

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

**NASSAU COUNTY PROPERTY APPRAISER
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2010

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

**NASSAU COUNTY PROPERTY APPRAISER
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2010

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INDEPENDENT AUDITORS' REPORT

The Honorable Tammy C. Stiles
Nassau County Property Appraiser
Nassau County, Florida

We have audited the accompanying special purpose financial statements of the general fund of the Nassau County, Florida Property Appraiser (the Property Appraiser), as of and for the year ended September 30, 2010, as listed in the table of contents. These special purpose financial statements are the responsibility of the Property Appraiser's management. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the special purpose financial statements, the special purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the *Rules of the Auditor General*, State of Florida, 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 Property Appraiser. 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 its financial position or where applicable, its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the Property Appraiser at September 30, 2010, and the changes in financial position of its general fund and the respective budgetary comparison for the general fund for the year then ended in conformity with the basis of accounting described in Note 1.

Certified Public Accountants

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The Honorable Tammy C. Stiles
Nassau County Property Appraiser
Nassau County, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

In accordance with *Government Auditing Standards*, we have also issued a report dated January 18, 2011, on our consideration of the Property Appraiser's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Purvis, Gray and Company, LLP

January 18, 2011
Gainesville, Florida

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2010
NASSAU COUNTY PROPERTY APPRAISER**

Assets		
Cash	\$	249,709
Total Assets		<u>249,709</u>
 Liabilities and Fund Balance		
Liabilities		
Accounts Payable		5,571
Due to Board of County Commissioners		236,374
Due to Other Governments		7,764
Total Liabilities		<u>249,709</u>
 Fund Balance		 <u>0</u>
 Total Liabilities and Fund Balance		 <u>\$ 249,709</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010
NASSAU COUNTY PROPERTY APPRAISER**

Revenues	
Charges for Services	\$ 56,840
Interest	1,461
Miscellaneous	71,640
Total Revenues	<u>129,941</u>
Expenditures	
Current:	
General Government:	
Personal Services	1,409,566
Operating Expenditures	364,547
Capital Outlay	41,722
(Total Expenditures)	<u>(1,815,835)</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(1,685,894)</u>
Other Financing Sources (Uses)	
Transfers in from Board of County Commissioners	1,904,110
Transfers (out) to Board of County Commissioners	(200,216)
Transfers (out) to Constitutional Officers	(18,000)
Total Other Financing Sources (Uses)	<u>1,685,894</u>
Net Change in Fund Balance	0
Fund Balance, Beginning of Year	<u>0</u>
Fund Balance, End of Year	<u><u>\$ 0</u></u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010
NASSAU COUNTY PROPERTY APPRAISER**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 63,501	\$ 63,501	\$ 56,840	\$ (6,661)
Interest	0	0	1,461	1,461
Miscellaneous	0	0	71,640	71,640
Total Revenues	<u>63,501</u>	<u>63,501</u>	<u>129,941</u>	<u>66,440</u>
Expenditures				
Current:				
General Government:				
Personal Services	1,524,749	1,495,550	1,409,566	85,984
Operating Expenditures	351,918	387,261	364,547	22,714
Capital Outlay	0	41,800	41,722	78
Reserve for Contingency	78,343	25,000	0	25,000
(Total Expenditures)	<u>(1,955,010)</u>	<u>(1,949,611)</u>	<u>(1,815,835)</u>	<u>133,776</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(1,891,509)</u>	<u>(1,886,110)</u>	<u>(1,685,894)</u>	<u>200,216</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	1,891,509	1,904,110	1,904,110	0
Transfers (out) to Board of County Commissioners	0	0	(200,216)	(200,216)
Transfers (out) to Constitutional Officers	0	(18,000)	(18,000)	0
Total Other Financing Sources (Uses)	<u>1,891,509</u>	<u>1,886,110</u>	<u>1,685,894</u>	<u>(200,216)</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

**NOTES TO SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
NASSAU COUNTY PROPERTY APPRAISER**

Note 1 - Summary of Significant Accounting Policies

The following is a summary of significant accounting principles and policies used in the preparation of the accompanying special purpose financial statements.

Reporting Entity

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

The Nassau County, Florida Property Appraiser (the Property Appraiser) is an elected official of the County pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). The Property Appraiser is a part of the primary government of the County. Although the Board and the Florida Department of Revenue approve the Property Appraiser's total operating budget, the Property Appraiser is responsible for the administration and operation of the Property Appraiser's office, and the Property Appraiser's special purpose financial statements do not include the financial statements of the Board or the other Constitutional Officers of Nassau County, Florida.

The operations of the Property Appraiser are funded by the Board of County Commissioners, the St. Johns River Water Management District, the Amelia Island Mosquito Control District, and the Florida Inland Navigation District. The receipts from the Board are recorded as other financing sources on the Property Appraiser's special purpose financial statements.

For financial reporting purposes, the Property Appraiser is deemed to be a part of the primary government of the County and, therefore, is included as such in the County's annual financial report.

Basis of Presentation

The accompanying financial statements include all funds and accounts of the Property Appraiser's office, but are not a complete presentation of the County as a whole. The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(3), *Rules of the Auditor General—Local Governmental Entity Audits*.

These accompanying financial statements are fund financial statements that have been prepared in conformity with accounting practices and reporting requirements prescribed by the State of Florida Office of the Auditor General. As such, they omit entity-wide, full-accrual financial statements and related disclosures, and certain other required supplementary information to be in conformity with generally accepted accounting principles (GAAP) in the United States of America. Except for these omissions, they are otherwise in conformity with GAAP.

The financial transactions of the Property Appraiser is recorded in one individual fund. This fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

The Property Appraiser reports the following fund type:

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
NASSAU COUNTY PROPERTY APPRAISER
(Continued)

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

Basis of Presentation *(Concluded)*

■ **Governmental Fund**

● **Major Fund**

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

Basis of Accounting

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

The modified accrual basis of accounting is followed by the general fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. The Property Appraiser considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid.

Measurement Focus

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

Budgetary Requirement

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is approved by the Florida Department of Revenue for the general fund. Budget to actual comparisons are provided in the financial statements for the general fund, where the Property Appraiser has legally adopted an annual budget. All budget amounts presented in the accompanying special purpose financial statements have been adjusted for legally authorized amendments of the annual budget for the year.

Budgets are prepared on the modified accrual basis of accounting.

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

Capital Assets

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

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
NASSAU COUNTY PROPERTY APPRAISER
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Accrued Compensated Absences

The Property Appraiser maintains a policy of granting employees annual leave based upon the number of years of employment. An employee can receive payment for such accumulated annual leave upon termination of employment in good standing up to a maximum of 360 hours. In addition, the Property Appraiser maintains the following policy for sick leave. Sick leave is accumulated at the rate of one day per month. Upon either appointment or election to county-wide office, death or retirement, an employee is entitled to be paid for his/her accumulated sick leave at the staff rate of pay, calculated up to a maximum payout of 720 hours.

Note 2 - Cash

At September 30, 2010, the carrying amount of the Property Appraiser's deposits was \$249,709 and the bank balance was \$305,812. Deposits in banks and savings and loan institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All of the cash deposits of the Property Appraiser are placed with qualified financial institutions, which mean they are insured or collateralized.

Note 3 - Employee Benefits

Defined Benefit Pension Plan

All full-time employees of the Property Appraiser participate in the Florida Retirement System (the System). This System was created by the Florida Legislature and is a cost-sharing, multiple-employer defined benefit public retirement plan available to governmental units within the State of Florida. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-5706.

The Property Appraiser and all full-time employees are eligible to participate in the System. Employees who retire at or after age 62, with six years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to the product of: (1) average monthly compensation in the highest five years of creditable service; (2) creditable service during the appropriate period; and (3) the appropriate benefit percentage. Benefits are fully vested on reaching six years of service. Vested employees may retire after six years of creditable service and receive reduced retirement benefits. The System also provides death benefits, disability benefits and cost of living adjustments. Benefits are established by Florida Statute.

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
NASSAU COUNTY PROPERTY APPRAISER
(Continued)**

Note 3 - Employee Benefits (Concluded)

Defined Benefit Pension Plan (Concluded)

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers, such as the Property Appraiser, are required to contribute 10.77% of the compensation for regular members, 14.57% of senior management employees, and 18.64% for elected County officials.

The Property Appraiser's contributions to the System for the years ended September 30, 2010, 2009, and 2008 were \$122,688, \$111,732 and \$123,905, respectively, equal to the required contributions for each year.

Note 4 - Changes in Long-term Debt

The following is a summary of the changes in accumulated compensated absences of the Property Appraiser for the year ended September 30, 2010:

	<u>Balance October 1, 2009</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance September 30, 2010</u>
Accrued Compensated Absences	\$ 130,205	\$ 64,744	\$ (91,001)	\$ 103,948
Other Postemployment Benefits	<u>61,627</u>	<u>87,600</u>	<u>(25,973)</u>	<u>123,254</u>
Total Long-term Debt	<u>\$ 191,832</u>	<u>\$ 152,344</u>	<u>\$ (116,974)</u>	<u>\$ 227,202</u>

Accrued compensated absences represent the vested portion of accrued leave. See Note 1 for a summary of the Property Appraiser's accumulated compensated absences policy.

Other Postemployment Benefits (OPEB) represents the portion of the liability based upon current and retired employees of the Property Appraiser. See Note 5 for a description of OPEB.

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

Note 5 - Other Postemployment Benefits

Effective for the year ending September 30, 2010, the County implemented GASB Statement No. 45, *Accounting and Reporting for Postemployment Benefits Other than Pensions*, for certain postemployment health care benefits provided by the County.

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

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
NASSAU COUNTY PROPERTY APPRAISER
(Concluded)**

Note 5 - Other Postemployment Benefits (Concluded)

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

Percent of Direct Subsidy up to "Subsidy Base Maximum" of \$438.55

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

Currently, the Property appraiser has 23 active employees and 5 retired employees who are considered participants in the plan for purposes of computing the OPEB obligation. The Property Appraiser's portion of the OPEB obligation at September 30, 2010 totaled \$123,254. This liability will be included in long-term liabilities in the County-wide financial statements. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

Note 6 - Operating Lease

The Property Appraiser's office entered into an operating lease agreement with Pitney Bowes on February 18, 2009, for the lease of a postage meter, scale, and printer. The lease provides for 21 quarterly payments of \$242. The lease is for 63 months ending in 2014. Total lease payments of \$968 were made during the fiscal year ended September 30, 2010, for the mail processing machine.

The future minimum lease payments for the mail processing machine are as follows:

Year Ending September 30	Amount
2011	\$ 968
2012	968
2013	968
2014	242
Total	\$ 3,146

OTHER REPORTS

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

The Honorable Tammy C. Stiles
Nassau County Property Appraiser
Nassau County, Florida

We have audited the special purpose financial statements of the Nassau County, Florida Property Appraiser (the Property Appraiser), as of and for the year ended September 30, 2010, and have issued our report thereon dated January 18, 2011, which was modified to refer to a basis of accounting required for state filing requirements, and for other reasons. 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 Property Appraiser'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 Property Appraiser's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Property Appraiser'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 Property Appraiser's financial statements 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 of this section and was not designed to 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. However, we identified a certain deficiency in internal control over financial reporting, described below that we consider to be a significant deficiency in internal control over financial reporting.

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The Honorable Tammy C. Stiles
Nassau County Property Appraiser
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*)**

Internal Control Over Financial Reporting (*Concluded*)

■ **Separation of Duties**

Condition—Because of a limited number of available personnel, it was not always possible to separate certain incompatible duties so that the same person did not post transactions into the accounting system, sign checks, and reconcile the bank accounts.

Criteria—Separation of some of these duties among different personnel provides increased assurance that errors or irregularities will not go undetected for long periods of time.

Recommendation—We recommend that some of the above duties be separated and given to different personnel where it is feasible to do so.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

We noted certain matters that we have reported to management in a separate management letter dated January 18, 2011.

The Property Appraiser's response to the findings identified in our audit are described in the accompanying management's response. We did not audit the Property Appraiser's response and, accordingly, we express no opinion on it.

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

Purvis, Gray and Company, LLP

January 18, 2011
Gainesville, Florida

MANAGEMENT LETTER

The Honorable Tammy C. Stiles
Nassau County Property Appraiser
Nassau County, Florida

We have audited the special purpose financial statements of the Nassau County, Florida Property Appraiser (the Property Appraiser), as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated January 18, 2011, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and other reasons.

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. We have issued our report on internal control over financial reporting and on compliance and other matters dated January 18, 2011. Disclosures in that report, if any, 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:

- 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. The recommendation made in the preceding annual financial audit report was addressed.
- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Property Appraiser 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 the entity's financial management. In connection with our audit, we report the following matter:

Accounting Software

The Property Appraiser uses QuickBooks as its accounting software to record general ledger activity, accounts payable and payroll activities. Software controls that would prevent changes to account balances after the entries have been recorded into the accounting system had not been activated in the QuickBooks system. We recommend that the software control that prevents changes to the account balances after entries have been made be activated in the Property Appraiser's QuickBooks system. This will provide better documentation for changes made to account balances.

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The Honorable Tammy C. Stiles
Nassau County Property Appraiser
Nassau County, Florida

MANAGEMENT LETTER
(Concluded)

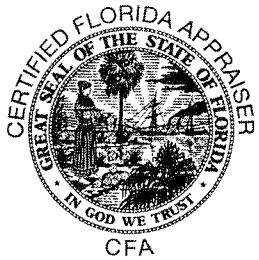
- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., *Rules of the Auditor General* provides that for matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors, the following may be reported based upon professional judgment: (a) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse; and (b) 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 Property Appraiser was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Property Appraiser.

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

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

Purris, Gray and Company, LLP

January 18, 2011
Gainesville, Florida



Nassau County Property Appraiser

Fernandina Beach - Yulee 904-491-7300
Bryceville - Callahan - Hilliard 1-888-615-4398
Fax 904-491-3629
www.nassaupla.com

Tammy C. Stiles, C.F.A.

January 21, 2011

Purvis Gray & Company
PO Box 23999
Gainesville, Florida 32602


Dear Mr. Kite,

Thank you for the work Purvis Gray did for us in performing the audit for this office. In response to your finding of a *significant deficiency* reflected in your *Report on Internal Control over Financial Reporting, Separation of Duties, during the fiscal year 2009-2010*, please note that at most given times there were two who shared, reviewed and double-checked all aspects of the financial processes of this office including but not limited to the payroll functions one of which was myself. I do feel that for the fiscal year 2009-2010 that this office had a sufficient Separation of Duties over Financial reporting given the size of our operations. However, the recommendations are noted and we will continue to strive to improve and enhance all of our policies and procedures. At such time that we are able to employ more persons in this area or give additional duties to others, we will then deploy the recommendations.

In addition, the auditor made a recommendation that the controls in the accounting software used by this office be enabled to a higher level of control. At this time the Audit Trail Reports are being utilized for this control as well as established policies for recording, documenting, and approving journal entries. We will be implementing the controls within the accounting software as suggested by the Purvis Gray & Company to establish a higher level of control. This will afford us a "dual" process of control along with the Audit Trail Reports.

Please note that we enjoyed working with you and your staff from the Purvis Gray & Company and wish you all well in this New Year.

Sincerely,


Tammy C Stiles CFA