

2019

Nassau County, Florida

Financial Statements

For Fiscal Year Ended September 30, 2019

2019

Nassau County, Florida

Financial Statements

For Fiscal Year Ended September 30, 2019

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

NASSAU COUNTY, FLORIDA

SEPTEMBER 30, 2019

TABLE OF CONTENTS

INTRODUCTORY SECTION

List of Elected and Appointed Officials 1

FINANCIAL SECTION

Independent Auditor's Report2-4

Management's Discussion and Analysis5-15

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position..... 16
Statement of Activities 17

Fund Financial Statements

Balance Sheet - Governmental Funds.....18-19
Reconciliation of the Balance Sheet to the Statement of Net Position -
Governmental Funds 20
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds21-22
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities - Governmental Funds..... 23
Statement of Net Position - Proprietary Fund..... 24
Statement of Revenues, Expenses, and Changes in Fund Net Position -
Proprietary Fund..... 25
Statement of Cash Flows - Proprietary Fund.....26-27
Statement of Fiduciary Net Position - Agency Funds 28

Notes to Financial Statements.....29-60

Required Supplementary Information

Schedules of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual:
General Fund 61
County Transportation Fund 62
Municipal Services Fund..... 63
Note to Schedules of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual 64
Schedule of Changes in Total OPEB Liability and Related Ratios 65
Schedule of the County's Proportionate Share of the Net Pension Liability66-67
Schedule of the County's Contributions.....68-69

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

NASSAU COUNTY, FLORIDA

SEPTEMBER 30, 2019

TABLE OF CONTENTS

Other Information

Schedule of Expenditures of Federal Awards and State Financial Assistance	70-71
Note to Schedule of Expenditures of Federal Awards and State Financial Assistance	72
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, <i>Rules of the Auditor General</i>	73-75
Schedule of Findings and Questioned Costs – Federal Awards and State Financial Assistance	76
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	77-78
Independent Accountant’s Report on Compliance with Section 218.415, Florida Statutes	79
Independent Accountant’s Report on Compliance with Section 365.172(10) and Section 365.173(2)(d), Florida Statutes	80
Management Letter	81-82

INTRODUCTORY SECTION

NASSAU COUNTY, FLORIDA

LIST OF ELECTED AND APPOINTED OFFICIALS

Serving as of September 30, 2019

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

County Manager/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, 2019, 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.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 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.

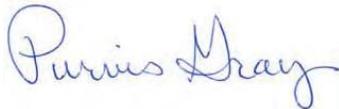
The Honorable Board of County Commissioners
and Constitutional Officers
Nassau County, Florida

INDEPENDENT AUDITOR'S REPORT

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 13, 2020, 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.

A handwritten signature in blue ink that reads "Purvis Gray". The signature is written in a cursive style.

March 13, 2020
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, 2019. 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 2019 by \$408,176,592 (net position). The net position included governmental activities of \$394,595,267 and business-type activities of \$13,581,325.
- The County had an excess of revenues to expenses of \$11,948,563 for the fiscal year, compared to a deficit of \$6,877,998 in the prior year. General revenues increased by \$20,970,006, including a \$16,121,651 increase in property tax revenue, a \$2,654,574 increase in sales tax revenue, and a \$1,030,890 increase in investment earnings. The year-to-year deficit in program revenues, net of expenses, increased from \$96,160,798 in the prior year to \$98,304,243 in fiscal year 2019, due primarily to a \$9,732,555 increase in program expenses. The increase included a \$5,031,772 increase in public safety expenses and a \$2,447,822 increase in general government expenses. A substantial portion of program expense increases in fiscal year 2019 were offset by a \$7,589,110 increase in program revenues, including a \$4,487,958 increase in operating grants & contributions and a \$2,899,773 increase in charges for services.
- The General Fund reported an excess of revenues to expenditures of \$20,892,056 compared to a deficit of \$7,216,033 in the prior fiscal year. General Fund ad valorem tax revenues were up \$11,110,521 compared to the prior year due to an increase in the County-wide millage rate of .8608 mills to 6.8376 and an increase in the County's taxable assessed value. The move of the one-cent surtax to the General Fund also contributed to the increase in fund revenues. A \$4,220,810 decrease in transfers-in as well as a \$12,072,754 increase in transfers-out partially offset the operating surplus, resulting in a change in General Fund balance of \$11,239,427 and an ending fund balance on September 30, 2019 of \$28,537,802.
- The Water & Sewer proprietary fund reported a change in net position of \$1,492,704 in fiscal year 2019. This increase is similar to a change in net position of \$1,583,663 in the prior fiscal year.
- Outstanding long-term bonded debt as of September 30, 2019, was \$36,084,616, a reduction of \$2,935,672 from the prior year. Of this amount, \$2,679,424 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.

Management's Discussion and Analysis

<u>Fund Type</u>	<u>Number</u>
General Fund	1
Debt Service Funds	2
Capital Projects Funds	8
Special Revenue Funds	35
Total Governmental Funds	46
Total Proprietary Funds	1
Total Agency Funds	12

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, 2019; 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.

Management's Discussion and Analysis

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.

The County maintains forty-six (46) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, County Transportation Fund, Municipal Services Fund, Capital Projects Transportation Fund, and Comprehensive Impact Fee Ordinance Fund, which are considered to be major funds. Data from the other forty-four (44) governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

Notes to the Financial Statements

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

Other Information

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$408,176,592 at the close of the fiscal year ended September 30, 2019.

Management's Discussion and Analysis

At the end of the fiscal year 2019, the County is able to report a positive balance in net position for its governmental activities of \$394,595,267 as well as a positive balance in net position for its business-type activities of \$13,581,325.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 122,284,582	\$ 91,926,153	\$ 10,578,673	\$ 9,570,278	\$ 132,863,255	\$ 101,496,431
Capital Assets	410,051,861	421,408,307	13,679,100	13,926,791	423,730,961	435,335,098
Total Assets	<u>532,336,443</u>	<u>513,334,460</u>	<u>24,257,773</u>	<u>23,497,069</u>	<u>556,594,216</u>	<u>536,831,529</u>
Deferred Outflow of Resources	<u>31,522,821</u>	<u>30,501,930</u>	<u>633,288</u>	<u>654,442</u>	<u>32,156,109</u>	<u>31,156,372</u>
Outstanding Obligations	150,946,856	139,672,158	10,760,440	11,576,335	161,707,296	151,248,493
Other Liabilities	10,469,889	11,549,913	476,276	410,591	10,946,165	11,960,504
Total Liabilities	<u>161,416,745</u>	<u>151,222,071</u>	<u>11,236,716</u>	<u>11,986,926</u>	<u>172,653,461</u>	<u>163,208,997</u>
Deferred Inflows of Resources	<u>7,847,252</u>	<u>8,474,911</u>	<u>73,020</u>	<u>75,964</u>	<u>7,920,272</u>	<u>8,550,875</u>
Net Position:						
Net Investment in Capital Assets	383,017,461	392,268,092	4,308,106	3,625,686	387,325,567	395,893,778
Restricted	45,439,102	39,230,648	869,206	805,948	46,308,308	40,036,596
Unrestricted	(33,861,296)	(47,359,332)	8,404,013	7,656,987	(25,457,283)	(39,702,345)
Total Net Position	<u>\$ 394,595,267</u>	<u>\$ 384,139,408</u>	<u>\$ 13,581,325</u>	<u>\$ 12,088,621</u>	<u>\$ 408,176,592</u>	<u>\$ 396,228,029</u>

As of the end of fiscal year 2019, the County's total net position of \$408,176,592 includes \$387,325,567 (94.9%) 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, \$46,308,308 (11.3%), represents resources that are subject to external restriction on how they may be used. On September 30, 2019, the County had a net pension liability for its participation in the Florida Retirement System of \$79.8 million, a net OPEB obligation of \$24.2 million, and a landfill post-closure liability of \$13.5 million, which contributed to an unrestricted net position of \$(25,457,283).

Governmental Activities

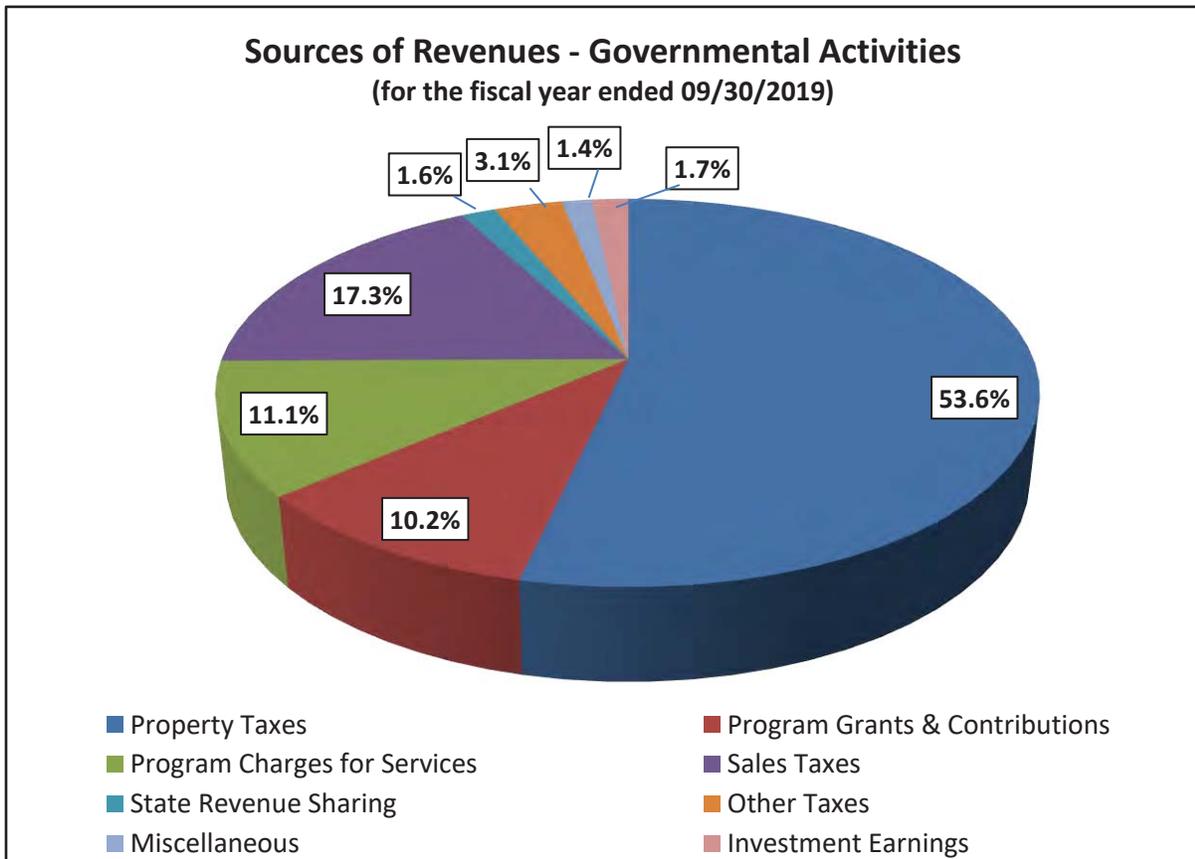
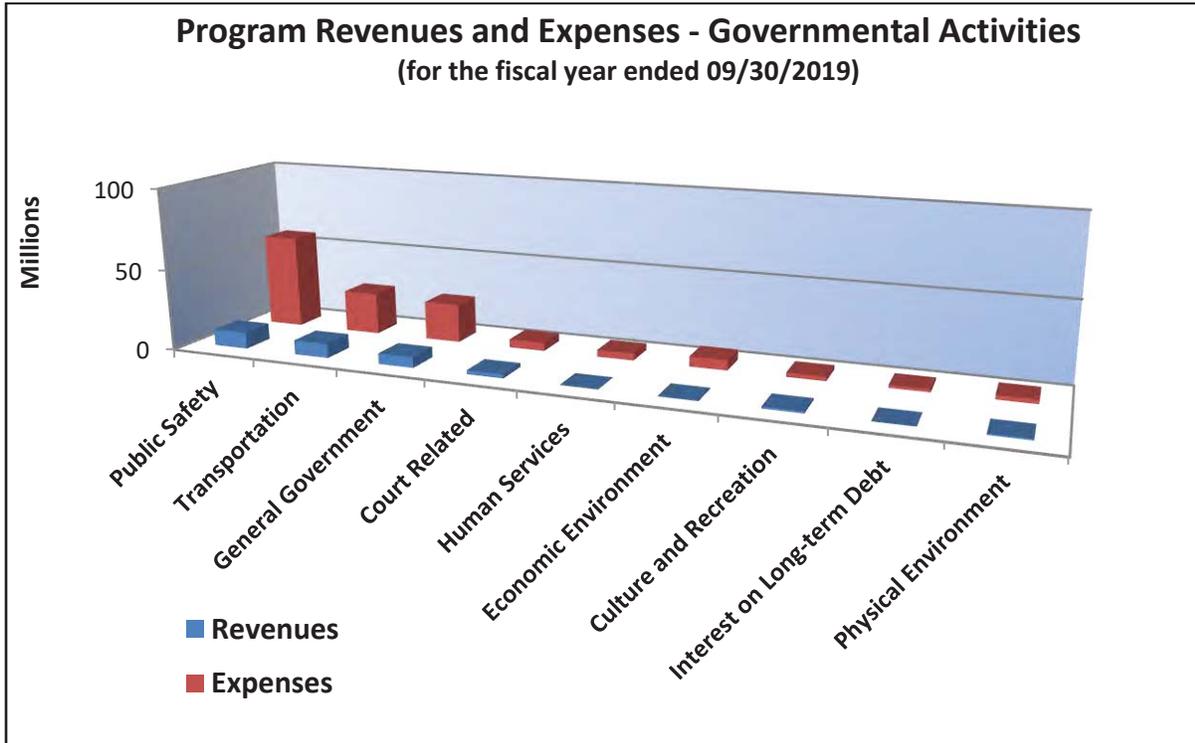
Fiscal year 2019 governmental activities increased the County's net position by \$10,455,859 to \$394,595,267. Governmental activities revenues exceeded expenses by \$10,391,058 in fiscal year 2019 compared to a prior year deficit of \$8,527,058. Factors contributing to this year-over-year change in net position include a \$20,958,483 increase in general revenues and transfers and a \$7,411,358 increase in governmental program revenues, which was partially offset by a \$9,452,321 increase in governmental program expenses.

Management's Discussion and Analysis

Nassau County, Florida Changes in Net Position

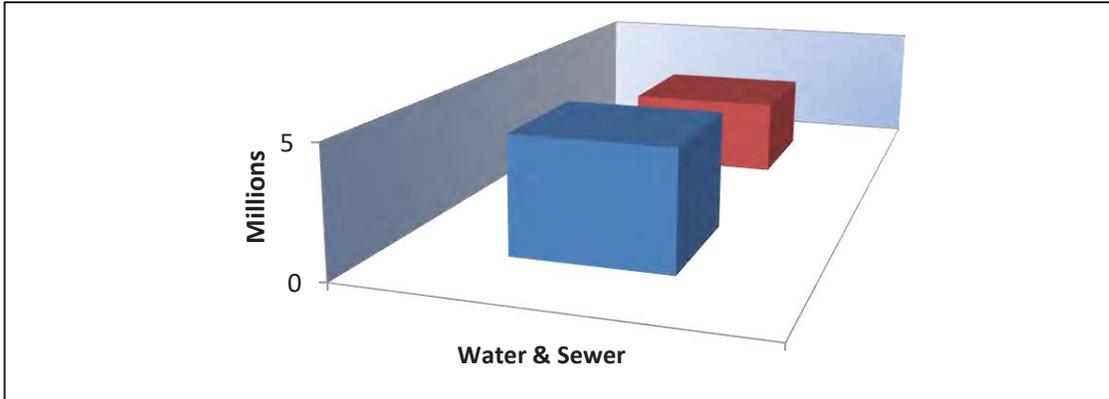
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues:						
Charges for Services	\$ 15,545,523	\$ 12,823,502	\$ 4,587,596	\$ 4,409,844	\$ 20,133,119	\$ 17,233,346
Operating Grants and Contributions	10,646,408	6,158,450	0	0	10,646,408	6,158,450
Capital Grants and Contributions	3,646,279	3,444,900	0	0	3,646,279	3,444,900
General Revenues:						
Property Taxes	75,024,492	58,902,841	0	0	75,024,492	58,902,841
Other Taxes	30,878,091	27,404,763	0	0	30,878,091	27,404,763
Other Revenues	4,308,427	2,944,327	41,796	30,869	4,350,223	2,975,196
Total Revenues	140,049,220	111,678,783	4,629,392	4,440,713	144,678,612	116,119,496
Expenses						
General Government	23,780,681	21,332,859	0	0	23,780,681	21,332,859
Court Related	5,060,957	5,103,448	0	0	5,060,957	5,103,448
Public Safety	57,606,663	52,574,891	0	0	57,606,663	52,574,891
Physical Environment	2,611,372	2,821,298	0	0	2,611,372	2,821,298
Transportation	25,833,242	24,697,022	0	0	25,833,242	24,697,022
Economic Environment	6,262,211	5,697,549	0	0	6,262,211	5,697,549
Human Services	4,200,071	3,862,051	0	0	4,200,071	3,862,051
Culture/Recreation	2,693,579	2,443,680	0	0	2,693,579	2,443,680
Interest on Long-term Debt	1,609,386	1,673,043	0	0	1,609,386	1,673,043
Water and Sewer	0	0	3,071,887	2,791,653	3,071,887	2,791,653
Total Expenses	129,658,162	120,205,841	3,071,887	2,791,653	132,730,049	122,997,494
Excess of Revenue Over						
Expense	10,391,058	(8,527,058)	1,557,505	1,649,060	11,948,563	(6,877,998)
Add: Contributions	0	0	0	0	0	0
Add: Transfers	64,801	65,397	(64,801)	(65,397)	0	0
Change in Net Position	10,455,859	(8,461,661)	1,492,704	1,583,663	11,948,563	(6,877,998)
Net Position-						
Beginning of Year	384,139,408	405,678,544	12,088,621	10,629,675	396,228,029	416,308,219
Prior Period Adjustments	-	(13,077,475)	-	(124,717)	-	(13,202,192)
Net Position Beg of Yr-Restated	-	392,601,069	-	10,504,958	-	403,106,027
Net Position-End of Year	\$ 394,595,267	\$ 384,139,408	\$ 13,581,325	\$ 12,088,621	\$ 408,176,592	\$ 396,228,029

Management's Discussion and Analysis



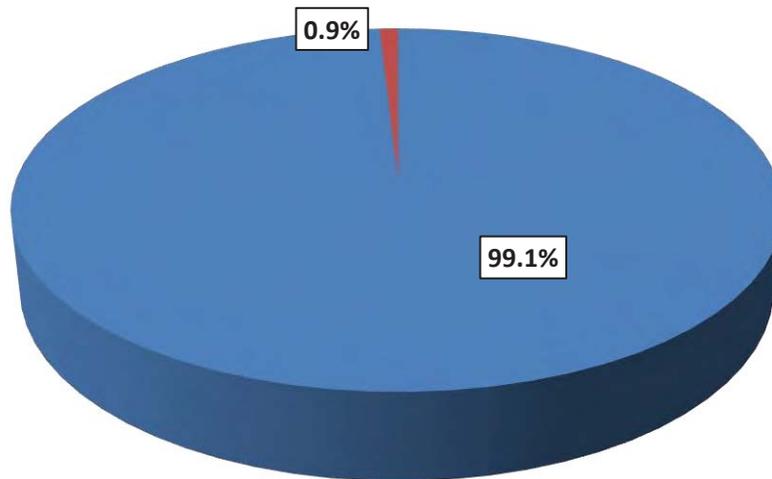
Management's Discussion and Analysis

Program Revenues and Expenses - Business-Type Activities (for the fiscal year ended 09/30/2019)



- Revenues
- Expenses

Sources of Revenues - Business-Type Activities (for the fiscal year ended 09/30/2019)



Water & Sewer

- Program Charges for Services
- Investment Earnings & Misc

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 2019, the County's governmental funds reported combined ending fund balances of \$110,453,388. This represents an increase of \$34,469,197 when compared to the prior year ending balance. A portion of fund balance in the amount of \$40,061,468 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 \$70,391,920 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 2019, the general fund had a total fund balance of \$28,537,802, an increase of \$11,239,427 from the prior year. General fund revenues increased by \$28,475,088, when compared to the prior fiscal year, due primarily to a \$21,378,884 increase in tax revenue and a \$7,132,796 increase in intergovernmental revenues. Expenditures in the general fund remained steady year to year with an increase of \$366,999. Transfers-in of \$4,410,418 (a \$4,220,810 decrease from fiscal year 2018), as well as transfers-out of \$14,748,494 (a \$12,072,754 increase from fiscal year 2018), also contributed to a net change in fund balance of \$11,239,427 and an ending fund balance of \$28,537,802.

A majority of the fund balance in the general fund in the amount of \$24,892,388 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 \$3,645,414 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 17.7% of the total General Fund expenditures. Total fund balance represents 43.2% of that same amount.

At the end of fiscal year 2019, the transportation fund had a fund balance of \$7,756,210, an increase of \$2,186,511 when compared to the prior year fund balance. The increase was due primarily to an \$892,700 surplus of revenues to expenditures and a \$1,270,270 excess of transfers-in to transfers-out.

The municipal services fund had a total fund balance of \$9,205,726 at the end of fiscal year 2019. The net increase in fund balance of \$4,324,026 was primarily due to a \$3,753,332 excess of revenues to expenditures as well as a contribution of \$570,694 from other financing sources.

The capital projects transportation fund had a fund balance of \$17,419,819 at the end of the fiscal year, an increase of \$5,854,635 as compared to the prior year ending balance. The increase was primarily a result of transfers-in of \$3,182,500 from the general fund and \$2,500,000 from the county transportation fund.

The comprehensive impact fee ordinance fund had revenues of \$2,439,008, a \$741,770 increase when compared to fiscal year 2018. The September 30, 2019 ending fund balance increased by \$2,437,683 to \$5,770,262.

Management’s Discussion and Analysis

The County’s proprietary fund provides 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 fund’s \$747,026 increase in unrestricted net position was largely due to operating income of \$1,779,779, contributing to an increase in net position of \$1,492,704 in fiscal year 2019. Operating income in fiscal year 2019 of \$1,779,779 was down from prior year operating income of \$1,924,669. An increase in operating revenue of \$177,752 was more than offset by a \$322,642 increase in operating costs, including a \$135,632 increase in professional services and a \$73,485 increase in salaries and benefits.

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

Fund	Unrestricted Net Position	
	2019	2018
Water and Sewer	\$ 8,404,013	\$ 7,656,987

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 2019, supplemental appropriations to the General Fund (Board only) budget were approximately \$4.0 million, or 4.3% of the original adopted budget.

- The major source of supplemental revenue was \$3,214,922 in adjustments for unanticipated cash forward. Other supplemental general fund revenues include grants and donations of \$721,389.
- Major appropriations of the supplemental revenue include \$2,166,741 to Reserves and \$363,000 to Public Safety.

Capital Assets

The County’s investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounted to \$423,730,961 (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.

Management's Discussion and Analysis

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

- Completed construction of Bailey & Simmons Road trail project with a budget of \$1,755,214
- Completed resurfacing of S. 14th Street with a project budget of \$1,244,507
- Completed the design & awarding of bid for resurfacing & widening of a portion of Old Dixie Highway with a budget of \$4,438,736
- Purchased County-wide communication system with a total cost of \$363,000
- Purchased vehicles and related equipment totaling \$2,987,276 under fleet replacement plan
- Started Nassau Amelia Utilities Wastewater Plant Clarifier 1 and 2 replacement project with a budget of \$1,223,710

Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	77,923,825	77,738,403	167,966	167,966	78,091,791	77,906,369
Construction Work in Progress	3,480,857	4,433,206	181,153	16,303	3,662,010	4,449,509
Buildings & Improvements	44,957,963	46,793,655	466,214	486,053	45,424,177	47,279,708
Machinery & Equipment	17,541,869	15,063,560	12,863,767	13,256,469	30,405,636	28,320,029
Improvements Other than Bldg	969,423	955,423	-	-	969,423	955,423
Infrastructure	265,177,924	276,424,060	-	-	265,177,924	276,424,060
Total	410,051,861	421,408,307	13,679,100	13,926,791	423,730,961	435,335,098

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 \$161,707,296. 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 \$2,935,672 in fiscal year 2019 with a balance outstanding of \$36,084,616 on September 30, 2019.

Management's Discussion and Analysis

The County's outstanding obligations increased by \$10,458,881 in fiscal year 2019 primarily due to a \$13,094,191 increase in net pension liability only partially offset by a \$2,935,672 reduction in bonds payable. Additional information on Nassau County's outstanding debt can be found in Note 8 in Notes to Financial Statements.

	Long-term Obligations	
	2019	2018
Governmental Activities:		
Revenue Bonds	\$ 26,309,616	\$ 28,270,288
Compensated Absences	7,514,443	6,943,098
Capital Lease Payable	499,588	752,595
Other Postemployment Benefits	23,929,488	23,714,083
Landfill Closure/Postclosures	13,501,886	13,754,714
Net Pension Liability	79,191,835	66,237,380
Total Gov't Activities	150,946,856	139,672,158
Business-type Activities:		
Revenue Bonds, Net	9,775,000	10,750,000
Compensated Absences	161,442	146,160
Other Postemployment Benefits	230,321	226,156
Net Pension Liability	593,677	453,941
Total Business-type Activities	10,760,440	11,576,257
Total Outstanding Liabilities	\$ 161,707,296	\$ 151,248,415

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 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, 2019**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Cash and Cash Equivalents	\$ 24,590,178	\$ 5,118,414	\$ 29,708,592
Equity in Pooled Investments	85,020,862	4,058,885	89,079,747
Accounts Receivable, Net	1,088,773	370,812	1,459,585
Internal Balances	28,128	(28,128)	-
Loans Receivable, Net	40,000	-	40,000
Due from Other Governments	8,161,518	-	8,161,518
Inventories	420,602	62,926	483,528
Prepaid Items	2,927,521	-	2,927,521
Deposits	7,000	-	7,000
Cash and Cash Equivalents - Restricted	-	995,764	995,764
Capital Assets:			
Non-Depreciable	81,404,682	349,119	81,753,801
Depreciable, Net	328,647,179	13,329,981	341,977,160
Total Assets	532,336,443	24,257,773	556,594,216
Deferred Outflow of Resources			
Unamortized Refunding Loss	-	404,006	404,006
Pension Related	29,782,426	209,318	29,991,744
OPEB Related	1,740,395	19,964	1,760,359
Total Deferred Outflow of Resources	31,522,821	633,288	32,156,109
Liabilities			
Accounts Payable	6,013,579	354,502	6,368,081
Other Current Liabilities	1,881,887	-	1,881,887
Retainage Payable	225,196	-	225,196
Due to Other Governments	1,497,734	77	1,497,811
Unearned Revenue	181,026	-	181,026
Deposits	241,404	121,697	363,101
Accrued Interest Payable	429,063	-	429,063
Non-Current Liabilities:			
Due Within One Year	7,831,757	1,098,685	8,930,442
Due in More Than One Year	143,115,099	9,661,755	152,776,854
Total Liabilities	161,416,745	11,236,716	172,653,461
Deferred Inflows of Resources			
Pension Related	6,195,418	52,654	6,248,072
OPEB Related	1,651,834	20,366	1,672,200
Total Deferred Inflow of Resources	7,847,252	73,020	7,920,272
Net Position			
Net Investment in Capital Assets	383,017,461	4,308,106	387,325,567
Restricted for:			
Utility System Improvements	-	214,084	214,084
Debt Service	1,496,681	655,122	2,151,803
Impact Fees	10,546,992	-	10,546,992
Mobility Fees	6,968,506	-	6,968,506
Capital Projects	3,251	-	3,251
Court Facilities	1,962,707	-	1,962,707
Tourist Development	7,800,860	-	7,800,860
Building Department	6,407,264	-	6,407,264
Grants and Other Purposes	10,252,841	-	10,252,841
Unrestricted	(33,861,296)	8,404,013	(25,457,283)
Total Net Position	\$ 394,595,267	\$ 13,581,325	\$ 408,176,592

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, 2019**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions		Primary Government			
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government								
General Government								
Court-Related	\$ 23,780,681	\$ 6,253,525	\$ 131,163	\$ 40,326	\$ (17,355,667)	\$ -	\$ -	\$ (17,355,667)
Public Safety	5,060,957	2,148,911	254,687	-	(2,657,359)	-	-	(2,657,359)
Physical Environment	57,606,663	2,475,819	7,208,183	319,971	(47,602,690)	-	-	(47,602,690)
Transportation	2,611,372	574,784	223,178	-	(1,813,410)	-	-	(1,813,410)
Economic Environment	25,833,242	3,138,574	2,382,967	3,210,527	(17,101,174)	-	-	(17,101,174)
Human Services	6,262,211	-	361,308	-	(5,900,903)	-	-	(5,900,903)
Culture and Recreation	4,200,071	44,033	-	-	(4,156,038)	-	-	(4,156,038)
Interest on Long-Term Debt	2,693,579	909,877	84,922	75,455	(1,623,325)	-	-	(1,623,325)
Total Governmental Activities	1,609,386	-	-	-	(1,609,386)	-	-	(1,609,386)
Total Primary Government	129,658,162	15,545,523	10,646,408	3,646,279	(99,819,952)	-	-	(99,819,952)
Business-Type Activities:								
Water and Sewer	3,071,887	4,587,596	-	-	-	-	1,515,709	1,515,709
Total Business-Type Activities	3,071,887	4,587,596	-	-	-	-	1,515,709	1,515,709
Total Primary Government	\$ 132,730,049	\$ 20,133,119	\$ 10,646,408	\$ 3,646,279	(99,819,952)	1,515,709	(98,304,243)	(98,304,243)
General Revenues								
Property Taxes					75,024,492	-	-	75,024,492
Sales Taxes					24,199,198	-	-	24,199,198
State Revenue Sharing					2,245,531	-	-	2,245,531
Fuel Taxes					3,597,298	-	-	3,597,298
Pari-Mutuel Tax					198,250	-	-	198,250
Utility Services Taxes					637,814	-	-	637,814
Investment Earnings					2,381,067	42,610	-	2,423,677
Miscellaneous					1,927,360	(814)	-	1,926,546
Transfers					64,801	(64,801)	-	-
Total General Revenues and Transfers					110,275,811	(23,005)	-	110,252,806
Change in Net Position					10,455,859	1,492,704	-	11,948,563
Net Position Beginning of Year					384,139,408	12,088,621	-	396,228,029
Net Position End of Year					\$ 394,595,267	\$ 13,581,325	\$ -	\$ 408,176,592

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

NASSAU COUNTY, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	<u>General Fund</u>	<u>County Transportation Fund</u>	<u>Municipal Services Fund</u>
Assets			
Cash and Cash Equivalents	\$ 3,668,257	\$ 1,277,660	\$ 730,555
Equity in Pooled Investments	21,970,139	7,224,416	6,577,064
Accounts Receivable (Net of Allowance for Uncollectibles)	1,067,377	2,570	5,802
Loans Receivable (Net of Allowance for Uncollectibles)	-	-	-
Due from Other Funds	1,322,182	65,833	116,607
Due from Other Governments	6,015,281	441,329	48,802
Inventories	308,313	112,289	-
Prepaid Expenditures	471,053	3,878	2,440,241
Deposits	6,105	895	-
Total Assets	<u>34,828,707</u>	<u>9,128,870</u>	<u>9,919,071</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	2,955,866	1,184,087	281,129
Accrued Liabilities	1,867,218	-	-
Retainage Payable	17,079	-	-
Due to Other Funds	208,602	173,544	424,537
Due to Other Governments	70,161	4,236	2,554
Unearned Revenues	56,471	-	-
Deposits	5,271	10,440	-
Total Liabilities	<u>5,180,668</u>	<u>1,372,307</u>	<u>708,220</u>
Deferred Inflows of Resources	<u>1,110,237</u>	<u>353</u>	<u>5,125</u>
Fund Balances			
Non-Spendable	728,897	117,062	2,440,241
Restricted	1,126,356	-	5,000
Committed	1,790,161	-	-
Assigned	13,218,760	7,639,148	6,760,485
Unassigned	11,673,628	-	-
Total Fund Balances	<u>28,537,802</u>	<u>7,756,210</u>	<u>9,205,726</u>
Total Liabilities and Fund Balances	<u>\$ 34,828,707</u>	<u>\$ 9,128,870</u>	<u>\$ 9,919,071</u>

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

Capital Projects - Transportation Fund	Comprehensive Impact Fee Ordinance	Non-Major Governmental Funds	Total Governmental Funds
\$ 1,042,784	\$ 896,601	\$ 16,974,321	\$ 24,590,178
16,645,126	6,119,817	26,484,300	85,020,862
-	-	13,024	1,088,773
-	-	40,000	40,000
-	-	65,997	1,570,619
1,294,532	-	361,574	8,161,518
-	-	-	420,602
-	-	12,349	2,927,521
-	-	-	7,000
<u>18,982,442</u>	<u>7,016,418</u>	<u>43,951,565</u>	<u>123,827,073</u>
719,853	-	872,644	6,013,579
-	-	14,669	1,881,887
208,117	-	-	225,196
-	-	735,808	1,542,491
-	1,246,156	174,627	1,497,734
-	-	124,555	181,026
-	-	225,693	241,404
<u>927,970</u>	<u>1,246,156</u>	<u>2,147,996</u>	<u>11,583,317</u>
<u>634,653</u>	<u>-</u>	<u>40,000</u>	<u>1,790,368</u>
-	-	11,888	3,298,088
-	5,770,262	36,747,033	43,648,651
17,419,819	-	4,235,201	23,445,181
-	-	769,447	28,387,840
-	-	-	11,673,628
<u>17,419,819</u>	<u>5,770,262</u>	<u>41,763,569</u>	<u>110,453,388</u>
<u>\$ 18,982,442</u>	<u>\$ 7,016,418</u>	<u>\$ 43,951,565</u>	<u>\$ 123,827,073</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, 2019

Total Fund Balances of Governmental Funds \$ 110,453,388

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	\$ 844,049,460	
(Less: Accumulated Depreciation)	<u>(433,997,599)</u>	
		410,051,861

Certain receivables do not provide current financial resources and, therefore, are reported as deferred inflows of resources in the funds. 1,790,368

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	29,782,426	
Deferred Outflows Related to OPEB	1,740,395	
Deferred Inflows Related to Pensions	(6,195,418)	
Deferred Inflows Related to OPEB	<u>(1,651,834)</u>	
		23,675,569

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	(25,418,636)	
Premium on Bonds Payable	(890,980)	
Capital Leases Payable	(499,588)	
Compensated Absences	(7,514,443)	
Accrued Interest Payable	(429,063)	
Post-Closure Landfill Liability	(13,501,886)	
Net OPEB Obligation	(23,929,488)	
Net Pension Liability	<u>(79,191,835)</u>	
		<u>(151,375,919)</u>

Total Net Position of Governmental Activities \$ 394,595,267

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, 2019

	<u>General Fund</u>	<u>County Transportation Fund</u>	<u>Municipal Services Fund</u>
Revenues			
Taxes	\$ 67,192,195	\$ 7,537,108	\$ 14,267,565
Licenses and Permits	50,730	8,068	231,567
Intergovernmental Revenues	14,557,391	2,198,695	913,800
Charges for Services	3,605,525	5,381	387,108
Fines and Forfeitures	44,812	1,700	25,458
Interest Earnings	876,731	197,248	169,901
Miscellaneous	613,811	151,092	114,752
Total Revenues	<u>86,941,195</u>	<u>10,099,292</u>	<u>16,110,151</u>
Expenditures			
Current:			
General Government Services	17,439,611	-	1,934,972
Public Safety	34,998,505	-	7,879,078
Physical Environment	1,630,297	-	-
Transportation	-	7,591,530	-
Economic Environment	227,160	-	-
Human Services	2,693,729	-	1,169,330
Culture and Recreation	1,856,025	-	-
Court-Related Expenditures	1,841,651	-	-
Capital Outlay	4,572,719	1,615,062	1,373,439
Debt Service:			
Principal Retirement	782,202	-	-
Interest and Fiscal Charges	7,240	-	-
(Total Expenditures)	<u>66,049,139</u>	<u>9,206,592</u>	<u>12,356,819</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>20,892,056</u>	<u>892,700</u>	<u>3,753,332</u>
Other Financing Sources (Uses)			
Transfers in	4,410,418	3,869,268	3,714,085
Transfers (out)	(14,748,494)	(2,598,998)	(3,154,976)
Capital Lease Proceeds	529,194	-	-
Sale of Capital Assets	156,253	23,541	11,585
Reversion to State of Florida	-	-	-
Total Other Financing Sources (Uses)	<u>(9,652,629)</u>	<u>1,293,811</u>	<u>570,694</u>
Net Change in Fund Balances	11,239,427	2,186,511	4,324,026
Fund Balances at Beginning of Year	<u>17,298,375</u>	<u>5,569,699</u>	<u>4,881,700</u>
Fund Balances at End of Year	<u>\$ 28,537,802</u>	<u>\$ 7,756,210</u>	<u>\$ 9,205,726</u>

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

Capital Projects - Transportation Fund	Comprehensive Impact Fee Ordinance	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 9,017,307	\$ 98,014,175
-	2,351,581	6,396,500	9,038,446
5,154,201	-	2,114,359	24,938,446
-	-	2,139,625	6,137,639
-	-	528,881	600,851
280,382	87,427	769,103	2,380,792
-	-	441,704	1,321,359
<u>5,434,583</u>	<u>2,439,008</u>	<u>21,407,479</u>	<u>142,431,708</u>
-	265	1,383,679	20,758,527
-	530	1,425,865	44,303,978
-	-	774,068	2,404,365
1,893,167	-	125,102	9,609,799
-	-	6,032,501	6,259,661
-	-	122,044	3,985,103
-	530	60,458	1,917,013
-	-	1,887,264	3,728,915
3,369,281	-	648,871	11,579,372
-	-	1,564,662	2,346,864
-	-	1,702,019	1,709,259
<u>5,262,448</u>	<u>1,325</u>	<u>15,726,533</u>	<u>108,602,856</u>
<u>172,135</u>	<u>2,437,683</u>	<u>5,680,946</u>	<u>33,828,852</u>
5,682,500	-	4,404,279	22,080,550
-	-	(1,513,281)	(22,015,749)
-	-	-	529,194
-	-	1,688	193,067
-	-	(146,717)	(146,717)
<u>5,682,500</u>	<u>-</u>	<u>2,745,969</u>	<u>640,345</u>
5,854,635	2,437,683	8,426,915	34,469,197
<u>11,565,184</u>	<u>3,332,579</u>	<u>33,336,654</u>	<u>75,984,191</u>
<u>\$ 17,419,819</u>	<u>\$ 5,770,262</u>	<u>\$ 41,763,569</u>	<u>\$ 110,453,388</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, 2019

Net Change in Fund Balances - Total Governmental Funds		\$ 34,469,197
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	\$ 11,306,522	
(Current Year Depreciation)	(23,010,229)	
Contributions of Capital Assets	480,812	
(Loss) on Disposal of Capital Assets	<u>(133,554)</u>	(11,356,449)
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.		(3,056,370)
Capital Lease Proceeds provide current financial resources to governmental funds; however, entering into a capital lease agreement increases long-term liabilities in the statement of net assets.		(529,194)
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.		2,668,625
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.		(11,061,134)
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.		(460,172)
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	25,625	
Amortization of Premiums	74,248	
Change in Post-Closure Liability	252,828	
Change in Accrued Compensated Absences	<u>(571,345)</u>	<u>(218,644)</u>
Change in Net Position - Governmental Activities		<u><u>\$ 10,455,859</u></u>

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

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

	Water and Sewer
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 5,118,414
Equity in Pooled Investments	4,058,885
Accounts Receivable, Net	370,812
Due from Other Funds	3,428
Inventories	62,926
Total Current Assets	9,614,465
Non-Current Assets:	
Cash and Cash Equivalents - Restricted	995,764
Capital Assets (Net of Accumulated Depreciation Where Applicable)	13,679,100
Total Non-Current Assets	14,674,864
Total Assets	24,289,329
Deferred Outflow of Resources	
Unamortized Refunding Loss	404,006
Pension Related	209,318
OPEB Related	19,964
Total Deferred Outflow of Resources	633,288
Total Assets and Deferred Outflows	24,922,617
Liabilities	
Current Liabilities:	
Accounts Payable	354,502
Due to Other Funds	31,556
Due to Other Governments	77
Deposits	121,697
Bonds Payable	995,000
Other Postemployment Benefits	17,264
Net Pension Liability - HIS Current Portion	2,321
Compensated Absences	84,100
Total Current Liabilities	1,606,517
Non-Current Liabilities:	
Compensated Absences	77,342
Other Postemployment Benefits	213,057
Bonds Payable Long-Term	8,780,000
Net Pension Liability	591,356
Total Non-Current Liabilities	9,661,755
Total Liabilities	11,268,272
Deferred Inflow of Resources	
Pension Related	52,654
OPEB Related	20,366
Total Deferred Inflow of Resources	73,020
Total Liabilities and Deferred Inflows	11,341,292
Net Position	
Investment in Capital Assets	4,308,106
Restricted for:	
Debt Service	655,122
Renewal and Replacement	214,084
Unrestricted	8,404,013
Total Net Position	\$ 13,581,325

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, 2019

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

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, 2019**

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

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

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

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

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

**NASSAU COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2019**

	Total Agency Funds
Assets	
Cash and Cash Equivalents	\$ 5,754,815
Accounts Receivable	336,893
Due from Other Governments	2,960
Total Assets	6,094,668
 Liabilities	
Accounts Payable	13,834
Due to Other Governments	1,068,046
Due to Bond Holders	1,016,173
Deposits	1,200,989
Other Liabilities	5,726
Undistributed Collections	2,789,900
Total Liabilities	\$ 6,094,668

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

NASSAU COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS INDEX

September 30, 2019

<u>Note Number</u>		<u>Page</u>
1.	Summary of Significant Accounting Policies:	
A.	Reporting Entity.....	29-30
B.	Government-Wide and Fund Financial Statements.....	30
C.	Fund Accounting.....	30-31
D.	Measurement Focus	32
E.	Basis of Accounting	32-33
F.	Cash and Cash Equivalents.....	33
G.	Deposits and Investments.....	33
H.	Accounts Receivable	33
I.	Inter-Fund Balances	33
J.	Inventories and Prepaid Items.....	34
K.	Unamortized Refunding Loss	34
L.	Fund Balance	34-35
M.	Net Position	35
N.	Restricted Assets	35
O.	Capital Assets and Long-Term Liabilities	35-37
P.	Capitalization of Interest Costs.....	37
Q.	Deferred Inflows/Outflows of Resources.....	37
R.	Compensated Absences.....	37
S.	Other Postemployment Benefits.....	37
T.	Net Pension Liability.....	37
U.	Property Taxes.....	38
V.	Recent GASB Standards	38-39
2.	Cash and Investments	39-40
3.	Accounts Receivable.....	40
4.	Restricted Assets	40
5.	Capital Assets.....	41-42
6.	Inter-Fund Activity.....	42-43
7.	Leases.....	43-44
8.	Long-Term Obligations	44-47
9.	No Commitment Special Assessment Debt	47
10.	Bond Arbitrage Rebate	48
11.	Landfill Post-Closure Care Costs.....	48-49
12.	Retirement Plans	49-54
13.	Deferred Compensation Plan.....	54
14.	Other Postemployment Benefits (OPEB).....	54-57
15.	Fund Balance Classification	57-59
16.	Risk Management.....	59
17.	Commitments and Contingencies.....	59-60
18.	Conduit Debt Obligations	60
19.	Tax Abatement	60

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, 2019. In addition, the NCHFA did not issue any bonds during the audit period, nor were there any bonds outstanding at year-end. Therefore, financial statements were not prepared for NCHFA and, accordingly, no financial data for NCHFA is presented in these financial statements.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, 2019. In addition, the RWCCD did not issue any bonds during the audit period, nor were there any bonds outstanding at year-end. Therefore, financial statements were not prepared for RWCCD and, accordingly, no financial data for RWCCD is presented in these financial statements.

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 inter-fund activity has been eliminated from these statements, unless inter-fund 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:

■ **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 inter-fund activity has been eliminated from these financial statements.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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.

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

E. Basis of Accounting

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

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

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

F. Cash and Cash Equivalents

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

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

G. Deposits and Investments

The County’s investment practices are governed by Section 218.415, Florida Statutes, and County Ordinance 95-144. The County is allowed to invest in: (1) obligations of the United States or its agencies and instrumentalities; (2) other obligations, the principal of and interest on, which are unconditionally guaranteed or insured by the United States; (3) certificates of deposit issued by state or national banks domiciled in Florida that are guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or its successor; (4) interest-bearing demand deposits; (5) fully collateralized direct repurchase agreements, secured by obligations described in subdivisions (1) and (2) above, and pledged with third parties selected or approved by the 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. Inter-Fund Balances

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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.
- **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.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

■ **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.

O. Capital Assets and Long-Term Liabilities

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

■ **Governmental Funds**

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

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

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

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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:

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

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:

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

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

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

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

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

■ 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, 2019, no interest was capitalized.

Q. Deferred Inflows/Outflows of Resources

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

R. Compensated Absences

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

S. Other Postemployment Benefits

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

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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, 2019, the Board levied 7.4278 mills. An additional 2.3093 mills was levied for the benefit of the Nassau County Municipal Services Taxing Unit.

Property taxes are due and payable on March 31st of each year or as soon 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:

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 December 15, 2019.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

- 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, 2019.

Note 2 - Cash and Investments

Deposits with Financial Institutions

The carrying amount of the County’s deposits with financial institutions was \$36,459,171 and the bank balances were \$38,082,624 at September 30, 2019. 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.

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.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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.

Detail of the County's Cash and Investments

<u>Description</u>	<u>Fair Value</u>
Cash and Cash Equivalents	\$ 36,459,171
Certificates of Deposit	44,371,985
Money Market Accounts	44,707,762
Total Cash and Investments	<u>\$ 125,538,918</u>

Reported in accompanying financial statements as follows:

	<u>Governmental Funds</u>	<u>Proprietary Fund</u>	<u>Agency Fund</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 24,590,178	\$ 5,118,414	\$ 5,754,815	\$ 35,463,407
Equity in Pooled Investments	85,020,862	4,058,885	-	89,079,747
Restricted Cash and Cash Equivalents	-	995,764	-	995,764
Total Cash and Investments	<u>\$ 109,611,040</u>	<u>\$ 10,173,063</u>	<u>\$ 5,754,815</u>	<u>\$ 125,538,918</u>

Note 3 - Accounts Receivable

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

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental Funds			
General Fund	\$ 3,852,128	\$ (2,784,751)	\$ 1,067,377
County Transportation	2,570	-	2,570
Municipal Services	5,802	-	5,802
Non-Major Funds	13,024	-	13,024
Total Governmental Funds	<u>\$ 3,873,524</u>	<u>\$ (2,784,751)</u>	<u>\$ 1,088,773</u>
Business-Type Funds			
Water	\$ 373,744	\$ (2,932)	\$ 370,812
Total Business-Type Funds	<u>\$ 373,744</u>	<u>\$ (2,932)</u>	<u>\$ 370,812</u>

Note 4 - Restricted Assets

Restricted assets in the proprietary funds at September 30, 2019, 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, 2019, were restricted for the following purposes:

Proprietary Funds	
Customer Deposits	\$ 126,558
Impact Fees (Water/Sewer)	214,084
Debt Service	655,122
Total	<u>\$ 995,764</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 5 - Capital Assets

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

	<u>Balance</u> <u>10/1/18</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance</u> <u>9/30/19</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 77,738,403	\$ 185,422	\$ -	\$ 77,923,825
Construction Work in Progress	<u>4,433,206</u>	<u>4,312,659</u>	<u>(5,265,008)</u>	<u>3,480,857</u>
Total Capital Assets Not Being Depreciated	<u>82,171,609</u>	<u>4,498,081</u>	<u>(5,265,008)</u>	<u>81,404,682</u>
Capital Assets Being Depreciated:				
Building and Improvements	73,304,081	167,289	-	73,471,370
Machinery and Equipment	47,079,417	7,360,376	(2,636,960)	51,802,833
Improvements other Than Buildings	955,423	14,000	-	969,423
Leasehold Improvements	1,040,516	-	-	1,040,516
Infrastructure	<u>630,348,037</u>	<u>5,012,599</u>	<u>-</u>	<u>635,360,636</u>
Total Capital Assets Being Depreciated	<u>752,727,474</u>	<u>12,554,264</u>	<u>(2,636,960)</u>	<u>762,644,778</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(27,270,405)	(1,929,616)	-	(29,200,021)
Machinery and Equipment	(32,015,857)	(4,748,513)	2,503,406	(34,260,964)
Leasehold Improvements	(280,537)	(73,365)	-	(353,902)
Infrastructure	<u>(353,923,977)</u>	<u>(16,258,735)</u>	<u>-</u>	<u>(370,182,712)</u>
Total Accumulated Depreciation	<u>(413,490,776)</u>	<u>(23,010,229)</u>	<u>2,503,406</u>	<u>(433,997,599)</u>
Total Capital Assets Being Depreciated, Net	<u>339,236,698</u>	<u>(10,455,965)</u>	<u>(133,554)</u>	<u>328,647,179</u>
Total Governmental Activities				
Capital Assets, Net	<u>\$ 421,408,307</u>	<u>\$ (5,957,884)</u>	<u>\$ (5,398,562)</u>	<u>\$ 410,051,861</u>
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 167,966	\$ -	\$ -	\$ 167,966
Construction Work in Progress	<u>16,303</u>	<u>164,850</u>	<u>-</u>	<u>181,153</u>
Total Capital Assets Not Being Depreciated	<u>184,269</u>	<u>164,850</u>	<u>-</u>	<u>349,119</u>
Capital Assets, Being Depreciated:				
Building and Improvements	754,865	-	-	754,865
Equipment	<u>23,220,233</u>	<u>460,420</u>	<u>(40,074)</u>	<u>23,640,579</u>
Total Capital Assets Being Depreciated	<u>23,975,098</u>	<u>460,420</u>	<u>(40,074)</u>	<u>24,395,444</u>
Less Accumulated Depreciation:				
Building and Improvements	(268,812)	(19,839)	-	(288,651)
Equipment	<u>(9,963,764)</u>	<u>(852,308)</u>	<u>39,260</u>	<u>(10,776,812)</u>
Total Accumulated Depreciation	<u>(10,232,576)</u>	<u>(872,147)</u>	<u>39,260</u>	<u>(11,065,463)</u>
Total Capital Assets, Being Depreciated, Net	<u>13,742,522</u>	<u>(411,727)</u>	<u>(814)</u>	<u>13,329,981</u>
Total Business-Type Activities				
Capital Assets, Net	<u>\$ 13,926,791</u>	<u>\$ (246,877)</u>	<u>\$ (814)</u>	<u>\$ 13,679,100</u>

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

Governmental Activities		
General Government		\$ 807,436
Public Safety		4,844,959
Physical Environment		148,664
Transportation		15,620,611
Human Services		132,692
Culture and Recreation		492,929
Court-Related		<u>962,938</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 23,010,229</u>
 Business-Type Activities		
Water and Sewer		<u>\$ 872,147</u>
Total Depreciation Expense - Business-Type Activities		<u>\$ 872,147</u>

Note 6 - Inter-Fund Activity

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

	Due from					Totals
	General	County Trans- portation	Municipal Services	Water and Sewer Fund	Non-Major	
General	\$ -	\$ 173,544	\$ 424,537	\$ 31,556	\$ 692,545	\$ 1,322,182
County Transportation	41,187	-	-	-	24,646	65,833
Municipal Services	109,127	-	-	-	7,480	116,607
Non-Major	54,860	-	-	-	11,137	65,997
Water and Sewer	<u>3,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,428</u>
Total	<u>\$ 208,602</u>	<u>\$ 173,544</u>	<u>\$ 424,537</u>	<u>\$ 31,556</u>	<u>\$ 735,808</u>	<u>\$ 1,574,047</u>

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

	Transfers In					Totals
	General	County Trans- portation	Municipal Services	Capital Projects Trans- portation	Non-Major	
General	\$ -	\$ 3,869,268	\$ 3,714,085	\$ 3,182,500	\$ 3,982,641	\$ 14,748,494
County Transportation	95,853	-	-	2,500,000	3,145	2,598,998
Municipal Services	3,154,976	-	-	-	-	3,154,976
Non-Major	1,094,788	-	-	-	418,493	1,513,281
Water and Sewer	<u>64,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,801</u>
Total	<u>\$ 4,410,418</u>	<u>\$ 3,869,268</u>	<u>\$ 3,714,085</u>	<u>\$ 5,682,500</u>	<u>\$ 4,404,279</u>	<u>\$ 22,080,550</u>

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

Note 7 - Leases

■ **Governmental Funds**

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

- **Tower Site (14th Street)**—the Board entered into a five-year lease with Pinnacle Towers, LLC, commencing April 24, 2011. The Board exercised the five-year renewal, which has an effective date of April 2016. Operating lease payments for the year ended September 30, 2019, were \$32,879.
- **Two Tower Sites (Hilliard and Dahoma)**—the Board entered into five year lease with American Tower Asset Sub, LLC, commencing May 2016. Operating lease payments for the year ended September 30, 2019, were \$63,477.
- **West Nassau Land Development**—the Board entered into a five-year lease with West Nassau Land Development, LLC, commencing July 1, 2015. Operating lease payments for the year ended September 30, 2019, were \$77,178.

Future minimum lease payments under these leases follow:

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

Three constitutional officers entered into several leases for office equipment and a building lease under operating leases. Total cost for such leases were \$97,587 for the year ended September 30, 2019. The future minimum lease payments for the leases are as follows:

Year Ending September 30	Total
2020	\$ 85,434
2021	58,346
2022	18,557
2023	4,833
2024	300
Thereafter	5,550
Total	<u>\$ 173,020</u>

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Capital Lease

In September 2014, the Sheriff entered into a capital lease agreement with Presidio Technology Capital, LLC to lease server equipment. The lease is to be paid monthly at an imputed interest rate of 5.0% and matures May 1, 2020. 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
2020	\$ 183,347
2021	105,839
2022	105,839
2023	105,839
Total Future Minimum Lease Payments (Less Amount Representing Interest)	500,864 (1,276)
Present Value of Future Minimum Lease Payments	\$ 499,588

Note 8 - Long-Term Obligations

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

	Balance 10/1/18	Additions	Reductions	Balance 9/30/19	Due Within One Year
Governmental Activities					
Bonds Payable	\$ 27,305,060	\$ -	\$ (1,886,424)	\$ 25,418,636	\$ 1,610,176
Premium on Bonds Payable	965,228	-	(74,248)	890,980	74,248
Total Bonds and Notes Payable	28,270,288	-	(1,960,672)	26,309,616	1,684,424
Capital Lease Payable	752,595	529,194	(782,201)	499,588	182,071
Compensated Absences	6,943,098	4,480,809	(3,909,464)	7,514,443	3,921,900
Other Postemployment Benefits	23,714,083	215,405	-	23,929,488	1,175,492
Landfill Post-Closure	13,754,714	-	(252,828)	13,501,886	568,442
Net Pension Liability	66,237,380	12,954,455	-	79,191,835	299,428
Total Governmental Activities					
Long-Term Liabilities	\$ 139,672,158	\$ 18,179,863	\$ (6,905,165)	\$ 150,946,856	\$ 7,831,757
Business-Type Activities					
Bonds Payable					
(Direct Placement Bonds)	\$ 10,750,000	-	(975,000)	9,775,000	995,000
Compensated Absences	146,160	69,387	(54,105)	161,442	84,100
Other Postemployment Benefits	226,156	4,165	-	230,321	17,264
Net Pension Liability	453,941	139,736	-	593,677	2,321
Total Business-Type Activities					
Long-Term Liabilities	\$ 11,576,257	\$ 213,288	\$ (1,029,105)	\$ 10,760,440	\$ 1,098,685

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Governmental Activities

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

2000 Optional Gas Tax Revenue Bonds

The Board, in September 2000, issued the Optional Gas Tax Revenue Bond in the amount of \$6,167,580. The proceeds of the bond issue are to pay the cost of acquisition and construction of certain transportation capital improvements in the County and to pay certain costs related to the issuance and sale of the Series 2000 Bonds. The 2000 bonds are capital appreciation bonds; additional capital appreciation through September 30, 2019, totaled \$3,191,933.

The Series 2000 Bonds are special, limited obligations of the County payable solely from and secured by a prior lien upon and pledge of the proceeds of the six-cent local option gas tax and until expended, the monies on deposit in certain funds and accounts created by Resolution. Annual principal and interest on the bonds are expected to require approximately 43% of such tax revenue and are payable through 2025. Principal and Interest payments for the current year totaled \$945,000 and gas tax revenues totaled \$2,178,789. At year-end, pledged future revenues totaled \$5,670,000, which was the amount of remaining principal and interest on the bonds. Other Board revenues are not available to finance this bond issue. In addition, the bondholders do not have any authority to compel the Board to increase ad valorem taxes for financing this bond issue. Such bonds, bearing interest at a rate between 5.55% and 5.81% per annum, are dated August 30, 2000, and are in denominations of \$5,000 each. A portion of such bonds mature annually starting March 1, 2010, with final maturity being March 1, 2025. The bonds have a required reserve of \$945,000, which is on hand at year-end.

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

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

2007 Public Improvement Revenue 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.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

The Series 2007 Bonds are special obligations of the Board payable solely from amounts budgeted and appropriated by the Board from non ad valorem tax revenues in accordance with the terms of the Resolution. Annual principal and interest on the bonds are expected to require approximately 28% of such non ad valorem tax revenue and are payable through 2031. Principal and interest payments for the current year totaled \$2,321,250 and non ad valorem tax revenues totaled \$8,327,973. At year-end, pledged future revenues totaled \$27,882,250, which was the amount of remaining principal and interest on the bonds. Other Board revenues are not available to finance this bond issue.

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

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,295,000	\$ 1,029,750	\$ 2,324,750
2021	1,360,000	965,000	2,325,000
2022	1,425,000	897,000	2,322,000
2023	1,500,000	825,750	2,325,750
2024	1,575,000	750,750	2,325,750
2025-2029	9,120,000	2,492,250	11,612,250
2030-2032	<u>4,320,000</u>	<u>326,750</u>	<u>4,646,750</u>
Total	<u>\$ 20,595,000</u>	<u>\$ 7,287,250</u>	<u>\$ 27,882,250</u>

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, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Board	\$ 5,481,285	\$ 2,674,829	\$ (2,266,705)	\$ 5,889,409
Clerk	78,262	184,705	(165,838)	97,129
Sheriff	1,173,969	1,298,850	(1,200,411)	1,272,408
Tax Collector	73,662	154,888	(137,265)	91,285
Property Appraiser	112,749	131,850	(116,718)	127,881
Supervisor of Elections	<u>23,171</u>	<u>35,687</u>	<u>(22,527)</u>	<u>36,331</u>
Total	<u>\$ 6,943,098</u>	<u>\$ 4,480,809</u>	<u>\$ (3,909,464)</u>	<u>\$ 7,514,443</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.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

The revenue bond is secured by a pledge of and is payable solely from pledged revenues, which primarily consist of net revenues and impact fees which derive from the System. Annual principal and interest on the bond are expected to require approximately 46% of such revenue and are payable through 2028. Principal and interest payments for the current year totaled \$1,196,644 and revenues totaled \$2,609,062. At year-end, pledged future revenues totaled \$10,750,616, which was the amount of remaining principal and interest on the bond. The Series 2013 Bond shall not be or constitute a general obligation or indebtedness of the County.

Rate Covenant

The 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:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 995,000	\$ 199,466	\$ 1,194,466
2021	1,015,000	177,859	1,192,859
2022	1,040,000	155,767	1,195,767
2023	1,065,000	133,139	1,198,139
2024	1,085,000	110,026	1,195,026
2025-2029	<u>4,575,000</u>	<u>199,359</u>	<u>4,774,359</u>
Total	<u>\$ 9,775,000</u>	<u>\$ 975,616</u>	<u>\$ 10,750,616</u>

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Vacation Leave	\$ 35,864	\$ 31,141	\$ (29,907)	\$ 37,098
Paid Time Off	8,875	9,194	(15,397)	2,672
Sick Leave	99,956	25,333	(4,805)	120,484
Bonus Leave	<u>1,465</u>	<u>3,719</u>	<u>(3,996)</u>	<u>1,188</u>
Total	<u>\$ 146,160</u>	<u>\$ 69,387</u>	<u>\$ (54,105)</u>	<u>\$ 161,442</u>

Note 9 - No Commitment Special Assessment Debt

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

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 10 - Bond Arbitrage Rebate

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

- \$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 11 - 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 County has accrued a total of \$13,501,886 for post-closure care cost at September 30, 2019, for the four closed landfills. The liability is based on engineering estimates of annual post-closure care cost.

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

The County is required by state law to deposit into the escrow accounts, at the time of closing and each year thereafter, sufficient funds to cover the following year's long-term care costs. In addition, the County must document specifically how it intends to finance the long-term care of the landfill as part of its closure plan. The County is in compliance with these requirements with escrow balances that exceed the amounts required by state law (amounts required by State law are \$645,942 as of September 30, 2019). At September 30, 2019, the escrow balances are as follows:

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

Note 12 - Retirement Plans

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

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

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

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.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, 2019, were as follows:

	<u>FRS</u>	<u>HIS</u>
Regular Class	6.81%	1.66%
Special Risk Class	23.82%	1.66%
Senior Management Service Class	23.75%	1.66%
Elected Officials	47.16%	1.66%
DROP from FRS	12.94%	1.66%

The County's contributions for the year ended September 30, 2019, were \$6,228,511 to the FRS Pension Plan and \$684,526 to the HIS Program.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2019, 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, 2019. 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	\$ 66,453,495	\$ 13,332,017	N/A
Proportion at:			
Current Measurement Date	0.192962199%	0.1191528900%	N/A
Prior Measurement Date	0.182113027%	0.1118462510%	N/A
Pension Expense	\$ 16,847,045	\$ 1,236,601	\$ 896,876

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer Contributions After Measurement Date	\$ 1,651,306	\$ -	\$ 177,514	\$ -
Difference Between Expected and Actual Experience	3,941,546	41,241	161,931	16,324
Change of Assumptions	17,068,117	-	1,543,723	1,089,651
Changes of Proportion and Difference Between County Contributions and Proportionate Share of Contributions	4,093,926	1,207,991	1,345,078	216,311
Net Difference Between Projected and Actual Earnings on Pension Investments	-	3,676,554	8,603	-
Total	<u>\$ 26,754,895</u>	<u>\$ 4,925,786</u>	<u>\$ 3,236,849</u>	<u>\$ 1,322,286</u>

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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, 2020. 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
2020	\$ 7,052,007	\$ 473,304
2021	2,646,300	426,378
2022	5,159,011	324,560
2023	3,781,619	129,441
2024	1,181,182	157,553
Thereafter	357,684	225,813
Total	\$ 20,177,803	\$ 1,737,049

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2019. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2019. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2018.

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

	FRS	HIS
Inflation	2.60%	2.60%
Salary Increases	3.25%	3.25%
Investment Rate of Return	6.90%	N/A
Discount Rate	6.90%	3.50%

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.

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:

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.3%	3.3%	1.2%
Fixed Income	18.0%	4.1%	4.1%	3.5%
Global Equity	54.0%	8.0%	6.8%	16.5%
Real Estate (Property)	11.0%	6.7%	6.1%	11.7%
Private Equity	10.0%	11.2%	8.4%	25.8%
Strategic Investments	6.0%	5.9%	5.7%	6.7%
Assumed Inflation – Mean		2.6%		1.7%

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 6.90%. 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 2.85%. 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 (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
County’s Proportionate Share of the Net Pension Liability	\$ 114,875,964	\$ 66,453,495	\$ 26,012,543

HIS – County:

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
County’s Proportionate Share of the Net Pension Liability	\$ 15,219,180	\$ 13,332,017	\$ 11,760,222

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

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 Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member’s account upon retirement.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. 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 2018-19 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30
FRS, Elected County Officers	11.34
FRS, Senior Management Service	7.67
FRS, Special Risk Regular	14.00

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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 \$896,876 for the fiscal year ended September 30, 2019.

Note 13 - Deferred Compensation Plan

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

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

Note 14 - Other Postemployment Benefits (OPEB)

Plan Description

The 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%

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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, 2018 (the latest valuation date).

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	99
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	<u>663</u>
Total Plan Members	<u><u>762</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.

Total OPEB Liability—The County's total OPEB liability of \$24,159,809 was measured as of September 30, 2018, which is one year prior to the reporting date. The actuarial valuation date was September 30, 2018.

Changes in the Total OPEB Liability

Total OPEB Liability,	
Beginning of Year	<u>\$ 23,940,239</u>
Service Cost	936,087
Interest on Total OPEB Liability	851,315
Difference Between Expected and Actual Experience	627,352
Changes of Assumptions and Other Inputs	(1,089,112)
Benefit Payments	<u>(1,106,072)</u>
Net Change in Total OPEB Liability	<u>(219,570)</u>
Total OPEB Obligation, End of Year	<u><u>\$ 24,159,809</u></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:

	1% Decrease	Current Discount Rate	1% Increase
	<u>2.83%</u>	<u>3.83%</u>	<u>4.83%</u>
Total OPEB Liability	\$ 26,466,201	\$ 24,159,809	\$ 22,091,481

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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	\$ 21,428,040	\$ 24,159,809	\$ 27,455,551

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

For the fiscal year ended September 30, 2019, the County recognized OPEB expense of \$1,660,676. At September 30, 2019, 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>
Changes in Assumptions and Other Inputs	\$ 567,604	\$ 1,672,200
Benefits Paid After Measurement Date	1,192,756	-
Total	<u>\$ 1,760,360</u>	<u>\$ 1,672,200</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,192,756 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, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending September 30</u>	<u>Amount</u>
2020	\$ (126,726)
2021	(126,726)
2022	(126,726)
2023	(126,726)
2024	(126,726)
Thereafter	(470,966)
Total	<u>\$ (1,104,596)</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.

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Actuarial methods and assumptions include the following:

Actuarial Valuation Date:	September 30, 2018
Measurement Date:	September 30, 2018
Reporting Date:	September 30, 2019
Actuarial Cost Method:	Entry Age Normal Cost
Inflation Rate:	2.50%
Discount Rate:	3.83%
 Projected Salary Increases:	 Salary increase rates used for Regular Class and Special Risk Class members in the July 1, 2017 actuarial valuation of the Florida Retirement System; 3.7%-7.8%, including inflation.
 Retirement Age:	 Retirement rates used for Regular Class and Special Risk Class members in the July 1, 2017, actuarial valuation of the Florida Retirement System. They are based on the results of the statewide experience study covering the period 2008 through 2013.
 Mortality:	 Mortality tables used for Regular Class and Special Risk Class members in the July 1, 2017, actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering period 2008 through 2013.
 Healthcare Cost Trend Rate:	 Based on the Getzen Model, with trend starting at 6.75% for 2019, followed by 6.50% for 2020, and gradually trending to an ultimate trend rate of 4.24% plus 0.68% increase for excise tax.
 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 15 - Fund Balance Classification

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

Non-Spendable Fund Balance	
Prepaid Expenses	\$ 2,870,486
Inventory	420,602
Deposits	7,000
Total Non-Spendable Fund Balance	3,298,088

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Restricted Fund Balance	
General Government	\$ 231,230
General Government – Court-Related	1,400,221
Crime Prevention	135,695
Economic Development	64,120
Other Human Services	1,000
Developer Agreements	24,481
Physical Environment	2,411,767
Law Enforcement	324,578
Impact Fees	10,546,993
Law Library	108,043
Public Safety	564,205
Other Culture/Recreation	140,009
State Housing Initiative Program	292,357
Court Facilities	509,488
Criminal Justice	107,263
Tourist Development	7,800,859
Building Department	6,407,264
Debt Services – Bonds	1,496,681
Capital Projects – Transportation	7,906,332
Clerk Public Records	777,440
Clerk Child Support	374,240
Sheriff Inmate Commissary	781,622
Sheriff Other Funds	<u>1,242,763</u>
Total Restricted Fund Balance	<u>43,648,651</u>
Committed Fund Balance	
General Government	105,787
Culture/Recreation	205,344
Physical Environment	14,772
Public Safety	4,765,804
Economic Environment	150,000
Human Services	703,883
Transportation	17,419,819
Sheriff Investigative	<u>79,772</u>
Total Committed Fund Balance	<u>23,445,181</u>
Assigned Fund Balance	
General Government	541,083
Public Safety	3,512,229
Transportation	4,069,093
Human Services	299,900
Culture and Recreation	554,734
Non-Court Related	77,775
Physical Environment	592,276
County Complex	769,447
Reserves - Capital Projects	4,394,492
Minimum Fund Balance	13,341,889
Property Appraiser	<u>234,922</u>
Total Assigned Fund Balance	<u>28,387,840</u>
Unassigned Fund Balance	<u>11,673,628</u>
Total	<u>\$ 110,453,388</u>

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Minimum Fund Balance Reserve Policy

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

Note 16 - Risk Management

The 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.

Note 17 - 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, 2019:

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

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

The following is a summary of encumbrances outstanding for the County as of September 30, 2019:

General Fund	\$ 711,860
County Transportation Fund	369,891
Municipal Services Fund	2,603,230
Impact Fee Fund	11,361
Building Department	2,560
Special Revenues	4,017
Capital Projects – Transportation	1,765,804
Water and Sewer Fund	<u>19,216</u>
Total	<u>\$ 5,487,939</u>

Note 18 - 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, 2019, there was one bond outstanding with an aggregate principal amount payable of \$9,515,000. The issue amount and the September 30, 2019, outstanding balance is as follows:

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

Note 19 - Tax Abatement

Pursuant to Section 125.045 Florida Statutes and Nassau County Ordinance 2012-32, the Economic Development Grant (EDG) incentive is available for companies with the goal to facilitate the development of capital investment and high-wage jobs in Nassau County. The incentives in the tiered program include a specified grant on the Board-only portion of their ad valorem taxes for a specified period of time after meeting or exceeding a specified number/wage level of new jobs, and/or new capital investment in Nassau County. As of September 30, 2019, the only existing EDG agreement potentially material in size (fiscal year abatement >\$300,000) was with LingoTech Florida, LLC. However, as of September 30, 2019 LingoTech has not met the requirements to receive a tax abatement.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 67,115,948	\$ 67,115,948	\$ 67,192,195	\$ 76,247
Licenses and Permits	26,000	26,000	50,730	24,730
Intergovernmental Revenues	7,334,158	8,683,182	14,557,391	5,874,209
Charges for Services	3,811,232	3,878,907	3,605,525	(273,382)
Fines and Forfeitures	46,950	46,950	44,812	(2,138)
Interest Earnings	203,000	203,000	876,731	673,731
Miscellaneous	350,813	669,104	613,811	(55,293)
Total Revenues	78,888,101	80,623,091	86,941,195	6,318,104
Expenditures				
Current:				
General Government Services	19,120,580	18,696,812	17,439,611	1,257,201
Public Safety	35,326,291	36,388,055	34,998,505	1,389,550
Physical Environment	1,862,763	1,816,391	1,630,297	186,094
Economic Environment	278,447	289,723	227,160	62,563
Human Services	2,843,752	2,843,111	2,693,729	149,382
Culture and Recreation	2,092,729	2,130,392	1,856,025	274,367
Court-Related Expenditures	1,955,871	1,926,188	1,841,651	84,537
Reserve for Contingency	50,000	50,000	-	50,000
Capital Outlay	3,664,944	6,080,847	4,572,719	1,508,128
Debt Service:				
Principal Retirement	675,842	782,202	782,202	-
Interest and Fiscal Charges	7,761	7,240	7,240	-
(Total Expenditures)	67,878,980	71,010,961	66,049,139	4,961,822
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,009,121	9,612,130	20,892,056	11,279,926
Other Financing Sources (Uses)				
Transfers in	3,784,543	4,208,922	4,410,418	201,496
Transfers (out)	(15,346,076)	(16,584,033)	(14,748,494)	1,835,539
Sale of Capital Assets	34,000	34,000	156,253	122,253
Capital Lease Proceeds	-	529,194	529,194	-
Total Other Financing Sources (Uses)	(11,527,533)	(11,811,917)	(9,652,629)	2,159,288
Net Change in Fund Balances	(518,412)	(2,199,787)	11,239,427	13,439,214
Fund Balances at Beginning of Year	13,794,377	17,009,299	17,298,375	289,076
Fund Balances at End of Year	\$ 13,275,965	\$ 14,809,512	\$ 28,537,802	\$ 13,728,290

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 8,142,250	\$ 8,142,250	\$ 7,537,108	\$ (605,142)
Licenses and Permits	3,260	3,260	8,068	4,808
Intergovernmental Revenues	2,187,216	2,371,514	2,198,695	(172,819)
Charges for Services	1,088	1,088	5,381	4,293
Fines and Forfeitures	-	-	1,700	1,700
Interest Earnings	75,000	75,000	197,248	122,248
Miscellaneous	98,227	115,090	151,092	36,002
Total Revenues	<u>10,507,041</u>	<u>10,708,202</u>	<u>10,099,292</u>	<u>(608,910)</u>
Expenditures				
Current:				
Transportation	10,932,524	11,296,448	7,591,530	3,704,918
Capital Outlay	2,341,441	2,591,987	1,615,062	976,925
(Total Expenditures)	<u>13,273,965</u>	<u>13,888,435</u>	<u>9,206,592</u>	<u>4,681,843</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,766,924)</u>	<u>(3,180,233)</u>	<u>892,700</u>	<u>4,072,933</u>
Other Financing Sources (Uses)				
Transfers in	3,852,338	3,852,338	3,869,268	16,930
Transfers (out)	(2,598,765)	(2,599,015)	(2,598,998)	17
Sale of General Capital Assets	7,000	7,000	23,541	16,541
Total Other Financing Sources (Uses)	<u>1,260,573</u>	<u>1,260,323</u>	<u>1,293,811</u>	<u>33,488</u>
Net Change in Fund Balances	(1,506,351)	(1,919,910)	2,186,511	4,106,421
Fund Balances at Beginning of Year	<u>4,817,634</u>	<u>1,858,623</u>	<u>5,569,699</u>	<u>3,711,076</u>
Fund Balances at End of Year	<u>\$ 3,311,283</u>	<u>\$ (61,287)</u>	<u>\$ 7,756,210</u>	<u>\$ 7,817,497</u>

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 14,139,874	\$ 14,139,874	\$ 14,267,565	\$ 127,691
Licenses and Permits	130,325	130,325	231,567	101,242
Intergovernmental Revenues	738,690	886,740	913,800	27,060
Charges for Services	130,700	130,700	387,108	256,408
Fines and Forfeitures	1,350	1,350	25,458	24,108
Interest Earnings	50,000	50,000	169,901	119,901
Miscellaneous	900	77,888	114,752	36,864
Total Revenues	<u>15,191,839</u>	<u>15,416,877</u>	<u>16,110,151</u>	<u>693,274</u>
Expenditures				
Current:				
General Government Services	2,556,722	2,775,553	1,934,972	840,581
Public Safety	8,429,903	8,470,991	7,879,078	591,913
Transportation	11,498	-	-	-
Human Services	1,324,479	1,431,102	1,169,330	261,772
Capital Outlay	4,173,441	4,268,976	1,373,439	2,895,537
(Total Expenditures)	<u>16,496,043</u>	<u>16,946,622</u>	<u>12,356,819</u>	<u>4,589,803</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,304,204)</u>	<u>(1,529,745)</u>	<u>3,753,332</u>	<u>5,283,077</u>
Other Financing Sources (Uses)				
Transfers in	3,656,852	3,656,852	3,714,085	57,233
Transfers (out)	(3,154,770)	(3,155,370)	(3,154,976)	394
Sale of General Capital Assets	900	77,888	11,585	(66,303)
Total Other Financing Sources (Uses)	<u>502,982</u>	<u>579,370</u>	<u>570,694</u>	<u>(8,676)</u>
Net Change in Fund Balances	(801,222)	(950,375)	4,324,026	5,274,401
Fund Balances at Beginning of Year	<u>4,135,161</u>	<u>4,042,081</u>	<u>4,881,700</u>	<u>839,619</u>
Fund Balances at End of Year	<u>\$ 3,333,939</u>	<u>\$ 3,091,706</u>	<u>\$ 9,205,726</u>	<u>\$ 6,114,020</u>

NASSAU COUNTY, FLORIDA
NOTE TO SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Budgets and Budgetary Accounting

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

The County-wide General Fund is comprised of the following six subfunds: Board of County Commissioners, Clerk of the Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector. In order to comply with the generally accepted accounting principles, the actual 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, 2019, 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, 2019:

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

NASSAU COUNTY, FLORIDA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Total OPEB Liability	2019	2018
Service Cost	\$ 936,087	1,048,668
Interest on the Total OPEB Liability	851,315	762,264
Difference Between Expected and Actual Experience	627,352	-
Changes of Assumptions and Other Inputs	(1,089,112)	(852,311)
Benefit Payments	<u>(1,106,072)</u>	<u>(1,117,724)</u>
Net Change in Total OPEB Liability	<u>219,570</u>	<u>(159,103)</u>
Total OPEB Liability - Beginning	<u>23,940,239</u>	<u>24,099,342</u>
Total OPEB Liability - Ending	<u>\$ 24,159,809</u>	<u>23,940,239</u>
Covered-Employee Payroll	<u>\$ 32,405,785</u>	<u>34,941,733</u>
Total OPEB Liability as a Percentage of Covered-Employee Payroll	74.55%	68.51%

Notes to the Schedule

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

Note: Covered-Employee Payroll presented above for the 2018 measurement year is an estimate based on data submitted for the September 30, 2018 valuation. GASB Statement 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.

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, 2019

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	<u>September 30, 2019</u>	<u>September 30, 2018</u>
Nassau County's Proportion of the FRS Net Pension Plan	0.192962199%	0.182113027%
Nassau County's Proportion Share of the FRS Net Pension Plan	\$ 66,453,495	\$ 54,853,388
Nassau County's Covered Payroll (FYE 6/30)	\$ 39,858,133	\$ 36,538,795
Nassau County's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	166.73%	150.12%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%	84.26%

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

	<u>September 30, 2019</u>	<u>September 30, 2018</u>
Nassau County's Proportion of the HIS Net Pension Plan	0.11915289%	0.11846251%
Nassau County's Proportion Share of the HIS Net Pension Plan	\$ 13,332,016	\$ 11,837,933
Nassau County's Covered Payroll (FYE 6/30)	\$ 39,858,133	\$ 36,538,795
Nassau County's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	33.45%	32.40%
HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.63%	2.15%

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, 2017	September 30, 2016	September 30, 2015
0.186608807%	0.174464593%	0.165580704%
\$ 55,197,633	\$ 44,052,447	\$ 21,386,969
\$ 35,221,567	\$ 32,521,989	\$ 31,678,266
156.72%	135.45%	67.51%
83.89%	84.88%	92.00%

HEALTH INSURANCE SUBSIDY PENSION PLAN

September 30, 2017	September 30, 2016	September 30, 2015
0.110442831%	0.104032153%	0.104338602%
\$ 11,809,057	\$ 12,124,517	\$ 10,640,896
\$ 35,221,567	\$ 32,521,989	\$ 31,678,266
33.53%	37.28%	33.59%
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, 2019

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 6,228,511	\$ 5,395,176
FRS Contribution in Relation to the Contractually Required Contribution	<u>6,228,511</u>	<u>5,395,176</u>
FRS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Nassau County's Covered Payroll (FYE 9/30)	\$ 41,236,506	\$ 37,449,919
FRS Contributions as a Percentage of Covered Payroll	15.10%	14.41%

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>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 684,526	\$ 621,018
HIS Contribution in Relation to the Contractually Required Contribution	<u>684,526</u>	<u>621,018</u>
HIS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Nassau County's Covered Payroll (FYE 9/30)	\$ 41,236,506	\$ 37,449,919
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

2017	2016	2015
\$ 4,839,874	\$ 4,390,275	\$ 4,083,702
<u>4,839,874</u>	<u>4,390,275</u>	<u>4,083,702</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 35,056,145	\$ 32,521,989	\$ 31,678,266
13.81%	13.50%	12.89%

HEALTH INSURANCE SUBSIDY PENSION PLAN

2017	2016	2015
\$ 582,630	\$ 539,064	\$ 431,586
<u>582,630</u>	<u>539,064</u>	<u>431,586</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 35,056,145	\$ 32,521,989	\$ 31,678,266
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, 2019

Grant Agency/Grant Title	Federal CFDA Number	Contract/Grant Number	Expenditures
United States Department of Agriculture			
Direct:			
Emergency Watershed Protection Grant	10.923	NR184209XXXXC019	\$ 528,670
Total United States Department of Agriculture			<u>528,670</u>
United States Department of Justice			
Direct:			
Office of Community Oriented Policing Services	16.710	2017UMWX0133	125,618
Indirect:			
Passed Through Office of the Attorney General of Florida Victims of Crimes Act (VOCA)	16.575	VOCA-2018-Nassau County-00162	48,421
Passed Through Florida Department of Law Enforcement:			
Edward Byrne Memorial Justice Assistance	16.738	PGI	14,626
Edward Byrne Memorial Justice Assistance	16.738	2019-JAGC-NASS-1-N2-037	45,830
Edward Byrne Memorial Justice Assistance	16.738	2019-JAGD-NASS-1N3-023	7,390
Subtotal Expenditures - CFDA 16.738			<u>67,846</u>
Equitable Sharing Program	16.922	N/A	34,715
Total United States Department of Justice			<u>276,600</u>
United States Department of Transportation			
Indirect:			
Passed Through Florida Department of Transportation			
Highway Planning and Construction	20.205	433987-1-38-02	3,677
Highway Planning and Construction	20.205	433987-1-58-01/ 433987-1-68-02	1,458,337
Highway Planning and Construction	20.205	438496-38-02	743
Highway Planning and Construction	20.205	441214-1-38-01	197
Subtotal Expenditures - CFDA 20.205			<u>1,462,954</u>
Highway Traffic Safety Fund	20.616	RS-19-15-02	27,014
Total United States Department of Transportation			<u>1,489,968</u>
Institute of Museum and Library Services			
Direct:			
State Aid to Libraries Grant Program	45.310	18-LSTA-D-19	2,875
Total Institute of Museum and Library Services			<u>2,875</u>
United States Election Assistance Commission			
Indirect:			
Passed Through Florida Division of Elections Help America Vote Act	90.401	MOA#2018-001-NAS	38,222
Total United States Election Assistance Commission			<u>38,222</u>
United States Department of Health and Human Services			
Indirect:			
Passed Through Florida Department of Revenue:			
Child Support Enforcement	93.563	CSS45	5,023
Child Support Enforcement	93.563	COC45	140,652
Subtotal Expenditures - CFDA 93.563			<u>145,675</u>
Passed Through Florida Department of Health			
Public Health Emergency Response	93.354		29,467
Total United States Department of Health and Human Services			<u>175,142</u>
United States Department of Homeland Security			
Indirect:			
Passed Through Florida Division of Emergency Management:			
Emergency Management Performance Grant	97.042	19-FG-AF-04-55-01-138	48,631
Emergency Management Performance Grant	97.042	20-FG-AF-04-55-01-138	14,964
Subtotal Expenditures - CFDA 97.042			<u>63,595</u>
Passed Through Executive Office of the Governor			
Disaster Grant - Public Assistance FEMA	97.036	N/A	5,202,611
Total United States Department of Homeland Security			<u>5,266,206</u>
Total Federal Awards			<u>\$ 7,777,683</u>

NASSAU COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Grant Agency/Grant Title	State CSFA Number	Contract/Grant Number	Expenditures
Executive Office of the Governor			
Emergency Management Programs	31.063	19-BG-21-04-55-01-011	\$ 78,769
Emergency Management Programs	31.063	20-BG-21-04-55-01-011	29,322
Subtotal Expenditures - CSFA No 31.063			<u>108,091</u>
Emergency Management Programs	31.067	19-CP-11-04-55-01-172	2,801
Total Executive Office of the Governor			<u>110,892</u>
Florida Department of Environmental Protection			
Small County Consolidated Waste Grants	37.012	SC925	90,909
Beach Management Funding Assistance Program	37.098	R1810	40,000
Total Department of Environmental Protection			<u>130,909</u>
Florida Department of State			
State Aid to Libraries Grant Program	45.030	19-ST-36	30,811
Total Florida Department of State			<u>30,811</u>
Florida Housing Finance Corporation			
State Housing Initiatives Partnership Program	40.901	16/17	170,118
State Housing Initiatives Partnership Program	40.901	17/18	160,276
State Housing Initiatives Partnership Program	40.901	18/19	215,905
State Housing Initiatives Partnership Program	40.901	19/20	39,399
Subtotal Expenditures - CSFA No. 40.901			<u>585,698</u>
Total Florida Housing Finance Corporation			<u>585,698</u>
Florida Department of Education			
Coach Aaron Feis Guardian Program	48.14	19A096	175,525
Total Florida Department of Education			<u>175,525</u>
Florida Department of Transportation			
Small County Outreach Program (SCOP)	55.009	430691-2-58-01	17,907
Subtotal Expenditures - CSFA No. 55.009			<u>17,907</u>
Small County Road Assistance Agreement (SCRAP)	55.016	431638-1-58-01	400,056
Small County Road Assistance Agreement (SCRAP)	55.016	434588-1-54-01	1,084,558
Subtotal Expenditures - CSFA No. 55.016			<u>1,484,614</u>
County Incentive Grant Program (CIGP)	55.008	436465-1-54-01	84,282
Subtotal Expenditures - CSFA No. 55.008			<u>84,282</u>
Total Florida Department of Transportation			<u>1,586,803</u>
Florida Department of Health			
County Grant Awards	64.005	C7045	8,637
Total Florida Department of Health			<u>8,637</u>
Florida Department of Highway Safety and Motor Vehicles			
Florida Arts License Plates Project	76.041	N/A	1,937
Total Florida Department of Highway Safety and Motor Vehicles			<u>1,937</u>
Total State Financial Assistance			<u>\$ 2,631,212</u>
Total Federal Awards and State Financial Assistance			<u>\$ 10,408,895</u>

**NASSAU COUNTY, FLORIDA
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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, 2019, FEMA approved \$5,202,611 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, 2019. 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.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

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**

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 program and State projects for the year ended September 30, 2019.

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.

A handwritten signature in blue ink that reads "Purvis Gray". The signature is written in a cursive style with a large initial "P".

March 13, 2020
Gainesville, Florida

**NASSAU COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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 report 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*. The finding is disclosed in the individual report of the Board.
3. There were no instances of non-compliance identified during the audit of the financial statements 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>CFDA No.</u>
Disaster Grant – Public Assistance – FEMA	97.036
Highway Planning and Construction – DOT	20.205
State Projects	<u>CSFA No.</u>
Small County Road Assistance Agreement (SCRAP)	55.016

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 did not qualify 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 County has corrected all 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, 2019, 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 13, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness 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.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

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***

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.

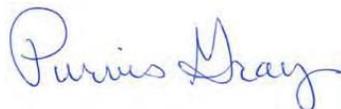
Compliance and Other Matters

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that were reported to management in a separate management letter dated March 13, 2020.

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 13, 2020
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, 2019, 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, 2019.

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 13, 2020
Gainesville, Florida

CERTIFIED PUBLIC ACCOUNTANTS
Gainesville | Ocala | Tallahassee | Sarasota | Orlando
purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

**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

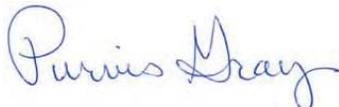
We have examined Nassau County, Florida's, (the County) compliance with Section 365.172(10) Florida Statutes, *Authorized Expenditures of E911 Fee*, and Section 365.173(2)(d) Florida Statutes, *Distribution and Use of (E911) Funds*, as of and for the year ended September 30, 2019, as required by Section 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, 2019.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, 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 13, 2020
Gainesville, Florida

CERTIFIED PUBLIC ACCOUNTANTS
Gainesville | Ocala | Tallahassee | Sarasota | Orlando
purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

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, 2019, and have issued our report thereon dated March 13, 2020.

Auditor's Responsibility

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

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, and 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 13, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The 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.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

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 a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.
- Section 10.554(1)(i)(2)., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. Our audit identified recommendations which are included in the respective reports of the Board.

Special District Component Units

- Section 10.554(1)(i)5.d., *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statement of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

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.

Pursuant to Chapter 119, Florida Statutes, this management 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 13, 2020
Gainesville, Florida

PURVIS GRAY

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

2019

Nassau County Board of County Commissioners

Financial Statements

For Fiscal Year Ended September 30, 2019

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

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

TABLE OF CONTENTS

INTRODUCTORY SECTION

List of Elected and Appointed Officials i

FINANCIAL SECTION

Independent Auditor's Report 1-3

Financial Statements

Balance Sheet - Governmental Funds 4-5
 Statement of Revenues, Expenditures, and Changes in Fund
 Balances - Governmental Funds 6-7
 Statement of Net Position - Proprietary Fund 8
 Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund 9
 Statement of Cash Flows - Proprietary Fund 10-11
 Statement of Fiduciary Net Position - Agency Fund 12
 Notes to Financial Statements 13-38

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual - General Fund 39
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual - County Transportation Fund 40
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual - Municipal Services Fund 41
 Note to Schedules of Revenues, Expenditures, and Changes in Fund
 Balances - Budget and Actual 42

Supplementary Information

Combining Non-Major Governmental Funds

Combining Balance Sheet - Non-Major Governmental Funds 43-49
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balance - Non-Major Governmental Funds 50-56

Other Information

Independent Auditor's Report on Internal Control Over Financial
 Reporting and on Compliance and Other Matters Based on an
 Audit of Financial Statements Performed in Accordance with
 Government Auditing Standards 57-58
 Independent Accountant's Report on Compliance with Section 218.415,
 Florida Statutes 59
 Management Letter 60-61
 Management Response to Audit Findings 62-63

INTRODUCTORY SECTION

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

LIST OF ELECTED AND APPOINTED OFFICIALS

Serving as of September 30, 2019

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of County Commissioners
Nassau County, Florida

We have audited the accompanying financial statements of each major fund and aggregate remaining fund information of the Nassau County Board of County Commissioners, Nassau County, Florida, (the Board) as of and for the year ended September 30, 2019, and the related notes, which collectively comprise the Board's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

INDEPENDENT AUDITOR'S REPORT

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Board as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Incomplete Presentation

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Nassau County that is attributable to the Board of County Commissioners. They do not purport to, and do not, present fairly the financial position of the County as of September 30, 2019, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

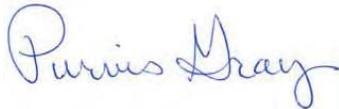
The Honorable Board of County Commissioners
Nassau County, Florida

INDEPENDENT AUDITOR'S REPORT

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2020, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters under the heading Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



March 13, 2020
Gainesville, Florida

FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

The Nassau County Housing Finance Authority (NCHFA) is a dependent special district, which functions for the benefit of the citizens of the County and is considered a blended component unit of the County. The NCHFA had no revenues or expenditures during the fiscal year ended September 30, 2019. In addition, the NCHFA did not issue any bonds during the audit period, nor were there any bonds outstanding at year-end. Therefore, financial statements were not prepared for NCHFA and, accordingly, no financial data for NCHFA is presented in these financial statements.

The Recreation and Water Conservation and Control District No. 1 (RWCCD) is a dependent special district, which functions for the benefit of the citizens of the County and is considered a blended component unit of the County. The RWCCD had no revenues or expenditures during the fiscal year ended September 30, 2019. In addition, the RWCCD did not issue any bonds during the audit period, nor were there any bonds outstanding at year-end. Therefore, financial statements were not prepared for RWCCD and, accordingly, no financial data for RWCCD is presented in these financial statements.

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

Basis of Presentation

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

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

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

Fund Accounting

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

■ **Governmental Funds**

● **Major Governmental Funds**

- ▶ The **General Fund**—is used to account for all revenues and expenditures applicable to the general operations of the Board, which are not properly accounted for in other funds.
- ▶ The **County Transportation Trust Fund**—is used to account for the operation of the Road and Bridge Department. Financing is provided principally by ad valorem taxes and the County's share of State gasoline taxes.
- ▶ The **Municipal Services Fund**—is used to account for activities benefiting only the unincorporated areas of the County. Financing is provided principally by ad valorem taxes, the half-cent sales tax, and State Revenue Sharing.
- ▶ The **Capital Projects - Transportation Fund**—is used to account for all financial resources used for the acquisition or construction of major transportation-related capital facilities and/or projects. Funding is provided from a variety of funding sources.
- ▶ The **Comprehensive Impact Fee Ordinance Fund**—is used to account for the district's expenditures associated with capital expansions. Funding is provided from impact fees on new construction.

● **Non-Major Governmental Funds**

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

■ **Major Proprietary Funds**

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

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

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

- **Fiduciary Fund**

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

Measurement Focus

- **Governmental Funds**—general, special revenue, debt service, and capital projects funds are accounted for on a "current financial resources" measurement focus. This means that only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are generally included on the balance sheet. Accordingly, the reported fund balances (assets plus deferred outflows, less liabilities, less deferred inflows) are considered a measure of available, spendable, or appropriable resources. Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances.
- **Proprietary Funds**—the enterprise funds are accounted for on an "economic resources" measurement focus. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included on their statement of net position, and the reported net position (total reported assets plus deferred outflows, less total reported liabilities, less deferred inflows) provide an indication of the economic net worth of the funds. The operating statements for the proprietary funds report increases (revenues) and decreases (expenses) in total net position.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges for services. Operating expenses include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Basis of Accounting

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

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

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

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

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

Cash and Cash Equivalents

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

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

Deposits and Investments

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

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

Accounts Receivable

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

Inter-Fund Balances

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

Inventories and Prepaid Items

Inventories, consisting principally of expendable items held for consumption, are determined by physical count and are stated at cost based on the average-cost method. The costs of inventories in governmental fund types are recorded as expenditures when consumed; therefore, the inventory asset amount is not available for appropriation.

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

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

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

Unamortized Refunding Loss

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

Fund Balance

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

- **Non-Spendable**—This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash, or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.
- **Restricted**—This component of fund balance consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.
- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., ordinance) of the organization’s governing authority (the Board). These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (e.g., ordinance) employed to constrain those amounts.
- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization’s governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. In addition, residual balances in capital projects and debt service funds are considered assigned for the general purpose of the respective fund.
- **Unassigned**—This classification is used for: (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the general fund that are not restricted, committed, or assigned.
- **Flow Assumption**—When both restricted and unrestricted resources are available for use, it is the Board’s policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in any governmental fund, it is the Board’s policy to use committed resources first, then assigned, and then unassigned as needed.

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

Net Position

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

Restricted Assets

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

Capital Assets and Long-Term Liabilities

■ **Governmental Funds**

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

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

The Sheriff, pursuant to Chapter 274, Florida Statutes, is accountable for, and thus maintains, capital asset records pertaining to equipment used in operations; therefore, those assets are not presented in these fund financial statements.

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

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

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

Such assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

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

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

Proprietary Enterprise Funds

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

Buildings	15-40 Years
Equipment	3-20 Years

Capitalization of Interest Costs

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

Deferred Inflows/Outflows of Resources

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

Compensated Absences

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

Use of Estimates

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

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

Other Postemployment Benefits (OPEB)

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

Retirement Plans

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

Property Taxes

Real property and tangible personal property are assessed by the Property Appraiser according to the property's just value on January 1st of each year. Section 200.071, Florida Statutes, authorizes the Board to levy ad valorem tax millage against real property and tangible personal property for the County, including dependent districts, not to exceed 10 mills, except for voted levies. The Board shall determine the amount of millage to be levied and shall certify such millage to the Property Appraiser. For the year ended September 30, 2019, the Board levied 7.4278 mills. An additional 2.3093 mills and 0.1021 mills were levied for the benefit of the Nassau County Municipal Services Taxing Unit and the Amelia Island Beach Renourishment MSTU, respectively.

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

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

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

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

Note 2 - Cash and Investments

Deposits with Financial Institutions

At year-end, the carrying amount of the Board’s deposits with financial institutions was \$24,989,496 and the bank balances were \$25,006,119. All of the Board’s deposits are held in qualified public depositories pursuant to the provisions of Florida Statutes, Chapter 280, the *Florida Security for Public Deposits Act*. Qualified public depositories are required by this law to pledge collateral with a market value equal to a percentage of the average daily balance of all public deposits in excess of any federal deposit insurance. In event of default by a qualified public depository, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default, and if necessary a pro rata assessment to the other qualified public depositories in the collateral pool. Therefore, all cash and time deposits held by banks are fully insured and collateralized.

Investments

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

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

The following items discuss the Board’s exposure to various risks of their investment portfolio.

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

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

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

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

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

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

Reported in accompanying financial statements as follows:

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

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

Note 3 - Accounts Receivable

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

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

Note 4 - Restricted Assets

Restricted assets in the general fund and the proprietary funds at September 30, 2019, represent monies required to be restricted for landfill post-closure costs, debt service and construction under terms of outstanding bond agreements and impact fees restricted to water and sewer system uses. Assets are also restricted in accordance with ordinances and Florida Statutes. Restricted assets for the general fund and the proprietary funds at September 30, 2019, were restricted for the following purposes:

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

Reported in accompanying financial statements as follows:

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

Note 5 - Capital Assets

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

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

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

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

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

Note 6 - Inter-Fund Activity

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

Due to/from other funds:

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

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

Inter-fund transfers:

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

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

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

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

Note 7 - Leases

■ **Governmental Funds**

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

- *Tower Site (14th Street)*—the Board entered into a five-year lease with Pinnacle Towers, LLC, commencing April 1, 2011. The Board exercised the five-year renewal, which has an effective date of April 2016. Operating lease payments for the year ended September 30, 2019, were \$32,879.
- *Two Tower Sites (Hilliard and Dahoma)*—the Board entered into five year lease with American Tower Asset Sub, LLC, commencing May 2016. Operating lease payments for the year ended September 30, 2019, were \$63,477.
- *West Nassau Land Development*—the Board entered into a five-year lease with West Nassau Land Development, LLC, commencing July 1, 2015. Operating lease payments for the year ended September 30, 2019, were \$77,178.

Future minimum lease payments under these leases follow:

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

Note 8 - Long-Term Obligations

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

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

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

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

Governmental Activities

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

2000 Optional Gas Tax Revenue Bonds

The Board, in September 2000, issued the Optional Gas Tax Revenue Bond in the amount of \$6,167,580. The proceeds of the bond issue are to pay the cost of acquisition and construction of certain transportation capital improvements in the County and to pay certain costs related to the issuance and sale of the Series 2000 Bonds. The 2000 Bonds are capital appreciation bonds; additional capital appreciation through September 30, 2019, totaled \$3,191,933.

The Series 2000 Bonds are special limited obligations of the County payable solely from and secured by a prior lien upon and pledge of the proceeds of the six-cent local option gas tax and until expended, the monies on deposit in certain funds and accounts created by Resolution. Annual principal and interest on the bonds are expected to require approximately 43% of such tax revenue and are payable through 2025. Principal and interest payments for the current year totaled \$945,000 and gas tax revenues totaled \$2,178,789. At year-end, pledged future revenues totaled \$5,670,000, which was the amount of remaining principal and interest on the bonds. Other Board revenues are not available to finance this bond issue. In addition, the bondholders do not have any authority to compel the Board to increase ad valorem taxes for financing this bond issue. Such bonds, bearing interest at a rate between 5.55% to 5.81% per annum, are dated August 30, 2000, and are in denominations of \$5,000 each. A portion of such bonds mature annually starting March 1, 2010, with final maturity being March 1, 2025. The bonds have a required reserve of \$945,000, which is on hand at year-end.

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

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

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

2007 Public Improvement Revenue and Refunding Bonds

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

The Series 2007 Bonds are special obligations of the Board payable solely from amounts budgeted and appropriated by the Board from non ad valorem tax revenues in accordance with the terms of the Resolution. Annual principal and interest on the bonds are expected to require approximately 28% of such non ad valorem tax revenue and are payable through 2031. Principal and interest payments for the current year totaled \$2,321,250 and non ad valorem tax revenues totaled \$8,327,973. At year-end, pledged future revenues totaled \$27,882,250, which was the amount of remaining principal and interest on the bonds. Other Board revenues are not available to finance this bond issue.

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

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

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,295,000	\$ 1,029,750	\$ 2,324,750
2021	1,360,000	965,000	2,325,000
2022	1,425,000	897,000	2,322,000
2023	1,500,000	825,750	2,325,750
2024	1,575,000	750,750	2,325,750
2025-2029	9,120,000	2,492,250	11,612,250
2030-2032	<u>4,320,000</u>	<u>326,750</u>	<u>4,646,750</u>
Total	<u>\$ 20,595,000</u>	<u>\$ 7,287,250</u>	<u>\$ 27,882,250</u>

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

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

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

Business-Type Activities

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

The revenue bond is secured by a pledge of and is payable solely from pledged revenues, which primarily consist of net revenues and impact fees which derive from the System. Annual principal and interest on the bond is expected to require approximately 46% of such revenue and are payable through 2028. Principal and interest payments for the current year totaled \$1,196,644, and revenues totaled \$2,609,062. At year-end, pledged future revenues totaled \$10,750,616, which was the amount of remaining principal and interest on the bond. The Series 2013 Bond shall not be or constitute a general obligation or indebtedness of the County.

Rate Covenant

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

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

Year Ending September 30,	Principal	Interest	Total
2020	\$ 995,000	\$ 199,466	\$ 1,194,466
2021	1,015,000	177,859	1,192,859
2022	1,040,000	155,767	1,195,767
2023	1,065,000	133,139	1,198,139
2024	1,085,000	110,026	1,195,026
2025-2029	<u>4,575,000</u>	<u>199,359</u>	<u>4,774,359</u>
Total	<u>\$ 9,775,000</u>	<u>\$ 975,616</u>	<u>\$ 10,750,616</u>

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

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Ending Balance</u>
Vacation Leave	\$ 35,864	\$ 31,141	\$ (29,907)	\$ 37,098
Paid Time Off	8,875	9,194	(15,397)	2,672
Sick Leave	99,956	25,333	(4,805)	120,484
Bonus Leave	<u>1,465</u>	<u>3,719</u>	<u>(3,996)</u>	<u>1,188</u>
Total	<u>\$ 146,160</u>	<u>\$ 69,387</u>	<u>\$ (54,105)</u>	<u>\$ 161,442</u>

Note 9 - No Commitment Special Assessment Debt

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

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

Note 10 - Bond Arbitrage Rebate

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

- \$29,630,000 Nassau County, Florida, Public Improvement Revenue and Refunding, Series 2007.
- \$19,160,000 Nassau County, Florida, Water and Sewer System Revenue Bonds, Series 2013.
- \$11,169,000 Nassau County, Florida, SAISSA Renourishment Bond, Series 2011.

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

Note 11 - Landfill Post-Closure Care Costs

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

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

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

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

The Board is required by state law to deposit into the escrow accounts, at the time of closing and each year thereafter, sufficient funds to cover the following year’s long-term care costs. In addition, the Board must document specifically how it intends to finance the long-term care of the landfill as part of its closure plan. The Board is in compliance with these requirements with escrow balances that exceed the amounts required by state law (amounts required by state law are \$645,942 as of September 30, 2019). At September 30, 2019, the actual escrow balances are as follows:

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

Note 12 - Retirement Plans

General Information about the Florida Retirement System (FRS)

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

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

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

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

Benefits Provided

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

The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

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

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

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

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

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

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

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

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

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended September 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. Contribution rates during the County's fiscal years 2019 and 2018 were 1.66%. The Board contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Board's contributions to the HIS Plan totaled \$349,917 for the fiscal year ended September 30, 2019.

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

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

FRS – Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Board employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members’ accounts during the 2018-19 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30%
FRS, Elected County Officers	11.34%
FRS, Senior Management Service	7.67%
FRS, Special Risk Regular	14.00%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Board.

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

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

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

Note 13 - Deferred Compensation Plan

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

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

Note 14 - Other Postemployment Benefits

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

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

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

Note 15 - Fund Balance Classification and Minimum Fund Balance Policy

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

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

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

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

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

Minimum Fund Balance Reserve Policy

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

Note 16 - Risk Management

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

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

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

Note 17 - Commitments and Contingencies

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

The following is a summary of major commitments of the Board and contracts in progress as of September 30, 2019:

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

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

Note 18 - Conduit Debt Obligations

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

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

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

Note 19 - Tax Abatement

Pursuant to Section 125.045 Florida Statutes and Nassau County Ordinance 2012-32, the Economic Development Grant (EDG) incentive is available for companies with the goal to facilitate the development of capital investment and high-wage jobs in Nassau County. The incentives in the tiered program include a specified grant on the Board-only portion of their ad valorem taxes for a specified period of time after meeting or exceeding a specified number/wage level of new jobs, and/or new capital investment in Nassau County. As of September 30, 2019, the only existing EDG agreement potentially material in size (fiscal year abatement >\$300,000) was with LingoTech Florida, LLC. However, as of September 30, 2019 LingoTech has not met the requirements to receive a tax abatement.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

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

Budgets and Budgetary Accounting

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

Chapter 129, Florida Statutes, provides that it is unlawful to make expenditures that exceed the total amount budgeted for each fund. Chapter 129, Florida Statutes, also governs the manner in which the budget may be legally amended once it has been approved.

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

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

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

If during the fiscal year, additional revenues become available for appropriations in excess of those estimated in the budget, the Board, by resolution, may make supplemental appropriations for the year up to the amount of such excess. During the fiscal year ended September 30, 2019, various supplemental appropriations were approved by the Board in accordance with Florida Statutes. The following funds received supplemental appropriations during the year ended September 30, 2019:

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

**COMBINING NON-MAJOR
GOVERNMENTAL FUNDS**

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

- **Law Enforcement Training**—to account for criminal justice education degree programs and training courses. Financing is provided by the imposition of a court cost surcharge.
- **Sheriff Donations**—to account for law enforcement projects funded with donations.
- **Law Enforcement Trust**—to account for law enforcement related projects funded by the proceeds from confiscated property forfeitures.
- **Nassau County Anti-Drug Enforcement**—to account for activities associated with the County’s drug enforcement and drug education programs. Financing is provided principally by Federal drug grants.
- **Court Facility Fees**—to account for the operation and maintenance of Nassau County court facilities. Financing is provided by a court service charge.
- **Law Library Trust**—to account for the costs associated with furnishing and maintaining Nassau County’s law library. Funding is provided from a surcharge on civil court filings.
- **Criminal Justice Trust**—to account for the reimbursement of expenditures incurred by the County in providing for the services of the State Attorney and Public Defender. Funding is provided by a surcharge on felony, misdemeanor, and criminal traffic cases.
- **Legal Aid Trust**—to account for expenditures incurred in providing legal aid to Nassau County residents. Funding is provided for by a service charge on the filing of circuit and county civil court proceedings.
- **Special Drug/Alcohol Rehabilitation**—to account for expenditures associated with Nassau County’s drug and alcohol rehabilitative programs. Funding is provided by a fine imposed for alcohol/drug-related offenses.
- **Drivers Ed Safety Trust**—to account for driver education programs in public and non-public schools. Funding is provided by a surcharge on civil traffic penalties.
- **911 Operations and Maintenance**—to account for the expenditures associated with providing a uniform addressing system for 911 equipment. Funding is principally provided from telephone user charges.
- **EMS County Awards HRS**—to account for expenditures associated with EMS prehospital care. Funding is provided by Florida State grants.
- **Grants**—to account for expenditures financed primarily by federal and/or state grants.
- **Amelia Island Beach Renourishment**—to account for beach renourishment, restoration, erosion control, and storm protection projects outside the South Amelia Island Shore Stabilization MSBU boundaries.
- **Amelia Island Tourist Development**—to account for revenues and expenditures relating to development of tourism in the County through the assessment of a tourist tax.
- **Local Affordable Housing Trust (SHIP)**—to account for funds received from the State to be used to assist eligible low income individuals to buy or construct new housing or rehabilitate older homes.
- **South Amelia Island Shore Stabilization MSBU**—is used to account for revenues and expenditures relating to the Amelia Island Beach Restoration, local improvement, and maintenance cost.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

- **Building Department**—to account for funds received for various fees charged to be used to fund the building, zoning, and planning department.
- **Amelia Concourse MSBU**—to account for funds received from the Amelia Concourse assessment allocated to the administrative charges associated with the levy of the special assessments.
- **Firefighter Education Trust**—to account for surcharges on civil penalties for non-criminal, non-moving traffic violations of Section 316.1945(1)(b)(2) or (5), Florida Statutes.
- **F.S. Special Revenues Fund**—to account for State/other restricted revenues from general revenues.

Debt Service Funds

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

- **Optional Gas Tax 2000**—to account for debt service requirements to retire the local option gas tax revenue bonds, Series 2000, dated September 12, 2000. The bonds are payable solely from and secured by a lien upon and a pledge of the County's local option gas tax. The bonds mature on March 1, 2025.
- **County Complex**—to account for debt service requirements to retire the public improvement revenue bonds, Series 2001, of Nassau County, Florida, dated May 1, 2001, and Series 2007, of Nassau County, Florida, dated June 1, 2007. The bonds are payable solely from non ad valorem budgeted revenues. The bonds mature on May 2031.

Capital Projects Funds

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

- **Grants**—to account for capital expenditures financed primarily by federal and/or state grants.
- **NC Mobility Fee**—is used to account for the construction or improving of the County Transportation System. Funding is provided from fees on new construction within specific mobility zones.
- **County Complex**—to account for the development of County building projects at the County Complex. Financing for the completed Courthouse Annex and Detention Center was primarily provided by the 2001 Public Improvement Revenue Bonds.
- **ENCPA Mobility Network Fund**—to account for the construction or improving of the County Transportation System within the East Nassau Community Planning Area. Funding is provided from the collection of mobility fees from development within the ENCPA and through tax incremental revenues.
- **Capital Projects – Impact Fees**—is used to account for the District expenditures associated with capital expansion. Funding is provided from fees on new construction.
- **Capital Projects**—to account for various capital projects. Some projects may have their own fund.

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

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

Special Revenue Funds

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

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

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

Special Revenue Funds

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

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

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

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

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

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

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

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

Special Revenue Funds

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

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

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

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

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

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

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

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

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

OTHER INFORMATION

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

The Honorable Board of County Commissioners
Nassau County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Nassau County Board of County Commissioners, Nassau County, Florida, (the Board) as of and for the year ended September 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated March 13, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described as item 2019-01 that we consider to be a significant deficiency.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

The Honorable Board of County Commissioners
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 STANDARDS**

2019-01 – Financial Close and Reporting – Accounts Payable

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



March 13, 2020
Gainesville, Florida

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

The Honorable Board of County Commissioners
Nassau County, Florida

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Board complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Board complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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



March 13, 2020
Gainesville, Florida

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

MANAGEMENT LETTER

The Honorable Board of County Commissioners
Nassau County, Florida

Report on the Financial Statements

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

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 13, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.

The Honorable Board of County Commissioners
Nassau County, Florida

MANAGEMENT LETTER

Financial Management

- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we have the following recommendation:

2019-02 – Timeliness of Rescue Billing

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

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

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

Additional Matters

- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statement that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

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



March 13, 2020
Gainesville, Florida



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



Response to Audit Findings
Fiscal Year Ending 9/30/2019

Prepared by Mary N. Potochnik, Chief Deputy Financial Services

2019-01 – Financial Close and Reporting – Accounts Payable

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

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

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

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

Management Response to Audit Findings
Fiscal Year Ending 9/30/2019

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

Management Letter – Financial Management

2019-02 - Timeliness of Rescue Billing

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



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



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

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

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

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

PURVIS GRAY

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

2019

Nassau County Clerk of the Circuit Court

Financial Statements

For Fiscal Year Ended September 30, 2019

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

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2019

TABLE OF CONTENTS

Independent Auditor's Report	1-2
Financial Statements	
Balance Sheet - Governmental Funds	3
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Major Governmental Funds	5-8
Statement of Fiduciary Net Position - Agency Funds	9
Notes to Financial Statements	10-20
Other Financial Information	
Combining Balance Sheet – Non-Major Governmental Funds	21
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds	22
Combining Statement of Fiduciary Net Position - All Agency Funds	23
Other Reports	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24-25
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes	26
Independent Accountant's Report on Compliance with Sections 28.35 and 28.36, Florida Statutes	27
Independent Accountant's Report on Compliance with Section 61.181, Florida Statutes	28
Management Letter	29-30

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Nassau County, Florida, Clerk of the Circuit Court (the Clerk), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Clerk's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

The Honorable John A. Crawford
Nassau County Clerk of the Circuit Court
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 each major fund and the aggregate remaining fund information of the Clerk as of September 30, 2019, and the respective changes in financial position and budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Nassau County that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of Nassau County as of September 30, 2019, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

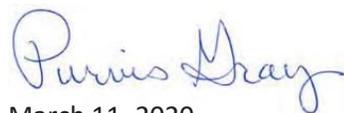
Other Financial Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 11, 2020, on our consideration of the Clerk's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering the Clerk's internal control over financial reporting and compliance.



March 11, 2020
Gainesville, Florida

FINANCIAL STATEMENTS

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	Major Funds					Total Governmental Funds
	General Fund	Court Fund	Public Records Modernization Trust Fund	Child Support Fund	Other Governmental Funds	
Assets						
Cash	\$ 281,342	\$ 180,178	\$ 784,497	\$ 354,387	\$ 10,023	\$ 1,610,427
Due from Board of County Commissioners	34,216	-	-	-	-	34,216
Due from Other Funds	79,815	116,599	23,016	-	-	219,430
Due from Other Governments	46,276	141	-	22,216	-	68,633
Prepaid Expenses	12,137	461	9,045	-	-	21,643
Total Assets	453,786	297,379	816,558	376,603	10,023	1,954,349
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	190,586	2,248	30,073	-	-	222,907
Due to Board of County Commissioners	129,000	-	-	-	-	129,000
Due to Other Funds	-	23,859	-	2,363	1,105	27,327
Due to Other Governments	164	146,717	-	-	8,918	155,799
Unearned Revenue	-	124,555	-	-	-	124,555
Other Accrued Liabilities	134,036	-	-	-	-	134,036
Total Liabilities	453,786	297,379	30,073	2,363	10,023	793,624
Fund Balances						
Restricted:						
Non-Spendable	-	-	9,045	-	-	9,045
Records Modernization	-	-	777,440	-	-	777,440
Child Support	-	-	-	374,240	-	374,240
Total Fund Balances	-	-	786,485	374,240	-	1,160,725
Total Liabilities and Fund Balances	\$ 453,786	\$ 297,379	\$ 816,558	\$ 376,603	\$ 10,023	\$ 1,954,349

See accompanying notes to financial statements.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Major Funds					Total Governmental Funds
	General Fund	Court Fund	Public Records Modernization Trust Fund	Child Support Fund	Other Governmental Funds	
Revenues						
Intergovernmental Revenue	\$ -	\$ 63,984	\$ -	\$ 109,520	\$ 81,183	\$ 254,687
Charges for Services	614,302	971,496	270,791	-	-	1,856,589
Judgments and Fines	-	409,781	-	-	-	409,781
Miscellaneous	10,268	4,223	1,055	592	2,800	18,938
Total Revenues	624,570	1,449,484	271,846	110,112	83,983	2,539,995
Expenditures						
Current:						
General Government:						
Personal Services	2,164,683	-	-	-	-	2,164,683
Operating Expenditures	613,722	-	-	-	-	613,722
Economic Environment:						
Personal Services	53,854	-	-	-	-	53,854
Operating Expenditures	5,947	-	-	-	-	5,947
Court-Related:						
Personal Services	-	1,185,432	-	102,493	55,821	1,343,746
Operating Expenditures	-	117,335	99,027	38,159	25,362	279,883
Capital Outlay	226,099	-	-	-	-	226,099
(Total Expenditures)	(3,064,305)	(1,302,767)	(99,027)	(140,652)	(81,183)	(4,687,934)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,439,735)	146,717	172,819	(30,540)	2,800	(2,147,939)
Other Financing Sources (Uses)						
Reversion to State of Florida	-	(146,717)	-	-	-	(146,717)
Transfers in from Board of County Commissioners	2,568,645	-	318	-	-	2,568,963
Transfers (out) to Board of County Commissioners	(128,910)	-	-	-	(10,353)	(139,263)
Total Other Financing Sources (Uses)	2,439,735	(146,717)	318	-	(10,353)	2,282,983
Net Change in Fund Balances	-	-	173,137	(30,540)	(7,553)	135,044
Fund Balances, Beginning of Year	-	-	613,348	404,780	7,553	1,025,681
Fund Balances, End of Year	\$ -	\$ -	\$ 786,485	\$ 374,240	\$ -	\$ 1,160,725

See accompanying notes to financial statements.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for Services	\$ 555,200	\$ 605,841	\$ 614,302	\$ 8,461
Miscellaneous	8,000	8,000	10,268	2,268
Total Revenues	<u>563,200</u>	<u>613,841</u>	<u>624,570</u>	<u>10,729</u>
Expenditures				
Current:				
General Government:				
Personal Services	2,396,468	2,164,707	2,164,683	24
Operating Expenditures	686,772	613,694	613,722	(28)
Economic Environment:				
Personal Services	51,960	53,856	53,854	2
Operating Expenditures	4,668	5,949	5,947	2
Capital Outlay	-	226,099	226,099	-
(Total Expenditures)	<u>(3,139,868)</u>	<u>(3,064,305)</u>	<u>(3,064,305)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,576,668)</u>	<u>(2,450,464)</u>	<u>(2,439,735)</u>	<u>10,729</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	2,576,668	2,579,374	2,568,645	(10,729)
Transfers (out) to Board of County Commissioners	-	(128,910)	(128,910)	-
Total Other Financing Sources (Uses)	<u>2,576,668</u>	<u>2,450,464</u>	<u>2,439,735</u>	<u>(10,729)</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Court Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental Revenue	\$ 63,982	\$ 63,982	\$ 63,984	\$ 2
Charges for Services	918,705	918,705	971,496	52,791
Judgments and Fines	447,988	447,988	409,781	(38,207)
Miscellaneous	-	-	4,223	4,223
Total Revenues	<u>1,430,675</u>	<u>1,430,675</u>	<u>1,449,484</u>	<u>18,809</u>
Expenditures				
Current:				
Court-Related:				
Personal Services	1,320,744	1,185,334	1,185,432	(98)
Operating Expenditures	109,931	245,341	117,335	128,006
(Total Expenditures)	<u>(1,430,675)</u>	<u>(1,430,675)</u>	<u>(1,302,767)</u>	<u>127,908</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	146,717	146,717
Other Financing Sources (Uses)				
Reversion to State of Florida	-	-	(146,717)	(146,717)
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Public Records Modernization Trust Fund			
	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 256,500	\$ 256,500	\$ 270,791	\$ 14,291
Miscellaneous	-	-	1,055	1,055
Total Revenues	<u>256,500</u>	<u>256,500</u>	<u>271,846</u>	<u>15,346</u>
Expenditures				
Current:				
General Government:				
Operating Expenditures	408,135	398,268	-	398,268
Court-Related:				
Operating Expenditures	461,713	461,713	99,027	362,686
Capital Outlay	-	9,867	-	9,867
(Total Expenditures)	<u>(869,848)</u>	<u>(869,848)</u>	<u>(99,027)</u>	<u>770,821</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(613,348)</u>	<u>(613,348)</u>	<u>172,819</u>	<u>786,167</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	-	-	318	318
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>318</u>	<u>318</u>
Net Change in Fund Balances	(613,348)	(613,348)	173,137	786,485
Fund Balances, Beginning of Year	<u>613,348</u>	<u>613,348</u>	<u>613,348</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 786,485</u>	<u>\$ 786,485</u>

See accompanying notes to financial statements.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Child Support Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ 135,000	\$ 135,000	\$ 109,520	\$ (25,480)
Miscellaneous	-	-	592	592
Total Revenues	<u>135,000</u>	<u>135,000</u>	<u>110,112</u>	<u>(24,888)</u>
Expenditures				
Current:				
Court-Related:				
Personal Services	102,468	103,051	102,493	558
Operating Expenditures	437,312	436,729	38,159	398,570
(Total Expenditures)	<u>(539,780)</u>	<u>(539,780)</u>	<u>(140,652)</u>	<u>399,128</u>
Net Change in Fund Balances	(404,780)	(404,780)	(30,540)	374,240
Fund Balances, Beginning of Year	<u>404,780</u>	<u>404,780</u>	<u>404,780</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 374,240</u>	<u>\$ 374,240</u>

See accompanying notes to financial statements.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2019**

Assets

Cash	\$ 1,739,576
Accounts Receivable	191,615
Due from Other Governments	<u>170</u>

Total Assets

1,931,361

Liabilities

Due to Board of County Commissioners	51,553
Due to Other Funds	192,103
Due to Other Governments	492,058
Deposits	1,189,921
Other Liabilities	<u>5,726</u>

Total Liabilities

1,931,361

Net Position

\$ -

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

Basis of Presentation

The accompanying financial statements include all the funds and accounts of the Clerk's office, but are not a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General—Local Governmental Entity Audits*.

The financial transactions of the Clerk are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. GAAP sets forth minimum criteria (percentage of assets, liabilities, revenues, and expenditures of each fund category) for the determination of major funds. Major funds are reported separately in the basic financial statements of the Clerk.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS**

■ **Governmental Funds**

● **Major Funds**

- ▶ **General Fund**—The general fund is the general operating fund of the Clerk. It is used to account for all financial resources, except for those required to be accounted for in another fund.
 - ▶ **Court Fund**—The court fund was established to account for court-related revenues and expenditures and are required to be reported separately from the Clerk’s general fund activities.
 - ▶ **Public Records Modernization Trust Fund**—This fund accounts for proceeds of specific revenues that are legally restricted for expenditures of the public records program.
 - ▶ **Child Support Fund**—This fund accounts for proceeds of specific revenues that are restricted for expenditures of the child support program.
- **Non-Major Governmental Funds**
- ▶ **Teen Court Fund**—This fund accounts for proceeds of specific revenues that are committed for expenditures of the teen court program.
 - ▶ **Jury Services Fund**—This fund accounts for proceeds of specific revenues that are restricted for expenditures related to jury services.

■ **Fiduciary Funds**

- **Agency Funds**—The agency funds are used to account for assets held by the Clerk as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature and do not involve measurement of changes in financial position.

Basis of Accounting

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

The modified accrual basis of accounting is followed by the governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. The Clerk considers revenues to be available if they are collected within 31 days of the end of the current fiscal period. Expenditures are recorded when the liability is incurred. Charges for services and investment revenue are recorded as earned.

Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS**

Budgetary Requirement

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

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

Capital Assets

Tangible personal property is recorded as expenditures in the governmental fund at the time an asset is acquired. Assets acquired by the Clerk are capitalized at cost in the capital asset accounts of the County. The Clerk maintains custodial responsibility for the capital assets used by his office.

Accrued Compensated Absences

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

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

Workers' Compensation and Group Health Insurance

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

Risk Management

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

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

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS**

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

Fund Balance Reporting

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

- **Non-Spendable**—This component of fund balance consists of amounts that cannot be spent because (a) they are not expected to be converted to cash, or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Clerk does not have any non-spendable funds.
- **Restricted**—This component of fund balances consists of amounts that are constrained either (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.
- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., policy, ordinance, or resolution) of the organization's governing authority.
- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. The Clerk has not delegated the responsibility to assign fund balances to any individual or body.
- **Unassigned**—This classification is used for (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the general fund that are not restricted, committed or assigned.

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

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS**

Note 2 - Cash and Investments

At September 30, 2019, the carrying amount of the Clerk's deposits was \$3,343,654 and the bank balance was \$3,671,773. The Clerk also held \$6,349 in change funds at September 30, 2019. Deposits in banks and thrift institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, Florida Statutes, no public depositor shall be liable for any loss thereof. All of the cash funds of the Clerk are deposited in accordance with Florida Statutes 280 and 218.415, and Nassau County Resolution 95-144.

Investments

The Clerk's investment practices are governed by Chapters 28.33 and 218.415, Florida Statutes. The Clerk is authorized to invest in certificates of deposit, money market certificates, obligations of the U.S. Treasury and the Local Government Surplus Funds Trust Fund (the State Board of Administration). There were no investments as of September 30, 2019.

Note 3 - Employee Retirement Plan

General Information about the Florida Retirement System (FRS)

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

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

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS**

FRS Pension Plan

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

- *Regular Class*—Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officer Class*—Members who hold specified elective offices in local government.
- *Senior Management Service Class*—Members in senior management level positions.

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

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS**

Class, Initial Enrollment, and Retirement Age/Years of Service	Percent Value
<i>Regular Class Members Initially Enrolled Before July 1, 2011:</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class Members Initially Enrolled on or After July 1, 2011:</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Elected County Officers</i>	3.00
<i>Senior Management Service Class</i>	2.00

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

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

Class	Year Ended June 30, 2019		Year Ended June 30, 2020	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	6.54	3.00	6.75
FRS, Elected County Officers	3.00	46.98	3.00	47.10
FRS, Senior Management Service	3.00	22.34	3.00	23.69
DROP – Applicable to Members from All of the Above Classes	0.00	12.37	0.00	12.88
FRS, Reemployed Retiree	(1)	(0)	(1)	(0)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed. The rates above do not include the 1.66% HIS contribution rate and the .06% administrative fee.

The Clerk's contributions (employer) to the FRS Plan totaled \$303,938 for the fiscal year ended September 30, 2019. This excludes the HIS defined benefit pension plan contributions.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS**

Pension Liabilities and Pension Expense. At September 30, 2019, the Clerk's proportionate share of the FRS net pension liability was \$3,317,360. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019.

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

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended September 30, 2019, eligible retirees and beneficiaries received 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. To be eligible to receive a HIS Plan benefit, a retiree under one of the State-administered retirement systems must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2019 and 2018, the contribution rates were 1.66% and 1.66% of payroll respectively, pursuant to Section 112.363, Florida Statutes. The Clerk contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate Trust Fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Clerk's contributions to the HIS Plan totaled \$46,602 for the fiscal year ended September 30, 2019.

Pension Liabilities and Pension Expense. At September 30, 2019, the Clerk's proportionate share of the HIS net pension liability was \$934,306. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The Clerk's proportionate share of the net pension liability was based on the Clerk's 2018-19 fiscal year contributions of all participating members.

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

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS**

FRS - Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Clerk 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. These blended rates include the applicable rates for the unfunded actuarial accrued liability of the FRS defined benefit plan, the 1.66% HIS contribution rate, and the .06% administrative fee. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members’ accounts during the 2018-19 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer</u>
FRS, Regular	3.00	3.30
FRS, Elected County Officers	3.00	8.34
FRS, Senior Management Service	3.00	4.67

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Clerk.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS**

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 Clerk’s Investment Plan pension expense totaled \$32,150 for the fiscal year ended September 30, 2019.

Note 4 - Other Postemployment Benefits

The County offers certain postemployment health care benefits that are considered part of an Other Postemployment Benefit (OPEB) plan for financial accounting purposes. The OPEB is a single-employer benefit plan administered by the County. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees.

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.

Percent of Direct Subsidy up to “Subsidy Base Maximum”

Years of Service	Hired Before	Hired on or After
With Nassau County	10/1/05	10/1/05
At Least 6	100%	0%
15 Years	100%	50%
20 Years	100%	65%
25 Years	100%	80%
30 or More Years	100%	100%

Currently, the Clerk has 60 active employees and six retired employees who are considered participants in the plan for purposes of computing the OPEB obligation. The Clerk’s portion of the OPEB obligation at September 30, 2019, totaled \$2,098,089. This liability will be included in long-term liabilities in the County-wide financial statements. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

Note 5 - Long-Term Liabilities

The long-term liabilities presented below are not reported in the financial statements of the Clerk since they are not payable from available resources at September 30, 2019.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS**

The Clerk's long-term debt is recorded in the statement of net position as part of the basic financial statements of the County.

A summary of the changes in long-term liabilities is as follows:

	Balance October 1, 2018	Additions	(Deletions)	Balance September 30, 2019
Liability for Compensated Absences	\$ 78,262	\$ 184,705	\$ (165,838)	\$ 97,129
Other Postemployment Benefits	2,164,637	-	(66,548)	2,098,089
Net Pension Liabilities:				
FRS Plan	2,871,758	445,602	-	3,317,360
HIS Plan	<u>861,193</u>	<u>73,113</u>	-	<u>934,306</u>
Total Long-Term Debt	<u>\$ 5,975,850</u>	<u>\$ 703,420</u>	<u>\$ (232,386)</u>	<u>\$ 6,446,884</u>

See Note 3 for more information on the Net Pension Liabilities related to the FRS and HIS Pension Plans.

See Note 4 for a description of the County's policies on OPEB.

Note 6 - Inter-Fund Receivables and Payables

Inter-fund receivables and payables at September 30, 2019, are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 79,815	\$ -
Special Revenue Funds		
Court Fund	116,599	23,859
Public Records Modernization Fund	23,016	-
Child Support Fund	-	2,363
Jury Services	-	1,105
Agency Funds		
Civil Trust Fund	-	44,707
Recording Trust Fund	-	75,505
Criminal Trust Fund	-	5,825
Special Trust Fund	-	65,406
Domestic Relations Fund	-	660
Total	<u>\$ 219,430</u>	<u>\$ 219,430</u>

OTHER FINANCIAL INFORMATION

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Teen Court</u>	<u>Jury Services</u>	<u>Total Other Governmental Funds</u>
Revenues			
Intergovernmental Revenues	\$ -	\$ 81,183	\$ 81,183
Miscellaneous	2,800	-	2,800
Total Revenues	<u>2,800</u>	<u>81,183</u>	<u>83,983</u>
Expenditures			
Current:			
Court-Related:			
Personal Services	-	55,821	55,821
Operating Expenditures	-	25,362	25,362
(Total Expenditures)	<u>-</u>	<u>(81,183)</u>	<u>(81,183)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,800</u>	<u>-</u>	<u>2,800</u>
Other Financing Sources (Uses)			
Transfers (out) to Board of County Commissioners	(10,353)	-	(10,353)
Total Other Financing Sources (Uses)	<u>(10,353)</u>	<u>-</u>	<u>(10,353)</u>
Net Change in Fund Balances	(7,553)	-	(7,553)
Fund Balances, Beginning of Year	<u>7,553</u>	<u>-</u>	<u>7,553</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

AGENCY FUNDS

Civil Trust—This fund accounts for the receipt and disbursement of filing fees, service charges, and bonds relating to civil actions.

Recording Trust—This fund accounts for the receipt and disbursement of fees and service charges for official records.

Criminal Trust—This fund accounts for the receipt and disbursement of criminal fines and fees.

Special Trust—This fund accounts for the receipt and disbursement of traffic and misdemeanor fines, court costs, fees, and service charges.

Domestic Relations—This fund accounts for the collection and disbursement of court-ordered child support payments and fees.

Registry of the Court—This fund accounts for the collection and disbursement of deposits required by court legal actions.

Bail Bonds—Accounts for funds received from defendants of criminal and traffic arrests required to assure that the defendant will meet the requirement to appear in court. Disposition of these bond funds is made as ordered by the court.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL AGENCY FUNDS
SEPTEMBER 30, 2019**

	Civil Trust	Recording Trust	Criminal Trust	Special Trust	Domestic Relations	Registry of the Court			Bail Bonds	Total
Assets										
Cash	\$ 534,555	\$ 632,037	\$ 21,607	\$ 204,650	\$ 2,908	\$ 217,862	\$ 125,957	\$ 1,739,576		
Accounts Receivable	-	191,615	-	-	-	-	-	191,615		
Due from Other Governments	-	-	-	-	170	-	-	-	170	
Total Assets	534,555	823,652	21,607	204,650	3,078	217,862	125,957	1,931,361		
Liabilities										
Due to Board of County Commissioners	-	18,330	1,696	31,527	-	-	-	51,553		
Due to Other Funds	44,707	75,505	5,825	65,406	660	-	-	192,103		
Due to Other Governments	31,090	386,533	4,380	67,637	2,418	-	-	492,058		
Deposits	455,426	343,193	8,931	38,552	-	217,862	125,957	1,189,921		
Other Liabilities	3,332	91	775	1,528	-	-	-	5,726		
Total Liabilities	534,555	823,652	21,607	204,650	3,078	217,862	125,957	1,931,361		
Net Position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		

See accompanying notes to financial statements.

OTHER REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the Nassau County, Florida, Clerk of the Circuit Court (the Clerk), as of and for the year ended September 30, 2019, and have issued our report thereon dated March 11, 2020, which was modified to state that the financial statements are not intended to be a complete presentation of Nassau County, Florida, as a whole.

Internal Control Over Financial Reporting

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

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

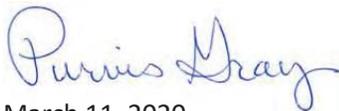
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Compliance and Other Matters

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

Purpose of this Report

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



March 11, 2020
Gainesville, Florida

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

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

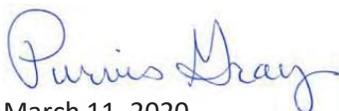
We have examined Nassau County, Florida, Clerk's (the Clerk) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2019, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Clerk's compliance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

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

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

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



March 11, 2020
Gainesville, Florida

CERTIFIED PUBLIC ACCOUNTANTS
Gainesville | Ocala | Tallahassee | Sarasota | Orlando
purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

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

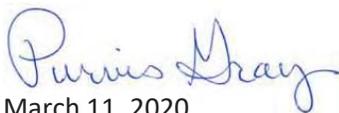
The Honorable John A. Crawford
Nassau County Clerk of the Circuit Court
Nassau County, Florida

We have examined Nassau County, Florida, Clerk's (the Clerk) compliance with the requirements of Sections 28.35 and 28.36, Florida Statutes, as of and for the year ended September 30, 2019, as required by Section 10.556(10)(c), *Rules of the Auditor General*. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Clerk's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

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

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



March 11, 2020
Gainesville, Florida

CERTIFIED PUBLIC ACCOUNTANTS
Gainesville | Ocala | Tallahassee | Sarasota | Orlando
purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 61.181, FLORIDA STATUTES

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

We have examined Nassau County, Florida, Clerk's (the Clerk) compliance with the requirements of Section 61.181, Florida Statutes, as of and for the year ended September 30, 2019, as required by Section 10.556(10)(d), *Rules of the Auditor General*. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Clerk's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

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

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



March 11, 2020
Gainesville, Florida

CERTIFIED PUBLIC ACCOUNTANTS
Gainesville | Ocala | Tallahassee | Sarasota | Orlando
purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Nassau County, Florida, Clerk of the Circuit Court (the Clerk), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 11, 2020, which was modified to indicate that the financial statements are not intended to be a complete presentation of Nassau County, Florida.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Reports on our examinations 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 11, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

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

MANAGEMENT LETTER

Financial Management

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

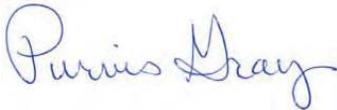
Additional Matters

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

Purpose of this Letter

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

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



March 11, 2020
Gainesville, Florida

PURVIS GRAY

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

2019

Nassau County Sheriff

Financial Statements

For Fiscal Year Ended September 30, 2019

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

**NASSAU COUNTY SHERIFF
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2019

TABLE OF CONTENTS

Independent Auditor’s Report	1-3
Financial Statements	
Balance Sheet - Governmental Funds	4
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	5
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	6
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Inmate Commissary Fund.....	7
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Equitable Sharing Fund.....	8
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Federal Inmate Fund	9
Statement of Fiduciary Net Position - Agency Funds	10
Notes to Financial Statements.....	11-22
Other Financial Information	
Combining Balance Sheet – Non-Major Governmental Funds - Special Revenue Funds	23
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Governmental Funds - Special Revenue Funds	24
Combining Statement of Fiduciary Net Position - All Agency Funds.....	25
Other Reports	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26-27
Independent Accountant’s Report on Compliance with Section 218.415, Florida Statutes	28
Management Letter.....	29-30

INDEPENDENT AUDITOR'S REPORT

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Nassau County, Florida, Sheriff (the Sheriff), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Sheriff's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

INDEPENDENT AUDITOR'S REPORT

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Sheriff as of September 30, 2019, and the respective changes in financial position thereof, and the respective budgetary comparison for each major fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Nassau County, Florida that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Nassau County, Florida as of September 30, 2019, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Other Financial Information

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

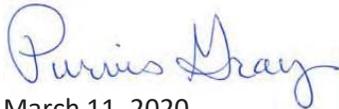
The other financial information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial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

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

INDEPENDENT AUDITOR'S REPORT

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters included under the heading Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.



March 11, 2020
Gainesville, Florida

FINANCIAL STATEMENTS

**NASSAU COUNTY SHERIFF
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Inmate Commissary	Equitable Sharing	Federal Inmate		
Assets						
Cash in Bank	\$ 685,169	\$ 764,325	\$ 1,244,315	\$ 509,666	\$ 146,792	\$ 3,350,267
Cash on Hand	500	-	-	-	2,496	2,996
Accounts Receivable	209,158	12,874	-	-	-	222,032
Due from Other Funds	2,195	7,446	-	-	-	9,641
Due from Board of County Commissioners	245,985	-	-	-	-	245,985
Due from Other Governments	1,640	-	-	37,745	-	39,385
Total Assets	1,144,647	784,645	1,244,315	547,411	149,288	3,870,306
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	306,096	3,023	1,552	9,807	1,300	321,778
Due to Board of County Commissioners	80,061	-	-	527,975	63,175	671,211
Other Current Liabilities	758,490	-	-	9,629	5,040	773,159
Total Liabilities	1,144,647	3,023	1,552	547,411	69,515	1,766,148
Fund Balances						
Restricted:						
Law Enforcement	-	-	1,242,763	-	-	1,242,763
Inmate Welfare	-	781,622	-	-	-	781,622
Committed:						
Investigative	-	-	-	-	79,773	79,773
Total Fund Balances	-	781,622	1,242,763	-	79,773	2,104,158
Total Liabilities and Fund Balances	\$ 1,144,647	\$ 784,645	\$ 1,244,315	\$ 547,411	\$ 149,288	\$ 3,870,306

See accompanying notes to financial statements.

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

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Inmate Commissary	Equitable Sharing	Federal Inmate		
Revenues						
Intergovernmental	\$ 647,198	\$ -	\$ 314,471	\$ 866,481	\$ -	\$ 1,828,150
Miscellaneous	249,044	363,414	124	-	18,411	630,993
Total Revenues	<u>896,242</u>	<u>363,414</u>	<u>314,595</u>	<u>866,481</u>	<u>18,411</u>	<u>2,459,143</u>
Expenditures						
Current:						
Court-Related:						
Personal Services	1,055,835	-	-	-	-	1,055,835
Operating Expenditures	36,957	-	-	-	-	36,957
Public Safety:						
Personal Services	17,325,174	-	-	274,722	125,329	17,725,225
Operating Expenditures	5,338,487	131,162	14,010	21,994	196,239	5,701,892
Capital Outlay	2,329,630	-	20,705	41,790	1,164	2,393,289
Debt Service:						
Principal	231,471	-	-	-	-	231,471
Interest	7,240	-	-	-	-	7,240
(Total Expenditures)	<u>(26,324,794)</u>	<u>(131,162)</u>	<u>(34,715)</u>	<u>(338,506)</u>	<u>(322,732)</u>	<u>(27,151,909)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(25,428,552)</u>	<u>232,252</u>	<u>279,880</u>	<u>527,975</u>	<u>(304,321)</u>	<u>(24,692,766)</u>
Other Financing Sources (Uses)						
Capital Lease Obligation	529,194	-	-	-	-	529,194
Transfers in from Board of County Commissioners	24,998,798	-	-	-	355,000	25,353,798
Transfers (out) to Board Board of County Commissioners	(99,440)	-	-	(527,975)	(63,175)	(690,590)
Total Other Financing Sources (Uses)	<u>25,428,552</u>	<u>-</u>	<u>-</u>	<u>(527,975)</u>	<u>291,825</u>	<u>25,192,402</u>
Net Change in Fund Balance	-	232,252	279,880	-	(12,496)	499,636
Fund Balance, Beginning of Year	<u>-</u>	<u>549,370</u>	<u>962,883</u>	<u>-</u>	<u>92,269</u>	<u>1,604,522</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 781,622</u>	<u>\$ 1,242,763</u>	<u>\$ -</u>	<u>\$ 79,773</u>	<u>\$ 2,104,158</u>

See accompanying notes to financial statements.

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

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 647,198	\$ 647,198	\$ -
Miscellaneous	-	249,044	249,044	-
Total Revenues	-	896,242	896,242	-
Expenditures				
Current:				
Court-Related:				
Personal Services	1,108,881	1,055,835	1,055,835	-
Operating Expenditures	33,236	36,957	36,957	-
Public Safety:				
Personal Services	17,308,151	17,325,174	17,325,174	-
Operating Expenditures	4,889,636	5,338,487	5,338,487	-
Capital Outlay	792,878	2,329,630	2,329,630	-
Debt Service:				
Principal	125,111	231,471	231,471	-
Interest	7,761	7,240	7,240	-
(Total Expenditures)	(24,265,654)	(26,324,794)	(26,324,794)	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,265,654)	(25,428,552)	(25,428,552)	-
Other Financing Sources (Uses)				
Capital Lease Obligation	-	529,194	529,194	-
Transfers in from Board of County Commissioners	24,347,014	24,998,798	24,998,798	-
Transfers (out) to Board of County Commissioners	(81,360)	(99,440)	(99,440)	-
Total Other Financing Sources (Uses)	24,265,654	25,428,552	25,428,552	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

**NASSAU COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - INMATE COMMISSARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Inmate Commissary Fund</u>			Variance With Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	\$ 205,000	\$ 363,414	\$ 363,414	\$ -
Total Revenues	<u>205,000</u>	<u>363,414</u>	<u>363,414</u>	<u>-</u>
Expenditures				
Current:				
Public Safety:				
Operating Expenditures	-	131,162	131,162	-
Contingency	<u>754,370</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Total Expenditures)	<u>(754,370)</u>	<u>(131,162)</u>	<u>(131,162)</u>	<u>-</u>
Net Change in Fund Balance	(549,370)	232,252	232,252	-
Fund Balance, Beginning of Year	<u>549,370</u>	<u>549,370</u>	<u>549,370</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 781,622</u>	<u>\$ 781,622</u>	<u>\$ -</u>

See accompanying notes to financial statements.

NASSAU COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - EQUITABLE SHARING FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Equitable Sharing Fund</u>			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 314,471	\$ 314,471	\$ -
Miscellaneous	-	124	124	-
Total Revenues	<u>-</u>	<u>314,595</u>	<u>314,595</u>	<u>-</u>
Expenditures				
Current:				
Public Safety:				
Operating Expenditures	661,618	673,600	14,010	659,590
Capital Outlay	301,265	603,878	20,705	583,173
(Total Expenditures)	<u>(962,883)</u>	<u>(1,277,478)</u>	<u>(34,715)</u>	<u>1,242,763</u>
Net Change in Fund Balance	(962,883)	(962,883)	279,880	1,242,763
Fund Balance, Beginning of Year	<u>962,883</u>	<u>962,883</u>	<u>962,883</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,242,763</u>	<u>\$ 1,242,763</u>

See accompanying notes to financial statements.

NASSAU COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - FEDERAL INMATE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Federal Inmate Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ 511,000	\$ 866,481	\$ 866,481	\$ -
Total Revenues	<u>511,000</u>	<u>866,481</u>	<u>866,481</u>	<u>-</u>
Expenditures				
Current:				
Public Safety:				
Personal Services	511,000	274,722	274,722	-
Operating Expenditures	-	21,994	21,994	-
Capital Outlay	-	41,790	41,790	-
(Total Expenditures)	<u>(511,000)</u>	<u>(338,506)</u>	<u>(338,506)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>527,975</u>	<u>527,975</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers (out) to Board of County Commissioners	-	(527,975)	(527,975)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(527,975)</u>	<u>(527,975)</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**NASSAU COUNTY SHERIFF
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2019**

Assets

Cash	\$ 41,973
Other Receivables	600
Due from Board of County Commissioners	<u>230</u>

Total Assets 42,803

Liabilities

Accounts Payable	13,834
Deposits	11,068
Due to Other Funds	9,641
Due to Board of County Commissioners	<u>8,260</u>

Total Liabilities 42,803

Net Position \$ -

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Nassau County, Florida, Sheriff (the Sheriff), conform to generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of significant accounting principles and policies used in the preparation of these financial statements.

Reporting Entity

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

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

The operations of the Sheriff are primarily funded by the Board. The receipts from the Board are recorded as other financing sources on the Sheriff's financial statements. Any excess of revenues and other financing sources received over expenditures are remitted to the Board at year-end.

Basis of Presentation

The accompanying financial statements include all the funds and accounts of the Sheriff's office, but are not a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557, *Rules of the Auditor General Local Governmental Entity Audits*.

The financial transactions of the Sheriff are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. GAAP sets forth minimum criteria (percentage of assets, liabilities, revenues, and expenditures of each fund category) for the determination of major funds. Major funds are reported separately in the basic financial statements of the Sheriff.

■ **Governmental Funds**

● **Major Funds**

- ▶ **General Fund**—The general fund is the general operating fund of the Sheriff. It is used to account for all financial resources, except for those required to be accounted for in another fund.
- ▶ **Inmate Commissary Fund**—This fund accounts for commissions received from pay telephones and commissary profits used for the benefit of inmates.
- ▶ **Equitable Sharing Fund**—This fund accounts for monies received from the forfeiture of assets through the Department of Justice's Federal Equitable Sharing Program.
- ▶ **Federal Inmate Fund**—This fund accounts for the revenues and associated expenditures of housing federal inmates at the Nassau County Jail.

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

- **Other Governmental Funds**

- ▶ **Special Revenue Funds**—Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Sheriff reports two special revenue funds in the financial statements under the following titles: Sheriff's Investigative Fund and 911 Operations Fund. The Sheriff's Investigative Fund accounts for monies used in accordance with Section 925.055, Florida Statutes. The 911 Operations Fund accounts for the proceeds of telephone charges collected for the operation of the 911 emergency response system. The Equitable Sharing Fund accounts for monies received from forfeiture of assets.

- **Fiduciary Funds**

- **Agency Funds**—The agency funds are used to account for assets held by the Sheriff as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature and do not involve measurement of changes in financial position.

Basis of Accounting

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

The modified accrual basis of accounting is followed by the governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. For this purpose, the Sheriff considers revenues to be available if they are collected within thirty days of the end of the current fiscal period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid.

Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

Budgetary Requirement

Governmental fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. The Inmate Commissary fund and the 911 Operations fund expenditures are restricted by statute; therefore, these budgets are not approved by the Board.

All budget amounts presented for the general fund in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting. The Sheriff's annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year-end.

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

Capital Assets

Capital assets, which include vehicles and equipment, are recorded as capital outlay expenditures in the governmental funds at the time goods are received and a liability is incurred. These assets are then capitalized at cost in the statement of net position as part of the basic financial statements of the County (statement of net assets). Capital assets acquired under capital leases are capitalized at cost in the statement of net assets at the time the assets are received. Donated and confiscated capital assets are recorded in the statement of net assets at fair value at the time received. Capital assets are depreciated using the straight-line method over three to ten years. The depreciation expense is recorded in the statement of activities as part of the basic financial statements of the County.

Accrued Compensated Absences

The Sheriff maintains a policy of granting employees Paid Time Off Leave (PTO Leave), which is accrued bi-weekly at an hourly rate determined based upon months of service with the Sheriff. PTO Leave may be used for annual, personal, or sick leave purposes. An employee can receive payment for such accumulated PTO leave, up to a limit determined based upon months of service with the Sheriff, upon termination of employment.

The Sheriff also allows employees to accumulate compensatory time earned. Compensatory time earned is calculated bi-weekly, and is limited to an accrual of 40 hours. An employee can receive payment for unused compensatory time upon termination of employment or at the discretion of the Sheriff.

Workers' Compensation and Group Health Insurance

The Board provided the Sheriff and his employees with workers' compensation and group health insurance coverage. Accidental death coverage for Law Enforcement Officers was also provided by the Board. The premiums for such coverage were paid by the Board and recorded on its records and, consequently, are not recorded on the Sheriff's records.

Risk Management

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and the public; or damage to property of others.

The Sheriff participates in two Florida Sheriffs Self-insurance funds for risk related to professional liability and automobile risks. The funding agreements provide that each fund will be self-sustaining through member premiums and that the Sheriff's liability fund will reinsure through commercial companies. Aggregate coverage provided by the liability fund is \$10,000,000 for professional liability and \$10,000,000 for public officials' coverage. Coverage limits for automobile risks are \$200,000 per accident for bodily injury and \$100,000 per accident for property damage.

In addition, the Sheriff has obtained an excess loss reimbursement policy to cover catastrophic inmate medical claims.

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

Fund Balance Reporting

The Sheriff implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – non-spendable, restricted, committed, assigned, and unassigned.

- **Non-Spendable**—This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash; or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Sheriff does not have any non-spendable funds.
- **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 or resolution) of the County’s governing board. These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (e.g., ordinance or resolution) it employed previously to constrain those amounts.
- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the Sheriff, or by an individual or body to whom the Sheriff has delegated this responsibility. By definition, fund balances are also assigned to the extent that they are needed to finance a subsequent year’s budget deficit.
- **Unassigned**—This classification is used for: (a) negative unrestricted fund balances in any governmental fund; or (b) fund balances within the general fund that are not restricted, committed, or assigned.

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

Note 2 - Cash

Cash Deposits

At September 30, 2019, the carrying amount of the Sheriff’s deposits was \$3,392,240 and the bank balance was \$4,742,407. Cash on hand was \$2,996. Deposits in banks are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All of the cash deposits of the Sheriff are placed with qualified financial institutions, which means they are insured or collateralized.

Note 3 - Employee Retirement Plan

General Information about the Florida Retirement System (FRS)

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

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

FRS Pension Plan

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

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

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

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

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

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

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

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

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

Class	Year Ended June 30, 2019		Year Ended June 30, 2020	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	6.54	3.00	6.75
FRS, Elected County Officers	3.00	46.98	3.00	47.10
FRS, Senior Management Service	3.00	22.34	3.00	23.69
FRS, Special Risk Regular	3.00	22.78	3.00	23.76
DROP – Applicable to Members from All of the Above Classes	0.00	12.37	3.00	12.88
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed. The rates above do not include the 1.66% HIS contribution rate and the .06% administrative fee.

The Sheriff contributions (employer), to the FRS Plan totaled \$2,512,707 for the fiscal year ended September 30, 2019. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities. At September 30, 2019, the Sheriff’s proportionate share of the FRS net pension liability was \$25,933,552. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The Sheriff’s proportionate share of the net pension liability was based on the Sheriff’s contributions to the FRS Plan compared to the contributions of all participating members.

Further information about the Sheriff’s net pension liability, pension expense, actuarial assumptions, sensitivity analysis, and other required disclosures related to the FRS Plan can be found in the County-wide annual financial report.

HIS Pension Plan

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

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

Benefits Provided. For the fiscal year ended September 30, 2019, eligible retirees and beneficiaries received 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. To be eligible to receive a HIS Plan benefit, a retiree under one of the State-administered retirement systems must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2019 and 2018, the contribution rates were 1.66% of payroll, pursuant to Section 112.363, Florida Statutes. The Sheriff contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Sheriff's contributions to the HIS Plan totaled \$242,236 for the fiscal year ended September 30, 2019 (modified accrual basis).

Pension Liabilities. At September 30, 2019, the Sheriff's proportionate share of the HIS net pension liability was \$4,611,306. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The Sheriff's proportionate share of the net pension liability was based on the Sheriff's contributions to the HIS Plan compared to the contributions of all participating members.

Further information about the Sheriff's net pension liability, pension expense, actuarial assumptions, sensitivity analysis, and other required disclosures related to the HIS Plan can be found at the County-wide level.

FRS – Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. The Sheriff employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. These blended rates include the applicable rates for the unfunded actuarial accrued liability of the FRS defined benefit plan, the 1.66% HIS contribution rate, and the .06% administrative fee. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members' accounts (employer and employee) during the 2018-19 fiscal year were as follows:

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer</u>
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 Plan is transferred to the Investment Plan, the member must have the years of service required for Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Sheriff.

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

For the fiscal year ended September 30, 2019, the Sheriff's pension expense related to the Investment Plan totaled \$504,905.

Note 4 - Other Postemployment Benefits (OPEB)

The County offers certain postemployment health care benefits that are considered part of an Other Postemployment Benefit (OPEB) plan for financial accounting purposes. The OPEB is a single-employer benefit plan administered by the County. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees.

Retirees and their dependents (except for life insurance) are permitted to remain covered under the County's respective medical and insurance plans as long as they pay a full premium applicable to coverage elected. Special risk employees of the Sheriff's office begin to receive a subsidy if they have obtained 25 years of service and become fully subsidized once they reach 30 years of service. All other employees of the Sheriff's office receive a 100% subsidy if they have reached 30 years of service. This conforms to the minimum required of Florida governmental employers per Chapter 112.08, Florida Statutes.

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

Currently, the Sheriff has 240 active employees and 23 retired employees who are considered participants in the plan for purposes of computing the OPEB obligation. The Sheriff's portion of the OPEB obligation for the year totaled \$8,360,565. This liability will be included in long-term liabilities in the County-wide financial statements. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

Note 5 - Capital Assets

The tangible personal property used by the Sheriff in its governmental fund operation is reported as capital assets in the statement of net assets as part of the basic financial statements of the County. Upon acquisition, such assets are recorded as expenditures in the governmental fund types of the Sheriff and capitalized at cost in the capital asset accounts of the County. The Sheriff maintains recordkeeping and custodial responsibility for certain tangible capital assets used by his office. Information on vehicles and equipment used in the operations of the Sheriff's office are presented below:

	<u>Balance October 1, 2018</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance September 30, 2019</u>
Capital Assets				
Construction in Process	\$ -	\$ 321,775	\$ -	\$ 321,775
Machinery and Equipment	15,349,749	2,358,243	(688,737)	17,019,255
Accumulated Depreciation	<u>(10,302,851)</u>	<u>(2,079,047)</u>	<u>662,754</u>	<u>(11,719,144)</u>
Capital Assets, Net	<u>\$ 5,046,898</u>	<u>\$ (600,971)</u>	<u>\$ (25,983)</u>	<u>\$ 5,621,886</u>

Depreciation expense was recorded in the County's government-wide financial statements in the amount of \$2,079,047.

Note 6 - Operating Leases

The Sheriff leased various copiers during fiscal year 2018-2019. The monthly lease payments for these copiers ranged from \$88 to \$217 per month. The expiration dates of the leases range from May 2021 to March 2022. Lease expense for the year under these leases was \$28,622. Future minimum lease payments for the leases are as follows:

<u>Year Ending September 30,</u>	<u>Annual Lease Payments</u>
2020	\$ 25,865
2021	25,865
2022	<u>8,811</u>
Total	<u>\$ 60,541</u>

Note 7 - Changes in Long-Term Debt

The Sheriff's long-term debt is not recorded in the accompanying financial statements but is recorded in the statement of net position as part of the basic financial statements of the County.

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

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

	Balance October 1, 2018	Additions	(Deletions)	Balance September 30, 2019
Capital Lease	\$ 201,864	\$ 529,194	\$ (231,471)	\$ 499,587
Accrued Compensated Absences	1,173,969	1,298,850	(1,200,411)	1,272,408
Other Postemployment Benefits	8,109,312	251,253	-	8,360,565
Net Pension Liabilities:				
FRS Plan	19,863,526	6,070,026	-	25,933,552
HIS Plan	3,888,995	722,311	-	4,611,306
Totals	<u>\$ 33,237,666</u>	<u>\$ 8,871,634</u>	<u>\$ (1,431,882)</u>	<u>\$ 40,677,418</u>

See Note 3 for more information on the Net Pension Liabilities related to the FRS and HIS Pension Plans.

Accrued compensated absences represent the vested portion of accrued leave, and are liquidated by the general fund and 911 operations fund. See Note 1 for a summary of the Sheriff's compensated absences policy.

A description of the Sheriff's policies on OPEB are described in Note 4.

Capital Lease

In September 2014, the Sheriff entered into a capital lease agreement with Presidio Technology Capital, LLC to lease server equipment. The lease is to be paid monthly at an imputed interest rate of 5.0% and matures May 1, 2020. 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
2020	\$ 183,347
2021	105,839
2022	105,839
2023	<u>105,838</u>
Total Future Minimum Lease Payments	500,863
(Less Amount Representing Interest)	<u>(1,276)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 499,587</u>

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

Note 8 - Inter-Fund Receivables and Payables

Inter-fund receivables and payables at September 30, 2019, are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 2,195	\$ -
Special Revenue Funds:		
Inmate Commissary	7,446	-
Agency Funds:		
Inmate Trust	<u>-</u>	<u>9,641</u>
Totals	<u>\$ 9,641</u>	<u>\$ 9,641</u>

OTHER FINANCIAL INFORMATION

**NASSAU COUNTY SHERIFF
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2019**

	<u>Sheriff Investigative</u>	<u>911 Operations</u>	<u>Total Other Governmental Funds</u>
Assets			
Cash in Bank	\$ 77,277	\$ 69,515	\$ 146,792
Cash on Hand	2,496	-	2,496
Total Assets	<u>79,773</u>	<u>69,515</u>	<u>149,288</u>
Liabilities and Fund Balances			
Accounts Payable	-	1,300	1,300
Due to Board of County Commissioners	-	63,175	63,175
Other Current Liabilities	-	5,040	5,040
Total Liabilities	<u>-</u>	<u>69,515</u>	<u>69,515</u>
Fund Balances			
Committed:			
Investigative	<u>79,773</u>	-	<u>79,773</u>
Total Fund Balances	<u>79,773</u>	<u>-</u>	<u>79,773</u>
Total Liabilities and Fund Balances	<u>\$ 79,773</u>	<u>\$ 69,515</u>	<u>\$ 149,288</u>

See accompanying notes to financial statements.

**NASSAU COUNTY SHERIFF
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2019**

	<u>Sheriff Investigative</u>	<u>911 Operations</u>	<u>Total Other Governmental Funds</u>
Revenues			
Miscellaneous	\$ 18,411	\$ -	\$ 18,411
Total Revenues	<u>18,411</u>	<u>-</u>	<u>18,411</u>
Expenditures			
Current:			
Public Safety:			
Personal Services	-	125,329	125,329
Operating Expenditures	30,907	165,332	196,239
Capital Outlay	-	1,164	1,164
(Total Expenditures)	<u>(30,907)</u>	<u>(291,825)</u>	<u>(322,732)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(12,496)</u>	<u>(291,825)</u>	<u>(304,321)</u>
Other Financing Sources (Uses)			
Transfers in from Board of County Commissioners	-	355,000	355,000
Transfers (out) to Board of County Commissioners	-	(63,175)	(63,175)
Total Other Financing Sources (Uses)	<u>-</u>	<u>291,825</u>	<u>291,825</u>
Net Change in Fund Balance	(12,496)	-	(12,496)
Fund Balance, Beginning of Year	<u>92,269</u>	<u>-</u>	<u>92,269</u>
Fund Balance, End of Year	<u>\$ 79,773</u>	<u>\$ -</u>	<u>\$ 79,773</u>

See accompanying notes to financial statements.

AGENCY FUNDS

Individual Depositors/Suspense—Accounts for fees charged for the service of process in civil cases. These non-refundable fees are set by Section 30.231 of the Florida Statutes. On a monthly basis, these fees are deposited to the general fund of the Board. Accounts for the receipt and disbursement of funds received for various purposes, such as faulty equipment for inspection and purge money for child support. Disbursement of these funds is made in accordance with the purpose of the receipt.

Inmate Trust—Accounts for inmates' personal cash receipts and disbursements. Individual inmate account records are maintained. This fund makes disbursements requested by inmates to the extent of their available funds.

Abandoned Property—Accounts for funds received from the conversion of abandoned property to cash. These funds are required to be submitted to the Nassau County School Board.

**NASSAU COUNTY SHERIFF
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 ALL AGENCY FUNDS
 SEPTEMBER 30, 2019**

	<u>Individual Depositors/ Suspense</u>	<u>Inmate Trust</u>	<u>Abandoned Property</u>	<u>Total</u>
Assets				
Cash	\$ 7,430	\$ 34,543	\$ -	\$ 41,973
Other Receivables	600	-	-	600
Due from Board of County Commissioners	230	-	-	230
Total Assets	<u>8,260</u>	<u>34,543</u>	<u>-</u>	<u>42,803</u>
Liabilities				
Accounts Payable	-	13,834	-	13,834
Deposits	-	11,068	-	11,068
Due to Other Funds	-	9,641	-	9,641
Due to Board of County Commissioners	8,260	-	-	8,260
Total Liabilities	<u>8,260</u>	<u>34,543</u>	<u>-</u>	<u>42,803</u>
Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

OTHER REPORTS

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

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the Nassau County, Florida, Sheriff (the Sheriff), as of and for the year ended September 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated March 11, 2020, which was modified to state that the financial statements are not intended to be a complete presentation of Nassau County, Florida, as a whole.

Internal Control Over Financial Reporting

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

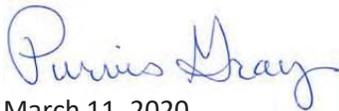
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Compliance and Other Matters

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

Purpose of This Report

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



March 11, 2020
Gainesville, Florida

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

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

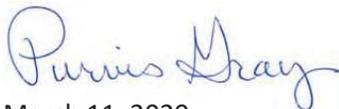
We have examined Nassau County, Florida, Sheriff's (the Sheriff) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2019, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Sheriff's compliance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

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

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

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



March 11, 2020
Gainesville, Florida

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

MANAGEMENT LETTER

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

Report on the Financial Statements

We have audited the financial statements of Nassau County, Florida, Sheriff (the Sheriff), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 11, 2020, which was modified to indicate that financial statements are not intended to be a complete presentation of Nassau County, Florida.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on our examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 11, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

MANAGEMENT LETTER

Financial Management

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

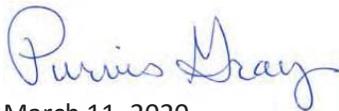
Additional Matters

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

Purpose of this Letter

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

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



March 11, 2020
Gainesville, Florida

PURVIS GRAY

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

2019

Nassau County Tax Collector

Financial Statements

For Fiscal Year Ended September 30, 2019

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

**NASSAU COUNTY TAX COLLECTOR
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2019

TABLE OF CONTENTS

Independent Auditor's Report	1-2
Financial Statements	
Balance Sheet - General Fund	3
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.....	5
Statement of Fiduciary Net Position - Agency Fund.....	6
Notes to Financial Statements	7-17
Other Reports	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18-19
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes	20
Management Letter.....	21-22

INDEPENDENT AUDITOR'S REPORT

The Honorable John Drew
Nassau County Tax Collector
Nassau County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund and the aggregate remaining fund information of the Nassau County, Florida Tax Collector (the Tax Collector) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Tax Collector's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 upon 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 risks 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.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

The Honorable John Drew
Nassau County Tax Collector
Nassau County, Florida

INDEPENDENT AUDITOR'S REPORT

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

Opinions

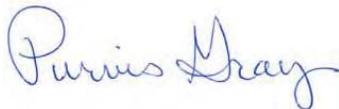
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund and the aggregate remaining fund information of the Tax Collector as of September 30, 2019, and the respective changes in financial position and budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* (the Rules) of the State Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of each major fund, and the aggregate remaining fund information, where applicable, only for that portion of the major funds and the aggregate remaining fund information of Nassau County, Florida that is attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position as a whole of Nassau County, Florida as of September 30, 2019, and the changes in its financial position, budgetary comparisons, or cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 11, 2020, on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Collector's internal control over financial reporting and compliance.



March 11, 2020
Gainesville, Florida

FINANCIAL STATEMENTS

**NASSAU COUNTY TAX COLLECTOR
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2019**

Assets	
Cash	\$ 890,315
Accounts Receivable	17,658
Due from Agency Fund	60,103
Prepays	1,000
Total Assets	<u>969,076</u>
 Liabilities and Fund Balance	
Liabilities	
Accounts Payable	68,707
Other Current Liabilities	99
Due to Board of County Commissioners	829,603
Due to Other Governments	25,662
Unearned Revenue	45,005
Total Liabilities	<u>969,076</u>
Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 969,076</u>

See accompanying notes to financial statements.

**NASSAU COUNTY TAX COLLECTOR
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Revenues	
Charges for Services	\$ 1,125,914
Miscellaneous	1,582
Total Revenues	<u>1,127,496</u>
Expenditures	
Current:	
General Government:	
Salaries and Benefits	2,259,300
Operating Expenditures	751,406
Capital Outlay	12,800
(Total Expenditures)	<u>(3,023,506)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,896,010)</u>
Other Financing Sources (Uses)	
Transfers in from Board of County Commissioners	2,722,202
Transfers (out) to Board of County Commissioners	(826,192)
Total Other Financing Sources (Uses)	<u>1,896,010</u>
Net Change in Fund Balance	-
Fund Balance, Beginning of Year	<u>-</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

**NASSAU COUNTY TAX COLLECTOR
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for Services	\$ 1,099,247	\$ 1,099,247	\$ 1,125,914	\$ 26,667
Miscellaneous	9,000	9,000	1,582	(7,418)
Total Revenues	<u>1,108,247</u>	<u>1,108,247</u>	<u>1,127,496</u>	<u>19,249</u>
Expenditures				
Current:				
General Government:				
Salaries and Benefits	2,295,827	2,259,300	2,259,300	-
Operating Expenditures	884,633	751,406	751,406	-
Capital Outlay	58,775	12,800	12,800	-
(Total Expenditures)	<u>(3,239,235)</u>	<u>(3,023,506)</u>	<u>(3,023,506)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,130,988)</u>	<u>(1,915,259)</u>	<u>(1,896,010)</u>	<u>19,249</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	3,118,602	3,118,602	2,722,202	(396,400)
Transfers (out) to Board of County Commissioners	(987,614)	(1,203,343)	(826,192)	377,151
Total Other Financing Sources (Uses)	<u>2,130,988</u>	<u>1,915,259</u>	<u>1,896,010</u>	<u>(19,249)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**NASSAU COUNTY TAX COLLECTOR
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
SEPTEMBER 30, 2019**

Assets

Cash	\$ 2,959,575
Due from Others	144,678
Due from Board of County Commissioners	78
Total Assets	<u><u>3,104,331</u></u>

Liabilities

Due to General Fund	60,102
Due to Board of County Commissioners	9,522
Due to Other Governments	244,807
Undistributed Collections	2,789,900
Total Liabilities	<u><u>3,104,331</u></u>

Net Position

\$ -

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

**NASSAU COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The following is a summary of significant accounting principles and policies used in the preparation of the accompanying financial statements.

Reporting Entity

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

The Nassau County, Florida Tax Collector (the Tax Collector) is an elected official of the County pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Tax Collector. The Tax Collector is a part of the primary government of the County. The Florida Department of Revenue approves the Tax Collector's operating budget, the Tax Collector is responsible for the administration and operation of the Tax Collector's office, and the Tax Collector's financial statements do not include the financial statements of the Board or the other Constitutional Officers of Nassau County, Florida.

The Tax Collector operates as a Fee Officer. Upon approval of the operating budget, revenues are collected from fees and from commissions earned for the collection of taxes and special assessments for the various Nassau County taxing authorities pursuant to Section 192.091(2), Florida Statutes. Any excess revenues received over expenditures made are remitted at year-end to the taxing districts.

For financial reporting purposes, the Tax Collector is deemed to be a part of the primary government of the County and, therefore, is included as such in the County's annual financial report.

Basis of Presentation

The accompanying financial statements include all funds and accounts of the Tax Collector's office, but are not intended to be a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General—Local Governmental Entity Audits*.

The financial transactions of the Tax Collector are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The Tax Collector reports the following fund types:

- **Governmental Fund**
 - **Major Fund**

- ▶ **General Fund**—The general fund is the general operating fund of the Tax Collector. It is used to account for all financial resources, except for those required to be accounted for in another fund.

**NASSAU COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS**

■ **Fiduciary Fund**

- **Agency Fund**—The agency fund is used to account for assets held by the Tax Collector as an agent for individuals, private organizations, and other governments. The agency fund is custodial in nature and does not involve measurement of changes in financial position.

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. Basis of accounting refers to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds and agency funds are accounted for using the modified accrual basis of accounting.

Under this method, revenues are recognized when they become both measurable and available to finance expenditures of the current period. The Tax Collector considers revenues to be available if they are collected within thirty days of the end of the current fiscal year. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. Charges for services and investment revenue are recorded as earned.

Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or “financial flow” measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

Budgetary Requirement

The revenues and expenditures accounted for in the budgetary fund are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is approved by the Florida Department of Revenue for the general fund. Budget to actual comparisons are provided in the financial statements for the general fund, where the Tax Collector has legally adopted an annual budget. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year.

Budgets are prepared on the modified accrual basis of accounting.

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

Capital Assets

Tangible personal property is recorded as expenditures in the general fund at the time an asset is acquired. Assets acquired by the Tax Collector are capitalized at cost in the capital asset accounts of the County. The Tax Collector maintains custodial responsibility for the capital assets used by the office.

**NASSAU COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS**

Compensated Absences

The Tax Collector maintains a policy of granting employees annual leave based upon the number of years of employment. Unused annual leave expires at the end of each fiscal year.

In addition, the Tax Collector maintains the following policy for sick leave. Sick leave is accumulated at the rate of four hours per pay period. Upon making application to draw benefits through the Florida Retirement System an eligible employee is entitled to be paid for accumulated sick leave at the current rate of pay, not to exceed 720 hours.

Property Tax Collections

Chapter 197, Florida Statutes, governs property tax collections.

- *Current Taxes*—All property taxes become due and payable on November 1, and are delinquent on April 1 of the following year. Discounts of 4%, 3%, 2%, and 1% are allowed for early payment in November through February, respectively.
- *Unpaid Taxes - Sale of Tax Certificates*—The Tax Collector advertises, as required by Florida Statutes, then sells tax certificates on all real property for unpaid taxes. Certificates not purchased are issued to the County. Any person owning real property upon which a tax certificate has been sold may reacquire the real property by paying the Tax Collector the face amount of the tax certificate plus interest and other costs.
- *Tax Deeds*—The owner of a tax certificate may, after two years when the taxes have been delinquent (after April 1), file an application for tax deed sale. The County, as a certificate owner, may exercise similar procedures two years after taxes have been delinquent (after April 1). Tax deeds are issued to the highest bidder for the property, which is sold at public auction. The Clerk of the Circuit Court administers these sales.

Unearned Revenue

Unearned revenue represents the biennial service fees attributable to future years.

Use of Estimates

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

Note 2 - Cash

At September 30, 2019, the carrying amount of the Tax Collector's cash on hand and on deposit was \$3,849,890 and the bank balances were \$3,705,576. Deposits in banks and savings and loan institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All of the cash deposits of the Tax Collector are placed with qualified financial institutions and are considered to be fully insured.

**NASSAU COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS**

The Tax Collector's investment practices are governed by Sections 219.075 and 218.415, Florida Statutes. The Tax Collector was authorized to invest in certificates of deposit, obligations of the U.S. Treasury, money market funds, and repurchase agreements.

Note 3 - Employee Retirement Plan

General Information about the Florida Retirement System (FRS)

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

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

FRS Pension Plan

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

- *Regular Class*—Members of the Plan who do not qualify for membership in the other classes.
- *Elected County Officer Class*—Members who hold specified elective offices in local government.
- *Senior Management Service Class*—Members in senior management level positions.

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

**NASSAU COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS**

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

Class, Initial Enrollment, and Retirement Age/Years of Service	Percent Value
<i>Regular Class Members Initially Enrolled Before July 1, 2011:</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class Members Initially Enrolled on or After July 1, 2011:</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Elected County Officers</i>	3.00
<i>Senior Management Service Class</i>	2.00

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

**NASSAU COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS**

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

<u>Class</u>	<u>Year Ended June 30, 2019</u>		<u>Year Ended June 30, 2020</u>	
	<u>Percent of Gross Salary</u>		<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
FRS, Regular	3.00	6.54	3.00	6.75
FRS, Elected County Officers	3.00	46.98	3.00	47.10
FRS, Senior Management Service	3.00	22.34	3.00	23.69
DROP – Applicable to Members from All of the Above Classes	0.00	12.37	0.00	12.88
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed. The rates above do not include the 1.66% HIS contribution rate and the .06% administrative fee.

The Tax Collector contributions (employer) to the FRS Plan totaled \$210,169 for the fiscal year ended September 30, 2019. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities. At September 30, 2019, the Tax Collector’s proportionate share of the FRS net pension liability was \$2,207,907. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019.

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

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended September 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**NASSAU COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS**

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2019 and 2018, the contribution rates were 1.66% and 1.66% of payroll respectively, pursuant to Section 112.363, Florida Statutes. The Tax Collector contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Tax Collector's contributions to the HIS Plan totaled \$26,578 for the fiscal year ended September 30, 2019.

Pension Liabilities. At September 30, 2019, the Tax Collector's proportionate share of the HIS net pension liability was \$509,972. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The Tax Collector's proportionate share of the net pension liability was based on the Tax Collector's 2018-19 fiscal year contributions of all participating members.

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

FRS – Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Tax Collector 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 Officer, etc.), as the FRS defined benefit plan. These blended rates include the applicable rates for the unfunded actuarial accrued liability of the FRS defined benefit plan, the 1.66% HIS contribution rate, and the .06% administrative fee. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members' accounts (employer and employee) during the 2018-2019 fiscal year were as follows:

**NASSAU COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS**

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer</u>
FRS, Regular	3.00	3.30
FRS, Elected County Officers	3.00	8.34
FRS, Senior Management Service	3.00	4.67

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Plan is transferred to the Investment Plan, the member must have the years of service required for Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Tax Collector.

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

The Tax Collector's Investment Plan pension expense totaled \$16,946 for the fiscal year ended September 30, 2019.

Note 4 - Changes in Long-Term Debt

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

	<u>Balance October 1, 2018</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance September 30, 2019</u>
Accrued Compensated Absences	\$ 73,662	\$ 154,888	\$ (137,265)	\$ 91,285
Net Pension Liabilities:				
FRS Plan	1,998,424	209,483	-	2,207,907
HIS Plan	497,901	12,071	-	509,972
Other Postemployment Benefits	<u>1,292,321</u>	<u>-</u>	<u>(52,541)</u>	<u>1,239,780</u>
Total Long-Term Debt	<u>\$ 3,862,308</u>	<u>\$ 376,442</u>	<u>\$ (189,806)</u>	<u>\$ 4,048,944</u>

**NASSAU COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS**

Accrued compensated absences represent the vested portion of accrued vacation and sick leave. See Note 1 for a summary of the Tax Collector’s compensated absences policy.

See Note 3 for more information on the Net Pension Liabilities related to the FRS and HIS Pension Plans.

Other Postemployment Benefits (OPEB) represents the portion of the liability based upon current and retired employees of the Tax Collector. See Note 5 for a description of OPEB.

The Tax Collector’s long-term debt is not reported in the accompanying financial statements but is recorded in the statement of net position as part of the basic financial statements of the County.

Note 5 - Other Postemployment Benefits

The County offers certain postemployment health care benefits that are considered part of an Other Postemployment Benefit (OPEB) plan for financial accounting purposes. The OPEB is a single-employer benefit plan administered by the County. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees.

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.

Percent of Direct Subsidy up to “Subsidy Base Maximum”

Years of Service with Nassau County	Hired Before 10/1/05	Hired on or After 10/1/05
At Least 6	100%	0%
15 Years	100%	50%
20 Years	100%	65%
25 Years	100%	80%
30 or More Years	100%	100%

Currently, the Tax Collector has 38 active employees and one retired employees who are considered participants in the plan for purposes of computing the OPEB obligation. The Tax Collector’s portion of the OPEB obligation at September 30, 2019, totaled \$1,239,780. This liability will be included in long-term liabilities in the County-wide financial statements. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

**NASSAU COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS**

Note 6 - Inter-Fund Receivables and Payables

Inter-Fund receivables and payables at September 30, 2019, are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 60,103	\$ -
Fiduciary:		
Agency Fund	-	60,103
Totals	\$ 60,103	\$ 60,103

Note 7 - Lease Agreements

Equipment Leases

Effective during 2017, the Tax Collector executed two lease agreements with Pitney Bowes for various mailing equipment. Lease periods are for 60 months through fiscal year 2022. Quarterly payments due under the leases are \$1,006 and \$344, respectively.

In addition, the Tax Collector has various lease agreements with Canon Business Solutions for copier equipment and a check scanner. Monthly lease payments due under the agreements range from \$92 to \$342, with lease periods from 36 months to 48 months expiring at various dates through September 2023.

Equipment lease payments made under these agreements during the fiscal year ended September 30, 2019, was \$13,853. The future minimum lease payments are as follows:

Year Ending September 30,	Amount
2020	\$ 14,038
2021	13,696
2022	4,533
2023	4,533
Total	\$ 36,800

Building Leases

The Tax Collector entered into a sublease agreement with the Florida Department of Highway Safety and Motor Vehicles for the establishment and operation of a drivers license office and an administration office. The lease period is for 35 years commencing on March 24, 2008 and ending March 23, 2043. Lease payments are \$25 per month. Upon termination or expiration of this sublease, the premises and improvements are to be surrendered to the Tax Collector of Nassau County.

The Tax Collector leases office space for a branch location in Callahan, Florida. The lease term is from March 15, 2016 through March 14, 2021. The lease agreement has an option to extend the lease for two consecutive years.

**NASSAU COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS**

The Tax Collector entered into an agreement to lease office space for a branch location in Hilliard, Florida. The lease agreement requires monthly lease payments of \$500 and the lease can be terminated upon sixty days' written notice by either party.

Rent expense under these building leases totaled \$45,442 for the year ended September 30, 2019.

Future minimum lease payments under this agreement are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 40,618
2021	13,872
2022	300
2023	300
2024	300
Thereafter	<u>5,550</u>
Total	<u>\$ 60,940</u>

OTHER REPORTS

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

The Honorable John Drew
Nassau County Tax Collector
Nassau County, Florida

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the general fund and the aggregate remaining fund information of the Nassau County, Florida, Tax Collector (the Tax Collector), as of and for the year ended September 30, 2019, and the related notes to the financial statements and have issued our report thereon dated March 11, 2020, which was modified to state that the financial statements are not intended to be a complete presentation of Nassau County, Florida, as a whole.

Internal Control Over Financial Reporting

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

The Honorable John Drew
Nassau County Tax Collector
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 STANDARDS***

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

Compliance and Other Matters

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

Purpose of this Report

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



March 11, 2020
Gainesville, Florida

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

The Honorable John Drew
Nassau County Tax Collector
Nassau County, Florida

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

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

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

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



March 11, 2020
Gainesville, Florida

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

MANAGEMENT LETTER

The Honorable John Drew
Nassau County Tax Collector
Nassau County, Florida

Report on the Financial Statements

We have audited the financial statements of the general fund and the aggregate remaining fund information of the Nassau County, Florida Tax Collector (the Tax Collector) as of and for the year ended September 30, 2019, and have issued our report thereon dated March 11, 2020, which was modified to indicate that the financial statements are not intended to be a complete presentation of Nassau County, Florida.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 11, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

The Honorable John Drew
Nassau County Tax Collector
Nassau County, Florida

MANAGEMENT LETTER

Official Title and Legal Authority

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

Financial Management

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

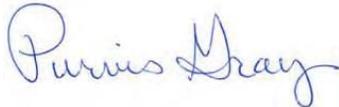
Additional Matters

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

Purpose of this Letter

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

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



March 11, 2020
Gainesville, Florida

PURVIS GRAY

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

2019

Nassau County Property Appraiser

Financial Statements

For Fiscal Year Ended September 30, 2019

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

**NASSAU COUNTY PROPERTY APPRAISER
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2019

TABLE OF CONTENTS

Independent Auditor's Report	1-2
Financial Statements	
Balance Sheet - General Fund.....	3
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.....	5
Notes to Financial Statements.....	6-15
Other Reports	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16-17
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes.....	18
Management Letter	19-20

INDEPENDENT AUDITOR'S REPORT

The Honorable A. Michael Hickox
Nassau County Property Appraiser
Nassau County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund of the Nassau County, Florida, Property Appraiser (the Property Appraiser) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Property Appraiser's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 upon 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.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

The Honorable A. Michael Hickox
Nassau County Property Appraiser
Nassau County, Florida

INDEPENDENT AUDITOR'S REPORT

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

Opinions

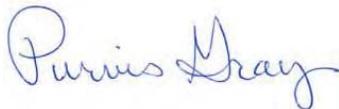
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund of the Property Appraiser as of September 30, 2019, and the respective changes in financial position and budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of each major fund and the aggregate remaining fund information, where applicable, only for that portion of the major funds and the aggregate remaining fund information of Nassau County, Florida that is attributable to the Property Appraiser. They do not purport to, and do not, present fairly the financial position as a whole of Nassau County, Florida as of September 30, 2019, and the changes in its financial position, budgetary comparisons, or cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

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



March 11, 2020
Gainesville, Florida

FINANCIAL STATEMENTS

**NASSAU COUNTY PROPERTY APPRAISER
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2019**

Assets	
Cash	\$ 402,966
Total Assets	<u>402,966</u>
Liabilities and Fund Balance	
Liabilities	
Due to Board of County Commissioners	164,107
Due to Other Governments	3,937
Total Liabilities	<u>168,044</u>
Fund Balance	
Assigned	<u>234,922</u>
Total Liabilities and Fund Balance	<u>\$ 402,966</u>

See accompanying notes to financial statements.

**NASSAU COUNTY PROPERTY APPRAISER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Revenues	
Charges for Services	\$ 71,579
Interest	155
Miscellaneous	77,228
Total Revenues	148,962
Expenditures	
Current:	
General Government:	
Personal Services	1,631,296
Operating Expenditures	372,242
Public Safety:	
Personal Services	64,457
Operating Expenditures	113,794
Capital Outlay	58,297
(Total Expenditures)	(2,240,086)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,091,124)
Other Financing Sources (Uses)	
Transfers in from Board of County Commissioners	2,194,431
Transfers in from Constitutional Officers	23,000
Transfers (out) to Board of County Commissioners	(164,107)
Total Other Financing Sources (Uses)	2,053,324
Net Change in Fund Balance	(37,800)
Fund Balance, Beginning of Year	272,722
Fund Balance, End of Year	\$ 234,922

See accompanying notes to financial statements.

**NASSAU COUNTY PROPERTY APPRAISER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 49,397	\$ 49,397	\$ 71,579	\$ 22,182
Interest	-	-	155	155
Miscellaneous	-	-	77,228	77,228
Total Revenues	<u>49,397</u>	<u>49,397</u>	<u>148,962</u>	<u>99,565</u>
Expenditures				
Current:				
General Government:				
Personal Services	1,737,255	1,704,360	1,631,296	73,064
Operating Expenditures	373,768	350,768	372,242	(21,474)
Public Safety:				
Personal Services	92,040	92,040	64,457	27,583
Operating Expenditures	34,007	34,007	113,794	(79,787)
Capital Outlay	-	58,297	58,297	-
Reserves	50,000	50,000	-	50,000
(Total Expenditures)	<u>(2,287,070)</u>	<u>(2,289,472)</u>	<u>(2,240,086)</u>	<u>49,386</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,237,673)</u>	<u>(2,240,075)</u>	<u>(2,091,124)</u>	<u>148,951</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	2,287,070	2,289,472	2,194,431	(95,041)
Transfers in from Constitutional Officers	-	-	23,000	23,000
Transfers (out) to Board of County Commissioners	-	-	(164,107)	(164,107)
Total Other Financing Sources (Uses)	<u>2,287,070</u>	<u>2,289,472</u>	<u>2,053,324</u>	<u>(236,148)</u>
Net Change in Fund Balance	49,397	49,397	(37,800)	(87,197)
Fund Balance, Beginning of Year	<u>272,722</u>	<u>272,722</u>	<u>272,722</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 322,119</u>	<u>\$ 322,119</u>	<u>\$ 234,922</u>	<u>\$ (87,197)</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

**NASSAU COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The following is a summary of significant accounting principles and policies used in the preparation of the accompanying financial statements.

Reporting Entity

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

The Nassau County, Florida, Property Appraiser (the Property Appraiser) is an elected official of the County pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Property Appraiser. The Property Appraiser is a part of the primary government of the County. The Florida Department of Revenue approves the Property Appraiser's total operating budget, the Property Appraiser is responsible for the administration and operation of the Property Appraiser's office, and the Property Appraiser's financial statements do not include the financial statements of the Board or the other Constitutional Officers of Nassau County, Florida.

The operations of the Property Appraiser are funded by the Board of County Commissioners, the St. Johns River Water Management District, the Amelia Island Mosquito Control District, and the Florida Inland Navigation District. The receipts from the Board are recorded as other financing sources on the Property Appraiser's financial statements.

For financial reporting purposes, the Property Appraiser is deemed to be a part of the primary government of the County and, therefore, is included as such in the County's annual financial report.

Basis of Presentation

The accompanying financial statements include all funds and accounts of the Property Appraiser's office, but are not intended to be a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General—Local Governmental Entity Audits*.

The financial transactions of the Property Appraiser are recorded in one individual fund. This fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

The Property Appraiser reports the following fund type:

- **Governmental Fund**
 - **Major Fund**
 - ▶ **General Fund**—The general fund is the general operating fund of the Property Appraiser. It is used to account for all financial resources, except for those required to be accounted for in another fund.

**NASSAU COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS**

Basis of Accounting

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

The modified accrual basis of accounting is followed by the general fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. The Property Appraiser considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid.

Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The general fund is accounted for on a spending or "financial flow" measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. General fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

Budgetary Requirement

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is approved by the Florida Department of Revenue for the general fund. Budget to actual comparisons are provided in the financial statements for the general fund, where the Property Appraiser has legally adopted an annual budget. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year.

Budgets are prepared on the modified accrual basis of accounting.

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

Capital Assets

Tangible personal property is recorded as expenditures in the general fund at the time an asset is acquired. Assets acquired by the Property Appraiser are capitalized at cost in the capital asset accounts of the County. The Property Appraiser maintains custodial responsibility for the capital assets used by his office.

Compensated Absences

The Property Appraiser maintains a policy of granting employees annual leave based upon the number of years of employment. An employee can receive payment for such accumulated annual leave upon termination of employment in good standing up to a maximum of 300 hours. In addition, the Property Appraiser maintains the following policy for sick leave. Sick leave is accumulated at the rate of one day per month. Upon appointment or election to county-wide office, death, or voluntarily resignation (or retirement), with two weeks' prior written notice, an employee will be paid for accumulated sick leave up to a maximum payout of 400 hours calculated based upon years of service and a percentage of pay.

**NASSAU COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS**

Fund Balance Reporting

The Property Appraiser implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts can be spent. Fund balance is reported in five components: non-spendable, restricted, committed, assigned, and unassigned.

- **Non-Spendable**—This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash; or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Property Appraiser does not have any non-spendable funds.
- **Restricted**—This component of fund 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 or resolution) of the County's governing board. These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (e.g., ordinance or resolution) it employed previously to constrain those amounts.
- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the Property Appraiser, or by an individual or body to whom the Property Appraiser has delegated this responsibility. By definition, fund balances are also assigned to the extent that they are needed to finance a subsequent year's budget deficit. The Property Appraiser's assigned fund balance totaled \$234,922 as of September 30, 2019. These funds were approved by the Board of County Commissioners to be retained by the Property Appraiser's office to be used for upgrades to the software appraisal system.
- **Unassigned**—This classification is used for: (a) negative unrestricted fund balances in any governmental fund; or (b) fund balances within the general fund that are not restricted, committed or assigned.

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

**NASSAU COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS**

Note 2 - Cash

At September 30, 2019, the carrying amount of the Property Appraiser's deposits was \$402,966 and the bank balance was \$485,169. Deposits in banks and savings and loan institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All of the cash deposits of the Property Appraiser are placed with qualified financial institutions, which means they are insured or collateralized.

Note 3 - Employee Retirement Plan

General Information about the Florida Retirement System (FRS)

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

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

FRS Pension Plan

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

- *Regular Class*—Members of the Plan who do not qualify for membership in the other classes.
- *Elected County Officer Class*—Members who hold specified elective offices in local government.
- *Senior Management Service Class*—Members in senior management level positions.

**NASSAU COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS**

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

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

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

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

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>Percent Value</u>
<i>Regular Class Members Initially Enrolled Before July 1, 2011:</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class Members Initially Enrolled on or After July 1, 2011:</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Elected County Officers</i>	3.00
<i>Senior Management Service Class</i>	2.00

**NASSAU COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS**

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

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

Class	Year Ended June 30, 2019		Year Ended June 30, 2020	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	6.54	3.00	6.75
FRS, Elected County Officers	3.00	46.98	3.00	47.10
FRS, Senior Management Service	3.00	22.34	3.00	23.69
DROP – Applicable to Members from All of the Above Classes	0.00	12.37	0.00	12.88
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed. The rates above do not include the 1.66% HIS contribution rate and the .06% administrative fee.

The Property Appraiser contributions (employer) to the FRS Plan totaled \$183,123 for the fiscal year ended September 30, 2019. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities. At September 30, 2019, the Property Appraiser’s proportionate share of the FRS net pension liability was \$1,994,329. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019.

Further information about the Property Appraiser’s net pension liability, pension expense, actuarial assumptions, sensitivity analysis, and other required disclosures related to the FRS Plan can be found in the County-wide annual financial report.

HIS Pension Plan

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

**NASSAU COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS**

Benefits Provided. For the fiscal year ended September 30, 2019, eligible retirees and beneficiaries received 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. To be eligible to receive a HIS Plan benefit, a retiree under the State-administered retirement systems must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2020 and 2019, the contribution rates were 1.66% and 1.66% of payroll respectively, pursuant to Section 112.363, Florida Statutes. The Property Appraiser contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Property Appraiser's contributions to the HIS Plan totaled \$19,193 for the fiscal year ended September 30, 2019.

Pension Liabilities. At September 30, 2019, the Property Appraiser's proportionate share of the HIS net pension liability was \$384,493. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The Property Appraiser's proportionate share of the net pension liability was based on the Property Appraiser's contributions to the HIS Plan compared to the contributions of all participating members.

Further information about the Property Appraiser's net pension liability, pension expense, actuarial assumptions, sensitivity analysis, and other required disclosures related to the FRS Plan can be found in the County-wide annual financial report.

FRS – Defined Contribution Pension Plan

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

**NASSAU COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS**

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. Property Appraiser employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual members' 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 Officer, etc.), as the FRS defined benefit plan. These blended rates include the applicable rates for the unfunded actuarial accrued liability of the FRS defined benefit plan, the 1.66% HIS contribution rate, and the .06% administrative fee. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members' accounts during the 2018-19 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer</u>
FRS, Regular	3.00	3.30
FRS, Elected County Officers	3.00	8.34
FRS, Senior Management Service	3.00	4.67

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Plan is transferred to the Investment Plan, the member must have the years of service required for Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Property Appraiser.

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

The Property Appraiser's Investment Plan pension expense totaled \$12,605 for the fiscal year ended September 30, 2019.

**NASSAU COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS**

Note 4 - Changes in Long-Term Debt

The following is a summary of the changes in accumulated compensated absences of the Property Appraiser for the year ended September 30, 2019:

	<u>Balance</u> <u>October 1,</u> <u>2018</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance</u> <u>September 30,</u> <u>2019</u>
Accrued Compensated Absences	\$ 112,749	\$ 131,850	\$ (116,718)	\$ 127,881
Net Pension Liabilities:				
FRS Plan	1,728,981	265,348	-	1,994,329
HIS Plan	378,671	5,822	-	384,493
Other Postemployment Benefits	<u>775,392</u>	<u>-</u>	<u>(44,240)</u>	<u>731,152</u>
Total Long-Term Debt	<u>\$ 2,995,793</u>	<u>\$ 403,020</u>	<u>\$ (160,958)</u>	<u>\$ 3,237,855</u>

Accrued compensated absences represent the vested portion of accrued leave. See Note 1 for a summary of the Property Appraiser's accumulated compensated absences policy.

See Note 3 for more information on the Net Pension Liabilities related to the FRS and HIS Pension Plans.

Other Postemployment Benefits (OPEB) represents the portion of the liability based upon current and retired employees of the Property Appraiser. See Note 5 for a description of OPEB.

The Property Appraiser's long-term debt is not recorded in the accompanying financial statements but is recorded in the statement of net position as part of the basic financial statements of the County.

Note 5 - Other Postemployment Benefits

The County offers certain postemployment health care benefits that are considered part of an OPEB plan for financial accounting purposes. The OPEB is a single-employer benefit plan administered by the County. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees.

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.

**NASSAU COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS**

Percent of Direct Subsidy up to “Subsidy Base Maximum”

Years of Service	Hired Before	Hired on or After
With Nassau County	10/1/05	10/1/05
At Least 6	100%	0%
15 Years	100%	50%
20 Years	100%	65%
25 Years	100%	80%
30 or More Years	100%	100%

Currently, the Property appraiser has 19 active employees and four retired employees who are considered participants in the plan for purposes of computing the OPEB obligation. The Property Appraiser’s portion of the OPEB obligation at September 30, 2019, totaled \$731,152. This liability will be included in long-term liabilities in the County-wide financial statements. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

OTHER REPORTS

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

The Honorable A. Michael Hickox
Nassau County Property Appraiser
Nassau County, Florida

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the general fund of the Nassau County, Florida, Property Appraiser (the Property Appraiser), as of and for the year ended September 30, 2019, and the related notes to the financial statements and have issued our report thereon dated March 11, 2020, which was modified to state that the financial statements are not intended to be a complete presentation of Nassau County, Florida, as a whole.

Internal Control Over Financial Reporting

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.

The Honorable A. Michael Hickox
Nassau County Property Appraiser
Nassau County, Florida

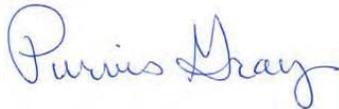
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Compliance and Other Matters

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

Purpose of this Report

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



March 11, 2020
Gainesville, Florida

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

The Honorable A. Michael Hickox
Nassau County Property Appraiser
Nassau County, Florida

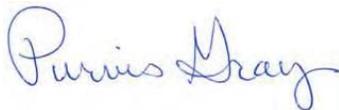
We have examined Nassau County, Florida, Property Appraiser's (the Property Appraiser) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2019, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible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

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

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

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



March 11, 2020
Gainesville, Florida

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

MANAGEMENT LETTER

The Honorable A. Michael Hickox
Nassau County Property Appraiser
Nassau County, Florida

Report on the Financial Statements

We have audited the financial statements of the general fund of the Nassau County, Florida, Property Appraiser (the Property Appraiser), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 11, 2020.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March 11, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

The Honorable A. Michael Hickox
Nassau County Property Appraiser
Nassau County, Florida

MANAGEMENT LETTER

Official Title and Legal Authority

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

Financial Management

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

Additional Matters

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

Purpose of this Letter

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

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



March 11, 2020
Gainesville, Florida

PURVIS GRAY

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

2019

Nassau County Supervisor of Elections

Financial Statements

For Fiscal Year Ended September 30, 2019

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

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2019

TABLE OF CONTENTS

Independent Auditor's Report	1-2
Financial Statements	
Balance Sheet - General Fund	3
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.....	5
Notes to Financial Statements	6-14
Other Reports	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15-16
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes.....	17
Management Letter	18-19

INDEPENDENT AUDITOR'S REPORT

The Honorable Vicki P. Cannon
Nassau County Supervisor of Elections
Nassau County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund of the Nassau County, Florida, Supervisor of Elections (the Supervisor of Elections), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections 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 the 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 upon 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 risks 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.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

The Honorable Vicki P. Cannon
Nassau County Supervisor of Elections
Nassau County, Florida

INDEPENDENT AUDITOR'S REPORT

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

Opinions

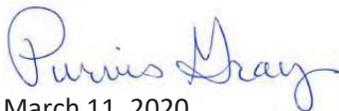
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund of the Supervisor of Elections as of September 30, 2019, and the respective changes in financial position and budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of each major fund, and the aggregate remaining fund information, where applicable, only for that portion of the major funds, and the aggregate remaining fund information of Nassau County, Florida, that is attributable to the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position as a whole of Nassau County, Florida as of September 30, 2019, and the changes in its financial position, budgetary comparisons, or cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

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



March 11, 2020
Gainesville, Florida

FINANCIAL STATEMENTS

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2019**

Assets	
Cash	\$ 471,580
Accounts Receivable	482
Due from Other Governments	787
Prepays	43,437
Total Assets	516,286
 Liabilities and Fund Balance	
Liabilities	
Accounts Payable	13,179
Due to Other Governments	165
Due to the Board of County Commissioners	491,476
Unearned Revenue	11,466
Total Liabilities	516,286
 Fund Balance	-
 Total Liabilities and Fund Balance	\$ 516,286

See accompanying notes to financial statements.

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Revenues	
Intergovernmental Revenue	\$ 40,326
Charges for Services	2,236
Miscellaneous	8,312
Total Revenues	<u>50,874</u>
 Expenditures	
Current:	
General Government:	
Personal Services	921,848
Operating Expenditures	626,835
Capital Outlay	142,750
(Total Expenditures)	<u>(1,691,433)</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(1,640,559)</u>
 Other Financing Sources (Uses)	
Transfers in from Board of County Commissioners	2,122,115
Transfers (out) to Board of County Commissioners	(458,556)
Transfers (out) to Constitutional Officers	(23,000)
Total Other Financing Sources (Uses)	<u>1,640,559</u>
 Net Change in Fund Balance	 -
 Fund Balance, Beginning of Year	 <u>-</u>
 Fund Balance, End of Year	 <u><u>\$ -</u></u>

See accompanying notes to financial statements.

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental Revenue	\$ 2,100	\$ 51,784	\$ 40,326	\$ (11,458)
Charges for Services	-	-	2,236	2,236
Miscellaneous	-	-	8,312	8,312
Total Revenues	<u>2,100</u>	<u>51,784</u>	<u>50,874</u>	<u>(910)</u>
Expenditures				
Current:				
General Government:				
Personal Services	1,075,296	951,245	921,848	29,397
Operating Expenditures	735,119	698,347	626,835	71,512
Capital Outlay	190,800	142,751	142,750	1
(Total Expenditures)	<u>(2,001,215)</u>	<u>(1,792,343)</u>	<u>(1,691,433)</u>	<u>100,910</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,999,115)</u>	<u>(1,740,559)</u>	<u>(1,640,559)</u>	<u>100,000</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	2,022,115	2,222,115	2,122,115	(100,000)
Transfers (out) to Board of County Commissioners	-	(458,556)	(458,556)	-
Transfers (out) to Constitutional Officers	(23,000)	(23,000)	(23,000)	-
Total Other Financing Sources (Uses)	<u>1,999,115</u>	<u>1,740,559</u>	<u>1,640,559</u>	<u>(100,000)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The following is a summary of significant accounting principles and policies used in the preparation of the accompanying financial statements.

Reporting Entity

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

The Nassau County, Florida, Supervisor of Elections (the Supervisor of Elections), is an elected official of Nassau County, Florida, pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Supervisor of Elections. The Supervisor of Elections is a part of the primary government of Nassau County, Florida. The Board approves the Supervisor of Elections' total operating budget and the Clerk of the Court is responsible for accounting for the Supervisor of Elections' transactions. The Supervisor of Elections is responsible for the administration and operation of the Supervisor of Elections' office, and the Supervisor of Elections' financial statements do not include the financial statements of the Board or the other Constitutional Officers of Nassau County, Florida.

The operations of the Supervisor of Elections are funded by the Board. The receipts from the Board are recorded as other financing sources on the Supervisor of Elections' financial statements.

For financial reporting purposes, the Supervisor of Elections is deemed to be a part of the primary government of the County and, therefore, is included as such in the County's annual financial report.

Basis of Presentation

The accompanying financial statements include all funds and accounts of the Supervisor of Elections office, but are not intended to be a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General—Local Governmental Entity Audits*.

The financial transactions of the Supervisor of Elections are recorded in one individual fund. This fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

The Supervisor of Elections reports the following fund type:

■ **Governmental Fund**

● **Major Fund**

- ▶ **General Fund**—The general fund is the general operating fund of the Supervisor of Elections. It is used to account for all financial resources, except for those required to be accounted for in another fund.

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS**

Basis of Accounting

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

The modified accrual basis of accounting is followed by the general fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. The Supervisor of Elections considers revenues to be available if they are collected within thirty days of the end of the current fiscal period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid.

Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The general fund is accounted for on a spending or "financial flow" measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. General fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

Budgetary Requirement

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is adopted for the general fund.

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

Budget to actual comparisons are provided in the financial statements for the general fund. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

Capital Assets

Tangible personal property is recorded as expenditures in the general fund at the time an asset is acquired. Assets acquired by the Supervisor of Elections are capitalized at cost in the capital asset accounts of the County. The Supervisor of Elections maintains custodial responsibility for the capital assets used by the office.

Unearned Revenue

Unearned revenue represents monies received for voter education and/or poll worker grants which had not been expended at fiscal year-end. Revenue will be recognized in subsequent years when all eligibility requirements have been met.

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS**

Compensated Absences

The Supervisor of Elections' policy for granting employees vacation leave is based upon the number of years of employment. An employee is entitled to receive payment for such accumulated leave upon separation in good standing.

In addition, the Supervisor of Elections' policy provides that employees earn sick leave at the rate of four hours every two weeks up to a maximum of ninety days, seven hundred twenty (720) hours. Any employee who has accumulated the maximum of unused sick leave in one year shall be paid for any unused sick leave above the ninety days, seven hundred twenty (720) hours. Said payment shall be made on the first (1st) pay day of December each year.

Workers' Compensation and Group Health Insurance

The Board provided the Supervisor of Elections and her employees with workers' compensation and group health insurance coverages. The premiums for such coverages were paid by the Board and recorded on its records and, consequently, are not recorded on the Supervisor of Elections' records.

Note 2 - Cash

At September 30, 2019, the carrying amount of the Supervisor of Elections' cash balance, as recorded on the Board's records, was \$471,580. Deposits in banks and savings and loan institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All of the cash deposits are placed with qualified financial institutions, which means they are insured or collateralized.

Note 3 - Employee Retirement Plan

General Information about the Florida Retirement System (FRS)

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

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS**

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

The Supervisor of Elections' contributions to the plan for the years ended September 30, 2019, 2018, and 2017, were \$132,531, \$118,434, and \$103,778, respectively, equal to the required contributions for each year. The net pension liability for the Supervisor of Elections is not calculated separately but is reported as part of the County's total net pension liability and shown in the county-wide statement of net position for Nassau County, Florida.

FRS Pension Plan

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

- *Regular Class*—Members of the Plan who do not qualify for membership in the other classes.
- *Elected County Officer Class*—Members who hold specified elective offices in local government.
- *Senior Management Service Class*—Members in senior management level positions.

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

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

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS**

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

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

Class, Initial Enrollment, and Retirement Age/Years of Service	Percent Value
<i>Regular Class Members Initially Enrolled Before July 1, 2011:</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class Members Initially Enrolled on or After July 1, 2011:</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Elected County Officers</i>	3.00
<i>Senior Management Service Class</i>	2.00

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

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS**

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

<u>Class</u>	<u>Year Ended June 30, 2019</u>		<u>Year Ended June 30, 2020</u>	
	<u>Percent of Gross Salary</u>		<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
FRS, Regular	3.00	6.54	3.00	6.75
FRS, Elected County Officers	3.00	46.98	3.00	47.10
FRS, Senior Management Service	3.00	22.34	3.00	23.69
DROP – Applicable to Members from All of the Above Classes	0.00	12.37	3.00	12.88
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed. The rates above do not include the 1.66% HIS contribution rate and the .06% administrative fee.

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended September 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment 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. To be eligible to receive a HIS Plan benefit, a retiree under the State-administered retirement systems must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2019 and 2018, the contribution rates were 1.66% and 1.66% of payroll respectively, pursuant to Section 112.363, Florida Statutes. The Supervisor of Elections contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

FRS – Defined Contribution Pension Plan

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

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS**

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. Supervisor of Elections employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual members' 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 Officer, etc.), as the FRS defined benefit plan. These blended rates include the applicable rates for the unfunded actuarial accrued liability of the FRS defined benefit plan, the 1.66% HIS contribution rate, and the .06% administrative fee. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members' accounts (employer and employee) during the 2018-19 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer</u>
FRS, Regular	3.00	3.30
FRS, Elected County Officers	3.00	8.34
FRS, Senior Management Service	3.00	4.67

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Plan is transferred to the Investment Plan, the member must have the years of service required for Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Supervisor of Elections.

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

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS**

Note 4 - Change in Long-Term Debt

The following is a summary of the change in long-term debt of the Supervisor of Elections for the year ended September 30, 2019:

	<u>Balance October 1, 2018</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance September 30, 2019</u>
Accrued Compensated Absences	\$ 23,171	\$ 35,687	\$ (22,527)	\$ 36,331
Other Postemployment Benefits	<u>290,772</u>	<u>-</u>	<u>(4,669)</u>	<u>286,103</u>
Total Long-Term Debt	<u>\$ 313,943</u>	<u>\$ 35,687</u>	<u>\$ (27,196)</u>	<u>\$ 322,434</u>

Accrued compensated absences represent the vested portion of accrued vacation leave. See Note 1 for a summary of the Supervisor of Elections' compensated absences policy.

The Supervisor of Elections' long-term debt is not recorded in the accompanying financial statements but is recorded in the statement of net assets as part of the basic financial statements of the County.

Other Postemployment Benefits (OPEB) represents the portion of the liability based upon current and retired employees of the Supervisor of Elections. See Note 5 for a description of OPEB.

Note 5 - Other Postemployment Benefits

The County offers certain postemployment health care benefits that are considered part of an OPEB plan for financial accounting purposes. The OPEB is a single-employer benefit plan administered by the County. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees.

Retirees and their dependents are permitted to remain covered under the County's respective medical and insurance plans (except for life insurance) 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.

Percent of Direct Subsidy up to "Subsidy Base Maximum"

Years of Service With Nassau County	Hired Before 10/1/05	Hired on or After 10/1/05
At Least 6	100%	0%
15 Years	100%	50%
20 Years	100%	65%
25 Years	100%	80%
30 or More Years	100%	100%

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS**

Currently, the Supervisor of Elections has eight active employees and one retired employees who are considered participants in the plan for purposes of computing the OPEB obligation. The Supervisor of Elections' portion of the OPEB obligation at September 30, 2019, totaled \$286,103. This liability will be included in long-term liabilities in the County-wide financial statements. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

Note 6 - Operating Lease

The Supervisor of Elections' office leases certain equipment through operating leases with maturity dates from September 2022. Total lease payments of \$9,670 were made during the fiscal year ended September 30, 2019.

The future minimum lease payments for the operating leases in place as of September 30, 2019 are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2020	\$ 4,913
2021	4,913
2022	<u>4,913</u>
Total	<u>\$ 14,739</u>

OTHER REPORTS

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

The Honorable Vicki P. Cannon
Nassau County Supervisor of Elections
Nassau County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the general fund of the Nassau County, Florida, Supervisor of Elections (the Supervisor of Elections), as of and for the year ended September 30, 2019, and the related notes to the financial statements and have issued our report thereon dated March 11, 2020, which was modified to state that the financial statements are not intended to be a complete presentation of Nassau County, Florida, as a whole.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Supervisor of Elections' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor of Elections' internal control. Accordingly, we do not express an opinion on the effectiveness of the Supervisor of Elections' internal control.

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

The Honorable Vicki P. Cannon
Nassau County Supervisor of Elections
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 STANDARDS***

Compliance and Other Matters

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

Purpose of this Report

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



March 11, 2020
Gainesville, Florida

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

The Honorable Vicki P. Cannon
Nassau County Supervisor of Elections
Nassau County, Florida

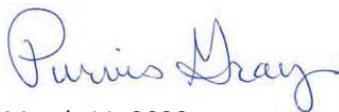
We have examined Nassau County, Florida, Supervisor of Elections' (the Supervisor of Elections) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2019, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Supervisor of Elections' compliance with those requirements. Our responsibility is to express an opinion on the Supervisor of Elections' compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Supervisor of Elections complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Supervisor of Elections 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 Tax Collector's compliance with specified requirements.

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

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



March 11, 2020
Gainesville, Florida

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

MANAGEMENT LETTER

The Honorable Vicki P. Cannon
Nassau County Supervisor of Elections
Nassau County, Florida

Report on the Financial Statements

We have audited the financial statements of the general fund of the Nassau County, Florida, Supervisor of Elections (the Supervisor of Elections), as of and for the year ended September 30, 2019, and have issued our report thereon dated March 11, 2020.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 11, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

The Honorable Vicki P. Cannon
Nassau County Supervisor of Elections
Nassau County, Florida

MANAGEMENT LETTER

Financial Management

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

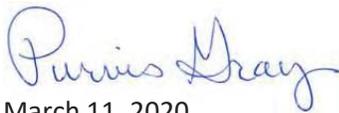
Additional Matters

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

Purpose of this Letter

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

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



March 11, 2020
Gainesville, Florida

PURVIS GRAY

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com