



**OCEAN HIGHWAY & PORT AUTHORITY**  
**NASSAU COUNTY**

**County Commission Chambers**

**James S. Page Government Complex**

**96136 Nassau Place, Yulee FL 32097**

**AGENDA**

**Wednesday, June 9, 2021**

**6:00 PM**

**6:00 PM – Meeting Call to Order – Chairman**

Invocation

Pledge of Allegiance

Roll Call: Miriam Hill, District 1; Danny Fullwood, District 2, Scott Hanna, District 3;  
Carrol Franklin, District 4; Mike Cole, District 5

**Comments** - Audience (Comments submitted prior to the meeting)

**Approval of Minutes**

- May 6, 2021 - Special Meeting Minutes
- May 12, 2021 – Monthly Meeting Minutes
- May 28, 2021 – Emergency Meeting Minutes

**Consent Items**

- None

**Port Accountant Report**

- Financial Report – May 2021
- 2020 Audited Financials

**Port Attorney Report**

## **Port of Fernandina Report (Operator)**

- Tonnage Report – May 2021

## **Port Director Report**

### **Unfinished Business**

- Port Master Plan RFQ (select Top 3 Candidates, Scoresheet for RFQ)
- City of Fernandina Beach Comprehensive Plan Meeting Dates
- Customs House
- Port Director
- Port Tariff
- Public Records Request updates

### **New Business**

- Discussion and authorization to apply for Federal Grants in the 2021 cycle
- Employee Health Insurance
- Port of Fernandina Sewer Service

### ***Committee Reports***

- Port Security – Commissioner Fullwood
- Customs House – Commissioner Franklin
- Army Corp of Engineers – Commissioner Fullwood
- Economic Development – Commissioner Cole
- Emergency Management – Commissioner Franklin
- Technical Coordinating Committee – Commissioner Hanna
- TPO – Commissioner Cole
- Nassau Chamber East Side – Commissioner Hill
- Nassau Chamber West Side – Commissioner Cole
- City of Fernandina Beach – Commissioner Hill

## **Administrative Office Manager Report**

### **Other items to be brought by Commissioners**

### **Adjourn**

If a person decides to appeal any decision made by the board, agency, or commission with respect to any matter considered at such meeting or hearing, he or she will need a record of the proceedings, and that, for such purpose, he or she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. Fla. Stat. § 286.0105.

Pursuant to Executive Order No. 20-69, issued by the Office of Governor Ron DeSantis on March 20, 2020, municipalities may conduct meetings of their governing boards without having a quorum of its members present physically or at any specific location, and utilizing communications media technology such as telephonic or video conferencing, as provided by Section 120.54(5)(b)2, Florida Statutes.



# Minutes

## OCEAN HIGHWAY & PORT AUTHORITY



Miriam R. Hill – Secretary/Treasurer - Commissioner, District 1  
Danny Fullwood – Chairman, District 2  
Scott Hanna – District 3  
Carrol Franklin – Commissioner, District 4  
Mike Cole – Vice Chairman, District 5

### Special Meeting Minutes

May 06, 2021

The Ocean Highway and Port Authority of Nassau County held its Special Meeting on Tuesday, March 30, 2021 at the County Commissioners Chambers at the James S. Page Government Complex, 96153 Nassau Place, Yulee, Florida 32097.

The meeting was called to order at 10:30 AM by Chairman Fullwood.

The invocation was given and the Pledge of Allegiance was led by Chairman Fullwood. Roll call was conducted by Rossana Hebron. All Commissioners were present. Also in attendance were Patrick Krechowski, Port Attorney; Pierre LaPorte, Port Accountant; and Chris Ragucci, Port Director/Operator.

#### **Review RFP Port Master Plan**

Chairman Fullwood indicated he reviewed and incorporated the document on Port of Palm Beach Request for Qualifications (RFQ), submitted by Commissioner Hill, into the Port Master Plan as best he can. The word "Proposal" was changed to "Qualification." The document is similar to the Port's existing draft with the addition of a cover sheet. A PowerPoint of the combined documents was provided for the viewing audience.

Mr. Ragucci offered to impose a workable structure to the discussion. He stated he did not receive the document until the present time. He suggested the Board work on the working draft he compiled with Mr. Krechowski's recommendations incorporated into it, and allow Commissioner Hill to insert the sections she wants from the Port of Palm Beach RFQ into the draft. He argued the document is a Request for Proposals because it asks for more than qualifications. Chairman Fullwood proposed the Board review both documents and combine the necessary elements into one.

Commissioner Hill asked Mr. Krechowski to explain the difference between an RFQ and an RFP, the price and qualifications, and scope for a better choice of words. In his opinion, the Port of Palm Beach document reads more like an RFQ. Ultimately, the title of the final document is at the Board's discretion. Commissioner Hill thanked Mr. Ragucci for composing the initial document. In her opinion, that document seems to be more like an RFQ, because it solicits for professional services. Additionally, an RFQ evaluates qualifications on the onset, reach a ranking of the candidates, and then begin pricing negotiations. Importantly, it separates the qualifications analysis from the price analysis. It provides a more structured process for the award of professional contract. She added an RFQ is the better choice because the Board has yet to discover the true

scope of the project. If a firm finds the project in a broad sense, they may come forward with particular qualifications and present different proposals giving the Board the flexibility to think about the project.

Mr. Ragucci concurred what is important is the content of the document not just the title. Moreover, the document requests for qualifications and not pricing. Commissioner Hill complemented that Mr. Ragucci's draft included the Board will rank and negotiate with the top three candidates. This gives the Board the opportunity to choose based on qualifications and proceed to negotiate based on price and proposal. Mr. Ragucci suggested a public approach to the ranking and selection of candidates. Submissions be open to the public. Rossana would log the submissions. He further suggested Mr. Krechowski and Commissioners can be present at the opening of the submissions. Then interviews and selections will follow.

The Board reviewed and discussed both documents in length. Some notable recommendations are as follow:

- Mr. Krechowski suggested to include the ranking, elimination, elevation, and selection responses/decisions will be open in a public meeting at a designated time and date. The Board may delegate to the staff the ranking of the top three candidates, and the Board will, in turn, make the selection from that list.
- Mr. Ragucci suggested to add the phrase "...and to cancel or terminate the RFP process at any time at its sole discretion."
- Mr. Krechowski suggested to add the cover page that states the what, when, and where regarding the due dates. In addition, it should be clear on due dates and contact person for inquiries. The contact person is Rossana Hebron.
- Commissioner Hill recommended to explain the process before attaching the specifics or components of the project as an exhibit.
- Change all references of the Port of Palm Beach to the Port of Fernandina Beach.
- Commissioner Hill requested the Board retain the authority to approve rather than delegating to another entity.
- The Background section of the new draft is similar to the original draft per Commissioner Hill.
- Mr. Ragucci requested the combined and revised document be circulated in haste by the next monthly meeting for approval.
- Commissioner Hill stated the document should include increasing and improving the existing business relationships as well as new projects and new business relationships in the Scope of Work which both drafts mention.
- Mr. Krechowski confirmed per Section 311 of the Port Statutes, "the Plan will identify 5-year, 10-year, and 20-year needs for the Seaport system and will include seaport, waterway, and rail projects. Each Port shall develop a Strategic Plan with a 10-year horizon."
- Section 339.155 is the Public Transportation Planning chapter. It is the states long-range transportation objectives accomplishing a period of at least 20 years. The consensus is to leave that portion in the document.
- Chairman Fullwood suggested Section 163.3178(2)(k) of the Florida Statutes remain on the document.

- Chairman Fullwood recommended replacing the portion that states “within 3-miles” on Section 163.3178(3) and replace with “the District.”
- Mr. Krechowski recommended leaving the portion regarding Stakeholder Outreach Program on the document. It allows the consultant to present, as necessary, to the Board in a public meeting or present to other Port business entities current events and activities. Mr. Ragucci added to strike the word “Tenants.” The word “Stakeholders” include, not just the public, also customers of the Port and the City government.
- The word infrastructure should include to support regional projects per Commissioner Hill’s request.
- As Commissioner Hill explained, the Port is sensitive to increases in truck traffic. Therefore, the document should mention exploration of rail, barge, and other modal opportunities.
- RoRo operations means roll on, roll off.
- Mr. Ragucci explained the ships use their own power because the Port does not have the capacity to provide such need. This reduces emissions from idling ships.
- Do not include information regarding compensation at this time. It will be negotiated with the selected candidates. The selection process will solely focus on the candidates’ qualifications.
- FSTED stands for Florida Seaport Transportation and Economic Development Council.
- Commissioner Hill requested to include the language, “Identify both projects, facility, and infrastructure developments and improvements needed to improve, sustain, and attract for commercial port activity.
- Commissioner Hill recommended expanding the phrase, “the growth and success of the Port,” to the broader term “Port related businesses.” Mr. Ragucci warned not to go too broad of a term for the purpose of analysis and funding. Mr. Krechowski suggested using the term “OHPA opportunities.”
- Commissioner Hill requested to add the phrase “jobs within Nassau County.” It allows to focus on the impact and job creation within Nassau county.
- Commissioner Hill requested to include “contractual and other commitments between OHPA and other public and private entities.”
- Commissioner Hill requested to include candidates’ experience and provide contact reference. Also include “demonstrate expertise and experience in land planning, comprehensive plans, and local land development regulations.”
- Replace “Nationally recognized” with “recognize by the industry” per Mr. Krechowski’s suggestion.
- Mr. Ragucci explained the Master Plan becomes the foundation for Grant applications. It verifies the importance and cost of a project.
- Strike the number “3” from the selection of the top-ranking candidates and replace with “top proposers.” This relieves the limitations on the number of candidates selected by the Board.
- The ranking process will take place in a public meeting by the Board. Alternatively, the Board may delegate the ranking process at a staff level and be presented with a top-rank list to choose the one.
- For technical qualifications, Mr. Krechowski and Mr. Ragucci will assess if the submissions are in compliance with the RFQ parameters and will advise the Board.

- Mr. Ragucci requested to solicit ten hardcopies and two electronic submissions from applicants.
- Final document approval is on May 12<sup>th</sup>; issue date is May 14<sup>th</sup>; receive inquiries by May 21<sup>st</sup>; the Board will respond on May 25<sup>th</sup>; and completed packets due May 28<sup>th</sup> at 3PM. June 2<sup>nd</sup> at 4PM, schedule a Special Meeting to select top three applicants. June 9<sup>th</sup>, during the Monthly meeting, the top ranked applicants will be invited for interviews.
- Commissioner Hill confirmed that the Board will select the top-ranking applicants and will confer with Mr. Ragucci. Chairman Fullwood concurred.
- Mr. Krechowski offered to proofread in detail the combined draft for consistency, grammar, punctuations, and the like.

**With no other questions brought before the Board, Chairman Fullwood called for a five-minute recess.**

### **City of Fernandina Beach Comprehensive Plan Revisions**

Chairman Fullwood introduced Genece Minshe to provide an update regarding the City's Comprehensive Plan (Comp Plan). She is the Chairwoman for the City's Planning Advisory Board (PAB). The Sub-Committee consists of Jake Platt, Pete Stevenson, Mark Bennett, Victoria Robas, and Chairwoman Minshe. Chairwoman Minshe mentioned the PAB recently selected a vendor to assist in rewriting the Comprehensive Plan Port Sub-Element and LBC. The PAB applied certain criteria in selecting the vendor, and Chairwoman Minshe offered to share that method to the Board. She continued by thanking Commissioner Hill for attending their meetings and providing assistance where needed.

Chairwoman Minshe explained the State requires the municipalities with deep water ports within their boundaries must have a Statute-compliant Port Sub-element in their Comprehensive Plan. The sub-Committee (PAB) has the task to update the current Port Sub-element to meet the State requirements. The current Port Sub-element is not in compliance and has not been updated for many years. In 2017-18 work was done but the resulting document was never approved the City Commission. Accordingly, the PAB used the 2018 document as a foundation to rewrite an updated Port Sub-element portion.

The proposed Port Sub-element is separated into sections that are "Required" by State statutes and other sections labeled "Not Required." Additionally, the PAB identified those local interest elements that citizens would like to see in the City's Comp Plan. These components, the PAB believes, would best be served under a local agreement and not necessarily in a Comp Plan. A final draft document will be presented to the full PAB next Wednesday, May 12<sup>th</sup> for discussions and approval. Subsequently, it will be presented to the City Commission sometime this summer. The full PAB stands ready to receive comments and input from the OHPA Board via joint meetings or the legal staffs (between Mr. Krechowski, Port Attorney, and Tammy Bach, City Attorney). The PAB gave the OHPA Board the pleasure to choose which approach to communicate their thoughts, ideas, and concerns regarding the Port Sub-element. Chairwoman Minshe affirmed the PAB's goal is to bring their Comp Plan into State compliant regarding the Port sub-element, nothing more and nothing less. Furthermore, as the OHPA Board composes their Master Plan with revisions and updates, the PAB will follow accordingly.

Chairman Fullwood confirmed OHPA does not have to adopt the City's Comp Plan. Conversely, the City has to adopt the components of OHPA's Master Plan. He stated there are components in the Comp Plan that OHPA has issues with and would like to revise or remove. There are components that the Board would like to incorporate in the Master Plan. Some of those issues were identified during the meeting. Inquiries were answered and explanations provided by both Jake Platt, City Senior Planner, and Chairwoman Minshew.

Some notable items for discussions are as follows:

- The word "shall" change to "must," where it appears in the document.
- Commissioner Hill explained some of the items labeled "Required" are not specifically called out in the Statutes. Chairwoman Minshew answered the "Required" items indicate those that are required components for the document to be State compliant. The verbiage beneath those "Required" items is subject for discussion.
- Industrial and mixed-use zoning of property owned by the Port: The Board plans to build a new Customs/Border House and office/meeting space. Mr. Platt explained the policy does not prohibit the re-zoning of lots.
- Complementary upland development opportunities indicate OHPA can explore expansion as long as it is complementary and appropriately zoned not within the Historic District.
- Mr. Krechowski explained the Port essentially has to comply with the City's land development code. If there are obligations in the Charter and on the part of the City that may need some cohesion, flexibility, or malleability, it should be addressed in the local agreement.
- Per Chairman Fullwood, Policy 5.03.02, the language of the 30-foot buffer is restrictive. Commissioner Hill requested to include buffering language but remove a definitive measurement.
- With Policy 5.03.08, Commissioner Hill suggested to add the language that the City will follow the Statutes and process.
- Chairwoman Minshew explained since the Port is closely aligned with the Historic District and downtown area, there are issues and items that are of great local interest. Thus, she feels strongly to include the items labeled "Not Required" and allow the City Commission to decide regarding its inclusion in the Comp Plan.
- Chairwoman Minshew questioned if the inclusion of Objective 5P.07 was requested by OHPA in 2017-2018. She asked for guidance from the Board whether to include or remove it.
- Per Chairwoman Minshew, according to Jason Higgenbotham, Deputy Fire Chief/Fire Marshall, the Port's Security Plan is essentially all encompassing, including hazardous spills, hurricanes, immigration security, and the like. This is required by Federal Statutes, OSHA, and EPA. Inspection reports will suffice for filing with the City annually.
- Policy 5P.06.09 states the Port will not accept, transfer, load or store coal, coal ash, or Liquefied Natural Gas (LNG). The Port transfers LNG container. Chairwoman Minshew will discuss with the PAB.

Chairman Fullwood suggested to add discussion regarding the Comp Plan in the next meeting. He wants to continue working with the City and improve the relationships between the two entities.

## **Adjourn**

**With no other questions brought before the Board, the meeting was adjourned at 1:45PM.**

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**Danny Fullwood, Chairman**

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**Date**



## OCEAN HIGHWAY & PORT AUTHORITY

Miriam R. Hill – Secretary/Treasurer - Commissioner, District 1  
Danny Fullwood – Chairman, District 2  
Scott Hanna – District 3  
Carrol Franklin – Commissioner, District 4  
Mike Cole – Vice Chairman, District 5

### Monthly Meeting Minutes

May 12, 2021

The Ocean Highway and Port Authority of Nassau County held its Monthly Meeting on Wednesday, April 14, 2021 at the County Commissioners Chambers, James S. Page Government Complex, 96153 Nassau Place, Yulee, Florida 32097.

The meeting was called to order at 6:04 PM by Chairman Fullwood.

The invocation was given by Commissioner Hill. The Pledge of Allegiance was led by Vice Chairman Cole. Roll call was conducted by Mrs. Rossana Hebron. All Commissioners were present. Also in attendance were Patrick Krechowski, Port Attorney; Pierre LaPorte, Port Accountant; and Chris Ragucci, Port Director/Operator.

#### **Comments - Audience (Comments submitted prior to the meeting)**

- None

#### **Approval of Minutes**

- **April 14, 2021 – Monthly Meeting**

Commissioner Hill requested to change the name “Cal” to “Kyle” on the last page of the minutes.

Mr. Ragucci requested to change some factual information. On page 4, change the word “Board” to “Ports.” On the same page, add the acronym “FSTED.” On page 7, change the word “negotiable” to “applicable.”

**With no other correction request to the minutes, Chairman Fullwood declared the minutes adopted as amended.**

#### **Consent Items**

- **None**

## **Financial Report**

- April 2021

Chairman Fullwood recognized Pierre LaPorte to provide the Financial report for April 2021. According to Mr. LaPorte, the only item to watch is the salary of the Port Attorney. It includes the fees for the PILOT litigation, and it may overrun the budget. There are funds in the reserves if necessary. Still, Mr. LaPorte may present a Resolution to increase the budget.

For the Customs House, the balances in the accounts remain fairly steady. A payment of approximately \$750,000 went towards the ZPMC cranes via wire transfers. Worldwide Terminal (WWT), in turn, will submit to the State of Florida for partial reimbursement. Two payments, totaling more than \$2 million, were issued for the crane acquisition.

The Quarterly Financial report reflects information for the second quarter of the fiscal year ending March 31<sup>st</sup>. The first four pages of the handout show the Balance sheets comparing March 31, 2021 to December 31, 2020 and March 31, 2020. The biggest activity is in the capital accounts and the asset account with the tugboat purchase, construction and progress for the cranes. The balances in the bank accounts remain fairly steady. The biggest item affecting the income is the receiving of Grants; specifically, the MARAD Grant for \$800,000, recorded as income.

Mr. LaPorte reminded the Board that next month is budget time. He asked for inputs, comments, and suggestions from the Board for the first draft. The final budget draft needs to be approved by the September 2021 meeting for the beginning of the fiscal year on October 2021. Chairman Fullwood asked for a draft to use as a foundation at the next meeting.

The Board thanked Mr. LaPorte for the financial updates.

## **Port Attorney Report**

Chairman Fullwood acknowledged Patrick Krechowski for the Port Attorney report. Mr. Krechowski mentioned he filed a Motion to Dismiss on Monday for the PILOT litigation. Any questions regarding the litigation, he asked the Board to reach out to him individually. The Board received a copy of the motion via

email. He composed the RFQ draft for review tonight. Additionally, he is engaged in fulfilling the Public records request with the assistance of Rossana and Chris Ragucci.

HB 35 passed, and it takes effect on January 2022. Mr. Krechowski will send out a memo summarizing the Bill. He explained the Bill will allow posting on a newspaper's website with weekly notices on the newspaper announcing the posting on the website.

Mr. Krechowski did not have a complete review of Section 10 of the Operating Agreement.

On the topic of the Comprehensive Plan (Comp Plan), he explained that usage of the word "must" in lieu of "shall" is the trend with agreements. He added he is more focused on the substantive content of the Comp Plan. Commissioner Hill added the process includes a full PAB review and recommendation to the City Commission. If the City Commission decides to adopt some or their own changes, then the Comp Plan is transmitted to the State. Chairman Fullwood asked the Board to have their questions or inputs for the Comp Plan prepared for the PAB meeting. Per Commissioner Hill, there is a legislation that may impact the Comp Plan, Senate Bill 1194 - Transportation. Mr. Ragucci explained since the Port is municipally controlled and in a special Legislative District, the Bill does not have a negative effect on the Port.

### **Port of Fernandina Report**

- Tonnage Report - April 2021

Chairman Fullwood acknowledged Chris Ragucci to provide updates on the Port activities. The tonnage total for April 2021 is 46,907 tons, the highest since WWT took over the Port. They are running about 30% ahead of last year's volumes and averaging about 32,300 tons per month. At that pace and with a little momentum, tonnage may approach 400,000 tons for the year. This is unprecedented since for the past three years (2018-2020), totals have not surpassed 300,000 tons as indicated in the report. Everything is up across the board in April 2021. The month of May is looking equally as strong.

Chairman Fullwood asked for clarification on cargo/container tons. Mr. Ragucci explained the container tons or container traffic consists mostly of materials from the trade with Bermuda. Primarily export tonnage that are basically sustainment for the island; food supplies, manufactured goods, construction material, and the like. It also includes supplies for the tourism industry where they are stored in the warehouses then shipped out. Conversely, most of the imports from Bermuda are the empty containers coming back. Mr. Ragucci further confirmed included in the export are containers of LNG (Liquefied Natural Gas), two or

three ISO-approved 20-foot containers with propane or LNG. This is regulated by the Coast Guard. The wood pulp is imported from Sweden delivered to Missouri, Kansas, Ohio, and regionally in Palatka, Georgia Pacific mill and Rincon. Approximately two thirds of that go out by rail. The biggest export besides the containers to Bermuda is the craft liner board that are mostly shipped to Ecuador for box manufacturing for the banana imports.

Commissioner Franklin questioned the shipment of lumber. Mr. Ragucci explained WWT is trying to secure the port of call for the Port of Fernandina. There are only two or three shipping lines controlling the lumber imports each with multiple customers. Currently, the shipments are delivered to two ports, Wilmington, North Carolina, and Port Canaveral. In 2019, there were shipments of plywood from China and steel from Europe that have since ceased in 2020 because of tariffs. These are all part of the market study for the Master Plan to target these areas of trade. Break bulk is becoming more competitive with containers because the container costs are up and availability is down. Logistics system in the world is overwhelmed.

In sum, WWT is always striving to find opportunities to increase revenues and volumes and maintain customer satisfaction. The company is nimble enough to react with the changes in the market. Still, the Port is faced with labor shortage.

### **Port Director Report**

Currently, the focus is on the arrangements of the barge to come to the Port with the cranes. The barge's journey begins in Wilmington, North Carolina to Fernandina Beach with estimated time of arrival on the 18<sup>th</sup> or 19<sup>th</sup> of May depending on the weather. The U.S. Coast Guard will provide transit and docking plans on Monday at 10 AM. Mr. Ragucci will send invites for the arrival of the cranes.

Commissioner Hill questioned the capability of the dock to tolerate the weight of the two new cranes. Mr. Ragucci explained he procured an Engineer's report to ensure the bearing capacity of the dock to sustain the weight of the cranes. In more modern cranes, they could be stronger with less actual weight of steel. The new cranes are comparable in weight, and the framing more compact. The dock structure is on piles; however, the ground behind it that does not have a bulk head, the Northwest corner of the terminal yard, shows signs of settlement.

The estimated time of commission is approximately 30 to 45 days after arrival. Mr. Ragucci added to invite the Governor, Senators, and other State leaders for a ribbon-cutting ceremony once both cranes are operational.

### **Unfinished Business**

## **Review the Port Master Plan RFQ**

Mr. Krechowski completed a final draft for approval. Chairman Fullwood complimented Mr. Krechowski on his job well done, implementing the Board's corrections and suggestions to the final draft. Mr. Ragucci offered last minute recommendations and changes on the draft that were implemented. Commissioner Hill requested to include language citing that the award process will be pursuant to CCNA (Consultants Competitive Negotiation Act, 287.055). This satisfies the FDOT Grant requirements.

Dates are:

- RFQ Issue date May 14, 2021, Friday by 3PM
- Sealed Qualifications due June 4, 2021 by 5PM
- Inquiries May 25, 2021 by 5PM
- Response May 28, 2021
- Selection of top three candidates June 9, 2021 Monthly Meeting
- Interview top three candidates June 17, 2021 Special Meeting at 4PM

**Commissioner Franklin made a motion to accept the RFQ draft. Commissioner Hanna second the motion. The Board voted unanimously in favor of the motion.**

## **Review City of Fernandina Beach Comprehensive Plan revisions**

Commissioner Hill reviewed from the last Special Meeting that the Planning Advisory Board (PAB) needs feedback from the Board on inclusion or exclusion of the green portion ("Not Required" or OHPA request) of the draft, for example, the part regarding dredging the St. Mary's basin. Also, the only issue Chairwoman Genece Minshew took to the PAB was the item regarding the LNG handling at the Port.

Ultimately, Chairman Fullwood suggested the Board provide comments to the PAB and attend the City Commission meeting on June 15<sup>th</sup> with the Board's recommendations and revisions.

## **Custom House update**

Mr. Ragucci provided updates on the Customs House repairs and improvements. There is a contract with a new contractor who is well-versed with the City's administrative requirements. He received approval from the City's Historic District

for the type of window to install. Mr. Ragucci reported that WWT will initiate the removal and replacement of windows and all the clapboard work. He requested

the Board apply those services toward a credit to their monthly maintenance obligations.

The District Director of Customs and Border Patrol is satisfied with the progress of the repairs, and WWT is continuing to work in good faith.

### **Port Director**

Commissioner Hill requested this item to be kept in the agenda until the position is filled. It was discussed at previous meetings but no action taken thus far. Chairman Fullwood and Vice Chairman Cole stated there is no interest in placing an advertisement for the position, at least not at this time. Chairman Fullwood added he would like to complete the Master Plan first before moving forward with the search for a Port Director.

Commissioner Hill argued even though Vice Chairman Cole sits on the Ports Council representing OHPA, no one represents OHPA's interests. Mr. Ragucci represents his Board and company, WWT. She added she read the letter prepared by Mr. Ragucci's legal representative, Douglas and Douglas, essentially stating that OHPA does not have any oversight over the Director's operating functions, and they are left under their own devices. Commissioner Hill declared that she takes the matter seriously. Therefore, the matter needs to be prioritized and action taken.

Mr. Ragucci argued that he has been duly carrying out his second position as Port Director as resolved by the Board more than a year ago. In terms of FSTED, his interests align with that of OHPA's which is to strengthen and secure the Port. The Port has approximately \$10 million of active investments using the Grants and providing the matches. Both Chairman Fullwood and Vice Chairman Cole concurred with the work Mr. Ragucci has done in the interest of the Port. He continues to procure funding for improvements and development of the Port. Commissioner Hill respectfully disagrees with their input and incite. She maintained that if one has fiduciary duty to one's Board to maximize profits, one is diametrically opposed to another's interests which are opposites. Basically, it is a conflict of interests.

Chairman Fullwood reiterated his initial recommendation that a Business Development Director is more in line with OHPA's interests rather than the Port's. He asked Commissioner Hill to compose a list of Port Director qualifications, and he will bring forth qualifications for a Business Development Director.

### **Port Tariff Update**

Commissioner Hill requested to set some timelines and discuss the rates for the tugboat. Mr. Ragucci explained there is competition over Port costs with some adjacent ports. Generally, the tug rates are provided by private entities. It is

involved in every negotiation with the shipping lines and is considered under proprietary and confidential. Commissioner Hanna supported this by explaining the tugboat rates are different for each customer depending on the need and requirements.

Commissioner Hill challenged the fact that OHPA has no method of verifying the tug rates. She contends that the rates need to be evaluated by the Board corresponding to the Charter. Mr. Ragucci argued that there is no mention in the agreement authorizing one person or entity to set the tug rates.

Commissioner Franklin added the purchase of the tugboat was for service and not for profit. OHPA will realize the benefit when there is increase in tonnage and usage at the Port.

Chairman Fullwood explained the Port Operator negotiates the tariff rates and the Board, in turn, approves those rates ensuring they are competitive. Ultimately, the tug is part of the Port assets much like the cranes. The Port can offer its services to attract shippers. WWT, in turn, assumes the costs of operating and maintaining the tug. Vice Chairman Cole emphasized the Board authorized Mr. Ragucci to be its Port Operator and Director. Mr. Ragucci has proven himself worthy, thus far, by reporting the Port's highest tonnage last month on record. Vice Chairman Cole asked to give Mr. Ragucci the chance to fulfill his duties and prove he is capable of the position.

**Commissioner Hill made the motion to request the rates. Alternatively, if there are concerns regarding public records, then as a fallback, request an outreach to previous and current customers to validate the consistency of the rates and also their satisfaction of the services. Commissioner Hanna second the motion for continued discussion of the matter. The vote follows: Commissioner Hill (yes), Chairman Fullwood (no), Vice Chairman Cole (no), Commissioner Franklin (no), Commissioner Hanna (no). The motion failed by a count of four to one.**

## **New Business**

### **Public Records Request**

OHPA received a Public Records Request (PRR) regarding the Tugboat purchase and agreement. The documents that exist within OHPA files were compiled. Mr. Krechowski requested the Port Director/Operator, Mr. Ragucci, to provide the remainder of the documents. Mr. Ragucci is conferring with his attorneys and will respond accordingly. An earlier PRR from City Commissioner Chip Ross is still pending. Commissioner Hill questioned if there are any contractual actions to take against a contractor for delayed provisions of PRR documents. Mr. Krechowski explained no actions can be taken. He discussed the matter with Mr. Ragucci and is waiting for a response.

Commissioner Hill requested the topic stays on the agenda until it is resolved. Subsequently, the Board can receive updates and/or take actions if necessary. Chairman Fullwood agreed.

### **Committee Reports**

- **Port Security** – Commissioner Fullwood  
No issues to report per Chairman Fullwood.
- **Customs House** – Commissioner Franklin  
No issues to report per Commissioner Franklin.
- **Army Corp of Engineers** – Commissioner Fullwood  
Nothing to report per Chairman Fullwood.
- **Economic Development** – Commissioner Cole  
There is a public Board meeting tomorrow. Chairman Fullwood added that a packet is compiled to offer to potential customers with information on Municipal Bonds issuing procedures. Furthermore, Commissioner Hill mentioned she received information regarding another opportunity on 2021 Port Infrastructure Development Program (PIDP) at the Federal level with approximately \$230 million in infrastructure and Maritime funding. It is part of the Covid relief package. Mr. Ragucci confirmed that WWT will apply for two Grants with the assistance of professional Grant team to focus primarily on the warehouse expansion project. Commissioner Hill added she spoke with Cassie McClellan, Marketing Economic Development Board, and Ms. McClellan offered her assistance to write a Grant proposal if OHPA is considering increasing its payment to Economic Development Board by \$5,000. Chairman Fullwood affirmed that the Board will consider the offer. There are also funding opportunities from the Department of Homeland Security, Port Security Grant program per Chairman Fullwood to consider for a new Customs House.

Vice Chairman Cole explained that he is actively pursuing to mitigate some issues regarding funding with the assistance of the EDD.

- **Emergency Management** – Commissioner Franklin  
The Port stands prepared for hurricane season that starts on June 1<sup>st</sup> per Commissioner Franklin.

- **Technical Coordinating Committee** – Commissioner Hanna  
Commissioner Hanna explained he did not attend the meeting this month because of family emergency.
- **TPO** – Commissioner Cole  
Vice Chairman Cole will attend a meeting tomorrow. Nothing else to report.
- **Nassau Chamber East Side** – Commissioner Hill  
The Chamber has a job board with many employment opportunities. They are also offering free resume composition assistance.
- **Nassau Chamber West Side** – Commissioner Cole  
Nothing to report per Vice Chairman Cole.
- **City of Fernandina Beach** – Commissioner Hill  
There was discussion regarding Interlocal Agreement and what it may entail. Commissioner Hill requested for ideas and inputs from the Board on collaborating with the City. Specifically, there is a sanitary sewer issue on Front Street with water intrusion according to the Public Works Director. She requests to add this issue for discussion on the next monthly meeting. Mr. Krechowski will further investigate the matter if it pertains to OHPA. First, he will discuss with Tammy Bach regarding the litigation before addressing the Interlocal Agreement possibilities.

#### **Administrative Office Manager (AOM) Report**

The report is attached to the packet. There were no questions.

#### **Other items to be brought by Commissioners**

The Board was informed yesterday of the impending departure of its current AOM, Rossana Hebron. She accepted a job offer with medical benefits. Chairman Fullwood stated he will explore options for medical benefits so that Mrs. Hebron can retain her position with OHPA.

**Adjourn**

**With no further questions brought before the Board, the meeting was adjourned at 8:45 PM.**

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**Danny Fullwood, Chairman**

---

**Date**

## OCEAN HIGHWAY & PORT AUTHORITY



Miriam R. Hill – Secretary/Treasurer - Commissioner, District 1  
Danny Fullwood – Chairman, District 2  
Scott Hanna – District 3  
Carrol Franklin – Commissioner, District 4  
Mike Cole – Vice Chairman, District 5

### Monthly Meeting Minutes

May 28, 2021

The Ocean Highway and Port Authority of Nassau County held its Emergency Meeting on Friday, May 28, 2021 at the John Drew Tax Collector, 86130 License Road #9, Fernandina Beach, Florida 32034.

The meeting was called to order at 1:00 PM by Chairman Fullwood.

The invocation was given and the Pledge of Allegiance was led by Chairman Fullwood. Roll call was conducted by Mrs. Rossana Hebron. All Commissioners were present. Also in attendance was Pierre LaPorte, Port Accountant.

- **Comments** - Audience (Comments submitted prior to the meeting)  
There were no comments submitted by the audience.
- **Discuss Options for Administrative Office Manager Position**

Chairman Fullwood explained the intension for the Emergency meeting. He opened discussions regarding options to retain present or future staff; specifically, the Administrative Office Manager (AOM) position.

Some notable options mentioned are as follow:

- Request Worldwide Terminal to increase its share of revenue to OHPA.
- Pierre LaPorte, Port Accountant, offered to include the AOM as part of his staff member to provide Health coverage.
- Provide pay increase.
- Consider obtaining coverage through Healthcare.gov.
- Explore linking with the District (Mosquito Control) or County (School Board).

Ultimately, the consensus is that the AOM position is a part time position. It is not financially feasible for OHPA to absorb the cost of providing health coverage for its AOM. Nevertheless, the Board will continue to explore possibilities to aid its staff member to procure health coverage. It is an essential element for staff retention, present or future.

The Board continued to examine the process of hiring a replacement for the AOM position. Chairman Fullwood offered the idea of emphasizing to an applicant that the position is part time with no benefits. Perhaps focus on those applicants who will not require health benefits. In addition, the Board will offer \$18.00 per hour compensation with a 90-day probation period.

In the interim, Mr. LaPorte and Mr. Krechowski offered to lend their respective staff members to assist with the administrative responsibilities until a candidate is chosen.

The Board considered each application, totaling 17 candidates. Eventually, there were seven top choices; Mindy Ross, Rebecca Cobb, AJ Stephens, Gretchen Williams, Loudy Francois-Joyner, Sandra del Castillo, and Judy Hoskinson. Chairman Fullwood requested Mrs. Hebron to contact the top seven applicants for their interests and availability for the position.

Chairman Fullwood thanked Mrs. Hebron for her services.

### **Adjourn**

**With no other questions brought before the Board, the meeting was adjourned at 2:20 PM.**

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**Danny Fullwood, Chairman**

---

**Date**



# Port Accountant Report

**NASSAU COUNTY OCEAN HIGHWAY & PORT AUTHORITY**

Monthly Financial Report - May 2021

	May	YTD ACTUAL	BUDGET 2020-2021
<b>Revenues</b>			
Quarterly Fee	20,973.00	167,784.00	253,300.15
PILOT Payment	0.00	0.00	0.00
Audit Fee Reimbursement	0.00	0.00	0.00
Misc Income	0.00	0.00	2,000.00
Interest	2.46	31.85	60.00
<b>TOTAL REVENUES</b>	<b>20,975.46</b>	<b>167,815.85</b>	<b>255,360.15</b>
<b>EXPENSES</b>			
<b>COMMISSION DIRECT</b>			
Salaries - Commissioners	10,000.00	80,000.00	120,000.00
Payroll Taxes	915.71	7,163.52	11,361.00
Unemployment	0.00	70.47	75.00
Conferences & Travel	0.00	0.00	1,000.00
Insurance	0.00	1,367.20	1,134.00
Salaries - Board Attorney	6,637.00	28,430.20	30,000.00
<b>TOTAL COMMISSION DIRECT</b>	<b>17,552.71</b>	<b>117,031.39</b>	<b>163,570.00</b>
<b>COMMISSION OPERATION</b>			
Salaries- Accountant	1,500.00	12,000.00	18,000.00
Salaries - Office Administrator	1,820.00	10,556.02	23,535.68
Expenses - Office Administrator	354.38	2,640.69	4,000.00
Travel - Office Administrator	0.00	.	100.00
<b>TOTAL COMMISSION OPERATION</b>	<b>3,674.38</b>	<b>25,196.71</b>	<b>45,635.68</b>
<b>COMMISSION DISCRETIONARY</b>			
Dept. of Revenue (Special Dist. Fee)	0.00	0.00	225.00
TPO. - Membership	0.00	1,329.00	1,257.00
Greater Nassau Chamber of Commerce	0.00	280.00	280.00
Advertisement	74.41	670.41	600.00
Special Meeting - Court Reporter	0.00	0.00	0.00
Web Site	18.97	625.84	0.00
Awards & Presentations	0.00	114.33	120.00
Discretionary	0.00	2,030.80	720.00
<b>TOTAL COMMISSION DISCRETIONARY</b>	<b>93.38</b>	<b>5,050.38</b>	<b>3,202.00</b>
<b>PORT OPERATIONS</b>			
FB Annual Fee - PILOT	0.00	0.00	0.00
CSX Right of Way Fee	0.00	0.00	750.00
Insurance	0.00	11,602.00	11,141.00
Audit	0.00	13,000.00	25,800.00
FL Ports Council Dues	0.00	15,500.00	15,500.00
Nassau Cty Economic Dev Board	0.00	3,000.00	3,000.00
Sponsorships	0.00	0.00	500.00
<b>TOTAL PORT OPERATIONS</b>	<b>0.00</b>	<b>43,102.00</b>	<b>56,691.00</b>
<b>TOTAL EXPENSES</b>	<b>21,320.47</b>	<b>190,380.48</b>	<b>269,098.68</b>
<b>Excess Revenues over Expenditures</b>	<b>-345.01</b>	<b>-22,564.63</b>	<b>-13,738.53</b>

**NASSAU COUNTY OCEAN HIGHWAY & PORT AUTHORITY**

**Customs House**

Monthly Financial Report - May 2021

	<u>May</u>	<u>YTD ACTUAL</u>	<u>BUDGET 2020-2021</u>
<b>INCOME</b>			
GSA - Customs House - RENTAL INCOME	0.00	0.00	0.00
Interest			
<b>TOTAL INCOME</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>CUSTOMS HOUSE</b>			
Bug Out Pest Control	0.00	525.00	312.00
River Pest Control Termite Bond	0.00	490.00	500.00
Bug Out Termite Bond	0.00	0.00	250.00
Cleaning Service	280.00	2,240.00	3,360.00
City of Fernandina Beach (Water)	156.27	658.85	1,500.00
Florida Public Utilities (Electric)	240.07	3,061.14	5,000.00
Maintenance	0.00	0.00	0.00
<b>TOTAL CUSTOMS HOUSE</b>	<b>676.34</b>	<b>6,974.99</b>	<b>10,922.00</b>
<u>Net Increase(decrease) in Funds</u>	<u>-676.34</u>	<u>-6,974.99</u>	<u>-10,922.00</u>

**NASSAU COUNTY OCEAN HIGHWAY & PORT AUTHORITY**

Account Balances - May 2021

<b>Account Name</b>	<b>Acct Num</b>	<b>28-May</b>	<b>30-Apr</b>
Operating	x3328	32,297.50	38,012.74
Money Market	x3310	106,702.26	106,699.80
Other - Admin Acct	x6714	238.54	451.98
BBT Maintenance	x1591/#1605	111,280.16	111,280.16

# Ocean Highway Port Authority of Nassau County

2020-2021 Budget

OHPA BUDGET 2020-2021	OHPA / Port Operations	Customs House	Port Security	Cons&Maint Reserve
<b>Operating Revenues</b>				
6021 · Fed/State/DOT Grants	0	0	0	0
6024 · Port Security Revenue	0	0	195,000	0
6025 · Rental Income	0	0	0	0
6028 · Annual Fee	251,675	0	0	0
6015 · Interest Income	60	0	0	0
6050 · Misc	2,000	0	0	0
6031 · WTF Maintenance Contribution	0	0	0	60,000
<b>Total Operating Revenue</b>	<b>253,735</b>	<b>0</b>	<b>195,000</b>	<b>60,000</b>
<b>Budgeted Cash Balance Forward</b>	<b>150,748</b>	<b>10,922</b>	<b>0</b>	<b>111,280</b>
<b>TOTALREVENUES AND BUDGETED CASH BALANCE FORWARD</b>	<b>404,483</b>	<b>10,922</b>	<b>195,000</b>	<b>171,280</b>
<b>Operation Expenses</b>				
8020 · Advertising	600	0	0	0
8065 · Commissioners Payroll	120,000	0	0	0
8066 · Payroll - OHPA Office Administrat	23,536	0	0	0
8080 · Dues & Subscriptions	1,762	0	0	0
8080 · Nassau County Economic Dev	3,000	0	0	0
8105 · Insurance	12,275	0	0	0
8120 · Janitorial	0	3,360	0	0
8121 · Lawn Maintenance	0	0	0	0
8127 · Licenses & Permits	750	0	0	0
8090 · Travel & Conferences	1,000	0	0	0
8130 · Office Supplies	4,000	0	0	0
8135 · Office Manager Travel	100	0	0	0
8150 · Payroll Taxes - Commissioner	9,556	0	0	0
8151 · Payroll Taxes - Office Manager	1,805	0	0	0
8154 · State Unemployment Tax	75	0	0	0
8165 · Pest Control	0	1,062	0	0
8166 · Port Security	0	0	195,000	0
8180 · Professional Fees				
Accountant	18,000	0	0	0
Port Attorney - Contract	30,000	0	0	0
Audit	25,800	0	0	0
FL Ports Council	15,500	0	0	0
8200 · Repairs & Maintenance	0	0	0	0
8235 · Taxes - Annual Fee	0	0	0	0
8270 · Utilities - FPU	0	5,000	0	0
8270 · Utilities - City of FB Water	0	1,500	0	0
8280 · Misc	1,340	0	0	0
<b>Total Operation Expenses</b>	<b>269,099</b>	<b>10,922</b>	<b>195,000</b>	<b>0</b>
<b>Non-Operating - Expenses (Revenues)</b>				
Capital Expenditures	0	0	0	60,000
<b>Reserves</b>				
Unrestricted Funds	135,385	0	0	0
Maint Reserve	0	0	0	111,280
<b>TOTAL OPERATING EXPENSES/NON- OPERATING REVENUES &amp; EXPENSES AND RESERVES</b>	<b>404,484</b>	<b>10,922</b>	<b>195,000</b>	<b>171,280</b>

**NASSAU COUNTY OCEAN HIGHWAY & PORT AUTHORITY**

BUDGET 2021-2022 -- PROPOSED v1

	<u>YTD ACTUAL</u>	<u>BUDGET 2020-2021</u>	<u>BUDGET 2021-2022</u>	CPI - Est
Revenues				
Quarterly Fee	167,784.00	253,300.15	255,833.15	1.01
PILOT Payment	0.00	0.00	0.00	
Audit Fee Reimbursement	0.00	0.00	0.00	
Misc Income	0.00	2,000.00	2,000.00	
Interest	31.85	60.00	60.00	
<b>TOTAL REVENUES</b>	<b>167,815.85</b>	<b>255,360.15</b>	<b>257,893.15</b>	
EXPENSES				
<b>COMMISSION DIRECT</b>				
Salaries - Commissioners	80,000.00	120,000.00	120,000.00	
Payroll Taxes	7,163.52	11,361.00	11,361.00	
Unemployment	70.47	75.00	75.00	
Conferences & Travel	0.00	1,000.00	1,000.00	
Insurance	1,367.20	1,134.00	1,134.00	
Salaries - Board Attorney	28,430.20	30,000.00	30,000.00	
<b>TOTAL COMMISSION DIRECT</b>	<b>117,031.39</b>	<b>163,570.00</b>	<b>163,570.00</b>	
<b>COMMISSION OPERATION</b>				
Salaries- Accountant	12,000.00	18,000.00	18,000.00	
Salaries - Office Administrator	10,556.02	23,535.68	23,535.68	
Expenses - Office Administrator	2,640.69	4,000.00	4,000.00	
Travel - Office Administrator	.	100.00	100.00	
<b>TOTAL COMMISSION OPERATION</b>	<b>25,196.71</b>	<b>45,635.68</b>	<b>45,635.68</b>	
<b>COMMISSION DISCRETIONARY</b>				
Dept. of Revenue (Special Dist. Fee)	0.00	225.00	225.00	
TPO. - Membership	1,329.00	1,257.00	1,257.00	
Greater Nassau Chamber of Commerce	280.00	280.00	280.00	
Advertisement	670.41	600.00	600.00	
Special Meeting - Court Reporter	0.00	0.00	0.00	
Web Site	625.84	0.00	0.00	
Awards & Presentations	114.33	120.00	120.00	
Discretionary	2,030.80	720.00	720.00	
<b>TOTAL COMMISSION DISCRETIONARY</b>	<b>5,050.38</b>	<b>3,202.00</b>	<b>3,202.00</b>	
<b>PORT OPERATIONS</b>				
FB Annual Fee - PILOT	0.00	0.00	0.00	
CSX Right of Way Fee	0.00	750.00	750.00	
Insurance	11,602.00	11,141.00	11,141.00	
Audit	13,000.00	25,800.00	25,800.00	
FL Ports Council Dues	15,500.00	15,500.00	15,500.00	
Nassau Cty Economic Dev Board	3,000.00	3,000.00	3,000.00	
Sponsorships	0.00	500.00	500.00	
<b>TOTAL PORT OPERATIONS</b>	<b>43,102.00</b>	<b>56,691.00</b>	<b>56,691.00</b>	
<b>TOTAL EXPENSES</b>	<b>190,380.48</b>	<b>269,098.68</b>	<b>269,098.68</b>	
<b>Excess Revenues over Expenditures</b>	<b>-22,564.63</b>	<b>-13,738.53</b>	<b>-11,205.53</b>	

**NASSAU COUNTY OCEAN HIGHWAY & PORT AUTHORITY**

**Customs House**

BUDGET 2021-2022 -- PROPOSED v1

	<u>YTD ACTUAL</u>	<u>BUDGET 2020-2021</u>	<i><u>BUDGET 2021-2022</u></i>
<b>INCOME</b>			
GSA - Customs House - RENTAL INCOME	0.00	0.00	0.00
Interest			
<b>TOTAL INCOME</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
 <b>CUSTOMS HOUSE</b>			
Bug Out Pest Control	525.00	312.00	312.00
River Pest Control Termite Bond	490.00	500.00	500.00
Bug Out Termite Bond	0.00	250.00	250.00
Cleaning Service	2,240.00	3,360.00	3,360.00
City of Fernandina Beach (Water)	658.85	1,500.00	1,500.00
Florida Public Utilities (Electric)	3,061.14	5,000.00	5,000.00
Maintenance	0.00	0.00	0.00
 <b>TOTAL CUSTOMS HOUSE</b>	 <u>6,974.99</u>	 <u>10,922.00</u>	 <i><u>10,922.00</u></i>
 <u>Net Increase(decrease) in Funds</u>	 <u>-6,974.99</u>	 <u>-10,922.00</u>	 <i><u>-10,922.00</u></i>

# *OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY*



## *Annual Audit Agenda Presentation of Financial and Compliance Audit Results September 30, 2020*

Presented by:  
Wade Sansbury, CPA

**MAULDIN  
& JENKINS**  
CPAs & ADVISORS

**OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY**  
***ANNUAL AUDIT AGENDA***  
**SEPTEMBER 30, 2020**

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**PURPOSE OF ANNUAL AUDIT AGENDA**

- ◆ Engagement Team and Firm Information
- ◆ Overview of:
  - Audit Opinion
  - Financial Statements
  - Compliance Report
- ◆ Required Communications under *Government Auditing Standards*
- ◆ Accounting Recommendations and Related Matters
- ◆ Answer Questions

**OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY**  
**ANNUAL AUDIT AGENDA**  
**SEPTEMBER 30, 2020**

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**MAULDIN & JENKINS – GOVERNMENTAL PRACTICE**

**General Information:**

- Founded in 1918. Approximately 350 personnel. Large regional southeastern firm.
- Offices located in Bradenton and Sarasota, FL; Macon, Atlanta, Albany, Savannah, GA; Birmingham, AL, Columbia, SC; and Chattanooga, TN.



**Governmental Sector:**

- We are one of the largest providers to governmental entities in the Southeast with over 110,000 hours annually.
- Largest industry niche served by Firm (28% of Firm).
- Over 100 people with current governmental experience.
- In the past three years, have served approximately 550 governments in the Southeast, including:
  - ✓ 135 cities;
  - ✓ 65 counties;
  - ✓ 60 school systems and 40 charter schools;
  - ✓ 45 state entities;
  - ✓ 205 special purpose entities (stand-alone business type entities: water/sewer, transit, gas, electric, airports, housing development, retirement, libraries, etc.).
  - ✓ Inclusive of the above, we serve 135 governments receiving the GFOA's Certificate of Achievement for Excellence in Financial Reporting.
- Experience performing forensic audit services and information technology consultations.
- Experience performing municipal bond debt issuance attestation services serving approximately 50 clients with over \$11 billion in aggregate publicly issued debt instruments.
- Considered to be in the top 20 total number of single audits conducted in the U.S.A.

**Engagement Team Leaders for the OHPA Include:**

- Wade Sansbury, Engagement Lead Partner: 25 years of experience, 100% governmental
- Meredith Lipson, Quality Assurance Partner: 28 years of experience, 100% governmental

**OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY**  
**ANNUAL AUDIT AGENDA**  
**SEPTEMBER 30, 2020**

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**MAULDIN & JENKINS – ADDITIONAL INFORMATION**

**Other Industries and Services by Mauldin & Jenkins:**

Each of Mauldin & Jenkins' offices provides a wide variety of services to a broad range of clientele. We have partners and managers who are responsible for specialized practice areas of auditing and accounting, taxes and management advisory services. Their purpose, as leaders in the particular practice area, is to establish policies with respect to technical matters in these specific areas and ensure that the quality of the Firm's practice is maintained.

**Industries Served:** Over the years our partners have developed expertise in certain industries representative of a cross section of the Florida economy, including:

- Governmental Entities (state entities, cities, counties, school systems, business type operations, libraries, and other special purpose entities)
- SEC Registrants
- Wholesale Distribution
- Agri-Businesses
- Manufacturing
- Professional Services
- Employee Benefit Plans
- Financial Institutions (community banks, savings and loans, thrifts, credit unions, mortgage companies, and finance companies)
- Non-Profit Organizations
- Retail Businesses
- Long-Term Healthcare
- Construction and Development
- Individuals, Estates and Trusts
- Real Estate Management

**Services Provided:** This diversity of practice enables our personnel to experience a wide variety of business, accounting and tax situations. We provide the traditional and non-traditional services such as:

- Financial Audit/Review/Compilation
- Compliance Audits and Single Audits
- Agreed-Upon Procedures
- Forensic Audits
- Bond Issuance Services
- Performance Audits
- State Sales Tax Matters
- International Tax Matters
- Business and Strategic Planning
- Profitability Consulting
- Budgeting
- Buy-Sell Agreements and Business Valuation Issues
- Income Tax Planning and Preparation
- Multi-State Income Tax Issues
- Information Systems Consulting
- Cost Accounting Analysis
- Healthcare Cost Reimbursement
- Outsourced Billing Services
- Fixed Asset Inventories
- Succession and Exit Strategy Consulting
- Estate Planning
- Management Information Systems
- Employee Benefit Plan Administration
- Merger/Acquisition and Expansion Financing

**OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY**  
**ANNUAL AUDIT AGENDA**  
**SEPTEMBER 30, 2020**

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**INDEPENDENT AUDITOR'S REPORT**

The standard independent auditor's report for governmental units has specific sections of significance to readers of the financial report.

**Management's Responsibility for the Financial Statements**

The financial statements are the responsibility of management.

**Auditor's Responsibility**

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

**Opinion**

We have issued an unmodified audit report which is the highest form of assurance we can render with regard to the fairness of financial information on which we are opining. The financial statements are considered to present fairly the financial position and results of operations as of, and for the year ended September 30, 2020.

**Other Matters**

Certain required supplementary information and other information is included in the financial report, and as directed by relevant auditing standards, we have not expressed an opinion or provided any assurance on the respective information.

**Other Reporting**

*Government Auditing Standards* require auditors to issue a report on our consideration of internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. We have issued such a report and reference to this report is included in the independent auditor's report.

**OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY**  
**ANNUAL AUDIT AGENDA**  
**SEPTEMBER 30, 2020**

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**REQUIRED COMMUNICATIONS**

**The Auditor's Responsibility Under Government Auditing Standards  
and Auditing Standards Generally Accepted in the United States of America**

Our audit of the financial statements of the Ocean Highway and Port Authority of Nassau County, Florida (the "Authority") for the year ended September 30, 2020, was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error, fraudulent financial reporting or misappropriation of assets. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Accordingly, the audit was designed to obtain reasonable, rather than absolute, assurance about the financial statements. We believe our audit accomplishes that objective.

In accordance with *Government Auditing Standards*, we have also performed tests of controls and compliance with laws and regulations that contribute to the evidence supporting our opinion on the financial statements. However, they do not provide a basis for opining on the Authority's internal control or compliance with laws and regulations.

**Accounting Policies**

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Authority. There were no significant new accounting policies or standards implemented this year. There are new accounting standards, which will be required to be implemented in the coming years. These are discussed later in this document.

In considering the qualitative aspects of the Authority's accounting policies, we did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. The Authority's policies relative to the timing of recording of transactions are consistent with GAAP and typical government organizations.

**OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY**  
**ANNUAL AUDIT AGENDA**  
**SEPTEMBER 30, 2020**

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**Management Judgments and Accounting Estimates**

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us they used all the relevant facts available to them at the time to make the best judgments about accounting estimates and we considered this information in the scope of our audit. We considered this information, and the qualitative aspects of management's calculations, in evaluating the Authority's significant accounting estimates. Estimates significant to the financial statements include such items as the estimated allowance for uncollectible accounts receivable and the estimated useful lives of capital assets.

**Financial Statement Disclosures**

The footnote disclosures to the financial statements are also an integral part of the financial statements. The process used by management to accumulate the information included in the disclosures was the same process used in accumulating the financial statements and the accounting policies described above are included in those disclosures. The overall neutrality, consistency, and clarity of the disclosures was considered as part our audit and in forming our opinion on the financial statements.

**Significant Difficulties Encountered in Performing the Audit**

We encountered no difficulties in dealing with management relating to audit performance.

**Audit Adjustments**

During our audit of the Authority's basic financial statements as of and for the year ended September 30, 2020, there were several adjustments proposed. The detail of the proposed adjustments has been provided to management. All adjustments have been discussed with and approved by management.

**Uncorrected Misstatements**

We had no passed adjustments.

**Disagreements with Management**

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

**OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY**  
**ANNUAL AUDIT AGENDA**  
**SEPTEMBER 30, 2020**

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**Representation from Management**

We requested written representations from management relating to the accuracy of information included in the financial statements and the completeness and accuracy of various information requested by us, during the audit. Management properly provided those written representations.

**Management's Consultations with Other Accountants**

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

**Significant Issues Discussed with Management**

There were no significant issues discussed with management related to business conditions, plans, or strategies that may have affected the risk of material misstatement of the financial statements. We are not aware of any consultations management had with us (or other accountants) about accounting or auditing matters. No major issues were discussed with management prior to our retention to perform the aforementioned audit.

**Other Information in Documents Containing Audited Financial Statements**

We are not aware of any other documents that contain the audited basic financial statements other than the Annual Report published by the Authority. If such documents were to be published, we have a responsibility to determine that such financial information was not materially inconsistent with the audited statements of the Authority.

**Independence**

We are independent of the Authority, and all related organizations, in accordance with auditing standards promulgated by the American Institute of Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States.

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**ACCOUNTING RELATED MATTERS**

**Other Matters for Communication to the Commission and Management**

During our audit of the financial statements as of and for the year ended September 30, 2020, we noted other matters which we wish to communicate to you in an effort to keep the Authority abreast of accounting matters that could present challenges in financial reporting in future periods.

**New Governmental Accounting Standards Board (GASB) Pronouncements**



As has been the case for the past ten years, GASB has issued several other new pronouncements which will be effective in future years. The following is a brief summary of the new standards:

- a) **Statement No. 84, *Fiduciary Activities*** was issued in January 2017, and is effective for the first reporting period beginning after December 15, 2018. However, in light of the COVID-19 Pandemic, in May 2020, the GASB issued Statement No. 95 (Postponement of the Effective Dates of Certain Authoritative Guidance) which changed the effective date of Statement No. 84 to reporting periods beginning after December 15, 2019.

This statement establishes criteria for identifying fiduciary activities with a focus on: (1) whether a government is controlling the assets of the fiduciary activity; and (2) the beneficiaries with whom a fiduciary relationship exists.

Further, this statement describes four fiduciary funds that should be reported, if applicable: (1) pension and other employee benefit trust funds; (2) investment trust funds; (3) private-purpose trust funds; and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

- b) **Statement No. 87, *Leases*** was issued in June 2017, and is effective for the first reporting period beginning after December 15, 2019. However, in light of the COVID-19 Pandemic, in May 2020, the GASB issued Statement No. 95 (Postponement of the Effective Dates of Certain Authoritative Guidance) which changed the effective date of Statement No. 87 to fiscal years beginning after June 15, 2021. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the principle that a lease is the financing of the right to use an underlying asset.

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Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

**Definition of a Lease:** A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this statement.

**Lease Term:** The lease term is defined as the period during which a lessee has a non-cancelable right to use an underlying asset, plus the following periods, if applicable:

- Periods covered by a lessee's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessee will exercise that option;
- Periods covered by a lessee's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessee will not exercise that option;
- Periods covered by a lessor's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessor will exercise that option;
- Periods covered by a lessor's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessor will not exercise that option.

A fiscal funding or cancellation clause should affect the lease term only when it is reasonably certain that the clause will be exercised. Lessees and lessors should reassess the lease term only if one or more of the following occur:

- The lessee or lessor elects to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would not exercise that option;
- The lessee or lessor elects not to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would exercise that option;
- An event specified in the lease contract that requires an extension or termination of the lease takes place.

**Short-Term Leases:** A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

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***Lessee Accounting:*** A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

***Lessor Accounting:*** A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

***Contracts with Multiple Components and Contract Combinations:*** Generally, a government should account for the lease and non-lease components of a lease as separate contracts. If a lease involves multiple underlying assets, lessees and lessors in certain cases should account for each underlying asset as a separate lease contract. To allocate the contract price to different components, lessees and lessors should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment, or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining a best estimate is not practicable, multiple components in a lease contract should be accounted for as a single lease unit. Contracts that are entered into at or near the same time with the same counterparty and that meet certain criteria should be considered part of the same lease contract and should be evaluated in accordance with the guidance for contracts with multiple components.

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***Lease Modifications and Terminations:*** An *amendment* to a lease contract should be considered a lease modification, unless the lessee's right to use the underlying asset decreases, in which case it would be a partial or full lease termination. A lease termination should be accounted for by reducing the carrying values of the lease liability and lease asset by a lessee, or the lease receivable and deferred inflows of resources by the lessor, with any difference being recognized as a gain or loss. A lease modification that does not qualify as a separate lease should be accounted for by re-measuring the lease liability and adjusting the related lease asset by a lessee and re-measuring the lease receivable and adjusting the related deferred inflows of resources by a lessor.

***Subleases and Leaseback Transactions:*** Subleases should be treated as transactions separate from the original lease. The original lessee that becomes the lessor in a sublease should account for the original lease and the sublease as separate transactions, as a lessee and lessor, respectively.

A transaction qualifies for sale-leaseback accounting only if it includes a sale. Otherwise, it is a borrowing. The sale and lease portions of a transaction should be accounted for as separate sale and lease transactions, except that any difference between the carrying value of the capital asset that was sold and the net proceeds from the sale should be reported as a deferred inflow of resources or a deferred outflow of resources and recognized over the term of the lease.

A lease-leaseback transaction should be accounted for as a net transaction. The gross amounts of each portion of the transaction should be disclosed.

- c) **Statement No. 90, *Major Equity Interests*** was issued in August 2018, and is effective for reporting periods beginning after December 15, 2018 (meaning June 30, 2020). However, in light of the COVID-19 Pandemic, in May 2020, the GASB issued Statement No. 95 (Postponement of the Effective Dates of Certain Authoritative Guidance) which changed the effective date of Statement No. 90 to reporting periods beginning after December 15, 2019. Under this standard, an equity interest is: (a) a financial interest in a legally separate organization by the ownership shares of the organization's stock; or (b) by otherwise having an explicit, measurable right to the net resources of the organization that is usually based on an investment of financial or capital resources by a government. An equity interest is explicit and measurable if: (a) the government has a present or future claim to the net resources of the entity, and (b) the method for measuring the government's share of the entity's net resources is determinable.

If the interest is deemed to be an investment under GASB No. 72, paragraph 64, then the interest should be reported as an investment and measured using the equity method. If the interest is held by a special-purpose government engaged in fiduciary activities, a fiduciary fund, or an endowment or permanent fund, then the amount should be measured at fair value. If interest is 100% of entity, then it is a component unit. We do not expect this new standard to have a significant effect on the Authority.

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- d) **Statement No. 91, *Conduit Debt Obligations*** was issued in May 2019, and is effective for the first reporting period beginning after December 15, 2020, meaning for those with year-ends of December 31, 2021, and beyond. However, in light of the COVID-19 Pandemic, in May 2020, the GASB issued Statement No. 95 (Postponement of the Effective Dates of Certain Authoritative Guidance) which changed the effective date of Statement No. 91 to reporting periods beginning after December 15, 2021.

The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with: (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument meeting **all** of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder (or a debt trustee);
- The issuer and the third-party obligor are not within the same financial reporting entity;
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer;
- The third-party obligor (or its agent), not the issuer, ultimately receives the proceeds from the debt issuance;
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

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This statement also addresses arrangements – often characterized as leases – that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third-party has exclusive use of only portions of the capital asset during the arrangement, the issuer should recognize the entire capital asset and a deferred inflow of resources at the inception of the arrangement. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

e) **Statement No. 92, *Omnibus 2020*** was issued in January 2020, and because it is an omnibus standard, contains several different effective dates as follows (as amended by Statement No. 95 issued in May 2020):

- For fiscal years beginning after June 15, 2021, relative to the requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74.
- For reporting periods beginning after June 15, 2021, relative to the requirements related to application of Statement 84 to post-employment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities.
- For government acquisitions occurring in reporting periods beginning after June 15, 2021. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition.

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- Other items addressed by this omnibus statement (requirements related to Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments) were effective upon issuance.

The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports.
  - Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit Other Post-Employment Benefit (OPEB) plan.
  - The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for post-employment benefits.
  - The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to post-employment benefit arrangements.
  - Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
  - Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
  - Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
  - Terminology used to refer to derivative instruments.
- f) **Statement No. 93, *Replacement of Interbank Offered Rates*** was issued in March 2020, and contains two different effective dates. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this statement are effective for reporting periods beginning after June 15, 2020.

As a result of global reference rate reform, the London Interbank Offered Rate (“LIBOR”) is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

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The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment.
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate.
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable.
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap.
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap.
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended.

**g) Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*** was issued in March 2020, and is effective for fiscal years beginning after June 15, 2022, which means year-ends of June 30, 2023, and following.

This statement was issued by the GASB to address a gap in generally accepted accounting principles: how do we account for these type arrangements that do not meet the definition of a service concession arrangement (SCA) covered by GASB Statement No. 60?

Statement No. 94 requires that Public-Private Partnerships and Public-Public Partnerships ("PPPs") that meet the definition of a lease apply the guidance in Statement No. 87, Leases if: (a) existing assets of the transferor are the only underlying PPP assets, (b) improvements are not required to be made by the operator to those existing assets as part of the PPP arrangement, and (c) the PPP does not meet the definition of an SCA. All other PPPs that will not apply the guidance in Statement No. 87 will generally use the accounting guidance contained in Statement No. 60 which was superseded by this new Standard.

Statement No. 94 also establishes accounting and financial reporting requirements for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. An APA that is related to designing, constructing, and financing a nonfinancial asset in

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which ownership of the asset transfers by the end of the contract should be accounted for by the government as a financed purchase of the underlying asset.

- h) Statement No. 96, *Subscription-Based Information Technology Arrangements*** was issued in May 2020, and is effective for fiscal years beginning after June 15, 2022, which means year-ends of June 30, 2023, and following.

This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement: (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

Under this statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of: (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

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Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.
- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

- i) **Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*** was issued in June 2020, and is effective for fiscal years beginning after June 15, 2021 (year-ends of June 30, 2022, and following).

The primary objectives of this statement are to: (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other post-employment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

This statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, Fiduciary Activities, be applicable to only defined

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benefit pension plans and defined benefit OPEB plans that are administered through trusts.

This statement: (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan, and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

**j) Other Pending or Current GASB Projects.** As noted by the numerous pronouncements issued by GASB over the past decade, the GASB continues to research various projects of interest to governmental units. Subjects of note include:

- **Re-Examination of the Financial Reporting Model.** GASB has added this project to its technical agenda to make improvements to the existing financial reporting model (established via GASB 34). Improvements are meant to enhance the effectiveness of the model in providing information for decision-making and assessing a government's accountability. GASB anticipates issuing an initial due process document on this project by the end of 2019 with a final standard expected in early 2022.
- **Conceptual Framework** is a constant matter being looked at by GASB. Current measurement focus statements (for governmental funds) to change to near-term financial resources measurement. May dictate a period (such as 60 days) for revenue and expenditure recognition. May expense things such as supplies and prepaid assets at acquisition. Will look into which balances (at all statement levels) are measured at acquisition and which need to be re-measured at year-end. Final standard is expected in 2022.
- **Revenue and Expense Recognition** is another long-term project where the GASB is working to develop a comprehensive application model for recognition of revenues and expenses from non-exchange, exchange, and exchange-like transactions. The final standard is expected in 2023.
- **Compensated Absences** is technical topic being examined by the GASB currently due to significant changes in benefits offered by governmental employers. Current GAAP does not address certain items such as paid time off (PTO) and there is a wide divergence in practice. A final standard on this topic is expected towards the end of 2021.
- **Prior-Period Adjustments, Accounting Changes, and Error Corrections** is a technical topic being examined by the GASB due to a wide diversity in practice regarding required presentation on the face of the financial statements, disclosures, etc. A final standard on this topic is expected in early 2022.

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**Summations of Thoughts Noted Above**

We believe the implementation of these suggestions will enhance both the control environment and the financial reporting process, making both more effective. We also believe these recommendations can be easily implemented, and all problems resolved quite timely should management elect to employ the corrective measures.

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**COMPLIMENTARY CONTINUING EDUCATION**  
**AND NEWSLETTERS FOR GOVERNMENTAL CLIENTS**

**Complimentary Continuing Education.** We provide complimentary continuing education for all of our governmental clients. Annually, we pick a couple of significant topics tailored to be of interest to governmental entities. We provide these complimentary services typically in the summer months over a two day period and typically see 40 to 50 people. We obtain the input and services of experienced outside speakers along with providing the instruction utilizing our in-house professionals. We hope Authority staff and officials will be able to participate in this opportunity in future events. Examples of subjects addressed in the past include:

1. Accounting for Debt Issuances
2. Best Budgeting Practices, Policies and Processes
3. CAFR Preparation (several times including a two day hands-on course)
4. Capital Asset Accounting Processes and Controls
5. Collateralization of Deposits and Investments
6. Evaluating Financial and Non-Financial Health of a Local Government
7. GASB No. 54, Governmental Fund Balance (subject addressed twice)
8. GASB No. 60, Service Concession Arrangements (webcast)
9. GASB No. 61, the Financial Reporting Entity (webcast)
10. GASB No.'s 63 and 65, Deferred Inflows and Outflows (webcast)
11. GASB No.'s 67 and 68, New Pension Stds. (presented several occasions)
12. GASB Updates (ongoing and several sessions)
13. Grant Accounting Processes and Controls
14. Internal Controls Over Accounts Payable, Payroll and Cash Disbursements
15. Internal Controls Over Receivables and the Revenue Cycle
16. Internal Revenue Service (IRS) Issues, Primarily Payroll Matters
17. Legal Considerations for Debt Issuances and Disclosure Requirements
18. Policies and Procedures Manuals
19. Segregation of Duties
20. Single Audits for Auditees
21. Uniform Grant Reporting Requirements and the New Single Audit

**Governmental Newsletters.** We produce newsletters tailored to meet the needs of governments. The newsletters have addressed a variety of subjects and are intended to be timely in their subject matter. The newsletters are authored by Mauldin & Jenkins partners and managers, and are not purchased from an outside agency. The newsletters are produced and delivered periodically (approximately six times per year), and are intended to keep you informed of current developments in the government finance environment.

**Communication.** In an effort to better communicate our complimentary continuing education plans and newsletters, please email Paige Vercoe at [pvercoe@mjcpa.com](mailto:pvercoe@mjcpa.com) and provide to her individual names, mailing addresses, email addresses, and phone numbers of anyone you wish to participate and be included in our database.

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**CLOSING**

If you have any questions regarding any of the items set forth in this memorandum, we will be pleased to discuss it with you at your convenience.

This information is intended solely for the use of the Authority's management, and others within the Authority's organization and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to serve the Ocean Highway and Port Authority of Nassau County, Florida and look forward to serving the Authority in the future. Thank you.

**OCEAN HIGHWAY AND PORT AUTHORITY  
OF NASSAU COUNTY**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEARS ENDED  
SEPTEMBER 30, 2020 AND 2019**

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**OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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Board of Commissioners  
Ocean Highway and Port Authority of Nassau County  
Fernandina Beach, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Ocean Highway and Port Authority of Nassau County (the "Authority") as of and for the years ended September 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2020 and 2019, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (on pages 3 through 7) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
May 26, 2021

# OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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This section of the Ocean Highway and Port Authority of Nassau County, Florida's (the "Authority"), annual financial report presents a narrative overview and analysis of the Authority's financial performance during its most recent fiscal year, which ended September 30, 2020. The discussion is intended to assist readers in focusing on the significant financial issues and activities of the Authority and to identify any significant changes in financial position. All presented amounts are in thousands. We encourage readers to consider the information contained in this discussion in conjunction with the Authority's financial statements.

### **FINANCIAL HIGHLIGHTS** *(in thousands of dollars)*

#### 2020 vs. 2019

The Authority's operating revenue was \$380 during fiscal year 2020, compared to \$429 in the prior fiscal year. Fiscal year 2020 operating expenses (excluding depreciation) of \$864 were 64% higher than the previous fiscal year of \$528. Depreciation and amortization expense decreased to \$725 compared to \$1,069 in the prior fiscal year. As a result, the Authority had an operating loss of (\$1,209) for the fiscal year ended September 30, 2020, compared to the operating loss of (\$1,168) for the previous fiscal year. The Authority recognized net non-operating revenue of \$212 in fiscal year 2020, compared to net non-operating revenue of \$193 in the prior year. The Authority received \$345 in Florida Department of Transportation grants in fiscal year 2020, and \$1,537 in 2019. Additionally, the Authority recorded debt forgiveness as capital contributions in 2019 in the amount of \$4,556. At the close of fiscal year 2020, the Authority had a net position of \$10,241.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion is to introduce the Authority's financial statements. Since the Authority is engaged in a single business-type activity only, no fund level statements are shown. The basic financial statements also include notes essential to a full understanding of the statements.

The statement of net position presents information on all of the Authority's assets and liabilities, with the difference reported as net position. The statement of revenues, expenses and changes in net position shows how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of when cash flows may take place. As a result, some revenues and expenses in this statement are reported for items that will result in cash flows in future fiscal periods. The statement of cash flows represents cash and cash equivalent activity for the fiscal year, resulting from operating, non-capital financing, capital financing, and investing activities. The net result of these activities is added to the beginning balance of cash and cash equivalents to reconcile to the ending balance of cash and cash equivalents at the end of the fiscal year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Taken together, these financial statements demonstrate how the Authority's net position has changed. Net position is one way of assessing the Authority's current financial condition. Increases or decreases in net position are good indicators of whether the Authority's financial health is improving or deteriorating over time. Other non-financial factors, such as diversity in the local economy, are important in evaluating the Authority's overall financial condition.

### Notes to the financial statements

The notes provide additional information and explanation that is necessary for a full understanding of the basic financial statements.

### FINANCIAL ANALYSIS OF THE AUTHORITY

#### Net Position

##### 2020 vs. 2019

Net position is a key indicator of an entity's financial position. At September 30, 2020, the Authority's net position was \$10,241. This represented a change from the prior year net of \$10,855. The Authority is engaged in a capital-intensive industry and, as such, its largest portion of net position is invested in capital assets (e.g., land, buildings, etc.).

#### Net Position (In thousands of dollars)

	<u>2020</u>	2019	2018
Current assets	\$ 675	\$ 1,162	\$ 1,056
Capital assets	<u>9,881</u>	<u>10,606</u>	<u>9,751</u>
Total assets	<u>10,556</u>	<u>11,768</u>	<u>10,807</u>
Current liabilities	315	166	1,736
Long-term liabilities outstanding	<u>-</u>	<u>747</u>	<u>3,334</u>
Total liabilities	<u>315</u>	<u>913</u>	<u>5,070</u>
Net position			
Net investment in capital assets	9,881	10,606	9,751
Unrestricted	<u>360</u>	<u>249</u>	<u>(4,014)</u>
Total net position	<u>\$ 10,241</u>	<u>\$ 10,855</u>	<u>\$ 5,737</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

### Revenues, Expenses and Changes in Net Position

#### 2020 vs. 2019

Operating revenues for fiscal year 2020 were \$380, a decrease from the prior fiscal year. Operating expenses, including depreciation and amortization, for fiscal year 2020, were \$1,589, a decrease of (\$8) (.5%) compared to the prior fiscal year. As a result, the operating loss for fiscal year 2020 was (\$1,209), as compared to operating loss of (\$1,168) in fiscal year 2019.

The Authority experienced net non-operating revenues of \$212 in 2020, compared to a net non-operating revenue of \$193 in 2019. Additionally, capital contributions including Florida grants and debt forgiveness were \$383 in 2020, as compared to \$6,093 in 2019.

As a result of the items addressed above, the Authority experienced a (\$614) decrease in net position during fiscal year 2020, compared to a \$5,118 increase for fiscal year 2019.

#### **Change in Net Position** *(In thousands of dollars)*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenues	\$ <b>380</b>	\$ 429	\$ 433
Operating expenses	<u>1,589</u>	<u>1,597</u>	<u>1,580</u>
Operating income	<u>(1,209)</u>	<u>(1,168)</u>	<u>(1,147)</u>
Non-operating income, net	<u>212</u>	<u>193</u>	<u>11</u>
Capital contributions	<u>383</u>	<u>6,093</u>	<u>6,893</u>
Change in net position	<u>(614)</u>	<u>5,118</u>	<u>5,757</u>
Beginning net position (deficit)	<u>10,855</u>	<u>5,737</u>	<u>(20)</u>
Ending net position	<u>\$ 10,241</u>	<u>\$ 10,855</u>	<u>\$ 5,737</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Cash Flows

#### 2020 vs. 2019

Net cash used by operating activities was (\$407), a (\$398) decrease from 2019. Net cash provided by non-capital financing activities was \$214, a \$4 decrease from 2019. Net cash provided by capital and related financing activities was \$410 in 2020, a \$638 increase from 2019. Net cash provided by investing activities was nominal.

### Budgetary Highlights

The Ocean Highway and Port Authority of Nassau County, Florida, approves and adopts the Authority's annual operating and capital budget. The Authority did not experience any budgetary stress during the fiscal years ended September 30, 2020 and 2019.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

Capital assets include land, land improvements, buildings, equipment, and other improvements.

#### 2020 vs. 2019

The Authority had \$9,881 net of accumulated depreciation, invested in capital assets as of September 30, 2020, compared to \$10,606 as of September 30, 2019.

**Capital Assets**  
*(net of depreciation)*  
*(In thousands of dollars)*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Land	\$ 3,184	\$ 3,184	\$ 3,184
Port improvements	4,283	4,840	5,829
Tradeplex improvements	142	176	210
Machinery and equipment	1,894	2,003	100
Security projects	378	403	429
Total	<u>\$ 9,881</u>	<u>\$ 10,606</u>	<u>\$ 9,752</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Long-Term Debt

2020 vs. 2019

As of September 30, 2020, the Authority had no long-term debt outstanding.

### REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability to each of those groups. Questions concerning any information included in this report or any request for additional information should be addressed to the Ocean Highway and Port Authority of Nassau County, Florida, 86130 License Road, Suite 9, Fernandina Beach, Florida 32034.

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**OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY**

**STATEMENTS OF NET POSITION  
SEPTEMBER 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Unrestricted cash and cash equivalents	\$ 280,143	\$ 62,626
Accounts receivable, (less allowance for doubtful accounts of \$0 and \$0 for 2020 and 2019, respectively)	85,918	164,606
Due from other governments	158,487	934,284
Prepaid expenses	150,537	-
Total current assets	675,085	1,161,516
<b>Non-current assets</b>		
Capital assets		
Non-depreciable	3,183,736	3,183,736
Depreciable, net of accumulated depreciation	6,697,164	7,422,073
Total non-current assets	9,880,900	10,605,809
Total assets	\$ 10,555,985	\$ 11,767,325
<b>LIABILITIES AND NET POSITION</b>		
<b>Current liabilities</b>		
Accounts and contracts payable	\$ 302,274	\$ 156,157
Accrued liabilities	12,711	9,463
Total current liabilities	314,985	165,620
<b>Non-current liabilities</b>		
Line of credit	-	746,646
Total non-current liabilities	-	746,646
Total liabilities	314,985	912,266
<b>Net position</b>		
Investment in capital assets	9,880,900	10,605,809
Unrestricted	360,100	249,250
Total net position	\$ 10,241,000	\$ 10,855,059

**The accompanying notes are an integral part of these financial statements.**

**OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY**

**STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>Operating revenues</b>		
Contract payments	\$ 301,675	\$ 280,702
Rental income	17,591	27,505
Miscellaneous	60,575	120,920
Operating revenues	<b>379,841</b>	<b>429,127</b>
<b>Operating expenses</b>		
Port security	214,407	210,020
Professional fees	102,006	107,824
Commissioners fees	120,000	89,959
Annual fees to the City of Fernandina Beach	-	50,000
Miscellaneous	400,359	46,062
Re-marketing bond fees	-	2,083
Dues and subscriptions	27,578	22,212
Outside services	-	117
Depreciation	724,909	1,068,677
Operating expenses	<b>1,589,259</b>	<b>1,596,954</b>
Operating loss	<b>(1,209,418)</b>	<b>(1,167,827)</b>
<b>Non-operating income (expense)</b>		
Investment income	22	99
Interest expense	(2,257)	(25,302)
Port security reimbursements	214,407	218,075
Non-operating income, net	<b>212,172</b>	<b>192,872</b>
<b>Capital contributions</b>	<b>383,187</b>	<b>6,093,304</b>
<b>Change in net position</b>	<b>(614,059)</b>	<b>5,118,349</b>
<b>Total net position, beginning of year</b>	<b>10,855,059</b>	<b>5,736,710</b>
<b>Total net position, end of year</b>	<b>\$ 10,241,000</b>	<b>\$ 10,855,059</b>

The accompanying notes are an integral part of these financial statements.

**OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows From Operating Activities</b>		
Receipts from customers and users	\$ 458,529	\$ 353,289
Payments to suppliers	(748,770)	(275,966)
Payments to employees	(116,752)	(86,746)
Net cash used in operating activities	<u>(406,993)</u>	<u>(9,423)</u>
<b>Cash Flows From Investing Activities</b>		
Interest income on investments	22	99
Net cash provided by investing activities	<u>22</u>	<u>99</u>
<b>Cash Flows From Non-Capital Financing Activities</b>		
Receipts from operating grants	214,407	218,075
Net cash provided by non-capital financing activities	<u>214,407</u>	<u>218,075</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Purchases of capital assets	-	(1,923,698)
Receipts from capital grants	1,120,315	1,102,741
Receipts from Worldwide Terminals for bond retirement	38,669	-
Proceeds from line of credit	-	1,728,060
Principal payments on line of credit	(746,646)	(1,109,414)
Interest paid on long-term borrowings	(2,257)	(25,302)
Net cash provided by (used in) capital and related financing activities	<u>410,081</u>	<u>(227,613)</u>
Net increase (decrease) in cash and cash equivalents	217,517	(18,862)
Cash and cash equivalents		
Beginning	<u>62,626</u>	<u>81,488</u>
Ending	<u>\$ 280,143</u>	<u>\$ 62,626</u>

**(Continued)**

OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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**Reconciliation of Operating Loss to Net Cash**

**Used In Operating Activities**

	<u>2020</u>	<u>2019</u>
Operating loss	\$ (1,209,418)	\$ (1,167,827)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	724,909	1,068,677
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	78,688	(75,838)
(Increase) decrease in prepaid expenses	(150,537)	386,380
Increase (decrease) in accounts payable and accrued liabilities	149,365	(220,815)
Net cash used in operating activities	<u>\$ (406,993)</u>	<u>\$ (9,423)</u>

**The accompanying notes are an integral part of these financial statements.**

# OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

#### **Organization:**

The Ocean Highway and Port Authority of Nassau County (the "Authority") was created by the Florida Legislature and established in Florida Statutes in 1941 as an "Independent Special District". The Authority provides oversight of the Port of Fernandina and aids in the establishment and expansion of commercial enterprises for the benefit of the citizens of Nassau County and the State of Florida. The Authority's facilities handle import and export containerized, bulk and general cargos.

The Authority operates primarily as a self-supporting governmental enterprise and uses the accrual basis of accounting applicable to governmental enterprise funds. The Authority has no stockholders or equity holders and is directed by a five member governing board of port commissioners who serve staggered terms of four years. The five members are duly elected from the five congruent districts within Nassau County, Florida.

#### **Significant Accounting Policies:**

##### **Basis of Accounting:**

The accompanying financial statements are prepared on the accrual basis of accounting, under which revenues are recognized when earned and measurable and expenses are recognized when they are incurred, if measurable, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider are met. Revenues collected on an advance basis, including certain federal and state grant revenue, to which the Authority does not yet have legal entitlement, are not recognized as revenue until the related commitment arises. In accounting and reporting for its operations, the Authority applies all Governmental Accounting Standards Board (GASB) pronouncements.

The Authority is considered a special purpose government engaged in business-type activities which are those activities primarily supported by user fees and charges. As such, the Authority presents only the statements required of enterprise funds, which include the statement of net position, statement of revenues, expenses and changes in net position, and the statement of cash flows.

The Authority has sole jurisdiction to set rates for the services rendered to customers. These rates are not currently subject to regulation by any federal, State of Florida, or similar agency. Reserves for doubtful accounts, allowances and rebates are maintained based on historical results adjusted to reflect current conditions.

OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY

NOTES TO FINANCIAL STATEMENTS

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**NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Significant Accounting Policies: (Continued)**

**Basis of Accounting: (Continued)**

Proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operation. The principal operating revenues for the Authority's proprietary fund are charges to customers for sales and services. Operating expenses include direct expenses of providing the goods 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.

Revenues are invoiced and collected per the contractual agreement with the port operator, Nassau Terminals, a subsidiary of Worldwide Terminals.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first.

**Cash and Cash Equivalents:**

For the purposes of the statement of cash flows, the Authority considers all demand deposits, money market funds, bond reserve funds, and short-term investments purchased with an initial maturity of three months or less to be cash equivalents.

**Accounts Receivable:**

Trade accounts receivable include billed, but uncollected amounts. Allowances for doubtful accounts are maintained based on historical results adjusted to reflect current conditions. Determination as to the collectability is based on the aging of the receivable and payment history of the customer.

OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY

NOTES TO FINANCIAL STATEMENTS

---

**NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Significant Accounting Policies: (Continued)**

**Capital Assets:**

Capital assets constructed or purchased are stated at cost. Capital assets are defined by the Authority as assets with an initial, individual cost of \$1,000 and an estimated useful life in excess of one year. Expenditures for maintenance, repairs and minor renewals and betterments are expensed as incurred. Major renewals and betterments are treated as property additions. Maintenance and repairs of capital assets are charged to operations and major improvements are capitalized. Upon retirement, sale or other disposition of capital assets, the cost and accumulated depreciation is eliminated from the accounts and gain or loss is recognized. There were no gains or losses recognized on disposals for the years ended September 30, 2020 and 2019.

Depreciation commences when a project is ready for its intended use or when equipment is placed in service and is computed using the straight-line method over the following estimated useful lives of assets:

Port improvements	10 to 30 years
Tradeplex improvements	30 years
Buildings	30 years
Machinery and equipment	3 to 20 years
Dredge project	10 years
Security projects	30 years

**Management Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect the reported amounts of certain assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Budgets and Budgetary Accounting:**

The Authority adopts an annual budget for its operations. The budget is formally reviewed and approved by the Authority's Board of Commissioners. Budgets are prepared on the accrual basis. Neither the Authority's statute nor any bond covenants require the Authority to report budgetary information in its financial statements.

# OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Significant Accounting Policies: (Continued)

#### Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority did not have any items that qualified for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority did not have any items that qualified for reporting in this category.

### NOTE 2. CASH AND CASH EQUIVALENTS

As of September 30, 2020 and 2019, deposits that are considered cash and cash equivalents include bank demand accounts and bond reserve funds which are invested in U.S. Treasury funds. The Authority maintains its cash balances at various financial institutions, which are insured by the FDIC for up to \$250,000. As of September 30, 2020 and 2019, the Authority did not have any uninsured demand account cash balances.

**Custodial credit risk.** Custodial credit risk for deposits is the risk that, in the event of a depository financial institution's failure, the Authority's deposits may not be returned. The Authority's policy for custodial credit risk requires collateral to be held in the Authority's name by its agent or by the bank's trust department.

**Credit risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As the Authority currently has no investments, credit risk is not applicable as of September 30, 2020.

**OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)**

**Interest rate risk.** The Authority does not have a formal investment policy limiting investment maturities as part of managing its exposure to fair value losses arising from increasing interest rates. However, the Authority has minimal interest rate risk as cash and cash equivalents have maturity dates of less than one year. In addition, the majority of cash is held in short-term U.S. Treasury investments.

**NOTE 3. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2020, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Capital assets, not being depreciated</b>					
Land	\$ 3,183,736	\$ -	\$ -	\$ -	\$ 3,183,736
<b>Total</b>	<u>3,183,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,183,736</u>
<b>Capital assets, being depreciated</b>					
Port improvements	29,058,450	-	-	-	29,058,450
Tradeplex improvements	1,013,339	-	-	-	1,013,339
Machinery and equipment	2,728,752	-	-	-	2,728,752
Buildings	772,000	-	-	-	772,000
Security projects	762,118	-	-	-	762,118
Dredge project	929,084	-	-	-	929,084
<b>Total</b>	<u>35,263,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,263,743</u>
<b>Less accumulated depreciation for</b>					
Port improvements	(24,218,702)	(557,042)	-	-	(24,775,744)
Tradeplex improvements	(837,446)	(33,778)	-	-	(871,224)
Machinery and equipment	(725,569)	(108,685)	-	-	(834,254)
Buildings	(772,000)	-	-	-	(772,000)
Security projects	(358,869)	(25,404)	-	-	(384,273)
Dredge project	(929,084)	-	-	-	(929,084)
<b>Total</b>	<u>(27,841,670)</u>	<u>(724,909)</u>	<u>-</u>	<u>-</u>	<u>(28,566,579)</u>
<b>Total capital assets, being depreciated, net</b>	<u>7,422,073</u>	<u>(724,909)</u>	<u>-</u>	<u>-</u>	<u>6,697,164</u>
<b>Total capital assets, net</b>	<u>\$ 10,605,809</u>	<u>\$ (724,909)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,880,900</u>

**OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3. CAPITAL ASSETS (CONTINUED)**

Capital asset activity for the year ended September 30, 2019, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets, not being depreciated					
Land	\$ 3,183,736	\$ -	\$ -	\$ -	\$ 3,183,736
Total	<u>3,183,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,183,736</u>
Capital assets, being depreciated					
Port improvements	29,058,450	-	-	-	29,058,450
Tradeplex improvements	1,013,339	-	-	-	1,013,339
Machinery and equipment	805,054	1,923,698	-	-	2,728,752
Buildings	772,000	-	-	-	772,000
Security projects	762,118	-	-	-	762,118
Dredge project	929,084	-	-	-	929,084
Total	<u>33,340,045</u>	<u>1,923,698</u>	<u>-</u>	<u>-</u>	<u>35,263,743</u>
Less accumulated depreciation for					
Port improvements	(23,229,722)	(988,980)	-	-	(24,218,702)
Tradeplex improvements	(803,668)	(33,778)	-	-	(837,446)
Machinery and equipment	(705,054)	(20,515)	-	-	(725,569)
Buildings	(772,000)	-	-	-	(772,000)
Security projects	(333,465)	(25,404)	-	-	(358,869)
Dredge project	(929,084)	-	-	-	(929,084)
Total	<u>(26,772,993)</u>	<u>(1,068,677)</u>	<u>-</u>	<u>-</u>	<u>(27,841,670)</u>
Total capital assets, being depreciated, net	<u>6,567,052</u>	<u>855,021</u>	<u>-</u>	<u>-</u>	<u>7,422,073</u>
Total capital assets, net	<u>\$ 9,750,788</u>	<u>\$ 855,021</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,605,809</u>

Depreciation expense for the years ended September 30, 2020 and 2019, was \$724,909 and \$1,068,677, respectively.

**OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4. LONG-TERM DEBT**

Long-term debt activity for the year ended September 30, 2020, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Line of credit	\$ 746,646	\$ -	\$ (746,646)	\$ -	\$ -
Total long-term liabilities	<u>\$ 746,646</u>	<u>\$ -</u>	<u>\$ (746,646)</u>	<u>\$ -</u>	<u>\$ -</u>

Long-term debt activity for the year ended September 30, 2019, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Line of credit	\$ 128,000	\$ 1,728,060	\$ (1,109,414)	\$ 746,646	\$ -
Advances from Nassau Terminals	4,555,986	-	(4,555,986)	-	-
Total long-term liabilities	<u>\$ 4,683,986</u>	<u>\$ 1,728,060</u>	<u>\$ (5,665,400)</u>	<u>\$ 746,646</u>	<u>\$ -</u>

**Advances from Nassau Terminals:**

The advances from Nassau Terminals are non-interest bearing and are collateralized by port revenue. Annual payments will be based upon the cash balance position and operating cash flows of the Authority. As of September 30, 2019, Nassau Terminals forgave the amount due of \$4,555,986 and as such reflects a zero balance.

**Line of Credit:**

On September 1, 2018, the Authority entered into a line of credit agreement with a financial institution for an amount up to \$2,000,000 for which the Authority had drawn \$746,646 as of September 30, 2019. The line of credit was obtained to finance the cost of a new ship to shore crane at the Port of Fernandina. Principal and interest are due and payable monthly and the line of credit bears interest at the adjusted LIBOR rate. Principal and interest are computed on a fully amortizing basis with a maturity date of September 19, 2023. Interest payments made on the line of credit as of September 30, 2020, totaled \$2,257. This balance was repaid in full during the year ended September 30, 2020.

**NOTE 5. CONDUIT DEBT**

The Authority in prior years has issued conduit debt in the form of a solid waste pollution control revenue bond to provide financial assistance to a private-sector entity for the construction of wastewater treatment facilities deemed to be in the public interest. Conduit debt refers to certain limited-obligation revenue bonds or similar debt instruments issued by the Authority for the express purpose of providing capital financing for a specific nongovernmental third party. Although conduit debt bears the name of the Authority as issuer, it is collateralized by the resources provided by the loan with the third party on whose behalf they are issued. The Authority acts solely as a conduit issuer with respect to the debt.

# OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 5. CONDUIT DEBT (CONTINUED)**

Conduit debt is collateralized by the property financed and is payable solely from payments received on the underlying mortgage loans. Upon repayment of the revenue bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issue. None of the assets or revenues of the Authority are pledged to the payment of the revenue bonds and under the constitution and laws of Florida, the Authority may not legally pledge any of its revenues or assets to the payment thereof. Neither the Authority, the state nor any political subdivision thereof, is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The private sector entity was unable to provide the carrying amount of the outstanding bonds at September 30, 2020 and 2019.

### **NOTE 6. MANAGEMENT AGREEMENT**

Through October 18, 2018, Nassau Terminals operated the Port of Fernandina under an 11 year contract, with an option of an additional 11 year term. Nassau Terminals exercised its option for an additional 11 year term on December 1, 2011. Under the terms of the contract, Nassau Terminals agrees to pay the Authority an annual fee, which is adjusted annually by the consumer price index. During fiscal year 2019, the annual fee was \$84,648. In addition, Nassau Terminals agreed to pay the Authority dockage and wharfage that is invoiced and collected. The current tariff for wharfage is \$3.05 and \$2.50 per ton on general and containerized cargo, respectively. In addition, Nassau Terminals pays the Authority \$1.50 per short ton as a use fee. The agreement provided for equal distribution to Nassau Terminals and the Authority of any excess of port revenue over debt service based on certain mutually agreed-upon conditions.

Effective October 19, 2018, the above agreement was amended and the duration extended for a period of ten years, with two optional additional terms of 12 years. Nassau Terminals agrees to pay the Authority \$251,675 annually for the entire term of the contract. In addition, Nassau Terminals agrees to contribute \$50,000 in 2019 and 2020 toward the Development of Regional Impact payments due from the Authority to the City of Fernandina Beach. Nassau Terminals further agrees to pay the Authority \$1.50 per short ton up to 549,999 tons per annum, \$1.25 per short ton from 550,000 tons up to 649,999 tons per annum, \$1.00 per short ton over 650,000 tons per annum, and \$.91 per short ton in facility use fees for bulk and general cargo. The agreement provides for equal distribution to Nassau Terminals and the Authority of any new revenue streams added subsequent to the date of the agreement.

# OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 7. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts, including, but not limited to: theft of assets; damage to and destruction of assets; errors and omissions; general liabilities; and natural disasters for which the Authority carries commercial insurance. There have been no significant reductions of insurance coverage, and settlement amounts have not exceeded insurance coverage for the current or the three prior years. The operating agreement provides for the operating company to provide liability and workers' compensation insurance for the facility.

### **NOTE 8. COMMITMENTS AND CONTINGENCIES**

During 1995, the Authority installed water and wastewater facilities on Tradeplex County Road and Tradeplex Secondary Road as part of the Ocean Highway and Port Authority Nassau County Industrial Complex (the "Project"). On February 25, 1999, the Authority agreed to a long-term rent free, lease agreement for the equipment and facilities to United Water Florida, Inc. in exchange for the operation and maintenance of the leased facilities. The lease agreement expires on December 31, 2097.

### **NOTE 9. SUBSEQUENT EVENTS**

The Authority has evaluated all subsequent events through May 26, 2021, the date the financial statements were available to be issued. As a result of the spread of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact certain Authority revenues in 2021. Other financial impact could occur though such potential impact is unknown at this time.

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**OTHER INDEPENDENT AUDITOR'S REPORTS**

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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 STANDARDS***

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Board of Commissioners  
Ocean Highway and Port Authority of Nassau County  
Fernandina Beach, 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 Ocean Highway and Port Authority of Nassau County (the “Authority”), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated May 26, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority’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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

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

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

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## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
May 26, 2021



## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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Board of Commissioners  
Ocean Highway and Port Authority of Nassau County  
Fernandina Beach, Florida

### **Report on the Financial Statements**

We have audited the financial statements of the Ocean Highway and Port Authority of Nassau County (the "Authority") as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated May 26, 2021.

### **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; and Chapter 10.550, *Rules of the Auditor General*.

### **Other Reports and Schedule**

We have issued our 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*; Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated May 26, 2021, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

### **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 Ocean Highway and Port Authority of Nassau County is an independent special district, created by the Florida Legislature and established in Florida Statutes in 1941. The Authority has no component units.

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**Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), *Florida Statutes*, and identification of the specific condition(s) met. In connection with our audit, we determined that the Authority 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. It is management's responsibility to monitor the Authority'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 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.

**Additional Matters**

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

**Purpose of this Letter**

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



Bradenton, Florida  
May 26, 2021

OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY

SCHEDULE OF FINDINGS AND RESPONSES  
SEPTEMBER 30, 2020

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SECTION I  
SUMMARY OF AUDIT RESULTS

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:  
Material weaknesses identified?

\_\_\_ Yes X No

Significant deficiency identified not considered to be material weaknesses?

\_\_\_ Yes X None reported

Noncompliance material to financial statements noted?

\_\_\_ Yes X No

**Federal Programs and State Financial Assistance Projects**

There was not an audit of major federal award programs or state financial assistance projects as of September 30, 2020, due to the total amount expended being less than \$750,000.

SECTION II  
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None noted.

SECTION III  
FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

**OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY**

**SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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None reported.



## INDEPENDENT ACCOUNTANT'S REPORT

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Board of Commissioners  
Ocean Highway and Port Authority of Nassau County  
Fernandina Beach, Florida

We have examined the Ocean Highway and Port Authority of Nassau County's (the "Authority") compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2020. Management of the Authority is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority'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 Authority complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2020.

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

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
May 26, 2021

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# Administrative Office Manager Report

## **ADMINISTRATIVE OFFICE MANAGER'S REPORT**

**May 2021**

### **Hours Worked December – 88**

- Attended and completed meeting minutes for May 6 Special meeting
- Attended and completed meeting minutes for May 12 Monthly meeting
- Attended and completed meeting minutes for May 28 Emergency meeting
- Followed up with Administrative Office Manager candidates' questions
- Invoices paid and entered into QuickBooks
- Payroll entered into QuickBooks
- Responded to all emails and corresponding documents/letters
- Website Updates
- Electronic file organizing

### **Public Records Request Received in May - 2**