

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORTS**

**NASSAU COUNTY, FLORIDA**

**SEPTEMBER 30, 2016**



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AND  
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**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

List of Elected and Appointed Officials.....	1
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**FINANCIAL SECTION**

<b>Independent Auditors' Report .....</b>	<b>2-4</b>
---	------------

<b>Management's Discussion and Analysis.....</b>	<b>5-15</b>
--	-------------

**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 Funds .....	21-22
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 Funds .....	24
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds .....	25
Statement of Cash Flows - Proprietary Funds .....	26-27
Statement of Fiduciary Net Position - Agency Funds .....	28

<b>Notes to Financial Statements.....</b>	<b>29-68</b>
---	--------------

**Required Supplementary Information**

Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
General Fund .....	69
County Transportation Fund .....	70
Municipal Services Fund.....	71
One-Cent County Surtax Fund.....	72
Note to Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual.....	73
Required Supplementary Information - Other Postemployment Benefits Plan Schedule of Funding Progress.....	74
Schedule of the County's Proportionate Share of the Net Pension Liability .....	75
Schedule of the County's Contributions.....	76

**FINANCIAL STATEMENTS  
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**NASSAU COUNTY, FLORIDA**

**SEPTEMBER 30, 2016**

**TABLE OF CONTENTS**  
*(Concluded)*

**Other Information**

Schedule of Expenditures of State Financial Assistance .....	77
Note to Schedule of Expenditures of State Financial Assistance.....	78
Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major State Project and on Internal Control Over Compliance in Accordance with Chapter 10.550, <i>Rules of the Auditor General</i> .....	79-80
Schedule of Findings and Questioned Costs - State Financial Assistance.....	81
Independent Auditors' 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> .....	82-83
Independent Accountants' Report on Compliance with Section 218.415, Florida Statutes.....	84
Independent Accountants' Report on Compliance with Section 365.172(10) and Section 365.173(2)(d), Florida Statutes.....	85
Management Letter .....	86-87

## **INTRODUCTORY SECTION**

**NASSAU COUNTY, FLORIDA**  
**LIST OF ELECTED AND APPOINTED OFFICIALS**

**Serving as of September 30, 2016**

**ELECTED OFFICIALS**

<b>Commissioner—District 5, Chairman</b>	<b>Walter J. Boatright</b>
<b>Commissioner—District 1, Vice-Chairman</b>	<b>Daniel B. Leeper</b>
<b>Commissioner—District 2</b>	<b>Stephen W. Kelley</b>
<b>Commissioner—District 3</b>	<b>Pat Edwards</b>
<b>Commissioner—District 4</b>	<b>George V. Spicer</b>
<b>Clerk of the Circuit Court/Comptroller</b>	<b>John A. Crawford</b>
<b>Tax Collector</b>	<b>John M. Drew</b>
<b>Sheriff</b>	<b>Bill Leeper</b>
<b>Property Appraiser</b>	<b>A. Michael Hickox</b>
<b>Supervisor of Elections</b>	<b>Vicki P. Cannon</b>

**APPOINTED OFFICIALS**

<b>County Manager</b>	<b>Theodore J. Selby</b>
<b>County Attorney</b>	<b>Michael Mullin</b>

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' 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 aggregate remaining fund information of Nassau County, Florida, (the County), as of and for the year ended September 30, 2016, 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.

### Auditors' 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 risk 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 County'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 County'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 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

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

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

## **INDEPENDENT AUDITORS' REPORT** *(Continued)*

### **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, 2016, and the respective changes in financial position and cash flows, where appropriate, thereof for the year then ended in conformity 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 an opinion on the financial statements that collectively comprise the County's basic financial statements. The introductory section is presented for purpose of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of state financial assistance projects, as required by Chapter 10.550, *Rules of the Auditor General* of the State of Florida, is also not a required part of the basic financial statements. The schedule of expenditures of state financial assistance projects is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 24, 2017, 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.

**Restriction on Use**

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



March 24, 2017  
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, 2016. 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 2016 by \$426,276,846 (net position). The net position from governmental activities of \$428,066,086 was partially offset by the net position of \$(1,789,240) from business-type activities.
- The County had a deficit of revenues to expenses of \$(547,368) for the fiscal year, compared to a surplus of \$4,969,674 in the prior year. General revenues increased by \$3,859,684, including a \$2,575,615 increase in property tax revenue and a \$1,224,707 increase in sales tax revenue. The year-to-year deficit in program revenues, net of expenses, increased from \$(67,343,529) in the prior year to \$(76,720,255) in fiscal year 2016, due primarily to a \$7,748,428 decrease in capital grants and contributions revenue. Expenses increased by \$3,066,060, including a \$1,941,147 increase in general government and a \$4,362,806 increase in public safety. Capital grant revenue and physical environment expense in fiscal year 2015 include the impact of a \$4.3 million grant for beach re-nourishment expenses for the benefit of certain property owners.
- The General Fund reported a deficit of revenues to expenditures of \$(34,098), which was more than offset by a \$4,176,651 excess of transfers in over transfers out, and sale of capital asset proceeds of \$16,948, resulting in a \$4,159,501 increase in fund balance for the fiscal year.
- Proprietary funds reported an increase in net position of \$1,905,712. The solid waste fund reported a change in net position of \$221,395 and the water and sewer fund net position increased by \$1,684,317 in fiscal year 2016.
- Outstanding long-term bonded debt as of September 30, 2016, was \$46,705,388, a reduction of \$3,675,672 from the prior year. Of this amount, \$3,499,602 is considered due within one year.

## Overview of the Financial Statements

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

<u>Fund Type</u>	<u>Number</u>
General Fund	1
Debt Service Funds	3
Capital Projects Funds	7
Special Revenue Funds	<u>33</u>
<b>Total Governmental Funds</b>	<b>44</b>
<b>Total Proprietary Funds</b>	<b>2</b>
<b>Total Agency Funds</b>	<b>12</b>

# Management's Discussion and Analysis

## (Continued)

### Government-wide Financial Statements

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

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

Both of these financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, physical environment, public safety, court-related, transportation, economic environment, human services, and culture/recreation. The business-type activities include solid waste disposal and 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, 2016; therefore, financial statements were not prepared for these component units.

### Fund Financial Statements

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

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

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

# **Management's Discussion and Analysis**

## **(Continued)**

### **Fund Financial Statements (Concluded)**

The County maintains forty-four (44) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Transportation Fund, Municipal Services Fund, One-cent County Surtax Fund, Capital Projects Transportation Fund, and County Complex Fund which are considered to be major funds. Data from the other thirty-eight (38) 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 two enterprise funds to account for the fiscal activities relating to solid waste disposal and 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 solid waste disposal and 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 \$426,276,846 at the close of the fiscal year ended September 30, 2016.

At the end of the fiscal year 2016, the County is able to report positive balances in two categories of net position, for the government as a whole, and for governmental activities. The business-type activities have a \$(1,789,240) balance due primarily to the Landfill Early Closure costs, continued maintenance, and monitoring of the closed Landfills. Effective October 1, 2016, activity in the Solid Waste fund was transferred to the General Fund as the landfills are no longer an active County enterprise.

# Management's Discussion and Analysis

## (Continued)

### Government-wide Financial Analysis (Concluded)

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and Other						
Assets	\$ 75,861,685	\$ 69,793,483	\$ 12,175,968	\$ 11,740,199	\$ 88,037,653	\$ 81,533,682
Capital Assets	446,625,309	454,961,042	14,735,421	13,878,142	461,360,730	468,839,184
<b>Total Assets</b>	<b>522,486,994</b>	<b>524,754,525</b>	<b>26,911,389</b>	<b>25,618,341</b>	<b>549,398,383</b>	<b>550,372,866</b>
<b>Deferred Outflow of Resources</b>	<b>22,938,958</b>	<b>7,301,983</b>	<b>790,077</b>	<b>665,699</b>	<b>23,729,035</b>	<b>7,967,682</b>
Outstanding Obligations	107,199,740	86,800,979	28,319,010	29,566,911	135,518,750	116,367,890
Other Liabilities	8,056,724	7,227,375	1,146,203	313,243	9,202,927	7,540,618
<b>Total Liabilities</b>	<b>115,256,464</b>	<b>94,028,354</b>	<b>29,465,213</b>	<b>29,880,154</b>	<b>144,721,677</b>	<b>123,908,508</b>
<b>Deferred Inflows of Resources</b>	<b>2,103,402</b>	<b>7,508,988</b>	<b>25,493</b>	<b>98,838</b>	<b>2,128,895</b>	<b>7,607,826</b>
<b>Net Position:</b>						
Net Investment in						
Capital Assets	410,467,647	415,383,811	2,639,095	328,142	413,106,742	415,711,953
Restricted	27,792,110	23,776,958	2,019,125	1,843,697	29,811,235	25,620,655
Unrestricted	(10,193,671)	(8,641,603)	(6,447,460)	(5,866,791)	(16,641,131)	(14,508,394)
<b>Total Net Position</b>	<b>\$ 428,066,086</b>	<b>\$ 430,519,166</b>	<b>\$ (1,789,240)</b>	<b>\$ (3,694,952)</b>	<b>\$ 426,276,846</b>	<b>\$ 426,824,214</b>

As of the end of fiscal year 2016, the County's total net position of \$426,276,846 includes \$413,106,742 (96.9%) 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, \$29,811,235 (7.0%), represents resources that are subject to external restriction on how they may be used. On September 30, 2016, the County had a net pension liability for its participation in the Florida Retirement System of \$56.2 million and a landfill postclosure liability of \$14.7 million, both of which contributed to an unrestricted fund balance of \$(16,641,131).

### Governmental Activities

The County's total net position of \$426,276,846 on September 30, 2016 represents a year-to-year decrease of \$547,368, compared to a year-to-year decrease on September 30, 2015, of \$29,598,126. The County's total change in net position in fiscal year 2015 was negatively impacted by prior period adjustments of \$(34,567,800) as the result of the County's adoption of GASB 68 reporting requirements regarding net pension liability.

Fiscal year 2016 Governmental Activities reduced the County's net position by \$2,453,080, while Business-type Activities improved the County's net position by \$1,905,712. Governmental Activities expenses exceeded revenues by \$1,879,065 in fiscal year 2016 compared to a prior year excess of Governmental Activities revenues to expenses of \$3,908,052. Factors contributing to this year-over-year change include a \$3,869,455 increase in General Revenues, which was more than offset by a \$6,723,021 decrease in Program Revenues and a \$2,933,551 increase in Program Expenses.



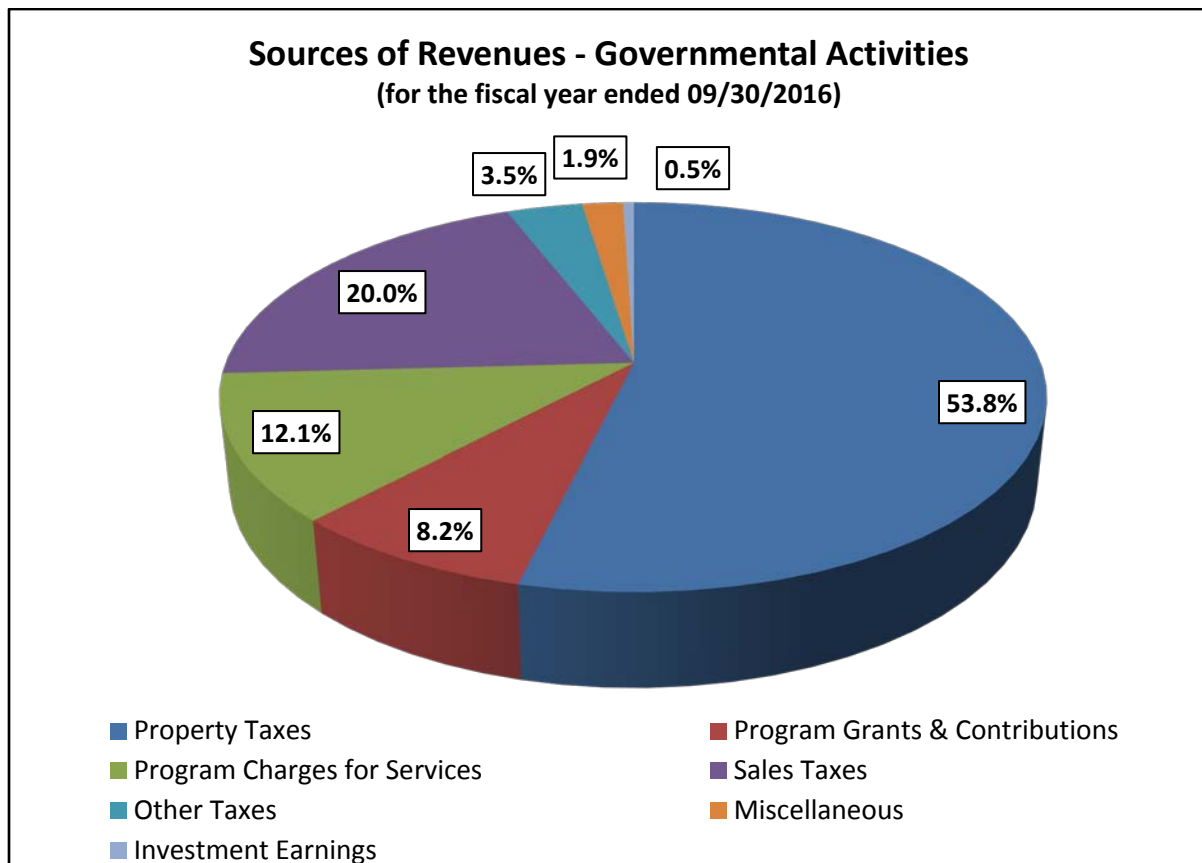
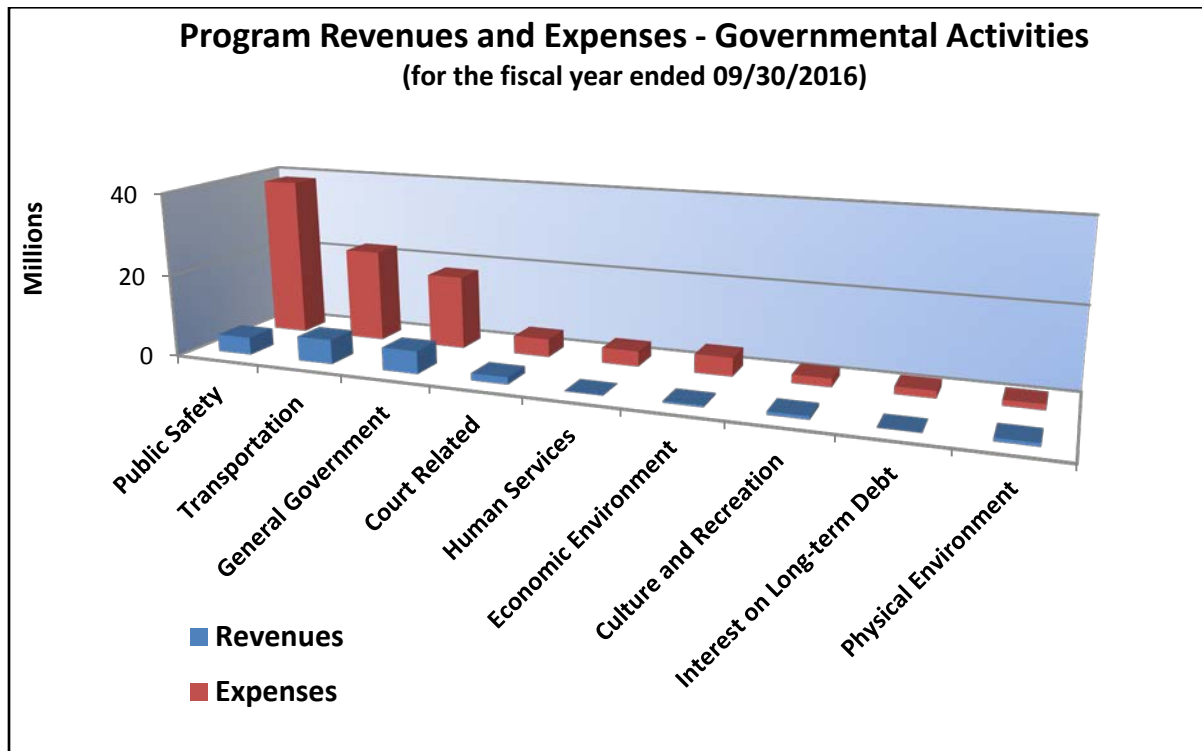
# Management's Discussion and Analysis

## (Continued)

### Nassau County, Florida Changes in Net Position

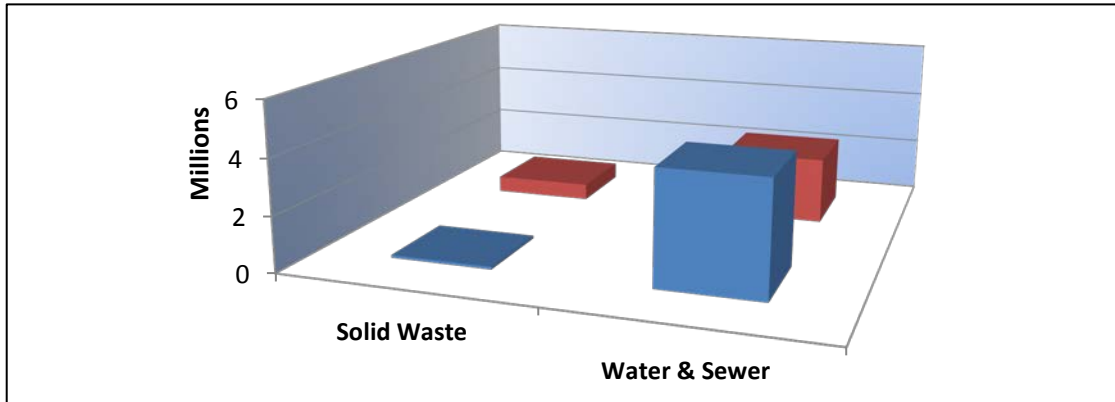
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 11,556,395	\$ 10,499,502	\$ 3,784,417	\$ 3,701,943	\$ 15,340,812	\$ 14,201,445
Operating Grants and Contributions	6,232,149	5,933,754	90,909	90,909	6,323,058	6,024,663
Capital Grants and Contributions	1,627,105	9,705,414	329,881	0	1,956,986	9,705,414
General Revenues:						
Property Taxes	51,329,572	48,753,957	0	0	51,329,572	48,753,957
Other Taxes	22,392,493	21,064,742	0	0	22,392,493	21,064,742
Other Revenues	2,289,121	2,323,032	161,701	171,472	2,450,822	2,494,504
<b>Total Revenues</b>	<b>95,426,835</b>	<b>98,280,401</b>	<b>4,366,908</b>	<b>3,964,324</b>	<b>99,793,743</b>	<b>102,244,725</b>
<b>Expenses</b>						
General Government	17,951,103	16,009,956	0	0	17,951,103	16,009,956
Court Related	4,433,298	4,378,067	0	0	4,433,298	4,378,067
Public Safety	38,913,174	34,550,368	0	0	38,913,174	34,550,368
Physical Environment	1,371,524	5,930,183	0	0	1,371,524	5,930,183
Transportation	22,554,872	21,162,038	0	0	22,554,872	21,162,038
Economic Environment	4,533,154	4,785,737	0	0	4,533,154	4,785,737
Human Services	3,730,586	3,620,876	0	0	3,730,586	3,620,876
Culture/Recreation	2,048,029	2,141,849	0	0	2,048,029	2,141,849
Interest on Long-term Debt	1,770,160	1,793,275	0	0	1,770,160	1,793,275
Solid Waste Disposal	0	0	602,265	552,637	602,265	552,637
Water and Sewer	0	0	2,432,946	2,350,065	2,432,946	2,350,065
<b>Total Expenses</b>	<b>97,305,900</b>	<b>94,372,349</b>	<b>3,035,211</b>	<b>2,902,702</b>	<b>100,341,111</b>	<b>97,275,051</b>
Excess of Revenue Over						
Expense	(1,879,065)	3,908,052	1,331,697	1,061,622	(547,368)	4,969,674
Add: Contributions	0	0	0	0	0	0
Add: Transfers	(574,015)	126,621	574,015	(126,621)	0	0
Change in Net Position	(2,453,080)	4,034,673	1,905,712	935,001	(547,368)	4,969,674
<b>Net Position-</b>						
<b>Beginning of Year</b>	<b>430,519,166</b>	<b>460,594,284</b>	<b>(3,694,952)</b>	<b>(4,171,944)</b>	<b>426,824,214</b>	<b>456,422,340</b>
Prior Period Adjustments	0	(34,109,791)	0	(458,009)	0	(34,567,800)
<b>Net Position-End of Year</b>	<b>\$ 428,066,086</b>	<b>\$ 430,519,166</b>	<b>\$ (1,789,240)</b>	<b>\$ (3,694,952)</b>	<b>\$ 426,276,846</b>	<b>\$ 426,824,214</b>

## Management's Discussion and Analysis (Continued)



## Management's Discussion and Analysis (Continued)

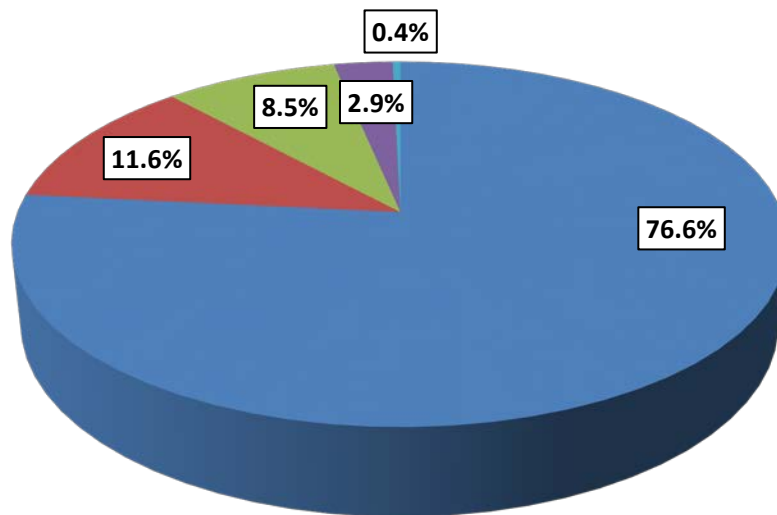
### Program Revenues and Expenses - Business-type Activities (for the fiscal year ended 09/30/2016)



■ Revenues

■ Expenses

### Transfers and Sources of Revenues - Business-type Activities (for the fiscal year ended 09/30/2016)



■ Program Charges for Services

■ Transfers In

■ Program Grants & Contributions

■ Miscellaneous

■ Investment Earnings

## **Management's Discussion and Analysis**

*(Continued)*

### **Analysis of the County's Fund Financials**

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

As of the end of fiscal year 2016, the County's governmental funds reported combined ending fund balances of \$64,491,594. This represents an increase of \$3,941,576 from the adjusted balance of the prior year. The majority of fund balance in the amount of \$39,452,560 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 \$25,039,034 is non-spendable, restricted, or committed to indicate that it is not available for new spending because it has already been committed for: 1) inventories, 2) prepaid items, 3) grants, 4) state law, or 5) constrained by external third parties.

The general fund is the main operating fund of the County. At the end of fiscal year 2016, the general fund had a total fund balance of \$18,455,720, an increase of \$4,159,501 from the prior year. Significant changes from the prior year include an increase in revenues of \$1,819,050 due most significantly to a \$1,985,536 increase in tax revenue. A decrease in expenditures of \$805,809 includes a capital outlay decrease of \$2,859,951, partially offset by a public safety increase of \$715,068 and a general government increase of \$804,430. With revenues similar to expenditures in fiscal year 2016, the fund balance increase resulted primarily from net transfers of \$4,176,651. A majority of the fund balance in the amount of \$17,601,495 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 \$854,225 is non-spendable or restricted and, therefore, already committed for prepaid items, grants and state laws, or constrained by an external third party. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 22.0% of the total General Fund expenditures. Total fund balance represents 36.5% of that same amount.

At the end of fiscal year 2016, the transportation fund had a fund balance of \$3,893,625, a decrease of \$1,081,643 when compared to the prior year fund balance. The decrease was due primarily to a decrease in net transfers of \$2,873,536, which more than offset a year-to-year increase in revenues of \$253,008 and decrease in expenditures of \$281,258.

The municipal services fund had a total fund balance of \$2,879,296 at the end of fiscal year 2016. The net decrease in fund balance of \$1,786,309, as compared to an increase of \$1,335,768 in the prior year, is mainly due to a year-to-year decrease to transfers in of \$1,453,794.

The one-cent surtax fund had a total fund balance of \$4,941,051 at the end of fiscal year 2016, a year-to-year decrease of \$1,353,181, compared to a decrease in fund balance of \$5,260,867 in fiscal year 2015. Major changes from the prior year include a \$2,851,346 decrease in transfers out, a \$562,881 increase in revenues, and a \$406,712 decrease in expenditures.

The capital projects transportation fund had a fund balance of \$8,274,975 at the end of the fiscal year, an increase of \$5,262,121 as compared to the prior year ending balance. Revenues were down \$2,330,916 when compared to the prior year, and expenditures decreased by \$3,626,719, while transfers in increased by \$5,841,120. During the year, the County's road and bridge projects included guardrail repairs, installation of new metal buildings for equipment storage, and numerous drainage improvement projects, including 10<sup>th</sup> & Lime St., Horseshoe Circle, Conner Nelson Road, and Bridal Road.

## **Management's Discussion and Analysis**

*(Continued)*

### **Analysis of the County's Fund Financials (Concluded)**

The County Complex fund had a fund balance of \$2,063,101 at the end of the fiscal year, a decrease of \$4,315,697 when compared to the prior year balance. Capital outlay expenditures increased by \$1,228,502 to \$6,041,308 while transfers in decreased by \$5,688,650. A major portion of the expenditures represent continued construction of the new Sheriff's Administration Building in Yulee.

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The solid waste and water and sewer funds are reported as major enterprise funds. In the solid waste fund, unrestricted net position increased from the prior year by \$143,499, due in large part to a transfer in of \$649,165 which more than offset an operating loss of \$519,601. In the water and sewer fund, the \$724,168 decrease in unrestricted net position was largely due to restriction of funds for a waste water lift station. Unrestricted net position of the proprietary funds at the end of the fiscal year amounted to:

<u>Fund</u>	<u>Unrestricted Net Position</u>	
	<u>2016</u>	<u>2015</u>
Solid Waste	\$(12,260,221)	\$(12,403,720)
Water and Sewer	5,812,761	6,536,929

### **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 2016, supplemental appropriations to the General Fund (Board only) budget were approximately \$3.0 million, or 4.95% of the original adopted budget.

- The major source of supplemental revenue was \$2,809,752 in adjustments for unanticipated cash forward. Other supplemental General Fund revenues include grants of \$118,369, library donations of \$105,842, and miscellaneous revenue of \$348.
- Appropriations of the supplemental revenue include roofing repairs of \$1,297,117, beach access repairs of \$200,000, and other expenditures of \$287,194. The remaining supplemental revenue was appropriated to Reserves-Minimum Fund Balance and Reserves-Capital Plan in the amounts of \$800,000 and \$450,000 respectively.

## Management's Discussion and Analysis

### (Continued)

#### Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2016, amounted to \$461,360,730 (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 6 in Notes to Financial Statements.

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

- Continued construction of new Sheriff Administration building with a project budget of \$10,000,000
- Completed construction of addition to the 911 Call Center with a project budget of \$4,443,660
- Completed resurfacing of Middle/Griffin Road with a project budget of \$1,686,236
- Completed construction and renovations to football fields at Yulee Sports Complex with total budget of \$575,000.
- Purchased vehicles totaling \$1,970,150 in fiscal year 2016 under fleet replacement plan
- Began NAU rehab and replacement for wastewater system with a project budget of \$11,766,100
- Began NAU rehab and replacement for water system with a project budget of \$3,759,360

#### Nassau County, Florida Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 76,083,508	\$ 75,810,776	\$ 815,228	\$ 815,228	\$ 76,898,736	\$ 76,626,004
Construction Work in Progress	9,862,551	8,534,761	172,254	34,311	10,034,805	8,569,072
Buildings and Improvements	38,402,356	37,359,791	939,819	963,226	39,342,175	38,323,017
Machinery and Equipment	14,446,634	12,622,101	12,808,120	12,065,377	27,254,754	24,687,478
Infrastructure	307,830,260	320,633,613	0	0	307,830,260	320,633,613
<b>Total</b>	<b>\$ 446,625,309</b>	<b>\$ 454,961,042</b>	<b>\$ 14,735,421</b>	<b>\$ 13,878,142</b>	<b>\$ 461,360,730</b>	<b>\$ 468,839,184</b>

## Management's Discussion and Analysis

(Concluded)

### Long-term Liabilities

At the end of the fiscal year, the County had total outstanding bonds, notes, and other long term obligations, including net pension liability, in the amount of \$135,518,750. 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.

	<b>Long-term Liabilities</b>	
	<b>2016</b>	<b>2015</b>
<b>Governmental Activities:</b>		
Revenue Bonds	\$ 34,070,388	\$ 36,831,060
Compensated Absences	6,553,295	7,059,322
Capital Lease Payable	2,087,274	2,746,171
Claims Payable	77,717	155,433
Other Post Employment Benefits	8,880,132	8,389,859
Net Pension Liability	55,530,934	31,619,134
Total Gov't Activities	<u>107,199,740</u>	<u>86,800,979</u>
<b>Business-type Activities:</b>		
Revenue Bonds, Net	12,635,000	13,550,000
Compensated Absences	234,862	273,805
Other Post Employment Benefits	154,886	146,334
Landfill Closure/Postclosures	14,648,232	15,188,041
Net Pension Liability	646,030	408,731
Total Business-type Activities	<u>28,319,010</u>	<u>29,566,911</u>
<b>Total Outstanding Liabilities</b>	<u><u>\$ 135,518,750</u></u>	<u><u>\$ 116,367,890</u></u>

The County's outstanding liabilities increased by \$19,150,860 (16.5%) in fiscal year 2016. Reductions in Revenue Bonds of \$3,675,672, Capital Lease Payables of \$658,897, and Landfill Closure/Post-closure obligations of \$539,809 were more than offset by an increase in Net Pension Liability of \$24,149,099, and Other Post-employment Benefits of \$498,825. Additional information on Nassau County's outstanding debt can be found in Note 9 in Notes to Financial Statements.

### Request for Information

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

## **BASIC FINANCIAL STATEMENTS**



**NASSAU COUNTY, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2016**

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
<b>Assets</b>			
Cash and Cash Equivalents	\$ 9,937,165	\$ 7,130,730	\$ 17,067,895
Equity in Pooled Investments	59,494,152	1,650,532	61,144,684
Accounts Receivable, Net	808,548	349,769	1,158,317
Assessments Receivable, Net	0	29,273	29,273
Internal Balances	31,667	(31,667)	0
Loans Receivable, Net	48,000	0	48,000
Due from Other Governments	5,173,183	0	5,173,183
Inventories	312,063	51,529	363,592
Prepaid Items	49,907	19,948	69,855
Deposits	7,000	0	7,000
Restricted Assets:			
Cash and Cash Equivalents	0	2,975,854	2,975,854
Capital Assets:			
Nondepreciable	85,946,059	987,482	86,933,541
Depreciable, Net	360,679,250	13,747,939	374,427,189
<b>Total Assets</b>	<b>522,486,994</b>	<b>26,911,389</b>	<b>549,398,383</b>
<b>Deferred Outflow of Resources</b>			
Unamortized Refunding Loss	0	538,674	538,674
Pension Related	22,938,958	251,403	23,190,361
<b>Total Deferred Outflow of Resources</b>	<b>22,938,958</b>	<b>790,077</b>	<b>23,729,035</b>
<b>Liabilities</b>			
Accounts Payable	5,275,610	916,373	6,191,983
Other Current Liabilities	668,378	0	668,378
Retainage Payable	430,786	94,522	525,308
Due to Other Governments	1,046,087	0	1,046,087
Unearned Revenue	45,058	4,150	49,208
Deposits	92,992	131,158	224,150
Accrued Interest Payable	497,813	0	497,813
Payable from Restricted Assets:			
Landfill Postclosure Costs	0	831,950	831,950
Noncurrent Liabilities:			
Due Within One Year	6,912,282	1,027,917	7,940,199
Due in More Than One Year	44,756,524	11,996,831	56,753,355
Landfill Postclosure Liability			
(Payable from Restricted Assets)	0	13,816,282	13,816,282
Net Pension Liability	55,530,934	646,030	56,176,964
<b>Total Liabilities</b>	<b>115,256,464</b>	<b>29,465,213</b>	<b>144,721,677</b>
<b>Deferred Inflows of Resources</b>			
Pension Related	2,103,402	25,493	2,128,895
<b>Net Position</b>			
Net Investment in Capital Assets	410,467,647	2,639,095	413,106,742
Restricted for:			
Utility System Improvements	0	1,486,212	1,486,212
Debt Service	1,588,503	532,913	2,121,416
Impact Fees	4,757,493	0	4,757,493
Mobility Fees	1,709,937	0	1,709,937
Capital Projects	3,125	0	3,125
Court Facilities	1,962,707	0	1,962,707
Tourist Development	5,533,063	0	5,533,063
Building Department	4,222,705	0	4,222,705
Grants and Other Purposes	8,014,577	0	8,014,577
Unrestricted	(10,193,671)	(6,447,460)	(16,641,131)
<b>Total Net Position</b>	<b>\$ 428,066,086</b>	<b>\$ (1,789,240)</b>	<b>\$ 426,276,846</b>

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, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>							
Governmental Activities:							
General Government	\$ 17,951,103	\$ 4,415,694	\$ 1,060,003	\$ 33,819	\$ (12,441,587)	\$ 0	\$ (12,441,587)
Court-related	4,433,298	1,677,907	35,318	0	(2,720,073)	0	(2,720,073)
Public Safety	38,913,174	2,832,367	1,316,382	105,806	(34,658,619)	0	(34,658,619)
Physical Environment	1,371,524	619,510	100,500	62,833	(588,681)	0	(588,681)
Transportation	22,554,872	1,381,322	3,258,487	1,293,808	(16,621,255)	0	(16,621,255)
Economic Environment	4,533,154	0	396,686	0	(4,136,468)	0	(4,136,468)
Human Services	3,730,586	58,426	6,242	0	(3,665,918)	0	(3,665,918)
Culture and Recreation	2,048,029	571,169	58,531	130,839	(1,287,490)	0	(1,287,490)
Interest on Long-term Debt	1,770,160	0	0	0	(1,770,160)	0	(1,770,160)
Total Governmental Activities	97,305,900	11,556,395	6,232,149	1,627,105	(77,890,251)	0	(77,890,251)
Business-type Activities:							
Solid Waste	602,265	4,064	90,909	0	0	(507,292)	(507,292)
Water and Sewer	2,432,946	3,780,353	0	329,881	0	1,677,288	1,677,288
Total Business-type Activities	3,035,211	3,784,417	90,909	329,881	0	1,169,996	1,169,996
<b>Total Primary Government</b>	<u>\$ 100,341,111</u>	<u>\$ 15,340,812</u>	<u>\$ 6,323,058</u>	<u>\$ 1,956,986</u>	<u>(77,890,251)</u>	<u>1,169,996</u>	<u>(76,720,255)</u>
<b>General Revenues</b>							
Property Taxes					51,329,572	0	51,329,572
Sales Taxes					19,050,798	0	19,050,798
Fuel Taxes					2,641,146	0	2,641,146
Utility Services Taxes					700,549	0	700,549
Investment Earnings					484,731	18,851	503,582
Miscellaneous					1,804,390	142,850	1,947,240
<b>Transfers</b>					(574,015)	574,015	0
<b>Total General Revenues and Transfers</b>					<u>75,437,171</u>	<u>735,716</u>	<u>76,172,887</u>
<b>Change in Net Position</b>					<u>(2,453,080)</u>	<u>1,905,712</u>	<u>(547,368)</u>
<b>Net Position Beginning of Year</b>					<u>430,519,166</u>	<u>(3,694,952)</u>	<u>426,824,214</u>
<b>Net Position End of Year</b>					<u>\$ 428,066,086</u>	<u>\$ (1,789,240)</u>	<u>\$ 426,276,846</u>

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

**NASSAU COUNTY, FLORIDA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2016**

	<b>General Fund</b>	<b>County Transportation Fund</b>	<b>Municipal Services Fund</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 1,952,004	\$ 262,230	\$ 176,212
Equity in Pooled Investments	17,155,763	4,678,422	2,961,397
Accounts Receivable (Net of Allowance for Uncollectibles)	725,553	19,015	814
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	0
Due from Other Funds	1,280,594	26,780	38,962
Due from Other Governments	1,011,798	364,507	120,667
Inventories	223,798	88,265	0
Prepaid Expenditures	48,921	0	153
Deposits	6,105	895	0
<b>Total Assets</b>	<u>22,404,536</u>	<u>5,440,114</u>	<u>3,298,205</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	2,132,347	1,227,307	74,822
Accrued Liabilities	668,378	0	0
Retainage Payable	4,999	0	0
Due to Other Funds	72,242	140,567	280,701
Due to Other Governments	53,808	483	3,269
Unearned Revenues	28,288	0	0
Deposits	2,838	10,440	0
<b>Total Liabilities</b>	<u>2,962,900</u>	<u>1,378,797</u>	<u>358,792</u>
<b>Deferred Inflows of Resources</b>	<u>985,916</u>	<u>167,692</u>	<u>60,117</u>
<b>Fund Balances</b>			
Nonspendable	278,351	89,160	153
Restricted	575,874	0	5,120
Committed	0	0	0
Assigned	6,459,187	3,804,465	2,874,023
Unassigned	11,142,308	0	0
<b>Total Fund Balances</b>	<u>18,455,720</u>	<u>3,893,625</u>	<u>2,879,296</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 22,404,536</u>	<u>\$ 5,440,114</u>	<u>\$ 3,298,205</u>

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

<b>One-Cent Small County Surtax Fund</b>	<b>Capital Projects - Transportation Fund</b>	<b>Capital Projects - County Complex</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 39,668	\$ 223,800	\$ 15,393	\$ 7,267,858	\$ 9,937,165
4,389,711	8,371,312	2,799,027	19,138,520	59,494,152
0	0	0	63,166	808,548
0	0	0	48,000	48,000
0	0	0	67,063	1,413,399
1,302,443	1,576,955	0	796,813	5,173,183
0	0	0	0	312,063
0	0	0	833	49,907
0	0	0	0	7,000
<u>5,731,822</u>	<u>10,172,067</u>	<u>2,814,420</u>	<u>27,382,253</u>	<u>77,243,417</u>
130,771	267,475	401,643	1,041,245	5,275,610
0	0	0	0	668,378
0	52,662	349,676	23,449	430,786
0	0	0	888,222	1,381,732
0	0	0	988,527	1,046,087
0	0	0	16,770	45,058
0	0	0	79,714	92,992
<u>130,771</u>	<u>320,137</u>	<u>751,319</u>	<u>3,037,927</u>	<u>8,940,643</u>
<u>660,000</u>	<u>1,576,955</u>	<u>0</u>	<u>360,500</u>	<u>3,811,180</u>
0	0	0	833	368,497
0	0	0	23,980,930	24,561,924
0	0	0	108,613	108,613
4,941,051	8,274,975	2,063,101	0	28,416,802
0	0	0	(106,550)	11,035,758
<u>4,941,051</u>	<u>8,274,975</u>	<u>2,063,101</u>	<u>23,983,826</u>	<u>64,491,594</u>
<u>\$ 5,731,822</u>	<u>\$ 10,172,067</u>	<u>\$ 2,814,420</u>	<u>\$ 27,382,253</u>	<u>\$ 77,243,417</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, 2016**

**Total Fund Balances of Governmental Funds** \$ 64,491,594

**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	\$ 818,717,222	
(Less: Accumulated Depreciation)	<u>(372,091,913)</u>	
		446,625,309

Certain receivables do not provide current financial resources and, therefore, are reported as deferred inflows of resources in the funds.		3,811,180
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Certain pension related amounts are being deferred and amortized over a  
period of years or are being deferred as contributions to the pension  
plan made after the measurement date:

Deferred Outflows Related to Pensions	22,938,958	
Deferred Inflows Related to Pensions	<u>(2,103,402)</u>	
		20,835,556

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	(32,956,662)	
Premium on Bonds Payable	(1,113,726)	
Capital Leases Payable	(2,087,274)	
Compensated Absences	(6,553,295)	
Other Postemployment Benefits	(8,880,132)	
Claims Payable	(77,717)	
Accrued Interest Payable	(497,813)	
Net Pension Liability	<u>(55,530,934)</u>	
		<u>(107,697,553)</u>

<b>Total Net Position of Governmental Activities</b>		<b><u>\$ 428,066,086</u></b>
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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, 2016**

	<b>General Fund</b>	<b>County Transportation Fund</b>	<b>Municipal Services Fund</b>
<b>Revenues</b>			
Taxes	\$ 39,419,901	\$ 5,132,203	\$ 8,716,089
Licenses and Permits	25,904	67,068	49,647
Intergovernmental Revenues	6,284,586	1,253,001	652,535
Charges for Services	3,738,919	38,498	139,244
Fines and Forfeitures	48,043	0	564
Interest Earnings	165,201	41,660	41,822
Miscellaneous	861,103	92,361	65,222
<b>Total Revenues</b>	<u>50,543,657</u>	<u>6,624,791</u>	<u>9,665,123</u>
<b>Expenditures</b>			
Current:			
General Government Services	14,904,134	0	628,455
Public Safety	25,680,742	0	6,660,375
Physical Environment	342,841	0	0
Transportation	0	5,628,228	117
Economic Environment	225,150	0	0
Human Services	2,651,748	0	890,921
Culture and Recreation	1,561,186	0	0
Court-related Expenditures	1,402,960	0	0
Capital Outlay	3,125,391	1,021,003	902,134
Debt Service:			
Principal Retirement	658,897	0	0
Interest and Fiscal Charges	24,706	0	0
<b>(Total Expenditures)</b>	<u>50,577,755</u>	<u>6,649,231</u>	<u>9,082,002</u>
<b>(Deficiency) Excess of Revenues</b>			
<b>(Under) Over Expenditures</b>	<u>(34,098)</u>	<u>(24,440)</u>	<u>583,121</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	7,282,245	1,338,934	1,616,724
Transfers (out)	(3,105,594)	(2,479,019)	(3,987,154)
Sale of General Capital Assets	16,948	82,882	1,000
<b>Total Other Financing Sources (Uses)</b>	<u>4,193,599</u>	<u>(1,057,203)</u>	<u>(2,369,430)</u>
<b>Net Change in Fund Balances</b>	4,159,501	(1,081,643)	(1,786,309)
<b>Fund Balances at Beginning of Year</b>	<u>14,296,219</u>	<u>4,975,268</u>	<u>4,665,605</u>
<b>Fund Balances at End of Year</b>	<u><u>\$ 18,455,720</u></u>	<u><u>\$ 3,893,625</u></u>	<u><u>\$ 2,879,296</u></u>

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

<b>One-Cent Small County Surtax Fund</b>	<b>Capital Projects - Transportation Fund</b>	<b>Capital Projects - County Complex</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 9,127,257	\$ 0	\$ 0	\$ 6,689,630	\$ 69,085,080
0	0	0	5,013,649	5,156,268
0	580,489	0	2,342,301	11,112,912
0	0	0	1,977,050	5,893,711
0	0	0	546,113	594,720
47,079	29,897	34,122	124,954	484,735
0	46,845	0	381,120	1,446,651
<u>9,174,336</u>	<u>657,231</u>	<u>34,122</u>	<u>17,074,817</u>	<u>93,774,077</u>
0	0	0	794,616	16,327,205
89,718	0	30,297	1,135,386	33,596,518
147,130	0	0	853,390	1,343,361
0	0	0	0	5,628,345
0	0	0	4,307,414	4,532,564
0	0	0	128,957	3,671,626
13,989	0	0	2,387	1,577,562
0	0	0	2,031,852	3,434,812
250,661	1,386,230	6,041,308	1,464,391	14,191,118
0	0	0	2,534,817	3,193,714
0	0	0	1,837,785	1,862,491
<u>501,498</u>	<u>1,386,230</u>	<u>6,071,605</u>	<u>15,090,995</u>	<u>89,359,316</u>
<u>8,672,838</u>	<u>(728,999)</u>	<u>(6,037,483)</u>	<u>1,983,822</u>	<u>4,414,761</u>
204,635	5,991,120	1,926,421	2,962,586	21,322,665
(10,230,654)	0	(204,635)	(1,889,624)	(21,896,680)
0	0	0	0	100,830
<u>(10,026,019)</u>	<u>5,991,120</u>	<u>1,721,786</u>	<u>1,072,962</u>	<u>(473,185)</u>
(1,353,181)	5,262,121	(4,315,697)	3,056,784	3,941,576
<u>6,294,232</u>	<u>3,012,854</u>	<u>6,378,798</u>	<u>20,927,042</u>	<u>60,550,018</u>
<u>\$ 4,941,051</u>	<u>\$ 8,274,975</u>	<u>\$ 2,063,101</u>	<u>\$ 23,983,826</u>	<u>\$ 64,491,594</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, 2016**

**Net Change in Fund Balances - Total Governmental Funds** \$ 3,941,576

**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	\$ 12,943,883	
(Current Year Depreciation)	(21,122,769)	
Contributions of Capital Assets	272,732	
(Loss) on Disposal of Capital Assets	(429,581)	
		(8,335,735)

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.	1,279,196
--	-----------

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.	3,345,320
--	-----------

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.	(2,869,239)
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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	18,083	
Amortization of Premiums	74,248	
Change in Long-term Claims Payable	77,717	
Change in Other Postemployment Benefits	(490,273)	
Change in Accrued Compensated Absences	506,027	
		185,802

<b>Change in Net Position - Governmental Activities</b>	<b>\$ (2,453,080)</b>
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The notes to the financial statements are an integral part of this statement.



**NASSAU COUNTY, FLORIDA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2016**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Solid Waste Disposal</b>	<b>Water and Sewer</b>	<b>Total</b>
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 336,288	\$ 6,794,442	\$ 7,130,730
Cash and Cash Equivalents - Restricted	832,488	0	832,488
Equity in Pooled Investments	1,650,532	0	1,650,532
Accounts Receivable, Net	4,222	345,547	349,769
Assessments Receivable, Net	29,273	0	29,273
Due from Other Funds	715	2,723	3,438
Inventories	0	51,529	51,529
Prepaid Expenditures	0	19,948	19,948
Total Current Assets	2,853,518	7,214,189	10,067,707
Noncurrent Assets:			
Cash and Cash Equivalents - Restricted	0	2,143,366	2,143,366
Capital Assets (Net of Accumulated Depreciation Where Applicable)	1,456,160	13,279,261	14,735,421
Total Noncurrent Assets	1,456,160	15,422,627	16,878,787
<b>Total Assets</b>	4,309,678	22,636,816	26,946,494
<b>Deferred Outflow of Resources</b>			
Unamortized Refunding Loss	0	538,674	538,674
Pension Related	78,540	172,863	251,403
<b>Total Deferred Outflow of Resources</b>	78,540	711,537	790,077
<b>Total Assets and Deferred Outflows</b>	4,388,218	23,348,353	27,736,571
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	171,853	744,520	916,373
Retainage Payable	5,800	88,722	94,522
Due to Other Funds	12,735	22,370	35,105
Unearned Revenue	4,150	0	4,150
Deposits	0	131,158	131,158
Bonds Payable	0	930,000	930,000
Landfill Postclosure Liability	831,950	0	831,950
Compensated Absences	21,629	76,288	97,917
Total Current Liabilities	1,048,117	1,993,058	3,041,175
Noncurrent Liabilities:			
Compensated Absences	66,463	70,482	136,945
Other Postemployment Benefits	51,629	103,257	154,886
Bonds Payable Long-term	0	11,705,000	11,705,000
Landfill Postclosure Liability (Payable from Restricted Assets)	13,816,282	0	13,816,282
Net Pension Liability	201,824	444,206	646,030
Total Noncurrent Liabilities	14,136,198	12,322,945	26,459,143
<b>Total Liabilities</b>	15,184,315	14,316,003	29,500,318
<b>Deferred Inflow of Resources</b>			
Pension Related	7,964	17,529	25,493
<b>Total Deferred Inflow of Resources</b>	7,964	17,529	25,493
<b>Total Liabilities and Deferred Inflows</b>	15,192,279	14,333,532	29,525,811
<b>Net Position</b>			
Investment in Capital Assets	1,456,160	1,182,935	2,639,095
Restricted	0	2,019,125	2,019,125
Unrestricted	(12,260,221)	5,812,761	(6,447,460)
<b>Total Net Position</b>	\$ (10,804,061)	\$ 9,014,821	\$ (1,789,240)

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 FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Solid Waste Disposal</b>	<b>Water and Sewer</b>	<b>Total</b>
<b>Operating Revenues</b>			
Charges for Services	\$ 4,064	\$ 3,618,798	\$ 3,622,862
Connection and Impact Fees	0	161,555	161,555
Other Income	78,600	64,250	142,850
<b>Total Operating Revenues</b>	<u>82,664</u>	<u>3,844,603</u>	<u>3,927,267</u>
<b>Operating Expenses</b>			
Contractual Services	33,267	1,544	34,811
Professional Services	10,275	72,317	82,592
Landfill Postclosure	35,059	0	35,059
Salaries and Benefits	268,144	668,258	936,402
Rentals and Leases	41,016	6,636	47,652
Repairs and Maintenance	34,041	138,484	172,525
Gas and Oil	2,048	8,414	10,462
Materials	1,236	1,235	2,471
Depreciation	114,536	720,379	834,915
Other Expenses	62,643	489,300	551,943
<b>Total Operating Expenses</b>	<u>602,265</u>	<u>2,106,567</u>	<u>2,708,832</u>
<b>Operating (Loss) Income</b>	<u>(519,601)</u>	<u>1,738,036</u>	<u>1,218,435</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Earnings	17,935	916	18,851
Donated Infrastructure	0	329,881	329,881
Grant Revenues	90,909	0	90,909
Interest and Other Debt Service Costs	0	(326,379)	(326,379)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>108,844</u>	<u>4,418</u>	<u>113,262</u>
<b>(Loss) Income Before Transfers</b>	(410,757)	1,742,454	1,331,697
<b>Transfers in</b>	694,165	0	694,165
<b>Transfers (out)</b>	<u>(62,013)</u>	<u>(58,137)</u>	<u>(120,150)</u>
<b>Change in Net Position</b>	221,395	1,684,317	1,905,712
<b>Total Net Position, Beginning of Year</b>	<u>(11,025,456)</u>	<u>7,330,504</u>	<u>(3,694,952)</u>
<b>Total Net Position, End of Year</b>	<u><u>\$ (10,804,061)</u></u>	<u><u>\$ 9,014,821</u></u>	<u><u>\$ (1,789,240)</u></u>

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

**NASSAU COUNTY, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Solid Waste</b>	<b>Water and Sewer</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 11,909	\$ 3,842,843	\$ 3,854,752
Cash Payments to Vendors for Goods and Services	(679,672)	(570,311)	(1,249,983)
Cash Payments to Employees	(257,656)	(714,451)	(972,107)
Cash Received from Other Sources	78,600	0	78,600
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(846,819)</b>	<b>2,558,081</b>	<b>1,711,262</b>
<b>Noncapital Financing Activities</b>			
Cash Received from Grant Revenues	90,909	0	90,909
Transfers from Other Funds	694,165	0	694,165
Transfers to Other Funds	(62,013)	(58,137)	(120,150)
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<b>723,061</b>	<b>(58,137)</b>	<b>664,924</b>
<b>Capital and Related Financing Activities</b>			
Acquisition of Property, Plant, and Equipment	(192,431)	(571,384)	(763,815)
Principal Payments on Bonds	0	(915,000)	(915,000)
Payment of Interest and Other Debt Costs	0	(281,489)	(281,489)
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<b>(192,431)</b>	<b>(1,767,873)</b>	<b>(1,960,304)</b>
<b>Investing Activities</b>			
Interest Received	17,935	916	18,851
Proceeds from the Sale of Investments	654,846	0	654,846
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>672,781</b>	<b>916</b>	<b>673,697</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>356,592</b>	<b>732,987</b>	<b>1,089,579</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>812,184</b>	<b>8,204,821</b>	<b>9,017,005</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,168,776</b>	<b>\$ 8,937,808</b>	<b>\$ 10,106,584</b>
<b><u>Reported in Statement of Net Position as:</u></b>			
Cash and Cash Equivalents	\$ 336,288	\$ 6,794,442	\$ 7,130,730
Current: Cash and Cash Equivalents - Restricted	832,488	0	832,488
Noncurrent: Cash and Cash Equivalents - Restricted	0	2,143,366	2,143,366
<b>Total</b>	<b>\$ 1,168,776</b>	<b>\$ 8,937,808</b>	<b>\$ 10,106,584</b>

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

**NASSAU COUNTY, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**  
*(Concluded)*

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Solid Waste</b>	<b>Water and Sewer</b>	<b>Total</b>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u></b>			
Operating Income (Loss)	\$ (519,601)	\$ 1,738,036	\$ 1,218,435
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation and Amortization	114,536	720,379	834,915
Provision for Postclosure Costs	(539,809)	0	(539,809)
Changes in Assets - Decrease (Increase):			
Decrease (Increase) in Accounts Receivable	(908)	(13,988)	(14,896)
Decrease (Increase) in Assessments Receivable	2,700	0	2,700
Decrease (Increase) in Due from Other Funds	(357)	(3)	(360)
Decrease (Increase) in Due from Other Governments	0	(2,277)	(2,277)
Decrease (Increase) in Inventory	0	4,194	4,194
Decrease (Increase) in Prepaid Expense	921	56	977
Decrease (Increase) in Deferred Outflows	(54,004)	(115,264)	(169,268)
Changes in Liabilities - Increase (Decrease):			
Increase (Decrease) in Accounts Payable	79,722	143,372	223,094
Increase (Decrease) in Due to Other Funds	4,391	4,234	8,625
Increase (Decrease) in Due to Other Governments	(2)	0	(2)
Increase (Decrease) in Unearned Revenues	1,100	0	1,100
Increase (Decrease) in Deposits	0	10,271	10,271
Increase (Decrease) in Compensated Absences	3,480	(42,423)	(38,943)
Increase (Decrease) in Net Pension Liability	79,723	157,576	237,299
Increase (Decrease) in Deferred Inflows	(21,562)	(51,783)	(73,345)
Increase (Decrease) in Other Postemployment Benefits	2,851	5,701	8,552
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ (846,819)</b>	<b>\$ 2,558,081</b>	<b>\$ 1,711,262</b>

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, 2016**

	<b>Total Agency Funds</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 4,794,717
Equity in Pooled Investments	3,769,061
Due from Other Governments	11,634
Due from Individuals	66,046
<b>Total Assets</b>	<u><u>8,641,458</u></u>
<b>Liabilities</b>	
Accounts Payable	14,701
Due to Other Governments	892,541
Due to Bond Holders	3,834,303
Deposits	1,667,773
Other Liabilities	17,105
Undistributed Collections	2,215,035
<b>Total Liabilities</b>	<u><u>\$ 8,641,458</u></u>

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

# NASSAU COUNTY, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS INDEX

September 30, 2016

<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 .....	30-32
D. Measurement Focus .....	32-33
E. Basis of Accounting .....	33
F. Cash and Cash Equivalents .....	33-34
G. Deposits and Investments .....	34
H. Accounts Receivable .....	34
I. Interfund Balances .....	34
J. Inventories and Prepaid Items .....	34
K. Unamortized Refunding Loss .....	35
L. Fund Balance .....	35
M. Net Position .....	36
N. Restricted Assets .....	36
O. Capital Assets and Long-term Liabilities .....	36-38
P. Capitalization of Interest Costs .....	38
Q. Deferred Inflows/Outflows of Resources .....	38
R. Compensated Absences .....	38
S. Other Postemployment Benefits .....	38
T. Net Pension Liability .....	38
U. Property Taxes .....	39
V. Future GASB Pronouncement Implementations .....	39-40
2. Cash and Investments .....	40-41
3. Accounts Receivable .....	42
4. Assessments Receivable .....	42
5. Restricted Assets .....	42
6. Capital Assets .....	43-44
7. Interfund Activity .....	44-45
8. Leases .....	45-47
9. Long-term Obligations .....	47-51
10. No Commitment Special Assessment Debt .....	51
11. Bond Arbitrage Rebate .....	51
12. Landfill Postclosure Care Costs .....	51-52
13. Retirement Plans .....	52-62
14. Deferred Compensation Plan .....	62
15. Other Postemployment Benefits (OPEB) .....	62-65
16. Deficit Equity Balances .....	65
17. Fund Balance Classification .....	66-67
18. Risk Management .....	67
19. Commitments and Contingencies .....	67-68
20. Conduit Debt Obligations .....	68

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**

**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, 2016. 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, 2016**  
*(Continued)*

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

**A. Reporting Entity (Concluded)**

The Recreation and Water Conservation and Control District No. 1 (RWCCD) is a dependent special district, which functions for the benefit of the citizens of the County and is considered a blended component unit of the County. The Board of County Commissioners sits as the governing body. The RWCCD had no revenues or expenditures during the fiscal year ended September 30, 2016. 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 nonfiduciary activities of the County.

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

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

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

**C. Fund Accounting**

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



NASSAU COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(Continued)

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

**C. Fund Accounting (Continued)**

■ **Governmental Funds**

● **Major Governmental Funds**

- ▶ The **General Fund**—is used to account for all revenues and expenditures applicable to the general operations of the County, which are not properly accounted for in other funds. The General Fund for the County includes the General Fund for the Board and each of the Constitutional Officers. The effect of interfund activity has been eliminated from these financial statements.
  - ▶ The **County Transportation Fund**—is used to account for the operation of the Road and Bridge Department. Financing is provided principally by ad valorem taxes and the County's share of State gasoline taxes.
  - ▶ The **Municipal Services Fund**—is used to account for activities benefiting only the unincorporated areas of the County. Financing is provided principally by ad valorem taxes and state revenue sharing.
  - ▶ The **One-Cent Small County Surtax Fund**—is used to account for transactions associated with one-cent funds. Financing is provided by a one-cent sales tax on all transactions occurring in the County that are subject to imposed state tax on sales, use, services, rentals, and admissions.
  - ▶ 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 **Capital Projects - County Complex Fund**—is used to account for the development of County building projects at the County Complex.
- **Nonmajor 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.

NASSAU COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(Continued)

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

**C. Fund Accounting (Concluded)**

■ **Major Proprietary Funds**

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

The Solid Waste Disposal Fund provides a Convenience Recycling Center for the collection and disposal of solid waste and recyclables for the citizens of Nassau County. The fund also accounts for the post-closure requirement costs for all closed landfills. 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.

**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.

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

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

**D. Measurement Focus (Concluded)**

■ **Proprietary Funds (Concluded)**

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

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

**E. Basis of Accounting**

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

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

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

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

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

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

**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.

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

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

**F. Cash and Cash Equivalents (Concluded)**

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. Interfund Balances**

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

**J. Inventories and Prepaid Items**

Inventories, consisting principally of expendable items held for consumption, are determined by physical count and are stated at cost based on the average-cost method. On the balance sheet - governmental funds, the prepaid and inventory balances reported are offset by a nonspendable 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.

NASSAU COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(Continued)

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

**K. Unamortized Refunding Loss**

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

**L. Fund Balance**

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

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

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

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

**M. Net Position**

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

**N. Restricted Assets**

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

**O. Capital Assets and Long-term Liabilities**

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

■ **Governmental Funds**

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

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

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

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

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

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

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

■ **Governmental Funds (Concluded)**

<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

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

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

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

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

■ **Proprietary Enterprise Funds**

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

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

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

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

■ **Proprietary Enterprise Funds (Concluded)**

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, 2016, no interest was capitalized.

**Q. Deferred Inflows/Outflows of Resources**

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

**R. Compensated Absences**

Annual, sick, bonus, and compensatory leave amounts accumulate and vest in accordance with the policies of the Board of County Commissioners, Clerk of the Circuit Court, Tax Collector, Sheriff, Property Appraiser, Supervisor of Elections, and negotiated union contracts. Provisions of these policies and the union contracts specify how benefits are earned, accumulated, and when and to what extent they vest.

For governmental activities, compensated absences are generally liquidated by the General Fund, the County Transportation Fund, the Municipal Services Fund, and the Building Department.

**S. Other Postemployment Benefits**

The County has recorded the liability in the government-wide statements and the enterprise funds for postemployment benefits other than pensions.

For governmental activities, other postemployment benefits are generally liquidated by the General Fund, the County Transportation Fund, the Municipal Services Fund, and the Building Department.

**T. Net Pension Liability**

In the government-wide and proprietary fund statements, the net pension liability represents the County's proportionate share of the net pension liability of the cost-sharing pension plans in which it participates. This liability represents a share of the present value of projected benefit payments to be provided through the cost-sharing plans, less the amount of the cost-sharing plans' fiduciary net position. 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 for pensions, deferred inflows for pensions, 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, 2016**  
*(Continued)*

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

**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, 2016, the Board levied 6.5670 mills. An additional 1.6694 mills was levied for the benefit of the Nassau County Municipal Services Taxing Unit.

Property taxes are due and payable on March 31st of each year or as soon 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. Future GASB Pronouncement Implementations**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans*, for OPEB. This Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, including the recognition and measurement of liabilities, deferred outflows or resources, deferred inflows of resources and expenses. For each qualifying plan providing postemployment benefits other than pensions, employers are required to report the difference between the actuarial OPEB liability and the related plan's fiduciary net position as the net OPEB liability on the statement of net position. Previously, a liability was recognized only to the extent that contributions made to each plan were exceeded by the actuarially calculated contributions for those plans.

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

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

**V. Future GASB Pronouncement Implementations (Concluded)**

Additionally, Statement No. 75 sets forth note disclosure and required supplementary disclosure requirements for defined contribution OPEB. The County is currently evaluating the impact that adoption of this statement will have on its financial statements. This statement is effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 77, *Tax Abatement Disclosures*, provides disclosure requirements for governments that enter into tax abatement agreements. This Statement indicates how disclosures for tax abatements should be organized and what descriptive information, including commitments made by the entity should be presented. The County is currently evaluating the impact that adoption of this Statement will have on its financial statements. This standard will be adopted in fiscal year 2017.

**Note 2 - Cash and Investments**

**Deposits with Financial Institutions**

The carrying amount of the County's deposits with financial institutions was \$24,838,466 and the bank balances were \$26,247,879 at September 30, 2016. Deposits are placed in banks that qualify as public depositories pursuant to the provisions of Chapter 280, Florida Statutes, the *Florida Security for Public Deposits Act*. Qualified public depositories are required by this law to pledge collateral with a market value equal to a percentage of the average daily balance of all public deposits in excess of any federal deposit insurance. In event of default by a qualified public depository, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default, and if necessary a pro rata assessment to the other qualified public depositories in the collateral pool. Therefore, all cash and time deposits held by banks are fully insured and collateralized.

**Fair Value Measurement and Application**

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

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

**Note 2 - Cash and Investments (Concluded)**

**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 nonoperating funds shall have a term appropriate to the need for funds and in accordance with debt covenants. The maturities of the underlying securities of a repurchase agreement will follow the requirements of a Master Repurchase Agreement in form approved by the Public Securities Association.

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

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

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

<u>Description</u>	<u>Fair Value</u>
Cash and Cash Equivalents	\$ 24,838,466
Certificates of Deposit	36,518,220
Money Market Accounts	<u>28,395,525</u>
<b>Total Cash and Investments</b>	<b><u>\$ 89,752,211</u></b>

Reported in accompanying financial statements as follows:

<u>Account</u>	<u>Reported Amount</u>
Cash and Cash Equivalents - Governmental Funds	\$ 9,937,165
Cash and Cash Equivalents - Business-type Activities	7,130,730
Cash and Cash Equivalents - Agency Funds	4,794,717
Equity in Pooled Investments - Governmental Funds	59,494,152
Equity in Pooled Investments - Business-type Activities	1,650,532
Equity in Pooled Investments - Agency Funds	3,769,061
Restricted Cash and Cash Equivalents - Business-type Activities	<u>2,975,854</u>
<b>Total Cash and Investments</b>	<b><u>\$ 89,752,211</u></b>

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

**Note 3 - Accounts Receivable**

Accounts receivable (net of allowances for uncollectibles) at September 30, 2016, included the following:

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
<b>Governmental Funds</b>			
General Fund	\$ 3,063,413	\$ (2,337,860)	\$ 725,553
County Transportation	19,015	0	19,015
Municipal Service	814	0	814
Nonmajor Funds	63,166	0	63,166
<b>Total Governmental Funds</b>	<u>\$ 3,146,408</u>	<u>\$ (2,337,860)</u>	<u>\$ 808,548</u>
<b>Business-type Funds</b>			
Solid Waste Disposal	\$ 4,222	\$ 0	\$ 4,222
Water	367,137	(21,590)	345,547
<b>Total Business-type Funds</b>	<u>\$ 371,359</u>	<u>\$ (21,590)</u>	<u>\$ 349,769</u>

**Note 4 - Assessments Receivable**

Assessments receivable (net of allowances for uncollectibles) at September 30, 2016, included the following:

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
<b>Business-type Funds</b>			
Solid Waste Disposal	<u>\$ 808,147</u>	<u>\$ (778,874)</u>	<u>\$ 29,273</u>

**Note 5 - Restricted Assets**

Restricted assets in the proprietary and governmental funds at September 30, 2016, 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, 2016, were restricted for the following purposes:

<b>Proprietary Funds</b>	
Customer Deposits	\$ 124,241
Landfill Postclosure Costs	832,488
Renewal and Replacement (Water/Sewer)	182,213
Impact Fees	1,303,999
Debt Service	532,913
<b>Total</b>	<u>\$ 2,975,854</u>

Reported in accompanying financial statements as follows:

<u>Account</u>	<u>Reported Amount</u>
Restricted Cash and Cash Equivalents - Business-type Activities	\$ 832,488
Noncurrent: Restricted Cash and Cash Equivalents - Business-type Activities	2,143,366
<b>Total Restricted Assets</b>	<u>\$ 2,975,854</u>

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

**Note 6 - Capital Assets**

Capital asset activity for the year ended September 30, 2016, was as follows:

	<b>Balance 10/1/15</b>	<b>Increases</b>	<b>(Decreases)</b>	<b>Balance 9/30/16</b>
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 75,810,776	\$ 272,732	\$ 0	\$ 76,083,508
Construction Work in Progress	8,534,761	7,084,619	(5,756,829)	9,862,551
Total Capital Assets Not Being Depreciated	84,345,537	7,357,351	(5,756,829)	85,946,059
Capital Assets Being Depreciated:				
Building and Improvements	58,617,846	2,563,431	0	61,181,277
Machinery and Equipment	37,553,968	5,428,475	(1,873,789)	41,108,654
Leasehold Improvements	1,151,985	0	0	1,151,985
Infrastructure	626,072,291	3,256,956	0	629,329,247
Total Capital Assets Being Depreciated	723,396,090	11,248,862	(1,873,789)	732,771,163
Less Accumulated Depreciation:				
Buildings and Improvements	(22,257,112)	(1,490,021)	0	(23,747,133)
Machinery and Equipment	(24,931,867)	(3,541,593)	1,811,440	(26,662,020)
Leasehold Improvements	(152,928)	(30,845)	0	(183,773)
Infrastructure	(305,438,678)	(16,060,309)	0	(321,498,987)
Total Accumulated Depreciation	(352,780,585)	(21,122,768)	1,811,440	(372,091,913)
Total Capital Assets Being Depreciated, Net	370,615,505	(9,873,906)	(62,349)	360,679,250
<b>Total Governmental Activities Capital Assets, Net</b>	<u>\$ 454,961,042</u>	<u>\$ (2,516,555)</u>	<u>\$ (5,819,178)</u>	<u>\$ 446,625,309</u>
<b>Business-type Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 815,228	\$ 0	\$ 0	\$ 815,228
Construction Work in Progress	34,311	137,943	0	172,254
Total Capital Assets Not Being Depreciated	849,539	137,943	0	987,482
Capital Assets, Being Depreciated:				
Building and Improvements	1,222,975	0	0	1,222,975
Equipment	20,773,586	1,554,249	(134,169)	22,193,666
Landfill	41,701,285	0	0	41,701,285
Total Capital Assets Being Depreciated	63,697,846	1,554,249	(134,169)	65,117,926
Less Accumulated Depreciation:				
Building and Improvements	(259,747)	(23,409)	0	(283,156)
Equipment	(8,708,209)	(811,506)	134,169	(9,385,546)
Landfill	(41,701,285)	0	0	(41,701,285)
Total Accumulated Depreciation	(50,669,241)	(834,915)	134,169	(51,369,987)
Total Capital Assets, Being Depreciated, Net	13,028,605	719,334	0	13,747,939
<b>Total Business-type Activities Capital Assets, Net</b>	<u>\$ 13,878,144</u>	<u>\$ 857,277</u>	<u>\$ 0</u>	<u>\$ 14,735,421</u>

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

**Note 6 - Capital Assets (Concluded)**

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

<b>Governmental Activities</b>	
General Government	\$ 868,418
Public Safety	3,349,828
Physical Environment	7,134
Transportation	15,510,713
Human Services	92,208
Culture and Recreation	411,933
Court Related	<u>882,534</u>
<b>Total Depreciation Expense - Governmental Activities</b>	<b><u>\$ 21,122,768</u></b>
 <b>Business-type Activities</b>	
Solid Waste	\$ 114,536
Water and Sewer	<u>720,379</u>
<b>Total Depreciation Expense - Business-type Activities</b>	<b><u>\$ 834,915</u></b>

**Note 7 - Interfund Activity**

Interfund balances at September 30, 2016, consisted of the following:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
General	County Transportation	\$ 140,567
General	Municipal Services	280,701
General	Nonmajor Governmental	824,220
General	Solid Waste Disposal	12,735
General	Water and Sewer	22,370
County Transportation	General Fund	26,780
Municipal Services	General Fund	38,962
Nonmajor Governmental	General Fund	3,062
Nonmajor Governmental	Nonmajor Governmental	64,002
Solid Waste Fund	General Fund	715
Water and Sewer	General Fund	<u>2,723</u>
<b>Total</b>		<b><u>\$ 1,416,837</u></b>

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

**Note 7 - Interfund Activity (Concluded)**

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

Transfers Out	Transfers In								Totals
	General	County Trans- portation	Municipal Services	One-Cent Surtax	Capital Project Transportation	Capital Project County Complex	Non- Major	Solid Waste	
General	\$ 0	\$ 7,622	\$ 21,560	\$ 0	\$ 0	\$ 0	\$ 2,382,247	\$ 694,165	\$ 3,105,594
County Transportation	77,253	0	0	0	2,401,678	0	88	0	2,479,019
Municipal Services	3,045,087	0	0	0	0	942,067	0	0	3,987,154
One-Cent County Surtax	2,936,842	1,331,312	1,593,339	0	3,589,442	779,719	0	0	10,230,654
Capital Projects Transportation	0	0	0	0	0	0	0	0	0
Capital Projects County Complex	0	0	0	0	0	204,635	0	0	204,635
Nonmajor	1,102,913	0	1,825	204,635	0	0	580,251	0	1,889,624
Solid Waste	62,013	0	0	0	0	0	0	0	62,013
Water and Sewer	58,137	0	0	0	0	0	0	0	58,137
<b>Total</b>	<b>\$ 7,282,245</b>	<b>\$ 1,338,934</b>	<b>\$ 1,616,724</b>	<b>\$ 204,635</b>	<b>\$ 5,991,120</b>	<b>\$ 1,926,421</b>	<b>\$ 2,962,586</b>	<b>\$ 694,165</b>	<b>\$ 22,016,830</b>

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

**Note 8 - Leases**

■ **Governmental Funds**

The Board is party to operating leases during the period ended September 30, 2016, as follows:

- **Tower Site (14<sup>th</sup> Street)**—the Board entered into a five-year lease with Pinnacle Towers, LLC, for five additional years commencing April 1, 2016. Operating lease payments for the year ended September 30, 2016, were \$29,229.
- **Two Tower Sites (Hilliard and Dahoma)**—the Board entered into two one-year leases (with renewal terms of four additional periods of one year each) with American Tower Asset Sub, LLC, commencing May 2011. The Board exercised the first renewal, which has an effective date of May 2016. Operating lease payments for the year ended September 30, 2016, were \$54,131.
- **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, 2016, were \$69,619.

Future minimum lease payments under these leases follow:

Year Ending September 30	Tower Lease Sites	West Nassau Land Development	Total
2017	\$ 63,298	\$ 71,323	\$ 134,621
2018	31,614	75,443	107,057
2019	32,879	77,178	110,057
2020	34,194	60,892	95,086
2021	17,663	0	17,663
<b>Total</b>	<b>\$ 179,648</b>	<b>\$ 284,836</b>	<b>\$ 464,484</b>

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

**Note 8 - Leases (Continued)**

Three constitutional officers entered into several leases for office equipment and office space under operating leases. Total cost for such leases were \$232,677 for the year ended September 30, 2016. The future minimum lease payments for the leases are as follows:

<u>Year Ending September 30</u>	<u>Total</u>
2017	\$ 73,303
2018	54,772
2019	48,094
2020	41,981
2021	<u>14,527</u>
<b>Total</b>	<u><u>\$ 232,677</u></u>

**Capital Leases**

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

The assets acquired through a capital lease are as follows:

<b>Asset</b>	
Radios	\$ 3,002,089
(Accumulated Depreciation)	<u>(1,044,602)</u>
<b>Total</b>	<u><u>\$ 1,957,487</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2016, were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>
2017	\$ 550,731
2018	550,731
2019	<u>550,731</u>
<b>Total</b>	<u><u>\$ 1,652,193</u></u>

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

The assets acquired through a capital lease are as follows:

<b>Asset</b>	
Server	\$ 586,747
(Accumulated Depreciation)	<u>(156,466)</u>
<b>Total</b>	<u><u>\$ 430,281</u></u>



**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

**Note 8 - Leases (Concluded)**

**Capital Lease (Concluded)**

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>
2017	\$ 113,700
2018	119,517
2019	125,632
2020	<u>76,232</u>
<b>Total</b>	<b><u>\$ 435,081</u></b>

**Note 9 - Long-term Obligations**

The following is a summary of changes in long-term obligations for the year ended September 30, 2016:

	<u>Balance 10/1/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/16</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds Payable	\$ 35,643,086	\$ 0	\$ (2,686,424)	\$ 32,956,662	\$ 2,569,602
Premium on Bonds Payable	<u>1,187,974</u>	<u>0</u>	<u>(74,248)</u>	<u>1,113,726</u>	<u>0</u>
Total Bonds and Notes Payable	36,831,060	0	(2,760,672)	34,070,388	2,569,602
Capital Lease Payable	2,746,171	0	(658,897)	2,087,274	664,431
Claims Payable	155,433	0	(77,716)	77,717	77,717
Compensated Absences	7,059,322	3,626,606	(4,132,633)	6,553,295	3,600,532
Other Postemployment Benefits	8,389,859	490,273	0	8,880,132	0
Net Pension Liability	<u>31,619,134</u>	<u>23,911,800</u>	<u>0</u>	<u>55,530,934</u>	<u>0</u>
<b>Total Governmental Activities</b>					
<b>Long-term Liabilities</b>	<u>\$ 86,800,979</u>	<u>\$ 28,028,679</u>	<u>\$ (7,629,918)</u>	<u>\$ 107,199,740</u>	<u>\$ 6,912,282</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due Within</u>
	<u>10/1/15</u>			<u>9/30/16</u>	<u>One Year</u>
<b>Business-type Activities</b>					
Bonds Payable	\$ 13,550,000	\$ 0	\$ (915,000)	\$ 12,635,000	\$ 930,000
Compensated Absences	273,805	98,308	(137,251)	234,862	97,917
Other Postemployment Benefits	146,334	8,552	0	154,886	0
Landfill Closure/Postclosures	15,188,041	0	(539,809)	14,648,232	831,950
Net Pension Liability	<u>408,731</u>	<u>237,299</u>	<u>0</u>	<u>646,030</u>	<u>0</u>
<b>Total Business-type Activities</b>					
<b>Long-term Liabilities</b>	<u>\$ 29,566,911</u>	<u>\$ 344,159</u>	<u>\$ (1,592,060)</u>	<u>\$ 28,319,010</u>	<u>\$ 1,859,867</u>

**Governmental Activities**

A brief synopsis of long-term debt existing at September 30, 2016, follows:

**2009-1 Gas Tax Revenue Bonds**

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

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

**Note 9 - Long-term Obligations (Continued)**

**Governmental Activities (Continued)**

**2009-1 Gas Tax Revenue Bonds (Concluded)**

The 2009-1 Gas Tax Revenue Bonds are secured by a lien upon and pledge of the proceeds of the constitutional, County, and ninth-cent gas tax. Annual principal and interest on the bond are expected to require approximately 51% of such tax revenue and are payable through 2018. Principal and interest payments for the current year totaled \$1,104,021 and gas tax revenues totaled \$2,153,385. At year-end, pledged future revenues totaled \$2,208,042, which was the amount of remaining principal and interest on the bond. Other County revenues are not available to finance this bond issue.

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

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,064,069	\$ 39,952	\$ 1,104,021
2018	1,083,861	20,160	1,104,021
<b>Total</b>	<u>\$ 2,147,930</u>	<u>\$ 60,112</u>	<u>\$ 2,208,042</u>

**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, 2016, totaled \$3,984,804.

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 \$2,173,360. At year-end, pledged future revenues totaled \$8,505,000, 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.

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

**Note 9 - Long-term Obligations (Continued)**

**Governmental Activities (Concluded)**

**2000 Optional Gas Tax Revenue Bonds (Concluded)**

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>
2017	\$ 380,533	\$ 564,467	\$ 945,000
2018	357,030	587,970	945,000
2019	334,662	610,338	945,000
2020	315,176	629,824	945,000
2021	296,125	648,875	945,000
2022-2025	<u>1,020,402</u>	<u>2,759,598</u>	<u>3,780,000</u>
<b>Total</b>	<u>\$ 2,703,928</u>	<u>\$ 5,801,072</u>	<u>\$ 8,505,000</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.

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 33% of such non ad valorem tax revenue and are payable through 2031. Principal and interest payments for the current year totaled \$2,323,150 and non ad valorem tax revenues totaled \$7,140,911. At year-end, pledged future revenues totaled \$34,843,000, 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 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>
2017	\$ 1,125,000	\$ 1,194,750	\$ 2,319,750
2018	1,170,000	1,149,750	2,319,750
2019	1,230,000	1,091,250	2,321,250
2020	1,295,000	1,029,750	2,324,750
2021	1,360,000	965,000	2,325,000
2022-2026	7,885,000	3,735,000	11,620,000
2027-2031	<u>10,055,000</u>	<u>1,557,500</u>	<u>11,612,500</u>
<b>Total</b>	<u>\$ 24,120,000</u>	<u>\$ 10,723,000</u>	<u>\$ 34,843,000</u>

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

**Note 9 - Long-term Obligations (Continued)**

**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, 2016:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Board	\$ 5,971,341	\$ 2,297,975	\$ (2,805,850)	\$ 5,463,466
Clerk	67,057	164,127	(160,152)	71,032
Sheriff	829,330	976,203	(947,303)	858,230
Tax Collector	54,470	57,220	(54,164)	57,526
Property Appraiser	114,938	110,163	(133,615)	91,486
Supervisor of Elections	22,186	20,918	(31,549)	11,555
<b>Total</b>	<u>\$ 7,059,322</u>	<u>\$ 3,626,606</u>	<u>\$ (4,132,633)</u>	<u>\$ 6,553,295</u>

**Business-type Activities**

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

The revenue bond is secured by a pledge of and is payable solely from pledged revenues, which primarily consist of net revenues and impact fees which derive from the System. Annual principal and interest on the bond is expected to require approximately 51% of such revenue and are payable through 2028. Principal and interest payments for the current year totaled \$1,196,489 and revenues totaled \$2,333,552. At year-end, pledged future revenues totaled \$14,334,306, 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. In addition, the rate covenant requires the County to establish and collect fees from users of the System and impact fees sufficient to pay the costs of operation and maintenance of the System plus 120% of the bond service requirements for that year. The County met the 120% requirement and, therefore, is in compliance with the rate covenant at year-end.

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 930,000	\$ 261,655	\$ 1,191,655
2018	955,000	241,391	1,196,391
2019	975,000	220,644	1,195,644
2020	995,000	199,466	1,194,466
2021	1,015,000	177,859	1,192,859
2022-2026	5,430,000	547,820	5,977,820
2027-2029	2,335,000	50,471	2,385,471
<b>Total</b>	<u>\$ 12,635,000</u>	<u>\$ 1,699,306</u>	<u>\$ 14,334,306</u>

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

**Note 9 - Long-term Obligations (Concluded)**

**Compensated Absences**

Compensated Absences—Following is a summary of annual, sick, and bonus leave benefits liabilities at September 30, 2016, for the proprietary funds:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Vacation Leave	\$ 100,135	\$ 60,824	\$ (81,378)	\$ 79,581
Paid Time Off	0	117	0	117
Sick Leave	170,709	31,185	(49,197)	152,697
Bonus Leave	2,961	6,182	(6,676)	2,467
<b>Total</b>	<u>\$ 273,805</u>	<u>\$ 98,308</u>	<u>\$ (137,251)</u>	<u>\$ 234,862</u>

**Note 10 - 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, 2016, the Special Assessment Bond outstanding totaled \$3,658,171.

**Note 11 - 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 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 12 - Landfill Postclosure Care Costs**

State and federal laws require the County to fund landfill postclosure care costs once a landfill site stops accepting waste and to perform certain maintenance and monitoring functions at the landfill sites for twenty years if the landfill stopped receiving waste before October 9, 1993, and 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.

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

**Note 12 - Landfill Postclosure Care Costs (Concluded)**

For the closed landfills, actual postclosure care cost incurred for each year is reported as a reduction of the postclosure liability, along with the change in required escrow balance until the required twenty-or-thirty-year postclosure care period is satisfied. The County has accrued a total of \$14,648,232 for postclosure care cost at September 30, 2016, for the four closed landfills. The liability is based on engineering estimates of annual postclosure care cost.

These postclosure care costs are based on estimates of what it would cost to perform all postclosure care using 2016 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 \$831,950 as of September 30, 2016). At September 30, 2016, the escrow balances are as follows:

	<u><b>Total</b></u>
<b>Landfills</b>	
Old West Nassau Postclosure	\$ 20,720
Bryceville Postclosure	120,381
Lofton Creek Postclosure	153,004
New West Nassau Postclosure	<u>538,383</u>
<b>Total Escrow Balances</b>	<u><u>\$ 832,488</u></u>

**Note 13 - Retirement Plans**

**General Information about the Florida Retirement System**

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

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

**Note 13 - Retirement Plans (Continued)**

**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 County 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 (SMSC)*—Members in senior management level positions.
- *Special Risk Class*—Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service 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, 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. 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.

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

**Note 13 - Retirement Plans (Continued)**

**FRS Pension Plan (Continued)**

Benefits Provided. (Concluded)

<b>Class, Initial Enrollment, and Retirement Age/Years of Service</b>	<b>Percent Value</b>
<b><i>Regular Class Members Initially Enrolled Before July 1, 2011:</i></b>	
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
<b><i>Regular Class Members Initially Enrolled on or After July 1, 2011:</i></b>	
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
<b><i>Elected County Officers</i></b>	3.00
<b><i>Senior Management Service Class</i></b>	2.00
<b><i>Special Risk Regular</i></b>	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

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 County's 2015-16 fiscal year were as follows:

<b>Class</b>	<b>Year Ended June 30, 2016 Percent of Gross Salary</b>		<b>Year Ended June 30, 2017 Percent of Gross Salary</b>	
	<b>Employee</b>	<b>Employer</b>	<b>Employee</b>	<b>Employer</b>
FRS, Regular	3.00	5.56	3.00	5.8
FRS, Elected County Officers	3.00	40.57	3.00	40.75
FRS, Senior Management Service	3.00	19.73	3.00	20.05
FRS, Special Risk Regular	3.00	20.34	3.00	20.85
DROP – Applicable to Members from All of the Above Classes	0.00	11.22	0.00	11.33
FRS, Reemployment Retiree	(1)	(1)	(1)	(1)

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



**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

**Note 13 - Retirement Plans (Continued)**

**FRS Pension Plan (Continued)**

Contributions. (Concluded)

The County's contributions, to the Plan totaled \$4,390,275 for the fiscal year ended September 30, 2016. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2016, the County reported a liability of \$44,052,447 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The County's proportionate share of the net pension liability was based on the County's contributions during the FRS Pension Plan's fiscal year relative to the contributions of all participating members. At June 30, 2016, the County's proportion was .174464593%, which was an increase of .008883889 from its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the County recognized pension expense of \$6,784,495 related to the Plan. At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer Contributions after Measurement Date	\$ 1,218,926	\$ 0
Difference Between Expected and Actual Experience	3,372,994	410,158
Changes of Assumptions	2,665,041	0
Changes in Proportion and Difference Between County Contributions and Proportionate Share of Contributions	2,313,676	1,518,385
Net Difference between Projected and Actual Earnings on Pension Plan Investments	11,387,019	0
<b>Total</b>	<u>\$ 20,957,656</u>	<u>\$ 1,928,543</u>

The deferred outflows of resources related to pensions, totaling \$1,218,926, resulting from County contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2017	\$ 2,411,149
2018	2,411,149
2019	6,850,516
2020	4,912,900
2021	926,997
2022	297,476
<b>Total</b>	<u>\$ 17,810,187</u>

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

**Note 13 - Retirement Plans (Continued)**

**FRS Pension Plan (Continued)**

Actuarial Assumptions. The total pension liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Investment Rate of Return	7.60% Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB, with adjustments for mortality improvements based on Scale BB.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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:

<b>Asset Class</b>	<b>Target Allocation (1)</b>	<b>Annual Arithmetic Return</b>	<b>Annual (Geometric) Return</b>	<b>Standard Deviation</b>
Cash	1%	3%	3%	1.7%
Fixed Income	18%	4.7%	4.6%	4.6%
Global Equity	53%	8.1%	6.8%	17.2%
Real Estate (Property)	10%	6.4%	5.8%	12.0%
Private Equity	6%	11.5%	7.8%	30%
Strategic Investments	12%	6.1%	5.6%	11.1%
Assumed Inflation – Mean		2.6%		1.9%

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

Discount Rate. The discount rate used to measure the total pension liability was 7.60%. 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.

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

**Note 13 - Retirement Plans (Continued)**

**FRS Pension Plan (Concluded)**

*Sensitivity of the County's Proportionate Share of the Net Position Liability to Changes in the Discount Rate.* The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.60%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60%) or 1-percentage-point higher (8.60%) than the current rate:

*FRS – County:*

	<b>1% Decrease (6.60%)</b>	<b>Current Discount Rate (7.60%)</b>	<b>1% Increase (8.60%)</b>
County's Proportionate Share of the Net Pension Liability	\$ 81,103,537	\$ 44,052,447	\$ 13,212,307

*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.

**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, 2016, 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 year were 1.66% from October 1, 2015 through June 30, 2016, and 1.66% from July 1, 2016 through September 30, 2017. The County 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 County's contributions to the HIS Plan totaled \$539,062 for the fiscal year ended September 30, 2016.

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

**Note 13 - Retirement Plans (Continued)**

**HIS Pension Plan (Continued)**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At September 30, 2016, the County reported a net pension liability of \$12,124,516 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The County's proportionate share of the net pension liability was based on the County's contributions during the HIS Pension Plan's fiscal year relative to the contributions of all participating members. At June 30, 2016, the County's proportionate share was .104032153%, which was a decrease of .000306449 from its proportionate share measured as of June 30, 2015.

For the fiscal year ended September 30, 2016, the County recognized pension expense of \$1,008,759 related to the HIS Plan. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer Contributions after Measurement Date	\$ 142,023	\$ 0
Difference Between Expected and Actual Experience	0	27,615
Changes of Assumptions	1,902,645	0
Changes in Proportion and Difference between County Contributions and Proportionate Share of Contributions	181,907	172,737
Net Difference between Projected and Actual Earnings on Pension Plan Investments	6,130	0
<b>Total</b>	<u>\$ 2,232,705</u>	<u>\$ 200,352</u>

The deferred outflows of resources related to pensions, totaling \$142,023, resulting from County contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2017	\$ 338,222
2018	338,222
2019	337,054
2020	336,494
2021	296,141
2022-2023	244,197
<b>Total</b>	<u>\$ 1,890,330</u>

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

**Note 13 - Retirement Plans (Continued)**

**HIS Pension Plan (Concluded)**

Actuarial Assumptions. The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Investment Rate of Return	2.85% Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the Generational RP-2000 with Projected Scale BB.

The actuarial assumptions used in the July 1, 2016 valuation, were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

Discount Rate. The discount rate used to measure the total pension liability 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 Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 2.85%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.85%) or 1-percentage-point higher (3.85%) than the current rate:

	<b>1% Decrease (1.85%)</b>	<b>Current Discount Rate (2.85%)</b>	<b>1% Increase (3.85%)</b>
County's Proportionate Share of the Net Pension Liability	\$ 13,909,575	\$ 12,124,516	\$ 10,643,015

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

**Additional Disclosures – Defined Benefit Plans**

***Net Pension Liability***

	<b>FRS</b>	<b>HIS</b>	<b>Total</b>
Net Pension Liability	\$ 44,052,447	\$ 12,124,517	\$ 56,176,964

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

**Note 13 - Retirement Plans (Continued)**

**Additional Disclosures – Defined Benefit Plans (Concluded)**

***Deferred Outflows of Resources***

	<u><b>FRS</b></u>	<u><b>HIS</b></u>	<u><b>Total</b></u>
Employer Contributions After			
Measurement Date	\$ 1,218,926	\$ 142,023	\$ 1,360,949
Difference Between Expected and			
Actual Experience	3,372,994	0	3,372,994
Changes in Assumptions	2,665,041	1,902,645	4,567,686
Changes in Proportion	2,313,676	181,907	2,495,583
Net Difference Between Projected			
and Actual Earnings on Investments	<u>11,387,019</u>	<u>6,130</u>	<u>11,393,149</u>
<b>Total Deferred Outflows of Resources</b>	<u><u>\$ 20,957,656</u></u>	<u><u>\$ 2,232,705</u></u>	<u><u>\$ 23,190,361</u></u>

***Deferred Inflows of Resources***

	<u><b>FRS</b></u>	<u><b>HIS</b></u>	<u><b>Total</b></u>
Difference Between Expected and			
Actual Experience	\$ 410,158	\$ 27,615	\$ 437,773
Changes in Proportion	<u>1,518,385</u>	<u>172,737</u>	<u>1,691,122</u>
<b>Total Deferred Inflows of Resources</b>	<u><u>\$ 1,928,543</u></u>	<u><u>\$ 200,352</u></u>	<u><u>\$ 2,128,895</u></u>

Deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date totaling \$1,360,949 will be recognized as a reduction of the net pension liability in the year ending September 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year</b>			
<u><b>Ending</b></u>	<u><b>FRS</b></u>	<u><b>HIS</b></u>	<u><b>Total</b></u>
2017	\$ 2,411,149	\$ 338,222	\$ 2,749,371
2018	2,411,149	338,222	2,749,371
2019	6,850,516	337,054	7,187,570
2020	4,912,900	336,494	5,249,394
2021	926,997	296,141	1,223,138
2022	<u>297,476</u>	<u>244,197</u>	<u>541,673</u>
<b>Total</b>	<u><u>\$ 17,810,187</u></u>	<u><u>\$ 1,890,330</u></u>	<u><u>\$ 19,700,517</u></u>

***Pension Expense***

For the year ended September 30, 2016, the County recognized pension expense from the defined benefit pension plans as follows:

	<u><b>FRS</b></u>	<u><b>HIS</b></u>	<u><b>Total</b></u>
Board of County Commissioners and			
Supervisor of Elections	\$ 3,387,266	\$ 506,606	\$ 3,893,872
Clerk of the Circuit Court/Comptroller	446,187	79,452	525,639
Tax Collector	332,909	45,710	378,619
Sheriff	2,325,402	344,662	2,670,064
Property Appraiser	<u>292,732</u>	<u>32,329</u>	<u>325,061</u>
<b>Total Pension Expense</b>	<u><u>\$ 6,784,496</u></u>	<u><u>\$ 1,008,759</u></u>	<u><u>\$ 7,793,255</u></u>

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

**Note 13 - Retirement Plans (Continued)**

**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 (employer and employee) during the 2015-16 fiscal year were as follows:

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2016, 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, 2016**  
*(Continued)*

**Note 13 - Retirement Plans (Concluded)**

**FRS – Defined Contribution Pension Plan (Concluded)**

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the 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 \$155,135 for the fiscal year ended September 30, 2016.

*Changes in Benefit Terms.* No significant changes.

*Changes in Assumptions:*

- **FRS**—In the July 1, 2016 actuarial valuation, the discount rate used to determine total pension liability decreased from 7.65% to 7.60%.
- **HIS**—In the July 1, 2016 actuarial valuation, the municipal rate used to determine total pension liability decreased from 3.80% to 2.85%.

**Note 14 - 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 15 - Other Postemployment Benefits (OPEB)**

**Plan Description**

The County follows GASB Statement No. 45, *Accounting and Reporting for Postemployment Benefits Other than Pensions*, for certain postemployment health care benefits provided by the County. The requirements of this statement are being implemented prospectively, with the actuarially determined liability of \$22,324,333 at October 1, 2008, the date of the transition amortized over thirty years.

The OPEB Plan is a single-employer benefit plan administered by the County. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. GASB Statement No. 45 calls this the "implicit rate subsidy."



**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

**Note 15 - Other Postemployment Benefits (OPEB) (Continued)**

**Plan Description (Continued)**

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

<b>Percent of Direct Subsidy up to "Subsidy Base Maximum" of \$597.24</b>			
<b>Years of Service With Nassau County</b>	<b>Hired Before 10/1/05 (Other than Sheriff)</b>	<b>Hired on or After 10/1/05 (Other than Sheriff)</b>	<b>Sheriff's Office (Regardless of Hire Date)</b>
At Least 6 Years	100%	0%	0%
15 Years	100%	50%	0%
20 Years	100%	65%	0%
25 Years	100%	80%	0%/100%
30 or More Years	100%	100%	100%

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

**Funding Policy**—For the OPEB Plan, contribution requirements of the County are established and may be amended through action from either the Board or Constitutional Officers. Currently, the County's OPEB Benefits are unfunded. The required contributions are based on pay-as-you-go financing requirements. There is no separate trust fund or equivalent arrangement into which the County would make contributions to advance-fund the obligation, as it does for its pension plan, the System. Therefore, ultimate subsidies which are provided over time are financed directly by general assets of the County, which are invested in very short-term income instruments. The County selected an interest rate discount of 4.0% for this purpose. The net amount of retiree contributions totaled \$110,033.

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

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

**Note 15 - Other Postemployment Benefits (OPEB) (Continued)**

**Plan Description (Concluded)**

**Annual OPEB Cost and Net OPEB Obligation—(Concluded)**

Normal Cost (Service Cost for One Year)	\$ 758,353
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	811,482
Interest on Normal Cost and Amortization	<u>0</u>
Annual Required Contribution (ARC)	1,569,835
Interest on Net OPEB Obligation	341,448
Adjustment to ARC	<u>(355,675)</u>
Annual OPEB Cost	1,555,608
Employer Contributions Made	<u>(1,056,783)</u>
Increase in Net OPEB Obligation	498,825
Net OPEB Obligation at Beginning of Year	<u>8,536,193</u>
Net OPEB Obligation at End of Year	<u><u>\$ 9,035,018</u></u>

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

<b>Fiscal Year Ending</b>	<b>Annual OPEB Cost</b>	<b>Employer Contributions Toward the OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
09/30/2014	\$ 1,999,521	\$ 994,030	49.71%	\$ 8,013,030
09/30/2015	1,478,654	955,491	64.62%	8,536,193
09/30/2016	1,555,608	1,056,783	67.93%	9,035,018

In the statement of net position, the County reports \$8,880,132 net OPEB obligation in governmental activities and \$154,886 in the business-type activities.

**Funding Status and Funding Progress**—As of October 1, 2014, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$18,362,841 and the actuarial value of the assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$18,362,841. The covered payroll (annual payroll of active employees covered by the plan) was \$25,948,949, and the ratio of the UAAL to the covered payroll was 70.77%.

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

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

**Note 15 - Other Postemployment Benefits (OPEB) (Concluded)**

**Actuarial Methods and Assumptions**

In any long-term actuarial valuation, certain demographic, economic, and behavioral assumptions are made concerning the population, the investment discount rates, and the benefits provided. These actuarial assumptions form the basis for the actuarial model which is used to project the future population, the future benefits provided, and the contributions collected. Then the investment discount rate assumption is used to discount those projected net OPEB benefits to a present value. This and other related present values are used to calculate the annual OPEB cost. The actuarial assumptions also included a payroll growth rate of 4%, inflation rate of 2.5% and an annual health care cost trend rate of 9.0% initially, reduced annually to an ultimate rate of 4.6% after 26 years. The remaining amortization period at September 30, 2016, was twenty-three years.

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

**Note 16 - Deficit Equity Balances**

The County has accrued the estimated postclosure monitoring liability for its closed landfills until the conclusion of the 20 or 30-year postclosure monitoring period. These liabilities are not required to be fully funded until later dates. As a result, the Solid Waste Disposal Fund has accumulated negative unrestricted net position at September 30, 2016, as follows:

Prior Year Total Net Position	\$ (11,025,456)
Change in Net Position for the Year Ended September 30, 2016	<u>221,395</u>
Total Net Position for the Year Ended September 30, 2016	(10,804,061)
Investment in Capital Assets	<u>(1,456,160)</u>
<b>Total Unrestricted Net Position</b>	<b><u>\$ (12,260,221)</u></b>

**Special Revenue Funds**

The Nassau County Anti-Drug Enforcement and Grants special revenue funds have negative unrestricted fund balances of (\$6,050) and (\$100,500), respectively as of September 30, 2016. These negative fund balances are due to temporary differences resulting from the timing of reimbursable grant expenditures and the subsequent reimbursement. These negative fund balances will be reversed upon receipt of the corresponding grant proceeds.

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

**Note 17 - Fund Balance Classification**

The following is a summary of the County's fund balance classifications and the purpose of each as of September 30, 2016:

<b>Nonspendable Fund Balance</b>	
Prepaid Expenditures	\$ 49,434
Inventory	312,063
Deposits	<u>7,000</u>
<b>Total Nonspendable Fund Balance</b>	<u>368,497</u>
 <b>Restricted Fund Balance</b>	
General Government	222,110
Crime Prevention	149,133
Economic Development	113,252
Other Human Resources	1,038
Developer Agreements	5,000
Physical Environment	478,825
Law Enforcement	293,233
Impact Fees	4,584,176
Law Library	148,077
Public Safety	435,106
Other Culture/Recreation	107,970
State Housing Initiative Program	730,580
Court Facilities	1,793,433
Criminal Justice	209,632
Tourist Development	5,533,063
Building Department	4,222,705
Debt Services - Bonds	1,588,503
Capital Projects - Transportation	2,791,989
Clerk Public Records	435,443
Clerk Child Support	335,772
Sheriff Inmate Commissary	<u>382,884</u>
<b>Total Restricted Fund Balance</b>	<u>24,561,924</u>
 <b>Committed Fund Balance</b>	
Fire/Rescue	3
Clerk Teen Court	5,318
Sheriff Investigative Fund	<u>103,292</u>
<b>Total Committed Fund Balance</b>	<u>108,613</u>

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

**Note 17 - Fund Balance Classification (Concluded)**

<b>Assigned Fund Balance</b>	
General Government	\$ 4,868,186
Public Safety	5,793,977
Law Enforcement	1,012,425
Economic Development	1,304
Transportation	10,303,779
Human Services	74,950
Culture and Recreation	977,790
Non Court Related	220,000
Physical Environment	994,409
Capital Projects - Public Safety	537,849
Reserves - Capital Projects	713,060
Minimum Fund Balance	2,621,872
Property Appraiser	<u>297,201</u>
<b>Total Assigned Fund Balance</b>	<u>28,416,802</u>
<b>Unassigned Fund Balance</b>	<u>11,035,758</u>
<b>Total</b>	<u>\$ 64,491,594</u>

**Note 18 - 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 19 - 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, 2016:

**NASSAU COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**  
*(Concluded)*

**Note 19 - Commitments and Contingencies (Concluded)**

<u>Project</u>	<u>Source of Payment</u>	<u>Paid to Date</u>	<u>Commitment Remaining</u>
Sheriff's Administration Building	Current Available Resources	\$ 6,518,203	\$ 254,847
Gasoline Dispensing Station – Sheriff's Office	Current Available Resources	245,679	40,240
Lechate Tank Storage Improvements	Current Available Resources	58,000	290,118
Thomas Creek Phase 7	Current Available Resources	100,500	399,500
CR 115A Kings Ferry Rd Bridge Repair	Current Available Resources	109,150	281,800
Middle Rd/Griffin Rd Resurfacing	Current Available Resources	729,310	167,144
Lift Station #1 & #3 Replacement Proj	Current Available Resources	687,219	365,781
Guardrail Replacements (3 locations)	Current Available Resources	0	112,881
NAU Headworks & Piping Project	Current Available Resources	0	616,212
Construction Management/Inspection	Current Available Resources	49,044	243,647
<b>Total</b>		<u>\$ 8,497,105</u>	<u>\$ 2,772,170</u>

The following is a summary of encumbrances outstanding for the County as of September 30, 2016:

General Fund	\$ 1,747,679
County Transportation Fund	19,162
Municipal Services Fund	14,792
County Facilities	30,431
Building Department	19,225
F.S. Special Revenues	22,894
Capital Projects Transportation	69,750
Capital Projects County Complex	160,650
Water and Sewer Fund	22,802
	<u>\$ 2,107,385</u>

**Note 20 - 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, 2016, there was one bond outstanding with an aggregate principal amount payable of \$10,160,000. The issue amount and the September 30, 2016, outstanding balance is as follows:

<u>Original Issuance</u>	<u>Year</u>	<u>9/30/16 Balance</u>	<u>Description</u>
<u>\$ 11,150,000</u>	2008	<u>\$ 10,160,000</u>	AICC, Inc. and Nassau Care Centers – 70 Bed Care Intermediate Care and Day Program Service Facilities

## **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, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Taxes	\$ 38,875,024	\$ 38,875,024	\$ 39,419,901	\$ 544,877
Licenses and Permits	12,000	12,000	25,904	13,904
Intergovernmental Revenues	5,629,608	5,746,298	6,284,586	538,288
Charges for Services	3,413,361	3,538,627	3,738,919	200,292
Fines and Forfeitures	49,750	50,682	48,043	(2,639)
Interest Earnings	100,000	99,370	165,201	65,831
Miscellaneous	175,152	560,611	861,103	300,492
<b>Total Revenues</b>	<b>48,254,895</b>	<b>48,882,612</b>	<b>50,543,657</b>	<b>1,661,045</b>
<b>Expenditures</b>				
Current:				
General Government Services	15,619,649	15,811,355	14,904,134	907,221
Public Safety	27,112,208	27,128,524	25,680,742	1,447,782
Physical Environment	354,306	368,306	342,841	25,465
Economic Environment	291,983	338,233	225,150	113,083
Human Services	2,791,880	2,707,307	2,651,748	55,559
Culture and Recreation	1,528,195	1,663,732	1,561,186	102,546
Court-related Expenditures	1,552,739	1,525,010	1,402,960	122,050
Reserve for Contingency	150,000	41,804	0	41,804
Capital Outlay	3,031,082	5,323,974	3,125,391	2,198,583
Debt Service:				
Principal Retirement	659,800	658,897	658,897	0
Interest and Fiscal Charges	23,803	24,706	24,706	0
<b>(Total Expenditures)</b>	<b>53,115,645</b>	<b>55,591,848</b>	<b>50,577,755</b>	<b>5,014,093</b>
<b>(Deficiency) of Revenues (Under)</b>				
<b>Expenditures</b>	<b>(4,860,750)</b>	<b>(6,709,236)</b>	<b>(34,098)</b>	<b>6,675,138</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	6,376,524	6,596,615	7,282,245	685,630
Transfers (out)	(3,044,354)	(3,278,454)	(3,105,594)	172,860
Sale of Capital Assets	0	32,000	16,948	(15,052)
<b>Total Other Financing Sources (Uses)</b>	<b>3,332,170</b>	<b>3,350,161</b>	<b>4,193,599</b>	<b>843,438</b>
<b>Net Change in Fund Balances</b>	<b>(1,528,580)</b>	<b>(3,359,075)</b>	<b>4,159,501</b>	<b>7,518,576</b>
<b>Fund Balances at Beginning of Year</b>	<b>10,806,838</b>	<b>13,616,590</b>	<b>14,296,219</b>	<b>679,629</b>
<b>Fund Balances at End of Year</b>	<b>\$ 9,278,258</b>	<b>\$ 10,257,515</b>	<b>\$ 18,455,720</b>	<b>\$ 8,198,205</b>

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, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Taxes	\$ 4,942,901	\$ 4,942,901	\$ 5,132,203	\$ 189,302
Licenses and Permits	29,965	29,965	67,068	37,103
Intergovernmental Revenues	1,229,015	1,241,515	1,253,001	11,486
Charges for Services	20,840	33,340	38,498	5,158
Interest Earnings	30,000	30,000	41,660	11,660
Miscellaneous	70,000	70,000	92,361	22,361
<b>Total Revenues</b>	<u>6,322,721</u>	<u>6,347,721</u>	<u>6,624,791</u>	<u>277,070</u>
<b>Expenditures</b>				
Current:				
Transportation	6,784,906	6,866,582	5,628,228	1,238,354
Capital Outlay	1,052,058	1,095,954	1,021,003	74,951
<b>(Total Expenditures)</b>	<u>7,836,964</u>	<u>7,962,536</u>	<u>6,649,231</u>	<u>1,313,305</u>
<b>(Deficiency) of Revenues (Under)</b>				
<b>Expenditures</b>	<u>(1,514,243)</u>	<u>(1,614,815)</u>	<u>(24,440)</u>	<u>1,590,375</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,334,312	1,334,312	1,338,934	4,622
Transfers (out)	(1,493,491)	(2,479,482)	(2,479,019)	463
Sale of General Capital Assets	0	0	82,882	82,882
<b>Total Other Financing Sources (Uses)</b>	<u>(159,179)</u>	<u>(1,145,170)</u>	<u>(1,057,203)</u>	<u>87,967</u>
<b>Net Change in Fund Balances</b>	<u>(1,673,422)</u>	<u>(2,759,985)</u>	<u>(1,081,643)</u>	<u>1,678,342</u>
<b>Fund Balances at Beginning of Year</b>	<u>4,481,913</u>	<u>4,996,110</u>	<u>4,975,268</u>	<u>(20,842)</u>
<b>Fund Balances at End of Year</b>	<u>\$ 2,808,491</u>	<u>\$ 2,236,125</u>	<u>\$ 3,893,625</u>	<u>\$ 1,657,500</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, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Taxes	\$ 8,595,426	\$ 8,595,426	\$ 8,716,089	\$ 120,663
Licenses and Permits	50,900	50,670	49,647	(1,023)
Intergovernmental Revenues	594,179	606,679	652,535	45,856
Charges for Services	135,650	138,810	139,244	434
Fines and Forfeitures	3,700	3,700	564	(3,136)
Interest Earnings	30,000	30,000	41,822	11,822
Miscellaneous	4,000	31,200	65,222	34,022
<b>Total Revenues</b>	<u>9,413,855</u>	<u>9,456,485</u>	<u>9,665,123</u>	<u>208,638</u>
<b>Expenditures</b>				
Current:				
General Government Services	647,358	672,457	628,455	44,002
Public Safety	7,154,051	7,167,937	6,660,375	507,562
Transportation	0	12,500	117	12,383
Human Services	913,366	959,057	890,921	68,136
Capital Outlay	1,062,772	999,428	902,134	97,294
<b>(Total Expenditures)</b>	<u>9,777,547</u>	<u>9,811,379</u>	<u>9,082,002</u>	<u>729,377</u>
<b>Excess of Revenues Over Expenditures</b>	<u>(363,692)</u>	<u>(354,894)</u>	<u>583,121</u>	<u>938,015</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,602,871	1,603,164	1,616,724	13,560
Transfers (out)	(3,986,593)	(3,987,893)	(3,987,154)	739
Sale of General Capital Assets	0	2,800	1,000	(1,800)
<b>Total Other Financing Sources (Uses)</b>	<u>(2,383,722)</u>	<u>(2,381,929)</u>	<u>(2,369,430)</u>	<u>12,499</u>
<b>Net Change in Fund Balances</b>	<u>(2,747,414)</u>	<u>(2,736,823)</u>	<u>(1,786,309)</u>	<u>950,514</u>
<b>Fund Balances at Beginning of Year</b>	<u>4,486,065</u>	<u>4,664,544</u>	<u>4,665,605</u>	<u>1,061</u>
<b>Fund Balances at End of Year</b>	<u>\$ 1,738,651</u>	<u>\$ 1,927,721</u>	<u>\$ 2,879,296</u>	<u>\$ 951,575</u>

**NASSAU COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - ONE-CENT SMALL COUNTY SURTAX FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Taxes	\$ 8,450,000	\$ 8,450,000	\$ 9,127,257	\$ 677,257
Interest Earnings	50,000	50,000	47,079	(2,921)
<b>Total Revenues</b>	<u>8,500,000</u>	<u>8,500,000</u>	<u>9,174,336</u>	<u>674,336</u>
<b>Expenditures</b>				
Current:				
Public Safety	440,888	442,893	89,718	353,175
Physical Environment	0	800,000	147,130	652,870
Transportation	12,273	12,273	0	12,273
Culture and Recreation	0	14,093	13,989	104
Capital Outlay	1,486,030	741,562	250,661	490,901
<b>(Total Expenditures)</b>	<u>1,939,191</u>	<u>2,010,821</u>	<u>501,498</u>	<u>1,509,323</u>
<b>Excess of Revenues Over Expenditures</b>	<u>6,560,809</u>	<u>6,489,179</u>	<u>8,672,838</u>	<u>2,183,659</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	0	204,635	204,635	0
Transfers (out)	(7,741,212)	(10,330,654)	(10,230,654)	100,000
<b>Total Other Financing Sources (Uses)</b>	<u>(7,741,212)</u>	<u>(10,126,019)</u>	<u>(10,026,019)</u>	<u>100,000</u>
<b>Net Change in Fund Balances</b>	(1,180,403)	(3,636,840)	(1,353,181)	2,283,659
<b>Fund Balances at Beginning of Year</b>	<u>5,986,759</u>	<u>6,294,231</u>	<u>6,294,232</u>	<u>1</u>
<b>Fund Balances at End of Year</b>	<u>\$ 4,806,356</u>	<u>\$ 2,657,391</u>	<u>\$ 4,941,051</u>	<u>\$ 2,283,660</u>

**NASSAU COUNTY, FLORIDA**  
**NOTE TO SCHEDULES OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**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, 2016, 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, 2016:

<b>Governmental Funds</b>	
General Fund	\$ 3,034,311
Special Revenue Funds	3,138,311
Capital Projects Funds	<u>5,442,203</u>
<b>Total</b>	<u><u>\$ 11,614,825</u></u>

**NASSAU COUNTY, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS PLAN  
SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

<b>Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as Percentage of Covered Payroll</b>
10/1/2010	\$ 0	\$ 26,344,943	\$ 26,344,943	0.0%	\$ 26,825,685	98.21%
10/1/2012	0	21,592,107	21,592,107	0.0%	27,522,323	78.45%
10/1/2014	0	18,362,841	18,362,841	0.0%	25,948,949	70.77%

Analysis of the dollar amounts of actuarial value of assets, actuarial accrued liability, or unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the system's funded status on a going concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. The unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress being made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

**NASSAU COUNTY, FLORIDA**  
**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PENSION PLANS**  
**SEPTEMBER 30, 2016**

**FLORIDA RETIREMENT SYSTEM PENSION PLAN**

	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Nassau County's Proportion of the FRS Net Pension Plan	0.174464593%	0.165580704%
Nassau County's Proportion Share of the FRS Net Pension Plan	\$ 44,052,447	\$ 21,386,969
Nassau County's Covered-Employee Payroll	\$ 32,521,989	\$ 31,678,266
Nassau County's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered-Employee Payroll	135.45%	67.51%
<b>FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>84.88%</b>	<b>92.00%</b>

**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, 2016</u>	<u>September 30, 2015</u>
Nassau County's Proportion of the HIS Net Pension Plan	0.104032153%	0.104338602%
Nassau County's Proportion Share of the HIS Net Pension Plan	\$ 12,124,517	\$ 10,640,896
Nassau County's Covered-Employee Payroll	\$ 32,521,989	\$ 31,678,266
Nassau County's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered-Employee Payroll	37.28%	33.59%
<b>HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>0.97%</b>	<b>0.50%</b>

**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.

**NASSAU COUNTY, FLORIDA**  
**SCHEDULE OF THE COUNTY'S CONTRIBUTIONS**  
**FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PENSION PLANS**  
**SEPTEMBER 30, 2016**

**FLORIDA RETIREMENT SYSTEM PENSION PLAN**

	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 4,390,275	\$ 4,083,702
FRS Contribution in Relation to the Contractually Required Contribution	<u>(4,390,275)</u>	<u>(4,083,702)</u>
FRS Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Nassau County's Covered-Employee Payroll (FYE 9/30)	\$ 32,521,989	\$ 31,678,266
FRS Contributions as a Percentage of Covered-Employee Payroll	13.50%	12.89%

**HEALTH INSURANCE SUBSIDY PENSION PLAN**

	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 539,064	\$ 431,586
HIS Contribution in Relation to the Contractually Required Contribution	<u>(539,064)</u>	<u>(431,586)</u>
HIS Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Nassau County's Covered-Employee Payroll (FYE 9/30)	\$ 32,521,989	\$ 31,678,266
HIS Contributions as a Percentage of Covered-Employee Payroll	1.66%	1.36%

## **OTHER INFORMATION**



**NASSAU COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

<b>Grant Agency/Grant Title</b>	<b>State CSFA Number</b>	<b>Contract/Grant Number</b>	<b>Expenditures</b>
<b>State Court System</b>			
Small County Courthouse Facilities	22.004		\$ 4,902
Small County Courthouse Facilities	22.004		7,030
Subtotal Expenditures - CSFA No 22.004			11,932
<b>Total State Court System</b>			11,932
<b>Department of Community Affairs</b>			
Emergency Management Programs	31.063	16-BG-83-04-55-01-045	81,887
Emergency Management Programs	31.063	17-BG-83-04-55-01-052	39,345
Subtotal Expenditures - CSFA No 31.063			121,232
<b>Total Department of Community Affairs</b>			121,232
<b>Florida Department of Environmental Protection</b>			
Beach Management Funding Assistance Program	37.003	16NA1	62,833
Small County Consolidated Waste Grants	37.012	SC625	90,909
<b>Total Department of Environmental Protection</b>			153,742
<b>Florida Department of State</b>			
State Aid to Libraries Grant Program	45.030	16-ST-37	35,590
<b>Total Florida Department of State</b>			35,590
<b>Florida Housing Finance Corporation</b>			
State Housing Initiatives Partnership Program	52.901	14/15	153,885
State Housing Initiatives Partnership Program	52.901	15/16	28,899
Subtotal Expenditures - CSFA No. 52.901			182,784
<b>Total Florida Housing Finance Corporation</b>			182,784
<b>Florida Department of Transportation</b>			
Small County Outreach Program (SCOP)	55.009	430691-1-58-01 ARC37	192,203
Small County Outreach Program (SCOP)	55.009	430691-2-58-01 ARQ45	517,256
Small County Outreach Program (SCOP)	55.009	436589-1-58-01 ARQ15	108,766
Subtotal Expenditures - CSFA No. 55.009			818,225
Small County Road Assistance Agreement (SCRAP)	55.016	430729-1-58-01 AQV87	14,662
Small County Road Assistance Agreement (SCRAP)	55.016	432798-1-54-01	867,496
Subtotal Expenditures - CSFA No. 55.016			882,158
<b>Total Florida Department of Transportation</b>			1,700,383
<b>Florida Department of Health</b>			
County Grant Awards	64.005	C4045	9,248
<b>Total Florida Department of Health</b>			9,248
<b>Florida Highway Safety and Motor Vehicles</b>			
Florida Arts License Plates Project	67.10		397
<b>Total Florida Highway Safety and Motor Vehicles</b>			397
<b>Total State Expenditures</b>			\$ 2,215,308

**NASSAU COUNTY, FLORIDA**  
**NOTE TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**Note 1 - Basis of Presentation**

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

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE  
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR STATE PROJECT  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH 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 State Project**

We have audited Nassau County, Florida's (the County's) compliance with the types of compliance requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the County's major state projects for the year ended September 30, 2016. The County's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*. Those standards, and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state financial assistance 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. Our audit does not provide a legal determination of the County's compliance with those requirements.

**Opinion on Each State Project**

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2016.

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

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE  
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR STATE PROJECT  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL  
(Concluded)**

**Report on Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state financial assistance projects. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on state financial assistance project in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state financial assistance project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state financial assistance project 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 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

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

*Durvis, Gray and Company, LLP*

March 24, 2017  
Gainesville, Florida

**NASSAU COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**Summary of Auditors' Results**

1. The independent auditors' report expresses an unmodified opinion on the financial statements of Nassau County, Florida (the County).
2. There were no significant deficiencies 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*.
3. There were no instances of noncompliance 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 state projects that are required to be reported in the schedule of findings and questioned costs.
5. The report on compliance for the major state projects expresses an unmodified opinion.
6. The audit disclosed no findings that are required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General*.
7. The programs tested as major state financial assistance projects included:

<b>State Projects</b>	<b><u>CSFA No.</u></b>
Small County Outreach Program (SCROP)	55.009
Small County Road Assistance Agreement (SCRAP)	55.016

8. The threshold for distinguishing Type A and B programs was \$300,000 for state projects.

**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 State Projects**

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

**Status of Prior Audit Findings**

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

**INDEPENDENT AUDITORS' 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, 2016, 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 24, 2017.

**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.

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

**INDEPENDENT AUDITORS' 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*  
(Concluded)**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in blue ink that reads "Purvis, Gray and Company, LLP". The signature is written in a cursive, flowing style.

March 24, 2017  
Gainesville, Florida

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

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

We have examined Nassau County, Florida, (the County's) compliance with Section 218.415, Florida Statutes, as of and for the year ended September 30, 2016, 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 and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide legal determination of 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, 2016.

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.

*Purvis, Gray and Company, LLP*

March 24, 2017  
Gainesville, Florida

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**INDEPENDENT ACCOUNTANTS' 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), and Section 365.173(2)(d), Florida Statutes, as of and for the year ended September 30, 2016, 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 and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide legal determination of 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, 2016.

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.

*Purvis, Gray and Company, LLP*

March 24, 2017  
Gainesville, Florida

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## MANAGEMENT LETTER

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

### Report on the Financial Statements

We have audited the financial statements of Nassau County, Florida (the County), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated March 24, 2017.

### Auditors' Responsibility

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

### Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for each State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Reports on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March 24, 2017, 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 recommendations in the preceding annual financial report.

### Official Title and Legal Authority

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

### Financial Condition

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

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

**MANAGEMENT LETTER**  
*(Concluded)*

**Financial Condition (Concluded)**

- 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.

**Annual Financial Report**

- Sections 10.554(1)(i)5.b. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the County for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

**Special District Component Units**

- Section 10.554(1)(i)5.d., *Rules of the Auditor General*, requires 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.

**Other Matters**

- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contract or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

**Purpose of this Letter**

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

*Durvis, Gray and Company, LLP*

March 24, 2017  
Gainesville, Florida



**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

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

**SEPTEMBER 30, 2016**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**NASSAU COUNTY BOARD  
OF COUNTY COMMISSIONERS  
NASSAU COUNTY, FLORIDA  
SEPTEMBER 30, 2016**

**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

List of Elected and Appointed Officials.....	i
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**FINANCIAL SECTION**

<b>Independent Auditors' Report .....</b>	<b>1-3</b>
---	------------

**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 Funds .....	8
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds .....	9
Statement of Cash Flows - Proprietary Funds.....	10-11
Statement of Fiduciary Net Position - Agency Funds .....	12
Notes to Financial Statements .....	13-42

**Required Supplementary Information**

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - General Fund.....	43
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - County Transportation Fund.....	44
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - Municipal Services Fund.....	45
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - One-Cent Small County Surtax Fund.....	46
Note to Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual .....	47

**Other Information**

Combining Balance Sheet - Nonmajor Governmental Funds .....	48-54
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds .....	55-61
Independent Auditors' 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> .....	62-63
Independent Accountants' Report on Compliance with Section 218.415, Florida Statutes.....	64
Management Letter .....	65-66

## **INTRODUCTORY SECTION**

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

**LIST OF ELECTED AND APPOINTED OFFICIALS**

**Serving as of September 30, 2016**

**ELECTED OFFICIALS**

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

**APPOINTED OFFICIALS**

<b>County Manager</b>	<b>Theodore J. Selby</b>
<b>County Attorney</b>	<b>Michael Mullin</b>



## **INDEPENDENT AUDITORS' 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, 2016, and the related notes to the financial statements, 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.

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

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

### **Certified Public Accountants**

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**INDEPENDENT AUDITORS' REPORT**  
*(Continued)*

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund and the aggregate remaining fund information of the Board as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the financial reporting provisions of the State of Florida Auditor General, in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1, 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, the changes in financial position, and budgetary comparisons of only that portion of the business-type activities, each major fund, and the aggregate remaining fund information of Nassau County, Florida, that is attributable to the transactions of the Board. They do not purport to, and do not, present fairly the financial position of Nassau County, Florida, as of September 30, 2016, the changes in its financial position or budgetary comparisons, or, where applicable, its 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 this matter.

**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, 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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board'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.

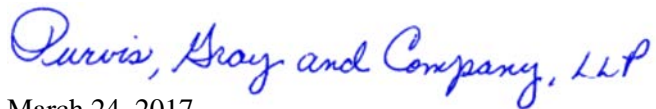
The other financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements 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 taken as a whole.

The Honorable Board of County Commissioners  
Nassau County, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2017, 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. 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 24, 2017  
Gainesville, Florida

## **FINANCIAL STATEMENTS**

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2016**

	<b>General</b>	<b>County Transportation</b>	<b>Municipal Services</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 481,902	\$ 262,230	\$ 176,212
Equity in Pooled Investments	17,155,763	4,678,422	2,961,397
Accounts Receivable, (Net of Allowance for Uncollectibles)	686,262	19,015	814
Loans Receivable, (Net of Allowance for Uncollectibles)	0	0	0
Due from Other Funds	505,188	11,786	17,402
Due from Constitutional Officers	1,393,656	14,994	21,560
Due from Other Governments	834,195	364,507	120,667
Inventories	223,798	88,265	0
Prepaid Expenditures	48,448	0	153
Deposits	6,105	895	0
<b>Total Assets</b>	<b>21,335,317</b>	<b>5,440,114</b>	<b>3,298,205</b>
<b>Liabilities</b>			
Accounts Payable	1,438,220	1,227,307	74,822
Accrued Liabilities	668,378	0	0
Retainage Payable	4,999	0	0
Due to Other Funds	35,302	140,371	280,472
Due to Constitutional Officers	35,391	196	229
Due to Other Governments	5,754	483	3,269
Unearned Revenues	0	0	0
Deposits	2,838	10,440	0
<b>Total Liabilities</b>	<b>2,190,882</b>	<b>1,378,797</b>	<b>358,792</b>
<b>Deferred Inflows of Resources</b>	<b>985,916</b>	<b>167,692</b>	<b>60,117</b>
<b>Fund Balances</b>			
Nonspendable	278,351	89,160	153
Restricted	575,874	0	5,120
Committed	0	0	0
Assigned	6,161,986	3,804,465	2,874,023
Unassigned	11,142,308	0	0
<b>Total Fund Balances</b>	<b>18,158,519</b>	<b>3,893,625</b>	<b>2,879,296</b>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 21,335,317</b>	<b>\$ 5,440,114</b>	<b>\$ 3,298,205</b>

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

<b>One-Cent Small County Surtax Fund</b>	<b>Capital Projects - Transportation</b>	<b>Capital Projects - County Complex</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 39,668 4,389,711	\$ 223,800 8,371,312	\$ 15,393 2,799,027	\$ 5,263,140 19,138,520	\$ 6,462,345 59,494,152
0	0	0	0	706,091
0	0	0	48,000	48,000
0	0	0	2,687	537,063
0	0	0	114,988	1,545,198
1,302,443	1,576,955	0	428,281	4,627,048
0	0	0	0	312,063
0	0	0	833	49,434
0	0	0	0	7,000
<u>5,731,822</u>	<u>10,172,067</u>	<u>2,814,420</u>	<u>24,996,449</u>	<u>73,788,394</u>
130,771	267,475	401,643	963,712	4,503,950
0	0	0	0	668,378
0	52,662	349,676	23,449	430,786
0	0	0	49,245	505,390
0	0	0	7,528	43,344
0	0	0	827,334	836,840
0	0	0	16,770	16,770
0	0	0	79,714	92,992
<u>130,771</u>	<u>320,137</u>	<u>751,319</u>	<u>1,967,752</u>	<u>7,098,450</u>
<u>660,000</u>	<u>1,576,955</u>	<u>0</u>	<u>360,500</u>	<u>3,811,180</u>
0	0	0	833	368,497
0	0	0	22,773,911	23,354,905
0	0	0	3	3
4,941,051	8,274,975	2,063,101	0	28,119,601
0	0	0	(106,550)	11,035,758
<u>4,941,051</u>	<u>8,274,975</u>	<u>2,063,101</u>	<u>22,668,197</u>	<u>62,878,764</u>
<u>\$ 5,731,822</u>	<u>\$ 10,172,067</u>	<u>\$ 2,814,420</u>	<u>\$ 24,996,449</u>	<u>\$ 73,788,394</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, 2016**

	<b>General</b>	<b>County Transportation</b>	<b>Municipal Services</b>
<b>Revenues</b>			
Taxes	\$ 39,419,901	\$ 5,132,203	\$ 8,716,089
Licenses and Permits	25,904	67,068	49,647
Intergovernmental Revenues	6,210,815	1,253,001	652,535
Charges for Services	2,071,894	38,498	139,244
Fines and Forfeitures	48,043	0	564
Investment Earnings	164,979	41,660	41,822
Miscellaneous	482,500	92,361	65,222
<b>Total Revenues</b>	<b>48,424,036</b>	<b>6,624,791</b>	<b>9,665,123</b>
<b>Expenditures</b>			
Current:			
General Government Services	6,493,474	0	628,455
Public Safety	9,883,933	0	6,660,375
Physical Environment	342,841	0	0
Transportation	0	5,628,228	117
Economic Environment	170,007	0	0
Human Services	2,651,748	0	890,921
Culture and Recreation	1,561,186	0	0
Court-related Expenditures	661,532	0	0
Capital Outlay	1,239,903	1,021,003	902,134
Debt Service:			
Principal Retirement	550,731	0	0
Interest and Fiscal Charges	0	0	0
<b>(Total Expenditures)</b>	<b>23,555,355</b>	<b>6,649,231</b>	<b>9,082,002</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>24,868,681</b>	<b>(24,440)</b>	<b>583,121</b>
<b>Other Financing Sources (Uses)</b>			
Transfers from Constitutional Officers	1,339,806	7,622	21,560
Transfers to Constitutional Officers	(22,422,134)	(77,252)	(2,959,617)
Transfers in	3,332,600	1,331,312	1,595,164
Transfers (out)	(3,076,400)	(2,401,767)	(1,027,537)
Sale of General Capital Assets	16,948	82,882	1,000
<b>Total Other Financing Sources (Uses)</b>	<b>(20,809,180)</b>	<b>(1,057,203)</b>	<b>(2,369,430)</b>
<b>Net Change in Fund Balances</b>	<b>4,059,501</b>	<b>(1,081,643)</b>	<b>(1,786,309)</b>
<b>Fund Balances at Beginning of Year</b>	<b>14,099,018</b>	<b>4,975,268</b>	<b>4,665,605</b>
<b>Fund Balances at End of Year</b>	<b>\$ 18,158,519</b>	<b>\$ 3,893,625</b>	<b>\$ 2,879,296</b>

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

<b>One-Cent Small County Surtax Fund</b>	<b>Capital Projects - Transportation</b>	<b>Capital Projects - County Complex</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 9,127,257	\$ 0	\$ 0	\$ 6,689,630	\$ 69,085,080
0	0	0	5,013,649	5,156,268
0	580,489	0	1,117,845	9,814,685
0	0	0	882,061	3,131,697
0	0	0	190,963	239,570
47,079	29,897	34,122	124,954	484,513
0	46,845	0	133,463	820,391
<u>9,174,336</u>	<u>657,231</u>	<u>34,122</u>	<u>14,152,565</u>	<u>88,732,204</u>
0	0	0	792,092	7,914,021
89,718	0	30,297	486,846	17,151,169
147,130	0	0	853,390	1,343,361
0	0	0	0	5,628,345
0	0	0	4,307,414	4,477,421
0	0	0	128,957	3,671,626
13,989	0	0	2,387	1,577,562
0	0	0	229,659	891,191
250,661	1,386,230	6,041,308	1,101,179	11,942,418
0	0	0	2,534,817	3,085,548
0	0	0	1,837,785	1,837,785
<u>501,498</u>	<u>1,386,230</u>	<u>6,071,605</u>	<u>12,274,526</u>	<u>59,520,447</u>
<u>8,672,838</u>	<u>(728,999)</u>	<u>(6,037,483)</u>	<u>1,878,039</u>	<u>29,211,757</u>
0	0	0	64,002	1,432,990
0	0	0	(665,266)	(26,124,269)
204,635	5,991,120	1,926,421	2,414,962	16,796,214
(10,230,654)	0	(204,635)	(429,372)	(17,370,365)
0	0	0	0	100,830
<u>(10,026,019)</u>	<u>5,991,120</u>	<u>1,721,786</u>	<u>1,384,326</u>	<u>(25,164,600)</u>
(1,353,181)	5,262,121	(4,315,697)	3,262,365	4,047,157
<u>6,294,232</u>	<u>3,012,854</u>	<u>6,378,798</u>	<u>19,405,832</u>	<u>58,831,607</u>
<u>\$ 4,941,051</u>	<u>\$ 8,274,975</u>	<u>\$ 2,063,101</u>	<u>\$ 22,668,197</u>	<u>\$ 62,878,764</u>

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



**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2016**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Solid Waste Disposal</b>	<b>Water and Sewer</b>	<b>Totals</b>
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 336,288	\$ 6,794,442	\$ 7,130,730
Cash and Cash Equivalents - Restricted	832,488	0	832,488
Equity in Pooled Investments	1,650,532	0	1,650,532
Accounts Receivable, Net	4,222	345,547	349,769
Assessments Receivable, Net	29,273	0	29,273
Due from Other Funds	704	2,723	3,427
Due from Constitutional Officers	11	0	11
Inventories - Materials and Supplies	0	51,529	51,529
Prepaid Expenses	0	19,948	19,948
Total Current Assets	<u>2,853,518</u>	<u>7,214,189</u>	<u>10,067,707</u>
Noncurrent Assets:			
Cash and Cash Equivalents - Restricted	0	2,143,366	2,143,366
Capital Assets (Net of Accumulated Depreciation Where Applicable)	1,456,160	13,279,261	14,735,421
Total Noncurrent Assets	<u>1,456,160</u>	<u>15,422,627</u>	<u>16,878,787</u>
<b>Total Assets</b>	<u>4,309,678</u>	<u>22,636,816</u>	<u>26,946,494</u>
<b>Deferred Outflow of Resources</b>			
Unamortized Refunding Loss	0	538,674	538,674
Pension Related	78,540	172,863	251,403
<b>Total Deferred Outflow of Resources</b>	<u>78,540</u>	<u>711,537</u>	<u>790,077</u>
<b>Total Assets and Deferred Outflows</b>	<u>4,388,218</u>	<u>23,348,353</u>	<u>27,736,571</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	171,853	744,520	916,373
Retainage Payable	5,800	88,722	94,522
Due to Other Funds	12,735	22,365	35,100
Due to Constitutional Officers	0	5	5
Unearned Revenues	4,150	0	4,150
Deposits	0	131,158	131,158
Bonds Payable	0	930,000	930,000
Landfill Postclosure Liability	831,950	0	831,950
Compensated Absences	21,629	76,288	97,917
Total Current Liabilities	<u>1,048,117</u>	<u>1,993,058</u>	<u>3,041,175</u>
Noncurrent Liabilities:			
Compensated Absences	66,463	70,482	136,945
Other Postemployment Benefits	51,629	103,257	154,886
Bonds Payable Long-term	0	11,705,000	11,705,000
Landfill Postclosure Liability	13,816,282	0	13,816,282
Net Pension Liability	201,824	444,206	646,030
Total Noncurrent Liabilities	<u>14,136,198</u>	<u>12,322,945</u>	<u>26,459,143</u>
<b>Total Liabilities</b>	<u>15,184,315</u>	<u>14,316,003</u>	<u>29,500,318</u>
<b>Deferred Inflow of Resources</b>			
Pension Related	7,964	17,529	25,493
<b>Total Deferred Inflow of Resources</b>	<u>7,964</u>	<u>17,529</u>	<u>25,493</u>
<b>Net Position</b>			
Net Investment in Capital Assets	1,456,160	1,182,935	2,639,095
Restricted	0	2,019,125	2,019,125
Unrestricted	(12,260,221)	5,812,761	(6,447,460)
<b>Total Net Position</b>	<u>\$ (10,804,061)</u>	<u>\$ 9,014,821</u>	<u>\$ (1,789,240)</u>

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

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Solid Waste Disposal</b>	<b>Water and Sewer</b>	<b>Totals</b>
<b>Operating Revenues</b>			
Charges for Services	\$ 4,064	\$ 3,618,798	\$ 3,622,862
Connection and Impact Fees	0	161,555	161,555
Other Income	78,600	64,250	142,850
<b>Total Operating Revenues</b>	<b>82,664</b>	<b>3,844,603</b>	<b>3,927,267</b>
<b>Operating Expenses</b>			
Contractual Services	33,267	1,544	34,811
Professional Services	10,275	72,317	82,592
Landfill Postclosure	35,059	0	35,059
Salaries and Benefits	268,144	668,258	936,402
Rentals and Leases	41,016	6,636	47,652
Repairs and Maintenance	34,041	138,484	172,525
Gas and Oil	2,048	8,414	10,462
Materials	1,236	1,235	2,471
Depreciation	114,536	720,379	834,915
Other Expenses	62,643	489,300	551,943
<b>(Total Operating Expenses)</b>	<b>602,265</b>	<b>2,106,567</b>	<b>2,708,832</b>
<b>Operating (Loss) Income</b>	<b>(519,601)</b>	<b>1,738,036</b>	<b>1,218,435</b>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Earnings	17,935	916	18,851
Donated Infrastructure	0	329,881	329,881
Grant Revenues	90,909	0	90,909
Interest and Other Debt Service Costs	0	(326,379)	(326,379)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>108,844</b>	<b>4,418</b>	<b>113,262</b>
<b>(Loss) Income Before Transfers</b>	<b>(410,757)</b>	<b>1,742,454</b>	<b>1,331,697</b>
<b>Transfers</b>			
Transfers (out)	(61,866)	(58,137)	(120,003)
Transfer in	694,154	0	694,154
Transfer in from Constitutional Officer	11	0	11
Transfer (out) to Constitutional Officer	(147)	0	(147)
<b>Total Transfers</b>	<b>632,152</b>	<b>(58,137)</b>	<b>574,015</b>
<b>Change in Net Position</b>	<b>221,395</b>	<b>1,684,317</b>	<b>1,905,712</b>
<b>Net Position, Beginning of Year</b>	<b>(11,025,456)</b>	<b>7,330,504</b>	<b>(3,694,952)</b>
<b>Total Net Position, End of Year</b>	<b>\$ (10,804,061)</b>	<b>\$ 9,014,821</b>	<b>\$ (1,789,240)</b>

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

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Solid Waste Disposal</b>	<b>Water and Sewer</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 11,909	\$ 3,842,843	\$ 3,854,752
Cash Payments to Vendors for Goods and Services	(679,672)	(570,311)	(1,249,983)
Cash Payments to Employees	(257,656)	(714,451)	(972,107)
Cash Received from Other Sources	78,600	0	78,600
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(846,819)</b>	<b>2,558,081</b>	<b>1,711,262</b>
<b>Noncapital Financing Activities</b>			
Cash Received from Grant Revenues	90,909	0	90,909
Transfers from Constitutional Officers	11	0	11
Transfers to Constitutional Officers	(147)	0	(147)
Transfers from Other Funds	694,154	0	694,154
Transfers to Other Funds	(61,866)	(58,137)	(120,003)
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<b>723,061</b>	<b>(58,137)</b>	<b>664,924</b>
<b>Capital and Related Financing Activities</b>			
Acquisition of Property, Plant, and Equipment	(192,431)	(571,384)	(763,815)
Principal Payments on Bonds	0	(915,000)	(915,000)
Payment of Interest and Other Debt Costs	0	(281,489)	(281,489)
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<b>(192,431)</b>	<b>(1,767,873)</b>	<b>(1,960,304)</b>
<b>Investing Activities</b>			
Interest Received	17,935	916	18,851
Proceeds from the Sale of Investments	654,846	0	654,846
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>672,781</b>	<b>916</b>	<b>673,697</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>356,592</b>	<b>732,987</b>	<b>1,089,579</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>812,184</b>	<b>8,204,821</b>	<b>9,017,005</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,168,776</b>	<b>\$ 8,937,808</b>	<b>\$ 10,106,584</b>
<b><u>Reported in Statement of Net Assets as</u></b>			
Cash and Cash Equivalents	\$ 336,288	\$ 6,794,442	\$ 7,130,730
Current: Cash and Cash Equivalents - Restricted	832,488	0	832,488
Noncurrent: Cash and Cash Equivalents - Restricted	0	2,143,366	2,143,366
<b>Total</b>	<b>\$ 1,168,776</b>	<b>\$ 8,937,808</b>	<b>\$ 10,106,584</b>

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

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**  
*(Concluded)*

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Solid Waste Disposal</b>	<b>Water and Sewer</b>	<b>Total</b>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u></b>			
Operating Income (Loss)	\$ (519,601)	\$ 1,738,036	\$ 1,218,435
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation and Amortization	114,536	720,379	834,915
Provision for Closure and Postclosure Costs	(539,809)	0	(539,809)
Changes in Assets - Decrease (Increase):			
Decrease (Increase) in Accounts Receivable	(908)	(13,988)	(14,896)
Decrease (Increase) in Assessments Receivable	2,700	0	2,700
Decrease (Increase) in Due from Constitutional Officers	347	(3)	344
Decrease (Increase) in Due from Other Funds	(704)	0	(704)
Decrease (Increase) in Due from Other Governments	0	(2,277)	(2,277)
Decrease (Increase) in Inventory	0	4,194	4,194
Decrease (Increase) in Prepaid Expense	921	56	977
Decrease (Increase) in Deferred Outflows	(54,004)	(115,264)	(169,268)
Changes in Liabilities - Increase (Decrease):			
Increase (Decrease) in Accounts Payable	79,722	143,372	223,094
Increase (Decrease) in Due to Other Funds	4,391	4,234	8,625
Increase (Decrease) in Due to Other Governments	(2)	0	(2)
Increase (Decrease) in Unearned Revenues	1,100	0	1,100
Increase (Decrease) in Deposits	0	10,271	10,271
Increase (Decrease) in OPEB Liability	2,851	5,701	8,552
Increase (Decrease) in Net Pension Liability	79,723	157,576	237,299
Increase (Decrease) in Deferred Inflows	(21,562)	(51,783)	(73,345)
Increase (Decrease) in Compensated Absences	3,480	(42,423)	(38,943)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ (846,819)</b>	<b>\$ 2,558,081</b>	<b>\$ 1,711,262</b>

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 FUNDS  
SEPTEMBER 30, 2016**

	<u><b>SAISSA</b></u>
<b>Assets</b>	
Cash	\$ 61,833
Equity in Pooled Investments	3,769,061
Due from Constitutional Officers	<u>3,409</u>
<b>Total Assets</b>	<u><u>3,834,303</u></u>
<b>Liabilities</b>	
Due to Bond Holders	<u>3,834,303</u>
<b>Total Liabilities</b>	<u><u>\$ 3,834,303</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, 2016. 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, 2016. 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.

**Basis of Presentation**

The accompanying financial statements include all the funds and accounts of the Board of County Commissioner'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*.

**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:

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

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

**Fund Accounting (Continued)**

■ **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 **One-Cent Small County Surtax Fund**—is used to account for transactions associated with one-cent funds. Financing is provided by a one-cent sales tax on all transactions occurring in the County that are subject to imposed state tax on sales, use, services, rentals, and admissions.
  - ▶ 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 **Capital Projects - County Complex Fund**—is used to account for the development of County building projects at the County Complex.
- **Nonmajor 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.



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

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

**Fund Accounting (Concluded)**

■ **Major Proprietary Funds**

- **The Solid Waste Disposal and the Water and Sewer Enterprise 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.

The solid waste disposal fund provides a convenience recycling center for the collection and disposal of recyclables for citizens of Nassau County. The fund also accounts for the postclosure requirement costs for all closed landfills. 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-SAISS is used to account for assets held by the Board as agent for the South Amelia Island Shore Stabilization Association representing property owners within the geographical boundaries of the South Amelia Island Shore Stabilization Municipal Service Benefit Unit.

**Measurement Focus**

- **Governmental Funds**—general, special revenue, debt service, and capital projects funds are accounted for on a "current financial resources" measurement focus. This means that only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are generally included on the balance sheet. Accordingly, the reported fund balances (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 *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges for services. Operating expenses include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

**Measurement Focus (Concluded)**

- **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 thirty days after year-end.

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

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

**Cash and Cash Equivalents**

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

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

**Deposits and Investments**

The Board is allowed to invest in: (1) obligations of the United States or its agencies and instrumentalities; (2) other obligations, the principal of and interest on, which are unconditionally guaranteed or insured by the United States; (3) 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).

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

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

**Accounts Receivable**

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

**Interfund Balances**

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

**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.

On the governmental funds balance sheet, the prepaid and inventory balances reported are offset by a nonspendable 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 – nonspendable, restricted, committed, assigned, and unassigned:

- **Nonspendable**—This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash, or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.
- **Restricted**—This component of fund balance consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.
- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., ordinance) of the organization’s governing authority (the Board). 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.

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

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

**Fund Balance (Concluded)**

- **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.

**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 solid waste disposal and water and sewer enterprise funds are set-aside for payment of the landfill postclosure and monitoring costs, capital reserves, renewal and replacement, and the utility system. These resources are classified as restricted cash and investments on the statement of net position - 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.

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

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

**Capital Assets and Long-term Liabilities (Concluded)**

■ **Governmental Funds (Concluded)**

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

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

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

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

**Capitalization of Interest Costs**

When applicable the Board capitalizes interest costs related to construction of capital assets. For fiscal year ended September 30, 2016, 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.

**Other Postemployment Benefits (OPEB)**

A liability has been recorded in the enterprise funds for postemployment benefits other than pensions.

**Net Pension Liability**

The Board participates in both the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy Program (HIS) defined benefit plan administered by the Florida Division of Retirement. As a participating employer, the Board reports 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 funds. The Board allocated \$646,030, \$251,403, and \$25,493 of the net pension liability, deferred outflow of resources, and deferred inflows of resources, respectively, to the Board's enterprise funds.

**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, 2016, the Board levied 6.5670 mills. An additional 1.6694 mills was levied for the benefit of the Nassau County Municipal Services Taxing Unit.

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

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

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

**Property Taxes (Concluded)**

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:

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 \$16,630,762 and the bank balances were \$17,660,456. The Board had \$1,410 of petty cash on hand at year-end. 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.

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

**Note 2 - Cash and Investments (Continued)**

**Investments (Concluded)**

The Board's investments conform to the provisions of Florida Statutes, Section 218.415. The following items discuss the Board'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 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 nonoperating funds shall have a term appropriate to the need for funds and in accordance with debt covenants. The maturities of the underlying securities of a repurchase agreement will follow the requirements of a Master Repurchase Agreement in form approved by the Public Securities Association.
- *Custodial Credit Risk*—For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The certificates of deposit are held in qualified public depositories or at levels below FDIC insurance thresholds.

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

**Fair Value Measurement and Application**

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



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

**Note 2 - Cash and Investments (Concluded)**

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

<u>Description</u>	<u>Reported Amount</u>
Cash and Cash Equivalents	\$ 16,630,762
Certificates of Deposit	36,518,220
Money Market Accounts	<u>28,395,525</u>
<b>Total Cash and Investments</b>	<b><u>\$ 81,544,507</u></b>

Reported in accompanying financial statements as follows:

<u>Account</u>	<u>Reported Amount</u>
Cash and Cash Equivalents - Governmental Funds	\$ 6,462,345
Cash and Cash Equivalents - Business-type Activities	7,130,730
Cash and Cash Equivalents - Agency Fund Activities	61,833
Equity in Pooled Investments - Agency Fund Activities	3,769,061
Equity in Pooled Investments - Governmental Funds	59,494,152
Equity in Pooled Investments - Business-type Activities	1,650,532
Restricted Cash and Cash Equivalents - Business-type Activities	<u>2,975,854</u>
<b>Total Cash and Investments</b>	<b><u>\$ 81,544,507</u></b>

**Note 3 - Accounts Receivable**

Accounts receivable (net of allowances for uncollectibles) at September 30, 2016, included the following:

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
<b>Governmental Funds</b>			
General Fund	\$ 3,024,122	\$ (2,337,860)	\$ 686,262
County Transportation	19,015	0	19,015
Municipal Service	<u>814</u>	<u>0</u>	<u>814</u>
<b>Total Governmental Funds</b>	<b><u>\$ 3,043,951</u></b>	<b><u>\$ (2,337,860)</u></b>	<b><u>\$ 706,091</u></b>
	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
<b>Business-type Funds</b>			
Solid Waste Disposal	\$ 4,222	\$ 0	\$ 4,222
Water and Sewer	<u>367,137</u>	<u>(21,590)</u>	<u>345,547</u>
<b>Total Business-type Funds</b>	<b><u>\$ 371,359</u></b>	<b><u>\$ (21,590)</u></b>	<b><u>\$ 349,769</u></b>

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

**Note 4 - Assessments Receivable**

Assessments receivable (net of allowances for uncollectibles) at September 30, 2016, included the following:

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
<b>Business-type Funds</b>			
Solid Waste Disposal	\$ 808,147	\$ (778,874)	\$ 29,273
<b>Total Business-type Funds</b>	<u>\$ 808,147</u>	<u>\$ (778,874)</u>	<u>\$ 29,273</u>

**Note 5 - Restricted Assets**

Restricted assets in the proprietary funds at September 30, 2016, 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, 2016, were restricted for the following purposes:

Customer Deposits	\$ 124,241
Landfill Postclosure Costs	832,488
Renewal and Replacement (Water/Sewer)	182,213
Impact Fees	1,303,999
Debt Service	<u>532,913</u>
<b>Total</b>	<u>\$ 2,975,854</u>

Reported in accompanying financial statements as follows:

<u>Account</u>	<u>Reported Amount</u>
Current: Equity in Pooled Investments Restricted - Business-type Activities	\$ 832,488
Noncurrent: Restricted Cash and Cash Equivalents - Business-type Activities	<u>2,143,366</u>
<b>Total Restricted Assets</b>	<u>\$ 2,975,854</u>

**Note 6 - 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**  
*(Continued)*

**Note 6 - Capital Assets (Concluded)**

Capital asset activity for the year ended September 30, 2016, was as follows:

	<u>Balance</u> <u>10/1/15</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance</u> <u>9/30/16</u>
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 75,810,776	\$ 272,732	\$ 0	\$ 76,083,508
Construction Work in Progress	<u>8,534,761</u>	<u>7,084,619</u>	<u>(5,756,829)</u>	<u>9,862,551</u>
Total Capital Assets Not Being Depreciated	<u>84,345,537</u>	<u>7,357,351</u>	<u>(5,756,829)</u>	<u>85,946,059</u>
Capital Assets Being Depreciated:				
Building and Improvements	58,617,846	2,563,431	0	61,181,277
Machinery and Equipment	26,023,462	3,140,214	(1,377,344)	27,786,332
Leasehold Improvements	1,151,985	0	0	1,151,985
Infrastructure	<u>626,072,291</u>	<u>3,256,956</u>	<u>0</u>	<u>629,329,247</u>
Total Capital Assets Being Depreciated	<u>711,865,584</u>	<u>8,960,601</u>	<u>(1,377,344)</u>	<u>719,448,841</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(22,257,112)	(1,490,021)	0	(23,747,133)
Machinery and Equipment	(18,451,208)	(2,125,221)	1,342,991	(19,233,438)
Leasehold Improvements	(152,928)	(30,845)	0	(183,773)
Infrastructure	<u>(305,438,678)</u>	<u>(16,060,309)</u>	<u>0</u>	<u>(321,498,987)</u>
Total Accumulated Depreciation	<u>(346,299,926)</u>	<u>(19,706,396)</u>	<u>1,342,991</u>	<u>(364,663,331)</u>
Total Capital Assets Being Depreciated, Net	<u>365,565,658</u>	<u>(10,745,795)</u>	<u>(34,353)</u>	<u>354,785,510</u>
<b>Total Governmental Activities Capital Assets, Net</b>	<u><u>\$ 449,911,195</u></u>	<u><u>\$ (3,388,444)</u></u>	<u><u>\$ (5,791,182)</u></u>	<u><u>\$ 440,731,569</u></u>
<b>Business-type Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 815,228	\$ 0	\$ 0	\$ 815,228
Construction Work in Progress	<u>34,311</u>	<u>137,943</u>	<u>0</u>	<u>172,254</u>
Total Capital Assets, Not Being Depreciated	<u>849,539</u>	<u>137,943</u>	<u>0</u>	<u>987,482</u>
Capital Assets, Being Depreciated:				
Building and Improvements	1,222,975	0	0	1,222,975
Equipment	20,773,586	1,554,249	(134,169)	22,193,666
Landfill	<u>41,701,285</u>	<u>0</u>	<u>0</u>	<u>41,701,285</u>
Total Capital Assets, Being Depreciated	<u>63,697,846</u>	<u>1,554,249</u>	<u>(134,169)</u>	<u>65,117,926</u>
Less Accumulated Depreciation:				
Building and Improvements	(259,747)	(23,409)	0	(283,156)
Equipment	(8,708,209)	(811,506)	134,169	(9,385,546)
Landfill	<u>(41,701,285)</u>	<u>0</u>	<u>0</u>	<u>(41,701,285)</u>
Total Accumulated Depreciation	<u>(50,669,241)</u>	<u>(834,915)</u>	<u>134,169</u>	<u>(51,369,987)</u>
Total Capital Assets, Being Depreciated, Net	<u>13,028,605</u>	<u>719,334</u>	<u>0</u>	<u>13,747,939</u>
<b>Total Business-type Activities Capital Assets, Net</b>	<u><u>\$ 13,878,144</u></u>	<u><u>\$ 857,277</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 14,735,421</u></u>

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

**Note 7 - Interfund Activity**

Interfund balances at September 30, 2016, consisted of the following:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
General	County Transportation	\$ 140,371
General	Municipal Service	280,472
General	Nonmajor	49,245
General	Solid Waste Disposal	12,735
General	Water and Sewer	22,365
County Transportation	General Fund	11,786
Municipal	General Fund	17,402
Nonmajor	General Fund	2,687
Solid Waste Disposal	General Fund	704
Water and Sewer	General Fund	2,723
<b>Total</b>		<u><u>\$ 540,490</u></u>

The purpose for each of these interfund receivables and payables is to provide temporary loans for cash flow needs, primarily associated with reimbursable grant programs. In addition, to the interfund balances, there were also \$1,548,618 due from the Constitutional Officers, and \$43,349 due to the Constitutional Officers.

Interfund transfers:

<u>Transfers Out</u>	<u>Transfers In</u>								<u>Totals</u>
	<u>County</u>	<u>County</u>	<u>Municipal</u>	<u>One-Cent</u>	<u>Capital</u>	<u>Capital Project</u>	<u>Solid</u>	<u>Non-</u>	
	<u>General</u>	<u>Trans-</u>	<u>Services</u>	<u>Surtax</u>	<u>Transportation</u>	<u>County</u>	<u>Waste</u>	<u>Major</u>	
General	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 694,154	\$ 2,382,246	\$ 3,076,400
County Transportation	0	0	0	0	2,401,678	0	0	89	2,401,767
Municipal Services	85,470	0	0	0	0	942,067	0	0	1,027,537
One-Cent County Surtax	2,936,842	1,331,312	1,593,339	0	3,589,442	779,719	0	0	10,230,654
Capital Project County Complex	0	0	0	0	0	204,635	0	0	204,635
Nonmajor	190,285	0	1,825	204,635	0	0	0	32,627	429,372
Solid Waste	61,866	0	0	0	0	0	0	0	61,866
Water and Sewer	58,137	0	0	0	0	0	0	0	58,137
<b>Total</b>	<u>\$ 3,332,600</u>	<u>\$ 1,331,312</u>	<u>\$ 1,595,164</u>	<u>\$ 204,635</u>	<u>\$ 5,991,120</u>	<u>\$ 1,926,421</u>	<u>\$ 694,154</u>	<u>\$ 2,414,962</u>	<u>\$ 17,490,368</u>

In addition to the interfund transfers, there were transfers out to the Constitutional Officers of \$26,124,416 and transfers in from the Constitutional Officers of \$1,433,001.

The purposes for these interfund 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**  
*(Continued)*

**Note 8 - Leases**

■ **Governmental Funds**

The Board is party to operating leases during the period ended September 30, 2016, as follows:

- *Tower Site (14<sup>th</sup> Street)*—the Board renewed the lease with Pinnacle Towers, LLC for five additional years, commencing April 1, 2016. Operating lease payments for the year ended September 30, 2016, were \$29,229.
- *Two Tower Sites (Hilliard and Dahoma)*—the Board entered into two one-year leases (with renewal terms of four additional periods of one year each) with American Tower Asset Sub, LLC, commencing May 2011. The Board exercised the renewal, which has an effective date of May 2016. Operating lease payments for the year ended September 30, 2016, were \$54,131.
- *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, 2016, were \$69,619.

Future minimum lease payments under these leases follow:

<u>Year Ending September 30</u>	<u>Tower Lease Sites</u>	<u>West Nassau Land Development</u>	<u>Total</u>
2017	\$ 63,298	\$ 71,323	\$ 134,621
2018	31,614	75,443	107,057
2019	32,879	77,178	110,057
2020	34,194	60,892	95,086
2021	17,663	0	17,663
<b>Total</b>	<u>\$ 179,648</u>	<u>\$ 284,836</u>	<u>\$ 464,484</u>

**Capital Lease**

The County entered into a lease agreement during the prior year for financing the acquisition of radios for the Sheriff and multiple County departments. The Sheriff has recorded their portion of the radios (\$2,129,251) into their fixed asset system. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The asset acquired through capital leases (excluding Sheriff's assets) are as follows:

<b>Asset</b>	
Radios	\$ 872,838
(Accumulated Depreciation)	<u>(299,356)</u>
<b>Total</b>	<u>\$ 573,482</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2016, were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>
2017	\$ 550,731
2018	550,731
2019	<u>550,731</u>
<b>Total</b>	<u>\$ 1,652,193</u>

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

**Note 9 - 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.

The following is a summary of changes in long-term obligations for the year ended September 30, 2016:

	<u>Balance 10/1/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/16</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds Payable	\$ 35,643,086	\$ 0	\$ (2,686,424)	\$ 32,956,662	\$ 2,569,602
Premium on Bonds Payable	<u>1,187,974</u>	<u>0</u>	<u>(74,248)</u>	<u>1,113,726</u>	<u>74,248</u>
Total Bonds and Notes					
Payable	36,831,060	0	(2,760,672)	34,070,388	2,643,850
Capital Lease	2,202,924	0	(550,731)	1,652,193	550,731
Claims Payable	155,434	0	(77,717)	77,717	77,717
Compensated Absences	5,971,339	2,297,975	(2,805,849)	5,463,465	2,286,555
Other Postemployment					
Benefits	4,109,567	240,149	0	4,349,716	0
Net Pension Liability	<u>16,666,634</u>	<u>12,066,762</u>	<u>0</u>	<u>28,733,396</u>	<u>0</u>
<b>Total Governmental Activities Long-term Liabilities</b>	<u>\$ 65,936,958</u>	<u>\$ 14,604,886</u>	<u>\$ (6,194,969)</u>	<u>\$ 74,346,875</u>	<u>\$ 5,558,853</u>
<b>Business-type Activities</b>					
Bonds Payable	\$ 13,550,000	\$ 0	\$ (915,000)	\$ 12,635,000	\$ 930,000
Compensated Absences	273,805	98,308	(137,251)	234,862	97,917
Other Postemployment					
Benefits	146,334	8,552	0	154,886	0
Landfill Closure/ Postclosures	15,188,041	0	(539,809)	14,648,232	831,950
Net Pension Liability	<u>408,731</u>	<u>237,299</u>	<u>0</u>	<u>646,030</u>	<u>0</u>
<b>Total Business-type Activities Long-term Liabilities</b>	<u>\$ 29,566,911</u>	<u>\$ 344,159</u>	<u>\$ (1,592,060)</u>	<u>\$ 28,319,010</u>	<u>\$ 1,859,867</u>

**Governmental Activities**

A brief synopsis of long-term debt existing at September 30, 2016, follows:

**2009-1 Gas Tax Revenue Bonds**

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

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

**Note 9 - Long-term Obligations (Continued)**

**Governmental Activities (Continued)**

**2009-1 Gas Tax Revenue Bonds (Concluded)**

The 2009-1 Gas Tax Revenue Bonds are secured by a lien upon and pledge of the proceeds of the constitutional, County, and ninth-cent gas taxes. Annual principal and interest on the bond are expected to require approximately 51% of such tax revenue and are payable through 2018. Principal and interest payments for the current year totaled \$1,104,021 and gas tax revenues totaled \$2,153,385. At year-end, pledged future revenues totaled \$2,208,042, which was the amount of remaining principal and interest on the bond. 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. The bond bearing interest at a rate of 1.86% per annum, is dated October 1, 2012, and has a maturity date of October 1, 2018.

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,064,069	\$ 39,952	\$ 1,104,021
2018	1,083,861	20,160	1,104,021
<b>Total</b>	<u>\$ 2,147,930</u>	<u>\$ 60,112</u>	<u>\$ 2,208,042</u>

**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, 2016, totaled \$3,984,803.

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 \$2,173,360. At year-end, pledged future revenues totaled \$8,505,000, 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**  
*(Continued)*

**Note 9 - Long-term Obligations (Continued)**

**Governmental Activities (Continued)**

**2000 Optional Gas Tax Revenue Bonds (Concluded)**

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

<u>Year Ending</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 380,533	\$ 564,467	\$ 945,000
2018	357,030	587,970	945,000
2019	334,662	610,338	945,000
2020	315,176	629,824	945,000
2021	296,125	648,875	945,000
2022-2025	1,020,403	2,759,597	3,780,000
<b>Total</b>	<u>\$ 2,703,929</u>	<u>\$ 5,801,071</u>	<u>\$ 8,505,000</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 33% of such non ad valorem tax revenue and are payable through 2031. Principal and interest payments for the current year totaled \$2,323,150 and non ad valorem tax revenues totaled \$7,140,911. At year-end, pledged future revenues totaled \$34,843,000, 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 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.



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

**Note 9 - Long-term Obligations (Continued)**

**Governmental Activities (Concluded)**

**2007 Public Improvement Revenue and Refunding Bonds (Concluded)**

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>
2017	\$ 1,125,000	\$ 1,194,750	\$ 2,319,750
2018	1,170,000	1,149,750	2,319,750
2019	1,230,000	1,091,250	2,321,250
2020	1,295,000	1,029,750	2,324,750
2021	1,360,000	965,000	2,325,000
2022-2026	7,885,000	3,735,000	11,620,000
2027-2031	10,055,000	1,557,500	11,612,500
<b>Total</b>	<u>\$ 24,120,000</u>	<u>\$ 10,723,000</u>	<u>\$ 34,843,000</u>

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, 2016:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Ending Balance</u>
Vacation Leave	\$ 2,412,533	\$ 1,238,396	\$ (1,616,795)	\$ 2,034,134
Paid Time Off	176,381	257,824	(230,396)	203,809
Sick Leave	3,359,529	749,882	(909,315)	3,200,096
Bonus Leave	18,052	32,550	(34,074)	16,528
Compensatory Leave	4,844	19,323	(15,269)	8,898
<b>Total</b>	<u>\$ 5,971,339</u>	<u>\$ 2,297,975</u>	<u>\$ (2,805,849)</u>	<u>\$ 5,463,465</u>

**Business-type Activities**

**Advance Refunding**—On April 9, 2013, the Board issued a \$15,650,000 Water and Sewer System Revenue Refunding Bond Series 2013 with a fixed interest rate of 2.150%. The net proceeds from the closing were used to refund \$15,550,000 in principal 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 51% of such revenue and are payable through 2028. Principal and interest payments for the current year totaled \$1,196,489 and revenues totaled \$2,333,552. At year-end, pledged future revenues totaled \$14,334,306, 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.

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

**Note 9 - Long-term Obligations (Concluded)**

**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. In addition, the rate covenant requires the Board to establish and collect fees from users of the System and impact fees sufficient to pay the costs of operation and maintenance of the System plus 120% of the bond service requirements for that year. The 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:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 930,000	\$ 261,655	\$ 1,191,655
2018	955,000	241,391	1,196,391
2019	975,000	220,644	1,195,644
2020	995,000	199,466	1,194,466
2021	1,015,000	177,859	1,192,859
2022-2026	5,430,000	547,820	5,977,820
2027-2028	2,335,000	50,471	2,385,471
<b>Total</b>	<u>\$ 12,635,000</u>	<u>\$ 1,699,306</u>	<u>\$ 14,334,306</u>

Compensated Absences—following is a summary of annual, sick, and bonus leave benefits liabilities at September 30, 2016, for the proprietary funds:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Ending Balance</u>
Vacation Leave	\$ 100,135	\$ 60,824	\$ (81,378)	\$ 79,581
Paid Time Off	0	117	0	117
Sick Leave	170,709	31,185	(49,197)	152,697
Bonus Leave	2,961	6,182	(6,676)	2,467
<b>Total</b>	<u>\$ 273,805</u>	<u>\$ 98,308</u>	<u>\$ (137,251)</u>	<u>\$ 234,862</u>

**Note 10 - 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, 2016, the Special Assessment Bond outstanding totaled \$3,625,171.

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

**Note 11 - 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.
- \$6,213,421 Nassau County, Florida, Gas Tax Revenue Bond, Series 2009-1.
- \$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 12 - Landfill Postclosure Care Costs**

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

For the closed landfills, actual postclosure care cost incurred for each year is reported as a reduction of the postclosure liability, along with the change in required escrow balance until the required twenty or thirty-year postclosure care period is satisfied. The Board has accrued a total of \$14,648,232 for postclosure care cost at September 30, 2016, for the four closed landfills. The liability is based on engineering estimates of annual postclosure care cost.

These postclosure care costs are based on estimates of what it would cost to perform all postclosure care using 2016 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 \$831,950 as of September 30, 2016). At September 30, 2016, the actual escrow balances are as follows:

<b>Landfills</b>	
Old West Nassau Postclosure	\$ 20,720
Bryceville Postclosure	120,381
Lofton Creek Postclosure	153,004
New West Nassau Postclosure	538,383
<b>Total Escrow Balances</b>	<u><u>\$ 832,488</u></u>

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

**Note 13 - Retirement Plans**

**General Information about the Florida Retirement System (FRS)**

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance. Essentially all regular employees of the Board are eligible to enroll as members of the State-administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined-benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site ([www.dms.myflorida.com](http://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 DROP for eligible employees. The general classes of membership applicable to the Board 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.
- *Special Risk Class*—Members who are employed in special risk careers, such as law enforcement or fire rescue, and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Members of the Plan may include up to four years of credit for military service toward creditable service. 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

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

**Note 13 - Retirement Plans (Continued)**

**FRS Pension Plan (Continued)**

Plan Description. (Concluded)

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:

<b>Class, Initial Enrollment, and Retirement Age/Years of Service</b>	<b>Percent Value</b>
<b><i>Regular Class Members Initially Enrolled Before July 1, 2011:</i></b>	
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
<b><i>Regular Class Members Initially Enrolled on or After July 1, 2011:</i></b>	
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
<b><i>Elected County Officers</i></b>	3.00
<b><i>Senior Management Service Class</i></b>	2.00
<b><i>Special Risk Regular</i></b>	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

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

**Note 13 - Retirement Plans (Continued)**

**FRS Pension Plan (Concluded)**

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2015-2016 fiscal year were as follows:

Class	Year Ended June 30, 2016		Year Ended June 30, 2017	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	5.56	3.00	5.80
FRS, Elected County Officers	3.00	40.57	3.00	40.75
FRS, Senior Management Service	3.00	19.73	3.00	20.05
FRS, Special Risk Regular	3.00	20.34	3.00	20.85
DROP – Applicable to Members from all of the Above Classes	0.00	11.22	0.00	11.33
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 \$2,279,153 for the fiscal year ended September 30, 2016. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities and Pension Expense. At September 30, 2016, the Board's proportionate share of the FRS net pension liability was \$23,012,465. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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, 2016, the Board's proportion was .091138191%, which was an increase of .002669196 from its proportion measured as of June 30, 2015.

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 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, 2016, 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 BOARD OF COUNTY COMMISSIONERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**NASSAU COUNTY, FLORIDA**  
*(Continued)*

**Note 13 - Retirement Plans (Continued)**

**HIS Pension Plan (Concluded)**

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 year were 1.66% from October 1, 2015 through June 30, 2016, and 1.66% from July 1, 2016 through September 30, 2016. 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 \$282,144 for the fiscal year ended September 30, 2016.

Pension Liabilities. At September 30, 2016, the Board's proportionate share of the HIS net pension liability was \$6,366,961. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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, 2016, the Board's proportion was .054630519%, which was a decrease of .000754569 from its proportion measured as of June 30, 2015.

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

**FRS – Defined Contribution Pension Plan**

The 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 (employer and employee) during the 2015-16 fiscal year were as follows:

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

**Note 13 - Retirement Plans (Concluded)**

**FRS – Defined Contribution Pension Plan (Concluded)**

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2016, 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.

The Board's Investment Plan pension expense totaled \$78,548 for the fiscal year ended September 30, 2016.

**Note 14 - 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.



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

**Note 15 - 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:

<b>Years of Service With Nassau County</b>	<b>Hired Before 10/1/06</b>	<b>Hired on or After 10/1/06</b>
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 294 active employees and 55 retired employees participating in the plan. The Board's OPEB obligation totaled \$4,504,602, of which \$154,886 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 16 - Deficit Equity Balances**

**Solid Waste Fund**

The Board has accrued the estimated postclosure monitoring liability for its closed landfills until the conclusion of the 20 or 30-year postclosure monitoring periods. These liabilities are not required to be fully funded until later dates. As a result, the Solid Waste Disposal Fund has accumulated negative unrestricted net position at September 30, 2016, as follows:

Prior Year Total Net Position	\$ (11,025,456)
Change in Net Position for the Year Ended September 30, 2016	<u>221,395</u>
Total Net Position for the Year Ended September 30, 2016	(10,804,061)
Investment in Capital Assets	<u>(1,456,160)</u>
<b>Total Unrestricted Net Position</b>	<b><u>\$ (12,260,221)</u></b>

**Special Revenue Funds**

The Nassau County Anti-Drug Enforcement and Grants special revenue funds have negative unrestricted fund balances of (\$6,050) and (\$100,500), respectively as of September 30, 2016. These negative fund balances are due to temporary differences resulting from the timing of reimbursable grant expenditures and the subsequent reimbursement. These negative fund balances will be reversed upon receipt of the corresponding grant proceeds.

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

**Note 17 - Fund Balance Classification**

The following is a summary of the Board's fund balance classifications and the purpose of each as of September 30, 2016, is as follows:

<b>Nonspendable Fund Balance</b>	
Prepaid Expenses	\$ 49,434
Inventory	312,063
Deposits	<u>7,000</u>
<b>Total Nonspendable Fund Balance</b>	<u>368,497</u>
<b>Restricted Fund Balance</b>	
General Government	222,110
Crime Prevention	149,133
Economic Development	113,252
Other Human Services	1,038
Developer Agreements	5,000
Physical Environment	478,825
Law Enforcement	240,313
Impact Fees	4,584,176
Law Library	148,077
Public Safety	435,106
Other Culture/Recreation	107,970
State Housing Initiative Program	730,580
Court Facilities	1,793,433
Criminal Justice	209,632
Tourist Development	5,533,063
Building Department	4,222,705
Debt Services – Bonds	1,588,503
Capital Projects – Transportation	<u>2,791,989</u>
<b>Total Restricted Fund Balance</b>	<u>23,354,905</u>
<b>Committed Fund Balance</b>	
Fire/Rescue	<u>3</u>
<b>Total Committed Fund Balance</b>	<u>3</u>
<b>Assigned Fund Balance</b>	
General Government	4,868,186
Public Safety	5,793,977
Law Enforcement	1,012,425
Economic Development	1,304
Transportation	10,303,777
Human Services	74,950
Culture and Recreation	977,790
Non-Court Related	220,000
Physical Environment	994,409
Capital Projects – Public Safety	537,849
Reserves – Capital Projects	713,060
Minimum Fund Balance	<u>2,621,874</u>
<b>Total Assigned Fund Balance</b>	<u>28,119,601</u>
<b>Unassigned Fund Balance</b>	<u>11,035,758</u>
<b>Total</b>	<u><u>\$ 62,878,764</u></u>

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

**Note 18 - 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 19 - 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, 2016:

<u>Project</u>	<u>Source of Payment</u>	<u>Paid to Date</u>	<u>Commitment Remaining</u>
Sheriff's Administration Building	Current Available Resources	\$ 6,518,203	\$ 254,847
Gasoline Dispensing Station -			
Sheriff's Office	Current Available Resources	245,679	40,240
Lechate Tank Storage Improvements	Current Available Resources	58,000	290,118
Thomas Creek Phase 7	Current Available Resources	100,500	399,500
CR 115A Kings Ferry Rd Bridge Repair	Current Available Resources	109,150	281,800
Middle Rd/Griffin Rd Resurfacing	Current Available Resources	729,310	167,144
Lift Station #1 & #3 Replacement Proj	Current Available Resources	687,219	365,781
Guardrail Replacements (3 locations)	Current Available Resources	0	112,881
NAU Headworks & Piping Project	Current Available Resources	0	616,212
Construction Management/Inspection	Current Available Resources	49,044	243,647
<b>Total</b>		<u>\$ 8,497,105</u>	<u>\$ 2,772,170</u>

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

**Note 20 - 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, 2016, there was one series of such bonds outstanding with a principal amount payable of \$10,160,000. The issue amount and the September 30, 2016, outstanding balance is as follows:

<u>Original Issuance</u>	<u>Year</u>	<u>9/30/16 Balance</u>	<u>Description</u>
\$ 11,150,000	2008	\$ 10,160,000	AICC, Inc. and Nassau Care Centers—70 Bed Care Intermediate Care and Day Program Service Facilities

## **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, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Taxes	\$ 38,875,024	\$ 38,875,024	\$ 39,419,901	\$ 544,877
Licenses and Permits	12,000	12,000	25,904	13,904
Intergovernmental Revenues	5,629,608	5,672,527	6,210,815	538,288
Charges for Services	1,993,306	1,991,020	2,071,894	80,874
Fines and Forfeitures	49,750	50,682	48,043	(2,639)
Interest Earnings	100,000	99,370	164,979	65,609
Miscellaneous	158,152	306,780	482,500	175,720
<b>Total Revenues</b>	<b>46,817,840</b>	<b>47,007,403</b>	<b>48,424,036</b>	<b>1,416,633</b>
<b>Expenditures</b>				
Current:				
General Government Services	6,978,160	7,255,980	6,493,474	762,506
Public Safety	10,971,381	11,304,743	9,883,933	1,420,810
Physical Environment	354,306	368,306	342,841	25,465
Economic Environment	238,087	283,087	170,007	113,080
Human Services	2,791,880	2,707,307	2,651,748	55,559
Culture and Recreation	1,528,195	1,663,732	1,561,186	102,546
Court-related Expenditures	771,255	783,582	661,532	122,050
Capital Outlay	2,198,903	3,336,482	1,239,903	2,096,579
Debt Service	550,731	550,731	550,731	0
<b>(Total Expenditures)</b>	<b>26,382,898</b>	<b>28,253,950</b>	<b>23,555,355</b>	<b>4,698,595</b>
<b>Excess of Revenues Over Expenditures</b>	<b>20,434,942</b>	<b>18,753,453</b>	<b>24,868,681</b>	<b>6,115,228</b>
<b>Other Financing Sources (Uses)</b>				
Transfers from Constitutional Officers	339,252	338,668	1,339,806	1,001,138
Transfers to Constitutional Officers	(22,566,357)	(22,744,172)	(22,422,134)	322,038
Transfers in	3,333,797	3,337,377	3,332,600	(4,777)
Transfers (out)	(3,070,214)	(3,076,401)	(3,076,400)	1
Sale of General Capital Assets	0	32,000	16,948	(15,052)
<b>Total Other Financing Sources (Uses)</b>	<b>(21,963,522)</b>	<b>(22,112,528)</b>	<b>(20,809,180)</b>	<b>1,303,348</b>
<b>Net Change in Fund Balances</b>	<b>(1,528,580)</b>	<b>(3,359,075)</b>	<b>4,059,501</b>	<b>7,418,576</b>
<b>Fund Balances at Beginning of Year</b>	<b>10,806,838</b>	<b>13,616,590</b>	<b>14,099,018</b>	<b>482,428</b>
<b>Fund Balances at End of Year</b>	<b>\$ 9,278,258</b>	<b>\$ 10,257,515</b>	<b>\$ 18,158,519</b>	<b>\$ 7,901,004</b>

**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, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Taxes	\$ 4,942,901	\$ 4,942,901	\$ 5,132,203	\$ 189,302
Licenses and Permits	29,965	29,965	67,068	37,103
Intergovernmental Revenues	1,229,015	1,241,515	1,253,001	11,486
Charges for Services	20,840	33,340	38,498	5,158
Interest Earnings	30,000	30,000	41,660	11,660
Miscellaneous	70,000	70,000	92,361	22,361
<b>Total Revenues</b>	<b>6,322,721</b>	<b>6,347,721</b>	<b>6,624,791</b>	<b>277,070</b>
<b>Expenditures</b>				
Current:				
Transportation	6,784,906	6,866,582	5,628,228	1,238,354
Capital Outlay	1,052,058	1,095,954	1,021,003	74,951
<b>(Total Expenditures)</b>	<b>7,836,964</b>	<b>7,962,536</b>	<b>6,649,231</b>	<b>1,313,305</b>
<b>(Deficiency) of Revenues (Under)</b>				
<b>Expenditures</b>	<b>(1,514,243)</b>	<b>(1,614,815)</b>	<b>(24,440)</b>	<b>1,590,375</b>
<b>Other Financing Sources (Uses)</b>				
Transfers from Constitutional Officers	3,000	3,000	7,622	4,622
Transfers to Constitutional Officers	(76,859)	(77,706)	(77,252)	454
Transfers in	1,331,312	1,331,312	1,331,312	0
Transfers (out)	(1,416,632)	(2,401,776)	(2,401,767)	9
Sale of General Capital Assets	0	0	82,882	82,882
<b>Total Other Financing Sources (Uses)</b>	<b>(159,179)</b>	<b>(1,145,170)</b>	<b>(1,057,203)</b>	<b>87,967</b>
<b>Net Change in Fund Balances</b>	<b>(1,673,422)</b>	<b>(2,759,985)</b>	<b>(1,081,643)</b>	<b>1,678,342</b>
<b>Fund Balances at Beginning of Year</b>	<b>4,481,913</b>	<b>4,996,110</b>	<b>4,975,268</b>	<b>(20,842)</b>
<b>Fund Balances at End of Year</b>	<b>\$ 2,808,491</b>	<b>\$ 2,236,125</b>	<b>\$ 3,893,625</b>	<b>\$ 1,657,500</b>

**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, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Taxes	\$ 8,595,426	\$ 8,595,426	\$ 8,716,089	\$ 120,663
Licenses and Permits	50,900	50,607	49,647	(960)
Intergovernmental Revenues	594,179	606,679	652,535	45,856
Charges for Services	135,650	138,810	139,244	434
Fines and Forfeitures	3,700	3,700	564	(3,136)
Interest Earnings	30,000	30,000	41,822	11,822
Miscellaneous	4,000	31,200	65,222	34,022
<b>Total Revenues</b>	<b>9,413,855</b>	<b>9,456,422</b>	<b>9,665,123</b>	<b>208,701</b>
<b>Expenditures</b>				
Current:				
General Government Services	647,358	672,457	628,455	44,002
Public Safety	7,154,051	7,167,937	6,660,375	507,562
Transportation	0	12,500	117	12,383
Human Services	913,366	959,057	890,921	68,136
Capital Outlay	1,062,772	999,428	902,134	97,294
<b>(Total Expenditures)</b>	<b>9,777,547</b>	<b>9,811,379</b>	<b>9,082,002</b>	<b>729,377</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(363,692)</b>	<b>(354,957)</b>	<b>583,121</b>	<b>938,078</b>
<b>Other Financing Sources (Uses)</b>				
Transfers from Constitutional Officers	0	8,000	21,560	13,560
Transfers to Constitutional Officers	(2,959,056)	(2,960,356)	(2,959,617)	739
Transfers in	1,602,871	1,595,164	1,595,164	0
Transfers (out)	(1,027,537)	(1,027,537)	(1,027,537)	0
Sale of General Capital Assets	0	2,800	1,000	(1,800)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,383,722)</b>	<b>(2,381,929)</b>	<b>(2,369,430)</b>	<b>12,499</b>
<b>Net Change in Fund Balances</b>	<b>(2,747,414)</b>	<b>(2,736,886)</b>	<b>(1,786,309)</b>	<b>950,577</b>
<b>Fund Balances at Beginning of Year</b>	<b>4,486,065</b>	<b>4,664,544</b>	<b>4,665,605</b>	<b>1,061</b>
<b>Fund Balances at End of Year</b>	<b>\$ 1,738,651</b>	<b>\$ 1,927,658</b>	<b>\$ 2,879,296</b>	<b>\$ 951,638</b>



**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - ONE-CENT SMALL COUNTY SURTAX FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Taxes	\$ 8,450,000	\$ 8,450,000	\$ 9,127,257	\$ 677,257
Interest Earnings	50,000	50,000	47,079	(2,921)
<b>Total Revenues</b>	<u>8,500,000</u>	<u>8,500,000</u>	<u>9,174,336</u>	<u>674,336</u>
<b>Expenditures</b>				
Current:				
Public Safety	440,888	442,893	89,718	353,175
Physical Environment	0	800,000	147,130	652,870
Transportation	12,273	12,273	0	12,273
Culture and Recreation	0	14,093	13,989	104
Capital Outlay	1,486,030	741,562	250,661	490,901
<b>(Total Expenditures)</b>	<u>1,939,191</u>	<u>2,010,821</u>	<u>501,498</u>	<u>1,509,323</u>
<b>Excess of Revenues Over Expenditures</b>	<u>6,560,809</u>	<u>6,489,179</u>	<u>8,672,838</u>	<u>2,183,659</u>
<b>Other Financing Sources (Uses)</b>				
Transfers to Constitutional Officers	(100,000)	(100,000)	0	100,000
Transfers in	0	204,635	204,635	0
Transfers (out)	<u>(7,641,212)</u>	<u>(10,230,654)</u>	<u>(10,230,654)</u>	<u>0</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(7,741,212)</u>	<u>(10,126,019)</u>	<u>(10,026,019)</u>	<u>100,000</u>
<b>Net Change in Fund Balances</b>	<u>(1,180,403)</u>	<u>(3,636,840)</u>	<u>(1,353,181)</u>	<u>2,283,659</u>
<b>Fund Balances at Beginning of Year</b>	<u>5,986,759</u>	<u>6,294,231</u>	<u>6,294,232</u>	<u>1</u>
<b>Fund Balances at End of Year</b>	<u>\$ 4,806,356</u>	<u>\$ 2,657,391</u>	<u>\$ 4,941,051</u>	<u>\$ 2,283,660</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, 2016**

**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, 2016, 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, 2016:

<b>Governmental Funds</b>	
General Fund	\$ 3,034,311
Special Revenue Funds	3,138,311
Capital Projects Funds	<u>5,442,203</u>
<b>Total</b>	<u><b>\$ 11,614,825</b></u>

## **OTHER INFORMATION**

# NONMAJOR 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.
- **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.
- **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.
- **Drivers Ed Safety Trust**—to account for driver education programs in public and nonpublic 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 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.
- **Building Department**—to account for funds received for various fees charged to be used to fund the building, zoning, and planning department.

## NONMAJOR GOVERNMENTAL FUNDS

*(Concluded)*

### Special Revenue Funds

*(Concluded)*

- **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 noncriminal, nonmoving 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.
- **1998/2009 Gas Tax Bonds**—is used to account for the accumulation of resources for and the payment of interest, principal, and related cost on the Gas Tax Revenue Bonds, Series 1998 and the Gas Tax Revenue Bonds, Series 2009. Funding is provided from the County's Constitutional Two-Cent Gas Tax, the One-Cent Motor, and Other Fuel Taxes imposed pursuant to Section 206.60, Florida Statutes, and the One-Cent Optional Gas Tax imposed pursuant to Section 336.021, Florida Statutes.
- **County Complex**—to account for debt service requirements to retire the public improvement revenue bonds, Series 2001, of Nassau County, Florida, dated May 1, 2001 and Series 2007, of Nassau County, Florida, dated June 1, 2007. The bonds are payable solely from non-ad valorem budgeted revenues. The bonds mature 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 Fund**—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.
- **Capital Projects – Impact Fee Ordinance Trust**—is used to account for the district expenditures associated with capital expansion. Funding is provided from impact fees on new construction.
- **ENCPA Mobility Network Fund**—is used 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 increment revenues.
- **Comprehensive Impact Fee Ordinance**—is used to account for district expenditures associated with capital expansion. Funding is provided from impact fees on new construction.

**NASSAU COUNTY BOARD OF COUNTY COMMISISONERS**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2016**

	<b>Special Revenue Funds</b>		
	<b>Law Enforcement Training</b>	<b>Sheriff Donations</b>	<b>Law Enforcement Trust</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 110,554	\$ 2,960	\$ 82,985
Equity in Pooled Investments	30,117	0	12,103
Loans Receivable			
(Net of Allowance for Uncollectibles)	0	0	0
Due from Constitutional Officers	1,593	0	0
Due from Other Governments	0	0	0
Due from Other Funds	0	0	0
Prepaid Expenditures	0	0	0
<b>Total Assets</b>	<b>142,264</b>	<b>2,960</b>	<b>95,088</b>
<b>Liabilities and Deferred Inflows of Resources and Fund Balance</b>			
<b>Liabilities</b>			
Accounts Payable	0	0	0
Retainage Payable	0	0	0
Due to Other Funds	0	0	0
Due to Constitutional Officers	0	0	0
Due to Other Governments	0	0	0
Unearned Revenues	0	0	0
Deposits	0	0	0
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances</b>			
Nonspendable	0	0	0
Restricted	142,264	2,960	95,088
Committed	0	0	0
Assigned	0	0	0
Unassigned	0	0	0
<b>Total Fund Balances</b>	<b>142,264</b>	<b>2,960</b>	<b>95,088</b>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 142,264</b>	<b>\$ 2,960</b>	<b>\$ 95,088</b>

## Special Revenue Funds

Nassau County Anti-Drug Enforcement	Court Facility Fees	Law Library Trust	Criminal Justice Trust	Special Drug/Alcohol Rehabilitation	Legal Aid Trust	Drivers Ed Safety Trust
\$ 21,353	\$ 4,806	\$ 37,354	\$ 92,094	\$ 0	\$ 19,467	\$ 36,273
0	665,843	109,276	115,079	0	0	0
0	0	0	0	0	0	0
0	8,050	1,447	2,893	0	1,447	2,831
26,861	0	0	0	192	0	0
0	0	0	0	0	0	0
0	250	0	117	0	0	0
<u>48,214</u>	<u>678,949</u>	<u>148,077</u>	<u>210,183</u>	<u>192</u>	<u>20,914</u>	<u>39,104</u>
10,641	74,487	0	435	0	20,914	0
0	0	0	0	0	0	0
0	0	0	0	192	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
16,762	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>27,403</u>	<u>74,487</u>	<u>0</u>	<u>435</u>	<u>192</u>	<u>20,914</u>	<u>0</u>
<u>26,861</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	250	0	117	0	0	0
0	604,212	148,077	209,631	0	0	39,104
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(6,050)	0	0	0	0	0	0
<u>(6,050)</u>	<u>604,462</u>	<u>148,077</u>	<u>209,748</u>	<u>0</u>	<u>0</u>	<u>39,104</u>
<u>\$ 48,214</u>	<u>\$ 678,949</u>	<u>\$ 148,077</u>	<u>\$ 210,183</u>	<u>\$ 192</u>	<u>\$ 20,914</u>	<u>\$ 39,104</u>

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

	<b>Special Revenue Funds</b>		
	<b>911 Operations and Maintenance</b>	<b>EMS County Awards HRS</b>	<b>Grants</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 46,531	\$ 8	\$ 0
Equity in Pooled Investments	141,242	0	0
Loans Receivable			
(Net of Allowance for Uncollectibles)	0	0	0
Due from Constitutional Officers	64,002	0	0
Due from Other Governments	0	0	100,500
Due from Other Funds	0	0	0
Prepaid Expenditures	0	0	0
<b>Total Assets</b>	<b>251,775</b>	<b>8</b>	<b>100,500</b>
<b>Liabilities and Deferred Inflows of Resources and Fund Balance</b>			
<b>Liabilities</b>			
Accounts Payable	0	0	88,000
Retainage Payable	0	0	0
Due to Other Funds	0	0	12,500
Due to Constitutional Officers	0	0	0
Due to Other Governments	0	0	0
Unearned Revenues	0	8	0
Deposits	0	0	0
<b>Total Liabilities</b>	<b>0</b>	<b>8</b>	<b>100,500</b>
<b>Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>100,500</b>
<b>Fund Balances</b>			
Nonspendable	0	0	0
Restricted	251,775	0	0
Committed	0	0	0
Assigned	0	0	0
Unassigned	0	0	(100,500)
<b>Total Fund Balances</b>	<b>251,775</b>	<b>0</b>	<b>(100,500)</b>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 251,775</b>	<b>\$ 8</b>	<b>\$ 100,500</b>



Special Revenue Funds					
Amelia Island Tourist Development	Local Affordable Housing Trust (SHIP)	South Amelia Island Shore Stabilization MSBU	Building Department	Amelia Concourse MSBU	Firefighter Education Trust
\$ 4,136	\$ 730,672	\$ 129,562	\$ 210,623	\$ 912,764	\$ 3
6,119,450	0	501,954	4,157,934	0	0
0	48,000	0	0	0	0
0	0	0	0	375	0
0	0	62,833	0	0	0
0	0	0	2,687	0	0
0	0	0	35	0	0
<u>6,123,586</u>	<u>778,672</u>	<u>694,349</u>	<u>4,371,279</u>	<u>913,139</u>	<u>3</u>
584,224	91	152,690	22,481	7,529	0
0	0	0	0	0	0
0	0	0	36,553	0	0
6,299	0	0	404	0	0
0	0	0	9,387	0	0
0	0	0	0	0	0
0	0	0	79,714	0	0
<u>590,523</u>	<u>91</u>	<u>152,690</u>	<u>148,539</u>	<u>7,529</u>	<u>0</u>
<u>0</u>	<u>48,000</u>	<u>62,833</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	35	0	0
5,533,063	730,581	478,826	4,222,705	905,610	0
0	0	0	0	0	3
0	0	0	0	0	0
0	0	0	0	0	0
<u>5,533,063</u>	<u>730,581</u>	<u>478,826</u>	<u>4,222,740</u>	<u>905,610</u>	<u>3</u>
<u>\$ 6,123,586</u>	<u>\$ 778,672</u>	<u>\$ 694,349</u>	<u>\$ 4,371,279</u>	<u>\$ 913,139</u>	<u>\$ 3</u>

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2016**  
*(Continued)*

	<b>Special Revenue Funds</b>		<b>Dept Service Funds</b>
	<b>F.S. Special Revenues Fund</b>	<b>Total Special Revenue Funds</b>	<b>Optional Gas Tax 2000</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 317,062	\$ 2,759,207	\$ 235,949
Equity in Pooled Investments	1,003,909	12,856,907	1,191,514
Loans Receivable			
(Net of Allowance for Uncollectibles)	0	48,000	0
Due from Constitutional Officers	32,350	114,988	0
Due from Other Governments	20	190,406	147,788
Due from Other Funds	0	2,687	0
Prepaid Expenditures	0	402	431
<b>Total Assets</b>	<b>1,353,341</b>	<b>15,972,597</b>	<b>1,575,682</b>
<b>Liabilities and Deferred Inflows of Resources and Fund Balance</b>			
<b>Liabilities</b>			
Accounts Payable	778	962,270	0
Retainage Payable	0	0	0
Due to Other Funds	0	49,245	0
Due to Constitutional Officers	0	6,703	0
Due to Other Governments	1,606	10,993	0
Unearned Revenues	0	16,770	0
Deposits	0	79,714	0
<b>Total Liabilities</b>	<b>2,384</b>	<b>1,125,695</b>	<b>0</b>
<b>Deferred Inflows of Resources</b>	<b>0</b>	<b>238,194</b>	<b>78,750</b>
<b>Fund Balances</b>			
Nonspendable	0	402	431
Restricted	1,350,957	14,714,853	1,496,501
Committed	0	3	0
Assigned	0	0	0
Unassigned	0	(106,550)	0
<b>Total Fund Balances</b>	<b>1,350,957</b>	<b>14,608,708</b>	<b>1,496,932</b>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,353,341</b>	<b>\$ 15,972,597</b>	<b>\$ 1,575,682</b>

Debt Service Funds			Capital Projects Funds		
1998/2009 Gas Tax Bonds	County Complex	Total Debt Service Funds	Grants	NC Mobility Fee Fund	Capital Projects - Impact Fee Ordinance Trust
\$ 0	\$ 0	\$ 235,949	\$ 3,125	\$ 1,588,391	\$ 554,515
45,471	0	1,236,985	0	0	4,541,312
0	0	0	0	0	0
0	0	0	0	0	0
90,087	0	237,875	0	0	0
0	0	0	0	0	0
0	0	431	0	0	0
135,558	0	1,711,240	3,125	1,588,391	5,095,827
0	0	0	0	0	1,317
0	0	0	0	0	23,449
0	0	0	0	0	0
0	0	0	0	41	465
0	0	0	0	0	486,419
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	41	511,650
43,556	0	122,306	0	0	0
0	0	431	0	0	0
92,002	0	1,588,503	3,125	1,588,350	4,584,177
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
92,002	0	1,588,934	3,125	1,588,350	4,584,177
\$ 135,558	\$ 0	\$ 1,711,240	\$ 3,125	\$ 1,588,391	\$ 5,095,827

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2016**  
*(Concluded)*

	<b>Capital Projects Funds</b>			
	<b>ENCPA Mobility Network Fund</b>	<b>Comprehensive Impact Fee Ordinance</b>	<b>Total Capital Project Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 121,587	\$ 366	\$ 2,267,984	\$ 5,263,140
Equity in Pooled Investments	0	503,316	5,044,628	19,138,520
Loans Receivable				
(Net of Allowance for Uncollectibles)	0	0	0	48,000
Due from Constitutional Officers	0	0	0	114,988
Due from Other Governments	0	0	0	428,281
Due from Other Funds	0	0	0	2,687
Prepaid Expenditures	0	0	0	833
<b>Total Assets</b>	<u>121,587</u>	<u>503,682</u>	<u>7,312,612</u>	<u>24,996,449</u>
<b>Liabilities and Deferred Inflows of Resources and Fund Balance</b>				
<b>Liabilities</b>				
Accounts Payable	0	125	1,442	963,712
Retainage Payable	0	0	23,449	23,449
Due to Other Funds	0	0	0	49,245
Due to Constitutional Officers	0	319	825	7,528
Due to Other Governments	0	329,922	816,341	827,334
Unearned Revenues	0	0	0	16,770
Deposits	0	0	0	79,714
<b>Total Liabilities</b>	<u>0</u>	<u>330,366</u>	<u>842,057</u>	<u>1,967,752</u>
<b>Deferred Inflows of Resources</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>360,500</u>
<b>Fund Balances</b>				
Nonspendable	0	0	0	833
Restricted	121,587	173,316	6,470,555	22,773,911
Committed	0	0	0	3
Assigned	0	0	0	0
Unassigned	0	0	0	(106,550)
<b>Total Fund Balances</b>	<u>121,587</u>	<u>173,316</u>	<u>6,470,555</u>	<u>22,668,197</u>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 121,587</u>	<u>\$ 503,682</u>	<u>\$ 7,312,612</u>	<u>\$ 24,996,449</u>

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<b>Special Revenue Funds</b>		
	<b>Law Enforcement Training</b>	<b>Sheriff Donations</b>	<b>Law Enforcement Trust</b>
<b>Revenues</b>			
Taxes	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0
Intergovernmental Revenues	0	0	0
Charges for Services	6,159	0	0
Fines and Forfeitures	15,102	0	71,651
Investment Earnings (Loss)	564	10	180
Miscellaneous	0	0	200
<b>Total Revenues</b>	<b>21,825</b>	<b>10</b>	<b>72,031</b>
<b>Expenditures</b>			
Current:			
General Government Services	0	0	0
Public Safety	10,475	0	23,000
Physical Environment	0	0	0
Economic Environment	0	0	0
Human Services	0	0	0
Culture and Recreation	0	0	0
Court-related Expenditures	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>(Total Expenditures)</b>	<b>10,475</b>	<b>0</b>	<b>23,000</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>11,350</b>	<b>10</b>	<b>49,031</b>
<b>Other Financing Sources (Uses)</b>			
Transfers from Constitutional Officers	0	0	0
Transfers to Constitutional Officers	0	0	(1,749)
Transfers in	0	0	0
Transfers (out)	0	0	(10,401)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>(12,150)</b>
<b>Net Change in Fund Balances</b>	<b>11,350</b>	<b>10</b>	<b>36,881</b>
<b>Fund Balances at Beginning of Year</b>	<b>130,914</b>	<b>2,950</b>	<b>58,207</b>
<b>Fund Balances at End of Year</b>	<b>\$ 142,264</b>	<b>\$ 2,960</b>	<b>\$ 95,088</b>

## Special Revenue Funds

Nassau County Anti-Drug Enforcement	Court Facility Fees	Law Library Trust	Criminal Justice Trust	Special Drug/Alcohol Rehabilitation	Legal Aid Trust	Drivers Ed Safety Trust
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0
35,638	0	0	0	0	0	0
0	117,372	24,558	49,117	3,782	24,559	0
1,229	0	0	0	0	0	39,015
111	3,647	712	1,008	0	0	90
1,130	0	0	0	0	0	0
38,108	121,019	25,270	50,125	3,782	24,559	39,105
0	0	0	0	0	0	0
56,742	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	3,782	83,655	41,520
0	0	0	0	0	0	0
0	98,022	29,313	57,823	0	0	0
5,304	80,202	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
62,046	178,224	29,313	57,823	3,782	83,655	41,520
(23,938)	(57,205)	(4,043)	(7,698)	0	(59,096)	(2,415)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	59,096	0
0	0	0	0	0	0	0
0	0	0	0	0	59,096	0
(23,938)	(57,205)	(4,043)	(7,698)	0	0	(2,415)
17,888	661,667	152,120	217,446	0	0	41,519
\$ (6,050)	\$ 604,462	\$ 148,077	\$ 209,748	\$ 0	\$ 0	\$ 39,104

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**  
*(Continued)*

	<b>Special Revenue Funds</b>		
	<b>911 Operations and Maintenance</b>	<b>EMS County Awards HRS</b>	<b>Grants</b>
<b>Revenues</b>			
Taxes	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0
Intergovernmental Revenues	0	9,248	0
Charges for Services	375,983	0	0
Fines and Forfeitures	0	0	0
Investment Earnings (Loss)	1,253	0	0
Miscellaneous	0	0	0
<b>Total Revenues</b>	<u>377,236</u>	<u>9,248</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
General Government Services	0	0	0
Public Safety	327	0	0
Physical Environment	0	0	100,500
Economic Environment	0	0	0
Human Services	0	0	0
Culture and Recreation	0	0	0
Court-related Expenditures	0	0	0
Capital Outlay	6,618	9,248	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>(Total Expenditures)</b>	<u>6,945</u>	<u>9,248</u>	<u>100,500</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>370,291</u>	<u>0</u>	<u>(100,500)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Constitutional Officers	64,002	0	0
Transfers to Constitutional Officers	(462,900)	0	0
Transfers in	0	0	0
Transfers (out)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>(398,898)</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	<u>(28,607)</u>	<u>0</u>	<u>(100,500)</u>
<b>Fund Balances at Beginning of Year</b>	<u>280,382</u>	<u>0</u>	<u>0</u>
<b>Fund Balances at End of Year</b>	<u>\$ 251,775</u>	<u>\$ 0</u>	<u>\$ (100,500)</u>

Special Revenue Funds					
Amelia Island Tourist Development	Local Affordable Housing Trust (SHIP)	South Amelia Island Shore Stabilization MSBU	Building Department	Amelia Concourse MSBU	Firefighter Education Trust
\$ 5,296,556	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	619,510	2,032,785	182,328	0
0	396,686	0	0	0	0
0	0	0	91,461	0	0
0	0	0	0	0	0
30,852	3,085	3,464	22,750	4,455	0
0	112,513	0	19,570	0	0
5,327,408	512,284	622,974	2,166,566	186,783	0
0	0	0	790,102	0	0
0	0	0	326,864	0	0
122,101	0	469,191	0	161,598	0
4,124,677	182,737	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	66,252	0	0
0	0	0	0	0	0
0	0	0	0	0	0
4,246,778	182,737	469,191	1,183,218	161,598	0
1,080,630	329,547	153,783	983,348	25,185	0
0	0	0	0	0	0
(158,897)	(47)	(24,953)	0	(8,745)	0
0	0	0	32,627	0	0
(766)	0	0	(171,892)	(4,763)	0
(159,663)	(47)	(24,953)	(139,265)	(13,508)	0
920,967	329,500	128,830	844,083	11,677	0
4,612,096	401,081	349,996	3,378,657	893,933	3
\$ 5,533,063	\$ 730,581	\$ 478,826	\$ 4,222,740	\$ 905,610	\$ 3



**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

(Continued)

	<b>Special Revenue Funds</b>		<b>Debt Service Funds</b>
	<b>F. S. Special Revenue Fund</b>	<b>Total Special Revenue Funds</b>	<b>Optional Gas Tax 2000</b>
<b>Revenues</b>			
Taxes	\$ 0	\$ 5,296,556	\$ 935,288
Licenses and Permits	0	2,834,623	0
Intergovernmental Revenues	33,291	474,863	0
Charges for Services	189,070	882,061	0
Fines and Forfeitures	63,966	190,963	0
Investment Earnings (Loss)	5,380	77,561	10,394
Miscellaneous	50	133,463	0
<b>Total Revenues</b>	<u>291,757</u>	<u>9,890,090</u>	<u>945,682</u>
<b>Expenditures</b>			
Current:			
General Government Services	0	790,102	0
Public Safety	55,115	472,523	0
Physical Environment	0	853,390	0
Economic Environment	0	4,307,414	0
Human Services	0	128,957	0
Culture and Recreation	397	397	0
Court-related Expenditures	44,501	229,659	0
Capital Outlay	6,673	174,297	0
Debt Service:			
Principal Retirement	0	0	405,178
Interest and Fiscal Charges	0	0	540,253
<b>(Total Expenditures)</b>	<u>106,686</u>	<u>6,956,739</u>	<u>945,431</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>185,071</u>	<u>2,933,351</u>	<u>251</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Constitutional Officers	0	64,002	0
Transfers to Constitutional Officers	0	(657,291)	0
Transfers in	0	91,723	0
Transfers (out)	0	(187,822)	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>(689,388)</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	<u>185,071</u>	<u>2,243,963</u>	<u>251</u>
<b>Fund Balances at Beginning of Year</b>	<u>1,165,886</u>	<u>12,364,745</u>	<u>1,496,681</u>
<b>Fund Balances at End of Year</b>	<u>\$ 1,350,957</u>	<u>\$ 14,608,708</u>	<u>\$ 1,496,932</u>

Debt Service Funds			Capital Projects Funds		
1998/2009 Gas Tax Bonds	County Complex	Total Debt Service Funds	Grants	NC Mobility Fee Fund	Capital Projects - Impact Fee Ordinance Trust
\$ 457,786	\$ 0	\$ 1,393,074	\$ 0	\$ 0	\$ 0
0	0	0	0	971,881	911,150
642,982	0	642,982	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
3,253	0	13,647	13	4,440	29,104
0	0	0	0	0	0
1,104,021	0	2,049,703	13	976,321	940,254
0	0	0	0	0	1,990
0	0	0	0	0	14,323
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	1,990
0	0	0	0	0	0
0	0	0	0	0	926,882
1,044,639	1,085,000	2,534,817	0	0	0
59,382	1,238,150	1,837,785	0	0	0
1,104,021	2,323,150	4,372,602	0	0	945,185
0	(2,323,150)	(2,322,899)	13	976,321	(4,931)
0	0	0	0	0	0
0	0	0	0	(880)	(6,814)
0	2,323,150	2,323,150	0	0	0
0	0	0	0	(4,039)	(236,422)
0	2,323,150	2,323,150	0	(4,919)	(243,236)
0	0	251	13	971,402	(248,167)
92,002	0	1,588,683	3,112	616,948	4,832,344
\$ 92,002	\$ 0	\$ 1,588,934	\$ 3,125	\$ 1,588,350	\$ 4,584,177

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**  
*(Concluded)*

	<b>Capital Projects Funds</b>			
	<b>ENCPA Mobility Network Fund</b>	<b>Comprehensive Impact Fee Ordinance</b>	<b>Total Capital Project Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 6,689,630
Licenses and Permits	121,546	174,449	2,179,026	5,013,649
Intergovernmental Revenues	0	0	0	1,117,845
Charges for Services	0	0	0	882,061
Fines and Forfeitures	0	0	0	190,963
Investment Earnings (Loss)	148	41	33,746	124,954
Miscellaneous	0	0	0	133,463
<b>Total Revenues</b>	<b>121,694</b>	<b>174,490</b>	<b>2,212,772</b>	<b>14,152,565</b>
<b>Expenditures</b>				
Current:				
General Government Services	0	0	1,990	792,092
Public Safety	0	0	14,323	486,846
Physical Environment	0	0	0	853,390
Economic Environment	0	0	0	4,307,414
Human Services	0	0	0	128,957
Culture and Recreation	0	0	1,990	2,387
Court-related Expenditures	0	0	0	229,659
Capital Outlay	0	0	926,882	1,101,179
Debt Service:				
Principal Retirement	0	0	0	2,534,817
Interest and Fiscal Charges	0	0	0	1,837,785
<b>(Total Expenditures)</b>	<b>0</b>	<b>0</b>	<b>945,185</b>	<b>12,274,526</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>121,694</b>	<b>174,490</b>	<b>1,267,587</b>	<b>1,878,039</b>
<b>Other Financing Sources (Uses)</b>				
Transfers from Constitutional Officers	0	0	0	64,002
Transfers to Constitutional Officers	0	(281)	(7,975)	(665,266)
Transfers in	89	0	89	2,414,962
Transfers (out)	(196)	(893)	(241,550)	(429,372)
<b>Total Other Financing Sources (Uses)</b>	<b>(107)</b>	<b>(1,174)</b>	<b>(249,436)</b>	<b>1,384,326</b>
<b>Net Change in Fund Balances</b>	<b>121,587</b>	<b>173,316</b>	<b>1,018,151</b>	<b>3,262,365</b>
<b>Fund Balances at Beginning of Year</b>	<b>0</b>	<b>0</b>	<b>5,452,404</b>	<b>19,405,832</b>
<b>Fund Balances at End of Year</b>	<b>\$ 121,587</b>	<b>\$ 173,316</b>	<b>\$ 6,470,555</b>	<b>\$ 22,668,197</b>

**INDEPENDENT AUDITORS' 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, 2016, and the related notes to the financial statements, and have issued our report thereon dated March 24, 2017.

**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 over financial reporting was for the limited purpose described in the first paragraph 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, as defined above. However, material weaknesses may exist that have not been identified.

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The Honorable Board of County Commissioners  
Nassau County, Florida

**INDEPENDENT AUDITORS' 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*  
(Concluded)**

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

**Purpose of this Report**

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



March 24, 2017  
Gainesville, Florida

**INDEPENDENT ACCOUNTANTS' 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, 2016, 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 and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide legal determination of the Board's compliance with specified requirements.

In our opinion, the Board complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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.

*Purvis, Gray and Company, LLP*

March 24, 2017  
Gainesville, Florida

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## MANAGEMENT LETTER

The Honorable Board of County Commissioners  
Nassau County, Florida

### Report on the Financial Statements

We have audited the financial statements of the Nassau County Board of County Commissioners, Nassau County, Florida, (the Board) as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated March 24, 2017.

### Auditors' Responsibility

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

### Other Reports

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in these reports, which are dated March 24, 2017, 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 recommendations in the preceding annual financial report.

### Official Title and Legal Authority

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

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The Honorable Board of County Commissioners  
Nassau County, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

**Other Matters**

- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statement 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, 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 24, 2017  
Gainesville, Florida





**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

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

**SEPTEMBER 30, 2016**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

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

**SEPTEMBER 30, 2016**

**TABLE OF CONTENTS**

<b>Independent Auditors' Report .....</b>	<b>1-2</b>
<b>Financial Statements</b>	
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 Assets and Liabilities - Agency Funds .....	9
Notes to Financial Statements .....	10-20
<b>Other Financial Information</b>	
Combining Balance Sheet - Nonmajor Governmental Funds.....	21
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds .....	22
Combining Statement of Fiduciary Assets and Liabilities - All Agency Funds .....	23
<b>Other Reports</b>	
Independent Auditors' 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 Accountants' Report on Compliance with Section 218.415, Florida Statutes .....	26
Independent Accountants' Report on Compliance with Sections 28.35 and 28.36, Florida Statutes.....	27
Independent Accountants' Report on Compliance with Section 61.181, Florida Statutes .....	28
Management Letter.....	29-30

## INDEPENDENT AUDITORS' 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, 2016, 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.

### Auditors' Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Clerk as of September 30, 2016, 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.

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

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

**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, 2016, 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 13, 2017, 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 13, 2017  
Gainesville, Florida

## **FINANCIAL STATEMENTS**

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2016**

	<b>Major Funds</b>					
	<b>General</b>	<b>Court</b>	<b>Public Records</b>	<b>Child</b>	<b>Other</b>	<b>Total</b>
	<b>Fund</b>	<b>Fund</b>	<b>Modernization</b>	<b>Support</b>	<b>Governmental</b>	<b>Governmental</b>
			<b>Trust Fund</b>	<b>Fund</b>	<b>Funds</b>	<b>Funds</b>
<b>Assets</b>						
Cash	\$ 369,792	\$ 78,330	\$ 454,804	\$ 310,468	\$ 5,318	\$ 1,218,712
Due from Board of County Commissioners	10,987	0	0	0	0	10,987
Due from Other Funds	79,889	88,615	27,898	0	0	196,402
Due from Other Governments	20,759	0	0	27,019	0	47,778
Prepaid Expenses	295	0	0	0	0	295
<b>Total Assets</b>	<b>481,722</b>	<b>166,945</b>	<b>482,702</b>	<b>337,487</b>	<b>5,318</b>	<b>1,474,174</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable	274,145	0	38,619	0	0	312,764
Due to Board of County Commissioners	86,783	0	0	0	0	86,783
Due to Other Funds	0	15,873	5,390	1,715	0	22,978
Due to Other Governments	3,342	151,072	3,250	0	0	157,664
Other Accrued Liabilities	117,452	0	0	0	0	117,452
<b>Total Liabilities</b>	<b>481,722</b>	<b>166,945</b>	<b>47,259</b>	<b>1,715</b>	<b>0</b>	<b>697,641</b>
<b>Fund Balances</b>						
Nonspendable:						
Prepaid Expenses	0	0	0	0	0	0
Restricted:						
Records Modernization	0	0	435,443	0	0	435,443
Child Support	0	0	0	335,772	0	335,772
Committed:						
Teen Court	0	0	0	0	5,318	5,318
<b>Total Fund Balances</b>	<b>0</b>	<b>0</b>	<b>435,443</b>	<b>335,772</b>	<b>5,318</b>	<b>776,533</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 481,722</b>	<b>\$ 166,945</b>	<b>\$ 482,702</b>	<b>\$ 337,487</b>	<b>\$ 5,318</b>	<b>\$ 1,474,174</b>

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, 2016**

	Major Funds					
	General Fund	Court Fund	Public Records Modernization Trust Fund	Child Support Fund	Other Governmental Funds	Total Government Funds
<b>Revenues</b>						
Intergovernmental Revenue	\$ 0	\$ 0	\$ 0	\$ 134,083	\$ 16,706	\$ 150,789
Charges for Services	595,089	857,182	237,807	0	0	1,690,078
Judgments and Fines	0	300,307	54,844	0	0	355,151
Miscellaneous	13,245	9,294	0	0	260	22,799
<b>Total Revenues</b>	<u>608,334</u>	<u>1,166,783</u>	<u>292,651</u>	<u>134,083</u>	<u>16,966</u>	<u>2,218,817</u>
<b>Expenditures</b>						
Current:						
General Government:						
Personal Services	1,826,820	0	0	0	0	1,826,820
Operating Expenditures	707,938	0	0	0	2,522	710,460
Economic Environment:						
Personal Services	49,765	0	0	0	0	49,765
Operating Expenditures	5,378	0	0	0	0	5,378
Court-related:						
Personal Services	0	1,105,498	350,565	92,204	12,031	1,560,298
Operating Expenditures	0	61,285	168,212	7,724	4,675	241,896
Capital Outlay	120,920	0	2,680	0	0	123,600
<b>(Total Expenditures)</b>	<u>(2,710,821)</u>	<u>(1,166,783)</u>	<u>(521,457)</u>	<u>(99,928)</u>	<u>(19,228)</u>	<u>(4,518,217)</u>
<b>(Deficiency) Excess of Revenues</b>						
<b>(Under) Over Expenditures</b>	<u>(2,102,487)</u>	<u>0</u>	<u>(228,806)</u>	<u>34,155</u>	<u>(2,262)</u>	<u>(2,299,400)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in from Board of County Commissioners	2,185,515	0	415	0	0	2,185,930
Transfers (out) to Board of County Commissioners	(83,028)	0	0	0	0	(83,028)
<b>Total Other Financing Sources (Uses)</b>	<u>2,102,487</u>	<u>0</u>	<u>415</u>	<u>0</u>	<u>0</u>	<u>2,102,902</u>
<b>Net Change in Fund Balances</b>	0	0	(228,391)	34,155	(2,262)	(196,498)
<b>Fund Balances, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>663,834</u>	<u>301,617</u>	<u>7,580</u>	<u>973,031</u>
<b>Fund Balances, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 435,443</u>	<u>\$ 335,772</u>	<u>\$ 5,318</u>	<u>\$ 776,533</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, 2016**

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for Services	\$ 470,287	\$ 597,839	\$ 595,089	\$ (2,750)
Miscellaneous	8,000	10,859	13,245	2,386
Total Revenues	478,287	608,698	608,334	(364)
Expenditures				
Current:				
General Government:				
Personal Services	1,919,699	1,826,780	1,826,820	(40)
Operating Expenditures	651,970	707,973	707,938	35
Economic Environment:				
Personal Services	49,326	49,768	49,765	3
Operating Expenditures	4,570	5,378	5,378	0
Capital Outlay	7,500	120,921	120,920	1
(Total Expenditures)	(2,633,065)	(2,710,820)	(2,710,821)	(1)
(Deficiency) of Revenues (Under)				
Expenditures	(2,154,778)	(2,102,122)	(2,102,487)	(365)
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	2,154,778	2,185,151	2,185,515	364
Transfers (out) to Board of County Commissioners	0	(83,029)	(83,028)	1
Total Other Financing Sources (Uses)	2,154,778	2,102,122	2,102,487	365
Net Change in Fund Balances	0	0	0	0
Fund Balances, Beginning of Year	0	0	0	0
Fund Balances, End of Year	\$ 0	\$ 0	\$ 0	\$ 0

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, 2016**  
*(Continued)*

	<b>Court Fund</b>			<b>Variance With</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Charges for Services	\$ 830,031	\$ 802,693	\$ 857,182	\$ 54,489
Judgments and Fines	397,796	364,090	300,307	(63,783)
Miscellaneous	0	0	9,294	9,294
<b>Total Revenues</b>	<u>1,227,827</u>	<u>1,166,783</u>	<u>1,166,783</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Court-related:				
Personal Services	1,149,965	1,105,427	1,105,498	(71)
Operating Expenditures	<u>77,862</u>	<u>61,356</u>	<u>61,285</u>	<u>71</u>
<b>(Total Expenditures)</b>	<u>(1,227,827)</u>	<u>(1,166,783)</u>	<u>(1,166,783)</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	0	0	0	0
<b>Fund Balances, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</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, 2016**  
*(Continued)*

	Public Records Modernization Trust Fund			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Charges for Services	\$ 186,000	\$ 186,000	\$ 237,807	\$ 51,807
Judgments and Fines	49,398	49,297	54,844	5,547
Total Revenues	235,398	235,297	292,651	57,354
Expenditures				
Current:				
General Government:				
Operating Expenditures	203,954	203,954	0	203,954
Court-related:				
Personal Services	342,832	350,577	350,565	12
Operating Expenditures	352,343	340,264	168,212	172,052
Capital Outlay	0	4,334	2,680	1,654
(Total Expenditures)	(899,129)	(899,129)	(521,457)	377,672
(Deficiency) of Revenues (Under)				
Expenditures	(663,731)	(663,832)	(228,806)	435,026
Other Financing Sources (Uses)				
Transfers in from Board of County				
Commissioners	0	0	415	415
Total Other Financing Sources (Uses)	0	0	415	415
Net Change in Fund Balances	(663,731)	(663,832)	(228,391)	435,441
Fund Balances, Beginning of Year	663,731	663,832	663,834	2
Fund Balances, End of Year	\$ 0	\$ 0	\$ 435,443	\$ 435,443

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, 2016**  
*(Concluded)*

	Child Support Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ 135,000	\$ 135,000	\$ 134,083	\$ (917)
Total Revenues	135,000	135,000	134,083	(917)
Expenditures				
Current:				
Court-related:				
Personal Services	87,196	92,451	92,204	247
Operating Expenditures	349,420	344,165	7,724	336,441
(Total Expenditures)	(436,616)	(436,616)	(99,928)	336,688
Excess of Revenues Over Expenditures	(301,616)	(301,616)	34,155	335,771
Net Change in Fund Balances	(301,616)	(301,616)	34,155	335,771
Fund Balances, Beginning of Year	301,616	301,616	301,617	1
Fund Balances, End of Year	\$ 0	\$ 0	\$ 335,772	\$ 335,772

See accompanying notes to the financial statements.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
SEPTEMBER 30, 2016**

**Assets**

Cash	\$ 2,261,028
Due from Other Funds	597
Due from Other Governments	<u>377</u>
<b>Total Assets</b>	<u><u>2,262,002</u></u>

**Liabilities**

Accounts Payable	1,323
Due to Board of County Commissioners	44,500
Due to Other Funds	174,021
Due to Other Governments	369,906
Deposits	1,655,148
Other Liabilities	<u>17,104</u>
<b>Total Liabilities</b>	<u><u>\$ 2,262,002</u></u>

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. 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.

■ **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.

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

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

**Basis of Presentation (Concluded)**

■ **Governmental Funds (Concluded)**

● **Major Funds (Concluded)**

- ▶ **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, and additional clerk court related operational needs and program enhancements.
- ▶ **Child Support Fund**—This fund accounts for proceeds of specific revenues that are restricted for expenditures of the child support program.
- **Nonmajor Governmental Fund**
  - ▶ **Teen Court Fund**—This fund accounts for proceeds of specific revenues that are committed for expenditures of the teen court program.
  - ▶ **Jury Services Fund**—This fund accounts for proceeds of specific revenues that are committed for expenditures of jury services.

■ **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**  
*(Continued)*

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

**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 37.5 hours of paid annual leave. Any unused vacation leave accrued over the 37.5 hours at the end of the calendar year will be forfeited. Any exception would require the Clerk's or designee's approval.

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

**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:

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

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

**Risk Management (Concluded)**

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

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 - nonspendable, restricted, committed, assigned, and unassigned:

- **Nonspendable**—This component of fund balance consists of amounts that cannot be spent because (a) they are not expected to be converted to cash, or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Clerk does not have any nonspendable 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**  
*(Continued)*

**Note 2 - Cash and Investments**

At September 30, 2016, the carrying amount of the Clerk's deposits was \$3,473,815 and the bank balance was \$3,585,903. The Clerk also held \$5,925 in change funds at September 30, 2016. 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, 2016.

**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 nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

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

**Note 3 - Employee Retirement Plan (Continued)**

**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 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**  
*(Continued)*

**Note 3 - Employee Retirement Plan (Continued)**

**FRS Pension Plan (Continued)**

Benefits Provided. (Concluded)

<b>Class, Initial Enrollment, and Retirement Age/Years of Service</b>	<b>Percent Value</b>
<b><i>Regular Class Members Initially Enrolled Before July 1, 2011:</i></b>	
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
<b><i>Regular Class Members Initially Enrolled on or After July 1, 2011:</i></b>	
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
<b><i>Elected County Officers</i></b>	3.00
<b><i>Senior Management Service Class</i></b>	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 2015-2016 fiscal year were as follows:

<b>Class</b>	<b>Year Ended June 30, 2016 Percent of Gross Salary</b>		<b>Year Ended June 30, 2017 Percent of Gross Salary</b>	
	<b>Employee</b>	<b>Employer</b>	<b>Employee</b>	<b>Employer</b>
FRS, Regular	3.00	5.56	3.00	5.80
FRS, Elected County Officers	3.00	40.57	3.00	40.75
FRS, Senior Management Service	3.00	19.73	3.00	20.05
DROP – Applicable to Members from All of the Above Classes	0.00	11.2	0.00	11.33
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

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

The Clerk's contributions (employer) to the FRS Plan totaled \$253,433 for the fiscal year ended September 30, 2016. This excludes the HIS defined benefit pension plan contributions.

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

**Note 3 - Employee Retirement Plan (Continued)**

**FRS Pension Plan (Concluded)**

Pension Liabilities. At September 30, 2016, the Clerk's proportionate share of the FRS net pension liability was \$2,467,533. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Clerk's proportionate share of the net pension liability was based on the Clerk's contributions to the FRS Plan compared to the contributions of all participating members. At June 30, 2016, the Clerk's proportion was .009772377%, which was a decrease of .00055298 from its proportion measured as of June 30, 2015.

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 under Section 112.363, Florida Statutes, and may be amended by the Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems Florida 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, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2017 and 2016, 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 \$46,601 for the fiscal year ended September 30, 2016.

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

**Note 3 - Employee Retirement Plan (Continued)**

**HIS Pension Plan (Concluded)**

Pension Liabilities. At September 30, 2016, the Clerk's proportionate share of the HIS net pension liability was \$1,015,708. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Clerk's proportionate share of the net pension liability was based on the Clerk's contributions to the HIS Plan compared to the contributions of all participating members. At June 30, 2016, the Clerk's proportion was .008715097%, which was a decrease of .000180587 from its proportion measured as of June 30, 2015.

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

**FRS - Defined Contribution Pension Plan**

The 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. 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 2015-16 fiscal year are included in the table below. These allocations include the employer and employee share of the contributions.

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30%
FRS, Elected County Officers	11.34%
FRS, Senior Management Service	7.67%

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

**Note 3 - Employee Retirement Plan (Concluded)**

**FRS - Defined Contribution Pension Plan (Concluded)**

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. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2016, 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.

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 contributions to the Investment Plan totaled \$19,461 for the fiscal year ended September 30, 2016.

**Note 4 - Other Postemployment Benefits**

The Other Postemployment Benefit Plan (OPEB) is a single-employer benefit plan administered by the County. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. GASB Statement No. 45 calls this the "implicit rate subsidy."

Retirees and their dependents (except for life insurance) are permitted to remain covered under the County's respective medical and insurance plans as long as they pay a full premium applicable to coverage elected, 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" of \$597.24**

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



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

**Note 4 - Other Postemployment Benefits (Concluded)**

In the current report, the Clerk has 60 active employees and eight retired employees who are considered participants in the plan for purposes of computing the OPEB obligation. The Clerk's portion of the OPEB obligation totaled \$877,687 as of September 30, 2016. 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**

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

	Balance October 1, 2015	Additions	(Deletions)	Balance September 30, 2016
Liability for Compensated Absences	\$ 67,057	\$ 164,127	\$ (160,152)	\$ 71,032
Other Postemployment Benefits	829,230	48,457	0	877,687
Net Pension Liabilities	<u>2,240,878</u>	<u>1,242,363</u>	<u>0</u>	<u>3,483,241</u>
<b>Total Long-term Debt</b>	<u>\$ 3,137,165</u>	<u>\$ 1,454,947</u>	<u>\$ (160,152)</u>	<u>\$ 4,431,960</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.

The long-term liabilities presented above are not reported in the financial statements of the Clerk since they are not payable from available resources at September 30, 2016. The Clerk's long term debt is recorded in the statement of net position as part of the basic financial statements of the County.

**Note 6 - Interfund Receivables and Payables**

Interfund receivables and payables at September 30, 2016, are as follows:

	Due from Other Funds	Due to Other Funds
<b>General Fund</b>	\$ 79,889	\$ 0
<b>Special Revenue Funds</b>		
Court Fund	88,615	15,873
Public Records		
Modernization Fund	27,898	5,390
Child Support Fund	0	1,715
<b>Agency Funds</b>		
Civil Trust Fund	0	42,642
Recording Trust Fund	597	78,806
Criminal Trust Fund	0	5,401
Special Trust Fund	0	46,518
Domestic Relations Fund	0	654
Bail Bond Fund	<u>0</u>	<u>0</u>
<b>Total</b>	<u>\$ 196,999</u>	<u>\$ 196,999</u>

## **OTHER FINANCIAL INFORMATION**

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2016**

	Teen Court	Jury Services	Total Governmental Funds
<b>Assets</b>			
Cash	\$ 5,318	\$ 0	\$ 5,318
<b>Total Assets</b>	<u>5,318</u>	<u>0</u>	<u>5,318</u>
<b>Liabilities and Fund Balances</b>			
<b>Fund Balances</b>			
Committed:			
Teen Court	5,318	0	5,318
<b>Total Fund Balances</b>	<u>5,318</u>	<u>0</u>	<u>5,318</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 5,318</u>	<u>\$ 0</u>	<u>\$ 5,318</u>

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<b>Teen Court</b>	<b>Jury Services</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Intergovernmental Revenue	\$ 0	\$ 16,706	\$ 16,706
Miscellaneous	260	0	260
<b>Total Revenues</b>	<u>260</u>	<u>16,706</u>	<u>16,966</u>
<b>Expenditures</b>			
Current:			
General Government:			
Operating Expenditures	2,522	0	2,522
Court-related:			
Personal Services	0	12,031	12,031
Operating Expenditures	0	4,675	4,675
<b>(Total Expenditures)</b>	<u>(2,522)</u>	<u>(16,706)</u>	<u>(19,228)</u>
<b>(Deficiency) Excess of Revenues (Under) Over Expenditures</b>	<u>(2,262)</u>	<u>0</u>	<u>(2,262)</u>
<b>Net Change in Fund Balances</b>	(2,262)	0	(2,262)
<b>Fund Balances, Beginning of Year</b>	<u>7,580</u>	<u>0</u>	<u>7,580</u>
<b>Fund Balances, End of Year</b>	<u>\$ 5,318</u>	<u>\$ 0</u>	<u>\$ 5,318</u>

## **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 Bond**—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 ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**SEPTEMBER 30, 2016**

	<b>Civil Trust</b>	<b>Recording Trust</b>	<b>Criminal Trust</b>	<b>Special Trust</b>	<b>Domestic Relations</b>	<b>Registry of the Court</b>	<b>Bail Bond</b>	<b>Total</b>
<b>Assets</b>								
Cash	\$ 445,142	\$ 696,543	\$ 61,632	\$ 155,415	\$ 1,356	\$ 755,371	\$ 145,569	\$ 2,261,028
Due from Other Funds	0	597	0	0	0	0	0	597
Due from Other Governments	0	183	0	0	194	0	0	377
<b>Total Assets</b>	<u>445,142</u>	<u>697,323</u>	<u>61,632</u>	<u>155,415</u>	<u>1,550</u>	<u>755,371</u>	<u>145,569</u>	<u>2,262,002</u>
<b>Liabilities</b>								
Accounts Payable	1,323	0	0	0	0	0	0	1,323
Due to Board of County Commissioners	0	19,044	3,112	22,344	0	0	0	44,500
Due to Other Funds	42,642	78,806	5,401	46,518	654	0	0	174,021
Due to Other Governments	27,024	275,106	6,479	60,401	896	0	0	369,906
Deposits	358,153	323,895	46,640	25,520	0	755,371	145,569	1,655,148
Other Liabilities	16,000	472	0	632	0	0	0	17,104
<b>Total Liabilities</b>	<u>\$ 445,142</u>	<u>\$ 697,323</u>	<u>\$ 61,632</u>	<u>\$ 155,415</u>	<u>\$ 1,550</u>	<u>\$ 755,371</u>	<u>\$ 145,569</u>	<u>\$ 2,262,002</u>

## **OTHER REPORTS**

**INDEPENDENT AUDITORS' 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, 2016, and have issued our report thereon dated March 13, 2017.

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

**INDEPENDENT AUDITORS' 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  
(Concluded)**

**Compliance and Other Matters**

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

**Purpose of this Report**

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



March 13, 2017  
Gainesville, Florida

**INDEPENDENT ACCOUNTANTS' 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, 2016, 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 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, 2016.

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.

*Purvis, Gray and Company, LLP*

March 13, 2017  
Gainesville, Florida

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**INDEPENDENT ACCOUNTANTS' 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 Section 28.35 and 28.36, Florida Statutes, as of and for the year ended September 30, 2016, 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, 2016.

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.

*Purvis, Gray and Company, LLP*

March 13, 2017  
Gainesville, Florida

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**INDEPENDENT ACCOUNTANTS' 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, 2016, 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, 2016.

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.

*Purvis, Gray and Company, LLP*

March 13, 2017  
Gainesville, Florida

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## 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, 2016, and have issued our report thereon dated March 13, 2017.

### Auditors' Responsibility

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

### Other Reports

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Reports on our examinations conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 13, 2017, 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.

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

**MANAGEMENT LETTER**  
*(Concluded)*

**Other Matters**

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

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

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal 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 13, 2017  
Gainesville, Florida



**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORTS**

**NASSAU COUNTY SHERIFF  
NASSAU COUNTY, FLORIDA**

**SEPTEMBER 30, 2016**



**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORTS**

**NASSAU COUNTY SHERIFF  
NASSAU COUNTY, FLORIDA**

**SEPTEMBER 30, 2016**

**TABLE OF CONTENTS**

<b>Independent Auditors' Report</b> .....	1-2
<b>Financial Statements</b>	
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 - General Fund .....	5
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Inmate Commissary Fund .....	6
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Federal Inmate Fund.....	7
Statement of Fiduciary Assets and Liabilities - Agency Funds .....	8
Notes to Financial Statements .....	9-21
<b>Other Financial Information</b>	
Combining Balance Sheet - Nonmajor Governmental Funds - Special Revenue Funds .....	22
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds - Special Revenue Funds .....	23
Combining Statement of Fiduciary Assets and Liabilities - All Agency Funds.....	24
<b>Other Reports</b>	
Independent Auditors' 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> .....	25-26
Independent Accountants' Report on Compliance with Section 218.415, Florida Statutes.....	27
Management Letter .....	28-29

## INDEPENDENT AUDITORS' 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, 2016, 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.

### Auditors' Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Sheriff as of September 30, 2016, 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.

### Certified Public Accountants

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

The Honorable Bill Leeper  
Nassau County Sheriff  
Nassau County, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

**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, 2016, 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**

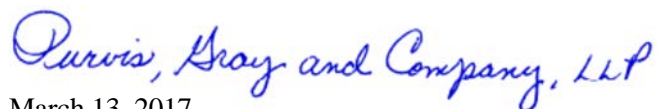
*Other Financial Information*

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.

**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 Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. 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 13, 2017  
Gainesville, Florida

## **FINANCIAL STATEMENTS**

**NASSAU COUNTY SHERIFF  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2016**

	<b>Major Funds</b>			<b>Other</b>	<b>Total</b>
	<b>General Fund</b>	<b>Inmate Commissary</b>	<b>Federal Inmate</b>	<b>Governmental Funds</b>	<b>Governmental Funds</b>
<b>Assets</b>					
Cash in Banks	\$ 145,406	\$ 322,113	\$ 587,840	\$ 240,642	\$ 1,296,001
Cash on Hand	500	0	0	5,203	5,703
Accounts Receivable	39,291	63,166	0	0	102,457
Due from Other Funds	15,131	7,341	0	0	22,472
Due from Board of County Commissioners	31,693	0	0	0	31,693
Due from Other Governments	1,324	0	167,048	0	168,372
<b>Total Assets</b>	<u>233,345</u>	<u>392,620</u>	<u>754,888</u>	<u>245,845</u>	<u>1,626,698</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	180,075	3,154	35,760	0	218,989
Due to Other Funds	0	6,581	13,774	0	20,355
Due to Board of County Commissioners	53,270	0	705,354	89,633	848,257
<b>Total Liabilities</b>	<u>233,345</u>	<u>9,735</u>	<u>754,888</u>	<u>89,633</u>	<u>1,087,601</u>
<b>Fund Balances</b>					
Restricted:					
Law Enforcement	0	0	0	52,920	52,920
Inmate Welfare	0	382,885	0	0	382,885
Committed:					
Investigative	0	0	0	103,292	103,292
<b>Total Fund Balances</b>	<u>0</u>	<u>382,885</u>	<u>0</u>	<u>156,212</u>	<u>539,097</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 233,345</u>	<u>\$ 392,620</u>	<u>\$ 754,888</u>	<u>\$ 245,845</u>	<u>\$ 1,626,698</u>

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, 2016**

	<b>Major Funds</b>			<b>Other</b>	<b>Total</b>
	<b>General Fund</b>	<b>Inmate Commissary</b>	<b>Federal Inmate</b>	<b>Governmental Funds</b>	<b>Governmental Funds</b>
<b>Revenues</b>					
Intergovernmental	\$ 39,952	\$ 0	\$ 1,012,293	\$ 47,858	\$ 1,100,103
Miscellaneous	233,970	238,103	0	13,516	485,589
<b>Total Revenues</b>	<u>273,922</u>	<u>238,103</u>	<u>1,012,293</u>	<u>61,374</u>	<u>1,585,692</u>
<b>Expenditures</b>					
Current:					
Court-related:					
Personal Services	719,801	0	0	0	719,801
Operating Expenditures	21,627	0	0	0	21,627
Public Safety:					
Personal Services	11,753,231	0	168,673	116,415	12,038,319
Operating Expenditures	3,983,346	104,280	37,954	221,218	4,346,798
Capital Outlay	1,431,285	175,000	100,312	85,220	1,791,817
Debt Service:					
Principal	108,166	0	0	0	108,166
Interest	24,706	0	0	0	24,706
<b>(Total Expenditures)</b>	<u>(18,042,162)</u>	<u>(279,280)</u>	<u>(306,939)</u>	<u>(422,853)</u>	<u>(19,051,234)</u>
<b>(Deficiency) Excess of Revenues</b>					
<b>(Under) Over Expenditures</b>	<u>(17,768,240)</u>	<u>(41,177)</u>	<u>705,354</u>	<u>(361,479)</u>	<u>(17,465,542)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in from Board					
of County Commissioners	17,822,807	0	0	483,206	18,306,013
Transfers (out) to Board					
of County Commissioners	(54,567)	0	(705,354)	(89,632)	(849,553)
<b>Total Other Financing</b>					
<b>Sources (Uses)</b>	<u>17,768,240</u>	<u>0</u>	<u>(705,354)</u>	<u>393,574</u>	<u>17,456,460</u>
<b>Net Change in Fund Balance</b>	0	(41,177)	0	32,095	(9,082)
<b>Fund Balance, Beginning of Year</b>	<u>0</u>	<u>424,062</u>	<u>0</u>	<u>124,117</u>	<u>548,179</u>
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 382,885</u>	<u>\$ 0</u>	<u>\$ 156,212</u>	<u>\$ 539,097</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, 2016**

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ 0	\$ 39,952	\$ 39,952	\$ 0
Miscellaneous	0	233,970	233,970	0
Total Revenues	0	273,922	273,922	0
Expenditures				
Current:				
Court-related:				
Personal Services	754,599	719,801	719,801	0
Operating Expenditures	26,885	21,627	21,627	0
Public Safety:				
Personal Services	12,031,564	11,753,231	11,753,231	0
Operating Expenditures	4,022,059	3,983,346	3,983,346	0
Capital Outlay	609,979	1,431,285	1,431,285	0
Debt Service:				
Principal	109,069	108,166	108,166	0
Interest	23,803	24,706	24,706	0
(Total Expenditures)	(17,577,958)	(18,042,162)	(18,042,162)	0
(Deficiency) of Revenues (Under) Expenditures	(17,577,958)	(17,768,240)	(17,768,240)	0
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	17,607,958	17,822,807	17,822,807	0
Transfers (out) to Board of County Commissioners	(30,000)	(54,567)	(54,567)	0
Total Other Financing Sources (Uses)	17,577,958	17,768,240	17,768,240	0
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year	0	0	0	0
Fund Balance, End of Year	\$ 0	\$ 0	\$ 0	\$ 0

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, 2016**

	<b>Inmate Commissary Fund</b>			<b>Variance With</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Miscellaneous	\$ 187,012	\$ 187,344	\$ 238,103	\$ 50,759
<b>Total Revenues</b>	<u>187,012</u>	<u>187,344</u>	<u>238,103</u>	<u>50,759</u>
<b>Expenditures</b>				
Current:				
Public Safety:				
Operating Expenditures	172,540	173,469	104,280	69,189
Capital Outlay	14,472	175,000	175,000	0
<b>(Total Expenditures)</b>	<u>(187,012)</u>	<u>(348,469)</u>	<u>(279,280)</u>	<u>69,189</u>
<b>Net Change in Fund Balance</b>	<u>0</u>	<u>(161,125)</u>	<u>(41,177)</u>	<u>119,948</u>
<b>Fund Balance, Beginning of Year</b>	<u>414,720</u>	<u>424,062</u>	<u>424,062</u>	<u>0</u>
<b>Fund Balance, End of Year</b>	<u>\$ 414,720</u>	<u>\$ 262,937</u>	<u>\$ 382,885</u>	<u>\$ 119,948</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, 2016**

	Federal Inmate Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ 511,000	\$ 1,012,293	\$ 1,012,293	\$ 0
Total Revenues	511,000	1,012,293	1,012,293	0
Expenditures				
Current:				
Public Safety:				
Personal Services	199,384	168,673	168,673	0
Operating Expenditures	148,953	37,954	37,954	0
Capital Outlay	58,423	100,312	100,312	0
(Total Expenditures)	(406,760)	(306,939)	(306,939)	0
Excess of Revenues Over Expenditures	104,240	705,354	705,354	0
Other Financing Sources (Uses)				
Transfers (out) to Board of County Commissioners	(104,240)	(705,354)	(705,354)	0
Total Other Financing Sources (Uses)	(104,240)	(705,354)	(705,354)	0
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year	0	0	0	0
Fund Balance, End of Year	\$ 0	\$ 0	\$ 0	\$ 0

See accompanying notes to financial statements.

**NASSAU COUNTY SHERIFF  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
SEPTEMBER 30, 2016**

**Assets**

Cash	\$ 33,707
Other Receivables	2,723
Due from Other Funds	6,581
Due from Board of County Commissioners	670
<b>Total Assets</b>	<u>43,681</u>

**Liabilities**

Accounts Payable	13,378
Deposits	12,625
Due to Other Funds	8,698
Due to Other Governments	670
Due to Board of County Commissioners	8,310
<b>Total Liabilities</b>	<u>\$ 43,681</u>

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. During the fiscal year, the Sheriff took over operations of the County Emergency Operations Center, which is accounted for in the general fund.
- ▶ **Inmate Commissary Fund**—This fund accounts for commissions received from pay telephones and commissary profits used for the benefit of inmates.
- ▶ **Federal Inmate Fund**—This fund accounts for the revenues and associated expenditures of housing federal inmates at the Nassau County Jail.

**NASSAU COUNTY SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

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

**Basis of Presentation (Concluded)**

■ **Governmental Funds (Concluded)**

● **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 three special revenue funds in the financial statements under the titles: Sheriff's Investigative Fund, 911 Operations Fund, and the Equitable Sharing Fund. The Sheriff's Investigative Fund accounts for monies used in accordance with Section 925.055, Florida Statutes. The 911 Operations Fund accounts for the proceeds of telephone charges collected for the operation of the 911 emergency response system. The Equitable Sharing Fund accounts for monies received from forfeiture of assets.

■ **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.

**NASSAU COUNTY SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

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

**Budgetary Requirement (Concluded)**

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.

**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 annual leave at the rate of eight hours per month. An employee can receive payment for such accumulated annual leave upon termination of employment.

In addition, the Sheriff maintains the following policy for sick leave. Sick leave is accumulated at the rate of eight hours per month. An employee will not be paid out any sick time upon termination of employment.

The Sheriff also allows employees to accumulate compensatory time earned. An employee can receive payment for unused compensatory time upon termination of employment or at the discretion of the Sheriff.

**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.

**NASSAU COUNTY SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

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

**Risk Management (Concluded)**

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.

**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 – nonspendable, restricted, committed, assigned, and unassigned.

- ***Nonspendable***—This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash; or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Sheriff does not have any nonspendable 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.

**NASSAU COUNTY SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

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

**Fund Balance Reporting (Concluded)**

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, 2016, the carrying amount of the Sheriff's deposits was \$1,329,708 and the bank balance was \$2,228,224. Cash on hand was \$5,703. 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 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 nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site ([www.dms.myflorida.com](http://www.dms.myflorida.com)).



**NASSAU COUNTY SHERIFF  
NOTES TO FINANCIAL STATEMENTS  
(Continued)**

**Note 3 - Employee Retirement Plan (Continued)**

**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 Sheriff are as follows:

- *Regular Class*—Members of the Plan who do not qualify for membership in the other classes.
- *Elected County Officer Class*—Members who hold specified elective offices in local government.
- *Senior Management Service Class*—Members in senior management level positions.
- *Special Risk Class*—Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Members of the Plan may include up to four years of credit for military service toward creditable service. 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:

**NASSAU COUNTY SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 3 - Employee Retirement Plan (Continued)**

**FRS Pension Plan (Continued)**

*Benefits Provided. (Concluded)*

<b>Class, Initial Enrollment, and Retirement Age/Years of Service</b>	<b>Percent Value</b>
<b><i>Regular Class Members Initially Enrolled Before July 1, 2011:</i></b>	
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
<b><i>Regular Class Members Initially Enrolled on or After July 1, 2011:</i></b>	
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
<b><i>Elected County Officers</i></b>	3.00
<b><i>Senior Management Service Class</i></b>	2.00
<b><i>Special Risk Regular</i></b>	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

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 2015-2016 fiscal year were as follows:

<b>Class</b>	<b>Year Ended June 30, 2016 Percent of Gross Salary</b>		<b>Year Ended June 30, 2017 Percent of Gross Salary</b>	
	<b>Employee</b>	<b>Employer</b>	<b>Employee</b>	<b>Employer</b>
FRS, Regular	3.00	5.56	3.00	5.80
FRS, Elected County Officers	3.00	40.57	3.00	40.75
FRS, Senior Management Service	3.00	19.73	3.00	20.05
FRS, Special Risk Regular	3.00	20.34	3.00	20.85
DROP – Applicable to Members from All of the Above Classes	0.00	11.22	0.00	11.33
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

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

**NASSAU COUNTY SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 3 - Employee Retirement Plan (Continued)**

**FRS Pension Plan (Concluded)**

Contributions. (Concluded)

The Sheriff contributions (employer), to the FRS Plan totaled \$1,545,829 for the fiscal year ended September 30, 2016. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities. At September 30, 2016, the Sheriff's proportionate share of the FRS net pension liability was \$15,335,492. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Sheriff's proportionate share of the net pension liability was based on the Sheriff's contributions to the FRS Plan compared to the contributions of all participating members. At June 30, 2015, the Sheriff's proportion was .060734435%, which was an increase of .006776887 from its proportion measured as of June 30, 2015.

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 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, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2017 and 2016, the contribution rates were 1.66% of payroll respectively, pursuant to Section 112.363, Florida Statutes. The Sheriff contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Sheriff's contributions to the HIS Plan totaled \$169,398 for the fiscal year ended September 30, 2016.

**NASSAU COUNTY SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 3 - Employee Retirement Plan (Continued)**

**HIS Pension Plan (Concluded)**

Pension Liabilities. At September 30, 2016, the Sheriff's proportionate share of the HIS net pension liability was \$3,793,948. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. 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. At June 30, 2016, the Sheriff's proportion was .032553265%, which was an increase of .000568131 from its proportion measured as of June 30, 2015.

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

**FRS – Defined Contribution Pension Plan**

The Sheriff contributes to the FRS Investment Plan (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. 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 2015-16 fiscal year were as follows:

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

**NASSAU COUNTY SHERIFF  
NOTES TO FINANCIAL STATEMENTS  
(Continued)**

**Note 3 - Employee Retirement Plan (Concluded)**

**FRS – Defined Contribution Pension Plan (Concluded)**

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Plan is transferred to the Investment Plan, the member must have the years of service required for Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2016, 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.

The Sheriff's contributions to the Investment Plan totaled \$95,928 for the fiscal year ended September 30, 2016.

**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. GASB Statement No. 45 calls this the "implicit rate subsidy."

Retirees and their dependents (except for life insurance) are permitted to remain covered under the County's respective medical and insurance plans as long as they pay a full premium applicable to coverage elected. Special risk employees of the Sheriff's office begin to receive a subsidy if they have obtained 25 years of service and become fully subsidized once they reach 30 years of service. All other employees of the Sheriff's office receive a 100% subsidy if they have reached 30 years of service. This conforms to the minimum required of Florida governmental employers per Chapter 112.08, Florida Statutes.

**NASSAU COUNTY SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 4 - Other Postemployment Benefits (OPEB) (Concluded)**

Currently, the Sheriff has 190 active employees and 15 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 \$2,645,970. 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:

	<b>Balance October 1, 2015</b>	<b>Increase</b>	<b>Decrease</b>	<b>Balance September 30, 2016</b>
<b>Capital Assets</b>				
Machinery and Equipment	\$ 11,530,506	\$ 2,288,261	\$ (496,445)	\$ 13,322,322
Accumulated Depreciation	<u>(6,480,659)</u>	<u>(1,416,372)</u>	<u>468,449</u>	<u>(7,428,582)</u>
<b>Machinery and Equipment, Net</b>	<u>\$ 5,049,847</u>	<u>\$ 871,889</u>	<u>\$ (27,996)</u>	<u>\$ 5,893,740</u>

Depreciation expense was recorded in the government-wide financial statements in the amount of \$1,416,372.

**Note 6 - Operating Leases**

The Sheriff leased various copiers during fiscal year 2015-2016. The monthly lease payments for these copiers ranged from \$115 to \$475 per month. The expiration dates of the leases range from October of 2016 to May of 2021. Lease expense for the year under these leases was \$49,746. Future minimum lease payments for the leases are as follows:

<b>Year Ending September 30</b>	<b>Annual Lease Payments</b>
2017	\$ 17,248
2018	4,190
2019	4,190
2020	1,663
2021	<u>955</u>
<b>Total</b>	<u>\$ 28,246</u>

**NASSAU COUNTY SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 7 - Changes in Long-term Debt**

The following is a summary of the changes in long-term debt of the Sheriff for the year ended September 30, 2016:

	<b>Balance October 1, 2015</b>	<b>Additions</b>	<b>(Deletions)</b>	<b>Balance September 30, 2016</b>
Capital Lease	\$ 543,247	\$ 0	\$ (108,166)	\$ 435,081
Accrued Compensated Absences	829,330	976,203	(947,303)	858,230
Other Postemployment Benefits	2,499,885	146,085	0	2,645,970
Net Pension Liability:				
FRS Plan	6,969,341	8,366,151	0	15,335,492
HIS Plan	3,261,981	531,967	0	3,793,948
<b>Totals</b>	<b><u>\$ 14,103,784</u></b>	<b><u>\$ 10,020,406</u></b>	<b><u>\$ (1,055,469)</u></b>	<b><u>\$ 23,068,721</u></b>

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

**Compensated Absences**

Accrued compensated absences represent the vested portion of accrued leave, and are liquidated by the general fund and 911 operations fund. See Note 1 for a summary of the Sheriff's compensated absences policy.

A description of the Sheriff's policies on OPEB are described in Note 4. The Sheriff's long-term debt is not recorded in the accompanying financial statements but is recorded in the statement of net assets as part of the basic financial statements of the County.

**Capital Lease**

In September of 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. Future minimum lease payments under this capital lease are as follows:

<b>Year Ending September 30</b>	<b>Future Lease Payments</b>
2017	\$ 132,872
2018	132,872
2019	132,872
2020	<u>77,508</u>
Total Future Minimum Lease Payments	476,124
(Less Amount Representing Interest)	<u>(41,043)</u>
<b>Present Value of Future Minimum Lease Payments</b>	<b><u>\$ 435,081</u></b>

**NASSAU COUNTY SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Concluded)*

**Note 8 - Interfund Receivables and Payables**

Interfund receivables and payables at September 30, 2016, are as follows:

	<b><u>Due from Other Funds</u></b>	<b><u>Due to Other Funds</u></b>
<b>General Fund</b>	\$ 15,131	\$ 0
<b>Special Revenue Funds</b>		
Federal Inmate	0	13,774
Inmate Commissary	7,341	6,581
<b>Agency Funds</b>		
Inmate Trust	<u>6,581</u>	<u>8,698</u>
<b>Totals</b>	<u>\$ 29,053</u>	<u>\$ 29,053</u>



## **OTHER FINANCIAL INFORMATION**

**NASSAU COUNTY SHERIFF  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2016**

	<b>Sheriff Investigative</b>	<b>911 Operations</b>	<b>Equitable Sharing</b>	<b>Total Other Governmental Funds</b>
<b>Assets</b>				
Cash in Banks	\$ 98,089	\$ 89,633	\$ 52,920	\$ 240,642
Cash on Hand	5,203	0	0	5,203
<b>Total Assets</b>	<u>103,292</u>	<u>89,633</u>	<u>52,920</u>	<u>245,845</u>
<b>Liabilities and Fund Balances</b>				
Due to Board of County Commissioners	0	89,633	0	89,633
<b>Total Liabilities</b>	<u>0</u>	<u>89,633</u>	<u>0</u>	<u>89,633</u>
<b>Fund Balances</b>				
Restricted:				
Law Enforcement	0	0	52,920	52,920
Committed:				
Investigative	103,292	0	0	103,292
<b>Total Fund Balances</b>	<u>103,292</u>	<u>0</u>	<u>52,920</u>	<u>156,212</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 103,292</u>	<u>\$ 89,633</u>	<u>\$ 52,920</u>	<u>\$ 245,845</u>

**NASSAU COUNTY SHERIFF  
COMBINING STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2016**

	<b>Sheriff Investigative</b>	<b>911 Operations</b>	<b>Equitable Sharing</b>	<b>Total Other Governmental Funds</b>
<b>Revenues</b>				
Intergovernmental	\$ 0	\$ 0	\$ 47,858	\$ 47,858
Miscellaneous	13,516	0	0	13,516
<b>Total Revenues</b>	<u>13,516</u>	<u>0</u>	<u>47,858</u>	<u>61,374</u>
<b>Expenditures</b>				
Current:				
Public Safety:				
Personal Services	0	116,415	0	116,415
Operating Expenditures	25,549	191,939	3,730	221,218
Capital Outlay	0	85,220	0	85,220
<b>(Total Expenditures)</b>	<u>(25,549)</u>	<u>(393,574)</u>	<u>(3,730)</u>	<u>(422,853)</u>
<b>(Deficiency) Excess of Revenues (Under) Over Expenditures</b>	<u>(12,033)</u>	<u>(393,574)</u>	<u>44,128</u>	<u>(361,479)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in from Board of County Commissioners	0	483,206	0	483,206
Transfers (out) to Board of County Commissioners	0	(89,632)	0	(89,632)
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>393,574</u>	<u>0</u>	<u>393,574</u>
<b>Net Change in Fund Balance</b>	(12,033)	0	44,128	32,095
<b>Fund Balance, Beginning of Year</b>	<u>115,325</u>	<u>0</u>	<u>8,792</u>	<u>124,117</u>
<b>Fund Balance, End of Year</b>	<u>\$ 103,292</u>	<u>\$ 0</u>	<u>\$ 52,920</u>	<u>\$ 156,212</u>

## **AGENCY FUNDS**

**Individual Depositors/Suspense**—Accounts for fees charged for the service of process in civil cases. These nonrefundable fees are set by Section 30.231 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 ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**SEPTEMBER 30, 2016**

	<b>Individual Depositors/ Suspense</b>	<b>Inmate Trust</b>	<b>Abandoned Property</b>	<b>Total</b>
<b>Assets</b>				
Cash	\$ 8,317	\$ 25,390	\$ 0	\$ 33,707
Other Receivables	0	2,723	0	2,723
Due from Other Funds	0	6,581	0	6,581
Due from Board of County Commissioners	670	0	0	670
<b>Total Assets</b>	<b>8,987</b>	<b>34,694</b>	<b>0</b>	<b>43,681</b>
<b>Liabilities</b>				
Accounts Payable	7	13,371	0	13,378
Deposits	0	12,625	0	12,625
Due to Other Funds	0	8,698	0	8,698
Due to Other Governments	670	0	0	670
Due to Board of County Commissioners	8,310	0	0	8,310
<b>Total Liabilities</b>	<b>\$ 8,987</b>	<b>\$ 34,694</b>	<b>\$ 0</b>	<b>\$ 43,681</b>

## **OTHER REPORTS**

**INDEPENDENT AUDITORS' 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, 2016, and the related notes to the financial statements, and have issued our report thereon dated March 13, 2017.

**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**

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

The Honorable Bill Leeper  
Nassau County Sheriff  
Nassau County, Florida

**INDEPENDENT AUDITORS' 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*  
(Concluded)**

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

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 13, 2017  
Gainesville, Florida



**INDEPENDENT ACCOUNTANTS' 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, 2016, 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 and, accordingly, included examining, on a test basis, evidence about the Sheriff'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 Sheriff'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, 2016.

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.

*Purvis, Gray and Company, LLP*

March 13, 2017  
Gainesville, Florida

**Certified Public Accountants**

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## 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, 2016, and have issued our report thereon dated March 13, 2017.

### Auditors' Responsibility

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

### Other Reports

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on our examination conducted in accordance with AICPA *Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 13, 2017, 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.

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The Honorable Bill Leeper  
Nassau County Sheriff  
Nassau County, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

**Other Matters**

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

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the 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, 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 13, 2017  
Gainesville, Florida



**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**NASSAU COUNTY TAX COLLECTOR  
NASSAU COUNTY, FLORIDA**

**SEPTEMBER 30, 2016**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**NASSAU COUNTY TAX COLLECTOR  
NASSAU COUNTY, FLORIDA**

**SEPTEMBER 30, 2016**

**TABLE OF CONTENTS**

<b>Independent Auditors' Report .....</b>	<b>1-2</b>
<b>Financial Statements</b>	
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 Assets and Liabilities - Agency Fund .....	6
Notes to Financial Statements .....	7-17
<b>Other Reports</b>	
Independent Auditors' 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 Accountants' Report on Compliance with Section 218.415, Florida Statutes .....	20
Management Letter.....	21-22

## INDEPENDENT AUDITORS' 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, 2016, 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.

### Auditors' 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 auditors' 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.

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

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The Honorable John Drew  
Nassau County Tax Collector  
Nassau County, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

**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, 2016, 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 of 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, 2016, 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 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 13, 2017  
Gainesville, Florida



## **FINANCIAL STATEMENTS**

**NASSAU COUNTY TAX COLLECTOR  
BALANCE SHEET  
GENERAL FUND  
SEPTEMBER 30, 2016**

**Assets**

Cash	\$ 314,872
Due from Agency Fund	58,760
<b>Total Assets</b>	<u><u>373,632</u></u>

**Liabilities, Deferred Inflows, and Fund Balance**

**Liabilities**

Accounts Payable	17,720
Due to Board of County Commissioners	318,427
Due to Other Governments	9,197
<b>Total Liabilities</b>	<u><u>345,344</u></u>

**Deferred Inflows of Resources**

Unavailable Revenue	<u>28,288</u>
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<b>Fund Balance</b>	<u>0</u>
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<b>Total Liabilities, Deferred Inflows, and Fund Balance</b>	<u><u>\$ 373,632</u></u>
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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, 2016**

**Revenues**

Charges for Services	\$ 991,353
Miscellaneous	9,173
<b>Total Revenues</b>	<u>1,000,526</u>

**Expenditures**

Current:	
General Government:	
Salaries and Benefits	2,045,298
Operating Expenditures	673,952
Capital Outlay	80,631
<b>(Total Expenditures)</b>	<u>(2,799,881)</u>

<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(1,799,355)</u>
--	--------------------

**Other Financing Sources (Uses)**

Transfers in from Board of County Commissioners	2,113,999
Transfers (out) to Board of County Commissioners	(314,644)
<b>Total Other Financing Sources (Uses)</b>	<u>1,799,355</u>

<b>Net Change in Fund Balance</b>	0
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<b>Fund Balance, Beginning of Year</b>	<u>0</u>
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<b>Fund Balance, End of Year</b>	<u><u>\$ 0</u></u>
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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, 2016**

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for Services	\$ 902,346	\$ 902,346	\$ 991,353	\$ 89,007
Miscellaneous	9,000	9,000	9,173	173
Total Revenues	911,346	911,346	1,000,526	89,180
Expenditures				
Current:				
General Government:				
Salaries and Benefits	2,099,046	2,045,298	2,045,298	0
Operating Expenditures	718,731	673,951	673,952	(1)
Capital Outlay	56,500	80,632	80,631	1
(Total Expenditures)	(2,874,277)	(2,799,881)	(2,799,881)	0
(Deficiency) of Revenues (Under)				
Expenditures	(1,962,931)	(1,888,535)	(1,799,355)	89,180
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	2,187,244	2,187,244	2,113,999	(73,245)
Transfers (out) to Board of County Commissioners	(224,313)	(298,709)	(314,644)	(15,935)
Total Other Financing Sources (Uses)	1,962,931	1,888,535	1,799,355	(89,180)
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year	0	0	0	0
Fund Balance, End of Year	\$ 0	\$ 0	\$ 0	\$ 0

See accompanying notes to financial statements.

**NASSAU COUNTY TAX COLLECTOR  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUND  
SEPTEMBER 30, 2016**

**Assets**

Cash	\$ 2,438,149
Due from Others	63,323
<b>Total Assets</b>	<u><u>2,501,472</u></u>

**Liabilities**

Due to General Fund	58,760
Due to Board of County Commissioners	8,652
Due to Other Governments	219,025
Undistributed Collections	2,215,035
<b>Total Liabilities</b>	<u><u>\$ 2,501,472</u></u>

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**  
*(Continued)*

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

**Basis of Presentation (Concluded)**

■ **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.



**NASSAU COUNTY TAX COLLECTOR**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

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

**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.

**Compensated Absences**

The Tax Collector 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 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.

**Deferred Inflows/Unearned Revenue**

Deferred inflows represent revenues that have been earned, but are not available (because they were received more than 30 days after year-end). Unearned revenue represents the portion of biennial service fees attributable to future years.

**Note 2 - Cash**

At September 30, 2016, the carrying amount of the Tax Collector's cash on hand and on deposit was \$2,753,021 and the bank balances were \$2,333,388. 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

**NASSAU COUNTY TAX COLLECTOR**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 2 - Cash (Concluded)**

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.

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 nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site ([www.dms.myflorida.com](http://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.

**NASSAU COUNTY TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
(Continued)**

**Note 3 - Employee Retirement Plan (Continued)**

**FRS Pension Plan (Continued)**

**Plan Description. (Concluded)**

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.

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:

<b>Class, Initial Enrollment, and Retirement Age/Years of Service</b>	<b>Percent Value</b>
<b><i>Regular Class Members Initially Enrolled Before July 1, 2011:</i></b>	
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
<b><i>Regular Class Members Initially Enrolled on or After July 1, 2011:</i></b>	
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
<b><i>Elected County Officers</i></b>	<b>3.00</b>
<b><i>Senior Management Service Class</i></b>	<b>2.00</b>

**NASSAU COUNTY TAX COLLECTOR**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 3 - Employee Retirement Plan (Continued)**

**FRS Pension Plan (Concluded)**

Benefits Provided. (Concluded)

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 2015-2016 fiscal year were as follows:

Class	Year Ended June 30, 2016 Percent of Gross Salary		Year Ended June 30, 2017 Percent of Gross Salary	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	5.56	3.00	5.80
FRS, Elected County Officers	3.00	40.57	3.00	40.75
FRS, Senior Management Service	3.00	19.73	3.00	20.05
DROP – Applicable to Members from All of the Above Classes	0.00	11.22	0.00	11.33
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

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

The Tax Collector contributions (employer) to the FRS Plan totaled \$165,846 for the fiscal year ended September 30, 2016. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities and Pension Expense. At September 30, 2016, the Tax Collector's proportionate share of the FRS net pension liability was \$1,738,757. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Tax Collector's proportionate share of the net pension liability was based on the Tax Collector's 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the Tax Collector's proportion was .006886143%, which was an increase of .000075281 from its proportion measured as of June 30, 2015.

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.

**NASSAU COUNTY TAX COLLECTOR**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 3 - Employee Retirement Plan (Continued)**

**HIS Pension Plan**

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

Benefits Provided. For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2017 and 2016, 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 \$23,313 for the fiscal year ended September 30, 2016.

Pension Liabilities and Pension Expense. At September 30, 2016, the Tax Collector's proportionate share of the HIS net pension liability was \$542,892. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Tax Collector's proportionate share of the net pension liability was based on the Tax Collector's 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the Tax Collector's proportion was .004658185%, which was an increase of .000123259 from its proportion measured as of June 30, 2015.

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.

**NASSAU COUNTY TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
(Continued)**

**Note 3 - Employee Retirement Plan (Continued)**

**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. 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 2015-16 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30
FRS, Elected County Officers	11.34
FRS, Senior Management Service	7.67

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Plan is transferred to the Investment Plan, the member must have the years of service required for Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2016, 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.

**NASSAU COUNTY TAX COLLECTOR**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 3 - Employee Retirement Plan (Concluded)**

**FRS – Defined Contribution Pension Plan (Concluded)**

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

The Tax Collector's Investment Plan pension expense totaled \$4,094 for the fiscal year ended September 30, 2016.

**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, 2016:

	<b>Balance October 1, 2015</b>	<b>Additions</b>	<b>(Deletions)</b>	<b>Balance September 30, 2016</b>
Accrued Compensated Absences	\$ 54,470	\$ 57,220	\$ (54,164)	\$ 57,526
Net Pension Liabilities	1,342,205	939,444	0	2,281,649
Other Postemployment Benefits	487,782	28,505	0	516,287
<b>Total Long-term Debt</b>	<u>\$ 1,884,457</u>	<u>\$ 1,025,169</u>	<u>\$ (54,164)</u>	<u>\$ 2,855,462</u>

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 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. Governmental Accounting Standard Board Statement No. 45 calls this the "implicit rate subsidy."

**NASSAU COUNTY TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
(Continued)**

**Note 5 - Other Postemployment Benefits (Concluded)**

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" of \$547.92**

<b>Years of Service With Nassau County</b>	<b>Hired Before 10/1/05</b>	<b>Hired on or After 10/1/05</b>
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 36 active employees and four 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, 2016, totaled \$516,287. 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 - Interfund Receivables and Payables**

Interfund receivables and payables at September 30, 2016, are as follows:

	<b>Due from Other Funds</b>	<b>Due to Other Funds</b>
General Fund	\$ 58,760	\$ 0
Fiduciary:		
Agency Fund	0	58,760
<b>Totals</b>	<u>\$ 58,760</u>	<u>\$ 58,760</u>

**Note 7 - Lease Agreements**

Effective July 2012, a lease agreement was entered into with Pitney Bowes for a mailing system. The lease period is 60 months from July 2012 through June 2017. Lease payments are \$448 per month.

In addition, lease agreements were entered into with Canon Business Solutions for copiers and a check scanner. The lease periods range from 36 months to 48 months. Lease payments range from \$92 to \$354 per month.



**NASSAU COUNTY TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
(Concluded)**

**Note 7 - Lease Agreements (Concluded)**

The amount of lease payments made under these agreements during the fiscal year ended September 30, 2016, was \$15,695. The future minimum lease payments are as follows:

<b>Year Ending September 30</b>	<b>Amount</b>
2017	\$ 14,351
2018	10,319
2019	4,762
<b>Total</b>	<b>\$ 29,432</b>

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 entered into an agreement to lease office space for a branch location in Callahan, Florida. The lease term is from March 15, 2011 through March 14, 2016. The lease agreement has an option to extend the lease for two consecutive lease periods. The lease was extended for an additional 5-year period from March 15, 2016 through March 14, 2021. A total of \$36,315 was expended in fiscal year 2016 under these lease agreements.

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

<b>Year Ending September 30</b>	<b>Amount</b>
2017	\$ 37,192
2018	38,007
2019	39,142
2020	40,318
2021	13,572
<b>Total</b>	<b>\$ 168,231</b>

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.

## **OTHER REPORTS**

**INDEPENDENT AUDITORS' 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, 2016, and the related notes to the financial statements have issued our report thereon dated March 13, 2017.

**Internal Control Over Financial Reporting**

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

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

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

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The Honorable John Drew  
Nassau County Tax Collector  
Nassau County, Florida

**INDEPENDENT AUDITORS' 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*  
(Concluded)**

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

**Purpose of this Report**

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



March 13, 2017  
Gainesville, Florida

**INDEPENDENT ACCOUNTANTS' 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, 2016, 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 and, accordingly, included examining, on a test basis, evidence about the Tax Collector'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 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, 2016.

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.

*Purvis, Gray and Company, LLP*

March 13, 2017  
Gainesville, Florida

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## 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, 2016, and have issued our report thereon dated March 13, 2017.

### Auditors' 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 Reports

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with AICPA *Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 13, 2017, 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 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.

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The Honorable John Drew  
Nassau County Tax Collector  
Nassau County, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

**Other Matters**

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

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with the 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 13, 2017  
Gainesville, Florida





**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
NASSAU COUNTY PROPERTY APPRAISER  
NASSAU COUNTY, FLORIDA**

**SEPTEMBER 30, 2016**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**NASSAU COUNTY PROPERTY APPRAISER  
NASSAU COUNTY, FLORIDA**

**SEPTEMBER 30, 2016**

**TABLE OF CONTENTS**

<b>Independent Auditors' Report .....</b>	<b>1-2</b>
<b>Financial Statements</b>	
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
<b>Other Reports</b>	
Independent Auditors' 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 Accountants' Report on Compliance with Section 218.415, Florida Statutes .....	18
Management Letter .....	19-20

## INDEPENDENT AUDITORS' 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, 2016, 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.

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

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

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The Honorable A. Michael Hickox  
Nassau County Property Appraiser  
Nassau County, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

**Opinions**

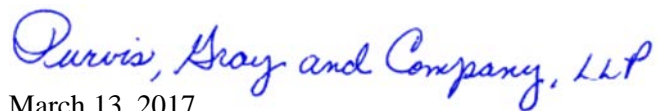
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund of the Property Appraiser as of September 30, 2016, and the respective changes in financial position and budgetary comparison for the general fund, 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. 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, 2016, 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 13, 2017  
Gainesville, Florida

## **FINANCIAL STATEMENTS**

**NASSAU COUNTY PROPERTY APPRAISER  
BALANCE SHEET  
GENERAL FUND  
SEPTEMBER 30, 2016**

**Assets**

Cash	\$ 214,976
Cash Held in Escrow	297,201
<b>Total Assets</b>	<u><u>512,177</u></u>

**Liabilities and Fund Balance**

**Liabilities**

Due to Board of County Commissioners	158,040
Due to Other Governments	4,086
Other Current Liabilities	52,850
<b>Total Liabilities</b>	<u>214,976</u>

**Fund Balance**

Assigned	<u>297,201</u>
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<b>Total Liabilities and Fund Balance</b>	<u><u>\$ 512,177</u></u>
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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, 2016**

**Revenues**

Charges for Services	\$ 79,398
Interest	222
Miscellaneous	119,131
<b>Total Revenues</b>	<u>198,751</u>

**Expenditures**

Current:	
General Government:	
Personal Services	1,460,000
Operating Expenditures	347,149
Public Safety:	
Personal Services	60,232
Capital Outlay	48,645
<b>(Total Expenditures)</b>	<u>(1,916,026)</u>

<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(1,717,275)</u>
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**Other Financing Sources (Uses)**

Transfers in from Board of County Commissioners	1,973,490
Transfers in from Constitutional Officers	18,000
Transfers (out) to Board of County Commissioners	(156,215)
Transfers (out) to Constitutional Officers	(18,000)
<b>Total Other Financing Sources (Uses)</b>	<u>1,817,275</u>

<b>Net Change in Fund Balance</b>	100,000
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<b>Fund Balance, Beginning of Year</b>	<u>197,201</u>
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<b>Fund Balance, End of Year</b>	<u><u>\$ 297,201</u></u>
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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, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Charges for Services	\$ 47,422	\$ 47,422	\$ 79,398	\$ 31,976
Interest	0	0	222	222
Miscellaneous	0	0	119,131	119,131
<b>Total Revenues</b>	<u>47,422</u>	<u>47,422</u>	<u>198,751</u>	<u>151,329</u>
<b>Expenditures</b>				
Current:				
General Government:				
Personal Services	1,528,180	1,528,630	1,460,000	68,630
Operating Expenditures	237,078	296,628	347,149	(50,521)
Public Safety:				
Personal Services	83,684	83,684	60,232	23,452
Operating Expenditures	3,520	3,520	0	3,520
Capital Outlay	0	48,646	48,645	1
Reserves	150,000	41,804	0	41,804
<b>(Total Expenditures)</b>	<u>(2,002,462)</u>	<u>(2,002,912)</u>	<u>(1,916,026)</u>	<u>86,886</u>
<b>(Deficiency) of Revenues (Under)</b>				
<b>Expenditures</b>	<u>(1,955,040)</u>	<u>(1,955,490)</u>	<u>(1,717,275)</u>	<u>238,215</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in from Board of County Commissioners	1,973,040	1,973,490	1,973,490	0
Transfers in from Constitutional Officers	0	0	18,000	18,000
Transfers (out) to Board of County Commissioners	0	0	(156,215)	(156,215)
Transfers (out) to Constitutional Officers	(18,000)	(18,000)	(18,000)	0
<b>Total Other Financing Sources (Uses)</b>	<u>1,955,040</u>	<u>1,955,490</u>	<u>1,817,275</u>	<u>(138,215)</u>
<b>Net Change in Fund Balance</b>	0	0	100,000	100,000
<b>Fund Balance, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>197,201</u>	<u>197,201</u>
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 297,201</u>	<u>\$ 297,201</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.

#### **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.

**NASSAU COUNTY PROPERTY APPRAISER**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

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

**Basis of Accounting (Concluded)**

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**  
*(Continued)*

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

**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: nonspendable, restricted, committed, assigned, and unassigned.

- **Nonspendable**—This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash; or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Property Appraiser does not have any nonspendable 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.
- **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**  
*(Continued)*

**Note 2 - Cash**

At September 30, 2016, the carrying amount of the Property Appraiser's deposits was \$214,976 and the bank balance was \$280,878. 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.

In addition, cash in the amount of \$297,201 was held in escrow at September 30, 2016. These monies were held pursuant to a contract to purchase a new software appraisal system from a software company. The monies held in escrow will, in the future, be paid to the software company for services received or will be returned to the Property Appraiser.

**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 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 nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

**NASSAU COUNTY PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)**

**Note 3 - Employee Retirement Plan (Continued)**

**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 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.

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.

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:

**NASSAU COUNTY PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)**

**Note 3 - Employee Retirement Plan (Continued)**

**FRS Pension Plan (Continued)**

**Benefits Provided. (Concluded)**

<b>Class, Initial Enrollment, and Retirement Age/Years of Service</b>	<b>Percent Value</b>
<b><i>Regular Class Members Initially Enrolled Before July 1, 2011:</i></b>	
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
<b><i>Regular Class Members Initially Enrolled on or After July 1, 2011:</i></b>	
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
<b><i>Elected County Officers</i></b>	<b>3.00</b>
<b><i>Senior Management Service Class</i></b>	<b>2.00</b>

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 2015-2016 fiscal year were as follows:

<b>Class</b>	<b>Year Ended June 30, 2016 Percent of Gross Salary</b>		<b>Year Ended June 30, 2017 Percent of Gross Salary</b>	
	<b>Employee</b>	<b>Employer</b>	<b>Employee</b>	<b>Employer</b>
FRS, Regular	3.00	5.56	3.00	5.80
FRS, Elected County Officers	3.00	40.57	3.00	40.75
FRS, Senior Management Service	3.00	19.73	3.00	20.05
DROP – Applicable to Members				
from All of the Above Classes	0.00	11.22	0.00	11.33
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

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

The Property Appraiser contributions (employer) to the FRS Plan totaled \$146,014 for the fiscal year ended September 30, 2016. This excludes the HIS defined benefit pension plan contributions.

**NASSAU COUNTY PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)**

**Note 3 - Employee Retirement Plan (Continued)**

**FRS Pension Plan (Concluded)**

*Pension Liabilities and Pension Expense.* At September 30, 2016, the Property Appraiser's proportionate share of the FRS net pension liability was \$1,498,200. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Property Appraiser's proportionate share of the net pension liability was based on the Property Appraiser's 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the Property Appraiser's proportion was .005933447%, which was a decrease of .000084496 from its proportion measured as of June 30, 2015.

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 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, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

*Contributions.* The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2017 and 2016, 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 \$17,606 for the fiscal year ended September 30, 2016.



**NASSAU COUNTY PROPERTY APPRAISER**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 3 - Employee Retirement Plan (Continued)**

**HIS Pension Plan (Concluded)**

*Pension Liabilities and Pension Expense.* At September 30, 2016, the Property Appraiser's proportionate share of the HIS net pension liability was \$405,007. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Property Appraiser's proportionate share of the net pension liability was based on the Property Appraiser's 2014-15 fiscal year contributions of all participating members. At June 30, 2016, the Property Appraiser's proportion was .003475088%, which was a decrease of .000062682 from its proportion measured as of June 30, 2015.

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

**FRS – Defined Contribution Pension Plan**

The Property Appraiser 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. 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. 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 2015-16 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30
FRS, Elected County Officers	11.34
FRS, Senior Management Service	7.67

**NASSAU COUNTY PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)**

**Note 3 - Employee Retirement Plan (Concluded)**

**FRS – Defined Contribution Pension Plan (Concluded)**

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Plan is transferred to the Investment Plan, the member must have the years of service required for Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2016, 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 \$4,983 for the fiscal year ended September 30, 2016.

**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, 2016:

	<b>Balance October 1, 2015</b>	<b>Additions</b>	<b>(Deletions)</b>	<b>Balance September 30, 2016</b>
Accrued Compensated Absences	\$ 114,938	\$ 110,163	\$ (133,615)	\$ 91,486
Net Pension Liabilities	1,138,095	765,112	0	1,903,207
Other Postemployment Benefits	341,448	19,953	0	361,401
<b>Total Long-term Debt</b>	<b>\$ 1,594,481</b>	<b>\$ 895,228</b>	<b>\$ (133,615)</b>	<b>\$ 2,356,094</b>

**NASSAU COUNTY PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
(Concluded)**

**Note 4 - Changes in Long-term Debt (Concluded)**

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 OPEB plan is a single-employer benefit plan administered by the County. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. GASB Statement No. 45 calls this the "implicit rate subsidy."

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" of \$547.92**

<b>Years of Service With Nassau County</b>	<b>Hired Before 10/1/05</b>	<b>Hired on or After 10/1/05</b>
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 20 active employees and eight 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, 2016, totaled \$361,401. 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 AUDITORS' 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, 2016, and the related notes to the financial statements and have issued our report thereon dated March 13, 2017.

**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.

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The Honorable A. Michael Hickox  
Nassau County Property Appraiser  
Nassau County, Florida

**INDEPENDENT AUDITORS' 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*  
(Concluded)**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 13, 2017  
Gainesville, Florida

**INDEPENDENT ACCOUNTANTS' 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, 2016, 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 and, accordingly, included examining, on a test basis, evidence about the Property Appraiser'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 Property Appraiser'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, 2016.

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.

*Purvis, Gray and Company, LLP*

March 13, 2017  
Gainesville, Florida

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## MANAGEMENT LETTER

The Honorable A. Michael Hickox  
Nassau County Property Appraiser  
Nassau County, Florida

### Report on the Financial Statements

We have audited the financial statements of the general fund of the Nassau County, Florida, Property Appraiser (the Property Appraiser), as of and for the year ended September 30, 2016, and have issued our report thereon dated March 13, 2017.

### Auditors' Responsibility

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

### Other Reports

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with AICPA *Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 13, 2017, 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 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.

### Other Matters

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

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The Honorable A. Michael Hickox  
Nassau County Property Appraiser  
Nassau County, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

**Other Matters (Concluded)**

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with the 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 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 13, 2017  
Gainesville, Florida



**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORTS**

**NASSAU COUNTY SUPERVISOR OF ELECTIONS  
NASSAU COUNTY, FLORIDA**

**SEPTEMBER 30, 2016**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORTS**

**NASSAU COUNTY SUPERVISOR OF ELECTIONS  
NASSAU COUNTY, FLORIDA**

**SEPTEMBER 30, 2016**

**TABLE OF CONTENTS**

<b>Independent Auditors' Report .....</b>	<b>1-2</b>
<b>Financial Statements</b>	
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
<b>Other Reports</b>	
Independent Auditors' 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 Accountants' Report on Compliance with Section 218.415, Florida Statutes.....	17
Management Letter .....	18-19

## INDEPENDENT AUDITORS' 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, 2016, 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.

### Auditors' 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 auditors' 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.

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

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The Honorable Vicki P. Cannon  
Nassau County Supervisor of Elections  
Nassau County, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

**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, 2016, 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, 2016, 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 13, 2017  
Gainesville, Florida

## **FINANCIAL STATEMENTS**

**NASSAU COUNTY SUPERVISOR OF ELECTIONS  
BALANCE SHEET  
GENERAL FUND  
SEPTEMBER 30, 2016**

**Assets**

Cash in Bank	\$ 127,355
Prepaid Expenses	177
<b>Total Assets</b>	<u>127,532</u>

**Liabilities and Fund Balance**

**Liabilities**

Accounts Payable	51,885
Due to the Board of County Commissioners	75,647
<b>Total Liabilities</b>	<u>127,532</u>

<b>Fund Balance</b>	<u>0</u>
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<b>Total Liabilities and Fund Balance</b>	<u>\$ 127,532</u>
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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, 2016**

<b>Revenues</b>	
Intergovernmental	\$ 33,819
Charges for Services	1,185
Miscellaneous	3,084
<b>Total Revenues</b>	<u>38,088</u>
<b>Expenditures</b>	
Current:	
General Government:	
Personal Services	816,596
Operating Expenditures	532,908
Capital Outlay	204,007
<b>(Total Expenditures)</b>	<u>(1,553,511)</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(1,515,423)</u>
<b>Other Financing Sources (Uses)</b>	
Transfers in from Board of County Commissioners	1,544,985
Transfers in from Constitutional Officers	18,000
Transfers (out) to Board of County Commissioners	(29,562)
Transfers (out) to Constitutional Officers	(18,000)
<b>Total Other Financing Sources (Uses)</b>	<u>1,515,423</u>
<b>Net Change in Fund Balance</b>	0
<b>Fund Balance, Beginning of Year</b>	<u>0</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 0</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, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Intergovernmental	\$ 0	\$ 33,819	\$ 33,819	\$ 0
Charges for Services	0	0	1,185	1,185
Miscellaneous	0	2	3,084	3,082
<b>Total Revenues</b>	<u>0</u>	<u>33,821</u>	<u>38,088</u>	<u>4,267</u>
<b>Expenditures</b>				
Current:				
General Government:				
Personal Services	999,392	877,535	816,596	60,939
Operating Expenditures	487,393	598,580	532,908	65,672
Capital Outlay	158,200	306,008	204,007	102,001
<b>(Total Expenditures)</b>	<u>(1,644,985)</u>	<u>(1,782,123)</u>	<u>(1,553,511)</u>	<u>228,612</u>
<b>(Deficiency) of Revenues (Under)</b>				
<b>Expenditures</b>	<u>(1,644,985)</u>	<u>(1,748,302)</u>	<u>(1,515,423)</u>	<u>232,879</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in from Board of County Commissioners	1,644,985	1,777,864	1,544,985	(232,879)
Transfers in from Constitutional Officers	18,000	18,000	18,000	0
Transfers (out) to Board of County Commissioners	0	(29,562)	(29,562)	0
Transfers (out) to Constitutional Officers	(18,000)	(18,000)	(18,000)	0
<b>Total Other Financing Sources (Uses)</b>	<u>1,644,985</u>	<u>1,748,302</u>	<u>1,515,423</u>	<u>(232,879)</u>
<b>Net Change in Fund Balance</b>	0	0	0	0
<b>Fund Balance, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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**  
*(Continued)*

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

**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.

**NASSAU COUNTY SUPERVISOR OF ELECTIONS**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

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

**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. Upon separation from the Supervisor of Elections' Office, only those employees making application to draw benefits through the Florida Retirement System will be eligible to receive payment for accrued sick leave up to 90 days which is the maximum allowed at the time of retirement.

**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, 2016, the carrying amount of the Supervisor of Elections' cash balance, as recorded on the Board's records, was \$127,355. 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 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**  
*(Continued)*

**Note 3 - Employee Retirement Plan (Continued)**

**General Information about the Florida Retirement System (FRS) (Continued)**

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 nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The Supervisor of Elections' contributions to the plan for the years ended September 30, 2016, 2015, and 2014, were \$91,005, \$84,422, and \$81,231, 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 countywide 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. 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 SUPERVISOR OF ELECTIONS**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 3 - Employee Retirement Plan (Continued)**

**FRS Pension Plan (Continued)**

*Plan Description. (Concluded)*

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.

<b>Class, Initial Enrollment, and Retirement Age/Years of Service</b>	<b>Percent Value</b>
<b><i>Regular Class Members Initially Enrolled Before July 1, 2011:</i></b>	
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
<b><i>Regular Class Members Initially Enrolled on or After July 1, 2011:</i></b>	
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
<b><i>Elected County Officers</i></b>	<b>3.00</b>
<b><i>Senior Management Service Class</i></b>	<b>2.00</b>

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**  
*(Continued)*

**Note 3 - Employee Retirement Plan (Continued)**

**FRS Pension Plan (Concluded)**

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2015-2016 fiscal year were as follows:

<u>Class</u>	<u>Year Ended June 30, 2016</u> <u>Percent of Gross Salary</u>		<u>Year Ended June 30, 2017</u> <u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
FRS, Regular	3.00	5.56	3.00	5.80
FRS, Elected County Officers	3.00	40.57	3.00	40.75
FRS, Senior Management Service	3.00	19.73	3.00	20.05
DROP – Applicable to Members from All of the Above Classes	0.00	11.22	0.00	11.33
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

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

**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, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2017 and 2016, 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.

**NASSAU COUNTY SUPERVISOR OF ELECTIONS**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 3 - Employee Retirement Plan (Concluded)**

**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.

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 contributions rates that are based on salary and membership class (Regular Class, Elected County Officer, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members' accounts (employer and employee) during the 2015-16 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30
FRS, Elected County Officers	11.34
FRS, Senior Management Service	7.67

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Plan is transferred to the Investment Plan, the member must have the years of service required for Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2016, 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**  
*(Continued)*

**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, 2016:

	<b>Balance October 1, 2015</b>	<b>Additions</b>	<b>(Deletions)</b>	<b>Balance September 30, 2016</b>
Accrued Compensated Absences	\$ 22,186	\$ 20,918	\$ (31,549)	\$ 11,555
Other Postemployment Benefits	<u>121,946</u>	<u>7,126</u>	<u>0</u>	<u>129,072</u>
<b>Total Long-term Debt</b>	<b><u>\$ 144,132</u></b>	<b><u>\$ 28,044</u></b>	<b><u>\$ (31,549)</u></b>	<b><u>\$ 140,627</u></b>

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 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. Governmental Accounting Standard Board Statement No. 45 calls this the "implicit rate subsidy."

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" of \$547.92**

<b>Years of Service With Nassau County</b>	<b>Hired Before 10/1/05</b>	<b>Hired on or After 10/1/05</b>
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**  
*(Concluded)*

**Note 5 - Other Postemployment Benefits (Concluded)**

Currently, the Supervisor of Elections has eight active employees and two 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, 2016, totaled \$129,072. 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 entered into an operating lease agreement with Pitney Bowes in September 2012 for the lease of a mailing system. The lease provides for 20 quarterly payments of \$1,128. The lease is for 60 months and total lease payments of \$4,512 were made during the fiscal year ended September 30, 2016.

The future minimum lease payments for the mailing system are as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Amount</u>
2017	\$ 4,512
2018	<u>2,256</u>
<b>Total</b>	<u><u>\$ 6,768</u></u>

## **OTHER REPORTS**

**INDEPENDENT AUDITORS' 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, 2016, and the related notes to the financial statements and have issued our report thereon dated March 13, 2017.

**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**

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

The Honorable Vicki P. Cannon  
Nassau County Supervisor of Elections  
Nassau County, Florida

**INDEPENDENT AUDITORS' 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*  
(Concluded)**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 13, 2017  
Gainesville, Florida

**INDEPENDENT ACCOUNTANTS' 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, 2016, 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 and, accordingly, included examining, on a test basis, evidence about the Supervision of Elections' 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 Supervision of Elections' 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, 2016.

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.

*Purvis, Gray and Company, LLP*

March 13, 2017  
Gainesville, Florida

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## 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, 2016, and have issued our report thereon dated March 13, 2017.

### Auditors' Responsibility

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

### Other Reports

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with AICPA *Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 13, 2017, 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.

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The Honorable Vicki P. Cannon  
Nassau County Supervisor of Elections  
Nassau County, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

**Other Matters**


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

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with the 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 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 13, 2017  
Gainesville, Florida