

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

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

**SEPTEMBER 30, 2010**

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

**NASSAU COUNTY BOARD  
OF COUNTY COMMISSIONERS  
NASSAU COUNTY, FLORIDA  
SEPTEMBER 30, 2010**

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## **INTRODUCTORY SECTION**

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

**LIST OF ELECTED AND APPOINTED**

**Serving as of September 30, 2010**

**ELECTED OFFICIALS**

|   |                                     |
|---|-------------------------------------|
| <b>Commissioner – District 2, Chairman</b>      | <b>Michael H. Boyle</b>             |
| <b>Commissioner – District 5, Vice-Chairman</b> | <b>Walter J. Boatright</b>          |
| <b>Commissioner – District 1</b>                | <b>Daniel B. Leeper</b>             |
| <b>Commissioner – District 3</b>                | <b>Stacy T. Johnson</b>             |
| <b>Commissioner – District 4</b>                | <b>Barry V. Holloway, Jr.</b>       |
| <b>Clerk of the Circuit Court</b>               | <b>John A. Crawford</b>             |
| <b>Tax Collector</b>                            | <b>John M. Drew</b>                 |
| <b>Sheriff</b>                                  | <b>T. L. “Tommy” Seagraves, Jr.</b> |
| <b>Property Appraiser</b>                       | <b>Tammy C. Stiles</b>              |
| <b>Supervisor of Elections</b>                  | <b>Vicki P. Cannon</b>              |

**APPOINTED OFFICIALS**

|                        |                          |
|------------------------|--------------------------|
| <b>County Manager</b>  | <b>Theodore J. Selby</b> |
| <b>County Attorney</b> | <b>David A. Hallman</b>  |

## **FINANCIAL SECTION**

## INDEPENDENT AUDITORS' REPORT

The Honorable Board of County Commissioners  
Nassau County, Florida

We have audited the accompanying special purpose 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, 2010, as listed in the table of contents. These special purpose financial statements are the responsibility of the Board's management. Our responsibility is to express opinions 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 opinions.

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, on the basis of accounting practices specified by, the *Rules of the Auditor General*, State of Florida, which practices differ from accounting principles generally accepted in the United States of America. The differences include the permitted omission of entity-wide, full-accrual, financial statements and the management's discussion and analysis. In addition, the financial statements referred to above are intended to present the financial position and changes in financial position of only that portion 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 a whole as of September 30, 2010, and the changes in financial position, or where applicable, its cash flows for the year 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 each major fund and the aggregate remaining fund information of the Board as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof in conformity with the basis of accounting described in Note 1.

### Certified Public Accountants

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505  
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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  
Nassau County, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

The budgetary comparison information presented for the general fund and the major special revenue funds is not a required part of the special purpose financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion upon it.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 21, 2011, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the special purpose financial statements taken as a whole. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, 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 21, 2011  
Gainesville, Florida

**SPECIAL PURPOSE  
FINANCIAL STATEMENTS**

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2010**

|   | <b>General<br/>Fund</b> | <b>County<br/>Transportation<br/>Fund</b> | <b>Municipal<br/>Services</b> |
|---|-------------------------|---|-------------------------------|
| <b>Assets</b>   |                         |   |                               |
| Cash and Cash Equivalents                                   | \$ 1,156,842            | \$ 717,030                                | \$ 346,739                    |
| Equity in Pooled Investments                                | 11,625,772              | 4,597,781                                 | 2,972,463                     |
| Accounts Receivable, Net of<br>Allowance for Uncollectibles | 495,257                 | 82,531                                    | 1,940                         |
| Loans Receivable, Net of<br>Allowance for Uncollectibles    | 0                       | 0   | 0                             |
| Due from Other Funds  | 899,930                 | 2,483                                     | 0                             |
| Due from Constitutional Officers                            | 1,669,081               | 102,549                                   | 166,935                       |
| Due from Other Governments                                  | 606,762                 | 361,479                                   | 123,004                       |
| Inventories   | 0                       | 125,616                                   | 0                             |
| Prepaid Expenditures  | 139,937                 | 14,411                                    | 2,301                         |
| Deposits  | 2,000                   | 0   | 0                             |
| <b>Total Assets</b>   | <b>16,595,581</b>       | <b>6,003,880</b>                          | <b>3,613,382</b>              |
| <b>Liabilities and Fund Balances</b>                        |                         |   |                               |
| <b>Liabilities</b>  |                         |   |                               |
| Accounts Payable  | 1,227,477               | 364,639                                   | 87,195                        |
| Accrued Liabilities   | 901,294                 | 5,000                                     | 0                             |
| Retainage Payable   | 45,352                  | 0   | 0                             |
| Due to Other Funds  | 0                       | 209,260                                   | 313,683                       |
| Due to Constitutional Officers                              | 8,935                   | 1,030                                     | 2,471                         |
| Due to Other Governments                                    | 55,645                  | 0   | 0                             |
| Deferred Revenues   | 839,626                 | 179,143                                   | 60,000                        |
| Deposits  | 98,133                  | 1,000                                     | 8,289                         |
| <b>Total Liabilities</b>                                    | <b>3,176,462</b>        | <b>760,072</b>                            | <b>471,638</b>                |
| <b>Fund Balances</b>  |                         |   |                               |
| Reserved for:   |                         |   |                               |
| Inventories   | 0                       | 125,616                                   | 0                             |
| Prepaid Items   | 139,937                 | 14,411                                    | 2,301                         |
| Grants and State Laws                                       | 442,939                 | 0   | 0                             |
| Encumbrances  | 213,286                 | 60,574                                    | 25,075                        |
| Debt Covenant   | 0                       | 0   | 0                             |
| Unreserved - Designated (See Note 16)                       | 11,024,226              | 4,415,758                                 | 2,413,205                     |
| Unreserved - Undesignated:                                  |                         |   |                               |
| General Fund  | 1,598,731               | 0   | 0                             |
| Special Revenue Funds                                       | 0                       | 627,449                                   | 701,163                       |
| Debt Service Funds  | 0                       | 0   | 0                             |
| Capital Projects Funds                                      | 0                       | 0   | 0                             |
| <b>Total Fund Balances</b>                                  | <b>13,419,119</b>       | <b>5,243,808</b>                          | <b>3,141,744</b>              |
| <b>Total Liabilities and Fund Balances</b>                  | <b>\$ 16,595,581</b>    | <b>\$ 6,003,880</b>                       | <b>\$ 3,613,382</b>           |

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

| <b>One-Cent<br/>County<br/>Surtax</b> | <b>Impact Fee<br/>Ordinance<br/>Trust</b> | <b>Capital<br/>Projects -<br/>Transportation</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---------------------------------------|---|--|--|---|
| \$ 533,836                            | \$ 8,568,424                              | \$ 2,548,284                                     | \$ 2,759,067                               | \$ 16,630,222                           |
| 9,421,841                             | 2,669,384                                 | 9,070,151  | 10,982,706                                 | 51,340,098                              |
| 117                                   | 47  | 217  | 23,873                                     | 603,982                                 |
| 0                                     | 0   | 0  | 89,965                                     | 89,965                                  |
| 0                                     | 0   | 0  | 5,962                                      | 908,375                                 |
| 0                                     | 0   | 0  | 222,917                                    | 2,161,482                               |
| 895,006                               | 0   | 5,622  | 891,756                                    | 2,883,629                               |
| 0                                     | 0   | 0  | 0  | 125,616                                 |
| 0                                     | 0   | 553,967  | 4,269                                      | 714,885                                 |
| 0                                     | 0   | 0  | 0  | 2,000                                   |
| <u>10,850,800</u>                     | <u>11,237,855</u>                         | <u>12,178,241</u>                                | <u>14,980,515</u>                          | <u>75,460,254</u>                       |
| 73,372                                | 276,186                                   | 907,336  | 549,617                                    | 3,485,822                               |
| 0                                     | 0   | 0  | 0  | 906,294                                 |
| 0                                     | 49,042                                    | 28,950   | 9,559                                      | 132,903                                 |
| 0                                     | 5,962                                     | 0  | 312,949                                    | 841,854                                 |
| 0                                     | 5,961                                     | 0  | 31,174                                     | 49,571                                  |
| 0                                     | 103,653                                   | 0  | 42,762                                     | 202,060                                 |
| 450,000                               | 0   | 5,622  | 443,991                                    | 1,978,382                               |
| 0                                     | 0   | 0  | 10,691                                     | 118,113                                 |
| <u>523,372</u>                        | <u>440,804</u>                            | <u>941,908</u>                                   | <u>1,400,743</u>                           | <u>7,714,999</u>                        |
| 0                                     | 0   | 0  | 0  | 125,616                                 |
| 0                                     | 0   | 553,967  | 4,269                                      | 714,885                                 |
| 0                                     | 0   | 0  | 0  | 442,939                                 |
| 12,792                                | 646,573                                   | 2,106,991  | 131,428                                    | 3,196,719                               |
| 0                                     | 0   | 0  | 945,000                                    | 945,000                                 |
| 10,143,412                            | 10,150,478                                | 8,575,375  | 0  | 46,722,454                              |
| 0                                     | 0   | 0  | 0  | 1,598,731                               |
| 171,224                               | 0   | 0  | 9,332,123                                  | 10,831,959                              |
| 0                                     | 0   | 0  | 1,274,701                                  | 1,274,701                               |
| 0                                     | 0   | 0  | 1,892,251                                  | 1,892,251                               |
| <u>10,327,428</u>                     | <u>10,797,051</u>                         | <u>11,236,333</u>                                | <u>13,579,772</u>                          | <u>67,745,255</u>                       |
| <u>\$ 10,850,800</u>                  | <u>\$ 11,237,855</u>                      | <u>\$ 12,178,241</u>                             | <u>\$ 14,980,515</u>                       | <u>\$ 75,460,254</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, 2010**

|  | <b>General<br/>Fund</b> | <b>County<br/>Transportation<br/>Fund</b> | <b>Municipal<br/>Services</b> |
|--|-------------------------|---|-------------------------------|
| <b>Revenues</b>  |                         |   |                               |
| Taxes  | \$ 35,434,621           | \$ 7,652,497                              | \$ 9,899,970                  |
| Licenses and Permits   | 10,822                  | 17,035                                    | 43,670                        |
| Intergovernmental Revenues   | 5,089,175               | 1,236,691                                 | 485,052                       |
| Charges for Services   | 1,598,952               | 4,836                                     | 131,035                       |
| Fines and Forfeitures  | 76,898                  | 0   | 10,597                        |
| Investment Earnings  | 334,992                 | 173,387                                   | 157,742                       |
| Miscellaneous  | 173,202                 | 77,005                                    | 27,949                        |
| <b>Total Revenues</b>  | <b>42,718,662</b>       | <b>9,161,451</b>                          | <b>10,756,015</b>             |
| <b>Expenditures</b>  |                         |   |                               |
| Current:   |                         |   |                               |
| General Government Services  | 5,739,877               | 0   | 672,118                       |
| Public Safety  | 8,286,019               | 0   | 6,019,003                     |
| Physical Environment   | 396,167                 | 0   | 0                             |
| Transportation   | 0                       | 6,388,688                                 | 0                             |
| Economic Environment   | 52,349                  | 0   | 0                             |
| Human Services   | 2,545,499               | 0   | 835,240                       |
| Culture and Recreation   | 1,787,607               | 0   | 0                             |
| Court-related Expenditures   | 675,866                 | 0   | 0                             |
| Capital Outlay   | 1,545,076               | 249,875                                   | 60,058                        |
| Debt Service:  |                         |   |                               |
| Principal Retirement   | 0                       | 0   | 0                             |
| Interest and Fiscal Charges  | 0                       | 0   | 0                             |
| <b>(Total Expenditures)</b>  | <b>21,028,460</b>       | <b>6,638,563</b>                          | <b>7,586,419</b>              |
| <b>Excess (Deficiency) of Revenues Over<br/>(Under) Expenditures</b> | <b>21,690,202</b>       | <b>2,522,888</b>                          | <b>3,169,596</b>              |
| <b>Other Financing Sources (Uses)</b>                                |                         |   |                               |
| Transfers from Constitutional Officers                               | 1,218,213               | 23,625                                    | 44,600                        |
| Transfers to Constitutional Officers                                 | (19,125,550)            | (126,249)                                 | (2,973,890)                   |
| Operating Transfers in   | 329,343                 | 19,186                                    | 0                             |
| Operating Transfers (out)  | (2,551,954)             | (1,500,000)                               | (85,470)                      |
| <b>Total Other Financing Sources (Uses)</b>                          | <b>(20,129,948)</b>     | <b>(1,583,438)</b>                        | <b>(3,014,760)</b>            |
| <b>Net Change in Fund Balances</b>                                   | <b>1,560,254</b>        | <b>939,450</b>                            | <b>154,836</b>                |
| <b>Fund Balances at Beginning of Year</b>                            | <b>11,858,865</b>       | <b>4,304,358</b>                          | <b>2,986,908</b>              |
| <b>Fund Balances at End of Year</b>                                  | <b>\$ 13,419,119</b>    | <b>\$ 5,243,808</b>                       | <b>\$ 3,141,744</b>           |

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

| <b>One-Cent<br/>County<br/>Surtax</b> | <b>Impact Fee<br/>Ordinance<br/>Trust</b> | <b>Capital<br/>Projects -<br/>Transportation</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---------------------------------------|---|--|--|---|
| \$ 6,108,991                          | \$ 0                                      | \$ 0   | \$ 3,810,792                               | \$ 62,906,871                           |
| 0                                     | 0   | 0  | 2,026,015                                  | 2,097,542                               |
| 0                                     | 0   | 1,059,565  | 1,769,170                                  | 9,639,653                               |
| 403                                   | 748                                       | 90,091   | 786,906                                    | 2,612,971                               |
| 0                                     | 0   | 0  | 176,828                                    | 264,323                                 |
| 185,030                               | 149,020                                   | 72,172   | 141,902                                    | 1,214,245                               |
| 4,000                                 | 0   | 586,728  | 110,479                                    | 979,363                                 |
| <u>6,298,424</u>                      | <u>149,768</u>                            | <u>1,808,556</u>                                 | <u>8,822,092</u>                           | <u>79,714,968</u>                       |
| 236,691                               | 1,019                                     | 0  | 731,986                                    | 7,381,691                               |
| 0                                     | 2,754                                     | 0  | 607,565                                    | 14,915,341                              |
| 0                                     | 0   | 0  | 362,218                                    | 758,385                                 |
| 124,878                               | 112,038                                   | 1,439,651  | 0  | 8,065,255                               |
| 0                                     | 0   | 0  | 3,198,237                                  | 3,250,586                               |
| 0                                     | 0   | 0  | 121,509                                    | 3,502,248                               |
| 0                                     | 514                                       | 0  | 0  | 1,788,121                               |
| 0                                     | 0   | 0  | 280,579                                    | 956,445                                 |
| 369,732                               | 905,787                                   | 2,137,214  | 1,620,345                                  | 6,888,087                               |
| 0                                     | 0   | 0  | 3,060,871                                  | 3,060,871                               |
| 0                                     | 0   | 0  | 2,270,821                                  | 2,270,821                               |
| <u>731,301</u>                        | <u>1,022,112</u>                          | <u>3,576,865</u>                                 | <u>12,254,131</u>                          | <u>52,837,851</u>                       |
| <u>5,567,123</u>                      | <u>(872,344)</u>                          | <u>(1,768,309)</u>                               | <u>(3,432,039)</u>                         | <u>26,877,117</u>                       |
| 0                                     | 0   | 0  | 144,462                                    | 1,430,900                               |
| (107)                                 | 0   | (244)  | (843,771)                                  | (23,069,811)                            |
| 576,601                               | 0   | 6,584,641  | 2,654,177                                  | 10,163,948                              |
| (2,328,000)                           | (2,756,641)                               | (561,401)  | (269,049)                                  | (10,052,515)                            |
| <u>(1,751,506)</u>                    | <u>(2,756,641)</u>                        | <u>6,022,996</u>                                 | <u>1,685,819</u>                           | <u>(21,527,478)</u>                     |
| 3,815,617                             | (3,628,985)                               | 4,254,687  | (1,746,220)                                | 5,349,639                               |
| <u>6,511,811</u>                      | <u>14,426,036</u>                         | <u>6,981,646</u>                                 | <u>15,325,992</u>                          | <u>62,395,616</u>                       |
| <u>\$ 10,327,428</u>                  | <u>\$ 10,797,051</u>                      | <u>\$ 11,236,333</u>                             | <u>\$ 13,579,772</u>                       | <u>\$ 67,745,255</u>                    |

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

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS  
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS  
SEPTEMBER 30, 2010**

|  | <b>Business-type Activities - Enterprise Funds</b> |                     |                       |
|--|--|---------------------|-----------------------|
|  | <b>Solid Waste</b>                                 | <b>Water and</b>    | <b>Totals</b>         |
|  | <b>Disposal</b>                                    | <b>Sewer</b>        |                       |
| <b>Assets</b>  |  |                     |                       |
| Current Assets:  |  |                     |                       |
| Cash and Cash Equivalents  | \$ 3,446,465                                       | \$ 1,564,490        | \$ 5,010,955          |
| Equity in Pooled Investments   | 613,718  | 0                   | 613,718               |
| Accounts Receivable, Net   | 4,016  | 362,386             | 366,402               |
| Assessments Receivable, Net  | 54,254   | 0                   | 54,254                |
| Due from Constitutional Officers   | 2,719  | 0                   | 2,719                 |
| Due from Other Governments   | 25,753   | 0                   | 25,753                |
| Prepaid Expenses   | 6  | 0                   | 6                     |
| <b>Total Current Assets</b>  | <b>4,146,931</b>                                   | <b>1,926,876</b>    | <b>6,073,807</b>      |
| Noncurrent Assets:   |  |                     |                       |
| Cash and Cash Equivalents - Restricted   | 8,255,088  | 1,960,192           | 10,215,280            |
| Equity in Pooled Investments - Restricted                                      | 1,000,390  | 0                   | 1,000,390             |
| Deferred Charges - Bond Issuance Cost  | 0  | 590,910             | 590,910               |
| Capital Assets (Net of Accumulated<br>Depreciation Where Applicable)           | 1,418,202  | 14,402,622          | 15,820,824            |
| <b>Total Noncurrent Assets</b>   | <b>10,673,680</b>                                  | <b>16,953,724</b>   | <b>27,627,404</b>     |
| <b>Total Assets</b>  | <b>14,820,611</b>                                  | <b>18,880,600</b>   | <b>33,701,211</b>     |
| <b>Liabilities</b>   |  |                     |                       |
| Current Liabilities:   |  |                     |                       |
| Accounts Payable   | 148,718  | 114,171             | 262,889               |
| Other Current Liabilities  | 0  | 63,860              | 63,860                |
| Due to Constitutional Officers   | 0  | 152                 | 152                   |
| Due to Other Funds   | 12,220   | 54,301              | 66,521                |
| Deferred Revenues  | 1,750  | 39,930              | 41,680                |
| Deposits   | 0  | 88,800              | 88,800                |
| Bonds Payable (Net of Unamortized Discount)                                    | 0  | 426,136             | 426,136               |
| Compensated Absences   | 10,000   | 24,000              | 34,000                |
| <b>Total Current Liabilities</b>   | <b>172,688</b>                                     | <b>811,350</b>      | <b>984,038</b>        |
| Noncurrent Liabilities:  |  |                     |                       |
| Compensated Absences   | 16,352   | 138,568             | 154,920               |
| Other Postemployment Benefits  | 22,010   | 44,020              | 66,030                |
| Bonds Payable Long-term<br>(Net of Unamortized Discount)                       | 0  | 15,804,987          | 15,804,987            |
| Landfill Closure and Postclosure Liability<br>(Payable from Restricted Assets) | 22,597,819   | 0                   | 22,597,819            |
| <b>Total Noncurrent Liabilities</b>  | <b>22,636,181</b>                                  | <b>15,987,575</b>   | <b>38,623,756</b>     |
| <b>Total Liabilities</b>   | <b>22,808,869</b>                                  | <b>16,798,925</b>   | <b>39,607,794</b>     |
| <b>Net Assets</b>  |  |                     |                       |
| Invested in Capital Assets, Net of Related Debt                                | 1,418,202  | (1,237,591)         | 180,611               |
| Restricted   | 0  | 1,871,392           | 1,871,392             |
| Unrestricted   | (9,406,460)  | 1,447,874           | (7,958,586)           |
| <b>Total Net Assets</b>  | <b>\$ (7,988,258)</b>                              | <b>\$ 2,081,675</b> | <b>\$ (5,906,583)</b> |

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 ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

|   | <b>Business-Type Activities - Enterprise Funds</b> |                            |                       |
|---|--|----------------------------|-----------------------|
|   | <b>Solid Waste<br/>Disposal</b>                    | <b>Water and<br/>Sewer</b> | <b>Totals</b>         |
| <b>Operating Revenues</b>                         |  |                            |                       |
| Charges for Services                              | \$ 76,089  | \$ 3,089,011               | \$ 3,165,100          |
| Special Assessments                               | 7,339  | 0                          | 7,339                 |
| Other Income                                      | 14,447   | 34,950                     | 49,397                |
| <b>Total Operating Revenues</b>                   | <u>97,875</u>                                      | <u>3,123,961</u>           | <u>3,221,836</u>      |
| <b>Operating Expenses</b>                         |  |                            |                       |
| Contractual Services                              | 20,231   | 12,946                     | 33,177                |
| Professional Services                             | 696,931  | 81,640                     | 778,571               |
| Landfill Closure and Postclosure                  | 266,702  | 0                          | 266,702               |
| Salaries and Benefits                             | 328,974  | 636,250                    | 965,224               |
| Rentals and Leases                                | 7,864  | 3,313                      | 11,177                |
| Repairs and Maintenance                           | 91,674   | 48,650                     | 140,324               |
| Gas and Oil                                       | 19,616   | 16,136                     | 35,752                |
| Materials   | 6,869  | 72,967                     | 79,836                |
| Depreciation                                      | 124,524  | 633,544                    | 758,068               |
| Other Expenses                                    | 216,782  | 345,979                    | 562,761               |
| <b>(Total Operating Expenses)</b>                 | <u>1,780,167</u>                                   | <u>1,851,425</u>           | <u>3,631,592</u>      |
| <b>Operating (Loss) Income</b>                    | <u>(1,682,292)</u>                                 | <u>1,272,536</u>           | <u>(409,756)</u>      |
| <b>Nonoperating Revenues (Expenses)</b>           |  |                            |                       |
| Interest Earnings                                 | 70,176   | 10,609                     | 80,785                |
| Grant Revenues                                    | 78,787   | 0                          | 78,787                |
| Gains on Property, Plant and Equipment Retirement | 61,653   | 0                          | 61,653                |
| Interest and Other Debt Service Costs             | 0  | (813,662)                  | (813,662)             |
| <b>Total Nonoperating Revenues (Expenses)</b>     | <u>210,616</u>                                     | <u>(803,053)</u>           | <u>(592,437)</u>      |
| <b>(Loss) Income Before Transfers</b>             | <u>(1,471,676)</u>                                 | <u>469,483</u>             | <u>(1,002,193)</u>    |
| <b>Transfers</b>                                  |  |                            |                       |
| Operating Transfers (out)                         | (74,035)   | (37,398)                   | (111,433)             |
| Transfer in from Constitutional Officer           | 2,080  | 0                          | 2,080                 |
| Transfer (out) to Constitutional Officer          | (18,614)   | (115,917)                  | (134,531)             |
| <b>Total Transfers</b>                            | <u>(90,569)</u>                                    | <u>(153,315)</u>           | <u>(243,884)</u>      |
| <b>Change in Net Assets</b>                       | <u>(1,562,245)</u>                                 | <u>316,168</u>             | <u>(1,246,077)</u>    |
| <b>Total Net Assets, Beginning of Year</b>        | <u>(6,426,013)</u>                                 | <u>1,765,507</u>           | <u>(4,660,506)</u>    |
| <b>Total Net Assets, End of Year</b>              | <u>\$ (7,988,258)</u>                              | <u>\$ 2,081,675</u>        | <u>\$ (5,906,583)</u> |

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, 2010**

|  | <b>Business-Type Activities - Enterprise Funds</b> |                            |                      |
|--|--|----------------------------|----------------------|
|  | <b>Solid Waste<br/>Disposal</b>                    | <b>Water and<br/>Sewer</b> | <b>Total</b>         |
| <b>Cash Flows from Operating Activities</b>                                    |  |                            |                      |
| Cash Received from Customers   | \$ 292,153   | \$ 3,122,547               | \$ 3,414,700         |
| Cash Payments to Vendors for Goods and Services                                | (1,739,961)  | (594,144)                  | (2,334,105)          |
| Cash Payments to Employees   | (358,337)  | (633,446)                  | (991,783)            |
| Cash Received from Other Sources   | 14,447   | 0                          | 14,447               |
| <b>Net Cash Provided by (Used in) Operating Activities</b>                     | <u>(1,791,698)</u>                                 | <u>1,894,957</u>           | <u>103,259</u>       |
| <b>Noncapital Financing Activities</b>   |  |                            |                      |
| Cash Received from Grant Revenues  | 78,787   | 0                          | 78,787               |
| Transfers from Constitutional Officers   | 2,080  | 0                          | 2,080                |
| Transfers to Constitutional Officers   | (18,614)   | (115,917)                  | (134,531)            |
| Transfers to Other Funds   | (74,035)   | (37,398)                   | (111,433)            |
| <b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>          | <u>(11,782)</u>                                    | <u>(153,315)</u>           | <u>(165,097)</u>     |
| <b>Capital and Related Financing Activities</b>                                |  |                            |                      |
| Acquisition of Property, Plant, and Equipment                                  | (211,230)  | (276,855)                  | (488,085)            |
| Proceeds from Sale of Property, Plant and Equipment                            | 119,730  | 0                          | 119,730              |
| Principal Payments on Bonds  | 0  | (420,000)                  | (420,000)            |
| Payment of Interest and Other Debt Costs                                       | 0  | (779,106)                  | (779,106)            |
| <b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b> | <u>(91,500)</u>                                    | <u>(1,475,961)</u>         | <u>(1,567,461)</u>   |
| <b>Investing Activities</b>  |  |                            |                      |
| Interest Received  | 70,176   | 10,609                     | 80,785               |
| Sales of Investments   | 3,636,620  | 0                          | 3,636,620            |
| Purchase of Investments  | (156,807)  | 0                          | (156,807)            |
| <b>Net Cash Provided by (Used in) Investing Activities</b>                     | <u>3,549,989</u>                                   | <u>10,609</u>              | <u>3,560,598</u>     |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                    | 1,655,009  | 276,290                    | 1,931,299            |
| <b>Cash and Cash Equivalents, Beginning of Year</b>                            | 10,046,544   | 3,248,392                  | 13,294,936           |
| <b>Cash and Cash Equivalents, End of Year</b>                                  | <u>\$ 11,701,553</u>                               | <u>\$ 3,524,682</u>        | <u>\$ 15,226,235</u> |
| <b><u>Reported in Statement of Net Assets as:</u></b>                          |  |                            |                      |
| Cash and Cash Equivalents  | \$ 3,446,465                                       | \$ 1,564,490               | \$ 5,010,955         |
| Cash and Cash Equivalents - Restricted   | 8,255,088  | 1,960,192                  | 10,215,280           |
| <b>Total</b>   | <u>\$ 11,701,553</u>                               | <u>\$ 3,524,682</u>        | <u>\$ 15,226,235</u> |

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, 2010**  
*(Concluded)*

|  | <b>Business-Type Activities - Enterprise Funds</b> |                            |                          |
|--|--|----------------------------|--------------------------|
|  | <b>Solid Waste<br/>Disposal</b>                    | <b>Water and<br/>Sewer</b> | <b>Total</b>             |
| <b><u>Reconciliation of Operating Income (Loss) to Net<br/>Cash Provided by (Used in) Operating Activities</u></b> |  |                            |                          |
| Operating Income (Loss)  | \$ (1,682,292)                                     | \$ 1,272,536               | \$ (409,756)             |
| Adjustments to Reconcile Net Income (Loss)<br>to Net Cash Provided by (Used in) Operating<br>Activities:           |  |                            |                          |
| Depreciation and Amortization  | 124,524  | 633,544                    | 758,068                  |
| Other Postemployment Benefits  | 11,005   | 22,010                     | 33,015                   |
| Provision for Closure and Postclosure Costs  | (11,589)   | 0                          | (11,589)                 |
| Changes in Assets - Decrease (Increase):   |  |                            |                          |
| Decrease (Increase) in Accounts Receivable   | 133,373  | 7,617                      | 140,990                  |
| Decrease (Increase) in Assessments Receivable  | 9,263  | 0                          | 9,263                    |
| Decrease (Increase) in Due from<br>Constitutional Officers   | 9,673  | 46                         | 9,719                    |
| Decrease (Increase) in Due from Other<br>Governments   | 90,644   | 3,838                      | 94,482                   |
| Decrease (Increase) in Prepaid Expense   | 122  | 0                          | 122                      |
| Changes in Liabilities - Increase (Decrease):  |  |                            |                          |
| Increase (Decrease) in Accounts Payable  | (413,292)  | (12,559)                   | (425,851)                |
| Increase (Decrease) in Due to Other Funds  | (22,611)   | 23,943                     | 1,332                    |
| Increase (Decrease) in Deferred Revenues   | (150)  | (13,310)                   | (13,460)                 |
| Increase (Decrease) in Deposits  | 0  | (23,502)                   | (23,502)                 |
| Increase (Decrease) in Compensated Absences  | (40,368)   | (19,206)                   | (59,574)                 |
| <b>Net Cash Provided by (Used in) Operating Activities</b>   | <b><u>\$ (1,791,698)</u></b>                       | <b><u>\$ 1,894,957</u></b> | <b><u>\$ 103,259</u></b> |

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

## **NOTES TO FINANCIAL STATEMENTS**

**NOTES TO FINANCIAL STATEMENTS**  
**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS**  
**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 special purpose 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, 2010. 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, 2010. 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**

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 Board, were prepared in conformity with generally accepted accounting principles (GAAP).

**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, liabilities, fund balances, or net assets, 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:

**NOTES TO FINANCIAL STATEMENTS**  
**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS**  
**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 **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.

■ **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 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.

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

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

**Fund Accounting (Concluded)**

■ **Major Proprietary Funds (Concluded)**

● **The Solid Waste Disposal and the Water and Sewer Enterprise Funds—(Concluded)**

The Solid Waste Disposal Fund accounts for the collection of solid waste services provided to the County on all improved County property. The Water and Sewer Fund accounts for water and wastewater services provided to approximately 3,000 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.

**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 and current liabilities are generally included on the balance sheet. Accordingly, the reported fund balances (assets less liabilities) 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 and liabilities are included on their balance sheets, and the reported net assets (total reported assets less total reported liabilities) 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 assets.

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.

The Board consistently applies Financial Accounting Standards Board (FASB) pronouncements issued subsequent to November 30, 1989, for its proprietary funds, except for those that conflict with or contradict GASB pronouncements.

**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 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 30 days after year-end.

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

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

**Basis of Accounting (Concluded)**

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 accounting when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, 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.

**Encumbrance Procedures**

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. These amounts are reported as a reservation of fund balance.

**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 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).

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.

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

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

**Accounts Receivable**

Accounts receivable are reported net of the allowance for uncollectibles on the balance sheet - governmental funds and statement of net assets - 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. On the governmental funds balance sheet, the inventory balance reported is offset by a fund balance reserve which indicated it does not constitute “available spendable resources” even though it is a component of net current assets.

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.

**Restricted Assets**

Certain resources in the solid waste disposal and water and sewer enterprise funds are set-aside for payment of the landfill closure, 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 assets - proprietary funds because their use is limited. All cash and investments classified as restricted is 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 restricted resources first, then unrestricted resources as they are needed.

**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 assets 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.

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

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

**Capital Assets and Long-term Liabilities (Concluded)**

■ **Governmental Funds (Concluded)**

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 special purpose 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:

| <u>Capital Asset<br/>Category</u>              | <u>Capitalization<br/>Threshold</u>          |
|--|--|
| Buildings                                      | \$25,000                                     |
| Building Improvements                          | Greater of \$25,000 or 10% of Original Value |
| Improvements to Land Other than<br>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<br>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   |

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:

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

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

**Proprietary Enterprise Funds (Concluded)**

|           |             |
|-----------|-------------|
| Buildings | 15-40 Years |
| Equipment | 3-20 Years  |

The open West Nassau landfill is depreciated based on the usage of the landfill. The closed landfills are fully depreciated.

**Unamortized Bond Issuance Costs**

Bond issuance costs are amortized over the life of the bonds by the straight-line method, which does not result in a material difference from the effective interest method.

**Capitalization of Interest Costs**

When applicable the Board follows the guidelines of FASB Statement Nos. 34 and 62 to determine if interest costs related to construction of capital assets should be capitalized. For fiscal year ended September 30, 2010, no interest was capitalized.

**Deferred Revenue**

Deferred revenues reported in the governmental fund financial statements represent unearned revenues or revenues that are measurable but not available.

**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)**

The County implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*, during the fiscal year ending September 30, 2009. A liability for OPEB has been recorded in the enterprise funds.

**Fund Equity Reservations and Designations**

In the accompanying financial statements, use of the terms “reserved” and “restricted” is limited to indicating that a portion of reported fund equity is legally restricted to a specific future use more narrow than the fund designation or is not available for appropriation of expenditure.

“Designated” portions of fund equity represent management’s tentative spending plan. Such designations should clearly be distinguished from reserves, since managerial plans are subject to change and may never be legally authorized or result in actual expenditures.

**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, 2010, the Board levied 5.5670 mills. An additional 1.6694 mills was levied for the benefit of the Nassau County Municipal Services Taxing Unit.

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

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

**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. 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.  |

**Note 2 - Cash and Investments**

**Deposits with Financial Institutions**

At year-end, the carrying amount of the Board's deposits with financial institutions was \$31,857,817 and the bank balances were \$32,061,058. 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.

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

**Note 2 - Cash and Investments (Continued)**

**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.

During 2008, the Florida State Board of Administration (SBA), who provides oversight for the Local Government Surplus Trust Fund (now Florida PRIME), reported that the fund was exposed to potential risks due to indirect exposure in the subprime mortgage financial market. Consequently, the SBA placed restrictions on how participants could access portions of their surplus funds and ultimately restructured the pool into two separate pools (Florida PRIME and Fund B). During the fiscal year ended September 30, 2009, the Board divested its remaining holdings in the State Pool Florida Prime. As of September 30, 2010, the Board has \$1,130,044 in Fund B. The Board's investment in Fund B is reported at estimated fair value, determined by the estimated fair value per share of the pool's underlying portfolio.

The SBA is governed by Chapter 19-7 of the Florida Administrative Code, which identifies the rules of the SBA. These rules provide guidance and establish the general operating procedures for the administration of the pool. The powers and duties of the SBA are also defined in Florida Statute 218.40. Additionally, the office of the Auditor General performs an operational audit of the activities and investments of the SBA.

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 weighted average life (WAL) of the County's investment in the SBA Fund B at September 30, 2010, was 7.49 years. A portfolio's WAL is the dollar weighted-average length of time until securities held reach maturity. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the weighted-average life. The certificates of deposit have an average maturity of less than one year.
- *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. Fund B is not rated by a nationally recognized statistical rating agency and the certificates of deposit are held in qualified public depositories or at levels below FDIC insurance thresholds.

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

**Note 2 - Cash and Investments (Concluded)**

**Investments (Concluded)**

In accordance with the provisions of Rule 62-701, Florida Administrative Code (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, and the Lofton Creek Landfills. In addition, an escrow account was established for the closure and postclosure costs associated with the New West Nassau Landfill. Furthermore, the Board has established an escrow account for financial responsibility for corrective actions for the West Nassau Landfill vertical expansion. 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:

| <b>Description</b>                               | <b>Fair Value</b>           |
|--|-----------------------------|
| Cash and Cash Equivalents                        | \$ 22,760,665               |
| Certificates of Deposit                          | 41,714,983                  |
| SBA Local Government Surplus Funds Trust- Fund B | 1,130,044                   |
| Money Market Accounts                            | <u>19,204,971</u>           |
| <b>Total Cash and Investments</b>                | <b><u>\$ 84,810,663</u></b> |

Reported in accompanying financial statements as follows:

| <b>Account</b>   | <b>Reported Amount</b>      |
|--|-----------------------------|
| Cash and Cash Equivalents - Governmental Activities                | \$ 16,630,222               |
| Cash and Cash Equivalents - Business-type Activities               | 5,010,955                   |
| Equity in Pooled Investments - Governmental Activities             | 51,340,098                  |
| Equity in Pooled Investments - Business-type Activities            | 613,718                     |
| Restricted Cash and Cash Equivalents - Business-type Activities    | 10,215,280                  |
| Restricted Equity in Pooled Investments - Business-type Activities | <u>1,000,390</u>            |
| <b>Total Cash and Investments</b>                                  | <b><u>\$ 84,810,663</u></b> |

**Note 3 - Accounts Receivable**

Accounts receivable (net of allowances for uncollectibles) at September 30, 2010, included the following:

|                                   | <b>Receivable</b>          | <b>Allowance</b>             | <b>Net</b>               |
|-----------------------------------|----------------------------|------------------------------|--------------------------|
| <b>Governmental Funds</b>         |                            |                              |                          |
| General Fund                      | \$ 1,931,466               | \$ (1,436,209)               | \$ 495,257               |
| County Transportation             | 82,531                     | 0                            | 82,531                   |
| Municipal Services                | 1,940                      | 0                            | 1,940                    |
| One-cent County Surtax            | 117                        | 0                            | 117                      |
| Impact Fee Ordinance              | 47                         | 0                            | 47                       |
| Capital Projects - Transportation | 217                        | 0                            | 217                      |
| Nonmajor Governmental Funds       | <u>23,873</u>              | <u>0</u>                     | <u>23,873</u>            |
| <b>Total Governmental Funds</b>   | <b><u>\$ 2,040,191</u></b> | <b><u>\$ (1,436,209)</u></b> | <b><u>\$ 603,982</u></b> |

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

**Note 3 - Accounts Receivable (Concluded)**

|                                  | <u>Receivable</u> | <u>Allowance</u>   | <u>Net</u>        |
|----------------------------------|-------------------|--------------------|-------------------|
| <b>Business-type Funds</b>       |                   |                    |                   |
| Solid Waste Disposal             | \$ 4,016          | \$ 0               | \$ 4,016          |
| Water and Sewer                  | <u>388,199</u>    | <u>(25,813)</u>    | <u>362,386</u>    |
| <b>Total Business-type Funds</b> | <u>\$ 392,215</u> | <u>\$ (25,813)</u> | <u>\$ 366,402</u> |

**Note 4 - Assessments Receivable**

Assessments receivable (net of allowances for uncollectibles) at September 30, 2010, included the following:

|                                  | <u>Receivable</u> | <u>Allowance</u>    | <u>Net</u>       |
|----------------------------------|-------------------|---------------------|------------------|
| <b>Business-type Funds</b>       |                   |                     |                  |
| Solid Waste Disposal             | \$ 833,128        | \$ (778,874)        | \$ 54,254        |
| <b>Total Business-type Funds</b> | <u>\$ 833,128</u> | <u>\$ (778,874)</u> | <u>\$ 54,254</u> |

**Note 5 - Restricted Assets**

Restricted assets in the proprietary funds at September 30, 2010, 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, 2010, were restricted for the following purposes:

|                                       |                      |
|---------------------------------------|----------------------|
| Customer Deposits                     | \$ 88,800            |
| Landfill Closure Costs                | 9,021,476            |
| Landfill Postclosure Costs            | 234,002              |
| Renewal and Replacement (Water/Sewer) | 584,224              |
| Impact Fees                           | 1,186,398            |
| Debt Service                          | <u>100,770</u>       |
| <b>Total</b>                          | <u>\$ 11,215,670</u> |

Reported in accompanying financial statements as follows:

| <u>Account</u>   | <u>Reported Amount</u> |
|--|------------------------|
| Restricted Cash and Cash Equivalents - Business-type Activities    | \$ 10,215,280          |
| Restricted Equity in Pooled Investments - Business-type Activities | <u>1,000,390</u>       |
| <b>Total Restricted Assets</b>                                     | <u>\$ 11,215,670</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 assets.

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

**Note 6 - Capital Assets (Concluded)**

Capital asset activity for the year ended September 30, 2010, was as follows:

|  | <u>Balance</u><br><u>10/1/09</u> | <u>Increases</u>       | <u>(Decreases)</u>    | <u>Balance</u><br><u>9/30/10</u> |
|--|----------------------------------|------------------------|-----------------------|----------------------------------|
| <b>Governmental Activities</b>               |                                  |                        |                       |                                  |
| Capital Assets Not Being Depreciated:        |                                  |                        |                       |                                  |
| Land   | \$ 75,103,336                    | \$ 67,206              | \$ (5,841)            | \$ 75,164,701                    |
| Construction Work in Progress                | <u>1,864,655</u>                 | <u>2,723,270</u>       | <u>(1,920,951)</u>    | <u>2,666,974</u>                 |
| Total Capital Assets Not Being Depreciated   | <u>76,967,991</u>                | <u>2,790,476</u>       | <u>(1,926,792)</u>    | <u>77,831,675</u>                |
| Capital Assets Being Depreciated:            |                                  |                        |                       |                                  |
| Building and Improvements                    | 56,001,042                       | 1,218,945              | (896,205)             | 56,323,782                       |
| Machinery and Equipment                      | 22,597,911                       | 1,306,085              | (474,104)             | 23,429,892                       |
| Leasehold Improvements                       | 1,151,985                        | 0                      | 0                     | 1,151,985                        |
| Infrastructure                               | <u>597,315,568</u>               | <u>1,525,521</u>       | <u>(30,907)</u>       | <u>598,810,182</u>               |
| Total Capital Assets Being Depreciated       | <u>677,066,506</u>               | <u>4,050,551</u>       | <u>(1,401,216)</u>    | <u>679,715,841</u>               |
| Less Accumulated Depreciation:               |                                  |                        |                       |                                  |
| Buildings and Improvements                   | (13,910,632)                     | (1,529,749)            | 898,322               | (14,542,059)                     |
| Machinery and Equipment                      | (16,524,684)                     | (2,017,189)            | 495,018               | (18,046,855)                     |
| Leasehold Improvements                       | (76,128)                         | (10,987)               | 0                     | (87,115)                         |
| Infrastructure                               | <u>(210,523,485)</u>             | <u>(15,629,110)</u>    | <u>7,201</u>          | <u>(226,145,394)</u>             |
| Total Accumulated Depreciation               | <u>(241,034,929)</u>             | <u>(19,187,035)</u>    | <u>1,400,541</u>      | <u>(258,821,423)</u>             |
| Total Capital Assets Being Depreciated, Net  | <u>436,031,577</u>               | <u>(15,136,484)</u>    | <u>(675)</u>          | <u>420,894,418</u>               |
| <b>Total Governmental Activities</b>         |                                  |                        |                       |                                  |
| <b>Capital Assets, Net</b>                   | <u>\$ 512,999,568</u>            | <u>\$ (12,346,008)</u> | <u>\$ (1,927,467)</u> | <u>\$ 498,726,093</u>            |
| <b>Business-type Activities</b>              |                                  |                        |                       |                                  |
| Capital Assets, Not Being Depreciated:       |                                  |                        |                       |                                  |
| Land   | \$ 808,434                       | \$ 0                   | \$ 0                  | \$ 808,434                       |
| Construction Work in Progress                | <u>251,498</u>                   | <u>80,919</u>          | <u>(332,417)</u>      | <u>0</u>                         |
| Total Capital Assets Not Being Depreciated   | <u>1,059,932</u>                 | <u>80,919</u>          | <u>(332,417)</u>      | <u>808,434</u>                   |
| Capital Assets, Being Depreciated:           |                                  |                        |                       |                                  |
| Building and Improvements                    | 836,111                          | 316,147                | 0                     | 1,152,258                        |
| Equipment                                    | 21,227,489                       | 423,437                | (2,084,359)           | 19,566,567                       |
| Landfill                                     | <u>41,701,285</u>                | <u>0</u>               | <u>0</u>              | <u>41,701,285</u>                |
| Total Capital Assets Being Depreciated       | <u>63,764,885</u>                | <u>739,584</u>         | <u>(2,084,359)</u>    | <u>62,420,110</u>                |
| Less Accumulated Depreciation:               |                                  |                        |                       |                                  |
| Building and Improvements                    | (151,356)                        | (21,755)               | 0                     | (173,111)                        |
| Equipment                                    | (6,823,293)                      | (736,313)              | 2,026,282             | (5,533,324)                      |
| Landfill                                     | <u>(41,701,285)</u>              | <u>0</u>               | <u>0</u>              | <u>(41,701,285)</u>              |
| Total Accumulated Depreciation               | <u>(48,675,934)</u>              | <u>(758,068)</u>       | <u>2,026,282</u>      | <u>(47,407,720)</u>              |
| Total Capital Assets, Being Depreciated, Net | <u>15,088,951</u>                | <u>(18,484)</u>        | <u>(58,077)</u>       | <u>15,012,390</u>                |
| <b>Total Business-type Activities</b>        |                                  |                        |                       |                                  |
| <b>Capital Assets, Net</b>                   | <u>\$ 16,148,883</u>             | <u>\$ 62,435</u>       | <u>\$ (390,494)</u>   | <u>\$ 15,820,824</u>             |

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

**Note 7 - Interfund Activity**

Interfund balances at September 30, 2010, consisted of the following:

Due to/from other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u>   | <u>Total</u>      |
|------------------------|-----------------------|-------------------|
| General                | County Transportation | \$ 209,260        |
|                        | Municipal Service     | 313,683           |
|                        | Nonmajor              | 310,466           |
|                        | Solid Waste Disposal  | 12,220            |
|                        | Water and Sewer       | 54,301            |
| County Transportation  | Nonmajor              | 2,483             |
| Nonmajor               | Impact Fee Ordinance  | <u>5,962</u>      |
| <b>Total</b>           |                       | <u>\$ 908,375</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 \$49,723 due to the Constitutional Officers and \$2,164,201 due from the Constitutional Officers.

Interfund transfers:

| <u>Transfers Out</u>              | <u>Transfers In</u> |  |                   |  |  | <u>Totals</u>        |
|-----------------------------------|---------------------|--|-------------------|--|--|----------------------|
|                                   | <u>General</u>      | <u>County<br/>Trans-<br/>portation</u> | <u>One-Cent</u>   | <u>Capital<br/>Projects<br/>Trans-<br/>portation</u> | <u>Nonmajor<br/>Govern-<br/>mental</u> |                      |
| General                           | \$ 0                | \$ 0                                   | \$ 0              | \$ 0   | \$ 2,551,954                           | \$ 2,551,954         |
| County Transportation             | 0                   | 0                                      | 0                 | 1,500,000  | 0                                      | 1,500,000            |
| Municipal                         | 85,470              | 0                                      | 0                 | 0  | 0                                      | 85,470               |
| One-cent County                   | 0                   | 0                                      | 0                 | 2,328,000  | 0                                      | 2,328,000            |
| Nassau County Impact Fees         | 0                   | 0                                      | 0                 | 2,756,641  | 0                                      | 2,756,641            |
| Capital Projects – Transportation | 0                   | 0                                      | 561,401           | 0  | 0                                      | 561,401              |
| Nonmajor Governmental             | 149,143             | 2,483                                  | 15,200            | 0  | 102,223                                | 269,049              |
| Solid Waste                       | 74,035              | 0                                      | 0                 | 0  | 0                                      | 74,035               |
| Water and Sewer                   | <u>20,695</u>       | <u>16,703</u>                          | <u>0</u>          | <u>0</u>   | <u>0</u>                               | <u>37,398</u>        |
| <b>Total</b>                      | <u>\$ 329,343</u>   | <u>\$ 19,186</u>                       | <u>\$ 576,601</u> | <u>\$ 6,584,641</u>                                  | <u>\$ 2,654,177</u>                    | <u>\$ 10,163,948</u> |

In addition to the interfund transfers, there were transfers out to the Constitutional Officers of \$23,204,342 and transfers in from the Constitutional Officers of \$1,432,980.

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.

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

**Note 8 - Operating Leases**

■ **Governmental Funds**

The Board is party to five operating leases during the period ended September 30, 2010, as follows:

- *Public Library Building*—the Board signed a five-year second amendment to the lease with Cal Plaza Holding Association, LTD, commencing June 1, 2005. Operating lease payments for the year ended September 30, 2010, were \$29,805.
- *Tower Site (14<sup>th</sup> Street)*—the Board entered into a five-year lease with Pinnacle Towers, LLC, commencing April 24, 2006. Operating lease payments for the year ended September 30, 2010, were \$23,100.
- *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 Tower Asset Sub, LLC, commencing April 24, 2006. Operating lease payments for the year ended September 30, 2010, were \$31,198.
- *EMS/ALS Vehicle Housing*—the Board entered into a three-year lease with the Town of Callahan, effective October 1, 2008. Operating lease payments for the year ended September 30, 2010, were \$19,200.
- *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, 2010, were \$14,400.

Future minimum lease payments under these leases follow:

| <u>Year Ending<br/>September 30</u> | <u>Tower<br/>Lease<br/>Sites</u> | <u>EMS/ALS<br/>Vehicle<br/>Housing</u> | <u>West Nassau<br/>Land<br/>Development</u> | <u>Total</u>      |
|-------------------------------------|----------------------------------|--|---|-------------------|
| 2011                                | \$ 21,292                        | \$ 21,600                              | \$ 57,600                                   | \$ 100,492        |
| 2012                                | 0                                | 0                                      | 57,600                                      | 57,600            |
| 2013                                | 0                                | 0                                      | 57,600                                      | 57,600            |
| 2014                                | 0                                | 0                                      | 57,600                                      | 57,600            |
| 2015                                | 0                                | 0                                      | 43,200                                      | 43,200            |
| <b>Total</b>                        | <u>\$ 21,292</u>                 | <u>\$ 21,600</u>                       | <u>\$ 273,600</u>                           | <u>\$ 316,492</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.

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

**Note 9 - Long-term Obligations (Continued)**

The following is a summary of changes in long-term obligations for the year ended September 30, 2010:

|   | <u>Balance</u><br><u>10/1/09</u> | <u>Additions</u>    | <u>Reductions</u>     | <u>Balance</u><br><u>9/30/10</u> | <u>Due Within</u><br><u>One Year</u> |
|---|----------------------------------|---------------------|-----------------------|----------------------------------|--------------------------------------|
| <b>Governmental Activities</b>                              |                                  |                     |                       |                                  |                                      |
| Bonds Payable   | \$ 49,825,925                    | \$ 133,076          | \$ (2,280,172)        | \$ 47,678,829                    | \$ 2,316,171                         |
| Premium on Bonds Payable                                    | 1,633,462                        | 0                   | (74,248)              | 1,559,214                        | 74,248                               |
| Special Assessment Debt                                     | <u>2,327,947</u>                 | <u>0</u>            | <u>(780,699)</u>      | <u>1,547,248</u>                 | <u>445,604</u>                       |
| Total Bonds and Notes Payable                               | 53,787,334                       | 133,076             | (3,135,119)           | 50,785,291                       | 2,836,023                            |
| Claims Payable  | 78,712                           | 0                   | (53,374)              | 25,338                           | 5,086                                |
| Compensated Absences  | 5,630,327                        | 2,223,894           | (2,340,640)           | 5,513,581                        | 1,840,000                            |
| Other Postemployment Benefits                               | <u>735,123</u>                   | <u>735,123</u>      | <u>0</u>              | <u>1,470,246</u>                 | <u>0</u>                             |
| <b>Total Governmental Activities Long-term Liabilities</b>  | <u>\$ 60,231,496</u>             | <u>\$ 3,092,093</u> | <u>\$ (5,529,133)</u> | <u>\$ 57,794,456</u>             | <u>\$ 4,681,109</u>                  |
| <b>Business-type Activities</b>                             |                                  |                     |                       |                                  |                                      |
| Bonds Payable   | \$ 16,855,000                    | \$ 0                | \$ (420,000)          | \$ 16,435,000                    | \$ 435,000                           |
| Unamortized Discount  | (212,741)                        | 0                   | 8,864                 | (203,877)                        | (8,864)                              |
| Compensated Absences  | 248,494                          | 87,560              | (147,134)             | 188,920                          | 34,000                               |
| Other Postemployment Benefits                               | 33,015                           | 33,015              | 0                     | 66,030                           | 0                                    |
| Landfill Closure/Postclosures                               | <u>22,609,408</u>                | <u>263,271</u>      | <u>(274,860)</u>      | <u>22,597,819</u>                | <u>0</u>                             |
| <b>Total Business-type Activities Long-term Liabilities</b> | <u>\$ 39,533,176</u>             | <u>\$ 383,846</u>   | <u>\$ (833,130)</u>   | <u>\$ 39,083,892</u>             | <u>\$ 460,136</u>                    |

**Governmental Activities**

A brief synopsis of long-term debt existing at September 30, 2010, follows:

**2009 Gas Tax Revenue Bonds**

Advance Refunding—The Board, in May 2009, issued the Gas Tax Revenue Bonds, Series 2009 in the amount of \$8,842,307. The Series 2009 Bonds were issued to provide funds sufficient, together with other available moneys of the Issuer, to refund the outstanding Nassau County, Florida Gas Tax Revenue Bonds, Series 1998, other than the Series 1998 Bonds maturing October 1, 2009 and pay certain costs and expenses related to issuance of the Series 2009 Bonds.

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

**Note 9 - Long-term Obligations (Continued)**

**Governmental Activities (Continued)**

**2009 Gas Tax Revenue Bonds (Concluded)**

The 2009 Gas Tax Revenue Bonds, Series 2009, 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 bonds are expected to require approximately 58% of such tax revenue and are payable through 2018. Principal and Interest payments for the current year totaled \$1,172,092 and gas tax revenues totaled \$2,019,742. At year-end, pledged future revenues totaled \$9,394,650, 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 rates at 3.720% per annum, are dated May 28, 2009, and are in denominations of \$5,000 each. A portion of such bonds mature annually with the final maturity date being October 1, 2018.

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

| <u>Year Ending<br/>September 30</u> | <u>Principal</u>    | <u>Interest</u>     | <u>Total</u>        |
|-------------------------------------|---------------------|---------------------|---------------------|
| 2011                                | \$ 878,413          | \$ 297,568          | \$ 1,175,981        |
| 2012                                | 907,315             | 264,891             | 1,172,206           |
| 2013                                | 944,787             | 231,139             | 1,175,926           |
| 2014                                | 980,814             | 195,993             | 1,176,807           |
| 2015                                | 1,014,801           | 159,507             | 1,174,308           |
| 2016-2018                           | 3,273,019           | 246,403             | 3,519,422           |
| <b>Total</b>                        | <u>\$ 7,999,149</u> | <u>\$ 1,395,501</u> | <u>\$ 9,394,650</u> |

**2001 Public Improvement Revenue Bonds**

The Board, in May 2001, issued the Public Improvement Revenue Bond, Series 2001, of Nassau County, Florida in the amount of \$35,610,000. The proceeds of the bond issue are being used to retire certain outstanding debts of the County, finance the acquisition and construction of certain capital improvements, and pay certain costs and expenses related to issuance of the Series 2001 bonds.

The Series 2001 bonds are special obligations of the County payable solely from amounts budgeted and appropriated by the County from non ad valorem tax funds in accordance with the terms of the Resolution. Annual principal and interest on the bonds are expected to require approximately 16% of such tax revenue and are payable through 2011. Principal and interest payments for the current year totaled \$845,356 and tax revenues totaled \$5,190,858. At year-end, pledged future revenues totaled \$846,450, which was the amount of remaining principal and interest on the bonds. Such appropriations shall be in amounts sufficient to pay principal and interest on the Series 2001 bonds when due and make all required deposits to the rebate fund.

**NOTES TO FINANCIAL STATEMENTS**  
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**NASSAU COUNTY, FLORIDA**  
*(Continued)*

**Note 9 - Long-term Obligations (Continued)**

**Governmental Activities (Continued)**

**2001 Public Improvement Revenue Bonds (Concluded)**

The Series 2001 bonds bearing interest rates between 3.50% and 5.75% per annum are dated May 1, 2001, and are in denominations of \$5,000 each. A portion of such bonds mature annually starting May 2002 through May 2011 and May 2014 through 2019. There are term maturities in May of 2013, 2021, 2025, and 2031. Interest payments are made on November 1 and May 1 of each year and principal payments are made annually on May 1 of each year.

The Board, in June 2007, advanced refunded \$28,840,000 in aggregate principal amount of the Series 2001 maturing in years 2013 through 2031. Those amounts maturing in years 2008 through 2011 were noncallable and were therefore not subject to the refunding. Future principal and interest payments for this bond issue are as follows:

| <b>Year Ending<br/>September 30</b> | <b>Principal</b>  | <b>Interest</b>  | <b>Total</b>      |
|-------------------------------------|-------------------|------------------|-------------------|
| 2011                                | \$ 810,000        | \$ 36,450        | \$ 846,450        |
| <b>Total</b>                        | <b>\$ 810,000</b> | <b>\$ 36,450</b> | <b>\$ 846,450</b> |

**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, 2010, totaled \$4,019,113.

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, on a parity with the County's \$5,630,000 principal amount of Optional Gas Tax Revenue Refunding Bond, Series 2001. Annual principal and interest on the bonds are expected to require approximately 50% 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 \$1,899,485. At year-end, pledged future revenues totaled \$14,175,000, 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.

**NOTES TO FINANCIAL STATEMENTS**  
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**NASSAU COUNTY, FLORIDA**  
*(Continued)*

**Note 9 - Long-term Obligations (Continued)**

**Governmental Activities (Continued)**

**2000 Optional Gas Tax Revenue Bonds (Concluded)**

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

| <u>Year Ending<br/>September 30</u> | <u>Principal</u>    | <u>Interest</u>     | <u>Total</u>         |
|-------------------------------------|---------------------|---------------------|----------------------|
| 2011                                | \$ 557,758          | \$ 387,242          | \$ 945,000           |
| 2012                                | 524,466             | 420,534             | 945,000              |
| 2013                                | 492,203             | 452,797             | 945,000              |
| 2014                                | 461,037             | 483,963             | 945,000              |
| 2015                                | 430,996             | 514,004             | 945,000              |
| 2016-2020                           | 1,792,580           | 2,932,420           | 4,725,000            |
| 2021-2025                           | <u>1,316,526</u>    | <u>3,408,474</u>    | <u>4,725,000</u>     |
| <b>Total</b>                        | <u>\$ 5,575,566</u> | <u>\$ 8,599,434</u> | <u>\$ 14,175,000</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.

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 funds in accordance with the terms of the Resolution. Annual principal and interest on the bonds are expected to require approximately 28% of such tax revenue and are payable through 2031. Principal and interest payments for the current year totaled \$1,473,400 and tax revenues totaled \$5,190,858. At year-end, pledged future revenues totaled \$47,999,725, 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:

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

**Note 9 - Long-term Obligations (Continued)**

**Governmental Activities (Continued)**

**2007 Public Improvement Revenue and Refunding Bonds (Concluded)**

| <u>Year Ending<br/>September 30</u> | <u>Principal</u>     | <u>Interest</u>      | <u>Total</u>         |
|-------------------------------------|----------------------|----------------------|----------------------|
| 2011                                | \$ 70,000            | \$ 1,400,775         | \$ 1,470,775         |
| 2012                                | 920,000              | 1,398,150            | 2,318,150            |
| 2013                                | 960,000              | 1,361,350            | 2,321,350            |
| 2014                                | 1,065,000            | 1,322,950            | 2,387,950            |
| 2015                                | 1,055,000            | 1,280,350            | 2,335,350            |
| 2016-2020                           | 5,905,000            | 5,703,650            | 11,608,650           |
| 2021-2025                           | 7,510,000            | 4,110,500            | 11,620,500           |
| 2026-2030                           | 9,575,000            | 2,091,625            | 11,666,625           |
| 2031                                | <u>2,215,000</u>     | <u>55,375</u>        | <u>2,270,375</u>     |
| <b>Total</b>                        | <u>\$ 29,275,000</u> | <u>\$ 18,724,725</u> | <u>\$ 47,999,725</u> |

Special Assessment Debt—payable at September 30, 2010, totaled \$1,547,248. These funds consist of one bond.

- Special Assessment Debt, Series 2004—in order to facilitate the construction of a 3.5 mile roadway through the Amelia Concourse Assessment Area, the Board authorized a \$6,487,372, Nassau County, Florida, Special Assessment Bond Series 2004. The bonds are collateralized by pledged funds from a special assessment upon property within said improvement area. Annual principal and interest on the bonds are expected to require approximately 100% of such assessment revenue and are payable through 2014. Principal and interest payments for the current year totaled \$527,335 and assessment revenues totaled \$843,020. At year-end, pledged future revenues totaled \$1,695,079, which was the amount of remaining principal and interest on the bonds.

The bonds bear interest at a rate of 4.30% per annum and are dated May 25, 2004. Such bonds are payable annually on October 1st of each year through and including October 1, 2014.

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

| <u>Year Ending<br/>September 30</u> | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>        |
|-------------------------------------|---------------------|-------------------|---------------------|
| 2011                                | \$ 445,604          | \$ 66,532         | \$ 512,136          |
| 2012                                | 464,765             | 47,371            | 512,396             |
| 2013                                | 484,750             | 27,386            | 512,396             |
| 2014                                | <u>152,129</u>      | <u>6,542</u>      | <u>158,671</u>      |
| <b>Total</b>                        | <u>\$ 1,547,248</u> | <u>\$ 147,831</u> | <u>\$ 1,695,079</u> |

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

**Note 9 - Long-term Obligations (Continued)**

**Governmental Activities (Concluded)**

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, 2010:

|                    | <u>Beginning<br/>Balance</u> | <u>Additions</u>    | <u>Deletions</u>      | <u>Ending<br/>Balance</u> |
|--------------------|------------------------------|---------------------|-----------------------|---------------------------|
| Vacation Leave     | \$ 2,395,937                 | \$ 1,470,028        | \$ (1,300,501)        | \$ 2,565,464              |
| Sick Leave         | 3,198,256                    | 685,231             | (963,876)             | 2,919,611                 |
| Bonus Leave        | 28,864                       | 57,253              | (61,162)              | 24,955                    |
| Compensatory Leave | 7,270                        | 11,382              | (15,101)              | 3,551                     |
| <b>Total</b>       | <u>\$ 5,630,327</u>          | <u>\$ 2,223,894</u> | <u>\$ (2,340,640)</u> | <u>\$ 5,513,581</u>       |

**Defeased Bonds**

The Board has outstanding bonds that have been defeased by the purchase of qualifying governmental securities in irrevocable trusts. The scheduled maturities and interest earnings on the escrowed securities are sufficient to redeem the defeased bonds without further debt service costs to the Board. Both the defeased bonds and the escrowed securities are, as required by generally accepted accounting principles, omitted from the financial statements of the Board.

The following bonds have been defeased by the Board and are no longer included in the accompanying financial statements:

|   | <u>Balance<br/>09/30/10</u> |
|---|-----------------------------|
| Public Improvement Revenue Bonds, Series 2001 | \$ 28,840,000               |

**Business-type Activities**

On September 22, 2003, the Board issued \$19,160,000 Variable Rate Water and Sewer System Revenue Bonds with an interest rate that ranges from 2.000% to 4.250%. The net proceeds of \$18,756,550 were used to refund \$17,675,005 in principal amount of the Board's outstanding Revenue Note, Series 2000, to reimburse the Board for certain capital costs relating to the acquisition of the System, to fund the Renewal and Replacement Fund established pursuant to the Bond Ordinance, and to pay the issuance costs of the Series 2003 bonds.

The revenue bonds are secured by a pledge of and are 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 bonds are expected to require approximately 70% of such revenue and are payable through 2033. Principal and interest payments for the current year totaled \$1,199,450 and revenues totaled \$1,707,223. At year-end, pledged future revenues totaled \$27,593,381, which was the amount of remaining principal and interest on the bonds. The Series 2003 bonds shall not be or constitute general obligations or indebtedness of the County.

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

**Note 9 - Long-term Obligations (Concluded)**

**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 110% 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 125% of the bond service requirements for that year. The Board met the 125% and 110% requirements 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><br><u>September 30</u> | <u>Principal</u>     | <u>Interest</u>      | <u>Total</u>         |
|---|----------------------|----------------------|----------------------|
| 2011                                      | \$ 435,000           | \$ 766,325           | \$ 1,201,325         |
| 2012                                      | 450,000              | 751,644              | 1,201,644            |
| 2013                                      | 465,000              | 735,331              | 1,200,331            |
| 2014                                      | 480,000              | 717,894              | 1,197,894            |
| 2015                                      | 500,000              | 699,294              | 1,199,294            |
| 2016-2020                                 | 2,830,000            | 3,170,393            | 6,000,393            |
| 2021-2025                                 | 3,545,000            | 2,453,506            | 5,998,506            |
| 2026-2030                                 | 4,470,000            | 1,524,463            | 5,994,463            |
| 2031-2033                                 | <u>3,260,000</u>     | <u>339,531</u>       | <u>3,599,531</u>     |
| <b>Total</b>                              | <u>\$ 16,435,000</u> | <u>\$ 11,158,381</u> | <u>\$ 27,593,381</u> |

Compensated Absences—following is a summary of annual, sick and bonus leave benefits liabilities at September 30, 2010, for the proprietary funds:

|                | <u>Beginning</u><br><u>Balance</u> | <u>Additions</u> | <u>Deletions</u>    | <u>Ending</u><br><u>Balance</u> |
|----------------|------------------------------------|------------------|---------------------|---------------------------------|
| Vacation Leave | \$ 90,037                          | \$ 50,380        | \$ (67,884)         | \$ 72,533                       |
| Sick Leave     | 154,114                            | 30,297           | (70,373)            | 114,038                         |
| Bonus Leave    | <u>4,343</u>                       | <u>6,883</u>     | <u>(8,877)</u>      | <u>2,349</u>                    |
| <b>Total</b>   | <u>\$ 248,494</u>                  | <u>\$ 87,560</u> | <u>\$ (147,134)</u> | <u>\$ 188,920</u>               |

**Note 10 - 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 2003.
- \$6,487,372 Nassau County, Florida, Special Assessment Bond, Series 2004.

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

**Note 10 - Bond Arbitrage Rebate (Concluded)**

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 11 - Landfill Closure and Postclosure Care Costs**

State and federal laws require the Board to fund landfill closure costs when a landfill site stops accepting waste and to perform certain maintenance and monitoring functions at the landfill site 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. Effective October 1, 2009, the Board stopped accepting waste at the West Nassau Active Landfill.

For the three 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-year postclosure care period is satisfied. The fourth landfill, which has stopped accepting waste but is not yet closed, will report actual postclosure care cost incurred for each year as a reduction of the liability, along with the change in required escrow balance until the required thirty-year postclosure care period is satisfied.

The Board has accrued a total of \$13,576,343 for postclosure care cost at September 30, 2010, for the three closed landfills and one landfill which has stopped accepting waste. The liability is based on engineering estimates of annual postclosure care cost. The Board has also accrued \$9,021,476 of closure cost for the one landfill which has stopped accepting waste. This liability is based on engineering estimates developed as part of the closure permit application.

These closure and postclosure care costs are based on estimates of what it would cost to perform all closure and postclosure care using 2010 dollars. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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 \$9,255,478 as of September 30, 2010). At September 30, 2010, the escrow balances are as follows:

|                              | <b>Total</b>         |
|------------------------------|----------------------|
| <b>Landfills</b>             |                      |
| Old West Nassau Postclosure  | \$ 60,137            |
| Bryceville Postclosure       | 63,638               |
| Lofton Creek Postclosure     | 110,243              |
| New West Nassau Closure      | 9,992,544            |
| <b>Total Escrow Balances</b> | <b>\$ 10,226,562</b> |

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

**Note 12 - 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.

The System provides for vesting of benefits after six years of creditable service. Normal retirement is after thirty years of service for full benefits. Normal retirement is also available for members who have ten years of service and attained the age of sixty-two. Early retirement may be taken after completing ten years of service with a 5% benefit reduction for each year prior to normal retirement. The FRS also offers eligible employees participation 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. Retirement coverage is employee noncontributory.

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 sixty months. While in the DROP, the member's retirement benefits accumulate in the FRS trust fund (increase by a cost of living adjustment each July) and earn monthly interest equivalent to an annual rate of 6.5%. 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><br><u>September 30, 2010</u> |
|------------------------------------|---|
| Regular Employees                  | 10.77%                                    |
| Senior Management Service          | 14.57%                                    |
| Elected County Officials           | 18.64%                                    |
| Deferred Retirement Option Program | 12.25%                                    |

The Board's contributions to the System for the years ended September 30, 2010, 2009, and 2008 were \$2,457,200, \$2,454,624, and \$2,316,063, respectively, equal to the required contributions for each year.

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

**Note 13 - 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.

Pursuant to GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code, Section 457, Deferred Compensation Plans*, 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.

**Note 14 - Other Postemployment Benefits**

The Board implemented GASB Statement No. 45, *Accounting and Reporting for Post Employment Benefits other than Pensions*, during the fiscal year ending September 30, 2009. 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 65 that retire under the terms and conditions of the System as follows:

| <b>Years of Service</b>       | <b>Hired Before</b> | <b>Hired on or After</b> |
|-------------------------------|---------------------|--------------------------|
| <b>With Nassau<br/>County</b> | <b>10/1/05</b>      | <b>10/1/05</b>           |
| 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 305 active employees and 44 retired employees participating in the plan. The Board's OPEB obligation for the year totaled \$1,536,276, of which \$66,030 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 15 - Unrestricted Net Assets**

In accordance with GASB Statement No. 18, the County has accrued estimated closure and postclosure costs of its landfills as capacity is used. 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 assets at September 30, 2010, as follows:

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

**Note 15 - Unrestricted Net Assets (Concluded)**

|  |                                     |
|--|-------------------------------------|
| Prior Year Total Net Assets                                | \$ (6,426,013)                      |
| Change in Net Assets for the Year Ended September 30, 2010 | <u>(1,562,245)</u>                  |
| Total Net Assets for the Year Ended September 30, 2010     | (7,988,258)                         |
| Invested in Capital Assets, Net of Related Debt            | <u>(1,418,202)</u>                  |
| <b>Total Unrestricted Net Assets</b>                       | <b><u><u>\$ (9,406,460)</u></u></b> |

**Note 16 - Unreserved Designated Fund Balance**

The Board has various designations of unreserved fund balances established by the Board of County Commissioners. Following are designations of unreserved fund balances as of September 30, 2010.

**General Fund**

**Unreserved - Designated for:**

|   |                                    |
|---|------------------------------------|
| Capital – Contingency/Cash Carry Forward Miscellaneous  | \$ 6,986,294                       |
| Library   | 602,450                            |
| ADAOS Capital Equipment                                 | 200,000                            |
| CHTPO Capital Infrastructure                            | 1,000,000                          |
| HSTAB Capital Equipment                                 | 200,000                            |
| Rescue – Equipment                                      | 52,538                             |
| Recreation – Yulee Ballpark                             | 278,695                            |
| Road Level and Overlay Projects                         | 601,592                            |
| Property Appraiser – Computer Assisted Appraisal System | 77,703                             |
| Sheriff – Vehicles                                      | 235,400                            |
| Professional Services                                   | 175,000                            |
| Emergencies/Disasters                                   | 500,000                            |
| Rescue – EMS Donations                                  | 725                                |
| Youth and Community Outreach Fund                       | 20,302                             |
| Crawford Industrial Park                                | <u>93,527</u>                      |
| <b>Total Unreserved – Designated</b>                    | <b><u><u>\$ 11,024,226</u></u></b> |

**County Transportation**

**Unreserved - Designated for:**

|  |                                   |
|--|-----------------------------------|
| Capital – Contingency/Cash Carry Forward Miscellaneous | \$ 2,029,509                      |
| Capital – Chester Road                                 | 900,000                           |
| L&O Capital – Level and Overlay Projects               | 298,408                           |
| Professional Services – Master Stormwater Plan         | 299,913                           |
| Professional Services – Survey                         | 24,975                            |
| Professional Services – Maintenance Maps               | 50,000                            |
| Professional Services – Master Transportation Plan     | 250,000                           |
| Repairs and Maintenance – Thomas Creek                 | 294,953                           |
| Software – Pavement Mgmt Plan                          | <u>268,000</u>                    |
| <b>Total Unreserved – Designated</b>                   | <b><u><u>\$ 4,415,758</u></u></b> |

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

**Note 16 - Unreserved Designated Fund Balance (Concluded)**

**Municipal Service**

**Unreserved – Designated for:**

|  |                            |
|--|----------------------------|
| Capital – Contingency/Cash Carry Forward Miscellaneous | \$ 1,937,970               |
| Fire Truck   | 405,000                    |
| Repairs and Maintenance – Painting – Animal Control    | 69,000                     |
| Fire Prevention Week – Fire Inspector                  | <u>1,235</u>               |
| <b>Total Unreserved – Designated</b>                   | <b><u>\$ 2,413,205</u></b> |

**One-cent Surtax**

**Unreserved – Designated for:**

|   |                             |
|---|-----------------------------|
| Capital – Contingency/Cash Carry Forward Miscellaneous    | \$ 7,858,227                |
| Thomas Creek – THCRK                                      | 135,040                     |
| Chester Road  | 347,000                     |
| Radio Road  | 1,600,000                   |
| Repairs and Maintenance – CR 121 Drainage – Pope Property | 167,537                     |
| Impact Fee Studio   | <u>35,608</u>               |
| <b>Total Unreserved – Designated</b>                      | <b><u>\$ 10,143,412</u></b> |

**Impact Fee**

**Unreserved – Designated for:**

|  |                             |
|--|-----------------------------|
| Capital – Contingency/Cash Carry Forward Miscellaneous | \$ 1,714,603                |
| Buildings – Various                                    | 724,839                     |
| Road Construction/Improvements                         | 5,744,420                   |
| 14 <sup>th</sup> & Beech Signalization                 | 104,072                     |
| Equipment/Law Enforcement                              | 535,853                     |
| Equipment/Fire and Rescue                              | 496,384                     |
| Improvements Other Than Buildings                      | 772,035                     |
| Park Construction                                      | 32,212                      |
| Concession Stand and Restrooms                         | <u>26,060</u>               |
| <b>Total Unreserved – Designated</b>                   | <b><u>\$ 10,150,478</u></b> |

**Capital Projects – Transportation**

**Unreserved – Designated for:**

|  |                            |
|--|----------------------------|
| Capital – Contingency/Cash Carry Forward Miscellaneous | \$ 6,674,936               |
| Road Construction/Improvements                         | 953,381                    |
| District 5 Drainage Improvements                       | 390,898                    |
| Engineering and Design Services                        | 115,000                    |
| Sidewalk and Guardrail                                 | <u>441,160</u>             |
| <b>Total Unreserved – Designated</b>                   | <b><u>\$ 8,575,375</u></b> |

**Note 17 - Deficit Fund Balance**

The Nassau County Anti-Drug Enforcement Fund and the Grants fund were both partially funded by state and federal grants. However, a portion of grant revenues were not available as of September 30, 2010. As a result the Nassau County Anti-Drug Enforcement Fund and the Grants Fund have accumulated deficit fund balances as of September 30, 2010, as follows:

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

**Note 17 - Deficit Fund Balance (Concluded)**

|  |                                  |
|--|----------------------------------|
| <b><u>Nassau County Anti-Drug Enforcement Fund</u></b> |                                  |
| Fund Balance at Beginning of Year                      | \$ 42,718                        |
| Change in Net Assets for the Year                      |                                  |
| Ended September 30, 2010                               | (70,701)                         |
| <b>Total Deficit Fund Balance</b>                      | <b><u><u>\$ (27,983)</u></u></b> |
| <br>   |                                  |
| <b><u>Grants Fund</u></b>                              |                                  |
| Fund Balance at Beginning of Year                      | \$ 0                             |
| Change in Net Assets for the Year                      |                                  |
| Ended September 30, 2010                               | (3,671)                          |
| <b>Total Deficit Fund Balance</b>                      | <b><u><u>\$ (3,671)</u></u></b>  |

**Note 18 - Risk Management**

The Board is exposed to various risks of loss related to theft of, damage to and destruction of assets; accidental death and dismemberment and injury on the job to employees. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial or workers' compensation insurance coverage for the past three years.

The Board is also exposed to various risks of loss related to general medical and civil liability, and errors and omissions. For these insurance coverages, the Board joined the Florida Association of Counties Trust (the Trust), a public entity risk pool currently operating as a common risk management and insurance program for twenty-one member counties. The financial liability of the Board is limited to premiums and surplus contributions paid to the Trust. 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 Board had several outstanding projects as of September 30, 2010. These projects are evidenced by contractual commitments with contractors and include:

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

**Note 19 - Commitments and Contingencies (Concluded)**

| <u>Project</u>  | <u>Source of Payment</u>      | <u>Paid to Date</u> | <u>Commitment Remaining</u> |
|---|-------------------------------|---------------------|-----------------------------|
| U.S.301 at Ford Road<br>Citrona Drive at<br>Sadler Road     | Transportation Impact Fees    | \$ 24,764           | \$ 117,944                  |
| U.S.1 at Ratliff Road<br>Chester Road - Amelia<br>Concourse | Transportation Impact Fees    | 5,356               | 172,821                     |
| Chester Road - A1A<br>Waste Water<br>Improvements           | Transportation Impact Fees    | 59,587              | 56,325                      |
| Waste Water Sludge<br>CR 121 Pond<br>Reconstruction         | Current Available Resources   | 225,275             | 1,177,673                   |
| William Burgess Ext.<br>Dentention Center<br>Showers        | Current Available Resources   | 69,163              | 188,195                     |
| Chester Road<br>Feasibility Study                           | Current Available Resources   | 53,484              | 547,506                     |
|   | Current Available Resources   | 26,842              | 307,732                     |
|   | Current Available Resources   | 0                   | 132,956                     |
|   | Current Available/FDOT - TRIP | 11,243              | 238,193                     |
|   | Current Available Resources   | 277,638             | 87,717                      |
| <b>Total</b>  |                               | <u>28,783</u>       | <u>95,659</u>               |
|   |                               | <u>\$ 782,135</u>   | <u>\$ 3,122,721</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.

As of September 30, 2010, there were two series of such bonds outstanding with an aggregate principal amount payable of \$34,260,000. The issue amount and the September 30, 2010, outstanding balance is as follows:

| <u>Original Issuance</u> | <u>Year</u> | <u>9/30/10 Balance</u> | <u>Description</u>  |
|--------------------------|-------------|------------------------|---|
| \$ 23,110,000            | 2002        | \$ 23,110,000          | Rayonier-Pollution Control Refunding  |
| <u>11,150,000</u>        | 2008        | <u>11,150,000</u>      | AICC, Inc. and Nassau Care Centers - 70<br>Bed Care Intermediate Care and Day<br>Program Service Facilities |
| <u>\$ 34,260,000</u>     |             | <u>\$ 34,260,000</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, 2010**

|   | <u>Budgeted Amounts</u> |                     | <u>Actual<br/>Amounts</u> | <u>Variance With<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|---------------------|---------------------------|---|
|   | <u>Original</u>         | <u>Final</u>        |                           |   |
| <b>Revenues</b>                             |                         |                     |                           |   |
| Taxes                                       | \$ 35,266,499           | \$ 35,360,953       | \$ 35,434,621             | \$ 73,668   |
| Licenses and Permits                        | 5,000                   | 5,000               | 10,822                    | 5,822   |
| Intergovernmental Revenues                  | 4,433,054               | 5,026,660           | 5,089,175                 | 62,515  |
| Charges for Services                        | 2,006,640               | 2,006,140           | 1,598,952                 | (407,188)   |
| Fines and Forfeitures                       | 66,600                  | 66,600              | 76,898                    | 10,298  |
| Interest Earnings                           | 372,000                 | 372,000             | 334,992                   | (37,008)  |
| Miscellaneous                               | 33,300                  | 75,948              | 173,202                   | 97,254  |
| <b>Total Revenues</b>                       | <u>42,183,093</u>       | <u>42,913,301</u>   | <u>42,718,662</u>         | <u>(194,639)</u>  |
| <b>Expenditures</b>                         |                         |                     |                           |   |
| Current:                                    |                         |                     |                           |   |
| General Government Services                 | 5,991,738               | 6,085,846           | 5,739,877                 | 345,969   |
| Public Safety                               | 9,416,687               | 9,253,063           | 8,286,019                 | 967,044   |
| Physical Environment                        | 620,963                 | 434,118             | 396,167                   | 37,951  |
| Economic Environment                        | 55,066                  | 104,337             | 52,349                    | 51,988  |
| Human Services                              | 2,887,150               | 2,843,276           | 2,545,499                 | 297,777   |
| Culture and Recreation                      | 1,847,916               | 1,937,083           | 1,787,607                 | 149,476   |
| Court-related Expenditures                  | 892,873                 | 897,386             | 675,866                   | 221,520   |
| Capital Outlay                              | 2,796,208               | 2,769,640           | 1,545,076                 | 1,224,564   |
| <b>(Total Expenditures)</b>                 | <u>24,508,601</u>       | <u>24,324,749</u>   | <u>21,028,460</u>         | <u>3,296,289</u>  |
| <b>Excess of Revenues Over Expenditures</b> | <u>17,674,492</u>       | <u>18,588,552</u>   | <u>21,690,202</u>         | <u>3,101,650</u>  |
| <b>Other Financing Sources (Uses)</b>       |                         |                     |                           |   |
| Transfers from Constitutional Officers      | 951,500                 | 951,500             | 1,218,213                 | 266,713   |
| Transfers to Constitutional Officers        | (18,794,120)            | (19,174,880)        | (19,125,550)              | 49,330  |
| Operating Transfers in                      | 348,518                 | 344,551             | 329,343                   | (15,208)  |
| Operating Transfers (out)                   | (2,570,526)             | (2,570,526)         | (2,551,954)               | 18,572  |
| <b>Total Other Financing Sources (Uses)</b> | <u>(20,064,628)</u>     | <u>(20,449,355)</u> | <u>(20,129,948)</u>       | <u>319,407</u>  |
| <b>Net Change in Fund Balances</b>          | (2,390,136)             | (1,860,803)         | 1,560,254                 | 3,421,057   |
| <b>Fund Balances at Beginning of Year</b>   | <u>2,390,136</u>        | <u>1,860,803</u>    | <u>11,858,865</u>         | <u>9,998,062</u>  |
| <b>Fund Balances at End of Year</b>         | <u>\$ 0</u>             | <u>\$ 0</u>         | <u>\$ 13,419,119</u>      | <u>\$ 13,419,119</u>  |

**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, 2010**

|   | <u>Budgeted Amounts</u> |                    | <u>Actual<br/>Amounts</u> | <u>Variance With<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|--------------------|---------------------------|---|
|   | <u>Original</u>         | <u>Final</u>       |                           |   |
| <b>Revenues</b>                             |                         |                    |                           |   |
| Taxes                                       | \$ 7,479,785            | \$ 7,479,785       | \$ 7,652,497              | \$ 172,712  |
| Licenses and Permits                        | 17,700                  | 17,700             | 17,035                    | (665)   |
| Intergovernmental Revenues                  | 821,200                 | 821,200            | 1,236,691                 | 415,491   |
| Charges for Services                        | 21,300                  | 21,300             | 4,836                     | (16,464)  |
| Interest Earnings                           | 47,000                  | 47,000             | 173,387                   | 126,387   |
| Miscellaneous                               | 28,000                  | 47,433             | 77,005                    | 29,572  |
| <b>Total Revenues</b>                       | <u>8,414,985</u>        | <u>8,434,418</u>   | <u>9,161,451</u>          | <u>727,033</u>  |
| <b>Expenditures</b>                         |                         |                    |                           |   |
| Current:                                    |                         |                    |                           |   |
| Transportation                              | 7,635,204               | 7,899,850          | 6,388,688                 | 1,511,162   |
| Capital Outlay                              | 157,922                 | 454,056            | 249,875                   | 204,181   |
| <b>(Total Expenditures)</b>                 | <u>7,793,126</u>        | <u>8,353,906</u>   | <u>6,638,563</u>          | <u>1,715,343</u>  |
| <b>Excess of Revenues Over Expenditures</b> | <u>621,859</u>          | <u>80,512</u>      | <u>2,522,888</u>          | <u>2,442,376</u>  |
| <b>Other Financing Sources (Uses)</b>       |                         |                    |                           |   |
| Transfers from Constitutional Officers      | 0                       | 0                  | 23,625                    | 23,625  |
| Transfers to Constitutional Officers        | (134,115)               | (130,906)          | (126,249)                 | 4,657   |
| Operating Transfers in                      | 0                       | 22,177             | 19,186                    | (2,991)   |
| Operating Transfers (out)                   | (1,500,000)             | (1,500,000)        | (1,500,000)               | 0   |
| <b>Total Other Financing Sources (Uses)</b> | <u>(1,634,115)</u>      | <u>(1,608,729)</u> | <u>(1,583,438)</u>        | <u>25,291</u>   |
| <b>Net Change in Fund Balances</b>          | (1,012,256)             | (1,528,217)        | 939,450                   | 2,467,667   |
| <b>Fund Balances at Beginning of Year</b>   | <u>1,012,256</u>        | <u>1,528,217</u>   | <u>4,304,358</u>          | <u>2,776,141</u>  |
| <b>Fund Balances at End of Year</b>         | <u>\$ 0</u>             | <u>\$ 0</u>        | <u>\$ 5,243,808</u>       | <u>\$ 5,243,808</u>   |

**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, 2010**

|   | <u>Budgeted Amounts</u> |                    | <u>Actual<br/>Amounts</u> | <u>Variance With<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|--------------------|---------------------------|---|
|   | <u>Original</u>         | <u>Final</u>       |                           |   |
| <b>Revenues</b>                             |                         |                    |                           |   |
| Taxes                                       | \$ 9,961,793            | \$ 9,961,793       | \$ 9,899,970              | \$ (61,823)   |
| Licenses and Permits                        | 44,600                  | 44,600             | 43,670                    | (930)   |
| Intergovernmental Revenues                  | 442,820                 | 442,820            | 485,052                   | 42,232  |
| Charges for Services                        | 97,200                  | 97,200             | 131,035                   | 33,835  |
| Fines and Forfeitures                       | 13,200                  | 10,700             | 10,597                    | (103)   |
| Interest Earnings                           | 45,000                  | 45,000             | 157,742                   | 112,742   |
| Miscellaneous                               | 2,000                   | 6,195              | 27,949                    | 21,754  |
| <b>Total Revenues</b>                       | <u>10,606,613</u>       | <u>10,608,308</u>  | <u>10,756,015</u>         | <u>147,707</u>  |
| <b>Expenditures</b>                         |                         |                    |                           |   |
| Current:                                    |                         |                    |                           |   |
| General Government Services                 | 717,336                 | 719,586            | 672,118                   | 47,468  |
| Public Safety                               | 5,945,256               | 6,151,651          | 6,019,003                 | 132,648   |
| Human Services                              | 1,003,458               | 987,978            | 835,240                   | 152,738   |
| Capital Outlay                              | 237,400                 | 304,879            | 60,058                    | 244,821   |
| <b>(Total Expenditures)</b>                 | <u>7,903,450</u>        | <u>8,164,094</u>   | <u>7,586,419</u>          | <u>577,675</u>  |
| <b>Excess of Revenues Over Expenditures</b> | <u>2,703,163</u>        | <u>2,444,214</u>   | <u>3,169,596</u>          | <u>725,382</u>  |
| <b>Other Financing Sources (Uses)</b>       |                         |                    |                           |   |
| Transfers from Constitutional Officers      | 0                       | 0                  | 44,600                    | 44,600  |
| Transfers to Constitutional Officers        | (2,985,133)             | (2,984,669)        | (2,973,890)               | 10,779  |
| Operating Transfers in                      | 0                       | 2,500              | 0                         | (2,500)   |
| Operating Transfers (out)                   | (85,470)                | (85,470)           | (85,470)                  | 0   |
| <b>Total Other Financing Sources (Uses)</b> | <u>(3,070,603)</u>      | <u>(3,067,639)</u> | <u>(3,014,760)</u>        | <u>52,879</u>   |
| <b>Net Change in Fund Balances</b>          | (367,440)               | (623,425)          | 154,836                   | 778,261   |
| <b>Fund Balances at Beginning of Year</b>   | <u>367,440</u>          | <u>623,425</u>     | <u>2,986,908</u>          | <u>2,363,483</u>  |
| <b>Fund Balances at End of Year</b>         | <u>\$ 0</u>             | <u>\$ 0</u>        | <u>\$ 3,141,744</u>       | <u>\$ 3,141,744</u>   |

**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, 2010**

|   | <u>Budgeted Amounts</u> |                     | <u>Actual<br/>Amounts</u> | <u>Variance With<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|---------------------|---------------------------|---|
|   | <u>Original</u>         | <u>Final</u>        |                           |   |
| <b>Revenues</b>                             |                         |                     |                           |   |
| Taxes                                       | \$ 5,588,481            | \$ 5,588,481        | \$ 6,108,991              | \$ 520,510  |
| Charges for Services                        | 0                       | 0                   | 403                       | 403   |
| Interest Earnings                           | 0                       | 0                   | 185,030                   | 185,030   |
| Miscellaneous                               | 0                       | 0                   | 4,000                     | 4,000   |
| <b>Total Revenues</b>                       | <u>5,588,481</u>        | <u>5,588,481</u>    | <u>6,298,424</u>          | <u>709,943</u>  |
| <b>Expenditures</b>                         |                         |                     |                           |   |
| Current:                                    |                         |                     |                           |   |
| General Government Services                 | 381,000                 | 377,283             | 236,691                   | 140,592   |
| Transportation                              | 50,000                  | 337,348             | 124,878                   | 212,470   |
| Capital Outlay                              | 1,374,505               | 1,680,682           | 369,732                   | 1,310,950   |
| <b>(Total Expenditures)</b>                 | <u>1,805,505</u>        | <u>2,395,313</u>    | <u>731,301</u>            | <u>1,664,012</u>  |
| <b>Excess of Revenues Over Expenditures</b> | <u>3,782,976</u>        | <u>3,193,168</u>    | <u>5,567,123</u>          | <u>2,373,955</u>  |
| <b>Other Financing Sources (Uses)</b>       |                         |                     |                           |   |
| Transfers to Constitutional Officers        | 0                       | (136)               | (107)                     | 29  |
| Operating Transfers in                      | 0                       | 576,601             | 576,601                   | 0   |
| Operating Transfers (out)                   | (2,150,000)             | (2,328,000)         | (2,328,000)               | 0   |
| <b>Total Other Financing Sources (Uses)</b> | <u>(2,150,000)</u>      | <u>(1,751,535)</u>  | <u>(1,751,506)</u>        | <u>29</u>   |
| <b>Net Change in Fund Balances</b>          | 1,632,976               | 1,441,633           | 3,815,617                 | 2,373,984   |
| <b>Fund Balances at Beginning of Year</b>   | <u>0</u>                | <u>0</u>            | <u>6,511,811</u>          | <u>6,511,811</u>  |
| <b>Fund Balances at End of Year</b>         | <u>\$ 1,632,976</u>     | <u>\$ 1,441,633</u> | <u>\$ 10,327,428</u>      | <u>\$ 8,885,795</u>   |

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - IMPACT FEE ORDINANCE TRUST FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

|   | <u>Budgeted Amounts</u> |                    | <u>Actual<br/>Amounts</u> | <u>Variance With<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|--------------------|---------------------------|---|
|   | <u>Original</u>         | <u>Final</u>       |                           |   |
| <b>Revenues</b>                             |                         |                    |                           |   |
| Charges for Services                        | \$ 0                    | \$ 0               | \$ 748                    | \$ 748  |
| Interest Earnings                           | 136,330                 | 136,330            | 149,020                   | 12,690  |
| <b>Total Revenues</b>                       | <u>136,330</u>          | <u>136,330</u>     | <u>149,768</u>            | <u>13,438</u>   |
| <b>Expenditures</b>                         |                         |                    |                           |   |
| Current:                                    |                         |                    |                           |   |
| General Government Services                 | 0                       | 1,019              | 1,019                     | 0   |
| Public Safety                               | 0                       | 2,755              | 2,754                     | 1   |
| Transportation                              | 136,412                 | 137,842            | 112,038                   | 25,804  |
| Culture and Recreation                      | 0                       | 515                | 514                       | 1   |
| Capital Outlay                              | 13,844,921              | 9,988,235          | 905,787                   | 9,082,448   |
| <b>(Total Expenditures)</b>                 | <u>13,981,333</u>       | <u>10,130,366</u>  | <u>1,022,112</u>          | <u>9,108,254</u>  |
| <b>(Deficiency) of Revenues (Under)</b>     |                         |                    |                           |   |
| <b>Expenditures</b>                         | <u>(13,845,003)</u>     | <u>(9,994,036)</u> | <u>(872,344)</u>          | <u>9,121,692</u>  |
| <b>Other Financing Sources (Uses)</b>       |                         |                    |                           |   |
| Operating Transfers (out)                   | <u>0</u>                | <u>(2,756,641)</u> | <u>(2,756,641)</u>        | <u>0</u>  |
| <b>Total Other Financing Sources (Uses)</b> | <u>0</u>                | <u>(2,756,641)</u> | <u>(2,756,641)</u>        | <u>0</u>  |
| <b>Net Change in Fund Balances</b>          | (13,845,003)            | (12,750,677)       | (3,628,985)               | 9,121,692   |
| <b>Fund Balances at Beginning of Year</b>   | <u>13,845,003</u>       | <u>12,750,677</u>  | <u>14,426,036</u>         | <u>1,675,359</u>  |
| <b>Fund Balances at End of Year</b>         | <u>\$ 0</u>             | <u>\$ 0</u>        | <u>\$ 10,797,051</u>      | <u>\$ 10,797,051</u>  |

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS  
NOTE TO SCHEDULES OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**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. Budget amendments greater than \$50,000 require Board approval.

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 and amortization of bond costs are not budgeted for capital assets; while capital outlay expenditures are budgeted and are reclassified into fixed 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, 2010, 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, 2010:

|                           |                             |
|---------------------------|-----------------------------|
| <b>Governmental Funds</b> |                             |
| General Fund              | \$ 5,939,077                |
| Special Revenue Funds     | 11,445,049                  |
| Debt Service Funds        | 141,860                     |
| Capital Projects Funds    | <u>6,060,246</u>            |
| <b>Total</b>              | <u><u>\$ 23,586,232</u></u> |

All budget appropriations lapse at year-end except as described in Note 1, "Encumbrance Procedures."

**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.
- **School Crossing**—to account for the school crossing guard program, which is funded primarily from school crossing fines.
- **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 and 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.

## NONMAJOR GOVERNMENTAL FUNDS

*(Continued)*

### Special Revenue Funds

*(Concluded)*

- **EMS County Awards HRS**—to account for expenditures associated with EMS prehospital care. Funding is provided by Florida State grants.
- **DES Donations**—to account for EMS projects funded with donations.
- **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.
- **South Amelia Island Shore Stabilization**— to account for revenues and expenditures relating to the Amelia Island Beach Restoration, local improvement and maintenance cost.
- **Nassau County Economic Development**—to account for expenditures related to funds contributed and donated for projects relating to the development of the County.
- **Building Department**—to account for funds received for various fees charged to be used to fund the building, zoning and planning department.
- **Community Based Care Program**—to account for child welfare services that are provided through a combination of staff and contracts with a network of providers.
- **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.

## NONMAJOR GOVERNMENTAL FUNDS

*(Concluded)*

### Debt Service Funds

*(Concluded)*

- **Amelia Concourse**—to account for the debt service requirements to retire the Amelia Concourse Special Assessment Bond, Series 2004. The bonds are payable solely from a Special Assessment upon property within said area.
- **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. The bonds are payable solely from non-ad valorem budgeted revenues. The bonds mature on May 2031.
- **Special Assessment—Series 2001A**—to account for debt service requirements to retire the Pirates Wood Municipal Service Benefit Unit Special Assessment Bonds, Series 2001A, dated September 11, 2001. The bonds are collateralized by pledged funds from a special assessment upon property within said improvement area.

### 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 be used to account for the development of various County building projects. Financing is provided by the 2001 Public Improvement Revenue Bonds.
- **Amelia Concourse**—to be used to account for the construction of a 3.5 mile roadway through the Amelia Concourse Assessment Area. Financing is provided by 2004 Special Assessment Bonds
- **Capital Projects**—to account for various capital projects. Some projects may have their own fund.
- **CDBG**—to account for community development block grant income received after December 13, 1988.

**NASSAU COUNTY BOARD OF COUNTY COMMISISONERS  
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2010**

|  | <b>Special Revenue Funds</b>            |  |                              |                                      |
|--|---|--|------------------------------|--------------------------------------|
|  | <b>Law<br/>Enforcement<br/>Training</b> | <b>Special<br/>Law<br/>Enforcement</b> | <b>Sheriff<br/>Donations</b> | <b>Law<br/>Enforcement<br/>Trust</b> |
| <b>Assets</b>  |   |  |                              |                                      |
| Cash and Cash Equivalents                                    | \$ 66,783                               | \$ 3,716                               | \$ 9,285                     | \$ 36,087                            |
| Equity in Pooled Investments                                 | 0                                       | 150,968                                | 0                            | 170,752                              |
| Accounts Receivable<br>(Net of Allowance for Uncollectibles) | 9                                       | 0                                      | 1                            | 9                                    |
| Loans Receivable<br>(Net of Allowance for Uncollectibles)    | 0                                       | 0                                      | 0                            | 0                                    |
| Due from Other Funds   | 0                                       | 0                                      | 0                            | 0                                    |
| Due from Constitutional Officers                             | 0                                       | 0                                      | 0                            | 0                                    |
| Due from Other Governments                                   | 1,530                                   | 922                                    | 0                            | 0                                    |
| Prepaid Expenditures   | 0                                       | 0                                      | 0                            | 0                                    |
| <b>Total Assets</b>  | <b>68,322</b>                           | <b>155,606</b>                         | <b>9,286</b>                 | <b>206,848</b>                       |
| <b>Liabilities and Fund Balances</b>                         |   |  |                              |                                      |
| <b>Liabilities</b>   |   |  |                              |                                      |
| Accounts Payable   | 0                                       | 0                                      | 0                            | 500                                  |
| Retainage Payable  | 0                                       | 0                                      | 0                            | 0                                    |
| Due to Other Funds   | 0                                       | 0                                      | 0                            | 0                                    |
| Due to Constitutional Officers                               | 0                                       | 0                                      | 0                            | 0                                    |
| Due to Other Governments                                     | 0                                       | 0                                      | 0                            | 0                                    |
| Deferred Revenues  | 0                                       | 0                                      | 0                            | 0                                    |
| Deposits   | 0                                       | 0                                      | 0                            | 0                                    |
| <b>Total Liabilities</b>                                     | <b>0</b>                                | <b>0</b>                               | <b>0</b>                     | <b>500</b>                           |
| <b>Fund Balances</b>   |   |  |                              |                                      |
| Reserved for:  |   |  |                              |                                      |
| Prepaid Items  | 0                                       | 0                                      | 0                            | 0                                    |
| Encumbrances   | 0                                       | 0                                      | 0                            | 0                                    |
| Debt Covenants   | 0                                       | 0                                      | 0                            | 0                                    |
| Unreserved - Undesignated:                                   |   |  |                              |                                      |
| Special Revenue Funds  | 68,322                                  | 155,606                                | 9,286                        | 206,348                              |
| Debt Service Funds   | 0                                       | 0                                      | 0                            | 0                                    |
| Capital Project Funds  | 0                                       | 0                                      | 0                            | 0                                    |
| <b>Total Fund Balances</b>                                   | <b>68,322</b>                           | <b>155,606</b>                         | <b>9,286</b>                 | <b>206,348</b>                       |
| <b>Total Liabilities and Fund Balances</b>                   | <b>\$ 68,322</b>                        | <b>\$ 155,606</b>                      | <b>\$ 9,286</b>              | <b>\$ 206,848</b>                    |

Special Revenue Funds

| School Crossing | Nassau County Anti-Drug Enforcement | Court Improvement | Court Facility Fees | Law Library Trust | Criminal Justice Trust | Special Drug/Alcohol Rehabilitation | Legal Aid Trust |
|-----------------|-------------------------------------|-------------------|---------------------|-------------------|------------------------|-------------------------------------|-----------------|
| \$ 0            | \$ 124,243                          | \$ 35,073         | \$ 73,217           | \$ 985            | \$ 33,887              | \$ 0                                | \$ 18,522       |
| 0               | 0                                   | 0                 | 612,988             | 184,085           | 291,386                | 0                                   | 0               |
| 0               | 12                                  | 4                 | 9                   | 0                 | 67                     | 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               | 261,022                             | 0                 | 6,194               | 2,392             | 2,392                  | 512                                 | 2,392           |
| 0               | 725                                 | 0                 | 0                   | 0                 | 0                      | 0                                   | 0               |
| 0               | 386,002                             | 35,077            | 692,408             | 187,462           | 327,732                | 512                                 | 20,914          |
| 0               | 35,865                              | 0                 | 4,915               | 3,340             | 1,443                  | 512                                 | 20,914          |
| 0               | 0                                   | 0                 | 0                   | 0                 | 0                      | 0                                   | 0               |
| 0               | 261,022                             | 0                 | 0                   | 0                 | 0                      | 0                                   | 0               |
| 0               | 0                                   | 0                 | 0                   | 0                 | 0                      | 0                                   | 0               |
| 0               | 0                                   | 0                 | 0                   | 0                 | 0                      | 0                                   | 0               |
| 0               | 117,098                             | 0                 | 0                   | 0                 | 0                      | 0                                   | 0               |
| 0               | 0                                   | 0                 | 0                   | 0                 | 0                      | 0                                   | 0               |
| 0               | 413,985                             | 0                 | 4,915               | 3,340             | 1,443                  | 512                                 | 20,914          |
| 0               | 725                                 | 0                 | 0                   | 0                 | 0                      | 0                                   | 0               |
| 0               | 2,067                               | 0                 | 0                   | 0                 | 0                      | 0                                   | 0               |
| 0               | 0                                   | 0                 | 0                   | 0                 | 0                      | 0                                   | 0               |
| 0               | (30,775)                            | 35,077            | 687,493             | 184,122           | 326,289                | 0                                   | 0               |
| 0               | 0                                   | 0                 | 0                   | 0                 | 0                      | 0                                   | 0               |
| 0               | 0                                   | 0                 | 0                   | 0                 | 0                      | 0                                   | 0               |
| 0               | (27,983)                            | 35,077            | 687,493             | 184,122           | 326,289                | 0                                   | 0               |
| \$ 0            | \$ 386,002                          | \$ 35,077         | \$ 692,408          | \$ 187,462        | \$ 327,732             | \$ 512                              | \$ 20,914       |

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2010**  
*(Continued)*

|  | <b>Special Revenue Funds</b>       |   |                                  |                          |
|--|------------------------------------|---|----------------------------------|--------------------------|
|  | <b>Drivers Ed<br/>Safety Trust</b> | <b>911<br/>Operations<br/>and<br/>Maintenance</b> | <b>EMS County<br/>Awards HRS</b> | <b>DES<br/>Donations</b> |
| <b>Assets</b>  |                                    |   |                                  |                          |
| Cash and Cash Equivalents                                    | \$ 23,357                          | \$ 65,893   | \$ 27,588                        | \$ 8,957                 |
| Equity in Pooled Investments                                 | 6,460                              | 178,773   | 0                                | 0                        |
| Accounts Receivable<br>(Net of Allowance for Uncollectibles) | 2                                  | 19  | 4                                | 1                        |
| Loans Receivable<br>(Net of Allowance for Uncollectibles)    | 0                                  | 0   | 0                                | 0                        |
| Due from Other Funds   | 0                                  | 0   | 0                                | 0                        |
| Due from Constitutional Officers                             | 0                                  | 144,606   | 0                                | 0                        |
| Due from Other Governments                                   | 2,183                              | 674   | 0                                | 0                        |
| Prepaid Expenditures   | 0                                  | 0   | 0                                | 0                        |
| <b>Total Assets</b>  | <b>32,002</b>                      | <b>389,965</b>                                    | <b>27,592</b>                    | <b>8,958</b>             |
| <b>Liabilities and Fund Balances</b>                         |                                    |   |                                  |                          |
| <b>Liabilities</b>   |                                    |   |                                  |                          |
| Accounts Payable   | 0                                  | 439   | 0                                | 0                        |
| Retainage Payable  | 0                                  | 0   | 0                                | 0                        |
| Due to Other Funds   | 0                                  | 0   | 0                                | 0                        |
| Due to Constitutional Officers                               | 0                                  | 30,727  | 0                                | 0                        |
| Due to Other Governments                                     | 0                                  | 0   | 0                                | 0                        |
| Deferred Revenues  | 0                                  | 0   | 27,592                           | 0                        |
| Deposits   | 0                                  | 0   | 0                                | 0                        |
| <b>Total Liabilities</b>                                     | <b>0</b>                           | <b>31,166</b>                                     | <b>27,592</b>                    | <b>0</b>                 |
| <b>Fund Balances</b>   |                                    |   |                                  |                          |
| Reserved for:  |                                    |   |                                  |                          |
| Prepaid Items  | 0                                  | 0   | 0                                | 0                        |
| Encumbrances   | 0                                  | 64,604  | 0                                | 0                        |
| Debt Covenants   | 0                                  | 0   | 0                                | 0                        |
| Unreserved - Undesignated:                                   |                                    |   |                                  |                          |
| Special Revenue Funds  | 32,002                             | 294,195   | 0                                | 8,958                    |
| Debt Service Funds   | 0                                  | 0   | 0                                | 0                        |
| Capital Project Funds  | 0                                  | 0   | 0                                | 0                        |
| <b>Total Fund Balances</b>                                   | <b>32,002</b>                      | <b>358,799</b>                                    | <b>0</b>                         | <b>8,958</b>             |
| <b>Total Liabilities and Fund Balances</b>                   | <b>\$ 32,002</b>                   | <b>\$ 389,965</b>                                 | <b>\$ 27,592</b>                 | <b>\$ 8,958</b>          |

Special Revenue Funds

| Grants          | Amelia Island Tourist Development | Local Affordable Housing Trust (SHIP) | South Amelia Island Shore Stabilization | Nassau County Economic Development | Building Department | Community Based Care Program |
|-----------------|-----------------------------------|---------------------------------------|---|------------------------------------|---------------------|------------------------------|
| \$ 0            | \$ 8,708                          | \$ 33,112                             | \$ 59,954                               | \$ 0                               | \$ 92,500           | \$ 29,438                    |
| 0               | 1,652,537                         | 375,859                               | 1,041,797                               | 0                                  | 2,625,021           | 0                            |
| 0               | 15,451                            | 8,002                                 | 24                                      | 0                                  | 8                   | 4                            |
| 0               | 0                                 | 89,965                                | 0                                       | 0                                  | 0                   | 0                            |
| 0               | 0                                 | 0                                     | 0                                       | 0                                  | 5,962               | 0                            |
| 0               | 0                                 | 0                                     | 71,802                                  | 0                                  | 0                   | 0                            |
| 3,671           | 239,420                           | 0                                     | 0                                       | 0                                  | 0                   | 670                          |
| 0               | 2,246                             | 0                                     | 0                                       | 0                                  | 628                 | 0                            |
| <u>3,671</u>    | <u>1,918,362</u>                  | <u>506,938</u>                        | <u>1,173,577</u>                        | <u>0</u>                           | <u>2,724,119</u>    | <u>30,112</u>                |
| 800             | 262,393                           | 5,424                                 | 107,529                                 | 0                                  | 11,909              | 0                            |
| 0               | 0                                 | 0                                     | 0                                       | 0                                  | 0                   | 0                            |
| 2,871           | 0                                 | 0                                     | 0                                       | 0                                  | 49,056              | 0                            |
| 0               | 0                                 | 0                                     | 0                                       | 0                                  | 447                 | 0                            |
| 0               | 39,012                            | 0                                     | 1,499                                   | 0                                  | 1,227               | 0                            |
| 3,671           | 0                                 | 89,965                                | 0                                       | 0                                  | 0                   | 29,879                       |
| 0               | 0                                 | 0                                     | 0                                       | 0                                  | 10,691              | 0                            |
| <u>7,342</u>    | <u>301,405</u>                    | <u>95,389</u>                         | <u>109,028</u>                          | <u>0</u>                           | <u>73,330</u>       | <u>29,879</u>                |
| 0               | 2,246                             | 0                                     | 0                                       | 0                                  | 628                 | 0                            |
| 0               | 0                                 | 10,000                                | 0                                       | 0                                  | 0                   | 0                            |
| 0               | 0                                 | 0                                     | 0                                       | 0                                  | 0                   | 0                            |
| (3,671)         | 1,614,711                         | 401,549                               | 1,064,549                               | 0                                  | 2,650,161           | 233                          |
| 0               | 0                                 | 0                                     | 0                                       | 0                                  | 0                   | 0                            |
| 0               | 0                                 | 0                                     | 0                                       | 0                                  | 0                   | 0                            |
| <u>(3,671)</u>  | <u>1,616,957</u>                  | <u>411,549</u>                        | <u>1,064,549</u>                        | <u>0</u>                           | <u>2,650,789</u>    | <u>233</u>                   |
| <u>\$ 3,671</u> | <u>\$ 1,918,362</u>               | <u>\$ 506,938</u>                     | <u>\$ 1,173,577</u>                     | <u>\$ 0</u>                        | <u>\$ 2,724,119</u> | <u>\$ 30,112</u>             |

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2010**  
*(Continued)*

|  | <b>Special Revenue Funds</b>         |  |   | <b>Total<br/>Special<br/>Revenue<br/>Funds</b> |
|--|--------------------------------------|--|---|--|
|  | <b>Amelia<br/>Concourse<br/>MSBU</b> | <b>Firefighter<br/>Education<br/>Trust</b> | <b>F.S. Special<br/>Revenues<br/>Fund</b> |  |
| <b>Assets</b>  |                                      |  |   |  |
| Cash and Cash Equivalents                                    | \$ 112,559                           | \$ 3                                       | \$ 973,826                                | \$ 1,837,693                                   |
| Equity in Pooled Investments                                 | 576,173                              | 0  | 0   | 7,866,799                                      |
| Accounts Receivable<br>(Net of Allowance for Uncollectibles) | 13                                   | 0  | 127                                       | 23,766   |
| Loans Receivable<br>(Net of Allowance for Uncollectibles)    | 0                                    | 0  | 0   | 89,965   |
| Due from Other Funds   | 0                                    | 0  | 0   | 5,962  |
| Due from Constitutional Officers                             | 0                                    | 0  | 6,509                                     | 222,917  |
| Due from Other Governments                                   | 0                                    | 0  | 15,211                                    | 539,185  |
| Prepaid Expenditures   | 0                                    | 0  | 0   | 3,599  |
| <b>Total Assets</b>  | <u>688,745</u>                       | <u>3</u>                                   | <u>995,673</u>                            | <u>10,589,886</u>                              |
| <b>Liabilities and Fund Balances</b>                         |                                      |  |   |  |
| <b>Liabilities</b>   |                                      |  |   |  |
| Accounts Payable   | 20,653                               | 0  | 27,483                                    | 504,119  |
| Retainage Payable  | 0                                    | 0  | 0   | 0  |
| Due to Other Funds   | 0                                    | 0  | 0   | 312,949  |
| Due to Constitutional Officers                               | 0                                    | 0  | 0   | 31,174   |
| Due to Other Governments                                     | 131                                  | 0  | 0   | 41,869   |
| Deferred Revenues  | 0                                    | 0  | 0   | 268,205  |
| Deposits   | 0                                    | 0  | 0   | 10,691   |
| <b>Total Liabilities</b>                                     | <u>20,784</u>                        | <u>0</u>                                   | <u>27,483</u>                             | <u>1,169,007</u>                               |
| <b>Fund Balances</b>   |                                      |  |   |  |
| Reserved for:  |                                      |  |   |  |
| Prepaid Items  | 0                                    | 0  | 0   | 3,599  |
| Encumbrances   | 0                                    | 0  | 8,486                                     | 85,157   |
| Debt Covenants   | 0                                    | 0  | 0   | 0  |
| Unreserved - Undesignated:                                   |                                      |  |   |  |
| Special Revenue Funds  | 667,961                              | 3  | 959,704                                   | 9,332,123                                      |
| Debt Service Funds   | 0                                    | 0  | 0   | 0  |
| Capital Project Funds  | 0                                    | 0  | 0   | 0  |
| <b>Total Fund Balances</b>                                   | <u>667,961</u>                       | <u>3</u>                                   | <u>968,190</u>                            | <u>9,420,879</u>                               |
| <b>Total Liabilities and Fund Balances</b>                   | <u>\$ 688,745</u>                    | <u>\$ 3</u>                                | <u>\$ 995,673</u>                         | <u>\$ 10,589,886</u>                           |

Debt Service Funds

| Optional<br>Gas Tax<br>2000 | Amelia<br>Concourse | 1998/2009<br>Gas Tax<br>Bonds | County<br>Complex | Special<br>Assessment<br>Series<br>2001A | Total<br>Debt<br>Service<br>Funds |
|-----------------------------|---------------------|-------------------------------|-------------------|--|-----------------------------------|
| \$ 495,758                  | \$ 230,649          | \$ 1,294                      | \$ 0              | \$ 10,901                                | \$ 738,602                        |
| 945,369                     | 362,725             | 0                             | 0                 | 0  | 1,308,094                         |
| 65                          | 30                  | 7                             | 0                 | 1  | 103                               |
| 0                           | 0                   | 0                             | 0                 | 0  | 0                                 |
| 0                           | 0                   | 0                             | 0                 | 0  | 0                                 |
| 0                           | 0                   | 0                             | 0                 | 0  | 0                                 |
| 157,572                     | 0                   | 194,999                       | 0                 | 0  | 352,571                           |
| 431                         | 0                   | 0                             | 0                 | 0  | 431                               |
| <u>1,599,195</u>            | <u>593,404</u>      | <u>196,300</u>                | <u>0</u>          | <u>10,902</u>                            | <u>2,399,801</u>                  |
| 0                           | 2,990               | 0                             | 0                 | 0  | 2,990                             |
| 0                           | 0                   | 0                             | 0                 | 0  | 0                                 |
| 0                           | 0                   | 0                             | 0                 | 0  | 0                                 |
| 0                           | 0                   | 0                             | 0                 | 0  | 0                                 |
| 0                           | 893                 | 0                             | 0                 | 0  | 893                               |
| 78,786                      | 0                   | 97,000                        | 0                 | 0  | 175,786                           |
| 0                           | 0                   | 0                             | 0                 | 0  | 0                                 |
| <u>78,786</u>               | <u>3,883</u>        | <u>97,000</u>                 | <u>0</u>          | <u>0</u>                                 | <u>179,669</u>                    |
| 431                         | 0                   | 0                             | 0                 | 0  | 431                               |
| 0                           | 0                   | 0                             | 0                 | 0  | 0                                 |
| 945,000                     | 0                   | 0                             | 0                 | 0  | 945,000                           |
| 0                           | 0                   | 0                             | 0                 | 0  | 0                                 |
| 574,978                     | 589,521             | 99,300                        | 0                 | 10,902                                   | 1,274,701                         |
| 0                           | 0                   | 0                             | 0                 | 0  | 0                                 |
| <u>1,520,409</u>            | <u>589,521</u>      | <u>99,300</u>                 | <u>0</u>          | <u>10,902</u>                            | <u>2,220,132</u>                  |
| <u>\$ 1,599,195</u>         | <u>\$ 593,404</u>   | <u>\$ 196,300</u>             | <u>\$ 0</u>       | <u>\$ 10,902</u>                         | <u>\$ 2,399,801</u>               |

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2010**  
*(Concluded)*

|  | <b>Capital Projects Funds</b> |                           |                             |
|--|-------------------------------|---------------------------|-----------------------------|
|  | <b>Grants</b>                 | <b>County<br/>Complex</b> | <b>Amelia<br/>Concourse</b> |
| <b>Assets</b>  |                               |                           |                             |
| Cash and Cash Equivalents                                    | \$ 18,177                     | \$ 19,971                 | \$ 0                        |
| Equity in Pooled Investments                                 | 0                             | 250,774                   | 0                           |
| Accounts Receivable<br>(Net of Allowance for Uncollectibles) | 2                             | 2                         | 0                           |
| Loans Receivable<br>(Net of Allowance for Uncollectibles)    | 0                             | 0                         | 0                           |
| Due from Other Funds   | 0                             | 0                         | 0                           |
| Due from Constitutional Officers                             | 0                             | 0                         | 0                           |
| Due from Other Governments                                   | 0                             | 0                         | 0                           |
| Prepaid Expenditures   | 0                             | 0                         | 0                           |
| <b>Total Assets</b>  | <b>18,179</b>                 | <b>270,747</b>            | <b>0</b>                    |
| <b>Liabilities and Fund Balances</b>                         |                               |                           |                             |
| <b>Liabilities</b>   |                               |                           |                             |
| Accounts Payable   | 0                             | 0                         | 0                           |
| Retainage Payable  | 0                             | 7,000                     | 0                           |
| Due to Other Funds   | 0                             | 0                         | 0                           |
| Due to Constitutional Officers                               | 0                             | 0                         | 0                           |
| Due to Other Governments                                     | 0                             | 0                         | 0                           |
| Deferred Revenues  | 0                             | 0                         | 0                           |
| Deposits   | 0                             | 0                         | 0                           |
| <b>Total Liabilities</b>                                     | <b>0</b>                      | <b>7,000</b>              | <b>0</b>                    |
| <b>Fund Balances</b>   |                               |                           |                             |
| Reserved for:  |                               |                           |                             |
| Prepaid Items  | 0                             | 0                         | 0                           |
| Encumbrances   | 0                             | 15,115                    | 0                           |
| Debt Covenants   | 0                             | 0                         | 0                           |
| Unreserved - Undesignated:                                   |                               |                           |                             |
| Special Revenue Funds  | 0                             | 0                         | 0                           |
| Debt Service Funds   | 0                             | 0                         | 0                           |
| Capital Project Funds  | 18,179                        | 248,632                   | 0                           |
| <b>Total Fund Balances</b>                                   | <b>18,179</b>                 | <b>263,747</b>            | <b>0</b>                    |
| <b>Total Liabilities and Fund Balances</b>                   | <b>\$ 18,179</b>              | <b>\$ 270,747</b>         | <b>\$ 0</b>                 |

**Capital Projects Funds**

| <b>Capital Projects</b> | <b>CDBG</b>      | <b>Total Capital Project Funds</b> | <b>Total Nonmajor Governmental Funds</b> |
|-------------------------|------------------|------------------------------------|--|
| \$ 143,633              | \$ 991           | \$ 182,772                         | \$ 2,759,067                             |
| 1,505,988               | 51,051           | 1,807,813                          | 10,982,706                               |
| 0                       | 0                | 4                                  | 23,873                                   |
| 0                       | 0                | 0                                  | 89,965                                   |
| 0                       | 0                | 0                                  | 5,962                                    |
| 0                       | 0                | 0                                  | 222,917                                  |
| 0                       | 0                | 0                                  | 891,756                                  |
| 239                     | 0                | 239                                | 4,269                                    |
| <u>1,649,860</u>        | <u>52,042</u>    | <u>1,990,828</u>                   | <u>14,980,515</u>                        |
| 42,508                  | 0                | 42,508                             | 549,617                                  |
| 0                       | 2,559            | 9,559                              | 9,559                                    |
| 0                       | 0                | 0                                  | 312,949                                  |
| 0                       | 0                | 0                                  | 31,174                                   |
| 0                       | 0                | 0                                  | 42,762                                   |
| 0                       | 0                | 0                                  | 443,991                                  |
| 0                       | 0                | 0                                  | 10,691                                   |
| <u>42,508</u>           | <u>2,559</u>     | <u>52,067</u>                      | <u>1,400,743</u>                         |
| 239                     | 0                | 239                                | 4,269                                    |
| 12,656                  | 18,500           | 46,271                             | 131,428                                  |
| 0                       | 0                | 0                                  | 945,000                                  |
| 0                       | 0                | 0                                  | 9,332,123                                |
| 0                       | 0                | 0                                  | 1,274,701                                |
| 1,594,457               | 30,983           | 1,892,251                          | 1,892,251                                |
| <u>1,607,352</u>        | <u>49,483</u>    | <u>1,938,761</u>                   | <u>13,579,772</u>                        |
| <u>\$ 1,649,860</u>     | <u>\$ 52,042</u> | <u>\$ 1,990,828</u>                | <u>\$ 14,980,515</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, 2010**

|  | <b>Special Revenue Funds</b>            |  |                              |                                      |
|--|---|--|------------------------------|--------------------------------------|
|  | <b>Law<br/>Enforcement<br/>Training</b> | <b>Special<br/>Law<br/>Enforcement</b> | <b>Sheriff<br/>Donations</b> | <b>Law<br/>Enforcement<br/>Trust</b> |
| <b>Revenues</b>  |   |  |                              |                                      |
| Taxes  | \$ 0                                    | \$ 0                                   | \$ 0                         | \$ 0                                 |
| Licenses and Permits   | 0                                       | 0                                      | 0                            | 0                                    |
| Intergovernmental Revenues   | 0                                       | 0                                      | 0                            | 0                                    |
| Charges for Services   | 9,015                                   | 0                                      | 0                            | 0                                    |
| Fines and Forfeitures  | 13,020                                  | 33,632                                 | 0                            | 51,919                               |
| Investment Earnings (Loss)   | 146                                     | 1,031                                  | 24                           | 1,011                                |
| Miscellaneous  | 1,148                                   | 242                                    | 900                          | 1,184                                |
| <b>Total Revenues</b>  | <b>23,329</b>                           | <b>34,905</b>                          | <b>924</b>                   | <b>54,114</b>                        |
| <b>Expenditures</b>  |   |  |                              |                                      |
| Current:   |   |  |                              |                                      |
| General Government Services  | 0                                       | 0                                      | 0                            | 0                                    |
| Public Safety  | 9,550                                   | 0                                      | 416                          | 9,500                                |
| Physical Environment   | 0                                       | 0                                      | 0                            | 0                                    |
| Economic Environment   | 0                                       | 0                                      | 0                            | 0                                    |
| Human Services   | 0                                       | 0                                      | 0                            | 0                                    |
| Court-related Expenditures   | 0                                       | 0                                      | 0                            | 0                                    |
| Capital Outlay   | 0                                       | 0                                      | 0                            | 0                                    |
| Debt Service:  |   |  |                              |                                      |
| Principal Retirement   | 0                                       | 0                                      | 0                            | 0                                    |
| Interest and Fiscal Charges  | 0                                       | 0                                      | 0                            | 0                                    |
| <b>(Total Expenditures)</b>  | <b>9,550</b>                            | <b>0</b>                               | <b>416</b>                   | <b>9,500</b>                         |
| <b>Excess (Deficiency) of Revenues Over<br/>(Under) Expenditures</b> | <b>13,779</b>                           | <b>34,905</b>                          | <b>508</b>                   | <b>44,614</b>                        |
| <b>Other Financing Sources (Uses)</b>                                |   |  |                              |                                      |
| Transfers from Constitutional Officers                               | 0                                       | 0                                      | 0                            | 0                                    |
| Transfers to Constitutional Officers                                 | 0                                       | (30,000)                               | 0                            | 0                                    |
| Operating Transfers in   | 0                                       | 0                                      | 0                            | 0                                    |
| Operating Transfers (out)  | 0                                       | 0                                      | 0                            | (8,011)                              |
| <b>Total Other Financing Sources (Uses)</b>                          | <b>0</b>                                | <b>(30,000)</b>                        | <b>0</b>                     | <b>(8,011)</b>                       |
| <b>Net Change in Fund Balances</b>                                   | <b>13,779</b>                           | <b>4,905</b>                           | <b>508</b>                   | <b>36,603</b>                        |
| <b>Fund Balances at Beginning of Year</b>                            | <b>54,543</b>                           | <b>150,701</b>                         | <b>8,778</b>                 | <b>169,745</b>                       |
| <b>Fund Balances at End of Year</b>                                  | <b>\$ 68,322</b>                        | <b>\$ 155,606</b>                      | <b>\$ 9,286</b>              | <b>\$ 206,348</b>                    |

Special Revenue Funds

| School Crossing | Nassau County Anti-Drug Enforcement | Court Improvement | Court Facility Fees | Law Library Trust | Criminal Justice Trust | Special Drug/Alcohol Rehabilitation | Legal Aid Trust |
|-----------------|-------------------------------------|-------------------|---------------------|-------------------|------------------------|-------------------------------------|-----------------|
| \$ 0            | \$ 0                                | \$ 0              | \$ 0                | \$ 0              | \$ 0                   | \$ 0                                | \$ 0            |
| 0               | 0                                   | 0                 | 0                   | 0                 | 0                      | 0                                   | 0               |
| 0               | 672,369                             | 0                 | 0                   | 0                 | 0                      | 0                                   | 0               |
| 0               | 0                                   | 0                 | 92,311              | 31,164            | 31,164                 | 0                                   | 31,164          |
| 0               | 454                                 | 0                 | 0                   | 0                 | 0                      | 5,711                               | 0               |
| 0               | 141                                 | 94                | 12,762              | 3,137             | 1,675                  | 0                                   | 0               |
| 0               | 0                                   | 0                 | 0                   | 0                 | 131                    | 0                                   | 0               |
| 0               | 672,964                             | 94                | 105,073             | 34,301            | 32,970                 | 5,711                               | 31,164          |
| 0               | 0                                   | 0                 | 0                   | 0                 | 0                      | 0                                   | 0               |
| 0               | 118,814                             | 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                      | 5,919                               | 83,655          |
| 0               | 0                                   | 0                 | 16,383              | 35,264            | 18,378                 | 0                                   | 0               |
| 0               | 410,773                             | 0                 | 4,864               | 0                 | 11,335                 | 0                                   | 0               |
| 0               | 0                                   | 0                 | 0                   | 0                 | 0                      | 0                                   | 0               |
| 0               | 0                                   | 0                 | 0                   | 0                 | 0                      | 0                                   | 0               |
| 0               | 529,587                             | 0                 | 21,247              | 35,264            | 29,713                 | 5,919                               | 83,655          |
| 0               | 143,377                             | 94                | 83,826              | (963)             | 3,257                  | (208)                               | (52,491)        |
| 0               | 0                                   | 0                 | 0                   | 0                 | 0                      | 0                                   | 0               |
| (54,633)        | (214,078)                           | 0                 | 0                   | 0                 | 0                      | 0                                   | 0               |
| 54,633          | 0                                   | 0                 | 0                   | 0                 | 66,222                 | 0                                   | 52,491          |
| 0               | 0                                   | 0                 | 0                   | (15,806)          | 0                      | 0                                   | 0               |
| 0               | (214,078)                           | 0                 | 0                   | (15,806)          | 66,222                 | 0                                   | 52,491          |
| 0               | (70,701)                            | 94                | 83,826              | (16,769)          | 69,479                 | (208)                               | 0               |
| 0               | 42,718                              | 34,983            | 603,667             | 200,891           | 256,810                | 208                                 | 0               |
| \$ 0            | \$ (27,983)                         | \$ 35,077         | \$ 687,493          | \$ 184,122        | \$ 326,289             | \$ 0                                | \$ 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, 2010  
(Continued)**

|  | <b>Special Revenue Funds</b>       |   |                                  |                          |
|--|------------------------------------|---|----------------------------------|--------------------------|
|  | <b>911</b>                         |   |                                  |                          |
|  | <b>Drivers Ed<br/>Safety Trust</b> | <b>Operations<br/>and<br/>Maintenance</b> | <b>EMS County<br/>Awards HRS</b> | <b>DES<br/>Donations</b> |
| <b>Revenues</b>  |                                    |   |                                  |                          |
| Taxes  | \$ 0                               | \$ 0                                      | \$ 0                             | \$ 0                     |
| Licenses and Permits   | 0                                  | 0   | 0                                | 0                        |
| Intergovernmental Revenues   | 0                                  | 125,380                                   | 22,348                           | 0                        |
| Charges for Services   | 0                                  | 372,119                                   | 0                                | 0                        |
| Fines and Forfeitures  | 31,797                             | 0   | 0                                | 0                        |
| Investment Earnings (Loss)   | 205                                | 1,523                                     | (22)                             | 24                       |
| Miscellaneous  | 0                                  | 23  | 0                                | 0                        |
| <b>Total Revenues</b>  | <u>32,002</u>                      | <u>499,045</u>                            | <u>22,326</u>                    | <u>24</u>                |
| <b>Expenditures</b>  |                                    |   |                                  |                          |
| Current:   |                                    |   |                                  |                          |
| General Government Services  | 0                                  | 0   | 0                                | 0                        |
| Public Safety  | 0                                  | 50,040                                    | 0                                | 0                        |
| Physical Environment   | 0                                  | 0   | 0                                | 0                        |
| Economic Environment   | 0                                  | 0   | 0                                | 0                        |
| Human Services   | 31,935                             | 0   | 0                                | 0                        |
| Court-related Expenditures   | 0                                  | 0   | 0                                | 0                        |
| Capital Outlay   | 0                                  | 77,005                                    | 32,772                           | 0                        |
| Debt Service:  |                                    |   |                                  |                          |
| Principal Retirement   | 0                                  | 0   | 0                                | 0                        |
| Interest and Fiscal Charges  | 0                                  | 0   | 0                                | 0                        |
| <b>(Total Expenditures)</b>  | <u>31,935</u>                      | <u>127,045</u>                            | <u>32,772</u>                    | <u>0</u>                 |
| <b>Excess (Deficiency) of Revenues Over<br/>(Under) Expenditures</b> | <u>67</u>                          | <u>372,000</u>                            | <u>(10,446)</u>                  | <u>24</u>                |
| <b>Other Financing Sources (Uses)</b>                                |                                    |   |                                  |                          |
| Transfers from Constitutional Officers                               | 0                                  | 144,462                                   | 0                                | 0                        |
| Transfers to Constitutional Officers                                 | 0                                  | (433,079)                                 | 0                                | 0                        |
| Operating Transfers in   | 0                                  | 0   | 0                                | 0                        |
| Operating Transfers (out)  | 0                                  | 0   | 0                                | 0                        |
| <b>Total Other Financing Sources (Uses)</b>                          | <u>0</u>                           | <u>(288,617)</u>                          | <u>0</u>                         | <u>0</u>                 |
| <b>Net Change in Fund Balances</b>                                   | 67                                 | 83,383                                    | (10,446)                         | 24                       |
| <b>Fund Balances at Beginning of Year</b>                            | <u>31,935</u>                      | <u>275,416</u>                            | <u>10,446</u>                    | <u>8,934</u>             |
| <b>Fund Balances at End of Year</b>                                  | <u>\$ 32,002</u>                   | <u>\$ 358,799</u>                         | <u>\$ 0</u>                      | <u>\$ 8,958</u>          |

Special Revenue Funds

| Grants     | Amelia<br>Island<br>Tourist<br>Development | Local<br>Affordable<br>Housing<br>Trust (SHIP) | South<br>Amelia<br>Island Shore<br>Stabilization | Nassau<br>County<br>Economic<br>Development | Building<br>Department | Community<br>Based<br>Care<br>Program |
|------------|--|--|--|---|------------------------|---------------------------------------|
| \$ 0       | \$ 2,465,068                               | \$ 0   | \$ 0   | \$ 0  | \$ 0                   | \$ 0                                  |
| 0          | 0  | 0  | 516,720  | 0   | 662,808                | 0                                     |
| 0          | 0  | 141,578  | 0  | 0   | 0                      | 0                                     |
| 0          | 0  | 0  | 0  | 0   | 65,865                 | 0                                     |
| 0          | 0  | 0  | 0  | 0   | 0                      | 0                                     |
| 0          | 18,779                                     | 4,617  | 16,799   | 0   | 27,774                 | 0                                     |
| 0          | 0  | 84,929   | 0  | 0   | 21,642                 | 0                                     |
| 0          | 2,483,847                                  | 231,124  | 533,519  | 0   | 778,089                | 0                                     |
| 0          | 0  | 0  | 0  | 0   | 722,469                | 0                                     |
| 0          | 0  | 0  | 0  | 0   | 407,070                | 0                                     |
| 800        | 121,349                                    | 0  | 116,547  | 0   | 0                      | 0                                     |
| 0          | 2,110,621                                  | 962,616  | 0  | 125,000                                     | 0                      | 0                                     |
| 0          | 0  | 0  | 0  | 0   | 0                      | 0                                     |
| 0          | 0  | 0  | 0  | 0   | 0                      | 0                                     |
| 0          | 0  | 0  | 233,398  | 0   | 0                      | 0                                     |
| 0          | 0  | 0  | 0  | 0   | 0                      | 0                                     |
| 0          | 0  | 0  | 0  | 0   | 0                      | 0                                     |
| 800        | 2,231,970                                  | 962,616  | 349,945  | 125,000                                     | 1,129,539              | 0                                     |
| (800)      | 251,877                                    | (731,492)                                      | 183,574  | (125,000)                                   | (351,450)              | 0                                     |
| 0          | 0  | 0  | 0  | 0   | 0                      | 0                                     |
| 0          | (73,952)                                   | (40)   | (17,869)   | 0   | 0                      | 0                                     |
| 0          | 0  | 0  | 36,000   | 125,000                                     | 0                      | 0                                     |
| (2,871)    | (37,661)                                   | 0  | 0  | 0   | (137,998)              | 0                                     |
| (2,871)    | (111,613)                                  | (40)   | 18,131   | 125,000                                     | (137,998)              | 0                                     |
| (3,671)    | 140,264                                    | (731,532)                                      | 201,705  | 0   | (489,448)              | 0                                     |
| 0          | 1,476,693                                  | 1,143,081                                      | 862,844  | 0   | 3,140,237              | 233                                   |
| \$ (3,671) | \$ 1,616,957                               | \$ 411,549                                     | \$ 1,064,549                                     | \$ 0  | \$ 2,650,789           | \$ 233                                |

**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, 2010  
(Continued)**

|  | <b>Special Revenue Funds</b>         |  |   | <b>Total<br/>Special<br/>Revenue<br/>Funds</b> |
|--|--------------------------------------|--|---|--|
|  | <b>Amelia<br/>Concourse<br/>MSBU</b> | <b>Firefighter<br/>Education<br/>Trust</b> | <b>F. S. Special<br/>Revenue<br/>Fund</b> |  |
| <b>Revenues</b>  |                                      |  |   |  |
| Taxes  | \$ 0                                 | \$ 0                                       | \$ 0                                      | \$ 2,465,068                                   |
| Licenses and Permits   | 183,782                              | 0  | 0   | 1,363,310                                      |
| Intergovernmental Revenues   | 0                                    | 0  | 34,531                                    | 996,206  |
| Charges for Services   | 0                                    | 0  | 154,104                                   | 786,906  |
| Fines and Forfeitures  | 0                                    | 0  | 40,295                                    | 176,828  |
| Investment Earnings (Loss)   | 4,907                                | 0  | 2,530                                     | 97,157   |
| Miscellaneous  | 0                                    | 0  | 0   | 110,199  |
| <b>Total Revenues</b>  | <u>188,689</u>                       | <u>0</u>                                   | <u>231,460</u>                            | <u>5,995,674</u>                               |
| <b>Expenditures</b>  |                                      |  |   |  |
| Current:   |                                      |  |   |  |
| General Government Services  | 0                                    | 0  | 0   | 722,469  |
| Public Safety  | 0                                    | 0  | 10,325                                    | 605,715  |
| Physical Environment   | 123,522                              | 0  | 0   | 362,218  |
| Economic Environment   | 0                                    | 0  | 0   | 3,198,237                                      |
| Human Services   | 0                                    | 0  | 0   | 121,509  |
| Court-related Expenditures   | 0                                    | 0  | 210,554                                   | 280,579  |
| Capital Outlay   | 0                                    | 0  | 53,710                                    | 823,857  |
| Debt Service:  |                                      |  |   |  |
| Principal Retirement   | 0                                    | 0  | 0   | 0  |
| Interest and Fiscal Charges  | 0                                    | 0  | 0   | 0  |
| <b>(Total Expenditures)</b>  | <u>123,522</u>                       | <u>0</u>                                   | <u>274,589</u>                            | <u>6,114,584</u>                               |
| <b>Excess (Deficiency) of Revenues Over<br/>(Under) Expenditures</b> | <u>65,167</u>                        | <u>0</u>                                   | <u>(43,129)</u>                           | <u>(118,910)</u>                               |
| <b>Other Financing Sources (Uses)</b>                                |                                      |  |   |  |
| Transfers from Constitutional Officers                               | 0                                    | 0  | 0   | 144,462  |
| Transfers to Constitutional Officers                                 | (4,635)                              | 0  | 0   | (828,286)                                      |
| Operating Transfers in   | 0                                    | 0  | 0   | 334,346  |
| Operating Transfers (out)  | (1,043)                              | 0  | (50,418)                                  | (253,808)                                      |
| <b>Total Other Financing Sources (Uses)</b>                          | <u>(5,678)</u>                       | <u>0</u>                                   | <u>(50,418)</u>                           | <u>(603,286)</u>                               |
| <b>Net Change in Fund Balances</b>                                   | 59,489                               | 0  | (93,547)                                  | (722,196)                                      |
| <b>Fund Balances at Beginning of Year</b>                            | <u>608,472</u>                       | <u>3</u>                                   | <u>1,061,737</u>                          | <u>10,143,075</u>                              |
| <b>Fund Balances at End of Year</b>                                  | <u>\$ 667,961</u>                    | <u>\$ 3</u>                                | <u>\$ 968,190</u>                         | <u>\$ 9,420,879</u>                            |

Debt Service Funds

| Optional<br>Gas Tax<br>2000 | Amelia<br>Concourse | 1998/2009<br>Gas Tax<br>Bonds | County<br>Complex  | Special<br>Assessment<br>Series<br>2001A | Total<br>Debt<br>Service<br>Funds |
|-----------------------------|---------------------|-------------------------------|--------------------|--|-----------------------------------|
| \$ 945,432                  | \$ 0                | \$ 400,292                    | \$ 0               | \$ 0                                     | \$ 1,345,724                      |
| 0                           | 662,705             | 0                             | 0                  | 0  | 662,705                           |
| 0                           | 0                   | 772,124                       | 0                  | 0  | 772,124                           |
| 0                           | 0                   | 0                             | 0                  | 0  | 0                                 |
| 0                           | 0                   | 0                             | 0                  | 0  | 0                                 |
| 17,320                      | 5,226               | 1,209                         | 0                  | 29                                       | 23,784                            |
| 0                           | 0                   | 0                             | 0                  | 0  | 0                                 |
| <u>962,752</u>              | <u>667,931</u>      | <u>1,173,625</u>              | <u>0</u>           | <u>29</u>                                | <u>2,804,337</u>                  |
| 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                                 |
| 592,014                     | 780,699             | 843,158                       | 845,000            | 0  | 3,060,871                         |
| 353,417                     | 113,640             | 328,933                       | 1,474,831          | 0  | 2,270,821                         |
| <u>945,431</u>              | <u>894,339</u>      | <u>1,172,091</u>              | <u>2,319,831</u>   | <u>0</u>                                 | <u>5,331,692</u>                  |
| <u>17,321</u>               | <u>(226,408)</u>    | <u>1,534</u>                  | <u>(2,319,831)</u> | <u>29</u>                                | <u>(2,527,355)</u>                |
| 0                           | 0                   | 0                             | 0                  | 0  | 0                                 |
| 0                           | (15,485)            | 0                             | 0                  | 0  | (15,485)                          |
| 0                           | 0                   | 0                             | 2,319,831          | 0  | 2,319,831                         |
| <u>0</u>                    | <u>0</u>            | <u>0</u>                      | <u>0</u>           | <u>0</u>                                 | <u>0</u>                          |
| <u>0</u>                    | <u>(15,485)</u>     | <u>0</u>                      | <u>2,319,831</u>   | <u>0</u>                                 | <u>2,304,346</u>                  |
| 17,321                      | (241,893)           | 1,534                         | 0                  | 29                                       | (223,009)                         |
| <u>1,503,088</u>            | <u>831,414</u>      | <u>97,766</u>                 | <u>0</u>           | <u>10,873</u>                            | <u>2,443,141</u>                  |
| <u>\$ 1,520,409</u>         | <u>\$ 589,521</u>   | <u>\$ 99,300</u>              | <u>\$ 0</u>        | <u>\$ 10,902</u>                         | <u>\$ 2,220,132</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, 2010  
(Concluded)**

|  | <u>Capital Projects Funds</u> |                           |                             |
|--|-------------------------------|---------------------------|-----------------------------|
|  | <u>Grants</u>                 | <u>County<br/>Complex</u> | <u>Amelia<br/>Concourse</u> |
| <b>Revenues</b>  |                               |                           |                             |
| Taxes  | \$ 0                          | \$ 0                      | \$ 0                        |
| Licenses and Permits   | 0                             | 0                         | 0                           |
| Intergovernmental Revenues   | 0                             | 840                       | 0                           |
| Charges for Services   | 0                             | 0                         | 0                           |
| Fines and Forfeitures  | 0                             | 0                         | 0                           |
| Investment Earnings (Loss)   | 38                            | 4,272                     | 41                          |
| Miscellaneous  | 280                           | 0                         | 0                           |
| <b>Total Revenues</b>  | <u>318</u>                    | <u>5,112</u>              | <u>41</u>                   |
| <b>Expenditures</b>  |                               |                           |                             |
| Current:   |                               |                           |                             |
| General Government Services  | 0                             | 0                         | 0                           |
| Public Safety  | 0                             | 1,850                     | 0                           |
| Physical Environment   | 0                             | 0                         | 0                           |
| Economic Environment   | 0                             | 0                         | 0                           |
| Human Services   | 0                             | 0                         | 0                           |
| Court-related Expenditures   | 0                             | 0                         | 0                           |
| Capital Outlay   | 0                             | 29,877                    | 98,153                      |
| Debt Service:  |                               |                           |                             |
| Principal Retirement   | 0                             | 0                         | 0                           |
| Interest and Fiscal Charges  | 0                             | 0                         | 0                           |
| <b>(Total Expenditures)</b>  | <u>0</u>                      | <u>31,727</u>             | <u>98,153</u>               |
| <b>Excess (Deficiency) of Revenues Over<br/>(Under) Expenditures</b> | <u>318</u>                    | <u>(26,615)</u>           | <u>(98,112)</u>             |
| <b>Other Financing Sources (Uses)</b>                                |                               |                           |                             |
| Transfers from Constitutional Officers                               | 0                             | 0                         | 0                           |
| Transfers to Constitutional Officers                                 | 0                             | 0                         | 0                           |
| Operating Transfers in   | 0                             | 0                         | 0                           |
| Operating Transfers (out)  | 0                             | 0                         | (41)                        |
| <b>Total Other Financing Sources (Uses)</b>                          | <u>0</u>                      | <u>0</u>                  | <u>(41)</u>                 |
| <b>Net Change in Fund Balances</b>                                   | 318                           | (26,615)                  | (98,153)                    |
| <b>Fund Balances at Beginning of Year</b>                            | <u>17,861</u>                 | <u>290,362</u>            | <u>98,153</u>               |
| <b>Fund Balances at End of Year</b>                                  | <u>\$ 18,179</u>              | <u>\$ 263,747</u>         | <u>\$ 0</u>                 |

| <b>Capital Projects Funds</b> |                  |                                    |  |
|-------------------------------|------------------|------------------------------------|--|
| <b>Capital Projects</b>       | <b>CDBG</b>      | <b>Total Capital Project Funds</b> | <b>Total Nonmajor Governmental Funds</b> |
| \$ 0                          | \$ 0             | \$ 0                               | \$ 3,810,792                             |
| 0                             | 0                | 0                                  | 2,026,015                                |
| 0                             | 0                | 840                                | 1,769,170                                |
| 0                             | 0                | 0                                  | 786,906                                  |
| 0                             | 0                | 0                                  | 176,828                                  |
| 14,110                        | 2,500            | 20,961                             | 141,902                                  |
| 0                             | 0                | 280                                | 110,479                                  |
| <u>14,110</u>                 | <u>2,500</u>     | <u>22,081</u>                      | <u>8,822,092</u>                         |
| 0                             | 9,517            | 9,517                              | 731,986                                  |
| 0                             | 0                | 1,850                              | 607,565                                  |
| 0                             | 0                | 0                                  | 362,218                                  |
| 0                             | 0                | 0                                  | 3,198,237                                |
| 0                             | 0                | 0                                  | 121,509                                  |
| 0                             | 0                | 0                                  | 280,579                                  |
| 84,705                        | 583,753          | 796,488                            | 1,620,345                                |
| 0                             | 0                | 0                                  | 3,060,871                                |
| 0                             | 0                | 0                                  | 2,270,821                                |
| <u>84,705</u>                 | <u>593,270</u>   | <u>807,855</u>                     | <u>12,254,131</u>                        |
| <u>(70,595)</u>               | <u>(590,770)</u> | <u>(785,774)</u>                   | <u>(3,432,039)</u>                       |
| 0                             | 0                | 0                                  | 144,462                                  |
| 0                             | 0                | 0                                  | (843,771)                                |
| 0                             | 0                | 0                                  | 2,654,177                                |
| <u>(15,200)</u>               | <u>0</u>         | <u>(15,241)</u>                    | <u>(269,049)</u>                         |
| <u>(15,200)</u>               | <u>0</u>         | <u>(15,241)</u>                    | <u>1,685,819</u>                         |
| (85,795)                      | (590,770)        | (801,015)                          | (1,746,220)                              |
| <u>1,693,147</u>              | <u>640,253</u>   | <u>2,739,776</u>                   | <u>15,325,992</u>                        |
| <u>\$ 1,607,352</u>           | <u>\$ 49,483</u> | <u>\$ 1,938,761</u>                | <u>\$ 13,579,772</u>                     |

## **OTHER INFORMATION**

**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 Board of County Commissioners  
Nassau County, Florida

We have audited the special purpose financial statements of the Nassau County Board of County Commissioners, Nassau County, Florida (the Board), as of and for the year ended September 30, 2010, and have issued our report thereon dated February 21, 2011. 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 Board'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 Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Board'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*.

**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  
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*)**

We noted certain matters that we reported to management in a separate management letter dated February 21, 2011.

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

*Purris, Gray and Company, LLP*

February 21, 2011  
Gainesville, Florida

## MANAGEMENT LETTER

The Honorable Board of County Commissioners  
Nassau County, Florida

We have audited the special purpose financial statements of the Nassau County Board of County Commissioners, Nassau County, Florida (the Board), as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated February 21, 2011.

We conducted our audit in accordance with auditing standards generally accepted United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our independent auditors' report on internal control over financial reporting and compliance and other matters, report on compliance with requirements applicable to each major federal program and state project and on internal control over compliance, and schedule of findings and questioned costs. Disclosures in those reports and schedule, which are dated February 21, 2011, 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:

- 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. 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 County 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial report.

### Certified Public Accountants

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The Honorable Board of County Commissioners  
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 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.
- Section 10.554(1)(i)5., *Rules of the Auditor General* provides that the auditor may, based upon professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contraction or grant agreements, fraud, illegal acts, or abuse; and (2) deficiencies in internal control that are not significant deficiencies. 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 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.

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.

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 21, 2011  
Gainesville, Florida