

**SINGLE AUDIT REPORTS
AND
MANAGEMENT LETTER**

NASSAU COUNTY, FLORIDA

SEPTEMBER 30, 2008

**SINGLE AUDIT REPORTS
AND
MANAGEMENT LETTER**

NASSAU COUNTY, FLORIDA

SEPTEMBER 30, 2008

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NASSAU COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDING SEPTEMBER 30, 2008

| Federal Grantor/Pass-Through Grantor/ Grant Program | Grant ID Number | Federal CFDA Number | Federal Expenditures |
|---|-------------------------|------------------------------------|---------------------------------|
| United States Department of Housing and Urban Development | | | |
| Indirect: | | | |
| Florida Department of Community Affairs: Community Development Block Grants/State's Program | 04DB-1Q-04-55-01-H05 | 14.228 | \$ 19,919 |
| United States Department of Justice | | | |
| Direct: | | | |
| State Criminal Alien Assistance Program | 2008-AP-BX-0051 | 16.572 | 2,401 |
| Edward Byrne Memorial Justice Assistance Grant Program | 2005-DJ-BX-1380 | 16.738 | 46,711 |
| Edward Byrne Memorial Justice Assistance Grant Program | 2006-DJ-BX-1096 | 16.738 | 13,981 |
| Edward Byrne Memorial Justice Assistance Grant Program | 2007-DJ-BX-1264 | 16.738 | 74,158 |
| Indirect: | | | |
| Florida Department of Law Enforcement: Edward Byrne Memorial Justice Assistance Grant Program | 2008-JAGC-NASS-1-Q9-228 | 16.738 | 81,243 |
| Subtotal Expenditures - CFDA No. 16.738 | | | 216,093 |
| Florida Office of the Attorney General: Crime Victim Assistance | V7124 | 16.575 | 25,204 |
| Total United States Department of Justice | | | 243,698 |
| United States Department of Health and Human Services | | | |
| Indirect: | | | |
| Florida Department of Revenue: Child Support Enforcement | CS645 | 93.563 | 739 |

NASSAU COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDING SEPTEMBER 30, 2008
(Concluded)

| Federal Grantor/Pass-Through Grantor/ Grant Program | Grant ID Number | Federal CFDA Number | Federal Expenditures |
|---|------------------------|------------------------------------|---------------------------------|
| United States Department of Homeland Security | | | |
| Indirect: | | | |
| Florida Department of Community Affairs: | | | |
| Hazard Mitigation Grant Program | 07-EC-33-04-55-01-504 | 97.039 | \$ 13,991 |
| Emergency Management Performance Grants | 08-BG-24-04-55-01-224 | 97.042 | 26,694 |
| Disaster Grants - Public Assistance | FEMA | 97.036 | 202,828 |
| Homeland Security Grant Program | 06-DS-3W-04-55-01 | 97.067 | 17,190 |
| Homeland Security Grant Program | 07-DS-5N-04-55-01-304 | 97.067 | 18,810 |
| Subtotal Expenditures - CFDA No. 97.067 | | | <u>36,000</u> |
| Total United States Department of Homeland Security | | | <u>279,513</u> |
| United States Election Assistance Commission | | | |
| Indirect: | | | |
| Florida Department of State: | | | |
| Help America Vote Act - Voter Education | VOT07 | 39.011 | <u>8,029</u> |
| Help America Vote Act - Voter Education | VOT08 | 90.401 | 464 |
| Help America Vote Act - Poll Worker Recruitment and Training | POL06 | 90.401 | 5,109 |
| Help America Vote Act - Poll Worker Recruitment and Training | POL07 | 90.401 | 1,832 |
| Help America Vote Act - Federal Election Activities | FEA07 | 90.401 | 2,515 |
| Help America Vote Act - Ballot on Demand | BOD08 | 90.401 | 46,139 |
| Help America Vote Act - Optical Scan Equipment Grant | OSE08 | 90.401 | <u>121,275</u> |
| Subtotal Expenditures - CFDA No. 90.401 | | | <u>177,334</u> |
| Total United States Election Assistance Commission | | | <u>185,363</u> |
| United States Drug Enforcement Administration | | | |
| Indirect: | | | |
| Florida Department of Law Enforcement: | | | |
| Domestic Cannabis Eradication/Suppression Program | N/A | None | <u>7,250</u> |
| Federal Communications Commission | | | |
| Direct: | | | |
| Universal Discount for Schools and Libraries (E-Rate) | N/A | None | <u>18,301</u> |
| Total Federal Expenditures | | | <u>\$ 754,783</u> |

NASSAU COUNTY FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

| Grant Agency/Grant Title | State CFSA Number | Contract/Grant Number | Expenditures |
|--|----------------------------------|----------------------------------|---------------------|
| State Courts System | | | |
| Small County Courthouse Facilities | 22.004 | None | \$ 41,222 |
| Florida Department of Environment Protection | | | |
| Small County Consolidated Grants | 37.012 | SC825 | 277,316 |
| Florida Department of State | | | |
| State Aid to Libraries | 45.030 | 08-ST-039 | 499,405 |
| Florida Department of Community Affairs | | | |
| Emergency Management Programs | 52.008 | 07BG-04-04-55-01-220 | 85,981 |
| Local Emergency Management and Mitigation Initiatives | 52.010 | 07-EC-33-04-55-01-504 | 197,550 |
| Growth Management Implementation | 52.033 | 08-DR-90-04-55-01-014 | 71,799 |
| State Fire Program Assistance | N/A | FEMA-2689-FMA-FL | 4,363 |
| Total Florida Department of Community Affairs | | | 359,693 |
| Florida Housing Finance Corporation | | | |
| State Housing Initiatives Partnership Program | 52.901 | None | 49,924 |
| Florida Department of Transportation | | | |
| Transportation Regional Incentive Program | 55.026 | 212577-3-38-01 | 25,000 |
| County Incentive Grant Program | 55.016 | 417320-1-58-01 | 466,513 |
| County Incentive Grant Program | 55.016 | 417321-1-58-01 | 36 |
| Subtotal Expenditures - CSFA No. 55.016 | | | 466,549 |
| Total Florida Department of Transportation | | | 491,549 |
| Florida Department of Children and Families | | | |
| Public Safety, Mental Health, and Substance Abuse | 60.115 | None | 13,853 |
| Mental Health Courts | 60.114 | DH 660 | 66,837 |
| Mental Health Courts | 60.114 | DH 656 | 115,810 |
| Subtotal Expenditures - CSFA No. 60.114 | | | 182,647 |
| Total Florida Department of Transportation | | | 196,500 |
| Florida Department of Health: | | | |
| Emergency Medical Services Matching Awards | 64.005 | C6045 | 1,298 |
| Total State Expenditures | | | \$ 1,916,907 |

**NASSAU COUNTY, FLORIDA
NOTE TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE PROJECTS**

FOR THE YEAR ENDED SEPTEMBER 30, 2008

Note 1 - Basis of Presentation

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

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR FEDERAL AWARDS PROGRAM AND STATE
FINANCIAL ASSISTANCE PROJECTS AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

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

Compliance

We have audited the compliance of Nassau County, Florida (the County), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* and the requirements described in the Executive Office of the Governor's *State Projects Compliance Supplement*, that are applicable to each of its major federal programs and state financial assistance projects for the year ended September 30, 2008. The County's major federal programs and state financial assistance projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state financial assistance projects is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, *Rules of the Auditor General*. Those standards, OMB Circular A-133, and Chapter 10.550, *Rules of the Auditor General* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state financial assistance projects for the year ended September 30, 2008.

Certified Public Accountants

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

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

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR FEDERAL AWARDS PROGRAM AND STATE
FINANCIAL ASSISTANCE PROJECTS AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL
(Concluded)**

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state financial assistance projects. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal awards program or state financial assistance project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the County's management, Board of County Commissioners, Constitutional Officers, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Pinvis, Gray and Company, LLP

March 27, 2009
Gainesville, Florida

NASSAU COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS
PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008
NASSAU COUNTY, FLORIDA

Summary of Auditors' Results

1. The independent auditors' report expresses an unqualified opinion on the financial statements of Nassau County, Florida (the County).
2. The audit disclosed no significant deficiencies in internal control over financial reporting.
3. The audit disclosed no instances of noncompliance material to the financial statements of the County.
4. The audit disclosed no significant deficiencies and/or material weaknesses in internal control over major state financial assistance projects that are required to be reported in the schedule of findings and questioned costs.
5. The report on compliance for the major federal awards programs and major state financial assistance projects expresses an unqualified opinion.
6. The audit disclosed no findings that are required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General* and Section .510(a) of OMB Circular A-133.
7. The programs tested as major federal awards programs and state financial assistance projects included:

| | |
|--|------------------------|
| Federal Programs | <u>CFDA No.</u> |
| Edward Byrne Memorial Justice Assistance Grant | 16.738 |
| Disaster Grants – Public Assistance | 97.036 |
| State Projects | <u>CSFA No.</u> |
| State Housing Initiatives Partnership | 52.901 |
| Small County Consolidated Grants | 37.012 |
| State Aid to Libraries | 45.030 |
| County Incentive Grant Program | 55.016 |

8. The threshold for distinguishing Type A and B programs was \$300,000 for federal programs and \$300,000 for state projects.
9. The County was not determined to be a low-risk auditee as that term is defined in OMB Circular A-133.

Financial Statement Findings

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

Findings and Questioned Costs for Major Federal Awards Programs and State Assistance Projects

The audit disclosed no findings for major federal awards programs or state assistance projects to be reported under OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*.

Status of Prior Audit Findings

See page 8 for status of prior audit findings in accordance with Chapter 10.550, *Rules of the Auditor General*.



NASSAU COUNTY
BOARD OF COUNTY COMMISSIONERS
96160 Nassau Place
Yulee, Florida 32097

Daniel B. Leeper
Michael H. Boyle
Stacy T. Johnson
Barry V. Holloway
Walter J. Boatright

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

JOHN A. CRAWFORD
Ex-Officio Clerk

DAVID A. HALLMAN
County Attorney

EDWARD L. SEALOVER
County Coordinator

March 27, 2009

Nassau County Board of County Commissioners
96160 Nassau Place
Yulee, FL 32097

Dear Commissioners:

The audit report of the Nassau County Board of County Commissioners along with the Combined Financial Report for the year ended September 30, 2008, was conducted 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.

The audit report presents fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of the Board of County Commissioners at September 30, 2008, and the respective changes in financial position, where appropriate, thereof and the respective budgetary comparison for each major fund for the year then ended in conformity with accounting principles generally accepted in the United States of America based on the Independent Auditors' Report.

The independent auditors disclosed no findings for major federal awards programs or state financial assistance projects to be reported under OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*.

The independent auditors identified one financial statement prior year finding discovered pursuant to major federal award programs and major state assistance projects for the year ending September 30, 2007. The status of that finding is provided below.

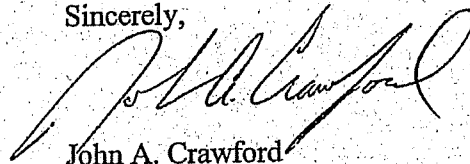
- 1) Prior Year Audit Finding -- The County is required to monitor the availability of funds for projects authorized under the State Housing Initiatives Partnership Program (SHIP).

(904) 491-7380 or (866)-474-1446

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Response – In February 2008, the County terminated its agreement with Northeast Florida Regional Council to administer the County's SHIP program. The SHIP program is being administered by the County in-house.

Sincerely,



John A. Crawford
Ex-Officio Clerk

**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***

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Nassau County, Florida (the County), as of and for the year ended September 30, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 27, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We noted matters involving the internal control over financial reporting and its operation that we consider to be significant deficiencies. These items have been disclosed in the reports of the Constitutional Officers.

Certified Public Accountants

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

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

Internal Control Over Financial Reporting (Concluded)

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe some of the significant deficiencies disclosed in the reports of the Constitutional Officers are material weaknesses.

Compliance and Other Matters

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

The County's response to the findings identified in our audit is included in the reports of the Constitutional Officers. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County's management and applicable federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

March 27, 2009
Gainesville, Florida

MANAGEMENT LETTER

The Honorable Board of County Commissioners
Nassau County, Florida

We have audited the special purpose financial statements of the Nassau County Board of County Commissioners (the Board) as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated March 27, 2009.

We conducted our audit in accordance with auditing standards generally accepted 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 have issued our report on internal control over financial reporting and on compliance and other matters. Disclosures in that report, which is dated March 27, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the state of Florida and, unless otherwise required to be reported in the report on compliance and internal controls, this letter is required to include the following information:

- The *Rules of the Auditor General* [Section 10.554(1)(i)1.] requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report.
- The *Rules of the Auditor General* [Section 10.554(1)(i)2.], requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the County complied with Section 218.415, Florida Statutes.
- The *Rules of the Auditor General* [Section 10.554(1)(i)3.] require that we address in the management letter any recommendations to improve financial management, accounting procedures and internal controls. In connection with our audit, please see the following recommendation:
 - **Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting for Other Postemployment Benefits (Repeat Comment)**

Condition—The County will be required to implement the provisions of GASB Statement No. 45 no later than the year ended September 30, 2009, although earlier implementation is permitted. GASB Statement No. 45 requires recognition in the financial statements of the cost of certain postemployment benefits (OBEB) such as postemployment health insurance.

Certified Public Accountants

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MANAGEMENT LETTER
(Continued)

- **Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting for Other Postemployment Benefits (Concluded)**

Effect—The accounting for OPEB is consistent with the approach applied in the accounting for pension benefits. The County will recognize an annual expense related to current service for future (postemployment) benefits which will be based upon actuarial analysis. While no actuarial analysis has been prepared to-date, there are indications the County may have a significant unfunded actuarial liability based upon the County's postemployment health insurance benefit.

Recommendation—We recommend the County retain an actuary to perform calculations related to its OPEB liability.

- The *Rules of the Auditor General* [Section 10.554(1)(i)4.] requires that we address violations of provisions of contracts and grant agreements or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statements that is less than material but more than inconsequential. Our audit disclosed no matters required to be disclosed by the *Rules of the Auditor General* [Section 10.554(1)(i)4.] not already disclosed elsewhere.
- The *Rules of the Auditor General* [Section 10.554(1)(i)5.] provides that the auditor may, based upon professional judgment, the reporting of the following matters that are inconsequential to the financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations and contractual provisions or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed no matters required to be disclosed by the *Rules of the Auditor General* [Section 10.554(1)(i)5.] not already disclosed elsewhere.
- The *Rules of the Auditor General* [Section 10.554(1)(i)6.] 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 special purpose financial statements. The Board was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Board includes the following component unit:
 - The Nassau County Housing Finance Authority, a dependant special district, was established pursuant to Part IV, Chapter 159, Florida Statutes, following the adoption of Ordinance 79-4 by the Board.

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

The Honorable Board of County Commissioners
Nassau County, Florida

MANAGEMENT LETTER
(Concluded)

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

Purvis, Gray and Company, LLP

March 27, 2009
Gainesville, Florida



NASSAU COUNTY
BOARD OF COUNTY COMMISSIONERS
96160 Nassau Place
Yulee, Florida 32097

Daniel B. Leeper
Michael H. Boyle
Stacy T. Johnson
Barry V. Holloway
Walter J. Boatright

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

JOHN A. CRAWFORD
Ex-Officio Clerk

DAVID A. HALLMAN
County Attorney

EDWARD L. SEALOVER
County Coordinator

March 27, 2009

Nassau County Board of County Commissioners
96160 Nassau Place
Yulee, FL 32097

Dear Commissioners:

The audit report of the Nassau County Board of County Commissioners along with the Combined Financial Report for the year ended September 30, 2008, was conducted 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.

The audit report presents fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of the Board of County Commissioners at September 30, 2008, and the respective changes in financial position, where appropriate, thereof and the respective budgetary comparison for each major fund for the year then ended in conformity with accounting principles generally accepted in the United States of America based on the Independent Auditors' Report.

The independent auditors identified one recommendation to improve financial reporting pursuant the Rules of the Auditor General for the year ending September 30, 2007. The response to the recommendation is provided below.

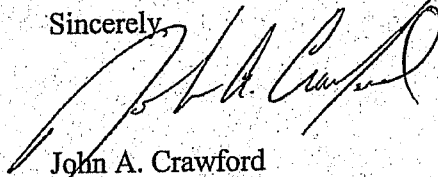
- 1) Recommendation – The County will be required to implement the provisions of GASB Statement No. 45 no later than the year ending September 30, 2009, although earlier implementation is permitted. GASB Statement No. 45 requires recognition in the financial statements of the cost certain post-employment benefits (OPEB) such as post-employment insurance.

(904) 491-7380 or (866)-474-1446

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Response – The County has engaged an actuary to assist implementing GASB Statement No. 45 in the 2008-2009 fiscal year.

Sincerely



John A. Crawford
Ex-Officio Clerk