

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

**NASSAU COUNTY SHERIFF
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2007

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TABLE OF CONTENTS

Independent Auditors' Report	1-2
Special Purpose Financial Statements	
Balance Sheet - Governmental Funds	3
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Major Governmental Fund	5
Statement of Fiduciary Assets and Liabilities - Agency Funds	6
Notes to Special Purpose Financial Statements	7-12
Other Financial Information	
Combining Balance Sheet - Nonmajor Governmental Funds - All Special Revenue Funds	13
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds - All Special Revenue Funds	14
Combining Statement of Fiduciary Assets and Liabilities - All Agency Funds	15
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 <i>Government Auditing Standards</i>	16-18
Management Letter	19-20
Management's Responses	21-22

INDEPENDENT AUDITORS' REPORT

The Honorable T.L. "Tommy" Seagraves, Jr.
Nassau County Sheriff
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, Sheriff (the Sheriff) 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 Sheriff'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 Sheriff 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 Sheriff. 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 Sheriff as of 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.

Certified Public Accountants

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (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
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
2201 Cantu Court, Suite #100 • Sarasota, Florida 34232 • (941) 379-2800 • FAX (941) 379-2899

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

The Honorable T.L. "Tommy" Seagraves, Jr.
Nassau County Sheriff
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 February 4, 2008, on our consideration of the Sheriff'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 and use of the Sheriff 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

February 4, 2008
Gainesville, Florida

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007
NASSAU COUNTY SHERIFF**

	<u>Major Fund General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash on Hand	\$ 0	\$ 9,334	\$ 9,334
Cash in Bank	264,290	226,479	490,769
Accounts Receivable	11,703	0	11,703
Due from Other Funds	0	7,328	7,328
Total Assets	<u>275,993</u>	<u>243,141</u>	<u>519,134</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	232,344	3,275	235,619
Deferred Revenue	1,000	0	1,000
Due to Board of County Commissioners	42,649	59,494	102,143
Total Liabilities	<u>275,993</u>	<u>62,769</u>	<u>338,762</u>
Fund Balances			
Unreserved	<u>0</u>	<u>180,372</u>	<u>180,372</u>
Total Fund Balances	<u>0</u>	<u>180,372</u>	<u>180,372</u>
Total Liabilities and Fund Balances	<u>\$ 275,993</u>	<u>\$ 243,141</u>	<u>\$ 519,134</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007
NASSAU COUNTY SHERIFF**

	<u>Major Fund General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Miscellaneous	\$ 164,920	\$ 82,190	\$ 247,110
Total Revenues	<u>164,920</u>	<u>82,190</u>	<u>247,110</u>
Expenditures			
Current:			
Court-related:			
Personal Services	618,026	0	618,026
Operating Expenditures	18,331	0	18,331
Public Safety:			
Personal Services	9,885,534	132,732	10,018,266
Operating Expenditures	2,819,556	306,283	3,125,839
Capital Outlay	360,073	137,741	497,814
Debt Service	403,722	0	403,722
(Total Expenditures)	<u>(14,105,242)</u>	<u>(576,756)</u>	<u>(14,681,998)</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(13,940,322)</u>	<u>(494,566)</u>	<u>(14,434,888)</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Fixed Assets	88,176	0	88,176
Transfers in from Board of County Commissioners	13,885,895	545,248	14,431,143
Transfers (out) to Board of County Commissioners	(33,749)	(59,494)	(93,243)
Total Other Financing Sources (Uses)	<u>13,940,322</u>	<u>485,754</u>	<u>14,426,076</u>
Net Change in Fund Balances	0	(8,812)	(8,812)
Fund Balances, Beginning of Year	<u>0</u>	<u>189,184</u>	<u>189,184</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 180,372</u>	<u>\$ 180,372</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007
NASSAU COUNTY SHERIFF**

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Miscellaneous	\$ 0	\$ 0	\$ 164,920	\$ 164,920
Total Revenues	<u>0</u>	<u>0</u>	<u>164,920</u>	<u>164,920</u>
Expenditures				
Current:				
Court-related:				
Personal Services	694,504	618,026	618,026	0
Operating Expenditures	4,300	18,331	18,331	0
Public Safety:				
Personal Services	10,196,446	9,885,534	9,885,534	0
Operating Expenditures	2,502,747	2,819,556	2,819,556	0
Capital Outlay	16,000	360,073	360,073	0
Debt Service	402,924	403,722	403,722	0
(Total Expenditures)	<u>(13,816,921)</u>	<u>(14,105,242)</u>	<u>(14,105,242)</u>	<u>0</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(13,816,921)</u>	<u>(14,105,242)</u>	<u>(13,940,322)</u>	<u>164,920</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Fixed Assets	0	0	88,176	88,176
Transfers in from Board of County Commissioners	13,816,921	14,109,200	13,885,895	(223,305)
Transfers (out) to Board of County Commissioners	0	(3,958)	(33,749)	(29,791)
Total Other Financing Sources (Uses)	<u>13,816,921</u>	<u>14,105,242</u>	<u>13,940,322</u>	<u>(164,920)</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.

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

Assets

Cash	<u>\$ 34,318</u>
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Liabilities

Accounts Payable	7,260
Due to Other Funds	7,328
Deposits	<u>19,730</u>

Total Liabilities	<u>\$ 34,318</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 SHERIFF**

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 special purpose 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 special purpose 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 special purpose financial statements. Any excess of revenues and other financing sources received over expenditures are remitted to the Board at year end.

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 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 Sheriff, were prepared in conformity with GAAP. The Sheriff utilizes the following fund types:

■ **Governmental Funds**

● **Major Fund**

- ▶ **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.

● **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 special revenue funds in the special purpose financial statements under the title "Other Governmental Funds" as follows:

- Inmate Commissary Fund
- 911 Operations and Maintenance Fund
- Sheriff's Investigative Fund

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
NASSAU COUNTY SHERIFF
(Continued)

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

Basis of Presentation *(Concluded)*

■ **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 special purpose 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.

Budgetary Requirement

Government 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 and the 911 operations and maintenance fund. All budget amounts presented for the general fund 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 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.

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
NASSAU COUNTY SHERIFF
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

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 assets 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. Certain sick leave benefits are paid to employees who terminate their employment after ten years of service, retire from duty, or die in the line of duty.

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 coverages. Accidental death coverage for Law Enforcement Officers was also provided by the Board. The premiums for such coverages 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.

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 \$3,500,000 for professional liability and \$3,500,000 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.

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
NASSAU COUNTY SHERIFF
(Continued)

Note 2 - Cash and Investments

Cash Deposits

At September 30, 2007, the carrying amount of the Sheriff's deposits was \$525,087 and the bank balance was \$767,189. 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 and are classified as category one credit risk, 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). 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 Sheriff 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 Sheriff, are required to contribute 9.85% of the compensation for regular members, 20.92% for special risk, and 16.53% for County officials. The Sheriff's contributions to the System for the years ended September 30, 2007, 2006, and 2005, were \$1,490,224, \$1,314,895, and \$1,212,342, respectively, equal to the required contributions for each year.

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
NASSAU COUNTY SHERIFF
(Continued)

Note 4 - 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:

	<u>Balance October 1, 2006</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance September 30, 2007</u>
Capital Assets				
Machinery and Equipment	\$ 6,116,614	\$ 560,788	\$ (279,252)	\$ 6,398,150
Accumulated Depreciation	<u>(3,713,792)</u>	<u>(1,062,783)</u>	<u>249,020</u>	<u>(4,527,555)</u>
Machinery and Equipment, Net	<u>\$ 2,402,822</u>	<u>\$ (501,995)</u>	<u>\$ (30,232)</u>	<u>\$ 1,870,595</u>

Depreciation expense was recorded in the government-wide financial statements in the amount of \$1,062,783.

Note 5 - Operating Leases

The Sheriff leased ten copiers during fiscal year 2006-2007. The monthly lease payments for these copiers ranged from \$125 to \$1,018 per month. The expiration date of the leases range from February 2008 to October 2011. Lease expense for the year was \$32,456. Future minimum lease payments for the seven leases are as follows:

<u>Year Ending September 30</u>	<u>Annual Lease Payments</u>
2008	\$ 42,623
2009	35,629
2010	16,755
2011	9,550
2012	<u>2,835</u>
Total	<u>\$ 107,392</u>

Note 6 - 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, 2007:

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
NASSAU COUNTY SHERIFF
(Concluded)

Note 6 - Changes in Long-term Debt (Concluded)

	<u>Balance October 1, 2006</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance September 30, 2007</u>
Accrued Compensated Absences	\$ 748,393	\$ 547,180	\$ (440,158)	\$ 855,415
Installment Obligation	<u>777,626</u>	<u>0</u>	<u>(388,813)</u>	<u>388,813</u>
Totals	<u>\$ 1,526,019</u>	<u>\$ 547,180</u>	<u>\$ (828,971)</u>	<u>\$ 1,244,288</u>

Accrued compensated absences represent the vested portion of accrued leave. See note 1 for a summary of the Sheriff's compensated absences policy.

The Sheriff entered into a contract with the SunTrust Bank effective October 3, 2005, for the purchase of fifty-two law enforcement vehicles. The Sheriff received \$777,626 on October 3, 2005, under this contract to purchase these vehicles. Repayment terms require interest to be paid on a quarterly basis at an interest rate of 3.35% and two principal payments of \$388,813 will be due on October 30, 2006, and October 30, 2007.

The Sheriff's long-term debt is not recorded 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.

Note 7 - Interfund Balances

Interfund receivables and payables generally represent temporary loans between funds. Balances are expected to be repaid within one year. As of September 30, 2007, interfund balances consisted of the following:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Inmate Trust (Agency Fund)	\$ 0	\$ 7,328
Inmate Commissary (Special Revenue Fund)	<u>7,328</u>	<u>0</u>
Total	<u>\$ 7,328</u>	<u>\$ 7,328</u>

OTHER FINANCIAL INFORMATION

**NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS**

Inmate Commissary Fund—Accounts for commissions received from pay telephones and commissary profits used for the benefit of inmates.

911 Operations and Maintenance Fund—Accounts for the operation of the 911 emergency response system.

Sheriff's Investigative Fund—Accounts for monies used in accordance with Section 925.055, Florida Statutes.

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - ALL SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2007
NASSAU COUNTY SHERIFF

	<u>Inmate Commissary</u>	<u>911 Operations and Maintenance</u>	<u>Sheriff's Investigative</u>	<u>Total</u>
Assets				
Cash on Hand	\$ 0	\$ 0	\$ 9,334	\$ 9,334
Cash in Bank	166,985	59,494	0	226,479
Due from Other Funds	<u>7,328</u>	<u>0</u>	<u>0</u>	<u>7,328</u>
Total Assets	<u><u>174,313</u></u>	<u><u>59,494</u></u>	<u><u>9,334</u></u>	<u><u>243,141</u></u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	3,275	0	0	3,275
Due to Board of County Commissioners	<u>0</u>	<u>59,494</u>	<u>0</u>	<u>59,494</u>
Total Liabilities	<u><u>3,275</u></u>	<u><u>59,494</u></u>	<u><u>0</u></u>	<u><u>62,769</u></u>
Fund Balances				
Unreserved	<u>171,038</u>	<u>0</u>	<u>9,334</u>	<u>180,372</u>
Total Fund Balances	<u><u>171,038</u></u>	<u><u>0</u></u>	<u><u>9,334</u></u>	<u><u>180,372</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 174,313</u></u>	<u><u>\$ 59,494</u></u>	<u><u>\$ 9,334</u></u>	<u><u>\$ 243,141</u></u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007
NASSAU COUNTY SHERIFF**

	<u>Inmate Commissary</u>	<u>911 Operations and Maintenance</u>	<u>Sheriff's Investigative</u>	<u>Total</u>
Revenues				
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0
Miscellaneous	81,518	672	0	82,190
Total Revenues	<u>81,518</u>	<u>672</u>	<u>0</u>	<u>82,190</u>
Expenditures				
Public Safety:				
Personal Services	0	132,732	0	132,732
Operating Expenditures	56,045	231,361	18,877	306,283
Capital Outlay	0	137,741	0	137,741
(Total Expenditures)	<u>(56,045)</u>	<u>(501,834)</u>	<u>(18,877)</u>	<u>(576,756)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>25,473</u>	<u>(501,162)</u>	<u>(18,877)</u>	<u>(494,566)</u>
Other Financing Sources (Uses)				
Transfer in from Board of County Commissioners	0	525,248	20,000	545,248
Transfer (out) to Board of County Commissioners	0	(59,494)	0	(59,494)
Total Other Financing Sources (Uses)	<u>0</u>	<u>465,754</u>	<u>20,000</u>	<u>485,754</u>
Net Change in Fund Balances	25,473	(35,408)	1,123	(8,812)
Fund Balances, Beginning of Year	<u>145,565</u>	<u>35,408</u>	<u>8,211</u>	<u>189,184</u>
Fund Balances, End of Year	<u>\$ 171,038</u>	<u>\$ 0</u>	<u>\$ 9,334</u>	<u>\$ 180,372</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.

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

	<u>Individual Depositors/ Suspense</u>	<u>Inmate Trust</u>	<u>Federal Inmate</u>	<u>Total</u>
Assets				
Cash	\$ 8,671	\$ 25,646	\$ 1	\$ 34,318
Liabilities				
Accounts Payable	0	7,260	0	7,260
Due to Other Funds	0	7,328	0	7,328
Deposits	8,671	11,058	1	19,730
Total Liabilities	<u>\$ 8,671</u>	<u>\$ 25,646</u>	<u>\$ 1</u>	<u>\$ 34,318</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 T.L. “Tommy” Seagraves, Jr.
Nassau County Sheriff
Nassau County, Florida

We have audited the special purpose financial statements of the Nassau County, Florida, Sheriff (the Sheriff) as of and for the year ended September 30, 2007, and have issued our report thereon dated February 4, 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 Sheriff’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff’s internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the Sheriff’s internal control over financial reporting.

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

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

■ **Segregation of Duties**

Condition—The duties of signing checks, initiating bank transfers, reconciling bank statements and preparing and posting journal entries were performed by the same employee.

Certified Public Accountants

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (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
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
2201 Cantu Court, Suite #100 • Sarasota, Florida 34232 • (941) 379-2800 • FAX (941) 379-2899

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

The Honorable T.L. "Tommy" Seagraves, Jr.
Nassau County Sheriff
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***
(Continued)

Internal Control Over Financial Reporting *(Concluded)*

■ **Segregation of Duties *(Concluded)***

Effect—The failure to separate incompatible duties could result in errors or irregularities that might go undetected.

Recommendation—We recommend that incompatible accounting duties be separated among employees where it is feasible to do so.

■ **Subsidiary Reconciliations**

Condition—The Inmate Trust account was not reconciled to the subsidiary ledger at the end of each month during fiscal year 2006-2007.

Effect—The failure to perform a reconciliation to the subsidiary ledger could result in errors or irregularities that might go undetected.

Recommendation—We recommend that the Inmate Trust account be reconciled on a timely basis each month and that jail management and the Finance Department review these reconciliations.

■ **Written Policies and Procedures**

Condition—During fiscal year 2006-2007, the Sheriff's office had not updated policies and procedures covering operations such as purchasing, payroll, property, personnel, investigative funds, and parts and supplies inventory. Currently, the leave policy does not address the payout of sick time for employees with over ten years of service or the annual leave payout of vacation time over 350 hours.

Effect—The lack of updated policies and procedures could result in errors, misunderstandings, omitted procedures or inefficient or wasted effort.

Recommendation—We recommend updated policies and procedures be developed and distributed to all employees to assist them in managing the various activities of the Sheriff's office.

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 Sheriff's internal control.

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

The Honorable T.L. "Tommy" Seagraves, Jr.
Nassau County Sheriff
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 Sheriff'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*.

We noted a certain matter that we reported to management of the Sheriff in a separate letter dated February 4, 2008.

The Sheriff's response to the findings identified in our audit are described in the accompanying Management's Responses. We did not audit the Sheriff's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Sheriff 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

February 4, 2008
Gainesville, Florida

MANAGEMENT LETTER

The Honorable T.L. "Tommy" Seagraves, Jr.
Nassau County Sheriff
Nassau County, Florida

We have audited the special purpose financial statements of the Nassau County, Florida, Sheriff (the Sheriff) as of and for the fiscal year ended September 30, 2007, and have issued our report thereon dated February 4, 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 independent auditors' report on internal control over financial reporting and on compliance and other matters. Disclosures in that report, which is dated February 4, 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. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report.
- 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 Sheriff 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 findings and recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we report the following finding:
 - **Credit Card Documentation**
A review of certain credit card purchases showed that proper documentation, such as original receipts, was not received prior to paying credit card invoices.

We recommend that credit card receipts and other documentation be reviewed prior to paying the credit card invoice and the documentation be maintained with the credit card invoice.

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The Honorable T.L. "Tommy" Seagraves, Jr.
Nassau County Sheriff
Nassau County, Florida

MANAGEMENT LETTER
(Concluded)

- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address 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 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.

This management letter is intended solely for the information and use of the Sheriff 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

February 4, 2008
Gainesville, Florida



Nassau County Sheriff's Office

Sheriff T. L. "Tommy" Seagraves, Jr.

February 4, 2008

Purvis Gray & Company
222 Northeast First Street
Gainesville, FL 32601

To whom it may concern:

The purpose of this letter is to respond to the Internal Control Reportable Conditions found in our 2006-2007 audits. Listed below are the individual reportable conditions along with a their corresponding responses. If you have any further questions or comments, please don't hesitate to contact my office.

1.) Segregation of Duties

Response: Our Finance Department is very small which makes it difficult to have a complete segregation of all accounting duties. However, we make every effort to separate incompatible duties whenever possible.

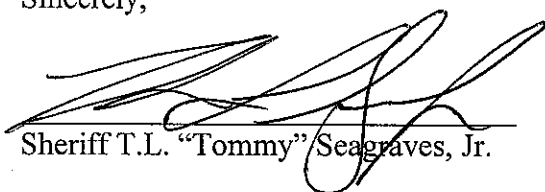
2.) Subsidiary Reconciliations

Response: The Inmate Trust account is now being reconciled to the subsidiary ledger on a timely basis at the end of each month. The Finance Department will review the reconciliations periodically to verify their accuracy.

3.) Written Policies & Procedures

Response: The Finance Department will work on more specific policies and Procedures to supplement the Sheriff's Office General Orders which are already in place.

Sincerely,



Sheriff T.L. "Tommy" Seagraves, Jr.



Nassau County Sheriff's Office

Sheriff T. L. "Tommy" Seagraves, Jr.

February 4, 2008

Purvis Gray & Company
222 Northeast First Street
Gainesville, Fl 32601


To whom it may concern:

The purpose of this letter is to respond to the 2006-2007 Management Letter finding. Listed below is the individual finding along with the corresponding response. If you have any further questions or comments, please don't hesitate to contact my office.

1.) Credit Card Documentation

Response: Credit card supporting documentation will now be reviewed prior to paying the credit card invoices. The documentation will be attached to the invoice.

Sincerely,



Sheriff T.L. "Tommy" Seagraves, Jr.