

2023

Nassau County, Florida

Financial Statements and
Independent Auditor's Report

September 30, 2023

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORTS**

NASSAU COUNTY, FLORIDA

SEPTEMBER 30, 2023

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**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR’S REPORTS**

NASSAU COUNTY, FLORIDA

SEPTEMBER 30, 2023

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INTRODUCTORY SECTION

NASSAU COUNTY, FLORIDA

LIST OF ELECTED AND APPOINTED OFFICIALS

Serving as of September 30, 2023

ELECTED OFFICIALS

Commissioner—District 5, Chairman.....	Klynt A. Farmer
Commissioner—District 1, Vice Chairman	John F. Martin
Commissioner—District 2	A.M. “Hupp” Huppmann
Commissioner—District 3	Jeff Gray
Commissioner—District 4	Alyson R. McCullough
Clerk of the Circuit Court and Comptroller	John A. Crawford
Tax Collector	John M. Drew
Sheriff	Bill Leeper
Property Appraiser	A. Michael Hickox
Supervisor of Elections	Janet H. Adkins

APPOINTED OFFICIALS

County Manager	Taco Pope
County Attorney	Denise May

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Nassau County, Florida (the County) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2023, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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

INDEPENDENT AUDITOR'S REPORT

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

INDEPENDENT AUDITOR'S REPORT

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, *Rules of the Auditor General*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

INDEPENDENT AUDITOR'S REPORT

Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 15, 2024, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



March 15, 2024
Gainesville, Florida

**MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)**

Management's Discussion and Analysis

This management's discussion and analysis of Nassau County's (the County) financial statements is designed to introduce the basic financial activities for the fiscal year ended September 30, 2023. The basic financial statements are comprised of the government-wide financial statements, fund financial statements, and footnotes. We hope this will assist readers in identifying significant financial issues and changes in the County's financial position.

Financial Highlights

- The assets of the County and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2023 by \$523,512,701 (net position). The net position included governmental activities of \$500,058,338 and business-type activities of \$23,454,363.
- The County had an excess of revenues to expenses of \$40,269,327 for the fiscal year, compared to an excess of \$25,381,958 in the prior year. General revenues & transfers increased by \$21,542,422 including increases of \$10,990,734 in property tax revenue, \$9,086,127 in investment earnings, and \$1,634,139 in sales taxes. Overall, program revenues increased by \$16,859,495 due mostly to an increase in Operating Grants and Contributions. Program expenses had an overall increase of \$23,514,548. A substantial portion of the increase in program expenses relates to general government \$6,494,093 and public safety \$14,228,984.
- The General Fund reported an excess of revenues to expenditures of \$22,035,633 compared to an excess of \$21,241,843 in the prior fiscal year. General Fund tax revenues were up \$9,444,202 due primarily to an increase in the County's taxable assessed value and substantial growth in the housing market. This resulted in a net increase of General Fund balance of \$5,182,846 and an ending fund balance on September 30, 2023, of \$73,066,987.
- The Water & Sewer proprietary fund reported a positive change in net position of \$1,782,070 in fiscal year 2023. This increase is significantly more than the positive change in net position of \$630,385 in the prior fiscal year, due primarily to an interfund transfer.
- The American Beach Water and Sewer District proprietary fund reported a positive change in net position of \$3,357,197 in fiscal year 2023, resulting primarily from federal and state grants. This increase is significantly more than the positive change in net position of \$2,513,370 in the prior fiscal year.
- Outstanding long-term bonded debt and notes as of September 30, 2023, was \$23,283,178, a reduction of \$3,608,400 from the prior year. Of this amount, \$3,201,397 is considered due within one year.

Overview of the Financial Statements

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

Management's Discussion and Analysis (Continued)

Fund Type	Number
General Fund	1
Debt Service Funds	2
Capital Projects Funds	9
Special Revenue Funds	32
Total Governmental Funds	44
Total Proprietary Funds	2
Total Custodial Funds	13

Government-Wide Financial Statements

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

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

Both of these financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, physical environment, public safety, court-related, transportation, economic environment, human services, and culture/recreation. The business-type activities consist of the water and sewer utilities.

The government-wide financial statements include not only the County itself (known as the primary government), but also the following legally separate component units: Nassau County Housing Finance Authority and Recreation and Water Conservation and Control District No. 1. These component units had no revenues or expenditures during the fiscal year ended September 30, 2023; therefore, financial statements were not prepared for these component units.

Fund Financial Statements

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

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

Management's Discussion and Analysis *(Continued)*

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

The County maintains forty-four (44) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, County Transportation Fund, Municipal Services Fund, Capital Projects Transportation Fund, and Capital Projects Fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

Notes to the Financial Statements

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

Other Information

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$523,512,701 at the close of the fiscal year ended September 30, 2023.

Management's Discussion and Analysis (Continued)

At the end of the fiscal year 2023, the County was able to report a positive balance in net position for its governmental activities of \$500,058,338 as well as a positive balance in net position for its business-type activities of \$23,454,363.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$ 268,750,758	\$ 230,827,800	\$ 10,762,640	\$ 9,211,651	\$ 279,513,398	\$ 240,039,451
Capital Assets	404,744,621	404,582,061	22,277,462	16,905,527	427,022,083	421,487,588
Total Assets	673,495,379	635,409,861	33,040,102	26,117,178	706,535,481	661,527,039
Deferred Outflow of Resources	35,964,950	33,959,584	261,487	318,508	36,226,437	34,278,092
Outstanding Obligations	175,233,881	160,339,888	5,931,613	7,007,863	181,165,494	167,347,751
Other Liabilities	20,782,091	32,315,537	3,899,346	1,078,340	24,681,437	33,393,877
Total Liabilities	196,015,972	192,655,425	9,830,959	8,086,203	205,846,931	200,741,628
Deferred Inflows of Resources	13,386,019	11,785,742	16,267	34,387	13,402,286	11,820,129
Net Position:						
Net Investment in Capital Assets	385,861,719	383,443,933	16,439,031	10,395,443	402,300,750	393,839,376
Restricted	81,886,507	72,782,667	824,960	783,887	82,711,467	73,566,554
Unrestricted	32,310,112	8,701,678	6,190,372	7,135,766	38,500,484	15,837,444
Total Net Position	\$ 500,058,338	\$ 464,928,278	\$ 23,454,363	\$ 18,315,096	\$ 523,512,701	\$ 483,243,374

As of the end of fiscal year 2023, the County's total net position of \$523,512,701 includes \$402,300,750 (76.9%) of net investments in capital assets such as land, buildings, infrastructure, improvements, and equipment, less any outstanding debt used to acquire those capital assets. The County uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending.

Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position, \$82,711,467 (15.8%), represents resources that are subject to external restriction on how they may be used.

Governmental Activities

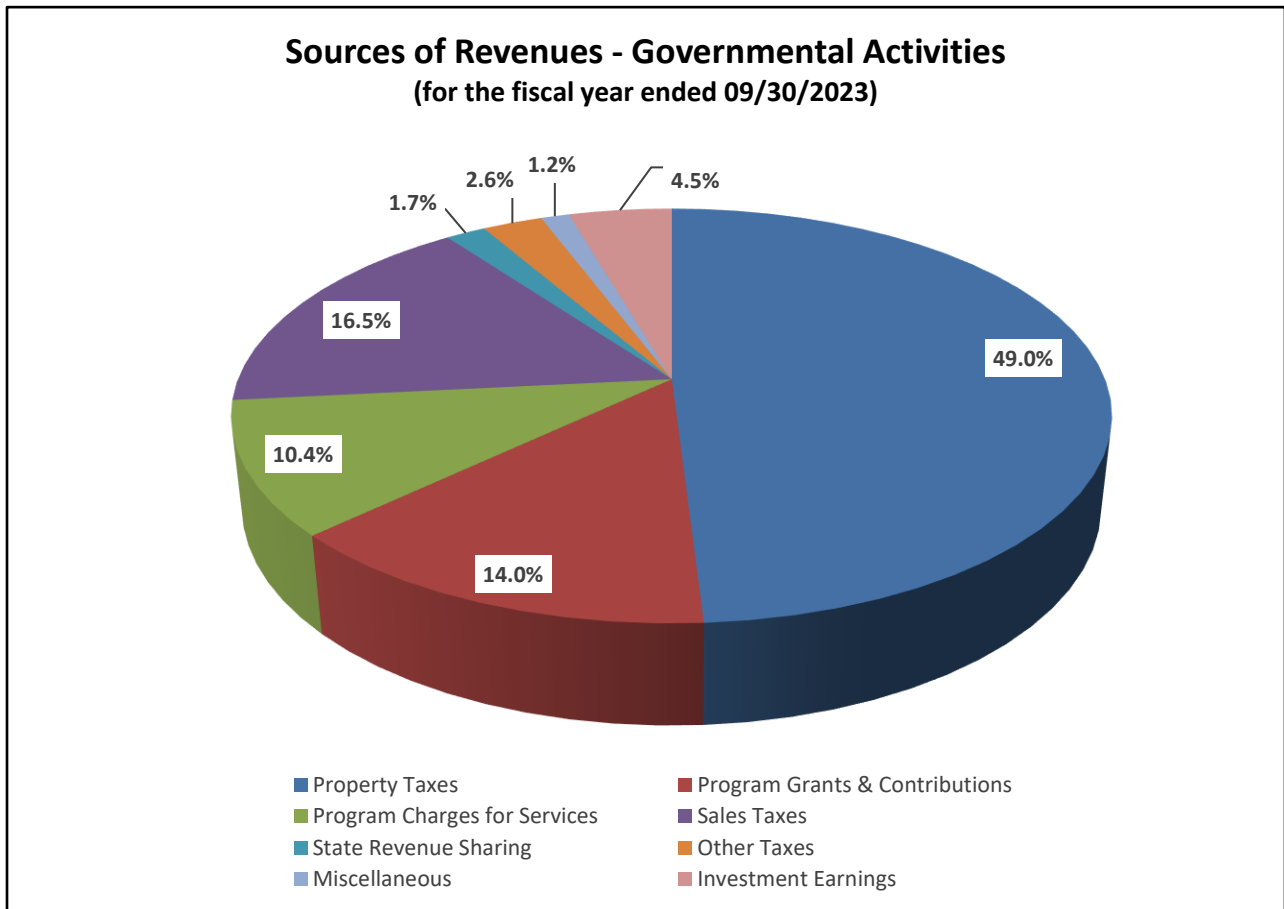
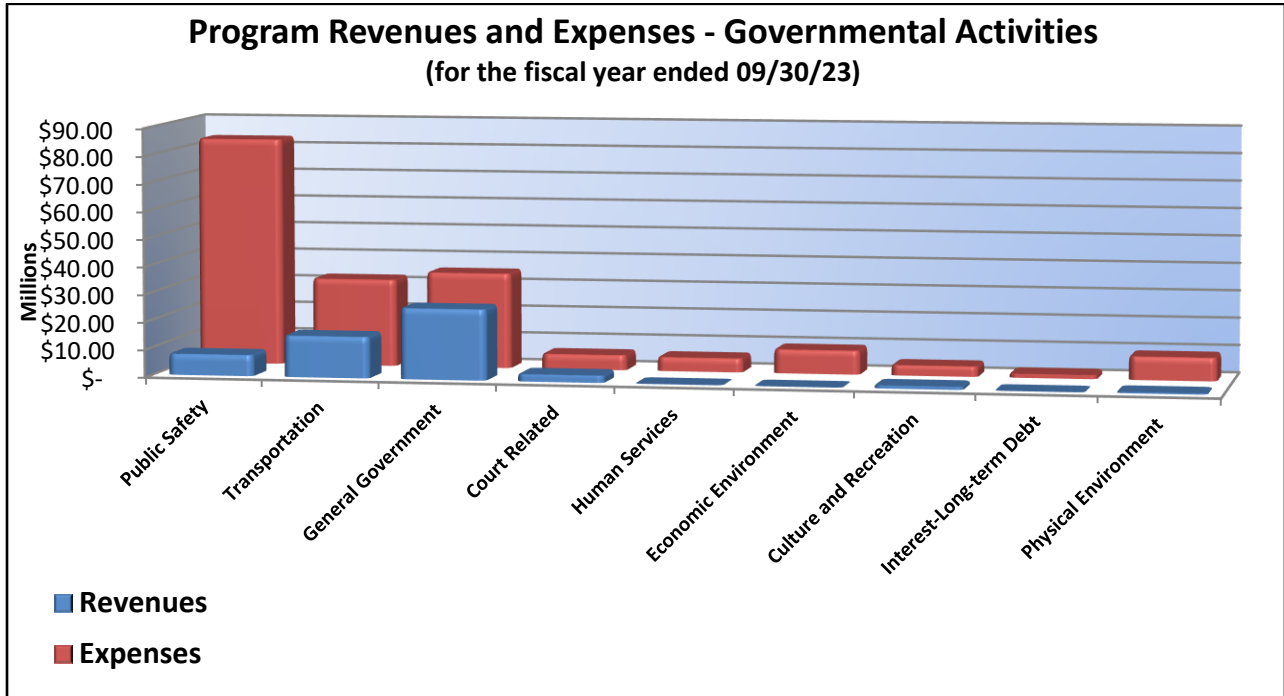
Fiscal year 2023 governmental activities increased the County's net position by \$35,130,060 to \$500,058,338. Governmental activities revenues exceeded expenses by \$35,060,309 in fiscal year 2023 compared to the prior year excess of \$24,019,119. Factors contributing to this year-over-year change in net position include a \$23,371,097 increase in general revenue and transfers, a \$12,966,256 increase in governmental program revenues and a \$23,445,496 increase in governmental program expenses.

Management's Discussion and Analysis (Continued)

Nassau County, Florida Changes in Net Position

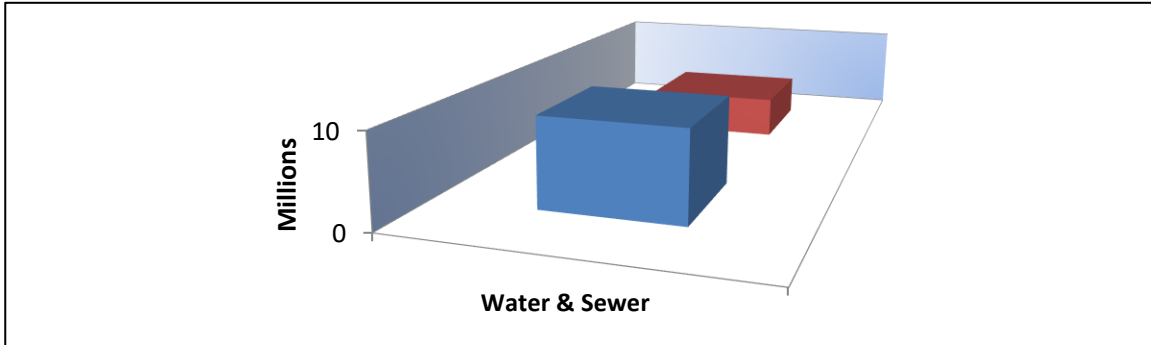
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for Services	\$ 22,710,084	\$ 23,152,161	\$ 5,579,463	\$ 5,391,566	\$ 28,289,547	\$ 28,543,727
Operating Grants and Contributions	22,467,894	4,451,658	10,000	-	22,477,894	4,451,658
Capital Grants and Contributions	8,021,823	12,629,726	4,200,335	504,993	12,222,158	13,134,719
General Revenues:						
Property Taxes	107,105,417	96,114,683	-	-	107,105,417	96,114,683
Other Taxes	45,644,165	43,108,841	-	-	45,644,165	43,108,841
Other Revenues	12,495,490	4,501,118	28,000	6,008	12,523,490	4,507,126
Total Revenues	218,444,873	183,958,187	9,817,798	5,902,567	228,262,671	189,860,754
Expenses						
General Government	34,825,744	28,331,651	-	-	34,825,744	28,331,651
Court Related	5,583,587	5,386,267	-	-	5,583,587	5,386,267
Public Safety	83,103,916	68,874,932	-	-	83,103,916	68,874,932
Physical Environment	8,608,227	10,130,624	-	-	8,608,227	10,130,624
Transportation	31,889,771	30,480,039	-	-	31,889,771	30,480,039
Economic Environment	8,805,750	6,868,135	-	-	8,805,750	6,868,135
Human Services	5,182,130	4,772,620	-	-	5,182,130	4,772,620
Culture/Recreation	3,846,069	3,621,318	-	-	3,846,069	3,621,318
Interest on Long-term Debt	1,539,370	1,473,482	-	-	1,539,370	1,473,482
Water and Sewer	-	-	4,608,780	4,539,728	4,608,780	4,539,728
Total Expenses	183,384,564	159,939,068	4,608,780	4,539,728	187,993,344	164,478,796
Excess of Revenue Over						
Expense	35,060,309	24,019,119	5,209,018	1,362,839	40,269,327	25,381,958
Add: Contributions	-	-	-	-	-	-
Add: Transfers	69,751	(1,780,916)	(69,751)	1,780,916	-	-
Change in Net Position	35,130,060	22,238,203	5,139,267	3,143,755	40,269,327	25,381,958
Prior Period Adjustment	-	-	-	-	-	-
Net Position-						
Beginning of Year	464,928,278	442,690,075	18,315,096	15,171,341	483,243,374	457,861,416
Prior Period Adjustment	-	-	-	-	-	-
Net Position-End of Year	\$ 500,058,338	\$ 464,928,278	\$ 23,454,363	\$ 18,315,096	\$ 523,512,701	\$ 483,243,374

Management's Discussion and Analysis (Continued)



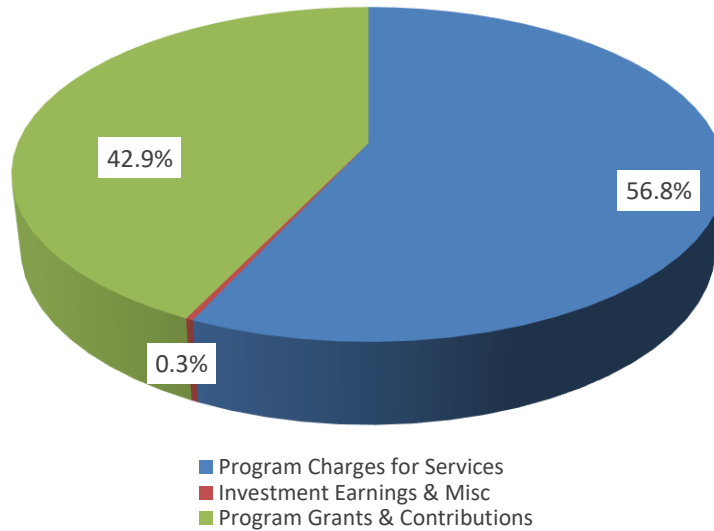
Management's Discussion and Analysis (Continued)

Program Revenues and Expenses - Business-type Activities (for the fiscal year ended 09/30/2023)



- Revenues
- Expenses

Sources of Revenues - Business-type Activities (for the fiscal year ended 09/30/2023)



- Program Charges for Services
- Investment Earnings & Misc
- Program Grants & Contributions

Analysis of the County's Fund Financials

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

Management's Discussion and Analysis *(Continued)*

As of the end of fiscal year 2023, the County's governmental funds reported combined ending fund balances of \$239,501,536. This represents an increase of \$44,259,233 when compared to the prior year ending balance. A portion of fund balance in the amount of \$75,941,811 is internally designated by the County for a specific purpose or available to be spent at the County's discretion. The remainder of fund balance in the amount of \$163,559,725 is non-spendable, restricted, or committed to indicate that it is not available for new spending because it has already been committed for: 1) inventories, 2) prepaid items, 3) grants, 4) state law, or 5) constrained by external third parties.

The general fund is the main operating fund of the County. At the end of fiscal year 2023, the general fund had a total fund balance of \$73,066,987, an increase of \$5,182,846 from the prior year. General fund revenues increased by \$14,498,614 when compared to the prior fiscal year, due primarily to a \$9,444,202 increase in tax revenue, and a \$4,462,830 increase in investment earnings. The net increase in tax revenue resulted from an increase in both Ad Valorem taxes and one-cent taxes. Expenditures in the general fund increased year to year by \$13,704,824. Major components of this increase included an increase of \$1,162,668 in general government expenditures, \$5,064,150 in public safety, and \$5,051,063 in physical environment. Transfers-in of \$20,484,238 (a \$16,133,450 increase from fiscal year 2022), as well as transfers-out of \$37,533,981 (a \$23,184,717 increase from fiscal year 2022), also contributed to a net change in fund balance of \$5,182,846 and an ending fund balance of \$73,066,987.

A majority of the fund balance in the general fund in the amount of \$52,828,071 is internally designated by the County for a specific purpose or available to be spent at the County's discretion. The remainder of the fund balance in the amount of \$20,238,916 is non-spendable, restricted, or committed. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 22.9% of the total General Fund expenditures. Total fund balance represents 73.6% of that same amount.

At the end of fiscal year 2023, the transportation fund had a fund balance of \$15,549,255, an increase of \$5,284,691 when compared to the prior year fund balance. This was primarily due to a \$5,575,097 net increase between interfund transfers-in and transfers-out with the general fund and capital projects funds.

The municipal services fund had a total fund balance of \$19,698,956 at the end of fiscal year 2023. The net increase in fund balance of \$6,112,645 was primarily due to a \$5,629,449 excess of revenues to expenditures and a \$483,196 excess of other financing sources (uses).

The capital projects transportation fund had a fund balance of \$33,317,491 at the end of the fiscal year, an increase of \$4,854,183 as compared to the prior year ending balance. The increase was a result of transfers-in of \$14,930,359 from the general fund, County transportation fund, and mobility fees. There were transfers-out to the County transportation fund in the amount of \$2,160,248. The excess of expenditures over revenues was mostly due to road construction/improvements of \$8,155,486.

The capital projects fund had a fund balance of \$25,554,581 at the end of fiscal year 2023. This is a \$18,423,023 increase from the prior year. This was primarily due to a \$20,283,044 transfers-in from the general fund, municipal service fund and capital project impact fee fund.

Management's Discussion and Analysis (Continued)

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The water and sewer fund is reported as a major enterprise fund. The fund's overall net position increased by \$1,782,070 when compared to the prior year. The increase was comprised of a \$2,123,293 increase in investment in capital assets, a \$41,073 increase in restricted net position and a \$382,296 decrease in unrestricted net position. Operating income in fiscal year 2023 of \$1,013,009 was up from prior year operating income of \$890,702. Operating revenues increased in 2023 by \$328,480 and operating costs increased by \$206,173 compared to fiscal year 2022.

Unrestricted net position of the water and sewer fund at the end of the fiscal year amounted to:

Fund	Unrestricted Net Position	
	2023	2022
Water and Sewer	\$ 3,982,769	\$ 4,365,065

The American Beach Water and Sewer District fund is reported as a major enterprise fund. The fund's overall net position increased by \$3,357,197 when compared to the prior year. The increase was comprised of a \$3,920,295 increase in investment in capital assets, and a \$563,098 decrease in unrestricted net position. Operating income in fiscal year 2023 of \$135,919 was down from prior year operating income of \$162,079. Operating revenues decreased in 2023 by \$140,583 and operating costs decreased \$114,423 compared to fiscal year 2022.

Unrestricted net position of the American Beach Water and Sewer District fund at the end of the fiscal year amounted to:

Fund	Unrestricted Net Position	
	2023	2022
American Beach Water and Sewer District	\$ 2,207,603	\$ 2,770,701

Budgetary Highlights

Budget and actual comparison schedules are provided as Required Supplementary Information for the general fund and all major special revenue funds with annually appropriated budgets. Budget and actual comparison schedules are also provided in the Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for all non-major funds with annually appropriated budgets. The budget and actual comparison schedules show the original budget, the final revised budget, actual results, and variance with final budget columns.

After the original budget is approved, it may be revised for a variety of reasons such as unforeseen circumstances, corrections of errors, new bond or loan proceeds, new grant awards, and other revenues. During fiscal year 2023, supplemental appropriations to the General Fund (Board only) budget were approximately \$24.9 million, or 14.9% of the original adopted budget.

- The major source of supplemental revenue was \$11,198,415 in adjustments for unanticipated cash forward. Other supplemental general fund revenues include \$3,934,480 in grant revenue, transfers-in \$3,845,501, financing proceeds \$2,061,593, donations of \$40,521 and state contractual payments \$33,000.
- Major appropriations of the supplemental revenue include \$12,421,208 to Reserves, \$6,969,390 to Capital Expenses, \$197,000 to Other Contractual Services and \$524,416 to Professional Services.

Management's Discussion and Analysis (Continued)

- The significant revenue budgetary variances in the general fund were mainly the result of sales tax revenues coming in above state projections. Sales taxes revenues includes additional half-cent sales tax revenue of \$1,353,249, and one-cent sales tax revenue of \$4,341,821. Additionally, above projections were interest earnings of \$4,350,813 and rescue billing fees of \$1,197,925.
- The significant general fund budgetary expenditure variances are related to CIP projects and capital outlay that were budgeted, but not expended in 2023; and unexpended personal services, due to vacancies/unfilled positions.

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounted to \$427,022,084 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and construction in progress. Additional information on Nassau County's capital assets can be found in Note 5 in Notes to Financial Statements.

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

- Completed County Road 108 Improvements (Middle Road to US 17) at a cost of \$5.21M
- Completed County Road 108 Improvements (Bay Road to Middle Road) at a cost of \$5.1M
- Completed Citrona Drive Pedestrian Improvements at a cost of \$222K
- Completed Tributary Park, Phase One at a cost of \$4.5M
- Completed Nassau Crossing, Phase One at a cost of \$924K
- Amelia Island Trail, Phase One is under construction at a cost of \$851K
- Old Detention Center Decommission is under construction at a cost of \$2M

Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2023	2022 Restated	2023	2022 Restated	2023	2022 Restated
Land	86,177,852	85,318,283	167,966	167,966	86,345,818	85,486,249
Construction Work in Progress	26,027,521	10,546,849	9,013,395	3,420,271	35,040,916	13,967,120
Buildings & Improvements	42,994,379	44,845,692	386,859	406,698	43,381,238	45,252,390
Machinery & Equipment	25,796,545	25,137,152	548,813	661,217	26,345,358	25,798,369
Improvements Other than Bldg	993,723	993,723	-	-	993,723	993,723
Infrastructure	221,911,769	237,200,332	12,126,662	12,195,055	234,038,431	249,395,387
Leased Assets	326,178	540,030	33,768	54,320	359,946	594,350
SBITA Assets	516,654	854,591	-	-	516,654	854,591
Total	404,744,621	405,436,652	22,277,463	16,905,527	427,022,084	422,342,179

Management's Discussion and Analysis (Concluded)

Long-Term Obligations

At the end of the fiscal year, the County had total outstanding bonds, notes, and other long-term obligations, including net pension liability, and other postemployment benefits in the amount of \$181,165,493. The revenue bonds are collateralized by specific revenue sources while the remainder of the debt utilizes a covenant to budget and appropriate to pledge payment of the debt. The County's bonds payable decreased by \$3,462,305 in fiscal year 2023 with a balance outstanding of \$23,063,185 on September 30, 2023. The County had notes payable with a 2023 fiscal year-end balance of \$219,993.

The County's outstanding obligations increased by \$12,975,376 in fiscal year 2023 primarily due to a \$17,267,027 increase in net pension liability and a \$697,057 decrease in Other Postemployment Benefit costs. These increases were partially offset by a \$3,462,305 reduction in bonds payable. Additional information on Nassau County's outstanding debt can be found in Note 9 in Notes to Financial Statements.

Long Term Obligations

	2023	2022 (Restated)
Governmental Activities:		
Notes Payable	219,993	366,088
Revenue Bonds	17,403,185	19,800,490
Compensated Absences	10,124,139	9,747,277
Lease Liability	334,582	544,193
SBITA Liability	431,125	842,366
Other Post-Employment Benefits	20,244,628	20,940,430
Landfill Closure/Post Closures	15,949,738	15,674,600
Net Pension Liability	110,526,490	93,266,810
Total Gov't Activities	175,233,880	161,182,254
Business-Type Activities:		
Revenue Bonds	5,660,000	6,725,000
Compensated Absences	39,319	36,148
Lease Liability	33,908	54,421
Other Post-Employment Benefits	77,076	78,331
Net Pension Liability	121,310	113,963
Total Business-Type Activities	5,931,613	7,007,863
Total Outstanding Liabilities	\$ 181,165,493	\$ 168,190,117

Request for Information

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

BASIC FINANCIAL STATEMENTS

NASSAU COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Cash and Cash Equivalents	\$ 46,295,129	\$ 4,657,455	\$ 50,952,584
Equity in Pooled Investments	207,739,196	204,264	207,943,460
Accounts Receivable, Net	662,675	692,055	1,354,730
Internal Balances	1,427	(1,427)	-
Loans Receivable, Net	24,000	-	24,000
Due from Other Governments	11,691,767	4,200,335	15,892,102
Inventories	518,724	51,327	570,051
Prepaid Items	1,809,729	623	1,810,352
Other Current Assets	8,111	-	8,111
Cash and Cash Equivalents - Restricted	-	958,008	958,008
Capital Assets:			
Non-Depreciable	112,205,373	9,181,361	121,386,734
Depreciable, Net	292,539,248	13,096,101	305,635,349
Total Assets	673,495,379	33,040,102	706,535,481
Deferred Outflow of Resources			
Unamortized Refunding Loss	-	224,448	224,448
Pension Related	29,407,916	28,739	29,436,655
OPEB Related	6,557,034	8,300	6,565,334
Total Deferred Outflow of Resources	35,964,950	261,487	36,226,437
Liabilities			
Accounts Payable	16,649,385	3,024,928	19,674,313
Other Current Liabilities	2,556,945	-	2,556,945
Retainage Payable	494,016	368,971	862,987
Due to Other Governments	326,002	420,379	746,381
Unearned Revenue	223,109	-	223,109
Deposits	219,821	85,068	304,889
Accrued Interest Payable	312,813	-	312,813
Non-Current Liabilities:			
Due Within One Year	9,099,584	1,117,465	10,217,049
Due in More Than One Year	166,134,297	4,814,148	170,948,445
Total Liabilities	196,015,972	9,830,959	205,846,931
Deferred Inflows of Resources			
Pension Related	3,009,835	3,133	3,012,968
OPEB Related	10,376,184	13,134	10,389,318
Total Deferred Inflow of Resources	13,386,019	16,267	13,402,286
Net Position			
Net Investment in Capital Assets	385,861,719	16,439,031	402,300,750
Restricted for:			
Debt Service	1,496,250	572,922	2,069,172
Impact Fees	19,830,750	252,038	20,082,788
Mobility Fees	8,850,974	-	8,850,974
Capital Projects	1,383,391	-	1,383,391
Court-Related	1,713,130	-	1,713,130
Tourist Development	21,691,063	-	21,691,063
Building Department	5,099,398	-	5,099,398
Grants and Other Purposes	21,821,551	-	21,821,551
Unrestricted	32,310,112	6,190,372	38,500,484
Total Net Position	\$ 500,058,338	\$ 23,454,363	\$ 523,512,701

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

**NASSAU COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government							
Governmental Activities:							
General Government	\$ 34,825,744	\$ 8,052,958	\$ 17,641,472	\$ 79,862	\$ (9,051,452)	\$ -	\$ (9,051,452)
Court-Related	5,583,587	1,840,816	475,112	473,102	(2,794,557)	-	(2,794,557)
Public Safety	83,103,916	5,566,933	2,102,671	86,550	(75,347,762)	-	(75,347,762)
Physical Environment	8,608,227	458,120	-	63,902	(8,086,205)	-	(8,086,205)
Transportation	31,889,771	5,723,793	2,057,029	7,318,407	(16,790,542)	-	(16,790,542)
Economic Environment	8,805,750	-	-	-	(8,805,750)	-	(8,805,750)
Human Services	5,182,130	41,257	14,223	-	(5,126,650)	-	(5,126,650)
Culture and Recreation	3,846,069	1,026,207	177,387	-	(2,642,475)	-	(2,642,475)
Interest on Long-Term Debt	1,539,370	-	-	-	(1,539,370)	-	(1,539,370)
Total Governmental Activities	183,384,564	22,710,084	22,467,894	8,021,823	(130,184,763)	-	(130,184,763)
Business-Type Activities:							
Water and Sewer	4,608,780	5,579,463	10,000	4,200,335	-	5,181,018	5,181,018
Total Business-Type Activities	4,608,780	5,579,463	10,000	4,200,335	-	5,181,018	5,181,018
Total Primary Government	\$ 187,993,344	\$ 28,289,547	\$ 22,477,894	\$ 12,222,158	(130,184,763)	5,181,018	(125,003,745)
General Revenues							
Property Taxes					107,105,417	-	107,105,417
Sales Taxes					36,147,457	-	36,147,457
State Revenue Sharing					3,785,808	-	3,785,808
Fuel Taxes					4,990,860	-	4,990,860
Utility Services Taxes					720,040	-	720,040
Investment Earnings					9,801,260	28,000	9,829,260
Miscellaneous					2,694,230	-	2,694,230
Transfers					69,751	(69,751)	-
Total General Revenues and Transfers					165,314,823	(41,751)	165,273,072
Change in Net Position					35,130,060	5,139,267	40,269,327
Net Position, Beginning of Year					464,928,278	18,315,096	483,243,374
Net Position, End of Year					\$ 500,058,338	\$ 23,454,363	\$ 523,512,701

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

NASSAU COUNTY, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	<u>General Fund</u>	<u>County Transportation Fund</u>	<u>Municipal Services Fund</u>
Assets			
Cash and Cash Equivalents	\$ 5,557,951	\$ 3,743,986	\$ 591,293
Equity in Pooled Investments	71,646,583	13,935,711	17,864,208
Accounts Receivable (Net of Allowance for Uncollectibles)	578,621	1,563	3,816
Loans Receivable (Net of Allowance for Uncollectibles)	-	-	-
Due from Other Funds	1,657,170	46,475	85,390
Due from Other Governments	3,665,859	611,187	337,743
Other Current Assets	8,111	-	-
Inventories	274,366	244,358	-
Prepaid Expenditures	177,940	5,698	1,582,176
Total Assets	<u><u>83,566,601</u></u>	<u><u>18,588,978</u></u>	<u><u>20,464,626</u></u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	5,057,413	2,903,916	348,414
Accrued Liabilities	2,529,028	-	-
Retainage Payable	1,565	-	-
Due to Other Funds	1,240,136	77,165	274,738
Due to Other Governments	88,165	52,606	-
Unearned Revenue	70,543	-	-
Deposits	2,200	1,000	-
Total Liabilities	<u>8,989,050</u>	<u>3,034,687</u>	<u>623,152</u>
Deferred Inflows of Resources	<u>1,510,564</u>	<u>5,036</u>	<u>142,518</u>
Fund Balances			
Non-Spendable	438,737	250,056	1,582,206
Restricted	956,833	-	93,446
Committed	18,843,346	2,978,700	7,344,225
Assigned	30,128,140	12,320,499	10,679,079
Unassigned	22,699,931	-	-
Total Fund Balances	<u>73,066,987</u>	<u>15,549,255</u>	<u>19,698,956</u>
Total Liabilities and Fund Balances	<u>\$ 83,566,601</u>	<u>\$ 18,588,978</u>	<u>\$ 20,464,626</u>

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

Capital Projects - Transportation Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 2,671,745	\$ 3,507,061	\$ 30,223,093	\$ 46,295,129
36,119,816	23,144,260	45,028,618	207,739,196
-	-	78,675	662,675
-	-	24,000	24,000
-	-	290,790	2,079,825
6,384,778	-	692,200	11,691,767
-	-	-	8,111
-	-	-	518,724
-	-	43,915	1,809,729
<u>45,176,339</u>	<u>26,651,321</u>	<u>76,381,291</u>	<u>270,829,156</u>
5,055,798	1,045,740	2,238,104	16,649,385
-	-	27,917	2,556,945
418,272	51,000	23,179	494,016
-	-	486,359	2,078,398
-	-	185,231	326,002
-	-	152,566	223,109
-	-	216,621	219,821
<u>5,474,070</u>	<u>1,096,740</u>	<u>3,329,977</u>	<u>22,547,676</u>
<u>6,384,778</u>	<u>-</u>	<u>737,048</u>	<u>8,779,944</u>
-	-	45,530	2,316,529
-	-	72,141,614	73,191,893
33,317,491	25,554,581	12,960	88,051,303
-	-	118,574	53,246,292
-	-	(4,412)	22,695,519
<u>33,317,491</u>	<u>25,554,581</u>	<u>72,314,266</u>	<u>239,501,536</u>
<u>\$ 45,176,339</u>	<u>\$ 26,651,321</u>	<u>\$ 76,381,291</u>	<u>\$ 270,829,156</u>

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

NASSAU COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

Total Fund Balances of Governmental Funds \$ 239,501,536

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Total Capital Assets	\$ 928,477,699	
(Less: Accumulated Depreciation)	<u>(523,733,078)</u>	
		404,744,621

Certain receivables do not provide current financial resources and, therefore, are reported as deferred inflows of resources in the funds. 8,779,944

Certain pension and OPEB related amounts are being deferred and amortized over a period of years or are being deferred as contributions to the pension and OPEB plans made after the measurement date:

Deferred Outflows Related to Pensions	29,407,916	
Deferred Outflows Related to OPEB	6,557,034	
Deferred Inflows Related to Pensions	(3,009,835)	
Deferred Inflows Related to OPEB	<u>(10,376,184)</u>	
		22,578,931

Long-term liabilities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is generally not accrued in the governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Long-term liabilities at year-end consist of:

Revenue Bonds Payable	(16,809,198)	
Premium on Bonds Payable	(593,987)	
Notes Payable	(219,993)	
Leases Payable	(334,583)	
SBITA Liability	(431,125)	
Compensated Absences	(10,124,139)	
Accrued Interest Payable	(312,813)	
Post-Closure Landfill Liability	(15,949,738)	
Net OPEB Obligation	(20,244,628)	
Net Pension Liability	<u>(110,526,490)</u>	
		<u>(175,546,694)</u>

Total Net Position of Governmental Activities \$ 500,058,338

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

NASSAU COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>General Fund</u>	<u>County Transportation Fund</u>	<u>Municipal Services Fund</u>
Revenues			
Taxes	\$ 97,367,524	\$ 11,129,150	\$ 19,966,983
Licenses and Permits	62,531	-	510,896
Intergovernmental Revenues	12,263,191	2,271,897	1,943,230
Charges for Services	5,632,801	8,902	787,136
Fines and Forfeitures	40,182	-	4,620
Investment Earnings	4,361,770	572,731	929,040
Miscellaneous	1,634,373	38,096	295,120
Total Revenues	<u>121,362,372</u>	<u>14,020,776</u>	<u>24,437,025</u>
Expenditures			
Current:			
General Government Services	24,877,161	-	2,222,351
Public Safety	51,119,919	-	13,068,261
Physical Environment	6,910,238	-	-
Transportation	-	13,584,129	782,394
Economic Environment	548,033	-	-
Human Services	2,958,838	-	1,859,141
Culture and Recreation	2,959,298	-	-
Court-Related Expenditures	2,647,032	-	-
Capital Outlay	6,343,137	717,871	870,044
Debt Service:			
Principal Retirement	933,501	133	4,927
Interest and Fiscal Charges	29,582	12	458
(Total Expenditures)	<u>99,326,739</u>	<u>14,302,145</u>	<u>18,807,576</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>22,035,633</u>	<u>(281,369)</u>	<u>5,629,449</u>
Other Financing Sources (Uses)			
Transfers in	20,484,238	10,766,141	9,585,872
Transfers (out)	(37,533,981)	(5,308,817)	(9,117,205)
Leases (Lessee)	65,976	-	14,529
SBITA's	121,564	-	-
Sale of Capital Assets	9,416	108,736	-
Total Other Financing Sources (Uses)	<u>(16,852,787)</u>	<u>5,566,060</u>	<u>483,196</u>
Net Change in Fund Balances	5,182,846	5,284,691	6,112,645
Fund Balances, Beginning of Year	<u>67,884,141</u>	<u>10,264,564</u>	<u>13,586,311</u>
Fund Balances, End of Year	<u>\$ 73,066,987</u>	<u>\$ 15,549,255</u>	<u>\$ 19,698,956</u>

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

Capital Projects - Transportation Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 12,820,465	\$ 141,284,122
22,805	-	12,727,449	13,323,681
768,652	-	18,551,846	35,798,816
-	-	2,319,064	8,747,903
-	-	544,538	589,340
1,241,213	274,338	2,433,126	9,812,218
-	-	487,923	2,455,512
<u>2,032,670</u>	<u>274,338</u>	<u>49,884,411</u>	<u>212,011,592</u>
-	-	2,816,935	29,916,447
-	-	1,575,968	65,764,148
-	-	1,187,193	8,097,431
-	-	809,081	15,175,604
-	-	8,249,050	8,797,083
-	-	114,299	4,932,278
-	-	298,203	3,257,501
-	-	2,054,892	4,701,924
9,948,598	2,134,359	3,244,408	23,258,417
-	-	1,763,567	2,702,128
-	-	1,509,318	1,539,370
<u>9,948,598</u>	<u>2,134,359</u>	<u>23,622,914</u>	<u>168,142,331</u>
<u>(7,915,928)</u>	<u>(1,860,021)</u>	<u>26,261,497</u>	<u>43,869,261</u>
14,930,359	20,283,044	5,285,077	81,334,731
(2,160,248)	-	(27,144,729)	(81,264,980)
-	-	-	80,505
-	-	-	121,564
-	-	-	118,152
<u>12,770,111</u>	<u>20,283,044</u>	<u>(21,859,652)</u>	<u>389,972</u>
4,854,183	18,423,023	4,401,845	44,259,233
<u>28,463,308</u>	<u>7,131,558</u>	<u>67,912,421</u>	<u>195,242,303</u>
<u>\$ 33,317,491</u>	<u>\$ 25,554,581</u>	<u>\$ 72,314,266</u>	<u>\$ 239,501,536</u>

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

NASSAU COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 44,259,233

**Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:**

Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense:

Expenditures for Capital Assets	\$	23,126,344	
(Current Year Depreciation)		(24,666,775)	
Contributions of Capital Assets		1,093,535	
Gain (Loss) on Disposal of Capital Assets		<u>(245,135)</u>	(692,031)

Certain revenues reported in the statement of activities are not considered current financial resources and, therefore, are not reported as revenue in the governmental funds. 5,165,922

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 2,469,150

The changes in net pension liability and pension related deferred outflows and inflows of resources result in an adjustment to pension expense in the statement of activities, but not in the governmental fund statements. (16,849,709)

The changes in the OPEB liability and OPEB related deferred outflows and inflows of resources result in an adjustment to OPEB expense in the statement of activities, but not in the governmental fund statements. 690,920

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in Accrued Interest Payable		31,250	
Amortization of Premiums		74,248	
Change in Post-Closure Liability		(275,138)	
Change in Lease Liabilities		209,611	
Change in SBITA Liabilities		423,466	
Change in Accrued Compensated Absences		<u>(376,862)</u>	<u>86,575</u>

Change in Net Position - Governmental Activities \$ 35,130,060

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

NASSAU COUNTY, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUND
SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	American Beach	Total
		Water and Sewer District	
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 3,061,419	\$ 1,596,036	\$ 4,657,455
Cash and Cash Equivalents - Restricted	910,666	47,342	958,008
Equity in Pooled Investments	204,264	-	204,264
Accounts Receivable, Net	692,055	-	692,055
Due from Other Funds	974,180	418	974,598
Due from Other Governments	-	4,200,335	4,200,335
Inventories	51,327	-	51,327
Prepays	623	-	623
Total Current Assets	5,894,534	5,844,131	11,738,665
Non-Current Assets:			
Capital Assets:			
Non-Depreciable	4,333,222	4,848,139	9,181,361
Depreciable, Net	13,096,101	-	13,096,101
Total Non-Current Assets	17,429,323	4,848,139	22,277,462
Total Assets	23,323,857	10,692,270	34,016,127
Deferred Outflow of Resources			
Unamortized Refunding Loss	224,448	-	224,448
Pension Related	28,739	-	28,739
OPEB Related	8,300	-	8,300
Total Deferred Outflow of Resources	261,487	-	261,487
Total Assets and Deferred Outflows	23,585,344	10,692,270	34,277,614
Liabilities			
Current Liabilities:			
Accounts Payable	284,849	2,662,348	2,947,197
Retainage Payable	189,298	179,673	368,971
Due to Other Funds	1,845	974,180	976,025
Due to Other Governments	420,379	-	420,379
Deposits	85,068	-	85,068
Bonds Payable	1,085,000	-	1,085,000
Other Postemployment Benefits	2,674	-	2,674
Compensated Absences	9,187	-	9,187
Unearned Revenue	77,731	-	77,731
Lease Liability	20,604	-	20,604
Total Current Liabilities	2,176,635	3,816,201	5,992,836
Non-Current Liabilities:			
Compensated Absences	30,132	-	30,132
Other Postemployment Benefits	74,402	-	74,402
Bonds Payable, Long-Term	4,575,000	-	4,575,000
Net Pension Liability	121,310	-	121,310
Lease Liability	13,304	-	13,304
Total Non-Current Liabilities	4,814,148	-	4,814,148
Total Liabilities	6,990,783	3,816,201	10,806,984
Deferred Inflow of Resources			
Pension Related	3,133	-	3,133
OPEB Related	13,134	-	13,134
Total Deferred Inflow of Resources	16,267	-	16,267
Total Liabilities and Deferred Inflows	7,007,050	3,816,201	10,823,251
Net Position			
Investment in Capital Assets	11,770,565	4,668,466	16,439,031
Restricted for:			
Debt Service	572,922	-	572,922
Renewal and Replacement	252,038	-	252,038
Unrestricted	3,982,769	2,207,603	6,190,372
Total Net Position	\$ 16,578,294	\$ 6,876,069	\$ 23,454,363

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

NASSAU COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	American Beach Water and Sewer District	Totals
Operating Revenues			
Charges for Services	\$ 5,312,590	\$ -	\$ 5,312,590
Connection and Impact Fees	59,247	147,992	207,239
Other Income	59,634	-	59,634
Total Operating Revenues	5,431,471	147,992	5,579,463
Operating Expenses			
Contractual Services	1,323	-	1,323
Professional Services	2,503,146	10,558	2,513,704
Salaries and Benefits	118,256	-	118,256
Rentals and Leases	9,462	-	9,462
Utilities	444,348	-	444,348
Repairs and Maintenance	164,621	-	164,621
Depreciation	1,057,167	-	1,057,167
Other Expenses	120,139	1,515	121,654
Total Operating Expenses	4,418,462	12,073	4,430,535
Operating Income (Loss)	1,013,009	135,919	1,148,928
Non-Operating Revenues (Expenses)			
Interest Earnings	27,946	54	28,000
Interest and Other Debt Service Costs	(178,245)	-	(178,245)
Intergovernmental Revenues	10,000	-	10,000
Total Non-Operating Revenues (Expenses)	(140,299)	54	(140,245)
Income (Loss) Before Capital Grants and Transfers	872,710	135,973	1,008,683
Capital Grants and Transfers			
Capital Grants and Contributions	-	4,200,335	4,200,335
Transfers in	974,180	418	974,598
Transfers (out)	(64,820)	(979,529)	(1,044,349)
Total Capital Grants and Transfers	909,360	3,221,224	4,130,584
Change in Net Position	1,782,070	3,357,197	5,139,267
Total Net Position, Beginning of Year	14,796,224	3,518,872	18,315,096
Total Net Position, End of Year	\$ 16,578,294	\$ 6,876,069	\$ 23,454,363

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

NASSAU COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	American Beach	
		Water and Sewer District	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 5,220,853	\$ 147,992	\$ 5,368,845
Cash Payments to Vendors for Goods and Services	(3,130,050)	(12,073)	(3,142,123)
Cash Payments to Employees	(114,981)	-	(114,981)
Net Cash Provided by (Used in) Operating Activities	<u>1,975,822</u>	<u>135,919</u>	<u>2,111,741</u>
Non-Capital Financing Activities			
Due to Other Funds	-	974,180	974,180
Operating Grants	10,000	-	10,000
Transfer in (out)	(64,798)	(979,529)	(1,044,327)
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>(54,798)</u>	<u>(5,349)</u>	<u>(60,147)</u>
Capital and Related Financing Activities			
Acquisition of Property, Plant and Equipment	(2,329,134)	(1,380,924)	(3,710,058)
Capital Grants	-	74,727	74,727
Principal Payments on Bonds/Leases/SBITAs	(1,085,513)	-	(1,085,513)
Payment of Interest and Other Debt Costs	(133,356)	-	(133,356)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(3,548,003)</u>	<u>(1,306,197)</u>	<u>(4,854,200)</u>
Investing Activities			
Interest Received	27,946	54	28,000
Sale of Investments	980,765	-	980,765
Net Cash Provided by (Used in) Investing Activities	<u>1,008,711</u>	<u>54</u>	<u>1,008,765</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(618,268)	(1,175,573)	(1,793,841)
Cash and Cash Equivalents, Beginning of Year	<u>4,590,353</u>	<u>2,818,951</u>	<u>7,409,304</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,972,085</u>	<u>\$ 1,643,378</u>	<u>\$ 5,615,463</u>
<u>Reported in Statement of Net Position as</u>			
Cash and Cash Equivalents	\$ 3,061,419	\$ 1,596,036	\$ 4,657,455
Cash and Cash Equivalents - Restricted	<u>910,666</u>	<u>47,342</u>	<u>958,008</u>
Total	<u>\$ 3,972,085</u>	<u>\$ 1,643,378</u>	<u>\$ 5,615,463</u>

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

NASSAU COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>American Beach</u>		<u>Total</u>
	<u>Water and Sewer</u>	<u>Water and Sewer District</u>	
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>			
Operating Income (Loss)	\$ 1,013,009	\$ 135,919	\$ 1,148,928
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	1,057,167	-	1,057,167
Changes in Assets - Decrease (Increase):			
Decrease (Increase) in Accounts Receivable	(210,781)	-	(210,781)
Decrease (Increase) in Inventory	8,777	-	8,777
Decrease (Increase) in Prepaid Expense	590	-	590
Decrease (Increase) in Deferred Outflows	12,132	-	12,132
Changes in Liabilities - Increase (Decrease):			
Increase (Decrease) in Accounts Payable	(75,955)	-	(75,955)
Increase (Decrease) in Due to Other Governments	179,580	-	179,580
Increase (Decrease) in Due to Other Funds	(36)	-	(36)
Increase (Decrease) in Deposits	196	-	196
Increase (Decrease) in Compensated Absences	3,171	-	3,171
Increase (Decrease) in Net Pension Liability	7,347	-	7,347
Increase (Decrease) in Deferred Inflows	(18,120)	-	(18,120)
Increase (Decrease) in Other Postemployment Benefits	(1,255)	-	(1,255)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,975,822</u>	<u>\$ 135,919</u>	<u>\$ 2,111,741</u>
<u>Non-Cash Capital and Related Financing Items</u>			
Amortization of Refunding Loss	<u>\$ 44,890</u>	<u>\$ -</u>	<u>\$ 44,890</u>

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

**NASSAU COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2023**

	Total Custodial Funds
Assets	
Cash and Cash Equivalents	\$ 7,690,901
Accounts Receivable	212
Due from Individuals	277,507
Due from Other Governments	273,449
Total Assets	8,242,069
 Liabilities	
Accounts Payable and Accrued Liabilities	90,054
Due to Other Governments	2,252,502
Due to Bond Holders	813,056
Other Liabilities	28,901
Undistributed Collections	3,124,655
Total Liabilities	6,309,168
 Net Position, Held in a Custodial Capacity to be Disbursed	\$ 1,932,901

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

NASSAU COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Total Custodial Funds
Additions	
Property Taxes and Fees Collected	\$ 114,924,613
Licenses and Tag Fees Collected	17,729,929
Impact Fees Collected for Other Governments	3,920,360
Inmate Funds Collected	1,233,681
Fines, Forfeitures, and Fees Collected	4,118,163
Tax Deeds and Fees Collected	375,904
Support and Fees Collected	9,652
Special Assessments	935,662
Registry of the Court and Fees Collected	1,930,428
Recording Fees Collected	3,941,808
Bail Bonds and Fees Collected	385,836
Refunds, Unclaimed Funds, Redeposits, and Credit Card Payments	71,543,376
Tourist Development Fees Collected	11,444,202
Investment Earnings	12,064
Total Additions	232,505,678
Deductions	
Inmate Funds Disbursed	1,234,078
Fines, Forfeitures, and Fees Disbursed	4,093,895
Licenses and Tag Fees Disbursed	17,729,929
Property Taxes and Fees Disbursed	114,924,613
Tax Deeds and Fees Disbursed	374,764
Support and Fees Disbursed	9,652
Special Assessments Fees Disbursed	892,387
Registry of the Court and Fees Disbursed	2,384,097
Recording Fees Disbursed	4,007,686
Bail Bonds and Fees Disbursed	443,091
Refunds, Unclaimed Funds, Redeposits, and Credit Card Payments	71,543,746
Tourist Development Fees Disbursed	11,444,202
Impact Fees Disbursed	3,926,820
Total Deductions	233,008,960
Change in Net Position	(503,282)
Net Position, Beginning of Year	2,436,183
Total Net Position, End of Year	\$ 1,932,901

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS INDEX
September 30, 2023

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NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Nassau County (the County) conform to accounting principles generally accepted in the United States of America as applied to governmental units. The significant accounting policies followed by the County are described below to enhance the usefulness of the financial statements to the reader.

A. Reporting Entity

Nassau County is a political subdivision of the State of Florida. It is composed of an elected Board of County Commissioners (the Board) and elected Constitutional Officers, who are governed by federal and state statutes, regulations, and County ordinances.

The Board and the offices of the Clerk of the Circuit Court (Clerk), Tax Collector, Sheriff, Property Appraiser, and Supervisor of Elections are operated as separate County agencies in accordance with applicable provisions of Florida Statutes. The office of the Tax Collector operates on a fee system, whereby the officer retains fees, commissions, and other revenues to pay all operating expenditures, including statutory compensation, any excess income is remitted to the Board or other taxing districts at the end of the fiscal year. The office of the Property Appraiser operates on a budget system, whereby appropriated funds are received from the Board and taxing authorities and all unexpended appropriations are required to be returned to the Board and taxing authorities at year-end. The offices of the Sheriff and Supervisor of Elections operate on a budget system, whereby County-appropriated funds are received from the Board, and any unexpended appropriations are required to be returned to the Board at the end of the fiscal year. The office of the Clerk of the Circuit Court operates on a combined fee and budget system. The budget system relates to the Clerk's function as the accountant and the Clerk of the Board, in accordance with the provisions of Section 125.17, Florida Statutes. Beginning July 1, 2013, the court-related operations of the Clerk are funded from fees and charges authorized under Chapter 2013-44, Laws of Florida. Any excess of revenues and other financing sources received over expenditures of the general fund are remitted to the Board at year-end. Any excess of revenues over court-related expenditures of the court fund are remitted to the State of Florida at year-end.

The accompanying financial statements present the County (primary government), and the component units for which the County is considered to be financially accountable. Also included are other entities for which the nature and significance of their relationship with the County are such that exclusion could cause the County's basic financial statements to be misleading or incomplete.

The Nassau County Housing Finance Authority (NCHFA) is a dependent special district, which functions for the benefit of the citizens of Nassau County and is considered a blended component unit of the County. The NCHFA had no revenues or expenditures during the fiscal year ended September 30, 2023. In addition, the NCHFA did not issue any bonds during the audit period, nor were there any bonds outstanding at year-end. Therefore, financial statements were not prepared for NCHFA and, accordingly, no financial data for NCHFA is presented in these financial statements.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

The Recreation and Water Conservation and Control District No. 1 (RWCCD) is a dependent special district, which functions for the benefit of the citizens of the County and is considered a blended component unit of the County. The Board sits as the governing body. The RWCCD had no revenues or expenditures during the fiscal year ended September 30, 2023. 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 American Beach Water Sewer District 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.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the County.

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

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

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

C. Fund Accounting

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

■ **Governmental Funds**

● **Major Governmental Funds**

- ▶ The **General Fund**—is used to account for all revenues and expenditures applicable to the general operations of the County, which are not properly accounted for in other funds. The General Fund for the County includes the General Fund for the Board and each of the Constitutional Officers. The effect of interfund activity has been eliminated from these financial statements.
- ▶ The **County Transportation Fund**—is used to account for the operation of the Road and Bridge Department. Financing is provided principally by ad valorem taxes and the County's share of state gasoline taxes.
- ▶ The **Municipal Services Fund**—is used to account for activities benefiting only the unincorporated areas of the County. Financing is provided principally by ad valorem taxes and state revenue sharing.
- ▶ The **Capital Projects - Transportation Fund**—is used to account for all financial resources used for the acquisition or construction of major transportation-related capital facilities and/or projects. Funding is provided from a variety of funding sources.
- ▶ The **Capital Projects Fund**—is used to account for financial resources used for the acquisition or construction of major capital facilities and/or projects. Funding is provided from a variety of funding sources.

● **Non-Major Governmental Funds**

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

■ **Major Proprietary Funds**

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

- ▶ **American Beach Water Sewer District**—are used to account for the proceeds of specific revenue sources related to the planning, design, and construction of water and sewer facility located at American Beach.

- **Fiduciary Funds**

- The custodial funds are fiduciary funds which are used to account for assets received and held by the County in the capacity of a trustee or as an agent for individuals, government agencies, and other public organizations.

D. Measurement Focus

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 non-operating revenues and expenses.

- **Fiduciary Funds**—Fiduciary funds are accounted for using the accrual basis of accounting. Per Governmental Accounting Standards Board (GASB) Statement No. 84, fiduciary funds will now report additions and deductions within the Statement of Changes in Fiduciary Net Position. Fiduciary fund assets and liabilities are reported using an economic resources measurement focus and accrual basis of accounting.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

E. Basis of Accounting

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

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

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

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

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

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

F. Cash and Cash Equivalents

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

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

G. Deposits and Investments

The County’s investment practices are governed by Section 218.415, Florida Statutes, and County Ordinance 2023-036. The County is currently invested in Interest-Bearing Demand Deposit accounts, U.S. Government Securities, and Local Government Investment Pools. See Note 2 for additional information on authorized deposits and investments.

H. Accounts Receivable

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

I. Interfund Balances

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

J. Inventories and Prepaid Items

Inventories, consisting principally of expendable items held for consumption, are determined by physical count and are stated at cost based on the average-cost method. On the balance sheet - governmental funds, the prepaid and inventory balances reported are offset by a non-spendable fund balance classification which indicates these balances do not constitute “available spendable resources” even though it is a component of net current assets. The cost of governmental fund-type inventories is recorded as expenditure when consumed; therefore, the inventory asset amount is not available for appropriation.

Prepaid items are certain payments to vendors that reflect costs applicable to future accounting periods and are recorded, under the consumption method, as prepaid items in both government-wide and fund financial statements.

K. Unamortized Refunding Loss

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

L. Fund Balance

Fund balance is reported in five components – non-spendable, restricted, committed, assigned, and unassigned:

- **Non-Spendable**—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 County’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.
- **Assigned**—This component of fund balance consists of amounts that are constrained by less-than-formal action of the County’s governing body (e.g., resolution). The County’s fund balance policy was adopted under the County’s resolution No. 2023-128. Changes in assigned fund balance require prior approvals from the governing body through less-than-formal action (e.g., resolution), the County Manager and Budget Officer. In addition, residual balances in capital projects and debt service funds are considered assigned for the general purpose of the respective funds.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

- **Unassigned**—This classification is used for: (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the general fund that are not restricted, committed, or assigned.
- **Flow Assumption**—When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in any governmental fund, it is the County’s policy to use committed resources first, then assigned, and then unassigned as needed.

M. Net Position

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

N. Restricted Assets

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

O. Capital Assets and Long-Term Liabilities

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

■ **Governmental Funds**

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

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

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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Effective July 10, 2023, the Board approved a revised fixed asset capitalization policy which updated the capitalization thresholds and useful lives for various capital asset categories.

<u>Capital Asset Category</u>	<u>Capitalization Threshold</u>
Land	All
Buildings	\$50,000
Building Improvements	\$25,000
Improvements to Land Other than Buildings	\$25,000
Machinery, Vehicles, and Equipment	\$5,000
Works of Art, Historical Treasures, and Similar Assets	All
Infrastructure and Infrastructure Improvements	\$50,000
Construction in Progress	Use Final Intended Asset Class Threshold
Software	\$50,000
Easements or Right-of-Way	\$10,000
Other Capital Assets	\$50,000

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:

Land	Indefinite
Buildings	10-50 Years
Building Improvements	10-50 Years
Improvements to Land Other Than Buildings	10-30 Years
Machinery, Vehicles, and Equipment	3-20 Years
Works of Art, Historical Treasures, and Similar Assets	20-50 Years
Infrastructure and Infrastructure Improvements	10-50 Years
Construction in Progress	Use Final Intended Asset Class Useful Life
Software	Individually Evaluated
Easements or Right-of-Way	Individually Evaluated
Other Capital Assets	Individually Evaluated

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

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

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

■ **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 the same as governmental activities above.

P. Deferred Inflows/Outflows of Resources

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

Q. Compensated Absences

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

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

R. Other Postemployment Benefits

The County has recorded the liability in the government-wide statements and the enterprise funds for postemployment benefits other than pensions. For governmental activities, other postemployment benefits (OPEB) are generally liquidated by the General Fund, the County Transportation Fund, the Municipal Services Fund, and the Building Department. The financial reporting requirements for governments whose employees are provided with OPEB, include the recognition and measurement of liabilities, deferred outflows of resources, deferred inflows of resources, and expenses.

S. Net Pension Liability

In the government-wide and proprietary fund statements, the net pension liability represents the County's proportionate share of the net pension liability of the cost-sharing pension plans in which it participates. This liability represents a share of the present value of projected benefit payments to be provided through cost-sharing plans, less the amount of the cost-sharing plans' fiduciary net position. The County participates in both the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy Program (HIS) defined benefit plan administered by the Florida Division of Retirement. The County allocated the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense to the funds and functions/activities based on their respective contribution made to the pension plans for that fiscal year.

T. 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

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

the amount of millage to be levied and shall certify such millage to the Property Appraiser. For the year ended September 30, 2023, the Board levied 7.1041 mills. An additional 2.2087 mills and 0.0960 was levied for the benefit of the Nassau County Municipal Services Taxing Unit and the Amelia Island Beach Renourishment Municipal Services Benefit Unit, 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

U. Leases

The County is a lessee for various lease agreements involving tower space, building space, and various equipment leases. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The County recognizes leases with an initial, individual value of \$15,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made at or before the lease commencement date, plus initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

V. Subscription-Based Technology Arrangements

Implementation of GASB Statement No. 96

During the fiscal year ended September 30, 2023, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, became effective. This statement defines a subscription-based information technology arrangement (SBITA), establishes that a SBITA results in a “right-to-use” asset and a corresponding liability, and provided the criteria for outlays and subscription payments, as well as required specific note disclosures. The County performed a review of its agreements and determined the arrangements met the criteria for recording under GASB Statement No. 96. See Note 8 for additional information.

W. Recent GASB Standards

GASB Statement 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This statement requires that liabilities for compensated absences be recognized for: (1) leave that has not been used, and (2) leave that has been used but not yet paid in cash or non-cash means, with an exception of certain types of compensated absences such as, parental leave, military leave, and jury duty, that should not be recognized until the leave is used. This Statement establishes guidance for measuring a liability for leave that has not been used, for leave that has been used but not yet paid or settled, and certain salary-related payments that are directly and incrementally associated with payments for leave. The County is currently evaluating the impact that adoption of this Statement will have on its financial statements.

Note 2 - Cash and Investments

Deposits with Financial Institutions

The carrying amount of the County’s deposits with financial institutions was \$59,601,493 and the bank balances were \$60,181,317 at September 30, 2023. Deposits are placed in banks that qualify as public depositories pursuant to the provisions of Chapter 280, Florida Statutes, the *Florida Security for Public Deposits Act*. Qualified public depositories are required by this law to pledge collateral with a market value equal to a percentage of the average daily balance of all public deposits in excess of any federal deposit insurance. In the 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.

Detail of the County’s Cash and Investments

Description	Fair Value
Cash and Cash Equivalents	\$ 59,601,493
Florida Local Government Investment Trust	12,340,203
Money Market Accounts	70,997,996
U.S. Treasuries	<u>124,605,261</u>
Total Cash and Investments	<u>\$ 267,544,953</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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Reported in accompanying financial statements as follows:

	<u>Governmental</u> <u>Funds</u>	<u>Proprietary</u> <u>Funds</u>	<u>Custodial</u> <u>Funds</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 46,295,129	\$ 4,657,455	\$ 7,690,901	\$ 58,643,485
Equity in Pooled Investments	207,739,196	204,264	-	207,943,460
Restricted Cash and Cash Equivalents	-	958,008	-	958,008
Total Cash and Investments	<u>\$ 254,034,325</u>	<u>\$ 5,819,727</u>	<u>\$ 7,690,901</u>	<u>\$ 267,544,953</u>

Investments

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

The County's investment practices are governed by Section 218.415, Florida Statutes, and County Ordinance 2023-036. Authorized investments include 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.

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

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

<u>Maturities</u>	<u>Fair</u> <u>Value</u>	<u>1 Year</u> <u>or Less</u>	<u>1-5</u> <u>Years</u>
Type			
U.S. Treasury Notes	\$ 124,605,261	\$ 124,605,261	\$ -
Money Market Funds	70,997,996	70,997,996	-
Florida Government Investment Trust Short-Term Bond Fund	12,340,203	-	12,340,203 *
Total Investments	<u>207,943,460</u>	<u>\$ 195,603,257</u>	<u>\$ 12,340,203</u>
Demand Deposits	59,601,493		
Total Cash and Investments	<u>\$ 267,544,953</u>		

* Based on WAM of 1.46 years

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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Credit Risk—Generally, credit risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The following table summarizes the County’s investments as rated as of September 30, 2023:

<u>Credit Ratings</u>	<u>Unrated</u>	<u>Moody's Aaa</u>	<u>Fitch AAAF</u>
Type			
U.S. Treasury Notes	\$ -	\$ 124,605,261	\$ -
Money Market Funds	70,997,996	-	-
Florida Government Investment Trust Short-Term Bond Fund	-	-	12,340,203
Total Investments	<u>70,997,996</u>	<u>124,605,261</u>	<u>12,340,203</u>
Demand Deposits	59,601,493	-	-
Total Cash and Investments	<u>\$ 130,599,489</u>	<u>\$ 124,605,261</u>	<u>\$ 12,340,203</u>

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 and money market accounts 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 post-closure 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.

External Investment Pool—The County participates in the Florida Local Government Investment Trust (FLGIT) Short-Term Bond Fund. The fund was created in December 12, 1991, through the joint efforts of the Florida Court Clerks and Comptrollers and the Florida Association of Counties. The fund is rated AA Af by Standard & Poor’s. The weighted average maturity at September 30, 2023, was 1.46 years. The fund is structured to maintain safety of principal and maximize available yield through a balance of quality and diversification. Separately issued financial statements for the FLGIT Short-Term Bond Fund can be obtained from the FLGIT website (<https://www.floridatrusionline.com>).

Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The County’s investments in certificates of deposits and money market accounts have remaining maturities at the time of purchase of one year or less, and are therefore reported at amortized cost. The FLGIT Short-Term Bond Fund is an external investment pool and is reported at Net Asset Value (NAV).

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

<u>Type Investment</u>	<u>Fair Value</u>	<u>Active Markets for Identical Assets (Level 1)</u>	<u>Significant Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Board Investments by Fair Value Level				
U.S. Treasury Notes	\$ 124,605,261	\$ -	\$ 124,605,261	\$ -
Total Investments Measure at FV	<u>124,605,261</u>	<u>\$ -</u>	<u>\$ 124,605,261</u>	<u>\$ -</u>
Board Investments Measured at Amortized Cost				
Money Market Accounts	<u>70,997,996</u>			
Total Investments Measured at Amortized Cost	<u>70,997,996</u>			
Board Investments at Net Asset Value (NAV)				
Florida Government Investment	<u>12,340,203</u>			
Total Investments Measured at NAV	<u>12,340,203</u>			
Total Investments	<u>\$ 207,943,460</u>			

Note 3 - Accounts Receivable

Accounts receivable (net of allowances for uncollectibles) at September 30, 2023, included the following:

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental Funds			
General Fund	\$ 1,962,726	\$ (1,384,105)	\$ 578,621
County Transportation	1,563	-	1,563
Municipal Services	3,816	-	3,816
Non-Major Funds	<u>78,675</u>	<u>-</u>	<u>78,675</u>
Total Governmental Funds	<u>\$ 2,046,780</u>	<u>\$ (1,384,105)</u>	<u>\$ 662,675</u>
Business-Type Funds			
Water	<u>\$ 768,220</u>	<u>\$ (76,165)</u>	<u>\$ 692,055</u>

Note 4 - Restricted Assets

Restricted assets in the proprietary funds at September 30, 2023, represent monies required to be restricted for debt service and construction under terms of outstanding bond agreements, and impact fees restricted to water and sewer system uses. Assets are also restricted in accordance with ordinances and Florida Statutes. Restricted assets for the proprietary funds at September 30, 2023, were restricted for the following purposes:

Proprietary Funds	
Customer Deposits	\$ 85,706
Reserve	47,342
Impact Fees (Water/Sewer)	252,038
Debt Service	<u>572,922</u>
Total	<u>\$ 958,008</u>

Note 5 - Capital Assets

Capital asset activity for the year ended September 30, 2023, was as follows:

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

	Balance 10/1/2022 (Restated)	Increases	(Decreases)	Adjustments	Balance 9/30/2023
Governmental Activities					
Capital Assets not Being Depreciated:					
Land	\$ 85,318,283	\$ 913,819	\$ (54,250)	\$ -	\$ 86,177,852
Construction Work in Progress	10,546,849	16,557,090	(1,659,262)	582,844	26,027,521
Total Capital Assets not Being Depreciated	<u>95,865,132</u>	<u>17,470,909</u>	<u>(1,713,512)</u>	<u>582,844</u>	<u>112,205,373</u>
Capital Assets Being Depreciated:					
Buildings and Improvements	79,496,782	517,489	(49,995)	(582,844)	79,381,432
Machinery and Equipment	69,456,855	6,949,852	(1,242,886)	-	75,163,821
Improvements Other than Buildings	993,723	-	-	-	993,723
Leasehold Improvements	1,040,516	-	-	-	1,040,516
Infrastructure	657,187,770	738,822	-	-	657,926,592
Leased Assets	803,086	80,505	(93,504)	-	790,087
SBITA Assets	854,591	121,564	-	-	976,155
Total Capital Assets Being Depreciated	<u>809,833,323</u>	<u>8,408,232</u>	<u>(1,386,385)</u>	<u>(582,844)</u>	<u>816,272,326</u>
Less Accumulated Depreciation:					
Buildings and Improvements	(35,119,644)	(1,712,915)	49,995	-	(36,782,564)
Machinery and Equipment	(44,319,703)	(6,125,599)	1,078,026	-	(49,367,276)
Leasehold Improvements	(571,962)	(73,043)	-	-	(645,005)
Infrastructure	(419,987,438)	(16,030,752)	3,367	-	(436,014,823)
Leased Assets	(263,056)	(264,965)	64,112	-	(463,909)
SBITA Assets	-	(459,501)	-	-	(459,501)
Total Accumulated Depreciation	<u>(500,261,803)</u>	<u>(24,666,775)</u>	<u>1,195,500</u>	<u>-</u>	<u>(523,733,078)</u>
Total Capital Assets Being Depreciated, Net	<u>309,571,520</u>	<u>(16,258,543)</u>	<u>(190,885)</u>	<u>(582,844)</u>	<u>292,539,248</u>
Total Governmental Activities					
Capital Assets, Net	<u>\$ 405,436,652</u>	<u>\$ 1,212,366</u>	<u>\$ (1,904,397)</u>	<u>\$ -</u>	<u>\$ 404,744,621</u>
	Balance 10/1/2022	Increases	(Decreases)	Adjustments	Balance 9/30/2023
Business-Type Activities					
Capital Assets not Being Depreciated:					
Land	\$ 167,966	\$ -	\$ -	\$ -	\$ 167,966
Construction Work in Progress	3,420,271	5,593,124	-	-	9,013,395
Total Capital Assets not Being Depreciated	<u>3,588,237</u>	<u>5,593,124</u>	<u>-</u>	<u>-</u>	<u>9,181,361</u>
Capital Assets Being Depreciated:					
Buildings and Improvements	754,865	-	-	-	754,865
Infrastructure	25,080,255	835,979	-	-	25,916,234
Equipment	1,168,693	-	-	-	1,168,693
Leased Assets	74,872	-	-	-	74,872
Total Capital Assets Being Depreciated	<u>27,078,685</u>	<u>835,979</u>	<u>-</u>	<u>-</u>	<u>27,914,664</u>
Less Accumulated Depreciation:					
Buildings and Improvements	(348,167)	(19,839)	-	-	(368,006)
Infrastructure	(12,885,200)	(904,372)	-	-	(13,789,572)
Equipment	(507,476)	(112,404)	-	-	(619,880)
Leased Assets	(20,552)	(20,552)	-	-	(41,104)
Total Accumulated Depreciation	<u>(13,761,395)</u>	<u>(1,057,167)</u>	<u>-</u>	<u>-</u>	<u>(14,818,562)</u>
Total Capital Assets Being Depreciated, Net	<u>13,317,290</u>	<u>(221,188)</u>	<u>-</u>	<u>-</u>	<u>13,096,102</u>
Total Business-Type Activities					
Capital Assets, Net	<u>\$ 16,905,527</u>	<u>\$ 5,371,936</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,277,463</u>

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

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

Governmental Activities	
General Government	\$ 1,445,366
Public Safety	5,530,825
Physical Environment	144,935
Transportation	16,209,125
Human Services	134,907
Culture and Recreation	496,376
Court-Related	705,241
Total Depreciation Expense - Governmental Activities	\$ 24,666,775
 Business-Type Activities	
Water and Sewer	\$ 1,057,167

Note 6 - Interfund Activity

Interfund balances at September 30, 2023, consisted of the following:

Due From	Due To						Total
	General	County Transportation	Municipal Services	Water and Sewer Fund	American Beach	Non-Major Governmental	
General Fund	\$ -	\$ 77,165	\$ 274,738	\$ 1,845	\$ 974,180	\$ 329,242	\$ 1,657,170
County Transportation	46,475	-	-	-	-	-	46,475
Municipal Services Fund	85,390	-	-	-	-	-	85,390
Non-Major Governmental	133,673	-	-	-	-	157,117	290,790
Water and Sewer Fund	974,180	-	-	-	-	-	974,180
American Beach	418	-	-	-	-	-	418
Total	\$ 1,240,136	\$ 77,165	\$ 274,738	\$ 1,845	\$ 974,180	\$ 486,359	\$ 3,054,423

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

Transfers Out	Transfers In								Total
	General	County Transportation	Municipal Services	Capital Projects Transportation	Capital Projects	Non-Major Government	Water/Sewer Business Type	American Beach	
General	\$ -	\$ 5,707,366	\$ 2,270,183	\$ 10,715,795	\$ 13,843,044	\$ 4,022,995	\$ 974,180	\$ 418	\$ 37,533,981
County Transportation	2,876,727	-	-	2,172,564	-	259,526	-	-	5,308,817
Municipal Services	4,117,205	-	-	-	5,000,000	-	-	-	9,117,205
Capital Projs - Transportation	-	2,160,248	-	-	-	-	-	-	2,160,248
Non-Major Governmental	12,445,957	2,898,527	7,315,689	2,042,000	1,440,000	1,002,556	-	-	27,144,729
Water and Sewer	64,820	-	-	-	-	-	-	-	64,820
American Beach	979,529	-	-	-	-	-	-	-	979,529
Total	\$ 20,484,238	\$ 10,766,141	\$ 9,585,872	\$ 14,930,359	\$ 20,283,044	\$ 5,285,077	\$ 974,180	\$ 418	\$ 82,309,329

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

Note 7 - Leases

The County, as a lessee, has entered into lease agreements involving tower space for a communication system, building space for operations, and various equipment leases. The County recognizes a lease liability and an intangible right-to-use asset for these agreements. The total of the County's lease assets were recorded at a cost of \$864,959, less accumulated amortization of \$505,013.

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Amount of Lease Assets by Major Classes of Underlying Asset

Asset Class	As of Fiscal Year-End	
	Lease Asset Value	Accumulated Amortization
Equipment	\$ 317,196	\$ 252,224
Buildings	357,849	174,204
Infrastructure	189,914	78,585
Total Leases	\$ 864,959	\$ 505,013

Principal and Interest Requirements to Maturity

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 155,297	\$ 2,677	\$ 157,974
2025	121,328	1,084	122,412
2026	54,008	355	54,363
2027	3,949	29	3,978
Total	\$ 334,582	\$ 4,145	\$ 338,727

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 20,604	\$ 112	\$ 20,716
2025	13,304	29	13,333
Total	\$ 33,908	\$ 141	\$ 34,049

Note 8 - Subscription-Based Information Technology Arrangements

The County implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, in fiscal year 2023. The County has various information technology security software and various desktop, cloud-based, and server software subscription arrangements that require recognition under GASB Statement No. 96. The software amortization expense is included on the Statement of Revenues, Expenses and Changes in Fund Net Position related to the County's intangible assets, which are included in Note 5 as Intangible Right-to-Use Software Arrangements. The Board now recognizes a SBITA liability and an intangible right-to-use asset for the various software arrangements. The total of the County's subscription assets is recorded at a cost of \$976,155 and accumulated amortization of \$459,501 at September 30, 2023.

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

The future subscription payments under SBITA arrangements are as follows:

Principal and Interest Requirements to Maturity

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 342,325	\$ 13,319	\$ 355,644
2025	69,434	2,604	72,038
2026	19,367	633	20,000
Total	\$ 431,126	\$ 16,556	\$ 447,682

Note 9 - Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended September 30, 2023:

	(Restated)			Balance 9/30/23	Due Within One Year
	Balance 10/1/22	Additions	Reductions		
Governmental Activities					
Notes Payable	\$ 366,088	\$ -	\$ (146,095)	\$ 219,993	\$ 149,844
Bonds Payable	19,132,255	-	(2,323,057)	16,809,198	1,821,976
Premium on Bonds Payable	668,235	-	(74,248)	593,987	74,428
Total Bonds and Notes Payable	20,166,578	-	(2,543,400)	17,623,178	2,046,248
Lease Liability	544,193	80,505	(290,116)	334,582	155,297
SBITA Liability	842,366	121,564	(532,805)	431,125	342,325
Compensated Absences	9,747,277	7,420,364	(7,043,502)	10,124,139	4,733,445
Other Postemployment Benefits	20,940,430	-	(695,802)	20,244,628	1,000,186
Landfill Post-Closure	15,674,600	275,138	-	15,949,738	822,083
Net Pension Liability	93,266,810	17,259,680	-	110,526,490	-
Total Governmental Activities					
Long-Term Liabilities	\$ 161,182,254	\$ 25,157,251	\$ (11,105,625)	\$ 175,233,880	\$ 9,099,584
Business-Type Activities					
Bonds Payable					
(Direct Placement Bonds)	\$ 6,725,000	\$ -	\$ (1,065,000)	\$ 5,660,000	\$ 1,085,000
Lease Liability	54,421	-	(20,513)	33,908	20,604
Compensated Absences	36,148	11,202	(8,031)	39,319	9,187
Other Postemployment Benefits	78,331	-	(1,255)	77,076	2,674
Net Pension Liability	113,963	7,347	-	121,310	-
Total Business-Type Activities					
Long-Term Liabilities	\$ 7,007,863	\$ 18,549	\$ (1,094,799)	\$ 5,931,613	\$ 1,117,465

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Governmental Activities

The County’s governmental activities related bonds were offered for sale through a public offering and were not a direct borrowing or direct placements. A brief synopsis of long-term debt existing at September 30, 2023, 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 Series 2000 Bonds are capital appreciation bonds; additional capital appreciation through September 30, 2023, totaled \$1,314,525.

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 36% 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 \$2,634,626. At year-end, pledged future revenues totaled \$1,890,000, 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:

Year Ending September 30,	Principal	Interest	Total
2024	\$ 246,976	\$ 698,024	\$ 945,000
2025	232,697	712,303	945,000
Total	\$ 479,673	\$ 1,410,327	\$ 1,890,000

2007 Public Improvement Revenue Refunding Bonds

The Board, in June 2007, issued the Public Improvement Revenue and Refunding Bonds, Series 2007, in the amount of \$29,630,000. The purposes of the Series 2007 Bonds are to: (1) acquire and construct certain public improvements; (2) partially advance refund of 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 19% of such non-ad valorem tax revenue and are payable through 2031. Principal and interest payments for the current year totaled \$2,325,750 and non-ad valorem tax revenues totaled \$11,987,250. At year-end, pledged future revenues totaled \$18,584,750, 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, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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>
2024	\$ 1,575,000	\$ 750,750	\$ 2,325,750
2025	1,650,000	672,000	2,322,000
2026	1,735,000	589,500	2,324,500
2027	1,820,000	502,750	2,322,750
2028	1,910,000	411,750	2,321,750
2029-2032	<u>6,325,000</u>	<u>643,000</u>	<u>6,968,000</u>
Total	<u>\$ 15,015,000</u>	<u>\$ 3,569,750</u>	<u>\$ 18,584,750</u>

Note Payable

In July 2020, the Sheriff entered into a promissory note agreement with First Port City Bank to purchase Virtualization Infrastructure Equipment. The note is secured by the equipment as detailed in the promissory note documents and is due in monthly installments of \$12,804 at a stated interest rate of 2.500% per annum.

Maturities of note payables are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 149,844	\$ 3,842	\$ 153,686
2025	<u>70,149</u>	<u>488</u>	<u>70,637</u>
Total	<u>\$ 219,993</u>	<u>\$ 4,330</u>	<u>\$ 224,323</u>

Compensated Absences

Compensated Absences—Are recorded on the government-wide financial statements. Following is a summary of compensated absences by constitutional officer as of September 30, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Board	\$ 7,420,563	\$ 4,922,221	\$ (4,847,490)	\$ 7,495,294
Clerk	104,997	231,457	(219,596)	116,858
Sheriff	1,837,997	1,932,916	(1,652,003)	2,118,910
Tax Collector	82,049	119,623	(111,425)	90,247
Property Appraiser	212,072	148,566	(134,822)	225,816
Supervisor of Elections	<u>89,599</u>	<u>40,924</u>	<u>(53,509)</u>	<u>77,014</u>
Total	<u>\$ 9,747,277</u>	<u>\$ 7,395,707</u>	<u>\$ (7,018,845)</u>	<u>\$ 10,124,139</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Business-Type Activities

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

The revenue bond is secured by a pledge of and is payable solely from pledged revenues, which primarily consist of net revenues and impact fees which derive from the Water and Sewer Utility System (the System). Annual principal and interest on the bond is expected to require approximately 58% of such revenue and are payable through 2028. Principal and interest payments for the current year totaled \$1,198,139, and revenues totaled \$2,080,174. At year-end, pledged future revenues totaled \$5,969,385, which was the amount of remaining principal and interest on the bond. The Series 2013 Bond shall not be or constitute a general obligation or indebtedness of the County.

Rate Covenant

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

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

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,085,000	\$ 110,026	\$ 1,195,026
2025	1,105,000	86,484	1,191,484
2026	1,135,000	62,403	1,197,403
2027	1,155,000	37,786	1,192,786
2028	<u>1,180,000</u>	<u>12,685</u>	<u>1,192,685</u>
Total	<u>\$ 5,660,000</u>	<u>\$ 309,384</u>	<u>\$ 5,969,384</u>

Compensated Absences—Following is a summary of annual vacation, sick, and bonus leave benefits liabilities at September 30, 2023, for the proprietary funds:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Ending Balance</u>
Vacation Leave	\$ 6,255	\$ 7,369	\$ (7,767)	\$ 5,857
Sick Leave	29,629	3,833	-	33,462
Bonus Leave	264	-	(264)	-
Total	<u>\$ 36,148</u>	<u>\$ 11,202</u>	<u>\$ (8,031)</u>	<u>\$ 39,319</u>

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Note 10 - Bond Arbitrage Rebate

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

- \$29,630,000 Nassau County, Florida, Public Improvement Revenue and Refunding, Series 2007.
- \$19,160,000 Nassau County, Florida, Water and Sewer System Revenue Bonds, Series 2013.
- \$11,169,000 Nassau County, Florida, SAISSA Re-Nourishment 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 Post-Closure Care Costs

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

For the closed landfills, actual post-closure care cost incurred for each year is reported as a reduction of the post-closure liability, along with the change in required escrow balance until the required twenty-or-thirty-year post-closure care period is satisfied. The Board has accrued a total of \$15,949,739 for post-closure care costs at September 30, 2023, for the two closed landfills. The liability is based on engineering estimates of annual post-closure care costs.

These post-closure care costs are based on estimates of what it would cost to perform all post-closure care using 2023 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 \$822,084 as of September 30, 2023). At September 30, 2023, the actual escrow balances are as follows:

Landfills		
	Old West Nassau Post-Closure	\$ 49,194
	New West Nassau Post-Closure	<u>772,890</u>
	Total Escrow Balances	<u>\$ 822,084</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 12 - Retirement Plans

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

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

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

Benefits Provided

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

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

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 per month, pursuant to Section 112.363, Florida Statutes.

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The employer's contribution rates as of September 30, 2023, were as follows:

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

<u>Class</u>	<u>Year Ended June 30, 2023</u>		<u>Year Ended June 30, 2024</u>	
	<u>Percent of Gross Salary</u>		<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (2)</u>	<u>Employee</u>	<u>Employer (2)</u>
FRS, Regular	3.00	10.19	3.00	11.51
FRS, Special Risk Class	3.00	26.11	3.00	30.61
FRS, Elected County Officers	3.00	55.28	3.00	56.62
FRS, Senior Management Services	3.00	29.85	3.00	32.46
DROP – Applicable to Members from All of the Above Classes	0.00	16.94	0.00	19.13
FRS, Re-Employed Retiree	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which re-employed. (2) These rates include the normal cost and unfunded actuarial liability contributions but do not include the contribution for Retiree Health Insurance Subsidy of 1.66% for the Plan FYE 2023 and 2.00% for the Plan FYE 2024 and the fee of 0.06% for administration of the FRS investment Plan and provision of education tools for both plans.

The County's contributions for the year ended September 30, 2023, were \$11,152,983 to the FRS Pension Plan and \$1,029,338 to the HIS Program.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2023, the County reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2023. The County's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<u>FRS</u>	<u>HIS</u>	<u>Investment Plan</u>
Net Pension Liability	\$ 87,596,978	\$ 23,050,822	N/A
Proportion at:			
Current Measurement Date	0.219834217%	0.145144120%	N/A
Prior Measurement Date	0.210368984%	0.142628215%	N/A
Pension Expense	\$ 19,743,381	\$ 9,299,083	\$ 1,673,298

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Description	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer Contributions After				
Measurement Date	\$ 3,083,097	\$ -	\$ 299,789	\$ -
Difference Between Expected and				
Actual Experience	8,224,601	-	337,449	54,105
Change of Assumptions	5,710,297	-	605,999	1,997,430
Changes of Proportion and Difference				
Between County Contributions and				
Proportionate Share of Contributions	5,469,836	856,064	2,035,396	105,369
Net Difference Between Projected and				
Actual Earnings on Pension Investments	<u>3,658,287</u>	<u>-</u>	<u>11,904</u>	<u>-</u>
Total	<u>\$ 26,146,118</u>	<u>\$ 856,064</u>	<u>\$ 3,290,537</u>	<u>\$ 2,156,904</u>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year-end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2024. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending	FRS Amount	HIS Amount
2024	\$ 3,956,062	\$ 385,292
2025	399,192	427,368
2026	15,191,714	262,101
2027	2,116,898	(131,347)
2028	543,091	(107,547)
Thereafter	-	(2,023)
Total	<u>\$ 22,206,957</u>	<u>\$ 833,844</u>

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2023. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2023. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2022.

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

	FRS	HIS
Inflation	2.40%	2.40%
Salary Increases	3.25%	3.25%
Investment Rate of Return	6.70%	N/A
Discount Rate	6.70%	3.65%

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Mortality assumptions for the FRS Pension and HIS Plans were based on the PUB2010 base table varying by member category and sex, project generationally with Scale MP-2018.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	2.9%	2.9%	1.1%
Fixed Income	19.8%	4.5%	4.4%	3.4%
Global Equity	54.0%	8.7%	7.1%	18.1%
Real Estate (Property)	10.3%	7.6%	6.6%	14.8%
Private Equity	11.1%	11.9%	8.8%	26.3%
Strategic Investments	3.8%	6.3%	6.1%	7.7%
Assumed Inflation – Mean	N/A	N/A	2.4%	1.4%

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

Discount Rate. The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.70%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the total pension liability for the HIS Pension Plan was 3.65%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

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

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

FRS – County:

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
County’s Proportionate Share of the Net Pension Liability	\$ 149,633,475	\$ 87,596,978	\$ 35,696,025

HIS – County:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
County’s Proportionate Share of the Net Pension Liability	\$ 25,841,556	\$ 23,050,822	\$ 20,006,724

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

FRS – Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. County employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature.

The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment member’s accounts during the 2022-2023 fiscal year were as follows:

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

<u>Class</u>	<u>Year Ended June 30, 2023</u>		<u>Year Ended June 30, 2024</u>	
	<u>Percent of Gross Salary</u>		<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
FRS, Regular	3.00	6.30	3.00	8.30
FRS, Special Risk Regular	3.00	14.00	3.00	16.00
FRS, Elected County Officers	3.00	11.34	3.00	13.34
FRS, Senior Management	3.00	7.67	3.00	9.67

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the 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. Non-vested 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, 2023, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

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

The County's Investment Plan pension expense totaled \$1,673,298 for the fiscal year ended September 30, 2023.

Other Pension Disclosures

The County recognized pension expense for fiscal year 2023 as follows:

September 30, 2023

	<u>FRS</u>	<u>HIS</u>	<u>FRS Inv. Plan</u>	<u>Total</u>
Pension Expense	\$ 19,743,381	\$ 9,299,083	\$ 1,673,298	\$ 30,715,762

NPL, Deferred Outflows and Inflows

September 30, 2023

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
Net Pension Liability	\$ 87,596,978	\$ 23,050,822	\$ 110,647,800
Deferred Outflows	26,146,118	3,290,537	29,436,655
Deferred Inflows	856,064	2,156,904	3,012,968

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Note 13 - Deferred Compensation Plan

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

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

Note 14 - Other Postemployment Benefits (OPEB)

Plan Description

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

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

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

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

Membership Information

The following table provides a summary of the number of participants in the plan as of September 30, 2022 (the latest valuation date).

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	110
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	696
Total Plan Members	806

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

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

Total OPEB Liability—The County’s total OPEB liability of \$20,321,704 was measured as of September 30, 2022, which is one year prior to the reporting date. The actuarial valuation date was September 30, 2022.

Changes in the Total OPEB Liability

Total OPEB Liability, Beginning of Year	<u>\$ 21,018,760</u>
Service Cost	792,947
Interest on Total OPEB Liability	466,695
Difference Between Expected and Actual Experience	2,734,133
Changes of Assumptions and Other Inputs	(3,687,972)
Benefit Payments	<u>(1,002,859)</u>
Net Change in Total OPEB Liability	(697,056)
Total OPEB Obligation, End of Year	<u><u>\$ 20,321,704</u></u>

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

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

	<u>1% Decrease</u>	Current Discount Rate 4.40%	<u>1% Increase</u>
Total OPEB Liability	\$ 22,028,256	\$ 20,321,704	\$ 18,788,709

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

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

	<u>1% Decrease</u>	Current Healthcare Cost Trend Rate	<u>1% Increase</u>
Total OPEB Liability	\$ 18,328,872	\$ 20,321,704	\$ 22,716,953

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

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

For the fiscal year ended September 30, 2023, the County recognized OPEB expense of \$601,086. At September 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 3,390,697	\$ -
Changes in Assumptions and Other Inputs	1,871,944	10,389,318
Benefits Paid After Measurement Date	<u>1,302,693</u>	-
Total	<u>\$ 6,565,334</u>	<u>\$ 10,389,318</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,302,693 resulting from benefits paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended September 30, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2024	\$ (658,556)
2025	(658,556)
2026	(658,556)
2027	(658,556)
2028	(600,628)
Thereafter	<u>(1,891,825)</u>
Total	<u>\$ (5,126,677)</u>

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing benefit costs between the employer and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. For plans that are not funded, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purposes of the actuarial valuation, the municipal bond rate is 4.40% (based on the daily rate of Fidelity's "20-Year Municipal GO AA Index" closest to but not later than the measurement date). The discount rate was 2.19% in the prior year.

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Actuarial methods and assumptions include the following:

Actuarial Valuation Date:	September 30, 2022
Measurement Date:	September 30, 2022
Reporting Date:	September 30, 2023
Actuarial Cost Method:	Entry Age Normal Cost
Inflation Rate:	2.50%
Discount Rate:	4.40%
Projected Salary Increases:	Salary increase rates used for Regular Class and Special Risk Class members in the July 1, 2022 actuarial valuation of the FRS; 3.4%-7.8%, including inflation.
Retirement Age:	Retirement rates used for Regular Class and Special Risk Class members in the July 1, 2022, actuarial valuation of the FRS. They are based on the results of the statewide experience study covering the period 2013 through 2018.
Mortality:	Mortality tables used for Regular Class and Special Risk Class members in the July 1, 2022, actuarial valuation of the FRS. They are based on the results of a statewide experience study covering period 2013 through 2018.
Healthcare Cost Trend Rate:	Based on the Getzen Model, with trend starting at 6.50% for 2023, followed by 6.25% for 2024, and gradually decreasing to an ultimate trend rate of 4.00%.
Aging Factors:	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
Expenses:	Administrative expenses are included in the per capita health costs.

Note 15 - Fund Balance Classification

The following is a summary of the County's fund balance classifications and the purpose of each as of September 30, 2023, is as follows:

Non-Spendable Fund Balance	
Prepaid Expenses	\$ 1,794,742
Inventory	518,724
A/R - Dishonored Checks	<u>3,063</u>
Total Non-Spendable Fund Balance	<u>2,316,529</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Restricted Fund Balance	
General Government	\$ 493,748
General Government - Court-Related	5,515
Public Safety	1,592,288
Other Human Services	72,699
Physical Environment	4,377,564
Impact Fees	19,830,750
Law Library	108,811
Other Culture/Recreation	1,978,576
State Housing Initiative Program	1,783,999
Court Facilities	408,255
Criminal Justice	87,693
Tourist Development	21,691,060
Building Department	5,096,366
Debt Services - Bonds	1,496,250
Capital Projects - Transportation	8,850,973
Landfill	656,564
Clerk Public Records	1,214,997
Clerk Child Support	498,133
Sheriff - Capital Projects	1,383,391
Sheriff Inmate Commissary	1,564,261
Total Restricted Fund Balance	<u>73,191,893</u>
Committed Fund Balance	
General Government	4,240,909
General Government – Court-Related	688,216
Culture/Recreation	16,796,447
Physical Environment	224,267
Public Safety	18,553,226
Economic Environment	329,400
Human Services	2,000,100
Transportation	36,296,192
Other Uses	8,909,590
Sheriff	12,956
Total Committed Fund Balance	<u>88,051,303</u>
Assigned Fund Balance	
General Government	4,273,640
Public Safety	2,539,070
Law Enforcement	118,574
Economic Development	20,000
Transportation	2,460,643
Human Services	121,093
Culture and Recreation	78,684
Court-Related	57,855
Physical Environment	385,545
Other Uses	1,328,771
Reserves	36,024,621
Reserves - Capital Plan	5,837,796
Total Assigned Fund Balance	<u>53,246,292</u>
Unassigned Fund Balance	<u>22,695,519</u>
Total	<u>\$ 239,501,536</u>

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Minimum Fund Balance Reserve Policy

Taxing Funds

It is the goal of the County to maintain a minimum fund balance for each taxing fund at a minimum of 16.70% and not more than 20% of the total operating expenditures as reported in the previous year's audit financial statements. These funds may be used 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.

Emergency Fund Balance (General Fund Only)

The General Fund Emergency Fund Balance Policy is established for the purpose of providing funds for an urgent catastrophic event, major disaster (e.g. hurricane, pandemic, wildfires, terrorist attack, etc.), economic distress, uncertainty or opportunity conditions. The County's Emergency Fund Balance is established at a minimum of 10% and a maximum of 12% of the General Fund's Operating Expenditures.

Note 16 - Risk Management

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

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

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

Note 17 - Commitments and Contingencies

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

The following is a summary of major commitments of the County and contracts in progress as of September 30, 2023:

<u>Project</u>	<u>Source of Payment</u>	<u>Paid to Date</u>	<u>Commitment Remaining</u>
Fire Station 90 Design/Build	Current Available Resources	\$ 484,500	\$ 5,514,845
Fire Station 70 Design/Build	Current Available Resources	484,500	5,251,401
Booster Pump Station	Current Available Resources	3,152,083	404,781
Tributary Regional Park	Current Available Resources	993,178	24,705
West Side Regional Park	Current Available Resources	646,647	98,143
Total		<u>\$ 5,760,908</u>	<u>\$ 11,293,875</u>

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Note 18 - Conduit Debt Obligations

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

As of September 30, 2023, there was one series of such bonds outstanding with a principal amount payable of \$8,450,000. The issue amount and the September 30, 2023, outstanding balance is as follows:

Original Issuance	Year	9/30/23 Balance	Description
\$ 11,150,000	2008	\$ 8,450,000	AICC, Inc. and Nassau Care Centers—70 Bed Care Intermediate Care and Day Program Service Facilities

Note 19 - No Commitment Special Assessment Debt

To finance the costs of certain capital improvements benefitting property within the South Amelia Island Shore Stabilization Municipal Services Benefits Unit, the County has issued the South Amelia Island Shore Stabilization Special Assessment Bonds, Series 2021. The bonds do not constitute a debt or pledge of the faith and credit of the County, and accordingly, has not been reported in the accompanying financial statements.

At September 30, 2023, the Special Assessment Bond outstanding totaled \$4,647,331.

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, 2023, the only existing EDG agreement potentially material in size (fiscal year abatement >\$300,000) was with LignoTech Florida, LLC (LignoTech).

During the year, LignoTech submitted applications for reimbursement for the year 2022 which were approved by the County and paid out in May 2023 in the amount of \$312,608. LignoTech may receive additional tax abatements if they meet the agreement requirements in future periods.

**NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Note 21 - East Nassau County Planning Area (ENCPA) Mobility Network

The Nassau County 2030 Comprehensive Plan includes provision for the development of the ENCPA, comprised of approximately 24,000 acres, and a related mobility fee and tax increment district, which are designed to pay for transportation improvements within the ENCPA. The ENCPA Mobility Network is funded by two fee components: 1) a fee per residential unit or square foot of commercial/industrial development; and 2) a tax increment (TIF) calculation which allocates 12% of incremental property tax revenues generated since the 2015 Base Year Valuation within the ENCPA to subsidize the cost of transportation infrastructure within the ENCPA.

Developers of property within the ENCPA may elect to construct and dedicate transportation infrastructure and right of way to the County and request reimbursement for the value of such improvements from accumulated and future accumulation of ENCPA Mobility Network funds by filing a Reservation Agreement with the County. As of the most recent study, the cost of transportation infrastructure within the ENCPA is projected to be \$199.3 million. As of September 30, 2023, \$3.6 million of approved reservation agreements have been filed with the County, of which the remaining \$452,589 was paid in October 2023.

Note 22 - Developer Agreements

The County sometimes enters into development agreements under which real property and improvements are transferred to the County, the fair value of which is in exchange for credits against future County impact fees. The County recognizes impact fee revenue in the statement of activities upon title transfer of property and improvements to the County. At September 30, 2023, the County has \$2.7 million of impact fee credits unused and outstanding for which revenue was recognized upon receipt of property and improvements.

REQUIRED SUPPLEMENTARY INFORMATION

NASSAU COUNTY, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 92,761,674	\$ 92,761,674	\$ 97,367,524	\$ 4,605,850
Licenses and Permits	62,105	62,105	62,531	426
Intergovernmental Revenues	9,817,685	10,915,725	12,263,191	1,347,466
Charges for Services	3,936,267	3,820,545	5,632,801	1,812,256
Fines and Forfeitures	33,437	33,787	40,182	6,395
Interest Earnings	153,000	153,000	4,361,770	4,208,770
Miscellaneous	927,414	1,516,159	1,634,373	118,214
Total Revenues	107,691,582	109,262,995	121,362,372	12,099,377
Expenditures				
Current:				
General Government Services	28,189,891	29,079,729	24,877,161	4,202,568
Public Safety	53,694,730	52,538,277	51,119,919	1,418,358
Physical Environment	6,783,651	7,649,654	6,910,238	739,416
Economic Environment	607,090	565,900	548,033	17,867
Human Services	3,054,477	3,013,493	2,958,838	54,655
Culture and Recreation	3,387,117	3,419,576	2,959,298	460,278
Court-Related Expenditures	3,237,868	3,591,083	2,647,032	944,051
Reserve for Contingency	50,000	50,000	-	50,000
Capital Outlay	7,118,145	18,904,041	6,343,137	12,560,904
Debt Service:				
Principal Retirement	251,934	251,934	933,501	(681,567)
Interest and Fiscal Charges	7,563	7,563	29,582	(22,019)
(Total Expenditures)	106,382,466	119,071,250	99,326,739	19,744,511
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,309,116	(9,808,255)	22,035,633	31,843,888
Other Financing Sources (Uses)				
Transfers in	9,428,234	19,229,345	20,484,238	1,254,893
Transfers (out)	(21,651,844)	(37,964,226)	(37,533,981)	430,245
Leases (Lessee)	-	-	65,976	65,976
SBITA's	-	-	121,564	121,564
Sale of Capital Assets	-	-	9,416	9,416
Total Other Financing Sources (Uses)	(12,223,610)	(18,734,881)	(16,852,787)	1,882,094
Net Change in Fund Balances	(10,914,494)	(28,543,136)	5,182,846	33,725,982
Fund Balances at Beginning of Year	56,222,785	67,421,200	67,884,141	462,941
Fund Balances at End of Year	\$ 45,308,291	\$ 38,878,064	\$ 73,066,987	\$ 34,188,923

Note: Original and amended budgeted transfers in the County-wide General Fund are presented as consolidated after the elimination of intra-general fund budgeted transfers between the Board and Constitutional Officers.

NASSAU COUNTY, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - COUNTY TRANSPORTATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 9,970,179	\$ 9,970,179	\$ 11,129,150	\$ 1,158,971
Intergovernmental Revenues	2,153,168	2,154,611	2,271,897	117,286
Charges for Services	-	-	8,902	8,902
Interest Earnings	20,000	20,000	572,731	552,731
Miscellaneous	12,000	12,000	38,096	26,096
Total Revenues	<u>12,155,347</u>	<u>12,156,790</u>	<u>14,020,776</u>	<u>1,863,986</u>
Expenditures				
Current:				
Transportation	16,927,436	20,189,403	13,584,129	6,605,274
Capital Outlay	803,494	1,093,486	717,871	375,615
Debt Service:				
Principal Retirement	-	-	133	(133)
Interest and Fiscal Charges	-	-	12	(12)
(Total Expenditures)	<u>17,730,930</u>	<u>21,282,889</u>	<u>14,302,145</u>	<u>6,980,744</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,575,583)</u>	<u>(9,126,099)</u>	<u>(281,369)</u>	<u>8,844,730</u>
Other Financing Sources (Uses)				
Transfers in	4,962,000	10,762,341	10,766,141	3,800
Transfers (out)	(797,719)	(5,339,627)	(5,308,817)	30,810
Sale of General Capital Assets	-	-	108,736	108,736
Total Other Financing Sources (Uses)	<u>4,164,281</u>	<u>5,422,714</u>	<u>5,566,060</u>	<u>143,346</u>
Net Change in Fund Balances	(1,411,302)	(3,703,385)	5,284,691	8,988,076
Fund Balances at Beginning of Year	<u>9,266,850</u>	<u>10,208,933</u>	<u>10,264,564</u>	<u>55,631</u>
Fund Balances at End of Year	<u>\$ 7,855,548</u>	<u>\$ 6,505,548</u>	<u>\$ 15,549,255</u>	<u>\$ 9,043,707</u>

NASSAU COUNTY, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - MUNICIPAL SERVICES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 19,847,354	\$ 19,847,354	\$ 19,966,983	\$ 119,629
Licenses and Permits	551,483	551,483	510,896	(40,587)
Intergovernmental Revenues	1,350,541	1,557,743	1,943,230	385,487
Charges for Services	525,381	525,381	787,136	261,755
Fines and Forfeitures	3,015	3,015	4,620	1,605
Interest Earnings	30,000	30,000	929,040	899,040
Miscellaneous	144,634	179,632	295,120	115,488
Total Revenues	<u>22,452,408</u>	<u>22,694,608</u>	<u>24,437,025</u>	<u>1,742,417</u>
Expenditures				
Current:				
General Government Services	3,133,192	6,750,063	2,222,351	4,527,712
Public Safety	13,208,941	13,608,167	13,068,261	539,906
Transportation	1,054,964	1,040,669	782,394	258,275
Human Services	1,892,235	1,959,168	1,859,141	100,027
Capital Outlay	3,054,712	7,665,167	870,044	6,795,123
Debt Service:				
Principal Retirement	-	-	4,927	(4,927)
Interest and Fiscal Charges	-	-	458	(458)
(Total Expenditures)	<u>22,344,044</u>	<u>31,023,234</u>	<u>18,807,576</u>	<u>12,215,658</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>108,364</u>	<u>(8,328,626)</u>	<u>5,629,449</u>	<u>13,958,075</u>
Other Financing Sources (Uses)				
Transfers in	1,017,714	9,540,487	9,585,872	45,385
Transfers (out)	(3,273,821)	(9,120,385)	(9,117,205)	3,180
Leases (Lessee)	-	-	14,529	14,529
Total Other Financing Sources (Uses)	<u>(2,256,107)</u>	<u>420,102</u>	<u>483,196</u>	<u>63,094</u>
Net Change in Fund Balances	(2,147,743)	(7,908,524)	6,112,645	14,021,169
Fund Balances at Beginning of Year	<u>11,057,831</u>	<u>12,220,473</u>	<u>13,586,311</u>	<u>1,365,838</u>
Fund Balances at End of Year	<u>\$ 8,910,088</u>	<u>\$ 4,311,949</u>	<u>\$ 19,698,956</u>	<u>\$ 15,387,007</u>

NASSAU COUNTY, FLORIDA
NOTE TO SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Budgets and Budgetary Accounting

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

The County-wide General Fund is comprised of the following six sub-funds: Board of County Commissioners, Clerk of the Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector. In order to comply with generally accepted accounting principles (GAAP), the actual intra-fund activity has been consolidated in order to eliminate inflated amounts in the aggregate financial statements of the County-wide General Fund.

Chapter 129, Florida Statutes, provides that it is unlawful to make expenditures that exceed the total amount budgeted for each fund. The Board adopted a level of control within a major expenditure category (personal services, operating, and capital) and within a department. Chapter 129, Florida Statutes, also governs the manner in which the budget may be legally amended once it is approved. Intrafund budget transfers within a major expenditure category and within a department may be initiated by department director or authorized designee, the County Manager or the Budget Officer and approved by the Budget Officer or designee up to \$100,000. Transfers of this nature in excess of \$100,000 require Board approval. Intrafund budget transfers within the same fund may be initiated by the department director or authorized designee, the County Manager or the Budget Officer and approved by the Budget Officer or designee up to \$100,000. Transfers of this nature in excess of \$100,000 require Board approval. Intrafund budget transfers from reserves in the General Fund, County Transportation Fund, and Municipal Fund require the Budget Officer, County Manager, and Board Approval. Transfers from reserves in the other governmental funds may be approved up to \$25,000 by the Budget Officer and approved by the County Manager. Transfers of this nature in excess of \$25,000 require Board approval. Budget Amendments must be approved by the Budget Officer, County Manager, and the Board. Budget Amendments shall be in accordance with the advertising and public hearing requirements set forth in Florida Statute 129.

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

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

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

**NASSAU COUNTY, FLORIDA
NOTE TO SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

If, during the fiscal year, additional revenues become available for appropriations in excess of those estimated in the budget, the Board or Constitutional Officer, by resolution, may make supplemental appropriations for the year up to the amount of such excess. During the fiscal year ended September 30, 2023, various supplemental appropriations were approved by the Board or Constitutional Officer in accordance with Florida Statutes. The following funds received supplemental appropriations during the year ended September 30, 2023:

Governmental Funds	
General Fund	\$ 24,895,876
Special Revenue Funds	22,422,372
Debt Service Funds	87
Capital Projects Funds	<u>36,300,552</u>
Total	<u>\$ 83,618,887</u>

NASSAU COUNTY, FLORIDA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Total OPEB Liability	<u>2023</u>	<u>2022</u>
Service Cost	\$ 792,947	\$ 731,009
Interest on the Total OPEB Liability	466,695	497,317
Difference Between Expected and Actual Experience	2,734,133	-
Changes of Assumptions and Other Inputs	(3,687,972)	366,877
Benefit Payments	<u>(1,002,859)</u>	<u>(962,015)</u>
Net Change in Total OPEB Liability	<u>(697,056)</u>	<u>633,188</u>
Total OPEB Liability - Beginning	<u>21,018,760</u>	<u>20,385,572</u>
Total OPEB Liability - Ending	<u><u>\$ 20,321,704</u></u>	<u><u>\$ 21,018,760</u></u>
 Covered-Employee Payroll	 <u><u>\$ 42,441,209</u></u>	 <u><u>\$ 46,833,469</u></u>
 Total OPEB Liability as a Percentage of Covered-Employee Payroll	 47.88%	 44.88%

Notes to the Schedule

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

Valuation Date: September 30, 2022

Measurement Date: September 30, 2022

Roll Forward Procedures: The Total OPEB liability was rolled forward twelve months from the Valuation Date to the Measurement Date using standard actuarial techniques.

Note: Covered Payroll presented above for the 2022 measurement year, is an estimate based on data submitted for the September 30, 2020 valuation. GASB Statement No. 75 defined Covered-Employee Payroll as the payroll of employees that are provided with OPEB through the OPEB plan, including employees terminating during the measurement period.

The following assumption changes have been reflected in the Schedule of Changes in the Total OPEB Liability for the measurement period ending September 30, 2023:

The discount rate was changed from 2.19% as of the previous measurement date to 4.40% as of September 30, 2022.

Per capita costs and premiums were updated based on information provided

The healthcare cost trend assumption was updated.

2021	2020	2019	2018
\$ 1,155,802	\$ 886,271	\$ 936,087	\$ 1,048,668
767,173	936,424	851,315	762,264
760,056	-	627,352	-
(8,462,896)	2,527,629	(1,089,112)	(852,311)
(1,151,940)	(1,192,756)	(1,106,072)	(1,117,724)
(6,931,805)	3,157,568	219,570	(159,103)
27,317,377	24,159,809	23,940,239	24,099,342
\$ 20,385,572	\$ 27,317,377	\$ 24,159,809	\$ 23,940,239
\$ 37,936,430	\$ 37,693,430	\$ 32,405,785	\$ 34,941,733

53.74%

72.47%

74.55%

68.51%

NASSAU COUNTY, FLORIDA
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PENSION PLANS
SEPTEMBER 30, 2023

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	<u>September 30, 2023</u>	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Nassau County's Proportion of the FRS Net Pension Plan	0.219834217%	0.210368984%	0.200629743%
Nassau County's Proportion Share of the FRS Net Pension Plan	\$ 87,596,978	\$ 78,274,167	\$ 15,155,296
Nassau County's Covered Payroll (FYE 6/30)	\$ 57,517,048	\$ 51,989,217	\$ 48,119,629
Nassau County's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	152.30%	150.56%	31.50%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.38%	82.89%	96.40%

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

HEALTH INSURANCE SUBSIDY PENSION PLAN

	<u>September 30, 2023</u>	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Nassau County's Proportion of the HIS Net Pension Plan	0.14514412%	0.14262822%	0.13589396%
Nassau County's Proportion Share of the HIS Net Pension Plan	\$ 23,050,822	\$ 15,106,606	\$ 16,669,438
Nassau County's Covered Payroll (FYE 6/30)	\$ 57,517,048	\$ 51,989,217	\$ 48,119,629
Nassau County's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	40.08%	29.06%	34.64%
HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	4.12%	4.81%	3.56%

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

FLORIDA RETIREMENT SYSTEM PENSION PLAN

<u>September 30, 2020</u>	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>September 30, 2017</u>	<u>September 30, 2016</u>	<u>September 30, 2015</u>
0.205551903%	0.192962199%	0.182113027%	0.186608807%	0.174464593%	0.165580704%
\$ 89,089,224	\$ 66,453,495	\$ 54,853,388	\$ 55,197,633	\$ 44,052,447	\$ 21,386,969
\$ 44,305,301	\$ 39,858,133	\$ 36,538,795	\$ 35,221,567	\$ 32,521,989	\$ 31,678,266
201.08%	166.73%	150.12%	156.72%	135.45%	67.51%
78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

HEALTH INSURANCE SUBSIDY PENSION PLAN

<u>September 30, 2020</u>	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>September 30, 2017</u>	<u>September 30, 2016</u>	<u>September 30, 2015</u>
0.12762941%	0.11915289%	0.11846251%	0.110442831%	0.104032153%	0.104338602%
\$ 15,583,344	\$ 13,332,016	\$ 11,837,933	\$ 11,809,057	\$ 12,124,517	\$ 10,640,896
\$ 44,305,301	\$ 39,858,133	\$ 36,538,795	\$ 35,221,567	\$ 32,521,989	\$ 31,678,266
35.17%	33.45%	32.40%	33.53%	37.28%	33.59%
3.00%	2.63%	2.15%	1.64%	9.70%	0.50%

NASSAU COUNTY, FLORIDA
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PENSION PLANS
SEPTEMBER 30, 2023

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually Required Contribution	\$ 11,152,983	\$ 9,442,732	\$ 7,928,227
FRS Contribution in Relation to the Contractually Required Contribution	<u>11,152,983</u>	<u>9,442,732</u>	<u>7,928,227</u>
FRS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Nassau County's Covered Payroll (FYE 9/30)	\$ 58,938,185	\$ 53,827,349	\$ 48,792,831
FRS Contributions as a Percentage of Covered Payroll	18.92%	17.54%	16.25%

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

HEALTH INSURANCE SUBSIDY PENSION PLAN

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually Required Contribution	\$ 1,029,338	\$ 893,534	\$ 809,961
HIS Contribution in Relation to the Contractually Required Contribution	<u>1,029,338</u>	<u>893,534</u>	<u>809,961</u>
HIS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Nassau County's Covered Payroll (FYE 9/30)	\$ 58,938,185	\$ 53,827,349	\$ 48,792,831
HIS Contributions as a Percentage of Covered Payroll	1.75%	1.66%	1.66%

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

FLORIDA RETIREMENT SYSTEM PENSION PLAN

2020	2019	2018	2017	2016	2015
\$ 6,932,819	\$ 6,228,511	\$ 5,395,176	\$ 4,839,874	\$ 4,390,275	\$ 4,083,702
<u>6,932,819</u>	<u>6,228,511</u>	<u>5,395,176</u>	<u>4,839,874</u>	<u>4,390,275</u>	<u>4,083,702</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 44,668,675	\$ 41,236,506	\$ 37,449,919	\$ 35,056,145	\$ 32,521,989	\$ 31,678,266
15.52%	15.10%	14.41%	13.81%	13.50%	12.89%

HEALTH INSURANCE SUBSIDY PENSION PLAN

2020	2019	2018	2017	2016	2015
\$ 741,500	\$ 684,526	\$ 621,018	\$ 582,630	\$ 539,064	\$ 431,586
<u>741,500</u>	<u>684,526</u>	<u>621,018</u>	<u>582,630</u>	<u>539,064</u>	<u>431,586</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 44,668,675	\$ 41,236,506	\$ 37,449,919	\$ 35,056,145	\$ 32,521,989	\$ 31,678,266
1.66%	1.66%	1.66%	1.66%	1.66%	1.36%

OTHER INFORMATION

NASSAU COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

<u>Grant Agency/Grant Title</u>	<u>Assistance Listing Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>
United States Department of the Interior, National Park Service			
African American Civil Rights of the 20th Century	15.904	P20AP00040	\$ 2,749
United States Department of Justice			
Direct:			
Nassau County Adult Drug Court Implementation Project	16.585	2019-DC-BX-0022	71,697
Office of Community Oriented Policing Services	16.710	2020-UM-WX-0225	35,249
Indirect:			
Passed Through Office of the Attorney General of Florida: <i>Victims of Crimes Act (VOCA)</i>	16.575	VOCA-2020-Nassau County-744	47,756
Passed Through Florida Department of Law Enforcement: 2021 Drug Eradication and Special Response Team	16.738	15PBJA-21-GG-00241-MUMU	48,471
Total United States Department of Justice			<u>203,173</u>
United States Department of Transportation			
Indirect:			
Passed Through Florida Department of Transportation:			
Highway Planning and Construction	20.205	439496-1-58-01 & 68-02	4,367,556
Highway Planning and Construction	20.205	437336-1-38-02	864
Highway Planning and Construction	20.205	437337-1-38-02	667
Highway Planning and Construction	20.205	437335-1-38-02	328
Highway Planning and Construction	20.205	437334-1-68-02	250,299
Highway Planning and Construction	20.205	441241-1-68-02	222,362
Highway Planning and Construction	20.205	441214-1-58-01	3,715,718
Subtotal Expenditures - AL No. 20.205			<u>8,557,794</u>
Total United States Department of Transportation			<u>8,557,794</u>
United States Department of the Treasury			
Indirect:			
Passed Through Florida Office of the Governor: Coronavirus State and Local Fiscal Recovery Funds (ARPA)	21.027	N/A	17,188,273
Total United States Department of the Treasury			<u>17,188,273</u>
Federal Communications Commission			
Passed Through Florida Communications Commission:			
Emergency Connectivity Fund	32.009	079-2020	1,761
United States Election Assistance Commission			
Indirect:			
Passed Through Florida Division of Elections 3/6/2023: <i>Help America Vote Act</i>	90.404	22.e.es.100.045	79,862
Total United States Election Assistance Commission			<u>79,862</u>

NASSAU COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

<u>Grant Agency/Grant Title</u>	<u>Assistance Listing Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>
United States Department of Health and Human Services			
Indirect:			
Passed Through National Assoc. of County and City Health Officials:			
Medical Reserves Corps	93.008	5 HITEP 200045-02-00	\$ 7,346
Passed Through Florida Department of Revenue:			
Child Support Enforcement	93.563	CSOC45	122,780
Total United States Department of Health and Human Services			<u>130,126</u>
United States Department of Homeland Security			
Indirect:			
Passed Through Florida Division of Emergency Management:			
Disaster Grant - Public Assistance - FEMA	97.036	N/A	134,880
Disaster Grant - Public Assistance - FEMA	97.036	N/A	555,226
Subtotal Expenditures - AL No. 97.036			<u>690,106</u>
Emergency Management Performance Grant (EMPG)	97.042	G0426	65,609
Emergency Management Performance Grant (EMPG)	97.042	CM3290	10,000
Subtotal Expenditures - AL No. 97.042			<u>75,609</u>
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2019-FF-00837	596,421
Total United States Department of Homeland Security			<u>1,362,136</u>
United States Environmental Protection Agency			
Indirect:			
Passed Through Florida Department of Environmental Protection:			
Water Infrastructure Improvements for the Nation			
Small and Underserved Communities Grant Program	66.442	WIIN	1,284,866
Drinking Water State Revolving Fund	66.468	DSRF4	422,316
Total United States Environmental Protection Agency			<u>1,707,182</u>
Total Federal Awards			<u>\$ 29,233,056</u>

NASSAU COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

<u>Grant Agency/Grant Title</u>	<u>State CSFA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>
Florida Officer of the State Courts Administrator			
Courtroom 3 Buildout	22.004	CM3068	\$ 473,186
Executive Office of the Governor			
Emergency Management Programs	31.063	A0291	97,066
Total Executive Office of the Governor			<u>97,066</u>
Florida Department of Environmental Protection			
Beach Management Funding Assistance Program	37.003	20NA1	65,631
Small County Consolidated Waste Grants	37.012	SC324	93,750
American Beach Well and Septic Phase Out	37.077	D0237	2,011
American Beach Well and Septic Phase Out	37.077	S0237	2,011
American Beach Well and Septic Phase Out	37.077	SSRF3	2,453,792
Subtotal Expenditures - CSFA 37.077			<u>2,457,814</u>
Spring Lake Estates Drainage Project	37.039	LPA0591	556
Total Department of Environmental Protection			<u>2,617,751</u>
Florida Housing Finance Corporation			
State Housing Initiatives Partnership Program	40.901	19/20	71,338
Total Florida Housing Finance Corporation			<u>71,338</u>
Florida Department of Transportation			
Small County Outreach Program (SCOP)	55.009	430691-2-58-01	13,264
Small County Outreach Program (SCOP)	55.009	438178-1-54-01	13,529
Small County Outreach Program (SCOP)	55.009	438204-1-54-01	53,161
Subtotal Expenditures - CSFA No. 55.009			<u>79,954</u>
Local Transportation Projects	55.039	443400-1-54-01	97,266
Local Transportation Projects	55.039	443400-2-54-01	501,927
Local Transportation Projects	55.039	449196-1-54-01	284,747
Subtotal Expenditures - CSFA No. 55.039			<u>883,940</u>
Total Florida Department of Transportation			<u>963,894</u>
Florida Department of Health			
Emergency Medical Services County Grant	64.005	C0045	6,101
Total Florida Department of Health			<u>6,101</u>
Florida Fish and Wildlife Commission			
Derelict Vessel Removal	77.005	21402	77,500
Total Florida Fish and Wildlife Commission			<u>77,500</u>
Florida Department of Juvenile Justice			
Sheriff Work Ethics and Training - Youth Intervention	80.029	10717	68,303
Total Florida Department of Juvenile Justice			<u>68,303</u>
Total State Financial Assistance			<u>\$ 4,375,139</u>
Total Federal Awards and State Financial Assistance			<u>\$ 33,608,195</u>

**NASSAU COUNTY, FLORIDA
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Note 1 - Basis of Presentation

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

During the year ended September 30, 2023, FEMA approved \$690,106 of eligible expenditures that were incurred in a prior year and are included in the accompanying schedule of expenditures of federal awards and state financial assistance.

Nassau County did not elect to use the 10% de minimis indirect cost rate in Section 200.44, Indirect (F&A) Costs, of the Uniform Guidance.

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

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

Report on Compliance for Each Major Federal Award and State Project

Opinion on Each Major Federal Program and State Project

We have audited Nassau County, Florida's (the County) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2023. The County's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program and State Project

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

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

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The Honorable Board of County Commissioners
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Nassau County, Florida

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs and state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, *Rules of the Auditor General* will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose

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



March 15, 2024
Gainesville, Florida

**NASSAU COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Summary of Auditor’s Results

1. The independent auditor’s report expresses an unmodified opinion on the financial statements of Nassau County, Florida (the County).
2. The audit did report a significant deficiency on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements in accordance with *Government Auditing Standards*. The finding 2023-002 is disclosed in the schedule of findings and questioned costs below.
3. There were no instances of non-compliance material to the financial statements identified during the audit of the financial statements required to be reported in the report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
4. The audit disclosed no material weaknesses but did disclose a significant deficiency in internal control over major federal programs or state projects that are required to be reported in the schedule of findings and questioned costs. Finding 2023-001.
5. The report on compliance for the major federal programs and state projects expresses an unmodified opinion.
6. The audit disclosed findings that are required to be reported in accordance with the *Uniform Guidance* and Chapter 10.557, *Rules of the Auditor General* as noted below.
7. The programs tested as major federal program and state financial assistance projects included:

Federal Programs	<u>Assistance Listing No.</u>
Coronavirus State and Local Fiscal Recovery Funds	21.027
Water Infrastructure Improvements for the Nation	66.442
State Projects	<u>CSFA No.</u>
Wastewater Treatment Facility Construction	37.077
Local Transportation Projects	55.039

8. The threshold for distinguishing Type A and B programs was \$876,992 for federal programs and \$750,000 for state projects.
9. The County qualified as a low risk auditee for federal grant programs.

Financial Statement Findings

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

Findings and Questioned Costs for Major Federal Programs and State Projects

The audit disclosed a finding for a major federal program and a state project to be reported under the *Uniform Guidance* and Chapter 10.550, *Rules of the Auditor General*. Finding 2023-001.

Status of Prior Audit Findings

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

**NASSAU COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2023**

Single Audit Findings

2023-001 - Significant Deficiency - Period of Performance Monitoring

Criteria—Grants typically include a period of performance requirement to complete a grant funded project. Costs incurred outside the period of performance may not be reimbursable.

Condition—During our testing of AL: 66.442 – Small and Underserved Communities Grant Program and CSFA: 37.077 Wastewater Treatment Facility Construction, we noted that the period of performance ended on July 31, 2023, and April 15, 2023 for the programs, respectively. The County submitted invoices for work performed outside of the period of performance in the amounts of \$514,912 (AL: 66.442) and \$1,307,192 (CSFA: 37.077). In addition, there is additional work to be performed on the projects.

Effect—The County has requested an extension of time in order for these costs to be reimbursed. Although it is likely the grantor will extend the period of performance, as of audit issuance date the extension has not been approved and these costs are considered questioned costs.

Recommendation—We recommend management review current policies and practices for tracking period of performance grant requirements to ensure grant funded projects are completed within permitted time frames or extensions obtained from grantor agencies.

Financial Statement Findings

2023-002 - Significant Deficiency - Tracking of Open Accounts Payable Invoices

Criteria—The proper tracking and recording of open invoices at year-end is essential to ensuring that all expenditures incurred during the fiscal year are properly accounted for.

Condition—After final fieldwork was completed, it was determined by management that collectively over 2.2 million of invoices for work performed prior to year-end had not been accrued. This was not identified as part of normal auditing procedures as there was a significant delay from the time the invoices were received, approved, and recorded to the accounting records.

Effect—Had these invoices not been identified prior to completion of the audit, expenditures and liabilities would have been misstated at the fund level, and capital assets and liabilities would have been misstated at the government-wide level. In addition, since these costs were grant funded, an additional major federal program was identified which otherwise would have been omitted from required testing under the federal single audit.

Recommendation—We recommend management review current policies and practices for identifying and recording significant payables that have been incurred at year-end but remain unpaid several months later.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining funds information of Nassau County, Florida (the County) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 15, 2024.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the individual report of the Board of County Commissioners, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the schedule of findings and questioned costs, as item 2023-002 to be a significant deficiency.

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

County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the individual reports to the Board of County Commissioners. The response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statement. 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



March 15, 2024
Gainesville, Florida

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

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

We have examined Nassau County, Florida's, (the County) compliance with Section 218.415, Florida Statutes, as of and for the year ended September 30, 2023, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the review engagement.

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

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

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



March 15, 2024
Gainesville, Florida

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 365.172(10) AND SECTION 365.173(2)(d), FLORIDA STATUTES

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

We have examined Nassau County, Florida's, (the County) compliance with Section 365.172(10) Florida Statutes, *Authorized Expenditures of E911 Fee*, and Section 365.173(2)(d) Florida Statutes, *Distribution and Use of (E911) Funds*, as of and for the year ended September 30, 2023, as required by Section 10.556(10)(b), *Rules of the Auditor General*. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the review engagement.

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

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

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



March 15, 2024
Gainesville, Florida

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of Nassau County, Florida (the County), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated March 15, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Reports on an Examination Conducted in Accordance with American Institute of Certified Public Accountants 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 15, 2024, 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. All prior year findings and recommendations have been addressed.

Official Title and Legal Authority

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

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Nassau County, Florida

MANAGEMENT LETTER

Financial Condition and Management

- Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, requires us to apply appropriate procedures and communicate the results of our determination as to whether or not the County met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the County. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.
- Section 10.554(1)(i)(2)., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

- Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statement of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes. Specific information for the American Beach Water and Sewer District is disclosed in the individual management letter of the Board of County Commissioners.

Additional Matters

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

Purpose of the Letter

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



March 15, 2024
Gainesville, Florida



NASSAU COUNTY
BOARD OF COUNTY COMMISSIONERS
 96135 Nassau Place, Suite 1
 Yulee, Florida 32097

John F. Martin
 A.M. "Hupp" Huppmann
 Jeff Gray
 Alyson R. McCullough
 Klynt A. Farmer

Dist. No. 1 Fernandina Beach
 Dist. No. 2 Amelia Island/Fernandina Beach
 Dist. No. 3 Yulee
 Dist. No. 4 Bryceville/Hilliard
 Dist. No. 5 Callahan/West Yulee

TACO E. POPE, AICP
 County Manager

JOHN A. CRAWFORD
 Ex-Officio Clerk

DENISE C. MAY
 County Attorney

March 15, 2024

Honorable Sherrill F. Norman, CPA
 Auditor General, State of Florida
 Local Government Audits/342
 Claude Pepper Building, Room 401
 111 West Madison Street
 Tallahassee, FL 32399-1450

Dear Ms. Norman,

This letter is in response to the Independent Auditors' Report on Internal Control related to Grants received and the **tracking of open accounts payable invoices** for the Nassau-Amelia Utilities (NAU) for the year ended September 30, 2023.

2023-001 - Significant Deficiency – Period of Performance Monitoring

Criteria: Grants typically include a period of performance requirement to complete a grant funded project. Costs incurred outside the period of performance may not be reimbursable.

Condition: During our testing of AL: 66.442 – Small and Underserved Communities Grant Program and CSFA: 37.077 Wastewater Treatment Facility Construction we noted that the period of performance ended on July 31, 2023. The County submitted invoices for work performed outside of the period of performance in the amounts of 488k (AL: 66.442) and 65k (CSFA: 37.077). In addition, there is additional work to be performed on the projects.

Effect: The County has requested an extension of time in order for these costs to be reimbursed. Although it is likely the grantor will extend the period of performance, as of audit issuance date the extension has not been approved and these costs are considered questioned costs.

Recommendation: We recommend management review current policies and practices for tracking period of performance grant requirements to ensure grant funded projects are completed within permitted time frames or extensions obtained from grantor agencies.

Views of Responsible Officials and Planned Corrective Actions

As noted in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, 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 significant deficiency is a deficiency, or a combination of deficiencies important enough to merit attention by those charged with governance.

Additionally, as noted in the Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes, it is stated that in the opinion of the Auditor, the Board complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

As further noted in the Management Letter, it notes that Section 10.554(1)(i)2., Rules of the Auditor General, requires that the Auditor communicate any recommendations to improve financial management. In connection with the audit, the Auditor did not have any such recommendations.

As noted by the Auditor, they recommend the Board review current policies and practices for tracking period of performance grant requirements to ensure grant funded projects are completed within time frames or extensions obtained from grantor agencies.

The Board currently contracts with a firm to provide services to the County for Water and Wastewater Utility Capital Project and related grant/loan administration and monitoring. As part of the review of the grant agreement, the Date of Expiration of the grant Agreement is September 30, 2024. Attachment 1, Section 3 of the Agreement states, "The Grantee shall be eligible for reimbursement for work performed on or after the date of execution through the expiration date of this Agreement, unless otherwise specified in Attachment 2, Special Terms and Conditions." Article 1, Section 8, paragraph g. further states "A final payment request should be submitted to Department no later than sixty (60) days following the expiration date of the Agreement..." and "all work performed pursuant to the Grant Work Plan must be performed on or before the expiration date of the Agreement." Attachment 2 of the Agreement notes these Special Terms and Conditions shall be read together with general terms outlined in the Standard Terms and Conditions, Attachment 1. Where in conflict, these more specific terms (of Attachment 2) shall apply. Attachment 2 further notes, the reimbursement period for this Agreement begins on October 1, 2021 and ends at the expiration of the Agreement. Attachment 3 of the Agreement notes alternate language that the tasks must be completed by, and all documentation received by, the corresponding task end date. As the review of the Agreement appears to show conflicts in language in the document, the County has submitted a request for amendment to clarify the expectation that all costs will be reimbursed for work performed prior to the expiration of the Agreement. The County shall continue its prior and ongoing efforts to enhance its internal controls over our contractor's tracking and monitoring of grants. The County will also continue to provide additional monitoring oversight to ensure projects are completed within the permitted time frames or extensions obtained from grantor agencies as needed.

Financial Statement Findings:

2023-002 – Significant Deficiency – Tracking of Open Accounts Payable Invoices

Criteria: The proper tracking and recording of open invoices at year end is essential to ensuring that all expenditures incurred during the fiscal year are properly accounted for.

Condition: After final fieldwork was completed, it was determined by management that collectively over 3.1 million of invoices for work performed prior to year-end had not been accrued. This was not identified as part of normal auditing procedures as there was a significant delay from the time the invoices were received, approved, and recorded to the accounting records.

Effect: Had these invoices not been identified prior to completion of the audit, expenditures and liabilities would have been misstated at the fund level, and capital assets and liabilities would have been misstated at the government-wide level. In addition, since these costs were grant funded, an additional major federal program was identified which otherwise would have been omitted from required testing under the federal single audit.

Recommendation: We recommend management review current policies and practices for identifying and recording significant payables that have been incurred at year-end but remain unpaid several months later.

Views of Responsible Officials and Planned Corrective Actions

As noted in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*, 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 significant deficiency is a deficiency, or a combination of deficiencies important enough to merit attention by those charged with governance.

Additionally, as noted in the *Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes*, it is stated that in the opinion of the Auditor, the Board complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

As further noted in the Management Letter, it notes that Section 10.554(1)(i)2., Rules of the Auditor General, requires that the Auditor communicate any recommendations to improve financial management. In connection with the audit, the Auditor did not have any such recommendations.

As noted by the Auditor, they recommend management review current policies and practices for identifying and recording significant payables that have been incurred at year-end but remain unpaid several months later.

In reviewing the process for the invoices, it was noted that work performed by the vendor through September 30, 2023, was received by the Office of Management and Budget on November 9, 2023. Invoices were subsequently routed to and received in the Clerk of the Court and Comptroller's office on December 22, 2023. The payment was processed timely after receipt of the invoice and made within 90 days of work completion. As the County's fiscal year ended on September 30, 2023, and the payment was made in the following fiscal year for work completed in the prior fiscal year, the expenses were required to be accrued back in the prior fiscal year for reporting purposes.

The County continues to recognize the need for proper reporting and has taken additional steps to identify and record significant payables incurred at fiscal year-end but may not have been invoiced or paid until the following fiscal year. The County has recently established a Capital Projects Department with an internal Capital Projects Manager for the oversight of projects. Additionally, the County has evaluated and is in the process of acquiring capital project management software to actively manage projects, which includes administration, monitoring, and invoicing.

Sincerely,


Chris Lacambra
Office of Management & Budget Director, Nassau County

Cc: Nassau County Board of County Commissioners
Nassau County Clerk of the Court and Comptroller
Taco E. Pope, AICP, County Manager
Marshall Eyerman, Assistant County Manager
Robert Companion, Deputy County Manager

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