

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS**

NASSAU COUNTY, FLORIDA

SEPTEMBER 30, 2013

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**FINANCIAL STATEMENTS
AND
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NASSAU COUNTY, FLORIDA

SEPTEMBER 30, 2013

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INTRODUCTORY SECTION

NASSAU COUNTY, FLORIDA

LIST OF ELECTED AND APPOINTED OFFICIALS

Serving as of September 30, 2013

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

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

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and aggregate remaining fund information of Nassau County, Florida, (the County), as of and for the year ended September 30, 2013, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the County as of September 30, 2013, and the respective changes in financial position and cash flows, where appropriate, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Certified Public Accountants

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

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The introductory section is presented for purpose of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance projects, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, *Rules of the Auditor General* of the State of Florida, is also not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance projects is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal awards and state financial assistance projects is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 4, 2014, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Restriction on Use

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

Purvis, Gray and Company, LLP

March 4, 2014
Gainesville, Florida

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

Management's Discussion and Analysis

This management's discussion and analysis of Nassau County's (the County) financial statements is designed to introduce the basic financial activities for the fiscal year ended September 30, 2013. The basic financial statements are comprised of the government-wide financial statements, fund financial statements, and footnotes. We hope this will assist readers in identifying significant financial issues and changes in the County's financial position.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of fiscal year 2013 by \$471,543,370 (net position). The net position from governmental activities of \$476,158,056 were partially offset by the net position of \$(4,614,686) from business-type activities.
- The County's expenses exceeded its revenues by \$14,073,501 for the fiscal year, a \$6,666,236 larger deficit than in the prior year. Influencing factors included a \$3,980,425 decrease in general revenues, which included a decrease in property taxes of \$2,910,077 and a decrease in miscellaneous revenues of \$2,185,240; partially offset by a \$1,505,200 increase in non-ad valorem tax revenue. The year-to-year deficit in program revenues, net of expenses, increased from \$(72,598,751) in the prior year to \$(75,284,562) in fiscal year 2013; due primarily to a \$3,762,286 decline in revenues from operating and capital grants and contributions.
- The General Fund reported a deficit of revenues to expenditures of \$6,243,163 partially offset by a \$3,477,607 excess of transfers in over transfers out, resulting in a \$2,765,556 decrease in fund balance.
- Proprietary funds reported a total change in net position of \$834,878. The solid waste fund reported a change in net position of \$(224,024) which was more than offset by a \$1,058,902 increase in net position for the water and sewer fund.
- Outstanding long-term bonded debt as of September 30, 2013, was \$56,768,903, a reduction of \$3,214,532 from prior year. Of this amount \$3,367,161 is considered due within one year.

Overview of the Financial Statements

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

Fund Type	Number
General Fund	1
Debt Service Funds	4
Capital Projects Funds	5
Special Revenue Funds	33
Total Governmental Funds	43
Total Proprietary Funds	2
Total Agency Funds	13

Management's Discussion and Analysis

(Continued)

Government-Wide Financial Statements

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

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

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

The government-wide financial statements include not only the County itself (known as the primary government), but also the following legally separate component units: Nassau County Housing Finance Authority and Recreation and Water Conservation and Control District No. 1. These component units had no revenues or expenditures during the fiscal year ended September 30, 2013; therefore, financial statements were not prepared for these component units.

Fund Financial Statements

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

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

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

Management's Discussion and Analysis *(Continued)*

The County maintains forty-three (43) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Transportation Fund, Municipal Services Fund, One-Cent County Surtax Fund, Nassau County Capital Projects-Impact Fee Fund, and Capital Projects Transportation Fund, which are considered to be major funds. Data from the other thirty-eight (38) governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

Notes to the Financial Statements

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

Other Information

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$471,543,370 at the close of the fiscal year ended September 30, 2013.

At the end of the fiscal year 2013, the County is able to report positive balances in two categories of net position, for the government as a whole, and for governmental activities. The business-type activities have a \$(4,614,686) balance due primarily to the Landfill Early Closure costs, continued maintenance and monitoring of the closed Landfills.

Management's Discussion and Analysis (Continued)

Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$ 75,114,676	\$ 80,170,503	\$ 12,351,662	\$ 14,170,821	\$ 87,466,338	\$ 94,341,324
Capital Assets	465,798,051	478,015,553	14,806,823	15,253,895	480,604,874	493,269,448
Total Assets	<u>540,912,727</u>	<u>558,186,056</u>	<u>27,158,485</u>	<u>29,424,716</u>	<u>568,071,212</u>	<u>587,610,772</u>
Outstanding Debt	56,228,688	57,889,318	31,328,938	33,908,678	87,557,626	91,797,996
Other Liabilities	8,525,983	9,219,019	444,233	965,602	8,970,216	10,184,621
Total Liabilities	<u>64,754,671</u>	<u>67,108,337</u>	<u>31,773,171</u>	<u>34,874,280</u>	<u>96,527,842</u>	<u>101,982,617</u>
Net Position:						
Assets-Net of Related Debt	424,055,715	433,713,946	226,603	429,570	424,282,318	434,143,516
Restricted	21,564,721	22,953,771	1,815,522	1,756,185	23,380,243	24,709,956
Unrestricted	30,537,620	34,410,002	(6,656,811)	(7,635,319)	23,880,809	26,774,683
Total Net Position Before Adjustments	<u>476,158,056</u>	<u>491,077,719</u>	<u>(4,614,686)</u>	<u>(5,449,564)</u>	<u>471,543,370</u>	<u>485,628,155</u>
Prior Period Adjustments	0	(11,284)	0	0	0	(11,284)
Total Net Position	<u>\$ 476,158,056</u>	<u>\$ 491,066,435</u>	<u>\$ (4,614,686)</u>	<u>\$ (5,449,564)</u>	<u>\$ 471,543,370</u>	<u>\$ 485,616,871</u>

As of the end of fiscal year 2013, the County's total net position of \$471,543,370 included \$424,282,318 (90.0%) of investments in capital assets such as land, buildings, infrastructure, improvements and equipment, less any outstanding debt used to acquire those capital assets. The County uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending.

Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position, \$23,380,243 (5.0%), represent resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$23,880,809 (5.0%), may be used to meet the government's ongoing obligation to citizens and creditors.

Governmental Activities

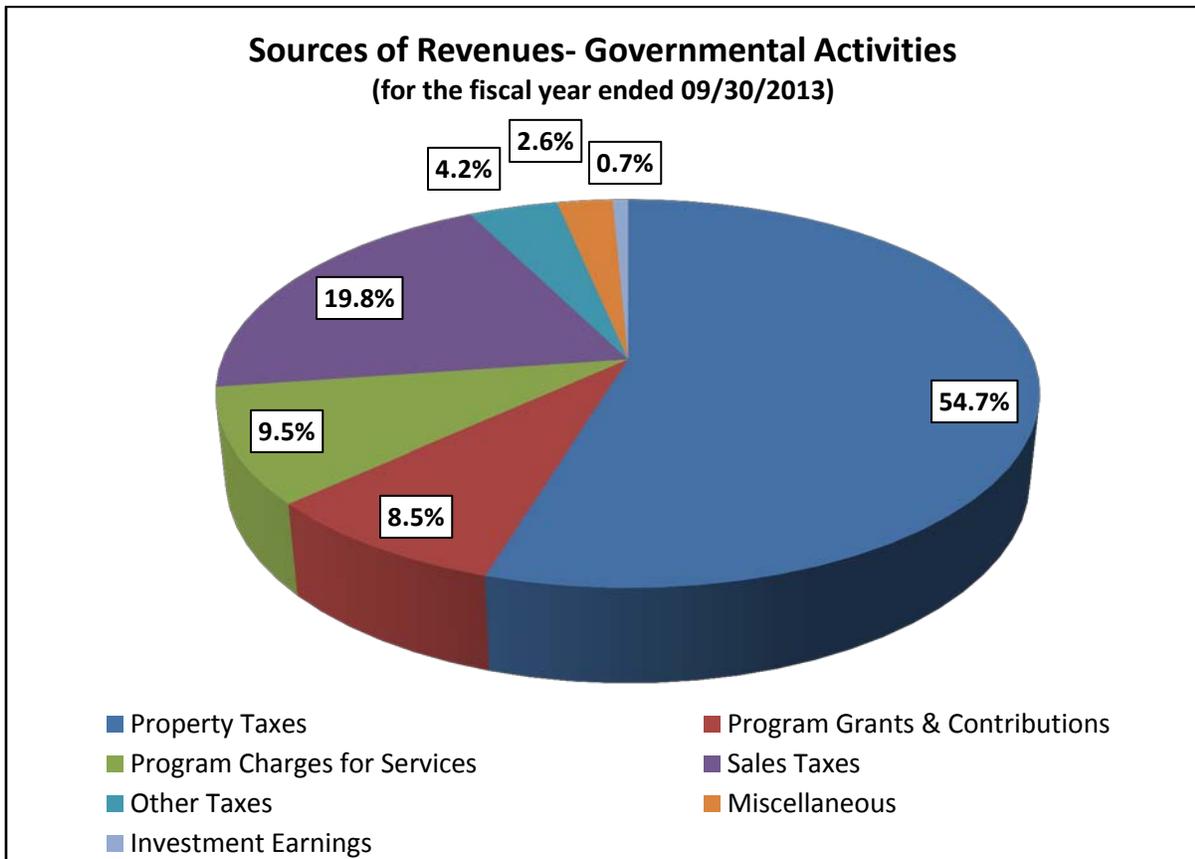
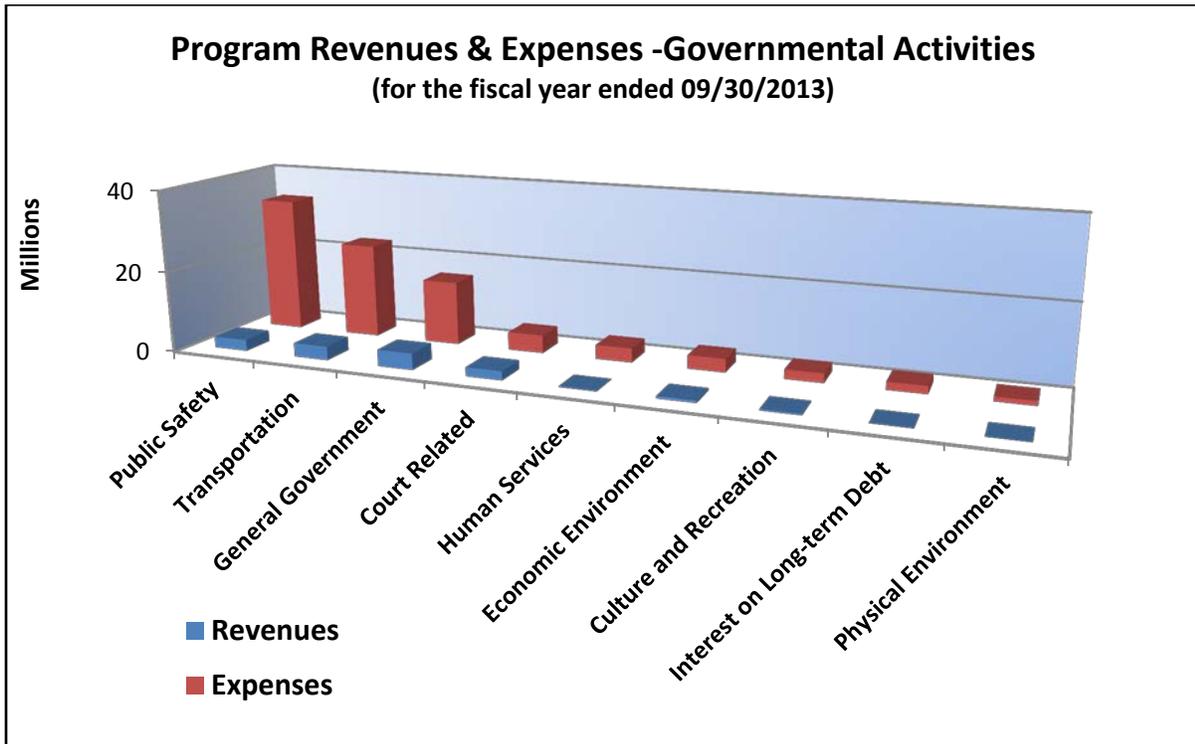
The County's total net position of \$471,543,370 on September 30, 2013, represent a year-to-year decrease of \$14,073,501, compared to a year-to-year decrease on September 30, 2012, of \$7,407,265. Fiscal year 2013 Governmental Activities reduced the County's net position by \$14,908,379, an amount slightly offset by a \$834,878 net position increase from Business-type Activities. Governmental activities expenses exceeded revenues by \$15,022,555 in fiscal year 2013 compared to a prior year excess of governmental activities expenses to revenues of \$7,102,954. Factors contributing to this decline from the prior year included a \$2,910,077 decrease in property taxes, a \$2,450,391 decrease in miscellaneous revenue, and a \$3,691,186 decrease in operating and capital grants and contributions revenue; partially offset by a \$1,505,200 increase in non-ad valorem tax revenue, a \$799,493 increase in charges for services, and a \$894,390 reduction in program expenses.

Management's Discussion and Analysis (Continued)

Nassau County, Florida Changes in Net Position

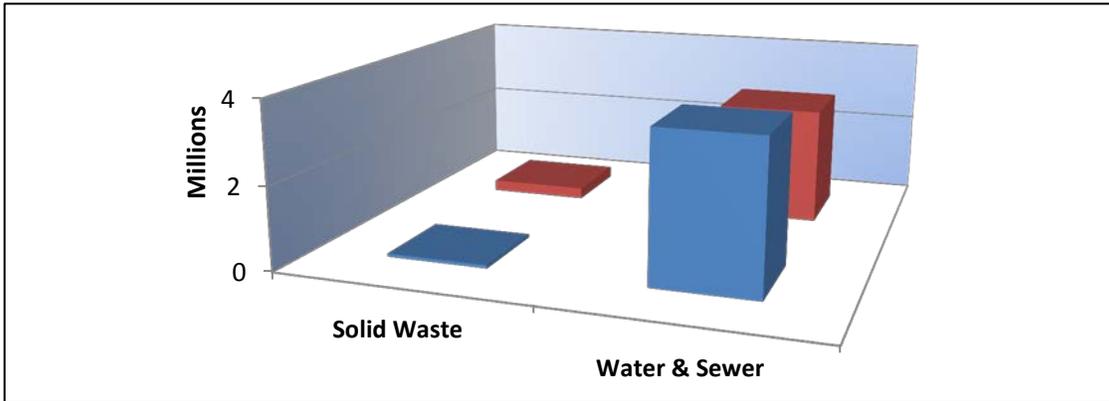
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues:						
Charges for Services	\$ 7,078,032	\$ 6,278,539	\$ 3,609,886	\$ 4,013,150	\$ 10,687,918	\$ 10,291,689
Operat. Grants and Contributions	5,434,099	7,904,617	71,790	142,890	5,505,889	8,047,507
Capital Grants and Contributions	843,147	2,063,815	0	0	843,147	2,063,815
General Revenues:						
Property Taxes	40,603,107	43,513,184	0	0	40,603,107	43,513,184
Other Taxes	17,778,301	16,273,101	0	0	17,778,301	16,273,101
Other Revenues	2,444,380	5,173,021	385,273	138,636	2,829,653	5,311,657
Total Revenues	74,181,066	81,206,277	4,066,949	4,294,676	78,248,015	85,500,953
Expenses						
General Government	15,804,846	15,692,118	0	0	15,804,846	15,692,118
Court Related	4,447,850	4,245,186	0	0	4,447,850	4,245,186
Public Safety	33,411,177	32,542,628	0	0	33,411,177	32,542,628
Physical Environment	1,136,949	1,428,246	0	0	1,136,949	1,428,246
Transportation	23,323,347	22,723,333	0	0	23,323,347	22,723,333
Economic Environment	3,347,791	3,145,596	0	0	3,347,791	3,145,596
Human Services	3,509,336	4,058,552	0	0	3,509,336	4,058,552
Culture/Recreation	2,292,451	2,300,385	0	0	2,292,451	2,300,385
Interest on Long-term Debt	1,929,874	2,173,187	0	0	1,929,874	2,173,187
Solid Waste Disposal	0	0	274,458	2,058,137	274,458	2,058,137
Water and Sewer	0	0	2,843,437	2,634,394	2,843,437	2,634,394
Total Expenses	89,203,621	88,309,231	3,117,895	4,692,531	92,321,516	93,001,762
Excess of Revenue Over Expense	(15,022,555)	(7,102,954)	949,054	(397,855)	(14,073,501)	(7,500,809)
Add: Contributions	0	93,544	0	0	0	93,544
Add: Transfers	114,176	(451,598)	(114,176)	451,598	0	0
(Decrease) Increase in Net Position	(14,908,379)	(7,461,008)	834,878	53,743	(14,073,501)	(7,407,265)
Net Position-Beginning of Year	491,066,435	498,538,727	(5,449,564)	(5,503,307)	485,616,871	493,035,420
Prior Period Adjustments	0	(11,284)	0	0	0	(11,284)
Net Position-End of Year	\$ 476,158,056	\$ 491,066,435	\$ (4,614,686)	\$ (5,449,564)	\$ 471,543,370	\$ 485,616,871

Management's Discussion and Analysis (Continued)



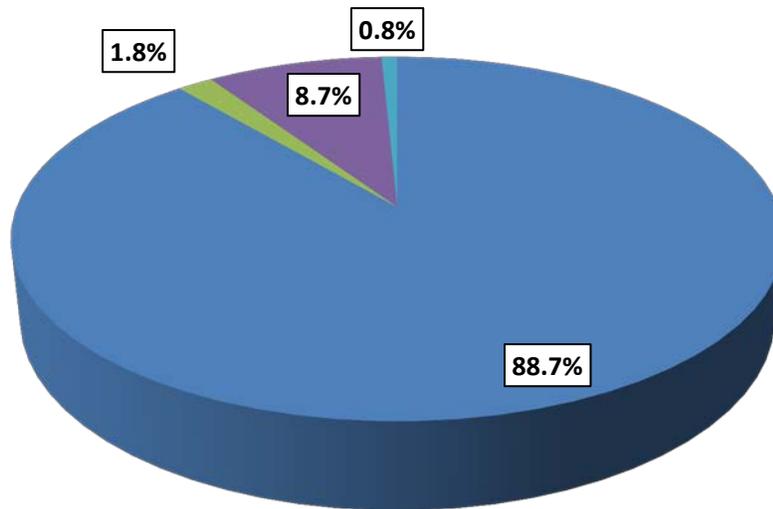
Management's Discussion and Analysis (Continued)

Program Revenues & Expenses –Business-type Activities
(for the fiscal year ended 09/30/2013)



■ Revenues
■ Expenses

Transfers & Sources of Revenues- Business-type Activities
(for the fiscal year ended 09/30/2013)



■ Program Charges for Services
■ Program Grants & Contributions
■ Investment Earnings
■ Transfers In
■ Miscellaneous

Management's Discussion and Analysis (Continued)

Analysis of the County's Fund Financials

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

As of the end of fiscal year 2013, the County's governmental funds reported combined ending fund balances of \$64,681,406. This represents a decrease of \$3,616,143 from the adjusted balance of the prior year. The majority of fund balance in the amount of \$44,230,520 is internally designated by the County for a specific purpose or available to be spent at the County's discretion. The remainder of fund balance in the amount of \$20,450,886 is non-spendable or restricted to indicate that it is not available for new spending because it has already been committed for: 1) inventories, 2) prepaid items, 3) grants, 4) state law, or 5) constrained by external third parties.

The General Fund is the main operating fund of the County. At the end of fiscal year 2013, the General Fund had a total fund balance of \$15,423,067, a decrease of \$2,765,556 from the prior year. Significant changes from the prior year include a decrease in miscellaneous revenues of \$3,350,612 and a decrease in property taxes of \$2,056,906. Other contributing factors include an increase in expenditures of \$1,366,124, including a \$779,843 increase in public safety expenditures. Net transfers increased by \$757,655 to \$3,477,607 to partially offset the deficiency of revenues over expenditures. A majority of the fund balance, \$14,542,055, is internally designated by the County for a specific purpose or available to be spent at the County's discretion. The remainder of fund balance in the amount of \$881,012 is non-spendable or restricted and, therefore, already committed for prepaid items, grants and state laws, or constrained by an external third party. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 14.3% of the total General Fund expenditures. Total fund balance represents 34.2% of that same amount.

At the end of fiscal year 2013, the transportation fund had a fund balance of \$4,269,305, an increase of \$765,202 when compared to the prior year balance. The increase was due to an excess of revenues over expenditures of \$393,761, a year-to-year improvement of \$344,166, along with net transfers of \$371,441, an increase of \$1,354,641 when compared to the prior year.

The municipal services fund had a total fund balance of \$3,225,916 at the end of fiscal year 2013. The net decrease to fund balance of \$734,310 as compared to an increase of \$422,150 in the prior year is due to a combination of lower revenues and higher expenditures, with an improvement in net transfers of \$395,281 as a partial offset.

The one-cent surtax fund had a total fund balance of \$13,582,083 at the end of fiscal year 2013, a year-to-year increase of \$1,171,391. Major changes from the prior year were a \$2,104,749 increase in net transfers, a \$486,544 increase in revenues and a \$177,325 increase in expenditures.

The capital projects-impact fee fund had a total fund balance of \$5,529,107 at the end of fiscal year 2013, a decrease of \$1,057,623 from the prior year balance. During the fiscal year, capital outlay expenditures totaled \$914,099, a \$259,310 decrease when compared to the prior year.

Management’s Discussion and Analysis (Continued)

The capital projects transportation fund had a fund balance of \$8,324,618 at the end of the fiscal year, a decrease of \$1,280,430 as compared to the prior year ending balance. Revenues were up \$800,188 when compared to the prior year, with little change to expenditures or net transfers. During the year, the County continued road and bridge projects including the 14th Street Corridor improvements, the Julia Street Multiuse Path project, the 14th and Lime Street intersection improvements and Loop Road, Phase I.

The County’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The solid waste and water and sewer funds are reported as major enterprise funds. In the solid waste fund, unrestricted net position decreased from the prior year by \$314,843 due in large part to an operating loss of \$260,629. In the water and sewer fund, the increase in unrestricted net position of \$1,293,351 was due mainly to operating income of \$1,988,212 partially offset by a net non-operating loss of \$879,412. Unrestricted net position of the proprietary funds at the end of the fiscal year amounted to:

Fund	Unrestricted Net Position	
	2013	2012
Solid Waste	\$(11,106,866)	\$(10,792,023)
Water and Sewer	\$ 4,450,055	\$ 3,156,704

Budgetary Highlights

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

After the original budget is approved, it may be revised for a variety of reasons such as unforeseen circumstances, corrections of errors, new bond or loan proceeds, new grant awards and other revenues. During fiscal year 2013, supplemental appropriations to the General Fund (Board only) budget were approximately \$4.3 million, or 8.1% of the original adopted budget.

In the General Fund (Board only), differences between the original budget for fiscal year 2013 and the final amended budget can be briefly summarized as follows:

- Re-appropriations, which represent the “true-up” of the beginning fund balances, accounted for a major portion of the difference between the adopted budget for fiscal year 2013 and the final budget. The balance brought forward amendments were \$4.04 million or 94% of the supplemental appropriations with approximately 3.74 million used for reserves and the remainder for public safety.
- Budget amendment increases totaling \$40,491 were attributed to donations for libraries.
- Budget amendment increases totaling \$58,093 were attributed to various private, state and federal grants.

Management's Discussion and Analysis (Continued)

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2013, amounted to \$480,604,874 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and construction in progress. Additional information on Nassau County's capital assets can be found in Note 6 in Notes to Financial Statements.

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

- Completed the Julia Street Multiuse Path project to tie into the SRA Multiuse Path at a cost of \$131,000
- Construction completed on intersection improvements at 14th and Lime Street at a cost of \$440,000
- Pavement Management Program, resurfacing of County Roads completed at a cost of \$1,602,277
- Completed construction of Loop Road Phase I (Christian Way) at a cost of \$882,000
- Completed the widening of 14th Street between Atlantic and Beech at a cost of \$2,221,137
- Construction continued on improvements to Blackrock Road at a cost of \$3,700,000

Nassau County, Florida Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 75,699,427	\$ 75,357,651	\$ 815,228	\$ 815,228	\$ 76,514,655	\$ 76,172,879
Construction Work in Prog	2,949,092	3,848,186	-	-	2,949,092	3,848,186
Buildings & Improvements	39,810,887	41,191,594	910,069	944,829	40,720,956	42,136,423
Machinery & Equipment	8,902,675	7,017,935	13,081,526	13,493,838	21,984,201	20,511,773
Infrastructure	338,435,970	350,600,187	-	-	338,435,970	350,600,187
Total	\$465,798,051	\$ 478,015,553	\$ 14,806,823	\$ 15,253,895	\$480,604,874	\$493,269,448

Management's Discussion and Analysis (Concluded)

Long-term Debt

At the end of the fiscal year, the County had total outstanding bonds, notes and other long-term debt in the amount of \$87,557,626. The revenue bonds are collateralized by specific revenue sources while the remainder of the debt utilizes a covenant to budget and appropriate to pledge payment of the debt.

Nassau County, Florida Outstanding Debt

Debt Type	2013	2012
Governmental Activities:		
Revenue Bonds	\$ 42,122,246	\$ 44,619,583
Compensated Absences	6,776,910	6,505,945
Special Assessment Bonds	-	-
Capital Leases Payable	121,530	236,971
Claims Payable	329,040	484,981
Other Post Employment Benefits	6,878,962	6,041,838
Total Gov't Activities	\$ 56,228,688	\$ 57,889,318
Business-Type Activities:		
Revenue Bonds, Net	14,646,657	15,363,852
Compensated Absences	263,984	254,019
Other Post Employment Benefits	128,578	110,520
Landfill Closure/Postclosures	16,289,719	18,180,287
Total Business-Type Activities	\$ 31,328,938	\$ 33,908,678
Total Outstanding Debt	\$ 87,557,626	\$ 91,797,996

The County's outstanding debt decreased by \$4,240,370 (4.6%). The decrease in long-term debt is primarily due to reductions in Revenue Bonds in the amount of \$3,214,532, and a reduction in Landfill Closure/Post closures of \$1,890,568. These reductions were partially offset by an increase Other Post-Employment Benefits of \$855,182. Additional information on Nassau County's outstanding debt can be found in Note 9 in Notes to Financial Statements.

Request for Information

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

BASIC FINANCIAL STATEMENTS

NASSAU COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 15,558,198	\$ 5,944,745	\$ 21,502,943
Equity in Pooled Investments	54,522,605	3,138,472	57,661,077
Accounts Receivable, Net	930,151	400,326	1,330,477
Assessments Receivable, Net	0	38,408	38,408
Internal Balances	17,159	(17,159)	0
Loans Receivable, Net	48,000	0	48,000
Due from Other Governments	3,044,354	62,679	3,107,033
Inventories	374,708	45,133	419,841
Prepaid Items	88,919	210	89,129
Deposits	29,142	0	29,142
Restricted Assets:			
Cash and Cash Equivalents	0	2,672,411	2,672,411
Unamortized Loan Costs	501,440	66,437	567,877
Capital Assets:			
Nondepreciable	78,648,519	815,228	79,463,747
Depreciable, Net	387,149,532	13,991,595	401,141,127
Total Assets	540,912,727	27,158,485	568,071,212
Liabilities			
Accounts Payable	5,710,953	192,991	5,903,944
Other Current Liabilities	609,408	0	609,408
Retainage Payable	11,033	157,370	168,403
Due to Other Governments	691,673	167	691,840
Unearned Revenue	231,842	700	232,542
Deposits	661,949	93,005	754,954
Accrued Interest Payable	609,125	0	609,125
Payable from Restricted Assets:			
Landfill Postclosure Costs	0	16,289,719	16,289,719
Noncurrent Liabilities:			
Due Within One Year	5,794,353	960,565	6,754,918
Due in More Than One Year	50,434,335	14,078,654	64,512,989
Total Liabilities	64,754,671	31,773,171	96,527,842
Net Position			
Investment in Capital Assets	424,055,715	226,603	424,282,318
Restricted for:			
Utility System Improvements	0	1,815,522	1,815,522
Debt Service	1,588,503	0	1,588,503
Impact Fees	5,529,107	0	5,529,107
Capital Projects	494,188	0	494,188
Court Facilities	2,486,664	0	2,486,664
Tourist Development	2,862,303	0	2,862,303
Building Department	2,465,642	0	2,465,642
Grants and Other Purposes	6,138,314	0	6,138,314
Unrestricted	30,537,620	(6,656,811)	23,880,809
Total Net Position	\$ 476,158,056	\$ (4,614,686)	\$ 471,543,370

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

**NASSAU COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities:							
General Government	\$ 15,804,846	\$ 3,118,054	\$ 901,217	\$ 24,542	\$ (11,761,033)	\$ 0	\$ (11,761,033)
Court-related	4,447,850	936,995	1,266,611	0	(2,244,244)	0	(2,244,244)
Public Safety	33,411,177	2,580,831	43,276	105,806	(30,681,264)	0	(30,681,264)
Physical Environment	1,136,949	0	0	0	(1,136,949)	0	(1,136,949)
Transportation	23,323,347	257,687	2,679,806	437,093	(19,948,761)	0	(19,948,761)
Economic Environment	3,347,791	0	380,425	180,137	(2,787,229)	0	(2,787,229)
Human Services	3,509,336	90,975	62,580	0	(3,355,781)	0	(3,355,781)
Culture and Recreation	2,292,451	93,490	100,184	95,569	(2,003,208)	0	(2,003,208)
Interest on Long-term Debt	1,929,874	0	0	0	(1,929,874)	0	(1,929,874)
Total Governmental Activities	89,203,621	7,078,032	5,434,099	843,147	(75,848,343)	0	(75,848,343)
Business-type Activities:							
Solid Waste	274,458	4,684	71,411	0	0	(198,363)	(198,363)
Water and Sewer	2,843,437	3,605,202	379	0	0	762,144	762,144
Total Business-type Activities	3,117,895	3,609,886	71,790	0	0	563,781	563,781
Total Primary Government	\$ 92,321,516	\$ 10,687,918	\$ 5,505,889	\$ 843,147	(75,848,343)	563,781	(75,284,562)
General Revenues							
Property Taxes					40,603,107	0	40,603,107
Sales Taxes					14,694,775	0	14,694,775
Fuel Taxes					2,298,781	0	2,298,781
Utility Services Taxes					784,745	0	784,745
Investment Earnings					529,943	31,457	561,400
Miscellaneous					1,914,437	353,816	2,268,253
Transfers					114,176	(114,176)	0
Total General Revenues and Transfers					60,939,964	271,097	61,211,061
Change in Net Position					(14,908,379)	834,878	(14,073,501)
Net Position Beginning of Year					491,077,719	(5,449,564)	485,628,155
Prior Period Adjustments					(11,284)	0	(11,284)
Net Position Beginning of Year (As Restated)					491,066,435	(5,449,564)	485,616,871
Net Position End of Year					\$ 476,158,056	\$ (4,614,686)	\$ 471,543,370

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

NASSAU COUNTY, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	General Fund	County Transportation Fund	Municipal Services Fund
Assets			
Cash and Cash Equivalents	\$ 5,400,111	\$ 2,510,060	\$ 70,559
Equity in Pooled Investments	11,877,698	2,258,438	3,441,368
Accounts Receivable (Net of Allowance for Uncollectibles)	839,061	91,009	78
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	0
Due from Other Funds	331,274	3,351	8,410
Due from Other Governments	920,762	450,721	125,560
Inventories	187,499	187,209	0
Prepaid Expenditures	53,041	18,419	0
Deposits	29,142	0	0
Total Assets	19,638,588	5,519,207	3,645,975
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	2,259,425	354,586	197,217
Accrued Liabilities	444,114	2,500	0
Retainage Payable	0	0	0
Due to Other Funds	12,152	76,583	162,742
Due to Other Governments	87,200	3,779	0
Other Liabilities	162,794	0	0
Deferred Revenues	1,238,757	199,175	60,000
Deposits	11,079	613,279	100
Total Liabilities	4,215,521	1,249,902	420,059
Fund Balances			
Nonspendable	398,027	297,816	122,343
Restricted	482,985	0	6,235
Committed	0	0	0
Assigned	8,099,971	3,971,489	3,097,338
Unassigned	6,442,084	0	0
Total Fund Balances	15,423,067	4,269,305	3,225,916
Total Liabilities and Fund Balances	\$ 19,638,588	\$ 5,519,207	\$ 3,645,975

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

One-Cent Small County Surtax Fund	Capital Projects - Impact Fee Ordinance Trust Fund	Capital Projects - Transportation Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 649,766	\$ 655,631	\$ 186,778	\$ 6,085,293	\$ 15,558,198
12,513,455	5,502,420	9,071,340	9,857,886	54,522,605
0	0	0	3	930,151
0	0	0	48,000	48,000
0	0	0	60,884	403,919
1,027,547	0	0	519,764	3,044,354
0	0	0	0	374,708
0	0	0	17,459	88,919
0	0	0	0	29,142
<u>14,190,768</u>	<u>6,158,051</u>	<u>9,258,118</u>	<u>16,589,289</u>	<u>74,999,996</u>
108,685	174,710	933,500	1,682,830	5,710,953
0	0	0	0	446,614
0	11,033	0	0	11,033
0	0	0	135,283	386,760
0	443,201	0	157,493	691,673
0	0	0	0	162,794
500,000	0	0	248,882	2,246,814
0	0	0	37,491	661,949
<u>608,685</u>	<u>628,944</u>	<u>933,500</u>	<u>2,261,979</u>	<u>10,318,590</u>
92,951	0	0	8,716	919,853
0	5,529,107	0	13,512,706	19,531,033
0	0	0	805,888	805,888
13,489,132	0	8,324,618	0	36,982,548
0	0	0	0	6,442,084
<u>13,582,083</u>	<u>5,529,107</u>	<u>8,324,618</u>	<u>14,327,310</u>	<u>64,681,406</u>
<u>\$ 14,190,768</u>	<u>\$ 6,158,051</u>	<u>\$ 9,258,118</u>	<u>\$ 16,589,289</u>	<u>\$ 74,999,996</u>

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

NASSAU COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

Total Fund Balances of Governmental Funds \$ 64,681,406

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

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

Total Capital Assets	\$ 783,506,746	
(Less: Accumulated Depreciation)	<u>(317,708,695)</u>	
		465,798,051

Certain receivables do not provide current financial resources and, therefore, are reported as unearned revenues in the funds.		2,014,972
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Long-term liabilities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is generally not accrued in the governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Long-term liabilities at year-end consist of:

Revenue Bonds Payable	(40,785,777)	
Premium on Bonds Payable	(1,336,469)	
Unamortized Issue Costs on Bonds	501,440	
Capital Leases Payable	(121,530)	
Compensated Absences	(6,776,910)	
Other Postemployment Benefits	(6,878,962)	
Claims Payable	(329,040)	
Accrued Interest Payable	<u>(609,125)</u>	
		<u>(56,336,373)</u>

Total Net Position of Governmental Activities		\$ <u><u>476,158,056</u></u>
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The notes to the financial statements are an integral part of this statement.

NASSAU COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	General Fund	County Transportation Fund	Municipal Services Fund
Revenues			
Taxes	\$ 29,341,519	\$ 4,944,161	\$ 8,065,384
Licenses and Permits	14,428	30,911	62,599
Intergovernmental Revenues	5,284,065	1,379,682	542,492
Charges for Services	3,256,104	11,594	129,267
Fines and Forfeitures	76,107	284	3,656
Interest Earnings	170,181	54,494	57,866
Miscellaneous	648,722	133,929	62,779
Total Revenues	<u>38,791,126</u>	<u>6,555,055</u>	<u>8,924,043</u>
Expenditures			
Current:			
General Government Services	12,936,613	0	490,098
Public Safety	22,860,536	0	6,107,065
Physical Environment	399,473	0	0
Transportation	0	5,634,753	0
Economic Environment	199,841	0	0
Human Services	2,561,165	0	835,591
Culture and Recreation	1,658,360	0	0
Court-related Expenditures	1,313,680	0	0
Capital Outlay	2,976,683	526,541	1,304,735
Debt Service:			
Principal Retirement	115,441	0	0
Interest and Fiscal Charges	12,497	0	0
(Total Expenditures)	<u>45,034,289</u>	<u>6,161,294</u>	<u>8,737,489</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(6,243,163)</u>	<u>393,761</u>	<u>186,554</u>
Other Financing Sources (Uses)			
Transfers in	5,860,569	1,949,070	2,118,661
Transfers (out)	(2,382,962)	(1,577,629)	(3,039,525)
Total Other Financing Sources (Uses)	<u>3,477,607</u>	<u>371,441</u>	<u>(920,864)</u>
Net Change in Fund Balances	(2,765,556)	765,202	(734,310)
Fund Balances at Beginning of Year	<u>18,188,623</u>	<u>3,504,103</u>	<u>3,960,226</u>
Prior Period Adjustment			
Fund Balances at Beginning of Year (As restated)			
Fund Balances at End of Year	<u>\$ 15,423,067</u>	<u>\$ 4,269,305</u>	<u>\$ 3,225,916</u>

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

One-Cent Small County Surtax Fund	Capital Projects - Impact Fee Ordinance Trust Fund	Capital Projects - Transportation Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 7,289,549	\$ 0	\$ 0	\$ 5,013,551	\$ 54,654,164
0	0	0	1,308,328	1,416,266
0	0	913,516	2,872,688	10,992,443
0	0	0	1,445,087	4,842,052
0	0	0	381,005	461,052
90,816	27,276	54,981	69,714	525,328
0	0	112,248	238,307	1,195,985
<u>7,380,365</u>	<u>27,276</u>	<u>1,080,745</u>	<u>11,328,680</u>	<u>74,087,290</u>
1,420	3,304	0	733,102	14,164,537
5,259	6,611	0	1,124,291	30,103,762
0	0	0	447,436	846,909
107,278	0	1,602,276	0	7,344,307
0	0	0	3,147,950	3,347,791
0	0	0	115,209	3,511,965
0	3,304	0	3,370	1,665,034
0	0	0	2,176,042	3,489,722
398,936	914,099	1,745,424	954,449	8,820,867
0	0	0	2,440,654	2,556,095
0	0	0	1,954,123	1,966,620
<u>512,893</u>	<u>927,318</u>	<u>3,347,700</u>	<u>13,096,626</u>	<u>77,817,609</u>
<u>6,867,472</u>	<u>(900,042)</u>	<u>(2,266,955)</u>	<u>(1,767,946)</u>	<u>(3,730,319)</u>
617,701	0	1,515,170	2,847,702	14,908,873
(6,313,782)	(157,581)	(528,645)	(794,573)	(14,794,697)
<u>(5,696,081)</u>	<u>(157,581)</u>	<u>986,525</u>	<u>2,053,129</u>	<u>114,176</u>
1,171,391	(1,057,623)	(1,280,430)	285,183	(3,616,143)
<u>12,410,692</u>	<u>6,586,730</u>	<u>9,605,048</u>	<u>14,053,411</u>	<u>68,308,833</u>
			(11,284)	(11,284)
			14,042,127	68,297,549
<u>\$ 13,582,083</u>	<u>\$ 5,529,107</u>	<u>\$ 8,324,618</u>	<u>\$ 14,327,310</u>	<u>\$ 64,681,406</u>

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

NASSAU COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Net Change in Fund Balances - Total Governmental Funds \$ (3,616,143)

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

Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense:

Expenditures for Capital Assets	\$ 7,367,023	
(Current Year Depreciation)	(20,120,834)	
Contributions of Capital Assets	773,551	
(Loss) on Disposal of Capital Assets	<u>(237,242)</u>	
		(12,217,502)

Certain revenues reported in the statement of activities are not considered current financial resources and, therefore, are not reported as revenue in the governmental funds. (715,427)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. (6,880,484)

Issuing debt provides current financial resources to governmental funds but increases liabilities in the statement of net position. 9,436,579

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

Change in Accrued Interest Payable	33,570	
Change in Capital Appreciation Bond	(17,566)	
Amortization of Premiums	74,249	
Amortization of Issue Costs	(53,507)	
Change in Long-term Claims Payable	155,941	
Change in Other Postemployment Benefits	(837,124)	
Change in Accrued Compensated Absences	<u>(270,965)</u>	
		<u>(915,402)</u>

Change in Net Position - Governmental Activities \$ (14,908,379)

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

NASSAU COUNTY, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2013

	Business-type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 1,394,548	\$ 4,550,197	\$ 5,944,745
Cash and Cash Equivalents - Restricted	763,884	0	763,884
Equity in Pooled Investments	3,138,472	0	3,138,472
Accounts Receivable, Net	3,074	397,252	400,326
Assessments Receivable, Net	38,408	0	38,408
Due from other Governments	62,679	0	62,679
Due from Other Funds	223	0	223
Inventories	0	45,133	45,133
Prepaid Expenditures	210	0	210
Total Current Assets	5,401,498	4,992,582	10,394,080
Noncurrent Assets:			
Cash and Cash Equivalents - Restricted	0	1,908,527	1,908,527
Deferred Charges - Bond Issuance Cost	0	66,437	66,437
Capital Assets (Net of Accumulated Depreciation Where Applicable)	1,454,163	13,352,660	14,806,823
Total Noncurrent Assets	1,454,163	15,327,624	16,781,787
Total Assets	6,855,661	20,320,206	27,175,867
Liabilities			
Current Liabilities:			
Accounts Payable	104,306	88,685	192,991
Retainage Payable	0	157,370	157,370
Due to Other Funds	5,896	11,486	17,382
Due to Other Governments	167	0	167
Deferred Revenue	700	0	700
Deposits	0	93,005	93,005
Bonds Payable (Net of Unamortized Refunding Loss)	0	875,000	875,000
Landfill Postclosure Liability	763,884	0	763,884
Compensated Absences	37,081	48,484	85,565
Total Current Liabilities	912,034	1,274,030	2,186,064
Noncurrent Liabilities:			
Compensated Absences	27,636	150,783	178,419
Other Postemployment Benefits	42,859	85,719	128,578
Bonds Payable Long-term (Net of Unamortized Refunding Loss)	0	13,771,657	13,771,657
Landfill Postclosure Liability (Payable from Restricted Assets)	15,525,835	0	15,525,835
Total Noncurrent Liabilities	15,596,330	14,008,159	29,604,489
Total Liabilities	16,508,364	15,282,189	31,790,553
Net Position			
Investment in Capital Assets	1,454,163	(1,227,560)	226,603
Restricted for System Improvements	0	1,815,522	1,815,522
Unrestricted	(11,106,866)	4,450,055	(6,656,811)
Total Net Position	\$ (9,652,703)	\$ 5,038,017	\$ (4,614,686)

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

NASSAU COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Total
Operating Revenues			
Charges for Services	\$ 4,684	\$ 3,473,751	\$ 3,478,435
Connection and Impact Fees	0	131,451	131,451
Other Income	9,145	344,671	353,816
Total Operating Revenues	<u>13,829</u>	<u>3,949,873</u>	<u>3,963,702</u>
Operating Expenses			
Contractual Services	35,760	1,255	37,015
Professional Services	508,464	112,482	620,946
Landfill Closure and Postclosure	(901,382)	0	(901,382)
Salaries and Benefits	309,044	641,008	950,052
Rentals and Leases	3,455	1,781	5,236
Repairs and Maintenance	109,074	93,852	202,926
Gas and Oil	19,940	14,852	34,792
Materials	15,873	1,476	17,349
Depreciation	98,369	676,203	774,572
Other Expenses	75,861	418,752	494,613
Total Operating Expenses	<u>274,458</u>	<u>1,961,661</u>	<u>2,236,119</u>
Operating (Loss) Income	<u>(260,629)</u>	<u>1,988,212</u>	<u>1,727,583</u>
Nonoperating Revenues (Expenses)			
Interest Earnings	29,472	1,985	31,457
Intergovernmental Revenue	117	54	171
Grant Revenues	71,294	325	71,619
Interest and Other Debt Service Costs	0	(881,776)	(881,776)
Total Nonoperating Revenues (Expenses)	<u>100,883</u>	<u>(879,412)</u>	<u>(778,529)</u>
(Loss) Income Before Transfers	(159,746)	1,108,800	949,054
Transfers in	223	0	223
Transfers (out)	<u>(64,501)</u>	<u>(49,898)</u>	<u>(114,399)</u>
Change in Net Position	(224,024)	1,058,902	834,878
Total Net Position, Beginning of Year	<u>(9,428,679)</u>	<u>3,979,115</u>	<u>(5,449,564)</u>
Total Net Position, End of Year	<u>\$ (9,652,703)</u>	<u>\$ 5,038,017</u>	<u>\$ (4,614,686)</u>

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

**NASSAU COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Business-type Activities - Enterprise Funds		
	Solid Waste	Water and Sewer	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 18,396	\$ 3,939,119	\$ 3,957,515
Cash Payments to Vendors for Goods and Services	(2,383,390)	(551,989)	(2,935,379)
Cash Payments to Employees	(281,134)	(634,877)	(916,011)
Cash Received from Other Sources	9,145	0	9,145
Net Cash Provided by (Used in) Operating Activities	(2,636,983)	2,752,253	115,270
Noncapital Financing Activities			
Cash Received from Grant Revenues	71,411	379	71,790
Transfers from Other Funds	223	0	223
Transfers to Other Funds	(64,501)	(49,898)	(114,399)
Net Cash Provided by (Used in) Noncapital Financing Activities	7,133	(49,519)	(42,386)
Capital and Related Financing Activities			
Acquisition of Property, Plant and Equipment	(189,187)	(138,311)	(327,498)
Principal Payments on Bonds	0	(230,000)	(230,000)
Payment of Interest and Other Debt Costs	0	(895,881)	(895,881)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(189,187)	(1,264,192)	(1,453,379)
Investing Activities			
Interest Received	29,472	1,985	31,457
Proceeds from Maturities of Investments	671,317	0	671,317
Net Cash Provided by (Used in) Investing Activities	700,789	1,985	702,774
Net Increase (Decrease) in Cash and Cash Equivalents	(2,118,248)	1,440,527	(677,721)
Cash and Cash Equivalents, Beginning of Year	4,276,680	5,018,197	9,294,877
Cash and Cash Equivalents, End of Year	\$ 2,158,432	\$ 6,458,724	\$ 8,617,156
<u>Reported in Statement of Net Position as:</u>			
Cash and Cash Equivalents	\$ 1,394,548	\$ 4,550,197	\$ 5,944,745
Current: Cash and Cash Equivalents - Restricted	763,884	0	763,884
Noncurrent: Cash and Cash Equivalents - Restricted	0	1,908,527	1,908,527
Total	\$ 2,158,432	\$ 6,458,724	\$ 8,617,156

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

NASSAU COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(Concluded)

	Business-type Activities - Enterprise Funds		
	Solid Waste	Water and Sewer	Total
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>			
Operating Income (Loss)	\$ (260,629)	\$ 1,988,212	\$ 1,727,583
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation and Amortization	98,369	676,203	774,572
Provision for Closure and Postclosure Costs	(1,890,568)	0	(1,890,568)
Changes in Assets - Decrease (Increase):			
Decrease (Increase) in Accounts Receivable	2,068	(14,324)	(12,256)
Decrease (Increase) in Assessments Receivable	4,095	0	4,095
Decrease (Increase) in Due from Other Funds	658	0	658
Decrease in Due from Other Governments	9,623	380	10,003
Decrease (Increase) in Inventory	0	(9,178)	(9,178)
Decrease (Increase) in Prepaid Expense	501	750	1,251
Changes in Liabilities - Increase (Decrease):			
Increase (Decrease) in Accounts Payable	(619,758)	100,889	(518,869)
Increase Decrease in Due to Other Funds	950	1,507	2,457
Increase (Decrease) in Due to Other Governments	167	0	167
Increase (Decrease) in Deferred Revenues	(4,350)	(13,690)	(18,040)
Increase (Decrease) in Deposits	0	15,373	15,373
Increase (Decrease) in Compensated Absences	15,872	(5,907)	9,965
Increase (Decrease) in Other Postemployment Benefits	6,019	12,038	18,057
Net Cash Provided by (Used in) Operating Activities	\$ (2,636,983)	\$ 2,752,253	\$ 115,270

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

**NASSAU COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2013**

	Total Agency Funds
Assets	
Cash and Cash Equivalents	\$ 5,862,404
Due from Other Governments	2,034
Due from Individuals	29,386
Total Assets	5,893,824
 Liabilities	
Accounts Payable	21,192
Due to Other Governments	768,125
Due to Bond Holders	1,598,726
Deposits	1,776,423
Other Liabilities	1,729,358
Total Liabilities	\$ 5,893,824

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

NASSAU COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS INDEX

September 30, 2013

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NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

Note 1 - Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

The Nassau County Housing Finance Authority (NCHFA) is a dependent special district, which functions for the benefit of the citizens of Nassau County and is considered a blended component unit of the County. The NCHFA had no revenues or expenditures during the fiscal year ended September 30, 2013. In addition, the NCHFA did not issue any bonds during the audit period, nor were there any bonds outstanding at year-end. Therefore, financial statements were not prepared for NCHFA and, accordingly, no financial data for NCHFA is presented in these financial statements.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Concluded)

The Recreation and Water Conservation and Control District No. 1 (RWCCD) is a dependent special district, which functions for the benefit of the citizens of the County and is considered a blended component unit of the County. The Board of County Commissioners sits as the governing body. The RWCCD had no revenues or expenditures during the fiscal year ended September 30, 2013. In addition, the RWCCD did not issue any bonds during the audit period, nor were there any bonds outstanding at year-end. Therefore, financial statements were not prepared for RWCCD and, accordingly, no financial data for RWCCD is presented in these financial statements.

B. Government-wide and Fund Financial Statements

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

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

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

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

C. Fund Accounting

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

C. **Fund Accounting** (Continued)

■ **Governmental Funds**

● **Major Governmental Funds**

- ▶ The **General Fund**—is used to account for all revenues and expenditures applicable to the general operations of the County, which are not properly accounted for in other funds.

- ▶ The **County Transportation Fund**—is used to account for the operation of the Road and Bridge Department. Financing is provided principally by ad valorem taxes and the County's share of State gasoline taxes.

- ▶ The **Municipal Services Fund**—is used to account for activities benefiting only the unincorporated areas of the County. Financing is provided principally by ad valorem taxes and state revenue sharing.

- ▶ The **One-Cent Small County Surtax Fund**—is used to account transactions associated with one-cent funds. Financing is provided by a one cent sales tax on all transactions occurring in the County that are subject to imposed state tax on sales, use, services, rentals and admissions.

- ▶ The **Capital Projects - Impact Fee Ordinance Trust Fund** is—used to account for district expenditures associated with capital expansion. Funding is provided from impact fees on new construction.

- ▶ The **Capital Projects - Transportation Fund**—is used to account for all financial resources used for the acquisition or construction of major transportation related capital facilities and/or projects. Funding is provided from a variety of funding sources.

● **Nonmajor Governmental Funds**

- ▶ **Special Revenue Funds**—are used to account for the proceeds of specific revenue sources other than major capital projects or to finance specified activities as required by law.

- ▶ **Debt Service Funds**—are used to account for the accumulation of resources for, and the payment of, interest, principal and related costs on general long-term debt.

- ▶ **Capital Projects Funds**—are used to account for all financial resources used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

C. **Fund Accounting** (Concluded)

■ **Major Proprietary Funds**

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

The Solid Waste Disposal Fund 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.

■ **Fiduciary Funds**

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

D. **Measurement Focus**

- **Government-wide Financial Statements**—The government-wide financial statements are accounted for on an “economic resources” measurement focus. Accordingly, all assets and liabilities are included on their Statement of net position, and the reported net position (total reported assets less total reported liabilities) provide an indication of the economic net worth of the funds. The statement of activities reports increases (revenues) and decreases (expenses) in total net position.
- **Governmental Funds**—General, special revenue, debt service and capital projects funds are accounted for on a “current financial resources” measurement focus. This means that only current assets 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 statement of net position, and the reported net position (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 position.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Measurement Focus (Concluded)

■ **Proprietary Funds (Concluded)**

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

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

E. Basis of Accounting

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

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

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

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

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

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

F. Cash and Cash Equivalents

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

F. Cash and Cash Equivalents (Concluded)

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

G. Deposits and Investments

The County 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.

H. Accounts Receivable

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

I. Interfund Balances

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

J. Inventories and Prepaid Items

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

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

K. Fund Balance

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

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

L. Restricted Assets

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

M. Capital Assets and Long-term Liabilities

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

■ **Governmental Funds**

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

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

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

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

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

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

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

■ **Governmental Funds (Concluded)**

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

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

In the fund financial statements, 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.

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

■ **Proprietary Enterprise Funds**

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

Buildings	15-40 Years
Equipment	3-20 Years

N. 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.

O. Capitalization of Interest Costs

When applicable, the County capitalizes interest costs related to construction of capital assets. For fiscal year ended September 30, 2013, no interest was capitalized.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

P. Unearned Revenues

Unearned revenues reported in the government-wide financial statements are unearned revenues. The unearned revenues will be recognized as revenue in the fiscal year that they are earned, in accordance with the accrual basis of accounting. Unearned revenues reported in the governmental fund financial statements represent unearned revenues or revenues that are measurable but not available.

Q. Compensated Absences

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

For governmental activities, compensated absences are generally liquidated by the general fund.

R. Other Postemployment Benefits

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

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

S. 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, 2013, the Board levied 5.5670 mills. An additional 1.6694 mills was levied for the benefit of the Nassau County Municipal Services Taxing Unit.

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

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

S. Property Taxes (Concluded)

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.

T. Adoption of New Accounting Standards

For the year ended September 30, 2013, the Board adopted new accounting guidance as follows:

- Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements.*
- Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*

Note 2 - Cash and Investments

Deposits with Financial Institutions

The carrying amount of the County's deposits with financial institutions was \$30,037,758 and the bank balances were \$32,098,734 at September 30, 2013. Deposits are placed in banks that qualify as public depositories pursuant to the provisions of Chapter 280, Florida Statutes, the Florida Security for Public Deposits Act. Qualified public depositories are required by this law to pledge collateral with a market value equal to a percentage of the average daily balance of all public deposits in excess of any federal deposit insurance. In event of default by a qualified public depository, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default, and if necessary a pro rata assessment to the other qualified public depositories in the collateral pool. Therefore, all cash and time deposits held by banks are fully insured and collateralized.

Investments

The County'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 Funds 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.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 2 - Cash and Investments *(Continued)*

Investments *(Continued)*

During 2008, the Florida State Board of Administration (SBA), who provides oversight for the Local Government Surplus Trust (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 County divested its remaining holdings in the State Pool Florida Prime. As of September 30, 2013, the County has \$541,697 in Fund B. The County's investment in Fund B is reported at estimated fair value, determined by the estimated fair value per share of the pools 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 County's investments conform to the provisions of Florida Statutes, Section 218.415. The following items discuss the County's exposure to various risks of their investment portfolio.

Interest Rate Risk—The County has a formal investment policy for operating surplus funds that limits investment maturities to twelve months as a means of managing its exposure to fair value losses from increasing interest rates. Investments of bond reserves, construction funds, and other nonoperating funds shall have a term appropriate to the need for funds and in accordance with debt covenants. The maturities of the underlying securities of a repurchase agreement will follow the requirements of a Master Repurchase Agreement in form approved by the Public Securities Association. 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, 2013, was 4.04 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.

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 2 - Cash and Investments (Concluded)

Investments (Concluded)

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

Description	Fair Value
Cash and Cash Equivalents	\$ 30,037,758
Certificates of Deposit	23,324,635
SBA Local Government Surplus Funds Trust	541,697
Money Market Accounts	<u>33,794,745</u>
Total Cash and Investments	\$ <u>87,698,835</u>

Reported in accompanying financial statements as follows:

Account	Reported Amount
Cash and Cash Equivalents - Governmental Funds	\$ 15,558,198
Cash and Cash Equivalents - Business-type Activities	5,944,745
Cash and Cash Equivalents - Agency Funds	5,862,404
Equity in Pooled Investments - Governmental Funds	54,522,605
Equity in Pooled Investments - Business-type Activities	3,138,472
Restricted Cash and Cash Equivalents - Business-type Activities	<u>2,672,411</u>
Total Cash and Investments	\$ <u>87,698,835</u>

Note 3 - Accounts Receivable

Accounts receivable (net of allowances for uncollectibles) at September 30, 2013, included the following:

	Receivable	Allowance	Net
Governmental Funds			
General Fund	\$ 2,680,908	\$ (1,841,847)	\$ 839,061
County Transportation	91,009	0	91,009
Municipal Services Fund	78	0	78
Nonmajor Governmental Funds	<u>3</u>	<u>0</u>	<u>3</u>
Total Governmental Funds	\$ <u>2,771,998</u>	\$ <u>(1,841,847)</u>	\$ <u>930,151</u>
Business-type Funds			
Solid Waste Disposal	\$ 3,074	\$ 0	\$ 3,074
Water	<u>425,700</u>	<u>(28,448)</u>	<u>397,252</u>
Total Business-type Funds	\$ <u>428,774</u>	\$ <u>(28,448)</u>	\$ <u>400,326</u>

Note 4 - Assessments Receivable

Assessments receivable (net of allowances for uncollectibles) at September 30, 2013, included the following:

	Receivable	Allowance	Net
Business-type Funds			
Solid Waste Disposal	\$ <u>817,282</u>	\$ <u>(78,874)</u>	\$ <u>38,408</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 5 - Restricted Assets

Restricted assets in the proprietary and governmental funds at September 30, 2013, 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, 2013, were restricted for the following purposes:

Proprietary Funds	
Customer Deposits	\$ 81,748
Landfill Postclosure Costs	763,884
Renewal and Replacement (Water/Sewer)	168,620
Impact Fees	1,063,289
Debt Service	594,870
Total	<u>\$ 2,672,411</u>

Reported in accompanying financial statements as follows:

<u>Account</u>	<u>Reported Amount</u>
Restricted Cash and Cash Equivalents - Business-type Activities	\$ 763,884
Noncurrent: Restricted Cash and Cash Equivalents - Business-type Activities	<u>1,908,527</u>
Total Restricted Assets	<u>\$ 2,672,411</u>

Note 6 - Capital Assets

Capital asset activity for the year ended September 30, 2013, was as follows:

	<u>Balance 10/1/12</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance 9/30/13</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 75,357,651	\$ 341,776	\$ 0	\$ 75,699,427
Construction Work in Progress	<u>3,848,186</u>	<u>2,671,953</u>	<u>(3,571,047)</u>	<u>2,949,092</u>
Total Capital Assets Not Being Depreciated	<u>79,205,837</u>	<u>3,013,729</u>	<u>(3,571,047)</u>	<u>78,648,519</u>
Capital Assets Being Depreciated:				
Building and Improvements	57,759,083	207,137	0	57,966,220
Machinery and Equipment	32,479,021	4,465,449	(3,004,534)	33,939,936
Leasehold Improvements	1,151,985	0	0	1,151,985
Infrastructure	<u>607,991,833</u>	<u>3,808,253</u>	<u>0</u>	<u>611,800,086</u>
Total Capital Assets Being Depreciated	<u>699,381,922</u>	<u>8,480,839</u>	<u>(3,004,534)</u>	<u>704,858,227</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(17,614,598)	(1,579,241)	0	(19,193,839)
Machinery and Equipment	(25,461,086)	(2,560,520)	2,984,345	(25,037,261)
Leasehold Improvements	(104,876)	(8,603)	0	(113,479)
Infrastructure	<u>(257,391,646)</u>	<u>(15,972,470)</u>	<u>0</u>	<u>(273,364,116)</u>
Total Accumulated Depreciation	<u>(300,572,206)</u>	<u>(20,120,834)</u>	<u>2,984,345</u>	<u>(317,708,695)</u>
Total Capital Assets Being Depreciated, Net	<u>398,809,716</u>	<u>(11,639,995)</u>	<u>(20,189)</u>	<u>387,149,532</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 478,015,553</u>	<u>\$ (8,626,266)</u>	<u>\$ (3,591,236)</u>	<u>\$ 465,798,051</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 6 - Capital Assets (Concluded)

	<u>Balance</u> <u>10/1/12</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance</u> <u>9/30/13</u>
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 815,228	\$ 0	\$ 0	\$ 815,228
Total Capital Assets Not Being Depreciated	<u>815,228</u>	<u>0</u>	<u>0</u>	<u>815,228</u>
Capital Assets, Being Depreciated:				
Building and Improvements	1,161,083	5,059	(38,546)	1,127,596
Equipment	20,089,945	346,725	(90,123)	20,346,547
Landfill	41,701,285	0	0	41,701,285
Total Capital Assets Being Depreciated	<u>62,952,313</u>	<u>351,784</u>	<u>(128,669)</u>	<u>63,175,428</u>
Less Accumulated Depreciation:				
Building and Improvements	(216,254)	(21,774)	20,501	(217,527)
Equipment	(6,596,107)	(752,798)	83,884	(7,265,021)
Landfill	(41,701,285)	0	0	(41,701,285)
Total Accumulated Depreciation	<u>(48,513,646)</u>	<u>(774,572)</u>	<u>104,385</u>	<u>(49,183,833)</u>
Total Capital Assets, Being Depreciated, Net	<u>14,438,667</u>	<u>(422,788)</u>	<u>(24,284)</u>	<u>13,991,595</u>
Total Business-type Activities				
Capital Assets, Net	<u>\$ 15,253,895</u>	<u>\$ (422,788)</u>	<u>\$ (24,284)</u>	<u>\$ 14,806,823</u>

General government depreciation expense was charged to functions/programs of the governmental activities as follows:

Governmental Activities	
General Government	\$ 792,997
Public Safety	2,562,699
Physical Environment	8,658
Transportation	15,417,444
Human Services	119,652
Court-related	882,435
Culture and Recreation	<u>336,949</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 20,120,834</u>
Business-type Activities	
Solid Waste	\$ 98,369
Water and Sewer	<u>676,203</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 774,572</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 7 - Interfund Activity

Interfund balances at September 30, 2013, consisted of the following:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
General	County Transportation	\$ 76,583
General	Municipal Services	162,742
General	Nonmajor Governmental	74,567
General	Solid Waste Disposal	5,896
General	Water and Sewer	11,486
County Transportation	General	3,351
Municipal Services	General	8,410
Nonmajor Governmental	General	168
Nonmajor Governmental	Nonmajor Governmental	60,716
Solid Waste Disposal	General	223
Total		<u>\$ 404,142</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.

<u>Transfers Out</u>	<u>Transfers In</u>							<u>Total</u>
	<u>General</u>	<u>County Trans- portation</u>	<u>Municipal Service</u>	<u>One-cent Surtax</u>	<u>Capital Projects Trans- portation</u>	<u>Nonmajor</u>	<u>Solid Waste</u>	
General	\$ 0	\$ 3,351	\$ 8,410	\$ 0	\$ 0	\$ 2,370,978	\$ 223	\$ 2,382,962
County Trans- portation	77,629	0	0	0	1,500,000	0	0	1,577,629
Municipal Services	3,029,525	0	0	0	10,000	0	0	3,039,525
One-cent County Surtax	2,256,600	1,941,460	2,110,251	0	5,170	301	0	6,313,782
Capital Projects: Impact Fee	157,581	0	0	0	0	0	0	157,581
Capital Projects: Transportation	217	0	0	528,428	0	0	0	528,645
Nonmajor	224,618	4,259	0	89,273	0	476,423	0	794,573
Solid Waste	64,501	0	0	0	0	0	0	64,501
Water and Sewer	49,898	0	0	0	0	0	0	49,898
Total	<u>\$ 5,860,569</u>	<u>\$ 1,949,070</u>	<u>\$ 2,118,661</u>	<u>\$ 617,701</u>	<u>\$ 1,515,170</u>	<u>\$ 2,847,702</u>	<u>\$ 223</u>	<u>\$ 14,909,096</u>

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 8 - Operating Leases

■ **Governmental Funds**

The Board is party to operating leases during the period ended September 30, 2013, as follows:

- *Tower Site (14th Street)*—the Board entered into a five-year lease with Pinnacle Towers, LLC, commencing April 24, 2011. Operating lease payments for the year ended September 30, 2013, were \$25,985.
- *Two Tower Sites (Hilliard and Dahoma)*—the Board entered into two one-year leases (with renewal terms of four additional periods of one year each) with American Tower Asset Sub, LLC, commencing April 24, 2006. The Board exercised the first renewal, which has an effective date of May 2012. Operating lease payments for the year ended September 30, 2013, were \$46,305.
- *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, 2013, were \$63,264.

Future minimum lease payments under these leases follow:

<u>Year Ending September 30</u>	<u>Tower Lease Sites</u>	<u>West Nassau Land Development</u>	<u>Total</u>
2014	\$ 54,807	\$ 63,735	\$ 118,542
2015	28,105	52,994	81,099
2016	14,518	0	14,518
Total	<u>\$ 97,430</u>	<u>\$ 116,729</u>	<u>\$ 214,159</u>

Four constitutional officers entered into several leases for office equipment under operating leases. Total cost for such leases were \$86,236 for the year ended September 30, 2013. The future minimum lease payments for the leases are as follows:

<u>Year Ending September 30</u>	<u>Total</u>
2014	\$ 88,107
2015	86,060
2016	59,068
2017	13,292
2018	2,256
Total	<u>\$ 248,783</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 9 - Long-term Obligations

The following is a summary of changes in long-term obligations for the year ended September 30, 2013:

	<u>Balance</u> <u>10/1/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/13</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Bonds Payable	\$ 43,208,865	\$ 6,230,988	\$ (8,654,076)	\$ 40,785,777	\$ 2,532,874
Premium on Bonds Payable	1,410,718	0	(74,249)	1,336,469	0
Total Bonds and Notes Payable	44,619,583	6,230,988	(8,728,325)	42,122,246	2,532,874
Capital Lease Payable	236,971	0	(115,441)	121,530	121,530
Claims Payable	484,981	0	(155,941)	329,040	0
Compensated Absences	6,505,945	3,490,330	(3,219,365)	6,776,910	3,139,949
Other Postemployment Benefits	6,041,838	837,124	0	6,878,962	0
Total Governmental Activities					
Long-term Liabilities	<u>\$ 57,889,318</u>	<u>\$ 10,558,442</u>	<u>\$ (12,219,072)</u>	<u>\$ 56,228,688</u>	<u>\$ 5,794,353</u>
Business-type Activities					
Bonds Payable	15,550,000	15,650,000	(15,880,000)	15,320,000	875,000
Unamortized Discount	(186,148)	0	186,148	0	0
Unamortized Refunding Loss	0	(673,343)	0	(673,343)	0
Compensated Absences	254,019	97,394	(87,429)	263,984	85,565
Other Postemployment Benefits	110,520	18,058	0	128,578	0
Landfill Closure/Postclosures	18,180,287	0	(1,890,568)	16,289,719	763,884
Total Business-type Activities					
Long-term Liabilities	<u>\$ 33,908,678</u>	<u>\$ 15,092,109</u>	<u>\$ (17,671,849)</u>	<u>\$ 31,328,938</u>	<u>\$ 1,724,449</u>

Governmental Activities

A brief synopsis of long-term debt existing at September 30, 2013, follows:

2009-1 Gas Tax Revenue Bonds

In October 2012, the County issued the Gas Tax Revenue Bonds, Series 2009-1, in the amount of \$6,213,421. The Series 2009-1 Bond was issued to provide funds sufficient, together with other available moneys of the issuer, to refund the outstanding Nassau County, Florida, Gas Tax Revenue Bond, Series 2009. This refunding was undertaken to reduce total debt service payments over the life of the loan by \$422,338 which resulted in an economic gain of \$398,166, and to reduce the interest rate from 3.72% to 1.86%, and to reduce the maturity date of the debt by approximately 5.5 years.

The 2009-1 Gas Tax Revenue Bonds are secured by a lien upon and pledge of the proceeds of the constitutional, County and ninth-cent gas tax. Annual principal and interest on the bond are expected to require approximately 56% of such tax revenue and are payable through 2018. Principal and interest payments for the current year totaled \$1,104,021 and gas tax revenues totaled \$1,985,331. At year-end, pledged future revenues totaled \$5,520,105, which was the amount of remaining principal and interest on the bond. Other County revenues are not available to finance this bond issue.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 9 - Long-term Obligations (Continued)

Governmental Activities (Continued)

2009-1 Gas Tax Revenue Bonds (Concluded)

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

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

<u>Year Ending</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,006,837	\$ 97,184	\$ 1,104,021
2015	1,025,564	78,457	1,104,021
2016	1,044,639	59,382	1,104,021
2017	1,064,069	39,952	1,104,021
2018	<u>1,083,861</u>	<u>20,160</u>	<u>1,104,021</u>
Total	<u>\$ 5,224,970</u>	<u>\$ 295,135</u>	<u>\$ 5,520,105</u>

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, 2013, totaled \$4,234,668.

The Series 2000 Bonds are special, limited obligations of the County payable solely from and secured by a prior lien upon and pledge of the proceeds of the six-cent local option gas tax and until expended, the monies on deposit in certain funds and accounts created by Resolution. Annual principal and interest on the bonds are expected to require approximately 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 \$1,901,274. At year-end, pledged future revenues totaled \$11,340,000, which was the amount of remaining principal and interest on the bonds. Other Board revenues are not available to finance this bond issue. In addition, the bondholders do not have any authority to compel the Board to increase ad valorem taxes for financing this bond issue. Such bonds, bearing interest at a rate between 5.0% and 5.81% per annum, are dated August 30, 2000 and are in denominations of \$5,000 each. A portion of such bonds mature annually starting March 1, 2010, with final maturity being March 1, 2025. The bonds have a required reserve of \$945,000, which is on hand at year-end.

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 9 - Long-term Obligations (Continued)

Governmental Activities (Concluded)
2000 Optional Gas Tax Revenue Bonds (Concluded)

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 461,037	\$ 483,963	\$ 945,000
2015	430,996	514,004	945,000
2016	405,178	539,822	945,000
2017	380,533	564,467	945,000
2018	357,030	587,970	945,000
2019-2023	1,486,693	3,238,307	4,725,000
2024-2028	479,673	1,410,327	1,890,000
Total	<u>\$ 4,001,140</u>	<u>\$ 7,338,860</u>	<u>\$ 11,340,000</u>

2007 Public Improvement Revenue Refunding Bonds

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

The Series 2007 Bonds are special obligations of the Board payable solely from amounts budgeted and appropriated by the Board from non ad valorem tax revenues in accordance with the terms of the Resolution. Annual principal and interest on the bonds are expected to require approximately 39% of such non ad valorem tax revenue and are payable through 2031. Principal and interest payments for the current year totaled \$2,321,350 and non ad valorem tax revenues totaled \$6,012,484. At year-end, pledged future revenues totaled \$41,889,450, which was the amount of remaining principal and interest on the bonds. Other Board revenues are not available to finance this bond issue.

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

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,065,000	\$ 1,322,950	\$ 2,387,950
2015	1,055,000	1,280,350	2,335,350
2016	1,085,000	1,238,150	2,323,150
2017	1,125,000	1,194,750	2,319,750
2018	1,170,000	1,149,750	2,319,750
2019-2023	6,810,000	4,808,750	11,618,750
2024-2028	8,690,000	2,926,750	11,616,750
2029-2031	6,325,000	643,000	6,968,000
Total	<u>\$ 27,325,000</u>	<u>\$ 14,564,450</u>	<u>\$ 41,889,450</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 9 - Long-term Obligations (Continued)

Capital Lease

Capital Lease—During 2010, the County entered into a capital lease agreement with Presidio Technology Capital, LLC to lease server equipment. The lease is to be paid annually at an imputed interest rate of 5.15% and matures on October 1, 2014. Future minimum lease payments under this capital lease are as follows:

Year Ending September 30	Future Lease Payments
2014	\$ 127,939
Total Future Minimum Lease Payments	127,939
(Less Amount Representing Interest)	<u>(6,409)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 121,530</u>

Compensated Absences

Compensated Absences—are recorded on the government-wide financial statements. Following is a summary of compensated absences by constitutional officer September 30, 2013:

	Beginning Balance	Additions	Deletions	Ending Balance
Board	\$ 5,376,776	\$ 2,258,580	\$ (1,786,787)	\$ 5,848,569
Sheriff	917,114	967,056	(1,139,680)	744,490
Tax Collector	40,589	137,513	(140,802)	37,300
Property Appraiser	132,428	97,646	(115,501)	114,573
Supervisor of Elections	<u>39,038</u>	<u>29,535</u>	<u>(36,595)</u>	<u>31,978</u>
Total	<u>\$ 6,505,945</u>	<u>\$ 3,490,330</u>	<u>\$ (3,219,365)</u>	<u>\$ 6,776,910</u>

Business-type Activities

Advance Refunding—On April 9, 2013, the Board issued a \$15,650,000 Water and Sewer System Revenue Refunding Bond, Series 2013, with a fixed interest rate of 2.150%. The net proceeds from the closing of \$15,982,527 were used to refund \$15,550,000 in principal in the amount of the County’s outstanding Revenue Note, Series 2003, and to pay the issuance costs of the Series 2013 Bond. This refunding was undertaken to reduce total debt service payments over the next fifteen years by \$6,078,335 and resulted in an economic gain of \$4,032,575 and a reduction in the maturity date of the debt by approximately 5.5 years.

The revenue bond is secured by a pledge of and is payable solely from pledged revenues, which primarily consist of net revenues and impact fees which derive from the System. Annual principal and interest on the bond is expected to require approximately 35% of such revenue and are payable through 2028. Principal and interest payments for the current year totaled \$490,169 and revenues totaled \$2,666,778. At year-end, pledged future revenues totaled \$17,921,715, which was the amount of remaining principal and interest on the bond. The Series 2013 Bond shall not be or constitute a general obligation or indebtedness of the County.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 9 - Long-term Obligations (Concluded)

Rate Covenant

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

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

<u>Year Ending</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 875,000	\$ 319,974	\$ 1,194,974
2015	895,000	300,946	1,195,946
2016	915,000	281,489	1,196,489
2017	930,000	261,655	1,191,655
2018	955,000	241,391	1,196,391
2019-2023	5,090,000	886,875	5,976,875
2024-2028	<u>5,660,000</u>	<u>309,385</u>	<u>5,969,385</u>
Total	<u>\$ 15,320,000</u>	<u>\$ 2,601,715</u>	<u>\$ 17,921,715</u>

Compensated Absences

Compensated Absences—Following is a summary of annual, sick and bonus leave benefits liabilities at September 30, 2013, for the proprietary funds:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Vacation Leave	\$ 92,719	\$ 57,917	\$ (53,377)	\$ 97,259
Sick Leave	157,923	31,360	(25,782)	163,501
Bonus Leave	3,164	8,117	(8,056)	3,225
Comp Time	<u>213</u>	<u>0</u>	<u>(213)</u>	<u>0</u>
Total	<u>\$ 254,019</u>	<u>\$ 97,394</u>	<u>\$ (87,428)</u>	<u>\$ 263,985</u>

Note 10 - No Commitment Special Assessment Debt

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

At September 30, 2013, the Special Assessment Bond outstanding totaled \$8,053,545.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 11 - Bond Arbitrage Rebate

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

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

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

Note 12 - Landfill Postclosure Care Costs

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

For the closed landfills, actual postclosure care cost incurred for each year is reported as a reduction of the postclosure liability, along with the change in required escrow balance until the required twenty-or-thirty-year postclosure care period is satisfied. The County has accrued a total of \$16,289,719 for postclosure care cost at September 30, 2013, for the four closed landfills. The liability is based on engineering estimates of annual postclosure care cost.

These postclosure care costs are based on estimates of what it would cost to perform all postclosure care using 2013 dollars. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by state law to deposit into the escrow accounts, at the time of closing and each year thereafter, sufficient funds to cover the following year's long-term care costs. In addition, the County must document specifically how it intends to finance the long-term care of the landfill as part of its closure plan. The County is in compliance with these requirements with escrow balances that exceed the amounts required by state law (amounts required by State law are \$763,462 as of September 30, 2013). At September 30, 2013, the escrow balances are as follows:

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 12 - Landfill Postclosure Care Costs (Concluded)

	Total
Landfills	
Old West Nassau Postclosure	\$ 31,888
Bryceville Postclosure	83,588
Lofton Creek Postclosure	114,990
New West Nassau Closure	533,418
Total Escrow Balances	\$ 763,884

Note 13 - Retirement Plans

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

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 13 - Retirement Plans (Concluded)

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

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

	As of September 30, 2013
Deferred Retirement Option Program	12.84%
Regular Employees	6.95%
Senior Management Service	18.31%
SUS Optional Program	5.14%
Elected County Officials	33.03%
Special Risk	19.06%

The County's contributions to the System for the years ended September 30, 2013, 2012, and 2011, were \$3,238,873, \$2,724,889, and \$4,400,380, respectively, equal to the required contributions for each year.

Note 14 - Deferred Compensation Plan

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

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 15 - Other Postemployment Benefits (OPEB)

Plan Description

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

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

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

Percent of Direct Subsidy up to “Subsidy Base Maximum” of \$438.55			
Years of Service With Nassau County	Hired Before 10/1/05 (Other than Sheriff)	Hired on or After 10/1/05 (Other than Sheriff)	Sheriff’s Office (Regardless of Hire Date)
At Least 6 Years	100%	0%	0%
15 Years	100%	50%	0%
20 Years	100%	65%	0%
25 Years	100%	80%	0%/100%
30 or More Years	100%	100%	100%

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

Funding Policy—For the OPEB Plan, contribution requirements of the County are established and may be amended through action from either the Board or Constitutional Officers. Currently, the County’s OPEB Benefits are unfunded. The required contributions are based on pay-as-you-go financing requirements. There is no separate trust fund or equivalent arrangement into which the County would make contributions to advance-fund the obligation, as it does for its pension plan, the System. Therefore, ultimate subsidies which are provided over time are financed directly by general assets of the County, which are invested in very short-term income instruments. The County selected an interest rate discount of 4.0% for this purpose. The net amount of retiree contributions totaled \$137,799.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

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

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

Normal Cost (Service Cost for One Year)	\$ 1,033,680
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	846,912
Interest on Normal Cost and Amortization	<u>0</u>
Annual Required Contribution (ARC)	1,880,592
Interest on Net OPEB Obligation	246,094
Adjustment to ARC	<u>(236,629)</u>
Annual OPEB Cost	1,890,057
Employer Contributions Made	<u>(1,034,875)</u>
Increase in Net OPEB Obligation	855,182
Net OPEB Obligation at Beginning of Year	<u>6,152,357</u>
Net OPEB Obligation at End of Year	<u>\$ 7,007,539</u>

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

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions Toward the OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
09/30/2011	\$ 2,443,278	\$ 807,242	33.04%	\$ 4,494,872
09/30/2012	2,591,302	933,817	36.04%	6,152,357
09/30/2013	1,890,057	1,034,875	54.75%	7,007,539

In the statement of net position, the County reports \$6,878,961 net OPEB obligation in governmental activities and \$128,578 in the business-type activities.

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

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

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

Funding Status and Funding Progress—(Concluded)

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

Actuarial Methods and Assumptions

In any long-term actuarial valuation, certain demographic, economic and behavioral assumptions are made concerning the population, the investment discount rates and the benefits provided. These actuarial assumptions form the basis for the actuarial model which is used to project the future population, the future benefits provided and the contributions collected. Then the investment discount rate assumption is used to discount those projected net OPEB benefits to a present value. This and other related present values are used to calculate the annual OPEB cost. The actuarial assumptions also included a payroll growth rate of 4%, inflation rate of 3.0% and an annual health care cost trend rate of 9.0% initially, reduced annually to an ultimate rate of 5% after 8 years. The remaining amortization period at September 30, 2013, was twenty-six years.

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

Note 16 - Unrestricted Component of Net Position

The County has accrued the estimated postclosure monitoring liability for its closed landfills until the conclusion of the 20 or 30 year postclosure monitoring period. These liabilities are not required to be fully funded until later dates. As a result, the Solid Waste Disposal Fund has accumulated negative unrestricted net position at September 30, 2013, as follows:

Prior Year Total Net Position	\$ (9,428,679)
Change in Net Position for the Year Ended September 30, 2013	<u>(224,024)</u>
Total Net Position for the Year Ended September 30, 2013	(9,652,703)
Investment in Capital Assets	<u>(1,454,163)</u>
Total Unrestricted Net Position	<u><u>\$ (11,106,866)</u></u>

Note 17 - Fund Balance Classification

The following is a summary of the County's fund balance classifications and the purpose of each as of September 30, 2013, is as follows:

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 17 Fund Balance Classification (Concluded)

Nonspendable Fund Balance	
Prepaid Expenses	\$ 78,176
Inventory	374,708
SBA – Fund B	464,969
Deposits	2,000
Total Nonspendable Fund Balance	919,853
Restricted Fund Balance	
Crime Prevention	222,745
Other Human Services	162,739
Fire Donations	1,235
Developer Agreements	78,500
Sheriff – Donations	2,160
Impact Fees	5,529,107
Library	155,547
Wireless Services	507,371
Other Physical Environment	1,555,626
State Housing Initiative Program	602,770
Court Facilities	2,486,664
Court Improvement	32,590
Criminal Justice	175,618
Law Enforcement	608,156
Tourist Development	2,862,303
Building Department	2,465,642
Debt Services – Bonds	1,588,072
Capital Projects – Transportation	494,188
Total Restricted Fund Balance	19,531,033
Committed Fund Balance	
Fire/Rescue	3
Court Facilities	8,877
Law Enforcement	11,716
Capital Projects	527,336
Capital Projects – County Complex	257,956
Total Committed Fund Balance	805,888
Assigned Fund Balance	
Deposits	27,142
Other General Government	33,522
Economic Development	28,027
Library	22,589
Sheriff Administration Building	10,099,510
Parks and Recreation	11,430
Public Safety	33,356
Other Human Services	17,915
Supervisor of Elections	10,764
Reserves	8,374,839
Capital Projects Transportation	8,324,618
Capital Projects	9,998,836
Total Assigned Fund Balance	36,982,548
Unassigned Fund Balance	6,442,084
Total	\$ 64,681,406

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 18 - Risk Management

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

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

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

Note 19 - Commitments and Contingencies

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

The following is a summary of major commitments of the County and contracts in progress as of September 30, 2013:

<u>Project</u>	<u>Source of Payment</u>	<u>Paid To-Date</u>	<u>Commitment Remaining</u>
Concourse Loop Phase IV	Current Available Resources	\$ 0	\$ 1,786,179
Mobility Plan & Mobility Fee	Current Available Resources	87,561	31,525
14 th Street at Lime Street Intersection	Current Available Resources	42,524	60,409
Blackrock Road Design Services	Current Available Resources	508,323	9,486
Bay Road Phase II	Current Available Resources	<u>165,463</u>	<u>21,784</u>
Total		<u>\$ 803,871</u>	<u>\$ 1,909,383</u>

The following is a summary of encumbrances outstanding for the County as of September 30, 2013:

General Fund	\$ 300,161
County Transportation Fund	5,955
Municipal Services Fund	24,060
One-cent County Surtax Fund	1,500
Capital Project Impact Fee Ordinance Trust Fund	26,500
Capital Projects Transportation	0
Solid Waste Fund	45,203
Water and Sewer Fund	<u>12,188</u>
	<u>\$ 415,567</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Concluded)

Note 20 - Conduit Debt Obligations

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

As of September 30, 2013, there was one bond outstanding with an aggregate principal amount payable of \$10,670,000. The issue amount and the September 30, 2013, outstanding balance is as follows:

<u>Original Issuance</u>	<u>Year</u>	<u>9/30/13 Balance</u>	<u>Description</u>
\$ 11,150,000	2008	\$ 10,670,000	AICC, Inc. and Nassau Care Centers - 70 Bed Care Intermediate Care and Day Program Service Facilities

Note 21 - Other Disclosures

The County adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB No. 14 and No. 34*, in the current year. As a result the Sheriff's Foundation of Nassau County is no longer considered to be a blended component unit since it does not meet the financial benefit or burden requirement. As a result, the effect of the restatement was to reduce restricted fund balance at October 1, 2012, by \$11,284.

REQUIRED SUPPLEMENTARY INFORMATION

NASSAU COUNTY, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 29,208,028	\$ 29,208,028	\$ 29,341,519	\$ 133,491
Licenses and Permits	12,879	12,879	14,428	1,549
Intergovernmental Revenues	4,846,522	4,915,397	5,284,065	368,668
Charges for Services	3,435,276	3,609,985	3,256,104	(353,881)
Fines and Forfeitures	55,780	53,658	76,107	22,449
Interest Earnings	203,500	203,500	170,181	(33,319)
Miscellaneous	495,186	356,607	648,722	292,115
Total Revenues	<u>38,257,171</u>	<u>38,360,054</u>	<u>38,791,126</u>	<u>431,072</u>
Expenditures				
Current:				
General Government Services	13,550,698	13,519,101	12,936,613	582,488
Public Safety	23,369,825	23,303,422	22,860,536	442,886
Physical Environment	331,041	403,498	399,473	4,025
Economic Environment	219,796	274,675	199,841	74,834
Human Services	2,761,952	2,803,952	2,561,165	242,787
Culture and Recreation	1,688,352	1,901,824	1,658,360	243,464
Court-related Expenditures	1,366,281	1,595,375	1,313,680	281,695
Capital Outlay	2,628,478	3,754,036	2,976,683	777,353
Debt Service:				
Principal Retirement	115,441	115,441	115,441	0
Interest and Fiscal Charges	12,498	12,497	12,497	0
(Total Expenditures)	<u>46,044,362</u>	<u>47,683,821</u>	<u>45,034,289</u>	<u>2,649,532</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(7,787,191)</u>	<u>(9,323,767)</u>	<u>(6,243,163)</u>	<u>3,080,604</u>
Other Financing Sources (Uses)				
Transfers in	24,957,438	25,246,624	5,860,569	(19,386,055)
Transfers (out)	(21,411,449)	(21,472,906)	(2,382,962)	19,089,944
Total Other Financing Sources (Uses)	<u>3,545,989</u>	<u>3,773,718</u>	<u>3,477,607</u>	<u>(296,111)</u>
Net Change in Fund Balances	(4,241,202)	(5,550,049)	(2,765,556)	2,784,493
Fund Balances at Beginning of Year	<u>13,140,897</u>	<u>17,533,717</u>	<u>18,188,623</u>	<u>654,906</u>
Fund Balances at End of Year	<u>\$ 8,899,695</u>	<u>\$ 11,983,668</u>	<u>\$ 15,423,067</u>	<u>\$ 3,439,399</u>

NASSAU COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - COUNTY TRANSPORTATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 4,748,093	\$ 4,748,093	\$ 4,944,161	\$ 196,068
Licenses and Permits	14,110	14,110	30,911	16,801
Intergovernmental Revenues	916,136	1,009,636	1,379,682	370,046
Charges for Services	4,540	4,540	11,594	7,054
Fines and Forfeitures	0	0	284	284
Interest Earnings	60,550	60,550	54,494	(6,056)
Miscellaneous	42,009	41,009	133,929	92,920
Total Revenues	<u>5,785,438</u>	<u>5,877,938</u>	<u>6,555,055</u>	<u>677,117</u>
Expenditures				
Current:				
Transportation	6,265,394	6,240,683	5,634,753	605,930
Capital Outlay	1,076,357	863,629	526,541	337,088
(Total Expenditures)	<u>7,341,751</u>	<u>7,104,312</u>	<u>6,161,294</u>	<u>943,018</u>
Excess of Revenues Over Expenditures	<u>(1,556,313)</u>	<u>(1,226,374)</u>	<u>393,761</u>	<u>1,620,135</u>
Other Financing Sources (Uses)				
Operating Transfers in	2,054,320	1,962,850	1,949,070	(13,780)
Operating Transfers (out)	(1,579,518)	(1,579,518)	(1,577,629)	1,889
Total Other Financing Sources (Uses)	<u>474,802</u>	<u>383,332</u>	<u>371,441</u>	<u>(11,891)</u>
Net Change in Fund Balances	(1,081,511)	(843,042)	765,202	1,608,244
Fund Balances at Beginning of Year	<u>3,000,607</u>	<u>3,339,866</u>	<u>3,504,103</u>	<u>164,237</u>
Fund Balances at End of Year	<u>\$ 1,919,096</u>	<u>\$ 2,496,824</u>	<u>\$ 4,269,305</u>	<u>\$ 1,772,481</u>

NASSAU COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - MUNICIPAL SERVICES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 8,000,701	\$ 8,000,701	\$ 8,065,384	\$ 64,683
Licenses and Permits	39,000	39,000	62,599	23,599
Intergovernmental Revenues	565,693	563,193	542,492	(20,701)
Charges for Services	125,950	125,950	129,267	3,317
Fines and Forfeitures	4,200	4,200	3,656	(544)
Interest Earnings	55,500	55,500	57,866	2,366
Miscellaneous	200	200	62,779	62,579
Total Revenues	<u>8,791,244</u>	<u>8,788,744</u>	<u>8,924,043</u>	<u>135,299</u>
Expenditures				
Current:				
General Government Services	604,265	594,865	490,098	104,767
Public Safety	6,016,815	6,178,800	6,107,065	71,735
Human Services	902,380	903,665	835,591	68,074
Capital Outlay	1,534,768	1,593,979	1,304,735	289,244
(Total Expenditures)	<u>9,058,228</u>	<u>9,271,309</u>	<u>8,737,489</u>	<u>533,820</u>
Excess of Revenues Over Expenditures	<u>(266,984)</u>	<u>(482,565)</u>	<u>186,554</u>	<u>669,119</u>
Other Financing Sources (Uses)				
Operating Transfers in	2,140,251	2,140,251	2,118,661	(21,590)
Operating Transfers (out)	(3,041,507)	(3,042,329)	(3,039,525)	2,804
Total Other Financing Sources (Uses)	<u>(901,256)</u>	<u>(902,078)</u>	<u>(920,864)</u>	<u>(18,786)</u>
Net Change in Fund Balances	(1,168,240)	(1,384,643)	(734,310)	650,333
Fund Balances at Beginning of Year	<u>3,960,660</u>	<u>3,960,027</u>	<u>3,960,226</u>	<u>199</u>
Fund Balances at End of Year	<u>\$ 2,792,420</u>	<u>\$ 2,575,384</u>	<u>\$ 3,225,916</u>	<u>\$ 650,532</u>

NASSAU COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - ONE-CENT COUNTY SURTAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 6,351,800	\$ 6,351,800	\$ 7,289,549	\$ 937,749
Interest Earnings	50,000	50,000	90,816	40,816
Total Revenues	<u>6,401,800</u>	<u>6,401,800</u>	<u>7,380,365</u>	<u>978,565</u>
Expenditures				
Current:				
General Government Services	0	1,420	1,420	0
Public Safety	32,200	52,000	5,259	46,741
Transportation	119,551	119,551	107,278	12,273
Capital Outlay	1,264,194	1,648,835	398,936	1,249,899
(Total Expenditures)	<u>1,415,945</u>	<u>1,821,806</u>	<u>512,893</u>	<u>1,308,913</u>
Excess of Revenues Over Expenditures	<u>4,985,855</u>	<u>4,579,994</u>	<u>6,867,472</u>	<u>2,287,478</u>
Other Financing Sources (Uses)				
Operating Transfers in	215,813	617,735	617,701	(34)
Operating Transfers (out)	(9,601,800)	(9,953,304)	(6,313,782)	3,639,522
Total Other Financing Sources (Uses)	<u>(9,385,987)</u>	<u>(9,335,569)</u>	<u>(5,696,081)</u>	<u>3,639,488</u>
Net Change in Fund Balances	(4,400,132)	(4,755,575)	1,171,391	5,926,966
Fund Balances at Beginning of Year	<u>12,215,239</u>	<u>12,410,691</u>	<u>12,410,692</u>	<u>1</u>
Fund Balances at End of Year	<u>\$ 7,815,107</u>	<u>\$ 7,655,116</u>	<u>\$ 13,582,083</u>	<u>\$ 5,926,967</u>

**NASSAU COUNTY, FLORIDA
NOTE TO SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Budgets and Budgetary Accounting

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

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

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

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

Budgets are adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America (GAAP). The only exception to the GAAP basis is in the enterprise funds where depreciation, amortization of bond costs and change in post-closure costs are not budgeted, while capital outlay expenditures are budgeted and are reclassified into 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 or Constitutional Officer, as applicable.

If during the fiscal year, additional revenues become available for appropriations in excess of those estimated in the budget, the Board or Constitutional Officer, by resolution, may make supplemental appropriations for the year up to the amount of such excess. During the fiscal year ended September 30, 2013, various supplemental appropriations were approved by the Board or Constitutional Officer in accordance with Florida Statutes. The following funds received supplemental appropriations during the year ended September 30, 2013:

Governmental Funds	
General Fund	\$ 4,297,635
Special Revenue Funds	1,101,344
Debt Service Funds	(54,306)
Capital Projects Funds	<u>735,449</u>
Total	<u>\$ 6,080,122</u>

**NASSAU COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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

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

OTHER INFORMATION

NASSAU COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Federal Grantor/Pass-Through Grantor/ Grant Program	Grant ID Number	Federal CFDA Number	Federal Expenditures
United States Department of Housing and Urban Development			
Indirect:			
Passed Through Florida Department of Economic Opportunity:			
Community Development Block Grant (CDBG)	12-DB-P5-04-55-01-K53	14.228	\$ 51,130
Community Development Block Grant (CDBG)	10-DB-K4-11-54-01-K25	14.228	93,461
Subtotal Expenditures - CFDA 14.228			<u>144,591</u>
Total United States Department of Housing and Urban Development			<u>144,591</u>
United States Department of Justice			
Direct:			
State Criminal Alien Assistance Program	2011-AP-BX-0823	16.606	998
Equitable Sharing Program	None	16.922	582,934
Edward Byrne Memorial Justice Assistance Grant Program	2010-DJ-BX-1142	16.738	
Edward Byrne Memorial Justice Assistance Grant Program	2011-DJ-BX-3084	16.738	34,293
Indirect:			
Passed Through Florida Department of Law Enforcement:			
Edward Byrne Memorial Justice Assistance Grant Program	2013-JAGC-NASS-1-D7-128	16.738	53,419
Edward Byrne Memorial Justice Assistance Grant Program	2012-JAGC-NASS-1-C4-017 (PGI)	16.738	43,932
Subtotal Expenditures - CFDA 16.738			<u>131,644</u>
Passed Through Office of the Attorney General of Florida:			
Crime Victim Assistance	V-12132	16.575	<u>37,764</u>
Total United States Department of Justice			<u>753,340</u>
United States Election Assistance Commission			
Indirect:			
Passed Through Florida Division of Elections:			
Federal Help America Vote Act	MOA # 2011-2012-0001	90.401	7,615
Federal Help America Vote Act	MOA # 2012-2013-0001	90.401	7,230
Subtotal Expenditures - CFDA 90.401			<u>14,845</u>
Voting Access for Individuals with Disabilities	MOA # 2012-2013-0003	93.617	2,190
Voting Access for Individuals with Disabilities	MOA # 2013-2014-0002	93.617	9,570
Subtotal Expenditures - CFDA 93.617			<u>11,760</u>
Total United States Election Assistance Commission			<u>26,605</u>

NASSAU COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(Continued)

Federal Grantor/Pass-Through Grantor/ Grant Program	Grant ID Number	Federal CFDA Number	Federal Expenditures
United States Department of Health and Human Services			
Indirect:			
Passed Through Florida Department of Revenue:			
Child Support Enforcement	CSP45	93.563	\$ 3,452
Child Support Enforcement	CD345	93.563	<u>142,333</u>
Total United States Department of Health and Human Services			<u>145,785</u>
United States Department of Homeland Security			
Indirect:			
Passed Through Florida Division of Emergency Management:			
Disaster Grants - Public Assistance	13-DB-73-04-55-02-594	97.036	19,113
Emergency Management Performance Grant	13-FG-86-04-55-01-112	97.042	31,403
Emergency Management Performance Grant	14-FG-1M-04-55-01-112	97.042	<u>13,766</u>
Subtotal Expenditures CFDA No. 97.042			45,169
Indirect:			
Passed Through City of Jacksonville			
Urban Area Security Initiative (UASI)		97.067	157,248
Indirect:			
Florida Division of Emergency Management	2011-SS-0067	97.067	15,000
Florida Division of Emergency Management	EMW-2012-SS-00109-S01	97.067	912
Florida Division of Emergency Management	DS-9Z-04-55-01-458 (HSG10 SUBGRAN	97.067	<u>9,411</u>
Subtotal Expenditures CFDA No. 97.067			<u>182,571</u>
Indirect:			
Assistance to Firefighters	EMW-2008-FR-00471	97.044	<u>15,343</u>
Total United States Department of Homeland Security			<u>262,196</u>
Federal Communications Commission			
Direct:			
Universal Discount for Schools and Libraries (E-Rate)	2012-YR14	None	<u>22,525</u>
Total Federal Communications Commission			<u>22,525</u>
Total Federal Expenditures			<u>\$ 1,355,042</u>

NASSAU COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(Concluded)

<u>Grant Agency/Grant Title</u>	<u>State CSFA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>
Florida Department of Environmental Protection			
Small County Consolidated Solid Waste Grants	37.012	325SC	\$ 70,588
Total Florida Department of Environmental Protection			<u>70,588</u>
Department of Community Affairs			
Emergency Management Programs	52.008	13-BG-83-04-55-01-045	80,144
Emergency Management Programs	52.008	14-BG-83-04-55-01-045	34,922
Subtotal Expenditures - CSFA No 52.008			<u>115,066</u>
Total Department of Community Affairs			<u>115,066</u>
Florida Department of State			
State Aid to Libraries Grant Program	45.030	13-ST-36	29,298
Total Florida Department of State			<u>29,298</u>
Florida Housing Finance Corporation			
State Housing Initiatives Partnership Program	52.901	10/11	17,900
State Housing Initiatives Partnership Program	52.901	11/12	222,359
State Housing Initiatives Partnership Program	52.901	12/13	16
Subtotal Expenditures - CSFA No. 52.901			<u>240,275</u>
Total Florida Housing Finance Corporation			<u>240,275</u>
Florida Department of Transportation			
Small County Outreach Program	55.009	428203-1-58-01	154,623
Total Florida Department of Transportation			<u>154,623</u>
Florida Department of Health			
County Grant Awards	64.005	C1345	7,282
Total Florida Department of Health			<u>7,282</u>
Florida Department of Management Services			
Wireless 911 Emergency Telephone System	72.001	13-4-18	67,159
Total Florida Department of Management Services			<u>67,159</u>
Total State Expenditures			<u>\$ 684,291</u>

**NASSAU COUNTY, FLORIDA
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Note 1 - Basis of Presentation

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

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

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

Report on Compliance for Each Major Federal Program and State Project

We have audited Nassau County, Florida's (the County's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, and the Florida Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2013. The County's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal award programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, *Rules of the Auditor General*. Those standards, OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

Opinion on Each Major Federal Program and State Project

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2013.

Certified Public Accountants

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

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

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND STATE
PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL
(Concluded)**

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state financial assistance projects. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state financial assistance project in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Purpose

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the *Rules of the Auditor General* Chapter 10.550. Accordingly, this report is not suitable for any other purpose.

Purvis, Gray and Company, LLP

March 4, 2014
Gainesville, Florida

**NASSAU COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Summary of Auditors' Results

1. The independent auditors' report expresses an unmodified opinion on the financial statements of Nassau County, Florida (the County).
2. There were no significant deficiencies identified during the audit of the financial statements reported in the report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. There were no instances of noncompliance identified during the audit of the financial statements reported in the report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
4. The audit disclosed no significant deficiencies and/or material weaknesses in internal control over major federal programs or state projects that are required to be reported in the schedule of findings and questioned costs.
5. The report on compliance for the major federal programs and state projects expresses an unmodified opinion.
6. The audit disclosed no findings that are required to be reported in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*.
7. The programs tested as major federal awards programs and state financial assistance projects included:

Federal Programs	<u>CFDA No.</u>
Equitable Sharing Program	16.922
Homeland Security Grant	97.067
State Projects	<u>CSFA No.</u>
Small County Outreach Program (SCOP)	55.009
State Housing Initiatives Partnership Program (SHIP)	52.901

8. The threshold for distinguishing Type A and B programs was \$300,000 for major federal programs and state projects.
9. The entity was determined to not be a low-risk audit pursuant to OMB Circular A-133.

Financial Statement Findings

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

NASSAU COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(Concluded)

Findings and Questioned Costs for Major Federal Programs and State Projects

The audit disclosed no findings for major federal programs or state projects to be reported under OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*.

Status of Prior Audit Findings

There were no prior year findings required to be reported in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*.

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

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

We have audited , in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining funds information of Nassau County, Florida (the County) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 4, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Certified Public Accountants

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

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

Compliance and Other Matters

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

We noted certain matters that were reported to management in a separate management letter dated March 4, 2014.

Purpose of this Report

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

Purvis, Gray and Company, LLP

March 4, 2014
Gainesville, Florida

MANAGEMENT LETTER

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

We have audited the financial statements of Nassau County, Florida (the County), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated March 4, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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, independent auditors' 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, which are dated March 4, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs 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 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 taken to address findings and recommendation in the preceding annual financial report can be found in the respective reports of the Constitutional Officers.
- 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. Our audit identified recommendations which are included in the respective reports of the Constitutional Officers.
- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contract or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

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

MANAGEMENT LETTER
(Concluded)

- Section 10.554(1)(i)5., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The County was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The County includes component units as described in Note 1 of the financial statements.
- Section 10.554(1)(i)6a., *The Rules of the Auditor General*, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)6b, *Rules of the Auditor General* requires that we determine whether the annual financial report for the County for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Section 10.554(1)(i)6c and 10.556(7)., *The Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.

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

Purvis, Gray and Company, LLP

March 4, 2014
Gainesville, Florida

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

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

SEPTEMBER 30, 2013

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

**NASSAU COUNTY BOARD
OF COUNTY COMMISSIONERS
NASSAU COUNTY, FLORIDA
SEPTEMBER 30, 2013**

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INTRODUCTORY SECTION

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

LIST OF ELECTED AND APPOINTED OFFICIALS

Serving as of September 30, 2013

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

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

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

The Honorable Board of County Commissioners
Nassau County, Florida

We have audited the accompanying 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, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the financial reporting provisions of the State of Florida Auditor General, as described in Note 1.

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The Honorable Board of County Commissioners
Nassau County, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of the financial reporting provisions of the State of Florida Auditor General, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the State of Florida Auditor General. Our opinion is not modified with respect to that matter.

Emphasis of Matter

As discussed in Note 1, these financial statements of the Board are intended to present the financial position, the changes in financial position, and budgetary comparisons of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Nassau County, Florida, that is attributable to the transactions of the Board. They do not purport to, and do not, present fairly the financial position of Nassau County, Florida, as of September 30, 2013, the changes in its financial position or budgetary comparisons, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's special purpose financial statements. The other financial information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the special purpose financial statements. The other financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special purpose financial statements or to the special purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other financial information is fairly stated in all material respects in relation to the special purpose financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2014, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Restriction on Use

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

Purvis, Gray and Company, LLP

March 4, 2014
Gainesville, Florida

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

	<u>General</u>	<u>County Transportation</u>	<u>Municipal Services</u>
Assets			
Cash and Cash Equivalents	\$ 4,308,322	\$ 2,510,060	\$ 70,559
Equity in Pooled Investments	11,877,647	2,258,438	3,441,368
Accounts Receivable, (Net of Allowance for Uncollectibles)	838,845	91,009	78
Loans Receivable, (Net of Allowance for Uncollectibles)	0	0	0
Due from Other Funds	273,783	0	0
Due from Constitutional Officers	476,152	3,351	8,410
Due from Other Governments	744,906	450,721	125,560
Inventories	187,499	187,209	0
Prepaid Expenditures	50,214	18,419	0
Deposits	29,142	0	0
Total Assets	<u>18,786,510</u>	<u>5,519,207</u>	<u>3,645,975</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	1,667,457	354,586	197,217
Accrued Liabilities	444,114	2,500	0
Retainage Payable	0	0	0
Due to Other Funds	0	76,583	162,742
Due to Other Governments	28,300	3,779	0
Unearned Revenues	1,212,493	199,175	60,000
Deposits	11,079	613,279	100
Total Liabilities	<u>3,363,443</u>	<u>1,249,902</u>	<u>420,059</u>
Fund Balances			
Nonspendable	397,149	297,816	122,343
Restricted	482,985	0	6,235
Committed	0	0	0
Assigned	8,099,971	3,971,489	3,097,338
Unassigned	6,442,962	0	0
Total Fund Balances	<u>15,423,067</u>	<u>4,269,305</u>	<u>3,225,916</u>
Total Liabilities and Fund Balances	<u>\$ 18,786,510</u>	<u>\$ 5,519,207</u>	<u>\$ 3,645,975</u>

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

One-Cent Small County Surtax Fund	Capital Projects - Impact Fee Ordinance Trust	Capital Projects - Transportation	Nonmajor Governmental Funds	Total Governmental Funds
\$ 649,766	\$ 655,631	\$ 186,778	\$ 5,005,219	\$ 13,386,335
12,513,455	5,502,420	9,071,340	9,857,886	54,522,554
0	0	0	3	929,935
0	0	0	48,000	48,000
0	0	0	0	273,783
0	0	0	68,368	556,281
1,027,547			341,671	2,690,405
0	0	0	0	374,708
0	0	0	8,716	77,349
0	0	0	0	29,142
<u>14,190,768</u>	<u>6,158,051</u>	<u>9,258,118</u>	<u>15,329,863</u>	<u>72,888,492</u>
108,685	174,710	933,500	1,642,631	5,078,786
0	0	0	0	446,614
0	11,033	0	0	11,033
0	0	0	17,076	256,401
0	443,201	0	21,203	496,483
500,000	0	0	242,882	2,214,550
0	0	0	37,491	661,949
<u>608,685</u>	<u>628,944</u>	<u>933,500</u>	<u>1,961,283</u>	<u>9,165,816</u>
92,951	0	0	8,716	918,975
0	5,529,107	0	12,574,569	18,592,896
0	0	0	785,295	785,295
13,489,132	0	8,324,618	0	36,982,548
0	0	0	0	6,442,962
<u>13,582,083</u>	<u>5,529,107</u>	<u>8,324,618</u>	<u>13,368,580</u>	<u>63,722,676</u>
<u>\$ 14,190,768</u>	<u>\$ 6,158,051</u>	<u>\$ 9,258,118</u>	<u>\$ 15,329,863</u>	<u>\$ 72,888,492</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, 2013

	<u>General</u>	<u>County Transportation</u>	<u>Municipal Services</u>
Revenues			
Taxes	\$ 29,341,519	\$ 4,944,161	\$ 8,065,384
Licenses and Permits	14,428	30,911	62,599
Intergovernmental Revenues	5,259,523	1,379,682	542,492
Charges for Services	1,712,987	11,594	129,267
Fines and Forfeitures	76,107	284	3,656
Investment Earnings	168,527	54,494	57,866
Miscellaneous	426,945	133,929	62,779
Total Revenues	<u>37,000,036</u>	<u>6,555,055</u>	<u>8,924,043</u>
Expenditures			
Current:			
General Government Services	5,418,866	0	490,098
Public Safety	9,144,303	0	6,107,065
Physical Environment	399,473	0	0
Transportation	0	5,634,753	0
Economic Environment	150,359	0	0
Human Services	2,561,165	0	835,591
Culture and Recreation	1,658,360	0	0
Court-related Expenditures	627,784	0	0
Capital Outlay	1,963,066	526,541	1,304,735
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
(Total Expenditures)	<u>21,923,376</u>	<u>6,161,294</u>	<u>8,737,489</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>15,076,660</u>	<u>393,761</u>	<u>186,554</u>
Other Financing Sources (Uses)			
Transfers from Constitutional Officers	459,487	3,351	8,410
Transfers to Constitutional Officers	(18,722,607)	(77,629)	(2,944,055)
Operating Transfers in	2,792,781	1,945,719	2,110,251
Operating Transfers (out)	(2,371,877)	(1,500,000)	(95,470)
Total Other Financing Sources (Uses)	<u>(17,842,216)</u>	<u>371,441</u>	<u>(920,864)</u>
Net Change in Fund Balances	(2,765,556)	765,202	(734,310)
Fund Balances at Beginning of Year	<u>18,188,623</u>	<u>3,504,103</u>	<u>3,960,226</u>
Fund Balances at End of Year	<u>\$ 15,423,067</u>	<u>\$ 4,269,305</u>	<u>\$ 3,225,916</u>

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

One-Cent Small County Surtax Fund	Capital Projects - Impact Fee Ordinance Trust	Capital Projects - Transportation	Nonmajor Governmental Funds	Total Governmental Funds
\$ 7,289,549	\$ 0	\$ 0	\$ 5,013,551	\$ 54,654,164
0	0	0	1,308,328	1,416,266
0	0	913,516	1,463,744	9,558,957
0	0	0	929,098	2,782,946
0	0	0	105,878	185,925
90,816	27,276	54,981	69,714	523,674
0	0	112,248	97,537	833,438
<u>7,380,365</u>	<u>27,276</u>	<u>1,080,745</u>	<u>8,987,850</u>	<u>69,955,370</u>
1,420	3,304	0	632,887	6,546,575
5,259	6,611	0	760,761	16,023,999
0	0	0	447,436	846,909
107,278	0	1,602,276	0	7,344,307
0	0	0	3,147,950	3,298,309
0	0	0	115,209	3,511,965
0	3,304	0	3,370	1,665,034
0	0	0	150,823	778,607
398,936	914,099	1,745,424	904,565	7,757,366
0	0	0	2,440,654	2,440,654
0	0	0	1,954,123	1,954,123
<u>512,893</u>	<u>927,318</u>	<u>3,347,700</u>	<u>10,557,778</u>	<u>52,167,848</u>
<u>6,867,472</u>	<u>(900,042)</u>	<u>(2,266,955)</u>	<u>(1,569,928)</u>	<u>17,787,522</u>
0	0	0	60,716	531,964
(11)	(11)	(217)	(395,834)	(22,140,364)
617,701	0	1,515,170	2,437,619	11,419,241
<u>(6,313,771)</u>	<u>(157,570)</u>	<u>(528,428)</u>	<u>(337,889)</u>	<u>(11,305,005)</u>
<u>(5,696,081)</u>	<u>(157,581)</u>	<u>986,525</u>	<u>1,764,612</u>	<u>(21,494,164)</u>
1,171,391	(1,057,623)	(1,280,430)	194,684	(3,706,642)
<u>12,410,692</u>	<u>6,586,730</u>	<u>9,605,048</u>	<u>13,173,896</u>	<u>67,429,318</u>
<u>\$ 13,582,083</u>	<u>\$ 5,529,107</u>	<u>\$ 8,324,618</u>	<u>\$ 13,368,580</u>	<u>\$ 63,722,676</u>

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

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2013

	Business-Type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Totals
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 1,394,548	\$ 4,550,197	\$ 5,944,745
Cash and Cash Equivalents - Restricted	763,884	0	763,884
Equity in Pooled Investments	3,138,472	0	3,138,472
Accounts Receivable, Net	3,074	397,252	400,326
Assessments Receivable, Net	38,408	0	38,408
Due from Other Governmental Units	62,679	0	62,679
Due from Constitutional Officers	223	0	223
Inventories - Materials and Supplies	0	45,133	45,133
Prepaid Expenses	210	0	210
Total Current Assets	5,401,498	4,992,582	10,394,080
Noncurrent Assets:			
Cash and Cash Equivalents - Restricted	0	1,908,527	1,908,527
Deferred Charges - Bond Issuance Cost	0	66,437	66,437
Capital Assets (Net of Accumulated Depreciation Where Applicable)	1,454,163	13,352,660	14,806,823
Total Noncurrent Assets	1,454,163	15,327,624	16,781,787
Total Assets	6,855,661	20,320,206	27,175,867
Liabilities			
Current Liabilities:			
Accounts Payable	104,306	88,685	192,991
Other Current Liabilities	0	157,370	157,370
Due to Other Funds	5,896	11,486	17,382
Due to Other Governments	167	0	167
Unearned Revenues	700	0	700
Deposits	0	93,005	93,005
Bonds Payable	0	875,000	875,000
Landfill Postclosure Liability	763,884	0	763,884
Compensated Absences	37,081	48,484	85,565
Total Current Liabilities	912,034	1,274,030	2,186,064
Noncurrent Liabilities:			
Compensated Absences	27,636	150,783	178,419
Other Postemployment Benefits	42,859	85,719	128,578
Bonds Payable Long-term (Net of Refunding Loss)	0	13,771,657	13,771,657
Landfill Postclosure Liability	15,525,835	0	15,525,835
Total Noncurrent Liabilities	15,596,330	14,008,159	29,604,489
Total Liabilities	16,508,364	15,282,189	31,790,553
Net Position			
Investment in Capital Assets	1,454,163	(1,227,560)	226,603
Restricted	0	1,815,522	1,815,522
Unrestricted	(11,106,866)	4,450,055	(6,656,811)
Total Net Position	\$ (9,652,703)	\$ 5,038,017	\$ (4,614,686)

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

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Business-Type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Totals
Operating Revenues			
Charges for Services	\$ 4,684	\$ 3,473,751	\$ 3,478,435
Connection and Impact Fees	0	131,451	131,451
Other Income	9,145	344,671	353,816
Total Operating Revenues	<u>13,829</u>	<u>3,949,873</u>	<u>3,963,702</u>
Operating Expenses			
Contractual Services	35,760	1,255	37,015
Professional Services	508,464	112,482	620,946
Landfill Postclosure	(901,382)	0	(901,382)
Salaries and Benefits	309,044	641,008	950,052
Rentals and Leases	3,455	1,781	5,236
Repairs and Maintenance	109,074	93,852	202,926
Gas and Oil	19,940	14,852	34,792
Materials	15,873	1,476	17,349
Depreciation	98,369	676,203	774,572
Other Expenses	75,861	418,752	494,613
(Total Operating Expenses)	<u>274,458</u>	<u>1,961,661</u>	<u>2,236,119</u>
Operating (Loss) Income	<u>(260,629)</u>	<u>1,988,212</u>	<u>1,727,583</u>
Nonoperating Revenues (Expenses)			
Interest Earnings	29,472	1,985	31,457
Intergovernmental Revenue	117	54	171
Grant Revenues	71,294	325	71,619
Interest and Other Debt Service Costs	0	(881,776)	(881,776)
Total Nonoperating Revenues (Expenses)	<u>100,883</u>	<u>(879,412)</u>	<u>(778,529)</u>
(Loss) Income Before Transfers	<u>(159,746)</u>	<u>1,108,800</u>	<u>949,054</u>
Transfers			
Operating Transfers (out)	(64,338)	(49,898)	(114,236)
Transfer in from Constitutional Officer	223	0	223
Transfer (out) to Constitutional Officer	(163)	0	(163)
Total Transfers	<u>(64,278)</u>	<u>(49,898)</u>	<u>(114,176)</u>
Change in Net Position	<u>(224,024)</u>	<u>1,058,902</u>	<u>834,878</u>
Total Net Position Beginning of Year	<u>(9,428,679)</u>	<u>3,979,115</u>	<u>(5,449,564)</u>
Total Net Position End of Year	<u>\$ (9,652,703)</u>	<u>\$ 5,038,017</u>	<u>\$ (4,614,686)</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, 2013**

	Business-Type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 18,396	\$ 3,939,119	\$ 3,957,515
Cash Payments to Vendors for Goods and Services	(2,383,390)	(551,989)	(2,935,379)
Cash Payments to Employees	(281,134)	(634,877)	(916,011)
Cash Received from Other Sources	9,145	0	9,145
Net Cash Provided by (Used in) Operating Activities	<u>(2,636,983)</u>	<u>2,752,253</u>	<u>115,270</u>
Noncapital Financing Activities			
Cash Received from Grant Revenues	71,411	379	71,790
Transfers from Constitutional Officers	223	0	223
Transfers to Constitutional Officers	(163)	0	(163)
Transfers to Other Funds	(64,338)	(49,898)	(114,236)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>7,133</u>	<u>(49,519)</u>	<u>(42,386)</u>
Capital and Related Financing Activities			
Acquisition of Property, Plant, and Equipment	(189,187)	(138,311)	(327,498)
Principal Payments on Bonds	0	(230,000)	(230,000)
Payment of Interest and Other Debt Costs	0	(895,881)	(895,881)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(189,187)</u>	<u>(1,264,192)</u>	<u>(1,453,379)</u>
Investing Activities			
Interest Received	29,472	1,985	31,457
Proceeds from Maturities of Investments	671,317	0	671,317
Net Cash Provided by (Used in) Investing Activities	<u>700,789</u>	<u>1,985</u>	<u>702,774</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,118,248)	1,440,527	(677,721)
Cash and Cash Equivalents, Beginning of Year	<u>4,276,680</u>	<u>5,018,197</u>	<u>9,294,877</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,158,432</u>	<u>\$ 6,458,724</u>	<u>\$ 8,617,156</u>
<u>Reported in Statement of Net Assets as</u>			
Cash and Cash Equivalents	\$ 1,394,548	\$ 4,550,197	\$ 5,944,745
Current: Cash and Cash Equivalents - Restricted	763,884	0	763,884
Noncurrent: Cash and Cash Equivalents - Restricted	0	1,908,527	1,908,527
Total	<u>\$ 2,158,432</u>	<u>\$ 6,458,724</u>	<u>\$ 8,617,156</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, 2013
(Concluded)

	Business-Type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Total
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>			
Operating Income (Loss)	\$ (260,629)	\$ 1,988,212	\$ 1,727,583
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation and Amortization	98,369	676,203	774,572
Provision for Closure and Postclosure Costs	(1,890,568)	0	(1,890,568)
Changes in Assets - Decrease (Increase):			
Decrease (Increase) in Accounts Receivable	2,068	(14,324)	(12,256)
Decrease (Increase) in Assessments Receivable	4,095	0	4,095
Decrease (Increase) in Due from Constitutional Officers	658	0	658
Decrease (Increase) in Due from Other Governments	9,623	380	10,003
Decrease (Increase) in Inventory	0	(9,178)	(9,178)
Decrease (Increase) in Prepaid Expense	501	750	1,251
Changes in Liabilities - Increase (Decrease):			
Increase (Decrease) in Accounts Payable	(619,758)	100,889	(518,869)
Increase (Decrease) in Due to Other Funds	950	1,507	2,457
Increase (Decrease) in Due to Other Governments	167	0	167
Increase (Decrease) in Deferred Revenues	(4,350)	(13,690)	(18,040)
Increase (Decrease) in Deposits	0	15,373	15,373
Increase (Decrease) in Compensated Absences	15,872	(5,907)	9,965
Increase (Decrease) in Other Postemployment Benefits	6,019	12,038	18,057
Net Cash Provided by (Used in) Operating Activities	\$ (2,636,983)	\$ 2,752,253	\$ 115,270

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

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2013**

	<u>SAISSA</u>
Assets	
Cash and Cash Equivalents	\$ 1,597,103
Due from Constitutional Officers	<u>1,623</u>
Total Assets	<u><u>1,598,726</u></u>
Liabilities	
Due to Bond Holders	<u>1,598,726</u>
Total Liabilities	<u><u>\$ 1,598,726</u></u>

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

NOTES TO FINANCIAL STATEMENTS

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

Note 1 - Summary of Significant Accounting Policies

The significant accounting policies followed by the Nassau County Board of County Commissioners (the Board) are described below to enhance the usefulness of the 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, 2013. 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, 2013. 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 position, as appropriate, revenues and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds, based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following funds are used by the Board:

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

■ **Governmental Funds**

● **Major Governmental Funds**

- ▶ The **General Fund**—is used to account for all revenues and expenditures applicable to the general operations of the Board, which are not properly accounted for in other funds.
- ▶ The **County Transportation Trust Fund**—is used to account for the operation of the Road and Bridge Department. Financing is provided principally by ad valorem taxes and the County’s share of State gasoline taxes.
- ▶ The **Municipal Services Fund**—is used to account for activities benefiting only the unincorporated areas of the County. Financing is provided principally by ad valorem taxes, the half-cent sales tax, and State Revenue Sharing.
- ▶ The **One-cent Small County Surtax Fund**—is used to account for transactions associated with one-cent funds. Financing is provided by a one-cent sales tax on all transactions occurring in the County that are subject to imposed state tax on sales, use, services, rentals, and admissions.
- ▶ The **Capital Projects - Impact Fee Ordinance Trust Fund**—is used to account for district expenditures associated with capital expansion. Funding is provided from impact fees on new construction.
- ▶ The **Capital Projects - Transportation Fund**—is used to account for all financial resources used for the acquisition or construction of major transportation-related capital facilities and/or projects. Funding is provided from a variety of funding sources.

● **Nonmajor Governmental Funds**

- ▶ **Special Revenue Funds**—are used to account for the proceeds of specific revenue sources other than major capital projects or to finance specified activities as required by law.
- ▶ **Debt Service Funds**—are used to account for the accumulation of resources for, and the payment of, interest, principal, and related costs on general long-term debt.
- ▶ **Capital Projects Funds**—are used to account for all financial resources used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Concluded)

■ **Major Proprietary Funds**

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

The solid waste disposal fund 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.

■ **Fiduciary Fund**

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

Measurement Focus

- **Governmental Funds**—general, special revenue, debt service, and capital projects funds are accounted for on a "current financial resources" measurement focus. This means that only current assets 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 statement of net position, and the reported net position (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 position.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus (Concluded)

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

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the 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 thirty days after year-end.

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

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

Cash and Cash Equivalents

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

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

Deposits and Investments

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Deposits and Investments (Concluded)

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

Accounts Receivable

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

Interfund Balances

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

Inventories and Prepaid Items

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

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

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

Fund Balance

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

- **Nonspendable**—This component of fund balance consists of amounts that cannot be spent because (a) they are not expected to be converted to cash, or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.
- **Restricted**—This component of fund balance consists of amounts that are constrained either (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Concluded)

- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., ordinance) of the organization’s governing authority (the Board). These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (e.g., ordinance) employed to constrain those amounts.

- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization’s governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. In addition, residual balances in capital projects and debt service funds are considered assigned for the general purpose of the respective fund.

- **Unassigned**—This classification is used for (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the general fund that are not restricted, committed or assigned.

- **Flow Assumption**
When both restricted and unrestricted resources are available for use, it is the Board’s policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use in any governmental fund, it is the Board’s policy to use committed resources first, then assigned, and then unassigned as needed.

Restricted Assets

Certain resources in the solid waste disposal and water and sewer enterprise funds are set-aside for payment of the landfill postclosure and monitoring costs, capital reserves, renewal and replacement, and the utility system. These resources are classified as restricted cash and investments on the statement of net position - proprietary funds because their use is limited. All cash and investments classified as restricted 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 the 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 position as part of the basic financial statements of the County.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets and Long-term Liabilities (Concluded)

■ **Governmental Funds (Concluded)**

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

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

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

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:

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Proprietary Enterprise Funds (Concluded)

Buildings	15-40 Years
Equipment	3-20 Years

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 capitalizes interest costs related to construction of capital assets. For fiscal year ended September 30, 2013, no interest was capitalized.

Unearned Revenues

Unearned 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)

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

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, 2013, the Board levied 5.5670 mills. An additional 1.6694 mills was levied for the benefit of the Nassau County Municipal Services Taxing Unit.

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

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

Note 1 - Summary of Significant Accounting Policies (Concluded)

Property Taxes (Concluded)

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

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

Adoption of New Accounting Standards

For the year ended September 30, 2013, the Board adopted new accounting guidance as follows:

- Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements.*
- Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*

Note 2 - Cash and Investments

Deposits with Financial Institutions

At year-end, the carrying amount of the Board's deposits with financial institutions was \$23,600,594 and the bank balances were \$24,898,704. 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.

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
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, 2013, the Board has \$541,646 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, 2013, was 4.04 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.

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

Note 2 - Cash and Investments (Concluded)

Investments (Concluded)

In accordance with the provisions of Rule 62-701, 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, the Lofton Creek, and New West Nassau Landfills. The amounts in these escrow accounts are determined by engineering studies as required by the above rule, and are cash and cash equivalents - restricted.

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

Description	Fair Value
Cash and Cash Equivalents	\$ 23,600,594
Certificates of Deposit	23,324,635
SBA Local Government Surplus Funds Trust - Fund B	541,646
Money Market Accounts	<u>33,794,745</u>
Total Cash and Investments	<u>\$ 81,261,620</u>

Reported in accompanying financial statements as follows:

Account	Reported Amount
Cash and Cash Equivalents - Governmental Funds	\$ 13,386,335
Cash and Cash Equivalents - Business-type Activities	5,944,745
Cash and Cash Equivalents - Agency Fund Activities	1,597,103
Equity in Pooled Investments - Governmental Funds	54,522,554
Equity in Pooled Investments - Business-type Activities	3,138,472
Restricted Cash and Cash Equivalents - Business-type Activities	<u>2,672,411</u>
Total Cash and Investments	<u>\$ 81,261,620</u>

Note 3 - Accounts Receivable

Accounts receivable (net of allowances for uncollectibles) at September 30, 2013, included the following:

	Receivable	Allowance	Net
Governmental Funds			
General Fund	\$ 2,680,692	\$ (1,841,847)	\$ 838,845
County Transportation	91,009	0	91,009
Municipal Services	78	0	78
Nonmajor Governmental Funds	<u>3</u>	<u>0</u>	<u>3</u>
Total Governmental Funds	<u>\$ 2,771,782</u>	<u>\$ (1,841,847)</u>	<u>\$ 929,935</u>
Business-type Funds			
Solid Waste Disposal	\$ 3,074	\$ 0	\$ 3,074
Water and Sewer	<u>425,700</u>	<u>(28,448)</u>	<u>397,252</u>
Total Business-type Funds	<u>\$ 428,774</u>	<u>\$ (28,448)</u>	<u>\$ 400,326</u>

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

Note 4 - Assessments Receivable

Assessments receivable (net of allowances for uncollectibles) at September 30, 2013, included the following:

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Business-type Funds			
Solid Waste Disposal	\$ 817,282	\$ (778,874)	\$ 38,408
Total Business-type Funds	\$ 817,282	\$ (778,874)	\$ 38,408

Note 5 - Restricted Assets

Restricted assets in the proprietary funds at September 30, 2013, 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, 2013, were restricted for the following purposes:

Customer Deposits	\$ 81,748
Landfill Postclosure Costs	763,884
Renewal and Replacement (Water/Sewer)	168,620
Impact Fees	1,063,289
Debt Service	594,870
Total	\$ 2,672,411

Reported in accompanying financial statements as follows:

<u>Account</u>	<u>Reported Amount</u>
Current: Restricted Cash and Cash Equivalents - Business-type Activities	\$ 763,884
Noncurrent: Restricted Cash and Cash Equivalents - Business-type Activities	1,908,527
Total Restricted Assets	\$ 2,672,411

Note 6 - Capital Assets

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

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

Note 6 - Capital Assets (Concluded)

Capital asset activity for the year ended September 30, 2013, was as follows:

	<u>Balance</u> <u>10/1/12</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance</u> <u>9/30/13</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 75,357,651	\$ 341,776	\$ 0	\$ 75,699,427
Construction Work in Progress	<u>3,848,186</u>	<u>2,671,953</u>	<u>(3,571,047)</u>	<u>2,949,092</u>
Total Capital Assets Not Being Depreciated	<u>79,205,837</u>	<u>3,013,729</u>	<u>(3,571,047)</u>	<u>78,648,519</u>
Capital Assets Being Depreciated:				
Building and Improvements	57,759,083	207,137	0	57,966,220
Machinery and Equipment	23,256,241	3,502,618	(1,497,034)	25,261,825
Leasehold Improvements	1,151,985	0	0	1,151,985
Infrastructure	<u>607,991,833</u>	<u>3,808,253</u>	<u>0</u>	<u>611,800,086</u>
Total Capital Assets Being Depreciated	<u>690,159,142</u>	<u>7,518,008</u>	<u>(1,497,034)</u>	<u>696,180,116</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(17,614,598)	(1,579,241)	0	(19,193,839)
Machinery and Equipment	(17,853,472)	(1,720,602)	1,494,148	(18,079,926)
Leasehold Improvements	(104,876)	(8,603)	0	(113,479)
Infrastructure	<u>(257,391,646)</u>	<u>(15,972,470)</u>	<u>0</u>	<u>(273,364,116)</u>
Total Accumulated Depreciation	<u>(292,964,592)</u>	<u>(19,280,916)</u>	<u>1,494,148</u>	<u>(310,751,360)</u>
Total Capital Assets Being Depreciated, Net	<u>397,194,550</u>	<u>(11,762,908)</u>	<u>(2,886)</u>	<u>385,428,756</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 476,400,387</u>	<u>\$ (8,749,179)</u>	<u>\$ (3,573,933)</u>	<u>\$ 464,077,275</u>
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 815,228	\$ 0	\$ 0	\$ 815,228
Total Capital Assets Not Being Depreciated	<u>815,228</u>	<u>0</u>	<u>0</u>	<u>815,228</u>
Capital Assets, Being Depreciated:				
Building and Improvements	1,161,083	5,059	(38,546)	1,127,596
Equipment	20,089,945	346,725	(90,123)	20,346,547
Landfill	<u>41,701,285</u>	<u>0</u>	<u>0</u>	<u>41,701,285</u>
Total Capital Assets Being Depreciated	<u>62,952,313</u>	<u>351,784</u>	<u>(128,669)</u>	<u>63,175,428</u>
Less Accumulated Depreciation:				
Building and Improvements	(216,254)	(21,774)	20,501	(217,527)
Equipment	(6,596,107)	(752,797)	83,883	(7,265,021)
Landfill	<u>(41,701,285)</u>	<u>0</u>	<u>0</u>	<u>(41,701,285)</u>
Total Accumulated Depreciation	<u>(48,513,646)</u>	<u>(774,571)</u>	<u>104,384</u>	<u>(49,183,833)</u>
Total Capital Assets, Being Depreciated, Net	<u>14,438,667</u>	<u>(422,787)</u>	<u>(24,285)</u>	<u>13,991,595</u>
Total Business-type Activities Capital Assets, Net	<u>\$ 15,253,895</u>	<u>\$ (422,787)</u>	<u>\$ (24,285)</u>	<u>\$ 14,806,823</u>

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

Note 7 - Interfund Activity

Interfund balances at September 30, 2013, consisted of the following:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
General	County Transportation	\$ 76,583
	Municipal Service	162,742
	Nonmajor	17,076
	Solid Waste Disposal	5,896
	Water and Sewer	11,486
Total		<u>\$ 273,783</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 \$558,127 due from the Constitutional Officers.

Interfund transfers:

<u>Transfers Out</u>	<u>Transfers In</u>						<u>Totals</u>
	<u>General</u>	<u>County Trans- portation</u>	<u>Municipal Services</u>	<u>One-cent Surtax</u>	<u>Capital Project Transportation</u>	<u>Nonmajor</u>	
General	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,371,877	\$ 2,371,877
County Trans- portation	0	0	0	0	1,500,000	0	1,500,000
Municipal Services	85,470	0	0	0	10,000	0	95,470
One-cent County Surtax	2,256,589	1,941,460	2,110,251	0	5,170	301	6,313,771
Impact Fee Ordinance	157,570	0	0	0	0	0	157,570
Capital Projects – Transportation	0	0	0	528,428	0	0	528,428
Nonmajor	178,916	4,259	0	89,273	0	65,441	337,889
Solid Waste	64,338	0	0	0	0	0	64,338
Water and Sewer	49,898	0	0	0	0	0	49,898
Total	<u>\$ 2,792,781</u>	<u>\$ 1,945,719</u>	<u>\$ 2,110,251</u>	<u>\$ 617,701</u>	<u>\$ 1,515,170</u>	<u>\$ 2,437,619</u>	<u>\$ 11,419,241</u>

In addition to the interfund transfers, there were transfers out to the Constitutional Officers of \$22,140,364 and transfers in from the Constitutional Officers of \$531,964.

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

Note 8 - Operating Leases

■ **Governmental Funds**

The Board is party to operating leases during the period ended September 30, 2013, as follows:

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

Note 8 - Operating Leases (Concluded)

■ **Governmental Funds (Concluded)**

- *Tower Site (14th Street)*—the Board entered into a five-year lease with Pinnacle Towers, LLC, commencing April 1, 2011. Operating lease payments for the year ended September 30, 2013, were \$25,985.
- Two *Tower Sites (Hilliard and Dahoma)*—the Board entered into two one year leases (with renewal terms of one year each) with American Tower Asset Sub, LLC, commencing April 24, 2006. The Board exercised the renewal, which has an effective date of May 2012. Operating lease payments for the year ended September 30, 2013, were \$46,305.
- *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, 2013, were \$63,264.

Future minimum lease payments under these leases follow:

<u>Year Ending</u> <u>September 30</u>	<u>Tower</u> <u>Lease</u> <u>Sites</u>	<u>West Nassau</u> <u>Land</u> <u>Development</u>	<u>Total</u>
2014	\$ 54,807	\$ 63,735	\$ 118,542
2015	28,105	52,994	81,099
2016	14,518	0	14,518
Total	<u>\$ 97,430</u>	<u>\$ 116,729</u>	<u>\$ 214,159</u>

Note 9 - Long-term Obligations

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

The following is a summary of changes in long-term obligations for the year ended September 30, 2013:

	<u>Balance</u> <u>10/1/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/13</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Bonds Payable	\$ 43,208,865	\$ 6,213,421	\$ (8,636,508)	\$ 40,785,778	\$ 2,532,874
Premium on Bonds Payable	<u>1,410,718</u>	<u>0</u>	<u>(74,248)</u>	<u>1,336,470</u>	<u>74,248</u>
Total Bonds and Notes Payable	44,619,583	6,213,421	(8,710,756)	42,122,248	2,607,122
Claims Payable	484,981	0	(155,940)	329,041	77,716
Compensated Absences	5,376,776	2,258,580	(1,786,787)	5,848,569	2,004,842
Other Postemployment Benefits	<u>2,763,035</u>	<u>494,292</u>	<u>0</u>	<u>3,257,327</u>	<u>0</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 53,244,375</u>	<u>\$ 8,966,293</u>	<u>\$ (10,653,483)</u>	<u>\$ 51,557,185</u>	<u>\$ 4,689,680</u>

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

Note 9 - Long-term Obligations (Continued)

	<u>Balance</u> <u>10/1/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/13</u>	<u>Due Within</u> <u>One Year</u>
Business-type Activities					
Bonds Payable	\$ 15,550,000	\$ 15,650,000	\$ (15,880,000)	\$ 15,320,000	\$ 875,000
Unamortized Discount	(186,148)	0	186,148	0	0
Unamortized Refunding					
Loss	0	(673,343)	0	(673,343)	0
Compensated Absences	254,019	97,394	(87,428)	263,985	85,565
Other Postemployment					
Benefits	110,520	18,058	0	128,578	0
Landfill Closure/ Postclosures	<u>18,180,287</u>	<u>0</u>	<u>(1,890,568)</u>	<u>16,289,719</u>	<u>702,218</u>
Total Business-type					
Activities Long-term					
Liabilities	<u>\$ 33,908,678</u>	<u>\$ 15,092,109</u>	<u>\$ (17,671,848)</u>	<u>\$ 31,328,939</u>	<u>\$ 1,662,783</u>

Governmental Activities

A brief synopsis of long-term debt existing at September 30, 2013, follows:

2009-1 Gas Tax Revenue Bonds

In October 2012, the Board issued the Gas Tax Revenue Bonds, Series 2009-1, in the amount of \$6,213,421. The Series 2009-1 Bond was issued to provide funds sufficient, together with other available moneys of the issuer, to refund the outstanding Nassau County, Florida, Gas Tax Revenue Bond, Series 2009. This refunding was undertaken to reduce total debt service payments over the life of the loan by \$422,338 which resulted in an economic gain of \$398,166, and to reduce the interest rate from 3.72% to 1.86%, and to reduce the maturity date of the debt by approximately 5.5 years.

The 2009-1 Gas Tax Revenue Bonds are secured by a lien upon and pledge of the proceeds of the constitutional, County and ninth-cent gas taxes. Annual principal and interest on the bond are expected to require approximately 56% of such tax revenue and are payable through 2018. Principal and interest payments for the current year totaled \$1,104,021 and gas tax revenues totaled \$1,985,331. At year-end, pledged future revenues totaled \$5,520,105, which was the amount of remaining principal and interest on the bond. Other Board revenues are not available to finance this bond issue.

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

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

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

Note 9 - Long-term Obligations (Continued)

Governmental Activities (Continued)
2009-1 Gas Tax Revenue Bonds (Concluded)

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,006,837	\$ 97,184	\$ 1,104,021
2015	1,025,564	78,457	1,104,021
2016	1,044,639	59,382	1,104,021
2017	1,064,069	39,952	1,104,021
2018	1,083,861	20,160	1,104,021
Total	<u>\$ 5,224,970</u>	<u>\$ 295,135</u>	<u>\$ 5,520,105</u>

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, 2013, totaled \$4,234,668.

The Series 2000 Bonds are special limited obligations of the County payable solely from and secured by a prior lien upon and pledge of the proceeds of the six-cent local option gas tax and until expended, the monies on deposit in certain funds and accounts created by Resolution. Annual principal and interest on the bonds are expected to require approximately 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 \$1,901,274. At year-end, pledged future revenues totaled \$11,340,000, which was the amount of remaining principal and interest on the bonds. Other Board revenues are not available to finance this bond issue. In addition, the bondholders do not have any authority to compel the Board to increase ad valorem taxes for financing this bond issue. Such bonds, bearing interest at a rate between 5.0% and 5.81% per annum, are dated August 30, 2000, and are in denominations of \$5,000 each. A portion of such bonds mature annually starting March 1, 2010, with final maturity being March 1, 2025. The bonds have a required reserve of \$945,000, which is on hand at year-end.

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 461,037	\$ 483,963	\$ 945,000
2015	430,996	514,004	945,000
2016	405,178	539,822	945,000
2017	380,533	564,467	945,000
2018	357,030	587,970	945,000
2019-2023	1,486,693	3,238,307	4,725,000
2024-2028	479,673	1,410,327	1,890,000
Total	<u>\$ 4,001,140</u>	<u>\$ 7,338,860</u>	<u>\$ 11,340,000</u>

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

Note 9 - Long-term Obligations (Continued)

Governmental Activities (Concluded)

2007 Public Improvement Revenue and Refunding Bonds

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 revenues in accordance with the terms of the Resolution. Annual principal and interest on the bonds are expected to require approximately 39% of such non ad valorem tax revenue and are payable through 2031. Principal and interest payments for the current year totaled \$2,321,350 and non ad valorem tax revenues totaled \$6,012,484. At year-end, pledged future revenues totaled \$41,889,450, which was the amount of remaining principal and interest on the bonds. Other Board revenues are not available to finance this bond issue.

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

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,065,000	\$ 1,322,950	\$ 2,387,950
2015	1,055,000	1,280,350	2,335,350
2016	1,085,000	1,238,150	2,323,150
2017	1,125,000	1,194,750	2,319,750
2018	1,170,000	1,149,750	2,319,750
2019-2023	6,810,000	4,808,750	11,618,750
2024-2028	8,690,000	2,926,750	11,616,750
2029-2031	<u>6,325,000</u>	<u>643,000</u>	<u>6,968,000</u>
Total	<u>\$ 27,325,000</u>	<u>\$ 14,564,450</u>	<u>\$ 41,889,450</u>

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, 2013:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Ending Balance</u>
Vacation Leave	\$ 2,327,497	\$ 1,400,722	\$ (1,270,909)	\$ 2,457,310
Paid Time Off	30,789	85,956	(41,920)	74,825
Sick Leave	2,981,478	709,717	(405,668)	3,285,527
Bonus Leave	32,752	48,941	(54,430)	27,263
Compensatory Leave	<u>4,260</u>	<u>13,244</u>	<u>(13,860)</u>	<u>3,644</u>
Total	<u>\$ 5,376,776</u>	<u>\$ 2,258,580</u>	<u>\$ (1,786,787)</u>	<u>\$ 5,848,569</u>

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

Note 9 - Long-term Obligations (Continued)

Business-type Activities

Advance Refunding—On April 9, 2013, the Board issued a \$15,650,000 Water and Sewer System Revenue Refunding Bond Series 2013 with a fixed interest rate of 2.150%. The net proceeds from the closing of \$15,982,527 were used to refund \$15,550,000 in principal amount of the Board’s outstanding Revenue Note, Series 2003, and to pay the issuance costs of the Series 2013 Bond. This refunding was undertaken to reduce total debt service payments over the next fifteen years by \$6,078,335 and resulted in an economic gain of \$4,032,575 and a reduction in the maturity date of the debt by approximately 5.5 years.

The revenue bond is secured by a pledge of and is payable solely from pledged revenues, which primarily consist of net revenues and impact fees which derive from the System. Annual principal and interest on the bond is expected to require approximately 35% of such revenue and are payable through 2028. Principal and interest payments for the current year totaled \$490,169 and revenues totaled \$2,666,778. At year-end, pledged future revenues totaled \$17,921,715, which was the amount of remaining principal and interest on the bond. The Series 2013 Bond shall not be or constitute a general obligation or indebtedness of the County.

Rate Covenant

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

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

<u>Year Ending</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 875,000	\$ 319,974	\$ 1,194,974
2015	895,000	300,946	1,195,946
2016	915,000	281,489	1,196,489
2017	930,000	261,655	1,191,655
2018	955,000	241,391	1,196,391
2019-2023	5,090,000	886,875	5,976,875
2024-2028	<u>5,660,000</u>	<u>309,385</u>	<u>5,969,385</u>
Total	<u>\$ 15,320,000</u>	<u>\$ 2,601,715</u>	<u>\$ 17,921,715</u>

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

Note 9 - Long-term Obligations (Concluded)

Compensated Absences—following is a summary of annual, sick, and bonus leave benefits liabilities at September 30, 2013, for the proprietary funds:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Ending Balance</u>
Vacation Leave	\$ 92,719	\$ 57,917	\$ (53,377)	\$ 97,259
Sick Leave	157,923	31,360	(25,782)	163,501
Bonus Leave	3,164	8,117	(8,056)	3,225
Comp Time	<u>213</u>	<u>0</u>	<u>(213)</u>	<u>0</u>
Total	<u>\$ 254,019</u>	<u>\$ 97,394</u>	<u>\$ (87,428)</u>	<u>\$ 263,985</u>

Note 10 - No Commitment Special Assessment Debt

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

At September 30, 2013, the Special Assessment Bond outstanding totaled \$8,053,545.

Note 11 - Bond Arbitrage Rebate

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

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

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

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

Note 12 - Landfill Postclosure Care Costs

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

For the closed landfills, actual postclosure care cost incurred for each year is reported as a reduction of the postclosure liability, along with the change in required escrow balance until the required twenty-or-thirty-year postclosure care period is satisfied. The Board has accrued a total of \$16,289,719 for postclosure care cost at September 30, 2013, for the four closed landfills. The liability is based on engineering estimates of annual postclosure care cost.

These postclosure care costs are based on estimates of what it would cost to perform all postclosure care using 2013 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 \$763,462 as of September 30, 2013). At September 30, 2013, the actual escrow balances are as follows:

Landfills	
Old West Nassau Postclosure	\$ 31,888
Bryceville Postclosure	83,588
Lofton Creek Postclosure	114,990
New West Nassau Postclosure	<u>533,418</u>
Total Escrow Balances	<u>\$ 763,884</u>

Note 13 - Retirement Plans

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

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

Note 13 - Retirement Plans (Concluded)

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

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

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

	As of <u>September 30, 2013</u>
Deferred Retirement Option Program	12.84%
Regular Employees	6.95%
Senior Management Service	18.31%
SUS Optional Program	5.14%
Elected County Officials	33.03%
Special Risk	19.06%

The Board's contributions to the System for the years ended September 30, 2013, 2012, and 2011, were \$1,712,871, \$1,454,861, and \$2,247,246, respectively, equal to the required contributions for each year.

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

Note 14 - Deferred Compensation Plan

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

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

Note 15 - Other Postemployment Benefits

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

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

Currently, there are 266 active employees and 45 retired employees participating in the plan. The Board's OPEB obligation totaled \$3,385,906, of which \$128,579 has been recorded in the Proprietary funds. The remainder has been included in long-term debt of the County as a whole. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

Note 16 - Unrestricted Component of Net Position

The Board has accrued the estimated postclosure monitoring liability for its closed landfills until the conclusion of the 20-or-30-year postclosure monitoring periods. These liabilities are not required to be fully funded until later dates. As a result, the Solid Waste Disposal Fund has accumulated negative unrestricted net position at September 30, 2013, as follows:

Prior Year Total Net Position	\$ (9,428,679)
Change in Net Position for the Year Ended September 30, 2013	<u>(224,024)</u>
Total Net Position for the Year Ended September 30, 2013	(9,652,703)
Investment in Capital Assets	<u>(1,454,163)</u>
Total Unrestricted Net Position	<u>\$ (11,106,866)</u>

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

Note 17 - Fund Balance Classification

The following is a summary of the Board's fund balance classifications and the purpose of each as of September 30, 2013, is as follows:

Nonspendable Fund Balance	
Prepaid Expenses	\$ 77,349
Inventory	374,708
SBA – Fund B	464,918
Deposits	<u>2,000</u>
Total Nonspendable Fund Balance	<u>918,975</u>
Restricted Fund Balance	
Crime Prevention	222,745
Other Human Services	162,739
Fire Donations	1,235
Developer Agreements	78,500
Sheriff – Donations	2,160
Impact Fees	5,529,107
Library	155,547
Wireless Services	507,371
Other Physical Environment	1,555,626
State Housing Initiative Program	602,770
Court Facilities	1,845,101
Court Improvement	32,590
Criminal Justice	175,618
Law Enforcement	311,582
Tourist Development	2,862,303
Building Department	2,465,642
Debt Services – Bonds	1,588,072
Capital Projects – Transportation	<u>494,188</u>
Total Restricted Fund Balance	<u>18,592,896</u>
Committed Fund Balance	
Fire/Rescue	3
Capital Projects	527,336
Capital Projects – County Complex	<u>257,956</u>
Total Committed Fund Balance	<u>785,295</u>
Assigned Fund Balance	
Deposits	27,142
Other General Government	33,522
Economic Development	28,027
Library	22,589
Sheriff Administration Building	10,099,510
Parks and Recreation	11,430
Public Safety	33,356
Other Human Services	17,915
Supervisor of Elections	10,764
Reserves	8,374,839
Capital Projects Transportation	8,324,618
Capital Projects	<u>9,998,836</u>
Total Assigned Fund Balance	<u>36,982,548</u>
Unassigned Fund Balance	<u>6,442,962</u>
Total	<u>\$ 63,722,676</u>

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

Note 18 - Risk Management

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

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

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

Note 19 - Commitments and Contingencies

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

The following is a summary of major commitments of the Board and contracts in progress as of September 30, 2013:

<u>Project</u>	<u>Source of Payment</u>	<u>Paid to Date</u>	<u>Commitment Remaining</u>
Concourse Loop Phase IV	Current Available Resources	\$ 0	\$ 1,786,179
Mobility Plan & Mobility Fee	Current Available Resources	87,561	31,525
14 th Street at Lime Street Intersection	Current Available Resources	42,524	60,409
Blackrock Road Design Services	Current Available Resources	508,323	9,486
Bay Road Phase II	Current Available Resources	<u>165,463</u>	<u>21,784</u>
Total		<u>\$ 803,871</u>	<u>\$ 1,909,383</u>

Note 20 - Conduit Debt Obligations

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

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

Note 20 - Conduit Debt Obligations (Concluded)

As of September 30, 2013, there was one series of such bonds outstanding with a principal amount payable of \$10,670,000. The issue amount and the September 30, 2013, outstanding balance is as follows:

<u>Original Issuance</u>	<u>Year</u>	<u>9/30/13 Balance</u>	<u>Description</u>
\$ 11,150,000	2008	10,670,000	AICC, Inc. and Nassau Care Centers—70 Bed Care Intermediate Care and Day Program Service Facilities

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 29,208,028	\$ 29,208,028	\$ 29,341,519	\$ 133,491
Licenses and Permits	12,879	12,879	14,428	1,549
Intergovernmental Revenues	4,825,395	4,882,488	5,259,523	377,035
Charges for Services	2,071,592	2,071,592	1,712,987	(358,605)
Fines and Forfeitures	55,780	53,658	76,107	22,449
Interest Earnings	201,000	201,000	168,527	(32,473)
Miscellaneous	464,884	145,211	426,945	281,734
Total Revenues	<u>36,839,558</u>	<u>36,574,856</u>	<u>37,000,036</u>	<u>425,180</u>
Expenditures				
Current:				
General Government Services	5,782,329	5,840,258	5,418,866	421,392
Public Safety	9,435,202	9,587,523	9,144,303	443,220
Physical Environment	331,041	403,498	399,473	4,025
Economic Environment	169,193	225,193	150,359	74,834
Human Services	2,761,952	2,803,952	2,561,165	242,787
Culture and Recreation	1,688,352	1,901,824	1,658,360	243,464
Court-related Expenditures	739,498	909,479	627,784	281,695
Capital Outlay	2,391,878	2,764,751	1,963,066	801,685
(Total Expenditures)	<u>23,299,445</u>	<u>24,436,478</u>	<u>21,923,376</u>	<u>2,513,102</u>
Excess of Revenues Over Expenditures	<u>13,540,113</u>	<u>12,138,378</u>	<u>15,076,660</u>	<u>2,938,282</u>
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	623,230	628,132	459,487	(168,645)
Transfers to Constitutional Officers	(18,657,993)	(18,734,622)	(18,722,607)	12,015
Operating Transfers in	2,628,528	2,793,143	2,792,781	(362)
Operating Transfers (out)	(2,375,080)	(2,375,080)	(2,371,877)	3,203
Total Other Financing Sources (Uses)	<u>(17,781,315)</u>	<u>(17,688,427)</u>	<u>(17,842,216)</u>	<u>(153,789)</u>
Net Change in Fund Balances	(4,241,202)	(5,550,049)	(2,765,556)	2,784,493
Fund Balances at Beginning of Year	<u>13,140,897</u>	<u>17,533,717</u>	<u>18,188,623</u>	<u>654,906</u>
Fund Balances at End of Year	<u>\$ 8,899,695</u>	<u>\$ 11,983,668</u>	<u>\$ 15,423,067</u>	<u>\$ 3,439,399</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 4,748,093	\$ 4,748,093	\$ 4,944,161	\$ 196,068
Licenses and Permits	14,110	14,110	30,911	16,801
Intergovernmental Revenues	916,136	1,009,636	1,379,682	370,046
Charges for Services	4,540	4,540	11,594	7,054
Fines and Forfeitures	0	0	284	284
Interest Earnings	60,550	60,550	54,494	(6,056)
Miscellaneous	42,009	41,009	133,929	92,920
Total Revenues	<u>5,785,438</u>	<u>5,877,938</u>	<u>6,555,055</u>	<u>677,117</u>
Expenditures				
Current:				
Transportation	6,265,394	6,240,683	5,634,753	605,930
Capital Outlay	1,076,357	863,629	526,541	337,088
(Total Expenditures)	<u>7,341,751</u>	<u>7,104,312</u>	<u>6,161,294</u>	<u>943,018</u>
Excess of Revenues Over Expenditures	<u>(1,556,313)</u>	<u>(1,226,374)</u>	<u>393,761</u>	<u>1,620,135</u>
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	15,000	15,000	3,351	(11,649)
Transfers to Constitutional Officers	(79,518)	(79,518)	(77,629)	1,889
Operating Transfers in	2,039,320	1,947,850	1,945,719	(2,131)
Operating Transfers (out)	(1,500,000)	(1,500,000)	(1,500,000)	0
Total Other Financing Sources (Uses)	<u>474,802</u>	<u>383,332</u>	<u>371,441</u>	<u>(11,891)</u>
Net Change in Fund Balances	(1,081,511)	(843,042)	765,202	1,608,244
Fund Balances at Beginning of Year	<u>3,000,607</u>	<u>3,339,866</u>	<u>3,504,103</u>	<u>164,237</u>
Fund Balances at End of Year	<u>\$ 1,919,096</u>	<u>\$ 2,496,824</u>	<u>\$ 4,269,305</u>	<u>\$ 1,772,481</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 8,000,701	\$ 8,000,701	\$ 8,065,384	\$ 64,683
Licenses and Permits	39,000	39,000	62,599	23,599
Intergovernmental Revenues	565,693	563,193	542,492	(20,701)
Charges for Services	125,950	125,950	129,267	3,317
Fines and Forfeitures	4,200	4,200	3,656	(544)
Interest Earnings	55,500	55,500	57,866	2,366
Miscellaneous	200	200	62,779	62,579
Total Revenues	<u>8,791,244</u>	<u>8,788,744</u>	<u>8,924,043</u>	<u>135,299</u>
Expenditures				
Current:				
General Government Services	604,265	594,865	490,098	104,767
Public Safety	6,016,815	6,178,800	6,107,065	71,735
Human Services	902,380	903,665	835,591	68,074
Capital Outlay	1,534,768	1,593,979	1,304,735	289,244
(Total Expenditures)	<u>9,058,228</u>	<u>9,271,309</u>	<u>8,737,489</u>	<u>533,820</u>
Excess of Revenues Over Expenditures	<u>(266,984)</u>	<u>(482,565)</u>	<u>186,554</u>	<u>669,119</u>
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	30,000	30,000	8,410	(21,590)
Transfers to Constitutional Officers	(2,945,105)	(2,946,859)	(2,944,055)	2,804
Operating Transfers in	2,110,251	2,110,251	2,110,251	0
Operating Transfers (out)	(96,402)	(95,470)	(95,470)	0
Total Other Financing Sources (Uses)	<u>(901,256)</u>	<u>(902,078)</u>	<u>(920,864)</u>	<u>(18,786)</u>
Net Change in Fund Balances	(1,168,240)	(1,384,643)	(734,310)	650,333
Fund Balances at Beginning of Year	<u>3,960,660</u>	<u>3,960,027</u>	<u>3,960,226</u>	<u>199</u>
Fund Balances at End of Year	<u>\$ 2,792,420</u>	<u>\$ 2,575,384</u>	<u>\$ 3,225,916</u>	<u>\$ 650,532</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 6,351,800	\$ 6,351,800	\$ 7,289,549	\$ 937,749
Interest Earnings	50,000	50,000	90,816	40,816
Total Revenues	<u>6,401,800</u>	<u>6,401,800</u>	<u>7,380,365</u>	<u>978,565</u>
Expenditures				
Current:				
General Government Services	0	1,420	1,420	0
Public Safety	32,200	52,000	5,259	46,741
Transportation	119,551	119,551	107,278	12,273
Capital Outlay	1,264,194	1,648,835	398,936	1,249,899
(Total Expenditures)	<u>1,415,945</u>	<u>1,821,806</u>	<u>512,893</u>	<u>1,308,913</u>
Excess of Revenues Over Expenditures	<u>4,985,855</u>	<u>4,579,994</u>	<u>6,867,472</u>	<u>2,287,478</u>
Other Financing Sources (Uses)				
Transfer to Constitutional Officers	0	(11)	(11)	0
Operating Transfers in	215,813	617,735	617,701	(34)
Operating Transfers (out)	(9,601,800)	(9,953,293)	(6,313,771)	3,639,522
Total Other Financing Sources (Uses)	<u>(9,385,987)</u>	<u>(9,335,569)</u>	<u>(5,696,081)</u>	<u>3,639,488</u>
Net Change in Fund Balances	(4,400,132)	(4,755,575)	1,171,391	5,926,966
Fund Balances at Beginning of Year	<u>12,215,239</u>	<u>12,410,691</u>	<u>12,410,692</u>	<u>1</u>
Fund Balances at End of Year	<u>\$ 7,815,107</u>	<u>\$ 7,655,116</u>	<u>\$ 13,582,083</u>	<u>\$ 5,926,967</u>

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
NOTE TO SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Budgets and Budgetary Accounting

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

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

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

Budgets are adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America (GAAP). The only exception to the GAAP basis is in the enterprise funds where depreciation, amortization of bond costs and change in post-closure costs are not budgeted; while capital outlay expenditures are budgeted and are reclassified into 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, 2013, 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, 2013:

Governmental Funds	
General Fund	\$ 4,297,635
Special Revenue Funds	1,101,344
Debt Service Funds	(54,306)
Capital Projects Funds	<u>735,449</u>
Total	<u>\$ 6,080,122</u>

**COMBINING NONMAJOR
GOVERNMENTAL FUNDS**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

Special Revenue Funds

(Concluded)

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

Debt Service Funds

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

- **Optional Gas Tax 2000**—to account for debt service requirements to retire the local option gas tax revenue bonds, Series 2000, dated September 12, 2000. The bonds are payable solely from and secured by a lien upon and a pledge of the County's local option gas tax. The bonds mature on March 1, 2025.
- **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 and Series 2007, of Nassau County, Florida, dated June 1, 2007. The bonds are payable solely from non-ad valorem budgeted revenues. The bonds mature on May 2031.

NONMAJOR GOVERNMENTAL FUNDS

(Concluded)

Capital Projects Funds

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

- **Grants**—to account for capital expenditures financed primarily by federal and/or state grants.
- **County Complex**—to account for the development of County building projects at the County Complex. Financing for the completed Courthouse Annex and Detention Center was primarily provided by the 2001 Public Improvement Revenue Bonds.
- **Capital Projects - South Amelia Island Shore Stabilization**—is used to account for revenues and expenditures relating to the beach restoration capital projects within the geographical boundaries of the South Amelia Island Shore Stabilization MSBU.
- **Capital Projects**—to account for various capital projects. Some projects may have their own fund.
- **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, 2013**

	Special Revenue Funds			
	Law Enforcement Training	Special Law Enforcement	Sheriff Donations	Law Enforcement Trust
Assets				
Cash and Cash Equivalents	\$ 90,889	\$ 3	\$ 2,288	\$ 23,212
Equity in Pooled Investments	0	135,216	0	9,956
Accounts Receivable (Net of Allowance for Uncollectibles)	0	0	0	0
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	0	0
Due from Constitutional Officers	0	0	0	0
Due from Other Governments	0	0	0	0
Prepaid Expenditures	0	0	0	0
Total Assets	90,889	135,219	2,288	33,168
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	0	0	128	0
Due to Other Funds	0	0	0	0
Due to Other Governments	0	0	0	0
Unearned Revenues	0	0	0	0
Deposits	0	0	0	0
Total Liabilities	0	0	128	0
Fund Balances				
Nonspendable	0	0	0	0
Restricted	90,889	135,219	2,160	33,168
Committed	0	0	0	0
Total Fund Balances	90,889	135,219	2,160	33,168
Total Liabilities and Fund Balances	\$ 90,889	\$ 135,219	\$ 2,288	\$ 33,168

Special Revenue Funds

Nassau County Anti-Drug Enforcement	Court Improvement	Court Facility Fees	Law Library Trust	Criminal Justice Trust	Special Drug/Alcohol Rehabilitation
\$ 28,892	\$ 32,590	\$ 30,584	\$ 11,635	\$ 51,388	\$ 0
13,568	0	808,781	141,130	124,230	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
51,023	0	0	0	0	0
0	0	0	0	0	0
<u>93,483</u>	<u>32,590</u>	<u>839,365</u>	<u>152,765</u>	<u>175,618</u>	<u>0</u>
29,801	0	16,954	1,738	0	0
0	0	0	0	0	0
0	0	0	0	0	0
11,376	0	0	0	0	0
0	0	0	0	0	0
<u>41,177</u>	<u>0</u>	<u>16,954</u>	<u>1,738</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0
52,306	32,590	822,411	151,027	175,618	0
0	0	0	0	0	0
<u>52,306</u>	<u>32,590</u>	<u>822,411</u>	<u>151,027</u>	<u>175,618</u>	<u>0</u>
<u>\$ 93,483</u>	<u>\$ 32,590</u>	<u>\$ 839,365</u>	<u>\$ 152,765</u>	<u>\$ 175,618</u>	<u>\$ 0</u>

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013
(Continued)**

	Special Revenue Funds			
	Legal Aid Trust	Drivers Ed Safety Trust	911 Operations and Maintenance	EMS County Awards HRS
Assets				
Cash and Cash Equivalents	\$ 20,914	\$ 28,722	\$ 172,072	\$ 288
Equity in Pooled Investments	0	0	245,333	0
Accounts Receivable (Net of Allowance for Uncollectibles)	0	0	0	0
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	0	0
Due from Constitutional Officers	0	0	60,716	0
Due from Other Governments	0	0	29,250	0
Prepaid Expenditures	0	0	0	0
Total Assets	20,914	28,722	507,371	288
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	20,914	0	0	0
Due to Other Funds	0	0	0	0
Due to Other Governments	0	0	0	0
Unearned Revenues	0	0	0	288
Deposits	0	0	0	0
Total Liabilities	20,914	0	0	288
Fund Balances				
Nonspendable	0	0	0	0
Restricted	0	28,722	507,371	0
Committed	0	0	0	0
Total Fund Balances	0	28,722	507,371	0
Total Liabilities and Fund Balances	\$ 20,914	\$ 28,722	\$ 507,371	\$ 288

Special Revenue Funds					
Grants	Amelia Island Tourist Development	Local Affordable Housing Trust (SHIP)	South Amelia Island Shore Stabilization MSBU	Building Department	Amelia Concourse MSBU
\$ 0	\$ 984,720	\$ 612,839	\$ 964	\$ 385,881	\$ 304,373
0	2,353,886	0	671,624	2,149,879	576,103
0	0	0	0	3	0
0	0	48,000	0	0	0
0	0	0	0	0	168
301	0	0	0	0	0
0	0	0	0	330	0
<u>301</u>	<u>3,338,606</u>	<u>660,839</u>	<u>672,588</u>	<u>2,536,093</u>	<u>880,644</u>
0	476,303	226	4,500	4,194	12,587
0	0	0	0	17,076	0
0	0	9,843	0	11,360	0
301	0	48,000	0	0	0
0	0	0	0	37,491	0
<u>301</u>	<u>476,303</u>	<u>58,069</u>	<u>4,500</u>	<u>70,121</u>	<u>12,587</u>
0	0	0	0	330	0
0	2,862,303	602,770	668,088	2,465,642	868,057
0	0	0	0	0	0
<u>0</u>	<u>2,862,303</u>	<u>602,770</u>	<u>668,088</u>	<u>2,465,972</u>	<u>868,057</u>
<u>\$ 301</u>	<u>\$ 3,338,606</u>	<u>\$ 660,839</u>	<u>\$ 672,588</u>	<u>\$ 2,536,093</u>	<u>\$ 880,644</u>

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013
(Continued)

	<u>Special Revenue Funds</u>			Debt Service Funds
	Firefighter Education Trust	F.S. Special Revenues Fund	Total Special Revenue Funds	Optional Gas Tax 2000
Assets				
Cash and Cash Equivalents	\$ 3	\$ 1,012,569	\$ 3,794,826	\$ 469,109
Equity in Pooled Investments	0	0	7,229,706	948,821
Accounts Receivable (Net of Allowance for Uncollectibles)	0	0	3	0
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	48,000	0
Due from Constitutional Officers	0	7,484	68,368	0
Due from Other Governments	0	40	80,614	156,057
Prepaid Expenditures	0	7,955	8,285	431
Total Assets	<u>3</u>	<u>1,028,048</u>	<u>11,229,802</u>	<u>1,574,418</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	0	26,125	593,470	0
Due to Other Funds	0	0	17,076	0
Due to Other Governments	0	0	21,203	0
Unearned Revenues	0	0	59,965	77,917
Deposits	0	0	37,491	0
Total Liabilities	<u>0</u>	<u>26,125</u>	<u>729,205</u>	<u>77,917</u>
Fund Balances				
Nonspendable	0	7,955	8,285	431
Restricted	0	993,968	10,492,309	1,496,070
Committed	3	0	3	0
Total Fund Balances	<u>3</u>	<u>1,001,923</u>	<u>10,500,597</u>	<u>1,496,501</u>
Total Liabilities and Fund Balances	<u>\$ 3</u>	<u>\$ 1,028,048</u>	<u>\$ 11,229,802</u>	<u>\$ 1,574,418</u>

Debt Service Funds				Capital Projects Funds	
Amelia Concourse	1998/2009 Gas Tax Bonds	County Complex	Total Debt Service Funds	Grants	County Complex
\$ 0	\$ 242,759	\$ 0	\$ 711,868	\$ 21,461	\$ 1,039
0	895,479	0	1,844,300	0	256,917
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	105,000	0	261,057	0	0
0	0	0	431	0	0
<u>0</u>	<u>1,243,238</u>	<u>0</u>	<u>2,817,656</u>	<u>21,461</u>	<u>257,956</u>
0	1,046,236	0	1,046,236	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	105,000	0	182,917	0	0
0	0	0	0	0	0
<u>0</u>	<u>1,151,236</u>	<u>0</u>	<u>1,229,153</u>	<u>0</u>	<u>0</u>
0	0	0	431	0	0
0	92,002	0	1,588,072	21,461	0
0	0	0	0	0	257,956
<u>0</u>	<u>92,002</u>	<u>0</u>	<u>1,588,503</u>	<u>21,461</u>	<u>257,956</u>
<u>\$ 0</u>	<u>\$ 1,243,238</u>	<u>\$ 0</u>	<u>\$ 2,817,656</u>	<u>\$ 21,461</u>	<u>\$ 257,956</u>

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013
(Concluded)

	Capital Projects Funds				Total Nonmajor Governmental Funds
	Capital Projects - South Amelia Island Shore Stabilization	Capital Projects	CDBG	Total Capital Project Funds	
Assets					
Cash and Cash Equivalents	\$ 475,652	\$ 373	\$ 0	\$ 498,525	\$ 5,005,219
Equity in Pooled Investments	0	526,963	0	783,880	9,857,886
Accounts Receivable (Net of Allowance for Uncollectibles)	0	0	0	0	3
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	0	0	48,000
Due from Constitutional Officers	0	0	0	0	68,368
Due from Other Governments	0	0	0	0	341,671
Prepaid Expenditures	0	0	0	0	8,716
Total Assets	<u>475,652</u>	<u>527,336</u>	<u>0</u>	<u>1,282,405</u>	<u>15,329,863</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	2,925	0	0	2,925	1,642,631
Due to Other Funds	0	0	0	0	17,076
Due to Other Governments	0	0	0	0	21,203
Unearned Revenues	0	0	0	0	242,882
Deposits	0	0	0	0	37,491
Total Liabilities	<u>2,925</u>	<u>0</u>	<u>0</u>	<u>2,925</u>	<u>1,961,283</u>
Fund Balances					
Nonspendable	0	0	0	0	8,716
Restricted	472,727	0	0	494,188	12,574,569
Committed	0	527,336	0	785,292	785,295
Total Fund Balances	<u>472,727</u>	<u>527,336</u>	<u>0</u>	<u>1,279,480</u>	<u>13,368,580</u>
Total Liabilities and Fund Balances	<u>\$ 475,652</u>	<u>\$ 527,336</u>	<u>\$ 0</u>	<u>\$ 1,282,405</u>	<u>\$ 15,329,863</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, 2013**

	<u>Special Revenue Funds</u>			
	<u>Law Enforcement Training</u>	<u>Special Law Enforcement</u>	<u>Sheriff Donations</u>	<u>Law Enforcement Trust</u>
Revenues				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0	0
Intergovernmental Revenues	0	0	0	0
Charges for Services	10,240	0	0	0
Fines and Forfeitures	12,185	5,971	0	676
Investment Earnings (Loss)	338	520	29	1,372
Miscellaneous	0	0	500	3,767
Total Revenues	<u>22,763</u>	<u>6,491</u>	<u>529</u>	<u>5,815</u>
Expenditures				
Current:				
General Government Services	0	0	0	0
Public Safety	25,471	0	6,224	150,727
Physical Environment	0	0	0	0
Economic Environment	0	0	0	0
Human Services	0	0	0	0
Culture and Recreation	0	0	0	0
Court-related Expenditures	0	0	0	0
Capital Outlay	0	0	0	469,707
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
(Total Expenditures)	<u>25,471</u>	<u>0</u>	<u>6,224</u>	<u>620,434</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(2,708)</u>	<u>6,491</u>	<u>(5,695)</u>	<u>(614,619)</u>
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	0	0	0	0
Transfers to Constitutional Officers	0	(20,000)	0	0
Operating Transfers in	0	0	0	0
Operating Transfers (out)	0	0	0	(9,441)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(20,000)</u>	<u>0</u>	<u>(9,441)</u>
Net Change in Fund Balances	(2,708)	(13,509)	(5,695)	(624,060)
Fund Balances at Beginning of Year	93,597	148,728	7,855	657,228
Fund Balances at End of Year	<u>\$ 90,889</u>	<u>\$ 135,219</u>	<u>\$ 2,160</u>	<u>\$ 33,168</u>

Special Revenue Funds

Nassau County Anti-Drug Enforcement	Court Improvement	Court Facility Fees	Law Library Trust	Criminal Justice Trust	Special Drug/Alcohol Rehabilitation
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
99,517	0	0	0	0	0
0	0	82,652	33,129	66,258	4,420
15,447	0	0	0	0	1,215
316	125	4,931	987	460	0
0	0	0	0	0	0
<u>115,280</u>	<u>125</u>	<u>87,583</u>	<u>34,116</u>	<u>66,718</u>	<u>5,635</u>
0	0	0	0	0	0
64,234	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	5,635
0	0	0	0	0	0
0	1,180	29,730	30,325	41,528	0
76,043	1,740	60,071	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>140,277</u>	<u>2,920</u>	<u>89,801</u>	<u>30,325</u>	<u>41,528</u>	<u>5,635</u>
<u>(24,997)</u>	<u>(2,795)</u>	<u>(2,218)</u>	<u>3,791</u>	<u>25,190</u>	<u>0</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	25,386	0
0	0	(6,353)	(25,386)	0	0
0	0	(6,353)	(25,386)	25,386	0
(24,997)	(2,795)	(8,571)	(21,595)	50,576	0
77,303	35,385	830,982	172,622	125,042	0
<u>\$ 52,306</u>	<u>\$ 32,590</u>	<u>\$ 822,411</u>	<u>\$ 151,027</u>	<u>\$ 175,618</u>	<u>\$ 0</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, 2013
(Continued)**

	Special Revenue Funds			
	Legal Aid Trust	Drivers Ed Safety Trust	911 Operations and Maintenance	EMS County Awards HRS
Revenues				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0	0
Intergovernmental Revenues	0	0	67,106	7,282
Charges for Services	33,129	0	391,981	0
Fines and Forfeitures	0	28,660	0	0
Investment Earnings (Loss)	0	62	1,888	0
Miscellaneous	0	0	0	0
Total Revenues	33,129	28,722	460,975	7,282
Expenditures				
Current:				
General Government Services	0	0	0	0
Public Safety	0	0	67,568	195
Physical Environment	0	0	0	0
Economic Environment	0	0	0	0
Human Services	83,655	25,919	0	0
Culture and Recreation	0	0	0	0
Court-related Expenditures	0	0	0	0
Capital Outlay	0	0	0	7,087
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
(Total Expenditures)	83,655	25,919	67,568	7,282
(Deficiency) Excess of Revenues (Under) Over Expenditures	(50,526)	2,803	393,407	0
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	0	0	60,716	0
Transfers to Constitutional Officers	0	0	(258,374)	0
Operating Transfers in	50,526	0	0	0
Operating Transfers (out)	0	0	0	0
Total Other Financing Sources (Uses)	50,526	0	(197,658)	0
Net Change in Fund Balances	0	2,803	195,749	0
Fund Balances at Beginning of Year	0	25,919	311,622	0
Fund Balances at End of Year	\$ 0	\$ 28,722	\$ 507,371	\$ 0

Special Revenue Funds					
Grants	Amelia Island Tourist Development	Local Affordable Housing Trust (SHIP)	South Amelia Island Shore Stabilization MSBU	Building Department	Amelia Concourse MSBU
\$ 0	\$ 3,674,986	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	1,093,430	214,898
180,137	0	380,425	0	17,361	0
0	0	0	0	141,632	0
0	0	0	0	0	0
0	13,728	1,499	4,487	13,022	4,162
0	0	65,537	0	26,615	1,043
<u>180,137</u>	<u>3,688,714</u>	<u>447,461</u>	<u>4,487</u>	<u>1,292,060</u>	<u>220,103</u>
0	0	0	0	632,887	0
0	0	0	0	365,678	0
141,467	85,685	0	77,103	0	143,181
0	2,925,459	222,491	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	17,722	0	4,840	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>141,467</u>	<u>3,011,144</u>	<u>240,213</u>	<u>77,103</u>	<u>1,003,405</u>	<u>143,181</u>
<u>38,670</u>	<u>677,570</u>	<u>207,248</u>	<u>(72,616)</u>	<u>288,655</u>	<u>76,922</u>
0	0	0	0	0	0
0	(110,250)	(63)	0	0	(7,147)
301	0	0	0	0	40,056
<u>(38,971)</u>	<u>(1,203)</u>	<u>0</u>	<u>0</u>	<u>(158,746)</u>	<u>(4,078)</u>
<u>(38,670)</u>	<u>(111,453)</u>	<u>(63)</u>	<u>0</u>	<u>(158,746)</u>	<u>28,831</u>
0	566,117	207,185	(72,616)	129,909	105,753
0	2,296,186	395,585	740,704	2,336,063	762,304
<u>\$ 0</u>	<u>\$ 2,862,303</u>	<u>\$ 602,770</u>	<u>\$ 668,088</u>	<u>\$ 2,465,972</u>	<u>\$ 868,057</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, 2013**

(Continued)

	Special Revenue Funds			Debt Service Funds
	Firefighter Education Trust	F. S. Special Revenue Fund	Total Special Revenue Funds	Optional Gas Tax 2000
Revenues				
Taxes	\$ 0	\$ 0	\$ 3,674,986	\$ 938,063
Licenses and Permits	0	0	1,308,328	0
Intergovernmental Revenues	0	31,963	783,791	0
Charges for Services	0	165,657	929,098	0
Fines and Forfeitures	0	41,724	105,878	0
Investment Earnings (Loss)	0	3,782	51,708	7,368
Miscellaneous	0	75	97,537	0
Total Revenues	0	243,201	6,951,326	945,431
Expenditures				
Current:				
General Government Services	0	0	632,887	0
Public Safety	0	80,664	760,761	0
Physical Environment	0	0	447,436	0
Economic Environment	0	0	3,147,950	0
Human Services	0	0	115,209	0
Culture and Recreation	0	3,370	3,370	0
Court-related Expenditures	0	48,060	150,823	0
Capital Outlay	0	51,353	688,563	0
Debt Service:				
Principal Retirement	0	0	0	492,203
Interest and Fiscal Charges	0	0	0	453,229
(Total Expenditures)	0	183,447	5,946,999	945,432
(Deficiency) Excess of Revenues (Under) Over Expenditures	0	59,754	1,004,327	(1)
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	0	0	60,716	0
Transfers to Constitutional Officers	0	0	(395,834)	0
Operating Transfers in	0	0	116,269	0
Operating Transfers (out)	0	0	(244,178)	0
Total Other Financing Sources (Uses)	0	0	(463,027)	0
Net Change in Fund Balances	0	59,754	541,300	(1)
Fund Balances at Beginning of Year	3	942,169	9,959,297	1,496,502
Fund Balances at End of Year	\$ 3	\$ 1,001,923	\$ 10,500,597	\$ 1,496,501

Debt Service Funds				Capital Projects Funds	
Amelia Concourse	1998/2009 Gas Tax Bonds	County Complex	Total Debt Service Funds	Grants	County Complex
\$ 0	\$ 400,502	\$ 0	\$ 1,338,565	\$ 0	\$ 0
0	0	0	0	0	0
0	679,953	0	679,953	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	3,019	0	10,387	82	1,592
0	0	0	0	0	0
0	1,083,474	0	2,028,905	82	1,592
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	988,451	960,000	2,440,654	0	0
0	139,544	1,361,350	1,954,123	0	0
0	1,127,995	2,321,350	4,394,777	0	0
0	(44,521)	(2,321,350)	(2,365,872)	82	1,592
0	0	0	0	0	0
0	0	0	0	0	0
0	0	2,321,350	2,321,350	0	0
(40,056)	0	0	(40,056)	0	0
(40,056)	0	2,321,350	2,281,294	0	0
(40,056)	(44,521)	0	(84,578)	82	1,592
40,056	136,523	0	1,673,081	21,379	256,364
\$ 0	\$ 92,002	\$ 0	\$ 1,588,503	\$ 21,461	\$ 257,956

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, 2013
(Concluded)

	Capital Projects Funds				Total Nonmajor Governmental Funds
	Capital Projects - South Amelia Island Shore Stabilization	Capital Projects	CDBG	Total Capital Project Funds	
Revenues					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,013,551
Licenses and Permits	0	0	0	0	1,308,328
Intergovernmental Revenues	0	0	0	0	1,463,744
Charges for Services	0	0	0	0	929,098
Fines and Forfeitures	0	0	0	0	105,878
Investment Earnings (Loss)	2,491	3,454	0	7,619	69,714
Miscellaneous	0	0	0	0	97,537
Total Revenues	2,491	3,454	0	7,619	8,987,850
Expenditures					
Current:					
General Government Services	0	0	0	0	632,887
Public Safety	0	0	0	0	760,761
Physical Environment	0	0	0	0	447,436
Economic Environment	0	0	0	0	3,147,950
Human Services	0	0	0	0	115,209
Culture and Recreation	0	0	0	0	3,370
Court-related Expenditures	0	0	0	0	150,823
Capital Outlay	216,002	0	0	216,002	904,565
Debt Service:					
Principal Retirement	0	0	0	0	2,440,654
Interest and Fiscal Charges	0	0	0	0	1,954,123
(Total Expenditures)	216,002	0	0	216,002	10,557,778
(Deficiency) Excess of Revenues (Under)					
Over Expenditures	(213,511)	3,454	0	(208,383)	(1,569,928)
Other Financing Sources (Uses)					
Transfers from Constitutional Officers	0	0	0	0	60,716
Transfers to Constitutional Officers	0	0	0	0	(395,834)
Operating Transfers in	0	0	0	0	2,437,619
Operating Transfers (out)	0	(53,655)	0	(53,655)	(337,889)
Total Other Financing Sources (Uses)	0	(53,655)	0	(53,655)	1,764,612
Net Change in Fund Balances	(213,511)	(50,201)	0	(262,038)	194,684
Fund Balances at Beginning of Year	686,238	577,537	0	1,541,518	13,173,896
Fund Balances at End of Year	\$ 472,727	\$ 527,336	\$ 0	\$ 1,279,480	\$ 13,368,580

**INDEPENDENT AUDITORS' 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the 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, 2013, and the related notes to the financial statements, and have issued our report thereon dated March 4, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Certified Public Accountants

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The Honorable Board of County Commissioners
Nassau County, Florida

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

We noted certain matters that we reported to management in a separate management letter dated March 4, 2014.

Purpose of this Report

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

Purvis, Gray and Company, LLP

March 4, 2014
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, 2013, and have issued our report thereon dated March 4, 2014.

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; OMB Circular A-133, and Chapter 10.550, *Rules of the Auditor General*. We have issued our independent auditors' report on internal control over financial reporting and compliance and other matters. Disclosures in those reports and schedule, which are dated March 4, 2014, 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. There were no recommendations in the preceding annual financial 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 Board 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. In connection with our audit, we did not have any such recommendations.
- 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.

Certified Public Accountants

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The Honorable Board of County Commissioners
Nassau County, Florida

MANAGEMENT LETTER
(Concluded)

- Section 10.554(1)(i)5., *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

March 4, 2014
Gainesville, Florida

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

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

SEPTEMBER 30, 2013

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

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

SEPTEMBER 30, 2013

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying special purpose financial statements of each major fund and the aggregate remaining fund information of the Nassau County, Florida, Clerk of the Circuit Court (the Clerk), as of and for the year ended September 30, 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the State of Florida Auditor General. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

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

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

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

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

INDEPENDENT AUDITORS' REPORT
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Clerk as of September 30, 2013, and the respective changes in financial position, and the respective budgetary comparison for each major fund for the year then ended in accordance with the financial reporting provisions of the State of Florida Auditor General, as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of the financial reporting provisions of the State of Florida Auditor General, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the State of Florida Auditor General. Our opinion is not modified with respect to that matter.

Emphasis of Matter

As discussed in Note 1, these financial statements of the Clerk are intended to present the financial position, the changes in financial position, and budgetary comparisons of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Nassau County, Florida, that is attributable to the transactions of the Clerk. They do not purport to, and do not, present fairly the financial position of Nassau County, Florida as of September 30, 2013, the changes in its financial position or budgetary comparisons, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Other Financial Information

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

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

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 11, 2014, on our consideration of the Clerk's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.

Restriction of Use

This report is intended solely for the information and use of the Clerk and management, the Board of County Commissioners of Nassau County, Florida 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 11, 2014
Gainesville, Florida

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	Major Funds					Total Governmental Funds
	General Fund	Court Fund	Public Records Modernization Trust Fund	Child Support Fund	Teen Court	
Assets						
Cash	\$ 263,662	\$ 87,558	\$ 466,609	\$ 165,413	\$ 8,877	\$ 992,119
Investments	51	0	0	0	0	51
Due from Other Funds	93,876	109,906	20,927	0	0	224,709
Due from Other Governments	44,551	0	0	22,130	0	66,681
Prepaid Expenses	827	622	8,121	0	0	9,570
Total Assets	402,967	198,086	495,657	187,543	8,877	1,293,130
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	87,458	2,101	37,975	0	0	127,534
Due to Board of County Commissioners	126,987	0	0	0	0	126,987
Due to Other Funds	0	53,695	0	3,662	0	57,357
Due to Other Governments	25,728	136,290	0	0	0	162,018
Deferred Revenue	0	6,000	0	0	0	6,000
Other Liabilities	162,794	0	0	0	0	162,794
Total Liabilities	402,967	198,086	37,975	3,662	0	642,690
Fund Balances						
Restricted:						
Records Modernization	0	0	457,682	0	0	457,682
Child Support	0	0	0	183,881	0	183,881
Committed:						
Teen Court	0	0	0	0	8,877	8,877
Total Fund Balances	0	0	457,682	183,881	8,877	650,440
Total Liabilities and Fund Balances	\$ 402,967	\$ 198,086	\$ 495,657	\$ 187,543	\$ 8,877	\$ 1,293,130

See accompanying notes to financial statements.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Major Funds					Total Governmental Funds
	General Fund	Court Fund	Public Records Modernization Trust Fund	Child Support Fund	Teen Court	
Revenues						
Intergovernmental Revenue	\$ 0	\$ 1,266,611	\$ 0	\$ 142,333	\$ 0	\$ 1,408,944
Charges for Services	595,769	307,610	208,379	0	0	1,111,758
Judgments and Fines	0	198,046	77,081	0	0	275,127
Miscellaneous	22,456	226	0	0	3,862	26,544
Total Revenues	<u>618,225</u>	<u>1,772,493</u>	<u>285,460</u>	<u>142,333</u>	<u>3,862</u>	<u>2,822,373</u>
Expenditures						
Current:						
General Government:						
Personal Services	1,657,698	0	0	0	0	1,657,698
Operating Expenditures	753,159	0	98,945	0	1,270	853,374
Economic Environment:						
Personal Services	46,507	0	0	0	0	46,507
Operating Expenditures	2,975	0	0	0	0	2,975
Court-related:						
Personal Services	0	1,414,579	0	67,914	0	1,482,493
Operating Expenditures	0	357,914	171,337	13,475	0	542,726
Capital Outlay	93,892	0	27,354	0	0	121,246
(Total Expenditures)	<u>(2,554,231)</u>	<u>(1,772,493)</u>	<u>(297,636)</u>	<u>(81,389)</u>	<u>(1,270)</u>	<u>(4,707,019)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(1,936,006)</u>	<u>0</u>	<u>(12,176)</u>	<u>60,944</u>	<u>2,592</u>	<u>(1,884,646)</u>
Other Financing Sources (Uses)						
Transfers in from Board of County Commissioners	2,062,993	0	503	0	0	2,063,496
Transfers (out) to Board of County Commissioners	(126,987)	0	0	0	0	(126,987)
Total Other Financing Sources (Uses)	<u>1,936,006</u>	<u>0</u>	<u>503</u>	<u>0</u>	<u>0</u>	<u>1,936,509</u>
Net Change in Fund Balances	0	0	(11,673)	60,944	2,592	51,863
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>469,355</u>	<u>122,937</u>	<u>6,285</u>	<u>598,577</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 457,682</u>	<u>\$ 183,881</u>	<u>\$ 8,877</u>	<u>\$ 650,440</u>

See accompanying notes to financial statements.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for Services	\$ 420,935	\$ 595,769	\$ 595,769	\$ 0
Miscellaneous	8,000	22,456	22,456	0
Total Revenues	<u>428,935</u>	<u>618,225</u>	<u>618,225</u>	<u>0</u>
Expenditures				
Current:				
General Government:				
Personal Services	1,745,304	1,657,698	1,657,698	0
Operating Expenditures	684,531	753,159	753,159	0
Economic Environment:				
Personal Services	46,328	46,507	46,507	0
Operating Expenditures	4,275	2,975	2,975	0
Capital Outlay	0	93,892	93,892	0
(Total Expenditures)	<u>(2,480,438)</u>	<u>(2,554,231)</u>	<u>(2,554,231)</u>	<u>0</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(2,051,503)</u>	<u>(1,936,006)</u>	<u>(1,936,006)</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	2,051,503	2,062,993	2,062,993	0
Transfers (out) to Board of County Commissioners	0	(126,987)	(126,987)	0
Total Other Financing Sources (Uses)	<u>2,051,503</u>	<u>1,936,006</u>	<u>1,936,006</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(Continued)

	Court Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental Revenue	\$ 1,266,611	\$ 1,266,611	\$ 1,266,611	\$ 0
Charges for Services	307,610	307,610	307,610	0
Judgments and Fines	198,046	198,046	198,046	0
Miscellaneous	226	226	226	0
Total Revenues	<u>1,772,493</u>	<u>1,772,493</u>	<u>1,772,493</u>	<u>0</u>
Expenditures				
Current:				
Court-related:				
Personal Services	1,414,579	1,414,579	1,414,579	0
Operating Expenditures	357,914	357,914	357,914	0
(Total Expenditures)	<u>(1,772,493)</u>	<u>(1,772,493)</u>	<u>(1,772,493)</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(Continued)

	Public Records Modernization Trust Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for Services	\$ 152,750	\$ 152,750	\$ 208,379	\$ 55,629
Judgments and Fines	55,000	55,000	77,081	22,081
Total Revenues	<u>207,750</u>	<u>207,750</u>	<u>285,460</u>	<u>77,710</u>
Expenditures				
Current:				
General Government:				
Operating Expenditures	149,087	149,087	98,945	50,142
Court-related:				
Operating Expenditures	528,618	528,618	171,337	357,281
Capital Outlay	0	0	27,354	(27,354)
(Total Expenditures)	<u>(677,705)</u>	<u>(677,705)</u>	<u>(297,636)</u>	<u>380,069</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(469,955)</u>	<u>(469,955)</u>	<u>(12,176)</u>	<u>457,779</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	600	600	503	(97)
Total Other Financing Sources (Uses)	<u>600</u>	<u>600</u>	<u>503</u>	<u>(97)</u>
Net Change in Fund Balances	(469,355)	(469,355)	(11,673)	457,682
Fund Balances, Beginning of Year	<u>469,355</u>	<u>469,355</u>	<u>469,355</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 457,682</u>	<u>\$ 457,682</u>

See accompanying notes to financial statements.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(Concluded)**

	Child Support Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ 100,300	\$ 100,300	\$ 142,333	\$ 42,033
Total Revenues	<u>100,300</u>	<u>100,300</u>	<u>142,333</u>	<u>42,033</u>
Expenditures				
Current:				
Court-related:				
Personal Services	74,137	79,611	67,914	11,697
Operating Expenditures	149,100	143,626	13,475	130,151
(Total Expenditures)	<u>(223,237)</u>	<u>(223,237)</u>	<u>(81,389)</u>	<u>141,848</u>
Excess of Revenues Over Expenditures	<u>(122,937)</u>	<u>(122,937)</u>	<u>60,944</u>	<u>183,881</u>
Net Change in Fund Balances	(122,937)	(122,937)	60,944	183,881
Fund Balances, Beginning of Year	<u>122,937</u>	<u>122,937</u>	<u>122,937</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 183,881</u>	<u>\$ 183,881</u>

See accompanying notes to financial statements.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2013**

Assets

Cash	\$ 2,203,498
Due from Other Governments	411
Due from Individuals	<u>120</u>
Total Assets	<u><u>2,204,029</u></u>

Liabilities

Due to Other Funds	167,352
Due to Other Governments	250,825
Deposits	1,773,369
Other Liabilities	<u>12,483</u>
Total Liabilities	<u><u>\$ 2,204,029</u></u>

See accompanying notes to financial statements.

**NOTES TO SPECIAL PURPOSE
FINANCIAL STATEMENTS**

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

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Nassau County, Florida, Clerk of the Circuit Court (the Clerk), conform to generally accepted accounting principles (GAAP), as applicable to governments. The following is a summary of significant accounting principles and policies used in the preparation of these 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 Clerk is an elected official of the County pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). The Clerk is a part of the primary government of the County. The Clerk is responsible for the administration and operation of the Clerk's office, and the Clerk's special purpose financial statements do not include the financial statements of the Board or the other Constitutional Officers of the County.

The Clerk funds his noncourt operations as a Budget Officer and a Fee Officer pursuant to Florida Statutes, Chapters 28, 129 and 218, respectively. As a Budget Officer, the operations of the Clerk are funded by the County General Fund. Prior to July 1, 2009, as a Fee Officer, the operations of the Clerk were funded from fees and charges authorized under Chapter 2004-265, Laws of Florida. From July 1, 2009 through June 30, 2013, the Clerk's court-related operations were funded from the State's general appropriations, pursuant to Chapter 2009-204, Laws of Florida. Beginning July 1, 2013, the court-related operations of the Clerk are funded from fees and charges authorized under Chapter 2013-44, Laws of Florida. The receipts from the County General Fund are recorded as other financing sources on the Clerk's general fund financial statements. Any excess of revenues and other financing sources received over expenditures of the general fund are remitted to the County General Fund at year-end. Any excess of revenues over court-related expenditures of the court fund are remitted to the State of Florida at year-end.

Basis of Presentation

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

Section 10.556(4), *Rules of the Auditor General—Local Governmental Entity Audits* requires the Clerk to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including a management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Clerk as of September 30, 2013, and the changes in its financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with U.S. generally accepted accounting principles (GAAP).

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Concluded)

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

■ **Governmental Funds**

● **Major Funds**

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

■ **Fiduciary Funds**

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

Basis of Accounting

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

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

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

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

Measurement Focus

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

Budgetary Requirement

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

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

Capital Assets

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

Accrued Compensated Absences

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Workers' Compensation and Group Health Insurance

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

Risk Management

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

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

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

Fund Balance Reporting

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

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

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

Note 1 - Summary of Significant Accounting Policies (Concluded)

Fund Balance Reporting (Concluded)

- **Unassigned**—This classification is used for (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the general fund that are not restricted, committed or assigned.

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

Note 2 - Cash and Investments

At September 30, 2013, the carrying amount of the Clerk's deposits was \$3,189,792 and the bank balance was \$3,690,302. The Clerk also held \$5,825 in change funds at September 30, 2013. Deposits in banks and thrift institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, Florida Statutes, no public depositor shall be liable for any loss thereof. All of the cash funds of the Clerk are deposited in accordance with Florida Statutes 280 and 218.415, and Nassau County Resolution 95-144.

Investments

The Clerk's investment practices are governed by Chapters 28.33 and 218.415, Florida Statutes. The Clerk is authorized to invest in certificates of deposit, money market certificates, obligations of the U.S. Treasury and the Local Government Surplus Funds Trust Fund (the State Board of Administration).

At September 30, 2013, the Clerk's investments consisted of investments with the State Board of Administration in the amount of \$51.

Note 3 - Employee Benefits

Plan Description

Membership in the Florida Retirement System (FRS) is required for all full-time and part-time employees in regularly established positions for state agencies, county governments, district school boards, state universities and state community colleges, or cities, independent special districts, metropolitan planning districts, and public charter schools that make an irrevocable election to participate. Certain members, including elected officials and local government senior managers, may elect to not participate in the system. The FRS Pension Plan is a cost-sharing, multiple employer, public retirement system, administered by the State of Florida Division of Retirement. The FRS also offers eligible employees participation in an alternative defined contribution plan (the Investment Plan).

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

Note 3 - Employee Benefits (Concluded)

Plan Description (Concluded)

Employees participating in the Pension Plan who retire at or after age 62 with six years of credited service or with 30 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life. The monthly benefit payment received is based on years of creditable service, average final compensation and the percentage value received for each year of service. The percentage values are 1.6% for regular employees, 2% for senior management, and 3% for county elected officials. Final average compensation is the employee's average of the five highest years of salary earned during credited service. Vested employees who have not yet reached their normal retirement date, may elect to take early retirement and receive retirement benefits that are reduced 5% for each year between their age at retirement and the normal retirement age of 62. Employees participating in the Investment Plan are vested after one year of service with no age requirement. The System also provides death and disability benefits (including in-line-of-duty disability). Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S-4, *Florida Administrative Code*.

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

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

Funding Policy

The Florida Legislature has established a uniform contribution rate system for the FRS covering both the Pension Plan and the Investment Plan. The current contribution rates by member class are as follows: regular employees 6.95%, senior management 18.31%, DROP employees 12.84%, and elected officials 33.03%. As of July 1, 2011, employees are required to contribute 3% of their compensation to the plan. The Clerk's contributions to the plan for the years ended September 30, 2013, 2012, and 2011, were \$176,708, \$142,131, and \$272,480, respectively, equal to the actuarially determined contribution requirements for each fiscal year.

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

Note 4 - Other Postemployment Benefits

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

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

Percent of Direct Subsidy up to “Subsidy Base Maximum” of \$ 573.26

Years of Service	Hired Before	Hired on or After
With Nassau County	10/1/05	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%

In the current report, the Clerk has 63 active employees and 10 retired employees who are considered participants in the plan for purposes of computing the OPEB obligation. The Clerk’s portion of the OPEB obligation totaled \$782,187 as of September 30, 2013. This liability will be included in long-term liabilities in the County-wide financial statements. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

Note 5 - Change in Long-term Debt

The following is a summary of the change in long-term debt of the Clerk for the year ended September 30, 2013:

	Balance October 1, 2012	Additions	(Deletions)	Balance September 30, 2013
Other Postemployment Benefits	\$ 746,020	\$ 147,121	\$ (110,954)	\$ 782,187
Total Long-term Debt	\$ 746,020	\$ 147,121	\$ (110,954)	\$ 782,187

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

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

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

Note 6 - Interfund Receivables and Payables

Interfund receivables and payables at September 30, 2013, are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 93,876	\$ 0
Special Revenue Funds		
Court Fund	109,906	53,695
Public Records Modernization Fund	20,927	0
Child Support Fund	0	3,662
Agency Funds		
Civil Trust Fund	0	35,516
Recording Trust Fund	0	50,484
Criminal Trust Fund	0	4,230
Special Trust Fund	0	68,669
Domestic Relations Fund	0	1,453
Bail Bond Fund	0	7,000
Total	<u>\$ 224,709</u>	<u>\$ 224,709</u>

OTHER FINANCIAL INFORMATION

AGENCY FUNDS

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

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

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

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

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

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

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

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
TEEN COURT
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	\$ 0	\$ 0	\$ 3,862	\$ 3,862
Total Revenues	<u>0</u>	<u>0</u>	<u>3,862</u>	<u>3,862</u>
Expenditures				
Current:				
General Government:				
Operating Expenditures	6,285	6,285	1,270	5,015
(Total Expenditures)	<u>(6,285)</u>	<u>(6,285)</u>	<u>(1,270)</u>	<u>5,015</u>
Excess of Revenues Over Expenditures	<u>0</u>	<u>(6,285)</u>	<u>2,592</u>	<u>8,877</u>
Net Change in Fund Balances	(6,285)	(6,285)	2,592	8,877
Fund Balances, Beginning of Year	<u>6,285</u>	<u>6,285</u>	<u>6,285</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,877</u>	<u>\$ 8,877</u>

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
SEPTEMBER 30, 2013**

	<u>Civil Trust</u>	<u>Recording Trust</u>	<u>Criminal Trust</u>	<u>Special Trust</u>	<u>Domestic Relations</u>	<u>Registry of the Court</u>	<u>Bail Bond</u>	<u>Total</u>
Assets								
Cash	\$ 201,210	\$ 529,356	\$ 92,991	\$ 188,763	\$ 1,951	\$ 1,064,196	\$ 125,031	\$ 2,203,498
Due from Other Governments	0	217	0	0	194	0	0	411
Due from Individuals	0	120	0	0	0	0	0	120
Total Assets	<u>201,210</u>	<u>529,693</u>	<u>92,991</u>	<u>188,763</u>	<u>2,145</u>	<u>1,064,196</u>	<u>125,031</u>	<u>2,204,029</u>
Liabilities								
Due to Other Funds	35,516	50,484	4,230	68,669	1,453	0	7,000	167,352
Due to Other Governments	41,102	118,368	12,435	78,210	692	0	18	250,825
Deposits	124,592	358,266	75,296	33,106	0	1,064,096	118,013	1,773,369
Other Liabilities	0	2,575	1,030	8,778	0	100	0	12,483
Total Liabilities	<u>\$ 201,210</u>	<u>\$ 529,693</u>	<u>\$ 92,991</u>	<u>\$ 188,763</u>	<u>\$ 2,145</u>	<u>\$ 1,064,196</u>	<u>\$ 125,031</u>	<u>\$ 2,204,029</u>

OTHER REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special purpose financial statements of each major fund and the aggregate remaining fund information of the Nassau County, Florida, Clerk of the Circuit Court (the Clerk), as of and for the year ended September 30, 2013, and have issued our report thereon dated February 11, 2014, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Certified Public Accountants

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Purvis, Gray and Company, LLP

February 11, 2014
Gainesville, Florida

MANAGEMENT LETTER

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

We have audited the special purpose financial statements of each major fund and the aggregate remaining fund information of the Nassau County, Florida, Clerk of the Circuit Court (the Clerk), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated February 11, 2014, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Florida Auditor General*. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated February 11, 2014, 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 is required to include 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 significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Clerk 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. In connection with our audit, we did not have any such recommendations.

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

MANAGEMENT LETTER
(Concluded)

- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the determination of financial statements that is less than material but which warrants that attention of those charged with governance. In connection with our audit, we did not note any such findings.
- Section 10.554(1)(i)5., *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 Clerk was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Clerk.
- Section 10.554(1)(i)7., *Rules of the Auditor General*, requires a statement as to whether or not the Clerk complied with the requirements of Sections 28.35 and 28.36, Florida Statutes. In connection with our audit, we determined that the Clerk complied with such requirements except as already communicated in the Corrective Action Plans submitted by the Clerk to the Clerk of Courts Operations Corporation (CCOC).

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

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

Purvis, Gray and Company, LLP

February 11, 2014
Gainesville, Florida

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

**NASSAU COUNTY SHERIFF
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2013

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

**NASSAU COUNTY SHERIFF
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2013

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INDEPENDENT AUDITORS' REPORT

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

Report on the Financial Statements

We have audited the accompanying special purpose financial statements of each major fund and the aggregate remaining fund information of the Nassau County, Florida, Sheriff (the Sheriff), as of and for the year ended September 30, 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the State of Florida Auditor General. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

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

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

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

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The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

INDEPENDENT AUDITORS' REPORT
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Sheriff as of September 30, 2013, and the respective changes in financial position thereof, and the respective budgetary comparison for the major funds for the year then ended in accordance with the financial reporting provisions of the State of Florida Auditor General, as described in Note 1 to the financial statements.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of the financial reporting provisions of the State of Florida Auditor General, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the State of Florida Auditor General. Our opinion is not modified with respect to that matter.

Emphasis of Matter

As discussed in Note 1, these financial statements of the Sheriff are intended to present the financial position, the changes in financial position, and budgetary comparisons of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Nassau County, Florida, that is attributable to the transactions of the Sheriff. They do not purport to, and do not, present fairly the financial position of Nassau County, Florida as of September 30, 2013, the changes in its financial position or budgetary comparisons, or where, applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Other Financial Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's special purpose financial statements. The other financial information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the special purpose financial statements. The other financial information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the special purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special purpose financial statements or the special purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other financial information is fairly stated in all material respects in relation to the special purpose financial statements as a whole.

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2014, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.

Restriction on Use

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

Purvis, Gray and Company, LLP

January 10, 2014
Gainesville, Florida

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**NASSAU COUNTY SHERIFF
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

	Major Funds			Sheriff's Investigative	Total Governmental Funds
	General Fund	Inmate Commissary	911 Operations		
Assets					
Cash on Hand	\$ 0	\$ 0	\$ 0	\$ 11,716	\$ 11,716
Cash in Bank	378,175	278,928	60,973	0	718,076
Due from Board of County Commissioners	10,183	0	0	0	10,183
Due from Other Governments	24,223	17,646	0	0	41,869
Total Assets	412,581	296,574	60,973	11,716	781,844
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	363,258	0	123	0	363,381
Due to Other Governments	6,677	0	0	0	6,677
Due to Board of County Commissioners	42,646	0	60,850	0	103,496
Total Liabilities	412,581	0	60,973	0	473,554
Fund Balances					
Restricted:					
Inmate Welfare	0	296,574	0	0	296,574
Committed:					
Investigative	0	0	0	11,716	11,716
Total Fund Balances	0	296,574	0	11,716	308,290
Total Liabilities and Fund Balances	\$ 412,581	\$ 296,574	\$ 60,973	\$ 11,716	\$ 781,844

See accompanying notes to financial statements.

**NASSAU COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>Major Funds</u>			<u>Sheriff's Investigative</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Inmate Commissary</u>	<u>911 Operations</u>		
Revenues					
Miscellaneous	\$ 162,133	\$ 132,900	\$ 3,782	\$ 0	\$ 298,815
Total Revenues	<u>162,133</u>	<u>132,900</u>	<u>3,782</u>	<u>0</u>	<u>298,815</u>
Expenditures					
Current:					
Court-related:					
Personal Services	672,122	0	0	0	672,122
Operating Expenditures	13,774	0	0	0	13,774
Public Safety:					
Personal Services	9,891,930	0	132,072	0	10,024,002
Operating Expenditures	3,823,969	81,416	131,128	18,914	4,055,427
Capital Outlay	384,017	13,934	8,596	0	406,547
Debt Service:					
Principal	115,441	0	0	0	115,441
Interest	12,497	0	0	0	12,497
(Total Expenditures)	<u>(14,913,750)</u>	<u>(95,350)</u>	<u>(271,796)</u>	<u>(18,914)</u>	<u>(15,299,810)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(14,751,617)</u>	<u>37,550</u>	<u>(268,014)</u>	<u>(18,914)</u>	<u>(15,000,995)</u>
Other Financing Sources (Uses)					
Transfers in from Board of County Commissioners	14,777,373	0	328,864	20,000	15,126,237
Transfers (out) to Board of County Commissioners	(25,756)	0	(60,850)	0	(86,606)
Total Other Financing Sources (Uses)	<u>14,751,617</u>	<u>0</u>	<u>268,014</u>	<u>20,000</u>	<u>15,039,631</u>
Net Change in Fund Balance	0	37,550	0	1,086	38,636
Fund Balance, Beginning of Year	<u>0</u>	<u>259,024</u>	<u>0</u>	<u>10,630</u>	<u>269,654</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 296,574</u>	<u>\$ 0</u>	<u>\$ 11,716</u>	<u>\$ 308,290</u>

See accompanying notes to financial statements.

NASSAU COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Miscellaneous	\$ 0	\$ 162,133	\$ 162,133	\$ 0
Total Revenues	<u>0</u>	<u>162,133</u>	<u>162,133</u>	<u>0</u>
Expenditures				
Current:				
Court-related:				
Personal Services	611,410	672,122	672,122	0
Operating Expenditures	15,373	13,774	13,774	0
Public Safety:				
Personal Services	10,393,256	9,891,930	9,891,930	0
Operating Expenditures	3,541,367	3,823,969	3,823,969	0
Capital Outlay	10,000	384,017	384,017	0
Debt Service:				
Principal	115,441	115,441	115,441	0
Interest	12,498	12,497	12,497	0
(Total Expenditures)	<u>(14,699,345)</u>	<u>(14,913,750)</u>	<u>(14,913,750)</u>	<u>0</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(14,699,345)</u>	<u>(14,751,617)</u>	<u>(14,751,617)</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	14,699,345	14,777,373	14,777,373	0
Transfers (out) to Board of County Commissioners	0	(25,756)	(25,756)	0
Total Other Financing Sources (Uses)	<u>14,699,345</u>	<u>14,751,617</u>	<u>14,751,617</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

NASSAU COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - INMATE COMMISSARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Inmate Commissary Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Miscellaneous	\$ 0	\$ 132,900	\$ 132,900	\$ 0
Total Revenues	<u>0</u>	<u>132,900</u>	<u>132,900</u>	<u>0</u>
Expenditures				
Current:				
Public Safety:				
Operating Expenditures	0	81,416	81,416	0
Capital Outlay	0	13,934	13,934	0
(Total Expenditures)	<u>0</u>	<u>(95,350)</u>	<u>(95,350)</u>	<u>0</u>
Net Change in Fund Balance	0	37,550	37,550	0
Fund Balance, Beginning of Year	<u>0</u>	<u>259,024</u>	<u>259,024</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 296,574</u>	<u>\$ 296,574</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

NASSAU COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - 911 OPERATIONS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	911 Operations Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Miscellaneous	\$ 0	\$ 3,782	\$ 3,782	\$ 0
Total Revenues	<u>0</u>	<u>3,782</u>	<u>3,782</u>	<u>0</u>
Expenditures				
Current:				
Public Safety:				
Personal Services	142,231	132,072	132,072	0
Operating Expenditures	186,633	131,128	131,128	0
Capital Outlay	0	8,596	8,596	0
(Total Expenditures)	<u>(328,864)</u>	<u>(271,796)</u>	<u>(271,796)</u>	<u>0</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(328,864)</u>	<u>(268,014)</u>	<u>(268,014)</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers in from Board of County				
Commissioners	328,864	328,864	328,864	0
Transfers (out) to Board of County				
Commissioners	0	(60,850)	(60,850)	0
Total Other Financing Sources (Uses)	<u>328,864</u>	<u>268,014</u>	<u>268,014</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

**NASSAU COUNTY SHERIFF
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2013**

Assets

Cash	\$ 40,888
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Liabilities

Accounts Payable	21,192
Deposits	3,054
Due to Board of County Commissioners	155
Due to Other Governments	16,487

Total Liabilities	\$ 40,888
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See accompanying notes to financial statements.

**NOTES TO SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**NASSAU COUNTY SHERIFF
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

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

The operations of the Sheriff are primarily funded by the Board. The receipts from the Board are recorded as other financing sources on the Sheriff's special purpose financial statements. Any excess of revenues and other financing sources received over expenditures are remitted to the Board at year-end.

Basis of Presentation

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

Section 10.556(4), *Rules of the Auditor General Local Governmental Entity Audits* requires the Sheriff to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including a management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Sheriff as of September 30, 2013, and the changes in its financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with U.S. GAAP.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Concluded)

■ **Governmental Funds**

● **Major Funds**

- ▶ **General Fund**—The general fund is the general operating fund of the Sheriff. It is used to account for all financial resources, except for those required to be accounted for in another fund.
- ▶ **Inmate Commissary Fund**—This fund accounts for commissions received from pay telephones and commissary profits used for the benefit of inmates.
- ▶ **911 Operations Fund**—This fund accounts for the proceeds of telephone charges collected for the operation of the 911 emergency response system.
- **Other Governmental Funds**
 - ▶ **Special Revenue Funds**—Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Sheriff reports one special revenue fund in the special purpose financial statements under the title, Sheriff's Investigative Fund. The Sheriff's Investigative Fund accounts for monies used in accordance with Section 925.055, Florida Statutes.

■ **Fiduciary Funds**

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

Basis of Accounting

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

The modified accrual basis of accounting is followed by the governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. For this purpose, the Sheriff considers revenues to be available if they are collected within thirty days of the end of the current fiscal period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid.

Measurement Focus

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Requirement

Governmental fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. The Inmate Commissary fund and the 911 Operations fund expenditures are restricted by statute; therefore, these budgets are not approved by the Board.

All budget amounts presented for the general fund in the accompanying special purpose financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting. The Sheriff's annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year-end.

Capital Assets

Capital assets, which include vehicles and equipment, are recorded as capital outlay expenditures in the governmental funds at the time goods are received and a liability is incurred. These assets are then capitalized at cost in the statement of net assets as part of the basic financial statements of the County (statement of net assets). Capital assets acquired under capital leases are capitalized at cost in the statement of net assets at the time the assets are received. Donated and confiscated capital assets are recorded in the statement of net assets at fair value at the time received. Capital assets are depreciated using the straight-line method over three to ten years. The depreciation expense is recorded in the statement of activities as part of the basic financial statements of the County.

Accrued Compensated Absences

The Sheriff maintains a policy of granting employees annual leave at the rate of eight hours per month. An employee can receive payment for such accumulated annual leave upon termination of employment.

In addition, the Sheriff maintains the following policy for sick leave. Sick leave is accumulated at the rate of eight hours per month. An employee will not be paid out any sick time upon termination of employment.

The Sheriff also allows employees to accumulate compensatory time earned. An employee can receive payment for unused compensatory time upon termination of employment or at the discretion of the Sheriff.

Workers' Compensation and Group Health Insurance

The Board provided the Sheriff and his employees with workers' compensation and group health insurance coverage. Accidental death coverage for Law Enforcement Officers was also provided by the Board. The premiums for such coverage were paid by the Board and recorded on its records and, consequently, are not recorded on the Sheriff's records.

Risk Management

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and the public; or damage to property of others.

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

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

Risk Management *(Concluded)*

The Sheriff participates in two Florida Sheriffs Self-insurance funds for risk related to professional liability and automobile risks. The funding agreements provide that each fund will be self-sustaining through member premiums and that the Sheriff's liability fund will reinsure through commercial companies. Aggregate coverage provided by the liability fund is \$10,000,000 for professional liability and \$10,000,000 for public officials' coverage. Coverage limits for automobile risks are \$200,000 per accident for bodily injury and \$100,000 per accident for property damage.

In addition, the Sheriff has obtained an excess loss reimbursement policy to cover catastrophic inmate medical claims.

Fund Balance Reporting

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

- ***Nonspendable***—This component of fund balance consists of amounts that cannot be spent because (a) they are not expected to be converted to cash or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Sheriff does not have any nonspendable funds.
- ***Restricted***—This component of fund balance consists of amounts that are constrained either (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.
- ***Committed***—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., ordinance or resolution) of the County's governing board. These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (e.g., ordinance or resolution) it employed previously to constrain those amounts.
- ***Assigned***—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the Sheriff, or by an individual or body to whom the Sheriff has delegated this responsibility. By definition, fund balances are also assigned to the extent that they are needed to finance a subsequent year's budget deficit.
- ***Unassigned***—This classification is used for (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the general fund that are not restricted, committed or assigned.

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

Note 1 - Summary of Significant Accounting Policies (Concluded)

Fund Balance Reporting (Concluded)

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

Note 2 - Cash

Cash Deposits

At September 30, 2013, the carrying amount of the Sheriff's deposits was \$758,964 and the bank balance was \$1,156,407. Deposits in banks are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All of the cash deposits of the Sheriff are placed with qualified financial institutions, which means, they are insured or collateralized.

Note 3 - Employee Benefits

Defined Benefit Pension Plan

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

The Sheriff and all full-time employees are eligible to participate in the System. Special risk employees who retire at or after age 55, with six years of creditable service; and all other employees who retire at or after age 62, with six years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to the product of: (1) average monthly compensation in the highest five years of creditable service; (2) creditable service during the appropriate period; and (3) the appropriate benefit percentage. Benefits are fully vested on reaching six years of service. Vested employees may retire after six years of creditable service and receive reduced retirement benefits. The System also provides death benefits, disability benefits and cost-of-living adjustments. Benefits are established by Florida Statute.

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

Note 3 - Employee Benefits (Concluded)

Defined Benefit Pension Plan (Concluded)

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers, such as the Sheriff, are required to contribute 6.95% of the compensation for regular members, 19.06% for special risk, and 33.03% for County officials. As of July 1, 2011, employees are required to contribute 3% of their compensation to the plan. The Sheriff's contributions to the System for the years ended September 30, 2013, 2012, and 2011, were \$1,116,352, \$960,496, and \$1,572,861, respectively, equal to the required contributions for each year.

Note 4 - Other Postemployment Benefits (OPEB)

The County offers certain postemployment health care benefits that are considered part of an Other Post Employment Benefit (OPEB) plan for financial accounting purposes. The OPEB is a single-employer benefit plan administered by the County. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. GASB Statement No. 45 calls this the "implicit rate subsidy."

Retirees and their dependents (except for life insurance) are permitted to remain covered under the County's respective medical and insurance plans as long as they pay a full premium applicable to coverage elected. Special risk employees of the Sheriff's office begin to receive a subsidy if they have obtained 25 years of service and become fully subsidized once they reach 30 years of service. All other employees of the Sheriff's office receive a 100% subsidy if they have reached 30 years of service. This conforms to the minimum required of Florida governmental employers per Chapter 112.08, Florida Statutes.

Currently, the Sheriff has 175 active employees and 15 retired employees who are considered participants in the plan for purposes of computing the OPEB obligation. The Sheriff's portion of the OPEB obligation for the year totaled \$2,035,829. This liability will be included in long-term liabilities in the County-wide financial statements. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

Note 5 - Capital Assets

The tangible personal property used by the Sheriff in its governmental fund operation is reported as capital assets in the statement of net assets as part of the basic financial statements of the County. Upon acquisition, such assets are recorded as expenditures in the governmental fund types of the Sheriff and capitalized at cost in the capital asset accounts of the County. The Sheriff maintains recordkeeping and custodial responsibility for certain tangible capital assets used by his office. Information on vehicles and equipment used in the operations of the Sheriff's office are presented below:

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

Note 5 - Capital Assets (Concluded)

	Balance October 1, 2012	Increase	Decrease	Balance September 30, 2013
Capital Assets				
Machinery and Equipment	\$ 9,222,780	\$ 962,831	\$ (1,507,500)	\$ 8,678,111
Accumulated Depreciation	(7,607,614)	(839,918)	1,490,197	(6,957,335)
Machinery and Equipment, Net	<u>\$ 1,615,166</u>	<u>\$ 122,913</u>	<u>\$ (17,303)</u>	<u>\$ 1,720,776</u>

Included in machinery and equipment above is equipment recorded under a capital lease in the amount of \$578,932 with accumulated amortization of \$356,885.

Depreciation expense was recorded in the government-wide financial statements in the amount of \$839,918.

Note 6 - Operating Leases

The Sheriff leased various copiers during fiscal year 2012-2013. The monthly lease payments for these copiers ranged from \$135 to \$950 per month. The expiration date of the leases range from May 2013 to February 2017. Lease expense for the year under these leases was \$53,879. Future minimum lease payments for the leases are as follows:

Year Ending September 30	Annual Lease Payments
2014	\$ 51,449
2015	47,443
2016	42,943
2017	8,780
Total	<u>\$ 150,615</u>

Note 7 - Changes in Long-term Debt

The following is a summary of the changes in long-term debt of the Sheriff for the year ended September 30, 2013:

	Balance October 1, 2012	Additions	(Deletions)	Balance September 30, 2013
Capital Lease	\$ 236,971	\$ 0	\$ (115,441)	\$ 121,530
Accrued Compensated Absences	917,114	967,056	(1,139,680)	744,490
Other Postemployment Benefits	1,897,284	138,545	0	2,035,829
Totals	<u>\$ 3,051,369</u>	<u>\$ 1,105,601</u>	<u>\$ (1,255,121)</u>	<u>\$ 2,901,849</u>

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

Note 7 - Changes in Long-term Debt (Concluded)

Capital Lease

During 2010, the Sheriff entered into a capital lease agreement with Presidio Technology Capital, LLC to lease server equipment. The lease is to be paid annually at an imputed interest rate of 5.15% and matures on October 1, 2014. Future minimum lease payments under this capital lease are as follows:

Year Ending September 30	Future Lease Payments
2014	\$ 127,939
Total Future Minimum Lease Payments	127,939
(Less Amount Representing Interest)	(6,409)
Present Value of Future Minimum Lease Payments	<u>\$ 121,530</u>

Compensated Absences

Accrued compensated absences represent the vested portion of accrued leave, and are liquidated by the general fund and 911 operations fund. See Note 1 for a summary of the Sheriff's compensated absences policy.

A description of the Sheriff's policies on OPEB are described in Note 4. The Sheriff's long-term debt is not recorded in the accompanying special purpose financial statements but is recorded in the statement of net assets as part of the basic financial statements of the County.

Note 8 - Restatement

The Sheriff adopted GASB Statement No. 61 *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*, in the current year. As a result the Sheriff's Foundation of Nassau County is no longer considered to be a blended component unit since it does not meet the financial benefit or burden requirement. As a result, the effect of the restatement was to reduce restricted fund balance as of October 1, 2012, by \$11,284.

OTHER FINANCIAL INFORMATION

AGENCY FUNDS

Individual Depositors/Suspense—Accounts for fees charged for the service of process in civil cases. These nonrefundable fees are set by Section 30.231 of the Florida Statutes. On a monthly basis, these fees are deposited to the general fund of the Board. Accounts for the receipt and disbursement of funds received for various purposes such as faulty equipment for inspection and purge money for child support. Disbursement of these funds is made in accordance with the purpose of the receipt.

Inmate Trust—Accounts for inmates' personal cash receipts and disbursements. Individual inmate account records are maintained. This fund makes disbursements requested by inmates to the extent of their available funds.

Federal Inmate—Accounts for funds received for housing federal inmates at the Nassau County Detention Facility. Funds received are paid to the Nassau County Board of County Commissioners.

Abandoned Property—Accounts for funds received from the conversion of abandoned property to cash. These funds are required to be submitted to the Nassau County School Board.

**NASSAU COUNTY SHERIFF
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
SEPTEMBER 30, 2013**

	<u>Individual Depositors/ Suspense</u>	<u>Inmate Trust</u>	<u>Federal Inmate</u>	<u>Abandoned Property</u>	<u>Total</u>
Assets					
Cash	\$ 5,320	\$ 24,400	\$ 4,675	\$ 6,493	\$ 40,888
Liabilities					
Accounts Payable	0	21,192	0	0	21,192
Deposits	0	3,053	0	0	3,053
Due to Board of County Commissioners	0	155	0	0	155
Due to Other Governments	5,320	0	4,675	6,493	16,488
Total Liabilities	<u>\$ 5,320</u>	<u>\$ 24,400</u>	<u>\$ 4,675</u>	<u>\$ 6,493</u>	<u>\$ 40,888</u>

OTHER REPORTS

**INDEPENDENT AUDITORS' 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 Bill Leeper
Nassau County Sheriff
Nassau County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special purpose financial statements of each major fund and the aggregate remaining fund information of the Nassau County, Florida, Sheriff (the Sheriff), as of and for the year ended September 30, 2013, and the related notes to the special purpose financial statements, and have issued our report thereon dated January 10, 2014, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Certified Public Accountants

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The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

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

Compliance and Other Matters

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

Purpose of This Report

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

Purvis, Gray and Company, LLP

January 10, 2014
Gainesville, Florida

MANAGEMENT LETTER

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

We have audited the special purpose financial statements of each major fund and the aggregate remaining fund information of the Nassau County, Florida, Sheriff (the Sheriff), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated January 10, 2014, which was modified to refer to a basis of accounting required for compliance with 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. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated January 10, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the Chapter 10.550, *Rules of the Auditor General*, which governs 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 schedule:

- Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit.
- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Sheriff complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any findings and recommendations to improve financial management. In connection with our audit, we had no such findings.
- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Certified Public Accountants

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The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

MANAGEMENT LETTER
(Concluded)

- Section 10.554(1)(i)5., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special purpose financial statements. The Sheriff was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Sheriff.

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

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

Purvis, Gray and Company, LLP

January 10, 2014
Gainesville, Florida

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

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

SEPTEMBER 30, 2013

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

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

SEPTEMBER 30, 2013

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying special purpose financial statements of the general fund and the aggregate remaining fund information of the Nassau County, Florida, Tax Collector (the Tax Collector), as of and for the year ended September 30, 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the State of Florida Auditor General. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund and the aggregate remaining fund information of the Tax Collector as of September 30, 2013, 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 accordance with the financial reporting provisions of the State of Florida Auditor General, as described in Note 1 to the financial statements.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of the financial reporting provisions of the State of Florida Auditor General, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the State of Florida Auditor General. Our opinion is not modified with respect to that matter.

Emphasis of Matter

As discussed in Note 1, these financial statements of the Tax Collector are intended to present the financial position, the changes in financial position, and the budgetary comparisons of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Nassau County, Florida, that is attributable to the transactions of the Tax Collector. They do not purport to, and do not, present fairly the financial position of Nassau County, Florida, as of September 30, 2013, the changes in financial position or budgetary comparisons, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2014, on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Collector's internal control over financial reporting and compliance.

Restriction on Use

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

Purvis, Gray and Company, LLP

February 18, 2014
Gainesville, Florida

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**NASSAU COUNTY TAX COLLECTOR
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2013**

Assets	
Cash	\$ 133,567
Due from Agency Fund	25,691
Total Assets	<u>159,258</u>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	16,186
Deferred Revenue	17,899
Due to Board of County Commissioners	121,188
Due to Other Governments	3,985
Total Liabilities	<u>159,258</u>
Fund Balance	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 159,258</u>

See accompanying notes to financial statements.

**NASSAU COUNTY TAX COLLECTOR
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Revenues	
Charges for Services	\$ 902,520
Interest	571
Miscellaneous	18,675
Total Revenues	921,766
 Expenditures	
Current:	
General Government:	
Salaries and Benefits	1,809,755
Operating Expenditures	621,823
Capital Outlay	166,375
(Total Expenditures)	(2,597,953)
 (Deficiency) of Revenues (Under) Expenditures	 (1,676,187)
 Other Financing Sources (Uses)	
Transfers in from Board of County Commissioners	1,795,583
Transfers (out) to Board of County Commissioners	(119,396)
Total Other Financing Sources (Uses)	1,676,187
 Net Change in Fund Balance	 0
 Fund Balance, Beginning of Year	 0
 Fund Balance, End of Year	 \$ 0

See accompanying notes to financial statements.

**NASSAU COUNTY TAX COLLECTOR
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for Services	\$ 893,924	\$ 893,799	\$ 902,520	\$ 8,721
Interest	2,500	2,500	571	(1,929)
Miscellaneous	22,284	26,807	18,675	(8,132)
Total Revenues	<u>918,708</u>	<u>923,106</u>	<u>921,766</u>	<u>(1,340)</u>
Expenditures				
Current:				
General Government:				
Salaries and Benefits	1,850,635	1,860,792	1,809,755	51,037
Operating Expenditures	493,450	612,120	621,823	(9,703)
Capital Outlay	1,900	142,038	166,375	(24,337)
(Total Expenditures)	<u>(2,345,985)</u>	<u>(2,614,950)</u>	<u>(2,597,953)</u>	<u>16,997</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(1,427,277)</u>	<u>(1,691,844)</u>	<u>(1,676,187)</u>	<u>15,657</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	1,802,423	1,797,523	1,795,583	(1,940)
Transfers (out) to Board of County Commissioners	(375,146)	(105,679)	(119,396)	(13,717)
Total Other Financing Sources (Uses)	<u>1,427,277</u>	<u>1,691,844</u>	<u>1,676,187</u>	<u>(15,657)</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.

**NASSAU COUNTY TAX COLLECTOR
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
SEPTEMBER 30, 2013**

Assets

Cash	\$ 2,020,915
Due from Others	29,266
Total Assets	<u>2,050,181</u>

Liabilities

Due to General Fund	25,691
Due to Board of County Commissioners	7,484
Due to Other Governments	287,648
Undistributed Collections	1,729,358
Total Liabilities	<u>\$ 2,050,181</u>

See accompanying notes to financial statements.

**NOTES TO SPECIAL PURPOSE
FINANCIAL STATEMENTS**

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

Note 1 - Summary of Significant Accounting Policies

The following is a summary of significant accounting principles and policies used in the preparation of the accompanying 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 Tax Collector (the Tax Collector) is an elected official of the County pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). The Tax Collector is a part of the primary government of the County. The Florida Department of Revenue approves the Tax Collector's operating budget, the Tax Collector is responsible for the administration and operation of the Tax Collector's office, and the Tax Collector's special purpose financial statements do not include the financial statements of the Board or the other Constitutional Officers of Nassau County, Florida.

The Tax Collector operates as a Fee Officer. Upon approval of the operating budget, revenues are collected from fees and from commissions earned for the collection of taxes and special assessments for the various Nassau County taxing authorities pursuant to Section 192.091(2), Florida Statutes. Any excess revenues received over expenditures made are remitted at year-end to the taxing districts.

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

Basis of Presentation

The accompanying financial statements include all funds and accounts of the Tax Collector's office, but are not 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*.

Section 10.556(4), *Rules of the Auditor General—Local Governmental Entity Audits* requires the Tax Collector to only present fund financial statements. Accordingly, due to the omission of entity-wide, full-accrual financial statements and related disclosures, including a management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Tax Collector as of September 30, 2013, and the changes in its financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with U.S. generally accepted accounting principles (GAAP).

The financial transactions of the Tax Collector are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Concluded)

The Tax Collector reports the following fund types:

■ **Governmental Funds**

● **Major Fund**

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

■ **Fiduciary Funds**

- **Agency Fund**—The agency fund is used to account for assets held by the Tax Collector as an agent for individuals, private organizations and other governments. The agency fund is custodial in nature and does not involve measurement of changes in financial position.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the special purpose financial statements. Basis of accounting refers to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds and agency funds are accounted for using the modified accrual basis of accounting.

Under this method, revenues are recognized when they become both measurable and available to finance expenditures of the current period. The Tax Collector considers revenues to be available if they are collected within thirty days of the end of the current fiscal year. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. Charges for services and investment revenue are recorded as earned.

Measurement Focus

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

Budgetary Requirement

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

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

Note 1 - Summary of Significant Accounting Policies (Concluded)

Budgetary Requirement (Concluded)

Budgets are prepared on the modified accrual basis of accounting.

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

Capital Assets

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

Compensated Absences

The Tax Collector maintains a policy of granting employees annual leave based upon the number of years of employment. An employee can receive payment for such accumulated annual leave upon termination of employment.

In addition, the Tax Collector maintains the following policy for sick leave. Sick leave is accumulated at the rate of four hours per pay period. Upon making application to draw benefits through the Florida Retirement System an eligible employee is entitled to be paid for accumulated sick leave at the current rate of pay, not to exceed 720 hours.

Property Tax Collections

Chapter 197, Florida Statutes, governs property tax collections.

- *Current Taxes*—All property taxes become due and payable on November 1, and are delinquent on April 1 of the following year. Discounts of 4%, 3%, 2% and 1% are allowed for early payment in November through February, respectively.
- *Unpaid Taxes - Sale of Tax Certificates*—The Tax Collector advertises, as required by Florida Statutes, then sells tax certificates on all real property for unpaid taxes. Certificates not purchased are issued to the County. Any person owning real property upon which a tax certificate has been sold may reacquire the real property by paying the Tax Collector the face amount of the tax certificate plus interest and other costs.
- *Tax Deeds*—The owner of a tax certificate may, after two years when the taxes have been delinquent (after April 1), file an application for tax deed sale. The County, as a certificate owner, may exercise similar procedures two years after taxes have been delinquent (after April 1). Tax deeds are issued to the highest bidder for the property, which is sold at public auction. The Clerk of the Circuit Court administers these sales.

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

Note 2 - Cash and Investments

At September 30, 2013, the carrying amount of the Tax Collector's cash on hand and on deposit was \$2,154,482 and the bank balances were \$2,123,949. Deposits in banks and savings and loan institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All of the cash deposits of the Tax Collector are placed with qualified financial institutions and are considered to be fully insured.

The Tax Collector's investment practices are governed by Sections 219.075 and 218.415, Florida Statutes. The Tax Collector was authorized to invest in certificates of deposit, obligations of the U.S. Treasury, money market funds and repurchase agreements.

Note 3 - Employee Benefits

Defined Benefit Pension Plan

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

The Tax Collector and all full-time employees are eligible to participate in the System. Employees participating in the Pension Plan are entitled to a retirement benefit, payable monthly for life. If employed prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. The vesting requirement changes to eight years of creditable service for those employed on or after July 1, 2011. For those employed prior to July 1, 2011, normal retirement is after 30 years of service or age 62. If employed on or after July 1, 2011, normal retirement is after 33 years of service or age 65. The monthly benefit received is based upon the (1) average monthly compensation in the highest five years of creditable service; (2) creditable service during the appropriate period; and (3) the appropriate benefit percentage. Vested employees may retire early and receive reduced retirement benefits. Employees participating in the Investment Plan are vested after one year of service with no age requirement. The System also provides death benefits, disability benefits and cost-of-living adjustments. Benefits are established by Florida Statute.

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

Note 3 - Employee Benefits (Concluded)

Defined Benefit Pension Plan (Concluded)

The Florida Legislature has established a uniform contribution rate system for the System covering both the Pension Plan and the Investment Plan. Prior to July 1, 2011, members were not required to make employee contributions. Effective July 1, 2011, all System members (except those in DROP) are required to contribute 3% of their gross compensation on a pretax basis. The current contribution rates by member class are as follows: regular members 6.95%, DROP employees 12.84%, senior management 18.31%, and elected officials 33.03%. The Tax Collector's contributions to the plan for the years ended September 30, 2013, 2012, and 2011, were \$105,719, \$76,296, and \$139,043, respectively, equal to the required contributions for each year.

Note 4 - Changes in Long-term Debt

The following is a summary of the changes in long-term debt of the Tax Collector for the year ended September 30, 2013:

	<u>Balance October 1, 2012</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance September 30, 2013</u>
Accrued Compensated Absences	\$ 40,587	\$ 119,219	\$ (122,508)	\$ 37,298
Other Postemployment Benefits	303,934	113,947	0	417,881
Total Long-term Debt	<u>\$ 344,521</u>	<u>\$ 233,166</u>	<u>\$ (122,508)</u>	<u>\$ 455,179</u>

Accrued compensated absences represent the vested portion of accrued vacation and sick leave. See Note 1 for a summary of the Tax Collector's compensated absences policy.

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

The Tax Collector's long-term debt is not reported in the accompanying 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

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

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

Note 5 - Other Postemployment Benefits (Concluded)

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

Percent of Direct Subsidy up to "Subsidy Base Maximum" of \$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 Tax Collector has 36 active employees and three retired employees who are considered participants in the plan for purposes of computing the OPEB obligation. The Tax Collector's portion of the OPEB obligation at September 30, 2013, totaled \$417,881. 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 Leases

Effective July 2012, a lease agreement was entered into with Pitney Bowes for a mailing system. The lease period is 60 months from July 2012 through June 2017. Lease payments are \$448 per month.

In addition, a lease agreement was entered into with Canon Business Solutions for a color copier. The lease period is 36 months from October 2012 through September 2015. Lease payments are \$356.49 per month.

The amount of lease payments made under these agreements during the fiscal year ended September 30, 2013, was \$9,654. The future minimum lease payments are as follows:

Year Ending September 30	Amount
2014	\$ 9,654
2015	9,654
2016	5,376
2017	4,032
Total	\$ 28,716

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

Note 7 - Interfund Receivables and Payables

Interfund receivables and payables at September 30, 2013, are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 25,691	\$ 0
Fiduciary:		
Agency Fund	0	25,691
Totals	\$ 25,691	\$ 25,691

Note 8 - Other Agreements

The Tax Collector entered into a sublease agreement with the Florida Department of Highway Safety and Motor Vehicles for the establishment and operation of a drivers license office and an administration office. The lease period is for 35 years commencing on March 24, 2008 and ending March 23, 2043. Lease payments are \$25 per month. Upon termination or expiration of this sublease, the premises and improvements are to be surrendered to the Tax Collector of Nassau County.

The Tax Collector entered into an agreement to lease office space for a branch location in Callahan, Florida. The lease term is from March 15, 2011 through March 14, 2016. The lease agreement has an option to extend the lease for two consecutive lease years. A total of \$29,133 was expended in fiscal year 2013 under this lease agreement.

Future minimum lease payments under this agreement are as follows:

Year Ending September 30	Amount
2014	\$ 31,904
2015	34,105
2016	11,613
Total	\$ 77,622

OTHER REPORTS

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

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special purpose financial statements of the general fund and the aggregate remaining fund information of the Nassau County, Florida, Tax Collector (the Tax Collector), as of and for the year ended September 30, 2013, and the related notes to the special purpose financial statements have issued our report thereon dated February 18, 2014, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Certified Public Accountants

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Purvis, Gray and Company, LLP

February 18, 2014
Gainesville, Florida

MANAGEMENT LETTER

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

We have audited the special purpose financial statements of the general fund and the aggregate remaining fund information of the Nassau County, Florida, Tax Collector (the Tax Collector), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated February 18, 2014, which was modified to refer to a basis of accounting required for compliance with 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. We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated February 18, 2014, 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 significant findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Tax Collector complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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

MANAGEMENT LETTER
(Concluded)

- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i) 5., *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 the management letter, unless disclosed in the notes to the special purpose financial statements. The Tax Collector was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Tax Collector.

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

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

Purvis, Gray and Company, LLP

February 18, 2014
Gainesville, Florida

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

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

SEPTEMBER 30, 2013

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

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

SEPTEMBER 30, 2013

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INDEPENDENT AUDITORS' REPORT

The Honorable A. Michael Hickox
Nassau County Property Appraiser
Nassau County, Florida

Report on the Financial Statements

We have audited the accompanying 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, 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the State of Florida Auditor General. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

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

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

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

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The Honorable A. Michael Hickox
Nassau County Property Appraiser
Nassau County, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund of the Property Appraiser as of September 30, 2013, 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 accordance with the financial reporting provisions of the State of Florida Auditor General, as described in Note 1 to the financial statements.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of the financial reporting provisions of the State of Florida Auditor General, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the State of Florida Auditor General. Our opinion is not modified with respect to that matter.

Emphasis of Matter

As discussed in Note 1, these financial statements of the Property Appraiser are intended to present the financial position, the changes in financial position, and the budgetary comparisons of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Nassau County, Florida, that is attributable to the transactions of the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Nassau County, Florida as of September 30, 2013, the changes in financial position or budgetary comparisons, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2014, on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Property Appraiser's internal control over financial reporting and compliance.

Restriction of Use

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

Purvis, Gray and Company, LLP

February 18, 2014
Gainesville, Florida

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**NASSAU COUNTY PROPERTY APPRAISER
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2013**

Assets	
Cash	\$ 148,022
Prepaid Expense	2,000
Total Assets	<u>150,022</u>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	609
Due to Board of County Commissioners	145,416
Due to Other Governments	3,997
Total Liabilities	<u>150,022</u>
Fund Balance	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 150,022</u>

See accompanying notes to financial statements.

**NASSAU COUNTY PROPERTY APPRAISER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Revenues	
Charges for Services	\$ 44,828
Interest	493
Miscellaneous	18,078
Total Revenues	<u>63,399</u>
Expenditures	
Current:	
General Government:	
Personal Services	1,385,447
Operating Expenditures	260,210
Capital Outlay	33,713
(Total Expenditures)	<u>(1,679,370)</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(1,615,971)</u>
Other Financing Sources (Uses)	
Transfers in from Board of County Commissioners	1,776,387
Transfers in from Constitutional Officers	18,000
Transfers (out) to Board of County Commissioners	(145,416)
Transfers (out) to Constitutional Officers	(33,000)
Total Other Financing Sources (Uses)	<u>1,615,971</u>
Net Change in Fund Balance	0
Fund Balance, Beginning of Year	<u>0</u>
Fund Balance, End of Year	<u><u>\$ 0</u></u>

See accompanying notes to financial statements.

**NASSAU COUNTY PROPERTY APPRAISER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<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	\$ 48,825	\$ 48,825	\$ 44,828	\$ (3,997)
Interest	0	0	493	493
Miscellaneous	0	0	18,078	18,078
Total Revenues	<u>48,825</u>	<u>48,825</u>	<u>63,399</u>	<u>14,574</u>
Expenditures				
Current:				
General Government:				
Personal Services	1,461,482	1,475,955	1,385,447	90,508
Operating Expenditures	313,612	271,264	260,210	11,054
Capital Outlay	0	33,713	33,713	0
Reserve for Contingency	50,000	11,279	0	11,279
(Total Expenditures)	<u>(1,825,094)</u>	<u>(1,792,211)</u>	<u>(1,679,370)</u>	<u>112,841</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(1,776,269)</u>	<u>(1,743,386)</u>	<u>(1,615,971)</u>	<u>127,415</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	1,776,269	1,776,386	1,776,387	1
Transfers in from Constitutional Officers	0	0	18,000	18,000
Transfers (out) to Board of County Commissioners	0	0	(145,416)	(145,416)
Transfers (out) to Constitutional Officers	0	(33,000)	(33,000)	0
Total Other Financing Sources (Uses)	<u>1,776,269</u>	<u>1,743,386</u>	<u>1,615,971</u>	<u>(127,415)</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**

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

Note 1 - Summary of Significant Accounting Policies

The following is a summary of significant accounting principles and policies used in the preparation of the accompanying 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. The Florida Department of Revenue approves the Property Appraiser's total operating budget, the Property Appraiser is responsible for the administration and operation of the Property Appraiser's office, and the Property Appraiser's 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 are special purpose financial statements because they 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*.

Section 10.556(4), *Rules of the Auditor General—Local Governmental Entity Audits* requires the Property Appraiser to only present fund financial statements. Accordingly, due to the omission of entity-wide, full-accrual financial statements and related disclosures, including a management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Property Appraiser as of September 30, 2013, and the changes in its financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with U.S. generally accepted accounting principles (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.

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

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

Basis of Presentation *(Concluded)*

The Property Appraiser reports the following fund type:

■ **Governmental Fund**

● **Major Fund**

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

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.

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

Note 1 - Summary of Significant Accounting Policies (Concluded)

Capital Assets

Tangible personal property is recorded as expenditures in the general fund at the time an asset is acquired. Assets acquired by the 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.

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, 2013, the carrying amount of the Property Appraiser's deposits was \$148,022 and the bank balance was \$229,372. Deposits in banks and savings and loan institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All of the cash deposits of the Property Appraiser are placed with qualified financial institutions, which means they are insured or collateralized.

Note 3 - Employee Benefits

Defined Benefit Pension Plan

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

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

Note 3 - Employee Benefits (Concluded)

Defined Benefit Pension Plan (Concluded)

The Property Appraiser and all full-time employees are eligible to participate in the System. Employees participating in the Pension Plan are entitled to a retirement benefit, payable monthly for life. If employed prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. The vesting requirement changes to eight years of creditable service for those employed on or after July 1, 2011. For those employed prior to July 1, 2011, normal retirement is after 30 years of service or age 62. If employed on or after July 1, 2011, normal retirement is after 33 years of service or age 65. The monthly benefit received is based on: (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. Vested employees may retire early and receive reduced retirement benefits. Employees participating in the Investment Plan are vested after one year of service with no age requirement. The System also provides death benefits, disability benefits and cost of living adjustments. Benefits are established by Florida Statute.

The Florida Legislature has established a uniform contribution rate system for the System covering both the Pension Plan and the Investment Plan. Prior to July 1, 2011, members were not required to make employee contributions. Effective July 1, 2011, all System members (except those in DROP) are required to contribute 3% of their gross compensation on a pretax basis. The current contribution rates by member class are as follows: regular members 6.95%, DROP employees 12.84%, senior management 18.31%, and elected officials 33.03%. The Property Appraiser's contributions to the plan for the years ended September 30, 2013, 2012, and 2011, were \$81,694, \$59,535, and \$107,236, 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, 2013:

	<u>Balance October 1, 2012</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance September 30, 2013</u>
Accrued Compensated Absences	\$ 132,428	\$ 97,646	\$ (115,501)	\$ 114,573
Other Postemployment Benefits	<u>257,883</u>	<u>31,419</u>	<u>0</u>	<u>289,302</u>
Total Long-term Debt	<u>\$ 390,311</u>	<u>\$ 129,065</u>	<u>\$ (115,501)</u>	<u>\$ 403,875</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.

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

Note 5 - Other Postemployment Benefits

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

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

Percent of Direct Subsidy up to “Subsidy Base Maximum” of \$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 22 active employees and 5 retired employees who are considered participants in the plan for purposes of computing the OPEB obligation. The Property Appraiser’s portion of the OPEB obligation at September 30, 2013, totaled \$289,302. 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, 2013, for the mail processing machine.

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

Year Ending September 30	Amount
2014	\$ 242

OTHER REPORTS

**INDEPENDENT AUDITORS' 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 A. Michael Hickox
Nassau County Property Appraiser
Nassau County, Florida

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2013, and the related notes to the special purpose financial statements and have issued our report thereon dated February 18, 2014, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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The Honorable A. Michael Hickox
Nassau County Property Appraiser
Nassau County, Florida

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

Purpose of this Report

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

Purvis, Gray and Company, LLP

February 18, 2014
Gainesville, Florida

MANAGEMENT LETTER

The Honorable A. Michael Hickox
Nassau County Property Appraiser
Nassau County, Florida

We have audited the special purpose financial statements of the general fund of the Nassau County, Florida, Property Appraiser (the Property Appraiser), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated February 18, 2014, which was modified to refer to a basis of accounting required for compliance with 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. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated February 18, 2014, 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. There were no 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 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 financial management. In connection with our audit, we did not have any such recommendations.

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The Honorable A. Michael Hickox
Nassau County Property Appraiser
Nassau County, Florida

MANAGEMENT LETTER
(Concluded)

- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., *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.

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

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

Purvis, Gray and Company, LLP

February 18, 2014
Gainesville, Florida

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

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2013

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

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2013

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INDEPENDENT AUDITORS' REPORT

The Honorable Vicki P. Cannon
Nassau County Supervisor of Elections
Nassau County, Florida

Report on the Financial Statements

We have audited the accompanying special purpose financial statements of the general fund of the Nassau County, Florida, Supervisor of Elections (the Supervisor of Elections), as of and for the year ended September 30, 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the State of Florida Auditor General. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

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

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

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

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The Honorable Vicki P. Cannon
Nassau County Supervisor of Elections
Nassau County, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund of the Supervisor of Elections as of September 30, 2013, 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 accordance with the financial reporting provisions of the State of Florida Auditor General, as described in Note 1 to the financial statements.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of the financial reporting provisions of the State of Florida Auditor General, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the State of Florida Auditor General. Our opinion is not modified with respect to that matter.

Emphasis of Matter

As discussed in Note 1, these financial statements of the Supervisor of Elections are intended to present the financial position, the changes in financial position, and the budgetary comparisons of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Nassau County, Florida, that is attributable to the transactions of the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Nassau County, Florida as of September 30, 2013, the changes in financial position or budgetary comparisons, or where, applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2014, on our consideration of the Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Supervisor of Elections' internal control over financial reporting and compliance.

Restriction on Use

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

Purvis, Gray and Company, LLP

February 18, 2014
Gainesville, Florida

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2013**

Assets

Cash in Bank	\$ 168,363
Accounts Receivable	216
Due from Other Governments	24,570
Total Assets	<u>193,149</u>

Liabilities and Fund Balance

Liabilities

Accounts Payable	124,457
Due to the Board of County Commissioners	60,327
Unearned Revenue	8,365
Total Liabilities	<u>193,149</u>

Fund Balance

	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 193,149</u>

See accompanying notes to financial statements.

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Revenues	
Intergovernmental	\$ 24,542
Interest	590
Miscellaneous	435
Total Revenues	25,567
Expenditures	
Current:	
General Government:	
Personal Services	659,624
Operating Expenditures	369,611
Capital Outlay	335,620
(Total Expenditures)	(1,364,855)
(Deficiency) of Revenues (Under) Expenditures	(1,339,288)
Other Financing Sources (Uses)	
Transfers in from Board of County Commissioners	1,378,069
Transfers in from Constitutional Officers	33,000
Transfers (out) to Board of County Commissioners	(53,781)
Transfers (out) to Constitutional Officers	(18,000)
Total Other Financing Sources (Uses)	1,339,288
Net Change in Fund Balance	0
Fund Balance, Beginning of Year	0
Fund Balance, End of Year	\$ 0

See accompanying notes to financial statements.

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental Revenue	\$ 21,127	\$ 32,909	\$ 24,542	\$ (8,367)
Interest	0	0	590	590
Miscellaneous	18	0	435	435
Total Revenues	<u>21,145</u>	<u>32,909</u>	<u>25,567</u>	<u>(7,342)</u>
Expenditures				
Current:				
General Government:				
Personal Services	720,834	659,627	659,624	3
Operating Expenditures	448,521	376,949	369,611	7,338
Capital Outlay	224,700	335,625	335,620	5
(Total Expenditures)	<u>(1,394,055)</u>	<u>(1,372,201)</u>	<u>(1,364,855)</u>	<u>7,346</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(1,372,910)</u>	<u>(1,339,292)</u>	<u>(1,339,288)</u>	<u>4</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	1,358,140	1,378,074	1,378,069	(5)
Transfers in from Constitutional Officers	18,000	33,000	33,000	0
Transfers (out) to Board of County Commissioners	(3,230)	(53,782)	(53,781)	1
Transfers (out) to Constitutional Officers	0	(18,000)	(18,000)	0
Total Other Financing Sources (Uses)	<u>1,372,910</u>	<u>1,339,292</u>	<u>1,339,288</u>	<u>(4)</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**

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

The Nassau County, Florida, Supervisor of Elections (the Supervisor of Elections), is an elected official of Nassau County, Florida pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). The Supervisor of Elections is a part of the primary government of Nassau County, Florida. The Board approves the Supervisor of Elections' total operating budget and the Clerk of the Court is responsible for accounting for the Supervisor of Elections' transactions. The Supervisor of Elections is responsible for the administration and operation of the Supervisor of Elections' office, and the Supervisor of Elections' 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 Supervisor of Elections are funded by the Board. The receipts from the Board are recorded as other financing sources on the Supervisor of Elections' special purpose financial statements.

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

Basis of Presentation

The accompanying financial statements include all funds and accounts of the Supervisor of Elections office, but are not a complete presentation of the County as a whole. The accompanying financial statements are special purpose financial statements because they 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*.

Section 10.556(4), *Rules of the Auditor General—Local Governmental Entity Audits*, requires the Supervisor of Elections to only present fund financial statements. Accordingly, due to the omission of entity-wide, full-accrual financial statements and related disclosures, including a management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Supervisor of Elections as of September 30, 2013, and the changes in its financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with U.S. generally accepted accounting principles (GAAP).

The financial transactions of the Supervisor of Elections 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.

NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Concluded)

The Supervisor of Elections reports the following fund type:

■ **Governmental Fund**

● **Major Fund**

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

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 Supervisor of Elections considers revenues to be available if they are collected within thirty days of the end of the current fiscal period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid.

Measurement Focus

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

Budgetary Requirement

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is adopted for the general fund.

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

Budget to actual comparisons are provided in the financial statements for the general fund. All budget amounts presented in the accompanying 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.

NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Capital Assets

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

Unearned Revenue

Unearned revenue represents monies received for voter education and/or poll worker grants which had not been expended at fiscal year-end. Revenue will be recognized in subsequent years when all eligibility requirements have been met.

Compensated Absences

The Supervisor of Elections' policy for granting employees vacation leave is based upon the number of years of employment. An employee is entitled to receive payment for such accumulated leave upon separation in good standing.

In addition, the Supervisor of Elections' policy provides that employees earn sick leave at the rate of 3.50 hours every two weeks up to a maximum of ninety days. Only those employees making application to draw benefits through the Florida Retirement System will be eligible to receive payment for accrued sick leave up to the maximum allowed.

Worker's Compensation and Group Health Insurance

The Board provided the Supervisor of Elections and her employees with workers' compensation and group health insurance coverages. The premiums for such coverages were paid by the Board and recorded on its records and, consequently, are not recorded on the Supervisor of Elections' records.

Note 2 - Cash

At September 30, 2013, the carrying amount of the Supervisor of Elections' cash balance, as recorded on the Board's records, was \$168,363. Deposits in banks and savings and loan institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All of the cash deposits are placed with qualified financial institutions, which mean they are insured or collateralized.

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
(Continued)**

Note 3 - Employee Benefits

Defined Benefit Pension Plan

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

The Supervisor of Elections and all full-time employees are eligible to participate in the System. Employees participating in the Pension Plan are entitled to a retirement benefit, payable monthly for life. If employed prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. The vesting requirement changes to eight years of creditable service for those employed on or after July 1, 2011. For those employed prior to July 1, 2011, normal retirement is after 30 years of service or age 62. If employed on or after July 1, 2011, normal retirement is after 33 years of service or age 65. The monthly benefit received is based upon the (1) average monthly compensation in the highest five years of creditable service; (2) creditable service during the appropriate period; and (3) the appropriate benefit percentage. Vested employees may retire early and receive reduced retirement benefits. Employees participating in the Investment Plan are vested after one year of service with no age requirement. The System also provides death benefits, disability benefits and cost of living adjustments. Benefits are established by Florida Statute.

The Florida Legislature has established a uniform contribution rate system for the System covering both the Pension Plan and the Investment Plan. Prior to July 1, 2011, members were not required to make employee contributions. Effective July 1, 2011, all System members (except those in DROP) are required to contribute 3% of their gross compensation on a pretax basis. The current contribution rates by member class are as follows: regular members 6.95%, DROP employees 12.84%, senior management 18.31%, and elected officials 33.03%. The Supervisor of Elections' contributions to the plan for the years ended September 30, 2013, 2012, and 2011, were \$45,029, \$31,547, and \$61,514, respectively, equal to the required contributions for each year.

Note 4 - Change in Long-term Debt

The following is a summary of the change in long-term debt of the Supervisor of Elections for the year ended September 30, 2013:

	<u>Balance October 1, 2012</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance September 30, 2013</u>
Accrued Compensated Absences	\$ 39,038	\$ 29,535	\$ (36,595)	\$ 31,978
Other Postemployment Benefits	73,681	22,753	0	96,434
Total Long-term Debt	<u>\$ 112,719</u>	<u>\$ 52,288</u>	<u>\$ (36,595)</u>	<u>\$ 128,412</u>

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
(Continued)**

Note 4 - Change in Long-term Debt (Concluded)

Accrued compensated absences represent the vested portion of accrued vacation and sick leave. See Note 1 for a summary of the Supervisor of Elections' compensated absences policy.

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

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

Note 5 - Other Postemployment Benefits

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

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

Percent of Direct Subsidy up to "Subsidy Base Maximum" of \$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 Supervisor of Elections has 8 active employees and 1 retired employee who are considered participants in the plan for purposes of computing the OPEB obligation. The Supervisor of Elections' portion of the OPEB obligation at September 30, 2013, totaled \$96,434. 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.

NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
(Concluded)

Note 6 - Operating Lease

The Supervisor of Elections' office entered into an operating lease agreement with Pitney Bowes in September 2012 for the lease of a mailing system. The lease provides for 20 quarterly payments of \$1,128. The lease is for 60 months and total lease payments of \$2,256 were made during the fiscal year ended September 30, 2013.

The future minimum lease payments for the mailing system are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2014	\$ 4,512
2015	4,512
2016	4,512
2017	4,512
2018	<u>2,256</u>
Total	<u>\$ 20,304</u>

OTHER REPORTS

**INDEPENDENT AUDITORS' 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 Vicki P. Cannon
Nassau County Supervisor of Elections
Nassau County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special purpose financial statements of the general fund of the Nassau County, Florida, Supervisor of Elections (the Supervisor of Elections), as of and for the year ended September 30, 2013, and the related notes to the special purpose financial statements and have issued our report thereon dated February 18, 2014, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Certified Public Accountants

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The Honorable Vicki P. Cannon
Nassau County Supervisor of Elections
Nassau County, Florida

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

Compliance and Other Matters

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

Purpose of this Report

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

Purvis, Gray and Company, LLP

February 18, 2014
Gainesville, Florida

MANAGEMENT LETTER

The Honorable Vicki P. Cannon
Nassau County Supervisor of Elections
Nassau County, Florida

We have audited the special purpose financial statements of the general fund of the Nassau County, Florida, Supervisor of Elections (the Supervisor of Elections), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated February 18, 2014, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated February 18, 2014, 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 significant findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding 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 Supervisor of Elections 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. In connection with our audit, we did not have any such recommendations.

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The Honorable Vicki P. Cannon
Nassau County Supervisor of Elections
Nassau County, Florida

MANAGEMENT LETTER
(Concluded)

- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., *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 Supervisor of Elections was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Supervisor of Elections.

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

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

Purvis, Gray and Company, LLP

February 18, 2014
Gainesville, Florida