

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS**

NASSAU COUNTY, FLORIDA

SEPTEMBER 30, 2018

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TABLE OF CONTENTS

INTRODUCTORY SECTION

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

Independent Auditors' Report	2-4
---	------------

Management's Discussion and Analysis.....	5-15
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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 Fund.....	24
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	25
Statement of Cash Flows - Proprietary Fund.....	26-27
Statement of Fiduciary Net Position - Agency Funds	28

Notes to Financial Statements.....	29-63
---	--------------

Required Supplementary Information

Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
General Fund	64
County Transportation Fund	65
Municipal Services Fund.....	66
Note to Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual.....	67
Schedule of Changes in Total OPEB Liability and Related Ratios.....	68
Schedule of the County's Proportionate Share of the Net Pension Liability	69
Schedule of the County's Contributions.....	70

**FINANCIAL STATEMENTS
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NASSAU COUNTY, FLORIDA

SEPTEMBER 30, 2018

TABLE OF CONTENTS
(Concluded)

Other Information

Schedule of Expenditures of Federal Awards and State Financial Assistance.....	71-72
Note to Schedule of Expenditures of Federal Awards and State Financial Assistance.....	73
Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and in Accordance with Chapter 10.550, <i>Rules of the Auditor General</i>	74-75
Schedule of Findings and Questioned Costs – Federal Awards and State Financial Assistance.....	76
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>	77-78
Independent Accountants' Report on Compliance with Section 218.415, Florida Statutes.....	79
Independent Accountants' Report on Compliance with Section 365.172(10) and Section 365.173(2)(d), Florida Statutes.....	80
Management Letter.....	81-82

INTRODUCTORY SECTION

NASSAU COUNTY, FLORIDA
LIST OF ELECTED AND APPOINTED OFFICIALS

Serving as of September 30, 2018

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

County Manager, Interim	Michael Mullin
County Attorney	Michael Mullin

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, 2018, 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 financial statement presentation.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of September 30, 2018, 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.

Certified Public Accountants

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Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872
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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

INDEPENDENT AUDITORS' REPORT
(Continued)

Emphasis of Matter

As discussed in Note 19 to the financial statements, during the current year, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for Other Post-employment Benefits (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 of resources, deferred inflows of resources, and expenses. In connection with the implementation of this statement, the County decreased its beginning net position in the governmental activities and the business-type activities by \$13,077,475 and \$124,717, respectively. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Matters (Concluded)

Other Information (Concluded)

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 them.

Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 13, 2019, 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.

Purvis, Gray and Company, LLP

March 13, 2019
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, 2018. 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 2018 by \$396,228,029 (net position). The net position included governmental activities of \$384,139,408 and business-type activities of \$12,088,621. The County's net position on 9/30/17 was restated to implement GASB 75, which reports Postemployment Benefits Other than Pensions. Prior period adjustments included \$(13,077,475) for governmental activities and \$(124,717) for business-type activities.
- The County had a deficit of revenues to expenses of \$6,877,998 for the fiscal year, compared to a deficit of \$9,968,627 in the prior year. General revenues increased by \$7,993,440, including a \$4,494,226 increase in property tax revenue, a \$1,304,515 increase in sales tax revenue, and a \$1,219,592 increase in miscellaneous earnings. The year-to-year deficit in program revenues, net of expenses, increased from \$91,257,987 in the prior year to \$96,160,798 in fiscal year 2018, due primarily to an \$8,337,441 increase in program expenses. The increase included a \$3,832,568 increase in public safety expenses and a \$3,441,430 increase in general government expenses.
- The General Fund reported a deficit of revenues to expenditures of \$7,216,033 which was partially offset by a \$5,955,488 excess of transfers in over transfers out, and sale of capital asset proceeds of \$14,677, resulting in a \$1,245,868 decrease in fund balance for the fiscal year.
- The Water & Sewer proprietary fund reported a change in net position of \$1,583,663 in fiscal year 2018. This increase is similar to a change in net position of \$1,614,854 in the prior fiscal year.
- Outstanding long-term bonded debt as of September 30, 2018, was \$39,020,288, a reduction of \$3,869,773 from the prior year. Of this amount, \$2,614,090 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	8
Special Revenue Funds	<u>36</u>
Total Governmental Funds	48
Total Proprietary Funds	1
Total Agency Funds	12

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 consist of the water and sewer utilities.

The government-wide financial statements include not only the County itself (known as the primary government), but also the following legally separate component units: Nassau County Housing Finance Authority and Recreation and Water Conservation and Control District No. 1. These component units had no revenues or expenditures during the fiscal year ended September 30, 2018; 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-eight (48) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, County Transportation Fund, Municipal Services Fund, and Capital Projects Transportation Fund, which are considered to be major funds. Data from the other forty-four (44) governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

Notes to the Financial Statements

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

Other Information

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$396,228,029 at the close of the fiscal year ended September 30, 2018.

At the end of the fiscal year 2018, the County is able to report a positive balance in net position for its governmental activities of \$384,139,408 as well as a positive balance in net position for its business type activities of \$12,088,621.

Management's Discussion and Analysis

(Continued)

Government-wide Financial Analysis (Concluded)

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 91,926,153	\$ 83,663,540	\$ 9,570,278	\$ 8,881,111	\$ 101,496,431	\$ 92,544,651
Capital Assets	421,408,307	434,292,674	13,926,791	13,891,928	435,335,098	448,184,602
Total Assets	513,334,460	517,956,214	23,497,069	22,773,039	536,831,529	540,729,253
Deferred Outflow of Resources	30,501,930	30,576,170	654,442	716,918	31,156,372	31,293,088
Outstanding Obligations	139,672,158	129,866,244	11,576,335	12,556,026	151,248,493	142,422,270
Other Liabilities	11,549,913	8,988,175	410,591	275,808	11,960,504	9,263,983
Total Liabilities	151,222,071	138,854,419	11,986,926	12,831,834	163,208,997	151,686,253
Deferred Inflows of Resources	8,474,911	3,999,421	75,964	28,448	8,550,875	4,027,869
Net Position:						
Net Investment in Capital Assets	392,268,092	401,684,770	3,625,686	2,680,713	395,893,778	404,365,483
Restricted	39,230,648	29,223,327	805,948	781,285	40,036,596	30,004,612
Unrestricted	(47,359,332)	(25,229,553)	7,656,987	7,167,677	(39,702,345)	(18,061,876)
Total Net Position	\$ 384,139,408	\$ 405,678,544	\$ 12,088,621	\$ 10,629,675	\$ 396,228,029	\$ 416,308,219

As of the end of fiscal year 2018, the County's total net position of \$396,228,029 includes \$395,893,778 (99.9%) 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, \$40,036,596 (10.1%), represents resources that are subject to external restriction on how they may be used. On September 30, 2018, the County had a net pension liability for its participation in the Florida Retirement System of \$66.7 million, a net OPEB obligation of \$23.9 million, and a landfill postclosure liability of \$13.8 million, which contributed to an unrestricted net position of \$(39,819,677).

Governmental Activities

Fiscal year 2018 Governmental Activities reduced the County's net position by \$8,461,661 to \$384,139,408. Governmental Activities expenses exceeded revenues by \$8,527,058 in fiscal year 2018 compared to a prior year excess of Governmental Activities expenses to revenues of \$11,647,361. Factors contributing to this year-over-year change include an \$8,082,778 increase in General Revenues, which was offset by an \$8,112,042 increase in Governmental Program Expenses and a \$3,149,567 increase in Program Revenues.

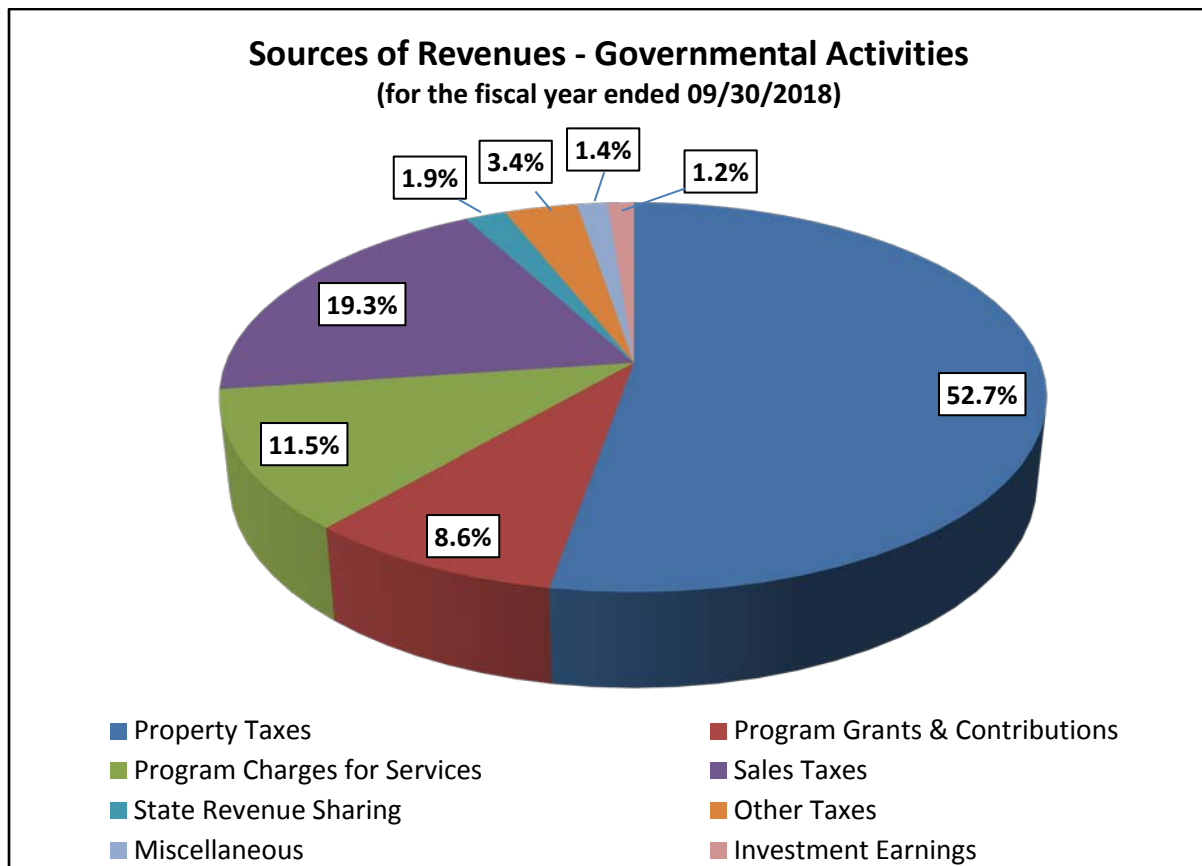
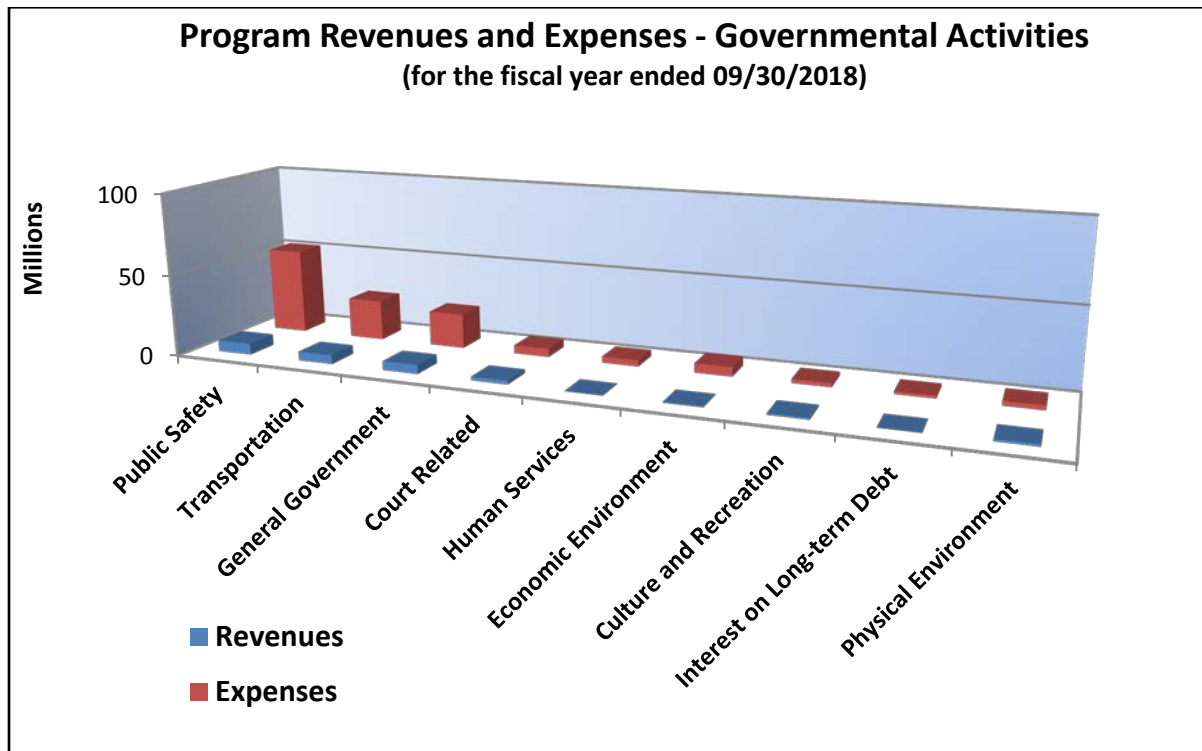
Management's Discussion and Analysis

(Continued)

Nassau County, Florida Changes in Net Position

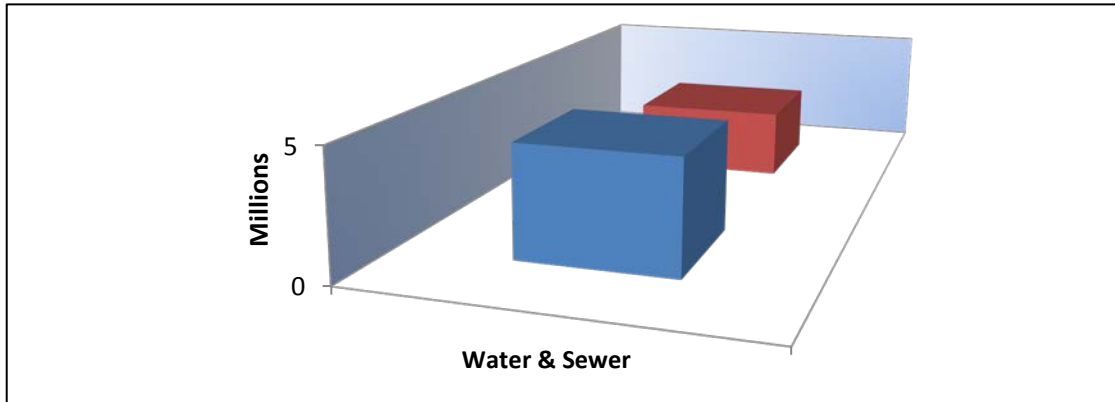
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for Services	\$ 12,823,502	\$ 12,966,986	\$ 4,409,844	\$ 4,124,781	\$ 17,233,346	\$ 17,091,767
Operating Grants and Contributions	6,158,450	4,787,834	0	0	6,158,450	4,787,834
Capital Grants and Contributions	3,444,900	1,522,465	0	0	3,444,900	1,522,465
General Revenues:						
Property Taxes	58,902,841	54,408,615	0	0	58,902,841	54,408,615
Other Taxes	27,404,763	25,752,773	0	0	27,404,763	25,752,773
Other Revenues	2,944,327	1,007,765	30,869	120,207	2,975,196	1,127,972
Total Revenues	111,678,783	100,446,438	4,440,713	4,244,988	116,119,496	104,691,426
Expenses						
General Government	21,332,859	17,891,429	0	0	21,332,859	17,891,429
Court Related	5,103,448	4,384,594	0	0	5,103,448	4,384,594
Public Safety	52,574,891	48,742,323	0	0	52,574,891	48,742,323
Physical Environment	2,821,298	4,272,679	0	0	2,821,298	4,272,679
Transportation	24,697,022	23,330,315	0	0	24,697,022	23,330,315
Economic Environment	5,697,549	5,548,946	0	0	5,697,549	5,548,946
Human Services	3,862,051	3,807,519	0	0	3,862,051	3,807,519
Culture/Recreation	2,443,680	2,390,220	0	0	2,443,680	2,390,220
Interest on Long-term Debt	1,673,043	1,725,774	0	0	1,673,043	1,725,774
Water and Sewer	0	0	2,791,653	2,566,254	2,791,653	2,566,254
Total Expenses	120,205,841	112,093,799	2,791,653	2,566,254	122,997,494	114,660,053
Excess of Revenue Over Expense	(8,527,058)	(11,647,361)	1,649,060	1,678,734	(6,877,998)	(9,968,627)
Add: Contributions	0	0	0	0	0	0
Add: Transfers	65,397	(10,740,181)	(65,397)	10,740,181	0	0
Change in Net Position	(8,461,661)	(22,387,542)	1,583,663	12,418,915	(6,877,998)	(9,968,627)
Net Position-						
Beginning of Year	405,678,544	428,066,086	10,629,675	(1,789,240)	416,308,219	426,276,846
Prior Period Adjustments	(13,077,475)	0	(124,717)	0	(13,202,192)	0
Net Position Beg of Yr-Restated	392,601,069	428,066,086	10,504,958	(1,789,240)	403,106,027	426,276,846
Net Position-End of Year	\$ 384,139,408	\$ 405,678,544	\$ 12,088,621	\$ 10,629,675	\$ 396,228,029	\$ 416,308,219

Management's Discussion and Analysis (Continued)



Management's Discussion and Analysis (Continued)

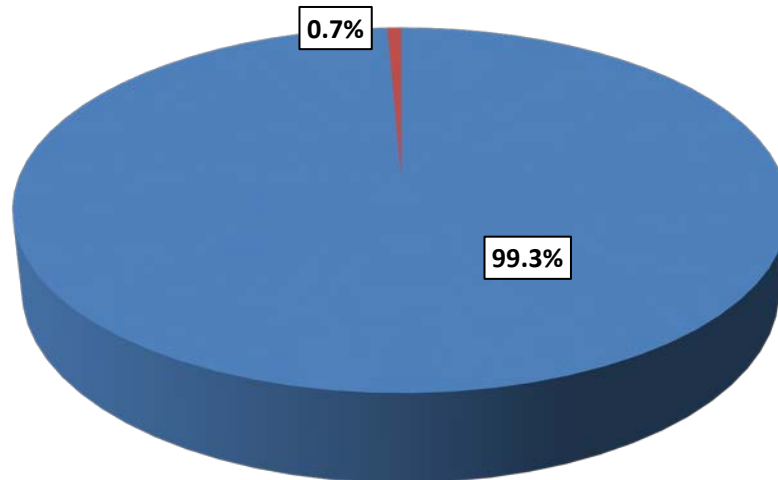
Program Revenues and Expenses - Business-type Activities (for the fiscal year ended 09/30/2018)



■ Revenues

■ Expenses

Sources of Revenues - Business-type Activities (for the fiscal year ended 09/30/2018)



Water & Sewer

■ Program Charges for Services

■ 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 2018, the County's governmental funds reported combined ending fund balances of \$75,984,191. This represents an increase of \$3,657,258 from the adjusted balance of the prior year. A portion of fund balance in the amount of \$25,693,846 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 \$50,290,345 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 2018, the general fund had a total fund balance of \$17,298,375, a decrease of \$1,245,868 from the prior year. General fund revenues increased by \$4,935,260, when compared to the prior fiscal year, due primarily to a \$4,245,732 increase in tax revenue. Expenditures in the general fund increased year to year by \$7,011,316. Major components of this increase included a \$5,080,253 increase in public safety expenditures and a \$1,437,052 increase in general government expenditures. Transfers into the general fund of \$8,631,228, primarily from the one cent and municipal services funds, partially offset the revenue shortfall. A majority of the fund balance in the amount of \$15,374,110 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 \$1,924,265 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 18.4% of the total General Fund expenditures. Total fund balance represents 26.3% of that same amount.

At the end of fiscal year 2018, the transportation fund had a fund balance of \$5,569,699, an increase of \$390,180 when compared to the prior year fund balance. The increase was due primarily to a \$217,529 surplus of revenues to expenditures.

The municipal services fund had a total fund balance of \$4,881,700 at the end of fiscal year 2018. The net increase in fund balance of \$1,465,954, was due to a \$402,242 excess of revenues to expenditures as well as a contribution of \$1,063,712 from other financing sources.

The one-cent surtax fund was closed in fiscal year 2018 and the funds were transferred to the general fund. Future one-cent surtax revenues will be deposited directly into the general fund.

The capital projects transportation fund had a fund balance of \$11,565,184 at the end of the fiscal year, an increase of \$546,924 as compared to the prior year ending balance. Revenues were down \$632,655 when compared to the prior year, and expenditures increased by \$1,967,043, while transfers in increased by \$403,337. During the year, the County's road and bridge projects included Nassau Oaks improvements, multiple drainage repairs, and resurfacing on 28 County roads.

Management's Discussion and Analysis (Continued)

Analysis of the County's Fund Financials (Concluded)

The County's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The water and sewer fund is reported as a major enterprise fund. The fund's \$355,936 increase in unrestricted net position was largely due to operating income of \$1,924,669 and an increase in net position of \$1,583,663 in fiscal year 2018. Operating income in fiscal year 2018 of \$1,924,669 was down slightly from prior year operating income of \$1,969,878. Unrestricted net position of the water and sewer fund at the end of the fiscal year amounted to:

<u>Fund</u>	<u>Unrestricted Net Position</u>	
	<u>2018</u>	<u>2017</u>
Water and Sewer	\$ 7,656,987	\$ 7,301,051

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 2018, supplemental appropriations to the General Fund (Board only) budget were approximately \$1.8 million, or 2.3% of the original adopted budget.

- The major source of supplemental revenue was \$964,609 in adjustments for unanticipated cash forward. Other supplemental General Fund revenues include grants and donations of \$177,526, and \$595,935 of balance transferred to close out the One-Cent Fund.
- In addition to the One-Cent fund balance transfer, major appropriations of the supplemental revenue include \$374,987 to Public Safety Training and \$811,227 to Reserves.

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, 2018, amounted to \$435,335,098 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and construction in progress. Additional information on Nassau County's capital assets can be found in Note 5 in Notes to Financial Statements.

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

- Completed Thomas Creek Road resurfacing project with a budget of \$758,946
- Completed Nassau Amelia Utilities headworks and piping project with a budget of \$891,050
- Purchased vehicles totaling \$1,353,701 in fiscal year 2018 under fleet replacement plan
- Continued Phase 2 of Nassau County Public Works facility with a project budget of \$245,000
- Completed Andrews Road resurfacing project with a budget of \$578,267
- Completed Nassau Oaks improvements with a total cost of \$493,154
- Completed shoulder repairs to Middle Road & Griffin Road with a project budget of \$245,600

Capital Assets						
	Governmental Activities		Business-type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	77,738,403	76,764,927	167,966	167,966	77,906,369	76,932,893
Construction Work in Progress	4,433,206	2,599,819	16,303	16,303	4,449,509	2,616,122
Buildings & Improvements	46,793,655	46,622,935	486,053	557,920	47,279,708	47,180,855
Machinery & Equipment	15,063,560	15,370,320	13,256,469	13,149,739	28,320,029	28,520,059
Improvements Other than Bldg	955,423	412,126	-	-	955,423	412,126
Infrastructure	276,424,060	292,522,547	-	-	276,424,060	292,522,547
Total	<u>421,408,307</u>	<u>434,292,674</u>	<u>13,926,791</u>	<u>13,891,928</u>	<u>435,335,098</u>	<u>448,184,602</u>

Management's Discussion and Analysis

(Concluded)

Long-term Obligations

At the end of the fiscal year, the County had total outstanding bonds, notes, and other long term obligations, including net pension liability, and other post-employment benefits in the amount of \$151,248,415. The revenue bonds are collateralized by specific revenue sources while the remainder of the debt utilizes a covenant to budget and appropriate to pledge payment of the debt.

The County's outstanding obligations decreased by \$5,254,755 (3.4%, in fiscal year 2018). Reductions in obligations included \$3,869,773 in revenue bonds, \$670,248 in capital leases payable, \$315,369 in net pension liability, and \$280,429 in landfill closure/postclosure. Additional information on Nassau County's outstanding debt can be found in Note 8 in Notes to Financial Statements.

	Long-term Obligations	
	2018	2017
Governmental Activities		
Revenue Bonds	\$ 28,270,288	\$ 31,185,061
Compensated Absences	6,943,098	6,906,072
Capital Lease Payable	752,595	1,422,843
Other Post Employment Benefits *	23,714,083	23,871,683
Landfill Closure/Postclosures	13,754,714	14,035,143
Net Pension Liability	66,237,380	66,521,283
Total Gov't Activities	<u>139,672,158</u>	<u>143,942,085</u>
Business-type Activities		
Revenue Bonds, Net	10,750,000	11,705,000
Compensated Absences	146,160	143,019
Other Post Employment Benefits*	226,156	227,659
Net Pension Liability	453,941	485,407
Total Business-type Activities	<u>11,576,257</u>	<u>12,561,085</u>
Total Outstanding Liabilities	<u><u>\$ 151,248,415</u></u>	<u><u>\$ 156,503,170</u></u>

* Implementation of GASB 75 resulted in a restatement of 09/30/17 ending balance.

Request for Information

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

BASIC FINANCIAL STATEMENTS

NASSAU COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 28,122,909	\$ 4,097,385	\$ 32,220,294
Equity in Pooled Investments	54,637,371	4,034,809	58,672,180
Accounts Receivable, Net	1,015,536	418,218	1,433,754
Internal Balances	28,154	(28,154)	0
Loans Receivable, Net	61,577	0	61,577
Due from Other Governments	6,368,832	0	6,368,832
Inventories	266,156	58,847	325,003
Prepaid Items	1,418,618	41,365	1,459,983
Deposits	7,000	0	7,000
Cash and Cash Equivalents - Restricted	0	947,808	947,808
Capital Assets:			
Nondepreciable	82,171,609	184,269	82,355,878
Depreciable, Net	339,236,698	13,742,522	352,979,220
Total Assets	513,334,460	23,497,069	536,831,529
Deferred Outflow of Resources			
Unamortized Refunding Loss	0	448,895	448,895
Pension Related	29,406,307	195,098	29,601,405
OPEB Related	1,095,623	10,449	1,106,072
Total Deferred Outflow of Resources	30,501,930	654,442	31,156,372
Liabilities			
Accounts Payable	7,805,106	273,234	8,078,340
Other Current Liabilities	1,709,711	0	1,709,711
Retainage Payable	117,332	0	117,332
Due to Other Governments	1,180,051	78	1,180,129
Unearned Revenue	78,156	0	78,156
Deposits	204,869	137,357	342,226
Accrued Interest Payable	454,688	0	454,688
Noncurrent Liabilities:			
Due Within One Year	6,447,362	1,069,688	7,517,050
Due in More Than One Year	133,224,796	10,506,569	143,731,365
Total Liabilities	151,222,071	11,986,926	163,208,997
Deferred Inflows of Resources			
Pension Related	7,712,619	68,694	7,781,313
OPEB Related	762,292	7,270	769,562
Total Deferred Inflow of Resources	8,474,911	75,964	8,550,875
Net Position			
Net Investment in Capital Assets	392,268,092	3,625,686	395,893,778
Restricted for:			
Utility System Improvements	0	208,124	208,124
Debt Service	1,496,681	597,824	2,094,505
Impact Fees	8,044,287	0	8,044,287
Mobility Fees	4,035,164	0	4,035,164
Capital Projects	3,185	0	3,185
Court Facilities	1,962,707	0	1,962,707
Tourist Development	5,720,518	0	5,720,518
Building Department	5,789,363	0	5,789,363
Grants and Other Purposes	12,178,743	0	12,178,743
Unrestricted	(47,359,332)	7,656,987	(39,702,345)
Total Net Position	\$ 384,139,408	\$ 12,088,621	\$ 396,228,029

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, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities:							
General Government	\$ 21,332,859	\$ 5,278,023	\$ 120,636	\$ 77,341	\$ (15,856,859)	\$ 0	\$ (15,856,859)
Court-related	5,103,448	2,084,473	214,373	0	(2,804,602)	0	(2,804,602)
Public Safety	52,574,891	2,425,429	3,168,011	1,177,717	(45,803,734)	0	(45,803,734)
Physical Environment	2,821,298	766,294	268,689	202,380	(1,583,935)	0	(1,583,935)
Transportation	24,697,022	1,549,768	1,943,140	1,915,441	(19,288,673)	0	(19,288,673)
Economic Environment	5,697,549	0	365,383	0	(5,332,166)	0	(5,332,166)
Human Services	3,862,051	47,944	3,500	0	(3,810,607)	0	(3,810,607)
Culture and Recreation	2,443,680	671,571	74,718	72,021	(1,625,370)	0	(1,625,370)
Interest on Long-term Debt	1,673,043	0	0	0	(1,673,043)	0	(1,673,043)
Total Governmental Activities	120,205,841	12,823,502	6,158,450	3,444,900	(97,778,989)	0	(97,778,989)
Business-type Activities:							
Water and Sewer	2,791,653	4,409,844	0	0	0	1,618,191	1,618,191
Total Business-type Activities	2,791,653	4,409,844	0	0	0	1,618,191	1,618,191
Total Primary Government	\$ 122,997,494	\$ 17,233,346	\$ 6,158,450	\$ 3,444,900	(97,778,989)	1,618,191	(96,160,798)
General Revenues							
Property Taxes					58,902,841	0	58,902,841
Sales Taxes					21,544,624	0	21,544,624
State Revenue Sharing					2,094,407	0	2,094,407
Fuel Taxes					2,874,657	0	2,874,657
Pari-Mutuel Tax					198,250	0	198,250
Utility Services Taxes					692,825	0	692,825
Investment Earnings					1,361,918	30,869	1,392,787
Miscellaneous					1,582,409	0	1,582,409
Transfers					65,397	(65,397)	0
Total General Revenues and Transfers					89,317,328	(34,528)	89,282,800
Change in Net Position					(8,461,661)	1,583,663	(6,877,998)
Net Position Beginning of Year					405,678,544	10,629,675	416,308,219
Prior Period Adjustments					(13,077,475)	(124,717)	(13,202,192)
Net Position Beginning of Year (As Restated)					392,601,069	10,504,958	403,106,027
Net Position End of Year					\$ 384,139,408	\$ 12,088,621	\$ 396,228,029

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

NASSAU COUNTY, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	General Fund	County Transportation Fund	Municipal Services Fund
Assets			
Cash and Cash Equivalents	\$ 3,523,564	\$ 96,320	\$ 772,919
Equity in Pooled Investments	15,862,432	6,260,741	3,788,945
Accounts Receivable (Net of Allowance for Uncollectibles)	959,774	39,055	762
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	0
Due from Other Funds	1,019,441	59,189	61,799
Due from Other Governments	3,255,026	353,033	58,075
Inventories	200,007	66,149	0
Prepaid Expenditures	565,285	2,350	839,620
Deposits	6,105	895	0
Total Assets	25,391,634	6,877,732	5,522,120
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	3,507,930	1,107,488	285,344
Accrued Liabilities	1,577,322	0	0
Retainage Payable	20,918	33,967	0
Due to Other Funds	129,038	154,332	348,817
Due to Other Governments	246,065	119	3,338
Unearned Revenues	78,156	0	0
Deposits	26,828	10,440	0
Total Liabilities	5,586,257	1,306,346	637,499
Deferred Inflows of Resources	2,507,002	1,687	2,921
Fund Balances			
Nonspendable	773,402	89,871	839,819
Restricted	1,150,863	0	5,083
Committed	0	0	0
Assigned	3,267,249	5,479,828	4,036,798
Unassigned	12,106,861	0	0
Total Fund Balances	17,298,375	5,569,699	4,881,700
Total Liabilities and Fund Balances	\$ 25,391,634	\$ 6,877,732	\$ 5,522,120

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

Capital Projects - Transportation Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 5,161,639	\$ 18,568,467	\$ 28,122,909
8,448,727	20,276,526	54,637,371
0	15,945	1,015,536
0	61,577	61,577
0	28,034	1,168,463
2,221,263	481,435	6,368,832
0	0	266,156
0	11,363	1,418,618
0	0	7,000
<u>15,831,629</u>	<u>39,443,347</u>	<u>93,066,462</u>
1,982,735	921,609	7,805,106
0	132,389	1,709,711
62,447	0	117,332
0	508,122	1,140,309
0	930,529	1,180,051
0	0	78,156
0	167,601	204,869
<u>2,045,182</u>	<u>2,660,250</u>	<u>12,235,534</u>
<u>2,221,263</u>	<u>113,864</u>	<u>4,846,737</u>
0	11,363	1,714,455
0	33,227,965	34,383,911
11,565,184	2,626,795	14,191,979
0	803,110	13,586,985
0	0	12,106,861
<u>11,565,184</u>	<u>36,669,233</u>	<u>75,984,191</u>
<u>\$ 15,831,629</u>	<u>\$ 39,443,347</u>	<u>\$ 93,066,462</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, 2018

Total Fund Balances of Governmental Funds \$ 75,984,191

**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	\$ 834,899,082	
(Less: Accumulated Depreciation)	<u>(413,490,775)</u>	
		421,408,307

Certain receivables do not provide current financial resources and, therefore, are reported as deferred inflows of resources in the funds.	4,846,737
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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	29,406,307	
Deferred Outflows Related to OPEB	1,095,623	
Deferred Inflows Related to Pensions	(7,712,619)	
Deferred Inflows Related to OPEB	<u>(762,292)</u>	
		22,027,019

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	(27,305,060)	
Premium on Bonds Payable	(965,228)	
Capital Leases Payable	(752,595)	
Compensated Absences	(6,943,098)	
Accrued Interest Payable	(454,688)	
Postclosure Landfill Liability	(13,754,714)	
Net OPEB Obligation	(23,714,083)	
Net Pension Liability	<u>(66,237,380)</u>	
		<u>(140,126,846)</u>

Total Net Position of Governmental Activities	<u>\$ 384,139,408</u>
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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, 2018

	General Fund	County Transportation Fund	Municipal Services Fund
Revenues			
Taxes	\$ 45,813,311	\$ 5,947,364	\$ 9,739,887
Licenses and Permits	43,347	8,777	179,584
Intergovernmental Revenues	7,424,595	1,602,416	780,936
Charges for Services	4,208,475	2,645	198,958
Fines and Forfeitures	47,381	2,046	35,086
Interest Earnings	454,899	124,272	94,939
Miscellaneous	474,099	118,908	8,278
Total Revenues	<u>58,466,107</u>	<u>7,806,428</u>	<u>11,037,668</u>
Expenditures			
Current:			
General Government Services	16,814,310	0	1,294,689
Public Safety	35,203,055	0	7,431,660
Physical Environment	1,781,942	0	0
Transportation	0	6,735,894	2,814
Economic Environment	225,257	0	0
Human Services	2,620,557	0	1,002,761
Culture and Recreation	1,894,597	0	0
Court-related Expenditures	1,891,693	0	0
Capital Outlay	4,567,126	853,005	903,502
Debt Service:			
Principal Retirement	670,248	0	0
Interest and Fiscal Charges	13,355	0	0
(Total Expenditures)	<u>65,682,140</u>	<u>7,588,899</u>	<u>10,635,426</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(7,216,033)</u>	<u>217,529</u>	<u>402,242</u>
Other Financing Sources (Uses)			
Transfers in	8,631,228	2,623,466	4,125,081
Transfers (out)	(2,675,740)	(2,468,678)	(3,064,869)
Sale of General Capital Assets	14,677	17,863	3,500
Total Other Financing Sources (Uses)	<u>5,970,165</u>	<u>172,651</u>	<u>1,063,712</u>
Net Change in Fund Balances	(1,245,868)	390,180	1,465,954
Fund Balances at Beginning of Year	<u>18,544,243</u>	<u>5,179,519</u>	<u>3,415,746</u>
Fund Balances at End of Year	<u><u>\$ 17,298,375</u></u>	<u><u>\$ 5,569,699</u></u>	<u><u>\$ 4,881,700</u></u>

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

Capital Projects - Transportation Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 0	\$ 17,329,540	\$ 78,830,102
0	6,247,660	6,479,368
349,041	3,511,711	13,668,699
0	2,067,020	6,477,098
0	538,864	623,377
173,525	514,283	1,361,918
0	460,558	1,061,843
<u>522,566</u>	<u>30,669,636</u>	<u>108,502,405</u>
0	1,062,287	19,171,286
0	1,470,304	44,105,019
0	784,636	2,566,578
1,995,600	37,760	8,772,068
0	5,471,675	5,696,932
0	124,809	3,748,127
0	26,616	1,921,213
0	1,972,410	3,864,103
2,516,967	1,211,201	10,051,801
0	2,610,891	3,281,139
0	1,758,311	1,771,666
<u>4,512,567</u>	<u>16,530,900</u>	<u>104,949,932</u>
<u>(3,990,001)</u>	<u>14,138,736</u>	<u>3,552,473</u>
4,536,925	3,127,840	23,044,540
0	(14,769,856)	(22,979,143)
0	3,348	39,388
<u>4,536,925</u>	<u>(11,638,668)</u>	<u>104,785</u>
546,924	2,500,068	3,657,258
<u>11,018,260</u>	<u>34,169,165</u>	<u>72,326,933</u>
<u>\$ 11,565,184</u>	<u>\$ 36,669,233</u>	<u>\$ 75,984,191</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, 2018

Net Change in Fund Balances - Total Governmental Funds		\$ 3,657,258
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	\$ 8,739,560	
(Current Year Depreciation)	(22,544,478)	
Contributions of Capital Assets	1,008,946	
(Loss) on Disposal of Capital Assets	<u>(88,395)</u>	
		(12,884,367)
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.		2,128,044
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.		3,510,773
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.		(4,599,161)
The changes in the OPEB liability and OPEB related deferred outflows and inflows of resources result in an adjustment to OPEB expense in the statement of activities, but not in the governmental fund statements.		(616,234)
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	24,375	
Amortization of Premiums	74,248	
Change in Postclosure Liability	280,429	
Change in Accrued Compensated Absences	<u>(37,026)</u>	
		<u>342,026</u>
Change in Net Position - Governmental Activities		<u><u>\$ (8,461,661)</u></u>

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

NASSAU COUNTY, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUND
SEPTEMBER 30, 2018

	Water and Sewer
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 4,097,385
Equity in Pooled Investments	4,034,809
Accounts Receivable, Net	418,218
Due from Other Funds	4,542
Inventories	58,847
Prepaid Expenditures	41,365
Total Current Assets	<u>8,655,166</u>
Noncurrent Assets:	
Cash and Cash Equivalents - Restricted	947,808
Capital Assets (Net of Accumulated Depreciation Where Applicable)	13,926,791
Total Noncurrent Assets	<u>14,874,599</u>
Total Assets	<u>23,529,765</u>
Deferred Outflow of Resources	
Unamortized Refunding Loss	448,895
Pension Related	195,098
OPEB Related	10,449
Total Deferred Outflow of Resources	<u>654,442</u>
Total Assets and Deferred Outflows	<u>24,184,207</u>
Liabilities	
Current Liabilities:	
Accounts Payable	273,234
Due to Other Funds	32,696
Due to Other Governments	78
Deposits	137,357
Bonds Payable	975,000
Compensated Absences	94,688
Total Current Liabilities	<u>1,513,053</u>
Noncurrent Liabilities:	
Compensated Absences	51,472
Other Postemployment Benefits	226,156
Bonds Payable Long-term	9,775,000
Net Pension Liability	453,941
Total Noncurrent Liabilities	<u>10,506,569</u>
Total Liabilities	<u>12,019,622</u>
Deferred Inflow of Resources	
Pension Related	68,694
OPEB Related	7,270
Total Deferred Inflow of Resources	<u>75,964</u>
Total Liabilities and Deferred Inflows	<u>12,095,586</u>
Net Position	
Investment in Capital Assets	3,625,686
Restricted for:	
Debt Service	597,824
Renewal and Replacement	208,124
Unrestricted	7,656,987
Total Net Position	<u><u>\$ 12,088,621</u></u>

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

NASSAU COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Water and Sewer
Operating Revenues	
Charges for Services	\$ 4,180,612
Connection and Impact Fees	123,173
Other Income	106,059
Total Operating Revenues	<u>4,409,844</u>
Operating Expenses	
Contractual Services	12,334
Professional Services	65,224
Salaries and Benefits	870,974
Rentals and Leases	23,616
Repairs and Maintenance	199,666
Gas and Oil	8,567
Materials	1,735
Depreciation	813,989
Other Expenses	489,070
Total Operating Expenses	<u>2,485,175</u>
Operating Income (Loss)	<u>1,924,669</u>
Nonoperating Revenues (Expenses)	
Interest Earnings	30,869
Interest and Other Debt Service Costs	(286,281)
Loss on Disposal of Capital Assets	(20,197)
Total Nonoperating Revenues (Expenses)	<u>(275,609)</u>
Income (Loss) Before Transfers	1,649,060
Transfers (out)	<u>(65,397)</u>
Change in Net Position	<u>1,583,663</u>
Total Net Position, Beginning of Year	10,629,675
Prior Period Adjustments	<u>(124,717)</u>
Net Position, Beginning of Year (as Restated)	<u>10,504,958</u>
Total Net Position, End of Year	<u><u>\$ 12,088,621</u></u>

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

**NASSAU COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Water and Sewer
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 4,511,875
Cash Payments to Vendors for Goods and Services	(790,830)
Cash Payments to Employees	(835,534)
Net Cash Provided by (Used in) Operating Activities	<u>2,885,511</u>
Noncapital Financing Activities	
Transfers to Other Funds	(65,397)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(65,397)</u>
Capital and Related Financing Activities	
Acquisition of Property, Plant, and Equipment	(869,050)
Principal Payments on Bonds	(955,000)
Payment of Interest and Other Debt Costs	(241,391)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(2,065,441)</u>
Investing Activities	
Interest Received	30,869
Purchase of Investments	(23,241)
Net Cash Provided by (Used in) Investing Activities	<u>7,628</u>
Net Increase (Decrease) in Cash and Cash Equivalents	762,301
Cash and Cash Equivalents, Beginning of Year	<u>4,282,892</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 5,045,193</u></u>
<u>Reported in Statement of Net Position as:</u>	
Cash and Cash Equivalents	\$ 4,097,385
Cash and Cash Equivalents - Restricted	947,808
Total	<u><u>\$ 5,045,193</u></u>

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

NASSAU COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Concluded)

	<u>Water and Sewer</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>	
Operating Income (Loss)	\$ 1,924,669
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Depreciation and Amortization	813,989
Changes in Assets - Decrease (Increase):	
Decrease (Increase) in Accounts Receivable	91,439
Decrease (Increase) in Assessments Receivable	
Decrease (Increase) in Due from Other Funds	(1,528)
Decrease (Increase) in Due from Other Governments	
Decrease (Increase) in Inventory	1,384
Decrease (Increase) in Prepaid Expense	108
Decrease (Increase) in Deferred Outflows	17,586
Changes in Liabilities - Increase (Decrease):	
Increase (Decrease) in Accounts Payable	(2,496)
Increase (Decrease) in Due to Other Funds	4,972
Increase (Decrease) in Deposits	7,140
Increase (Decrease) in Compensated Absences	3,141
Increase (Decrease) in Net Pension Liability	(31,466)
Increase (Decrease) in Deferred Inflows	47,516
Increase (Decrease) in Other Postemployment Benefits	9,057
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 2,885,511</u></u>

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, 2018

	Total Agency Funds
Assets	
Cash and Cash Equivalents	\$ 5,704,607
Equity in Pooled Investments	1,005,885
Accounts Receivable	42,115
Due from Other Governments	3,394
Due from Individuals	111,900
Total Assets	6,867,901
Liabilities	
Accounts Payable	55,945
Due to Other Governments	1,276,656
Due to Bond Holders	1,009,771
Deposits	2,078,808
Undistributed Collections	2,446,721
Total Liabilities	\$ 6,867,901

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

NASSAU COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS INDEX

September 30, 2018

<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
E.	Basis of Accounting	32-33
F.	Cash and Cash Equivalents	33
G.	Deposits and Investments	33
H.	Accounts Receivable	34
I.	Interfund Balances	34
J.	Inventories and Prepaid Items	34
K.	Unamortized Refunding Loss	34
L.	Fund Balance	34-35
M.	Net Position	35
N.	Restricted Assets	35
O.	Capital Assets and Long-term Liabilities	36-37
P.	Capitalization of Interest Costs	37
Q.	Deferred Inflows/Outflows of Resources	37
R.	Compensated Absences	38
S.	Other Postemployment Benefits	38
T.	Net Pension Liability	38
U.	Property Taxes	38-39
V.	Recent GASB Standards	39-40
2.	Cash and Investments	40-41
3.	Accounts Receivable	41
4.	Restricted Assets	42
5.	Capital Assets	42-43
6.	Interfund Activity	44
7.	Operating Leases	44-46
8.	Long-term Obligations	46-49
9.	No Commitment Special Assessment Debt	50
10.	Bond Arbitrage Rebate	50
11.	Landfill Postclosure Care Costs	50-51
12.	Retirement Plans	51-56
13.	Deferred Compensation Plan	56
14.	Other Postemployment Benefits (OPEB)	57-59
15.	Fund Balance Classification	60-61
16.	Risk Management	61
17.	Commitments and Contingencies	61-62
18.	Conduit Debt Obligations	62
19.	Restatement	63
20.	Tax Abatement	63

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018. 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, 2018
(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, 2018. 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, 2018
(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 **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.

● **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.

■ **Major Proprietary Funds**

- **Proprietary Funds**—are used to account for operations either: (1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.
- ▶ **The Water and Sewer Fund**—accounts for water and wastewater services provided to approximately 3,300 customers on 4,800 acres located entirely in the County, situated north of the Duval County line and south of the City of Fernandina Beach.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Concluded)

■ **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.

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.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Basis of Accounting (Concluded)

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

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

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

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

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

F. Cash and Cash Equivalents

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

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

G. Deposits and Investments

The County’s investment practices are governed by Section 218.415, Florida Statutes, and County Ordinance 95-144. The County is allowed to invest in: (1) obligations of the United States or its agencies and instrumentalities; (2) other obligations, the principal of and interest on, which are unconditionally guaranteed or insured by the United States; (3) certificates of deposit issued by state or national banks domiciled in Florida that are guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or its successor; (4) interest-bearing demand deposits; (5) fully collateralized direct repurchase agreements, secured by obligations described in subdivisions (1) and (2) above, and pledged with third parties selected or approved by the Board; (6) commercial paper; (7) corporate bonds; (8) derivative securities limited to those types authorized in (1) through (7) above; and (9) the Local Government Surplus Funds Trust Fund (the Florida State Board of Administration).

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

L. Fund Balance (Concluded)

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

M. Net Position

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

N. Restricted Assets

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

O. Capital Assets and Long-term Liabilities

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

■ **Governmental Funds**

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

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

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

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

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

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

■ **Governmental Funds (Concluded)**

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:

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, 2018, 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.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

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 cost-sharing plans, less the amount of the cost-sharing plans' fiduciary net position. The County participates in both the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy Program (HIS) defined benefit plan administered by the Florida Division of Retirement. The County allocated the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense to the funds and functions/activities based on their respective contribution made to the pension plans for that fiscal year.

U. Property Taxes

Real property and tangible personal property are assessed by the Property Appraiser according to the property's just value on January 1st of each year. Section 200.071, Florida Statutes, authorizes the Board to levy ad valorem tax millage against real property and tangible personal property for the County, including dependent districts, not to exceed 10 mills, except for voted levies. The Board shall determine the amount of millage to be levied and shall certify such millage to the Property Appraiser. For the year ended September 30, 2018, 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, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

U. Property Taxes (Concluded)

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

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

V. Recent GASB Standards

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

- Statement No. 83, “*Certain Asset Retirement Obligations (AROs)*.” This Statement addresses accounting and financial reporting for certain AROs. An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This statement is currently under review and the County will consider the impact, if any, upon financial reporting. The provisions of this statement are effective for fiscal years beginning after June 15, 2018.
- Statement No. 87, “*Leases*.” This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. This statement is currently under review and the County will consider the impact, if any, upon financial reporting. The provisions of this statement are effective for fiscal years beginning after December 15, 2019.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

V. Recent GASB Standards (Concluded)

- Statement No. 89, “*Accounting for Interest Cost Incurred Before the End of a Construction Period.*” This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. This statement is currently under review and the County will consider the impact, if any, upon financial reporting. The provisions of this statement are effective for fiscal years beginning after December 15, 2019.

Note 2 - Cash and Investments

Deposits with Financial Institutions

The carrying amount of the County’s deposits with financial institutions was \$38,872,709 and the bank balances were \$39,975,969 at September 30, 2018. Deposits are placed in banks that qualify as public depositories pursuant to the provisions of Chapter 280, Florida Statutes, the *Florida Security for Public Deposits Act*. Qualified public depositories are required by this law to pledge collateral with a market value equal to a percentage of the average daily balance of all public deposits in excess of any federal deposit insurance. In event of default by a qualified public depository, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default, and if necessary a pro rata assessment to the other qualified public depositories in the collateral pool. Therefore, all cash and time deposits held by banks are fully insured and collateralized.

Investments

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

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

Interest Rate Risk—The risk that changes in interest rates will adversely affect the fair value of an investment. The County has a formal investment policy for operating surplus funds that limits investment maturities to twelve months as a means of managing its exposure to fair value losses from increasing interest rates. Investments of bond reserves, construction funds, and other 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.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 2 - Cash and Investments (Concluded)

Investments (Concluded)

Custodial Credit Risk—(Concluded)

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 New West Nassau Landfills. The amounts in these escrow accounts are determined by engineering studies as required by the above rule.

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	\$ 38,872,709
Certificates of Deposit	34,970,532
Money Market Accounts	<u>24,707,533</u>
Total Cash and Investments	<u>\$ 98,550,774</u>

Reported in accompanying financial statements as follows:

	<u>Governmental Funds</u>	<u>Proprietary Fund</u>	<u>Agency Fund</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 28,122,909	\$ 4,097,385	\$ 5,704,607	\$ 37,924,901
Equity in Pooled Investments	54,637,371	4,034,809	1,005,885	59,678,065
Restricted Cash and Cash Equivalents	<u>0</u>	<u>947,808</u>	<u>0</u>	<u>947,808</u>
Total Cash and Investments	<u>\$ 82,760,280</u>	<u>\$ 9,080,002</u>	<u>\$ 6,710,492</u>	<u>\$ 98,550,774</u>

Note 3 - Accounts Receivable

Accounts receivable (net of allowances for uncollectibles) at September 30, 2018, included the following:

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental Funds			
General Fund	\$ 2,659,036	\$ (1,699,262)	\$ 959,774
County Transportation	39,055	0	39,055
Municipal Services	762	0	762
Nonmajor Funds	<u>15,945</u>	<u>0</u>	<u>15,945</u>
Total Governmental Funds	<u>\$ 2,714,798</u>	<u>\$ (1,699,262)</u>	<u>\$ 1,015,536</u>
Business-type Funds			
Water	<u>420,755</u>	<u>(2,537)</u>	<u>418,218</u>
Total Business-type Funds	<u>\$ 420,755</u>	<u>\$ (2,537)</u>	<u>\$ 418,218</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 4 - Restricted Assets

Restricted assets in the proprietary funds at September 30, 2018, 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, 2018, were restricted for the following purposes:

Proprietary Funds

Customer Deposits	\$ 141,860
Renewal and Replacement (Water/Sewer)	208,124
Debt Service	<u>597,824</u>
Total	<u><u>\$ 947,808</u></u>

Note 5 - Capital Assets

Capital asset activity for the year ended September 30, 2018, was as follows:

	<u>Balance</u> <u>10/1/17</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance</u> <u>9/30/18</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 76,764,927	\$ 973,776	\$ (300)	\$ 77,738,403
Construction Work in Progress	<u>2,599,819</u>	<u>4,389,143</u>	<u>(2,555,756)</u>	<u>4,433,206</u>
Total Capital Assets Not Being Depreciated	<u>79,364,746</u>	<u>5,362,919</u>	<u>(2,556,056)</u>	<u>82,171,609</u>
Capital Assets Being Depreciated:				
Building and Improvements	71,274,894	2,029,187	0	73,304,081
Machinery and Equipment	44,935,437	4,269,849	(2,125,869)	47,079,417
Improvements other Than Buildings	412,126	543,297	0	955,423
Leasehold Improvements	1,040,516	0	0	1,040,516
Infrastructure	<u>630,248,727</u>	<u>99,310</u>	<u>0</u>	<u>630,348,037</u>
Total Capital Assets Being Depreciated	<u>747,911,700</u>	<u>6,941,643</u>	<u>(2,125,869)</u>	<u>752,727,474</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(25,455,903)	(1,814,502)	0	(27,270,405)
Machinery and Equipment	(29,565,117)	(4,489,107)	2,038,367	(32,015,857)
Leasehold Improvements	(236,572)	(43,965)	0	(280,537)
Infrastructure	<u>(337,727,072)</u>	<u>(16,196,905)</u>	<u>0</u>	<u>(353,923,977)</u>
Total Accumulated Depreciation	<u>(392,984,664)</u>	<u>(22,544,479)</u>	<u>2,038,367</u>	<u>(413,490,776)</u>
Total Capital Assets Being Depreciated, Net	<u>354,927,036</u>	<u>(15,602,836)</u>	<u>(87,502)</u>	<u>339,236,698</u>
Total Governmental Activities				
Capital Assets, Net	<u><u>\$ 434,291,782</u></u>	<u><u>\$ (10,239,917)</u></u>	<u><u>\$ (2,643,558)</u></u>	<u><u>\$ 421,408,307</u></u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 5 - Capital Assets (Concluded)

	<u>Balance</u> <u>10/1/17</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance</u> <u>9/30/18</u>
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 167,966	\$ 0	\$ 0	\$ 167,966
Construction Work in Progress	16,303	0	0	16,303
Total Capital Assets Not Being Depreciated				
Depreciated	184,269	0	0	184,269
Capital Assets, Being Depreciated:				
Building and Improvements	774,577	0	(19,712)	754,865
Equipment	22,353,262	869,050	(2,079)	23,220,233
Total Capital Assets Being Depreciated				
Depreciated	23,127,839	869,050	(21,791)	23,975,098
Less Accumulated Depreciation:				
Building and Improvements	(248,973)	(19,839)	0	(268,812)
Equipment	(9,171,207)	(794,151)	1,594	(9,963,764)
Total Accumulated Depreciation	(9,420,180)	(813,990)	1,594	(10,232,576)
Total Capital Assets, Being Depreciated, Net				
Depreciated, Net	13,707,659	55,060	(20,197)	13,742,522
Total Business-type Activities				
Capital Assets, Net	<u>\$ 13,891,928</u>	<u>\$ 55,060</u>	<u>\$ (20,197)</u>	<u>\$ 13,926,791</u>

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

Governmental Activities	
General Government	\$ 848,981
Public Safety	4,510,323
Physical Environment	111,799
Transportation	15,524,674
Human Services	104,538
Culture and Recreation	488,734
Court Related	<u>955,430</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 22,544,479</u>
Business-type Activities	
Water and Sewer	<u>\$ 813,990</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 813,990</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 6 - Interfund Activity

Interfund balances at September 30, 2018, consisted of the following:

Due from	Due to					Totals
	General	County Trans- portation	Municipal Services	Water and Sewer Fund	Nonmajor	
General	\$ 0	\$ 58,673	\$ 60,883	\$ 4,542	\$ 4,940	\$ 129,038
County Transportation	154,332	0	0	0	0	154,332
Municipal Services	348,454	0	0	0	363	348,817
Nonmajor	483,959	516	916	0	22,731	508,122
Water and Sewer	32,696	0	0	0	0	32,696
Total	\$ 1,019,441	\$ 59,189	\$ 61,799	\$ 4,542	\$ 28,034	\$ 1,173,005

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	Capital Projects Trans- portation	Nonmajor	
General	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,675,740	\$ 2,675,740
County Transportation	0	0	0	2,377,675	91,003	2,468,678
Municipal Services	3,064,869	0	0	0	0	3,064,869
Nonmajor	5,500,962	2,623,466	4,125,081	2,159,250	361,097	14,769,856
Water and Sewer	65,397	0	0	0	0	65,397
Total	\$ 8,631,228	\$ 2,623,466	\$ 4,125,081	\$ 4,536,925	\$ 3,127,840	\$ 23,044,540

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 7 - Leases

■ **Governmental Funds**

The County is party to operating leases during the period ended September 30, 2018, as follows:

- **Tower Site (14th Street)**—the Board entered into a five-year lease with Pinnacle Towers, LLC, commencing April 24, 2011. The Board exercised the five-year renewal, which has an effective date of April 2016. Operating lease payments for the year ended September 30, 2018, were \$31,614.
- **Two Tower Sites (Hilliard and Dahoma)**—the Board entered into five year lease with American Tower Asset Sub, LLC, commencing May 2016. Operating lease payments for the year ended September 30, 2018, were \$60,454.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 7 - Leases (Continued)

■ **Governmental Funds (Concluded)**

- **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, 2018, were \$75,443.
- **Ring Investments**—the Board entered into a two-year lease with Ring Investment, LLC in 2015. An amendment was done in December 2017, with an ending date of September 2019. Operating lease payments for the year ended September 30, 2018, totaled \$37,494.

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>Ring Investments</u>	<u>Totals</u>
2019	\$ 96,356	\$ 77,178	\$ 37,494	\$ 211,028
2020	100,844	60,892	0	161,736
2021	93,215	0	0	93,215
2022	36,984	0	0	36,984
2023	<u>38,463</u>	<u>0</u>	<u>0</u>	<u>38,463</u>
Total	<u>\$ 365,862</u>	<u>\$ 138,070</u>	<u>\$ 37,494</u>	<u>\$ 541,426</u>

Three constitutional officers entered into several leases for office equipment and a building lease under operating leases. Total cost for such leases were \$100,504 for the year ended September 30, 2018. The future minimum lease payments for the leases are as follows:

<u>Year Ending September 30</u>	<u>Total</u>
2019	\$ 91,587
2020	82,129
2021	53,215
2022	13,069
2023	300
Thereafter	<u>7,050</u>
Total	<u>\$ 247,350</u>

Capital Lease

The County entered into a lease agreement during a 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 asset acquired through capital leases are as follows:

Asset	
Radios	\$ 3,002,089
(Accumulated Depreciation)	<u>(2,242,767)</u>
Total	<u>\$ 759,322</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 7 - Leases (Concluded)

Capital Lease (Concluded)

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2018, were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>
2019	\$ 550,731
Total	<u>\$ 550,731</u>

In September 2014, the Sheriff entered into a capital lease agreement with Presidio Technology Capital, LLC to lease server equipment. The lease is to be paid monthly at an imputed interest rate of 5.0% and matures May 1, 2020. Future minimum lease payments under this capital lease are as follows:

<u>Year Ending September 30</u>	<u>Future Lease Payments</u>
2019	\$ 132,872
2020	<u>77,508</u>
Total Future Minimum Lease Payments	210,380
(Less Amount Representing Interest)	<u>(8,516)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 201,864</u>

Note 8 - Long-term Obligations

The following is a summary of changes in long-term obligations for the year ended September 30, 2018:

	<u>Balance 10/1/17</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/18</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds Payable	\$ 30,145,585	\$ 0	\$ (2,840,525)	\$ 27,305,060	\$ 1,564,662
Premium on Bonds Payable	<u>1,039,476</u>	<u>0</u>	<u>(74,248)</u>	<u>965,228</u>	<u>74,428</u>
Total Bonds and Notes Payable	31,185,061	0	(2,914,773)	28,270,288	1,639,090
Capital Lease Payable	1,422,843	0	(670,248)	752,595	683,603
Compensated Absences	6,906,072	3,919,895	(3,882,869)	6,943,098	3,505,363
Other Postemployment Benefits	23,871,683*	0	(157,600)	23,714,083	0
Landfill Postclosure	14,035,143	0	(280,429)	13,754,714	619,306
Net Pension Liability	<u>66,521,283</u>	<u>0</u>	<u>(283,903)</u>	<u>66,237,380</u>	<u>0</u>
Total Governmental Activities					
Long-term Liabilities	<u>\$ 143,942,085</u>	<u>\$ 3,919,895</u>	<u>\$ (8,189,822)</u>	<u>\$ 139,672,158</u>	<u>\$ 6,447,362</u>
Business-type Activities					
Bonds Payable	\$ 11,705,000	\$ 0	\$ (955,000)	\$ 10,750,000	\$ 975,000
Compensated Absences	143,019	62,621	(59,480)	146,160	94,688
Other Postemployment Benefits	227,659*	0	(1,503)	226,156	0
Net Pension Liability	<u>485,407</u>	<u>0</u>	<u>(31,466)</u>	<u>453,941</u>	<u>0</u>
Total Business-type Activities					
Long-term Liabilities	<u>\$ 12,561,085</u>	<u>\$ 62,621</u>	<u>\$ (1,047,449)</u>	<u>\$ 11,576,257</u>	<u>\$ 1,069,688</u>

* Implementation of GASB 75 resulted in a restatement of the ending balance

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 8 - Long-term Obligations (Continued)

Governmental Activities

A brief synopsis of long-term debt existing at September 30, 2018, follows:

2000 Optional Gas Tax Revenue Bonds

The Board, in September 2000, issued the Optional Gas Tax Revenue Bond in the amount of \$6,167,580. The proceeds of the bond issue are to pay the cost of acquisition and construction of certain transportation capital improvements in the County and to pay certain costs related to the issuance and sale of the Series 2000 Bonds. The 2000 bonds are capital appreciation bonds; additional capital appreciation through September 30, 2018, totaled \$3,513,694.

The Series 2000 Bonds are special, limited obligations of the County payable solely from and secured by a prior lien upon and pledge of the proceeds of the six-cent local option gas tax and until expended, the monies on deposit in certain funds and accounts created by Resolution. Annual principal and interest on the bonds are expected to require approximately 40% of such tax revenue and are payable through 2025. Principal and Interest payments for the current year totaled \$945,000 and gas tax revenues totaled \$2,374,856. At year-end, pledged future revenues totaled \$6,615,000, which was the amount of remaining principal and interest on the bonds. Other Board revenues are not available to finance this bond issue. In addition, the bondholders do not have any authority to compel the Board to increase ad valorem taxes for financing this bond issue. Such bonds, bearing interest at a rate between 5.55% and 5.81% per annum, are dated August 30, 2000, and are in denominations of \$5,000 each. A portion of such bonds mature annually starting March 1, 2010, with final maturity being March 1, 2025. The bonds have a required reserve of \$945,000, which is on hand at year-end.

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

Year Ending September 30	Principal	Interest	Total
2019	\$ 334,662	\$ 610,338	\$ 945,000
2020	315,176	629,824	945,000
2021	296,125	648,875	945,000
2022	278,643	666,357	945,000
2023	262,086	682,914	945,000
2024-2025	479,673	1,410,327	1,890,000
Total	<u>\$ 1,966,365</u>	<u>\$ 4,648,635</u>	<u>\$ 6,615,000</u>

2007 Public Improvement Revenue Refunding Bonds

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 8 - Long-term Obligations (Continued)

Governmental Activities (Concluded)

2007 Public Improvement Revenue Refunding Bonds (Concluded)

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 34% of such non ad valorem tax revenue and are payable through 2031. Principal and interest payments for the current year totaled \$2,319,750 and non ad valorem tax revenues totaled \$7,972,076. At year-end, pledged future revenues totaled \$30,203,500, which was the amount of remaining principal and interest on the bonds. Other Board revenues are not available to finance this bond issue.

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

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,425,000	897,000	2,322,000
2023	1,500,000	825,750	2,325,750
2024-2028	8,690,000	2,926,750	11,616,750
2028-2031	6,325,000	643,000	6,968,000
Total	<u>\$ 21,825,000</u>	<u>\$ 8,378,500</u>	<u>\$ 30,203,500</u>

Compensated Absences

Compensated Absences—are recorded on the government-wide financial statements. Following is a summary of compensated absences by constitutional officer as of September 30, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Board	\$ 5,624,157	\$ 2,417,599	\$ (2,560,471)	\$ 5,481,285
Clerk	65,363	165,911	(153,012)	78,262
Sheriff	998,705	1,128,935	(953,671)	1,173,969
Tax Collector	86,175	69,582	(82,095)	73,662
Property Appraiser	104,894	116,015	(108,160)	112,749
Supervisor of Elections	26,778	21,853	(25,460)	23,171
Total	<u>\$ 6,906,072</u>	<u>\$ 3,919,895</u>	<u>\$ (3,882,869)</u>	<u>\$ 6,943,098</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 8 - Long-term Obligations (Concluded)

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 are expected to require approximately 45% of such revenue and are payable through 2028. Principal and interest payments for the current year totaled \$1,196,391 and revenues totaled \$2,630,362. At year-end, pledged future revenues totaled \$11,946,260, which was the amount of remaining principal and interest on the bond. The Series 2013 Bond shall not be or constitute a general obligation or indebtedness of the County.

Rate Covenant

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

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

<u>Year Ending</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,040,000	155,767	1,195,767
2023	1,065,000	133,139	1,198,139
2024-2028	5,660,000	309,385	5,969,385
Total	<u>\$ 10,750,000</u>	<u>\$ 1,196,260</u>	<u>\$ 11,946,260</u>

Compensated Absences—Following is a summary of annual, sick, and bonus leave benefits liabilities at September 30, 2018, for the proprietary funds:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Vacation Leave	\$ 37,222	\$ 27,002	\$ (28,360)	\$ 35,864
Paid Time Off	4,711	16,364	(12,200)	8,875
Sick Leave	99,692	15,376	(15,112)	99,956
Bonus Leave	1,394	3,881	(3,810)	1,465
Total	<u>\$ 143,019</u>	<u>\$ 62,623</u>	<u>\$ (59,482)</u>	<u>\$ 146,160</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 9 - No Commitment Special Assessment Debt

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

At September 30, 2018, the Special Assessment Bond outstanding totaled \$909,990.

Note 10 - Bond Arbitrage Rebate

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

- \$29,630,000 Nassau County, Florida, Public Improvement Revenue and Refunding, Series 2007.
- \$19,160,000 Nassau County, Florida, Water and Sewer System Revenue Bonds, Series 2013.
- \$6,213,421 Nassau County, Florida, Gas Tax Revenue Bond, Series 2009-1.
- \$11,169,000 Nassau County, Florida, SAISSA Renourishment Bond, Series 2011.

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

Note 11 - Landfill 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.

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 \$13,754,714 for postclosure care cost at September 30, 2018, 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 2018 dollars. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 11 - Landfill Postclosure Care Costs (Concluded)

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 \$619,306 as of September 30, 2018). At September 30, 2018, the escrow balances are as follows:

	<u>Total</u>
Landfills	
Old West Nassau Postclosure	\$ 21,415
New West Nassau Postclosure	<u>597,953</u>
Total Escrow Balances	<u><u>\$ 619,368</u></u>

Note 12- Retirement Plans

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

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

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

Benefits Provided

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 12 - Retirement Plans (Continued)

Benefits Provided (Concluded)

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

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

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The employer's contribution rates as of September 30, 2018, were as follows:

	<u>FRS</u>	<u>HIS</u>
Regular Class	6.60%	1.66%
Special Risk Class	22.40%	1.66%
Senior Management Service Class	21.05%	1.66%
Elected Officials	47.04%	1.66%
DROP from FRS	12.37%	1.66%

The County's contributions for the year ended September 30, 2018, were \$5,395,176 to the FRS Pension Plan and \$621,018 to the HIS Program.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2018, the County reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2018. The County's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<u>FRS</u>	<u>HIS</u>	<u>Investment Plan</u>
Net Pension Liability	\$ 54,853,388	\$ 11,837,933	\$ N/A
Proportion at:			
Current Measurement Date	0.1821%	0.1118%	N/A
Prior Measurement Date	0.1866%	0.1104%	N/A
Pension Expense	\$ 10,652,169	\$ 989,614	\$ 712,998

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 12 - Retirement Plans (Continued)

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer Contributions After Measurement Date	\$ 1,406,017	\$ 0	\$ 154,632	\$ 0
Difference Between Expected and Actual Experience	4,646,907	168,661	181,234	20,112
Change of Assumptions	17,923,420	0	1,316,524	1,251,605
Changes of Proportion and Difference Between County Contributions and Proportionate Share of Contributions	3,131,009	1,853,059	834,517	249,783
Net Difference Between Projected and Actual Earnings on Pension Investments	0	4,238,093	7,146	0
Total	\$ 27,107,353	\$ 6,259,813	\$ 2,494,053	\$ 1,521,500

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year-end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2019. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending	FRS Amount	HIS Amount
2019	\$ 7,273,576	\$ 271,647
2020	5,242,111	271,044
2021	1,082,624	227,293
2022	3,444,984	131,232
2023	2,130,716	(51,866)
Thereafter	267,512	(31,429)
Total	\$ 19,441,523	\$ 817,921

Actuarial Assumptions

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

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 12 - Retirement Plans (Continued)

Actuarial Assumptions (Continued)

	<u>FRS</u>	<u>HIS</u>
Inflation	2.60%	2.60%
Salary Increases	3.25%	3.25%
Investment Rate of Return	7.40%	N/A
Discount Rate	7.00%	3.87%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 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:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.9%	2.9%	1.8%
Fixed Income	18.0%	4.4%	4.3%	4.0%
Global Equity	54.0%	7.6%	6.3%	17.0%
Real Estate (Property)	11.0%	6.6%	6.0%	11.3%
Private Equity	10.0%	10.7%	7.8%	26.5%
Strategic Investments	6.0%	6.0%	5.7%	8.6%
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 for the FRS Pension Plan was 7.00%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the total pension liability for the HIS Pension Plan was 3.87%. 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.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 12 - Retirement Plans (Continued)

Actuarial Assumptions (Concluded)

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

FRS – County:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's Proportionate Share of the Net Pension Liability	\$ 100,109,734	\$ 54,853,388	\$ 17,265,317

HIS – County:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
County's Proportionate Share of the Net Pension Liability	\$ 13,482,712	\$ 11,837,933	\$ 10,466,914

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

FRS – Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. County employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment member's accounts during the 2017-18 fiscal year were as follows:

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 12 - 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 0.04% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

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

The County's Investment Plan pension expense totaled \$712,998 for the fiscal year ended September 30, 2018.

Note 13 - Deferred Compensation Plan

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

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 14 - Other Postemployment Benefits (OPEB)

Plan Description

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

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

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

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

Membership Information

The following table provides a summary of the number of participants in the plan as of October 1, 2016 (the latest valuation date).

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	108
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	0
Active Plan Members	<u>631</u>
Total Plan Members	<u><u>739</u></u>

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

Total OPEB Liability – The County's total OPEB liability of \$23,940,239 was measured as of September 30, 2017, which is one year prior to the reporting date. The actuarial valuation date was October 1, 2016.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 14 - Other Postemployment Benefits (OPEB) (Continued)

Changes in the Total OPEB Liability

Total OPEB Liability,	
Beginning of Year, As Restated	\$ 24,099,342
Service Cost	1,048,668
Interest on Total OPEB Liability	762,264
Changes of Assumptions and Other Inputs	(852,311)
Benefit Payments	(1,117,724)
Net Change in Total OPEB Liability	(159,103)
Total OPEB Obligation, End of Year	<u><u>\$ 23,940,239</u></u>

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

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

	1% Decrease	Current Discount Rate	1% Increase
	<u>2.50%</u>	<u>3.50%</u>	<u>4.50%</u>
Total OPEB Liability	\$ 26,131,722	\$ 23,940,239	\$ 21,945,767

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

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

	1% Decrease	Current Healthcare cost Trend Rate	1% Increase
	<u></u>	<u></u>	<u></u>
Total OPEB Liability	\$ 20,938,686	\$ 23,940,239	\$ 27,587,706

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

For the fiscal year ended September 30, 2018, the County recognized OPEB expense of \$1,728,183. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions and Other Inputs	\$ 0	\$ 769,562
Benefits Paid After Measurement Date	1,106,072	0
Total	<u><u>\$ 1,106,072</u></u>	<u><u>\$ 769,562</u></u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,106,072 resulting from benefits paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended September 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 14 - Other Postemployment Benefits (OPEB) (Concluded)

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB (Concluded)**

Fiscal Year Ending September 30	Amount
2019	\$ (82,749)
2020	(82,749)
2021	(82,749)
2022	(82,749)
2023	(82,749)
Thereafter	(355,817)
Total	<u><u>\$ (769,562)</u></u>

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing benefit costs between the employer and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial methods and assumptions include the following:

Actuarial Valuation Date:	October 1, 2016
Measurement Date:	September 30, 2017
Reporting Date:	September 30, 2018
Actuarial Cost Method:	Entry Age Normal Cost
Inflation Rate:	2.50%
Discount Rate:	3.50%
Projected Salary Increases:	Salary increase rates used for Regular Class and Special Risk Class members in the July 1, 2016 actuarial valuation of the Florida Retirement System; 3.7%-7.8%, including inflation
Retirement Age:	Retirement rates used for Regular Class and Special Risk Class members in the July 1, 2016, actuarial valuation of the Florida Retirement System. They are based on the results of the statewide experience study covering the period 2008 through 2013.
Mortality:	Mortality tables used for Regular Class and Special Risk Class members in the July 1, 2016, actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering period 2008 through 2013.
Healthcare Cost Trend Rate:	Based on the Getzen Model, with trend starting at 7.25% and gradually trending to an ultimate trend rate of 4.24% plus 0.45% increase for excise tax.
Aging Factors:	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death"
Expenses:	Administrative expenses are included in the per capita health costs.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 15 - Fund Balance Classification

The following is a summary of the County's fund balance classifications and the purpose of each as of September 30, 2018, is as follows:

Nonspendable Fund Balance	
Prepaid Expenditures	\$ 1,418,618
Petty Cash	2,305
Inventory	266,156
Deposits	7,000
Long-term Receivable	20,376
Total Nonspendable Fund Balance	<u>1,714,455</u>

Restricted Fund Balance	
General Government	268,155
General Government – Court Related	1,259,776
Crime Prevention	132,192
Economic Development	68,633
Other Human Resources	1,000
Developer Agreements	5,000
Physical Environment	2,043,491
Law Enforcement	336,014
Impact Fees	8,044,287
Law Library	112,660
Public Safety	467,253
Other Culture/Recreation	109,753
State Housing Initiative Program	479,874
Court Facilities	458,996
Criminal Justice	137,512
Tourist Development	5,720,518
Building Department	5,789,364
Debt Services - Bonds	1,496,681
Capital Projects - Transportation	4,933,584
Clerk Public Records	602,135
Clerk Child Support	404,780
Sheriff Inmate Commissary	549,370
Sheriff Other Funds	962,883
Total Restricted Fund Balance	<u>34,383,911</u>

Committed Fund Balance	
Public Safety	2,526,973
Transportation	11,565,184
Clerk Teen Court	7,553
Sheriff Investigative Fund	92,269
Total Committed Fund Balance	<u>14,191,979</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 15 - Fund Balance Classification (Concluded)

Assigned Fund Balance	
General Government	\$ 561,016
Public Safety	2,220,160
Economic Development	7,500
Transportation	2,256,043
Human Services	83,253
Culture and Recreation	334,797
Non-court Related	107,202
Physical Environment	754,086
Reserves – Capital Projects	4,245,570
Minimum Fund Balance	2,744,636
Property Appraiser	<u>272,722</u>
Total Assigned Fund Balance	<u><u>13,586,985</u></u>
 Unassigned Fund Balance	 <u>12,106,861</u>
 Total	 <u><u>\$ 75,984,191</u></u>

Minimum Fund Balance Reserve Policy

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

Note 16 - Risk Management

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

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

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

Note 17 - Commitments and Contingencies

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

The following is a summary of major commitments of the County and contracts in progress as of September 30, 2018:

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

Note 17 - Commitments and Contingencies (Concluded)

<u>Project</u>	<u>Source of Payment</u>	<u>Paid to Date</u>	<u>Commitment Remaining</u>
NAU Clarifier No. 1 & 2 Rehabilitation	Current Available Resources	\$ 90,918	\$ 15,792
Crawford Road Design Services	Current Available Resources	757,790	10,858
Page Dairy/Chester Road Project	Current Available Resources	651,391	404,695
CR 115 Widening & Resurfacing	Current Available Resources	429,156	286,181
Fire Station #71 Design Build	Current Available Resources	176,787	506
Overlay of 28 Roads	Current Available Resources	44,275	79,474
Monitoring of Landfill Gas	Current Available Resources	222,143	14,725
Mobility Plan and Fee Study	Current Available Resources	47,154	128,929
Total		<u>\$ 2,419,614</u>	<u>\$ 941,160</u>

The following is a summary of encumbrances outstanding for the County as of September 30, 2018:

General Fund	\$ 1,138,829
County Transportation Fund	856,914
Municipal Services Fund	944,606
Court Facility Fund	33,819
Impact Fee Fund	48,000
Building Department	10,644
Water and Sewer Fund	230,912
Total	<u>\$ 3,263,724</u>

Note 18 - Conduit Debt Obligations

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

As of September 30, 2018, there was one bond outstanding with an aggregate principal amount payable of \$9,745,000. The issue amount and the September 30, 2018, outstanding balance is as follows:

<u>Original Issuance</u>	<u>Year</u>	<u>9/30/18 Balance</u>	<u>Description</u>
<u>\$ 11,150,000</u>	2008	<u>\$ 9,745,000</u>	AICC, Inc. and Nassau Care Centers – 70 Bed Care Intermediate Care and Day Program Service Facilities

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Concluded)

Note 19 - Restatement

During the fiscal year ended September 30, 2018, the County implemented GASB 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. In compliance with this statement, the County's liability for its proportionate share of the net OPEB liability and related deferred outflows and deferred inflows of resources have been recorded resulting in a restatement of beginning net position as follows:

	Net Position Beginning of the Year	Cumulative Effect of Implementing GASB 75	Net Position Beginning of the Year (Restated)
Governmental Activities	\$ 405,678,544	\$ (13,077,475)	\$ 392,601,069
Business-type Activities	10,629,675	(124,717)	10,504,958

Note 20 - Tax Abatement

Pursuant to Section 125.045, Florida Statutes and Nassau County Ordinance 2012-32, the Economic Development Grant (EDG) incentive is available for companies with the goal to facilitate the development of capital investment and high-wage jobs in Nassau County. The incentives in the tiered program include a specified grant on the Board-only portion of their ad valorem taxes for a specified period of time after meeting or exceeding a specified number/wage level of new jobs, and/or new capital investment in Nassau County.

As of September 30, 2018, the only existing EDG agreement potentially material in size (fiscal year abatement >\$300,000) was with LignoTech Florida, LLC. The July 6, 2016 agreement was amended on September 12, 2016, in order to extend by one year (to January of 2019) the deadline for LignoTech to meet the new job and capital investment requirements under its EDG agreement with the Board. The company met the terms of qualification under their agreement in fiscal year 2018, and will be eligible to receive a 75% grant in years 1-5 and a 50% grant in years 6-10 projected as follows:

Fiscal Year	Estimated Tax Abatement
2019	\$ 316,431
2020	302,654
2021	289,806
2022	277,393
2023	330,328
2024	210,925
2025	201,613
2026	192,885
2027	184,742
2028	176,624
Projected Total Tax Abatement	\$ 2,483,401

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, 2018

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 45,152,578	\$ 45,152,534	\$ 45,813,311	\$ 660,777
Licenses and Permits	23,000	23,000	43,347	20,347
Intergovernmental Revenues	6,830,974	7,314,739	7,424,595	109,856
Charges for Services	3,680,312	3,787,320	4,208,475	421,155
Fines and Forfeitures	55,500	56,058	47,381	(8,677)
Interest Earnings	182,600	182,600	454,899	272,299
Miscellaneous	141,697	335,762	474,099	138,337
Total Revenues	56,066,661	56,852,013	58,466,107	1,614,094
Expenditures				
Current:				
General Government Services	18,113,275	17,838,002	16,814,310	1,023,692
Public Safety	32,807,187	35,605,033	35,203,055	401,978
Physical Environment	1,960,431	2,010,495	1,781,942	228,553
Economic Environment	310,621	322,926	225,257	97,669
Human Services	2,870,261	2,738,721	2,620,557	118,164
Culture and Recreation	2,118,695	2,156,181	1,894,597	261,584
Court-related Expenditures	2,221,457	2,157,659	1,891,693	265,966
Reserve for Contingency	50,000	25,000	0	25,000
Capital Outlay	6,009,999	6,250,686	4,567,126	1,683,560
Debt Service:				
Principal Retirement	669,752	670,248	670,248	0
Interest and Fiscal Charges	13,851	13,355	13,355	0
(Total Expenditures)	67,145,529	69,788,306	65,682,140	4,106,166
(Deficiency) of Revenues (Under)				
Expenditures	(11,078,868)	(12,936,293)	(7,216,033)	5,720,260
Other Financing Sources (Uses)				
Transfers in	8,852,145	10,173,067	8,631,228	(1,541,839)
Transfers (out)	(3,777,513)	(4,692,403)	(2,675,740)	2,016,663
Sale of Capital Assets	55,300	30,760	14,677	(16,083)
Total Other Financing Sources (Uses)	5,129,932	5,511,424	5,970,165	458,741
Net Change in Fund Balances	(5,948,936)	(7,424,869)	(1,245,868)	6,179,001
Fund Balances at Beginning of Year	16,887,314	17,849,689	18,544,243	694,554
Fund Balances at End of Year	\$ 10,938,378	\$ 10,424,820	\$ 17,298,375	\$ 6,873,555

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, 2018

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 5,813,896	\$ 5,813,896	\$ 5,947,364	\$ 133,468
Licenses and Permits	2,030	2,030	8,777	6,747
Intergovernmental Revenues	1,544,962	1,643,131	1,602,416	(40,715)
Charges for Services	1,130	1,130	2,645	1,515
Fines and Forfeitures	0	0	2,046	2,046
Interest Earnings	35,000	35,000	124,272	89,272
Miscellaneous	95,032	95,032	118,908	23,876
Total Revenues	<u>7,492,050</u>	<u>7,590,219</u>	<u>7,806,428</u>	<u>216,209</u>
Expenditures				
Current:				
Transportation	8,434,656	8,677,866	6,735,894	1,941,972
Capital Outlay	2,152,964	2,271,242	853,005	1,418,237
(Total Expenditures)	<u>10,587,620</u>	<u>10,949,108</u>	<u>7,588,899</u>	<u>3,360,209</u>
Excess of Revenues Over				
Expenditures	<u>(3,095,570)</u>	<u>(3,358,889)</u>	<u>217,529</u>	<u>3,576,418</u>
Other Financing Sources (Uses)				
Transfers in	2,617,347	2,617,347	2,623,466	6,119
Transfers (out)	(2,092,094)	(2,469,769)	(2,468,678)	1,091
Sale of General Capital Assets	16,800	16,800	17,863	1,063
Total Other Financing Sources (Uses)	<u>542,053</u>	<u>164,378</u>	<u>172,651</u>	<u>8,273</u>
Net Change in Fund Balances	<u>(2,553,517)</u>	<u>(3,194,511)</u>	<u>390,180</u>	<u>3,584,691</u>
Fund Balances at Beginning of Year	<u>4,143,162</u>	<u>5,053,134</u>	<u>5,179,519</u>	<u>126,385</u>
Fund Balances at End of Year	<u>\$ 1,589,645</u>	<u>\$ 1,858,623</u>	<u>\$ 5,569,699</u>	<u>\$ 3,711,076</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, 2018

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 9,801,737	\$ 9,801,737	\$ 9,739,887	\$ (61,850)
Licenses and Permits	97,938	97,938	179,584	81,646
Intergovernmental Revenues	686,952	690,408	780,936	90,528
Charges for Services	166,160	166,310	198,958	32,648
Fines and Forfeitures	3,600	3,600	35,086	31,486
Interest Earnings	50,000	50,000	94,939	44,939
Miscellaneous	900	900	8,278	7,378
Total Revenues	<u>10,807,287</u>	<u>10,810,893</u>	<u>11,037,668</u>	<u>226,775</u>
Expenditures				
Current:				
General Government Services	1,853,478	1,883,960	1,294,689	589,271
Public Safety	7,690,722	7,678,235	7,431,660	246,575
Transportation	8,484	11,940	2,814	9,126
Human Services	1,097,771	1,061,031	1,002,761	58,270
Capital Outlay	1,815,021	1,952,752	903,502	1,049,250
(Total Expenditures)	<u>12,465,476</u>	<u>12,587,918</u>	<u>10,635,426</u>	<u>1,952,492</u>
Excess of Revenues Over Expenditures	<u>(1,658,189)</u>	<u>(1,777,025)</u>	<u>402,242</u>	<u>2,179,267</u>
Other Financing Sources (Uses)				
Transfers in	4,121,055	4,120,905	4,125,081	4,176
Transfers (out)	(3,067,739)	(3,067,754)	(3,064,869)	2,885
Sale of General Capital Assets	23,100	3,100	3,500	400
Total Other Financing Sources (Uses)	<u>1,076,416</u>	<u>1,056,251</u>	<u>1,063,712</u>	<u>7,461</u>
Net Change in Fund Balances	<u>(581,773)</u>	<u>(720,774)</u>	<u>1,465,954</u>	<u>2,186,728</u>
Fund Balances at Beginning of Year	<u>3,260,527</u>	<u>3,434,613</u>	<u>3,415,746</u>	<u>(18,867)</u>
Fund Balances at End of Year	<u>\$ 2,678,754</u>	<u>\$ 2,713,839</u>	<u>\$ 4,881,700</u>	<u>\$ 2,167,861</u>

NASSAU COUNTY, FLORIDA
NOTE TO SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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, 2018, 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, 2018:

Governmental Funds

General Fund	\$ 1,754,106
Special Revenue Funds	3,871,823
Debt Service Funds	0
Capital Projects Funds	<u>1,155,806</u>
Total	<u><u>\$ 6,781,735</u></u>

NASSAU COUNTY, FLORIDA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Total OPEB Liability	2018
Service Cost	\$ 1,048,668
Interest on the Total OPEB Liability	762,264
Changes of Benefit Terms	0
Difference Between Expected and Actual Experience	0
Changes of Assumptions and Other Inputs	(852,311)
Benefit Payments	(1,117,724)
Net Change in Total OPEB Liability	(159,103)
Total OPEB Liability - Beginning	24,099,342
Total OPEB Liability - Ending	<u>\$ 23,940,239</u>
 Covered-employee Payroll	 <u>\$ 34,941,733</u>
 Total OPEB Liability as a Percentage of Covered-employee Payroll	 68.51%

Notes to the Schedule

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

NASSAU COUNTY, FLORIDA
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PENSION PLANS
SEPTEMBER 30, 2018

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015
Nassau County's Proportion of the FRS Net Pension Plan	0.182113027%	0.186608807%	0.174464593%	0.165580704%
Nassau County's Proportion Share of the FRS Net Pension Plan	\$ 54,853,388	\$ 55,197,633	\$ 44,052,447	\$ 21,386,969
Nassau County's Covered Payroll	\$ 36,538,795	\$ 35,221,567	\$ 32,521,989	\$ 31,678,266
Nassau County's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	150.12%	156.72%	135.45%	67.51%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.26%	83.89%	84.88%	92.00%

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

HEALTH INSURANCE SUBSIDY PENSION PLAN

	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015
Nassau County's Proportion of the HIS Net Pension Plan	0.11846251%	0.110442831%	0.104032153%	0.104338602%
Nassau County's Proportion Share of the HIS Net Pension Plan	\$ 11,837,933	\$ 11,809,057	\$ 12,124,517	\$ 10,640,896
Nassau County's Covered Payroll	\$ 36,538,795	\$ 35,221,567	\$ 32,521,989	\$ 31,678,266
Nassau County's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	32.40%	33.53%	37.28%	33.59%
HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.15%	1.64%	9.70%	0.50%

Note: (1) The amounts shown above as reported on the date indicated, have a measurement date three months prior. Covered 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, 2018

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 5,395,176	\$ 4,839,874	\$ 4,390,275	\$ 4,083,702
FRS Contribution in Relation to the Contractually Required Contribution	<u>5,395,176</u>	<u>4,839,874</u>	<u>4,390,275</u>	<u>4,083,702</u>
FRS Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Nassau County's Covered Payroll (FYE 9/30)	\$37,449,919	\$35,056,145	\$32,521,989	\$31,678,266
FRS Contributions as a Percentage of Covered Payroll	14.41%	13.81%	13.50%	12.89%

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

HEALTH INSURANCE SUBSIDY PENSION PLAN

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 621,018	\$ 582,630	\$ 539,064	\$ 431,586
HIS Contribution in Relation to the Contractually Required Contribution	<u>621,018</u>	<u>582,630</u>	<u>539,064</u>	<u>431,586</u>
HIS Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Nassau County's Covered Payroll (FYE 9/30)	\$37,449,919	\$35,056,145	\$32,521,989	\$31,678,266
HIS Contributions as a Percentage of Covered Payroll	1.66%	1.66%	1.66%	1.36%

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

OTHER INFORMATION

NASSAU COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Grant Agency/Grant Title	State CSFA Number	Contract/Grant Number	Expenditures
United States Department of Justice			
Direct:			
Office of Community Oriented Policing Services	16.710	2017UMWX0133	\$ 92,020
Indirect:			
Passed Through Office of the Attorney General of Florida Victims of Crimes Act (VOCA)	16.575	VOCA-2017-NCB of C02401	44,321
Passed Through Florida Department of Law Enforcement:			
Edward Bryne Memorial Justice Assistance	16.738	PGI	3,400
Equitable Sharing Program	16.922	N/A	341,223
Total United States Department of Justice			480,964
United States Department of Transportation			
Indirect:			
Passed Through Florida Department of Transportation			
Highway Planning and Construction	20.205	433987-1-38-02	1,431
Highway Planning and Construction	20.205	433987-1-38-02	2,814
Highway Planning and Construction	20.205	433987-1-58-01/433987-1-68-02	104
Highway Planning and Construction	20.205		6,375
Subtotal Expenditures - CFDA 20.205			10,724
Highway Traffic Safety Fund	20.616	M5HVE-18-06-13	10,000
Total United States Department of Transportation			20,724
United States Election Assistance Commission			
Indirect:			
Passed Through Florida Division of Elections			
Help America Vote Act	90.401		9,549
Help America Vote Act	90.401	MOA#2018-001-NAS	58,835
Help America Vote Act	90.401	MOA#2019-002-NAS	9,114
Total United States Election Assistance Commission			77,498
United States Department of Health and Human Services			
Indirect:			
Passed Through Florida Department of Revenue			
Child Support Enforcement	93.563	CSS45	5,953
Child Support Enforcement	93.563	COC45	148,373
Total United States Department of Health and Human Services			154,326
United States Department of Homeland Security			
Indirect:			
Passed Through Florida Division of Emergency Management			
Emergency Management Performance Grant	97.042		49,350
Emergency Management Performance Grant	97.042		15,962
Emergency Management Performance Grant	97.042		6,992
Subtotal Expenditures - CFDA 97.042			72,304
Florida Division of Emergency Management	97.067		14,998
Florida Division of Emergency Management	97.067		2,600
Subtotal Expenditures - CFDA 97.067			17,598
Disaster Grant - Public Assistance FEMA	97.036		1,673,104
Passed Through Florida Commission of Community Service			
Emergency Management Performance Grant	97.042		6,915
Total United States Department of Homeland Security			1,769,921
Total Federal Awards			\$ 2,503,433

NASSAU COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Concluded)

Grant Agency/Grant Title	State CSFA Number	Contract/Grant Number	Expenditures
Department of Community Affairs			
Emergency Management Programs	31.063		\$ 79,659
Emergency Management Programs	31.063		27,037
Subtotal Expenditures - CSFA No 31.063			<u>106,696</u>
Total Department of Community Affairs			<u>106,696</u>
Florida Department of Environmental Protection			
Beach Management Funding Assistance Program	37.003	16NA1	7,599
Beach Management Funding Assistance Program	37.003	17NA1	104,317
Beach Management Funding Assistance Program	37.003	19NA1	50,736
Small County Consolidated Waste Grants	37.012	SC825	90,909
Total Department of Environmental Protection			<u>253,561</u>
Florida Department of State			
State Aid to Libraries Grant Program	45.030	18-ST-36	37,894
Total Florida Department of State			<u>37,894</u>
Florida Housing Finance Corporation			
State Housing Initiatives Partnership Program	40.901	15/16	420,929
State Housing Initiatives Partnership Program	40.901	16/17	404,919
State Housing Initiatives Partnership Program	40.901	17/18	140,755
Subtotal Expenditures - CSFA No. 40.901			<u>966,603</u>
Total Florida Housing Finance Corporation			<u>966,603</u>
Florida Department of Transportation			
Small County Outreach Program (SCOP)	55.009	430691-2-58-01	1,134
Subtotal Expenditures - CSFA No. 55.009			<u>1,134</u>
Small County Road Assistance Agreement (SCRAP)	55.016	431638-1-58-01	310,777
Small County Road Assistance Agreement (SCRAP)	55.016	432798-1-54-01	269,376
Small County Road Assistance Agreement (SCRAP)	55.016	432767-1-54-01	607,007
Small County Road Assistance Agreement (SCRAP)	55.016	432604-1-54-01	798,138
Small County Road Assistance Agreement (SCRAP)	55.016	434588-1-54-01	28,443
Subtotal Expenditures - CSFA No. 55.016			<u>2,013,741</u>
County Incentive Grant Program (CIGP)	55.008		133,243
Subtotal Expenditures - CSFA No. 55.008			<u>133,243</u>
Total Florida Department of Transportation			<u>2,148,118</u>
Florida Department of Health			
County Grant Awards	64.005		8,932
Total Florida Department of Health			<u>8,932</u>
Florida Fish & Wildlife Conservation Commission			
Bulk Derelict Vessel Removal Grant	77.005	FWC-16186	15,128
Total Florida Fish & Wildlife Conservation Commission			<u>15,128</u>
Total State Expenditures			<u>\$ 3,536,932</u>
Total Federal Awards and State Financial Assistance			<u>\$ 6,040,365</u>

**NASSAU COUNTY, FLORIDA
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards and 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 PROGRAM AND STATE PROJECT
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE AND 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 Major Federal Award and State Project

We have audited Nassau County, Florida's (the County's) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and 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 federal programs and state projects for the year ended September 30, 2018. The County's major federal programs and 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 federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, *Rules of the Auditor General*. Those standards, and the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and state 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.

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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

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

Opinion on Each Major Federal Program and 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 federal program and state projects for the year ended September 30, 2018.

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 federal awards and 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 federal awards and state financial assistance projects 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 the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal award or 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 federal award or 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 Uniform Guidance and the *Rules of the Auditor General*, Chapter 10.550. Accordingly, this report is not suitable for any other purpose.

Purvis, Gray and Company, LLP

March 13, 2019
Gainesville, Florida

**NASSAU COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Summary of Auditors' Results

1. The independent auditors' report expresses an unmodified opinion on the financial statements of Nassau County, Florida (the County).
2. A significant deficiency was identified during the audit of the financial statements as 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* for the Nassau County Board of County Commissioners which was reported as a significant deficiency.
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 federal programs or state projects that are required to be reported in the schedule of findings and questioned costs.
5. The report on compliance for the major federal programs and state projects expresses an unmodified opinion.
6. The audit disclosed no findings that are required to be reported in accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*.
7. The programs tested as major federal program and state financial assistance projects included:

Federal Programs	<u>CFDA No.</u>
Disaster Grant – Public Assistance – FEMA	97.036
State Projects	<u>CSFA No.</u>
Small County Road Assistance Agreement (SCRAP)	55.016

8. The threshold for distinguishing Type A and B programs was \$750,000 for federal programs and \$300,000 for state projects.
9. The County did not qualify as a low risk auditee for federal grant programs.

Financial Statement Findings

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

Findings and Questioned Costs for Major Federal Programs and State Projects

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

Status of Prior Audit Findings

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

**INDEPENDENT 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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 13, 2019.

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. We did identify certain deficiencies in internal control as disclosed in the report of the Board of County Commissioners we believe to be a significant deficiency.

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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)**

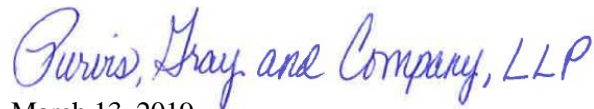
Compliance and Other Matters

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*.

We noted certain matters that were reported to management in a separate management letter dated March 13, 2019.

Purpose of this Report

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



March 13, 2019
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, 2018, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

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 13, 2019
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) Florida Statutes, *Authorized Expenditures of E911 Fee*, and Section 365.173(2)(d) Florida Statutes, *Distribution and Use of (E911) Funds*, as of and for the year ended September 30, 2018, as required by Section 10.556(10)(b), *Rules of the Auditor General*. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

Our examination does not provide a legal determination on the 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, 2018.

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 13, 2019
Gainesville, Florida

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, 2018, and have issued our report thereon dated March 13, 2019.

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

Other Reports

We have issued our Independent 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 Major Federal Program and State Project, and Report on Internal Control Over Compliance, and Schedule of Findings and Questioned Costs; and Independent Accountant's Reports on an Examination Conducted in Accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 13, 2019, 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.

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

MANAGEMENT LETTER
(Concluded)

Financial Condition and Management

- Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.
- Section 10.554(1)(i)(2)., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. Our audit identified recommendations which are included in the respective reports of the Board.

Special District Component Units

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

Additional Matters

- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address 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.

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

Purvis, Gray and Company, LLP

March 13, 2019
Gainesville, Florida

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2018

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**NASSAU COUNTY BOARD
OF COUNTY COMMISSIONERS
NASSAU COUNTY, FLORIDA
SEPTEMBER 30, 2018**

TABLE OF CONTENTS

INTRODUCTORY SECTION

List of Elected and Appointed Officials.....	i
--	---

FINANCIAL SECTION

Independent Auditors' Report	1-3
---	-----

Financial Statements

Balance Sheet - Governmental Funds	4-5
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	6-7
Statement of Net Position - Proprietary Fund.....	8
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund.....	9
Statement of Cash Flows - Proprietary Fund	10-11
Statement of Fiduciary Net Position - Agency Fund	12
Notes to Financial Statements	13-41

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - General Fund.....	42
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - County Transportation Fund.....	43
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - Municipal Services Fund	44
Note to Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	45

Supplementary Information

Combining Nonmajor Governmental Funds

Combining Balance Sheet - Nonmajor Governmental Funds	46-53
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds	54-61

Other Information

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	65-67
Management Response to Audit Findings	68-70

INTRODUCTORY SECTION

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

LIST OF ELECTED AND APPOINTED OFFICIALS

Serving as of September 30, 2018

ELECTED OFFICIALS

Commissioner—District 1Daniel B. Leeper
Commissioner—District 2Stephen W. Kelley
Commissioner—District 3, Chairman..... Pat Edwards
Commissioner—District 4 George V. Spicer
Commissioner—District 5 Justin M. Taylor

APPOINTED OFFICIALS

County Manager, Interim Michael Mullin
County Attorney Michael Mullin

FINANCIAL STATEMENTS

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, 2018, and the related notes, which collectively comprise the Board's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 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 each major fund and the aggregate remaining fund information of the Board as of September 30, 2018, 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

Incomplete Presentation

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Nassau County that is attributable to the Board of County Commissioners. They do not purport to, and do not, present fairly the financial position of the County as of September 30, 2018, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Prior Period Adjustment

As discussed in Note 1 to the financial statements, during the current year, the Board adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for Other Post-employment Benefits (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 of resources, deferred inflows of resources, and expenses. These liabilities are only recorded in the government-wide full accrual statements, and in the Board's enterprise funds. In connection with the implementation of this statement, the Board decreased its beginning net position in the enterprise fund by \$124,717. 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, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Honorable Board of County Commissioners
Nassau County, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Matters (Concluded)

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2019, 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.

Purvis, Gray and Company, LLP

March 13, 2019
Gainesville, Florida

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	General	County Transportation	Municipal Services
Assets			
Cash and Cash Equivalents	\$ 633,284	\$ 96,320	\$ 772,919
Cash and Cash Equivalents - Restricted	619,443	0	0
Equity in Pooled Investments	15,862,432	6,260,741	3,788,945
Accounts Receivable, (Net of Allowance for Uncollectibles)	807,291	39,055	762
Loans Receivable, (Net of Allowance for Uncollectibles)	0	0	0
Due from Other Funds	583,899	24,741	36,002
Due from Constitutional Officers	1,244,818	34,448	25,797
Due from Other Governments	3,106,454	353,033	58,075
Inventories	200,007	66,149	0
Prepaid Expenditures	550,010	2,350	839,620
Deposits	6,105	895	0
Total Assets	23,613,743	6,877,732	5,522,120
Liabilities			
Accounts Payable	2,863,400	1,107,488	285,344
Accrued Liabilities	803,250	0	0
Retainage Payable	20,918	33,967	0
Due to Other Funds	68,728	154,332	348,454
Due to Constitutional Officers	73,162	0	363
Due to Other Governments	224,802	119	3,338
Deposits	26,828	10,440	0
Total Liabilities	4,081,088	1,306,346	637,499
Deferred Inflows of Resources			
Unavailable Revenues	2,507,002	1,687	2,921
Fund Balances			
Nonspendable	758,127	89,871	839,819
Restricted	1,150,863	0	5,083
Committed	0	0	0
Assigned	2,994,527	5,479,828	4,036,798
Unassigned	12,122,136	0	0
Total Fund Balances	17,025,653	5,569,699	4,881,700
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$ 23,613,743	\$ 6,877,732	\$ 5,522,120

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

Capital Projects - Transportation	Nonmajor Governmental Funds	Total Governmental Funds
\$ 5,161,639	\$ 15,615,730	\$ 22,279,892
0	0	619,443
8,448,727	20,276,526	54,637,371
0	0	847,108
0	61,577	61,577
0	7,418	652,060
0	70,455	1,375,518
2,221,263	144,614	5,883,439
0	0	266,156
0	0	1,391,980
0	0	7,000
<u>15,831,629</u>	<u>36,176,320</u>	<u>88,021,544</u>
1,982,735	862,571	7,101,538
0	0	803,250
62,447	0	117,332
0	52,392	623,906
0	161	73,686
0	940,700	1,168,959
0	167,602	204,870
<u>2,045,182</u>	<u>2,023,426</u>	<u>10,093,541</u>
<u>2,221,263</u>	<u>113,864</u>	<u>4,846,737</u>
0	150	1,687,967
0	30,708,797	31,864,743
11,565,184	2,526,973	14,092,157
0	803,110	13,314,263
0	0	12,122,136
<u>11,565,184</u>	<u>34,039,030</u>	<u>73,081,266</u>
<u>\$ 15,831,629</u>	<u>\$ 36,176,320</u>	<u>\$ 88,021,544</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, 2018

	General	County Transportation	Municipal Services
Revenues			
Taxes	\$ 45,813,311	\$ 5,947,364	\$ 9,739,887
Licenses and Permits	43,347	8,777	179,584
Intergovernmental Revenues	7,121,116	1,602,416	780,936
Charges for Services	2,389,883	2,645	198,958
Fines and Forfeitures	47,381	2,046	35,086
Investment Earnings	454,750	124,272	94,939
Miscellaneous	227,629	118,908	8,278
Total Revenues	56,097,417	7,806,428	11,037,668
Expenditures			
Current:			
General Government Services	7,697,837	0	1,294,689
Public Safety	15,223,573	0	7,431,660
Physical Environment	1,781,942	0	0
Transportation	0	6,735,894	2,814
Economic Environment	164,099	0	0
Human Services	2,620,557	0	1,002,761
Culture and Recreation	1,894,597	0	0
Court-related Expenditures	931,878	0	0
Capital Outlay	3,353,972	853,005	903,502
Debt Service:			
Principal Retirement	550,731	0	0
Interest and Fiscal Charges	0	0	0
(Total Expenditures)	34,219,186	7,588,899	10,635,426
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,878,231	217,529	402,242
Other Financing Sources (Uses)			
Transfers from Constitutional Officers	1,195,801	9,119	25,792
Transfers to Constitutional Officers	(26,539,836)	(88,009)	(2,979,399)
Transfers in	4,985,362	2,614,347	4,099,289
Transfers (out)	(2,755,611)	(2,380,669)	(85,470)
Sale of General Capital Assets	14,677	17,863	3,500
Total Other Financing Sources (Uses)	(23,099,607)	172,651	1,063,712
Net Change in Fund Balances	(1,221,376)	390,180	1,465,954
Fund Balances at Beginning of Year	18,247,029	5,179,519	3,415,746
Fund Balances at End of Year	\$ 17,025,653	\$ 5,569,699	\$ 4,881,700

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

Capital Projects - Transportation	Nonmajor Governmental Funds	Total Governmental Funds
\$ 0	\$ 17,329,540	\$ 78,830,102
0	6,247,660	6,479,368
349,041	1,350,059	11,203,568
0	858,816	3,450,302
0	151,055	235,568
173,525	514,283	1,361,769
0	92,463	447,278
<u>522,566</u>	<u>26,543,876</u>	<u>102,007,955</u>
0	1,060,119	10,052,645
0	496,345	23,151,578
0	784,636	2,566,578
1,995,600	37,760	8,772,068
0	5,471,675	5,635,774
0	124,809	3,748,127
0	26,616	1,921,213
0	305,927	1,237,805
2,516,967	820,491	8,447,937
0	2,610,891	3,161,622
0	1,758,311	1,758,311
<u>4,512,567</u>	<u>13,497,580</u>	<u>70,453,658</u>
<u>(3,990,001)</u>	<u>13,046,296</u>	<u>31,554,297</u>
0	17,931	1,248,643
0	(636,649)	(30,243,893)
4,536,925	2,765,069	19,000,992
0	(13,713,853)	(18,935,603)
0	3,348	39,388
<u>4,536,925</u>	<u>(11,564,154)</u>	<u>(28,890,473)</u>
546,924	1,482,142	2,663,824
11,018,260	32,556,888	70,417,442
<u>\$ 11,565,184</u>	<u>\$ 34,039,030</u>	<u>\$ 73,081,266</u>

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

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
STATEMENT OF NET POSITION - PROPRIETARY FUND
SEPTEMBER 30, 2018

	Water and Sewer
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 4,097,385
Cash and Cash Equivalents - Restricted	947,808
Equity in Pooled Investments	4,034,809
Accounts Receivable, Net	418,218
Due from Other Funds	4,542
Inventories - Materials and Supplies	58,847
Prepaid Expenses	41,365
Total Current Assets	<u>9,602,974</u>
Noncurrent Assets:	
Capital Assets (Net of Accumulated Depreciation Where Applicable)	<u>13,926,791</u>
Total Noncurrent Assets	<u>13,926,791</u>
Total Assets	<u><u>23,529,765</u></u>
Deferred Outflow of Resources	
Unamortized Refunding Loss	448,895
Pension Related	195,098
OPEB Related	10,449
Total Deferred Outflow of Resources	<u>654,442</u>
Total Assets and Deferred Outflows	<u><u>24,184,207</u></u>
Liabilities	
Current Liabilities:	
Accounts Payable	273,234
Due to Other Funds	32,696
Due to Other Governments	78
Deposits	137,357
Bonds Payable	975,000
Compensated Absences	94,688
Total Current Liabilities	<u>1,513,053</u>
Noncurrent Liabilities:	
Compensated Absences	51,472
Other Postemployment Benefits	226,156
Bonds Payable Long-term	9,775,000
Net Pension Liability	453,941
Total Noncurrent Liabilities	<u>10,506,569</u>
Total Liabilities	<u><u>12,019,622</u></u>
Deferred Inflow of Resources	
Pension Related	68,694
OPEB Related	7,270
Total Deferred Inflow of Resources	<u>75,964</u>
Net Position	
Net Investment in Capital Assets	3,625,686
Restricted for:	
Debt Service	597,824
Renewal and Replacement	208,124
Unrestricted	7,656,987
Total Net Position	<u><u>\$ 12,088,621</u></u>

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

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Water and Sewer
Operating Revenues	
Charges for Services	\$ 4,180,612
Connection and Impact Fees	123,173
Other Income	106,059
Total Operating Revenues	<u>4,409,844</u>
Operating Expenses	
Contractual Services	12,334
Professional Services	65,224
Salaries and Benefits	870,974
Rentals and Leases	23,616
Repairs and Maintenance	199,666
Gas and Oil	8,567
Materials	1,735
Depreciation	813,989
Other Expenses	489,070
(Total Operating Expenses)	<u>2,485,175</u>
Operating Income	<u>1,924,669</u>
Nonoperating Revenues (Expenses)	
Interest Earnings	30,869
Interest and Other Debt Service Costs	(286,281)
Loss on Disposal of Capital Assets	(20,197)
Total Nonoperating Revenues (Expenses)	<u>(275,609)</u>
Income Before Transfers	<u>1,649,060</u>
Transfers	
Transfers (out)	(65,389)
Transfer (out) to Constitutional Officer	(8)
Total Transfers	<u>(65,397)</u>
Change in Net Position	<u>1,583,663</u>
Total Net Position, Beginning of Year	10,629,675
Prior Period Adjustments	<u>(124,717)</u>
Net Position, Beginning of Year (as Restated)	<u>10,504,958</u>
Total Net Position, End of Year	<u><u>\$ 12,088,621</u></u>

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

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Water and Sewer
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 4,511,875
Cash Payments to Vendors for Goods and Services	(790,830)
Cash Payments to Employees	(835,534)
Net Cash Provided by (Used in) Operating Activities	<u>2,885,511</u>
Noncapital Financing Activities	
Transfers to Constitutional Officers	(8)
Transfers to Other Funds	(65,389)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(65,397)</u>
Capital and Related Financing Activities	
Acquisition of Property, Plant and Equipment	(869,050)
Principal Payments on Bonds	(955,000)
Payment of Interest and Other Debt Costs	(241,391)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(2,065,441)</u>
Investing Activities	
Interest Received	30,869
Purchase of Investments	(23,241)
Net Cash Provided by (Used in) Investing Activities	<u>7,628</u>
Net Increase (Decrease) in Cash and Cash Equivalents	762,301
Cash and Cash Equivalents, Beginning of Year	<u>4,282,892</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 5,045,193</u></u>
<u>Reported in Statement of Net Assets as</u>	
Cash and Cash Equivalents	\$ 4,097,385
Cash and Cash Equivalents - Restricted	947,808
Total	<u><u>\$ 5,045,193</u></u>

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

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Concluded)

	Water and Sewer
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>	
Operating Income (Loss)	\$ 1,924,669
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Depreciation and Amortization	813,989
Changes in Assets - Decrease (Increase):	
Decrease (Increase) in Accounts Receivable	91,439
Decrease (Increase) in Due from Other Funds	(1,528)
Decrease (Increase) in Inventory	1,384
Decrease (Increase) in Prepaid Expense	108
Decrease (Increase) in Deferred Outflows	17,586
Changes in Liabilities - Increase (Decrease):	
Increase (Decrease) in Accounts Payable	(2,496)
Increase (Decrease) in Due to Other Funds	4,980
Increase (Decrease) in Due to Constitutionals	(8)
Increase (Decrease) in Deposits	7,140
Increase (Decrease) in OPEB Liability	9,057
Increase (Decrease) in Net Pension Liability	(31,466)
Increase (Decrease) in Deferred Inflows	47,516
Increase (Decrease) in Compensated Absences	3,141
Net Cash Provided by (Used in) Operating Activities	\$ 2,885,511

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

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
SEPTEMBER 30, 2018**

	<u>SAISSA</u>
Assets	
Cash and Equivalents	\$ 2,180
Equity in Pooled Investments	1,005,885
Due from Constitutional Officers	<u>1,706</u>
Total Assets	<u><u>1,009,771</u></u>
 Liabilities	
Due to Bond Holders	<u>1,009,771</u>
Total Liabilities	<u><u>\$ 1,009,771</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, 2018. 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, 2018. In addition, the RWCCD did not issue any bonds during the audit period, nor were there any bonds outstanding at year-end. Therefore, financial statements were not prepared for RWCCD and, accordingly, no financial data for RWCCD is presented in these financial statements.

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

Basis of Presentation

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting

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

■ **Governmental Funds**

● **Major Governmental Funds**

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

● **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**

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

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

■ **Fiduciary Fund**

The Agency Fund-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.

- **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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

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

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).

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

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 general fund and the water and sewer enterprise fund 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:

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

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, 2018, no interest was capitalized.

Deferred Inflows/Outflows of Resources

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

Compensated Absences

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

Use of Estimates

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

Other Postemployment Benefits (OPEB)

The Board allows retirees and their dependents to remain covered under the County's respective medical and insurance plans as required by Florida Statutes. The Board also provides a direct subsidy to retirees based on the number of years of service. During fiscal year 2018, the Board implemented *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for Other Post-Employment Benefits (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 of resources, deferred inflows of resources, and expenses. These liabilities are only recorded in the government-wide full accrual statements, and in the Board's enterprise funds. Further details of the net OPEB liability, annual OPEB expense, actuarial assumptions, sensitivity analysis, and the other required disclosures can be found in the County-wide annual financial report.

Retirement Plans

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

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

Note 1 - Summary of Significant Accounting Policies (Concluded)

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, 2018, the Board levied 6.5670 mills. An additional 1.6694 mills and 0.1021 mills were levied for the benefit of the Nassau County Municipal Services Taxing Unit and the Amelia Island Beach Renourishment MSTU, respectively.

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

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

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 \$27,946,708 and the bank balances were \$28,991,538. 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.

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

Note 2 - Cash and Investments (Continued)

Investments

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

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

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

- *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 and New West Nassau Landfills. The amounts in these escrow accounts are determined by engineering studies as required by the above rule, and are reported as cash and cash equivalents - restricted.

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

<u>Description</u>	<u>Fair Value</u>
Cash and Cash Equivalents	\$ 27,946,708
Certificates of Deposit	34,970,532
Money Market Accounts	<u>24,707,533</u>
Total Cash and Investments	<u>\$ 87,624,773</u>

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

Note 2 - Cash and Investments (Concluded)

Investments (Concluded)

Reported in accompanying financial statements as follows:

	<u>Governmental Funds</u>	<u>Proprietary Fund</u>	<u>Agency Fund</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 22,279,892	\$ 4,097,385	\$ 2,180	\$ 26,379,457
Equity in Pooled Investments	54,637,371	4,034,809	1,005,885	59,678,065
Restricted Cash and Cash Equivalents	<u>619,443</u>	<u>947,808</u>	<u>0</u>	<u>1,567,251</u>
Total Cash and Investments	<u>\$ 77,536,706</u>	<u>\$ 9,080,002</u>	<u>\$ 1,008,065</u>	<u>\$ 87,624,773</u>

Note 3 - Accounts Receivable

Accounts receivable (net of allowances for uncollectibles) at September 30, 2018, included the following:

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental Funds			
General Fund	\$ 2,506,553	\$ (1,699,262)	\$ 807,291
County Transportation	39,055	0	39,055
Municipal Services	<u>762</u>	<u>0</u>	<u>762</u>
Total Governmental Funds	<u>\$ 2,546,370</u>	<u>\$ (1,699,262)</u>	<u>\$ 847,108</u>
Business-type Funds			
Water and Sewer	<u>\$ 420,755</u>	<u>\$ (2,537)</u>	<u>\$ 418,218</u>

Note 4 - Restricted Assets

Restricted assets in the general fund and the proprietary funds at September 30, 2018, represent monies required to be restricted for landfill postclosure costs, debt service and construction under terms of outstanding bond agreements and impact fees restricted to water and sewer system uses. Assets are also restricted in accordance with ordinances and Florida Statutes. Restricted assets for the general fund and the proprietary funds at September 30, 2018, were restricted for the following purposes:

Customer Deposits	\$ 141,860
Landfill Postclosure Costs	619,443
Renewal and Replacement (Water/Sewer)	208,124
Debt Service	<u>597,824</u>
Total	<u>\$ 1,567,251</u>

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

Note 4 - Restricted Assets (Concluded)

Reported in accompanying financial statements as follows:

Account	Reported Amount
Current: Restricted Cash and Cash Equivalents - General	\$ 619,443
Current: Restricted Cash and Cash Equivalents - Business-type Activities	141,860
Noncurrent: Restricted Cash and Cash Equivalents - Business-type Activities	805,948
Total Restricted Assets	<u>\$ 1,567,251</u>

Note 5 - Capital Assets

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

Capital asset activity for the year ended September 30, 2018, was as follows:

	Balance 10/1/17	Increases	(Decreases)	Balance 9/30/18
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 76,764,927	\$ 973,776	\$ (300)	\$ 77,738,403
Construction Work in Progress	2,599,819	4,389,143	(2,555,756)	4,433,206
Total Capital Assets Not Being Depreciated	79,364,746	5,362,919	(2,556,056)	82,171,609
Capital Assets Being Depreciated:				
Building and Improvements	71,274,894	2,029,187	0	73,304,081
Machinery and Equipment	30,362,569	3,344,941	(1,977,842)	31,729,668
Improvements other than Buildings	412,126	543,297	0	955,423
Leasehold Improvements	1,040,516	0	0	1,040,516
Infrastructure	630,248,726	99,310	0	630,348,036
Total Capital Assets Being Depreciated	733,338,831	6,016,735	(1,977,842)	737,377,724
Less Accumulated Depreciation:				
Buildings and Improvements	(25,455,903)	(1,814,502)	0	(27,270,405)
Machinery and Equipment	(21,154,738)	(2,490,047)	1,931,779	(21,713,006)
Leasehold Improvements	(236,572)	(43,965)	0	(280,537)
Infrastructure	(337,727,071)	(16,196,905)	0	(353,923,976)
Total Accumulated Depreciation	(384,574,284)	(20,545,419)	1,931,779	(403,187,924)
Total Capital Assets Being Depreciated, Net	348,764,547	(14,528,684)	(46,063)	334,189,800
Total Governmental Activities				
Capital Assets, Net	<u>\$ 428,129,293</u>	<u>\$ (9,165,765)</u>	<u>\$ (2,602,119)</u>	<u>\$ 416,361,409</u>

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

Note 5 - Capital Assets (Concluded)

	<u>Balance</u> <u>10/1/17</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance</u> <u>9/30/18</u>
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 167,966	\$ 0	\$ 0	\$ 167,966
Construction Work in Progress	16,303	0	0	16,303
Total Capital Assets, Not Being Depreciated	184,269	0	0	184,269
Capital Assets, Being Depreciated:				
Building and Improvements	774,577	0	(19,712)	754,865
Equipment	22,353,262	869,050	(2,079)	23,220,233
Total Capital Assets, Being Depreciated	23,127,839	869,050	(21,791)	23,975,098
Less Accumulated Depreciation:				
Building and Improvements	(248,973)	(19,839)	0	(268,812)
Equipment	(9,171,207)	(794,151)	1,594	(9,963,764)
Total Accumulated Depreciation	(9,420,180)	(813,990)	1,594	(10,232,576)
Total Capital Assets, Being Depreciated, Net	13,707,659	55,060	(20,197)	13,742,522
Total Business-type Activities				
Capital Assets, Net	<u>\$ 13,891,928</u>	<u>\$ 55,060</u>	<u>\$ (20,197)</u>	<u>\$ 13,926,791</u>

Note 6 - Interfund Activity

Interfund balances at September 30, 2018, consisted of the following:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
General	County Transportation	\$ 154,332
General	Municipal Service	348,454
General	Water and Sewer	32,696
General	Nonmajor	48,417
County Transportation	General Fund	24,224
County Transportation	Nonmajor	517
Municipal Service	General Fund	35,086
Municipal Service	Nonmajor	916
Water and Sewer	General Fund	4,542
Nonmajor	General Fund	4,876
Nonmajor	Nonmajor	2,542
Total		<u>\$ 656,602</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 was also \$1,375,519 due from the Constitutional Officers, and \$73,686 due to the Constitutional Officers.

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

Note 6 - Interfund Activity (Concluded)

Interfund transfers:

Transfers Out	Transfers In					
	General	County Trans- portation	Municipal Services	Capital Project Transportation	Nonmajor	Totals
General	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,755,611	\$ 2,755,611
County Transportation	0	0	0	2,377,675	2,994	2,380,669
Municipal Services	85,470	0	0	0	0	85,470
Nonmajor	4,834,503	2,614,347	4,099,289	2,159,250	6,464	13,713,853
Water and Sewer	65,389	0	0	0	0	65,389
Total	<u>\$ 4,985,362</u>	<u>\$ 2,614,347</u>	<u>\$ 4,099,289</u>	<u>\$ 4,536,925</u>	<u>\$ 2,765,069</u>	<u>\$ 19,000,992</u>

In addition to the interfund transfers, there were transfers out to the Constitutional Officers of \$30,153,466 and transfers in from the Constitutional Officers of \$1,248,643.

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.

Note 7 - Leases

■ **Governmental Funds**

The Board is party to operating leases during the period ended September 30, 2018, as follows:

- *Tower Site (14th Street)*—the Board entered into a five-year lease with Pinnacle Towers, LLC, commencing April 1, 2011. The Board exercised the five-year renewal, which has an effective date of April 2016. Operating lease payments for the year ended September 30, 2018, were \$31,614.
- *Two Tower Sites (Hilliard and Dahoma)*—the Board entered into five year lease with American Tower Asset Sub, LLC, commencing May 2016. Operating lease payments for the year ended September 30, 2018, were \$60,454.
- *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, 2018, were \$75,443.
- *Ring Investments*—the Board entered into a two-year lease with Ring Investment, LLC in 2015. An amendment was done in December 2017, with an ending date of September 2019. Operating lease payments for the year ended September 30, 2018, totaled \$37,494.

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

Note 7 - Leases (Concluded)

Future minimum lease payments under these leases follow:

Year Ending September 30,	Tower Lease Sites	West Nassau Land Development	Ring Investments	Totals
2019	\$ 96,356	\$ 77,178	\$ 37,494	\$ 211,028
2020	100,844	60,892	0	161,736
2021	93,215	0	0	93,215
2022	36,984	0	0	36,984
2023	38,463	0	0	38,463
Total	<u>\$ 365,862</u>	<u>\$ 138,070</u>	<u>\$ 37,494</u>	<u>\$ 541,426</u>

Capital Lease

The County entered into a lease agreement during the 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:

Asset	
Radios	\$ 872,838
(Accumulated Depreciation)	<u>(645,825)</u>
Total	<u>\$ 227,013</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2018, were as follows:

Year Ending September 30,	Governmental Activities
2019	\$ 550,731
Total	<u>\$ 550,731</u>

Note 8 - Long-term Obligations

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

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

Note 8 - Long-term Obligations (Continued)

The following is a summary of changes in long-term obligations for the year ended September 30, 2018:

	<u>Balance</u> <u>10/1/17</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/18</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Bonds Payable	\$ 30,145,585	\$ 0	\$ (2,840,525)	\$ 27,305,060	\$ 1,564,662
Premium on Bonds Payable	<u>1,039,476</u>	<u>0</u>	<u>(74,248)</u>	<u>965,228</u>	<u>74,428</u>
Total Bonds and Notes Payable	<u>31,185,061</u>	<u>0</u>	<u>(2,914,773)</u>	<u>28,270,288</u>	<u>1,639,090</u>
Capital Lease	1,101,462	0	(550,731)	550,731	550,731
Compensated Absences	5,624,157	2,417,599	(2,560,471)	5,481,285	2,390,280
Other Postemployment Benefits	11,155,296	0	(73,647)	11,081,649	0
Landfill Postclosure	14,035,143	0	(280,429)	13,754,714	619,306
Net Pension Liability	<u>36,011,366</u>	<u>0</u>	<u>(1,863,435)</u>	<u>34,147,931</u>	<u>0</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 99,112,485</u>	<u>\$ 2,417,599</u>	<u>\$ (8,243,486)</u>	<u>\$ 93,286,598</u>	<u>\$ 5,199,407</u>
Business-type Activities					
Bonds Payable	\$ 11,705,000	\$ 0	\$ (955,000)	\$ 10,750,000	\$ 975,000
Compensated Absences	143,019	62,621	(59,480)	146,160	94,688
Other Postemployment Benefits	227,659	0	(1,503)	226,156	0
Net Pension Liability	<u>485,407</u>	<u>0</u>	<u>(31,466)</u>	<u>453,941</u>	<u>0</u>
Total Business-type Activities Long-term Liabilities	<u>\$ 12,561,085</u>	<u>\$ 62,621</u>	<u>\$ (1,047,449)</u>	<u>\$ 11,576,257</u>	<u>\$ 1,069,688</u>

Governmental Activities

A brief synopsis of long-term debt existing at September 30, 2018, follows:

2000 Optional Gas Tax Revenue Bonds

The Board, in September 2000, issued the Optional Gas Tax Revenue Bond in the amount of \$6,167,580. The proceeds of the bond issue are to pay the cost of acquisition and construction of certain transportation capital improvements in the County and to pay certain costs related to the issuance and sale of the Series 2000 Bonds. The 2000 Bonds are capital appreciation bonds; additional capital appreciation through September 30, 2018, totaled \$3,513,694.

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

Note 8 - Long-term Obligations (Continued)

Governmental Activities (Continued)

2000 Optional Gas Tax Revenue Bonds (Concluded)

The Series 2000 Bonds are special limited obligations of the County payable solely from and secured by a prior lien upon and pledge of the proceeds of the six-cent local option gas tax and until expended, the monies on deposit in certain funds and accounts created by Resolution. Annual principal and interest on the bonds are expected to require approximately 40% of such tax revenue and are payable through 2025. Principal and interest payments for the current year totaled \$945,000 and gas tax revenues totaled \$2,374,856. At year-end, pledged future revenues totaled \$6,615,000, which was the amount of remaining principal and interest on the bonds. Other Board revenues are not available to finance this bond issue. In addition, the bondholders do not have any authority to compel the Board to increase ad valorem taxes for financing this bond issue. Such bonds, bearing interest at a rate between 5.55% to 5.81% per annum, are dated August 30, 2000, and are in denominations of \$5,000 each. A portion of such bonds mature annually starting March 1, 2010, with final maturity being March 1, 2025. The bonds have a required reserve of \$945,000, which is on hand at year-end.

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

Year Ending September 30,	Principal	Interest	Total
2019	\$ 334,662	\$ 610,338	\$ 945,000
2020	315,176	629,824	945,000
2021	296,125	648,875	945,000
2022	278,643	666,357	945,000
2023	262,086	682,914	945,000
2024-2025	479,673	1,410,327	1,890,000
Total	\$ 1,966,365	\$ 4,648,635	\$ 6,615,000

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 29% of such non ad valorem tax revenue and are payable through 2031. Principal and interest payments for the current year totaled \$2,319,750 and non ad valorem tax revenues totaled \$7,972,076. At year-end, pledged future revenues totaled \$30,203,500, which was the amount of remaining principal and interest on the bonds. Other Board revenues are not available to finance this bond issue.

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

Note 8 - Long-term Obligations (Continued)

Governmental Activities (Concluded)

2007 Public Improvement Revenue and Refunding Bonds (Concluded)

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>
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	1,425,000	897,000	2,322,000
2023	1,500,000	825,750	2,325,750
2024-2028	8,690,000	2,926,750	11,616,750
2029-2031	<u>6,325,000</u>	<u>643,000</u>	<u>6,968,000</u>
Total	<u>\$ 21,825,000</u>	<u>\$ 8,378,500</u>	<u>\$ 30,203,500</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, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Ending Balance</u>
Vacation Leave	\$ 2,076,162	\$ 1,189,481	\$ (1,218,683)	\$ 2,046,960
Paid Time Off	303,351	477,661	(417,032)	363,980
Sick Leave	3,215,830	709,549	(875,311)	3,050,068
Bonus Leave	19,727	24,786	(29,752)	14,761
Compensatory Leave	<u>9,087</u>	<u>16,122</u>	<u>(19,693)</u>	<u>5,516</u>
Total	<u>\$ 5,624,157</u>	<u>\$ 2,417,599</u>	<u>\$ (2,560,471)</u>	<u>\$ 5,481,285</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 45% of such revenue and are payable through 2028. Principal and interest payments for the current year totaled \$1,196,391, and revenues totaled \$2,630,362. At year-end, pledged future revenues totaled \$11,946,260, 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 8 - 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. The Board met the 120% requirement and, therefore, is in compliance with the rate covenant at year-end.

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

Year Ending			
September 30,	Principal	Interest	Total
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	1,040,000	155,767	1,195,767
2023	1,065,000	133,139	1,198,139
2024-2028	5,660,000	309,385	5,969,385
Total	\$ 10,750,000	\$ 1,196,260	\$ 11,946,260

Compensated Absences—following is a summary of annual, sick, and bonus leave benefits liabilities at September 30, 2018, for the proprietary funds:

	Beginning			Ending
	Balance	Additions	(Deletions)	Balance
Vacation Leave	\$ 37,222	\$ 27,002	\$ (28,360)	\$ 35,864
Paid Time Off	4,711	16,364	(12,200)	8,875
Sick Leave	99,692	15,376	(15,112)	99,956
Bonus Leave	1,394	3,881	(3,810)	1,465
Total	\$ 143,019	\$ 62,623	\$ (59,482)	\$ 146,160

Note 9 - No Commitment Special Assessment Debt

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

At September 30, 2018, the Special Assessment Bond outstanding totaled \$909,990.

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

Note 10 - Bond Arbitrage Rebate

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

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

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

Note 11 - Landfill 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 \$13,754,714 for postclosure care cost at September 30, 2018, 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 2018 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 \$619,306 as of September 30, 2018). At September 30, 2018, the actual escrow balances are as follows:

Landfills	
Old West Nassau Postclosure	\$ 21,415
New West Nassau Postclosure	<u>597,953</u>
Total Escrow Balances	<u><u>\$ 619,368</u></u>

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

Note 12 - 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).

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,

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

Note 12 - Retirement Plans (Continued)

FRS Pension Plan (Continued)

Plan Description. *(Concluded)*

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:

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

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

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

Note 12 - Retirement Plans (Continued)

FRS Pension Plan (Concluded)

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2017-2018 fiscal year were as follows:

Class	Year Ended June 30, 2019		Year Ended June 30, 2018	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	8.26	3.00	7.92
FRS, Special Risk Class	3.00	24.50	3.00	23.27
FRS, Elected County Officers	3.00	48.70	3.00	45.50
FRS, Senior Management Service	3.00	24.06	3.00	22.71
DROP - Applicable to Members				
from All of the Above Classes	0.00	14.03	0.00	13.26
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 \$2,760,538 for the fiscal year ended September 30, 2018. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities and Pension Expense. At September 30, 2018, the Board's proportionate share of the FRS net pension liability was \$28,390,669. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2018, the Board's proportion was .094257006%, which was a decrease of .007556117 from its proportion measured as of June 30, 2017.

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

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended September 30, 2018, 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 12 - 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 years 2018 and 2017 were 1.66%. The Board contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Board's contributions to the HIS Plan totaled \$322,988 for the fiscal year ended September 30, 2018.

Pension Liabilities and Pension Expense. At September 30, 2018, the Board's proportionate share of the HIS net pension liability was \$6,211,173. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2018, the Board's proportion was .1118462510%, which was an increase of .001403423 from its proportion measured as of June 30, 2017.

FRS – Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Board employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members' accounts during the 2017-18 fiscal year were as follows:

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

Note 12 - 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, 2018, 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 \$712,998 for the fiscal year ended September 30, 2018.

Note 13 - Deferred Compensation Plan

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

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

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

Note 14 - Other Postemployment Benefits

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

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

Currently, there are 282 active employees and 68 retired employees participating in the plan. The Board's Net OPEB obligation totaled \$11,307,805, of which \$226,156 has been recorded in the Proprietary funds. The remainder has been included in long-term debt of the County as a whole. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

Note 15 - Fund Balance Classification and Minimum Fund Balance Policy

The following is a summary of the Board's fund balance classifications and the purpose of each as of September 30, 2018:

Nonspendable Fund Balance

Prepaid Expenses	\$ 1,412,505
Petty Cash	2,305
Inventory	266,157
Deposits	<u>7,000</u>

Total Nonspendable Fund Balance	<u><u>1,687,967</u></u>
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Restricted Fund Balance

General Government	268,155
General Government - Court Related	1,259,776
Crime Prevention	132,192
Economic Development	68,633
Other Human Services	1,000
Developer Agreements	5,000
Physical Environment	2,043,491
Law Enforcement	336,014
Impact Fees	8,044,287
Law Library	112,660
Public Safety	467,253
Other Culture/Recreation	109,753
State Housing Initiative Program	479,874
Court Facilities	458,996
Criminal Justice	137,512
Tourist Development	5,720,518
Building Department	5,789,364
Debt Services – Bonds	1,496,681
Capital Projects – Transportation	<u>4,933,584</u>

Total Restricted Fund Balance	<u><u>31,864,743</u></u>
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NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
NASSAU COUNTY, FLORIDA
(Continued)

Note 15 - Fund Balance Classification (Concluded)

Committed Fund Balance	
Public Safety	\$ 2,526,973
Transportation	<u>11,565,184</u>
Total Committed Fund Balance	<u>14,092,157</u>
Assigned Fund Balance	
General Government	561,016
Public Safety	2,220,160
Economic Development	7,500
Transportation	2,256,043
Human Services	83,253
Culture and Recreation	334,797
Non Court Related	107,202
Physical Environment	754,086
Reserves -Capital Projects	4,245,570
Minimum Fund Balance	<u>2,744,636</u>
Total Assigned Fund Balance	<u>13,314,263</u>
Unassigned Fund Balance	<u>12,122,136</u>
Total	<u>\$ 73,081,266</u>

Minimum Fund Balance Reserve Policy

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

Note 16 - Risk Management

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

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

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

Note 17 - Commitments and Contingencies

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

The following is a summary of major commitments of the Board and contracts in progress as of September 30, 2018:

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

Note 17 - Commitments and Contingencies (Concluded)

<u>Project</u>	<u>Source of Payment</u>	<u>Paid to Date</u>	<u>Commitment Remaining</u>
NAU Clarifier No. 1 & 2 Rehabilitation	Current Available Resources	\$ 90,918	\$ 15,792
Crawford Road Design Services	Current Available Resources	757,790	10,858
Page Dairy/Chester Road Project	Current Available Resources	651,391	404,695
CR 115 Widening & Resurfacing	Current Available Resources	429,156	286,181
Fire Station #71 Design Build	Current Available Resources	176,787	506
Overlay of 28 Roads	Current Available Resources	44,275	79,474
Monitoring of Landfill Gas	Current Available Resources	222,143	14,725
Mobility Plan and Fee Study	Current Available Resources	47,154	128,929
Total		<u>\$ 2,419,614</u>	<u>\$ 941,160</u>

Note 18 - Conduit Debt Obligations

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

As of September 30, 2018, there was one series of such bonds outstanding with a principal amount payable of \$9,745,000. The issue amount and the September 30, 2018, outstanding balance is as follows:

<u>Original Issuance</u>	<u>Year</u>	<u>9/30/18 Balance</u>	<u>Description</u>
\$ 11,150,000	2008	\$ 9,745,000	AICC, Inc. and Nassau Care Centers—70 Bed Care Intermediate Care and Day Program Service Facilities

Note 19 - Restatement

For the fiscal year ended September 30, 2018, the County implemented the provisions of GASB Statement 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. These liabilities are only recorded in the government-wide full accrual financial statements, and in the Board’s enterprise fund. Accordingly, beginning net position in the Board’s enterprise fund was restated to reflect the change in accounting principles by reducing the previously reported net position to reflect the increase in the OPEB obligation as calculated under GASB Statement 75 as follows:

	<u>Net Position September 30, 2017 as Previously Reported</u>	<u>Restatement</u>	<u>Net Position September 30, 2018 as Previously Reported</u>
Enterprise Fund:			
Water and Sewer Fund	\$ 10,629,675	\$ (124,717)	\$ 10,504,958

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

Note 20 - Tax Abatement

Pursuant to Section 125.045 Florida Statutes and Nassau County Ordinance 2012-32, the Economic Development Grant (EDG) incentive is available for companies with the goal to facilitate the development of capital investment and high-wage jobs in Nassau County. The incentives in the tiered program include a specified grant on the Board-only portion of their ad valorem taxes for a specified period of time after meeting or exceeding a specified number/wage level of new jobs, and/or new capital investment in Nassau County.

As of September 30, 2018, the only existing EDG agreement potentially material in size (fiscal year abatement >\$300,000) was with LignoTech Florida, LLC. The July 6, 2016 agreement was amended on September 12, 2016, in order to extend by one year (to January of 2019) the deadline for LignoTech to meet the new job and capital investment requirements under its EDG agreement with the Board. The company met the terms of qualification under their agreement in fiscal year 2018, and will be eligible to receive a 75% grant in years 1-5 and a 50% grant in years 6-10 projected as follows:

Fiscal Year	Estimated Tax Abatement
2019	\$ 316,431
2020	302,654
2021	289,806
2022	277,393
2023	330,328
2024	210,925
2025	201,613
2026	192,885
2027	184,742
2028	176,624
Projected Total Tax Abatement	\$ 2,483,401

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, 2018

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 45,152,578	\$ 45,152,534	\$ 45,813,311	\$ 660,777
Licenses and Permits	23,000	23,000	43,347	20,347
Intergovernmental Revenues	6,830,974	6,970,934	7,121,116	150,182
Charges for Services	2,091,714	2,090,932	2,389,883	298,951
Fines and Forfeitures	55,500	56,058	47,381	(8,677)
Interest Earnings	182,600	182,600	454,750	272,150
Miscellaneous	123,697	167,867	227,629	59,762
Total Revenues	54,460,063	54,643,925	56,097,417	1,453,492
Expenditures				
Current:				
General Government Services	8,675,254	8,739,897	7,697,837	1,042,060
Public Safety	13,767,220	15,595,185	15,223,573	371,612
Physical Environment	1,960,431	2,010,495	1,781,942	228,553
Economic Environment	254,946	261,765	164,099	97,666
Human Services	2,870,261	2,738,721	2,620,557	118,164
Culture and Recreation	2,118,695	2,156,181	1,894,597	261,584
Court-related Expenditures	1,272,377	1,197,844	931,878	265,966
Capital Outlay	4,955,871	5,034,656	3,353,972	1,680,684
Debt Service	550,731	550,731	550,731	0
(Total Expenditures)	36,425,786	38,285,475	34,219,186	4,066,289
Excess of Revenues Over Expenditures	18,034,277	16,358,450	21,878,231	5,519,781
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	485,000	519,240	1,195,801	676,561
Transfers to Constitutional Officers	(26,388,882)	(26,676,564)	(26,539,836)	136,728
Transfers in	4,393,993	4,989,928	4,985,362	(4,566)
Transfers (out)	(2,376,660)	(2,755,612)	(2,755,611)	1
Sale of General Capital Assets	55,300	30,760	14,677	(16,083)
Total Other Financing Sources (Uses)	(23,831,249)	(23,892,248)	(23,099,607)	792,641
Net Change in Fund Balances	(5,796,972)	(7,533,798)	(1,221,376)	6,312,422
Fund Balances at Beginning of Year	16,887,314	17,850,428	18,247,029	396,601
Fund Balances at End of Year	\$ 11,090,342	\$ 10,316,630	\$ 17,025,653	\$ 6,709,023

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, 2018

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 5,813,896	\$ 5,813,896	\$ 5,947,364	\$ 133,468
Licenses and Permits	2,030	2,030	8,777	6,747
Intergovernmental Revenues	1,544,962	1,643,131	1,602,416	(40,715)
Charges for Services	1,130	1,130	2,645	1,515
Fines and Forfeitures	0	0	2,046	2,046
Interest Earnings	35,000	35,000	124,272	89,272
Miscellaneous	95,032	95,032	118,908	23,876
Total Revenues	<u>7,492,050</u>	<u>7,590,219</u>	<u>7,806,428</u>	<u>216,209</u>
Expenditures				
Current:				
Transportation	8,434,656	8,677,866	6,735,894	1,941,972
Capital Outlay	2,152,964	2,271,242	853,005	1,418,237
(Total Expenditures)	<u>10,587,620</u>	<u>10,949,108</u>	<u>7,588,899</u>	<u>3,360,209</u>
Excess of Revenues Over				
Expenditures	<u>(3,095,570)</u>	<u>(3,358,889)</u>	<u>217,529</u>	<u>3,576,418</u>
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	3,000	3,000	9,119	6,119
Transfers to Constitutional Officers	(89,094)	(89,094)	(88,009)	1,085
Transfers in	2,614,347	2,614,347	2,614,347	0
Transfers (out)	(2,003,000)	(2,380,675)	(2,380,669)	6
Sale of General Capital Assets	16,800	16,800	17,863	1,063
Total Other Financing Sources (Uses)	<u>542,053</u>	<u>164,378</u>	<u>172,651</u>	<u>8,273</u>
Net Change in Fund Balances	<u>(2,553,517)</u>	<u>(3,194,511)</u>	<u>390,180</u>	<u>3,584,691</u>
Fund Balances at Beginning of Year	<u>4,143,162</u>	<u>5,053,134</u>	<u>5,179,519</u>	<u>126,385</u>
Fund Balances at End of Year	<u>\$ 1,589,645</u>	<u>\$ 1,858,623</u>	<u>\$ 5,569,699</u>	<u>\$ 3,711,076</u>

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - MUNICIPAL SERVICES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 9,801,737	\$ 9,801,737	\$ 9,739,887	\$ (61,850)
Licenses and Permits	97,938	97,938	179,584	81,646
Intergovernmental Revenues	686,952	690,408	780,936	90,528
Charges for Services	166,160	166,310	198,958	32,648
Fines and Forfeitures	3,600	3,600	35,086	31,486
Interest Earnings	50,000	50,000	94,939	44,939
Miscellaneous	900	900	8,278	7,378
Total Revenues	10,807,287	10,810,893	11,037,668	226,775
Expenditures				
Current:				
General Government Services	1,853,478	1,883,960	1,294,689	589,271
Public Safety	7,690,722	7,678,235	7,431,660	246,575
Transportation	8,484	11,940	2,814	9,126
Human Services	1,097,771	1,061,031	1,002,761	58,270
Capital Outlay	1,815,021	1,952,752	903,502	1,049,250
(Total Expenditures)	12,465,476	12,587,918	10,635,426	1,952,492
Excess of Revenues Over Expenditures	(1,658,189)	(1,777,025)	402,242	2,179,267
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	8,000	8,000	25,792	17,792
Transfers to Constitutional Officers	(2,982,269)	(2,982,284)	(2,979,399)	2,885
Transfers in	4,113,055	4,112,905	4,099,289	(13,616)
Transfers (out)	(85,470)	(85,470)	(85,470)	0
Sale of General Capital Assets	23,100	3,100	3,500	400
Total Other Financing Sources (Uses)	1,076,416	1,056,251	1,063,712	7,461
Net Change in Fund Balances	(581,773)	(720,774)	1,465,954	2,186,728
Fund Balances at Beginning of Year	3,260,527	3,434,613	3,415,746	(18,867)
Fund Balances at End of Year	\$ 2,678,754	\$ 2,713,839	\$ 4,881,700	\$ 2,167,861

**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, 2018**

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, 2018, 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, 2018:

Governmental Funds	
General Fund	\$ 1,754,106
Special Revenue Funds	3,871,823
Debt Service Funds	0
Capital Projects Funds	<u>1,155,806</u>
Total	<u><u>\$ 6,781,735</u></u>

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.

- **One-Cent Small County Surtax**—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.
- **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 Beach Renourishment**—to account for beach renourishment, restoration, erosion control, and storm protection projects outside the South Amelia Island Shore Stabilization MSBU boundaries.
- **Amelia Island Tourist Development**—to account for revenues and expenditures relating to development of tourism in the County through the assessment of a tourist tax.
- **Local Affordable Housing Trust (SHIP)**—to account for funds received from the State to be used to assist eligible low income individuals to buy or construct new housing or rehabilitate older homes.
- **South Amelia Island Shore Stabilization MSBU**—is used to account for revenues and expenditures relating to the Amelia Island Beach Restoration, local improvement, and maintenance cost.
- **Building Department**—to account for funds received for various fees charged to be used to fund the building, zoning, and planning department.
- **Amelia Concourse MSBU**—to account for funds received from the Amelia Concourse assessment allocated to the administrative charges associated with the levy of the special assessments.

NONMAJOR GOVERNMENTAL FUNDS

(Concluded)

Special Revenue Funds

(Concluded)

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

**COMBINING NONMAJOR
GOVERNMENTAL FUNDS**

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	Special Revenue Funds		
	One-Cent Small County Surtax	Law Enforcement Training	Sheriff Donations
Assets			
Cash and Cash Equivalents	\$ 0	\$ 155,508	\$ 3,017
Equity in Pooled Investments	0	0	0
Loans Receivable			
(Net of Allowance for Uncollectibles)	0	0	0
Due from Constitutional Officers	0	1,858	0
Due from Other Funds	0	0	0
Due from Other Governments	0	0	0
Total Assets	<u>0</u>	<u>157,366</u>	<u>3,017</u>
Liabilities and Deferred Inflows of Resources and Fund Balance			
Liabilities			
Accounts Payable	0	8,446	0
Due to Other Funds	0	0	0
Due to Constitutional Officers	0	0	0
Due to Other Governments	0	0	0
Deposits	0	0	0
Total Liabilities	<u>0</u>	<u>8,446</u>	<u>0</u>
Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
Nonspendable	0	0	0
Restricted	0	148,920	3,017
Committed	0	0	0
Assigned	0	0	0
Total Fund Balances	<u>0</u>	<u>148,920</u>	<u>3,017</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$ 0</u>	<u>\$ 157,366</u>	<u>\$ 3,017</u>

Special Revenue Funds

Law Enforcement Trust	Nassau County Anti-drug Enforcement	Court Facility Fees	Law Library Trust	Criminal Justice Trust	Special Drug/Alcohol Rehabilitation
\$ 42,900	\$ 48,880	\$ 469,508	\$ 111,731	\$ 138,147	\$ 0
92,296	0	0	0	0	0
0	0	0	0	0	0
0	0	7,230	2,189	4,378	0
0	0	0	0	0	0
0	0	0	0	0	0
135,196	48,880	476,738	113,920	142,525	0
0	0	17,618	1,260	5,012	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	124	0	1	0
0	0	0	0	0	0
0	0	17,742	1,260	5,013	0
0	0	0	0	0	0
0	0	0	0	0	0
135,196	48,880	458,996	112,660	137,512	0
0	0	0	0	0	0
0	0	0	0	0	0
135,196	48,880	458,996	112,660	137,512	0
\$ 135,196	\$ 48,880	\$ 476,738	\$ 113,920	\$ 142,525	\$ 0

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
(Continued)

	Special Revenue Funds		
	Legal Aid Trust	Drivers Ed Safety Trust	911 Operations and Maintenance
Assets			
Cash and Cash Equivalents	\$ 18,725	\$ 32,096	\$ 345,815
Equity in Pooled Investments	0	0	42,013
Loans Receivable			
(Net of Allowance for Uncollectibles)	0	0	0
Due from Constitutional Officers	2,189	2,293	17,188
Due from Other Funds	0	0	0
Due from Other Governments	0	0	0
Total Assets	<u>20,914</u>	<u>34,389</u>	<u>405,016</u>
Liabilities and Deferred Inflows of Resources and Fund Balance			
Liabilities			
Accounts Payable	20,914	0	0
Due to Other Funds	0	0	0
Due to Constitutional Officers	0	0	0
Due to Other Governments	0	0	0
Deposits	0	0	0
Total Liabilities	<u>20,914</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
Nonspendable	0	0	0
Restricted	0	34,389	405,016
Committed	0	0	0
Assigned	0	0	0
Total Fund Balances	<u>0</u>	<u>34,389</u>	<u>405,016</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$ 20,914</u>	<u>\$ 34,389</u>	<u>\$ 405,016</u>

Special Revenue Funds					
EMS County Awards HRS	Grants	Amelia Island Beach Renourishment	Amelia Island Tourist Development	Local Affordable Housing Trust (SHIP)	South Amelia Island Shore Stabilization MSBU
\$ 0	\$ 0	\$ 635,218	\$ 350,924	\$ 489,423	\$ 976,873
0	0	0	5,827,478	0	0
0	0	0	0	61,400	0
0	0	743	0	0	0
0	0	0	0	0	0
0	0	0	0	0	50,736
0	0	635,961	6,178,402	550,823	1,027,609
0	0	0	457,884	22,949	224,473
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	0	0	457,884	22,949	224,473
0	0	0	0	48,000	50,736
0	0	0	0	0	0
0	0	635,961	5,720,518	479,874	752,400
0	0	0	0	0	0
0	0	0	0	0	0
0	0	635,961	5,720,518	479,874	752,400
\$ 0	\$ 0	\$ 635,961	\$ 6,178,402	\$ 550,823	\$ 1,027,609

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
(Continued)

	Special Revenue Funds		
	Building Department	Amelia Concourse MSBU	Firefighter Education Trust
Assets			
Cash and Cash Equivalents	\$ 3,126,636	\$ 903,969	\$ 3
Equity in Pooled Investments	2,909,369	0	0
Loans Receivable			
(Net of Allowance for Uncollectibles)	0	177	0
Due from Constitutional Officers	0	450	0
Due from Other Funds	4,875	0	0
Due from Other Governments	0	0	0
Total Assets	6,040,880	904,596	3
Liabilities and Deferred Inflows of Resources and Fund Balance			
Liabilities			
Accounts Payable	14,720	9,361	0
Due to Other Funds	52,392	0	0
Due to Constitutional Officers	161	0	0
Due to Other Governments	16,492	0	0
Deposits	167,602	0	0
Total Liabilities	251,367	9,361	0
Deferred Inflows of Resources	0	0	0
Fund Balances			
Nonspendable	150	0	0
Restricted	5,789,363	895,235	0
Committed	0	0	3
Assigned	0	0	0
Total Fund Balances	5,789,513	895,235	3
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$ 6,040,880	\$ 904,596	\$ 3

Special Revenue Funds		Debt Service Funds			
F.S. Special Revenues Fund	Total Special Revenue Funds	Optional Gas Tax 2000	1998/2009 Gas Tax Bonds	County Complex	Total Debt Service Funds
\$ 1,381,697	\$ 9,231,070	\$ 453,559	\$ 0	\$ 0	\$ 453,559
0	8,871,156	964,372	0	0	964,372
0	61,577	0	0	0	0
31,937	70,455	0	0	0	0
0	4,875	0	0	0	0
15,128	65,864	78,750	0	0	78,750
1,428,762	18,304,997	1,496,681	0	0	1,496,681
39,792	822,429	0	0	0	0
0	52,392	0	0	0	0
0	161	0	0	0	0
2,299	18,916	0	0	0	0
0	167,602	0	0	0	0
42,091	1,061,500	0	0	0	0
15,128	113,864	0	0	0	0
0	150	0	0	0	0
1,371,543	17,129,480	1,496,681	0	0	1,496,681
0	3	0	0	0	0
0	0	0	0	0	0
1,371,543	17,129,633	1,496,681	0	0	1,496,681
\$ 1,428,762	\$ 18,304,997	\$ 1,496,681	\$ 0	\$ 0	\$ 1,496,681

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
(Concluded)

	Capital Projects Funds		
	Grants	NC Mobility Fee Fund	County Complex
Assets			
Cash and Cash Equivalents	\$ 3,185	\$ 3,888,728	\$ 11,741
Equity in Pooled Investments	0	0	793,751
Loans Receivable			
(Net of Allowance for Uncollectibles)	0	0	0
Due from Constitutional Officers	0	0	0
Due from Other Funds	0	0	0
Due from Other Governments	0	0	0
Total Assets	<u>3,185</u>	<u>3,888,728</u>	<u>805,492</u>
Liabilities and Deferred Inflows of Resources and Fund Balance			
Liabilities			
Accounts Payable	0	25,462	2,382
Due to Other Funds	0	0	0
Due to Constitutional Officers	0	0	0
Due to Other Governments	0	0	0
Deposits	0	0	0
Total Liabilities	<u>0</u>	<u>25,462</u>	<u>2,382</u>
Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
Nonspendable	0	0	0
Restricted	3,185	3,863,266	0
Committed	0	0	0
Assigned	0	0	803,110
Total Fund Balances	<u>3,185</u>	<u>3,863,266</u>	<u>803,110</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$ 3,185</u>	<u>\$ 3,888,728</u>	<u>\$ 805,492</u>

Capital Projects Funds

ENCPA Mobility Network Fund	Comprehensive Impact Fee Ordinance	Capital Projects Impact Fees	Capital Projects	Total Capital Project Funds	Total Nonmajor Governmental Funds
\$ 181,653	\$ 1,465,933	\$ 4,299	\$ 375,562	\$ 5,931,101	\$ 15,615,730
0	2,788,430	4,707,409	2,151,408	10,440,998	20,276,526
0	0	0	0	0	61,577
0	0	0	0	0	70,455
2,543	0	0	0	2,543	7,418
0	0	0	0	0	144,614
<u>184,196</u>	<u>4,254,363</u>	<u>4,711,708</u>	<u>2,526,970</u>	<u>16,374,642</u>	<u>36,176,320</u>
12,298	0	0	0	40,142	862,571
0	0	0	0	0	52,392
0	0	0	0	0	161
0	921,784	0	0	921,784	940,700
0	0	0	0	0	167,602
<u>12,298</u>	<u>921,784</u>	<u>0</u>	<u>0</u>	<u>961,926</u>	<u>2,023,426</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>113,864</u>
0	0	0	0	0	150
171,898	3,332,579	4,711,708	0	12,082,636	30,708,797
0	0	0	2,526,970	2,526,970	2,526,973
0	0	0	0	803,110	803,110
<u>171,898</u>	<u>3,332,579</u>	<u>4,711,708</u>	<u>2,526,970</u>	<u>15,412,716</u>	<u>34,039,030</u>
<u>\$ 184,196</u>	<u>\$ 4,254,363</u>	<u>\$ 4,711,708</u>	<u>\$ 2,526,970</u>	<u>\$ 16,374,642</u>	<u>\$ 36,176,320</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, 2018**

	Special Revenue Funds		
	One-Cent Small County Surtax	Law Enforcement Training	Sheriff Donations
Revenues			
Taxes	\$ 9,584,155	\$ 0	\$ 0
Licenses and Permits	0	0	0
Intergovernmental Revenues	0	0	0
Charges for Services	0	7,610	0
Fines and Forfeitures	0	13,247	0
Investment Earnings (Loss)	40,051	2,052	39
Miscellaneous	0	0	0
Total Revenues	9,624,206	22,909	39
Expenditures			
Current:			
General Government Services	26,160	0	0
Public Safety	505	21,159	0
Physical Environment	0	0	0
Transportation	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	87,023	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
(Total Expenditures)	113,688	21,159	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,510,518	1,750	39
Other Financing Sources (Uses)			
Transfers from Constitutional Officers	0	0	0
Transfers to Constitutional Officers	0	0	0
Transfers in	0	0	0
Transfers (out)	(13,438,266)	0	0
Sale of General Capital Assets	0	0	0
Total Other Financing Sources (Uses)	(13,438,266)	0	0
Net Change in Fund Balances	(3,927,748)	1,750	39
Fund Balances at Beginning of Year	3,927,748	147,170	2,978
Fund Balances at End of Year	\$ 0	\$ 148,920	\$ 3,017

Special Revenue Funds

Law Enforcement Trust	Nassau County Anti-drug Enforcement	Court Facility Fees	Law Library Trust	Criminal Justice Trust	Special Drug/Alcohol Rehabilitation
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	101,257	22,643	45,287	3,710
44,791	0	0	0	0	0
261	638	7,002	1,734	2,118	0
650	0	0	0	0	0
45,702	638	108,259	24,377	47,405	3,710
0	0	0	0	0	0
2,500	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	0	0	0	3,710
0	0	0	0	0	0
0	0	104,068	47,224	82,802	0
0	3,400	61,088	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
2,500	3,400	165,156	47,224	82,802	3,710
43,202	(2,762)	(56,897)	(22,847)	(35,397)	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
(11,607)	0	0	0	0	0
0	0	0	0	0	0
(11,607)	0	0	0	0	0
31,595	(2,762)	(56,897)	(22,847)	(35,397)	0
103,601	51,642	515,893	135,507	172,909	0
\$ 135,196	\$ 48,880	\$ 458,996	\$ 112,660	\$ 137,512	\$ 0

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, 2018

(Continued)

	Special Revenue Funds		
	Legal Aid Trust	Drivers Ed Safety Trust	911 Operations and Maintenance
Revenues			
Taxes	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0
Intergovernmental Revenues	0	0	0
Charges for Services	22,643	0	374,908
Fines and Forfeitures	0	34,150	0
Investment Earnings (Loss)	137	239	5,056
Miscellaneous	0	0	0
Total Revenues	<u>22,780</u>	<u>34,389</u>	<u>379,964</u>
Expenditures			
Current:			
General Government Services	0	0	0
Public Safety	0	0	311
Physical Environment	0	0	0
Transportation	0	0	0
Economic Environment	0	0	0
Human Services	83,655	37,444	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
(Total Expenditures)	<u>83,655</u>	<u>37,444</u>	<u>311</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(60,875)</u>	<u>(3,055)</u>	<u>379,653</u>
Other Financing Sources (Uses)			
Transfers from Constitutional Officers	0	0	17,188
Transfers to Constitutional Officers	0	0	(397,575)
Transfers in	60,875	0	0
Transfers (out)	0	0	0
Sale of General Capital Assets	0	0	0
Total Other Financing Sources (Uses)	<u>60,875</u>	<u>0</u>	<u>(380,387)</u>
Net Change in Fund Balances	0	(3,055)	(734)
Fund Balances at Beginning of Year	<u>0</u>	<u>37,444</u>	<u>405,750</u>
Fund Balances at End of Year	<u>\$ 0</u>	<u>\$ 34,389</u>	<u>\$ 405,016</u>

Special Revenue Funds					
EMS County Awards HRS	Grants	Amelia Island Beach Renourishment	Amelia Island Tourist Development	Local Affordable Housing Trust (SHIP)	South Amelia Island Shore Stabilization MSBU
\$ 0	\$ 0	\$ 338,761	\$ 6,028,424	\$ 0	\$ 0
0	0	0	0	0	753,370
8,885	202,380	0	0	365,383	192,187
0	0	0	0	0	0
0	0	0	0	0	0
47	0	7,369	68,919	11,567	15,143
0	0	0	0	64,300	5,000
8,932	202,380	346,130	6,097,343	441,250	965,700
0	0	0	0	0	0
1,520	0	0	0	0	0
0	0	11,220	169,668	0	397,588
0	0	0	0	0	0
0	0	0	4,519,227	952,448	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
7,412	0	0	0	395	405,925
0	0	0	0	0	0
0	0	0	0	0	0
8,932	0	11,220	4,688,895	952,843	803,513
0	202,380	334,910	1,408,448	(511,593)	162,187
0	0	743	0	0	0
0	0	(6,762)	(180,853)	(359)	(36,108)
0	0	0	0	0	0
0	0	0	(662)	0	0
0	0	0	0	0	0
0	0	(6,019)	(181,515)	(359)	(36,108)
0	202,380	328,891	1,226,933	(511,952)	126,079
0	(202,380)	307,070	4,493,585	991,826	626,321
\$ 0	\$ 0	\$ 635,961	\$ 5,720,518	\$ 479,874	\$ 752,400

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, 2018
(Continued)

	Special Revenue Funds		
	Building Department	Amelia Concourse MSBU	Firefighter Education Trust
Revenues			
Taxes	\$ 0	\$ 0	\$ 0
Licenses and Permits	2,380,558	182,197	0
Intergovernmental Revenues	0	0	0
Charges for Services	66,778	0	0
Fines and Forfeitures	0	0	0
Investment Earnings (Loss)	81,478	12,921	0
Miscellaneous	22,041	0	0
Total Revenues	2,550,855	195,118	0
Expenditures			
Current:			
General Government Services	1,033,463	0	0
Public Safety	409,096	0	0
Physical Environment	0	206,160	0
Transportation	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	75,680	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
(Total Expenditures)	1,518,239	206,160	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,032,616	(11,042)	0
Other Financing Sources (Uses)			
Transfers from Constitutional Officers	0	0	0
Transfers to Constitutional Officers	0	(8,636)	0
Transfers in	6,463	0	0
Transfers (out)	(245,137)	(11,718)	0
Sale of General Capital Assets	3,348	0	0
Total Other Financing Sources (Uses)	(235,326)	(20,354)	0
Net Change in Fund Balances	797,290	(31,396)	0
Fund Balances at Beginning of Year	4,992,223	926,631	3
Fund Balances at End of Year	\$ 5,789,513	\$ 895,235	\$ 3

Special Revenue Funds		Debt Service Funds			
F.S. Special Revenues Fund	Total Special Revenue Funds	Optional Gas Tax 2000	1998/2009 Gas Tax Bonds	County Complex	Total Debt Service Funds
\$ 0	\$ 15,951,340	\$ 923,430	\$ 454,770	\$ 0	\$ 1,378,200
0	3,316,125	0	0	0	0
35,874	804,709	0	545,350	0	545,350
213,980	858,816	0	0	0	0
58,867	151,055	0	0	0	0
16,904	273,675	22,001	11,899	0	33,900
472	92,463	0	0	0	0
326,097	21,448,183	945,431	1,012,019	0	1,957,450
0	1,059,623	0	0	0	0
60,455	495,546	0	0	0	0
0	784,636	0	0	0	0
0	0	0	0	0	0
0	5,471,675	0	0	0	0
0	124,809	0	0	0	0
25,535	25,535	0	0	0	0
71,833	305,927	0	0	0	0
42,035	682,958	0	0	0	0
0	0	357,030	1,083,861	1,170,000	2,610,891
0	0	588,401	20,160	1,149,750	1,758,311
199,858	8,950,709	945,431	1,104,021	2,319,750	4,369,202
126,239	12,497,474	0	(92,002)	(2,319,750)	(2,411,752)
0	17,931	0	0	0	0
0	(630,293)	0	0	0	0
0	67,338	0	0	2,319,750	2,319,750
0	(13,707,390)	0	0	0	0
0	3,348	0	0	0	0
0	(14,249,066)	0	0	2,319,750	2,319,750
126,239	(1,751,592)	0	(92,002)	0	(92,002)
1,245,304	18,881,225	1,496,681	92,002	0	1,588,683
\$ 1,371,543	\$ 17,129,633	\$ 1,496,681	\$ 0	\$ 0	\$ 1,496,681

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, 2018
(Concluded)

	Capital Projects Funds		
	Grants	NC Mobility Fee Fund	County Complex
Revenues			
Taxes	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	1,223,441	0
Intergovernmental Revenues	0	0	0
Charges for Services	0	0	0
Fines and Forfeitures	0	0	0
Investment Earnings (Loss)	40	41,639	13,633
Miscellaneous	0	0	0
Total Revenues	<u>40</u>	<u>1,265,080</u>	<u>13,633</u>
Expenditures			
Current:			
General Government Services	0	0	0
Public Safety	0	0	0
Physical Environment	0	0	0
Transportation	0	25,462	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	15,901
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
(Total Expenditures)	<u>0</u>	<u>25,462</u>	<u>15,901</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>40</u>	<u>1,239,618</u>	<u>(2,268)</u>
Other Financing Sources (Uses)			
Transfers from Constitutional Officers	0	0	0
Transfers to Constitutional Officers	0	(1,979)	0
Transfers in	0	0	0
Transfers (out)	0	(799)	0
Sale of General Capital Assets	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(2,778)</u>	<u>0</u>
Net Change in Fund Balances	40	1,236,840	(2,268)
Fund Balances at Beginning of Year	<u>3,145</u>	<u>2,626,426</u>	<u>805,378</u>
Fund Balances at End of Year	<u>\$ 3,185</u>	<u>\$ 3,863,266</u>	<u>\$ 803,110</u>

Capital Projects Funds

ENCPA Mobility Network Fund	Comprehensive Impact Fee Ordinance	Capital Projects Impact Fees	Capital Projects	Total Capital Project Funds	Total Nonmajor Governmental Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,329,540
52,181	1,655,913	0	0	2,931,535	6,247,660
0	0	0	0	0	1,350,059
0	0	0	0	0	858,816
0	0	0	0	0	151,055
1,901	41,325	71,651	36,519	206,708	514,283
0	0	0	0	0	92,463
<u>54,082</u>	<u>1,697,238</u>	<u>71,651</u>	<u>36,519</u>	<u>3,138,243</u>	<u>26,543,876</u>
0	265	231	0	496	1,060,119
0	528	271	0	799	496,345
0	0	0	0	0	784,636
12,298	0	0	0	37,760	37,760
0	0	0	0	0	5,471,675
0	0	0	0	0	124,809
0	528	553	0	1,081	26,616
0	0	0	0	0	305,927
0	0	0	121,632	137,533	820,491
0	0	0	0	0	2,610,891
0	0	0	0	0	1,758,311
<u>12,298</u>	<u>1,321</u>	<u>1,055</u>	<u>121,632</u>	<u>177,669</u>	<u>13,497,580</u>
<u>41,784</u>	<u>1,695,917</u>	<u>70,596</u>	<u>(85,113)</u>	<u>2,960,574</u>	<u>13,046,296</u>
0	0	0	0	0	17,931
0	(4,377)	0	0	(6,356)	(636,649)
2,994	0	0	374,987	377,981	2,765,069
(9)	(5,655)	0	0	(6,463)	(13,713,853)
0	0	0	0	0	3,348
<u>2,985</u>	<u>(10,032)</u>	<u>0</u>	<u>374,987</u>	<u>365,162</u>	<u>(11,564,154)</u>
44,769	1,685,885	70,596	289,874	3,325,736	1,482,142
<u>127,129</u>	<u>1,646,694</u>	<u>4,641,112</u>	<u>2,237,096</u>	<u>12,086,980</u>	<u>32,556,888</u>
<u>\$ 171,898</u>	<u>\$ 3,332,579</u>	<u>\$ 4,711,708</u>	<u>\$ 2,526,970</u>	<u>\$ 15,412,716</u>	<u>\$ 34,039,030</u>

OTHER INFORMATION

**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, 2018, and the related notes to the financial statements, and have issued our report thereon dated March 13, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in item 2018-01 below that we consider to be a significant deficiency.

Certified Public Accountants

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**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)**

Internal Control Over Financial Reporting (Concluded)

2018-01 – Utility and Ambulance Billing Segregation of Duties

Condition—During our review of controls over cash receipts in the utility billing and ambulance billing processes, we noted that the billing supervisor has access to cash deposits and the ability to make adjustments in the billing systems. There are some mitigating controls in place such as pre-numbered receipts and secondary reviews; however, the billing supervisor eventually has access to both the deposit and supporting documentation which renders the mitigating controls insufficient.

Effect—One of the basic tenants of an effective system of internal controls is the segregation of incompatible duties such that one individual does not have access to an asset and the ability to alter the accounting records over that asset without effective compensating controls in place. Lack of adequate segregation of duties or effective compensating controls increases the likelihood of misstatements, whether due to error or fraud.

Recommendation—We recommend that the Board consider separating the cash deposit process from the billing system process or consider implementing or modifying existing compensating controls to reduce risk.

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.

Purvis, Gray and Company, LLP

March 13, 2019
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, 2018, 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, 2018.

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 13, 2019
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, 2018, and have issued our report thereon dated March 13, 2019.

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 Reporting Requirements

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' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 13, 2019, 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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MANAGEMENT LETTER
(Continued)

Financial Management

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

- **2018-02 - Utility Billing Negative Reads**

Condition—During our review of water and wastewater usage reports, we noted that several customer accounts reported negative usage for multiple continuous months. Policies currently exist for re-reading accounts which report negative usage, which appears to have occurred and eventually it appears meters are replaced which corrected the negative reads issue. The process from initial negative reads to replacement of meters appears to take four to six months based upon months of continuous negative reads in the utility billing system.

Effect—Due to the time between identification of initial negative reads and meter replacement, we estimate customers were under-billed approximately \$30,000 for water and wastewater usage over the past 24 months.

Recommendation—We recommend that the Board consider reducing the time lag between identification of negative reads and meter replacement in order to reduce under billing of customer accounts. We also recommend a review of the sufficiency of the current meter change out program.

- **2018-03 - Timely Grant Reimbursement Requests**

Condition—During our testing of federal and state grant agreements it was noted that there were no reimbursement requests submitted for several state grants for various road construction projects, including SCOP, SCRAP, and CIGP grants (approximately \$2.4 million in expenditures) during the fiscal year or through the date of fieldwork (January, 2019).

Effect—Reimbursement requests provide additional assurance that grant expenditures are eligible and allowable under the grant, and that receivables are valid. Additionally, lack of timely requests could result in cash flow limitations for the project and/or necessitate temporary borrowing from other County funds.

Recommendation—We recommend that the Board implement procedures to ensure that all eligible grants are submitted for reimbursement in a timely manner.

- **2018-04 - SHIP Grant Reporting**

Condition—During our testing of federal and state grant agreements, we noted that the Board reported a receivable and deferred revenue of approximately \$490,000 as of September 30, 2017, for funds already received during the fiscal year in the SHIP fund. While this overstatement of assets and deferred revenues had no effect upon fund level equity on the Board financial statements, it did result in over-statement of revenue and equity on the County financial statements. In order to correct the error in the current year, County revenues are understated approximately \$490,000. In addition to the misstatements of revenues and equity in the financial statements, this condition indicates there was insufficient reconciliation of SHIP receivables and revenues to supporting documentation.

MANAGEMENT LETTER
(Concluded)

Financial Management (Concluded)

■ Section 10.554(1)(i)2. *(Concluded)*

● **2018-04 – SHIP Grant Reporting (Concluded)**

Effect—County-wide governmental activities beginning equity and prior year SHIP revenue is overstated by approximately \$490,000, and as a result of adjustments to correct this error, current year SHIP revenues are understated by the same amount.

Recommendation—We recommend that the Board implement additional reconciliation procedures over SHIP revenues and receivables to supporting documentation.

Additional Matters

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

Purpose of this Letter

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

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

Purvis, Gray and Company, LLP

March 13, 2019
Gainesville, Florida

Management Response to Audit Findings

Fiscal Year Ending 9/30/2018

Prepared by Megan Diehl, Office of Management and Budget Director

Nassau County Board of County Commissioners

Internal Control Over Financial Reporting

2018-01 Utility and Ambulance Billing Segregation of Duties

Finding: “During the review of controls over cash receipts in the utility billing and ambulance billing processes, we noted that the billing supervisor has access to cash deposits and the ability to make adjustments in the billing systems. There are some mitigating controls in place such as pre-numbered receipts and secondary reviews; however, the billing supervisor eventually has access to both the deposit and supporting documentation which renders the mitigating controls insufficient”.

Recommendation: “We recommend that the Board consider separating the cash deposit process from the billing system process or consider implementing or modifying existing compensating controls to reduce risk.”

Management Response: We agree with the recommendation that further separation of duties between the cash deposit and billing adjustment processes is an appropriate course of action to mitigate the identified risk. Going forward, to prohibit the same person who has customer account adjustment authority from having access to deposits, a County employee other than the Billing Supervisor will be tasked with making the bank deposits, and the Billing Supervisor will no longer have access credentials to bank accounts.

Other Matters

2018-02 Utility Billing Negative Reads

Finding: “During our review of water and wastewater usage reports, we noted that several customer accounts reported negative usage for multiple continuous months. Policies currently exist for re-reading accounts which report negative usage, which appears to have occurred and eventually it appears meters are replaced which corrected the negative reads issue. The process from initial negative reads to replacement of meter appears to take four to six months based upon months of continuous negative reads in the utility billing system.”

Recommendation: “We recommend that the Board consider reducing the time lag between identification of negative reads and meter replacement in order to reduce under billing of customer accounts. We also recommend a review of the sufficiency of the current meter change out program.”

Management Response: Management recognizes that the timeliness of meter replacement can and should be improved, and we agree with the recommendation above. The current process for correctly identifying negative or no usage reads will be revisited and an action plan to improve the timeliness of work order completion will be developed with the Plant Superintendent and administrative support staff. As a long-term measure to improve overall meter accuracy, the County is considering the feasibility of migrating to an electronic meter reading system.

2018-03

Timely Grant Reimbursement Requests

Finding: “During our testing of federal and state grant agreements it was noted that there were no reimbursement requests submitted for several state grants for various road construction projects, including SCOP, SCRAP, and CIGP grants (approximately \$2.4 million in expenditures) during the fiscal year or through the date of fieldwork (January 2019).

Recommendation: “We recommend that the Board implement procedures to ensure that all eligible grants are submitted for reimbursement in a timely manner.”

Management’s Response: This issue was brought to the attention of Management during the 2018 audit process. OMB immediately took corrective action to begin the reimbursement process and to-date (March 2019) we have collected all but about \$9,500 of the expected reimbursement amount. Expected reimbursements total approximately \$2.2 million based on eligible expenditures as reported by the County Engineering department. We agree with the recommendation that the Board implement procedures to ensure timely reimbursement and will be implementing the following course of action to improve that process –

- Centralize the post-award administration of grants under the Office of Management and Budget.
- Create a written policy document outlining the grants reimbursement procedure, with the recommendation that it be incorporated into the County’s purchasing policy
- Provide training to all department heads and administrative support personnel regarding the reimbursement process.

2018-04

SHIP Grant Reporting

Finding: “During our testing of federal and state grant agreements, we noted that the Board reported a receivable and deferred revenue of approximately \$490,000 as of September 30, 2017, for funds already received during the fiscal year in the SHIP fund. While this overstatement of assets and deferred revenues had no effect upon fund level equity on the Board financial statements, it did result in over-statement of revenue and

equity on the County financial statements. In order to correct the error in the current year, County revenues are understated approximately \$490,000. In addition to the misstatements of revenues and equity in the financial statements, this condition indicates there was insufficient reconciliation of SHIP receivables and revenues to supporting documentation.”

Recommendation: “We recommend that the Board implement additional reconciliation procedures over SHIP revenues and receivables to supporting documentation.

Management’s Response: As stated in the previous response, management recognizes the need to implement process improvement measures in the post-award administration and grant compliance functions. To address this finding specifically, an additional step will be added to the review and approval process to include Clerk Finance staff where appropriate.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2018

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2018

TABLE OF CONTENTS

Independent Auditors' Report	1-2
Financial Statements	
Balance Sheet - Governmental Funds.....	3
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Major Governmental Funds	5-8
Statement of Fiduciary Net Position - Agency Funds	9
Notes to Financial Statements	10-21
Other Financial Information	
Combining Balance Sheet – Nonmajor Governmental Funds	22
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	23
Combining Statement of Fiduciary Net Position - All Agency Funds	24
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 <i>Government Auditing Standards</i>	25-26
Independent Accountants' Report on Compliance with Section 218.415, Florida Statutes	27
Independent Accountants' Report on Compliance with Sections 28.35 and 28.36, Florida Statutes.....	28
Independent Accountants' Report on Compliance with Section 61.181, Florida Statutes	29
Management Letter.....	30-31

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, 2018, 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, 2018, 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.

Certified Public Accountants

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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, 2018, 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 8, 2019, 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 8, 2019
Gainesville, Florida

FINANCIAL STATEMENTS

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	Major Funds					Total Governmental Funds
	General Fund	Court Fund	Public Records Modernization Trust Fund	Child Support Fund	Other Governmental Funds	
Assets						
Cash	\$ 121,905	\$ 42,731	\$ 597,608	\$ 390,132	\$ 7,553	\$ 1,159,929
Due from Board of County Commissioners	9,058	0	0	0	0	9,058
Due from Other Funds	76,456	108,985	23,609	15	0	209,065
Due from Other Governments	21,592	1,115	0	17,102	0	39,809
Prepaid Expenses	15,225	304	11,059	0	0	26,588
Total Assets	<u>244,236</u>	<u>153,135</u>	<u>632,276</u>	<u>407,249</u>	<u>7,553</u>	<u>1,444,449</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	65,895	19,266	15,679	268	0	101,108
Due to Board of County Commissioners	57,109	0	0	0	0	57,109
Due to Other Funds	0	18,764	0	2,201	0	20,965
Due to Other Governments	3,331	0	3,249	0	0	6,580
Unearned Revenue	0	115,105	0	0	0	115,105
Other Accrued Liabilities	117,901	0	0	0	0	117,901
Total Liabilities	<u>244,236</u>	<u>153,135</u>	<u>18,928</u>	<u>2,469</u>	<u>0</u>	<u>418,768</u>
Fund Balances						
Restricted:						
Records Modernization	0	0	613,348	0	0	613,348
Child Support	0	0	0	404,780	0	404,780
Committed:						
Teen Court	0	0	0	0	7,553	7,553
Total Fund Balances	<u>0</u>	<u>0</u>	<u>613,348</u>	<u>404,780</u>	<u>7,553</u>	<u>1,025,681</u>
Total Liabilities and Fund Balances	<u>\$ 244,236</u>	<u>\$ 153,135</u>	<u>\$ 632,276</u>	<u>\$ 407,249</u>	<u>\$ 7,553</u>	<u>\$ 1,444,449</u>

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, 2018

	Major Funds					
	General Fund	Court Fund	Public Records Modernization Trust Fund	Child Support Fund	Other Governmental Funds	Total Government Funds
Revenues						
Intergovernmental Revenue	\$ 0	\$ 3,216	\$ 0	\$ 148,373	\$ 62,784	\$ 214,373
Charges for Services	641,977	938,696	269,508	0	0	1,850,181
Judgments and Fines	0	387,809	0	0	0	387,809
Miscellaneous	11,185	8,032	7,312	0	6,125	32,654
Total Revenues	<u>653,162</u>	<u>1,337,753</u>	<u>276,820</u>	<u>148,373</u>	<u>68,909</u>	<u>2,485,017</u>
Expenditures						
Current:						
General Government:						
Personal Services	2,050,041	0	0	0	0	2,050,041
Operating Expenditures	717,478	0	0	0	2,168	719,646
Economic Environment:						
Personal Services	56,287	0	0	0	0	56,287
Operating Expenditures	4,871	0	0	0	0	4,871
Court-related:						
Personal Services	0	1,221,052	0	103,743	45,433	1,370,228
Operating Expenditures	0	116,701	160,303	1,900	17,351	296,255
Capital Outlay	218,125	0	20,880	0	0	239,005
(Total Expenditures)	<u>(3,046,802)</u>	<u>(1,337,753)</u>	<u>(181,183)</u>	<u>(105,643)</u>	<u>(64,952)</u>	<u>(4,736,333)</u>
(Deficiency) Excess of Revenues						
(Under) Over Expenditures	<u>(2,393,640)</u>	<u>0</u>	<u>95,637</u>	<u>42,730</u>	<u>3,957</u>	<u>(2,251,316)</u>
Other Financing Sources (Uses)						
Transfers in from Board of County Commissioners	2,450,602	0	490	0	0	2,451,092
Transfers (out) to Board of County Commissioners	(56,962)	0	0	0	0	(56,962)
Total Other Financing Sources (Uses)	<u>2,393,640</u>	<u>0</u>	<u>490</u>	<u>0</u>	<u>0</u>	<u>2,394,130</u>
Net Change in Fund Balances	<u>0</u>	<u>0</u>	<u>96,127</u>	<u>42,730</u>	<u>3,957</u>	<u>142,814</u>
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>517,221</u>	<u>362,050</u>	<u>3,596</u>	<u>882,867</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 613,348</u>	<u>\$ 404,780</u>	<u>\$ 7,553</u>	<u>\$ 1,025,681</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, 2018

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for Services	\$ 534,200	\$ 641,990	\$ 641,977	\$ (13)
Miscellaneous	9,000	9,000	11,185	2,185
Total Revenues	543,200	650,990	653,162	2,172
Expenditures				
Current:				
General Government:				
Personal Services	2,174,974	2,050,066	2,050,041	25
Operating Expenditures	747,986	717,448	717,478	(30)
Economic Environment:				
Personal Services	50,885	56,290	56,287	3
Operating Expenditures	4,790	4,871	4,871	0
Capital Outlay	0	218,127	218,125	2
(Total Expenditures)	(2,978,635)	(3,046,802)	(3,046,802)	0
(Deficiency) of Revenues (Under) Expenditures	(2,435,435)	(2,395,812)	(2,393,640)	2,172
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	2,435,435	2,452,774	2,450,602	(2,172)
Transfers (out) to Board of County Commissioners	0	(56,962)	(56,962)	0
Total Other Financing Sources (Uses)	2,435,435	2,395,812	2,393,640	(2,172)
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, 2018
(Continued)

	Court Fund			Variance With
	Budgeted Amounts		Actual	Final Budget
	Original	Final	Amounts	Positive
				(Negative)
Revenues				
Intergovernmental Revenue	\$ 3,216	\$ 3,216	\$ 3,216	\$ 0
Charges for Services	919,972	919,972	938,696	18,724
Judgments and Fines	454,446	454,446	387,809	(66,637)
Miscellaneous	400	400	8,032	7,632
Total Revenues	<u>1,378,034</u>	<u>1,378,034</u>	<u>1,337,753</u>	<u>(40,281)</u>
Expenditures				
Current:				
Court-related:				
Personal Services	1,276,021	1,231,211	1,221,052	10,159
Operating Expenditures	<u>102,013</u>	<u>146,823</u>	<u>116,701</u>	<u>30,122</u>
(Total Expenditures)	<u>(1,378,034)</u>	<u>(1,378,034)</u>	<u>(1,337,753)</u>	<u>40,281</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances, End of Year	<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, 2018
(Continued)

	Public Records Modernization Trust Fund			Variance With
	Budgeted Amounts		Actual	Final Budget
	Original	Final	Amounts	Positive
				(Negative)
Revenues				
Charges for Services	\$ 278,094	\$ 278,094	\$ 269,508	\$ (8,586)
Miscellaneous	0	0	7,312	7,312
Total Revenues	<u>278,094</u>	<u>278,094</u>	<u>276,820</u>	<u>(1,274)</u>
Expenditures				
Current:				
General Government:				
Operating Expenditures	348,342	328,221	0	328,221
Court-related:				
Operating Expenditures	446,973	426,092	160,303	265,789
Capital Outlay	0	41,002	20,880	20,122
(Total Expenditures)	<u>(795,315)</u>	<u>(795,315)</u>	<u>(181,183)</u>	<u>614,132</u>
Excess of Revenues Over				
Expenditures	<u>(517,221)</u>	<u>(517,221)</u>	<u>95,637</u>	<u>612,858</u>
Other Financing Sources (Uses)				
Transfers in from Board of County				
Commissioners	0	0	490	490
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>490</u>	<u>490</u>
Net Change in Fund Balances	(517,221)	(517,221)	96,127	613,348
Fund Balances, Beginning of Year	<u>517,221</u>	<u>517,221</u>	<u>517,221</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 613,348</u>	<u>\$ 613,348</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, 2018
(Concluded)

	Child Support Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ 110,776	\$ 110,776	\$ 148,373	\$ 37,597
Total Revenues	110,776	110,776	148,373	37,597
Expenditures				
Current:				
Court-related:				
Personal Services	97,588	104,390	103,743	647
Operating Expenditures	375,238	368,436	1,900	366,536
(Total Expenditures)	(472,826)	(472,826)	(105,643)	367,183
Excess of Revenues Over Expenditures	(362,050)	(362,050)	42,730	404,780
Net Change in Fund Balances	(362,050)	(362,050)	42,730	404,780
Fund Balances, Beginning of Year	0	0	362,050	362,050
Fund Balances, End of Year	\$ (362,050)	\$ (362,050)	\$ 404,780	\$ 766,830

See accompanying notes to the financial statements.

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2018

Assets

Cash	\$ 2,966,323
Due from Other Funds	541
Accounts Receivable	42,115
Due from Other Governments	<u>121</u>

Total Assets	<u><u>3,009,100</u></u>
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Liabilities

Accounts Payable	2,989
Due to Board of County Commissioners	46,277
Due to Other Funds	188,641
Due to Other Governments	671,838
Deposits	2,064,846
Other Liabilities	<u>34,509</u>

Total Liabilities	<u><u>\$ 3,009,100</u></u>
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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 noncourt operations as a Budget Officer and a Fee Officer pursuant to Florida Statutes, Chapters 28, 129, and 218, respectively. As a Budget Officer, the operations of the Clerk are funded by the County General Fund. The receipts from the County General Fund are recorded as other financing sources on the Clerk's general fund financial statements. Any excess of revenues and other financing sources received over expenditures of the general fund are remitted to the County General Fund at year-end. The court-related operations of the Clerk are funded from fees and charges authorized under Chapter 2013-44, Laws of Florida and are reported in the Court Fund. Such provisions may be amended at any time by further action from the Florida Legislature. At year-end, any excess of revenues over court-related expenditures of the Court fund are remitted to the State of Florida pursuant to Florida Statute 28.37.

Basis of Presentation

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

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

■ **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.
- ▶ **Child Support Fund**—This fund accounts for proceeds of specific revenues that are restricted for expenditures of the child support program.
- **Nonmajor Governmental Funds**
 - ▶ **Teen Court Fund**—This fund accounts for proceeds of specific revenues that are committed for expenditures of the teen court program.
 - ▶ **Jury Services Fund**—This fund accounts for proceeds of specific revenues that are restricted for expenditures related to jury services.

■ **Fiduciary Funds**

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

Basis of Accounting

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

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

Measurement Focus

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

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO INANCIAL 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 75 hours of paid annual leave. Any unused vacation leave accrued over the 75 hours at the end of the calendar year will be forfeited. Any exception would require the Clerk's or designee's approval.

In addition, sick leave is accumulated at the rate of one day per month for a maximum of 400 hours as of December 31 of each year. 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, 2018, the carrying amount of the Clerk's deposits was \$4,120,227 and the bank balance was \$4,321,393. The Clerk also held \$6,025 in change funds at September 30, 2018. 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, 2018.

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' web site (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 qualified defined benefit pension plan, with a Deferred Retirement Option Program (DROP) available for eligible employees. The general classes of membership applicable to the Clerk are as follows:

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

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

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

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

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

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Benefits Provided. (Concluded)

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2017-2018 fiscal year were as follows:

Class	Year Ended June 30, 2018 Percent of Gross Salary		Year Ended June 30, 2019 Percent of Gross Salary	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	6.20	3.00	6.54
FRS, Elected County Officers	3.00	43.78	3.00	46.98
FRS, Senior Management Service	3.00	20.99	3.00	22.34
DROP – Applicable to Members from All of the Above Classes	0.00	11.60	0.00	12.37
FRS, Reemployed Retiree	(1)	(0)	(1)	(0)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed. Employer contributions are also required for members in the FRS Investment Plan for a portion of the unfunded actuarial accrued liability.

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

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Concluded)

Contributions. (Concluded)

The Clerk's contributions (employer) to the FRS Plan totaled \$283,410 for the fiscal year ended September 30, 2018. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities and Pension Expense. At September 30, 2018, the Clerk's proportionate share of the FRS net pension liability was \$2,871,758. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The Clerk's proportionate share of the net pension liability was based on the Clerk's 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the Clerk's proportion was .009534225%, which was a decrease of .000222752 from its proportion measured as of June 30, 2017.

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

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under one of the State-administered retirement systems must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2018 and 2017, 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 \$69,583 for the fiscal year ended September 30, 2018.

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

Note 3 - Employee Retirement Plan (Continued)

HIS Pension Plan (Concluded)

Pension Liabilities and Pension Expense.

At September 30, 2018, the Clerk's proportionate share of the HIS net pension liability was \$861,193. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The Clerk's proportionate share of the net pension liability was based on the Clerk's 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the Clerk's proportion was .008136654%, which was a decrease of .000482079 from its proportion measured as of June 30, 2017.

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 2017-18 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 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, 2018, 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 Investment Plan pension expense totaled \$28,650 for the fiscal year ended September 30, 2018.

Note 4 - Other Postemployment Benefits

The County offers certain postemployment health care benefits that are considered part of an Other Postemployment Benefit (OPEB) plan for financial accounting purposes. The OPEB is a single-employer benefit plan administered by the County. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. During the year, the County implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which requires employers of single-employer defined benefit plans to report the employers' OPEB plan liabilities. The requirements of GASB Statement No. 75 are being applied retroactively by restating the actuarially-determined liabilities and deferred outflow of resources at October 1, 2017.

Retirees and their dependents (except for life insurance) are permitted to remain covered under the County's respective medical and insurance plans as long as they pay a full premium applicable to coverage elected, subject to the direct subsidy in the following table. This conforms to the minimum required of Florida governmental employers per Chapter 112.08, Florida Statutes.

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

Note 4 - Other Postemployment Benefits (Concluded)

Percent of Direct Subsidy up to "Subsidy Base Maximum" of \$547.92

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

Currently, the Clerk has 60 active employees and seven retired employees who are considered participants in the plan for purposes of computing the OPEB obligation. The Clerk's portion of the OPEB obligation at September 30, 2018, totaled \$2,164,637. This liability will be included in long-term liabilities in the County-wide financial statements. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

Note 5 - Long-term Liabilities

The long-term liabilities presented below are not reported in the financial statements of the Clerk since they are not payable from available resources at September 30, 2018.

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

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

	Balance October 1, 2017	Additions	(Deletions)	Balance September 30, 2018
Liability for Compensated Absences	\$ 65,363	\$ 165,911	\$ (153,012)	\$ 78,262
Other Postemployment Benefits	2,179,023	0	(14,386)	2,164,637
Net Pension Liabilities	3,807,603	0	(74,652)	3,732,951
Total Long-term Debt	<u>\$ 6,051,989</u>	<u>\$ 165,911</u>	<u>\$ (242,050)</u>	<u>\$ 5,975,850</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 October 1, 2017, OPEB liability was increased by \$1,294,783 as a result of the implementation of GASB Statement No. 75.

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

Note 6 - Interfund Receivables and Payables

Interfund receivables and payables at September 30, 2018, are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 76,456	\$ 0
Special Revenue Funds		
Court Fund	108,985	18,764
Public Records Modernization Fund	23,609	0
Child Support Fund	15	2,201
Agency Funds		
Civil Trust Fund	0	61,319
Recording Trust Fund	541	77,409
Criminal Trust Fund	0	2,934
Special Trust Fund	0	45,886
Domestic Relations Fund	0	1,093
Bail Bond Fund	0	0
Total	<u>\$ 209,606</u>	<u>\$ 209,606</u>

OTHER FINANCIAL INFORMATION

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2018**

	Teen Court	Jury Services	Total Governmental Funds
Assets			
Cash	\$ 7,553	\$ 0	\$ 7,553
Total Assets	<u>7,553</u>	<u>0</u>	<u>7,553</u>
Liabilities and Fund Balances			
Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
Committed:			
Teen Court	<u>7,553</u>	<u>0</u>	<u>7,553</u>
Total Fund Balances	<u>7,553</u>	<u>0</u>	<u>7,553</u>
Total Liabilities and Fund Balances	<u>\$ 7,553</u>	<u>\$ 0</u>	<u>\$ 7,553</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, 2018**

	Teen Court	Jury Services	Total Other Governmental Funds
Revenues			
Intergovernmental Revenues	\$ 0	\$ 62,784	\$ 62,784
Miscellaneous	6,125	0	6,125
Total Revenues	<u>6,125</u>	<u>62,784</u>	<u>68,909</u>
Expenditures			
Current:			
General Government:			
Operating Expenditures	2,168	0	2,168
Court-related:			
Personal Services	0	45,433	45,433
Operating Expenditures	0	17,351	17,351
(Total Expenditures)	<u>(2,168)</u>	<u>(62,784)</u>	<u>(64,952)</u>
Excess of Revenues Over Expenditures	<u>3,957</u>	<u>0</u>	<u>3,957</u>
Net Change in Fund Balances	3,957	0	3,957
Fund Balances, Beginning of Year	<u>3,596</u>	<u>0</u>	<u>3,596</u>
Fund Balances, End of Year	<u><u>\$ 7,553</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 7,553</u></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 NET POSITION
ALL AGENCY FUNDS
SEPTEMBER 30, 2018

	Civil Trust	Recording Trust	Criminal Trust	Special Trust	Domestic Relations	Registry of the Court	Bail Bonds	Total
Assets								
Cash	\$ 569,039	\$ 943,776	\$ 13,478	\$ 168,501	\$ 1,543	\$ 1,119,375	\$ 150,611	\$ 2,966,323
Due from Other Funds	0	541	0	0	0	0	0	541
Accounts Receivable	0	42,115	0	0	0	0	0	42,115
Due from Other Governments	0	0	0	0	121	0	0	121
Total Assets	<u>569,039</u>	<u>986,432</u>	<u>13,478</u>	<u>168,501</u>	<u>1,664</u>	<u>1,119,375</u>	<u>150,611</u>	<u>3,009,100</u>
Liabilities								
Accounts Payable	2,989	0	0	0	0	0	0	2,989
Due to Board of County Commissioners	0	18,718	1,887	25,672	0	0	0	46,277
Due to Other Funds	61,319	77,409	2,934	45,886	1,093	0	0	188,641
Due to Other Governments	35,235	570,968	5,319	59,745	571	0	0	671,838
Deposits	439,696	318,658	2,422	34,084	0	1,119,375	150,611	2,064,846
Other Liabilities	29,800	679	916	3,114	0	0	0	34,509
Total Liabilities	<u>\$ 569,039</u>	<u>\$ 986,432</u>	<u>\$ 13,478</u>	<u>\$ 168,501</u>	<u>\$ 1,664</u>	<u>\$ 1,119,375</u>	<u>\$ 150,611</u>	<u>\$ 3,009,100</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, 2018, and have issued our report thereon dated March 8, 2019, which was modified to state that the financial statements are not intended to be a complete presentation of Nassau County, Florida, as a whole.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

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.

Purvis, Gray and Company, LLP

March 8, 2019
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, 2018, 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, 2018.

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 8, 2019
Gainesville, Florida

Certified Public Accountants

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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 Sections 28.35 and 28.36, Florida Statutes, as of and for the year ended September 30, 2018, 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, 2018.

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 8, 2019
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, 2018, 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, 2018.

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 8, 2019
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, 2018, and have issued our report thereon dated March 8, 2019, which was modified to indicate that the financial statements are not intended to be a complete presentation of Nassau County, Florida.

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 Reporting Requirements

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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 8, 2019, 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)

Financial Management

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

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate 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 8, 2019
Gainesville, Florida

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS**

**NASSAU COUNTY SHERIFF
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2018

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS**

**NASSAU COUNTY SHERIFF
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2018

TABLE OF CONTENTS

Independent Auditors' Report	1-2
Financial Statements	
Balance Sheet - Governmental Funds.....	3
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - 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 - Equitable Sharing Fund	7
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Federal Inmate Fund.....	8
Statement of Fiduciary Net Position - Agency Funds	9
Notes to Financial Statements	10-22
Other Financial Information	
Combining Balance Sheet - Nonmajor Governmental Funds - Special Revenue Funds	23
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds - Special Revenue Funds	24
Combining Statement of Fiduciary Net Position - All Agency Funds.....	25
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 <i>Government Auditing Standards</i>	26-27
Independent Accountants' Report on Compliance with Section 218.415, Florida Statutes.....	28
Management Letter.....	29-30

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, 2018, 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, 2018, 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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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, 2018, 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 11, 2019
Gainesville, Florida

FINANCIAL STATEMENTS

**NASSAU COUNTY SHERIFF
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	Major Funds				Other	Total
	General Fund	Inmate Commissary	Equitable Sharing	Federal Inmate	Governmental Funds	Governmental Funds
Assets						
Cash in Bank	\$ 1,040,957	\$ 523,825	\$ 961,285	\$ 301,617	\$ 124,583	\$ 2,952,267
Cash on Hand	500	0	0	0	3,403	3,903
Accounts Receivable	152,478	15,945	0	0	0	168,423
Due from Other Funds	2,969	10,852	1,598	0	0	15,419
Due from Board of County Commissioners	63,912	0	0	0	0	63,912
Due from Other Governments	1,952	0	0	123,707	0	125,659
Total Assets	<u>1,262,768</u>	<u>550,622</u>	<u>962,883</u>	<u>425,324</u>	<u>127,986</u>	<u>3,329,583</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	563,466	1,020	0	10,627	12,178	587,291
Due to Other Funds	0	232	0	1,598	0	1,830
Due to Board of County Commissioners	43,281	0	0	402,166	17,188	462,635
Other Current Liabilities	656,021	0	0	10,933	6,351	673,305
Total Liabilities	<u>1,262,768</u>	<u>1,252</u>	<u>0</u>	<u>425,324</u>	<u>35,717</u>	<u>1,725,061</u>
Fund Balances						
Restricted:						
Law Enforcement	0	0	962,883	0	0	962,883
Inmate Welfare	0	549,370	0	0	0	549,370
Committed:						
Investigative	0	0	0	0	92,269	92,269
Total Fund Balances	<u>0</u>	<u>549,370</u>	<u>962,883</u>	<u>0</u>	<u>92,269</u>	<u>1,604,522</u>
Total Liabilities and Fund Balances	<u>\$ 1,262,768</u>	<u>\$ 550,622</u>	<u>\$ 962,883</u>	<u>\$ 425,324</u>	<u>\$ 127,986</u>	<u>\$ 3,329,583</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, 2018

	Major Funds				Other	Total
	General Fund	Inmate Commissary	Equitable Sharing	Federal Inmate	Governmental Funds	Governmental Funds
Revenues						
Intergovernmental	\$ 226,138	\$ 0	\$ 1,177,717	\$ 767,058	\$ 2,504	\$ 2,173,417
Miscellaneous	149,895	330,040	65	0	16,521	496,521
Total Revenues	<u>376,033</u>	<u>330,040</u>	<u>1,177,782</u>	<u>767,058</u>	<u>19,025</u>	<u>2,669,938</u>
Expenditures						
Current:						
Court-related:						
Personal Services	928,798	0	0	0	0	928,798
Operating Expenditures	31,017	0	0	0	0	31,017
Public Safety:						
Personal Services	15,030,732	0	0	345,305	160,729	15,536,766
Operating Expenditures	4,877,190	262,550	2,236	19,587	183,552	5,345,115
Capital Outlay	821,167	27,058	338,987	0	3,785	1,190,997
Debt Service:						
Principal	119,517	0	0	0	0	119,517
Interest	13,355	0	0	0	0	13,355
(Total Expenditures)	<u>(21,821,776)</u>	<u>(289,608)</u>	<u>(341,223)</u>	<u>(364,892)</u>	<u>(348,066)</u>	<u>(23,165,565)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(21,445,743)</u>	<u>40,432</u>	<u>836,559</u>	<u>402,166</u>	<u>(329,041)</u>	<u>(20,495,627)</u>
Other Financing Sources (Uses)						
Transfers in from Board of County Commissioners	21,481,027	0	0	0	344,350	21,825,377
Transfers (out) to Board Board of County Commissioners	(35,284)	0	0	(402,166)	(17,188)	(454,638)
Total Other Financing Sources (Uses)	<u>21,445,743</u>	<u>0</u>	<u>0</u>	<u>(402,166)</u>	<u>327,162</u>	<u>21,370,739</u>
Net Change in Fund Balance	0	40,432	836,559	0	(1,879)	875,112
Fund Balance, Beginning of Year	<u>0</u>	<u>508,938</u>	<u>126,324</u>	<u>0</u>	<u>94,148</u>	<u>729,410</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 549,370</u>	<u>\$ 962,883</u>	<u>\$ 0</u>	<u>\$ 92,269</u>	<u>\$ 1,604,522</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, 2018

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ 0	\$ 226,138	\$ 226,138	\$ 0
Miscellaneous	0	149,895	149,895	0
Total Revenues	0	376,033	376,033	0
Expenditures				
Current:				
Court-related:				
Personal Services	917,432	928,798	928,798	0
Operating Expenditures	31,648	31,017	31,017	0
Public Safety:				
Personal Services	14,430,483	15,030,732	15,030,732	0
Operating Expenditures	4,507,558	4,877,190	4,877,190	0
Capital Outlay	792,878	821,167	821,167	0
Debt Service:				
Principal	119,021	119,517	119,517	0
Interest	13,851	13,355	13,355	0
(Total Expenditures)	(20,812,871)	(21,821,776)	(21,821,776)	0
(Deficiency) of Revenues (Under)				
Expenditures	(20,812,871)	(21,445,743)	(21,445,743)	0
Other Financing Sources (Uses)				
Capital Lease Obligation				0
Transfers in from Board of County Commissioners	20,842,871	21,481,027	21,481,027	0
Transfers (out) to Board of County Commissioners	(30,000)	(35,284)	(35,284)	0
Total Other Financing Sources (Uses)	20,812,871	21,445,743	21,445,743	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, 2018

	Inmate Commissary Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Miscellaneous	\$ 205,000	\$ 330,040	\$ 330,040	\$ 0
Total Revenues	205,000	330,040	330,040	0
Expenditures				
Current:				
Public Safety:				
Operating Expenditures	229,000	262,550	262,550	0
Capital Outlay	25,000	27,058	27,058	0
Contingency	459,938	549,370	0	549,370
(Total Expenditures)	(713,938)	(838,978)	(289,608)	549,370
Net Change in Fund Balance	(508,938)	(508,938)	40,432	549,370
Fund Balance, Beginning of Year	508,938	508,938	508,938	0
Fund Balance, End of Year	\$ 0	\$ 0	\$ 549,370	\$ 549,370

See accompanying notes to financial statements.

NASSAU COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - EQUITABLE SHARING FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Equitable Sharing Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ 0	\$ 1,177,717	\$ 1,177,717	\$ 0
Miscellaneous	0	65	65	0
Total Revenues	0	1,177,782	1,177,782	0
Expenditures				
Current:				
Public Safety:				
Operating Expenditures	126,324	2,236	2,236	0
Capital Outlay	0	338,987	338,987	0
(Total Expenditures)	(126,324)	(341,223)	(341,223)	0
Net Change in Fund Balance	(126,324)	836,559	836,559	0
Fund Balance, Beginning of Year	126,324	126,324	126,324	0
Fund Balance, End of Year	\$ 0	\$ 962,883	\$ 962,883	\$ 0

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, 2018

	Federal Inmate Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ 511,000	\$ 767,058	\$ 767,058	\$ 0
Total Revenues	511,000	767,058	767,058	0
Expenditures				
Current:				
Public Safety:				
Personal Services	386,893	345,305	345,305	0
Operating Expenditures	15,030	19,587	19,587	0
(Total Expenditures)	(401,923)	(364,892)	(364,892)	0
Excess of Revenues Over Expenditures	109,077	402,166	402,166	0
Other Financing Sources (Uses)				
Transfers (out) to Board of County Commissioners	(109,077)	(402,166)	(402,166)	0
Total Other Financing Sources (Uses)	(109,077)	(402,166)	(402,166)	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 NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2018**

Assets

Cash	\$ 55,444
Due from Other Funds	232
Due from Board of County Commissioners	<u>480</u>

Total Assets	<u><u>56,156</u></u>
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Liabilities

Accounts Payable	18,447
Deposits	13,962
Due to Other Funds	13,821
Due to Other Governments	3
Due from Board of County Commissioners	<u>9,923</u>

Total Liabilities	<u><u>\$ 56,156</u></u>
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See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NASSAU COUNTY SHERIFF NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

Basis of Presentation

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

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

■ **Governmental Funds**

● **Major Funds**

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

NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
(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 two special revenue funds in the financial statements under the following titles: Sheriff's Investigative Fund and 911 Operations Fund. The Sheriff's Investigative Fund accounts for monies used in accordance with Section 925.055, Florida Statutes. The 911 Operations Fund accounts for the proceeds of telephone charges collected for the operation of the 911 emergency response system. The Equitable Sharing Fund accounts for monies received from forfeiture of assets.

■ **Fiduciary Funds**

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

Basis of Accounting

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

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

Measurement Focus

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

Budgetary Requirement

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

**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.

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.

NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Risk Management (Concluded)

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.

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.

NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2 - Cash

Cash Deposits

At September 30, 2018, the carrying amount of the Sheriff's deposits was \$3,007,711 and the bank balance was \$3,358,200. Cash on hand was \$3,903. 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).

FRS Pension Plan

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

- *Regular Class*—Members of the Plan who do not qualify for membership in the other classes.
- *Elected County Officer Class*—Members who hold specified elective offices in local government.

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

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Plan Description. (Concluded)

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

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

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

NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Benefits Provided. (Concluded)

Class, Initial Enrollment, and Retirement Age/Years of Service	Percent Value
<i>Regular Class Members Initially Enrolled Before July 1, 2011:</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class Members Initially Enrolled on or After July 1, 2011:</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Elected County Officers</i>	3.00
<i>Senior Management Service Class</i>	2.00
<i>Special Risk Regular</i>	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

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 2017-2018 fiscal year were as follows:

Class	Year Ended June 30, 2018 Percent of Gross Salary		Year Ended June 30, 2019 Percent of Gross Salary	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	6.20	3.00	6.54
FRS, Elected County Officers	3.00	43.78	3.00	46.98
FRS, Senior Management Service	3.00	20.99	3.00	22.34
FRS, Special Risk Regular	3.00	21.55	3.00	22.78
DROP – Applicable to Members from All of the Above Classes	0.00	11.60	0.00	12.37
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 \$1,989,443 for the fiscal year ended September 30, 2018. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities. At September 30, 2018, the Sheriff's proportionate share of the FRS net pension liability was \$19,863,526. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The Sheriff's proportionate share of the net pension liability was based on the Sheriff's contributions to the FRS Plan compared to the contributions of all participating members.

Further information about the Sheriff's net pension liability, pension expense, actuarial assumptions, sensitivity analysis, and other required disclosures related to the FRS Plan can be found in the County-wide annual financial report.

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under one of the State-administered retirement systems must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2018 and 2017, the contribution rates were 1.66% of payroll, pursuant to Section 112.363, Florida Statutes. The Sheriff contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Sheriff's contributions to the HIS Plan totaled \$207,082 for the fiscal year ended September 30, 2018 (modified accrual basis).

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

Note 3 - Employee Retirement Plan (Continued)

HIS Pension Plan (Concluded)

Pension Liabilities. At September 30, 2018, the Sheriff's proportionate share of the HIS net pension liability was \$3,888,995. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The Sheriff's proportionate share of the net pension liability was based on the Sheriff's contributions to the HIS Plan compared to the contributions of all participating members.

Further information about the Sheriff's net pension liability, pension expense, actuarial assumptions, sensitivity analysis, and other required disclosures related to the HIS Plan can be found at the County-wide level.

FRS – Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. The Sheriff employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. 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 2017-18 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 0.04% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Sheriff.

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

For the fiscal year ended September 30, 2018, the Sheriff's contributions to the Investment Plan totaled \$424,980.

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. During the year, the County implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which requires employers of single-employer defined benefit plans to report the employers' OPEB plan liabilities. The requirements of GASB 75 are being applied retroactively by restating the actuarially-determined liabilities and deferred outflow of resources at October 1, 2017.

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

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

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.

Currently, the Sheriff has 231 active employees and 20 retired employees who are considered participants in the plan for purposes of computing the OPEB obligation. The Sheriff's portion of the OPEB obligation for the year totaled \$8,109,312. 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:

	Balance October 1, 2017	Increase	Decrease	Balance September 30, 2018
Capital Assets				
Machinery and Equipment	\$ 14,572,868	\$ 924,908	\$ (148,027)	\$ 15,349,749
Accumulated Depreciation	(8,410,379)	(1,999,060)	106,588	(10,302,851)
Machinery and Equipment, Net	<u>\$ 6,162,489</u>	<u>\$ (1,074,152)</u>	<u>\$ (41,439)</u>	<u>\$ 5,046,898</u>

Depreciation expense was recorded in the County's government-wide financial statements in the amount of \$1,999,060.

Note 6 - Operating Leases

The Sheriff leased various copiers during fiscal year 2017-2018. The monthly lease payments for these copiers ranged from \$88 to \$217 per month. The expiration dates of the leases range from September 2019 to March 2022. Lease expense for the year under these leases was \$30,742. Future minimum lease payments for the leases are as follows:

NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 6 - Operating Leases (Concluded)

<u>Year Ending September 30,</u>	<u>Annual Lease Payments</u>
2019	\$ 28,622
2020	25,865
2021	25,268
2022	7,856
Total	<u><u>\$ 87,611</u></u>

Note 7 - Changes in Long-term Debt

The Sheriff's long-term debt is not recorded in the accompanying financial statements but is recorded in the statement of net position as part of the basic financial statements of the County.

The following is a summary of the changes in long-term debt of the Sheriff for the year ended September 30, 2018:

	<u>Balance October 1, 2017</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance September 30, 2018</u>
Capital Lease	\$ 321,381	\$ 0	\$ (119,517)	\$ 201,864
Accrued Compensated Absences	998,705	1,128,935	(953,671)	1,173,969
Other Postemployment Benefits	8,163,205	0	(53,893)	8,109,312
Net Pension Liabilities:				
FRS Plan	18,584,696	1,278,830	0	19,863,526
HIS Plan	3,653,581	235,414	0	3,888,995
Totals	<u><u>\$ 31,721,568</u></u>	<u><u>\$ 2,643,179</u></u>	<u><u>\$ (1,127,081)</u></u>	<u><u>\$ 33,237,666</u></u>

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

Accrued compensated absences represent the vested portion of accrued leave, and are liquidated by the general fund and 911 operations fund. See Note 1 for a summary of the Sheriff's compensated absences policy.

A description of the Sheriff's policies on OPEB are described in Note 4. The October 1, 2017, OPEB liability was increased by \$4,850,606 as a result of the implementation of GASB Statement No. 75.

Capital Lease

In September 2014, the Sheriff entered into a capital lease agreement with Presidio Technology Capital, LLC to lease server equipment. The lease is to be paid monthly at an imputed interest rate of 5.0% and matures May 1, 2020. Future minimum lease payments under this capital lease are as follows:

NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
(Concluded)

Note 7 - Changes in Long-term Debt (Concluded)

Capital Lease (Concluded)

<u>Year Ending September 30,</u>	<u>Future Lease Payments</u>
2019	132,872
2020	<u>77,508</u>
Total Future Minimum Lease Payments	210,380
(Less Amount Representing Interest)	<u>(8,516)</u>
Present Value of Future Minimum Lease Payments	<u><u>\$ 201,864</u></u>

Note 8 - Interfund Receivables and Payables

Interfund receivables and payables at September 30, 2018, are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 2,969	\$ 0
Special Revenue Funds		
Inmate Commissary	10,852	232
Equitable Sharing	1,598	0
Federal Inmate	0	1,598
Agency Funds		
Inmate Trust	<u>232</u>	<u>13,821</u>
Totals	<u><u>\$ 15,651</u></u>	<u><u>\$ 15,651</u></u>

OTHER FINANCIAL INFORMATION

**NASSAU COUNTY SHERIFF
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2018**

	Sheriff Investigative	911 Operations	Total Other Governmental Funds
Assets			
Cash in Bank	\$ 88,866	\$ 35,717	\$ 124,583
Cash on Hand	3,403	0	3,403
Total Assets	<u>92,269</u>	<u>35,717</u>	<u>127,986</u>
Liabilities and Fund Balances			
Accounts Payable	0	12,178	12,178
Due to Board of County Commissioners	0	17,188	17,188
Other Current Liabilities	<u>0</u>	<u>6,351</u>	<u>6,351</u>
Total Liabilities	<u>0</u>	<u>35,717</u>	<u>35,717</u>
Fund Balances			
Restricted:			
Law Enforcement	0	0	0
Committed:			
Investigative	<u>92,269</u>	<u>0</u>	<u>92,269</u>
Total Fund Balances	<u>92,269</u>	<u>0</u>	<u>92,269</u>
Total Liabilities and Fund Balances	<u>\$ 92,269</u>	<u>\$ 35,717</u>	<u>\$ 127,986</u>

**NASSAU COUNTY SHERIFF
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2018**

	Sheriff Investigative	911 Operations	Total Other Governmental Funds
Revenues			
Intergovernmental	\$ 0	\$ 2,504	\$ 2,504
Miscellaneous	16,521	0	16,521
Total Revenues	<u>16,521</u>	<u>2,504</u>	<u>19,025</u>
Expenditures			
Current:			
Public Safety:			
Personal Services	0	160,729	160,729
Operating Expenditures	18,400	165,152	183,552
Capital Outlay	0	3,785	3,785
(Total Expenditures)	<u>(18,400)</u>	<u>(329,666)</u>	<u>(348,066)</u>
(Deficiency) of Revenues			
(Under) Expenditures	<u>(1,879)</u>	<u>(327,162)</u>	<u>(329,041)</u>
Other Financing Sources (Uses)			
Transfers in from Board of County Commissioners	0	344,350	344,350
Transfers (out) to Board of County Commissioners	0	(17,188)	(17,188)
Total Other Financing Sources (Uses)	<u>0</u>	<u>327,162</u>	<u>327,162</u>
Net Change in Fund Balance	(1,879)	0	(1,879)
Fund Balance, Beginning of Year	<u>94,148</u>	<u>0</u>	<u>94,148</u>
Fund Balance, End of Year	<u>\$ 92,269</u>	<u>\$ 0</u>	<u>\$ 92,269</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 NET POSITION
ALL AGENCY FUNDS
SEPTEMBER 30, 2018

	Individual Depositors/ Suspense	Inmate Trust	Abandoned Property	Total
Assets				
Cash	\$ 9,220	\$ 46,221	\$ 3	\$ 55,444
Due from Other Funds	0	232	0	232
Due from Board of County Commissioners	480	0	0	480
Total Assets	<u>9,700</u>	<u>46,453</u>	<u>3</u>	<u>56,156</u>
Liabilities				
Accounts Payable	0	18,447	0	18,447
Deposits	0	13,962	0	13,962
Due to Other Funds	0	13,821	0	13,821
Due to Other Governments	0	0	3	3
Due to Board of County Commissioners	9,700	223	0	9,923
Total Liabilities	<u>\$ 9,700</u>	<u>\$ 46,453</u>	<u>\$ 3</u>	<u>\$ 56,156</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 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, 2018, and the related notes to the financial statements, and have issued our report thereon dated March 11, 2019, which was modified to state that the financial statements are not intended to be a complete presentation of Nassau County, Florida, as a whole.

Internal Control Over Financial Reporting

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

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

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

Certified Public Accountants

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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 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.

Purvis, Gray and Company, LLP

March 11, 2019
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, 2018, 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, 2018.

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 11, 2019
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, 2018, and have issued our report thereon dated March 11, 2019, which was modified to indicate that financial statements are not intended to be a complete presentation of Nassau County, Florida.

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 Reporting Requirements

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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 11, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Certified Public Accountants

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The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

MANAGEMENT LETTER
(Concluded)

Financial Management

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

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate 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 statement amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

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



March 11, 2019
Gainesville, Florida

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**NASSAU COUNTY TAX COLLECTOR
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2018

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**NASSAU COUNTY TAX COLLECTOR
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2018

TABLE OF CONTENTS

Independent Auditors' Report	1-2
Financial Statements	
Balance Sheet - General Fund	3
Statement of Revenues, Expenditures, and Changes in Fund	
Balance - General Fund.....	4
Statement of Revenues, Expenditures, and Changes in Fund	
Balance - Budget and Actual - General Fund.....	5
Statement of Fiduciary Net Position - Agency Fund.....	6
Notes to Financial Statements	7-18
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	
<i>Government Auditing Standards</i>	19-20
Independent Accountants' Report on Compliance with	
Section 218.415, Florida Statutes	21
Management Letter.....	22-23

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, 2018, 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.

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 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, 2018, and the respective changes in financial position and budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* (the Rules) of the State Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of each major fund, and the aggregate remaining fund information, where applicable, only for that portion of the major funds and the aggregate remaining fund information of Nassau County, Florida that is attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position as a whole of Nassau County, Florida as of September 30, 2018, and the changes in its financial position, budgetary comparisons, or cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 13, 2019, 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, 2019
Gainesville, Florida

FINANCIAL STATEMENTS

**NASSAU COUNTY TAX COLLECTOR
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2018**

Assets

Cash	\$ 359,432
Due from Agency Fund	66,299
Total Assets	<u>425,731</u>

Liabilities and Fund Balance

Liabilities

Accounts Payable	5,417
Due to Agency Fund	200
Due to Board of County Commissioners	370,214
Due to Other Governments	12,070
Unearned Revenue	37,830
Total Liabilities	<u>425,731</u>

Fund Balance	<u>0</u>
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Total Liabilities and Fund Balance	<u>\$ 425,731</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, 2018

Revenues

Charges for Services	\$ 1,113,140
Miscellaneous	9,032
Total Revenues	<u>1,122,172</u>

Expenditures

Current:	
General Government:	
Salaries and Benefits	2,267,170
Operating Expenditures	765,604
Capital Outlay	63,168
(Total Expenditures)	<u>(3,095,942)</u>

(Deficiency) of Revenues (Under) Expenditures	<u>(1,973,770)</u>
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Other Financing Sources (Uses)

Transfers in from Board of County Commissioners	2,340,994
Transfers (out) to Board of County Commissioners	(367,224)
Total Other Financing Sources (Uses)	<u>1,973,770</u>

Net Change in Fund Balance	0
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Fund Balance, Beginning of Year	<u>0</u>
--	----------

Fund Balance, End of Year	<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, 2018

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for Services	\$ 1,006,081	\$ 1,006,081	\$ 1,113,140	\$ 107,059
Miscellaneous	9,000	9,000	9,032	32
Total Revenues	1,015,081	1,015,081	1,122,172	107,091
Expenditures				
Current:				
General Government:				
Salaries and Benefits	2,290,360	2,267,170	2,267,170	0
Operating Expenditures	819,815	765,604	765,604	0
Capital Outlay	54,525	63,168	63,168	0
(Total Expenditures)	(3,164,700)	(3,095,942)	(3,095,942)	0
(Deficiency) of Revenues (Under) Expenditures	(2,149,619)	(2,080,861)	(1,973,770)	107,091
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	2,396,686	2,396,686	2,340,994	(55,692)
Transfers (out) to Board of County Commissioners	(247,067)	(315,825)	(367,224)	(51,399)
Total Other Financing Sources (Uses)	2,149,619	2,080,861	1,973,770	(107,091)
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 NET POSITION -
AGENCY FUND
SEPTEMBER 30, 2018**

Assets

Cash	\$ 2,680,660
Due from General Fund	200
Due from Others	111,779
Due from Board of County Commissioners	235
Total Assets	<u><u>2,792,874</u></u>

Liabilities

Due to General Fund	66,299
Due to Board of County Commissioners	9,278
Due to Other Governments	270,576
Undistributed Collections	2,446,721
Total Liabilities	<u><u>\$ 2,792,874</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. Unused annual leave expires at the end of each fiscal year.

In addition, the Tax Collector maintains the following policy for sick leave. Sick leave is accumulated at the rate of four hours per pay period. Upon making application to draw benefits through the Florida Retirement System an eligible employee is entitled to be paid for accumulated sick leave at the current rate of pay, not to exceed 720 hours.

Property Tax Collections

Chapter 197, Florida Statutes, governs property tax collections.

- *Current Taxes*—All property taxes become due and payable on November 1, and are delinquent on April 1 of the following year. Discounts of 4%, 3%, 2%, and 1% are allowed for early payment in November through February, respectively.
- *Unpaid Taxes - Sale of Tax Certificates*—The Tax Collector advertises, as required by Florida Statutes, then sells tax certificates on all real property for unpaid taxes. Certificates not purchased are issued to the County. Any person owning real property upon which a tax certificate has been sold may reacquire the real property by paying the Tax Collector the face amount of the tax certificate plus interest and other costs.
- *Tax Deeds*—The owner of a tax certificate may, after two years when the taxes have been delinquent (after April 1), file an application for tax deed sale. The County, as a certificate owner, may exercise similar procedures two years after taxes have been delinquent (after April 1). Tax deeds are issued to the highest bidder for the property, which is sold at public auction. The Clerk of the Circuit Court administers these sales.

Unearned Revenue

Unearned revenue represents the biennial service fees attributable to future years.

Use of Estimates

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

NASSAU COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2 - Cash

At September 30, 2018, the carrying amount of the Tax Collector's cash on hand and on deposit was \$3,040,092 and the bank balances were \$2,507,222. Deposits in banks and savings and loan institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All of the cash deposits of the Tax Collector are placed with qualified financial institutions and are considered to be fully insured.

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).

**NASSAU COUNTY TAX COLLECTOR
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 Tax Collector are as follows:

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

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

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 TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
(Continued)**

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Benefits Provided. (Concluded)

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2017-2018 fiscal year were as follows:

Class	Year Ended June 30, 2018 Percent of Gross Salary		Year Ended June 30, 2019 Percent of Gross Salary	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	6.20	3.00	6.54
FRS, Elected County Officers	3.00	43.78	3.00	46.98
FRS, Senior Management Service	3.00	20.99	3.00	22.34
DROP – Applicable to Members from All of the Above Classes	0.00	11.60	0.00	12.37
FRS, Reemployed Retiree	(1)	(0)	(1)	(0)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed. Employer contributions are also required for members in the FRS Investment Plan for a portion of the unfunded actuarial accrued liability.

**NASSAU COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
(Continued)**

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Concluded)

Contributions. (Concluded)

The Tax Collector contributions (employer) to the FRS Plan totaled \$193,265 for the fiscal year ended September 30, 2018. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities and Pension Expense. At September 30, 2018, the Tax Collector's proportionate share of the FRS net pension liability was \$1,998,424. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The Tax Collector's proportionate share of the net pension liability was based on the Tax Collector's 2016-17 fiscal year contributions of all participating members. At June 30, 2018, the Tax Collector's proportion was .006634759%, which was an increase of .000060242 from its proportion measured as of June 30, 2017.

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

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended September 30, 2018, 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, 2019 and 2018, the contribution rates were 1.66% and 1.66% of payroll respectively, pursuant to Section 112.363, Florida Statutes. The Tax Collector contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Tax Collector's contributions to the HIS Plan totaled \$25,743 for the fiscal year ended September 30, 2018.

NASSAU COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 3 - Employee Retirement Plan (Continued)

HIS Pension Plan (Concluded)

Pension Liabilities and Pension Expense. At September 30, 2018, the Tax Collector's proportionate share of the HIS net pension liability was \$497,901. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The Tax Collector's proportionate share of the net pension liability was based on the Tax Collector's 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the Tax Collector's proportion was .004704226%, which was an increase of .000160728 from its proportion measured as of June 30, 2017.

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

FRS – Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Tax Collector employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officer, etc.), as the FRS defined benefit plan. 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 2017-18 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 TAX COLLECTOR
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 0.04% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Tax Collector.

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

The Tax Collector's Investment Plan pension expense totaled \$14,530 for the fiscal year ended September 30, 2018.

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, 2018:

	Balance October 1, 2017	Additions	(Deletions)	Balance September 30, 2018
Accrued Compensated				
Absences	\$ 86,176	\$ 69,582	\$ (82,096)	\$ 73,662
Net Pension Liabilities	2,430,510	65,815	0	2,496,325
Other Postemployment				
Benefits	1,300,909	0	(8,588)	1,292,321
Total Long-term Debt	\$ 3,817,595	\$ 135,397	\$ (90,684)	\$ 3,862,308

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.

NASSAU COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 4 - Changes in Long-term Debt (Concluded)

Other Postemployment Benefits (OPEB) represents the portion of the liability based upon current and retired employees of the Tax Collector. The October 1, 2017, OPEB liability was increased by \$773,005 as a result of the implementation of GASB Statement No. 75. See Note 5 for a description of OPEB.

The Tax Collector's long-term debt is not reported in the accompanying financial statements but is recorded in the statement of net position as part of the basic financial statements of the County.

Note 5 - Other Postemployment Benefits

The County offers certain postemployment health care benefits that are considered part of an Other Postemployment Benefit (OPEB) plan for financial accounting purposes. The OPEB is a single-employer benefit plan administered by the County. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. During the year, the County implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which requires employers of single-employer defined benefit plans to report the employers' OPEB plan liabilities. The requirements of GASB 75 are being applied retroactively by restating the actuarially-determined liabilities and deferred outflow of resources at October 1, 2017.

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

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

Currently, the Tax Collector has 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, 2018, totaled \$1,292,321. This liability will be included in long-term liabilities in the County-wide financial statements. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

NASSAU COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 6 - Interfund Receivables and Payables

Interfund receivables and payables at September 30, 2018, are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 66,299	\$ 200
Fiduciary:		
Agency Fund	200	66,299
Totals	\$ 66,499	\$ 66,499

Note 7 - Lease Agreements

Equipment Leases

Effective during 2017, the Tax Collector executed two lease agreements with Pitney Bowes for various mailing equipment. Lease periods are for 60 months through fiscal year 2022. Quarterly payments due under the leases are \$1,006 and \$344, respectively.

In addition, the Tax Collector has various lease agreements with Canon Business Solutions for copier equipment and a check scanner. Monthly lease payments due under the agreements range from \$92 to \$354, with lease periods from 36 months to 48 months expiring at various dates through September 2021.

Equipment lease payments made under these agreements during the fiscal year ended September 30, 2018, was \$15,353. The future minimum lease payments are as follows:

Year Ending September 30,	Amount
2019	\$ 13,853
2020	9,504
2021	9,162
Total	\$ 32,519

Building Leases

The Tax Collector entered into a sublease agreement with the Florida Department of Highway Safety and Motor Vehicles for the establishment and operation of a drivers license office and an administration office. The lease period is for 35 years commencing on March 24, 2008 and ending March 23, 2043. Lease payments are \$25 per month. Upon termination or expiration of this sublease, the premises and improvements are to be surrendered to the Tax Collector of Nassau County.

The Tax Collector leases office space for a branch location in Callahan, Florida. The lease term is from March 15, 2016 through March 14, 2021. The lease agreement has an option to extend the lease for two consecutive years.

NASSAU COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
(Concluded)

Note 7 - Lease Agreements (Concluded)

Building Leases (Concluded)

The Tax Collector entered into an agreement to lease office space for a branch location in Hilliard, Florida. The lease agreement requires monthly lease payments of \$500 and the lease can be terminated upon sixty days' written notice by either party.

Rent expense under these building leases totaled \$44,307 for the year ended September 30, 2018.

Future minimum lease payments under this agreement are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Amount</u>
2019	\$ 39,442
2020	40,618
2021	13,872
2022	300
2023	300
Thereafter	7,050
Total	<u><u>\$ 101,582</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 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, 2018, and the related notes to the financial statements and have issued our report thereon dated March 13, 2019, which was modified to state that the financial statements are not intended to be a complete presentation of Nassau County, Florida, as a whole.

Internal Control Over Financial Reporting

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

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

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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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, 2019
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, 2018, 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, 2018.

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, 2019
Gainesville, Florida

Certified Public Accountants

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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, 2018, and have issued our report thereon dated March 13, 2019, which was modified to indicate that the financial statements are not intended to be a complete presentation of Nassau County, Florida.

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 Reporting Requirements

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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 13, 2019, 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.

Certified Public Accountants

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The Honorable John Drew
Nassau County Tax Collector
Nassau County, Florida

MANAGEMENT LETTER
(Concluded)

Financial Management

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

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate 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, 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, 2019
Gainesville, Florida

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
NASSAU COUNTY PROPERTY APPRAISER
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2018

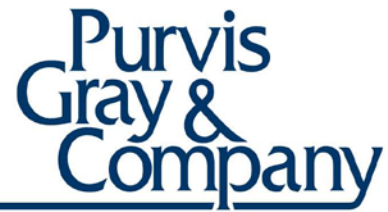
**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**NASSAU COUNTY PROPERTY APPRAISER
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2018

TABLE OF CONTENTS

Independent Auditors' Report	1-2
Financial Statements	
Balance Sheet - General Fund	3
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	5
Notes to Financial Statements	6-15
Other Reports	
Independent 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, 2018, 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, 2018, and the respective changes in financial position and budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of each major fund and the aggregate remaining fund information, where applicable, only for that portion of the major funds and the aggregate remaining fund information of Nassau County, Florida that is attributable to the Property Appraiser. They do not purport to, and do not, present fairly the financial position as a whole of Nassau County, Florida as of September 30, 2018, 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 8, 2019
Gainesville, Florida

FINANCIAL STATEMENTS

**NASSAU COUNTY PROPERTY APPRAISER
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2018**

Assets	
Cash	\$ 390,532
Total Assets	<u>390,532</u>
Liabilities and Fund Balance	
Liabilities	
Due to Board of County Commissioners	114,782
Due to Other Governments	2,878
Other Current Liabilities	150
Total Liabilities	<u>117,810</u>
Fund Balance	
Assigned	<u>272,722</u>
Total Liabilities and Fund Balance	<u>\$ 390,532</u>

See accompanying notes to financial statements.

NASSAU COUNTY PROPERTY APPRAISER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Revenues

Charges for Services	\$ 63,463
Interest	149
Miscellaneous	67,928
Total Revenues	<u>131,540</u>

Expenditures

Current:	
General Government:	
Personal Services	1,642,975
Operating Expenditures	389,465
Public Safety:	
Personal Services	62,474
Operating Expenditures	9,086
Capital Outlay	32,851
(Total Expenditures)	<u>(2,136,851)</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(2,005,311)</u>

Other Financing Sources (Uses)

Transfers in from Board of County Commissioners	2,072,601
Transfers in from Constitutional Officers	23,000
Transfers (out) to Board of County Commissioners	(114,782)
Total Other Financing Sources (Uses)	<u>1,980,819</u>

Net Change in Fund Balance	(24,492)
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Fund Balance, Beginning of Year	<u>297,214</u>
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Fund Balance, End of Year	<u><u>\$ 272,722</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, 2018

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Charges for Services	\$ 48,317	\$ 48,317	\$ 63,463	\$ 15,146
Interest	0	0	149	149
Miscellaneous	0	0	67,928	67,928
Total Revenues	<u>48,317</u>	<u>48,317</u>	<u>131,540</u>	<u>83,223</u>
Expenditures				
Current:				
General Government:				
Personal Services	1,680,340	1,680,340	1,642,975	37,365
Operating Expenditures	307,994	332,994	389,465	(56,471)
Public Safety:				
Personal Services	86,868	86,868	62,474	24,394
Operating Expenditures	15,058	15,058	9,086	5,972
Capital Outlay	35,725	35,725	32,851	2,874
Reserves	50,000	25,000	0	25,000
(Total Expenditures)	<u>(2,175,985)</u>	<u>(2,175,985)</u>	<u>(2,136,851)</u>	<u>39,134</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(2,127,668)</u>	<u>(2,127,668)</u>	<u>(2,005,311)</u>	<u>122,357</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	1,927,419	1,927,419	2,072,601	145,182
Transfers in from Constitutional Officers	0	0	23,000	23,000
Transfers (out) to Board of County Commissioners	0	0	(114,782)	(114,782)
Total Other Financing Sources (Uses)	<u>1,927,419</u>	<u>1,927,419</u>	<u>1,980,819</u>	<u>53,400</u>
Net Change in Fund Balance	(200,249)	(200,249)	(24,492)	175,757
Fund Balance, Beginning of Year	<u>0</u>	<u>(739)</u>	<u>297,214</u>	<u>297,953</u>
Fund Balance, End of Year	<u>\$ (200,249)</u>	<u>\$ (200,988)</u>	<u>\$ 272,722</u>	<u>\$ 473,710</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NASSAU COUNTY PROPERTY APPRAISER NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The following is a summary of significant accounting principles and policies used in the preparation of the accompanying financial statements.

Reporting Entity

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

The Nassau County, Florida, Property Appraiser (the Property Appraiser) is an elected official of the County pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Property Appraiser. The Property Appraiser is a part of the primary government of the County. The Florida Department of Revenue approves the Property Appraiser's total operating budget, the Property Appraiser is responsible for the administration and operation of the Property Appraiser's office, and the Property Appraiser's financial statements do not include the financial statements of the Board or the other Constitutional Officers of Nassau County, Florida.

The operations of the Property Appraiser are funded by the Board of County Commissioners, the St. Johns River Water Management District, the Amelia Island Mosquito Control District, and the Florida Inland Navigation District. The receipts from the Board are recorded as other financing sources on the Property Appraiser's financial statements.

For financial reporting purposes, the Property Appraiser is deemed to be a part of the primary government of the County and, therefore, is included as such in the County's annual financial report.

Basis of Presentation

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

The financial transactions of the Property Appraiser are recorded in one individual fund. This fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

The Property Appraiser reports the following fund type:

■ Governmental Fund

● Major Fund

- ▶ **General Fund**—The general fund is the general operating fund of the Property Appraiser. It is used to account for all financial resources, except for those required to be accounted for in another fund.

NASSAU COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
(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 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.

NASSAU COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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. The Property Appraiser's assigned fund balance totaled \$272,722 as of September 30, 2018. These funds were approved by the Board of County Commissioners to be retained by the Property Appraiser's office to be used for upgrades to the software appraisal system.
- **Unassigned**—This classification is used for: (a) negative unrestricted fund balances in any governmental fund; or (b) fund balances within the general fund that are not restricted, committed or assigned.

**NASSAU COUNTY PROPERTY APPRAISER
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 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.

Note 2 - Cash

At September 30, 2018, the carrying amount of the Property Appraiser's deposits was \$390,532 and the bank balance was \$440,491. Deposits in banks and savings and loan institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All of the cash deposits of the Property Appraiser are placed with qualified financial institutions, which means they are insured or collateralized.

Note 3 - Employee Retirement Plan

General Information about the Florida Retirement System (FRS)

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

Essentially all regular employees of the Property Appraiser are eligible to enroll as members of the State-administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined-benefit plans and other 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).

**NASSAU COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
(Continued)**

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan

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

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

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

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipts of monthly benefit payments while continuing employment with an FRS employer.

An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

**NASSAU COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
(Continued)**

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Benefits Provided. (Concluded)

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2017-2018 fiscal year were as follows:

Class	Year Ended June 30, 2018 Percent of Gross Salary		Year Ended June 30, 2019 Percent of Gross Salary	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	6.20	3.00	6.54
FRS, Elected County Officers	3.00	43.78	3.00	46.98
FRS, Senior Management Service	3.00	20.99	3.00	22.34
DROP – Applicable to Members from All of the Above Classes	0.00	11.60	0.00	12.37
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed. Employer contributions are also required for members in the FRS Investment Plan for a portion of the unfunded actuarial accrued liability.

**NASSAU COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
(Continued)**

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Concluded)

Contributions. (Concluded)

The Property Appraiser contributions (employer) to the FRS Plan totaled \$163,591 for the fiscal year ended September 30, 2018. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities. At September 30, 2018, the Property Appraiser's proportionate share of the FRS net pension liability was \$1,728,981. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The Property Appraiser's proportionate share of the net pension liability was based on the Property Appraiser's contributions to the FRS Plan compared to the contributions of all participating members.

Further information about the Property Appraiser's net pension liability, pension expense, actuarial assumptions, sensitivity analysis, and other required disclosures related to the FRS Plan can be found in the County-wide annual financial report.

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under the State-administered retirement systems must provide proof of health insurance coverage, which may include Medicare.

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

The Property Appraiser's contributions to the HIS Plan totaled \$19,402 for the fiscal year ended September 30, 2018.

NASSAU COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 3 - Employee Retirement Plan (Continued)

HIS Pension Plan (Concluded)

Pension Liabilities. At September 30, 2018, the Property Appraiser's proportionate share of the HIS net pension liability was \$378,671. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The Property Appraiser's proportionate share of the net pension liability was based on the Property Appraiser's contributions to the HIS Plan compared to the contributions of all participating members.

Further information about the Property Appraiser's net pension liability, pension expense, actuarial assumptions, sensitivity analysis, and other required disclosures related to the FRS Plan can be found in the County-wide annual financial report.

FRS – Defined Contribution Pension Plan

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

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 during the 2017-18 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, 2018, 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 \$17,016 for the fiscal year ended September 30, 2018.

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, 2018:

	Balance October 1, 2017	Additions	(Deletions)	Balance September 30, 2018
Accrued Compensated Absences	\$ 104,893	\$ 116,015	\$ (108,159)	\$ 112,749
Net Pension Liabilities	2,033,527	74,125	0	2,107,652
Other Postemployment Benefits	780,545	0	(5,153)	775,392
Total Long-term Debt	\$ 2,918,965	\$ 190,140	\$ (113,312)	\$ 2,995,793

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.

**NASSAU COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
(Concluded)**

Note 4 - Changes in Long-term Debt (Concluded)

A description of the Property Appraiser's policies on OPEB are described in Note 5. The October 1, 2017, OPEB liability was increased by \$463,802.95 as a result of the implementation of GASB Statement No. 75.

Other Postemployment Benefits (OPEB) represents the portion of the liability based upon current and retired employees of the Property Appraiser. See Note 5 for a description of OPEB.

The Property Appraiser's long-term debt is not recorded in the accompanying financial statements but is recorded in the statement of net position as part of the basic financial statements of the County.

Note 5 - Other Postemployment Benefits

The County offers certain postemployment health care benefits that are considered part of an OPEB plan for financial accounting purposes. The OPEB is a single-employer benefit plan administered by the County. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. During the year, the County implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which requires employers of single-employer defined benefit plans to report the employers' OPEB plan liabilities. The requirements of GASB 75 are being applied retroactively by restating the actuarially-determined liabilities and deferred outflow of resources at October 1, 2017.

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

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

Currently, the Property appraiser has 17 active employees and seven 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, 2018, totaled \$775,392. 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, 2018, and the related notes to the financial statements and have issued our report thereon dated March 8, 2019, which was modified to state that the financial statements are not intended to be a complete presentation of Nassau County, Florida, as a whole.

Internal Control Over Financial Reporting

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

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

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

Certified Public Accountants

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

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 8, 2019
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, 2018, 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, 2018.

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 8, 2019
Gainesville, Florida

Certified Public Accountants

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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 fiscal year ended September 30, 2018, and have issued our report thereon dated March 8, 2019.

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 Reporting Requirements

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' Report on an examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March 8, 2019, 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.

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 A. Michael Hickox
Nassau County Property Appraiser
Nassau County, Florida

MANAGEMENT LETTER
(Concluded)

Financial Management

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

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate 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, 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 8, 2019
Gainesville, Florida

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS**

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2018

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS**

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2018

TABLE OF CONTENTS

Independent Auditors' Report	1-2
Financial Statements	
Balance Sheet - General Fund	3
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund.....	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.....	5
Notes to Financial Statements	6-14
Other Reports	
Independent 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, 2018, 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, 2018, 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, 2018, 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 8, 2019
Gainesville, Florida

FINANCIAL STATEMENTS

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2018**

Assets

Cash	\$ 357,511
Accounts Receivable	5
Prepays	50
Total Assets	<u><u>357,566</u></u>

Liabilities and Fund Balance

Liabilities

Accounts Payable	9,752
Due to the Board of County Commissioners	307,488
Unearned Revenue	40,326
Total Liabilities	<u><u>357,566</u></u>

Fund Balance	<u>0</u>
---------------------	----------

Total Liabilities and Fund Balance	<u><u>\$ 357,566</u></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, 2018**

Revenues

Intergovernmental Revenue	\$ 77,341
Charges for Services	12
Miscellaneous	8,430

Total Revenues	<u>85,783</u>
-----------------------	---------------

Expenditures

Current:

General Government:

Personal Services	858,314
Operating Expenditures	426,169
Capital Outlay	77,843

(Total Expenditures)	<u>(1,362,326)</u>
-----------------------------	--------------------

(Deficiency) of Revenues (Under) Expenditures	<u>(1,276,543)</u>
--	--------------------

Other Financing Sources (Uses)

Transfers in from Board of County Commissioners	1,553,837
Transfers (out) to Board of County Commissioners	(254,294)
Transfers (out) to Constitutional Officers	(23,000)

Total Other Financing Sources (Uses)	<u>1,276,543</u>
---	------------------

Net Change in Fund Balance	0
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Fund Balance, Beginning of Year	<u>0</u>
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Fund Balance, End of Year	<u><u>\$ 0</u></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 - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Intergovernmental Revenue	\$ 0	\$ 117,667	\$ 77,341	\$ (40,326)
Charges for Services	0	0	12	12
Miscellaneous	0	162	8,430	8,268
Total Revenues	<u>0</u>	<u>117,829</u>	<u>85,783</u>	<u>(32,046)</u>
Expenditures				
Current:				
General Government:				
Personal Services	910,083	864,433	858,314	6,119
Operating Expenditures	506,469	458,775	426,169	32,606
Capital Outlay	171,000	171,164	77,843	93,321
(Total Expenditures)	<u>(1,587,552)</u>	<u>(1,494,372)</u>	<u>(1,362,326)</u>	<u>132,046</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(1,587,552)</u>	<u>(1,376,543)</u>	<u>(1,276,543)</u>	<u>100,000</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	1,605,552	1,653,837	1,553,837	(100,000)
Transfers (out) to Board of County Commissioners	0	(254,294)	(254,294)	0
Transfers (out) to Constitutional Officers	(18,000)	(23,000)	(23,000)	0
Total Other Financing Sources (Uses)	<u>1,587,552</u>	<u>1,376,543</u>	<u>1,276,543</u>	<u>(100,000)</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, End of Year	<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.

Unearned Revenue

Unearned revenue represents monies received for voter education and/or poll worker grants which had not been expended at fiscal year-end. Revenue will be recognized in subsequent years when all eligibility requirements have been met.

NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
(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. Any employee who has accumulated the maximum of unused sick leave in one year shall be paid for any unused sick leave above the ninety days, seven hundred twenty (720) hours. Said payment shall be made on the first (1st) pay day of December each year.

Workers' Compensation and Group Health Insurance

The Board provided the Supervisor of Elections and her employees with workers' compensation and group health insurance coverages. The premiums for such coverages were paid by the Board and recorded on its records and, consequently, are not recorded on the Supervisor of Elections' records.

Note 2 - Cash

At September 30, 2018, the carrying amount of the Supervisor of Elections' cash balance, as recorded on the Board's records, was \$357,511. Deposits in banks and savings and loan institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All of the cash deposits are placed with qualified financial institutions, which means they are insured or collateralized.

Note 3 - Employee Retirement Plan

General Information about the Florida Retirement System (FRS)

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

NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 3 - Employee Retirement Plan (Continued)

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

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).

The Supervisor of Elections' contributions to the plan for the years ended September 30, 2018, 2017, and 2016, were \$118,434, \$103,778, and \$91,005, 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, 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.

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 receipts of monthly benefit payments while continuing employment with an FRS employer.

An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

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

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

NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
(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 2017-2018 fiscal year were as follows:

<u>Class</u>	<u>Year Ended June 30, 2018</u>		<u>Year Ended June 30, 2019</u>	
	<u>Percent of Gross Salary</u>		<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
FRS, Regular	3.00	6.20	3.00	6.54
FRS, Elected County Officers	3.00	43.78	3.00	46.98
FRS, Senior Management Service	3.00	20.99	3.00	22.34
DROP – Applicable to Members from All of the Above Classes	0.00	11.60	0.00	12.37
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed. Employer contributions are also required for members in the FRS Investment Plan for a portion of the unfunded actuarial liability.

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, 2018, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under the State-administered retirement systems must provide proof of health insurance coverage, which may include Medicare.

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

NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 3 - Employee Retirement Plan (Continued)

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 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 2017-18 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, 2018, 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.

NASSAU COUNTY SUPERVISOR OF ELECTIONS
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.

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, 2018:

	Balance October 1, 2017	Additions	(Deletions)	Balance September 30, 2018
Accrued Compensated				
Absences	\$ 26,778	\$ 21,853	\$ (25,460)	\$ 23,171
Other Postemployment				
Benefits	292,705	0	(1,933)	290,772
Total Long-term Debt	\$ 319,483	\$ 21,853	\$ (27,393)	\$ 313,943

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.

A description of the Supervisor of Elections' policies on OPEB are described in Note 5. The October 1, 2017, OPEB liability was increased by \$173,926 as a result of the implementation of GASB Statement No. 75.

The Supervisor of Elections' long-term debt is not recorded in the accompanying financial statements but is recorded in the statement of net assets as part of the basic financial statements of the County.

Other Postemployment Benefits (OPEB) represents the portion of the liability based upon current and retired employees of the Supervisor of Elections. See Note 5 for a description of OPEB.

Note 5 - Other Postemployment Benefits

The County offers certain postemployment health care benefits that are considered part of an OPEB plan for financial accounting purposes. The OPEB is a single-employer benefit plan administered by the County. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. During the year, the County implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which requires employers of single-employer defined benefit plans to report the employers' OPEB plan liabilities. The requirements of GASB Statement No. 75 are being applied retroactively by restating the actuarially-determined liabilities and deferred outflow of resources at October 1, 2017.

NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
(Concluded)

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

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

Currently, the Supervisor of Elections has seven 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, 2018, totaled \$290,772. This liability will be included in long-term liabilities in the County-wide financial statements. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

Note 6 - Operating Lease

The Supervisor of Elections' office leases certain equipment through operating leases with maturity dates August 2019 to September 2022. Total lease payments of \$10,102 were made during the fiscal year ended September 30, 2018.

The future minimum lease payments for the mailing system are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2019	\$ 9,670
2020	6,142
2021	4,913
2022	4,913
Total	<u>\$ 25,638</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, 2018, and the related notes to the financial statements and have issued our report thereon dated March 8, 2019, which was modified to state that the financial statements are not intended to be a complete presentation of Nassau County, Florida, as a whole.

Internal Control Over Financial Reporting

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

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

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

Certified Public Accountants

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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

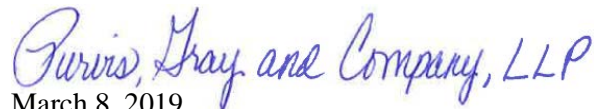
**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Concluded)**

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 8, 2019
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, 2018, 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, 2018.

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 8, 2019
Gainesville, Florida

Certified Public Accountants

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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, 2018, and have issued our report thereon dated March 8, 2019.

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 Reporting Requirements

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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 8, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Certified Public Accountants

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The Honorable Vicki P. Cannon
Nassau County Supervisor of Elections
Nassau County, Florida

MANAGEMENT LETTER
(Concluded)

Financial Management

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

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, 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 8, 2019
Gainesville, Florida