

**OCEAN HIGHWAY AND PORT AUTHORITY  
OF NASSAU COUNTY**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEARS ENDED  
SEPTEMBER 30, 2021 AND 2020**

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**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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Board of Commissioners  
Ocean Highway and Port Authority of Nassau County  
Fernandina Beach, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Ocean Highway and Port Authority of Nassau County (the "Authority") as of and for the years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2021 and 2020, and the changes in financial position and cash flows for the years 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 (on pages 4 through 8) 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 Authority's 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* (Uniform Guidance) and Chapter 10.550, *Local Governmental Entity Audits*, Rules of the Auditor General, and is also not a required part of the basic financial statements of the Authority. The schedule of expenditures 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 to 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.



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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Bradenton, Florida  
March 2, 2022

*Mauldin & Jenkins, LLC*

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# OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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This section of the Ocean Highway and Port Authority of Nassau County, Florida's (the "Authority"), annual financial report presents a narrative overview and analysis of the Authority's financial performance during its most recent fiscal year, which ended September 30, 2021. The discussion is intended to assist readers in focusing on the significant financial issues and activities of the Authority and to identify any significant changes in financial position. All presented amounts are in thousands. We encourage readers to consider the information contained in this discussion in conjunction with the Authority's financial statements.

### **FINANCIAL HIGHLIGHTS** *(in thousands of dollars)*

#### 2021 vs. 2020

The Authority's operating revenue was \$312 during fiscal year 2020, compared to \$380 in the prior fiscal year. Fiscal year 2021 operating expenses (excluding depreciation) of \$763 were 12% lower than the previous fiscal year of \$864. Depreciation and amortization expense decreased to \$723 compared to \$725 in the prior fiscal year. As a result, the Authority had an operating loss of (\$1,174) for the fiscal year ended September 30, 2021, compared to the operating loss of (\$1,209) for the previous fiscal year. The Authority recognized net non-operating revenue of \$230 in fiscal year 2021, compared to net non-operating revenue of \$212 in the prior year. The Authority received \$1,738 in Florida Department of Transportation (FDOT) grants and \$1,039 in U.S. Department of Transportation grants in fiscal year 2021 compared to \$345 in FDOT grants in 2020. The Authority also received \$2,035 in contributions from World Wide Terminals in 2021. At the close of fiscal year 2021, the Authority had a net position of \$14,109.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion is to introduce the Authority's financial statements. Since the Authority is engaged in a single business-type activity only, no fund level statements are shown. The basic financial statements also include notes essential to a full understanding of the statements.

The statement of net position presents information on all of the Authority's assets and liabilities, with the difference reported as net position. The statement of revenues, expenses and changes in net position shows how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of when cash flows may take place. As a result, some revenues and expenses in this statement are reported for items that will result in cash flows in future fiscal periods. The statement of cash flows represents cash and cash equivalent activity for the fiscal year, resulting from operating, non-capital financing, capital financing, and investing activities. The net result of these activities is added to the beginning balance of cash and cash equivalents to reconcile to the ending balance of cash and cash equivalents at the end of the fiscal year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Taken together, these financial statements demonstrate how the Authority's net position has changed. Net position is one way of assessing the Authority's current financial condition. Increases or decreases in net position are good indicators of whether the Authority's financial health is improving or deteriorating over time. Other non-financial factors, such as diversity in the local economy, are important in evaluating the Authority's overall financial condition.

### Notes to the financial statements

The notes provide additional information and explanation that is necessary for a full understanding of the basic financial statements.

### FINANCIAL ANALYSIS OF THE AUTHORITY

#### Net Position

##### 2021 vs. 2020

Net position is a key indicator of an entity's financial position. At September 30, 2021, the Authority's net position was \$14,109. This represented an increase from the prior year net position of \$10,241. The Authority is engaged in a capital-intensive industry and, as such, its largest portion of net position is invested in capital assets (e.g., land, buildings, etc.).

#### Net Position (In thousands of dollars)

	2021	2020	2019
Current assets	\$ 460	\$ 675	\$ 1,162
Capital assets	14,136	9,881	10,606
Total assets	<u>14,596</u>	<u>10,556</u>	<u>11,768</u>
Current liabilities	487	315	166
Long-term liabilities outstanding	-	-	747
Total liabilities	<u>487</u>	<u>315</u>	<u>913</u>
Net position			
Net investment in capital assets	14,136	9,881	10,606
Unrestricted	(27)	360	249
Total net position	<u>\$ 14,109</u>	<u>\$ 10,241</u>	<u>\$ 10,855</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Revenues, Expenses and Changes in Net Position

#### 2021 vs. 2020

Operating revenues for fiscal year 2021, were \$312, a decrease from the prior fiscal year. Operating expenses, including depreciation and amortization, for fiscal year 2021, were \$1,486, a decrease of (\$103) compared to the prior fiscal year. As a result, the operating loss for fiscal year 2021 was (\$1,174), as compared to operating loss of (\$1,209) in fiscal year 2020.

The Authority experienced net non-operating revenues of \$230 in 2021, compared to a net non-operating revenue of \$212 in 2020. Additionally, capital contributions including state and federal grants and other contributions of \$4,812 in 2021, as compared to \$383 in 2020.

As a result of the items addressed above, the Authority experienced a \$3,868 increase in net position during fiscal year 2021, compared to a (\$614) decrease for fiscal year 2020.

#### **Change in Net Position** *(In thousands of dollars)*

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating revenues	\$ 312	\$ 380	\$ 429
Operating expenses	<u>1,486</u>	<u>1,589</u>	<u>1,597</u>
Operating loss	<u>(1,174)</u>	<u>(1,209)</u>	<u>(1,168)</u>
Non-operating income, net	<u>230</u>	<u>212</u>	<u>193</u>
Capital contributions	<u>4,812</u>	<u>383</u>	<u>6,093</u>
Change in net position	<u>3,868</u>	<u>(614)</u>	<u>5,118</u>
Beginning net position	<u>10,241</u>	<u>10,855</u>	<u>5,737</u>
Ending net position	<u>\$ 14,109</u>	<u>\$ 10,241</u>	<u>\$ 10,855</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Cash Flows

#### 2021 vs. 2020

Net cash used by operating activities was (\$188) in 2021 and (\$407) in 2020. Net cash provided by non-capital financing activities was \$230, a \$16 increase from 2020. Net cash used in capital and related financing activities was (\$120), and \$401 in 2020. Net cash provided by investing activities was nominal.

### Budgetary Highlights

The Ocean Highway and Port Authority of Nassau County, Florida, approves and adopts the Authority's annual operating and capital budget.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

Capital assets include land, land improvements, buildings, equipment, and other improvements.

#### 2021 vs. 2020

The Authority had \$14,136 net of accumulated depreciation, invested in capital assets as of September 30, 2021 compared to \$9,881 as of September 30, 2020.

**Capital Assets**  
*(net of depreciation)*  
*(In thousands of dollars)*

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Land	\$ 3,184	\$ 3,184	\$ 3,184
Port improvements	4,079	4,283	4,840
Tradeplex improvements	108	142	176
Machinery and equipment	3,047	1,894	2,003
Security projects	352	378	403
Construction in progress	3,366	-	-
Total	<u>\$ 14,136</u>	<u>\$ 9,881</u>	<u>\$ 10,606</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Long-Term Debt

#### 2021 vs. 2020

As of September 30, 2021, the Authority had no long-term debt outstanding.

### REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability to each of those groups. Questions concerning any information included in this report or any request for additional information should be addressed to the Ocean Highway and Port Authority of Nassau County, Florida, 86130 License Road, Suite 9, Fernandina Beach, Florida 32034.

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**OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY**

**STATEMENTS OF NET POSITION**

**SEPTEMBER 30, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
<b>Current assets</b>		
Unrestricted cash and cash equivalents	\$ 202,039	\$ 280,143
Accounts receivable, (less allowance for doubtful accounts of \$0 and \$0 for 2021 and 2020, respectively)	145,192	85,918
Due from other governments	113,083	158,487
Prepaid expenses	-	150,537
Total current assets	460,314	675,085
<b>Non-current assets</b>		
Capital assets		
Non-depreciable	6,549,366	3,183,736
Depreciable, net of accumulated depreciation	7,586,323	6,697,164
Total non-current assets	14,135,689	9,880,900
Total assets	\$ 14,596,003	\$ 10,555,985
<b>LIABILITIES AND NET POSITION</b>		
<b>Current liabilities</b>		
Accounts and contracts payable	\$ 473,744	\$ 302,274
Accrued liabilities	13,454	12,711
Unearned revenue	60	-
Total current liabilities	487,258	314,985
Total liabilities	487,258	314,985
<b>Net position</b>		
Investment in capital assets	14,135,689	9,880,900
Unrestricted	(26,944)	360,100
Total net position	\$ 14,108,745	\$ 10,241,000

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

**OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY**

**STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Operating revenues</b>		
Contract payments	\$ 251,675	\$ 301,675
Rental income	-	17,591
Miscellaneous	60,000	60,575
Operating revenues	<u>311,675</u>	<u>379,841</u>
<b>Operating expenses</b>		
Port security	229,897	214,407
Professional fees	143,912	102,006
Commissioners fees	120,000	120,000
Miscellaneous	248,713	400,359
Dues and subscriptions	20,409	27,578
Depreciation	722,868	724,909
Operating expenses	<u>1,485,799</u>	<u>1,589,259</u>
Operating loss	<u>(1,174,124)</u>	<u>(1,209,418)</u>
<b>Non-operating income (expense)</b>		
Investment income	41	22
Interest expense	-	(2,257)
Port security reimbursements	229,897	214,407
Non-operating income, net	<u>229,938</u>	<u>212,172</u>
<b>Capital contributions</b>	<u>4,811,931</u>	<u>383,187</u>
<b>Change in net position</b>	<u>3,867,745</u>	<u>(614,059)</u>
<b>Total net position, beginning of year</b>	<u>10,241,000</u>	<u>10,855,059</u>
<b>Total net position, end of year</b>	<u>\$ 14,108,745</u>	<u>\$ 10,241,000</u>

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

**OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities</b>		
Receipts from customers and users	\$ 252,461	\$ 458,529
Payments to suppliers	(320,924)	(748,770)
Payments to employees	(119,257)	(116,752)
Net cash used in operating activities	<u>(187,720)</u>	<u>(406,993)</u>
<b>Cash Flows From Investing Activities</b>		
Interest income on investments	41	22
Net cash provided by investing activities	<u>41</u>	<u>22</u>
<b>Cash Flows From Non-Capital Financing Activities</b>		
Receipts from operating grants	229,897	214,407
Net cash provided by non-capital financing activities	<u>229,897</u>	<u>214,407</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Purchases of capital assets	(4,977,657)	-
Receipts from capital grants	2,822,123	1,120,315
Contributions from Worldwide Terminals	2,035,212	38,669
Principal payments online of credit	-	(746,646)
Interest paid on long-term borrowings	-	(2,257)
Net cash provided by (used in) capital and related financing activities	<u>(120,322)</u>	<u>410,081</u>
Net increase (decrease) in cash and cash equivalents	<b>(78,104)</b>	217,517
Cash and cash equivalents		
Beginning	<u>280,143</u>	<u>62,626</u>
Ending	<u><u>\$ 202,039</u></u>	<u><u>\$ 280,143</u></u>

**(Continued)**

OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

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	<u>2021</u>	<u>2020</u>
<b>Reconciliation of Operating Loss to Net Cash</b>		
<b>Used In Operating Activities</b>		
Operating loss	\$ (1,174,124)	\$ (1,209,418)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	722,868	724,909
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	(59,274)	78,688
(Increase) decrease in prepaid expenses	150,537	(150,537)
Increase in accounts payable and accrued liabilities	172,213	149,365
Increase in unearned revenue	60	-
Net cash used in operating activities	<u>\$ (187,720)</u>	<u>\$ (406,993)</u>

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

# OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

#### **Organization:**

The Ocean Highway and Port Authority of Nassau County (the "Authority") was created by the Florida Legislature and established in Florida Statutes in 1941 as an "Independent Special District". The Authority provides oversight of the Port of Fernandina and aids in the establishment and expansion of commercial enterprises for the benefit of the citizens of Nassau County and the State of Florida. The Authority's facilities handle import and export containerized, bulk and general cargos.

The Authority operates primarily as a self-supporting governmental enterprise and uses the accrual basis of accounting applicable to governmental enterprise funds. The Authority has no stockholders or equity holders and is directed by a five member governing board of port commissioners who serve staggered terms of four years. The five members are duly elected from the five congruent districts within Nassau County, Florida.

#### **Significant Accounting Policies:**

##### **Basis of Accounting:**

The accompanying financial statements are prepared on the accrual basis of accounting, under which revenues are recognized when earned and measurable and expenses are recognized when they are incurred, if measurable, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider are met. Revenues collected on an advance basis, including certain federal and state grant revenue, to which the Authority does not yet have legal entitlement, are not recognized as revenue until the related commitment arises. In accounting and reporting for its operations, the Authority applies all Governmental Accounting Standards Board (GASB) pronouncements.

The Authority is considered a special purpose government engaged in business-type activities which are those activities primarily supported by user fees and charges. As such, the Authority presents only the statements required of enterprise funds, which includes the statement of net position, statement of revenues, expenses and changes in net position, and the statement of cash flows.

The Authority has sole jurisdiction to set rates for the services rendered to customers. These rates are not currently subject to regulation by any federal, State of Florida, or similar agency. Reserves for doubtful accounts, allowances and rebates are maintained based on historical results adjusted to reflect current conditions.

OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY

NOTES TO FINANCIAL STATEMENTS

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**NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Significant Accounting Policies: (Continued)**

**Basis of Accounting: (Continued)**

Proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operation. The principal operating revenues for the Authority's proprietary fund are charges to customers for sales and services. Operating expenses include direct expenses of providing the goods 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.

Revenues are invoiced and collected per the contractual agreement with the port operator, Nassau Terminals, a subsidiary of Worldwide Terminals.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first.

**Cash and Cash Equivalents:**

For the purposes of the statement of cash flows, the Authority considers all demand deposits, money market funds, bond reserve funds, and short-term investments purchased with an initial maturity of three months or less to be cash equivalents.

**Accounts Receivable:**

Trade accounts receivable include billed, but uncollected amounts. Allowances for doubtful accounts are maintained based on historical results adjusted to reflect current conditions. Determination as to the collectability is based on the aging of the receivable and payment history of the customer.

OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY

NOTES TO FINANCIAL STATEMENTS

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**NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Significant Accounting Policies: (Continued)**

**Capital Assets:**

Capital assets constructed or purchased are stated at cost. Capital assets are defined by the Authority as assets with an initial, individual cost of \$1,000 and an estimated useful life in excess of one year. Expenditures for maintenance, repairs and minor renewals and betterments are expensed as incurred. Major renewals and betterments are treated as property additions. Maintenance and repairs of capital assets are charged to operations and major improvements are capitalized. Upon retirement, sale or other disposition of capital assets, the cost and accumulated depreciation is eliminated from the accounts and gain or loss is recognized. There were no gains or losses recognized on disposals for the years ended September 30, 2021 and 2020.

Depreciation commences when a project is ready for its intended use or when equipment is placed in service and is computed using the straight-line method over the following estimated useful lives of assets:

Port improvements	10 to 30 years
Tradeplex improvements	30 years
Buildings	30 years
Machinery and equipment	3 to 20 years
Dredge project	10 years
Security projects	30 years

**Management Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect the reported amounts of certain assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Budgets and Budgetary Accounting:**

The Authority adopts an annual budget for its operations. The budget is formally reviewed and approved by the Authority's Board of Commissioners. Budgets are prepared on the accrual basis. Neither the Authority's statute nor any bond covenants require the Authority to report budgetary information in its financial statements.

# OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Significant Accounting Policies: (Continued)

#### Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority did not have any items that qualified for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority did not have any items that qualified for reporting in this category.

### NOTE 2. CASH AND CASH EQUIVALENTS

As of September 30, 2021 and 2020, deposits that are considered cash and cash equivalents include bank demand accounts and bond reserve funds which are invested in U.S. Treasury funds. The Authority maintains its cash balances at various financial institutions, which are insured by the FDIC for up to \$250,000. As of September 30, 2021 and 2020, the Authority did not have any uninsured demand account cash balances.

**Custodial credit risk.** Custodial credit risk for deposits is the risk that, in the event of a depository financial institution's failure, the Authority's deposits may not be returned. The Authority's policy for custodial credit risk requires collateral to be held in the Authority's name by its agent or by the bank's trust department.

**Credit risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As the Authority currently has no investments, credit risk is not applicable as of September 30, 2021.

**Interest rate risk.** The Authority does not have a formal investment policy limiting investment maturities as part of managing its exposure to fair value losses arising from increasing interest rates. However, the Authority has minimal interest rate risk as cash and cash equivalents have maturity dates of less than one year. In addition, the majority of cash is held in short-term U.S. Treasury investments.



**OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3. CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Capital assets, not being depreciated</b>					
Land	\$ 3,183,736	\$ -	\$ -	\$ -	\$ 3,183,736
Construction in progress	-	<u>3,365,630</u>	-	-	<u>3,365,630</u>
<b>Total</b>	<u>3,183,736</u>	<u>3,365,630</u>	-	-	<u>6,549,366</u>
<b>Capital assets, being depreciated</b>					
Port improvements	29,058,450	297,983	-	-	29,356,433
Tradeplex improvements	1,013,339	-	-	-	1,013,339
Machinery and equipment	2,728,752	1,314,044	-	-	4,042,796
Buildings	772,000	-	-	-	772,000
Security projects	762,118	-	-	-	762,118
Dredge project	929,084	-	-	-	929,084
<b>Total</b>	<u>35,263,743</u>	<u>1,612,027</u>	-	-	<u>36,875,770</u>
<b>Less accumulated depreciation for</b>					
Port improvements	(24,775,744)	(501,989)	-	-	(25,277,733)
Tradeplex improvements	(871,224)	(33,778)	-	-	(905,002)
Machinery and equipment	(834,254)	(161,697)	-	-	(995,951)
Buildings	(772,000)	-	-	-	(772,000)
Security projects	(384,273)	(25,404)	-	-	(409,677)
Dredge project	(929,084)	-	-	-	(929,084)
<b>Total</b>	<u>(28,566,579)</u>	<u>(722,868)</u>	-	-	<u>(29,289,447)</u>
<b>Total capital assets, being depreciated, net</b>	<u>6,697,164</u>	<u>889,159</u>	-	-	<u>7,586,323</u>
<b>Total capital assets, net</b>	<u>\$ 9,880,900</u>	<u>\$ 4,254,789</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,135,689</u>

**OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3. CAPITAL ASSETS (CONTINUED)**

Capital asset activity for the year ended September 30, 2020 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets, not being depreciated					
Land	\$ 3,183,736	\$ -	\$ -	\$ -	\$ 3,183,736
Total	<u>3,183,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,183,736</u>
Capital assets, being depreciated					
Port improvements	29,058,450	-	-	-	29,058,450
Tradeplex improvements	1,013,339	-	-	-	1,013,339
Machinery and equipment	2,728,752	-	-	-	2,728,752
Buildings	772,000	-	-	-	772,000
Security projects	762,118	-	-	-	762,118
Dredge project	929,084	-	-	-	929,084
Total	<u>35,263,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,263,743</u>
Less accumulated depreciation for					
Port improvements	(24,218,702)	(557,042)	-	-	(24,775,744)
Tradeplex improvements	(837,446)	(33,778)	-	-	(871,224)
Machinery and equipment	(725,569)	(108,685)	-	-	(834,254)
Buildings	(772,000)	-	-	-	(772,000)
Security projects	(358,869)	(25,404)	-	-	(384,273)
Dredge project	(929,084)	-	-	-	(929,084)
Total	<u>(27,841,670)</u>	<u>(724,909)</u>	<u>-</u>	<u>-</u>	<u>(28,566,579)</u>
Total capital assets, being depreciated, net	<u>7,422,073</u>	<u>(724,909)</u>	<u>-</u>	<u>-</u>	<u>6,697,164</u>
Total capital assets, net	<u>\$ 10,605,809</u>	<u>\$ (724,909)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,880,900</u>

Depreciation expense for the years ended September 30, 2021 and 2020 was \$722,868 and \$724,909, respectively.

**OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4. LONG-TERM DEBT**

Long-term debt activity for the year ended September 30, 2021 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Line of credit	\$ -	\$ -	\$ -	\$ -	\$ -
Total long-term liabilities	\$ -	\$ -	\$ -	\$ -	\$ -

Long-term debt activity for the year ended September 30, 2020 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Line of credit	\$ 746,646	\$ -	\$ (746,646)	\$ -	\$ -
Total long-term liabilities	\$ 746,646	\$ -	\$ (746,646)	\$ -	\$ -

**Line of Credit:**

On September 1, 2018, the Authority entered into a line of credit agreement with a financial institution for an amount up to \$2,000,000 for which the Authority had drawn \$746,646 as of September 30, 2019. The line of credit was obtained to finance the cost of a new ship to shore crane at the Port of Fernandina. Principal and interest are due and payable monthly and the line of credit bears interest at the adjusted LIBOR rate. Principal and interest are computed on a fully amortizing basis with a maturity date of September 19, 2023. This balance was repaid in full during the year ended September 30, 2020.

**NOTE 5. CONDUIT DEBT**

The Authority in prior years has issued conduit debt in the form of a solid waste pollution control revenue bond to provide financial assistance to a private-sector entity for the construction of wastewater treatment facilities deemed to be in the public interest. Conduit debt refers to certain limited-obligation revenue bonds or similar debt instruments issued by the Authority for the express purpose of providing capital financing for a specific nongovernmental third party. Although conduit debt bears the name of the Authority as issuer, it is collateralized by the resources provided by the loan with the third party on whose behalf they are issued. The Authority acts solely as a conduit issuer with respect to the debt.

# OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 5. CONDUIT DEBT (CONTINUED)**

Conduit debt is collateralized by the property financed and is payable solely from payments received on the underlying mortgage loans. Upon repayment of the revenue bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issue. None of the assets or revenues of the Authority are pledged to the payment of the revenue bonds and under the constitution and laws of Florida, the Authority may not legally pledge any of its revenues or assets to the payment thereof. Neither the Authority, the state nor any political subdivision thereof, is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The private sector entity was unable to provide the carrying amount of the outstanding bonds at September 30, 2021 and 2020.

### **NOTE 6. MANAGEMENT AGREEMENT**

Through October 18, 2018, Nassau Terminals operated the Port of Fernandina under an 11 year contract, with an option of an additional 11 year term. Nassau Terminals exercised its option for an additional 11 year term on December 1, 2011. Under the terms of the contract, Nassau Terminals agrees to pay the Authority an annual fee, which is adjusted annually by the consumer price index. During fiscal year 2019, the annual fee was \$84,648. In addition, Nassau Terminals agreed to pay the Authority dockage and wharfage that is invoiced and collected. The current tariff for wharfage is \$3.05 and \$2.50 per ton on general and containerized cargo, respectively. In addition, Nassau Terminals pays the Authority \$1.50 per short ton as a use fee. The agreement provided for equal distribution to Nassau Terminals and the Authority of any excess of port revenue over debt service based on certain mutually agreed-upon conditions.

Effective October 19, 2018, the above agreement was amended and the duration extended for a period of ten years, with two optional additional terms of 12 years. Nassau Terminals agrees to pay the Authority \$251,675 annually for the entire term of the contract. In addition, Nassau Terminals agrees to contribute \$50,000 in 2019 and 2020 toward the Development of Regional Impact payments due from the Authority to the City of Fernandina Beach. Nassau Terminals further agrees to pay the Authority \$1.50 per short ton up to 549,999 tons per annum, \$1.25 per short ton from 550,000 tons up to 649,999 tons per annum, \$1.00 per short ton over 650,000 tons per annum, and \$.91 per short ton in facility use fees for bulk and general cargo. The agreement provides for equal distribution to Nassau Terminals and the Authority of any new revenue streams added subsequent to the date of the agreement.

# OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 7. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts, including, but not limited to: theft of assets; damage to and destruction of assets; errors and omissions; general liabilities; and natural disasters for which the Authority carries commercial insurance. There have been no significant reductions of insurance coverage, and settlement amounts have not exceeded insurance coverage for the current or the three prior years. The operating agreement provides for the operating company to provide liability and workers' compensation insurance for the facility.

### **NOTE 8. COMMITMENTS AND CONTINGENCIES**

During 1995, the Authority installed water and wastewater facilities on Tradeplex County Road and Tradeplex Secondary Road as part of the Ocean Highway and Port Authority Nassau County Industrial Complex (the "Project"). On February 25, 1999, the Authority agreed to a long-term rent free, lease agreement for the equipment and facilities to United Water Florida, Inc. in exchange for the operation and maintenance of the leased facilities. The lease agreement expires on December 31, 2097.

### **NOTE 9. SUBSEQUENT EVENTS**

The Authority has evaluated all subsequent events through March 2, 2022, the date the financial statements were available to be issued.

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**OTHER INDEPENDENT AUDITOR'S REPORTS**

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

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Board of Commissioners  
Ocean Highway and Port Authority of Nassau County  
Fernandina Beach, 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 Ocean Highway and Port Authority of Nassau County (the “Authority”), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated March 2, 2022.

**Internal Control Over Financial Reporting**

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

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## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
March 2, 2022



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

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Board of Commissioners  
Ocean Highway and Port Authority of Nassau County  
Fernandina Beach, Florida

**Report on Compliance for Each Major Federal Program and State Project**

We have audited the Ocean Highway and Port Authority of Nassau County's (the "Authority") 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 Authority's major federal programs and state projects for the year ended September 30, 2021. The Authority's major federal program and state financial assistance 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 federal and state statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs and state projects.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Authority'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; and 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, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and state project occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on the Major Federal Program and State Project***

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and state project for the year ended September 30, 2021.

***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to this matter.

The Authority's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control over Compliance**

Management of the Authority, 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 Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program and 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 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 Authority's internal control over compliance.

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*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program 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 noncompliance 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

The Authority's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
March 2, 2022

**OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY**

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

<b>Federal Grantor/State Grantor Pass Through Grantor Program Title</b>	<b>CFDA/ CSFA Number</b>	<b>Grant ID Number</b>	<b>Expenditures</b>
<b>Federal Awards:</b>			
<b>U.S. Department of Transportation</b>			
Passed through the Florida Department of Transportation America's Marine Highway Grant	20.816	693JF72040010	\$ 1,039,083
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,039,083</u>
<b>State Financial Assistance:</b>			
<b>Florida Department of Transportation</b>			
Seaport Grant Program	55.005	443401-1-94-02	\$ 1,737,636
<b>Total Expenditures of State Financial Assistance</b>			<u>\$ 1,737,636</u>

**Notes to the Schedule:**

This schedule includes the federal and state grant activity of the Ocean Highway and Port Authority of Nassau County, Florida, for the fiscal year ended September 30, 2021, and is presented using modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Chapter 10.550, Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts in, or used in the preparation of the basic financial statements. No amounts passed through to subrecipients.

The Authority chose not to use the ten percent de minimis cost rate for the year ended September 30, 2021. The Authority did not receive non-cash federal awards during the year ended September 30, 2021.



## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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Board of Commissioners  
Ocean Highway and Port Authority of Nassau County  
Fernandina Beach, Florida

### **Report on the Financial Statements**

We have audited the financial statements of the Ocean Highway and Port Authority of Nassau County (the "Authority") as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 2, 2022.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

### **Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; 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 2, 2022, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

### **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 Ocean Highway and Port Authority of Nassau County is an independent special district, created by the Florida Legislature and established in Florida Statutes in 1941. The Authority has no component units.

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## **Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Authority'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 same.

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

## **Additional Matters**

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

## **Purpose of this Letter**

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

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
March 2, 2022



OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2021

SECTION I  
SUMMARY OF AUDIT RESULTS

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:  
Material weaknesses identified?  Yes  No

Significant deficiency identified not considered to be material weaknesses?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Programs and State Financial Assistance Projects**

Internal Control over major federal programs:  
Material weaknesses identified?  Yes  No

Significant deficiencies identified not considered to be material weaknesses?  Yes  None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?  Yes  No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.816	U.S. Department of Transportation – America's Marine Highway Grant

Identification of major state financial assistance projects:

<u>CSFA Number</u>	<u>Name of State Program or Cluster</u>
55.005	Seaport Grant Program

Dollar threshold used to distinguish between  
Federal Type A and Type B programs: \$750,000  
State Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?  Yes  No

**OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2021**

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**SECTION II  
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None noted.

**SECTION III  
FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS**

Finding 2021-001 – America’s Marine Highway Grant Program Reporting (CFDA#20.816).

Condition – The Authority did not submit its quarterly progress reports timely.

Criteria – The Uniform Guidance requires quarterly reporting for this grant program to be submitted within 15 days of period end to maintain compliance.

Cause – Due to staffing issues, the quarterly reports were submitted outside of the 15 day required timeframe.

Effect – The Authority submitted its quarterly progress reports for the above timeframe outside of the 15 day timeframe which is not in compliance with reporting requirements of the grant program.

Questioned Cost – \$0

Recommendation – We recommend the Authority implement proper controls which includes cross-training of employees to ensure compliance with all grant requirements including timeliness of reporting.

Response – The Authority concurs with the finding and has put new personnel and controls in place to ensure timely reporting for all grant programs.

**OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY**

**SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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None reported.

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## INDEPENDENT ACCOUNTANT'S REPORT

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Board of Commissioners  
Ocean Highway and Port Authority of Nassau County  
Fernandina Beach, Florida

We have examined the Ocean Highway and Port Authority of Nassau County's (the "Authority") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2021. Management of the Authority is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority'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 Authority complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

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

Bradenton, Florida  
March 2, 2022

*Mauldin & Jenkins, LLC*

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