650,000	672,000	2,322,000
2026	1,735,000	589,500	2,324,500
2027-2031	<u>10,055,000</u>	<u>1,557,500</u>	<u>11,612,500</u>
Total	<u>\$ 17,940,000</u>	<u>\$ 5,292,500</u>	<u>\$ 23,232,500</u>

Note Payable

In July 2020, the Sheriff entered into a promissory note agreement with First Port City Bank to purchase Virtualization Infrastructure Equipment. The note is secured by the equipment as detailed in the promissory note documents and is due in monthly installments of \$12,804 at a stated interest rate of 2.500% per annum.

Maturities of note payables are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 142,445	\$ 11,213	\$ 153,658
2023	146,098	7,560	153,658
2024	149,844	3,814	153,658
2025	<u>70,054</u>	<u>474</u>	<u>70,528</u>
Total	<u>\$ 508,441</u>	<u>\$ 23,061</u>	<u>\$ 531,502</u>

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Compensated Absences

Compensated Absences—are recorded on the government-wide financial statements. Following is a summary of compensated absences by constitutional officer as of September 30, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance
Board	\$ 6,320,703	\$ 3,105,521	\$ (2,780,253)	\$ 6,645,971
Clerk	100,865	215,472	(206,661)	109,676
Sheriff	1,550,398	1,500,357	(1,321,915)	1,728,840
Tax Collector	126,163	167,780	(196,475)	97,468
Property Appraiser	156,824	144,904	(123,278)	178,450
Supervisor of Elections	68,674	35,879	(29,165)	75,388
Total	<u>\$ 8,323,627</u>	<u>\$ 5,169,913</u>	<u>\$ (4,657,747)</u>	<u>\$ 8,835,793</u>

Business-Type Activities

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

The revenue bond is secured by a pledge of and is payable solely from pledged revenues, which primarily consist of net revenues and impact fees which derive from the Water and Sewer Utility System (the System). Annual principal and interest on the bond is expected to require approximately 94% of such revenue and are payable through 2028. Principal and interest payments for the current year totaled \$1,192,859, and revenues totaled \$1,266,654. At year-end, pledged future revenues totaled \$8,363,290, 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 County has covenanted to establish and collect fees from users of the Water and Sewer System (gross revenues of the System, as defined in the bond ordinance) sufficient to pay the costs of operation and maintenance of the System (as defined in the bond ordinance) plus 120% of the bond service requirements for that year. The County met the 120% requirement and, therefore, is in compliance with the rate covenant at year-end.

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

Year Ending September 30,	Principal	Interest	Total
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	1,105,000	86,484	1,191,484
2026	1,135,000	62,403	1,197,403
2027-2031	<u>2,335,000</u>	<u>50,471</u>	<u>2,385,471</u>
Total	<u>\$ 7,765,000</u>	<u>\$ 598,290</u>	<u>\$ 8,363,290</u>

NASSAU COUNTY, FLORIDA
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Compensated Absences—Following is a summary of annual, sick, and bonus leave benefits liabilities at September 30, 2021, for the proprietary funds:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Ending Balance</u>
Vacation Leave	\$ 30,455	\$ 6,594	\$ (28,697)	\$ 8,352
Sick Leave	83,550	4,390	(63,138)	24,802
Bonus Leave	1,516	1,055	(2,307)	264
Total	<u>\$ 115,521</u>	<u>\$ 12,039</u>	<u>\$ (94,142)</u>	<u>\$ 33,418</u>

Note 9 - Bond Arbitrage Rebate

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

- \$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.
- \$6,213,421 Nassau County, Florida, Gas Tax Revenue Bond, Series 2009-1.
- \$11,169,000 Nassau County, Florida, SAISSA Re-Nourishment 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 10 - Landfill Post-Closure Care Costs

State and federal laws require the County 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 County has three landfills that stopped receiving waste before October 9, 1993, and one that stopped receiving waste after October 9, 1993. The County does not currently operate an open landfill.

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 \$15,795,295 for post-closure care cost at September 30, 2021, for the two closed landfills. The liability is based on engineering estimates of annual post-closure care cost.

NASSAU COUNTY, FLORIDA
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These post-closure care costs are based on estimates of what it would cost to perform all post-closure care using 2021 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 \$738,042 as of September 30, 2021). At September 30, 2021, the actual escrow balances are as follows:

Landfills	
Old West Nassau Post-Closure	\$ 44,164
New West Nassau Post-Closure	<u>693,878</u>
Total Escrow Balances	<u><u>\$ 738,042</u></u>

Note 11 - Retirement Plans

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

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

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

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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.

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The employer's contribution rates as of September 30, 2021, were as follows:

	<u>FRS</u>	<u>HIS</u>
Regular Class	9.16%	1.66%
Special Risk Class	24.23%	1.66%
Senior Management Service Class	27.35%	1.66%
Elected Officials	49.76%	1.66%
DROP from FRS	16.68%	1.66%

The County's contributions for the year ended September 30, 2021, were \$7,928,227 to the FRS Pension Plan and \$809,961 to the HIS Program.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2021, the County reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2021. The County's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<u>FRS</u>	<u>HIS</u>	<u>Investment Plan</u>
Net Pension Liability	\$ 15,155,296	\$ 16,669,438	N/A
Proportion at:			
Current Measurement Date	0.200629743%	0.13589396%	N/A
Prior Measurement Date	0.205551903%	0.12762941%	N/A
Pension Expense	\$ 1,023,342	\$ 1,671,186	\$ 1,072,858

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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Description	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer Contributions After Measurement Date	\$ 2,039,648	\$ -	\$ 194,721	\$ -
Difference Between Expected and Actual Experience	2,597,641	-	557,801	6,982
Change of Assumptions	10,370,006	-	1,309,845	686,824
Changes of Proportion and Difference Between County Contributions and Proportionate Share of Contributions	4,041,543	1,839,482	2,288,501	164,473
Net Difference Between Projected and Actual Earnings on Pension Investments	-	52,873,021	17,378	-
Total	\$ 19,048,838	\$ 54,712,503	\$ 4,368,246	\$ 858,279

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year-end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2022. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending	FRS Amount	HIS Amount
2022	\$ (6,166,070)	\$ 808,242
2023	(7,588,076)	585,580
2024	(10,290,996)	627,383
2025	(13,555,418)	664,654
2026	(102,753)	504,298
Thereafter	-	125,089
Total	\$ (37,703,313)	\$ 3,315,246

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2021. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2021. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2021.

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

	FRS	HIS
Inflation	2.40%	2.40%
Salary Increases	3.25%	3.25%
Investment Rate of Return	6.80%	N/A
Discount Rate	6.80%	2.16%

Mortality assumptions for FRS Pension Plan were based on the PUB2010 base table varying by member category and sex, project generationally with Scale MP-2018. The HIS Plan was based on the Generational RP-2000 with Projection Scale BB.

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For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.1%	2.1%	1.1%
Fixed Income	20.0%	3.8%	3.7%	3.3%
Global Equity	54.2%	8.2%	6.7%	17.8%
Real Estate (Property)	10.3%	7.1%	6.2%	13.8%
Private Equity	10.8%	11.7%	8.5%	26.4%
Strategic Investments	3.7%	5.7%	5.4%	8.4%
Assumed Inflation – Mean			2.4%	1.2%

Note: (1) As Outlined in the Plan's Investment Policy.

Discount Rate. The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.80%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the total pension liability for the HIS Pension Plan was 2.16%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the County's Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

FRS – County:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
County's Proportionate Share of the Net Pension Liability	\$ 67,775,503	\$ 15,155,296	\$ (28,829)

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HIS – County:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
County's Proportionate Share of the Net Pension Liability	\$ 19,271,484	\$ 16,669,438	\$ 14,537,642

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

FRS – Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. County employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to 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 member's accounts during the 2020-2021 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer
FRS, Regular	3.00	3.30
FRS, Elected County Officers	3.00	8.34
FRS, Senior Management Service	3.00	4.67
FRS, Special Risk Class	3.00	11.00

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

NASSAU COUNTY, FLORIDA
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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 0.04% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS 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.

The County's Investment Plan pension expense totaled \$1,182,105 for the fiscal year ended September 30, 2021.

Other Pension Disclosures

The County recognized pension expense for fiscal year 2021 as follows:

September 30, 2021

	<u>FRS</u>	<u>HIS</u>	<u>FRS Inv. Plan</u>	<u>Total</u>
Pension Expense	\$ 1,023,342	\$ 1,671,186	\$ 1,182,105	\$ 3,876,633

**NPL, Deferred Outflows and Inflows
September 30, 2021**

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
Net Pension Liability	\$ 15,155,296	\$ 16,669,438	\$ 31,824,734
Deferred Outflows	19,048,838	4,368,246	23,417,084
Deferred Inflows	54,712,503	858,279	55,570,782

Note 12 - Deferred Compensation Plan

The County, in accordance with Section 112.215, Florida Statutes, maintains a deferred compensation plan pursuant to the provisions of Internal Revenue Code Section 457. The plan, available to all employees of the County, permits such employees to defer a portion of their salaries until future years. Participation in the plan is optional. The deferred compensation plan amount is not available for withdrawal by employee participants until termination, retirement, death, or unforeseeable emergency of such participants.

The County has contracted with a third party for the establishment of custodial accounts to administer these funds for the exclusive benefit of participants and their beneficiaries. The County has no administrative involvement, and does not perform the investing function for this plan.

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Note 13 - Other Postemployment Benefits (OPEB)

Plan Description

The OPEB Plan is a single-employer benefit plan administered by the County. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees.

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

Percent of Direct Subsidy up to Subsidy Base Maximum			
Years of Service With Nassau County	Hired Before 10/1/05 (Other than Sheriff)	Hired on or After 10/1/05 (Other than Sheriff)	Sheriff's Office (Regardless of Hire Date)
At Least 6 Years	100%	0%	0%
15 Years	100%	50%	0%
20 Years	100%	65%	0%
25 Years	100%	80%	0/100%
30 or More Years	100%	100%	100%

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

Membership Information

The following table provides a summary of the number of participants in the plan as of September 30, 2020 (the latest valuation date).

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	100
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	<u>723</u>
Total Plan Members	<u><u>823</u></u>

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

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Total OPEB Liability—The County’s total OPEB liability of \$20,385,572 was measured as of September 30, 2020, which is one year prior to the reporting date. The actuarial valuation date was September 30, 2020.

Changes in the Total OPEB Liability

Total OPEB Liability,	
Beginning of Year	\$ 27,317,377
Service Cost	1,155,802
Interest on Total OPEB Liability	767,173
Difference Between Expected and Actual Experience	760,056
Changes of Assumptions and Other Inputs	(8,462,896)
Benefit Payments	(1,151,940)
Net Change in Total OPEB Liability	(6,931,805)
Total OPEB Obligation, End of Year	<u>\$ 20,385,572</u>

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate 2.41%</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 22,136,593	\$ 20,385,572	\$ 18,791,758

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

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

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 18,156,593	\$ 20,385,572	\$ 23,083,710

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

For the fiscal year ended September 30, 2021, the County recognized OPEB expense of \$1,310,293. At September 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 1,136,461	\$ -
Changes in Assumptions and Other Inputs	2,046,175	8,963,762
Benefits Paid After Measurement Date	962,015	-
Total	<u>\$ 4,144,651</u>	<u>\$ 8,963,762</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Of the total amount reported as deferred outflows of resources related to OPEB, \$962,015 resulting from benefits paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended September 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30	\$ Amount
2022	(612,682)
2023	(612,682)
2024	(612,682)
2025	(612,682)
2026	(612,682)
Thereafter	(2,717,716)
Total	<u>\$ (5,781,126)</u>

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing benefit costs between the employer and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. For plans that are not funded, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purposes of the actuarial roll-forward, the municipal bond rate is 2.41% (based on the daily rate of Fidelity's "20-Year Municipal GO AA Index" closest to but not later than the measurement date. The discount rate was 2.75% in the prior year.

Actuarial methods and assumptions include the following:

Actuarial Valuation Date:	September 30, 2020
Measurement Date:	September 30, 2020
Reporting Date:	September 30, 2021
Actuarial Cost Method:	Entry Age Normal Cost
Inflation Rate:	2.25%
Discount Rate:	2.41%
Projected Salary Increases:	Salary increase rates used for Regular Class and Special Risk Class members in the July 1, 2020 actuarial valuation of the Florida Retirement System; 3.4%-7.8%, including inflation.
Retirement Age:	Retirement rates used for Regular Class and Special Risk Class members in the July 1, 2020, actuarial valuation of the Florida Retirement System. They are based on the results of the statewide experience study covering the period 2013 through 2018.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Mortality:	Mortality tables used for Regular Class and Special Risk Class members in the July 1, 2020, actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering period 2013 through 2018.
Healthcare Cost Trend Rate:	Based on the Getzen Model, with trend starting at 6.25% for 2021, followed by 6.00% for 2022, and gradually decreasing to an ultimate trend rate of 3.99%.
Aging Factors:	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
Expenses:	Administrative expenses are included in the per capita health costs.

Note 14 - Fund Balance Classification

The following is a summary of the County's fund balance classifications and the purpose of each as of September 30, 2021, is as follows:

Non-Spendable Fund Balance	
Prepaid Expenses	\$ 1,146,830
Inventory	<u>546,015</u>
Total Non-Spendable Fund Balance	<u>1,692,845</u>
Restricted Fund Balance	
General Government	205,434
General Government – Court-Related	1,698,206
Crime Prevention	130,045
Economic Development	38,289
Other Human Services	1,000
Physical Environment	3,434,030
Law Enforcement	2,659,907
Impact Fees	16,178,299
Law Library	109,000
Public Safety	581,690
Other Culture/Recreation	221,845
State Housing Initiative Program	1,085,658
Court Facilities	655,118
Criminal Justice	118,615
Tourist Development	13,167,924
Building Department	6,802,750
Debt Services – Bonds	1,496,250
Capital Projects – Transportation	4,909,664
Clerk Public Records	1,316,489
Clerk Child Support	420,902
Sheriff Inmate Commissary	<u>1,206,931</u>
Total Restricted Fund Balance	<u>56,438,046</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Committed Fund Balance	
General Government	\$ 245,432
General Government – Court Related	355,885
Culture/Recreation	5,199,842
Physical Environment	393,621
Public Safety	4,763,457
Economic Environment	150,000
Human Services	1,541,383
Transportation	23,892,246
Sheriff Investigative	<u>50,277</u>
Total Committed Fund Balance	<u><u>36,592,143</u></u>
Assigned Fund Balance	
General Government	637,230
Public Safety	2,404,745
Economic Development	1,863
Transportation	1,265,954
Culture and Recreation	74,923
Court-Related	80,605
Physical Environment	295,996
Reserves - Capital Projects	9,781,341
Capital Projects – Public Safety	14,544,512
Minimum Fund Balance	<u>15,554,524</u>
Total Assigned Fund Balance	<u><u>44,641,693</u></u>
Unassigned Fund Balance	<u>20,523,331</u>
Total	<u><u>\$ 159,888,058</u></u>

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 15 - Risk Management

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

The financial liability of the County is limited to premiums paid and losses exceeding or not covered by insurance. The premiums are paid from various funds based on coverage required.

There has been no reduction in insurance coverages from the previous year.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 16 - Commitments and Contingencies

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

The following is a summary of major commitments of the County and contracts in progress as of September 30, 2021:

<u>Project</u>	<u>Source of Payment</u>	<u>Paid to Date</u>	<u>Commitment Remaining</u>
Fire Station 71	Current Available Resources	\$ 2,906,964	\$ 296,752
CR 115 Widening and Resurfacing	Current Available Resources	6,455,363	964,745
CR 115 Widening and Resurfacing – Design Svs	Current Available Resources	1,266,883	435
Crawford Road Phase I	Current Available Resources	981,926	109,103
Crawford Road Phase 1 CEI	Current Available Resources	134,252	-
Crawford Road Phase II	Current Available Resources	2,838,966	1,240,386
Crawford Road Phase 2 CEI	Current Available Resources	349,713	13,264
Chester Rd & Pages Dairy Widening & Resurfacing	Current Available Resources	1,207,679	97,518
William Burgess Extension	Current Available Resources	869,182	88,158
Pages Dairy Widening	Current Available Resources	1,434,349	2,113,645
Pages Dairy Widening CEI	Current Available Resources	406,927	284,849
Animal Services Cattery Expansion	Current Available Resources	222,735	49,848
Total		<u>\$ 19,074,939</u>	<u>\$ 5,258,703</u>

Note 17 - Conduit Debt Obligations

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

As of September 30, 2021, there was one series of such bonds outstanding with a principal amount payable of \$9,020,000. The issue amount and the September 30, 2021, outstanding balance is as follows:

<u>Original Issuance</u>	<u>Year</u>	<u>9/30/21 Balance</u>	<u>Description</u>
\$ 11,150,000	2008	\$ 9,020,000	AICC, Inc. and Nassau Care Centers—70 Bed Care Intermediate Care and Day Program Service Facilities

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 18 - No Commitment Special Assessment Debt

To finance the costs 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 2021. The bonds do not constitute a debt or pledge of the faith and credit of the County, and accordingly, has not been reported in the accompanying financial statements.

At September 30, 2021, the Special Assessment Bond outstanding totaled \$4,934,504.

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 LignoTech Florida, LLC.

As of September 30, 2021, LignoTech has submitted applications for reimbursement. The County is reviewing the requests and evaluating eligibility. It is unknown if LignoTech has met the requirements to receive a tax abatement at this time.

Note 20 - Change in Accounting Principle

During the year ended September 30, 2021, the County adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities*, which established criteria for identifying and reporting fiduciary activities. In accordance with GASB Statement No. 84, liabilities in custodial funds are recognized when an event that has occurred that compels the government to disburse the resources held in a fiduciary capacity. If further action, authorization, or condition is required to compel the County to disburse the funds at year-end, the amounts are reported as net position. GASB Statement No. 84 requires that changes adopted to conform to the provisions of the statement be applied retroactively. The County has restated the beginning net position in the statement of fiduciary net position as a result of the change in recognition of liabilities as follows:

Net Position, October 1, 2020, As Previously Reported	\$ -
Change in Accounting Principle - GASB 84	<u>961,802</u>
Net Position, October 1, 2020, As Previously Reported	<u><u>\$ 961,802</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

NASSAU COUNTY, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 75,336,210	\$ 75,332,842	\$ 79,701,616	\$ 4,368,774
Licenses and Permits	88,171	88,171	73,483	(14,688)
Intergovernmental Revenues	7,409,418	21,791,797	18,080,387	(3,711,410)
Charges for Services	5,427,280	5,820,528	5,706,785	(113,743)
Fines and Forfeitures	44,912	44,912	20,058	(24,854)
Interest Earnings	340,384	340,384	207,938	(132,446)
Miscellaneous	202,852	543,609	685,572	141,963
Total Revenues	88,849,227	103,962,243	104,475,839	513,596
Expenditures				
Current:				
General Government Services	23,188,873	23,385,929	21,062,487	2,323,442
Public Safety	42,656,604	46,606,898	44,714,394	1,892,504
Physical Environment	2,390,279	2,390,279	1,797,885	592,394
Transportation	4,007	3,978	-	3,978
Economic Environment	292,477	1,149,634	1,064,462	85,172
Human Services	3,009,282	3,137,008	2,984,090	152,918
Culture and Recreation	2,831,615	2,934,562	2,575,704	358,858
Court-Related Expenditures	2,838,272	2,821,544	2,183,710	637,834
Reserve for Contingency	50,000	264,492	-	264,492
Capital Outlay	4,824,384	9,978,678	6,638,176	3,340,502
Debt Service:				
Principal Retirement	233,814	243,679	243,679	-
Interest and Fiscal Charges	14,476	15,818	15,818	-
(Total Expenditures)	82,334,083	92,932,499	83,280,405	9,652,094
Excess (Deficiency) of Revenues Over				
(Under) Expenditures	6,515,144	11,029,744	21,195,434	10,165,690
Other Financing Sources (Uses)				
Transfers in	4,636,537	5,612,555	5,988,408	375,853
Transfers (out)	(10,702,152)	(12,035,511)	(11,650,309)	385,202
Sale of Capital Assets	-	-	10,807	10,807
Total Other Financing Sources (Uses)	(6,065,615)	(6,422,956)	(5,651,094)	771,862
Net Change in Fund Balances	449,529	4,606,788	15,544,340	10,937,552
Fund Balances at Beginning of Year	26,113,637	35,005,250	40,652,464	5,647,214
Fund Balances at End of Year	\$ 26,563,166	\$ 39,612,038	\$ 56,196,804	\$ 16,584,766

Note: Original and amended budgeted transfers in the County-wide General Fund are presented as consolidated after the elimination of intra-general fund budgeted transfers between the Board and Constitutional Officers.

NASSAU COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - COUNTY TRANSPORTATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 8,039,153	\$ 8,039,153	\$ 9,296,357	\$ 1,257,204
Licenses and Permits	7,419	7,419	14,936	7,517
Intergovernmental Revenues	1,986,268	2,003,117	2,035,560	32,443
Fines and Forfeitures	-	-	176	176
Charges for Services	12,353	12,353	34,858	22,505
Interest Earnings	75,000	75,000	46,744	(28,256)
Miscellaneous	109,203	109,203	131,660	22,457
Total Revenues	10,229,396	10,246,245	11,560,291	1,314,046
Expenditures				
Current:				
Transportation	10,198,983	11,368,906	7,376,711	3,992,195
Capital Outlay	475,835	1,211,361	577,810	633,551
(Total Expenditures)	10,674,818	12,580,267	7,954,521	4,625,746
Excess (Deficiency) of Revenues Over				
 (Under) Expenditures	(445,422)	(2,334,022)	3,605,770	5,939,792
Other Financing Sources (Uses)				
Transfers in	972,940	972,940	987,261	14,321
Transfers (out)	(144,699)	(163,430)	(162,847)	583
Sale of General Capital Assets	2,500	2,500	19,731	17,231
Total Other Financing Sources (Uses)	830,741	812,010	844,145	32,135
Net Change in Fund Balances	385,319	(1,522,012)	4,449,915	5,971,927
Fund Balances at Beginning of Year	4,291,150	4,288,299	8,340,473	4,052,174
Fund Balances at End of Year	\$ 4,676,469	\$ 2,766,287	\$ 12,790,388	\$ 10,024,101

NASSAU COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - MUNICIPAL SERVICES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 16,494,957	\$ 16,494,957	\$ 16,631,751	\$ 136,794
Licenses and Permits	312,851	322,851	737,835	414,984
Intergovernmental Revenues	685,437	1,093,860	1,071,629	(22,231)
Charges for Services	385,366	385,366	663,676	278,310
Fines and Forfeitures	2,020	2,020	7,098	5,078
Interest Earnings	83,452	83,452	50,968	(32,484)
Miscellaneous	2,000	66,504	102,847	36,343
Total Revenues	17,966,083	18,449,010	19,265,804	816,794
Expenditures				
Current:				
General Government Services	2,363,463	2,452,923	1,926,902	526,021
Public Safety	10,248,463	10,848,777	10,486,635	362,142
Human Services	1,363,472	1,569,372	1,344,649	224,723
Capital Outlay	4,109,568	4,081,494	2,555,360	1,526,134
(Total Expenditures)	18,084,966	18,952,566	16,313,546	2,639,020
Excess (Deficiency) of Revenues Over				
(Under) Expenditures	(118,883)	(503,556)	2,952,258	3,455,814
Other Financing Sources (Uses)				
Transfers in	1,372,051	1,362,051	1,422,726	60,675
Transfers (out)	(3,208,420)	(3,208,853)	(3,207,222)	1,631
Sale of General Capital Assets	-	-	5	5
Total Other Financing Sources (Uses)	(1,836,369)	(1,846,802)	(1,784,491)	62,311
Net Change in Fund Balances	(1,955,252)	(2,350,358)	1,167,767	3,518,125
Fund Balances at Beginning of Year	6,182,036	8,294,618	11,092,581	2,797,963
Fund Balances at End of Year	\$ 4,226,784	\$ 5,944,260	\$ 12,260,348	\$ 6,316,088

NASSAU COUNTY, FLORIDA
NOTE TO SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Budgets and Budgetary Accounting

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

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

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

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

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

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

If during the fiscal year, additional revenues become available for appropriations in excess of those estimated in the budget, the Board or Constitutional Officer, by resolution, may make supplemental appropriations for the year up to the amount of such excess. During the fiscal year ended September 30, 2021, various supplemental appropriations were approved by the Board or Constitutional Officer in accordance with Florida Statutes. The following funds received supplemental appropriations during the year ended September 30, 2021:

Governmental Funds	
General Fund	\$ 23,898,326
Special Revenue Funds	43,267,524
Debt Service	(356)
Capital Projects Funds	<u>2,458,948</u>
Total	<u><u>\$ 69,624,442</u></u>

NASSAU COUNTY, FLORIDA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Total OPEB Liability	2021	2020	2019	2018
Service Cost	\$ 1,155,802	\$ 886,271	\$ 936,087	\$ 1,048,668
Interest on the Total OPEB Liability	767,173	936,424	851,315	762,264
Difference Between Expected and Actual Experience	760,056	-	627,352	-
Changes of Assumptions and Other Inputs	(8,462,896)	2,527,629	(1,089,112)	(852,311)
Benefit Payments	(1,151,940)	(1,192,756)	(1,106,072)	(1,117,724)
Net Change in Total OPEB Liability	(6,931,805)	3,157,568	219,570	(159,103)
Total OPEB Liability - Beginning	27,317,377	24,159,809	23,940,239	24,099,342
Total OPEB Liability - Ending	<u>\$ 20,385,572</u>	<u>\$ 27,317,377</u>	<u>24,159,809</u>	<u>23,940,239</u>
 Covered-Employee Payroll	 <u>\$ 37,936,430</u>	 <u>\$ 37,693,430</u>	 <u>\$ 32,405,785</u>	 <u>\$ 34,941,733</u>
 Total OPEB Liability as a Percentage of Covered-Employee Payroll	 53.74%	 72.47%	 74.55%	 68.51%

Notes to the Schedule

No assets are being accumulated in a trust to pay for the benefits.

Valuation Date: September 30, 2020

Measurement Date: September 30, 2020

Roll Forward Procedures: The Total OPEB Liability was rolled forward twelve months from the Valuation Date to the Measurement Date using standard actuarial techniques.

Note: Covered Payroll presented above for the 2020 measurement year, is an estimate based on data submitted for the September 30, 2020 valuation. GASB Statement No. 75 defined Covered-Employee Payroll as the payroll of employees that are provided with OPEB through the OPEB plan, including employees terminating during the measurement period.

The discount rate was changed from 2.75% as of the previous measurement date to 2.41% as of September 30, 2020.

This change is reflected in the Schedule of Changes in Total OPEB Liability.

NASSAU COUNTY, FLORIDA
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PENSION PLANS
SEPTEMBER 30, 2021

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	September 30, 2021	September 30, 2020
Nassau County's Proportion of the FRS Net Pension Plan	0.200629743%	0.205551903%
Nassau County's Proportion Share of the FRS Net Pension Plan	\$ 15,155,296	\$ 89,089,224
Nassau County's Covered Payroll (FYE 6/30)	\$ 48,119,629	\$ 44,305,301
Nassau County's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	31.50%	201.08%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.40%	78.85%

Note: (1) The amounts shown above as reported on the date indicated, have a measurement date three months prior. Covered-employee payroll is for the year shown.

HEALTH INSURANCE SUBSIDY PENSION PLAN

	September 30, 2021	September 30, 2020
Nassau County's Proportion of the HIS Net Pension Plan	0.13589396%	0.12762941%
Nassau County's Proportion Share of the HIS Net Pension Plan	\$ 16,669,438	\$ 15,583,344
Nassau County's Covered Payroll (FYE 6/30)	\$ 48,119,629	\$ 44,305,301
Nassau County's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	34.64%	35.17%
HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	3.56%	3.00%

Note: (1) The amounts shown above as reported on the date indicated, have a measurement date three months prior. Covered-employee payroll is for the year shown.

FLORIDA RETIREMENT SYSTEM PENSION PLAN

September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015
0.192962199%	0.182113027%	0.186608807%	0.174464593%	0.165580704%
\$ 66,453,495	\$ 54,853,388	\$ 55,197,633	\$ 44,052,447	\$ 21,386,969
\$ 39,858,133	\$ 36,538,795	\$ 35,221,567	\$ 32,521,989	\$ 31,678,266
166.73%	150.12%	156.72%	135.45%	67.51%
82.61%	84.26%	83.89%	84.88%	92.00%

HEALTH INSURANCE SUBSIDY PENSION PLAN

September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015
0.11915289%	0.11846251%	0.110442831%	0.104032153%	0.104338602%
\$ 13,332,016	\$ 11,837,933	\$ 11,809,057	\$ 12,124,517	\$ 10,640,896
\$ 39,858,133	\$ 36,538,795	\$ 35,221,567	\$ 32,521,989	\$ 31,678,266
33.45%	32.40%	33.53%	37.28%	33.59%
2.63%	2.15%	1.64%	9.70%	0.50%

NASSAU COUNTY, FLORIDA
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PENSION PLANS
SEPTEMBER 30, 2021

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	<u>2021</u>	<u>2020</u>
Contractually Required Contribution	\$ 7,928,227	\$ 6,932,819
FRS Contribution in Relation to the Contractually Required Contribution	<u>7,928,227</u>	<u>6,932,819</u>
FRS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Nassau County's Covered Payroll (FYE 9/30)	\$ 48,792,831	\$ 44,668,675
FRS Contributions as a Percentage of Covered Payroll	16.25%	15.52%

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

HEALTH INSURANCE SUBSIDY PENSION PLAN

	<u>2021</u>	<u>2020</u>
Contractually Required Contribution	\$ 809,961	\$ 741,500
HIS Contribution in Relation to the Contractually Required Contribution	<u>809,961</u>	<u>741,500</u>
HIS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Nassau County's Covered Payroll (FYE 9/30)	\$ 48,792,831	\$ 44,668,675
HIS Contributions as a Percentage of Covered Payroll	1.66%	1.66%

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

FLORIDA RETIREMENT SYSTEM PENSION PLAN

2019	2018	2017	2016	2015
\$ 6,228,511	\$ 5,395,176	\$ 4,839,874	\$ 4,390,275	\$ 4,083,702
<u>6,228,511</u>	<u>5,395,176</u>	<u>4,839,874</u>	<u>4,390,275</u>	<u>4,083,702</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 41,236,506	\$ 37,449,919	\$ 35,056,145	\$ 32,521,989	\$ 31,678,266
15.10%	14.41%	13.81%	13.50%	12.89%

HEALTH INSURANCE SUBSIDY PENSION PLAN

2019	2018	2017	2016	2015
\$ 684,526	\$ 621,018	\$ 582,630	\$ 539,064	\$ 431,586
<u>684,526</u>	<u>621,018</u>	<u>582,630</u>	<u>539,064</u>	<u>431,586</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 41,236,506	\$ 37,449,919	\$ 35,056,145	\$ 32,521,989	\$ 31,678,266
1.66%	1.66%	1.66%	1.66%	1.36%

OTHER INFORMATION

NASSAU COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Grant Agency/Grant Title	Assistance Listing	Contract/Grant Number	Expenditures
United States Department of Justice			
Direct:			
Nassau County Adult Drug Court Implementation Project	16.585	2019-DC-BX-0022	\$ 55,888
Office of Community Oriented Policing Services	16.710	2017-UM-WX-0133	50,181
Office of Community Oriented Policing Services	16.710	2020-UM-WX-0225	201,652
Subtotal Expenditures - CFDA 16.710			<u>251,833</u>
Indirect:			
Passed Through Office of the Attorney General of Florida Victims of Crimes Act (VOCA)	16.575	VOCA-2019-Nassau County-03191	<u>53,349</u>
Passed Through Florida Department of Law Enforcement:			
Coronavirus Emergency Supplemental Funding Program	16.034	2021-CESF-NASS-1-C9-074	<u>37,151</u>
Edward Byrne Memorial Justice Assistance	16.738	PGI	<u>12,674</u>
2019 Drug Eradication and Special Response Team	16.738	2020-JAGD-NASS-1Y5-042	44,988
2020 JAG Florida Direct Enhancement Grant	16.738	2020-JAGD-NASS-1Y6-023	<u>9,353</u>
Subtotal Expenditures - CFDA 16.738			<u>67,015</u>
Equitable Sharing Program	16.922		
Total United States Department of Justice			<u>465,236</u>
United States Department of Transportation			
Indirect:			
Passed Through Florida Department of Transportation:			
Highway Planning and Construction	20.205	441214--1-38-01	3,633
Highway Planning and Construction	20.205	441217-1-68-02	813
Highway Planning and Construction	20.205	443248-1-38-02	1,929
Highway Planning and Construction	20.205	439496-1-58-01 & 68-02	5,039
Highway Planning and Construction	20.205	437336-1-38-02	662
Highway Planning and Construction	20.205	437334-1-38-02	1,054
Highway Planning and Construction	20.205	437337-1-38-02	662
Highway Planning and Construction	20.205	437335-1-38-02	1,268
Highway Planning and Construction	20.205	441241-1-38-02	<u>1,436</u>
Subtotal Expenditures - CFDA 20.205			<u>16,496</u>
Total United States Department of Transportation			<u>16,496</u>
United States Department of the Treasury			
Indirect:			
Passed Through Florida Department of Law Enforcement:			
Equitable Sharing Program	21.016	N/A	<u>216,928</u>
Passed Through Florida Division of Emergency Management:			
Coronavirus Relief Fund (CARES Act)	21.019	Y2286	38,307
Passed Through Florida Housing Finance Corporation:			
Coronavirus Relief Fund (CARES Act)	21.019	079-2020	<u>591,549</u>
Subtotal Expenditures - CFDA 21.019			<u>629,856</u>
Total United States Department of the Treasury			<u>846,784</u>

NASSAU COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Grant Agency/Grant Title	Assistance Listing	Contract/Grant Number	Expenditures
United States Election Assistance Commission			
Indirect:			
Passed Through Florida Division of Elections			
Help America Vote Act	90.404		
Help America Vote Act	90.404	21.e.es.00.013	\$ 66,487
Help America Vote Act - COVID	90.404	MOA #2020-001-NAS	35,699
Subtotal Expenditures - CFDA 90.404			<u>102,186</u>
Total United States Election Assistance Commission			<u>102,186</u>
United States Department of Health and Human Services			
Indirect:			
Passed Through Florida Department of Revenue:			
Child Support Enforcement	93.563	CSS45	5,700
Child Support Enforcement	93.563	CSOC45	103,055
Subtotal Expenditures - CFDA 93.563			<u>108,755</u>
Total United States Department of Health and Human Services			<u>108,755</u>
United States Department of Homeland Security			
Indirect:			
Passed Through Florida Division of Emergency Management:			
Disaster Grant - Public Assistance - FEMA	97.036	N/A	992,354
Disaster Grant - Public Assistance - FEMA	97.036	N/A	973,638
Subtotal Expenditures - CFDA 97.036			<u>1,965,992</u>
Emergency Management Performance Grant (EMPG)	97.042	G0114	5,167
Emergency Management Performance Grant, COVID-19 Supplemental	97.042	EMPG-S	9,944
Subtotal Expenditures - CFDA 97.042			<u>15,111</u>
Assistance to Firefighters	97.044	EMW-2020-FG-00700	31,486
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-201900FF-00837	311,179
Total United States Department of Homeland Security			<u>2,323,768</u>
Florida Department of State			
Indirect:			
Passed Through Division of Library and Information Services			
DLIS Florida CARES Act Grant	45.310	21.1.ca000.104	51,886
Total Federal Awards			<u>\$ 3,915,111</u>

NASSAU COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Grant Agency/Grant Title	State CSFA Number	Contract/Grant Number	Expenditures
Executive Office of the Governor			
Emergency Management Programs	31.063	21-BG-21-04-55-01-011	\$ 8,419
Total Executive Office of the Governor			<u>8,419</u>
Florida Department of Environmental Protection			
Beach Management Funding Assistance Program	37.003	17NA3	238,934
Beach Management Funding Assistance Program	37.003	19NA1	116,383
Beach Management Funding Assistance Program	37.003	20NA1	2,353,865
Beach Management Funding Assistance Program	37.003	19NA3	82,982
Subtotal Expenditures - CSFA 37.003			<u>2,792,164</u>
Small County Consolidated Waste Grants	37.012	SC025	93,750
Statewide Surface Water Restoration and Wastewater Projects	37.039	LPA0029	199,265
Total Department of Environmental Protection			<u>3,085,179</u>
Florida Department of State			
State Aid to Libraries Grant Program	45.030	21-ST-36	24,336
Total Florida Department of State			<u>24,336</u>
Florida Housing Finance Corporation			
State Housing Initiatives Partnership Program	40.901	18/19	84,084
State Housing Initiatives Partnership Program	40.901	19/20	60,792
Subtotal Expenditures - CSFA No. 40.901			<u>144,876</u>
Total Florida Housing Finance Corporation			<u>144,876</u>
Florida Department of Transportation			
Small County Outreach Program (SCOP)	55.009	431638-1-58-01	4,007,283
Small County Outreach Program (SCOP)	55.009	430691-1-58-01	1,225,872
Small County Outreach Program (SCOP)	55.009	430691-2-58-01	3,516,072
Small County Outreach Program (SCOP)	55.009	438209-1-54-01	242,735
Subtotal Expenditures - CSFA No. 55.009			<u>8,991,962</u>
County Incentive Grant Program (CIGP)	55.008	436465-1-54-01	867,753
Local Transportation Projects	55.039	443400-2-54-01	188,331
Total Florida Department of Transportation			<u>10,048,046</u>
Florida Department of Health			
County Grant Awards	64.005	C9045	8,750
Total Florida Department of Health			<u>8,750</u>
Florida Department of Highway Safety and Motor Vehicles			
Florida Arts License Plates Project	76.041	SC025	5,625
Total Florida Department of Highway Safety and Motor Vehicles			<u>5,625</u>
Florida Department of Juvenile Justice			
Sheriff Work Ethics and Training	80.029	10661	184,655
Total Florida Department of Juvenile Justice			<u>184,655</u>
Total State Financial Assistance			<u>\$ 13,509,886</u>
Total Federal Awards and State Financial Assistance			<u>\$ 17,424,997</u>

**NASSAU COUNTY, FLORIDA
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Note 1 - Basis of Presentation

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

During the year ended September 30, 2021, FEMA approved \$236,434 of eligible expenditures that were incurred in a prior year and are included in the accompanying schedule of expenditures of federal awards and state financial assistance.

Nassau County did not elect to use the 10% de minimis indirect cost rate in Section 200.44, Indirect (F&A) Costs, of the Uniform Guidance.

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

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

Report on Compliance for Each Major Federal Award and State Project

We have audited Nassau County, Florida's (the County) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2021. The County's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the Federal and State statutes, regulations, and the terms and conditions of its Federal awards and State projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major Federal programs and State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, *Rules of the Auditor General*. Those standards, the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program or State project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Nassau County, Florida

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

Opinion on Each Major Federal Program and State Project

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs and State projects for the year ended September 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE AND CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL***

Purpose

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



March 18, 2022
Gainesville, Florida

**NASSAU COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Summary of Auditor's Results

1. The independent auditor's report expresses an unmodified opinion on the financial statements of Nassau County, Florida (the County).
2. The audit did not report any material weaknesses and reported a significant deficiency 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*.
3. There were no instances of non-compliance material to the financial statements identified during the audit of the financial statements required to be reported in the 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*.
4. The audit disclosed no significant deficiencies and/or material weaknesses in internal control over major federal programs or state projects that are required to be reported in the schedule of findings and questioned costs.
5. The report on compliance for the major federal programs and state projects expresses an unmodified opinion.
6. The audit disclosed no findings that are required to be reported in accordance with the *Uniform Guidance* and Chapter 10.550, *Rules of the Auditor General*.
7. The programs tested as major federal program and state financial assistance projects included:

Federal Programs	<u>Assistance Listing No.</u>
Coronavirus Relief Fund	21.019
Disaster Grant – Public Assistance – FEMA	97.036
State Projects	<u>CSFA No.</u>
Beach Management Funding Assistance Program	37.003
County Incentive Grant Program	55.008
Small County Outreach Program (SCOP)	55.009

8. The threshold for distinguishing Type A and B programs was \$750,000 for federal programs and \$750,000 for state projects.
9. The County qualified as a low risk auditee for federal grant programs.

Financial Statement Findings

Financial statement findings, if any, are reported in the individual reports of the Board and the Constitutional Officers.

Findings and Questioned Costs for Major Federal Programs and State Projects

The audit disclosed no findings for major federal programs and state projects to be reported under the *Uniform Guidance* and Chapter 10.550, *Rules of the Auditor General*.

Status of Prior Audit Findings

There were no prior year findings required to be reported in accordance with the *Uniform Guidance* and Chapter 10.550, *Rules of the Auditor General*.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining funds information of Nassau County, Florida (the County) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 18, 2022.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weaknesses, 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 a deficiency in internal control, disclosed in the individual report of the Board of County Commissioners as an item that we consider to be a significant deficiency.

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

**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 STANDARD***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statement. 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 County's internal control on or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



March 18, 2022
Gainesville, Florida

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

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

We have examined Nassau County, Florida's, (the County) compliance with Section 218.415, Florida Statutes, as of and for the year ended September 30, 2021, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the County complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material 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.

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

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

Pursuant to Chapter 119, Florida Statutes, this letter is a public record and its distribution is not limited. Auditing standards accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.



March 18, 2022
Gainesville, Florida

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

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

We have examined Nassau County, Florida's, (the County) compliance with Section 365.172(10) Florida Statutes, *Authorized Expenditures of E911 Fee*, and Section 365.173(2)(d) Florida Statutes, *Distribution and Use of (E911) Funds*, as of and for the year ended September 30, 2021, as required by Section 10.556(10)(b), *Rules of the Auditor General*. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the County complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material 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.

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

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Board of County Commissioners of Nassau County, Florida, and its management, and is not intended to be and should not be used by anyone other than these specified parties.



March 18, 2022
Gainesville, Florida

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of Nassau County, Florida (the County), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 18, 2022.

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Reports on an Examination Conducted in Accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 18, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

- Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address finding made in the preceding financial report of the Board.

Official Title and Legal Authority

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

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

MANAGEMENT LETTER

Financial Condition and Management

- Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the County met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the County. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.
- Section 10.554(1)(i)(2), *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

- Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statement of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes. Specific information for the American Beach Water and Sewer District is disclosed in the individual management letter of the Board of County Commissioners.

Additional Matters

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

Purpose of the 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 Representative, the Florida Auditor General, Federal and other granting agencies, the Board of County Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



March 18, 2022
Gainesville, Florida

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