

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2016

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AND
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SEPTEMBER 30, 2016**

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INTRODUCTORY SECTION

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

LIST OF ELECTED AND APPOINTED OFFICIALS

Serving as of September 30, 2016

ELECTED OFFICIALS

Commissioner – District 5, Chairman	Walter J. Boatright
Commissioner – District 1, Vice-Chairman	Daniel B. Leeper
Commissioner – District 2	Stephen W. Kelley
Commissioner – District 3	Pat Edwards
Commissioner – District 4	George V. Spicer
Clerk of the Circuit Court	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	Theodore J. Selby
County Attorney	Michael Mullin

INDEPENDENT AUDITORS' REPORT

The Honorable Board of County Commissioners
Nassau County, Florida

We have audited the accompanying financial statements of each major fund and aggregate remaining fund information of the Nassau County Board of County Commissioners, Nassau County, Florida, (the Board) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Board's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT
(Continued)

Opinions

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

Emphasis of Matter

As discussed in Note 1, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the state of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position, the changes in financial position, and budgetary comparisons of only that portion of the business-type activities, each major fund, and the aggregate remaining fund information of Nassau County, Florida, that is attributable to the transactions of the Board. They do not purport to, and do not, present fairly the financial position of Nassau County, Florida, as of September 30, 2016, the changes in its financial position or budgetary comparisons, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

The Honorable Board of County Commissioners
Nassau County, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2017, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

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

March 24, 2017
Gainesville, Florida

FINANCIAL STATEMENTS

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

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

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

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

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

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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

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

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

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

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

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

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

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

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

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

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

	Business-Type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 11,909	\$ 3,842,843	\$ 3,854,752
Cash Payments to Vendors for Goods and Services	(679,672)	(570,311)	(1,249,983)
Cash Payments to Employees	(257,656)	(714,451)	(972,107)
Cash Received from Other Sources	78,600	0	78,600
Net Cash Provided by (Used in) Operating Activities	<u>(846,819)</u>	<u>2,558,081</u>	<u>1,711,262</u>
Noncapital Financing Activities			
Cash Received from Grant Revenues	90,909	0	90,909
Transfers from Constitutional Officers	11	0	11
Transfers to Constitutional Officers	(147)	0	(147)
Transfers from Other Funds	694,154	0	694,154
Transfers to Other Funds	(61,866)	(58,137)	(120,003)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>723,061</u>	<u>(58,137)</u>	<u>664,924</u>
Capital and Related Financing Activities			
Acquisition of Property, Plant, and Equipment	(192,431)	(571,384)	(763,815)
Principal Payments on Bonds	0	(915,000)	(915,000)
Payment of Interest and Other Debt Costs	0	(281,489)	(281,489)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(192,431)</u>	<u>(1,767,873)</u>	<u>(1,960,304)</u>
Investing Activities			
Interest Received	17,935	916	18,851
Proceeds from the Sale of Investments	654,846	0	654,846
Net Cash Provided by (Used in) Investing Activities	<u>672,781</u>	<u>916</u>	<u>673,697</u>
Net Increase (Decrease) in Cash and Cash Equivalents	356,592	732,987	1,089,579
Cash and Cash Equivalents, Beginning of Year	<u>812,184</u>	<u>8,204,821</u>	<u>9,017,005</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,168,776</u>	<u>\$ 8,937,808</u>	<u>\$ 10,106,584</u>
<u>Reported in Statement of Net Assets as</u>			
Cash and Cash Equivalents	\$ 336,288	\$ 6,794,442	\$ 7,130,730
Current: Cash and Cash Equivalents - Restricted	832,488	0	832,488
Noncurrent: Cash and Cash Equivalents - Restricted	0	2,143,366	2,143,366
Total	<u>\$ 1,168,776</u>	<u>\$ 8,937,808</u>	<u>\$ 10,106,584</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 FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(Concluded)

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

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

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2016**

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

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

NOTES TO FINANCIAL STATEMENTS

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

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

The Nassau County Housing Finance Authority (NCHFA) is a dependent special district, which functions for the benefit of the citizens of the County and is considered a blended component unit of the County. The NCHFA had no revenues or expenditures during the fiscal year ended September 30, 2016. In addition, the NCHFA did not issue any bonds during the audit period, nor were there any bonds outstanding at year-end. Therefore, financial statements were not prepared for NCHFA and, accordingly, no financial data for NCHFA is presented in these financial statements.

The Recreation and Water Conservation and Control District No. 1 (RWCCD) is a dependent special district, which functions for the benefit of the citizens of the County and is considered a blended component unit of the County. The RWCCD had no revenues or expenditures during the fiscal year ended September 30, 2016. In addition, the RWCCD did not issue any bonds during the audit period, nor were there any bonds outstanding at year-end. Therefore, financial statements were not prepared for RWCCD and, accordingly, no financial data for RWCCD is presented in these financial statements.

Basis of Presentation

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

Fund Accounting

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

■ **Governmental Funds**

● **Major Governmental Funds**

- ▶ The **General Fund**—is used to account for all revenues and expenditures applicable to the general operations of the Board, which are not properly accounted for in other funds.
- ▶ The **County Transportation Trust Fund**—is used to account for the operation of the Road and Bridge Department. Financing is provided principally by ad valorem taxes and the County’s share of State gasoline taxes.
- ▶ The **Municipal Services Fund**—is used to account for activities benefiting only the unincorporated areas of the County. Financing is provided principally by ad valorem taxes, the half-cent sales tax, and State Revenue Sharing.
- ▶ The **One-Cent Small County Surtax Fund**—is used to account for transactions associated with one-cent funds. Financing is provided by a one-cent sales tax on all transactions occurring in the County that are subject to imposed state tax on sales, use, services, rentals, and admissions.
- ▶ The **Capital Projects - Transportation Fund**—is used to account for all financial resources used for the acquisition or construction of major transportation-related capital facilities and/or projects. Funding is provided from a variety of funding sources.
- ▶ The **Capital Projects - County Complex Fund**—is used to account for the development of County building projects at the County Complex.

● **Nonmajor Governmental Funds**

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Concluded)

■ **Major Proprietary Funds**

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

The solid waste disposal fund provides a convenience recycling center for the collection and disposal of recyclables for citizens of Nassau County. The fund also accounts for the postclosure requirement costs for all closed landfills. The water and sewer fund accounts for water and wastewater services provided to approximately 3,300 customers on 4,800 acres located entirely in the County, situated north of the Duval County line and south of the City of Fernandina Beach.

■ **Fiduciary Fund**

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

Measurement Focus

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus (Concluded)

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

Basis of Accounting

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

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

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

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

Cash and Cash Equivalents

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

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

Deposits and Investments

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Accounts Receivable

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

Interfund Balances

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

Inventories and Prepaid Items

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

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

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

Unamortized Refunding Loss

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

Fund Balance

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Concluded)

- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization’s governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. In addition, residual balances in capital projects and debt service funds are considered assigned for the general purpose of the respective fund.
- **Unassigned**—This classification is used for: (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the general fund that are not restricted, committed, or assigned.
- **Flow Assumption**
When both restricted and unrestricted resources are available for use, it is the Board’s policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in any governmental fund, it is the Board’s policy to use committed resources first, then assigned, and then unassigned as needed.

Net Position

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

Restricted Assets

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

Capital Assets and Long-term Liabilities

■ **Governmental Funds**

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets and Long-term Liabilities (Concluded)

■ **Governmental Funds (Concluded)**

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

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

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

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

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

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

Proprietary Enterprise Funds

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

Buildings	15-40 Years
Equipment	3-20 Years

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Capitalization of Interest Costs

When applicable the Board capitalizes interest costs related to construction of capital assets. For fiscal year ended September 30, 2016, no interest was capitalized.

Deferred Inflows/Outflows of Resources

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

Compensated Absences

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

Other Postemployment Benefits (OPEB)

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

Net Pension Liability

The Board participates in both the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy Program (HIS) defined benefit plan administered by the Florida Division of Retirement. As a participating employer, the Board reports the employers' proportionate share of the net pension liabilities and related pension amounts of the defined benefit pension plans. These liabilities are only recorded in the government-wide full accrual financial statements, and in the Board's enterprise funds. The Board allocated \$646,030, \$251,403, and \$25,493 of the net pension liability, deferred outflow of resources, and deferred inflows of resources, respectively, to the Board's enterprise funds.

Property Taxes

Real property and tangible personal property are assessed by the Property Appraiser according to the property's just value on January 1st of each year. Section 200.071, Florida Statutes, authorizes the Board to levy ad valorem tax millage against real property and tangible personal property for the County, including dependent districts, not to exceed 10 mills, except for voted levies. The Board shall determine the amount of millage to be levied and shall certify such millage to the Property Appraiser. For the year ended September 30, 2016, the Board levied 6.5670 mills. An additional 1.6694 mills was levied for the benefit of the Nassau County Municipal Services Taxing Unit.

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

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

Note 1 - Summary of Significant Accounting Policies (Concluded)

Property Taxes (Concluded)

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

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

Note 2 - Cash and Investments

Deposits with Financial Institutions

At year-end, the carrying amount of the Board’s deposits with financial institutions was \$16,630,762 and the bank balances were \$17,660,456. The Board had \$1,410 of petty cash on hand at year-end. All of the Board’s deposits are held in qualified public depositories pursuant to the provisions of Florida Statutes, Chapter 280, the *Florida Security for Public Deposits Act*. Qualified public depositories are required by this law to pledge collateral with a market value equal to a percentage of the average daily balance of all public deposits in excess of any federal deposit insurance. In event of default by a qualified public depository, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default, and if necessary a pro rata assessment to the other qualified public depositories in the collateral pool. Therefore, all cash and time deposits held by banks are fully insured and collateralized.

Investments

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

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

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

Note 2 - Cash and Investments (Continued)

Investments (Concluded)

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

- *Interest Rate Risk*—The risk that changes in interest rates will adversely affect the fair value of an investment. The Board has a formal investment policy for operating surplus funds that limits investment maturities to twelve months as a means of managing its exposure to fair value losses from increasing interest rates. Investments of bond reserves, construction funds, and other nonoperating funds shall have a term appropriate to the need for funds and in accordance with debt covenants. The maturities of the underlying securities of a repurchase agreement will follow the requirements of a Master Repurchase Agreement in form approved by the Public Securities Association.
- *Custodial Credit Risk*—For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The certificates of deposit are held in qualified public depositories or at levels below FDIC insurance thresholds.

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

Fair Value Measurement and Application

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

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

Note 2 - Cash and Investments (Concluded)

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

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

Reported in accompanying financial statements as follows:

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

Note 3 - Accounts Receivable

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

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

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

Note 4 - Assessments Receivable

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

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

Note 5 - Restricted Assets

Restricted assets in the proprietary funds at September 30, 2016, represent monies required to be restricted for debt service and construction under terms of outstanding bond agreements and impact fees restricted to water and sewer system uses. Assets are also restricted in accordance with ordinances and Florida Statutes. Restricted assets for the proprietary funds at September 30, 2016, were restricted for the following purposes:

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

Reported in accompanying financial statements as follows:

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

Note 6 - Capital Assets

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

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

Note 6 - Capital Assets (Concluded)

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

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

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

Note 7 - Interfund Activity

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

Due to/from other funds:

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

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

Interfund transfers:

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

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

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

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

Note 8 - Leases

■ **Governmental Funds**

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

- *Tower Site (14th Street)*—the Board renewed the lease with Pinnacle Towers, LLC for five additional years, commencing April 1, 2016. Operating lease payments for the year ended September 30, 2016, were \$29,229.
- *Two Tower Sites (Hilliard and Dahoma)*—the Board entered into two one-year leases (with renewal terms of four additional periods of one year each) with American Tower Asset Sub, LLC, commencing May 2011. The Board exercised the renewal, which has an effective date of May 2016. Operating lease payments for the year ended September 30, 2016, were \$54,131.
- *West Nassau Land Development*—the Board entered into a five-year lease with West Nassau Land Development, LLC, commencing July 1, 2015. Operating lease payments for the year ended September 30, 2016, were \$69,619.

Future minimum lease payments under these leases follow:

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

Capital Lease

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

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

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

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

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

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

Note 9 - Long-term Obligations

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

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

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

Governmental Activities

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

2009-1 Gas Tax Revenue Bonds

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

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

Note 9 - Long-term Obligations (Continued)

Governmental Activities (Continued)

2009-1 Gas Tax Revenue Bonds (Concluded)

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

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

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

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

2000 Optional Gas Tax Revenue Bonds

The Board, in September 2000, issued the Optional Gas Tax Revenue Bond in the amount of \$6,167,580. The proceeds of the bond issue are to pay the cost of acquisition and construction of certain transportation capital improvements in the County and to pay certain costs related to the issuance and sale of the Series 2000 Bonds. The 2000 Bonds are capital appreciation bonds; additional capital appreciation through September 30, 2016, totaled \$3,984,803.

The Series 2000 Bonds are special limited obligations of the County payable solely from and secured by a prior lien upon and pledge of the proceeds of the six-cent local option gas tax and until expended, the monies on deposit in certain funds and accounts created by Resolution. Annual principal and interest on the bonds are expected to require approximately 43% of such tax revenue and are payable through 2025. Principal and interest payments for the current year totaled \$945,000 and gas tax revenues totaled \$2,173,360. At year-end, pledged future revenues totaled \$8,505,000, which was the amount of remaining principal and interest on the bonds. Other Board revenues are not available to finance this bond issue. In addition, the bondholders do not have any authority to compel the Board to increase ad valorem taxes for financing this bond issue. Such bonds, bearing interest at a rate between 5.55% to 5.81% per annum, are dated August 30, 2000, and are in denominations of \$5,000 each. A portion of such bonds mature annually starting March 1, 2010, with final maturity being March 1, 2025. The bonds have a required reserve of \$945,000, which is on hand at year-end.

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

Note 9 - Long-term Obligations (Continued)

Governmental Activities (Continued)

2000 Optional Gas Tax Revenue Bonds (Concluded)

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

<u>Year Ending</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 380,533	\$ 564,467	\$ 945,000
2018	357,030	587,970	945,000
2019	334,662	610,338	945,000
2020	315,176	629,824	945,000
2021	296,125	648,875	945,000
2022-2025	<u>1,020,403</u>	<u>2,759,597</u>	<u>3,780,000</u>
Total	<u>\$ 2,703,929</u>	<u>\$ 5,801,071</u>	<u>\$ 8,505,000</u>

2007 Public Improvement Revenue and Refunding Bonds

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

The Series 2007 Bonds are special obligations of the Board payable solely from amounts budgeted and appropriated by the Board from non ad valorem tax revenues in accordance with the terms of the Resolution. Annual principal and interest on the bonds are expected to require approximately 33% of such non ad valorem tax revenue and are payable through 2031. Principal and interest payments for the current year totaled \$2,323,150 and non ad valorem tax revenues totaled \$7,140,911. At year-end, pledged future revenues totaled \$34,843,000, which was the amount of remaining principal and interest on the bonds. Other Board revenues are not available to finance this bond issue.

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

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

Note 9 - Long-term Obligations (Continued)

Governmental Activities (Concluded)

2007 Public Improvement Revenue and Refunding Bonds (Concluded)

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,125,000	\$ 1,194,750	\$ 2,319,750
2018	1,170,000	1,149,750	2,319,750
2019	1,230,000	1,091,250	2,321,250
2020	1,295,000	1,029,750	2,324,750
2021	1,360,000	965,000	2,325,000
2022-2026	7,885,000	3,735,000	11,620,000
2027-2031	<u>10,055,000</u>	<u>1,557,500</u>	<u>11,612,500</u>
Total	<u>\$ 24,120,000</u>	<u>\$ 10,723,000</u>	<u>\$ 34,843,000</u>

Compensated Absences—are not recorded on the accompanying governmental fund financial statements; however, it will be recorded on the County-wide financial statements. Following is a summary of annual, sick, bonus, and compensatory leave benefits liabilities at September 30, 2016:

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

Business-type Activities

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

The revenue bond is secured by a pledge of and is payable solely from pledged revenues, which primarily consist of net revenues and impact fees which derive from the System. Annual principal and interest on the bond is expected to require approximately 51% of such revenue and are payable through 2028. Principal and interest payments for the current year totaled \$1,196,489 and revenues totaled \$2,333,552. At year-end, pledged future revenues totaled \$14,334,306, which was the amount of remaining principal and interest on the bond. The Series 2013 Bond shall not be or constitute a general obligation or indebtedness of the County.

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

Note 9 - Long-term Obligations (Concluded)

Rate Covenant

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

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

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

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

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

Note 10 - No Commitment Special Assessment Debt

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

At September 30, 2016, the Special Assessment Bond outstanding totaled \$3,625,171.

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

Note 11 - Bond Arbitrage Rebate

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

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

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

Note 12 - Landfill Postclosure Care Costs

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

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

These postclosure care costs are based on estimates of what it would cost to perform all postclosure care using 2016 dollars. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The Board is required by state law to deposit into the escrow accounts, at the time of closing and each year thereafter, sufficient funds to cover the following year's long-term care costs. In addition, the Board must document specifically how it intends to finance the long-term care of the landfill as part of its closure plan. The Board is in compliance with these requirements with escrow balances that exceed the amounts required by state law (amounts required by state law are \$831,950 as of September 30, 2016). At September 30, 2016, the actual escrow balances are as follows:

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

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

Note 13 - Retirement Plans

General Information about the Florida Retirement System (FRS)

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

FRS Pension Plan

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

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

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

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

Note 13 - Retirement Plans (Continued)

FRS Pension Plan (Continued)

Plan Description. (Concluded)

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

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

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.

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

Note 13 - Retirement Plans (Continued)

FRS Pension Plan (Concluded)

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

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

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

The Board's contributions (employer), to the Plan totaled \$2,279,153 for the fiscal year ended September 30, 2016. This excludes the HIS defined benefit pension plan contributions.

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

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

HIS Pension Plan

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

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

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

Note 13 - Retirement Plans (Continued)

HIS Pension Plan (Concluded)

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. Contribution rates during the County's fiscal year were 1.66% from October 1, 2015 through June 30, 2016, and 1.66% from July 1, 2016 through September 30, 2016. The Board contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Board's contributions to the HIS Plan totaled \$282,144 for the fiscal year ended September 30, 2016.

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

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

FRS – Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Board employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members' accounts (employer and employee) during the 2015-16 fiscal year were as follows:

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

Note 13 - Retirement Plans (Concluded)

FRS – Defined Contribution Pension Plan (Concluded)

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

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

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

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

Note 14 - Deferred Compensation Plan

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

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

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

Note 15 - Other Postemployment Benefits

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

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

Currently, there are 294 active employees and 55 retired employees participating in the plan. The Board's OPEB obligation totaled \$4,504,602, of which \$154,886 has been recorded in the Proprietary funds. The remainder has been included in long-term debt of the County as a whole. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

Note 16 - Deficit Equity Balances

Solid Waste Fund

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

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

Special Revenue Funds

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

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

Note 17 - Fund Balance Classification

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

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

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

Note 18 - Risk Management

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

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

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

Note 19 - Commitments and Contingencies

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

The following is a summary of major commitments of the Board and contracts in progress as of September 30, 2016:

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

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

Note 20 - Conduit Debt Obligations

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 4,942,901	\$ 4,942,901	\$ 5,132,203	\$ 189,302
Licenses and Permits	29,965	29,965	67,068	37,103
Intergovernmental Revenues	1,229,015	1,241,515	1,253,001	11,486
Charges for Services	20,840	33,340	38,498	5,158
Interest Earnings	30,000	30,000	41,660	11,660
Miscellaneous	70,000	70,000	92,361	22,361
Total Revenues	<u>6,322,721</u>	<u>6,347,721</u>	<u>6,624,791</u>	<u>277,070</u>
Expenditures				
Current:				
Transportation	6,784,906	6,866,582	5,628,228	1,238,354
Capital Outlay	1,052,058	1,095,954	1,021,003	74,951
(Total Expenditures)	<u>7,836,964</u>	<u>7,962,536</u>	<u>6,649,231</u>	<u>1,313,305</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(1,514,243)</u>	<u>(1,614,815)</u>	<u>(24,440)</u>	<u>1,590,375</u>
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	3,000	3,000	7,622	4,622
Transfers to Constitutional Officers	(76,859)	(77,706)	(77,252)	454
Transfers in	1,331,312	1,331,312	1,331,312	0
Transfers (out)	(1,416,632)	(2,401,776)	(2,401,767)	9
Sale of General Capital Assets	0	0	82,882	82,882
Total Other Financing Sources (Uses)	<u>(159,179)</u>	<u>(1,145,170)</u>	<u>(1,057,203)</u>	<u>87,967</u>
Net Change in Fund Balances	(1,673,422)	(2,759,985)	(1,081,643)	1,678,342
Fund Balances at Beginning of Year	4,481,913	4,996,110	4,975,268	(20,842)
Fund Balances at End of Year	<u>\$ 2,808,491</u>	<u>\$ 2,236,125</u>	<u>\$ 3,893,625</u>	<u>\$ 1,657,500</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, 2016**

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

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

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

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

Budgets and Budgetary Accounting

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

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

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

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

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

If during the fiscal year, additional revenues become available for appropriations in excess of those estimated in the budget, the Board, by resolution, may make supplemental appropriations for the year up to the amount of such excess. During the fiscal year ended September 30, 2016, various supplemental appropriations were approved by the Board in accordance with Florida Statutes. The following funds received supplemental appropriations during the year ended September 30, 2016:

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

OTHER INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

NONMAJOR GOVERNMENTAL FUNDS

(Concluded)

Special Revenue Funds

(Concluded)

- **Amelia Concourse MSBU**—to account for funds received from the Amelia Concourse assessment allocated to the administrative charges associated with the levy of the special assessments.
- **Firefighter Education Trust**—to account for surcharges on civil penalties for noncriminal, nonmoving traffic violations of Section 316.1945(1)(b)(2) or (5), Florida Statutes.
- **F. S. Special Revenues Fund**—to account for State/other restricted revenues from general revenues.

Debt Service Funds

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

- **Optional Gas Tax 2000**—to account for debt service requirements to retire the local option gas tax revenue bonds, Series 2000, dated September 12, 2000. The bonds are payable solely from and secured by a lien upon and a pledge of the County's local option gas tax. The bonds mature on March 1, 2025.
- **1998/2009 Gas Tax Bonds**—is used to account for the accumulation of resources for and the payment of interest, principal, and related cost on the Gas Tax Revenue Bonds, Series 1998 and the Gas Tax Revenue Bonds, Series 2009. Funding is provided from the County's Constitutional Two-Cent Gas Tax, the One-Cent Motor, and Other Fuel Taxes imposed pursuant to Section 206.60, Florida Statutes, and the One-Cent Optional Gas Tax imposed pursuant to Section 336.021, Florida Statutes.
- **County Complex**—to account for debt service requirements to retire the public improvement revenue bonds, Series 2001, of Nassau County, Florida, dated May 1, 2001 and Series 2007, of Nassau County, Florida, dated June 1, 2007. The bonds are payable solely from non-ad valorem budgeted revenues. The bonds mature on May 2031.

Capital Projects Funds

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

- **Grants**—to account for capital expenditures financed primarily by federal and/or state grants.
- **NC Mobility Fee Fund**—is used to account for the construction or improving of the County Transportation System. Funding is provided from fees on new construction within specific mobility zones.
- **Capital Projects – Impact Fee Ordinance Trust**—is used to account for the district expenditures associated with capital expansion. Funding is provided from impact fees on new construction.
- **ENCPA Mobility Network Fund**—is used to account for the construction or improving of the County Transportation System within the East Nassau Community Planning Area. Funding is provided from the collection of mobility fees from development within the ENCPA and through tax increment revenues.
- **Comprehensive Impact Fee Ordinance**—is used to account for district expenditures associated with capital expansion. Funding is provided from impact fees on new construction.

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

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

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

The Honorable Board of County Commissioners
Nassau County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Nassau County Board of County Commissioners, Nassau County, Florida, (the Board) as of and for the year ended September 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated March 24, 2017.

Internal Control Over Financial Reporting

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

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

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

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 Board of County Commissioners
Nassau County, Florida

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

Compliance and Other Matters

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

Purpose of this Report

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

Durvis, Gray and Company, LLP

March 24, 2017
Gainesville, Florida

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

The Honorable Board of County Commissioners
Nassau County, Florida

We have examined the Nassau County Board of County Commissioners' Nassau County, Florida, (the Board) compliance with Section 218.415, Florida Statutes, as of and for the year ended September 30, 2016, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Board's compliance with those requirements. Our responsibility is to express an opinion on the Board's compliance based on our examination.

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

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

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

Purvis, Gray and Company, LLP

March 24, 2017
Gainesville, Florida

Certified Public Accountants

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MANAGEMENT LETTER

The Honorable Board of County Commissioners
Nassau County, Florida

Report on the Financial Statements

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

Auditors' Responsibility

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

Other Reports

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

Prior Audit Findings

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

Official Title and Legal Authority

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

Certified Public Accountants

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The Honorable Board of County Commissioners
Nassau County, Florida

MANAGEMENT LETTER
(Concluded)

Other Matters

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

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

Purpose of this Letter

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

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

Durvis, Gray and Company, LLP

March 24, 2017
Gainesville, Florida