

**SPECIAL PURPOSE
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**NASSAU COUNTY TAX COLLECTOR
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2007

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NASSAU COUNTY, FLORIDA

SEPTEMBER 30, 2007**

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INDEPENDENT AUDITORS' REPORT

The Honorable John Drew
Nassau County Tax Collector
Nassau County, Florida

We have audited the accompanying special purpose financial statements of the major 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, 2007, as listed in the table of contents. These special purpose financial statements are the responsibility of the Tax Collector's management. Our responsibility is to express an opinion on these special purpose 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in note 1 to the special purpose financial statements, the special purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the *Rules of the Auditor General*, State of Florida, and present only the Tax Collector and are intended to present the major fund and the aggregate remaining fund information of Nassau County, Florida, that is attributable to the transactions of the Tax Collector. They do not purport to, and do not, present fairly the financial position of Nassau County, Florida, as of September 30, 2007, 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.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the major fund and the aggregate remaining fund information of the Tax Collector at September 30, 2007, and the respective changes in financial position, where appropriate, thereof and the respective budgetary comparison for the major fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

The Honorable John Drew
Nassau County Tax Collector
Nassau County, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Our audit was conducted for the purpose of forming an opinion on the special purpose financial statements taken as a whole. The accompanying other financial information is presented for purposes of additional analysis and is not a required part of the special purpose financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the special purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the special purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 30, 2008, on our consideration of the Tax Collector'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* and should be considered in assessing the results of our audit.

This report is intended solely for the information of the Tax Collector and 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

January 30, 2008
Gainesville, Florida

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2007
NASSAU COUNTY TAX COLLECTOR**

Assets

Cash	\$ 1,164,440
Due from Board of County Commissioners	1,972
Accounts Receivable	21,374
Prepaid Expense	1,626
Total Assets	<u>1,189,412</u>

Liabilities and Fund Balance

Liabilities

Accrued Liabilities	18,689
Due to Board of County Commissioners	1,135,503
Due to Other Governments	35,220
Total Liabilities	<u>1,189,412</u>

Fund Balance

	<u>0</u>
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Total Liabilities and Fund Balance	<u>\$ 1,189,412</u>
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See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2007
 NASSAU COUNTY TAX COLLECTOR**

Revenues	
Charges for Services	\$ 2,906,897
Miscellaneous	66,116
Total Revenues	<u>2,973,013</u>
Expenditures	
Current:	
General Government:	
Salaries and Benefits	1,250,348
Operating Expenditures	483,146
Capital Outlay	104,764
(Total Expenditures)	<u>(1,838,258)</u>
Excess of Revenues Over Expenditures	1,134,755
Other Financing Sources (Uses)	
Transfers to Board of County Commissioners	<u>(1,134,755)</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.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007
NASSAU COUNTY TAX COLLECTOR**

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for Services	\$ 2,679,320	\$ 2,679,320	\$ 2,906,897	\$ 227,577
Miscellaneous	42,912	42,912	66,116	23,204
Total Revenues	<u>2,722,232</u>	<u>2,722,232</u>	<u>2,973,013</u>	<u>250,781</u>
Expenditures				
Current:				
General Government:				
Salaries and Benefits	1,269,192	1,262,976	1,250,348	12,628
Operating Expenditures	238,861	469,939	483,146	(13,207)
Capital Outlay	19,689	105,972	104,764	1,208
(Total Expenditures)	<u>(1,527,742)</u>	<u>(1,838,887)</u>	<u>(1,838,258)</u>	<u>629</u>
Excess of Revenues Over Expenditures	<u>1,194,490</u>	<u>883,345</u>	<u>1,134,755</u>	<u>251,410</u>
Other Financing Sources (Uses)				
Transfers to Board of County Commissioners	(1,194,490)	(883,345)	(1,134,755)	(251,410)
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.

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2007
NASSAU COUNTY TAX COLLECTOR

Assets

Cash and Cash Equivalents	<u><u>\$ 1,504,801</u></u>
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Liabilities

Due to Other Governments	1,238,063
Undistributed Collections	<u>266,738</u>

Total Liabilities	<u><u>\$ 1,504,801</u></u>
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See accompanying notes to financial statements.

**NOTES TO SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
NASSAU COUNTY TAX COLLECTOR**

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Nassau County, Florida, Tax Collector (the Tax Collector) 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 special purpose 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 Tax Collector is an elected official of Nassau County, Florida pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). The Tax Collector is a part of the primary government of Nassau County, Florida. Although 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 special purpose 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 all the taxing districts.

Basis of Presentation

These special purpose financial statements are financial statements that have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida. The basic financial statements for the County as a whole, which includes the funds of the Tax Collector, were prepared in conformity with GAAP. The Tax Collector utilizes 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.

■ **Fiduciary Funds**

- **Agency Funds** - Agency funds are used to account for assets held by the Tax Collector 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.

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
NASSAU COUNTY TAX COLLECTOR
(Continued)

Note 1 - Summary of Significant Accounting Policies *(Continued)*

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the special purpose 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 special purpose financial statements for the general fund, where the Tax Collector has legally adopted an annual budget. All budget amounts presented in the accompanying special purpose 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.

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.

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
NASSAU COUNTY TAX COLLECTOR
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Accrued 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 termination of employment an employee is entitled to be paid for accumulated sick leave at the current rate of pay, not to exceed 720 hours.

Workers' Compensation and Group Health Insurance

The Nassau County Board of County Commissioners provided the Tax Collector and 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 Tax Collector's records.

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 and Investments

At September 30, 2007, the carrying amount of the Tax Collector's cash on hand and on deposit was \$1,395,241 and the bank balance was \$1,621,116. 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 to or greater than the average daily

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
NASSAU COUNTY TAX COLLECTOR
(Continued)

Note 2 - Cash and Investments (Concluded)

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.

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, and repurchase agreements.

Investments were as follows:

<u>Repurchase Agreement</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
09/30/07	\$ <u>1,274,000</u>	\$ <u>1,274,000</u>

The Tax Collector has a contractual relationship with a financial institution. Under the terms of the contract, the bank balance for one of the Tax Collector's bank accounts is transferred into a sweep account at the close of each business day. The financial institution sells securities to the Tax Collector in the form of Repurchase Agreements in amounts equal to the bank balance. Each day the financial institution issues a confirmation to the Tax Collector for the securities that are sold to the Tax Collector. The securities are obligations of the United States Government. The repurchase transaction is an obligation of the financial institution and is collateralized by the obligation of the U.S. Government or agency, thereof, or interest therein, being sold and repurchased. The Tax Collector may become an unsecured creditor of the financial institution to the extent that the market value of the Tax Collector's security interest falls below the repurchase price.

Custodial Credit Risk – Repurchase Agreement

Repurchase agreements are exposed to custodial credit risk if they are not covered by depository insurance and they are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Tax Collector's name.

As of September 30, 2007, the Tax Collector was exposed to custodial risk in the amount of \$1,274,000 under its repurchase agreement with a local financial institution.

The Tax Collector does not have a policy for custodial credit risk.

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
NASSAU COUNTY TAX COLLECTOR
(Continued)

Note 3 - Employee Benefits

Defined Benefit Pension Plan

All full-time employees of the Tax Collector 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. Special risk employees who retire 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; are entitled to a retirement benefit, payable monthly for life, equal to the product of: (1) average monthly compensation in the highest five years of creditable service; (2) creditable service during the appropriate period; and (3) the appropriate benefit percentage. Benefits are fully vested on reaching six years of service. Vested employees may retire after six years of creditable service and receive reduced retirement benefits. The System also provides death benefits, disability benefits and cost-of-living adjustments. Benefits are established by Florida Statute.

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 Tax Collector, are required to contribute 9.85% of the compensation for regular members, 13.12% of senior management employees, and 16.53% for County elected officials. The Tax Collector's contributions to the System for the years ended September 30, 2007, 2006 and 2005, were \$112,853, \$79,159 and \$50,682, 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 long-term debt of the Tax Collector for the year ended September 30, 2007:

	<u>Balance October 1, 2006</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance September 30, 2007</u>
Accrued Compensated Absences	\$ 14,414	\$ 185,192	\$ (69,992)	\$ 129,614

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.

The Tax Collector's long-term debt is not reported in the accompanying special purpose financial statements but is recorded in the statement of net assets as part of the basic financial statements of the County.

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
NASSAU COUNTY TAX COLLECTOR
(Concluded)

Note 5 - Operating Leases

The Tax Collector entered into a lease agreement with Pitney Bowes for a mailing system. The lease period is 60 months from July 2007 through June 2012. Lease payments are \$402 per month. The amount of lease payments made during the fiscal year ended September 30, 2007, was \$2,982. The future minimum lease payments are as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Amount</u>
2008	\$ 4,824
2009	4,824
2010	4,824
2011	4,824
2012	<u>3,618</u>
Total	<u>\$ 22,914</u>

OTHER FINANCIAL INFORMATION

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
SEPTEMBER 30, 2007
NASSAU COUNTY TAX COLLECTOR

	<u>Tax Fund</u>	<u>Tag and Redemption Fund</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	<u>\$ 1,489,756</u>	<u>\$ 15,045</u>	<u>\$ 1,504,801</u>
Liabilities			
Due to Other Governments	1,228,017	10,046	1,238,063
Undistributed Collections	<u>261,739</u>	<u>4,999</u>	<u>266,738</u>
Total Liabilities	<u>\$ 1,489,756</u>	<u>\$ 15,045</u>	<u>\$ 1,504,801</u>

OTHER REPORTS

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

The Honorable John Drew
Nassau County Tax Collector
Nassau County, Florida

We have audited the special purpose financial statements of the Nassau County, Florida, Tax Collector (the Tax Collector) as of and for the year ended September 30, 2007, and have issued our report thereon dated January 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Tax Collector's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tax Collector's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Tax Collector's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Tax Collector's financial statements that is more than inconsequential will not be prevented or detected by the Tax Collector's internal control.

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

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

Certified Public Accountants

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The Honorable John Drew
Nassau County Tax Collector
Nassau County, Florida

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
SPECIAL PURPOSE 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 special purpose 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*.

This report is intended solely for the information of the Tax Collector and 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

January 30, 2008
Gainesville, Florida

MANAGEMENT LETTER

The Honorable John Drew
Nassau County Tax Collector
Nassau County, Florida

We have audited the special purpose financial statements of the Nassau County, Florida, Tax Collector (the Tax Collector) as of and for the fiscal year ended September 30, 2007, and have issued our report thereon dated January 30, 2008.

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. We have issued our report on internal control over financial reporting and on compliance and other matters. Disclosures in that report, which is dated January 30, 2008, should be considered in conjunction with this management letter.

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

- 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. The findings and recommendations made in the preceding annual financial audit report have been addressed.
- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Tax Collector complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we report the following:
 - **Travel Reimbursement Forms**
A review of travel reimbursement forms indicated the forms were not always being completed properly and not all information required was reported on the travel reimbursement form.

We recommend that travel reimbursement forms be completed properly and include all information requested on the reimbursement form and include all required supporting documentation.

Certified Public Accountants

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The Honorable John Drew
Nassau County Tax Collector
Nassau County, Florida

MANAGEMENT LETTER
(Concluded)

- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address any violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., *Rules of the Auditor General*, requires, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., *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 special purpose 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.

This management letter is intended solely for the information of the Tax Collector and management, and the Florida Auditor General, 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

January 30, 2008
Gainesville, Florida



John M. Drew
Nassau County Tax Collector

96135 Nassau Place
Yulee, FL 32097
www.nassautaxes.com

January 10, 2008

Honorable Marianne Marshall
Board of Commissioners, Chairman
P.O. Box 1010
Fernandina Beach, FL 32034

Chairman Marshall:

The audit report of the Nassau County Tax Collector's Office for fiscal year 2006-07 as prepared by Purvis Gray & Co. has been reviewed by this office. The audit was conducted in accordance with auditing standards generally accepted in the United States and Government Audits Standards issued by the Comptroller General of the United States.

I am pleased to report that the audit findings were limited to one item: the completion of travel vouchers. To correct the item, the vouchers are now completed in an improved format that includes a listing of pre-paid items and the attachment of support documentation.

Since May 2006, the Tax Collector's Office has undergone an operations audit as well as three financial audits. This most recent audit demonstrates to me, and hopefully to the Board of Commissioners and the citizens of Nassau County, the significant improvements that have been made in the Tax Collector's Office to correct issues noted in prior audits.

As Nassau County Tax Collector, I wish to thank Purvis Gray & Co. for conducting the recent audit in their courteous and professional manner.

Yours in Service,

A handwritten signature in black ink, appearing to read "John M. Drew".

John M. Drew
Nassau County Tax Collector

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