

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS**

NASSAU COUNTY, FLORIDA

SEPTEMBER 30, 2014

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**FINANCIAL STATEMENTS
AND
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NASSAU COUNTY, FLORIDA

SEPTEMBER 30, 2014

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INTRODUCTORY SECTION

NASSAU COUNTY, FLORIDA
LIST OF ELECTED AND APPOINTED OFFICIALS

Serving as of September 30, 2014

ELECTED OFFICIALS

Commissioner—District 4, Chairman	Barry V. Holloway
Commissioner—District 3, Vice-Chairman	Pat Edwards
Commissioner—District 1	Daniel B. Leeper
Commissioner—District 5	Walter J. Boatright
Commissioner—District 2	Stephen W. Kelley
Clerk of the Circuit Court/Comptroller	John A. Crawford
Tax Collector	John M. Drew
Sheriff	Bill Leeper
Property Appraiser	A. Michael Hickox
Supervisor of Elections	Vicki P. Cannon

APPOINTED OFFICIALS

County Manager	Theodore J. Selby
County Attorney	David A. Hallman

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of Nassau County, Florida, (the County), as of and for the year ended September 30, 2014, which collectively comprise the County'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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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 County'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 County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of September 30, 2014, and the respective changes in financial position and cash flows, where appropriate, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The introductory section is presented for purpose of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of state financial assistance projects, as required by Chapter 10.550, *Rules of the Auditor General* of the State of Florida, is also not a required part of the basic financial statements. The schedule of expenditures of state financial assistance projects is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedule of state financial assistance projects is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 4, 2015, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Restriction on Use

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

Purvis, Gray and Company, LLP

March 4, 2015
Gainesville, Florida

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

Management's Discussion and Analysis

This management's discussion and analysis of Nassau County's (the County), financial statements is designed to introduce the basic financial activities for the fiscal year ended September 30, 2014. The basic financial statements are comprised of the government-wide financial statements, fund financial statements, and footnotes. We hope this will assist readers in identifying significant financial issues and changes in the County's financial position.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of fiscal year 2014 by \$456,422,340 (net position). The net position from governmental activities of \$460,594,284 were partially offset by the net position of \$(4,171,944) from business-type activities.
- The County's expenses exceeded its revenues by \$14,553,153 for the fiscal year, a \$479,652 larger deficit than in the prior year. The similar year-over-year results are due to an increase in program revenues of \$1,514,376 and an increase of general revenues of \$684,960 being more than offset by an increase in government expenses of \$2,678,988. The year-to-year deficit in program revenues, net of expenses, increased from \$(75,284,562) in the prior year to \$(76,449,174) in fiscal year 2014, due primarily to a \$1,310,941 increase in public safety expenses and a \$916,981 increase in general government expenses.
- The General Fund reported a deficit of revenues to expenditures of \$(6,624,407) partially offset by a \$2,860,107 excess of transfers in over transfers out, resulting in a \$3,740,300 decrease in fund balance.
- Proprietary funds reported a total change in net position of \$509,179. The solid waste fund reported a change in net position of \$(791,411) which was more than offset by a \$1,300,590 increase in net position for the water and sewer fund.
- Outstanding long-term bonded debt as of September 30, 2014, was \$53,330,320, a reduction of \$3,438,583 from the prior year. Of this amount \$3,406,559 is considered due within one year.

Overview of the Financial Statements

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

<u>Fund Type</u>	<u>Number</u>
General Fund	1
Debt Service Funds	3
Capital Projects Funds	6
Special Revenue Funds	<u>33</u>
Total Governmental Funds	43
Total Proprietary Funds	2
Total Agency Funds	13

Management's Discussion and Analysis

(Continued)

Government-Wide Financial Statements

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

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

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

The government-wide financial statements include not only the County itself (known as the primary government), but also the following legally separate component units: Nassau County Housing Finance Authority and Recreation and Water Conservation and Control District No. 1. These component units had no revenues or expenditures during the fiscal year ended September 30, 2014; therefore, financial statements were not prepared for these component units.

Fund Financial Statements

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

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

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

Management's Discussion and Analysis

(Continued)

The County maintains forty-three (43) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Transportation Fund, Municipal Services Fund, One-Cent County Surtax Fund, Nassau County Capital Projects-Impact Fee Fund, and Capital Projects Transportation Fund, which are considered to be major funds. Data from the other thirty-seven (37) governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

Notes to the Financial Statements

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

Other Information

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$456,422,340 at the close of the fiscal year ended September 30, 2014.

At the end of the fiscal year 2014, the County is able to report positive balances in two categories of net position, for the government as a whole, and for governmental activities. The business-type activities have a \$(4,171,944) balance due primarily to the Landfill Early Closure costs, continued maintenance, and monitoring of the closed Landfills.

Management's Discussion and Analysis (Continued)

Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 68,443,855	\$ 75,114,676	\$ 11,926,158	\$ 12,351,662	\$ 80,370,013	\$ 87,466,338
Capital Assets	455,020,629	465,798,051	14,293,925	14,806,823	469,314,554	480,604,874
Total Assets	523,464,484	540,912,727	26,220,083	27,158,485	549,684,567	568,071,212
Deferred Outflow of Resources	0	0	628,453	673,343	628,453	673,343
Outstanding Debt	54,644,459	56,228,688	30,721,634	32,002,281	85,366,093	88,230,969
Other Liabilities	8,225,741	8,525,983	298,846	444,233	8,524,587	8,970,216
Total Liabilities	62,870,200	64,754,671	31,020,480	32,446,514	93,890,680	97,201,185
Net Position:						
Net Investment in Capital Assets	415,506,856	424,055,715	477,378	226,603	415,984,234	424,282,318
Restricted	22,557,822	21,564,721	1,764,062	1,815,522	24,321,884	23,380,243
Unrestricted	22,529,606	30,537,620	(6,413,384)	(6,656,811)	16,116,222	23,880,809
Total Net Position	\$ 460,594,284	\$ 476,158,056	\$ (4,171,944)	\$ (4,614,686)	\$ 456,422,340	\$ 471,543,370

As of the end of fiscal year 2014, the County's total net position of \$456,422,340 included \$415,984,234 (91.2%) of net investments in capital assets such as land, buildings, infrastructure, improvements and equipment, less any outstanding debt used to acquire those capital assets. The County uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending.

Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position, \$24,321,884 (5.3%), represent resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$16,116,222 (3.5%), may be used to meet the government's ongoing obligation to citizens and creditors.

Governmental Activities

The County's total net position of \$456,422,340 on September 30, 2014, represents a year-to-year decrease of \$15,121,030, compared to a year-to-year decrease on September 30, 2013, of \$14,084,785. Fiscal year 2014 Governmental Activities reduced the County's net position by \$15,563,772, an amount slightly offset by a \$442,742 net asset increase from Business-type Activities. Governmental activities expenses exceeded revenues by \$15,189,618 in fiscal year 2014 compared to a prior year excess of governmental activities expenses to revenues of \$15,022,555. Factors contributing to this relatively small year-over-year change include an increase in sales tax revenue of \$1,772,895 and an increase in charges for services of \$1,540,214 being more than offset by year-to-year declines in several other revenue sources as well as a \$2,561,376 increase in governmental activities expenses.

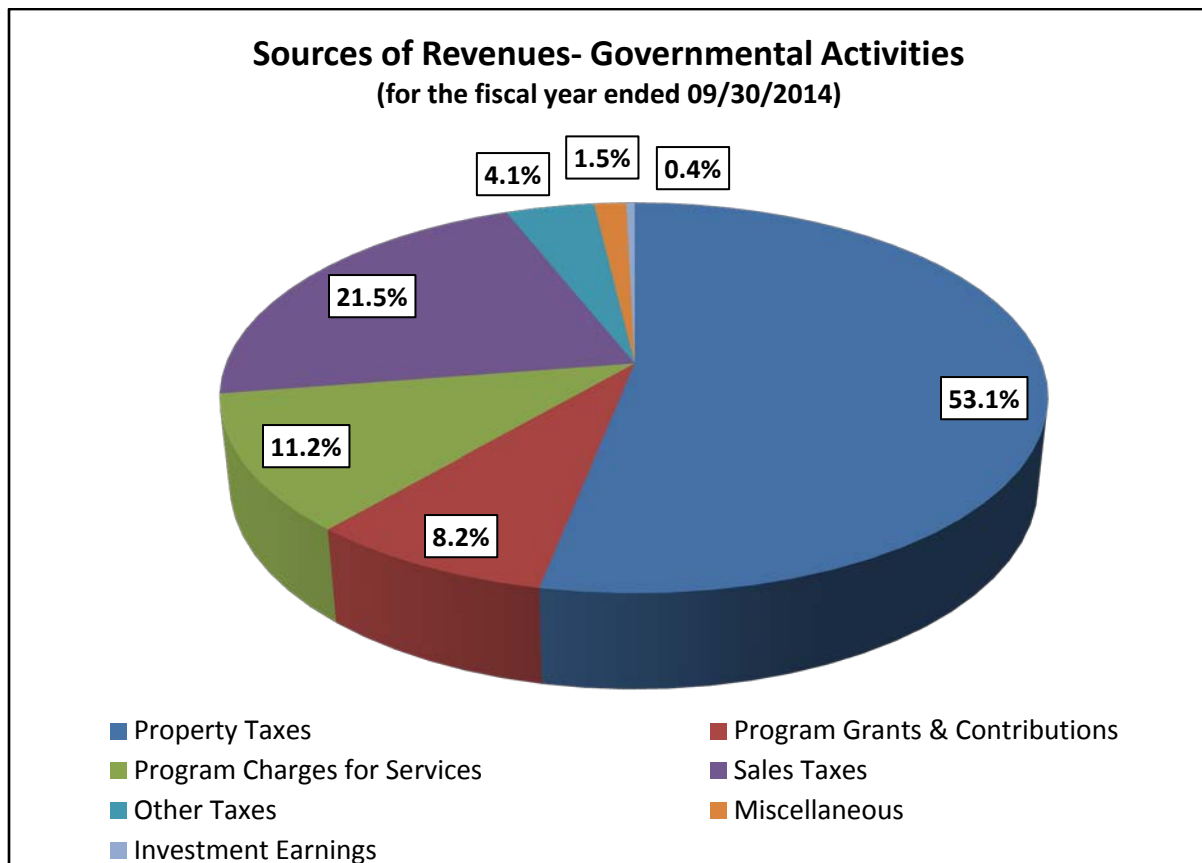
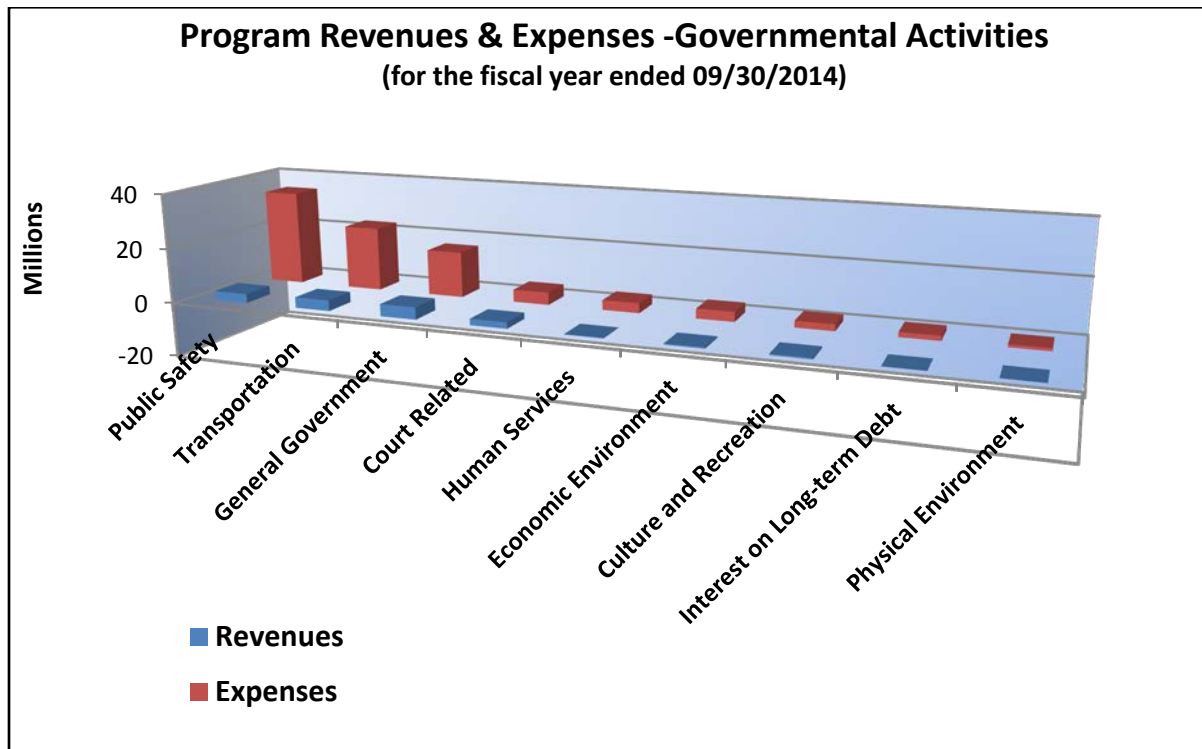
Management's Discussion and Analysis

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Nassau County, Florida Changes in Net Position

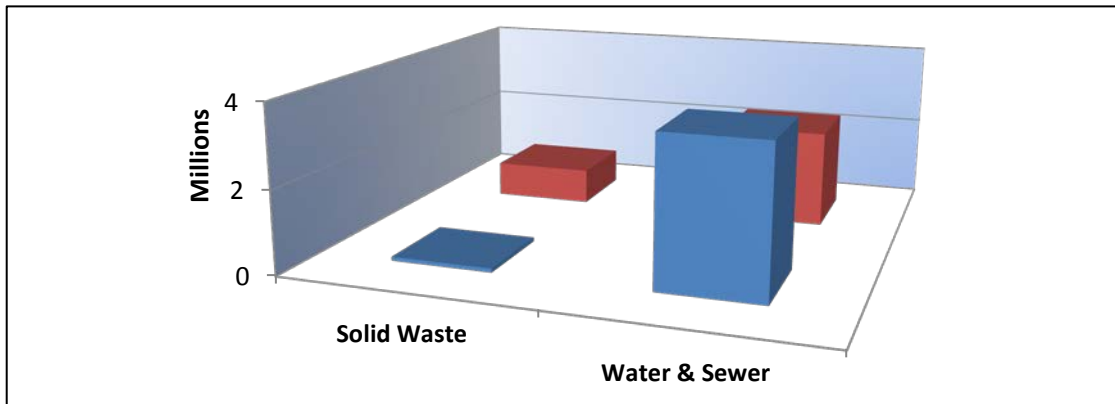
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues:						
Charges for Services	\$ 8,618,246	\$ 7,078,032	\$ 3,578,932	\$ 3,609,886	\$ 12,197,178	\$ 10,687,918
Operat. Grants and Contributions	5,748,207	5,434,099	90,909	71,790	5,839,116	5,505,889
Capital Grants and Contributions	515,337	843,147	0	0	515,337	843,147
General Revenues:						
Property Taxes	40,662,232	40,603,107	0	0	40,662,232	40,603,107
Other Taxes	19,601,276	17,778,301	0	0	19,601,276	17,778,301
Other Revenues	1,430,382	2,444,380	202,131	385,273	1,632,513	2,829,653
Total Revenues	76,575,680	74,181,066	3,871,972	4,066,949	80,447,652	78,248,015
Expenses						
General Government	16,721,827	15,804,846	0	0	16,721,827	15,804,846
Court Related	4,554,090	4,447,850	0	0	4,554,090	4,447,850
Public Safety	34,722,118	33,411,177	0	0	34,722,118	33,411,177
Physical Environment	998,344	1,136,949	0	0	998,344	1,136,949
Transportation	23,424,702	23,323,347	0	0	23,424,702	23,323,347
Economic Environment	3,575,047	3,347,791	0	0	3,575,047	3,347,791
Human Services	3,608,530	3,509,336	0	0	3,608,530	3,509,336
Culture/Recreation	2,399,597	2,292,451	0	0	2,399,597	2,292,451
Interest on Long-term Debt	1,761,043	1,929,874	0	0	1,761,043	1,929,874
Solid Waste Disposal	0	0	870,768	274,458	870,768	274,458
Water and Sewer	0	0	2,364,739	2,843,437	2,364,739	2,843,437
Total Expenses	91,765,298	89,203,621	3,235,507	3,117,895	95,000,805	92,321,516
Excess of Revenue Over Expense	(15,189,618)	(15,022,555)	636,465	949,054	(14,553,153)	(14,073,501)
Add: Contributions	0	0	0	0	0	0
Add: Transfers	127,286	114,176	(127,286)	(114,176)	0	0
Increase/(Decrease) in Net Position	(15,062,332)	(14,908,379)	509,179	834,878	(14,553,153)	(14,073,501)
Net Position-						
Beginning of Year	476,158,056	491,077,719	(4,614,686)	(5,449,564)	471,543,370	485,628,155
Prior Period Adjustments	(501,440)	(11,284)	(66,437)	0	(567,877)	(11,284)
Net Position-End of Year	\$460,594,284	\$476,158,056	\$ (4,171,944)	\$ (4,614,686)	\$456,422,340	\$471,543,370

Management's Discussion and Analysis (Continued)



Management's Discussion and Analysis (Continued)

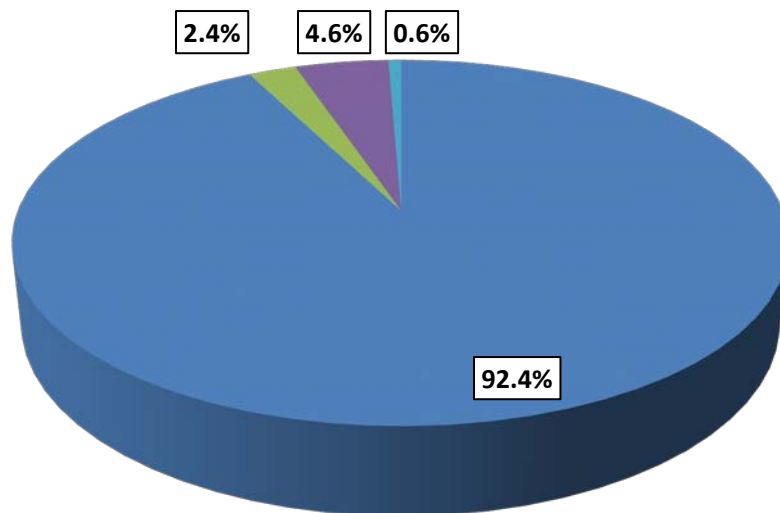
Program Revenues & Expenses –Business-type Activities (for the fiscal year ended 09/30/2014)



■ Revenues

■ Expenses

Transfers & Sources of Revenues- Business-type Activities (for the fiscal year ended 09/30/2014)



■ Program Charges for Services

■ Program Grants & Contributions

■ Investment Earnings

■ Transfers In

■ Miscellaneous

Management's Discussion and Analysis

(Continued)

Analysis of the County's Fund Financials

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

As of the end of fiscal year 2014, the County's governmental funds reported combined ending fund balances of \$58,002,727. This represents a decrease of \$6,678,679 from the adjusted balance of the prior year. The majority of fund balance in the amount of \$36,717,755 is internally designated by the County for a specific purpose or available to be spent at the County's discretion. The remainder of fund balance in the amount of \$21,284,972 is non-spendable or restricted to indicate that it is not available for new spending because it has already been committed for: 1) inventories, 2) prepaid items, 3) grants, 4) state law, or 5) constrained by external third parties.

The general fund is the main operating fund of the County. At the end of fiscal year 2014, the general fund had a total fund balance of \$11,682,767, a decrease of \$3,740,300 from the prior year. Significant changes from the prior year include an increase in revenues of \$1,201,517 and an increase in expenditures of \$1,582,761, primarily for general government services and public safety. Capital outlay expenditures decreased by \$890,344. Net transfers, which partially offset the deficiency of revenues over expenditures, decreased from the prior year by \$617,500 to \$2,860,107. A majority of the fund balance, \$9,647,041, is internally designated by the County for a specific purpose or available to be spent at the County's discretion. The remainder of fund balance in the amount of \$2,035,726 is non-spendable or restricted and, therefore, already committed for prepaid items, grants and state laws, or constrained by an external third party. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 17.7% of the total General Fund expenditures. Total fund balance represents 25.1% of that same amount.

At the end of fiscal year 2014, the transportation fund had a fund balance of \$3,675,197, a decrease of \$594,108 when compared to the prior year balance. The decrease was due to a deficit of revenues over expenditures of \$(802,621), representing a year-to-year decline of \$1,196,382, partially offset by net transfers of \$208,513, down \$162,928 when compared to the prior year.

The municipal services fund had a total fund balance of \$3,329,836 at the end of fiscal year 2014. The net increase to fund balance of \$103,920 as compared to a decrease of \$734,310 in the prior year is due to a combination of steady revenues and lower expenditures, with a year-to-year decline in net transfers of \$93,447 as a partial offset.

The one-cent surtax fund had a total fund balance of \$11,555,099 at the end of fiscal year 2014, a year-to-year decrease of \$2,026,984. Major changes from the prior year were a \$4,258,384 increase in net transfers out, a \$617,504 increase in revenues, and a \$442,505 decrease in expenditures.

The capital projects-impact fee fund had a total fund balance of \$3,928,412 at the end of fiscal year 2014, a decrease of \$1,600,695 from the prior year balance. During the fiscal year, capital outlay expenditures totaled \$2,053,391, a \$1,139,292 increase when compared to the prior year.

Management's Discussion and Analysis

(Continued)

The capital projects transportation fund had a fund balance of \$5,014,620 at the end of the fiscal year, a decrease of \$3,309,998 as compared to the prior year ending balance. Revenues were down \$860,750 when compared to the prior year, and expenditures were up \$2,090,772, partially offset by an increase to net transfers in of \$921,954. During the year, the County continued road and bridge projects including improvements to Blackrock Road, Bay Road, Commerce Road, and at the 14th St. and Sadler Road corridor.

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The solid waste and water and sewer funds are reported as major enterprise funds. In the solid waste fund, unrestricted net position decreased from the prior year by \$751,127 due in large part to an operating loss of \$830,708. In the water and sewer fund, the increase in unrestricted net position of \$1,002,921 was due mainly to operating income of \$1,716,667 partially offset by a net non-operating loss of \$363,114. Unrestricted net position of the proprietary funds at the end of the fiscal year amounted to:

<u>Fund</u>	<u>Unrestricted Net Position</u>	
	<u>2014</u>	<u>2013</u>
Solid Waste	\$(11,857,993)	\$(11,106,866)
Water and Sewer	\$5,444,609	\$4,450,055

Budgetary Highlights

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

After the original budget is approved, it may be revised for a variety of reasons such as unforeseen circumstances, corrections of errors, new bond or loan proceeds, new grant awards, and other revenues. During fiscal year 2014, supplemental appropriations to the General Fund (Board only) budget were approximately \$1.3 million, or 2.5% of the original adopted budget.

In the General Fund (Board only), differences between the original budget for fiscal year 2014 and the final amended budget can be briefly summarized as follows:

- Re-appropriations, which represent the "true-up" of the beginning fund balances, accounted for a major portion of the difference between the adopted budget for fiscal year 2014 and the final budget. The balance brought forward amendments were \$796,043 or 59% of the supplemental appropriations with \$708,728 used for reserves.
- The remainder of the balance brought forward amendments included a budget amendment increase of \$38,193 for sheriff crime prevention and a budget amendment increase totaling \$33,522 for maintenance of county facilities.

Management's Discussion and Analysis

(Continued)

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2014, amounted to \$469,314,554 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and construction in progress. Additional information on Nassau County's capital assets can be found in Note 6 in Notes to Financial Statements.

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

- Completed widening and other improvements to Blackrock Road at a cost of \$3,574,551
- Completed signalization improvements at 14th Street and Sadler Road at a cost of \$480,000
- Resurfaced county roads at a cost of \$1,997,441
- Continued construction on Commerce Road with a projected cost of \$2,621,359
- Continued construction on widening of Bay Road at a projected cost of \$2,408,000
- Initiated the design and engineering for the paving of Crawford Road at a projected cost of \$6,292,170
- Began construction of Fire Rescue Station 90 with a project budget of \$300,000
- Initiated the design and engineering of Jasmine Road resurfacing and drainage improvements with a project budget of \$784,957
- Initiated the design phase on the 911 Call Center with a project budget of \$4,443,660
- Initiated the design phase on the Sheriff Administration building with a project budget of \$10,000,000

Nassau County, Florida Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 75,799,935	\$ 75,699,427	\$ 815,228	\$ 815,228	\$ 76,615,163	\$ 76,514,655
Construction Work in Progress	4,864,574	2,949,092	0	0	4,864,574	2,949,092
Buildings and Improvements	38,387,972	39,810,887	986,636	910,069	39,374,608	40,720,956
Machinery and Equipment	8,137,240	8,902,675	12,492,061	13,081,526	20,629,301	21,984,201
Infrastructure	327,830,908	338,435,970	0	0	327,830,908	338,435,970
Total	\$ 455,020,629	\$ 465,798,051	\$ 14,293,925	\$ 14,806,823	\$ 469,314,554	\$ 480,604,874

Management's Discussion and Analysis

(Concluded)

Long-term Debt

At the end of the fiscal year, the County had total outstanding bonds, notes, and other long term debt in the amount of \$84,737,640. The revenue bonds are collateralized by specific revenue sources while the remainder of the debt utilizes a covenant to budget and appropriate to pledge payment of the debt.

Outstanding Debt

Debt Type	2014	2013
Governmental Activities:		
Revenue Bonds	\$ 39,513,773	\$ 42,122,246
Compensated Absences	7,031,535	6,776,910
Special Assessment Bonds	0	0
Capital Leases Payable	0	121,530
Claims Payable	233,149	329,040
Other Post Employment Benefits	7,866,002	6,878,962
Total Gov't Activities	<u>54,644,459</u>	<u>56,228,688</u>
Business-Type Activities:		
Revenue Bonds, Net	14,445,000	14,646,657
Compensated Absences	278,626	263,984
Other Post Employment Benefits	147,028	128,578
Landfill Closure/Postclosures	15,850,980	16,289,719
Total Business-Type Activities	<u>30,721,634</u>	<u>31,328,938</u>
Total Outstanding Debt	<u><u>\$ 85,366,093</u></u>	<u><u>\$ 87,557,626</u></u>

The County's outstanding debt decreased by \$2,819,986 (3.2%). The decrease in long-term debt is primarily due to reductions in Revenue Bonds in the amount of \$3,438,583, and a reduction in Landfill Closure/Post-closure obligations of \$438,739. These reductions were partially offset by an increase in Other Post-Employment Benefits of \$1,005,490. Additional information on Nassau County's outstanding debt can be found in Note 9 in Notes to Financial Statements.

Request for Information

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

BASIC FINANCIAL STATEMENTS

NASSAU COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 8,089,542	\$ 5,451,690	\$ 13,541,232
Equity in Pooled Investments	53,957,403	3,370,708	57,328,111
Accounts Receivable, Net	849,524	326,007	1,175,531
Assessments Receivable, Net	0	34,763	34,763
Internal Balances	21,697	(21,697)	0
Loans Receivable, Net	48,000	0	48,000
Due from Other Governments	4,010,289	29,188	4,039,477
Inventories	305,253	37,681	342,934
Prepaid Items	1,151,665	20,496	1,172,161
Deposits	10,482	0	10,482
Restricted Assets:			
Cash and Cash Equivalents	0	2,677,322	2,677,322
Capital Assets:			
Nondepreciable	80,664,509	815,228	81,479,737
Depreciable, Net	374,356,120	13,478,697	387,834,817
Total Assets	523,464,484	26,220,083	549,684,567
Deferred Outflow of Resources			
Unamortized Refunding Loss	0	628,453	628,453
Liabilities			
Accounts Payable	5,578,866	189,513	5,768,379
Other Current Liabilities	686,233	0	686,233
Retainage Payable	344,866	0	344,866
Due to Other Governments	879,013	142	879,155
Unearned Revenue	112,594	2,600	115,194
Deposits	90,690	106,591	197,281
Accrued Interest Payable	533,479	0	533,479
Payable from Restricted Assets:			
Landfill Postclosure Costs	0	15,850,980	15,850,980
Noncurrent Liabilities:			
Due Within One Year	5,757,669	984,828	6,742,497
Due in More Than One Year	48,886,790	13,885,826	62,772,616
Total Liabilities	62,870,200	31,020,480	93,890,680
Net Position			
Net Investment in Capital Assets	415,506,856	477,378	415,984,234
Restricted for:			
Utility System Improvements	0	1,316,562	1,316,562
Debt Service	1,588,710	447,500	2,036,210
Impact Fees	3,928,412	0	3,928,412
Capital Projects	246,056	0	246,056
Court Facilities	1,962,707	0	1,962,707
Tourist Development	3,935,745	0	3,935,745
Building Department	2,754,573	0	2,754,573
Grants and Other Purposes	8,141,619	0	8,141,619
Unrestricted	22,529,606	(6,413,384)	16,116,222
Total Net Position	\$ 460,594,284	\$ (4,171,944)	\$ 456,422,340

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

**NASSAU COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities:							
General Government	\$ 16,721,827	\$ 3,342,689	\$ 980,103	\$ 58,024	\$ (12,341,011)	\$ 0	\$ (12,341,011)
Court-related	4,554,090	1,848,472	424,484	0	(2,281,134)	0	(2,281,134)
Public Safety	34,722,118	2,724,597	420,184	105,806	(31,471,531)	0	(31,471,531)
Physical Environment	998,344	0	0	0	(998,344)	0	(998,344)
Transportation	23,424,702	268,840	3,363,128	240,916	(19,551,818)	0	(19,551,818)
Economic Environment	3,575,047	0	372,459	45,126	(3,157,462)	0	(3,157,462)
Human Services	3,608,530	79,567	138,220	0	(3,390,743)	0	(3,390,743)
Culture and Recreation	2,399,597	354,081	49,629	65,465	(1,930,422)	0	(1,930,422)
Interest on Long-term Debt	1,761,043	0	0	0	(1,761,043)	0	(1,761,043)
Total Governmental Activities	91,765,298	8,618,246	5,748,207	515,337	(76,883,508)	0	(76,883,508)
Business-type Activities:							
Solid Waste	870,768	3,538	90,909	0	0	(776,321)	(776,321)
Water and Sewer	2,364,739	3,575,394	0	0	0	1,210,655	1,210,655
Total Business-type Activities	3,235,507	3,578,932	90,909	0	0	434,334	434,334
Total Primary Government	\$ 95,000,805	\$ 12,197,178	\$ 5,839,116	\$ 515,337	(76,883,508)	434,334	(76,449,174)
General Revenues							
Property Taxes					40,662,232	0	40,662,232
Sales Taxes					16,467,670	0	16,467,670
Fuel Taxes					2,407,622	0	2,407,622
Utility Services Taxes					725,984	0	725,984
Investment Earnings					301,402	24,461	325,863
Miscellaneous					1,128,980	177,670	1,306,650
Transfers					127,286	(127,286)	0
Total General Revenues and Transfers					61,821,176	74,845	61,896,021
Change in Net Position					(15,062,332)	509,179	(14,553,153)
Net Position Beginning of Year					476,158,056	(4,614,686)	471,543,370
Prior Period Adjustments					(501,440)	(66,437)	(567,877)
Net Position Beginning of Year (As Restated)					475,656,616	(4,681,123)	470,975,493
Net Position End of Year					\$ 460,594,284	\$ (4,171,944)	\$ 456,422,340

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

NASSAU COUNTY, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	General Fund	County Transportation Fund	Municipal Services Fund
Assets			
Cash and Cash Equivalents	\$ 1,429,319	\$ 10,996	\$ 1,650
Equity in Pooled Investments	10,031,629	4,294,389	3,607,008
Accounts Receivable (Net of Allowance for Uncollectibles)	822,892	24,862	1,770
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	0
Due from Other Funds	402,347	16,920	7,993
Due from Other Governments	854,598	515,853	124,266
Inventories	177,724	127,529	0
Prepaid Expenditures	1,122,076	18,436	2,296
Deposits	9,587	895	0
Total Assets	<u>14,850,172</u>	<u>5,009,880</u>	<u>3,744,983</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	1,171,152	1,007,815	115,675
Accrued Liabilities	686,233	0	0
Retainage Payable	0	44,423	0
Due to Other Funds	11,204	88,346	163,640
Due to Other Governments	291,261	560	4,694
Unearned Revenues	18,315	7,402	71,138
Deposits	3,105	10,440	0
Total Liabilities	<u>2,181,270</u>	<u>1,158,986</u>	<u>355,147</u>
Deferred Inflows of Resources	<u>986,135</u>	<u>175,697</u>	<u>60,000</u>
Fund Balances			
Nonspendable	1,301,800	145,965	2,296
Restricted	733,926	0	5,000
Committed	0	0	0
Assigned	1,425,841	3,529,232	3,322,540
Unassigned	8,221,200	0	0
Total Fund Balances	<u>11,682,767</u>	<u>3,675,197</u>	<u>3,329,836</u>
Total Liabilities and Fund Balances	<u>\$ 14,850,172</u>	<u>\$ 5,009,880</u>	<u>\$ 3,744,983</u>

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

One-Cent Small County Surtax Fund	Capital Projects - Impact Fee Ordinance Trust Fund	Capital Projects - Transportation Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 10,429	\$ 828,635	\$ 2,011,477	\$ 3,797,036	\$ 8,089,542
10,993,625	3,928,285	5,347,925	15,754,542	53,957,403
0	0	0	0	849,524
0	0	0	48,000	48,000
0	0	0	50,122	477,382
1,126,495	0	741,284	647,793	4,010,289
0	0	0	0	305,253
0	0	0	8,857	1,151,665
0	0	0	0	10,482
<u>12,130,549</u>	<u>4,756,920</u>	<u>8,100,686</u>	<u>20,306,350</u>	<u>68,899,540</u>
450	352,417	2,361,246	570,111	5,578,866
0	0	0	0	686,233
0	128,185	162,218	10,040	344,866
0	19,469	0	173,026	455,685
0	328,437	0	254,061	879,013
0	0	0	15,739	112,594
0	0	0	77,145	90,690
<u>450</u>	<u>828,508</u>	<u>2,523,464</u>	<u>1,100,122</u>	<u>8,147,947</u>
<u>575,000</u>	<u>0</u>	<u>562,602</u>	<u>389,432</u>	<u>2,748,866</u>
0	0	0	8,857	1,458,918
0	3,928,412	0	15,158,716	19,826,054
0	0	0	25,546	25,546
11,555,099	0	5,014,620	3,651,327	28,498,659
0	0	0	(27,650)	8,193,550
<u>11,555,099</u>	<u>3,928,412</u>	<u>5,014,620</u>	<u>18,816,796</u>	<u>58,002,727</u>
<u>\$ 12,130,549</u>	<u>\$ 4,756,920</u>	<u>\$ 8,100,686</u>	<u>\$ 20,306,350</u>	<u>\$ 68,899,540</u>

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

NASSAU COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

Total Fund Balances of Governmental Funds	\$ 58,002,727
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**Amounts Reported for Governmental Activities in the Statement of
Net Position are Different Because:**

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

Total Capital Assets	\$ 789,186,884	
(Less: Accumulated Depreciation)	<u>(334,166,255)</u>	
		455,020,629

Certain receivables do not provide current financial resources and, therefore, are reported as deferred inflows of resources in the funds.	2,748,866
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Long-term liabilities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is generally not accrued in the governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Long-term liabilities at year-end consist of:

Revenue Bonds Payable	(38,251,552)	
Premium on Bonds Payable	(1,262,221)	
Compensated Absences	(7,031,535)	
Other Postemployment Benefits	(7,866,002)	
Claims Payable	(233,149)	
Accrued Interest Payable	<u>(533,479)</u>	
		<u>(55,177,938)</u>

Total Net Position of Governmental Activities	<u><u>\$ 460,594,284</u></u>
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The notes to the financial statements are an integral part of this statement.

NASSAU COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General Fund	County Transportation Fund	Municipal Services Fund
Revenues			
Taxes	\$ 29,838,964	\$ 4,586,657	\$ 8,009,288
Licenses and Permits	16,426	39,594	45,001
Intergovernmental Revenues	5,757,757	1,248,332	691,928
Charges for Services	3,600,934	43,844	141,573
Fines and Forfeitures	51,005	262	12,489
Interest Earnings	82,717	15,471	8,190
Miscellaneous	644,840	89,424	27,235
Total Revenues	<u>39,992,643</u>	<u>6,023,584</u>	<u>8,935,704</u>
Expenditures			
Current:			
General Government Services	13,956,740	0	522,127
Public Safety	23,902,511	0	6,187,535
Physical Environment	350,163	0	0
Transportation	0	5,738,828	0
Economic Environment	207,399	0	0
Human Services	2,507,694	0	910,457
Culture and Recreation	1,946,187	0	0
Court-related Expenditures	1,532,079	0	0
Capital Outlay	2,086,339	1,087,377	197,354
Debt Service:			
Principal Retirement	121,529	0	0
Interest and Fiscal Charges	6,409	0	0
(Total Expenditures)	<u>46,617,050</u>	<u>6,826,205</u>	<u>7,817,473</u>
(Deficiency) Excess of Revenues			
(Under) Over Expenditures	<u>(6,624,407)</u>	<u>(802,621)</u>	<u>1,118,231</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	24,000	0	0
Transfers in	5,453,677	1,843,724	2,015,656
Transfers (out)	(2,593,570)	(1,635,211)	(3,029,967)
Total Other Financing Sources (Uses)	<u>2,884,107</u>	<u>208,513</u>	<u>(1,014,311)</u>
Net Change in Fund Balances	(3,740,300)	(594,108)	103,920
Fund Balances at Beginning of Year	<u>15,423,067</u>	<u>4,269,305</u>	<u>3,225,916</u>
Fund Balances at End of Year	<u><u>\$ 11,682,767</u></u>	<u><u>\$ 3,675,197</u></u>	<u><u>\$ 3,329,836</u></u>

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

One-Cent Small County Surtax Fund	Capital Projects - Impact Fee Ordinance Trust Fund	Capital Projects - Transportation Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 7,945,680	\$ 0	\$ 0	\$ 5,810,378	\$ 56,190,967
0	529,072	0	1,497,744	2,127,837
0	0	178,682	1,639,666	9,516,365
0	0	0	2,016,182	5,802,533
0	0	0	668,672	732,428
52,189	27,517	41,313	74,005	301,402
0	0	0	244,412	1,005,911
<u>7,997,869</u>	<u>556,589</u>	<u>219,995</u>	<u>11,951,059</u>	<u>75,677,443</u>
0	4,824	0	646,471	15,130,162
0	21,111	0	924,713	31,035,870
0	0	0	386,101	736,264
0	0	1,997,441	0	7,736,269
0	0	0	3,367,648	3,575,047
0	0	0	118,836	3,536,987
0	4,824	0	1,075	1,952,086
0	0	0	2,089,772	3,621,851
70,388	2,053,391	3,441,031	1,681,652	10,617,532
0	0	0	2,532,874	2,654,403
0	0	0	1,904,528	1,910,937
<u>70,388</u>	<u>2,084,150</u>	<u>5,438,472</u>	<u>13,653,670</u>	<u>82,507,408</u>
<u>7,927,481</u>	<u>(1,527,561)</u>	<u>(5,218,477)</u>	<u>(1,702,611)</u>	<u>(6,829,965)</u>
0	0	0	0	24,000
335	0	1,908,500	7,507,497	18,729,389
(9,954,800)	(73,134)	(21)	(1,315,400)	(18,602,103)
<u>(9,954,465)</u>	<u>(73,134)</u>	<u>1,908,479</u>	<u>6,192,097</u>	<u>151,286</u>
(2,026,984)	(1,600,695)	(3,309,998)	4,489,486	(6,678,679)
<u>13,582,083</u>	<u>5,529,107</u>	<u>8,324,618</u>	<u>14,327,310</u>	<u>64,681,406</u>
<u>\$ 11,555,099</u>	<u>\$ 3,928,412</u>	<u>\$ 5,014,620</u>	<u>\$ 18,816,796</u>	<u>\$ 58,002,727</u>

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

NASSAU COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Net Change in Fund Balances - Total Governmental Funds \$ (6,678,679)

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

Governmental funds report capital purchases as expenditures.

However, in the statement of activities, the cost of those assets
is depreciated over their estimated useful lives and reported
as depreciation expense:

Expenditures for Capital Assets	\$ 9,531,130	
(Current Year Depreciation)	(20,242,410)	
Contributions of Capital Assets	140,042	
(Loss) on Disposal of Capital Assets	(206,485)	
	(10,777,723)	(10,777,723)

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

734,195

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

2,655,755

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

Change in Accrued Interest Payable	75,646	
Amortization of Premiums	74,248	
Change in Long-term Claims Payable	95,891	
Change in Other Postemployment Benefits	(987,040)	
Change in Accrued Compensated Absences	(254,625)	
	(995,880)	(995,880)

Change in Net Position - Governmental Activities \$ (15,062,332)

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

NASSAU COUNTY, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Business-type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 880	\$ 5,450,810	\$ 5,451,690
Cash and Cash Equivalents - Restricted	806,669	0	806,669
Equity in Pooled Investments	3,370,708	0	3,370,708
Accounts Receivable, Net	4,854	321,153	326,007
Assessments Receivable, Net	34,763	0	34,763
Due from Other Governments	29,188	0	29,188
Due from Other Funds	155	0	155
Inventories	0	37,681	37,681
Prepaid Expenditures	491	20,005	20,496
Total Current Assets	<u>4,247,708</u>	<u>5,829,649</u>	<u>10,077,357</u>
Noncurrent Assets:			
Cash and Cash Equivalents - Restricted	0	1,870,653	1,870,653
Capital Assets (Net of Accumulated Depreciation Where Applicable)	<u>1,413,879</u>	<u>12,880,046</u>	<u>14,293,925</u>
Total Noncurrent Assets	<u>1,413,879</u>	<u>14,750,699</u>	<u>16,164,578</u>
Total Assets	<u>5,661,587</u>	<u>20,580,348</u>	<u>26,241,935</u>
Deferred Outflow of Resources			
Unamortized Refunding Loss	<u>0</u>	<u>628,453</u>	<u>628,453</u>
Total Assets and Deferred Outflows	<u>5,661,587</u>	<u>21,208,801</u>	<u>26,870,388</u>
Liabilities			
Current Liabilities:			
Accounts Payable	117,085	72,428	189,513
Due to Other Funds	7,986	13,866	21,852
Due to Other Governments	142	0	142
Unearned Revenue	2,600	0	2,600
Deposits	0	106,591	106,591
Bonds Payable	0	895,000	895,000
Landfill Postclosure Liability	806,668	0	806,668
Compensated Absences	<u>28,363</u>	<u>61,465</u>	<u>89,828</u>
Total Current Liabilities	<u>962,844</u>	<u>1,149,350</u>	<u>2,112,194</u>
Noncurrent Liabilities:			
Compensated Absences	49,536	139,262	188,798
Other Postemployment Benefits	49,009	98,019	147,028
Bonds Payable Long-term	0	13,550,000	13,550,000
Landfill Postclosure Liability (Payable from Restricted Assets)	<u>15,044,312</u>	<u>0</u>	<u>15,044,312</u>
Total Noncurrent Liabilities	<u>15,142,857</u>	<u>13,787,281</u>	<u>28,930,138</u>
Total Liabilities	<u>16,105,701</u>	<u>14,936,631</u>	<u>31,042,332</u>
Net Position			
Investment in Capital Assets	1,413,879	(936,501)	477,378
Restricted	0	1,764,062	1,764,062
Unrestricted	<u>(11,857,993)</u>	<u>5,444,609</u>	<u>(6,413,384)</u>
Total Net Position	<u>\$ (10,444,114)</u>	<u>\$ 6,272,170</u>	<u>\$ (4,171,944)</u>

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

NASSAU COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Total
Operating Revenues			
Charges for Services	\$ 3,538	\$ 3,436,462	\$ 3,440,000
Connection and Impact Fees	0	138,932	138,932
Other Income	36,522	141,148	177,670
Total Operating Revenues	<u>40,060</u>	<u>3,716,542</u>	<u>3,756,602</u>
Operating Expenses			
Contractual Services	34,669	1,521	36,190
Professional Services	5,000	34,962	39,962
Landfill Postclosure	361,883	0	361,883
Salaries and Benefits	260,451	685,038	945,489
Rentals and Leases	2,044	1,361	3,405
Repairs and Maintenance	24,000	119,179	143,179
Gas and Oil	6,000	16,904	22,904
Materials	4,459	1,777	6,236
Depreciation	124,359	685,513	809,872
Other Expenses	47,903	453,620	501,523
Total Operating Expenses	<u>870,768</u>	<u>1,999,875</u>	<u>2,870,643</u>
Operating (Loss) Income	<u>(830,708)</u>	<u>1,716,667</u>	<u>885,959</u>
Nonoperating Revenues (Expenses)			
Interest Earnings	22,711	1,750	24,461
Grant Revenues	90,909	0	90,909
Interest and Other Debt Service Costs	0	(364,864)	(364,864)
Total Nonoperating Revenues (Expenses)	<u>113,620</u>	<u>(363,114)</u>	<u>(249,494)</u>
(Loss) Income Before Transfers	(717,088)	1,353,553	636,465
Transfers in	155	0	155
Transfers (out)	<u>(74,478)</u>	<u>(52,963)</u>	<u>(127,441)</u>
Change in Net Position	(791,411)	1,300,590	509,179
Total Net Position, Beginning of Year (as Restated)	<u>(9,652,703)</u>	<u>4,971,580</u>	<u>(4,681,123)</u>
Total Net Position, End of Year	<u>\$ (10,444,114)</u>	<u>\$ 6,272,170</u>	<u>\$ (4,171,944)</u>

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

NASSAU COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities - Enterprise Funds		
	Solid Waste	Water and Sewer	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 42,646	\$ 3,808,598	\$ 3,851,244
Cash Payments to Vendors for Goods and Services	(911,918)	(815,496)	(1,727,414)
Cash Payments to Employees	(241,119)	(659,240)	(900,359)
Cash Received from Other Sources	36,522	0	36,522
Net Cash Provided by (Used in) Operating Activities	(1,073,869)	2,333,862	1,259,993
Noncapital Financing Activities			
Cash Received from Grant Revenues	90,909	0	90,909
Transfers from Other Funds	155	0	155
Transfers to Other Funds	(74,478)	(52,963)	(127,441)
Net Cash Provided by (Used in) Noncapital Financing Activities	16,586	(52,963)	(36,377)
Capital and Related Financing Activities			
Acquisition of Property, Plant and Equipment	(84,074)	(206,300)	(290,374)
Principal Payments on Bonds	0	(875,000)	(875,000)
Payment of Interest and Other Debt Costs	0	(338,610)	(338,610)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(84,074)	(1,419,910)	(1,503,984)
Investing Activities			
Interest Received	22,711	1,750	24,461
Purchase of Investments	(232,237)	0	(232,237)
Net Cash Provided by (Used in) Investing Activities	(209,526)	1,750	(207,776)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,350,883)	862,739	(488,144)
Cash and Cash Equivalents, Beginning of Year	2,158,432	6,458,724	8,617,156
Cash and Cash Equivalents, End of Year	\$ 807,549	\$ 7,321,463	\$ 8,129,012
<u>Reported in Statement of Net Position as:</u>			
Cash and Cash Equivalents	\$ 880	\$ 5,450,810	\$ 5,451,690
Current: Cash and Cash Equivalents - Restricted	806,669	0	806,669
Noncurrent: Cash and Cash Equivalents - Restricted	0	1,870,653	1,870,653
Total	\$ 807,549	\$ 7,321,463	\$ 8,129,012

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

NASSAU COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(Concluded)

	Business-type Activities - Enterprise Funds		
	Solid Waste	Water and Sewer	Total
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>			
Operating Income (Loss)	\$ (830,708)	\$ 1,716,667	\$ 885,959
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation and Amortization	124,359	685,513	809,872
Provision for Closure and Postclosure Costs	(438,739)	0	(438,739)
Changes in Assets - Decrease (Increase):			
Decrease (Increase) in Accounts Receivable	(1,780)	76,099	74,319
Decrease (Increase) in Assessments Receivable	3,645	0	3,645
Decrease (Increase) in Due from Other Funds	68	0	68
Decrease (Increase) in Due from Other Governments	33,491		33,491
Decrease (Increase) in Inventory	0	7,452	7,452
Decrease (Increase) in Prepaid Expense	(281)	(20,005)	(20,286)
Changes in Liabilities - Increase (Decrease):			
Increase (Decrease) in Accounts Payable	12,779	(173,628)	(160,849)
Increase (Decrease) in Due to Other Funds	2,090	2,371	4,461
Increase (Decrease) in Due to Other Governments	(25)	9	(16)
Increase (Decrease) in Unearned Revenues	1,900	0	1,900
Increase (Decrease) in Deposits	0	13,586	13,586
Increase (Decrease) in Compensated Absences	13,182	1,460	14,642
Increase (Decrease) in Other Postemployment Benefits	6,150	24,338	30,488
Net Cash Provided by (Used in) Operating Activities	\$ (1,073,869)	\$ 2,333,862	\$ 1,259,993

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

NASSAU COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2014

	Total Agency Funds
Assets	
Cash and Cash Equivalents	\$ 5,722,367
Due from Other Governments	24,106
Due from Individuals	46,243
Total Assets	<u>5,792,716</u>
 Liabilities	
Accounts Payable	14,910
Due to Other Governments	678,927
Due to Bond Holders	1,564,617
Deposits	1,692,580
Other Liabilities	1,841,682
Total Liabilities	<u>\$ 5,792,716</u>

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

NASSAU COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS INDEX

September 30, 2014

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NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

Note 1 - Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

The Nassau County Housing Finance Authority (NCHFA) is a dependent special district, which functions for the benefit of the citizens of Nassau County and is considered a blended component unit of the County. The NCHFA had no revenues or expenditures during the fiscal year ended September 30, 2014. In addition, the NCHFA did not issue any bonds during the audit period, nor were there any bonds outstanding at year-end. Therefore, financial statements were not prepared for NCHFA and, accordingly, no financial data for NCHFA is presented in these financial statements.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Concluded)

The Recreation and Water Conservation and Control District No. 1 (RWCCD) is a dependent special district, which functions for the benefit of the citizens of the County and is considered a blended component unit of the County. The Board of County Commissioners sits as the governing body. The RWCCD had no revenues or expenditures during the fiscal year ended September 30, 2014. In addition, the RWCCD did not issue any bonds during the audit period, nor were there any bonds outstanding at year-end. Therefore, financial statements were not prepared for RWCCD and, accordingly, no financial data for RWCCD is presented in these financial statements.

B. Government-wide and Fund Financial Statements

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

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

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

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

C. Fund Accounting

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Continued)

■ **Governmental Funds**

● **Major Governmental Funds**

- ▶ The **General Fund**—is used to account for all revenues and expenditures applicable to the general operations of the County, which are not properly accounted for in other funds. The General Fund for the County includes the General Fund for the Board and each of the Constitutional Officers. The effect of interfund activity has been eliminated from these financial statements.
 - ▶ The **County Transportation Fund**—is used to account for the operation of the Road and Bridge Department. Financing is provided principally by ad valorem taxes and the County's share of State gasoline taxes.
 - ▶ The **Municipal Services Fund**—is used to account for activities benefiting only the unincorporated areas of the County. Financing is provided principally by ad valorem taxes and state revenue sharing.
 - ▶ The **One-Cent Small County Surtax Fund**—is used to account transactions associated with one-cent funds. Financing is provided by a one cent sales tax on all transactions occurring in the County that are subject to imposed state tax on sales, use, services, rentals, and admissions.
 - ▶ The **Capital Projects - Impact Fee Ordinance Trust Fund** is—used to account for district expenditures associated with capital expansion. Funding is provided from impact fees on new construction.
 - ▶ The **Capital Projects - Transportation Fund**—is used to account for all financial resources used for the acquisition or construction of major transportation related capital facilities and/or projects. Funding is provided from a variety of funding sources.
- **Nonmajor Governmental Funds**
- ▶ **Special Revenue Funds**—are used to account for the proceeds of specific revenue sources other than major capital projects or to finance specified activities as required by law.
 - ▶ **Debt Service Funds**—are used to account for the accumulation of resources for, and the payment of, interest, principal, and related costs on general long-term debt.
 - ▶ **Capital Projects Funds**—are used to account for all financial resources used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Concluded)

■ **Major Proprietary Funds**

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

The Solid Waste Disposal Fund provides a Convenience Recycling Center for the collection and disposal of solid waste and recyclables for the citizens of Nassau County. The fund also accounts for the post-closure requirement costs for all closed landfills. The Water and Sewer Fund accounts for water and wastewater services provided to approximately 3,300 customers on 4,800 acres located entirely in the County, situated north of the Duval County line and south of the City of Fernandina Beach.

■ **Fiduciary Funds**

Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds; examples include cash bonds, traffic fines, support payments, and ad valorem taxes.

D. Measurement Focus

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Measurement Focus (Concluded)

■ **Proprietary Funds (Concluded)**

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

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

E. Basis of Accounting

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

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

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

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

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

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

F. Cash and Cash Equivalents

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

F. Cash and Cash Equivalents (Concluded)

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

G. Deposits and Investments

The County's investment practices are governed by Section 218.415, Florida Statutes, and County Ordinance 95-144. The County is allowed to invest in: (1) obligations of the United States or its agencies and instrumentalities; (2) other obligations, the principal of and interest on, which are unconditionally guaranteed or insured by the United States; (3) certificates of deposit issued by state or national banks domiciled in Florida that are guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or its successor; (4) interest-bearing demand deposits; (5) fully collateralized direct repurchase agreements, secured by obligations described in subdivisions (1) and (2) above, and pledged with third parties selected or approved by the Board; (6) commercial paper; (7) corporate bonds; (8) derivative securities limited to those types authorized in (1) through (7) above; and (9) the Local Government Surplus Funds Trust Fund (the Florida State Board of Administration).

H. Accounts Receivable

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

I. Interfund Balances

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

J. Inventories and Prepaid Items

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

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

K. Unamortized Refunding Loss

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

L. Fund Balance

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

- **Nonspendable**—This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash, or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.
- **Restricted**—This component of fund balance consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.
- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., ordinance) of the organization's governing authority (the Board of County Commissioners). These committed amounts cannot be used for any other purpose unless the Board of County Commissioners removes or changes the specified use by taking the same type of action (e.g., ordinance) employed to constrain those amounts.
- **Assigned**—This component of fund balance consists of amounts that are constrained by less-than-formal action of the County's governing body (e.g., resolution). The County's fund balance policy was adopted under the County's resolution No. 2013-105. Changes in assigned fund balance require prior approvals from the governing body through less-than-formal action (e.g., resolution), the County Manager and Budget Officer. In addition, residual balances in capital projects and debt service funds are considered assigned for the general purpose of the respective funds.
- **Unassigned**—This classification is used for: (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the general fund that are not restricted, committed, or assigned.
- **Flow Assumption**
When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in any governmental fund, it is the County's policy to use committed resources first, then assigned, and then unassigned as needed.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

M. Net Position

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

N. Restricted Assets

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

O. Capital Assets and Long-term Liabilities

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

■ **Governmental Funds**

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

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

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

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

O. Capital Assets and Long-term Liabilities (Continued)
■ Governmental Funds (Continued)

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

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

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

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

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

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

O. Capital Assets and Long-term Liabilities (Concluded)

■ **Proprietary Enterprise Funds**

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

Buildings	15-40 Years
Equipment	3-20 Years

P. Capitalization of Interest Costs

When applicable, the County capitalizes interest costs related to construction of capital assets. For fiscal year ended September 30, 2014, no interest was capitalized.

Q. Deferred Inflows/Outflows of Resources

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

R. Compensated Absences

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

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

S. Other Postemployment Benefits

The County has recorded the liability in the government-wide statements and the enterprise funds for postemployment benefits other than pensions.

For governmental activities, other postemployment benefits are generally liquidated by the General Fund, the County Transportation Fund, the Municipal Services Fund, and the Building Department.

T. Property Taxes

Real property and tangible personal property are assessed by the Property Appraiser according to the property's just value on January 1st of each year. Section 200.071, Florida Statutes, authorizes the Board to levy ad valorem tax millage against real property and tangible personal property for the County, including dependent districts, not to exceed 10 mills, except for voted levies. The Board shall determine the amount of millage to be levied and shall certify such millage to the Property Appraiser. For the year ended September 30, 2014, the Board levied 5.5670 mills. An additional 1.6694 mills was levied for the benefit of the Nassau County Municipal Services Taxing Unit.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

T. Property Taxes (Concluded)

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

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

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

U. Adoption of New Accounting Standards

- The County implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement provides more guidance for the items listed in GASB 63, and adds additional changes. It requires that statements avoid the use of the word “deferred” except as it relates to items that are deferred outflows or are deferred inflows. It addresses the calculation of a deferred outflow or inflow for the refunding of debt. For non-exchange transactions, like grants, amounts received before the time period of eligibility are treated as deferred inflows. This Statement also addresses taxes received prior to the period to which they relate. GASB 65 also requires debt issuance costs to be expensed in the period that the debt was issued. In the past, subsequent to the implementation of GASB 34, these costs were amortized over the life of the issue. The effects of this change are required to be disclosed on the statements in the period it is implemented. Losses on debt refundings are not expenses, but rather, treated as deferred outflows. For operating leases, any initial direct costs are recognized in the period incurred, instead of being amortized over the life of the lease. When an asset is recorded in governmental fund statements, but the revenue is not available until a future period, a deferred inflow is reported until the revenue becomes available. The effect of the application of this accounting standard is further described in Note 21.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

U. Adoption of New Accounting Standards (Concluded)

- In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – amendment of GASB Statement No. 27*, effective for the County's fiscal year ending September 30, 2015, which establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses/expenditures for pensions. This statement requires recognition of the liability of employers to employees for defined benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employee's past periods of service (total pension liability), less the amount of the pension plan's fiduciary net pension.

As described in Note 13, the County participates in the FRS, a cost-sharing, multi-employer defined benefit public retirement plan. Upon implementation of GASB Statement No. 68, the County will be required to recognize a liability for its proportionate share of the collective net pension liability of all employers for benefits provided through the pension plan, and related pension expense/expenditure and deferred outflows and inflows of resources. The effect of the application of GASB Statement No. 68 has not yet been determined.

Note 2 - Cash and Investments

Deposits with Financial Institutions

The carrying amount of the County's deposits with financial institutions was \$21,940,921 and the bank balances were \$23,163,585 at September 30, 2014. Deposits are placed in banks that qualify as public depositories pursuant to the provisions of Chapter 280, Florida Statutes, the *Florida Security for Public Deposits Act*. Qualified public depositories are required by this law to pledge collateral with a market value equal to a percentage of the average daily balance of all public deposits in excess of any federal deposit insurance. In event of default by a qualified public depository, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default, and if necessary a pro rata assessment to the other qualified public depositories in the collateral pool. Therefore, all cash and time deposits held by banks are fully insured and collateralized.

Investments

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

The County's investments conform to the provisions of Florida Statutes, Section 218.415. The following items discuss the County's exposure to various risks of their investment portfolio.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 2 - Cash and Investments (Concluded)

Investments (Concluded)

Interest Rate Risk—The risk that changes in interest rates will adversely affect the fair value of an investment. The County has a formal investment policy for operating surplus funds that limits investment maturities to twelve months as a means of managing its exposure to fair value losses from increasing interest rates. Investments of bond reserves, construction funds, and other nonoperating funds shall have a term appropriate to the need for funds and in accordance with debt covenants. The maturities of the underlying securities of a repurchase agreement will follow the requirements of a Master Repurchase Agreement in form approved by the Public Securities Association.

Custodial Credit Risk—For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The certificates of deposit are held in qualified public depositories or at levels below FDIC insurance thresholds.

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

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

<u>Description</u>	<u>Fair Value</u>
Cash and Cash Equivalents	\$ 21,940,921
Certificates of Deposit	24,437,585
Money Market Accounts	<u>32,890,526</u>
Total Cash and Investments	<u>\$ 79,269,032</u>

Reported in accompanying financial statements as follows:

<u>Account</u>	<u>Reported Amount</u>
Cash and Cash Equivalents - Governmental Funds	\$ 8,089,542
Cash and Cash Equivalents - Business-type Activities	5,451,690
Cash and Cash Equivalents - Agency Funds	5,722,367
Equity in Pooled Investments - Governmental Funds	53,957,403
Equity in Pooled Investments - Business-type Activities	3,370,708
Restricted Cash and Cash Equivalents - Business-type Activities	<u>2,677,322</u>
Total Cash and Investments	<u>\$ 79,269,032</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 3 - Accounts Receivable

Accounts receivable (net of allowances for uncollectibles) at September 30, 2014, included the following:

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental Funds			
General Fund	\$ 3,327,854	\$ (2,504,962)	\$ 822,892
County Transportation	24,862	0	24,862
Municipal Services Fund	1,770	0	1,770
Total Governmental Funds	<u>\$ 3,354,486</u>	<u>\$ (2,504,962)</u>	<u>\$ 849,524</u>
Business-type Funds			
Solid Waste Disposal	\$ 4,854	\$ 0	\$ 4,854
Water	341,681	(20,528)	321,153
Total Business-type Funds	<u>\$ 346,535</u>	<u>\$ (20,528)</u>	<u>\$ 326,007</u>

Note 4 - Assessments Receivable

Assessments receivable (net of allowances for uncollectibles) at September 30, 2014, included the following:

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Business-type Funds			
Solid Waste Disposal	<u>\$ 813,637</u>	<u>\$ (778,874)</u>	<u>\$ 34,763</u>

Note 5 - Restricted Assets

Restricted assets in the proprietary and governmental funds at September 30, 2014, represent monies required to be restricted for debt service and construction under terms of outstanding bond agreements and impact fees restricted to water and sewer system uses. Assets are also restricted in accordance with ordinances and Florida Statutes. Restricted assets for the proprietary funds at September 30, 2014, were restricted for the following purposes:

Proprietary Funds	
Customer Deposits	\$ 106,591
Landfill Postclosure Costs	806,669
Renewal and Replacement (Water/Sewer)	190,978
Impact Fees	1,125,584
Debt Service	447,500
Total	<u>\$ 2,677,322</u>

Reported in accompanying financial statements as follows:

<u>Account</u>	<u>Reported Amount</u>
Restricted Cash and Cash Equivalents - Business-type Activities	\$ 806,669
Noncurrent: Restricted Cash and Cash Equivalents - Business-type Activities	1,870,653
Total Restricted Assets	<u>\$ 2,677,322</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 6 - Capital Assets

Capital asset activity for the year ended September 30, 2014, was as follows:

	Balance 10/1/13	Increases	(Decreases)	Balance 9/30/14
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 75,699,427	\$ 100,508	\$ 0	\$ 75,799,935
Construction Work in Progress	2,949,092	5,857,611	(3,942,129)	4,864,574
Total Capital Assets Not Being Depreciated	78,648,519	5,958,119	(3,942,129)	80,664,509
Capital Assets Being Depreciated:				
Building and Improvements	57,966,220	187,586	(34,273)	58,119,533
Machinery and Equipment	33,939,936	2,019,630	(3,957,062)	32,002,504
Leasehold Improvements	1,151,985	0	0	1,151,985
Infrastructure	611,800,086	5,448,267	0	617,248,353
Total Capital Assets Being Depreciated	704,858,227	7,655,483	(3,991,335)	708,522,375
Less Accumulated Depreciation:				
Buildings and Improvements	(19,193,839)	(1,590,554)	22,930	(20,761,463)
Machinery and Equipment	(25,037,261)	(2,589,923)	3,761,920	(23,865,264)
Leasehold Improvements	(113,479)	(8,604)	0	(122,083)
Infrastructure	(273,364,116)	(16,053,329)	0	(289,417,445)
Total Accumulated Depreciation	(317,708,695)	(20,242,410)	3,784,850	(334,166,255)
Total Capital Assets Being Depreciated, Net	387,149,532	(12,586,927)	(206,485)	374,356,120
Total Governmental Activities Capital Assets, Net	<u>\$ 465,798,051</u>	<u>\$ (6,628,808)</u>	<u>\$ (4,148,614)</u>	<u>\$ 455,020,629</u>
	Balance 10/1/13	Increases	(Decreases)	Balance 9/30/14
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 815,228	\$ 0	\$ 0	\$ 815,228
Total Capital Assets Not Being Depreciated	815,228	0	0	815,228
Capital Assets, Being Depreciated:				
Building and Improvements	1,127,596	96,872	(1,495)	1,222,973
Equipment	20,346,547	200,102	(47,581)	20,499,068
Landfill	41,701,285	0	0	41,701,285
Total Capital Assets Being Depreciated	63,175,428	296,974	(49,076)	63,423,326
Less Accumulated Depreciation:				
Building and Improvements	(217,527)	(20,305)	1,495	(236,337)
Equipment	(7,265,021)	(789,567)	47,581	(8,007,007)
Landfill	(41,701,285)	0	0	(41,701,285)
Total Accumulated Depreciation	(49,183,833)	(809,872)	49,076	(49,944,629)
Total Capital Assets, Being Depreciated, Net	13,991,595	(512,898)	0	13,478,697
Total Business-type Activities Capital Assets, Net	<u>\$ 14,806,823</u>	<u>\$ (512,898)</u>	<u>\$ 0</u>	<u>\$ 14,293,925</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 6 - Capital Assets (Concluded)

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

Governmental Activities	
General Government	\$ 831,086
Public Safety	2,547,081
Physical Environment	2,902
Transportation	15,494,006
Human Services	135,767
Court-related	874,029
Culture and Recreation	<u>357,539</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 20,242,410</u>
Business-type Activities	
Solid Waste	\$ 124,359
Water and Sewer	<u>685,513</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 809,872</u>

Note 7 - Interfund Activity

Interfund balances at September 30, 2014, consisted of the following:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
General	County Transportation	\$ 88,346
General	Municipal Services	163,640
General	Capital Projects Impact Fee Ordinance Fund	19,469
General	Nonmajor Governmental	109,040
General	Solid Waste Disposal	7,986
General	Water and Sewer	13,866
County Transportation	General Fund	2,915
County Transportation	Nonmajor Governmental	14,005
Municipal Services	General Fund	7,993
Nonmajor Governmental	General Fund	141
Nonmajor Governmental	Nonmajor Governmental	49,981
Solid Waste Fund	General Fund	<u>155</u>
Total		<u>\$ 477,537</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 7 - Interfund Activity (Concluded)

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

	Transfers In							
		County	Municipal	One-cent	Capital			
Transfers Out	General	Trans- portation	Service	Surtax	Projects Trans- portation	Nonmajor	Solid Waste	Total
General	\$ 0	\$ 0	\$ 0	\$ 0	\$ 121,773	\$ 2,471,642	\$ 155	\$ 2,593,570
County								
Transportation	69,884	0	0	0	1,565,327	0	0	1,635,211
Municipal Services	3,029,967	0	0	0	0	0	0	3,029,967
One-cent County								
Surtax	1,446,323	1,840,814	1,967,663	0	200,000	4,500,000	0	9,954,800
Capital Projects:								
Impact Fee	25,872	0	0	0	21,400	25,862	0	73,134
Capital Projects:								
Transportation	21	0	0	0	0	0	0	21
Nonmajor	754,169	2,910	47,993	335	0	509,993	0	1,315,400
Solid Waste	74,478	0	0	0	0	0	0	74,478
Water and Sewer	52,963	0	0	0	0	0	0	52,963
Total	\$ 5,453,677	\$ 1,843,724	\$ 2,015,656	\$ 335	\$ 1,908,500	\$ 7,507,497	\$ 155	\$ 18,729,544

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

Note 8 - Operating Leases

■ **Governmental Funds**

The Board is party to operating leases during the period ended September 30, 2014, as follows:

- *Tower Site (14th Street)*—the Board entered into a five-year lease with Pinnacle Towers, LLC, commencing April 24, 2011. Operating lease payments for the year ended September 30, 2014, were \$27,023.
- *Two Tower Sites (Hilliard and Dahoma)*—the Board entered into two one-year leases (with renewal terms of four additional periods of one year each) with American Tower Asset Sub, LLC, commencing April 24, 2006. The Board exercised the first renewal, which has an effective date of May 2012. Operating lease payments for the year ended September 30, 2014, were \$48,620.
- *West Nassau Land Development*—the Board entered into a five-year lease with West Nassau Land Development, LLC, commencing July 1, 2010. Operating lease payments for the year ended September 30, 2014, were \$63,735.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 8 - Operating Leases (Concluded)

Future minimum lease payments under these leases follow:

Year Ending September 30	Tower Lease Sites	West Nassau Land Development	Total
2015	\$ 57,277	\$ 55,052	\$ 112,329
2016	14,518	0	14,518
Total	<u>\$ 71,795</u>	<u>\$ 55,052</u>	<u>\$ 126,847</u>

Four constitutional officers entered into several leases for office equipment under operating leases. Total cost for such leases were \$67,490 for the year ended September 30, 2014. The future minimum lease payments for the leases are as follows:

Year Ending September 30	Total
2015	\$ 64,887
2016	55,589
2017	20,082
2018	5,014
2019	2,758
2020	230
Total	<u>\$ 148,560</u>

Note 9 - Long-term Obligations

The following is a summary of changes in long-term obligations for the year ended September 30, 2014:

	Balance 10/1/13	Additions	Reductions	Balance 9/30/14	Due Within One Year
Governmental Activities					
Bonds Payable	\$ 40,785,777	\$ 0	\$ (2,534,225)	\$ 38,251,552	\$ 2,511,559
Premium on Bonds Payable	1,336,469	0	(74,248)	1,262,221	0
Total Bonds and Notes Payable	42,122,246	0	(2,608,473)	39,513,773	2,511,559
Capital Lease Payable	121,530	0	(121,530)	0	0
Claims Payable	329,040	0	(95,891)	233,149	0
Compensated Absences	6,776,910	3,298,276	(3,043,651)	7,031,535	3,246,110
Other Postemployment Benefits	6,878,962	987,040	0	7,866,002	0
Total Governmental Activities					
Long-term Liabilities	<u>\$ 56,228,688</u>	<u>\$ 4,285,316</u>	<u>\$ (5,869,545)</u>	<u>\$ 54,644,459</u>	<u>\$ 5,757,669</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 9 - Long-term Obligations (Continued)

	<u>Balance</u> <u>10/1/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/13</u>	<u>Due Within</u> <u>One Year</u>
Business-type Activities					
Bonds Payable	\$ 15,320,000	\$ 0	\$ (875,000)	\$ 14,445,000	\$ 895,000
Compensated Absences	263,985	102,471	(87,830)	278,626	89,828
Other Postemployment Benefits	128,578	18,450	0	147,028	0
Landfill Closure/Postclosures	16,289,719	0	(438,739)	15,850,980	806,668
Total Business-type Activities					
Long-term Liabilities	<u>\$ 32,002,282</u>	<u>\$ 120,921</u>	<u>\$ (1,401,569)</u>	<u>\$ 30,721,634</u>	<u>\$ 1,791,496</u>

Governmental Activities

A brief synopsis of long-term debt existing at September 30, 2014, follows:

2009-1 Gas Tax Revenue Bonds

In October 2012, the County issued the Gas Tax Revenue Bonds, Series 2009-1, in the amount of \$6,213,421. The Series 2009-1 Bond was issued to provide funds sufficient, together with other available moneys of the issuer, to refund the outstanding Nassau County, Florida, Gas Tax Revenue Bond, Series 2009.

The 2009-1 Gas Tax Revenue Bonds are secured by a lien upon and pledge of the proceeds of the constitutional, County, and ninth-cent gas tax. Annual principal and interest on the bond are expected to require approximately 53% of such tax revenue and are payable through 2018. Principal and interest payments for the current year totaled \$1,104,021 and gas tax revenues totaled \$2,090,276. At year-end, pledged future revenues totaled \$4,416,084, which was the amount of remaining principal and interest on the bond. Other County revenues are not available to finance this bond issue.

In addition, the bondholders do not have any authority to compel the County to increase ad valorem taxes for financing this bond issue. The bond bearing interest at rates at 1.86% per annum, is dated October 1, 2012, and has a maturity date of October 1, 2018.

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

<u>Year Ending</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,025,564	\$ 78,457	\$ 1,104,021
2016	1,044,639	59,382	1,104,021
2017	1,064,069	39,952	1,104,021
2018	1,083,861	20,160	1,104,021
Total	<u>\$ 4,218,133</u>	<u>\$ 197,951</u>	<u>\$ 4,416,084</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 9 - Long-term Obligations (Continued)

Governmental Activities (Continued)

2000 Optional Gas Tax Revenue Bonds

The Board, in September 2000, issued the Optional Gas Tax Revenue Bond in the amount of \$6,167,580. The proceeds of the bond issue are to pay the cost of acquisition and construction of certain transportation capital improvements in the County and to pay certain costs related to the issuance and sale of the Series 2000 Bonds. The 2000 bonds are capital appreciation bonds; additional capital appreciation through September 30, 2014, totaled \$4,233,317.

The Series 2000 Bonds are special, limited obligations of the County payable solely from and secured by a prior lien upon and pledge of the proceeds of the six-cent local option gas tax and until expended, the monies on deposit in certain funds and accounts created by Resolution. Annual principal and interest on the bonds are expected to require approximately 48% of such tax revenue and are payable through 2025. Principal and Interest payments for the current year totaled \$945,000 and gas tax revenues totaled \$1,988,302. At year-end, pledged future revenues totaled \$10,395,000, which was the amount of remaining principal and interest on the bonds. Other Board revenues are not available to finance this bond issue. In addition, the bondholders do not have any authority to compel the Board to increase ad valorem taxes for financing this bond issue. Such bonds, bearing interest at a rate between 5.0% and 5.81% per annum, are dated August 30, 2000, and are in denominations of \$5,000 each. A portion of such bonds mature annually starting March 1, 2010, with final maturity being March 1, 2025. The bonds have a required reserve of \$945,000, which is on hand at year-end.

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 430,996	\$ 514,004	\$ 945,000
2016	405,178	539,822	945,000
2017	380,533	564,467	945,000
2018	357,030	587,970	945,000
2019	334,662	610,338	945,000
2020-2024	1,399,006	3,325,994	4,725,000
2025	<u>232,697</u>	<u>712,303</u>	<u>945,000</u>
Total	<u>\$ 3,540,102</u>	<u>\$ 6,854,898</u>	<u>\$ 10,395,000</u>

2007 Public Improvement Revenue Refunding Bonds

The Board, in June 2007, issued the Public Improvement Revenue and Refunding Bonds, Series 2007, in the amount of \$29,630,000. The purposes of the Series 2007 Bonds are to: (1) acquire and construct certain public improvements; (2) partially advance refund the Board's outstanding Public Improvement Revenue Bonds, Series 2001; and (3) pay certain issuance costs of the Series 2007 Bonds, including the municipal bond insurance premium.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 9 - Long-term Obligations (Continued)

Governmental Activities (Concluded)

2007 Public Improvement Revenue Refunding Bonds (Concluded)

The Series 2007 Bonds are special obligations of the Board payable solely from amounts budgeted and appropriated by the Board from non ad valorem tax revenues in accordance with the terms of the Resolution. Annual principal and interest on the bonds are expected to require approximately 37% of such non ad valorem tax revenue and are payable through 2031. Principal and interest payments for the current year totaled \$2,387,950 and non ad valorem tax revenues totaled \$6,375,600. At year-end, pledged future revenues totaled \$39,501,500, which was the amount of remaining principal and interest on the bonds. Other Board revenues are not available to finance this bond issue.

In addition, the bondholders do not have any authority to compel the Board to increase ad valorem taxes for financing this bond issue. Such bonds, bearing interest rates between 3.75% and 5.0% per annum, are dated June 12, 2007, and are in denominations of \$5,000 each. A portion of such bonds mature annually beginning May 2008, with term maturities in May of 2023, 2025, 2027, and 2031.

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,055,000	\$ 1,280,350	\$ 2,335,350
2016	1,085,000	1,238,150	2,323,150
2017	1,125,000	1,194,750	2,319,750
2018	1,170,000	1,149,750	2,319,750
2019	1,230,000	1,091,250	2,321,250
2020-2024	7,155,000	4,468,250	11,623,250
2025-2029	9,120,000	2,492,250	11,612,250
2030-2031	<u>4,320,000</u>	<u>326,750</u>	<u>4,646,750</u>
Total	\$ 26,260,000	\$ 13,241,500	\$ 39,501,500

Compensated Absences

Compensated Absences—are recorded on the government-wide financial statements. Following is a summary of compensated absences by constitutional officer September 30, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Board	\$ 5,848,569	\$ 2,456,803	\$ (2,217,412)	\$ 6,087,960
Sheriff	744,490	591,620	(571,698)	764,412
Tax Collector	37,300	120,222	(115,779)	41,743
Property Appraiser	114,573	104,324	(116,779)	102,118
Supervisor of Elections	<u>31,978</u>	<u>25,307</u>	<u>(21,983)</u>	<u>35,302</u>
Total	\$ 6,776,910	\$ 3,298,276	\$ (3,043,651)	\$ 7,031,535

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 9 - Long-term Obligations (Concluded)

Business-type Activities

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

The revenue bond is secured by a pledge of and is payable solely from pledged revenues, which primarily consist of net revenues and impact fees which derive from the System. Annual principal and interest on the bond is expected to require approximately 52% of such revenue and are payable through 2028. Principal and interest payments for the current year totaled \$1,194,974 and revenues totaled \$2,292,344. At year-end, pledged future revenues totaled \$16,726,742, which was the amount of remaining principal and interest on the bond. The Series 2013 Bond shall not be or constitute a general obligation or indebtedness of the County.

Rate Covenant

The County has covenanted to establish and collect fees from users of the Water and Sewer System (gross revenues of the System, as defined in the bond ordinance) sufficient to pay the costs of operation and maintenance of the System (as defined in the bond ordinance) plus 110% of the bond service requirements for that year. In addition, the rate covenant requires the County to establish and collect fees from users of the System and impact fees sufficient to pay the costs of operation and maintenance of the System plus 125% of the bond service requirements for that year. The County met the 125% and 110% requirement and, therefore, is in compliance with the rate covenant at year-end.

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

<u>Year Ending</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 895,000	\$ 300,946	\$ 1,195,946
2016	915,000	281,489	1,196,489
2017	930,000	261,655	1,191,655
2018	955,000	241,391	1,196,391
2019	975,000	220,644	1,195,644
2020-2024	5,200,000	776,258	5,976,258
2025-2028	4,575,000	199,359	4,774,359
Total	<u>\$ 14,445,000</u>	<u>\$ 2,281,742</u>	<u>\$ 16,726,742</u>

Compensated Absences

Compensated Absences—Following is a summary of annual, sick, and bonus leave benefits liabilities at September 30, 2014, for the proprietary funds:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Vacation Leave	\$ 97,259	\$ 62,316	\$ (57,711)	\$ 101,864
Sick Leave	163,501	32,122	(22,086)	173,537
Bonus Leave	3,225	8,033	(8,033)	3,225
Total	<u>\$ 263,985</u>	<u>\$ 102,471</u>	<u>\$ (87,830)</u>	<u>\$ 278,626</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 10 - No Commitment Special Assessment Debt

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

At September 30, 2014, the Special Assessment Bond outstanding totaled \$6,669,954.

Note 11 - Bond Arbitrage Rebate

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

- \$29,630,000 Nassau County, Florida, Public Improvement Revenue and Refunding, Series 2007.
- \$19,160,000 Nassau County, Florida, Water and Sewer System Revenue Bonds, Series 2003.
- \$6,213,421 Nassau County, Florida, Gas Tax Revenue Bond, Series 2009-1.
- \$6,487,372 Nassau County, Florida, Special Assessment Bond, Series 2004.

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

Note 12 - Landfill Postclosure Care Costs

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

For the closed landfills, actual postclosure care cost incurred for each year is reported as a reduction of the postclosure liability, along with the change in required escrow balance until the required twenty-or-thirty-year postclosure care period is satisfied. The County has accrued a total of \$15,850,980 for postclosure care cost at September 30, 2014, for the four closed landfills. The liability is based on engineering estimates of annual postclosure care cost.

These postclosure care costs are based on estimates of what it would cost to perform all postclosure care using 2014 dollars. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 12 - Landfill Postclosure Care Costs (Concluded)

The County is required by state law to deposit into the escrow accounts, at the time of closing and each year thereafter, sufficient funds to cover the following year's long-term care costs. In addition, the County must document specifically how it intends to finance the long-term care of the landfill as part of its closure plan. The County is in compliance with these requirements with escrow balances that exceed the amounts required by state law (amounts required by State law are \$804,581 as of September 30, 2014). At September 30, 2014, the escrow balances are as follows:

	<u>Total</u>
Landfills	
Old West Nassau Postclosure	\$ 32,015
Bryceville Postclosure	93,391
Lofton Creek Postclosure	125,276
New West Nassau Postclosure	<u>555,987</u>
Total Escrow Balances	<u><u>\$ 806,669</u></u>

Note 13 - Retirement Plans

The County participates in the Florida Retirement System (the System) administered by the State of Florida Division of Retirement. Such a retirement system is a cost-sharing multiple-employer public employee retirement system established to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, and Chapter 22B, *Florida Administrative Code*, establishes the authority for participant eligibility, contribution requirements, vesting eligibility, and benefit provisions and amendments. The System issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-5706.

If employed prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. The vesting requirement changes to eight years of creditable service for those employed on or after July 1, 2011. For those employed prior to July 1, 2011, normal retirement is after thirty years of service or age sixty-two except for the Special Risk service class. Those hired prior to July 1, 2011, who are assigned the Special Risk service class must have twenty-five years of service or must reach age fifty-five. If employed on or after July 1, 2011, normal retirement is after thirty-three years of service or age sixty-five except for the Special Risk service class. Those hired on or after July 1, 2011, who are assigned the Special Risk service class must have thirty years of service or must reach age sixty. Early retirement may be taken after meeting the appropriate vesting requirement with a 5% benefit reduction for each year prior to the normal retirement requirement. The System also offers eligible employees the ability to participate in an alternative defined contribution plan (the Investment Plan). Employees participating in the Investment Plan are vested after one year of service with no age requirement. Generally, membership is compulsory for all full-time and part-time employees, except for elected Officials who may elect not to participate in the System. Prior to July 1, 2011, retirement coverage for an employee was noncontributory. Effective July 1, 2011, all System members (except those in DROP) are required to contribute 3% of their gross compensation on a pretax basis.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 13 - Retirement Plans (Concluded)

The Deferred Retirement Option Program (DROP) is available under the System Pension Plan when the member first reaches eligibility for normal retirement. DROP allows a member to retire while continuing employment for up to sixty months. While in the DROP, the member's retirement benefits accumulate in the System trust fund (increased by a cost-of-living adjustment each July). DROP participants starting the program prior to July 1, 2011, earn monthly interest equivalent to an annual rate of 6.5%. Participants starting the program on or after July 1, 2011, earn an effective annual rate of 1.3%. When the DROP period ends, the DROP account is paid out as a lump-sum payment, a rollover, or a combination, and monthly benefits are subsequently paid to the member in the amount as calculated upon entry into DROP, plus cost-of-living adjustments for intervening years. In most cases, the DROP participant must cease employment when the DROP period ends.

The funding methods and determination of benefits payable are provided in various Acts of the State Legislature. These Acts provide that employers make required contributions actuarially determined at the following rates:

	As of <u>September 30, 2014</u>
Deferred Retirement Option Program	12.28%
Regular Employees	7.37%
Senior Management Service	21.14%
SUS Optional Program	5.14%
Elected County Officials	43.24%
Special Risk	19.82%

The County's contributions to the System for the years ended September 30, 2014, 2013, and 2012, were \$4,355,360, \$3,238,873, and \$2,724,889, respectively, equal to the required contributions for each year.

Note 14 - Deferred Compensation Plan

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

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

Note 15 - Other Postemployment Benefits (OPEB)

Plan Description

The County follows GASB Statement No. 45, *Accounting and Reporting for Postemployment Benefits Other than Pensions*, for certain postemployment health care benefits provided by the County. The requirements of this statement are being implemented prospectively, with the actuarially determined liability of \$22,324,333 at October 1, 2008, the date of the transition amortized over thirty years.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 15 - Other Postemployment Benefits (OPEB) (Continued)

Plan Description (Continued)

The OPEB Plan is a single-employer benefit plan administered by the County. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. GASB Statement No. 45 calls this the “implicit rate subsidy.”

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

Percent of Direct Subsidy up to “Subsidy Base Maximum” of \$547.92			
Years of Service With Nassau County	Hired Before 10/1/05 (Other than Sheriff)	Hired on or After 10/1/05 (Other than Sheriff)	Sheriff’s Office (Regardless of Hire Date)
At Least 6 Years	100%	0%	0%
15 Years	100%	50%	0%
20 Years	100%	65%	0%
25 Years	100%	80%	0%/100%
30 or More Years	100%	100%	100%

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

Funding Policy—For the OPEB Plan, contribution requirements of the County are established and may be amended through action from either the Board or Constitutional Officers. Currently, the County’s OPEB Benefits are unfunded. The required contributions are based on pay-as-you-go financing requirements. There is no separate trust fund or equivalent arrangement into which the County would make contributions to advance-fund the obligation, as it does for its pension plan, the System. Therefore, ultimate subsidies which are provided over time are financed directly by general assets of the County, which are invested in very short-term income instruments. The County selected an interest rate discount of 4.0% for this purpose. The net amount of retiree contributions totaled \$97,392.

Annual OPEB Cost and Net OPEB Obligation—The County’s annual OPEB cost (expense) is calculated based on the annual contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The unfunded actuarial accrued liability represents an actuarial measurement to the obligation that has accrued so far based on the promise that has been made to current retirees and to current employees. Since the County’s OPEB is currently unfunded, the offset to that expense comes from actual subsidies paid on behalf of the current retirees and their dependents for the current year. This offset is called the employer contribution and equals the total age-adjusted costs paid by the County for coverage for the retirees and their dependents for the year (net of the retiree’s own payments for the year). The following table shows the components of the County’s net OPEB obligation to the other postemployment benefit plan:

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 15 - Other Postemployment Benefits (OPEB) (Continued)

Plan Description (Concluded)

Annual OPEB Cost and Net OPEB Obligation—(Concluded)

Normal Cost (Service Cost for One Year)	\$ 1,107,952
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	880,788
Interest on Normal Cost and Amortization	<u>0</u>
Annual Required Contribution (ARC)	1,988,740
Interest on Net OPEB Obligation	280,302
Adjustment to ARC	<u>(269,521)</u>
Annual OPEB Cost	1,999,521
Employer Contributions Made	<u>(994,030)</u>
Increase in Net OPEB Obligation	1,005,491
Net OPEB Obligation at Beginning of Year	<u>7,007,539</u>
Net OPEB Obligation at End of Year	<u>\$ 8,013,030</u>

The County's annual OPEB cost, the percentage of annual expected employer contribution toward OPEB cost, and the net OPEB obligation were as follows:

Fiscal Year Ending	Annual OPEB Cost	Employer Contributions Toward the OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
09/30/2012	\$ 2,591,302	\$ 933,817	36.04%	\$ 6,152,357
09/30/2013	1,890,057	1,034,875	54.75%	7,007,539
09/30/2014	1,999,521	994,030	49.71%	8,013,030

In the statement of net position, the County reports \$7,866,002 net OPEB obligation in governmental activities and \$147,028 in the business-type activities.

Funding Status and Funding Progress—As of October 1, 2012, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$21,592,107 and the actuarial value of the assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$21,592,107. The covered payroll (annual payroll of active employees covered by the plan) was \$27,522,323, and the ratio of the UAAL to the covered payroll was 78.45%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, termination, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision and actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to actuarial accrued liabilities for benefits.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 15 - Other Postemployment Benefits (OPEB) (Concluded)

Actuarial Methods and Assumptions

In any long-term actuarial valuation, certain demographic, economic, and behavioral assumptions are made concerning the population, the investment discount rates, and the benefits provided. These actuarial assumptions form the basis for the actuarial model which is used to project the future population, the future benefits provided, and the contributions collected. Then the investment discount rate assumption is used to discount those projected net OPEB benefits to a present value. This and other related present values are used to calculate the annual OPEB cost. The actuarial assumptions also included a payroll growth rate of 4%, inflation rate of 3.0% and an annual health care cost trend rate of 9.0% initially, reduced annually to an ultimate rate of 5% after 8 years. The remaining amortization period at September 30, 2014, was twenty-five years.

The results presented as of the actuarial valuation date have been derived using the individual Entry Age Actuarial Cost Method with a closed amortization of the UAAL as a level percent of expected payroll. This is the most common such method used for government pension valuations (and likely so for OPEB valuations) and spreads the cost evenly as a percent of pay throughout the collection careers of those in the covered workforce. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Note 16 - Deficit Equity Balances

The Nassau County Anti-Drug Enforcement Trust Fund is partially funded by state and federal grants. However, a portion of grant revenues were not available as of September 30, 2014. As a result the Nassau County Anti-Drug Enforcement Trust fund has accumulated a deficit fund balance as of September 30, 2014, of \$27,650.

The County has accrued the estimated postclosure monitoring liability for its closed landfills until the conclusion of the 20 or 30-year postclosure monitoring period. These liabilities are not required to be fully funded until later dates. As a result, the Solid Waste Disposal Fund has accumulated negative unrestricted net position at September 30, 2014, as follows:

Prior Year Total Net Position	\$ (9,652,703)
Change in Net Position for the Year Ended September 30, 2014	<u>(791,411)</u>
Total Net Position for the Year Ended September 30, 2014	(10,444,114)
Investment in Capital Assets	<u>(1,413,879)</u>
Total Unrestricted Net Position	<u>\$ (11,857,993)</u>

Note 17 - Fund Balance Classification

The following is a summary of the County's fund balance classifications and the purpose of each as of September 30, 2014, is as follows:

Nonspendable Fund Balance

Prepaid Expenses	\$ 1,151,665
Inventory	305,253
Deposits	<u>2,000</u>
Total Nonspendable Fund Balance	<u>1,458,918</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 17 - Fund Balance Classification (Concluded)

Restricted Fund Balance	
Crime Prevention	\$ 215,751
Other Human Services	209,016
Developer Agreements	88,147
Sheriff – Donations	4,353
Impact Fees	3,928,412
Library	357,402
Wireless Services	111,349
911 Call Center	400,000
Other Physical Environment	1,482,292
State Housing Initiative Program	855,592
Court Facilities	1,962,707
Criminal Justice	211,346
Law Enforcement	279,857
Tourist Development	3,935,745
Building Department	2,754,243
Debt Services - Bonds	1,588,710
Capital Projects - Transportation	246,056
Clerk Public Records	582,410
Clerk Child Support	247,479
Sheriff Inmate Commissary	355,647
Sheriff Investigative Fund	9,540
Total Restricted Fund Balance	19,826,054
Committed Fund Balance	
Fire/Rescue	3
Capital Projects	3,003
Clerk Teen Court	10,173
Sheriff Investigative Fund	12,367
Total Committed Fund Balance	25,546
Assigned Fund Balance	
Other General Government	6,988
Economic Development	13,627
Human Services	33,621
Library	84,821
Sheriff Administration Building	9,788,815
Parks and Recreation	89,434
Public Safety	641,170
Supervisor of Elections	10,764
Transportation	102,091
Reserves - Capital	3,656,569
Reserves - Minimum Fund Balance	2,440,613
Reserves	195,554
Capital Projects Transportation	8,119,196
Capital Projects 911 Call Center	3,106,381
Capital Projects	209,015
Total Assigned Fund Balance	28,498,659
Unassigned Fund Balance	8,193,550
Total	\$ 58,002,727

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 18 - Risk Management

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

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

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

Note 19 - Commitments and Contingencies

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

The following is a summary of major commitments of the County and contracts in progress as of September 30, 2014:

<u>Project</u>	<u>Source of Payment</u>	<u>Paid To-Date</u>	<u>Commitment Remaining</u>
911 Call Center	Current Available Resources	\$ 57,400	\$ 1,888,305
Commerce Blvd/A1A	Current Available Resources	40,868	567,575
E911 Solacom System	Current Available Resources	109,058	254,468
Jasmin Street Drainage & Resurfacing	Current Available Resources	0	688,180
Loop Road – Phase IV	Current Available Resources	789,267	996,942
CADD System	Current Available Resources	855,668	221,157
Roy Sikes Culvert Replacement	Current Available Resources	66,079	151,292
Sheriff's Administration Building	Current Available Resources	203,500	7,325,769
Crawford Road Widening & Resurfacing	Current Available Resources	234,411	397,802
Bay Road Phase II	Current Available Resources	908,442	1,308,279
Total		<u>\$ 3,264,693</u>	<u>\$ 13,799,769</u>

The following is a summary of encumbrances outstanding for the County as of September 30, 2014:

General Fund	\$ 452,252
County Transportation Fund	6,988
Municipal Services Fund	19,044
One-cent County Surtax Fund	0
Capital Project Impact Fee Ordinance Trust Fund	16,450
Capital Projects Transportation	15,235
Solid Waste Fund	0
Water and Sewer Fund	14,122
	<u>\$ 524,091</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Concluded)

Note 20 - Conduit Debt Obligations

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

As of September 30, 2014, there was one bond outstanding with an aggregate principal amount payable of \$10,510,000. The issue amount and the September 30, 2014, outstanding balance is as follows:

<u>Original Issuance</u>	<u>Year</u>	<u>9/30/14 Balance</u>	<u>Description</u>
\$ 11,150,000	2008	\$ 10,510,000	AICC, Inc. and Nassau Care Centers - 70 Bed Care Intermediate Care and Day Program Service Facilities

Note 21 - Other Disclosures

Prior Period Adjustment

The County implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement provides more guidance for the items listed in GASB 63, and adds additional changes. It requires that statements avoid the use of the word “deferred” except as it relates to items that are deferred outflows or are deferred inflows. It addresses the calculation of a deferred outflow or inflow for the refunding of debt. For non-exchange transactions, like grants, amounts received before the time period of eligibility are treated as deferred inflows. This Statement also addresses taxes received prior to the period to which they relate. GASB 65 also requires debt issuance costs to be expensed in the period that the debt was issued. In the past, subsequent to the implementation of GASB 34, these costs were amortized over the life of the issue. The effects of this change are required to be disclosed on the statements in the period it is implemented. Losses on debt refundings are not expenses, but rather, treated as deferred outflows. For operating leases, any initial direct costs are recognized in the period incurred, instead of being amortized over the life of the lease. When an asset is recorded in governmental fund statements, but the revenue is not available until a future period, a deferred inflow is reported until the revenue becomes available.

The implementation of this statement resulted in the elimination of \$66,437 of unamortized bond issuance costs in the Water and Sewer Fund in the Business-type Activities, and \$501,440 in the Governmental Activities.

REQUIRED SUPPLEMENTARY INFORMATION

NASSAU COUNTY, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 29,510,804	\$ 29,510,804	\$ 29,838,964	\$ 328,160
Licenses and Permits	12,000	12,000	16,426	4,426
Intergovernmental Revenues	5,092,750	5,189,192	5,757,757	568,565
Charges for Services	3,666,432	3,716,426	3,600,934	(115,492)
Fines and Forfeitures	56,000	56,000	51,005	(4,995)
Interest Earnings	178,500	178,500	82,717	(95,783)
Miscellaneous	156,581	538,204	644,840	106,636
Total Revenues	38,673,067	39,201,126	39,992,643	791,517
Expenditures				
Current:				
General Government Services	14,277,178	14,485,720	13,956,740	528,980
Public Safety	24,111,285	24,435,658	23,902,511	533,147
Physical Environment	338,412	351,209	350,163	1,046
Economic Environment	269,308	292,053	207,399	84,654
Human Services	2,694,709	2,682,141	2,507,694	174,447
Culture and Recreation	1,651,892	2,253,638	1,946,187	307,451
Court-related Expenditures	1,609,035	1,557,146	1,532,079	25,067
Reserve for Contingency	250,000	50,000	0	50,000
Capital Outlay	1,801,163	2,668,597	2,086,339	582,258
Debt Service:				
Principal Retirement	121,529	121,529	121,529	0
Interest and Fiscal Charges	6,409	6,409	6,409	0
(Total Expenditures)	47,130,920	48,904,100	46,617,050	2,287,050
(Deficiency) of Revenues (Under)				
Expenditures	(8,457,853)	(9,702,974)	(6,624,407)	3,078,567
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	0	24,000	24,000
Transfers in	25,421,662	26,108,782	5,453,677	(20,655,105)
Transfers (out)	(22,787,185)	(23,267,313)	(2,593,570)	20,673,743
Total Other Financing Sources (Uses)	2,634,477	2,841,469	2,884,107	42,638
Net Change in Fund Balances	(5,823,376)	(6,861,505)	(3,740,300)	3,121,205
Fund Balances at Beginning of Year	14,392,420	15,188,463	15,423,067	234,604
Fund Balances at End of Year	\$ 8,569,044	\$ 8,326,958	\$ 11,682,767	\$ 3,355,809

NASSAU COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - COUNTY TRANSPORTATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 4,343,217	\$ 4,343,217	\$ 4,586,657	\$ 243,440
Licenses and Permits	14,645	14,645	39,594	24,949
Intergovernmental Revenues	1,018,236	1,018,236	1,248,332	230,096
Charges for Services	5,620	4,773	43,844	39,071
Fines and Forfeitures	0	0	262	262
Interest Earnings	55,000	55,000	15,471	(39,529)
Miscellaneous	40,820	45,495	89,424	43,929
Total Revenues	<u>5,477,538</u>	<u>5,481,366</u>	<u>6,023,584</u>	<u>542,218</u>
Expenditures				
Current:				
Transportation	6,314,919	6,070,357	5,738,828	331,529
Capital Outlay	1,151,417	1,579,320	1,087,377	491,943
(Total Expenditures)	<u>7,466,336</u>	<u>7,649,677</u>	<u>6,826,205</u>	<u>823,472</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(1,988,798)</u>	<u>(2,168,311)</u>	<u>(802,621)</u>	<u>1,365,690</u>
Other Financing Sources (Uses)				
Transfers in	1,846,750	1,847,597	1,843,724	(3,873)
Transfers (out)	<u>(2,479,176)</u>	<u>(1,644,740)</u>	<u>(1,635,211)</u>	<u>9,529</u>
Total Other Financing Sources (Uses)	<u>(632,426)</u>	<u>202,857</u>	<u>208,513</u>	<u>5,656</u>
Net Change in Fund Balances	<u>(2,621,224)</u>	<u>(1,965,454)</u>	<u>(594,108)</u>	<u>1,371,346</u>
Fund Balances at Beginning of Year	<u>3,474,997</u>	<u>4,081,996</u>	<u>4,269,305</u>	<u>187,309</u>
Fund Balances at End of Year	<u>\$ 853,773</u>	<u>\$ 2,116,542</u>	<u>\$ 3,675,197</u>	<u>\$ 1,558,655</u>

NASSAU COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - MUNICIPAL SERVICES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 7,927,853	\$ 7,927,853	\$ 8,009,288	\$ 81,435
Licenses and Permits	37,000	37,000	45,001	8,001
Intergovernmental Revenues	524,783	724,783	691,928	(32,855)
Charges for Services	121,400	121,400	141,573	20,173
Fines and Forfeitures	2,600	2,600	12,489	9,889
Interest Earnings	55,000	55,000	8,190	(46,810)
Miscellaneous	550	6,050	27,235	21,185
Total Revenues	<u>8,669,186</u>	<u>8,874,686</u>	<u>8,935,704</u>	<u>61,018</u>
Expenditures				
Current:				
General Government Services	590,551	607,832	522,127	85,705
Public Safety	6,235,213	6,493,469	6,187,535	305,934
Human Services	839,895	1,037,055	910,457	126,598
Capital Outlay	206,310	241,293	197,354	43,939
(Total Expenditures)	<u>7,871,969</u>	<u>8,379,649</u>	<u>7,817,473</u>	<u>562,176</u>
Excess of Revenues Over Expenditures	<u>797,217</u>	<u>495,037</u>	<u>1,118,231</u>	<u>623,194</u>
Other Financing Sources (Uses)				
Transfers in	1,981,763	2,021,763	2,015,656	(6,107)
Transfers (out)	(3,031,722)	(3,031,722)	(3,029,967)	1,755
Total Other Financing Sources (Uses)	<u>(1,049,959)</u>	<u>(1,009,959)</u>	<u>(1,014,311)</u>	<u>(4,352)</u>
Net Change in Fund Balances	(252,742)	(514,922)	103,920	618,842
Fund Balances at Beginning of Year	<u>2,990,456</u>	<u>3,225,639</u>	<u>3,225,916</u>	<u>277</u>
Fund Balances at End of Year	<u>\$ 2,737,714</u>	<u>\$ 2,710,717</u>	<u>\$ 3,329,836</u>	<u>\$ 619,119</u>

NASSAU COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - ONE-CENT COUNTY SURTAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 7,006,336	\$ 7,006,336	\$ 7,945,680	\$ 939,344
Interest Earnings	25,000	25,000	52,189	27,189
Total Revenues	<u>7,031,336</u>	<u>7,031,336</u>	<u>7,997,869</u>	<u>966,533</u>
Expenditures				
Current:				
Public Safety	0	94,888	0	94,888
Transportation	12,273	12,273	0	12,273
Capital Outlay	1,389,923	805,731	70,388	735,343
(Total Expenditures)	<u>1,402,196</u>	<u>912,892</u>	<u>70,388</u>	<u>842,504</u>
Excess of Revenues Over Expenditures	<u>5,629,140</u>	<u>6,118,444</u>	<u>7,927,481</u>	<u>1,809,037</u>
Other Financing Sources (Uses)				
Transfers in	45,856	335	335	0
Transfers (out)	(9,954,800)	(9,954,800)	(9,954,800)	0
Total Other Financing Sources (Uses)	<u>(9,908,944)</u>	<u>(9,954,465)</u>	<u>(9,954,465)</u>	<u>0</u>
Net Change in Fund Balances	(4,279,804)	(3,836,021)	(2,026,984)	1,809,037
Fund Balances at Beginning of Year	<u>11,941,356</u>	<u>13,582,082</u>	<u>13,582,083</u>	<u>1</u>
Fund Balances at End of Year	<u>\$ 7,661,552</u>	<u>\$ 9,746,061</u>	<u>\$ 11,555,099</u>	<u>\$ 1,809,038</u>

NASSAU COUNTY, FLORIDA
NOTE TO SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Budgets and Budgetary Accounting

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

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

Chapter 129, Florida Statutes, provides that it is unlawful to make expenditures that exceed the total amount budgeted for each fund. The Board adopted a level of control at the object level (personal services, operating expenses, and capital outlay) by department by fund. Chapter 129, Florida Statutes, also governs the manner in which the budget may be legally amended once it has been approved. Department managers may make budget amendments within an object level without Board approval; budget amendments between object levels up to \$50,000 can be approved by the County Budget Officer and County Administrator. Budget amendments greater than \$50,000 require Board approval.

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

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

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

If during the fiscal year, additional revenues become available for appropriations in excess of those estimated in the budget, the Board or Constitutional Officer, by resolution, may make supplemental appropriations for the year up to the amount of such excess. During the fiscal year ended September 30, 2014, various supplemental appropriations were approved by the Board or Constitutional Officer in accordance with Florida Statutes. The following funds received supplemental appropriations during the year ended September 30, 2014:

Governmental Funds

General Fund	\$ 1,338,888
Special Revenue Funds	5,375,096
Debt Service Funds	0
Capital Projects Funds	<u>3,036,723</u>
Total	<u><u>\$ 9,750,707</u></u>

**NASSAU COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Annual Covered Payroll	UAAL as Percentage of Covered Payroll
10/1/2008	\$ 0	\$ 22,324,333	\$ 22,324,333	0.0%	\$ 28,207,207	79.14%
10/1/2010	\$ 0	\$ 26,344,943	\$ 26,344,943	0.0%	\$ 26,825,685	98.21%
10/1/2012	\$ 0	\$ 21,592,107	\$ 21,592,107	0.0%	\$ 27,522,323	78.45%

Analysis of the dollar amounts of actuarial value of assets, actuarial accrued liability, or unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the system's funded status on a going concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. The unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress being made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

OTHER INFORMATION

NASSAU COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Grant Agency/Grant Title	State CSFA Number	Contract/Grant Number	Expenditures
State Court System			
Small County Courthouse Facilities	22.004	GIA08	\$ 161,474
Florida Department of Environmental Protection			
Small County Consolidated Solid Waste Grants	37.012	325SC	90,909
Total Florida Department of Environmental Protection			90,909
Department of Community Affairs			
Emergency Management Programs	52.008	14-BG-83-04-55-01-045	70,884
Emergency Management Programs	52.008	15-BG-83-04-55-01-045	20,613
Subtotal Expenditures - CSFA No 52.008			91,497
Total Department of Community Affairs			91,497
Florida Department of State			
State Aid to Libraries Grant Program	45.030	13-ST-36	33,737
Total Florida Department of State			33,737
Florida Housing Finance Corporation			
State Housing Initiatives Partnership Program	52.901	11/12	149,960
State Housing Initiatives Partnership Program	52.901	12/13	38,156
State Housing Initiatives Partnership Program	52.901	13/14	9,269
Subtotal Expenditures - CSFA No. 52.901			197,385
Total Florida Housing Finance Corporation			197,385
Florida Department of Transportation			
Small County Outreach Program	55.009	428203-1-58-01	704,503
State Highway Project Reimbursement	55.023	434015-1-58-01	36,781
Total Florida Department of Transportation			741,284
Florida Department of Health			
County Grant Awards	64.005	C2045	7,324
Total Florida Department of Health			7,324
Florida Department of Management Services			
Wireless 911 Emergency Telephone System	72.001	14-4-19	46,237
E911 System Replacement Grant	72.001	S6-13-12-1	109,058
Subtotal Expenditures - CSFA No. 72.001			155,295
Total Florida Department of Management Services			155,295
United States Department of Homeland Security			
Indirect:			
Passed Through Florida Division			
of Emergency Management:			
Disaster Grants - Public Assistance	97.036	13-DB-73-04-55-02-594	3,925
Disaster Grants - Public Assistance	97.036	08-PA-B9-04-55-13-610	4,387
Total United States Department of Homeland Security			8,312
Total State Expenditures			\$ 1,487,217

NASSAU COUNTY, FLORIDA
NOTE TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Note 1 - Basis of Presentation

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

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR STATE PROJECT
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

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

Report on Compliance for Each State Project

We have audited Nassau County, Florida's (the County's) compliance with the types of compliance requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the County's major state projects for the year ended September 30, 2014. The County's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*. Those standards, 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 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.

Opinion on Each State Project

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2014.

Certified Public Accountants

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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 THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR STATE PROJECT
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL
(Concluded)**

Report on Internal Control Over Compliance

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 state financial assistance projects. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on state financial assistance project in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Chapter 10.550, *Rules of the Auditor General*, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state financial assistance project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state financial assistance project 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 over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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. However, material weaknesses may exist that have not been identified.

Purpose

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

Purvis, Gray and Company, LLP

March 4, 2015
Gainesville, Florida

**NASSAU COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Summary of Auditors' Results

1. The independent auditors' report expresses an unmodified opinion on the financial statements of Nassau County, Florida (the County).
2. There were no significant deficiencies identified during the audit of the financial statements reported in the report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. There were no instances of noncompliance identified during the audit of the financial statements reported in the report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
4. The audit disclosed no significant deficiencies and/or material weaknesses in internal control over major state projects that are required to be reported in the schedule of findings and questioned costs.
5. The report on compliance for the major state projects expresses an unmodified opinion.
6. The audit disclosed no findings that are required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General*.
7. The programs tested as major state financial assistance projects included:

State Projects	<u>CSFA No.</u>
Small County Outreach Program (SCOP)	55.009
Small County Courthouse Facilities	22.004

8. The threshold for distinguishing Type A and B programs was \$300,000 for state projects.

Financial Statement Findings

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

Findings and Questioned Costs for Major State Projects

The audit disclosed no findings for major state projects to be reported under Chapter 10.550, *Rules of the Auditor General*.

Status of Prior Audit Findings

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining funds information of Nassau County, Florida (the County) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 4, 2015.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County'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 weaknesses, yet important enough to merit attention by those charged with governance.

Our consideration of the 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.

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

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

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*.

We noted certain matters that were reported to management in a separate management letter dated March 4, 2015.

Purpose of this Report

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

Purvis, Gray and Company, LLP

March 4, 2015
Gainesville, Florida

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

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

We have examined Nassau County, Florida, (the County's) compliance with Section 218.415, Florida Statutes, as of and for the year ended September 30, 2014, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

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

Purvis, Gray and Company, LLP

March 4, 2015
Gainesville, Florida

Certified Public Accountants

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of Nassau County, Florida (the County), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated March 4, 2015.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, *Rules of the Auditor General*. We have issued our independent auditors' report on internal control over financial reporting and compliance and other matters, independent auditors' report on compliance with requirements applicable to each major state project and on internal control over compliance, and schedule of findings and questioned costs. Disclosures in those reports, which are dated March 4, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition

- Section 10.554(1)(i)5a., *Rules of the Auditor General*, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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MANAGEMENT LETTER
(Concluded)

Financial Condition (Concluded)

- Pursuant to Section 10.554(1)(i)5c. and 10.556(8)., *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.

Annual Financial Report

- Section 10.554(1)(i)5b., *Rules of the Auditor General*, requires that we determine whether the annual financial report for the County for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

- Section 10.554(1)(i)5d., *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statement of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Other Matters

- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contract or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

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.

Purvis, Gray and Company, LLP

March 4, 2015
Gainesville, Florida

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2014

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**NASSAU COUNTY BOARD
OF COUNTY COMMISSIONERS
NASSAU COUNTY, FLORIDA
SEPTEMBER 30, 2014**

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INTRODUCTORY SECTION

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

LIST OF ELECTED AND APPOINTED OFFICIALS

Serving as of September 30, 2014

ELECTED OFFICIALS

Commissioner – District 4, Chairman	Barry Holloway
Commissioner – District 3, Vice-Chairman	Pat Edwards
Commissioner – District 1	Daniel B. Leeper
Commissioner – District 2	Stephen W. Kelley
Commissioner – District 5	Walter J. Boatright
Clerk of the Circuit Court	John A. Crawford
Tax Collector	John M. Drew
Sheriff	Bill Leeper
Property Appraiser	A. Michael Hickox
Supervisor of Elections	Vicki P. Cannon

APPOINTED OFFICIALS

County Manager	Theodore J. Selby
County Attorney	David A. Hallman

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

The Honorable Board of County Commissioners
Nassau County, Florida

We have audited the accompanying financial statements of each major fund and aggregate remaining fund information of the Nassau County Board of County Commissioners, Nassau County, Florida, (the Board) as of and for the year ended September 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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INDEPENDENT AUDITORS' REPORT
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the financial reporting provisions of the State of Florida Auditor General, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the state of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position, the changes in financial position, and budgetary comparisons of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Nassau County, Florida, that is attributable to the transactions of the Board. They do not purport to, and do not, present fairly the financial position of Nassau County, Florida, as of September 30, 2014, the changes in its financial position or budgetary comparisons, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

The Honorable Board of County Commissioners
Nassau County, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2015, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Purvis, Gray and Company, LLP

March 4, 2015
Gainesville, Florida

FINANCIAL STATEMENTS

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	<u>General</u>	<u>County Transportation</u>	<u>Municipal Services</u>
Assets			
Cash and Cash Equivalents	\$ 531,732	\$ 10,996	\$ 1,650
Equity in Pooled Investments	10,031,629	4,294,389	3,607,008
Accounts Receivable, (Net of Allowance for Uncollectibles)	818,364	24,862	1,770
Loans Receivable, (Net of Allowance for Uncollectibles)	0	0	0
Due from Other Funds	296,646	0	0
Due from Constitutional Officers	543,013	16,920	7,993
Due from Other Governments	653,665	515,853	124,266
Inventories	177,724	127,529	0
Prepaid Expenditures	1,088,625	18,436	2,296
Deposits	9,587	895	0
Total Assets	<u>14,150,985</u>	<u>5,009,880</u>	<u>3,744,983</u>
Liabilities			
Accounts Payable	808,720	1,007,815	115,675
Accrued Liabilities	494,158	0	0
Retainage Payable	0	44,423	0
Due to Other Funds	0	88,210	163,464
Due to Constitutional Officers	12,813	136	176
Due to Other Governments	258,839	560	4,694
Unearned Revenues	4,149	7,402	71,138
Deposits	3,105	10,440	0
Total Liabilities	<u>1,581,784</u>	<u>1,158,986</u>	<u>355,147</u>
Deferred Inflows of Resources	<u>986,135</u>	<u>175,697</u>	<u>60,000</u>
Fund Balances			
Nonspendable	1,268,349	145,965	2,296
Restricted	733,926	0	5,000
Committed	0	0	0
Assigned	1,425,841	3,529,232	3,322,540
Unassigned	8,154,950	0	0
Total Fund Balances	<u>11,583,066</u>	<u>3,675,197</u>	<u>3,329,836</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$ 14,150,985</u>	<u>\$ 5,009,880</u>	<u>\$ 3,744,983</u>

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

One-Cent Small County Surtax Fund	Capital Projects - Impact Fee Ordinance Trust	Capital Projects - Transportation	Nonmajor Governmental Funds	Total Governmental Funds
\$ 10,429 10,993,625	\$ 828,635 3,928,285	\$ 2,011,477 5,347,925	\$ 2,385,376 15,754,542	\$ 5,780,295 53,957,403
0	0	0	0	844,996
0	0	0	48,000	48,000
0	0	0	0	296,646
0	0	0	89,633	657,559
1,126,495	0	741,284	413,767	3,575,330
0	0	0	0	305,253
0	0	0	330	1,109,687
0	0	0	0	10,482
<u>12,130,549</u>	<u>4,756,920</u>	<u>8,100,686</u>	<u>18,691,648</u>	<u>66,585,651</u>
450	352,417	2,361,246	565,023	5,211,346
0	0	0	0	494,158
0	128,185	162,218	10,040	344,866
0	0	0	23,129	274,803
0	19,469	0	6,713	39,307
0	328,437	0	13,774	606,304
0	0	0	15,739	98,428
0	0	0	77,145	90,690
<u>450</u>	<u>828,508</u>	<u>2,523,464</u>	<u>711,563</u>	<u>7,159,902</u>
<u>575,000</u>	<u>0</u>	<u>562,602</u>	<u>389,432</u>	<u>2,748,866</u>
0	0	0	330	1,416,940
0	3,928,412	0	13,963,640	18,630,978
0	0	0	3,006	3,006
11,555,099	0	5,014,620	3,651,327	28,498,659
0	0	0	(27,650)	8,127,300
<u>11,555,099</u>	<u>3,928,412</u>	<u>5,014,620</u>	<u>17,590,653</u>	<u>56,676,883</u>
<u>\$ 12,130,549</u>	<u>\$ 4,756,920</u>	<u>\$ 8,100,686</u>	<u>\$ 18,691,648</u>	<u>\$ 66,585,651</u>

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

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>General</u>	<u>County Transportation</u>	<u>Municipal Services</u>
Revenues			
Taxes	\$ 29,838,964	\$ 4,586,657	\$ 8,009,288
Licenses and Permits	16,426	39,594	45,001
Intergovernmental Revenues	5,667,512	1,248,332	691,928
Charges for Services	2,097,120	43,844	141,573
Fines and Forfeitures	51,005	262	12,489
Investment Earnings	82,144	15,471	8,190
Miscellaneous	323,468	89,424	27,235
Total Revenues	<u>38,076,639</u>	<u>6,023,584</u>	<u>8,935,704</u>
Expenditures			
Current:			
General Government Services	5,987,516	0	522,127
Public Safety	9,051,533	0	6,187,535
Physical Environment	350,163	0	0
Transportation	0	5,738,828	0
Economic Environment	154,948	0	0
Human Services	2,507,694	0	910,457
Culture and Recreation	1,946,187	0	0
Court-related Expenditures	841,000	0	0
Capital Outlay	1,019,825	1,087,377	197,354
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
(Total Expenditures)	<u>21,858,866</u>	<u>6,826,205</u>	<u>7,817,473</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>16,217,773</u>	<u>(802,621)</u>	<u>1,118,231</u>
Other Financing Sources (Uses)			
Transfers from Constitutional Officers	438,543	2,826	7,993
Transfers to Constitutional Officers	(20,258,831)	(69,884)	(2,944,497)
Transfers in	2,325,221	1,840,898	2,007,663
Transfers (out)	(2,562,707)	(1,565,327)	(85,470)
Total Other Financing Sources (Uses)	<u>(20,057,774)</u>	<u>208,513</u>	<u>(1,014,311)</u>
Net Change in Fund Balances	(3,840,001)	(594,108)	103,920
Fund Balances at Beginning of Year	<u>15,423,067</u>	<u>4,269,305</u>	<u>3,225,916</u>
Fund Balances at End of Year	<u>\$ 11,583,066</u>	<u>\$ 3,675,197</u>	<u>\$ 3,329,836</u>

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

One-Cent Small County Surtax Fund	Capital Projects - Impact Fee Ordinance Trust	Capital Projects - Transportation	Nonmajor Governmental Funds	Total Governmental Funds
\$ 7,945,680	\$ 0	\$ 0	\$ 5,810,378	\$ 56,190,967
0	529,072	0	1,497,744	2,127,837
0	0	178,682	1,234,682	9,021,136
0	0	0	905,190	3,187,727
0	0	0	151,609	215,365
52,189	27,517	41,313	74,005	300,829
0	0	0	104,913	545,040
<u>7,997,869</u>	<u>556,589</u>	<u>219,995</u>	<u>9,778,521</u>	<u>71,588,901</u>
0	4,824	0	645,449	7,159,916
0	21,111	0	571,203	15,831,382
0	0	0	386,101	736,264
0	0	1,997,441	0	7,736,269
0	0	0	3,367,648	3,522,596
0	0	0	118,836	3,536,987
0	4,824	0	1,075	1,952,086
0	0	0	253,146	1,094,146
70,388	2,053,391	3,441,031	1,610,013	9,479,379
0	0	0	2,532,874	2,532,874
0	0	0	1,904,528	1,904,528
<u>70,388</u>	<u>2,084,150</u>	<u>5,438,472</u>	<u>11,390,873</u>	<u>55,486,427</u>
<u>7,927,481</u>	<u>(1,527,561)</u>	<u>(5,218,477)</u>	<u>(1,612,352)</u>	<u>16,102,474</u>
0	0	0	80,659	530,021
0	(25,872)	(21)	(506,477)	(23,805,582)
335	0	1,908,500	6,986,516	15,069,133
(9,954,800)	(47,262)	0	(726,273)	(14,941,839)
<u>(9,954,465)</u>	<u>(73,134)</u>	<u>1,908,479</u>	<u>5,834,425</u>	<u>(23,148,267)</u>
(2,026,984)	(1,600,695)	(3,309,998)	4,222,073	(7,045,793)
<u>13,582,083</u>	<u>5,529,107</u>	<u>8,324,618</u>	<u>13,368,580</u>	<u>63,722,676</u>
<u>\$ 11,555,099</u>	<u>\$ 3,928,412</u>	<u>\$ 5,014,620</u>	<u>\$ 17,590,653</u>	<u>\$ 56,676,883</u>

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

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Business-Type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Totals
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 880	\$ 5,450,810	\$ 5,451,690
Cash and Cash Equivalents - Restricted	806,669	0	806,669
Equity in Pooled Investments	3,370,708	0	3,370,708
Accounts Receivable, Net	4,854	321,153	326,007
Assessments Receivable, Net	34,763	0	34,763
Due from Other Governmental Units	29,188	0	29,188
Due from Constitutional Officers	155	0	155
Inventories - Materials and Supplies	0	37,681	37,681
Prepaid Expenses	491	20,005	20,496
Total Current Assets	<u>4,247,708</u>	<u>5,829,649</u>	<u>10,077,357</u>
Noncurrent Assets:			
Cash and Cash Equivalents - Restricted	0	1,870,653	1,870,653
Capital Assets (Net of Accumulated Depreciation Where Applicable)	<u>1,413,879</u>	<u>12,880,046</u>	<u>14,293,925</u>
Total Noncurrent Assets	<u>1,413,879</u>	<u>14,750,699</u>	<u>16,164,578</u>
Total Assets	<u>5,661,587</u>	<u>20,580,348</u>	<u>26,241,935</u>
Deferred Outflow of Resources			
Unamortized Refunding Loss	<u>0</u>	<u>628,453</u>	<u>628,453</u>
Total Assets and Deferred Outflows	<u>5,661,587</u>	<u>21,208,801</u>	<u>26,870,388</u>
Liabilities			
Current Liabilities:			
Accounts Payable	117,085	72,428	189,513
Due to Other Funds	7,986	13,857	21,843
Due to Other Governments	142	0	142
Due to Constitutional Officers	0	9	9
Unearned Revenues	2,600	0	2,600
Deposits	0	106,591	106,591
Bonds Payable	0	895,000	895,000
Landfill Postclosure Liability	806,668	0	806,668
Compensated Absences	28,363	61,465	89,828
Total Current Liabilities	<u>962,844</u>	<u>1,149,350</u>	<u>2,112,194</u>
Noncurrent Liabilities:			
Compensated Absences	49,536	139,262	188,798
Other Postemployment Benefits	49,009	98,019	147,028
Bonds Payable Long-term	0	13,550,000	13,550,000
Landfill Postclosure Liability	<u>15,044,312</u>	<u>0</u>	<u>15,044,312</u>
Total Noncurrent Liabilities	<u>15,142,857</u>	<u>13,787,281</u>	<u>28,930,138</u>
Total Liabilities	<u>16,105,701</u>	<u>14,936,631</u>	<u>31,042,332</u>
Net Position			
Net Investment in Capital Assets	1,413,879	(936,501)	477,378
Restricted	0	1,764,062	1,764,062
Unrestricted	<u>(11,857,993)</u>	<u>5,444,609</u>	<u>(6,413,384)</u>
Total Net Position	<u>\$ (10,444,114)</u>	<u>\$ 6,272,170</u>	<u>\$ (4,171,944)</u>

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

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-Type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Totals
Operating Revenues			
Charges for Services	\$ 3,538	\$ 3,436,462	\$ 3,440,000
Connection and Impact Fees	0	138,932	138,932
Other Income	36,522	141,148	177,670
Total Operating Revenues	40,060	3,716,542	3,756,602
Operating Expenses			
Contractual Services	34,669	1,521	36,190
Professional Services	5,000	34,962	39,962
Landfill Postclosure	361,883	0	361,883
Salaries and Benefits	260,451	685,038	945,489
Rentals and Leases	2,044	1,361	3,405
Repairs and Maintenance	24,000	119,179	143,179
Gas and Oil	6,000	16,904	22,904
Materials	4,459	1,777	6,236
Depreciation	124,359	685,513	809,872
Other Expenses	47,903	453,620	501,523
(Total Operating Expenses)	870,768	1,999,875	2,870,643
Operating (Loss) Income	(830,708)	1,716,667	885,959
Nonoperating Revenues (Expenses)			
Interest Earnings	22,711	1,750	24,461
Grant Revenues	90,909	0	90,909
Interest and Other Debt Service Costs	0	(364,864)	(364,864)
Total Nonoperating Revenues (Expenses)	113,620	(363,114)	(249,494)
(Loss) Income Before Transfers	(717,088)	1,353,553	636,465
Transfers			
Transfers (out)	(74,331)	(52,963)	(127,294)
Transfer in from Constitutional Officer	155	0	155
Transfer (out) to Constitutional Officer	(147)	0	(147)
Total Transfers	(74,323)	(52,963)	(127,286)
Change in Net Position	(791,411)	1,300,590	509,179
Total Net Position, Beginning of Year (as Restated)	(9,652,703)	4,971,580	(4,681,123)
Total Net Position, End of Year	\$ (10,444,114)	\$ 6,272,170	\$ (4,171,944)

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

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-Type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 42,646	\$ 3,808,598	\$ 3,851,244
Cash Payments to Vendors for Goods and Services	(911,918)	(815,496)	(1,727,414)
Cash Payments to Employees	(241,119)	(659,240)	(900,359)
Cash Received from Other Sources	36,522	0	36,522
Net Cash Provided by (Used in) Operating Activities	(1,073,869)	2,333,862	1,259,993
Noncapital Financing Activities			
Cash Received from Grant Revenues	90,909	0	90,909
Transfers from Constitutional Officers	155	0	155
Transfers to Constitutional Officers	(147)	0	(147)
Transfers to Other Funds	(74,331)	(52,963)	(127,294)
Net Cash Provided by (Used in) Noncapital Financing Activities	16,586	(52,963)	(36,377)
Capital and Related Financing Activities			
Acquisition of Property, Plant, and Equipment	(84,074)	(206,300)	(290,374)
Principal Payments on Bonds	0	(875,000)	(875,000)
Payment of Interest and Other Debt Costs	0	(338,610)	(338,610)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(84,074)	(1,419,910)	(1,503,984)
Investing Activities			
Interest Received	22,711	1,750	24,461
Purchase of Investments	(232,237)	0	(232,237)
Net Cash Provided by (Used in) Investing Activities	(209,526)	1,750	(207,776)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,350,883)	862,739	(488,144)
Cash and Cash Equivalents, Beginning of Year	2,158,432	6,458,724	8,617,156
Cash and Cash Equivalents, End of Year	\$ 807,549	\$ 7,321,463	\$ 8,129,012
<u>Reported in Statement of Net Assets as</u>			
Cash and Cash Equivalents	\$ 880	\$ 5,450,810	\$ 5,451,690
Current: Cash and Cash Equivalents - Restricted	806,669	0	806,669
Noncurrent: Cash and Cash Equivalents - Restricted	0	1,870,653	1,870,653
Total	\$ 807,549	\$ 7,321,463	\$ 8,129,012

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

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(Concluded)

	Business-Type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Total
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>			
Operating Income (Loss)	\$ (830,708)	\$ 1,716,667	\$ 885,959
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation and Amortization	124,359	685,513	809,872
Provision for Closure and Postclosure Costs	(438,739)	0	(438,739)
Changes in Assets - Decrease (Increase):			
Decrease (Increase) in Accounts Receivable	(1,780)	76,099	74,319
Decrease (Increase) in Assessments Receivable	3,645	0	3,645
Decrease (Increase) in Due from Constitutional Officers	68	0	68
Decrease (Increase) in Due from Other Governments	33,491	0	33,491
Decrease (Increase) in Inventory	0	7,452	7,452
Decrease (Increase) in Prepaid Expense	(281)	(20,005)	(20,286)
Changes in Liabilities - Increase (Decrease):			
Increase (Decrease) in Accounts Payable	12,779	(173,628)	(160,849)
Increase (Decrease) in Due to Other Funds	2,090	2,371	4,461
Increase (Decrease) in Due to Constitutional Officers	0	9	9
Increase (Decrease) in Due to Other Governments	(25)	0	(25)
Increase (Decrease) in Unearned Revenues	1,900	0	1,900
Increase (Decrease) in Deposits	0	13,586	13,586
Increase (Decrease) in Compensated Absences	13,182	1,460	14,642
Increase (Decrease) in Other Postemployment Benefits	6,150	24,338	30,488
Net Cash Provided by (Used in) Operating Activities	\$ (1,073,869)	\$ 2,333,862	\$ 1,259,993

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

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2014**

	<u>SAISSA</u>
Assets	
Cash and Cash Equivalents	\$ 1,563,124
Due from Constitutional Officers	<u>1,493</u>
Total Assets	<u><u>1,564,617</u></u>
 Liabilities	
Due to Bond Holders	<u>1,564,617</u>
Total Liabilities	<u><u>\$ 1,564,617</u></u>

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

NOTES TO FINANCIAL STATEMENTS

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

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

The Nassau County Housing Finance Authority (NCHFA) is a dependent special district, which functions for the benefit of the citizens of the County and is considered a blended component unit of the County. The NCHFA had no revenues or expenditures during the fiscal year ended September 30, 2014. In addition, the NCHFA did not issue any bonds during the audit period, nor were there any bonds outstanding at year-end. Therefore, financial statements were not prepared for NCHFA and, accordingly, no financial data for NCHFA is presented in these financial statements.

The Recreation and Water Conservation and Control District No. 1 (RWCCD) is a dependent special district, which functions for the benefit of the citizens of the County and is considered a blended component unit of the County. The RWCCD had no revenues or expenditures during the fiscal year ended September 30, 2014. In addition, the RWCCD did not issue any bonds during the audit period, nor were there any bonds outstanding at year-end. Therefore, financial statements were not prepared for RWCCD and, accordingly, no financial data for RWCCD is presented in these financial statements.

Basis of Presentation

The accompanying financial statements include all the funds and accounts of the Board of County Commissioner's office, but are not a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557, *Rules of the Auditor General Local Governmental Entity Audits*.

Fund Accounting

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

■ **Governmental Funds**

● **Major Governmental Funds**

- ▶ The **General Fund**—is used to account for all revenues and expenditures applicable to the general operations of the Board, which are not properly accounted for in other funds.
 - ▶ The **County Transportation Trust Fund**—is used to account for the operation of the Road and Bridge Department. Financing is provided principally by ad valorem taxes and the County's share of State gasoline taxes.
 - ▶ The **Municipal Services Fund**—is used to account for activities benefiting only the unincorporated areas of the County. Financing is provided principally by ad valorem taxes, the half-cent sales tax, and State Revenue Sharing.
 - ▶ The **One-Cent Small County Surtax Fund**—is used to account for transactions associated with one-cent funds. Financing is provided by a one-cent sales tax on all transactions occurring in the County that are subject to imposed state tax on sales, use, services, rentals, and admissions.
 - ▶ The **Capital Projects - Impact Fee Ordinance Trust Fund**—is used to account for district expenditures associated with capital expansion. Funding is provided from impact fees on new construction.
 - ▶ The **Capital Projects - Transportation Fund**—is used to account for all financial resources used for the acquisition or construction of major transportation-related capital facilities and/or projects. Funding is provided from a variety of funding sources.
- **Nonmajor Governmental Funds**
- ▶ **Special Revenue Funds**—are used to account for the proceeds of specific revenue sources other than major capital projects or to finance specified activities as required by law.
 - ▶ **Debt Service Funds**—are used to account for the accumulation of resources for, and the payment of, interest, principal, and related costs on general long-term debt.
 - ▶ **Capital Projects Funds**—are used to account for all financial resources used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Concluded)

■ **Major Proprietary Funds**

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

The solid waste disposal fund provides a convenience recycling center for the collection and disposal of solid waste and recyclables for citizens of Nassau County. The fund also accounts for the postclosure requirement costs for all closed landfills. The water and sewer fund accounts for water and wastewater services provided to approximately 3,300 customers on 4,800 acres located entirely in the County, situated north of the Duval County line and south of the City of Fernandina Beach.

■ **Fiduciary Fund**

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

Measurement Focus

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus (Concluded)

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

Basis of Accounting

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

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

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

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

Cash and Cash Equivalents

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

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

Deposits and Investments

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Deposits and Investments (Concluded)

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

Accounts Receivable

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

Interfund Balances

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

Inventories and Prepaid Items

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

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

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

Unamortized Refunding Loss

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

Fund Balance

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

- **Nonspendable**—This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash, or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Concluded)

- **Restricted**—This component of fund balance consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.
- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., ordinance) of the organization's governing authority (the Board). These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (e.g., ordinance) employed to constrain those amounts.
- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. In addition, residual balances in capital projects and debt service funds are considered assigned for the general purpose of the respective fund.
- **Unassigned**—This classification is used for: (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the general fund that are not restricted, committed, or assigned.
- **Flow Assumption**
When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use in any governmental fund, it is the Board's policy to use committed resources first, then assigned, and then unassigned as needed.

Net Position

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

Restricted Assets

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets and Long-term Liabilities

■ **Governmental Funds**

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

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

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

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets and Long-term Liabilities (Concluded)

■ **Governmental Funds (Concluded)**

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

Proprietary Enterprise Funds

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

Buildings	15-40 Years
Equipment	3-20 Years

Capitalization of Interest Costs

When applicable the Board capitalizes interest costs related to construction of capital assets. For fiscal year ended September 30, 2014, no interest was capitalized.

Deferred Inflows/Outflows of Resources

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

Compensated Absences

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

Other Postemployment Benefits (OPEB)

A liability has been recorded in the enterprise funds for postemployment benefits other than pensions.

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

Note 1 - Summary of Significant Accounting Policies (Concluded)

Property Taxes

Real property and tangible personal property are assessed by the Property Appraiser according to the property's just value on January 1st of each year. Section 200.071, Florida Statutes, authorizes the Board to levy ad valorem tax millage against real property and tangible personal property for the County, including dependent districts, not to exceed 10 mills, except for voted levies. The Board shall determine the amount of millage to be levied and shall certify such millage to the Property Appraiser. For the year ended September 30, 2014, the Board levied 5.5670 mills. An additional 1.6694 mills was levied for the benefit of the Nassau County Municipal Services Taxing Unit.

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

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

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

Adoption of New Accounting Standards

For the year ended September 30, 2014, the Board adopted new accounting guidance as follows:

- Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

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

Note 2 - Cash and Investments

Deposits with Financial Institutions

At year-end, the carrying amount of the Board's deposits with financial institutions was \$15,472,431 and the bank balances were \$16,069,725. All of the Board's deposits are held in qualified public depositories pursuant to the provisions of Florida Statutes, Chapter 280, the *Florida Security for Public Deposits Act*. Qualified public depositories are required by this law to pledge collateral with a market value equal to a percentage of the average daily balance of all public deposits in excess of any federal deposit insurance. In event of default by a qualified public depository, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default, and if necessary a pro rata assessment to the other qualified public depositories in the collateral pool. Therefore, all cash and time deposits held by banks are fully insured and collateralized.

Investments

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

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

The Board's investments conform to the provisions of Florida Statutes, Section 218.415. The following items discuss the Board's exposure to various risks of their investment portfolio.

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

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

Note 2 - Cash and Investments (Concluded)

Investments (Concluded)

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

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

<u>Description</u>	<u>Fair Value</u>
Cash and Cash Equivalents	\$ 15,472,431
Certificates of Deposit	24,437,585
Money Market Accounts	<u>32,890,526</u>
Total Cash and Investments	<u>\$ 72,800,542</u>

Reported in accompanying financial statements as follows:

<u>Account</u>	<u>Reported Amount</u>
Cash and Cash Equivalents - Governmental Funds	\$ 5,780,295
Cash and Cash Equivalents - Business-type Activities	5,451,690
Cash and Cash Equivalents - Agency Fund Activities	1,563,124
Equity in Pooled Investments - Governmental Funds	53,957,403
Equity in Pooled Investments - Business-type Activities	3,370,708
Restricted Cash and Cash Equivalents - Business-type Activities	<u>2,677,322</u>
Total Cash and Investments	<u>\$ 72,800,542</u>

Note 3 - Accounts Receivable

Accounts receivable (net of allowances for uncollectibles) at September 30, 2014, included the following:

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental Funds			
General Fund	\$ 3,323,346	\$ (2,504,982)	\$ 818,364
County Transportation	24,862	0	24,862
Municipal Services	<u>1,770</u>	<u>0</u>	<u>1,770</u>
Total Governmental Funds	<u>\$ 3,349,978</u>	<u>\$ (2,504,982)</u>	<u>\$ 844,996</u>
Business-type Funds			
Solid Waste Disposal	\$ 4,854	\$ 0	\$ 4,854
Water and Sewer	<u>341,681</u>	<u>(20,528)</u>	<u>321,153</u>
Total Business-type Funds	<u>\$ 346,535</u>	<u>\$ (20,528)</u>	<u>\$ 326,007</u>

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

Note 4 - Assessments Receivable

Assessments receivable (net of allowances for uncollectibles) at September 30, 2014, included the following:

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Business-type Funds			
Solid Waste Disposal	\$ 813,637	\$ (778,874)	\$ 34,763
Total Business-type Funds	<u>\$ 813,637</u>	<u>\$ (778,874)</u>	<u>\$ 34,763</u>

Note 5 - Restricted Assets

Restricted assets in the proprietary funds at September 30, 2014, represent monies required to be restricted for debt service and construction under terms of outstanding bond agreements and impact fees restricted to water and sewer system uses. Assets are also restricted in accordance with ordinances and Florida Statutes. Restricted assets for the proprietary funds at September 30, 2014, were restricted for the following purposes:

Customer Deposits	\$ 106,591
Landfill Postclosure Costs	806,669
Renewal and Replacement (Water/Sewer)	190,978
Impact Fees	1,125,584
Debt Service	<u>447,500</u>
Total	<u>\$ 2,677,322</u>

Reported in accompanying financial statements as follows:

<u>Account</u>	<u>Reported Amount</u>
Current: Restricted Cash and Cash Equivalents - Business-type Activities	\$ 806,669
Noncurrent: Restricted Cash and Cash Equivalents - Business-type Activities	<u>1,870,653</u>
Total Restricted Assets	<u>\$ 2,677,322</u>

Note 6 - Capital Assets

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

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

Note 6 - Capital Assets (Concluded)

Capital asset activity for the year ended September 30, 2014, was as follows:

	Balance 10/1/13	Increases	(Decreases)	Balance 9/30/14
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 75,699,427	\$ 100,508	\$ 0	\$ 75,799,935
Construction Work in Progress	2,949,092	5,863,403	(3,947,921)	4,864,574
Total Capital Assets Not Being Depreciated	78,648,519	5,963,911	(3,947,921)	80,664,509
Capital Assets Being Depreciated:				
Building and Improvements	57,966,220	187,586	(34,273)	58,119,533
Machinery and Equipment	25,261,825	879,115	(1,866,265)	24,274,675
Leasehold Improvements	1,151,985	0	0	1,151,985
Infrastructure	611,800,086	5,448,267	0	617,248,353
Total Capital Assets Being Depreciated	696,180,116	6,514,968	(1,900,538)	700,794,546
Less Accumulated Depreciation:				
Buildings and Improvements	(19,193,839)	(1,590,554)	22,930	(20,761,463)
Machinery and Equipment	(18,079,926)	(1,875,703)	1,792,141	(18,163,488)
Leasehold Improvements	(113,479)	(8,604)	0	(122,083)
Infrastructure	(273,364,116)	(16,053,329)	0	(289,417,445)
Total Accumulated Depreciation	(310,751,360)	(19,528,190)	1,815,071	(328,464,479)
Total Capital Assets Being Depreciated, Net	385,428,756	(13,013,222)	(85,467)	372,330,067
Total Governmental Activities Capital Assets, Net	\$ 464,077,275	\$ (7,049,311)	\$ (4,033,388)	\$ 452,994,576
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 815,228	\$ 0	\$ 0	\$ 815,228
Total Capital Assets, Not Being Depreciated	815,228	0	0	815,228
Capital Assets, Being Depreciated:				
Building and Improvements	1,127,596	96,872	(1,495)	1,222,973
Equipment	20,346,547	200,102	(47,581)	20,499,068
Landfill	41,701,285	0	0	41,701,285
Total Capital Assets, Being Depreciated	63,175,428	296,974	(49,076)	63,423,326
Less Accumulated Depreciation:				
Building and Improvements	(217,527)	(20,305)	1,495	(236,337)
Equipment	(7,265,021)	(789,567)	47,581	(8,007,007)
Landfill	(41,701,285)	0	0	(41,701,285)
Total Accumulated Depreciation	(49,183,833)	(809,872)	49,076	(49,944,629)
Total Capital Assets, Being Depreciated, Net	13,991,595	(512,898)	0	13,478,697
Total Business-type Activities Capital Assets, Net	\$ 14,806,823	\$ (512,898)	\$ 0	\$ 14,293,925

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

Note 7 - Interfund Activity

Interfund balances at September 30, 2014, consisted of the following:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
General	County Transportation	\$ 88,210
	Municipal Service	163,464
	Nonmajor	23,129
	Solid Waste Disposal	7,986
	Water and Sewer	13,857
Total		<u>\$ 296,646</u>

The purpose for each of these interfund receivables and payables is to provide temporary loans for cash flow needs, primarily associated with reimbursable grant programs. In addition, to the interfund balances, there were also \$625,746 due from the Constitutional Officers, and \$38,696 due to the Constitutional Officers.

Interfund transfers:

<u>Transfers Out</u>	<u>Transfers In</u>						<u>Totals</u>
	<u>General</u>	<u>County Trans- portation</u>	<u>Municipal Services</u>	<u>One-Cent Surtax</u>	<u>Capital Project Transportation</u>	<u>Nonmajor</u>	
General	\$ 0	\$ 0	\$ 0	\$ 0	\$ 121,773	\$ 2,440,934	\$ 2,562,707
County Transportation	0	0	0	0	1,565,327	0	1,565,327
Municipal Services	85,470	0	0	0	0	0	85,470
One-Cent County Surtax	1,446,323	1,840,814	1,967,663	0	200,000	4,500,000	9,954,800
Impact Fee Ordinance	0	0	0	0	21,400	25,862	47,262
Nonmajor	666,134	84	40,000	335	0	19,720	726,273
Solid Waste	74,331	0	0	0	0	0	74,331
Water and Sewer	52,963	0	0	0	0	0	52,963
Total	<u>\$ 2,325,221</u>	<u>\$ 1,840,898</u>	<u>\$ 2,007,663</u>	<u>\$ 335</u>	<u>\$ 1,908,500</u>	<u>\$ 6,986,516</u>	<u>\$ 15,069,133</u>

In addition to the interfund transfers, there were transfers out to the Constitutional Officers of \$23,805,729 and transfers in from the Constitutional Officers of \$530,177.

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

Note 8 - Operating Leases

■ **Governmental Funds**

The Board is party to operating leases during the period ended September 30, 2014, as follows:

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

Note 8 - Operating Leases (Concluded)

■ **Governmental Funds (Concluded)**

- *Tower Site (14th Street)*—the Board entered into a five-year lease with Pinnacle Towers, LLC, commencing April 1, 2011. Operating lease payments for the year ended September 30, 2014, were \$27,023.
- *Two Tower Sites (Hilliard and Dahoma)*—the Board entered into two one-year leases (with renewal terms of one year each) with American Tower Asset Sub, LLC, commencing April 24, 2006. The Board exercised the renewal, which has an effective date of May 2012. Operating lease payments for the year ended September 30, 2014, were \$48,620.
- *West Nassau Land Development*—the Board entered into a five-year lease with West Nassau Land Development, LLC, commencing July 1, 2010. Operating lease payments for the year ended September 30, 2014, were \$63,735.

Future minimum lease payments under these leases follow:

<u>Year Ending September 30</u>	<u>Tower Lease Sites</u>	<u>West Nassau Land Development</u>	<u>Total</u>
2015	\$ 57,277	\$ 55,052	\$ 112,329
2016	14,518	0	14,518
Total	<u>\$ 71,795</u>	<u>\$ 55,052</u>	<u>\$ 126,847</u>

Note 9 - Long-term Obligations

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

The following is a summary of changes in long-term obligations for the year ended September 30, 2014:

	<u>Balance 10/1/13</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/14</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds Payable	\$ 40,785,778	\$ 0	\$ (2,534,225)	\$ 38,251,553	\$ 2,511,559
Premium on Bonds Payable	1,336,470	0	(74,248)	1,262,222	74,248
Total Bonds and Notes Payable	42,122,248	0	(2,608,473)	39,513,775	2,585,807
Claims Payable	329,041	0	(95,891)	233,150	77,716
Compensated Absences	5,848,569	2,456,803	(2,217,412)	6,087,960	2,131,837
Other Postemployment Benefits	3,257,327	467,384	0	3,724,711	0
Total Governmental Activities Long-term Liabilities	<u>\$ 51,557,185</u>	<u>\$ 2,924,187</u>	<u>\$ (4,921,776)</u>	<u>\$ 49,559,596</u>	<u>\$ 4,795,360</u>

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

Note 9 - Long-term Obligations (Continued)

	<u>Balance</u> <u>10/1/13</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/14</u>	<u>Due Within</u> <u>One Year</u>
Business-type Activities					
Bonds Payable	\$ 15,320,000	\$ 0	\$ (875,000)	\$ 14,445,000	\$ 895,000
Compensated Absences	263,985	102,471	(87,830)	278,626	89,828
Other Postemployment Benefits	128,578	18,450	0	147,028	0
Landfill Closure/ Postclosures	<u>16,289,719</u>	<u>0</u>	<u>(438,739)</u>	<u>15,850,980</u>	<u>806,668</u>
Total Business-type Activities Long-term Liabilities	<u>\$ 32,002,282</u>	<u>\$ 120,921</u>	<u>\$ (1,401,569)</u>	<u>\$ 30,721,634</u>	<u>\$ 1,791,496</u>

Governmental Activities

A brief synopsis of long-term debt existing at September 30, 2014, follows:

2009-1 Gas Tax Revenue Bonds

In October 2012, the Board issued the Gas Tax Revenue Bonds, Series 2009-1, in the amount of \$6,213,421. The Series 2009-1 Bond was issued to provide funds sufficient, together with other available moneys of the issuer, to refund the outstanding Nassau County, Florida, Gas Tax Revenue Bond, Series 2009.

The 2009-1 Gas Tax Revenue Bonds are secured by a lien upon and pledge of the proceeds of the constitutional, County and ninth-cent gas taxes. Annual principal and interest on the bond are expected to require approximately 53% of such tax revenue and are payable through 2018. Principal and interest payments for the current year totaled \$1,104,021 and gas tax revenues totaled \$2,090,276. At year-end, pledged future revenues totaled \$4,416,084, which was the amount of remaining principal and interest on the bond. Other Board revenues are not available to finance this bond issue.

In addition, the bondholders do not have any authority to compel the Board to increase ad valorem taxes for financing this bond issue. The bond bearing interest at a rate of 1.86% per annum, is dated October 1, 2012, and has a maturity date of October 1, 2018.

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

<u>Year Ending</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,025,564	\$ 78,457	\$ 1,104,021
2016	1,044,639	59,382	1,104,021
2017	1,064,069	39,952	1,104,021
2018	<u>1,083,861</u>	<u>20,160</u>	<u>1,104,021</u>
Total	<u>\$ 4,218,133</u>	<u>\$ 197,951</u>	<u>\$ 4,416,084</u>

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

Note 9 - Long-term Obligations (Continued)

2000 Optional Gas Tax Revenue Bonds

The Board, in September 2000, issued the Optional Gas Tax Revenue Bond in the amount of \$6,167,580. The proceeds of the bond issue are to pay the cost of acquisition and construction of certain transportation capital improvements in the County and to pay certain costs related to the issuance and sale of the Series 2000 Bonds. The 2000 Bonds are capital appreciation bonds; additional capital appreciation through September 30, 2014, totaled \$4,233,318.

The Series 2000 Bonds are special limited obligations of the County payable solely from and secured by a prior lien upon and pledge of the proceeds of the six-cent local option gas tax and until expended, the monies on deposit in certain funds and accounts created by Resolution. Annual principal and interest on the bonds are expected to require approximately 48% of such tax revenue and are payable through 2025. Principal and interest payments for the current year totaled \$945,000 and gas tax revenues totaled \$1,988,302. At year-end, pledged future revenues totaled \$10,395,000, which was the amount of remaining principal and interest on the bonds. Other Board revenues are not available to finance this bond issue. In addition, the bondholders do not have any authority to compel the Board to increase ad valorem taxes for financing this bond issue. Such bonds, bearing interest at a rate between 5.0% and 5.81% per annum, are dated August 30, 2000, and are in denominations of \$5,000 each. A portion of such bonds mature annually starting March 1, 2010, with final maturity being March 1, 2025. The bonds have a required reserve of \$945,000, which is on hand at year-end.

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

<u>Year Ending</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 430,996	\$ 514,004	\$ 945,000
2016	405,178	539,822	945,000
2017	380,533	564,467	945,000
2018	357,030	587,970	945,000
2019	334,662	610,338	945,000
2020-2024	1,399,006	3,325,994	4,725,000
2025	<u>232,697</u>	<u>712,303</u>	<u>945,000</u>
Total	<u><u>\$ 3,540,102</u></u>	<u><u>\$ 6,854,898</u></u>	<u><u>\$ 10,395,000</u></u>

2007 Public Improvement Revenue and Refunding Bonds

The Board, in June 2007, issued the Public Improvement Revenue and Refunding Bonds, Series 2007, in the amount of \$29,630,000. The purposes of the Series 2007 Bonds are to: (1) acquire and construct certain public improvements; (2) partially advance refund the Board's outstanding Public Improvement Revenue Bonds, Series 2001; and (3) pay certain issuance costs of the Series 2007 Bonds, including the municipal bond insurance premium.

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

Note 9 - Long-term Obligations (Continued)

Governmental Activities (Concluded)

2007 Public Improvement Revenue and Refunding Bonds (Concluded)

The Series 2007 Bonds are special obligations of the Board payable solely from amounts budgeted and appropriated by the Board from non ad valorem tax revenues in accordance with the terms of the Resolution. Annual principal and interest on the bonds are expected to require approximately 37% of such non ad valorem tax revenue and are payable through 2031. Principal and interest payments for the current year totaled \$2,387,950 and non ad valorem tax revenues totaled \$6,375,600. At year-end, pledged future revenues totaled \$39,501,500, which was the amount of remaining principal and interest on the bonds. Other Board revenues are not available to finance this bond issue.

In addition, the bondholders do not have any authority to compel the Board to increase ad valorem taxes for financing this bond issue. Such bonds, bearing interest rates between 3.75% and 5.0% per annum, are dated June 12, 2007, and are in denominations of \$5,000 each. A portion of such bonds mature annually beginning May 2008, with term maturities in May of 2023, 2025, 2027, and 2031.

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

Year Ending September 30	Principal	Interest	Total
2015	\$ 1,055,000	\$ 1,280,350	\$ 2,335,350
2016	1,085,000	1,238,150	2,323,150
2017	1,125,000	1,194,750	2,319,750
2018	1,170,000	1,149,750	2,319,750
2019	1,230,000	1,091,250	2,321,250
2020-2024	7,155,000	4,468,250	11,623,250
2025-2029	9,120,000	2,492,250	11,612,250
2030-2031	4,320,000	326,750	4,646,750
Total	\$ 26,260,000	\$ 13,241,500	\$ 39,501,500

Compensated Absences—are not recorded on the accompanying governmental fund financial statements; however, it will be recorded on the County-wide financial statements. Following is a summary of annual, sick, bonus and compensatory leave benefits liabilities at September 30, 2014:

	Beginning Balance	Additions	(Deletions)	Ending Balance
Vacation Leave	\$ 2,457,310	\$ 1,460,366	\$ (1,422,942)	\$ 2,494,734
Paid Time Off	74,825	149,852	(96,173)	128,504
Sick Leave	3,285,527	778,849	(630,141)	3,434,235
Bonus Leave	27,263	51,315	(53,992)	24,586
Compensatory Leave	3,644	16,421	(14,164)	5,901
Total	\$ 5,848,569	\$ 2,456,803	\$ (2,217,412)	\$ 6,087,960

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

Note 9 - Long-term Obligations (Concluded)

Business-type Activities

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

The revenue bond is secured by a pledge of and is payable solely from pledged revenues, which primarily consist of net revenues and impact fees which derive from the System. Annual principal and interest on the bond is expected to require approximately 52% of such revenue and are payable through 2028. Principal and interest payments for the current year totaled \$1,194,974 and revenues totaled \$2,292,344. At year-end, pledged future revenues totaled \$16,726,742, which was the amount of remaining principal and interest on the bond. The Series 2013 Bond shall not be or constitute a general obligation or indebtedness of the County.

Rate Covenant

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

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 895,000	\$ 300,946	\$ 1,195,946
2016	915,000	281,489	1,196,489
2017	930,000	261,655	1,191,655
2018	955,000	241,391	1,196,391
2019	975,000	220,644	1,195,644
2020-2024	5,200,000	776,258	5,976,258
2025-2028	<u>4,575,000</u>	<u>199,359</u>	<u>4,774,359</u>
Total	<u>\$ 14,445,000</u>	<u>\$ 2,281,742</u>	<u>\$ 16,726,742</u>

Compensated Absences—following is a summary of annual, sick, and bonus leave benefits liabilities at September 30, 2014, for the proprietary funds:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Ending Balance</u>
Vacation Leave	\$ 97,259	\$ 62,316	\$ (57,711)	\$ 101,864
Sick Leave	163,501	32,122	(22,086)	173,537
Bonus Leave	3,225	8,033	(8,033)	3,225
Comp Time	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 263,985</u>	<u>\$ 102,471</u>	<u>\$ (87,830)</u>	<u>\$ 278,626</u>

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

Note 10 - No Commitment Special Assessment Debt

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

At September 30, 2014, the Special Assessment Bond outstanding totaled \$6,669,954.

Note 11 - Bond Arbitrage Rebate

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

- \$29,630,000 Nassau County, Florida, Public Improvement Revenue and Refunding, Series 2007.
- \$19,160,000 Nassau County, Florida, Water and Sewer System Revenue Bonds, Series 2013.
- \$6,213,421 Nassau County, Florida, Gas Tax Revenue Bond, Series 2009-1.
- \$6,487,372 Nassau County, Florida, Special Assessment Bond, Series 2004.

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

Note 12 - Landfill Postclosure Care Costs

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

For the closed landfills, actual postclosure care cost incurred for each year is reported as a reduction of the postclosure liability, along with the change in required escrow balance until the required twenty-or-thirty-year postclosure care period is satisfied. The Board has accrued a total of \$15,850,980 for postclosure care cost at September 30, 2014, for the four closed landfills. The liability is based on engineering estimates of annual postclosure care cost.

These postclosure care costs are based on estimates of what it would cost to perform all postclosure care using 2014 dollars. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

Note 12 - Landfill Postclosure Care Costs (Concluded)

The Board is required by state law to deposit into the escrow accounts, at the time of closing and each year thereafter, sufficient funds to cover the following year's long-term care costs. In addition, the Board must document specifically how it intends to finance the long-term care of the landfill as part of its closure plan. The Board is in compliance with these requirements with escrow balances that exceed the amounts required by state law (amounts required by state law are \$804,581 as of September 30, 2014). At September 30, 2014, the actual escrow balances are as follows:

Landfills	
Old West Nassau Postclosure	\$ 32,015
Bryceville Postclosure	93,391
Lofton Creek Postclosure	125,276
New West Nassau Postclosure	<u>555,986</u>
Total Escrow Balances	<u>\$ 806,668</u>

Note 13 - Retirement Plans

The Board participates in the Florida Retirement System (the System) administered by the State of Florida Division of Retirement. Such a retirement system is a cost-sharing multiple-employer public employee retirement system established to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, and Chapter 22B, *Florida Administrative Code*, establishes the authority for participant eligibility, contribution requirements, vesting eligibility, and benefit provisions and amendments. The System issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-5706.

If employed prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. The vesting requirement changes to eight years of creditable service for those employed on or after July 1, 2011. For those employed prior to July 1, 2011, normal retirement is after thirty years of service or age sixty-two except for the Special Risk service class. Those hired prior to July 1, 2011, who are assigned the Special Risk service class must have twenty-five years of service or must reach age fifty-five. If employed on or after July 1, 2011, normal retirement is after thirty-three years of service or age sixty-five except for the Special Risk service class. Those hired on or after July 1, 2011, who are assigned the Special Risk service class must have thirty years of service or must reach age sixty. Early retirement may be taken after meeting the appropriate vesting requirement with a 5% benefit reduction for each year prior to the normal retirement requirement. The System also offers eligible employees the ability to participate in an alternative defined contribution plan (the Investment Plan). Employees participating in the Investment Plan are vested after one year of service with no age requirement. Generally, membership is compulsory for all full-time and part-time employees, except for elected Officials who may elect not to participate in the System. Prior to July 1, 2011, retirement coverage for an employee was noncontributory. Effective July 1, 2011, all the System members (except those in DROP) are required to contribute 3% of their gross compensation on a pretax basis.

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

Note 13 - Retirement Plans (Concluded)

The Deferred Retirement Option Program (DROP) is available under the System Pension Plan when the member first reaches eligibility for normal retirement. DROP allows a member to retire while continuing employment for up to sixty months. While in the DROP, the member's retirement benefits accumulate in the System trust fund (increased by a cost-of-living adjustment each July). DROP participants starting the program prior to July 1, 2011, earn monthly interest equivalent to an annual rate of 6.5%. Participants starting the program on or after July 1, 2011, earn an effective annual rate of 1.3%. When the DROP period ends, the DROP account is paid out as a lump-sum payment, a rollover, or a combination, and monthly benefits are subsequently paid to the member in the amount as calculated upon entry into DROP, plus cost-of-living adjustments for intervening years. In most cases, the DROP participant must cease employment when the DROP period ends.

The funding methods and determination of benefits payable are provided in various Acts of the State Legislature. These Acts provide that employers make required contributions actuarially determined at the following rates:

	<u>As of</u> <u>September 30, 2014</u>
Deferred Retirement Option Program	12.28%
Regular Employees	7.37%
Senior Management Service	21.14%
SUS Optional Program	5.14%
Elected County Officials	43.24%
Special Risk	19.82%

The Board's contributions to the System for the years ended September 30, 2014, 2013, and 2012, were \$2,222,809, \$1,712,871, and \$1,454,861, respectively, equal to the required contributions for each year.

Note 14 - Deferred Compensation Plan

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

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

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

Note 15 - Other Postemployment Benefits

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

Years of Service With Nassau County	Hired Before 10/1/05	Hired on or After 10/1/05
At Least 6	100%	0%
15 Years	100%	50%
20 Years	100%	65%
25 Years	100%	80%
30 or More Years	100%	100%

Currently, there are 266 active employees and 45 retired employees participating in the plan. The Board's OPEB obligation totaled \$3,871,739, of which \$147,028 has been recorded in the Proprietary funds. The remainder has been included in long-term debt of the County as a whole. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

Note 16 - Deficit Equity Balances

The Nassau County Anti-Drug Enforcement Trust Fund is partially funded by state and federal grants. However, a portion of grant revenues were not available as of September 30, 2014. As a result the Nassau County Anti-Drug Enforcement Trust fund has accumulated a deficit fund balance as of September 30, 2014, of \$27,650.

The Board has accrued the estimated postclosure monitoring liability for its closed landfills until the conclusion of the 20-or-30-year postclosure monitoring periods. These liabilities are not required to be fully funded until later dates. As a result, the Solid Waste Disposal Fund has accumulated negative unrestricted net position at September 30, 2014, as follows:

Prior Year Total Net Position	\$ (9,652,703)
Change in Net Position for the Year Ended September 30, 2014	<u>(791,411)</u>
Total Net Position for the Year Ended September 30, 2014	(10,444,114)
Investment in Capital Assets	<u>(1,413,879)</u>
Total Unrestricted Net Position	<u>\$ (11,857,993)</u>

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

Note 17 - Fund Balance Classification

The following is a summary of the Board's fund balance classifications and the purpose of each as of September 30, 2014, is as follows:

Nonspendable Fund Balance	
Prepaid Expenses	\$ 1,109,687
Inventory	305,253
Deposits	<u>2,000</u>
Total Nonspendable Fund Balance	<u>1,416,940</u>
Restricted Fund Balance	
Crime Prevention	215,751
Other Human Services	209,016
Developer Agreements	88,147
Sheriff – Donations	4,353
Impact Fees	3,928,412
Library	357,402
Wireless Services	111,349
911 Call Center	400,000
Other Physical Environment	1,482,292
State Housing Initiative Program	855,592
Court Facilities	1,962,707
Criminal Justice	211,346
Law Enforcement	279,857
Tourist Development	3,935,745
Building Department	2,754,243
Debt Services – Bonds	1,588,710
Capital Projects – Transportation	<u>246,056</u>
Total Restricted Fund Balance	<u>18,630,978</u>
Committed Fund Balance	
Fire/Rescue	3
Capital Projects	<u>3,003</u>
Total Committed Fund Balance	<u>3,006</u>
Assigned Fund Balance	
Other General Government	6,988
Economic Development	13,627
Human Services	33,621
Library	84,821
Sheriff Administration Building	9,788,815
Parks and Recreation	89,434
Public Safety	641,170
Supervisor of Elections	10,764
Transportation	102,091
Reserves – Capital	3,656,569
Reserves – Minimum Fund Balance	2,440,613
Reserves	195,554
Capital Projects Transportation	8,119,196
Capital Projects 911 Call Center	3,106,381
Capital Projects	<u>209,015</u>
Total Assigned Fund Balance	<u>28,498,659</u>
Unassigned Fund Balance	<u>8,127,300</u>
Total	<u>\$ 56,676,883</u>

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

Note 18 - Risk Management

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

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

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

Note 19 - Commitments and Contingencies

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

The following is a summary of major commitments of the Board and contracts in progress as of September 30, 2014:

<u>Project</u>	<u>Source of Payment</u>	<u>Paid to Date</u>	<u>Commitment Remaining</u>
911 Call Center	Current Available Resources	\$ 57,400	\$ 1,888,305
Commerce Blvd/A1A	Current Available Resources	40,868	567,575
E911 Solacom System	Current Available Resources	109,058	254,468
Jasmin Street Drainage & Resurfacing	Current Available Resources	0	688,180
Loop Road – Phase IV	Current Available Resources	789,267	996,942
CADD System	Current Available Resources	855,668	221,157
Roy Sikes Culvert Replacement	Current Available Resources	66,079	151,292
Sheriff's Administration Building	Current Available Resources	203,500	7,325,769
Crawford Road Widening & Resurfacing	Current Available Resources	234,411	397,802
Bay Road Phase II	Current Available Resources	908,442	1,308,279
Total		<u>\$ 3,264,693</u>	<u>\$ 13,799,769</u>

Note 20 - Conduit Debt Obligations

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

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

Note 20 - Conduit Debt Obligations (Concluded)

As of September 30, 2014, there was one series of such bonds outstanding with a principal amount payable of \$10,510,000. The issue amount and the September 30, 2014, outstanding balance is as follows:

<u>Original Issuance</u>	<u>Year</u>	<u>9/30/14 Balance</u>	<u>Description</u>
\$ 11,150,000	2008	\$ 10,510,000	AICC, Inc. and Nassau Care Centers—70 Bed Care Intermediate Care and Day Program Service Facilities

Note 21 - Other Disclosures

Prior Period Adjustment

The Board implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*: This statement provides more guidance for the items listed in GASB 63, and adds additional changes. It requires that statements avoid the use of the word “deferred” except as it relates to items that are deferred outflows or are deferred inflows. It addresses the calculation of a deferred outflow or inflow for the refunding of debt. For non-exchange transactions, like grants, amounts received before the time period of eligibility are treated as deferred inflows. This Statement also addresses taxes received prior to the period to which they relate. GASB 65 also requires debt issuance costs to be expensed in the period that the debt was issued. In the past, subsequent to the implementation of GASB 34, these costs were amortized over the life of the issue. The effects of this change are required to be disclosed on the statements in the period it is implemented. Losses on debt refundings are not expenses, but rather, treated as deferred outflows. For operating leases, any initial direct costs are recognized in the period incurred, instead of being amortized over the life of the lease. When an asset is recorded in governmental fund statements, but the revenue is not available until a future period, a deferred inflow is reported until the revenue becomes available.

The implementation of this statement resulted in the elimination of \$66,437 of unamortized bond issuance costs in the Water and Sewer Fund in the Business-type Activities.

Water and Sewer Fund

Net Position as of September 30, 2013	\$ 5,038,017
Prior Period Adjustment	<u>(66,437)</u>
Net Position as of September 30, 2013, as Restated	<u>\$ 4,971,580</u>

REQUIRED SUPPLEMENTARY INFORMATION

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 29,510,804	\$ 29,510,804	\$ 29,838,964	\$ 328,160
Licenses and Permits	12,000	12,000	16,426	4,426
Intergovernmental Revenues	5,075,744	5,097,747	5,667,512	569,765
Charges for Services	2,236,905	2,240,148	2,097,120	(143,028)
Fines and Forfeitures	56,000	56,000	51,005	(4,995)
Interest Earnings	178,000	178,000	82,144	(95,856)
Miscellaneous	124,029	154,741	323,468	168,727
Total Revenues	37,193,482	37,249,440	38,076,639	827,199
Expenditures				
Current:				
General Government Services	6,186,772	6,360,309	5,987,516	372,793
Public Safety	9,489,246	9,576,999	9,051,533	525,466
Physical Environment	338,412	351,209	350,163	1,046
Economic Environment	218,202	239,602	154,948	84,654
Human Services	2,694,709	2,682,141	2,507,694	174,447
Culture and Recreation	1,651,892	2,253,638	1,946,187	307,451
Court-related Expenditures	902,634	866,067	841,000	25,067
Capital Outlay	1,097,118	1,600,661	1,019,825	580,836
(Total Expenditures)	22,578,985	23,930,626	21,858,866	2,071,760
Excess of Revenues Over Expenditures	14,614,497	13,318,814	16,217,773	2,898,959
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	414,900	414,900	438,543	23,643
Transfers to Constitutional Officers	(20,251,692)	(20,358,702)	(20,258,831)	99,871
Transfers in	1,839,524	2,326,411	2,325,221	(1,190)
Transfers (out)	(2,440,605)	(2,562,928)	(2,562,707)	221
Total Other Financing Sources (Uses)	(20,437,873)	(20,180,319)	(20,057,774)	122,545
Net Change in Fund Balances	(5,823,376)	(6,861,505)	(3,840,001)	3,021,504
Fund Balances at Beginning of Year	14,392,420	15,188,463	15,423,067	234,604
Fund Balances at End of Year	\$ 8,569,044	\$ 8,326,958	\$ 11,583,066	\$ 3,256,108

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - COUNTY TRANSPORTATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 4,343,217	\$ 4,343,217	\$ 4,586,657	\$ 243,440
Licenses and Permits	14,645	14,645	39,594	24,949
Intergovernmental Revenues	1,018,236	1,018,236	1,248,332	230,096
Charges for Services	5,620	4,773	43,844	39,071
Fines and Forfeitures	0	0	262	262
Interest Earnings	55,000	55,000	15,471	(39,529)
Miscellaneous	40,820	45,495	89,424	43,929
Total Revenues	5,477,538	5,481,366	6,023,584	542,218
Expenditures				
Current:				
Transportation	6,314,919	6,070,357	5,738,828	331,529
Capital Outlay	1,151,417	1,579,320	1,087,377	491,943
(Total Expenditures)	7,466,336	7,649,677	6,826,205	823,472
(Deficiency) of Revenues (Under)				
Expenditures	(1,988,798)	(2,168,311)	(802,621)	1,365,690
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	5,620	5,620	2,826	(2,794)
Transfers to Constitutional Officers	(79,176)	(79,413)	(69,884)	9,529
Transfers in	1,841,130	1,841,977	1,840,898	(1,079)
Transfers (out)	(2,400,000)	(1,565,327)	(1,565,327)	0
Total Other Financing Sources (Uses)	(632,426)	202,857	208,513	5,656
Net Change in Fund Balances	(2,621,224)	(1,965,454)	(594,108)	1,371,346
Fund Balances at Beginning of Year	3,474,997	4,081,996	4,269,305	187,309
Fund Balances at End of Year	\$ 853,773	\$ 2,116,542	\$ 3,675,197	\$ 1,558,655

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - MUNICIPAL SERVICES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 7,927,853	\$ 7,927,853	\$ 8,009,288	\$ 81,435
Licenses and Permits	37,000	37,000	45,001	8,001
Intergovernmental Revenues	524,783	724,783	691,928	(32,855)
Charges for Services	121,400	121,400	141,573	20,173
Fines and Forfeitures	2,600	2,600	12,489	9,889
Interest Earnings	55,000	55,000	8,190	(46,810)
Miscellaneous	550	6,050	27,235	21,185
Total Revenues	8,669,186	8,874,686	8,935,704	61,018
Expenditures				
Current:				
General Government Services	590,551	607,832	522,127	85,705
Public Safety	6,235,213	6,493,469	6,187,535	305,934
Human Services	839,895	1,037,055	910,457	126,598
Capital Outlay	206,310	241,293	197,354	43,939
(Total Expenditures)	7,871,969	8,379,649	7,817,473	562,176
Excess of Revenues Over Expenditures	797,217	495,037	1,118,231	623,194
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	14,100	14,100	7,993	(6,107)
Transfers to Constitutional Officers	(2,946,252)	(2,946,252)	(2,944,497)	1,755
Transfers in	1,967,663	2,007,663	2,007,663	0
Transfers (out)	(85,470)	(85,470)	(85,470)	0
Total Other Financing Sources (Uses)	(1,049,959)	(1,009,959)	(1,014,311)	(4,352)
Net Change in Fund Balances	(252,742)	(514,922)	103,920	618,842
Fund Balances at Beginning of Year	2,990,456	3,225,639	3,225,916	277
Fund Balances at End of Year	\$ 2,737,714	\$ 2,710,717	\$ 3,329,836	\$ 619,119

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - ONE-CENT SURTAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 7,006,336	\$ 7,006,336	\$ 7,945,680	\$ 939,344
Interest Earnings	25,000	25,000	52,189	27,189
Total Revenues	<u>7,031,336</u>	<u>7,031,336</u>	<u>7,997,869</u>	<u>966,533</u>
Expenditures				
Current:				
Public Safety	0	94,888	0	94,888
Transportation	12,273	12,273	0	12,273
Capital Outlay	1,389,923	805,731	70,388	735,343
(Total Expenditures)	<u>1,402,196</u>	<u>912,892</u>	<u>70,388</u>	<u>842,504</u>
Excess of Revenues Over Expenditures	<u>5,629,140</u>	<u>6,118,444</u>	<u>7,927,481</u>	<u>1,809,037</u>
Other Financing Sources (Uses)				
Transfers in	45,856	335	335	0
Transfers (out)	(9,954,800)	(9,954,800)	(9,954,800)	0
Total Other Financing Sources (Uses)	<u>(9,908,944)</u>	<u>(9,954,465)</u>	<u>(9,954,465)</u>	<u>0</u>
Net Change in Fund Balances	(4,279,804)	(3,836,021)	(2,026,984)	1,809,037
Fund Balances at Beginning of Year	<u>11,941,356</u>	<u>13,582,082</u>	<u>13,582,083</u>	<u>1</u>
Fund Balances at End of Year	<u>\$ 7,661,552</u>	<u>\$ 9,746,061</u>	<u>\$ 11,555,099</u>	<u>\$ 1,809,038</u>

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
NOTE TO SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Budgets and Budgetary Accounting

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

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

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

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

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

If during the fiscal year, additional revenues become available for appropriations in excess of those estimated in the budget, the Board, by resolution, may make supplemental appropriations for the year up to the amount of such excess. During the fiscal year ended September 30, 2014, various supplemental appropriations were approved by the Board in accordance with Florida Statutes. The following funds received supplemental appropriations during the year ended September 30, 2014:

Governmental Funds	
General Fund	\$ 1,338,888
Special Revenue Funds	5,375,096
Debt Service Funds	0
Capital Projects Funds	<u>3,036,723</u>
Total	<u><u>\$ 9,750,707</u></u>

**COMBINING NONMAJOR
GOVERNMENTAL FUNDS**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

- **Law Enforcement Training**—to account for criminal justice education degree programs and training courses. Financing is provided by the imposition of a court cost surcharge.
- **Special Law Enforcement**—to account for undercover drug and alcohol investigations funded with investigative fines.
- **Sheriff Donations**—to account for law enforcement projects funded with donations.
- **Law Enforcement Trust**—to account for law enforcement related projects funded by the proceeds from confiscated property forfeitures.
- **Nassau County Anti-Drug Enforcement**—to account for activities associated with the County's drug enforcement and drug education programs. Financing is provided principally by Federal drug grants.
- **Court Improvement**—to account for expenditures related to planning and providing a permanent court facility per Florida Statutes. Financing is provided by court service charges.
- **Court Facility Fees**—to account for the operation and maintenance of Nassau County court facilities. Financing is provided by a court service charge.
- **Law Library Trust**—to account for the costs associated with furnishing and maintaining Nassau County's law library. Funding is provided from a surcharge on civil court filings.
- **Criminal Justice Trust**—to account for the reimbursement of expenditures incurred by the County in providing for the services of the State Attorney and Public Defender. Funding is provided by a surcharge on felony, misdemeanor, and criminal traffic cases.
- **Special Drug/Alcohol Rehabilitation**—to account for expenditures associated with Nassau County's drug and alcohol rehabilitative programs. Funding is provided by a fine imposed for alcohol/drug-related offenses.
- **Legal Aid Trust**—to account for expenditures incurred in providing legal aid to Nassau County residents. Funding is provided for by a service charge on the filing of circuit and county civil court proceedings.
- **Drivers Ed Safety Trust**—to account for driver education programs in public and nonpublic schools. Funding is provided by a surcharge on civil traffic penalties.
- **911 Operations and Maintenance**—to account for the expenditures associated with providing a uniform addressing system for 911 equipment. Funding is principally provided from telephone user charges.
- **EMS County Awards HRS**—to account for expenditures associated with EMS prehospital care. Funding is provided by Florida State grants.
- **Grants**—to account for expenditures financed primarily by federal and/or state grants.
- **Amelia Island Tourist Development**—to account for revenues and expenditures relating to development of tourism in the County through the assessment of a tourist tax.
- **Local Affordable Housing Trust (SHIP)**—to account for funds received from the State to be used to assist eligible low income individuals to buy or construct new housing or rehabilitate older homes.

NONMAJOR GOVERNMENTAL FUNDS

(Concluded)

Special Revenue Funds

(Concluded)

- **South Amelia Island Shore Stabilization MSBU**—is used to account for revenues and expenditures relating to the Amelia Island Beach Restoration, local improvement, and maintenance cost.
- **Building Department**—to account for funds received for various fees charged to be used to fund the building, zoning, and planning department.
- **Amelia Concourse MSBU**—to account for funds received from the Amelia Concourse assessment allocated to the administrative charges associated with the levy of the special assessments.
- **Firefighter Education Trust**—to account for surcharges on civil penalties for noncriminal, nonmoving traffic violations of Section 316.1945(1)(b)(2) or (5), Florida Statutes.
- **F. S. Special Revenues Fund**—to account for State/other restricted revenues from general revenues.

Debt Service Funds

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

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

Capital Projects Funds

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

- **Grants**—to account for capital expenditures financed primarily by federal and/or state grants.
- **County Complex**—to account for the development of County building projects at the County Complex. Financing for the completed Courthouse Annex and Detention Center was primarily provided by the 2001 Public Improvement Revenue Bonds.
- **Capital Projects - South Amelia Island Shore Stabilization**—is used to account for revenues and expenditures relating to the beach restoration capital projects within the geographical boundaries of the South Amelia Island Shore Stabilization MSBU.
- **Capital Projects**—to account for various capital projects. Some projects may have their own fund.

**NASSAU COUNTY BOARD OF COUNTY COMMISISONERS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	Special Revenue Funds		
	Law Enforcement Training	Special Law Enforcement	Sheriff Donations
Assets			
Cash and Cash Equivalents	\$ 111,799	\$ 3,490	\$ 4,353
Equity in Pooled Investments	0	115,697	0
Loans Receivable			
(Net of Allowance for Uncollectibles)	0	0	0
Due from Constitutional Officers	0	0	0
Due from Other Governments	0	0	0
Prepaid Expenditures	0	0	0
Total Assets	<u>111,799</u>	<u>119,187</u>	<u>4,353</u>
Liabilities and Deferred Inflows of Resources and Fund Balance			
Liabilities			
Accounts Payable	0	0	0
Retainage Payable	0	0	0
Due to Other Funds	0	0	0
Due to Constitutional Officers	0	0	0
Due to Other Governments	0	0	0
Unearned Revenues	0	0	0
Deposits	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
Nonspendable	0	0	0
Restricted	111,799	119,187	4,353
Committed	0	0	0
Assigned	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>111,799</u>	<u>119,187</u>	<u>4,353</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$ 111,799</u>	<u>\$ 119,187</u>	<u>\$ 4,353</u>

Special Revenue Funds

Law Enforcement Trust	Nassau County Anti-Drug Enforcement	Court Improvement	Court Facility Fees	Law Library Trust	Criminal Justice Trust	Special Drug/Alcohol Rehabilitation
\$ 22,146	\$ 21,936	\$ 0	\$ 916	\$ 0	\$ 771	\$ 0
26,726	0	0	869,846	151,787	211,501	0
0	0	0	0	0	0	0
0	1,000	0	0	0	0	0
0	44,457	0	0	0	0	0
0	0	0	0	0	0	0
48,872	67,393	0	870,762	151,787	212,272	0
0	35,145	0	44,304	917	926	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	15,441	0	0	0	0	0
0	0	0	0	0	0	0
0	50,586	0	44,304	917	926	0
0	44,457	0	0	0	0	0
0	0	0	0	0	0	0
48,872	0	0	826,458	150,870	211,346	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	(27,650)	0	0	0	0	0
48,872	(27,650)	0	826,458	150,870	211,346	0
\$ 48,872	\$ 67,393	\$ 0	\$ 870,762	\$ 151,787	\$ 212,272	\$ 0

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014
(Continued)

	Special Revenue Funds		
	Legal Aid Trust	Drivers Ed Safety Trust	911 Operations and Maintenance
Assets			
Cash and Cash Equivalents	\$ 0	\$ 318	\$ 712
Equity in Pooled Investments	20,914	39,009	508,351
Loans Receivable			
(Net of Allowance for Uncollectibles)	0	0	0
Due from Constitutional Officers	0	0	80,826
Due from Other Governments	0	0	139,576
Prepaid Expenditures	0	0	0
Total Assets	<u>20,914</u>	<u>39,327</u>	<u>729,465</u>
Liabilities and Deferred Inflows of Resources and Fund Balance			
Liabilities			
Accounts Payable	20,914	0	109,058
Retainage Payable	0	0	0
Due to Other Funds	0	0	0
Due to Constitutional Officers	0	0	0
Due to Other Governments	0	0	0
Unearned Revenues	0	0	0
Deposits	0	0	0
Total Liabilities	<u>20,914</u>	<u>0</u>	<u>109,058</u>
Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>109,058</u>
Fund Balances			
Nonspendable	0	0	0
Restricted	0	39,327	511,349
Committed	0	0	0
Assigned	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>0</u>	<u>39,327</u>	<u>511,349</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$ 20,914</u>	<u>\$ 39,327</u>	<u>\$ 729,465</u>

Special Revenue Funds

EMS County Awards HRS	Grants	Amelia Island Tourist Development	Local Affordable Housing Trust (SHIP)	South Amelia Island Shore Stabilization MSBU	Building Department	Amelia Concourse MSBU
\$ 298	\$ 0	\$ 412	\$ 855,592	\$ 0	\$ 399	\$ 0
0	0	4,155,548	0	585,146	2,870,194	914,068
0	0	0	48,000	0	0	0
0	0	0	0	0	0	141
0	0	0	0	0	0	0
0	0	0	0	0	330	0
298	0	4,155,960	903,592	585,146	2,870,923	914,209
0	0	214,327	0	30,450	5,112	6,094
0	0	0	0	0	0	0
0	0	0	0	0	23,129	0
0	0	5,888	0	0	825	0
0	0	0	0	0	10,139	0
298	0	0	0	0	0	0
0	0	0	0	0	77,145	0
298	0	220,215	0	30,450	116,350	6,094
0	0	0	48,000	0	0	0
0	0	0	0	0	330	0
0	0	3,935,745	855,592	554,696	2,754,243	908,115
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	3,935,745	855,592	554,696	2,754,573	908,115
\$ 298	\$ 0	\$ 4,155,960	\$ 903,592	\$ 585,146	\$ 2,870,923	\$ 914,209

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014
(Continued)

	Special Revenue Funds		
	Firefighter Education Trust	F.S. Special Revenues Fund	Total Special Revenue Funds
Assets			
Cash and Cash Equivalents	\$ 3	\$ 1,093,944	\$ 2,117,089
Equity in Pooled Investments	0	0	10,468,787
Loans Receivable			
(Net of Allowance for Uncollectibles)	0	0	48,000
Due from Constitutional Officers	0	7,666	89,633
Due from Other Governments	0	40	184,073
Prepaid Expenditures	0	0	330
Total Assets	3	1,101,650	12,907,912
Liabilities and Deferred Inflows of Resources and Fund Balance			
Liabilities			
Accounts Payable	0	1,093	468,340
Retainage Payable	0	0	0
Due to Other Funds	0	0	23,129
Due to Constitutional Officers	0	0	6,713
Due to Other Governments	0	3,635	13,774
Unearned Revenues	0	0	15,739
Deposits	0	0	77,145
Total Liabilities	0	4,728	604,840
Deferred Inflows of Resources	0	0	201,515
Fund Balances			
Nonspendable	0	0	330
Restricted	0	1,096,922	12,128,874
Committed	3	0	3
Assigned	0	0	0
Unassigned	0	0	(27,650)
Total Fund Balances	3	1,096,922	12,101,557
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$ 3	\$ 1,101,650	\$ 12,907,912

Debt Service Funds				Capital Projects Funds		
Optional Gas Tax 2000	1998/2009 Gas Tax Bonds	County Complex	Total Debt Service Funds	Grants	County Complex	Capital Projects - South Amelia Island Shore Stabilization
\$ 812	\$ 0	\$ 0	\$ 812	\$ 3,102	\$ 0	\$ 264,373
1,495,896	50,225	0	1,546,121	0	3,736,631	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
77,917	151,777	0	229,694	0	0	0
0	0	0	0	0	0	0
1,574,625	202,002	0	1,776,627	3,102	3,736,631	264,373
0	0	0	0	0	75,264	21,419
0	0	0	0	0	10,040	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	85,304	21,419
77,917	110,000	0	187,917	0	0	0
0	0	0	0	0	0	0
1,496,708	92,002	0	1,588,710	3,102	0	242,954
0	0	0	0	0	0	0
0	0	0	0	0	3,651,327	0
0	0	0	0	0	0	0
1,496,708	92,002	0	1,588,710	3,102	3,651,327	242,954
\$ 1,574,625	\$ 202,002	\$ 0	\$ 1,776,627	\$ 3,102	\$ 3,736,631	\$ 264,373

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014
(Concluded)

	Capital Projects Funds		
	Capital Projects	Total Capital Project Funds	Total Nonmajor Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 0	\$ 267,475	\$ 2,385,376
Equity in Pooled Investments	3,003	3,739,634	15,754,542
Loans Receivable			
(Net of Allowance for Uncollectibles)	0	0	48,000
Due from Constitutional Officers	0	0	89,633
Due from Other Governments	0	0	413,767
Prepaid Expenditures	0	0	330
Total Assets	<u>3,003</u>	<u>4,007,109</u>	<u>18,691,648</u>
Liabilities and Deferred Inflows of Resources and Fund Balance			
Liabilities			
Accounts Payable	0	96,683	565,023
Retainage Payable	0	10,040	10,040
Due to Other Funds	0	0	23,129
Due to Constitutional Officers	0	0	6,713
Due to Other Governments	0	0	13,774
Unearned Revenues	0	0	15,739
Deposits	0	0	77,145
Total Liabilities	<u>0</u>	<u>106,723</u>	<u>711,563</u>
Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>389,432</u>
Fund Balances			
Nonspendable	0	0	330
Restricted	0	246,056	13,963,640
Committed	3,003	3,003	3,006
Assigned	0	3,651,327	3,651,327
Unassigned	0	0	(27,650)
Total Fund Balances	<u>3,003</u>	<u>3,900,386</u>	<u>17,590,653</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$ 3,003</u>	<u>\$ 4,007,109</u>	<u>\$ 18,691,648</u>

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue Funds		
	Law Enforcement Training	Special Law Enforcement	Sheriff Donations
Revenues			
Taxes	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0
Intergovernmental Revenues	0	0	0
Charges for Services	9,457	0	0
Fines and Forfeitures	16,039	4,632	0
Investment Earnings (Loss)	387	486	13
Miscellaneous	0	0	8,213
Total Revenues	25,883	5,118	8,226
Expenditures			
Current:			
General Government Services	0	0	0
Public Safety	4,973	0	6,033
Physical Environment	0	0	0
Economic Environment	0	0	0
Human Services	0	0	0
Culture and Recreation	0	0	0
Court-related Expenditures	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
(Total Expenditures)	4,973	0	6,033
(Deficiency) Excess of Revenues (Under)			
Over Expenditures	20,910	5,118	2,193
Other Financing Sources (Uses)			
Transfers from Constitutional Officers	0	0	0
Transfers to Constitutional Officers	0	(21,150)	0
Transfers in	0	0	0
Transfers (out)	0	0	0
Total Other Financing Sources (Uses)	0	(21,150)	0
Net Change in Fund Balances	20,910	(16,032)	2,193
Fund Balances at Beginning of Year	90,889	135,219	2,160
Fund Balances at End of Year	\$ 111,799	\$ 119,187	\$ 4,353

Special Revenue Funds

Law Enforcement Trust	Nassau County Anti-Drug Enforcement	Court Improvement	Court Facility Fees	Law Library Trust	Criminal Justice Trust	Special Drug/Alcohol Rehabilitation
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0
0	51,738	0	0	0	0	0
0	0	0	120,021	31,216	62,432	6,456
33,634	850	0	0	0	0	0
90	157	107	4,241	760	689	3
883	0	0	46	0	0	0
34,607	52,745	107	124,308	31,976	63,121	6,459
0	0	0	0	0	0	0
0	50,446	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	6,459
0	0	0	0	0	0	0
0	0	32,697	109,686	30,823	28,703	0
0	82,255	0	10,575	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	132,701	32,697	120,261	30,823	28,703	6,459
34,607	(79,956)	(32,590)	4,047	1,153	34,418	0
0	0	0	0	0	0	0
(9,540)	0	0	0	0	0	0
550	0	0	0	0	1,310	0
(9,913)	0	0	0	(1,310)	0	0
(18,903)	0	0	0	(1,310)	1,310	0
15,704	(79,956)	(32,590)	4,047	(157)	35,728	0
33,168	52,306	32,590	822,411	151,027	175,618	0
\$ 48,872	\$ (27,650)	\$ 0	\$ 826,458	\$ 150,870	\$ 211,346	\$ 0

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(Continued)

	Special Revenue Funds		
	Legal Aid Trust	Drivers Ed Safety Trust	911 Operations and Maintenance
Revenues			
Taxes	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0
Intergovernmental Revenues	0	0	46,237
Charges for Services	31,216	0	366,008
Fines and Forfeitures	0	39,242	0
Investment Earnings (Loss)	5	85	2,515
Miscellaneous	0	0	12
Total Revenues	31,221	39,327	414,772
Expenditures			
Current:			
General Government Services	0	0	0
Public Safety	0	0	46,567
Physical Environment	0	0	0
Economic Environment	0	0	0
Human Services	83,655	28,722	0
Culture and Recreation	0	0	0
Court-related Expenditures	0	0	0
Capital Outlay	0	0	109,058
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
(Total Expenditures)	83,655	28,722	155,625
(Deficiency) Excess of Revenues (Under)			
Over Expenditures	(52,434)	10,605	259,147
Other Financing Sources (Uses)			
Transfers from Constitutional Officers	0	0	80,659
Transfers to Constitutional Officers	0	0	(335,828)
Transfers in	52,434	0	0
Transfers (out)	0	0	0
Total Other Financing Sources (Uses)	52,434	0	(255,169)
Net Change in Fund Balances	0	10,605	3,978
Fund Balances at Beginning of Year	0	28,722	507,371
Fund Balances at End of Year	\$ 0	\$ 39,327	\$ 511,349

Special Revenue Funds

EMS County Awards HRS	Grants	Amelia Island Tourist Development	Local Affordable Housing Trust (SHIP)	South Amelia Island Shore Stabilization MSBU	Building Department	Amelia Concourse MSBU
\$ 0	\$ 0	\$ 4,449,449	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	1,312,604	185,140
7,324	45,126	0	372,459	0	0	0
0	0	0	0	0	140,608	0
0	0	0	0	0	0	0
0	0	16,221	2,348	3,184	13,658	4,149
0	0	0	75,453	0	20,281	0
7,324	45,126	4,465,670	450,260	3,184	1,487,151	189,289
0	0	0	0	0	645,449	0
7,324	0	0	0	0	408,725	0
0	44,708	86,350	0	116,576	0	138,467
0	0	3,170,273	197,375	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	6,427	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
7,324	44,708	3,256,623	197,375	116,576	1,060,601	138,467
0	418	1,209,047	252,885	(113,392)	426,550	50,822
0	0	0	0	0	0	0
0	0	(133,483)	(63)	0	(34)	(6,379)
0	0	0	0	0	25,861	0
0	(418)	(2,122)	0	0	(163,776)	(4,385)
0	(418)	(135,605)	(63)	0	(137,949)	(10,764)
0	0	1,073,442	252,822	(113,392)	288,601	40,058
0	0	2,862,303	602,770	668,088	2,465,972	868,057
\$ 0	\$ 0	\$ 3,935,745	\$ 855,592	\$ 554,696	\$ 2,754,573	\$ 908,115

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(Continued)

	Special Revenue Funds		
	Firefighter Education Trust	F. S. Special Revenue Fund	Total Special Revenue Funds
Revenues			
Taxes	\$ 0	\$ 0	\$ 4,449,449
Licenses and Permits	0	0	1,497,744
Intergovernmental Revenues	0	30,028	552,912
Charges for Services	0	137,776	905,190
Fines and Forfeitures	0	57,212	151,609
Investment Earnings (Loss)	0	3,945	53,043
Miscellaneous	0	25	104,913
Total Revenues	0	228,986	7,714,860
Expenditures			
Current:			
General Government Services	0	0	645,449
Public Safety	0	47,135	571,203
Physical Environment	0	0	386,101
Economic Environment	0	0	3,367,648
Human Services	0	0	118,836
Culture and Recreation	0	1,075	1,075
Court-related Expenditures	0	51,237	253,146
Capital Outlay	0	34,540	242,855
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
(Total Expenditures)	0	133,987	5,586,313
(Deficiency) Excess of Revenues (Under)			
Over Expenditures	0	94,999	2,128,547
Other Financing Sources (Uses)			
Transfers from Constitutional Officers	0	0	80,659
Transfers to Constitutional Officers	0	0	(506,477)
Transfers in	0	0	80,155
Transfers (out)	0	0	(181,924)
Total Other Financing Sources (Uses)	0	0	(527,587)
Net Change in Fund Balances	0	94,999	1,600,960
Fund Balances at Beginning of Year	3	1,001,923	10,500,597
Fund Balances at End of Year	\$ 3	\$ 1,096,922	\$ 12,101,557

Debt Service Funds				Capital Projects Funds		
Optional Gas Tax 2000	1998/2009 Gas Tax Bonds	County Complex	Total Debt Service Funds	Grants	County Complex	Capital Projects - South Amelia Island Shore Stabilization
\$ 941,609	\$ 419,320	\$ 0	\$ 1,360,929	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0
0	681,770	0	681,770	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
4,029	2,931	0	6,960	52	10,863	1,482
0	0	0	0	0	0	0
945,638	1,104,021	0	2,049,659	52	10,863	1,482
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	1,135,903	231,255
461,037	1,006,837	1,065,000	2,532,874	0	0	0
484,394	97,184	1,322,950	1,904,528	0	0	0
945,431	1,104,021	2,387,950	4,437,402	0	1,135,903	231,255
207	0	(2,387,950)	(2,387,743)	52	(1,125,040)	(229,773)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	2,387,950	2,387,950	0	4,518,411	0
0	0	0	0	(18,411)	0	0
0	0	2,387,950	2,387,950	(18,411)	4,518,411	0
207	0	0	207	(18,359)	3,393,371	(229,773)
1,496,501	92,002	0	1,588,503	21,461	257,956	472,727
\$ 1,496,708	\$ 92,002	\$ 0	\$ 1,588,710	\$ 3,102	\$ 3,651,327	\$ 242,954

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(Concluded)

	Capital Projects Funds		
	Capital Projects	Total Capital Project Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 0	\$ 0	\$ 5,810,378
Licenses and Permits	0	0	1,497,744
Intergovernmental Revenues	0	0	1,234,682
Charges for Services	0	0	905,190
Fines and Forfeitures	0	0	151,609
Investment Earnings (Loss)	1,605	14,002	74,005
Miscellaneous	0	0	104,913
Total Revenues	1,605	14,002	9,778,521
Expenditures			
Current:			
General Government Services	0	0	645,449
Public Safety	0	0	571,203
Physical Environment	0	0	386,101
Economic Environment	0	0	3,367,648
Human Services	0	0	118,836
Culture and Recreation	0	0	1,075
Court-related Expenditures	0	0	253,146
Capital Outlay	0	1,367,158	1,610,013
Debt Service:			
Principal Retirement	0	0	2,532,874
Interest and Fiscal Charges	0	0	1,904,528
(Total Expenditures)	0	1,367,158	11,390,873
(Deficiency) Excess of Revenues (Under) Over Expenditures	1,605	(1,353,156)	(1,612,352)
Other Financing Sources (Uses)			
Transfers from Constitutional Officers	0	0	80,659
Transfers to Constitutional Officers	0	0	(506,477)
Transfers in	0	4,518,411	6,986,516
Transfers (out)	(525,938)	(544,349)	(726,273)
Total Other Financing Sources (Uses)	(525,938)	3,974,062	5,834,425
Net Change in Fund Balances	(524,333)	2,620,906	4,222,073
Fund Balances at Beginning of Year	527,336	1,279,480	13,368,580
Fund Balances at End of Year	\$ 3,003	\$ 3,900,386	\$ 17,590,653

OTHER INFORMATION

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

The Honorable Board of County Commissioners
Nassau County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Nassau County Board of County Commissioners, Nassau County, Florida, (the Board) as of and for the year ended September 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated March 4, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph 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, as defined above. However, material weaknesses may exist that have not been identified.

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The Honorable Board of County Commissioners
Nassau County, Florida

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

Compliance and Other Matters

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

We noted certain matters that we reported to management in a separate management letter dated March 4, 2015.

Purpose of this Report

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

Purvis, Gray and Company, LLP

March 4, 2015
Gainesville, Florida

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

The Honorable Board of County Commissioners
Nassau County, Florida

We have examined the Nassau County Board of County Commissioners' Nassau County, Florida, (the Board) compliance with Section 218.415, Florida Statutes, as of and for the year ended September 30, 2014, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Board's compliance with those requirements. Our responsibility is to express an opinion on the Board's compliance based on our examination.

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

In our opinion, the Board complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

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

Purvis, Gray and Company, LLP

March 4, 2015
Gainesville, Florida

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MANAGEMENT LETTER

The Honorable Board of County Commissioners
Nassau County, Florida

Report on the Financial Statements

We have audited the financial statements of the Nassau County Board of County Commissioners, Nassau County, Florida, (the Board) as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated March 4, 2015.

Auditors' Responsibility

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

Other Reports

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in this report, which is dated March 4, 2015, 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. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedules:

Prior Audit Findings

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

Official Title and Legal Authority

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

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The Honorable Board of County Commissioners
Nassau County, Florida

MANAGEMENT LETTER
(Concluded)

Other Matters

- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statement that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

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

Purvis, Gray and Company, LLP

March 4, 2015
Gainesville, Florida

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2014

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2014

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INDEPENDENT AUDITORS' REPORT

The Honorable John A. Crawford
Nassau County Clerk of the Circuit Court
Nassau County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Nassau County, Florida, Clerk of the Circuit Court (the Clerk), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Clerk's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Clerk as of September 30, 2014, and the respective changes in financial position and budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountants

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The Honorable John A. Crawford
Nassau County Clerk of the Circuit Court
Nassau County, Florida

INDEPENDENT AUDITORS' REPORT
(Continued)

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Nassau County that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of Nassau County as of September 30, 2014, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Other Financial Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 5, 2015, on our consideration of the Clerk's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.



March 5, 2015
Gainesville, Florida

FINANCIAL STATEMENTS

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	Major Funds					Total Governmental Funds
	General Fund	Court Fund	Public Records Modernization Trust Fund	Child Support Fund	Teen Court	
Assets						
Cash	\$ 153,613	\$ 170,687	\$ 564,800	\$ 225,174	\$ 10,173	\$ 1,124,447
Due from Board of County Commissioners	27,123	0	0	0	0	27,123
Due from Other Funds	98,983	127,820	20,612	20	0	247,435
Due from Other Governments	14,704	0	0	25,982	0	40,686
Prepaid Expenses	9,676	0	8,527	0	0	18,203
Total Assets	<u>304,099</u>	<u>298,507</u>	<u>593,939</u>	<u>251,176</u>	<u>10,173</u>	<u>1,457,894</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	70,435	637	3,002	756	0	74,830
Due to Board of County Commissioners	18,291	0	0	0	0	18,291
Due to Other Funds	0	57,583	0	2,941	0	60,524
Due to Other Governments	23,298	240,287	0	0	0	263,585
Other Accrued Liabilities	192,075	0	0	0	0	192,075
Total Liabilities	<u>304,099</u>	<u>298,507</u>	<u>3,002</u>	<u>3,697</u>	<u>0</u>	<u>609,305</u>
Fund Balances						
Nonspendable:						
Prepaid Expenses	0	0	8,527	0	0	8,527
Restricted:						
Records Modernization	0	0	582,410	0	0	582,410
Child Support	0	0	0	247,479	0	247,479
Committed:						
Teen Court	0	0	0	0	10,173	10,173
Total Fund Balances	<u>0</u>	<u>0</u>	<u>590,937</u>	<u>247,479</u>	<u>10,173</u>	<u>848,589</u>
Total Liabilities and Fund Balances	<u>\$ 304,099</u>	<u>\$ 298,507</u>	<u>\$ 593,939</u>	<u>\$ 251,176</u>	<u>\$ 10,173</u>	<u>\$ 1,457,894</u>

See accompanying notes to financial statements.

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Major Funds					Total Governmental Funds
	General Fund	Court Fund	Public Records Modernization Trust Fund	Child Support Fund	Teen Court	
Revenues						
Intergovernmental Revenue	\$ 0	\$ 259,695	\$ 0	\$ 145,289	\$ 0	\$ 404,984
Charges for Services	554,096	936,924	174,068	0	0	1,665,088
Judgments and Fines	0	448,490	68,573	0	0	517,063
Miscellaneous	10,414	129	0	0	2,318	12,861
Total Revenues	<u>564,510</u>	<u>1,645,238</u>	<u>242,641</u>	<u>145,289</u>	<u>2,318</u>	<u>2,599,996</u>
Expenditures						
Current:						
General Government:						
Personal Services	1,752,199	0	0	0	0	1,752,199
Operating Expenditures	825,474	0	0	0	1,022	826,496
Economic Environment:						
Personal Services	49,711	0	0	0	0	49,711
Operating Expenditures	2,740	0	0	0	0	2,740
Court-related:						
Personal Services	0	1,484,670	0	72,752	0	1,557,422
Operating Expenditures	0	160,568	109,697	8,939	0	279,204
Capital Outlay	17,370	0	0	0	0	17,370
(Total Expenditures)	<u>(2,647,494)</u>	<u>(1,645,238)</u>	<u>(109,697)</u>	<u>(81,691)</u>	<u>(1,022)</u>	<u>(4,485,142)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(2,082,984)</u>	<u>0</u>	<u>132,944</u>	<u>63,598</u>	<u>1,296</u>	<u>(1,885,146)</u>
Other Financing Sources (Uses)						
Transfers in from Board of County Commissioners	2,097,432	0	311	0	0	2,097,743
Transfers (out) to Board of County Commissioners	(14,448)	0	0	0	0	(14,448)
Total Other Financing Sources (Uses)	<u>2,082,984</u>	<u>0</u>	<u>311</u>	<u>0</u>	<u>0</u>	<u>2,083,295</u>
Net Change in Fund Balances	<u>0</u>	<u>0</u>	<u>133,255</u>	<u>63,598</u>	<u>1,296</u>	<u>198,149</u>
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>457,682</u>	<u>183,881</u>	<u>8,877</u>	<u>650,440</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 590,937</u>	<u>\$ 247,479</u>	<u>\$ 10,173</u>	<u>\$ 848,589</u>

See accompanying notes to financial statements.

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for Services	\$ 494,159	\$ 556,635	\$ 554,096	\$ (2,539)
Miscellaneous	8,000	8,100	10,414	2,314
Total Revenues	502,159	564,735	564,510	(225)
Expenditures				
Current:				
General Government:				
Personal Services	1,787,397	1,752,199	1,752,199	0
Operating Expenditures	714,462	825,474	825,474	0
Economic Environment:				
Personal Services	46,856	49,711	49,711	0
Operating Expenditures	4,250	2,740	2,740	0
Capital Outlay	1,200	17,370	17,370	0
(Total Expenditures)	(2,554,165)	(2,647,494)	(2,647,494)	0
(Deficiency) of Revenues (Under)				
Expenditures	(2,052,006)	(2,082,759)	(2,082,984)	(225)
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	2,052,006	2,097,207	2,097,432	225
Transfers (out) to Board of County Commissioners	0	(14,448)	(14,448)	0
Total Other Financing Sources (Uses)	2,052,006	2,082,759	2,082,984	225
Net Change in Fund Balances	0	0	0	0
Fund Balances, Beginning of Year	0	0	0	0
Fund Balances, End of Year	\$ 0	\$ 0	\$ 0	\$ 0

See accompanying notes to financial statements.

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(Continued)

	Court Fund			Variance With
	Budgeted Amounts		Actual	Final Budget
	Original	Final	Amounts	Positive
				(Negative)
Revenues				
Intergovernmental Revenue	\$ 259,695	\$ 259,695	\$ 259,695	\$ 0
Charges for Services	907,689	907,689	936,924	29,235
Judgments and Fines	477,854	477,854	448,490	(29,364)
Miscellaneous	0	0	129	129
Total Revenues	<u>1,645,238</u>	<u>1,645,238</u>	<u>1,645,238</u>	<u>0</u>
Expenditures				
Current:				
Court-related:				
Personal Services	1,487,676	1,484,670	1,484,670	0
Operating Expenditures	157,562	160,568	160,568	0
(Total Expenditures)	<u>(1,645,238)</u>	<u>(1,645,238)</u>	<u>(1,645,238)</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

See accompanying notes to financial statements.

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(Continued)

	Public Records Modernization Trust Fund			Variance With
	Budgeted Amounts		Actual	Final Budget
	Original	Final	Amounts	Positive
				(Negative)
Revenues				
Charges for Services	\$ 180,368	\$ 180,368	\$ 174,068	\$ (6,300)
Judgments and Fines	67,273	67,273	68,573	1,300
Total Revenues	<u>247,641</u>	<u>247,641</u>	<u>242,641</u>	<u>(5,000)</u>
Expenditures				
Current:				
General Government:				
Operating Expenditures	107,636	107,636	0	107,636
Court-related:				
Operating Expenditures	590,657	590,657	109,697	480,960
Capital Outlay	7,500	7,500	0	7,500
(Total Expenditures)	<u>(705,793)</u>	<u>(705,793)</u>	<u>(109,697)</u>	<u>596,096</u>
Excess of Revenues Over				
Expenditures	<u>(458,152)</u>	<u>(458,152)</u>	<u>132,944</u>	<u>591,096</u>
Other Financing Sources (Uses)				
Transfers in from Board of County				
Commissioners	470	470	311	(159)
Total Other Financing Sources (Uses)	<u>470</u>	<u>470</u>	<u>311</u>	<u>(159)</u>
Net Change in Fund Balances	<u>(457,682)</u>	<u>(457,682)</u>	<u>133,255</u>	<u>590,937</u>
Fund Balances, Beginning of Year	<u>457,682</u>	<u>457,682</u>	<u>457,682</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 590,937</u>	<u>\$ 590,937</u>

See accompanying notes to financial statements.

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(Concluded)

	Child Support Fund			Variance With
	Budgeted Amounts		Actual	Final Budget
	Original	Final	Amounts	Positive
				(Negative)
Revenues				
Intergovernmental	\$ 118,000	\$ 118,000	\$ 145,289	\$ 27,289
Total Revenues	118,000	118,000	145,289	27,289
Expenditures				
Current:				
Court-related:				
Personal Services	76,591	78,508	72,752	5,756
Operating Expenditures	225,245	223,328	8,939	214,389
(Total Expenditures)	(301,836)	(301,836)	(81,691)	220,145
Excess of Revenues Over				
Expenditures	(183,836)	(183,836)	63,598	247,434
Net Change in Fund Balances	(183,836)	(183,836)	63,598	247,434
Fund Balances, Beginning of Year	183,881	183,881	183,881	0
Fund Balances, End of Year	\$ 45	\$ 45	\$ 247,479	\$ 247,434

See accompanying notes to financial statements.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2014**

Assets

Cash	\$ 2,076,282
Due from Other Funds	10
Due from Other Governments	898
Due from Individuals	<u>1,246</u>
Total Assets	<u><u>2,078,436</u></u>

Liabilities

Due to Board of County Commissioners	46,924
Due to Other Funds	186,921
Due to Other Governments	153,260
Deposits	1,683,470
Other Liabilities	<u>7,861</u>
Total Liabilities	<u><u>\$ 2,078,436</u></u>

See accompanying notes to financial statements.

**NOTES TO
FINANCIAL STATEMENTS**

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Nassau County, Florida, Clerk of the Circuit Court (the Clerk), conform to generally accepted accounting principles (GAAP), as applicable to governments. The following is a summary of significant accounting principles and policies used in the preparation of these financial statements:

Reporting Entity

Nassau County, Florida (the County) is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the Board).

The Clerk is an elected official of the County pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). The Clerk is a part of the primary government of the County. The Clerk is responsible for the administration and operation of the Clerk's office, and the Clerk's financial statements do not include the financial statements of the Board or the other Constitutional Officers of the County.

The Clerk funds his noncourt operations as a Budget Officer and a Fee Officer pursuant to Florida Statutes, Chapters 28, 129 and 218, respectively. As a Budget Officer, the operations of the Clerk are funded by the County General Fund. The receipts from the County General Fund are recorded as other financing sources on the Clerk's general fund financial statements. Any excess of revenues and other financing sources received over expenditures of the general fund are remitted to the County General Fund at year-end. The court-related operations of the Clerk are funded from fees and charges authorized under Chapter 2013-44, Laws of Florida and are reported in the Court Fund. At year-end, any excess of revenues over court-related expenditures of the Court fund are remitted to the State of Florida pursuant to Florida Statute 28.37.

Basis of Presentation

The accompanying financial statements include all the funds and accounts of the Clerk's office, but are not a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General—Local Governmental Entity Audits*.

The financial transactions of the Clerk are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. GAAP sets forth minimum criteria (percentage of assets, liabilities, revenues, and expenditures of each fund category) for the determination of major funds. Major funds are reported separately in the basic financial statements of the Clerk.

■ **Governmental Funds**

● **Major Funds**

- ▶ **General Fund**—The general fund is the general operating fund of the Clerk. It is used to account for all financial resources, except for those required to be accounted for in another fund.

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Concluded)

■ **Governmental Funds (Concluded)**

● **Major Funds (Concluded)**

- ▶ **Court Fund**—The court fund was established to account for court-related revenues and expenditures and are required to be reported separately from the Clerk's general fund activities.
- ▶ **Public Records Modernization Trust Fund**—This fund accounts for proceeds of specific revenues that are legally restricted for expenditures of the public records program, and additional clerk court related operational needs and program enhancements.
- ▶ **Child Support Fund**—This fund accounts for proceeds of specific revenues that are restricted for expenditures of the child support program.
- **Nonmajor Governmental Fund**
 - ▶ **Teen Court Fund**—This fund accounts for proceeds of specific revenues that are committed for expenditures of the teen court program.

■ **Fiduciary Funds**

- **Agency Funds**—The agency funds are used to account for assets held by the Clerk as an agent for individuals, private organizations and other governments. Agency funds are custodial in nature and do not involve measurement of changes in financial position.

Basis of Accounting

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

The modified accrual basis of accounting is followed by the governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. The Clerk considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures are recorded when the liability is incurred. Charges for services and investment revenue are recorded as earned.

Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO INANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Requirement

Governmental fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget was adopted for the general fund, the public records fund, teen court, and child support. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. A budget was adopted for the court fund and approved by the Legislative Budget Commission pursuant to Florida Statute 28.35. Budgets are prepared on the modified accrual basis of accounting.

The Clerk's annual budgets are monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year-end.

Capital Assets

Tangible personal property is recorded as expenditures in the governmental fund at the time an asset is acquired. Assets acquired by the Clerk are capitalized at cost in the capital asset accounts of the County. The Clerk maintains custodial responsibility for the capital assets used by his office.

Accrued Compensated Absences

The Clerk maintains a policy of granting employees annual leave based upon the number of years of employment. At December 31 of each year, employees can carry over up to a maximum of 37.5 hours of paid annual leave. Any unused vacation leave accrued over the 37.5 hours at the end of the calendar year will be forfeited. Any exception would require the Clerk of Court's or designee's approval.

In addition, sick leave is accumulated at the rate of one day per month for a maximum of 400 hours as of December 31 of each year. There will be no payment in lieu of unused sick leave at the time of separation effective July 1, 2010, and thereafter. The Clerk of Courts reserves the right to use a combination of overtime pay and/or compensatory time for compensating overtime worked.

Workers' Compensation and Group Health Insurance

For the Clerk's non-Court employees, the Board provided workers' compensation and group health insurance coverages. The premiums for such coverages were paid by the Board and recorded on its records and, consequently, are not recorded on the Clerk's records. For the Clerk's Court employees, the Clerk provides workers' compensation and group health insurance coverages. The premiums for such coverages were paid by the Clerk and recorded on his records.

Risk Management

The Clerk is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and the public; or damage to property of others. The Clerk participates in the risk management program through the Board, which uses commercial insurance to cover the following types of risk:

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Risk Management (Concluded)

- | | |
|-------------------------------|----------------------------|
| ■ Workers' Compensation | ■ Personal Property Damage |
| ■ Automobile Liability | ■ General Liability |
| ■ Public Officials' Liability | |

Workers' compensation coverage is provided under a retrospectively rated policy. Premiums are accrued based on the ultimate cost to-date of the Board's experience for this type of risk.

Fund Balance Reporting

The Clerk has implemented the provisions of GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned, and unassigned:

- **Nonspendable**—This component of fund balance consists of amounts that cannot be spent because (a) they are not expected to be converted to cash, or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Clerk does not have any nonspendable funds.
- **Restricted**—This component of fund balances consists of amounts that are constrained either (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.
- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., policy, ordinance, or resolution) of the organization's governing authority.
- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. The Clerk has not delegated the responsibility to assign fund balances to any individual or body.
- **Unassigned**—This classification is used for (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the general fund that are not restricted, committed or assigned.

When both restricted and unrestricted resources are available for use, it is the Clerk's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use, it is the Clerk's policy to use committed resources first, then assigned, and then unassigned as needed.

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2 - Cash and Investments

At September 30, 2014, the carrying amount of the Clerk's deposits was \$3,194,904 and the bank balance was \$3,476,601. The Clerk also held \$5,825 in change funds at September 30, 2014. Deposits in banks and thrift institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, Florida Statutes, no public depositor shall be liable for any loss thereof. All of the cash funds of the Clerk are deposited in accordance with Florida Statutes 280 and 218.415, and Nassau County Resolution 95-144.

Investments

The Clerk's investment practices are governed by Chapters 28.33 and 218.415, Florida Statutes. The Clerk is authorized to invest in certificates of deposit, money market certificates, obligations of the U.S. Treasury and the Local Government Surplus Funds Trust Fund (the State Board of Administration). There were no investments as of September 30, 2014.

Note 3 - Employee Benefits

Plan Description

Membership in the Florida Retirement System (FRS) is required for all full-time and part-time employees in regularly established positions for state agencies, county governments, district school boards, state universities and state community colleges, or cities, independent special districts, metropolitan planning organizations, public charter schools or public charter technical career centers. The FRS Pension Plan is a cost-sharing, multiple employer, public retirement system, administered by the State of Florida Division of Retirement. The FRS also offers eligible employees participation in an alternative defined contribution plan (the Investment Plan).

If initially enrolled prior to July 1, 2011, the FRS provides for vesting of benefits after six years of creditable service and normal retirement is after 30 years of service or age 62. The vesting requirements change to eight years of creditable service for those initially enrolled on or after July 1, 2011 and normal retirement is after 33 years of service or age 65. The monthly benefit received is based upon the: (1) average monthly compensation in the highest five years of creditable service (eight years if the employee is initially enrolled on or after July 1, 2011); (2) creditable service during the appropriate period; and (3) the appropriate benefit percentage. Vested employees who have not yet reached their normal retirement date, may elect to take early retirement and receive retirement benefits that are reduced 5% for each year between their age at retirement and the normal retirement age. Employees participating in the Investment Plan are vested after one year of service with no age requirement. The System also provides death and disability benefits (including in-line-of-duty disability) and cost of living adjustments. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S-4, *Florida Administrative Code*.

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 3 - Employee Benefits (Concluded)

Plan Description (Concluded)

The Deferred Retirement Option Program (DROP) is available under the FRS Pension Plan when the member first reaches eligibility for normal retirement. DROP allows a member to retire while continuing employment for up to 60 months. While in the DROP, the member's retirement benefits accumulate in the FRS trust fund (increased by a cost-of-living adjustment each July). DROP participants with a DROP begin date before July 1, 2011, earn monthly interest equivalent to an annual rate of 6.50%. DROP participants with a DROP begin date on or after July 1, 2011, earn monthly interest equivalent to an annual rate of 1.30%. When the DROP period ends, the DROP account is paid out as a lump-sum payment, a rollover, or a combination, and monthly benefits are subsequently paid to the member in the amount as calculated upon entry into DROP, plus cost-of-living adjustments for intervening years. In most cases, the DROP participant must cease employment when the DROP period ends.

The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. That report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-5706.

Funding Policy

The Florida Legislature has established a uniform contribution rate system for the FRS covering both the Pension Plan and the Investment Plan. The current contribution rates by member class are as follows: regular employees 7.37%, senior management 21.14%, DROP employees 12.28%, and elected officials 43.24%. As of July 1, 2011, employees (except those in DROP) are required to contribute 3% of their compensation to the plan. The Clerk's contributions to the plan for the years ended September 30, 2014, 2013, and 2012, were \$279,335, \$176,708, and \$142,131, respectively, equal to the actuarially determined contribution requirements for each fiscal year.

Note 4 - Other Postemployment Benefits

The Other Postemployment Benefit Plan (OPEB) is a single-employer benefit plan administered by the County. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. GASB Statement No. 45 calls this the "implicit rate subsidy."

Retirees and their dependents (except for life insurance) are permitted to remain covered under the County's respective medical and insurance plans as long as they pay a full premium applicable to coverage elected, subject to the direct subsidy in the following table. This conforms to the minimum required of Florida governmental employers per Chapter 112.08, Florida Statutes.

Percent of Direct Subsidy up to "Subsidy Base Maximum" of \$547.92

<u>Years of Service with Nassau County</u>	<u>Hired Before 10/1/05</u>	<u>Hired on or After 10/1/05</u>
At Least 6	100%	0%
15	100%	50%
20	100%	65%
25	100%	80%
30 or More	100%	100%

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
(Concluded)

Note 4 - Other Postemployment Benefits (Concluded)

In the current report, the Clerk has 63 active employees and 10 retired employees who are considered participants in the plan for purposes of computing the OPEB obligation. The Clerk's portion of the OPEB obligation totaled \$894,421 as of September 30, 2014. This liability will be included in long-term liabilities in the County-wide financial statements. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

Note 5 - Change in Long-term Debt

The following is a summary of the change in long-term debt of the Clerk for the year ended September 30, 2014:

	Balance October 1, 2013	Additions	(Deletions)	Balance September 30, 2014
Other Postemployment				
Benefits	\$ 782,187	\$ 223,188	\$ (110,954)	\$ 894,421
Total Long-term Debt	\$ 782,187	\$ 223,188	\$ (110,954)	\$ 894,421

See Note 4 for a description of the County's policies on OPEB.

The Clerk's long-term debt is not recorded in the accompanying financial statements, but is recorded in the statement of net assets as part of the basic financial statements of the County.

Note 6 - Interfund Receivables and Payables

Interfund receivables and payables at September 30, 2014, are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 98,983	\$ 0
Special Revenue Funds		
Court Fund	127,820	57,583
Public Records		
Modernization Fund	20,612	0
Child Support Fund	20	2,941
Agency Funds		
Civil Trust Fund	0	53,591
Recording Trust Fund	10	51,052
Criminal Trust Fund	0	3,298
Special Trust Fund	0	76,178
Domestic Relations Fund	0	2,204
Bail Bond Fund	0	598
Total	\$ 247,445	\$ 247,445

OTHER FINANCIAL INFORMATION

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
TEEN COURT
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Miscellaneous	\$ 0	\$ 0	\$ 2,318	\$ 2,318
Total Revenues	<u>0</u>	<u>0</u>	<u>2,318</u>	<u>2,318</u>
Expenditures				
Current:				
General Government:				
Operating Expenditures	8,877	8,877	1,022	7,855
(Total Expenditures)	<u>(8,877)</u>	<u>(8,877)</u>	<u>(1,022)</u>	<u>7,855</u>
Excess of Revenues Over				
Expenditures	<u>0</u>	<u>(8,877)</u>	<u>1,296</u>	<u>10,173</u>
Net Change in Fund Balances	(8,877)	(8,877)	1,296	10,173
Fund Balances, Beginning of Year	<u>8,877</u>	<u>8,877</u>	<u>8,877</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,173</u>	<u>\$ 10,173</u>

AGENCY FUNDS

Civil Trust—This fund accounts for the receipt and disbursement of filing fees, service charges, and bonds relating to civil actions.

Recording Trust—This fund accounts for the receipt and disbursement of fees and service charges for official records.

Criminal Trust—This fund accounts for the receipt and disbursement of criminal fines and fees.

Special Trust—This fund accounts for the receipt and disbursement of traffic and misdemeanor fines, court costs, fees, and service charges.

Domestic Relations—This fund accounts for the collection and disbursement of court-ordered child support payments and fees.

Registry of the Court—This fund accounts for the collection and disbursement of deposits required by circuit court legal actions.

Bail Bond—Accounts for funds received from defendants of criminal and traffic arrests required to assure that the defendant will meet the requirement to appear in court. Disposition of these bond funds is made as ordered by the court.

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
SEPTEMBER 30, 2014

	Civil Trust	Recording Trust	Criminal Trust	Special Trust	Domestic Relations	Registry of the Court	Bail Bond	Total
Assets								
Cash	\$ 541,021	\$ 307,897	\$ 14,140	\$ 218,118	\$ 2,529	\$ 959,583	\$ 32,994	\$ 2,076,282
Due from Other Funds	0	10	0	0	0	0	0	10
Due from Other Governments	0	547	0	0	351	0	0	898
Due from Individuals	0	0	0	1,246	0	0	0	1,246
Total Assets	<u>541,021</u>	<u>308,454</u>	<u>14,140</u>	<u>219,364</u>	<u>2,880</u>	<u>959,583</u>	<u>32,994</u>	<u>2,078,436</u>
Liabilities								
Due to Board of County Commissioners	0	11,986	1,938	33,000	0	0	0	46,924
Due to Other Funds	53,591	51,052	3,298	76,178	2,204	0	598	186,921
Due to Other Governments	45,463	35,132	5,958	66,025	676	0	6	153,260
Deposits	441,967	210,071	2,946	36,513	0	959,583	32,390	1,683,470
Other Liabilities	0	213	0	7,648	0	0	0	7,861
Total Liabilities	<u>\$ 541,021</u>	<u>\$ 308,454</u>	<u>\$ 14,140</u>	<u>\$ 219,364</u>	<u>\$ 2,880</u>	<u>\$ 959,583</u>	<u>\$ 32,994</u>	<u>\$ 2,078,436</u>

OTHER REPORTS

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

The Honorable John A. Crawford
Nassau County Clerk of the Circuit Court
Nassau County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the Nassau County, Florida, Clerk of the Circuit Court (the Clerk), as of and for the year ended September 30, 2014, and have issued our report thereon dated March 5, 2015, which was modified to state that the financial statements are not intended to be a complete presentation of Nassau County, Florida, as a whole.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Clerk'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 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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The Honorable John A. Crawford
Nassau County Clerk of the Circuit Court
Nassau County, Florida

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clerk'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 Clerk's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purvis, Gray and Company, LLP

March 5, 2015
Gainesville, Florida

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

The Honorable John A. Crawford
Nassau County Clerk of the Circuit Court
Nassau County, Florida

We have examined Nassau County, Florida, Clerk's (the Clerk) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2014, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

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

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

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

Purvis, Gray and Company, LLP

March 5, 2015
Gainesville, Florida

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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH SECTION 28.35 AND 28.36, FLORIDA STATUTES**

The Honorable John A. Crawford
Nassau County Clerk of the Circuit Court
Nassau County, Florida

We have examined Nassau County, Florida, Clerk's (the Clerk) compliance with the requirements of Section 28.35 and 28.36, Florida Statutes, as of and for the year ended September 30, 2014, as required by Section 10.556(10)(b), *Rules of the Auditor General*. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

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

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

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

Purvis, Gray and Company, LLP

March 5, 2015
Gainesville, Florida

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MANAGEMENT LETTER

The Honorable John A. Crawford
Nassau County Clerk of the Circuit Court
Nassau County, Florida

Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Nassau County, Florida, Clerk of the Circuit Court (the Clerk), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated March 5, 2015, which was modified to indicate that the financial statements are not intended to be a complete presentation of Nassau County, Florida.

Auditors' Responsibility

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

Other Reports

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Reports on our examinations conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 5, 2015, 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 significant findings and recommendations made in the preceding annual financial audit report. There were no such recommendations made in the preceding annual financial report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Clerk was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Clerk.

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The Honorable John A. Crawford
Nassau County Clerk of the Circuit Court
Nassau County, Florida

MANAGEMENT LETTER
(Concluded)

Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address 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 determination of financial statements that is less than material but which warrants that attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

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

Purvis, Gray and Company, LLP

March 5, 2015
Gainesville, Florida

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS**

**NASSAU COUNTY SHERIFF
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2014

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS**

**NASSAU COUNTY SHERIFF
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2014

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INDEPENDENT AUDITORS' REPORT

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Nassau County, Florida, Sheriff (the Sheriff), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Sheriff's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Sheriff as of September 30, 2014, and the respective changes in financial position thereof, and the respective budgetary comparison for each major fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

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The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Nassau County, Florida that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Nassau County, Florida as of September 30, 2014, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Other Financial Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the Sheriff'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 included under the heading Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.



March 5, 2015
Gainesville, Florida

FINANCIAL STATEMENTS

**NASSAU COUNTY SHERIFF
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	<u>Major Funds</u>			<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Inmate</u>	<u>911</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Commissary</u>	<u>Operations</u>	<u>Funds</u>	<u>Funds</u>
Assets					
Cash on Hand	\$ 0	\$ 0	\$ 0	\$ 12,367	\$ 12,367
Cash in Bank	81,249	335,566	83,353	9,540	509,708
Due from Other Funds	8	0	0	0	8
Due from Board of County Commissioners	12,193	0	0	0	12,193
Due from Other Governments	67,133	20,081	0	0	87,214
Total Assets	<u>160,583</u>	<u>355,647</u>	<u>83,353</u>	<u>21,907</u>	<u>621,490</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	123,169	0	693	0	123,862
Due to Other Funds	0	0	8	0	8
Due to Other Governments	0	0	0	0	0
Due to Board of County Commissioners	37,414	0	82,652	0	120,066
Total Liabilities	<u>160,583</u>	<u>0</u>	<u>83,353</u>	<u>0</u>	<u>243,936</u>
Fund Balances					
Restricted:					
Law Enforcement	0	0	0	9,540	9,540
Inmate Welfare	0	355,647	0	0	355,647
Committed:					
Investigative	0	0	0	12,367	12,367
Total Fund Balances	<u>0</u>	<u>355,647</u>	<u>0</u>	<u>21,907</u>	<u>377,554</u>
Total Liabilities and Fund Balances	<u>\$ 160,583</u>	<u>\$ 355,647</u>	<u>\$ 83,353</u>	<u>\$ 21,907</u>	<u>\$ 621,490</u>

See accompanying notes to financial statements.

NASSAU COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Inmate Commissary	911 Operations		
Revenues					
Intergovernmental	\$ 32,721	\$ 0	\$ 0	\$ 0	\$ 32,721
Miscellaneous	273,699	137,052	0	0	410,751
Total Revenues	<u>306,420</u>	<u>137,052</u>	<u>0</u>	<u>0</u>	<u>443,472</u>
Expenditures					
Current:					
Court-related:					
Personal Services	676,706	0	0	0	676,706
Operating Expenditures	14,373	0	0	0	14,373
Public Safety:					
Personal Services	10,807,595	0	156,499	0	10,964,094
Operating Expenditures	4,043,383	57,389	119,123	20,499	4,240,394
Capital Outlay	935,053	20,590	51,049	0	1,006,692
Debt Service:					
Principal	121,529	0	0	0	121,529
Interest	6,409	0	0	0	6,409
(Total Expenditures)	<u>(16,605,048)</u>	<u>(77,979)</u>	<u>(326,671)</u>	<u>(20,499)</u>	<u>(17,030,197)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(16,298,628)</u>	<u>59,073</u>	<u>(326,671)</u>	<u>(20,499)</u>	<u>(16,586,725)</u>
Other Financing Sources (Uses)					
Transfers in from Board of County Commissioners	16,294,517	0	409,321	30,690	16,734,528
Transfers (out) to Board of County Commissioners	(19,889)	0	(82,650)	0	(102,539)
Proceeds from Sale of Fixed Assets	24,000	0	0	0	24,000
Total Other Financing Sources (Uses)	<u>16,298,628</u>	<u>0</u>	<u>326,671</u>	<u>30,690</u>	<u>16,655,989</u>
Net Change in Fund Balance	0	59,073	0	10,191	69,264
Fund Balance, Beginning of Year	<u>0</u>	<u>296,574</u>	<u>0</u>	<u>11,716</u>	<u>308,290</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 355,647</u>	<u>\$ 0</u>	<u>\$ 21,907</u>	<u>\$ 377,554</u>

See accompanying notes to financial statements.

NASSAU COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ 0	\$ 32,721	\$ 32,721	\$ 0
Miscellaneous	0	347,757	273,699	(74,058)
Total Revenues	0	380,478	306,420	(74,058)
Expenditures				
Current:				
Court-related:				
Personal Services	691,028	676,705	676,706	(1)
Operating Expenditures	15,373	14,374	14,373	1
Public Safety:				
Personal Services	10,895,040	10,807,597	10,807,595	2
Operating Expenditures	3,726,999	4,051,062	4,043,383	7,679
Capital Outlay	646,500	936,475	935,053	1,422
Debt Service:				
Principal	121,529	121,529	121,529	0
Interest	6,409	6,409	6,409	0
(Total Expenditures)	(16,102,878)	(16,614,151)	(16,605,048)	9,103
(Deficiency) of Revenues (Under) Expenditures	(16,102,878)	(16,233,673)	(16,298,628)	(64,955)
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	16,102,878	16,253,562	16,294,517	40,955
Transfers (out) to Board of County Commissioners	0	(19,889)	(19,889)	0
Proceeds from Sale of Fixed Assets	0	0	24,000	24,000
Total Other Financing Sources (Uses)	16,102,878	16,233,673	16,298,628	64,955
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year	0	0	0	0
Fund Balance, End of Year	\$ 0	\$ 0	\$ 0	\$ 0

See accompanying notes to financial statements.

NASSAU COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - INMATE COMMISSARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Inmate Commissary Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Miscellaneous	\$ 132,900	\$ 137,052	\$ 137,052	\$ 0
Total Revenues	132,900	137,052	137,052	0
Expenditures				
Current:				
Public Safety:				
Operating Expenditures	81,416	57,389	57,389	0
Capital Outlay	13,934	20,590	20,590	0
(Total Expenditures)	(95,350)	(77,979)	(77,979)	0
Net Change in Fund Balance	37,550	59,073	59,073	0
Fund Balance, Beginning of Year	0	296,574	296,574	0
Fund Balance, End of Year	\$ 37,550	\$ 355,647	\$ 355,647	\$ 0

See accompanying notes to financial statements.

NASSAU COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - 911 OPERATIONS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	911 Operations Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Miscellaneous	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	0	0	0	0
Expenditures				
Current:				
Public Safety:				
Personal Services	230,147	156,499	156,499	0
Operating Expenditures	142,783	111,636	119,123	(7,487)
Capital Outlay	39,000	58,762	51,049	7,713
(Total Expenditures)	(411,930)	(326,897)	(326,671)	226
(Deficiency) of Revenues (Under)				
Expenditures	(411,930)	(326,897)	(326,671)	226
Other Financing Sources (Uses)				
Transfers in from Board of County				
Commissioners	411,930	409,547	409,321	(226)
Transfers (out) to Board of County				
Commissioners	0	(82,650)	(82,650)	0
Total Other Financing Sources (Uses)	411,930	326,897	326,671	(226)
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year	0	0	0	0
Fund Balance, End of Year	\$ 0	\$ 0	\$ 0	\$ 0

See accompanying notes to financial statements.

**NASSAU COUNTY SHERIFF
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2014**

Assets

Cash	\$ 42,364
Due from Other Governemnts	21,555
Due from Board of County Commissioners	<u>160</u>

Total Assets	<u><u>64,079</u></u>
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Liabilities

Accounts Payable	14,910
Deposits	9,110
Due to Board of County Commissioners	31,845
Due to Other Governments	<u>8,214</u>

Total Liabilities	<u><u>\$ 64,079</u></u>
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See accompanying notes to financial statements.

**NOTES TO
FINANCIAL STATEMENTS**

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Nassau County, Florida, Sheriff (the Sheriff), conform to generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of significant accounting principles and policies used in the preparation of these financial statements.

Reporting Entity

Nassau County, Florida (the County), is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the Board).

The Sheriff is an elected official of Nassau County, Florida, pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). The Sheriff is a part of the primary government of Nassau County, Florida. The Sheriff is responsible for the administration and operation of the Sheriff's office, and the Sheriff's financial statements do not include the financial statements of the Board or the other Constitutional Officers of Nassau County, Florida.

The operations of the Sheriff are primarily funded by the Board. The receipts from the Board are recorded as other financing sources on the Sheriff's financial statements. Any excess of revenues and other financing sources received over expenditures are remitted to the Board at year-end.

Basis of Presentation

The accompanying financial statements include all the funds and accounts of the Sheriff's office, but are not a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557, *Rules of the Auditor General Local Governmental Entity Audits*.

The financial transactions of the Sheriff are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. GAAP sets forth minimum criteria (percentage of assets, liabilities, revenues, and expenditures of each fund category) for the determination of major funds. Major funds are reported separately in the basic financial statements of the Sheriff.

■ **Governmental Funds**

● **Major Funds**

- ▶ **General Fund**—The general fund is the general operating fund of the Sheriff. It is used to account for all financial resources, except for those required to be accounted for in another fund. During the fiscal year, the Sheriff took over operations of the County Emergency Operations Center, which is accounted for in the general fund.
- ▶ **Inmate Commissary Fund**—This fund accounts for commissions received from pay telephones and commissary profits used for the benefit of inmates.

NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Concluded)

■ **Governmental Funds (Concluded)**

● **Major Funds (Concluded)**

- ▶ **911 Operations Fund**—This fund accounts for the proceeds of telephone charges collected for the operation of the 911 emergency response system.

● **Other Governmental Funds**

- ▶ **Special Revenue Funds**—Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Sheriff reports two special revenue funds in the financial statements under the titles, Sheriff's Investigative Fund and Equitable Sharing Fund. The Sheriff's Investigative Fund accounts for monies used in accordance with Section 925.055, Florida Statutes. The Equitable Sharing Fund accounts for monies received from forfeiture of assets.

■ **Fiduciary Funds**

- **Agency Funds**—The agency funds are used to account for assets held by the Sheriff as an agent for individuals, private organizations and other governments. Agency funds are custodial in nature and do not involve measurement of changes in financial position.

Basis of Accounting

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

The modified accrual basis of accounting is followed by the governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. For this purpose, the Sheriff considers revenues to be available if they are collected within thirty days of the end of the current fiscal period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid.

Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Requirement

Governmental fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. The Inmate Commissary fund and the 911 Operations fund expenditures are restricted by statute; therefore, these budgets are not approved by the Board.

All budget amounts presented for the general fund in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting. The Sheriff's annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year-end.

Capital Assets

Capital assets, which include vehicles and equipment, are recorded as capital outlay expenditures in the governmental funds at the time goods are received and a liability is incurred. These assets are then capitalized at cost in the statement of net position as part of the basic financial statements of the County (statement of net assets). Capital assets acquired under capital leases are capitalized at cost in the statement of net assets at the time the assets are received. Donated and confiscated capital assets are recorded in the statement of net assets at fair value at the time received. Capital assets are depreciated using the straight-line method over three to ten years. The depreciation expense is recorded in the statement of activities as part of the basic financial statements of the County.

Accrued Compensated Absences

The Sheriff maintains a policy of granting employees annual leave at the rate of eight hours per month. An employee can receive payment for such accumulated annual leave upon termination of employment.

In addition, the Sheriff maintains the following policy for sick leave. Sick leave is accumulated at the rate of eight hours per month. An employee will not be paid out any sick time upon termination of employment.

The Sheriff also allows employees to accumulate compensatory time earned. An employee can receive payment for unused compensatory time upon termination of employment or at the discretion of the Sheriff.

Workers' Compensation and Group Health Insurance

The Board provided the Sheriff and his employees with workers' compensation and group health insurance coverage. Accidental death coverage for Law Enforcement Officers was also provided by the Board. The premiums for such coverage were paid by the Board and recorded on its records and, consequently, are not recorded on the Sheriff's records.

Risk Management

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and the public; or damage to property of others.

NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Risk Management (Concluded)

The Sheriff participates in two Florida Sheriffs Self-insurance funds for risk related to professional liability and automobile risks. The funding agreements provide that each fund will be self-sustaining through member premiums and that the Sheriff's liability fund will reinsure through commercial companies. Aggregate coverage provided by the liability fund is \$10,000,000 for professional liability and \$10,000,000 for public officials' coverage. Coverage limits for automobile risks are \$200,000 per accident for bodily injury and \$100,000 per accident for property damage.

In addition, the Sheriff has obtained an excess loss reimbursement policy to cover catastrophic inmate medical claims.

Fund Balance Reporting

The Sheriff implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

- ***Nonspendable***—This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash; or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Sheriff does not have any nonspendable funds.
- ***Restricted***—This component of fund balance consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments); or (b) by law through constitutional provisions or enabling legislation.
- ***Committed***—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., ordinance or resolution) of the County's governing board. These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (e.g., ordinance or resolution) it employed previously to constrain those amounts.
- ***Assigned***—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the Sheriff, or by an individual or body to whom the Sheriff has delegated this responsibility. By definition, fund balances are also assigned to the extent that they are needed to finance a subsequent year's budget deficit.
- ***Unassigned***—This classification is used for: (a) negative unrestricted fund balances in any governmental fund; or (b) fund balances within the general fund that are not restricted, committed or assigned.

NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Fund Balance Reporting (Concluded)

When both restricted and unrestricted resources are available for use, it is the Sheriff's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use, it is the Sheriff's policy to use committed resources first, then assigned, and then unassigned as needed.

Note 2 - Cash

Cash Deposits

At September 30, 2014, the carrying amount of the Sheriff's deposits was \$552,072 and the bank balance was \$1,225,462. Deposits in banks are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All of the cash deposits of the Sheriff are placed with qualified financial institutions, which means, they are insured or collateralized.

Note 3 - Employee Benefits

Defined Benefit Pension Plan

All full-time employees of the Sheriff participate in the Florida Retirement System (the System). The System was created by the Florida Legislature and is a cost-sharing, multiple-employer defined benefit public retirement plan available to governmental units within the state of Florida. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-5706.

The Sheriff and all full-time employees are eligible to participate in the System. Employees participating in the Pension Plan are entitled to a retirement benefit, payable monthly for life. If employed prior to July 1, 2011, the System provides for vesting of special risk employees at or after age 55, with six years of creditable service; and all other employees who retire at or after age 62, with six years of creditable service. If employed on or after July 1, 2011, normal retirement for special risk employees is at age 60, with eight years of service, or 30 years of service regardless of age, and for all other employees normal retirement is age 65 with at least eight years of service or 33 years of service, regardless of age. The monthly benefit received is based upon: (1) average monthly compensation in the highest five years of creditable service (eight years if the employee is initially enrolled on or after July 1, 2011); (2) creditable service during the appropriate period; and (3) the appropriate benefit percentage. Vested employees may retire early and receive reduced retirement benefits. Employees participating in the Investment Plan are vested after one year of service with no age requirement. The System also provides death benefits, disability benefits and cost-of-living adjustments. Benefits are established by Florida Statute.

NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 3 - Employee Benefits (Concluded)

Defined Benefit Pension Plan (Concluded)

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers, such as the Sheriff, are currently required to contribute 7.37% of the compensation for regular members, 19.82% for special risk, and 43.24% for County officials. As of July 1, 2011, employees are required to contribute 3% of their compensation to the plan. The Sheriff's contributions to the System for the years ended September 30, 2014, 2013, and 2012, were \$1,463,861, \$1,116,352, and \$960,496, respectively, equal to the required contributions for each year.

Note 4 - Other Postemployment Benefits (OPEB)

The County offers certain postemployment health care benefits that are considered part of an Other Post Employment Benefit (OPEB) plan for financial accounting purposes. The OPEB is a single-employer benefit plan administered by the County. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. GASB Statement No. 45 calls this the "implicit rate subsidy."

Retirees and their dependents (except for life insurance) are permitted to remain covered under the County's respective medical and insurance plans as long as they pay a full premium applicable to coverage elected. Special risk employees of the Sheriff's office begin to receive a subsidy if they have obtained 25 years of service and become fully subsidized once they reach 30 years of service. All other employees of the Sheriff's office receive a 100% subsidy if they have reached 30 years of service. This conforms to the minimum required of Florida governmental employers per Chapter 112.08, Florida Statutes.

Currently, the Sheriff has 175 active employees and 15 retired employees who are considered participants in the plan for purposes of computing the OPEB obligation. The Sheriff's portion of the OPEB obligation for the year totaled \$2,327,944. This liability will be included in long-term liabilities in the County-wide financial statements. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

Note 5 - Capital Assets

The tangible personal property used by the Sheriff in its governmental fund operation is reported as capital assets in the statement of net assets as part of the basic financial statements of the County. Upon acquisition, such assets are recorded as expenditures in the governmental fund types of the Sheriff and capitalized at cost in the capital asset accounts of the County. The Sheriff maintains recordkeeping and custodial responsibility for certain tangible capital assets used by his office. Information on vehicles and equipment used in the operations of the Sheriff's office are presented below:

NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 5 - Capital Assets (Concluded)

	Balance October 1, 2013	Increase	Decrease	Balance September 30, 2014
Capital Assets				
Machinery and Equipment	\$ 8,678,111	\$ 1,140,515	\$ (2,090,797)	\$ 7,727,829
Accumulated Depreciation	(6,957,335)	(714,220)	1,969,779	(5,701,776)
Machinery and Equipment, Net	<u>\$ 1,720,776</u>	<u>\$ 426,295</u>	<u>\$ (121,018)</u>	<u>\$ 2,026,053</u>

Depreciation expense was recorded in the government-wide financial statements in the amount of \$714,220.

Note 6 - Operating Leases

The Sheriff leased various copiers during fiscal year 2013-2014. The monthly lease payments for these copiers ranged from \$135 to \$950 per month. The expiration dates of the leases range from November 2014 to October 2019. Lease expense for the year under these leases was \$53,324. Future minimum lease payments for the leases are as follows:

Year Ending September 30	Annual Lease Payments
2015	\$ 50,721
2016	45,701
2017	11,538
2018	2,758
2019	2,758
2020-2025	230
Total	<u>\$ 113,706</u>

Note 7 - Changes in Long-term Debt

The following is a summary of the changes in long-term debt of the Sheriff for the year ended September 30, 2014:

	Balance October 1, 2013	Additions	(Deletions)	Balance September 30, 2014
Capital Lease	\$ 121,530	\$ 0	\$ (121,530)	\$ 0
Accrued Compensated Absences	744,490	591,620	(571,698)	764,412
Other Postemployment Benefits	2,035,829	292,115	0	2,327,944
Totals	<u>\$ 2,901,849</u>	<u>\$ 883,735</u>	<u>\$ (693,228)</u>	<u>\$ 3,092,356</u>

NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
(Concluded)

Note 7 - Changes in Long-term Debt (Concluded)

Compensated Absences

Accrued compensated absences represent the vested portion of accrued leave, and are liquidated by the general fund and 911 operations fund. See Note 1 for a summary of the Sheriff's compensated absences policy.

A description of the Sheriff's policies on OPEB are described in Note 4. The Sheriff's long-term debt is not recorded in the accompanying financial statements but is recorded in the statement of net assets as part of the basic financial statements of the County.

Note 8 - Subsequent Event

After year-end, the Sheriff entered into a 60-month capital lease for IT server equipment with payments expected to start on March 1, 2015, when the sheriff receives the equipment, with monthly payments of \$11,385.

OTHER FINANCIAL INFORMATION

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2014
NASSAU COUNTY SHERIFF**

	<u>Sheriff Investigative</u>	<u>Equitable Sharing</u>	<u>Total Other Governmental Funds</u>
Assets			
Cash on Hand	\$ 12,367	\$ 0	\$ 12,367
Cash in Bank	0	9,540	9,540
Total Assets	<u>12,367</u>	<u>9,540</u>	<u>21,907</u>
Liabilities and Fund Balances			
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
Restricted:			
Law Enforcement	0	9,540	9,540
Committed:			
Investigative	12,367	0	12,367
Total Fund Balances	<u>12,367</u>	<u>9,540</u>	<u>21,907</u>
Total Liabilities and Fund Balances	<u>\$ 12,367</u>	<u>\$ 9,540</u>	<u>\$ 21,907</u>

**COMBINING STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2014
NASSAU COUNTY SHERIFF**

	Sheriff Investigative	Equitable Sharing	Total Other Governmental Funds
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures			
Current:			
Public Safety:			
Operating Expenditures	20,499	0	20,499
(Total Expenditures)	<u>(20,499)</u>	<u>0</u>	<u>(20,499)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(20,499)</u>	<u>0</u>	<u>(20,499)</u>
Other Financing Sources (Uses)			
Transfers in from Board of County Commissioners	<u>21,150</u>	<u>9,540</u>	<u>30,690</u>
Total Other Financing Sources (Uses)	<u>21,150</u>	<u>9,540</u>	<u>30,690</u>
Net Change in Fund Balance	651	9,540	10,191
Fund Balance, Beginning of Year	<u>11,716</u>	<u>0</u>	<u>11,716</u>
Fund Balance, End of Year	<u><u>\$ 12,367</u></u>	<u><u>\$ 9,540</u></u>	<u><u>\$ 21,907</u></u>

AGENCY FUNDS

Individual Depositors/Suspense—Accounts for fees charged for the service of process in civil cases. These nonrefundable fees are set by Section 30.231 of the Florida Statutes. On a monthly basis, these fees are deposited to the general fund of the Board. Accounts for the receipt and disbursement of funds received for various purposes such as faulty equipment for inspection and purge money for child support. Disbursement of these funds is made in accordance with the purpose of the receipt.

Inmate Trust—Accounts for inmates' personal cash receipts and disbursements. Individual inmate account records are maintained. This fund makes disbursements requested by inmates to the extent of their available funds.

Federal Inmate—Accounts for funds received for housing federal inmates at the Nassau County Detention Facility. Funds received are paid to the Nassau County Board of County Commissioners.

Abandoned Property—Accounts for funds received from the conversion of abandoned property to cash. These funds are required to be submitted to the Nassau County School Board.

NASSAU COUNTY SHERIFF
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
SEPTEMBER 30, 2014

	Individual Depositors/ Suspense	Inmate Trust	Federal Inmate	Abandoned Property	Total
Assets					
Cash	\$ 7,730	\$ 24,020	\$ 2,410	\$ 8,204	\$ 42,364
Due from Other Governemnts	0	0	21,555	0	21,555
Due from Board of County Commissioners	160	0	0	0	160
Total Assets	\$ 7,890	\$ 24,020	\$ 23,965	\$ 8,204	\$ 64,079
Liabilities					
Accounts Payable	0	14,910	0	0	14,910
Deposits	0	9,110	0	0	9,110
Due to Board of County Commissioners	7,890	0	23,955	0	31,845
Due to Other Governments	0	0	10	8,204	8,214
Total Liabilities	\$ 7,890	\$ 24,020	\$ 23,965	\$ 8,204	\$ 64,079

OTHER REPORTS

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

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the Nassau County, Florida, Sheriff (the Sheriff), as of and for the year ended September 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated March 5, 2015, which was modified to state that the financial statements are not intended to be a complete presentation of Nassau County, Florida, as a whole.

Internal Control Over Financial Reporting

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

Certified Public Accountants

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

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

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

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sheriff'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 Sheriff's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purvis, Gray and Company, LLP

March 5, 2015
Gainesville, Florida

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

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

We have examined Nassau County, Florida, Sheriff's (the Sheriff) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2014, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff's compliance based on our examination.

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

In our opinion, the Sheriff complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

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

Purvis, Gray and Company, LLP

March 5, 2015
Gainesville, Florida

Certified Public Accountants

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MANAGEMENT LETTER

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Nassau County, Florida, Sheriff (the Sheriff), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated March 5, 2015, which was modified to indicate that financials statements are not intended to be a complete presentation of Nassau County, Florida.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on our examination conducted in accordance with AICPA *Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 5, 2015, 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 such findings or recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Sheriff was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Sheriff.

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The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

MANAGEMENT LETTER
(Concluded)

Other Matters

Section 10.554(1)(i)2., *Rules of Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address 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 determination of financial statement amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of 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 Sheriff and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

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

Purvis, Gray and Company, LLP

March 5, 2015
Gainesville, Florida

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**NASSAU COUNTY TAX COLLECTOR
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2014

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**NASSAU COUNTY TAX COLLECTOR
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2014

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INDEPENDENT AUDITORS' REPORT

The Honorable John Drew
Nassau County Tax Collector
Nassau County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund and the aggregate remaining fund information of the Nassau County, Florida, Tax Collector (the Tax Collector), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Tax Collector's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based upon 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks 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 opinions.

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The Honorable John Drew
Nassau County Tax Collector
Nassau County, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund and the aggregate remaining fund information of the Tax Collector as of September 30, 2014, and the respective changes in financial position and budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* (the Rules) of the State Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of each major fund, and the aggregate remaining fund information, where applicable, only for that portion of the major funds and the aggregate remaining fund information of Nassau County, Florida, that is attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position as a whole of Nassau County, Florida, as of September 30, 2014, and the changes in its financial position, budgetary comparisons, or cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by Government Auditing Standards

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

Purvis, Gray and Company, LLP

February 27, 2015
Gainesville, Florida

FINANCIAL STATEMENTS

**NASSAU COUNTY TAX COLLECTOR
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2014**

Assets

Cash	\$ 159,673
Due From Individual	4,225
Due from Agency Fund	27,889
Prepaid Expenses	23,775
Total Assets	<u>215,562</u>

Liabilities and Fund Balance

Liabilities

Accounts Payable	82,692
Deferred Revenue	12,967
Due to Board of County Commissioners	116,014
Due to Other Governments	3,889
Total Liabilities	<u>215,562</u>

Fund Balance	<u>0</u>
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Total Liabilities and Fund Balance	<u>\$ 215,562</u>
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See accompanying notes to financial statements.

NASSAU COUNTY TAX COLLECTOR
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Revenues

Charges for Services	\$ 898,904
Interest	61
Miscellaneous	14,488
Total Revenues	<u>913,453</u>

Expenditures

Current:	
General Government:	
Salaries and Benefits	1,904,883
Operating Expenditures	598,652
Capital Outlay	97,427
(Total Expenditures)	<u>(2,600,962)</u>

(Deficiency) of Revenues (Under) Expenditures	(1,687,509)
--	-------------

Other Financing Sources (Uses)

Transfers in from Board of County Commissioners	1,799,849
Transfers (out) to Board of County Commissioners	(112,340)
Total Other Financing Sources (Uses)	<u>1,687,509</u>

Net Change in Fund Balance	0
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Fund Balance, Beginning of Year	<u>0</u>
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Fund Balance, End of Year	<u><u>\$ 0</u></u>
----------------------------------	--------------------

See accompanying notes to financial statements.

NASSAU COUNTY TAX COLLECTOR
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for Services	\$ 880,826	\$ 865,088	\$ 898,904	\$ 33,816
Interest	500	500	61	(439)
Miscellaneous	24,552	24,552	14,488	(10,064)
Total Revenues	905,878	890,140	913,453	23,313
Expenditures				
Current:				
General Government:				
Salaries and Benefits	1,944,944	1,904,883	1,904,883	0
Operating Expenditures	681,146	598,652	598,652	0
Capital Outlay	46,645	97,427	97,427	0
(Total Expenditures)	(2,672,735)	(2,600,962)	(2,600,962)	0
(Deficiency) of Revenues (Under)				
Expenditures	(1,766,857)	(1,710,822)	(1,687,509)	23,313
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	1,820,745	1,819,523	1,799,849	(19,674)
Transfers (out) to Board of County Commissioners	(53,888)	(108,701)	(112,340)	(3,639)
Total Other Financing Sources (Uses)	1,766,857	1,710,822	1,687,509	(23,313)
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year	0	0	0	0
Fund Balance, End of Year	\$ 0	\$ 0	\$ 0	\$ 0

See accompanying notes to financial statements.

**NASSAU COUNTY TAX COLLECTOR
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
SEPTEMBER 30, 2014**

Assets

Cash	\$ 2,040,597
Due from Others	44,997
Total Assets	<u><u>2,085,594</u></u>

Liabilities

Due to General Fund	27,889
Due to Board of County Commissioners	7,666
Due to Other Governments	216,218
Undistributed Collections	1,833,821
Total Liabilities	<u><u>\$ 2,085,594</u></u>

See accompanying notes to financial statements.

**NOTES TO
FINANCIAL STATEMENTS**

NASSAU COUNTY TAX COLLECTOR NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The following is a summary of significant accounting principles and policies used in the preparation of the accompanying financial statements.

Reporting Entity

Nassau County, Florida (the County) is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the Board).

The Nassau County, Florida Tax Collector (the Tax Collector) is an elected official of the County pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Tax Collector. The Tax Collector is a part of the primary government of the County. The Florida Department of Revenue approves the Tax Collector's operating budget, the Tax Collector is responsible for the administration and operation of the Tax Collector's office, and the Tax Collector's financial statements do not include the financial statements of the Board or the other Constitutional Officers of Nassau County, Florida.

The Tax Collector operates as a Fee Officer. Upon approval of the operating budget, revenues are collected from fees and from commissions earned for the collection of taxes and special assessments for the various Nassau County taxing authorities pursuant to Section 192.091(2), Florida Statutes. Any excess revenues received over expenditures made are remitted at year-end to the taxing districts.

For financial reporting purposes, the Tax Collector is deemed to be a part of the primary government of the County and, therefore, is included as such in the County's annual financial report.

Basis of Presentation

The accompanying financial statements include all funds and accounts of the Tax Collector's office, but are not intended to be a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General—Local Governmental Entity Audits*.

The financial transactions of the Tax Collector are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The Tax Collector reports the following fund types:

■ **Governmental Funds**

● **Major Fund**

- ▶ **General Fund**—The general fund is the general operating fund of the Tax Collector. It is used to account for all financial resources, except for those required to be accounted for in another fund.

NASSAU COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Concluded)

■ **Fiduciary Funds**

- **Agency Fund**—The agency fund is used to account for assets held by the Tax Collector as an agent for individuals, private organizations and other governments. The agency fund is custodial in nature and does not involve measurement of changes in financial position.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting refers to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds and agency funds are accounted for using the modified accrual basis of accounting.

Under this method, revenues are recognized when they become both measurable and available to finance expenditures of the current period. The Tax Collector considers revenues to be available if they are collected within thirty days of the end of the current fiscal year. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. Charges for services and investment revenue are recorded as earned.

Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

Budgetary Requirement

The revenues and expenditures accounted for in the budgetary fund are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is approved by the Florida Department of Revenue for the general fund. Budget to actual comparisons are provided in the financial statements for the general fund, where the Tax Collector has legally adopted an annual budget. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year.

Budgets are prepared on the modified accrual basis of accounting.

The Tax Collector's annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year-end.

NASSAU COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Capital Assets

Tangible personal property is recorded as expenditures in the general fund at the time an asset is acquired. Assets acquired by the Tax Collector are capitalized at cost in the capital asset accounts of the County. The Tax Collector maintains custodial responsibility for the capital assets used by the office.

Compensated Absences

The Tax Collector maintains a policy of granting employees annual leave based upon the number of years of employment. An employee can receive payment for such accumulated annual leave upon termination of employment.

In addition, the Tax Collector maintains the following policy for sick leave. Sick leave is accumulated at the rate of four hours per pay period. Upon making application to draw benefits through the Florida Retirement System an eligible employee is entitled to be paid for accumulated sick leave at the current rate of pay, not to exceed 720 hours.

Property Tax Collections

Chapter 197, Florida Statutes, governs property tax collections.

- *Current Taxes*—All property taxes become due and payable on November 1, and are delinquent on April 1 of the following year. Discounts of 4%, 3%, 2% and 1% are allowed for early payment in November through February, respectively.
- *Unpaid Taxes - Sale of Tax Certificates*—The Tax Collector advertises, as required by Florida Statutes, then sells tax certificates on all real property for unpaid taxes. Certificates not purchased are issued to the County. Any person owning real property upon which a tax certificate has been sold may reacquire the real property by paying the Tax Collector the face amount of the tax certificate plus interest and other costs.
- *Tax Deeds*—The owner of a tax certificate may, after two years when the taxes have been delinquent (after April 1), file an application for tax deed sale. The County, as a certificate owner, may exercise similar procedures two years after taxes have been delinquent (after April 1). Tax deeds are issued to the highest bidder for the property, which is sold at public auction. The Clerk of the Circuit Court administers these sales.

Note 2 - Cash

At September 30, 2014, the carrying amount of the Tax Collector's cash on hand and on deposit was \$2,200,270 and the bank balances were \$2,092,059. Deposits in banks and savings and loan institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All of the cash deposits of the Tax Collector are placed with qualified financial institutions and are considered to be fully insured.

NASSAU COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2 - Cash (Concluded)

The Tax Collector's investment practices are governed by Sections 219.075 and 218.415, Florida Statutes. The Tax Collector was authorized to invest in certificates of deposit, obligations of the U.S. Treasury, money market funds and repurchase agreements.

Note 3 - Employee Benefits

Defined Benefit Pension Plan

The Tax Collector and all full-time employees are eligible to participate in the Florida Retirement System (the System). This System was created by the Florida Legislature and is a cost-sharing, multiple-employer defined benefit public retirement plan available to governmental units within the State of Florida. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-5706.

The Tax Collector and all full-time employees are eligible to participate in the System. Employees participating in the Pension Plan are entitled to a retirement benefit, payable monthly for life. If employed prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. The vesting requirement changes to eight years of creditable service for those employed on or after July 1, 2011. For those employed prior to July 1, 2011, normal retirement is at or after age 62 with six years of credited service. If employed on or after July 1, 2011, normal retirement is at or after age 65 with eight years of credited service. The monthly benefit received is based upon the: (1) average monthly compensation in the highest five years of creditable service (eight years if the employee is initially enrolled on or after July 1, 2011); (2) creditable service during the appropriate period; and (3) the appropriate benefit percentage. Vested employees may retire early and receive reduced retirement benefits. Employees participating in the Investment Plan are vested after one year of service with no age requirement. The System also provides death benefits, disability benefits and cost-of-living adjustments. Benefits are established by Florida Statute.

The Florida Legislature has established a uniform contribution rate system for the System covering both the Pension Plan and the Investment Plan. Prior to July 1, 2011, members were not required to make employee contributions. Effective July 1, 2011, all System members (except those in DROP) are required to contribute 3% of their gross compensation on a pretax basis. The current contribution rates by member class are as follows: regular members 7.37%, DROP employees 12.28%, senior management 21.14%, and elected officials 43.24%. The Tax Collector's contributions to the plan for the years ended September 30, 2014, 2013, and 2012, were \$167,165, \$105,719, and \$76,296, respectively, equal to the required contributions for each year.

NASSAU COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 4 - Changes in Long-term Debt

The following is a summary of the changes in long-term debt of the Tax Collector for the year ended September 30, 2014:

	Balance October 1, 2013	Additions	(Deletions)	Balance September 30, 2014
Accrued Compensated Absences	\$ 37,298	\$ 120,222	\$ (115,779)	\$ 41,741
Other Postemployment Benefits	417,881	59,960	0	477,841
Total Long-term Debt	<u>\$ 455,179</u>	<u>\$ 180,182</u>	<u>\$ (115,799)</u>	<u>\$ 519,582</u>

Accrued compensated absences represent the vested portion of accrued vacation and sick leave. See Note 1 for a summary of the Tax Collector's compensated absences policy.

Other Postemployment Benefits (OPEB) represents the portion of the liability based upon current and retired employees of the Tax Collector. See Note 5 for a description of OPEB.

The Tax Collector's long-term debt is not reported in the accompanying financial statements but is recorded in the statement of net assets as part of the basic financial statements of the County.

Note 5 - Other Postemployment Benefits

The OPEB plan is a single-employer benefit plan administered by the County. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. Governmental Accounting Standard Board Statement No. 45 calls this the "implicit rate subsidy."

Retirees and their dependents are permitted to remain covered under the County's respective medical and insurance plans (except for life insurance) as long as they pay a full premium applicable to coverage elected, subject to the direct subsidy in the following table. This conforms to the minimum required of Florida governmental employers per Chapter 112.08, Florida Statutes.

Percent of Direct Subsidy up to "Subsidy Base Maximum" of \$547.92

Years of Service With Nassau County	Hired Before 10/1/05	Hired on or After 10/1/05
At Least 6	100%	0%
15 Years	100%	50%
20 Years	100%	65%
25 Years	100%	80%
30 or More Years	100%	100%

NASSAU COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 5 - Other Postemployment Benefits (Concluded)

Currently, the Tax Collector has 36 active employees and three retired employees who are considered participants in the plan for purposes of computing the OPEB obligation. The Tax Collector's portion of the OPEB obligation at September 30, 2014, totaled \$477,841. This liability will be included in long-term liabilities in the County-wide financial statements. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

Note 6 - Interfund Receivables and Payables

Interfund receivables and payables at September 30, 2014, are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 27,889	\$ 0
Fiduciary:		
Agency Fund	0	27,889
Totals	<u>\$ 27,889</u>	<u>\$ 27,889</u>

Note 7 - Lease Agreements

Effective July 2012, a lease agreement was entered into with Pitney Bowes for a mailing system. The lease period is 60 months from July 2012 through June 2017. Lease payments are \$448 per month.

In addition, a lease agreement was entered into with Canon Business Solutions for a color copier. The lease period is 36 months from October 2012 through September 2015. Lease payments are \$356 per month.

The amount of lease payments made under these agreements during the fiscal year ended September 30, 2014, was \$9,654. The future minimum lease payments are as follows:

Year Ending September 30	Amount
2015	\$ 9,654
2016	5,376
2017	4,032
Total	<u>\$ 19,062</u>

The Tax Collector entered into a sublease agreement with the Florida Department of Highway Safety and Motor Vehicles for the establishment and operation of a drivers license office and an administration office. The lease period is for 35 years commencing on March 24, 2008 and ending March 23, 2043. Lease payments are \$25 per month. Upon termination or expiration of this sublease, the premises and improvements are to be surrendered to the Tax Collector of Nassau County.

NASSAU COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
(Concluded)

Note 7 - Lease Agreements (Concluded)

The Tax Collector entered into an agreement to lease office space for a branch location in Callahan, Florida. The lease term is from March 15, 2011 through March 14, 2016. The lease agreement has an option to extend the lease for two consecutive lease years. A total of \$31,904 was expended in fiscal year 2014 under this lease agreement.

Future minimum lease payments under this agreement are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2015	\$ 34,221
2016	14,817
Total	<u>\$ 49,038</u>

The Tax Collector entered into an agreement to lease office space for a branch location in Hilliard, Florida. The lease agreement requires monthly lease payments of \$500 and the lease can be terminated upon sixty days' written notice by either party.

OTHER REPORTS

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

The Honorable John Drew
Nassau County Tax Collector
Nassau County, Florida

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the general fund and the aggregate remaining fund information of the Nassau County, Florida, Tax Collector (the Tax Collector), as of and for the year ended September 30, 2014, and the related notes to the financial statements have issued our report thereon dated February 27, 2015, which was modified to state that the financial statements are not intended to be a complete presentation of Nassau County, Florida, as a whole.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Tax Collector'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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The Honorable John Drew
Nassau County Tax Collector
Nassau County, Florida

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Tax Collector'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 Tax Collector's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purvis, Gray and Company, LLP

February 27, 2015
Gainesville, Florida

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

The Honorable John Drew
Nassau County Tax Collector
Nassau County, Florida

We have examined Nassau County, Florida, Tax Collector's (the Tax Collector) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2014, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Tax Collector's compliance with those requirements. Our responsibility is to express an opinion on the Tax Collector's compliance based on our examination.

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

In our opinion, the Tax Collector complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

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

Purvis, Gray and Company, LLP

February 27, 2015
Gainesville, Florida

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MANAGEMENT LETTER

The Honorable John Drew
Nassau County Tax Collector
Nassau County, Florida

Report on the Financial Statements

We have audited the financial statements of the general fund and the aggregate remaining fund information of the Nassau County, Florida, Tax Collector (the Tax Collector), as of and for the year ended September 30, 2014, and have issued our report thereon dated February 27, 2015, which was modified to state that the financial statements are not intended to be a complete presentation of Nassau County, Florida, as a whole.

Auditors' Responsibility

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

Other Reports

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Compliance with Section 218.415, Florida Statutes. Disclosures in those reports, which are dated February 27, 2015, 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 made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Tax Collector was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Tax Collector.

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The Honorable John Drew
Nassau County Tax Collector
Nassau County, Florida

MANAGEMENT LETTER
(Concluded)

Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with the 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 have any such findings.

Purpose of this Letter

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

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

Purvis, Gray and Company, LLP

February 27, 2015
Gainesville, Florida

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
NASSAU COUNTY PROPERTY APPRAISER
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2014

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**NASSAU COUNTY PROPERTY APPRAISER
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2014

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INDEPENDENT AUDITORS' REPORT

The Honorable A. Michael Hickox
Nassau County Property Appraiser
Nassau County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund of the Nassau County, Florida, Property Appraiser (the Property Appraiser), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Property Appraiser's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based upon 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinions.

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The Honorable A. Michael Hickox
Nassau County Property Appraiser
Nassau County, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund of the Property Appraiser as of September 30, 2014, and the respective changes in financial position and budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida. In conformity with the *Rules*, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of each major fund and the aggregate remaining fund information, where applicable, only for that portion of the major funds and the aggregate remaining fund information of Nassau County, Florida, that is attributable to the Property Appraiser. They do not purport to, and do not, present fairly the financial position as a whole of Nassau County, Florida as of September 30, 2014, and the changes in its financial position, budgetary comparisons, or cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by Government Auditing Standards

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

Purvis, Gray and Company, LLP

February 27, 2015
Gainesville, Florida

FINANCIAL STATEMENTS

**NASSAU COUNTY PROPERTY APPRAISER
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2014**

Assets

Cash	\$ 142,694
Cash Held in Escrow	99,701
Total Assets	<u>242,395</u>

Liabilities and Fund Balance

Liabilities

Accounts Payable	4,626
Due to Board of County Commissioners	134,327
Due to Other Governments	3,741
Total Liabilities	<u>142,694</u>

Fund Balance

Assigned	<u>99,701</u>
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Total Liabilities and Fund Balance	<u>\$ 242,395</u>
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See accompanying notes to financial statements.

**NASSAU COUNTY PROPERTY APPRAISER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Revenues

Charges for Services	\$ 50,801
Interest	512
Miscellaneous	19,709
Total Revenues	<u>71,022</u>

Expenditures

Current:	
General Government:	
Personal Services	1,435,192
Operating Expenditures	358,531
(Total Expenditures)	<u>(1,793,723)</u>

(Deficiency) of Revenues (Under) Expenditures	<u>(1,722,701)</u>
--	--------------------

Other Financing Sources (Uses)

Transfers in from Board of County Commissioners	1,956,606
Transfers in from Constitutional Officers	18,000
Transfers (out) to Board of County Commissioners	(134,204)
Transfers (out) to Constitutional Officers	(18,000)
Total Other Financing Sources (Uses)	<u>1,822,402</u>

Net Change in Fund Balance	99,701
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Fund Balance, Beginning of Year	<u>0</u>
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Fund Balance, End of Year	<u><u>\$ 99,701</u></u>
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See accompanying notes to financial statements.

**NASSAU COUNTY PROPERTY APPRAISER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Charges for Services	\$ 54,542	\$ 54,542	\$ 50,801	\$ (3,741)
Interest	0	0	512	512
Miscellaneous	0	0	19,709	19,709
Total Revenues	<u>54,542</u>	<u>54,542</u>	<u>71,022</u>	<u>16,480</u>
Expenditures				
Current:				
General Government:				
Personal Services	1,487,087	1,492,657	1,435,192	57,465
Operating Expenditures	256,061	456,061	358,531	97,530
Reserves	250,000	50,000	0	50,000
(Total Expenditures)	<u>(1,993,148)</u>	<u>(1,998,718)</u>	<u>(1,793,723)</u>	<u>204,995</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(1,938,606)</u>	<u>(1,944,176)</u>	<u>(1,722,701)</u>	<u>221,475</u>
Other Financing Sources (Uses)				
Transfers in from Board of County				
Commissioners	1,956,606	1,962,176	1,956,606	(5,570)
Transfers in from Constitutional				
Officers	0	0	18,000	18,000
Transfers (out) to Board of County				
Commissioners	0	0	(134,204)	(134,204)
Transfers (out) to Constitutional				
Officers	(18,000)	(18,000)	(18,000)	0
Total Other Financing Sources (Uses)	<u>1,938,606</u>	<u>1,944,176</u>	<u>1,822,402</u>	<u>(121,774)</u>
Net Change in Fund Balance	0	0	99,701	99,701
Fund Balance, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 99,701</u>	<u>\$ 99,701</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

**NASSAU COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The following is a summary of significant accounting principles and policies used in the preparation of the accompanying financial statements.

Reporting Entity

Nassau County, Florida (the County) is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the Board).

The Nassau County, Florida, Property Appraiser (the Property Appraiser), is an elected official of the County pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Property Appraiser. The Property Appraiser is a part of the primary government of the County. The Florida Department of Revenue approves the Property Appraiser's total operating budget, the Property Appraiser is responsible for the administration and operation of the Property Appraiser's office, and the Property Appraiser's financial statements do not include the financial statements of the Board or the other Constitutional Officers of Nassau County, Florida.

The operations of the Property Appraiser are funded by the Board of County Commissioners, the St. Johns River Water Management District, the Amelia Island Mosquito Control District, and the Florida Inland Navigation District. The receipts from the Board are recorded as other financing sources on the Property Appraiser's financial statements.

For financial reporting purposes, the Property Appraiser is deemed to be a part of the primary government of the County and, therefore, is included as such in the County's annual financial report.

Basis of Presentation

The accompanying financial statements include all funds and accounts of the Property Appraiser's office, but are not intended to be a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General—Local Governmental Entity Audits*.

The financial transactions of the Property Appraiser are recorded in one individual fund. This fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

The Property Appraiser reports the following fund type:

■ **Governmental Fund**

● **Major Fund**

- **General Fund**—The general fund is the general operating fund of the Property Appraiser. It is used to account for all financial resources, except for those required to be accounted for in another fund.

NASSAU COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the general fund financial statements and refers to the timing of the measurements made, regardless of the measurement focus applied.

The modified accrual basis of accounting is followed by the general fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. The Property Appraiser considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid.

Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The general fund is accounted for on a spending or "financial flow" measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. General fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

Budgetary Requirement

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is approved by the Florida Department of Revenue for the general fund. Budget to actual comparisons are provided in the financial statements for the general fund, where the Property Appraiser has legally adopted an annual budget. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year.

Budgets are prepared on the modified accrual basis of accounting.

The Property Appraiser's annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year-end.

Capital Assets

Tangible personal property is recorded as expenditures in the general fund at the time an asset is acquired. Assets acquired by the Property Appraiser are capitalized at cost in the capital asset accounts of the County. The Property Appraiser maintains custodial responsibility for the capital assets used by his office.

NASSAU COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences

The Property Appraiser maintains a policy of granting employees annual leave based upon the number of years of employment. An employee can receive payment for such accumulated annual leave upon termination of employment in good standing up to a maximum of 300 hours. In addition, the Property Appraiser maintains the following policy for sick leave. Sick leave is accumulated at the rate of one day per month. Upon appointment or election to county-wide office, death, or voluntarily resignation (or retirement), with two weeks' prior written notice, an employee will be paid for accumulated sick leave up to a maximum payout of 400 hours calculated based upon years of service and a percentage of pay.

Fund Balance Reporting

The Property Appraiser implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned, and unassigned.

- **Nonspendable**—This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash; or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Property Appraiser does not have any nonspendable funds.
- **Restricted**—This component of fund balance consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments); or (b) by law through constitutional provisions or enabling legislation.
- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g. ordinance or resolution) of the County's governing board. These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (e.g., ordinance or resolution) it employed previously to constrain those amounts.
- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the Property Appraiser, or by an individual or body to whom the Property Appraiser has delegated this responsibility. By definition, fund balances are also assigned to the extent that they are needed to finance a subsequent year's budget deficit.
- **Unassigned**—This classification is used for: (a) negative unrestricted fund balances in any governmental fund; or (b) fund balances within the general fund that are not restricted, committed or assigned.

NASSAU COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Fund Balance Reporting (Concluded)

When both restricted and unrestricted resources are available for use, it is the Property Appraiser's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use, it is the Property Appraiser's policy to use committed resources first, then assigned, and then unassigned, as needed.

Note 2 - Cash

At September 30, 2014, the carrying amount of the Property Appraiser's deposits was \$142,694 and the bank balance was \$200,037. Deposits in banks and savings and loan institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All of the cash deposits of the Property Appraiser are placed with qualified financial institutions, which means they are insured or collateralized.

In addition, cash in the amount of \$99,701 was held in escrow at September 30, 2014. These monies were held pursuant to a contract to purchase a new software appraisal system from a software company. The monies held in escrow will, in the future, be paid to the software company for services received or will be returned to the Property Appraiser.

Note 3 - Employee Benefits

Defined Benefit Pension Plan

The Property Appraiser and all full-time employees are eligible to participate in the Florida Retirement System (the System). This System was created by the Florida Legislature and is a cost-sharing, multiple-employer defined benefit public retirement plan available to governmental units within the State of Florida. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-5706.

The Property Appraiser and all full-time employees are eligible to participate in the System. Employees participating in the Pension Plan are entitled to a retirement benefit, payable monthly for life. If employed prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. The vesting requirement changes to eight years of creditable service for those employed on or after July 1, 2011. For those employed prior to July 1, 2011, normal retirement is at or after age 62 with six years of credited service. If employed on or after July 1, 2011, normal retirement is at or after age 65 with eight years of credited service. The monthly benefit received is based on: (1) average monthly compensation in the highest five years of creditable service (eight years if the employee is initially enrolled on or after July 1, 2011); (2) creditable service during the appropriate period; and (3) the

NASSAU COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 3 - Employee Benefits (Concluded)

Defined Benefit Pension Plan (Concluded)

appropriate benefit percentage. Vested employees may retire early and receive reduced retirement benefits. Employees participating in the Investment Plan are vested after one year of service with no age requirement. The System also provides death benefits, disability benefits and cost of living adjustments. Benefits are established by Florida Statute.

The Florida Legislature has established a uniform contribution rate system for the System covering both the Pension Plan and the Investment Plan. Prior to July 1, 2011, members were not required to make employee contributions. Effective July 1, 2011, all System members [except those in the Deferred Retirement Option Program (DROP)] are required to contribute 3% of their gross compensation on a pretax basis. The current contribution rates by member class are as follows: regular members 7.37%, DROP employees 12.28%, senior management 21.14%, and elected officials 43.24%. The Property Appraiser's contributions to the plan for the years ended September 30, 2014, 2013, and 2012, were \$140,959, \$81,694, and \$59,535, respectively, equal to the required contributions for each year.

Note 4 - Changes in Long-term Debt

The following is a summary of the changes in accumulated compensated absences of the Property Appraiser for the year ended September 30, 2014:

	Balance October 1, 2013	Additions	(Deletions)	Balance September 30, 2014
Accrued Compensated Absences	\$ 114,573	\$ 104,324	\$ (116,779)	\$ 102,118
Other Postemployment Benefits	289,302	41,511	0	330,813
Total Long-term Debt	<u>\$ 403,875</u>	<u>\$ 145,835</u>	<u>\$ (116,779)</u>	<u>\$ 432,931</u>

Accrued compensated absences represent the vested portion of accrued leave. See Note 1 for a summary of the Property Appraiser's accumulated compensated absences policy.

Other Postemployment Benefits (OPEB) represents the portion of the liability based upon current and retired employees of the Property Appraiser. See Note 5 for a description of OPEB.

The Property Appraiser's long-term debt is not recorded in the accompanying financial statements but is recorded in the statement of net assets as part of the basic financial statements of the County.

Note 5 - Other Postemployment Benefits

The OPEB plan is a single-employer benefit plan administered by the County. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. GASB Statement No. 45 calls this the "implicit rate subsidy."

NASSAU COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
(Concluded)

Note 5 - Other Postemployment Benefits (Concluded)

Retirees and their dependents (except for life insurance) are permitted to remain covered under the County's respective medical and insurance plans as long as they pay a full premium applicable to coverage elected, subject to the direct subsidy in the following table. This conforms to the minimum required of Florida governmental employers per Chapter 112.08, Florida Statutes.

Percent of Direct Subsidy up to "Subsidy Base Maximum" of \$547.92

Years of Service With Nassau County	Hired Before 10/1/05	Hired on or After 10/1/05
At Least 6	100%	0%
15 Years	100%	50%
20 Years	100%	65%
25 Years	100%	80%
30 or More Years	100%	100%

Currently, the Property appraiser has 22 active employees and 5 retired employees who are considered participants in the plan for purposes of computing the OPEB obligation. The Property Appraiser's portion of the OPEB obligation at September 30, 2014, totaled \$330,813. This liability will be included in long-term liabilities in the County-wide financial statements. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

OTHER REPORTS

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

The Honorable A. Michael Hickox
Nassau County Property Appraiser
Nassau County, Florida

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the general fund of the Nassau County, Florida, Property Appraiser (the Property Appraiser), as of and for the year ended September 30, 2014, and the related notes to the financial statements and have issued our report thereon dated February 27, 2015, which was modified to state that the financial statements are not intended to be a complete presentation of Nassau County, Florida, as a whole.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Property Appraiser'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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The Honorable A. Michael Hickox
Nassau County Property Appraiser
Nassau County, Florida

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Property Appraiser'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 Property Appraiser's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



February 27, 2015
Gainesville, Florida

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

The Honorable A. Michael Hickox
Nassau County Property Appraiser
Nassau County, Florida

We have examined Nassau County, Florida, Property Appraiser's (the Property Appraiser) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2014, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Property Appraiser's compliance with those requirements. Our responsibility is to express an opinion on the Property Appraiser's compliance based on our examination.

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

In our opinion, the Property Appraiser complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

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

Purvis, Gray and Company, LLP

February 27, 2015
Gainesville, Florida

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MANAGEMENT LETTER

The Honorable A. Michael Hickox
Nassau County Property Appraiser
Nassau County, Florida

Report on the Financial Statements

We have audited the financial statements of the general fund of the Nassau County, Florida, Property Appraiser (the Property Appraiser), as of and for the year ended September 30, 2014, and have issued our report thereon dated February 27, 2015, which was modified to state that the financial statements are not intended to be a complete presentation of Nassau County, Florida, as a whole.

Auditors' Responsibility

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

Other Reports

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Compliance with Section 218.415, Florida Statutes. Disclosures in those reports, which are dated February 27, 2015, 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 made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Property Appraiser was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Property Appraiser.

Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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The Honorable A. Michael Hickox
Nassau County Property Appraiser
Nassau County, Florida

MANAGEMENT LETTER
(Concluded)

Other Matters (Concluded)

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with the 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 have any such findings.

Purpose of this Letter

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

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

Purvis, Gray and Company, LLP

February 27, 2015
Gainesville, Florida

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS**

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2014

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS**

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2014

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INDEPENDENT AUDITORS' REPORT

The Honorable Vicki P. Cannon
Nassau County Supervisor of Elections
Nassau County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund of the Nassau County, Florida, Supervisor of Elections (the Supervisor of Elections), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based upon 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks 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 opinions.

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The Honorable Vicki P. Cannon
Nassau County Supervisor of Elections
Nassau County, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund of the Supervisor of Elections as of September 30, 2014, and the respective changes in financial position and budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of each major fund, and the aggregate remaining fund information, where applicable, only for that portion of the major funds, and the aggregate remaining fund information of Nassau County, Florida, that is attributable to the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position as a whole of Nassau County, Florida as of September 30, 2014, and the changes in its financial position, budgetary comparisons, or cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by Government Auditing Standards

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

Purvis, Gray and Company, LLP

February 27, 2015
Gainesville, Florida

FINANCIAL STATEMENTS

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2014**

Assets

Cash in Bank	\$ 260,657
Accounts Receivable	303
Due from Other Governments	4,207
Total Assets	<u>265,167</u>

Liabilities and Fund Balance

Liabilities

Accounts Payable	81,510
Due to the Board of County Commissioners	182,458
Unearned Revenue	1,199
Total Liabilities	<u>265,167</u>

Fund Balance	<u>0</u>
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Total Liabilities and Fund Balance	<u>\$ 265,167</u>
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See accompanying notes to financial statements.

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Revenues	
Intergovernmental	\$ 57,524
Charges for Services	13
Miscellaneous	3,062
Total Revenues	<u>60,599</u>
Expenditures	
Current:	
General Government:	
Personal Services	735,943
Operating Expenditures	358,350
Capital Outlay	16,664
(Total Expenditures)	<u>(1,110,957)</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(1,050,358)</u>
Other Financing Sources (Uses)	
Transfers in from Board of County Commissioners	1,217,003
Transfers in from Constitutional Officers	18,000
Transfers (out) to Board of County Commissioners	(166,645)
Transfers (out) to Constitutional Officers	(18,000)
Total Other Financing Sources (Uses)	<u>1,050,358</u>
Net Change in Fund Balance	0
Fund Balance, Beginning of Year	<u>0</u>
Fund Balance, End of Year	<u><u>\$ 0</u></u>

See accompanying notes to financial statements.

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Intergovernmental Revenue	\$ 17,006	\$ 58,724	\$ 57,524	\$ (1,200)
Charges For Services	0	13	13	0
Miscellaneous	0	3,054	3,062	8
Total Revenues	<u>17,006</u>	<u>61,791</u>	<u>60,599</u>	<u>(1,192)</u>
Expenditures				
Current:				
General Government:				
Personal Services	815,601	735,943	735,943	0
Operating Expenditures	403,708	359,542	358,350	1,192
Capital Outlay	9,700	16,664	16,664	0
(Total Expenditures)	<u>(1,229,009)</u>	<u>(1,112,149)</u>	<u>(1,110,957)</u>	<u>1,192</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(1,212,003)</u>	<u>(1,050,358)</u>	<u>(1,050,358)</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	1,217,003	1,217,003	1,217,003	0
Transfers in from Constitutional Officers	18,000	18,000	18,000	0
Transfers (out) to Board of County Commissioners	(5,000)	(166,645)	(166,645)	0
Transfers (out) to Constitutional Officers	(18,000)	(18,000)	(18,000)	0
Total Other Financing Sources (Uses)	<u>1,212,003</u>	<u>1,050,358</u>	<u>1,050,358</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

**NOTES TO
FINANCIAL STATEMENTS**

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The following is a summary of significant accounting principles and policies used in the preparation of the accompanying financial statements.

Reporting Entity

Nassau County, Florida, is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the Board).

The Nassau County, Florida, Supervisor of Elections (the Supervisor of Elections), is an elected official of Nassau County, Florida, pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Supervisor of Elections. The Supervisor of Elections is a part of the primary government of Nassau County, Florida. The Board approves the Supervisor of Elections' total operating budget and the Clerk of the Court is responsible for accounting for the Supervisor of Elections' transactions. The Supervisor of Elections is responsible for the administration and operation of the Supervisor of Elections' office, and the Supervisor of Elections' financial statements do not include the financial statements of the Board or the other Constitutional Officers of Nassau County, Florida.

The operations of the Supervisor of Elections are funded by the Board. The receipts from the Board are recorded as other financing sources on the Supervisor of Elections' financial statements.

For financial reporting purposes, the Supervisor of Elections is deemed to be a part of the primary government of the County and, therefore, is included as such in the County's annual financial report.

Basis of Presentation

The accompanying financial statements include all funds and accounts of the Supervisor of Elections office, but are not intended to be a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General—Local Governmental Entity Audits*.

The financial transactions of the Supervisor of Elections are recorded in one individual fund. This fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

The Supervisor of Elections reports the following fund type:

■ **Governmental Fund**

● **Major Fund**

- **General Fund**—The general fund is the general operating fund of the Supervisor of Elections. It is used to account for all financial resources, except for those required to be accounted for in another fund.

NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the general fund financial statements and refers to the timing of the measurements made, regardless of the measurement focus applied.

The modified accrual basis of accounting is followed by the general fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. The Supervisor of Elections considers revenues to be available if they are collected within thirty days of the end of the current fiscal period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid.

Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The general fund is accounted for on a spending or "financial flow" measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. General fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

Budgetary Requirement

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is adopted for the general fund.

The Supervisor of Elections' annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year-end.

Budget to actual comparisons are provided in the financial statements for the general fund. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

Capital Assets

Tangible personal property is recorded as expenditures in the general fund at the time an asset is acquired. Assets acquired by the Supervisor of Elections are capitalized at cost in the capital asset accounts of the County. The Supervisor of Elections maintains custodial responsibility for the capital assets used by the office.

Unearned Revenue

Unearned revenue represents monies received for voter education and/or poll worker grants which had not been expended at fiscal year-end. Revenue will be recognized in subsequent years when all eligibility requirements have been met.

NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Compensated Absences

The Supervisor of Elections' policy for granting employees vacation leave is based upon the number of years of employment. An employee is entitled to receive payment for such accumulated leave upon separation in good standing.

In addition, the Supervisor of Elections' policy provides that employees earn sick leave at the rate of four hours every two weeks up to a maximum of ninety days. Only those employees making application to draw benefits through the Florida Retirement System will be eligible to receive payment for accrued sick leave up to the maximum allowed.

Workers' Compensation and Group Health Insurance

The Board provided the Supervisor of Elections and her employees with workers' compensation and group health insurance coverages. The premiums for such coverages were paid by the Board and recorded on its records and, consequently, are not recorded on the Supervisor of Elections' records.

Note 2 - Cash

At September 30, 2014, the carrying amount of the Supervisor of Elections' cash balance, as recorded on the Board's records, was \$260,657. Deposits in banks and savings and loan institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All of the cash deposits are placed with qualified financial institutions, which mean they are insured or collateralized.

Note 3 - Employee Benefits

Defined Benefit Pension Plan

The Supervisor of Elections and all full-time employees are eligible to participate in the Florida Retirement System (the System). This System was created by the Florida Legislature and is a cost-sharing, multiple-employer defined benefit public retirement plan available to governmental units within the state of Florida. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-5706.

NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 3 - Employee Benefits (Concluded)

Defined Benefit Pension Plan (Concluded)

The Supervisor of Elections and all full-time employees are eligible to participate in the System. Employees participating in the Pension Plan are entitled to a retirement benefit, payable monthly for life. If employed prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. The vesting requirement changes to eight years of creditable service for those employed on or after July 1, 2011. For those employed prior to July 1, 2011, normal retirement is at or after age 62 with six years of credited service. If employed on or after July 1, 2011, normal retirement is at or after age 65 with eight years of credited service. The monthly benefit received is based upon the: (1) average monthly compensation in the highest five years of creditable service (eight years if the employee is initially enrolled on or after July 1, 2011); (2) creditable service during the appropriate period; and (3) the appropriate benefit percentage. Vested employees may retire early and receive reduced retirement benefits. Employees participating in the Investment Plan are vested after one year of service with no age requirement. The System also provides death benefits, disability benefits and cost of living adjustments. Benefits are established by Florida Statute.

The Florida Legislature has established a uniform contribution rate system for the System covering both the Pension Plan and the Investment Plan. Prior to July 1, 2011, members were not required to make employee contributions. Effective July 1, 2011, all System members [except those in the Deferred Retirement Option Program (DROP)] are required to contribute 3% of their gross compensation on a pretax basis. The current contribution rates by member class are as follows: regular members 7.37%, DROP employees 12.28%, senior management 21.14%, and elected officials 43.24%. The Supervisor of Elections' contributions to the plan for the years ended September 30, 2014, 2013, and 2012, were \$81,231, \$45,029, and \$31,547, respectively, equal to the required contributions for each year.

Note 4 - Change in Long-term Debt

The following is a summary of the change in long-term debt of the Supervisor of Elections for the year ended September 30, 2014:

	Balance October 1, 2013	Additions	(Deletions)	Balance September 30, 2014
Accrued Compensated Absences	\$ 31,978	\$ 25,307	\$ (21,983)	\$ 35,302
Other Postemployment Benefits	96,434	13,837	0	110,271
Total Long-term Debt	<u>\$ 128,412</u>	<u>\$ 39,144</u>	<u>\$ (21,983)</u>	<u>\$ 145,573</u>

Accrued compensated absences represent the vested portion of accrued vacation leave. See Note 1 for a summary of the Supervisor of Elections' compensated absences policy.

The Supervisor of Elections' long-term debt is not recorded in the accompanying financial statements but is recorded in the statement of net assets as part of the basic financial statements of the County.

Other Postemployment Benefits (OPEB) represents the portion of the liability based upon current and retired employees of the Supervisor of Elections. See Note 5 for a description of OPEB.

NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
(Concluded)

Note 5 - Other Postemployment Benefits

The OPEB plan is a single-employer benefit plan administered by the County. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. Governmental Accounting Standard Board Statement No. 45 calls this the “implicit rate subsidy.”

Retirees and their dependents are permitted to remain covered under the County’s respective medical and insurance plans (except for life insurance) as long as they pay a full premium applicable to coverage elected, subject to the direct subsidy in the following table. This conforms to the minimum required of Florida governmental employers per Chapter 112.08, Florida Statutes.

Percent of Direct Subsidy up to “Subsidy Base Maximum” of \$547.92

Years of Service With Nassau County	Hired Before 10/1/05	Hired on or After 10/1/05
At Least 6	100%	0%
15 Years	100%	50%
20 Years	100%	65%
25 Years	100%	80%
30 or More Years	100%	100%

Currently, the Supervisor of Elections has eight active employees and one retired employee who are considered participants in the plan for purposes of computing the OPEB obligation. The Supervisor of Elections’ portion of the OPEB obligation at September 30, 2014, totaled \$110,271. This liability will be included in long-term liabilities in the County-wide financial statements. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

Note 6 - Operating Lease

The Supervisor of Elections’ office entered into an operating lease agreement with Pitney Bowes in September 2012 for the lease of a mailing system. The lease provides for 20 quarterly payments of \$1,128. The lease is for 60 months and total lease payments of \$4,512 were made during the fiscal year ended September 30, 2014.

The future minimum lease payments for the mailing system are as follows:

Year Ending September 30	Amount
2015	\$ 4,512
2016	4,512
2017	4,512
2018	2,256
Total	\$ 15,792

OTHER REPORTS

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

The Honorable Vicki P. Cannon
Nassau County Supervisor of Elections
Nassau County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the general fund of the Nassau County, Florida, Supervisor of Elections (the Supervisor of Elections), as of and for the year ended September 30, 2014, and the related notes to the financial statements and have issued our report thereon dated February 27, 2015, which was modified to state that the financial statements are not intended to be a complete presentation of Nassau County, Florida, as a whole.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Supervisor of Elections' internal control over financial reporting (internal control) to determine the 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 Supervisor of Elections' internal control. Accordingly, we do not express an opinion on the effectiveness of the Supervisor of Elections' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Supervisor of Elections' 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.

Certified Public Accountants

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The Honorable Vicki P. Cannon
Nassau County Supervisor of Elections
Nassau County, Florida

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

Compliance and Other Matters

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

Purpose of this Report

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

Purvis, Gray and Company, LLP

February 27, 2015
Gainesville, Florida

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

The Honorable Vicki P. Cannon
Nassau County Supervisor of Elections
Nassau County, Florida

We have examined Nassau County, Florida, Supervisor of Election's (the Supervisor of Elections) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2014, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Supervisor of Elections' compliance with those requirements. Our responsibility is to express an opinion on the Supervisor of Elections' compliance based on our examination.

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

In our opinion, the Supervision of Elections complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

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

Purvis, Gray and Company, LLP

February 27, 2015
Gainesville, Florida

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MANAGEMENT LETTER

The Honorable Vicki P. Cannon
Nassau County Supervisor of Elections
Nassau County, Florida

Report on the Financial Statements

We have audited the financial statements of the general fund of the Nassau County, Florida, Supervisor of Elections (the Supervisor of Elections), as of and for the year ended September 30, 2014, and have issued our report thereon dated February 27, 2015, which was modified to state that the financial statements are not intended to be a complete presentation of Nassau County, Florida, as a whole.

Auditors' Responsibility

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

Other Reports

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Compliance with Section 218.415, Florida Statutes. Disclosures in those reports, which are dated February 27, 2015, 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 made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Supervisor of Elections was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Supervisor of Elections.

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The Honorable Vicki P. Cannon
Nassau County Supervisor of Elections
Nassau County, Florida

MANAGEMENT LETTER
(Concluded)

Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with the 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 have any such findings.

Purpose of this Letter

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

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



February 27, 2015
Gainesville, Florida