

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2018

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

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INTRODUCTORY SECTION

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

LIST OF ELECTED AND APPOINTED OFFICIALS

Serving as of September 30, 2018

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

County Manager, Interim Michael Mullin
County Attorney Michael Mullin

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

The Honorable Board of County Commissioners
Nassau County, Florida

We have audited the accompanying financial statements of each major fund and aggregate remaining fund information of the Nassau County Board of County Commissioners, Nassau County, Florida, (the Board) as of and for the year ended September 30, 2018, and the related notes, which collectively comprise the Board's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Board as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the financial reporting provisions of the State of Florida Auditor General, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Incomplete Presentation

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

Prior Period Adjustment

As discussed in Note 1 to the financial statements, during the current year, the Board adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for Other Post-employment Benefits (OPEB). This statement establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, including the recognition and measurement of liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. These liabilities are only recorded in the government-wide full accrual statements, and in the Board's enterprise funds. In connection with the implementation of this statement, the Board decreased its beginning net position in the enterprise fund by \$124,717. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

The Honorable Board of County Commissioners
Nassau County, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Matters (Concluded)

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2019, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Purvis, Gray and Company, LLP

March 13, 2019
Gainesville, Florida

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

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

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

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

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

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	<u>SAISSA</u>
Assets	
Cash and Equivalents	\$ 2,180
Equity in Pooled Investments	1,005,885
Due from Constitutional Officers	<u>1,706</u>
Total Assets	<u><u>1,009,771</u></u>
 Liabilities	
Due to Bond Holders	<u>1,009,771</u>
Total Liabilities	<u><u>\$ 1,009,771</u></u>

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

NOTES TO FINANCIAL STATEMENTS

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

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

The Nassau County Housing Finance Authority (NCHFA) is a dependent special district, which functions for the benefit of the citizens of the County and is considered a blended component unit of the County. The NCHFA had no revenues or expenditures during the fiscal year ended September 30, 2018. In addition, the NCHFA did not issue any bonds during the audit period, nor were there any bonds outstanding at year-end. Therefore, financial statements were not prepared for NCHFA and, accordingly, no financial data for NCHFA is presented in these financial statements.

The Recreation and Water Conservation and Control District No. 1 (RWCCD) is a dependent special district, which functions for the benefit of the citizens of the County and is considered a blended component unit of the County. The RWCCD had no revenues or expenditures during the fiscal year ended September 30, 2018. In addition, the RWCCD did not issue any bonds during the audit period, nor were there any bonds outstanding at year-end. Therefore, financial statements were not prepared for RWCCD and, accordingly, no financial data for RWCCD is presented in these financial statements.

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

Basis of Presentation

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting

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

■ **Governmental Funds**

● **Major Governmental Funds**

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

● **Nonmajor Governmental Funds**

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Concluded)

■ **Major Proprietary Funds**

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

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

■ **Fiduciary Fund**

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

Measurement Focus

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

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

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

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

Cash and Cash Equivalents

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

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

Deposits and Investments

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Accounts Receivable

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

Interfund Balances

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

Inventories and Prepaid Items

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

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

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

Unamortized Refunding Loss

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

Fund Balance

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Concluded)

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

Net Position

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

Restricted Assets

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

Capital Assets and Long-term Liabilities

■ **Governmental Funds**

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets and Long-term Liabilities (Concluded)

■ **Governmental Funds (Concluded)**

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

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

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

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

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

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

Proprietary Enterprise Funds

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

Buildings	15-40 Years
Equipment	3-20 Years

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Capitalization of Interest Costs

When applicable the Board capitalizes interest costs related to construction of capital assets. For fiscal year ended September 30, 2018, no interest was capitalized.

Deferred Inflows/Outflows of Resources

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

Compensated Absences

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

Use of Estimates

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

Other Postemployment Benefits (OPEB)

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

Retirement Plans

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

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

Note 1 - Summary of Significant Accounting Policies (Concluded)

Property Taxes

Real property and tangible personal property are assessed by the Property Appraiser according to the property's just value on January 1st of each year. Section 200.071, Florida Statutes, authorizes the Board to levy ad valorem tax millage against real property and tangible personal property for the County, including dependent districts, not to exceed 10 mills, except for voted levies. The Board shall determine the amount of millage to be levied and shall certify such millage to the Property Appraiser. For the year ended September 30, 2018, the Board levied 6.5670 mills. An additional 1.6694 mills and 0.1021 mills were levied for the benefit of the Nassau County Municipal Services Taxing Unit and the Amelia Island Beach Renourishment MSTU, respectively.

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

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

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

Note 2 - Cash and Investments

Deposits with Financial Institutions

At year-end, the carrying amount of the Board's deposits with financial institutions was \$27,946,708 and the bank balances were \$28,991,538. All of the Board's deposits are held in qualified public depositories pursuant to the provisions of Florida Statutes, Chapter 280, the *Florida Security for Public Deposits Act*. Qualified public depositories are required by this law to pledge collateral with a market value equal to a percentage of the average daily balance of all public deposits in excess of any federal deposit insurance. In event of default by a qualified public depository, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default, and if necessary a pro rata assessment to the other qualified public depositories in the collateral pool. Therefore, all cash and time deposits held by banks are fully insured and collateralized.

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

Note 2 - Cash and Investments (Continued)

Investments

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

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

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

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

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

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

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

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

Note 2 - Cash and Investments (Concluded)

Investments (Concluded)

Reported in accompanying financial statements as follows:

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

Note 3 - Accounts Receivable

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

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

Note 4 - Restricted Assets

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

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

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

Note 4 - Restricted Assets (Concluded)

Reported in accompanying financial statements as follows:

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

Note 5 - Capital Assets

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

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

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

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

Note 5 - Capital Assets (Concluded)

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

Note 6 - Interfund Activity

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

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
General	County Transportation	\$ 154,332
General	Municipal Service	348,454
General	Water and Sewer	32,696
General	Nonmajor	48,417
County Transportation	General Fund	24,224
County Transportation	Nonmajor	517
Municipal Service	General Fund	35,086
Municipal Service	Nonmajor	916
Water and Sewer	General Fund	4,542
Nonmajor	General Fund	4,876
Nonmajor	Nonmajor	2,542
Total		<u>\$ 656,602</u>

The purpose for each of these interfund receivables and payables is to provide temporary loans for cash flow needs, primarily associated with reimbursable grant programs. In addition to the interfund balances, there was also \$1,375,519 due from the Constitutional Officers, and \$73,686 due to the Constitutional Officers.

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

Note 6 - Interfund Activity (Concluded)

Interfund transfers:

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

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

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

Note 7 - Leases

■ **Governmental Funds**

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

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

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

Note 7 - Leases (Concluded)

Future minimum lease payments under these leases follow:

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

Capital Lease

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

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

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

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

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

Note 8 - Long-term Obligations

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

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

Note 8 - Long-term Obligations (Continued)

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

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

Governmental Activities

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

2000 Optional Gas Tax Revenue Bonds

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

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

Note 8 - Long-term Obligations (Continued)

Governmental Activities (Continued)

2000 Optional Gas Tax Revenue Bonds (Concluded)

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

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

Year Ending September 30,	Principal	Interest	Total
2019	\$ 334,662	\$ 610,338	\$ 945,000
2020	315,176	629,824	945,000
2021	296,125	648,875	945,000
2022	278,643	666,357	945,000
2023	262,086	682,914	945,000
2024-2025	479,673	1,410,327	1,890,000
Total	<u>\$ 1,966,365</u>	<u>\$ 4,648,635</u>	<u>\$ 6,615,000</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 29% of such non ad valorem tax revenue and are payable through 2031. Principal and interest payments for the current year totaled \$2,319,750 and non ad valorem tax revenues totaled \$7,972,076. At year-end, pledged future revenues totaled \$30,203,500, which was the amount of remaining principal and interest on the bonds. Other Board revenues are not available to finance this bond issue.

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

Note 8 - Long-term Obligations (Continued)

Governmental Activities (Concluded)

2007 Public Improvement Revenue and Refunding Bonds (Concluded)

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

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

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,230,000	\$ 1,091,250	\$ 2,321,250
2020	1,295,000	1,029,750	2,324,750
2021	1,360,000	965,000	2,325,000
2022	1,425,000	897,000	2,322,000
2023	1,500,000	825,750	2,325,750
2024-2028	8,690,000	2,926,750	11,616,750
2029-2031	<u>6,325,000</u>	<u>643,000</u>	<u>6,968,000</u>
Total	<u>\$ 21,825,000</u>	<u>\$ 8,378,500</u>	<u>\$ 30,203,500</u>

Compensated Absences—are not recorded on the accompanying governmental fund financial statements; however, it will be recorded on the County-wide financial statements. Following is a summary of annual sick, bonus, and compensatory leave benefits liabilities at September 30, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Ending Balance</u>
Vacation Leave	\$ 2,076,162	\$ 1,189,481	\$ (1,218,683)	\$ 2,046,960
Paid Time Off	303,351	477,661	(417,032)	363,980
Sick Leave	3,215,830	709,549	(875,311)	3,050,068
Bonus Leave	19,727	24,786	(29,752)	14,761
Compensatory Leave	<u>9,087</u>	<u>16,122</u>	<u>(19,693)</u>	<u>5,516</u>
Total	<u>\$ 5,624,157</u>	<u>\$ 2,417,599</u>	<u>\$ (2,560,471)</u>	<u>\$ 5,481,285</u>

Business-type Activities

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

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

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

Note 8 - Long-term Obligations (Concluded)

Rate Covenant

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

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

Year Ending			
September 30,	Principal	Interest	Total
2019	\$ 975,000	\$ 220,644	\$ 1,195,644
2020	995,000	199,466	1,194,466
2021	1,015,000	177,859	1,192,859
2022	1,040,000	155,767	1,195,767
2023	1,065,000	133,139	1,198,139
2024-2028	5,660,000	309,385	5,969,385
Total	\$ 10,750,000	\$ 1,196,260	\$ 11,946,260

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

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

Note 9 - No Commitment Special Assessment Debt

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

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

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

Note 10 - Bond Arbitrage Rebate

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

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

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

Note 11 - Landfill Postclosure Care Costs

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

For the closed landfills, actual postclosure care cost incurred for each year is reported as a reduction of the postclosure liability, along with the change in required escrow balance until the required twenty-or-thirty-year postclosure care period is satisfied. The Board has accrued a total of \$13,754,714 for postclosure care cost at September 30, 2018, for the four closed landfills. The liability is based on engineering estimates of annual postclosure care cost.

These postclosure care costs are based on estimates of what it would cost to perform all postclosure care using 2018 dollars. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The Board is required by state law to deposit into the escrow accounts, at the time of closing and each year thereafter, sufficient funds to cover the following year's long-term care costs. In addition, the Board must document specifically how it intends to finance the long-term care of the landfill as part of its closure plan. The Board is in compliance with these requirements with escrow balances that exceed the amounts required by state law (amounts required by state law are \$619,306 as of September 30, 2018). At September 30, 2018, the actual escrow balances are as follows:

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

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

Note 12 - Retirement Plans

General Information about the Florida Retirement System (FRS)

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

FRS Pension Plan

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

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

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

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

Note 12 - Retirement Plans (Continued)

FRS Pension Plan (Continued)

Plan Description. (Concluded)

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

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

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

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

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

Note 12 - Retirement Plans (Continued)

FRS Pension Plan (Concluded)

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

Class	Year Ended June 30, 2019		Year Ended June 30, 2018	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	8.26	3.00	7.92
FRS, Special Risk Class	3.00	24.50	3.00	23.27
FRS, Elected County Officers	3.00	48.70	3.00	45.50
FRS, Senior Management Service	3.00	24.06	3.00	22.71
DROP - Applicable to Members				
from All of the Above Classes	0.00	14.03	0.00	13.26
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

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

The Board's contributions (employer) to the Plan totaled \$2,760,538 for the fiscal year ended September 30, 2018. This excludes the HIS defined benefit pension plan contributions.

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

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

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

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

Note 12 - Retirement Plans (Continued)

HIS Pension Plan (Concluded)

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

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

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

FRS – Defined Contribution Pension Plan

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

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

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

Note 12 - Retirement Plans (Concluded)

FRS – Defined Contribution Pension Plan (Concluded)

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Board.

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

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

Note 13 - Deferred Compensation Plan

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

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

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

Note 14 - Other Postemployment Benefits

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

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

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

Note 15 - Fund Balance Classification and Minimum Fund Balance Policy

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

Nonspendable Fund Balance

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

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

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

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

Note 15 - Fund Balance Classification (Concluded)

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

Minimum Fund Balance Reserve Policy

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

Note 16 - Risk Management

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

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

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

Note 17 - Commitments and Contingencies

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

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

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

Note 17 - Commitments and Contingencies (Concluded)

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

Note 18 - Conduit Debt Obligations

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

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

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

Note 19 - Restatement

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

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

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

Note 20 - Tax Abatement

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
NOTE TO SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Budgets and Budgetary Accounting

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

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

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

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

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

If during the fiscal year, additional revenues become available for appropriations in excess of those estimated in the budget, the Board, by resolution, may make supplemental appropriations for the year up to the amount of such excess. During the fiscal year ended September 30, 2018, various supplemental appropriations were approved by the Board in accordance with Florida Statutes. The following funds received supplemental appropriations during the year ended September 30, 2018:

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

NONMAJOR GOVERNMENTAL FUNDS

(Concluded)

Special Revenue Funds

(Concluded)

- **Firefighter Education Trust**—to account for surcharges on civil penalties for noncriminal, nonmoving traffic violations of Section 316.1945(1)(b)(2) or (5), Florida Statutes.
- **F. S. Special Revenues Fund**—to account for State/other restricted revenues from general revenues.

Debt Service Funds

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

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

Capital Projects Funds

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

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

**COMBINING NONMAJOR
GOVERNMENTAL FUNDS**

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

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

Special Revenue Funds

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

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

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

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

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

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

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

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

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

Capital Projects Funds

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

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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

Special Revenue Funds

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

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Continued)

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

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

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Continued)

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

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

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Concluded)

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

Capital Projects Funds

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

OTHER INFORMATION

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

The Honorable Board of County Commissioners
Nassau County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Nassau County Board of County Commissioners, Nassau County, Florida, (the Board) as of and for the year ended September 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated March 13, 2019.

Internal Control Over Financial Reporting

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

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

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

Certified Public Accountants

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

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

Internal Control Over Financial Reporting (Concluded)

2018-01 – Utility and Ambulance Billing Segregation of Duties

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Purvis, Gray and Company, LLP

March 13, 2019
Gainesville, Florida

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

The Honorable Board of County Commissioners
Nassau County, Florida

We have examined the Nassau County Board of County Commissioners' Nassau County, Florida, (the Board) compliance with Section 218.415, Florida Statutes, as of and for the year ended September 30, 2018, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Board's compliance with those requirements. Our responsibility is to express an opinion on the Board's compliance based on our examination.

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

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

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

Purvis, Gray and Company, LLP

March 13, 2019
Gainesville, Florida

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MANAGEMENT LETTER

The Honorable Board of County Commissioners
Nassau County, Florida

Report on the Financial Statements

We have audited the financial statements of the Nassau County Board of County Commissioners, Nassau County, Florida, (the Board) as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 13, 2019.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 13, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

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MANAGEMENT LETTER
(Continued)

Financial Management

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

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

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

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

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

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

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

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

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

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

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

MANAGEMENT LETTER
(Concluded)

Financial Management (Concluded)

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

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

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

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

Additional Matters

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

Purpose of this Letter

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

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

Purvis, Gray and Company, LLP

March 13, 2019
Gainesville, Florida

Management Response to Audit Findings

Fiscal Year Ending 9/30/2018

Prepared by Megan Diehl, Office of Management and Budget Director

Nassau County Board of County Commissioners

Internal Control Over Financial Reporting

2018-01 Utility and Ambulance Billing Segregation of Duties

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

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

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

Other Matters

2018-02 Utility Billing Negative Reads

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

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

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

2018-03

Timely Grant Reimbursement Requests

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

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

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

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

2018-04

SHIP Grant Reporting

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

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

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

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