



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

Daniel B. Leeper
Aaron C. Bell
Pat Edwards
Thomas R. Ford
Justin M. Taylor

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

JOHN A. CRAWFORD
Ex-Officio Clerk

MICHAEL S. MULLIN
County Attorney/County Manager

TACO E. POPE, AICP
Assistant County Manager

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Sabrina Robertson
Public Information Officer
(904) 530-6010
srobertson@nassaucountyfl.com



FACT VS. FICTION

A local non-profit, political group recently published a series of stories containing inaccurate information about the County's fiscal health. Here, we will address some of those claims and provide fact-based responses.

"In 2007, the county government had been warned by its own paid consultants, Fishkind & Associates, that the "the capital budget was in deficit"

Fact: Yes, Fishkind & Associates conducted a Fiscal Sustainability Study in 2007 and yes, it did state that the County's budget structure at that time was not sustainable and that the Capital Improvement Plan and Capital Budgeting were seriously deficient. However, that study is now 13 years old. Using this document as evidence of the "County's long-standing money problems" is misleading.

In fact, Nassau County's current Capital Improvement Plan contains more than \$100 million in committed improvements including new fire stations, new parks and public recreation, and an extensive road improvement plan.

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“This warning (the capital budget is deficient) was reiterated multiple times by various parties over the next several years, including Fitch Ratings in 2015, which said that the County’s “capital needs had been pay-go funded, but allocated resources appear inadequate to meet the needs beyond 2016”

Fact: Fitch Ratings is a global leader in credit ratings that provides independent review of entities to determine their ability to meet financial commitments. While the 2015 Report warned that pay-go funding (using current available funds to pay for capital projects in lieu of financing them) could have long-term detrimental effects, it also confirmed that the County had “satisfactory reserves and ample liquidity despite recent draws on fund balance”. Fitch affirmed Nassau County’s AA- Rating (high level) with an overall stable outlook.

There is also an updated 2017 Fitch Report which reflects Nassau County with an AA- rating, stating that the County has “superior budgetary flexibility and reserve balances”. So while there are recent allegations that the County is in a poor financial position from using cash to fund construction of the Sheriff’s Administration Building, the 2017 Fitch Report confirms that despite having done so, the County’s “restored structural balance, contributing toward the first net general fund operating surplus in three years” as key indicator of favorable operating performance.

Furthermore, in January 2020, Moody’s issued a rating of Aa2 which is equivalent of a Fitch rating of AA. Out of the 67 Florida counties, only 13 received a rating of Aa2 of those 13, only Nassau County has a population of less than 100,000. Moody’s cited Nassau County’s robust financial position, extensive tax base and an exceptionally light debt burden among the key credit factors contributing to the Aa2 rating.

This also reiterates that despite recent claims that the County made poor financial decisions by paying up front for large construction projects in lieu of taking out low interest loans, that the “financial position of the county is robust and relatively strong”. The Moody’s report directly contributed the County’s low debt levels to the high credit rating.

This chart provides explanation on the various ratings issued by three of the credit rating companies: Moody’s, Standard & Poor’s, and Fitch

	Moody's	S&P	Fitch	Meaning
Investment Grade	Aaa	AAA	AAA	Prime
	Aa1	AA+	AA+	High Grade
	Aa2	AA	AA	
	Aa3	AA-	AA-	
	A1	A+	A+	Upper Medium Grade
	A2	A	A	
	A3	A-	A-	
	Baa1	BBB+	BBB+	Lower Medium Grade
	Baa2	BBB	BBB	
	Baa3	BBB-	BBB-	
Junk	Ba1	BB+	BB+	Non Investment Grade Speculative
	Ba2	BB	BB	
	Ba3	BB-	BB-	
	B1	B+	B+	Highly Speculative
	B2	B	B	
	B3	B-	B-	
	Caa1	CCC+	CCC+	Substantial Risks
	Caa2	CCC	CCC	Extremely Speculative
	Caa3	CCC-	CCC-	In Default w/ Little Prospect for Recovery
	Ca	CC	CC+	
		C	CC	In Default
			CC-	
	D	D	DDD	

“They (the county) ignored warnings given by third-party, independent sources that their financial decisions would have negative consequences in the long term”.

Fact: On March 18, 2020, the County’s outside auditor, Purvis Gray & Co., presented the 2019 annual audit. He indicated that the County was issued an “unmodified opinion”, the highest level of assurance that an audit firm can issue. He also stated that the County’s overall financial condition is healthy and pointed to reserve levels as the main reason.

It’s also important to note that the Government Financial Officers’ Association (GFOA) recommends that local government hold at least 2 months of operating expenses in reserves. The last audit for Fiscal Year 2018-2019 reflected the County’s reserve account as having enough money to operate for 2.7 months.

“The Commission put a moratorium on impact fees during the Great Recession. Were they looking out for homebuilders or taxpayers when they did that”?

Fact: The Commissioners serving in 2008 appointed a committee to analyze the legal and financial aspects related to an economic stimulus plan to help the residents during the economic downturn. It was determined that the Building Department had sufficient funds to provide a temporary reduction in permit fees. It was also recommended to temporarily suspend impact fees as part of the economic stimulus plan and to help the citizens of Nassau County through rough financial times.

“They (the Commission) touted how combining the county manager and county attorney position would save taxpayers money. While paying him \$300,000 per year, Mike Mullin is one of the highest paid County Manager’s in the State”.

Fact: The previous County Manager’s base salary was \$157,000. Mike Mullin’s base salary as County Attorney was \$180,130. His salary in the dual role is \$270,130. This means his salary as County Manager is only \$90,000. Thus, the County is saving approximately \$67,000 with him in a dual role vs. the cost of another full time County Manager.

“The County has deferred maintenance to crisis levels and carries a huge capital deficit for its growing needs”.

Fact: The County’s current Capital Improvement Plan has more than \$100 million in committed improvements including new fire stations, new parks and public recreation and an extensive road improvement plan which leverages Federal and State grant funds, direct State appropriations, County mobility fees, and County general funds to implement. A portion of improvements are funded by impact fees, one-time payments made by developers. Additionally, the County has secured an advising firm to assist with developing additional funding strategies to fund future projects including short and long-term financing, bonds, and loans.



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Source(s):

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