

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS**

NASSAU COUNTY, FLORIDA

SEPTEMBER 30, 2012

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TABLE OF CONTENTS

INTRODUCTORY SECTION

List of Elected and Appointed Officials..... 1

FINANCIAL SECTION

Independent Auditors' Report2-3

Management's Discussion and Analysis.....4-14

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Assets 15
Statement of Activities 16

Fund Financial Statements

Balance Sheet - Governmental Funds.....17-18
Reconciliation of the Balance Sheet to the Statement of Net Assets -
Governmental Funds 19
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds20-21
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities - Governmental Funds 22
Statement of Net Assets - Proprietary Funds..... 23
Statement of Revenues, Expenses, and Changes in Fund Net Assets -
Proprietary Funds 24
Statement of Cash Flows - Proprietary Funds25-26
Statement of Fiduciary Net Assets - Agency Funds..... 27

Notes to Financial Statements.....28-58

Required Supplementary Information

Schedules of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual:
General Fund 59
County Transportation Fund 60
Municipal Services Fund..... 61
One-cent County Surtax Fund..... 62
Note to Schedules of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual 63
Required Supplementary Information Other Postemployment Benefits Plan
Schedule of Funding Progress..... 64

**FINANCIAL STATEMENTS
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NASSAU COUNTY, FLORIDA

SEPTEMBER 30, 2012

TABLE OF CONTENTS

(Concluded)

Other Information

Schedule of Expenditures of Federal Awards and State Financial Assistance.....	65-67
Note to Schedule of Expenditures of Federal Awards and State Financial Assistance.....	68
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, <i>Rules of the Auditor General</i>	69-70
Schedule of Findings and Questioned Costs – Federal Awards and State Financial Assistance.....	71-72
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 <i>Government Auditing Standards</i>	73-74
Management Letter.....	75-76

INTRODUCTORY SECTION

NASSAU COUNTY, FLORIDA

LIST OF ELECTED AND APPOINTED OFFICIALS

Serving as of September 30, 2012

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	Stacy T. Johnson
Commissioner—District 2	Stephen W. Kelley
Clerk of the Circuit Court/Comptroller	John A. Crawford
Tax Collector	John M. Drew
Sheriff	T.L. “Tommy” Seagraves, Jr.
Property Appraiser	Tammy C. Stiles
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, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 1, 2013, 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.

Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

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.

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.

Purvis, Gray and Company, LLP

March 1, 2013
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, 2012. 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 2012 by \$485,628,155 (net assets). The net assets from governmental activities of \$491,077,719 were partially offset by net assets of \$(5,449,564) from business-type activities.
- The County’s expenses exceeded its revenues by \$7,500,809 for the fiscal year, a \$3,857,152 improvement from the prior year. Influencing factors included a \$1,907,439 increase in general revenues, which included an increase in miscellaneous revenues of \$3,202,651 and an increase in sales tax revenues of \$744,118; partially offset by a \$1,696,766 reduction in property taxes. Also improving year-to-year were program revenues, net of expenses, from \$(74,548,464) in the prior year to \$(72,598,751) in fiscal year 2012.
- The General Fund reported a surplus of revenues over expenditures of \$309,581 as well as a \$2,719,952 excess of transfers in over transfers out, resulting in a \$3,029,533 increase in fund balance. Miscellaneous revenues in the General Fund increased by \$3,424,384 in fiscal year 2012 due primarily to revenue pertaining to advance payment obligations in an inter-local agreement between JEA utility and the County.
- Proprietary funds reported a total change in net assets of \$53,743. The solid waste fund reported a change in net assets of \$(1,288,773) which was more than offset by a \$1,342,516 increase in net assets for the water and sewer fund.
- Outstanding long-term bonded debt as of September 30, 2012, was \$59,983,435, a reduction of \$3,615,822 from prior year. Of this amount \$2,927,374 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	7
Special Revenue Funds	33
Total Governmental Funds	45
Total Proprietary Funds	2
Total Agency Funds	12

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 assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the fiscal year. All changes in net assets 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, 2012; 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-five (45) 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-nine (39) 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 assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$485,628,155 at the close of the fiscal year ended September 30, 2012.

At the end of the fiscal year 2012, the County is able to report positive balances in two categories of net assets, for the government as a whole, and for governmental activities. The business-type activities have a \$(5,449,564) balance due primarily to the Landfill Early Closure costs, continued maintenance and monitoring of the closed Landfills.

Management's Discussion and Analysis (Continued)

	Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current & Other Assets	\$ 80,170,503	\$ 75,113,795	\$ 14,170,821	\$ 17,188,546	\$ 94,341,324	\$ 92,302,341
Capital Assets	478,015,553	490,367,428	15,253,895	15,768,423	493,269,448	506,135,851
Total Assets	558,186,056	565,481,223	29,424,716	32,956,969	587,610,772	598,438,192
Outstanding	57,889,318	59,213,962	33,908,678	37,731,484	91,797,996	96,945,446
Other Liabilities	9,219,019	7,728,534	965,602	728,792	10,184,621	8,457,326
Total Liabilities	67,108,337	66,942,496	34,874,280	38,460,276	101,982,617	105,402,772
Net Assets:						
Assets-Net of Related Debt	433,713,946	442,834,985	429,570	528,654	434,143,516	443,363,639
Restricted	22,953,771	20,309,035	1,756,185	1,328,398	24,709,956	21,637,433
Unrestricted	34,410,002	35,394,707	(7,635,319)	(7,360,359)	26,774,683	28,034,348
Total Net Assets	491,077,719	498,538,727	(5,449,564)	(5,503,307)	485,628,155	493,035,420

As of the end of fiscal year 2012, the County's total net assets of \$485,628,155 included \$434,143,516 (89.4%) 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 assets, \$24,709,956 (5.1%), represent resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets, \$26,774,683 (5.5%), may be used to meet the government's ongoing obligation to citizens and creditors.

Governmental Activities

The County's total net assets of \$485,628,155 on September 30, 2012, represent a year-to-year decrease of \$7,407,265, compared to a year-to-year decrease on September 30, 2011, of \$11,319,508. Fiscal year 2012 Governmental Activities reduced the County's net assets by \$7,461,008, an amount slightly offset by a \$53,743 net asset increase from Business-type Activities. Governmental activities expenses exceeded revenues by \$7,102,954 in fiscal year 2012 compared to a prior year excess of governmental activities expenses to revenues of \$10,911,464. Factors contributing to this improvement from the prior year included a \$1,869,931 increase in governmental general revenues, which included an increase in miscellaneous revenues of \$3,145,694 and an increase in sales tax revenues of \$744,118; partially offset by a \$1,696,766 reduction in property taxes. Also improving year-to-year was the shortfall in program revenues net of expenses for governmental activities, from \$(74,000,839) in the prior year to \$(72,062,260) in fiscal year 2012.

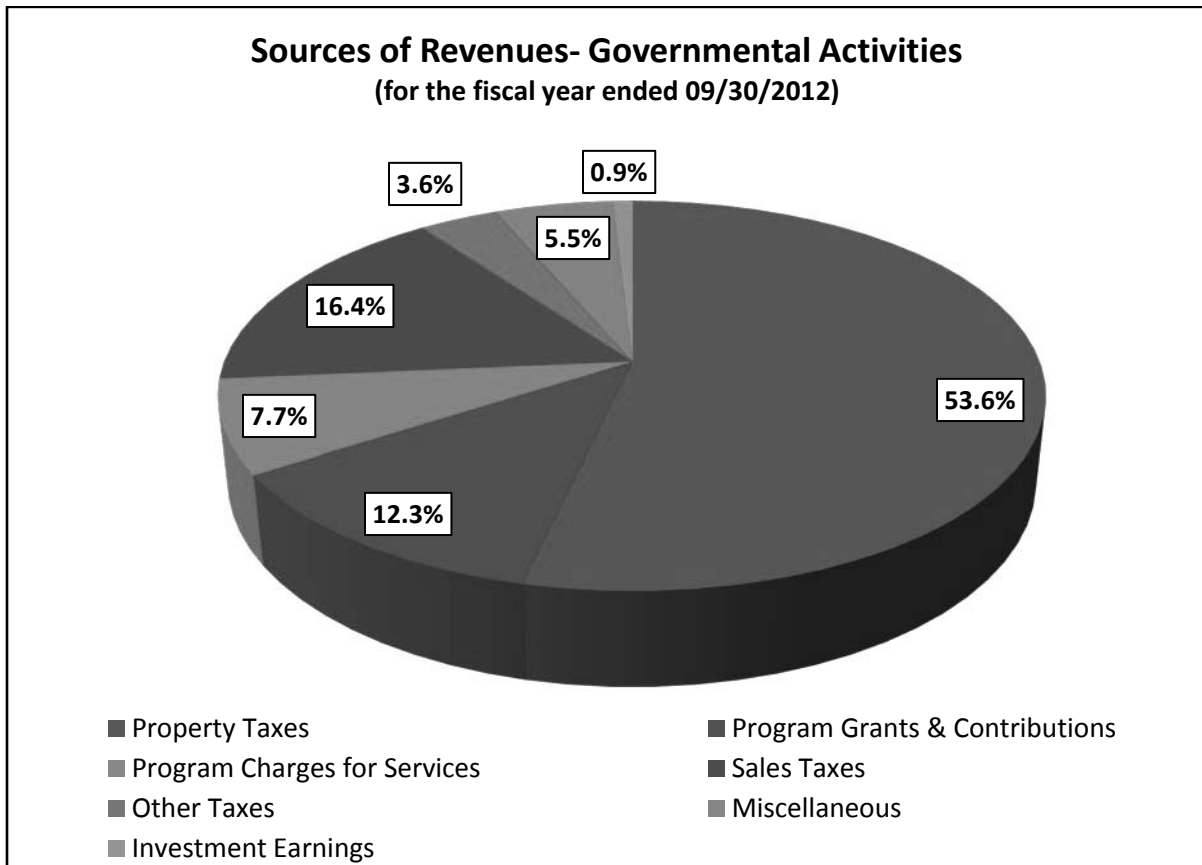
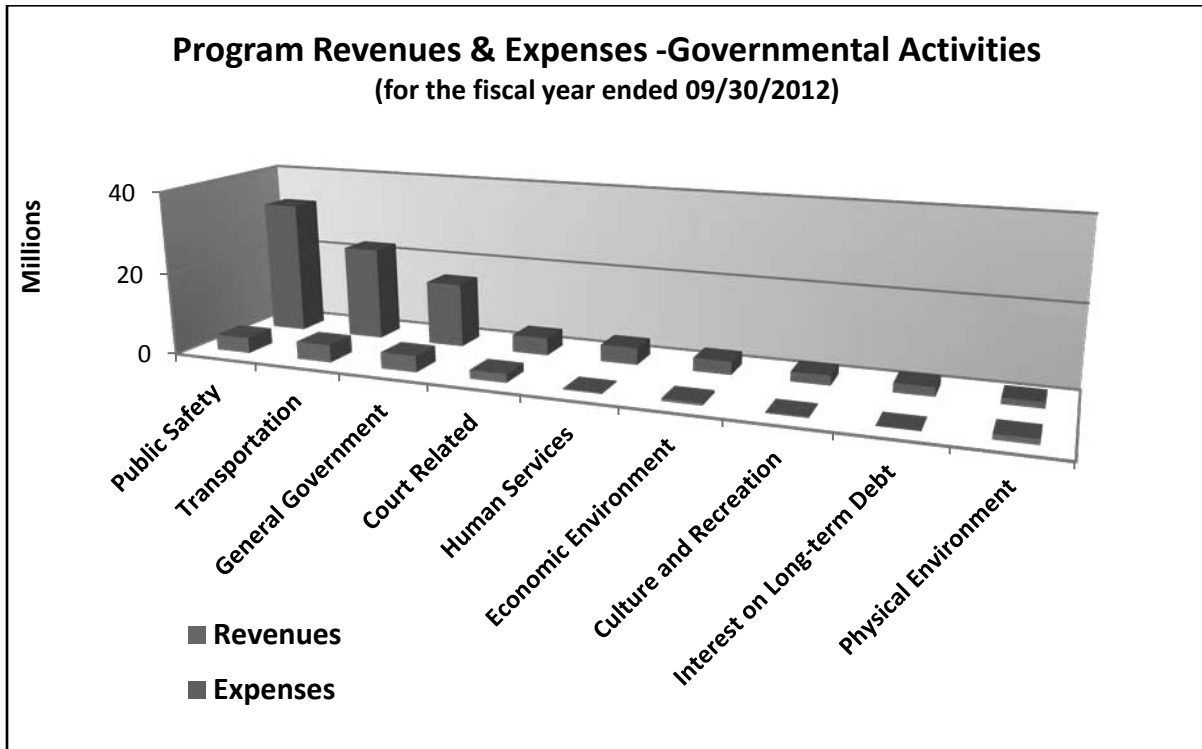
Management's Discussion and Analysis

(Continued)

Nassau County, Florida Changes in Net Assets

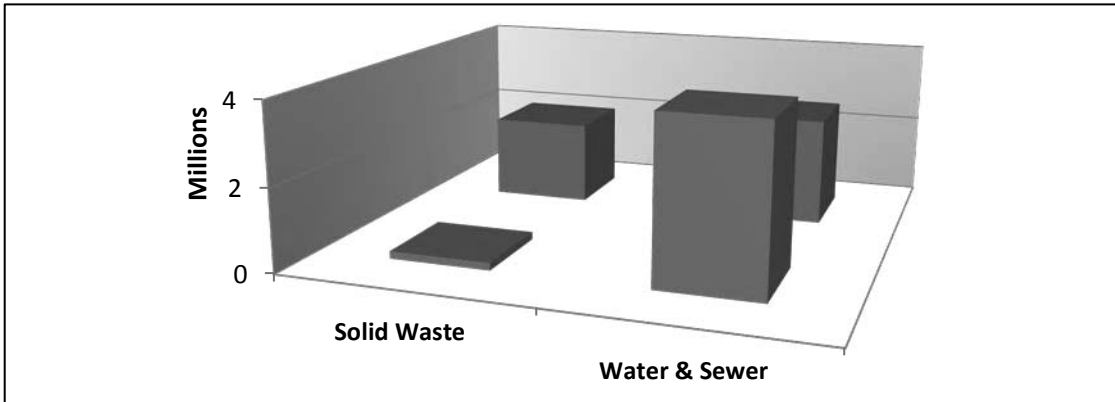
	Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues:						
Charges for Services	\$ 6,278,539	\$ 7,140,083	\$ 4,013,150	\$ 3,285,914	\$ 10,291,689	\$ 10,425,997
Operat. Grants & Contributions	7,904,617	15,963,326	142,890	70,588	8,047,507	16,033,914
Capital Grants & Contributions	2,063,815	2,036,168			2,063,815	2,036,168
General Revenues:						
Property Taxes	43,513,184	45,209,950			43,513,184	45,209,950
Other Taxes	16,273,101	15,856,249			16,273,101	15,856,249
Other Revenues	5,173,021	2,023,176	138,636	101,128	5,311,657	2,124,304
Total Revenues	81,206,277	88,228,952	4,294,676	3,457,630	85,500,953	91,686,582
Expenses						
General Government	15,692,118	15,416,312			15,692,118	15,416,312
Court Related	4,245,186	4,665,856			4,245,186	4,665,856
Public Safety	32,542,628	33,510,454			32,542,628	33,510,454
Physical Environment	1,428,246	11,198,899			1,428,246	11,198,899
Transportation	22,723,333	23,458,596			22,723,333	23,458,596
Economic Environment	3,145,596	2,862,652			3,145,596	2,862,652
Human Services	4,058,552	3,679,943			4,058,552	3,679,943
Culture/Recreation	2,300,385	2,028,017			2,300,385	2,028,017
Interest on Long-term Debt	2,173,187	2,319,687			2,173,187	2,319,687
Solid Waste Disposal			2,058,137	1,286,923	2,058,137	1,286,923
Water and Sewer			2,634,394	2,617,204	2,634,394	2,617,204
Total Expenses	88,309,231	99,140,416	4,692,531	3,904,127	93,001,762	103,044,543
Excess of Revenue Over Expense	(7,102,954)	(10,911,464)	(397,855)	(446,497)	(7,500,809)	(11,357,961)
Add: Contributions	93,544	38,453			93,544	38,453
Add: Transfers	(451,598)	(849,773)	451,598	849,773	0	0
Increase in Net Assets	(7,461,008)	(11,722,784)	53,743	403,276	(7,407,265)	(11,319,508)
Net Assets-Beginning of Year	498,538,727	510,261,511	(5,503,307)	(5,906,583)	493,035,420	504,354,928
Net Assets-End of Year	\$ 491,077,719	\$ 498,538,727	\$ (5,449,564)	\$ (5,503,307)	\$ 485,628,155	\$ 493,035,420

Management's Discussion and Analysis (Continued)



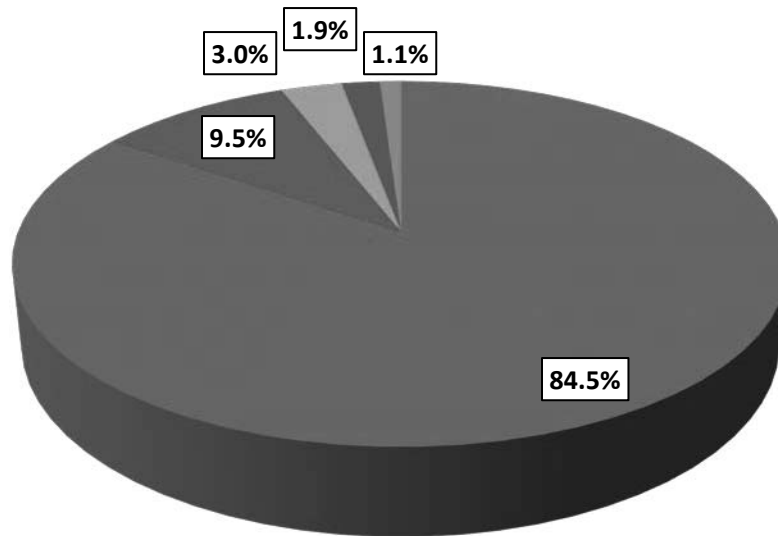
Management's Discussion and Analysis (Continued)

Program Revenues & Expenses –Business-type Activities
(for the fiscal year ended 09/30/2012)



- Revenues
- Expenses

Transfers & Sources of Revenues- Business-type Activities
(for the fiscal year ended 09/30/2012)



- 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 2012, the County's governmental funds reported combined ending fund balances of \$68,308,833. This represents an increase of \$3,045,714 from the adjusted balance of the prior year. The majority of fund balance in the amount of \$46,820,565 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 \$21,488,268 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 2012, the general fund had a total fund balance of \$18,188,623, an increase of \$3,029,533 from the prior year. Significant changes from the prior year include an increase in miscellaneous revenues of \$3,424,384 and an increase in intergovernmental revenues of \$388,545, partially offset by a decrease in tax revenues of \$1,026,867 and a decrease in charges for services of \$421,135. Other contributing factors include an increase in expenditures of \$425,002 and a reduction in net transfers in of \$676,060. A majority of the fund balance, \$17,234,884, 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 \$953,739 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 9.4% of the total General Fund expenditures. Total fund balance represents 41.7% of that same amount.

At the end of fiscal year 2012, the transportation fund had a total fund balance of \$3,504,103, a decrease of \$933,605 when compared to the prior year balance. Major changes from the prior year were a decrease in revenues of \$411,983, partially offset by a reduction of \$282,715 in net transfers out.

The municipal services fund had a total fund balance of \$3,960,226 at the end of fiscal year 2012. The net increase of \$422,150 is similar to the increase in the prior year with no significant change in revenues, expenditures or net transfers out.

The one-cent surtax fund had a total fund balance of \$12,410,692 at the end of fiscal year 2012, a year-to-year increase of \$2,966,921. Major changes from prior year were a decrease in net transfers out of \$3,348,436, a \$344,190 increase in revenues and a \$157,952 reduction in expenditures.

The capital projects-impact fee fund had a total fund balance of \$6,586,730 at the end of fiscal year 2012, a decrease of \$1,132,576 from the prior year. During the fiscal year, there were no transfers in or out. Capital outlay expenditures decreased by \$2,161,125, when compared to the prior year.

Management's Discussion and Analysis (Continued)

Capital projects transportation fund had a fund balance of \$9,605,048 at the end of the fiscal year, a decrease of \$2,214,819 as compared to the prior year. Revenues were down \$1,355,976 when compared to the prior year and transfers in were down \$2,155,085. Expenditures were \$3,482,404 in fiscal year 2012, a decrease of \$712,708 when compared to 2011. During the year, the County continued road and bridge projects including work on Radio Avenue Extension, widening 14th Street between Atlantic and Beech, and drainage improvements.

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 assets decreased from the prior year by \$1,315,734 due to higher operating expenses. In the water and sewer fund, the increase in unrestricted net assets of \$1,040,774 was due mainly to a \$751,507 increase in revenues for the year. Unrestricted net assets of the proprietary funds at the end of the fiscal year amounted to:

Fund	Unrestricted Net Assets	
	2012	2011
Solid Waste	\$(10,792,023)	\$(9,476,289)
Water and Sewer	\$3,156,704	\$2,115,930

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 2012, supplemental appropriations to the General Fund (Board only) budget were approximately \$1.4 million, or 2.50% of the original adopted budget.

In the General Fund (Board only), differences between the original budget for fiscal year 2012 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 2012 and the final budget. The balance brought forward amendments were \$1.0 million or 73.0% of the supplemental appropriations.
- Budget amendment increases totaling \$35,434 were attributed to donations for libraries.
- Budget amendment increases totaling \$62,588 were attributed to other various private, state and federal grants.
- Budget amendment increase totaling \$267,000 was attributed to FDOT grant for Council on Aging.

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, 2012, amounted to \$493,269,448 (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:

- Central Data Storage, Replication and Virtualization Project completed at a cost of \$271,008
- Construction completed on Chester Road from Home Depot N. to Heron Isles Parkway in the amount of \$1,504,122
- Pavement Management Program, resurfacing of County Roads completed at a cost of \$1,697,854
- Repair/replacement of Sheriff Administration roof and air conditioning completed at a cost of \$350,415
- Construction continued on 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 \$2,668,093
- Construction continued on extension of Radio Avenue at a cost of \$1,800,000
- Construction continued on Swallowfork subdivision drainage improvements at a cost of \$390,372

Nassau County, Florida Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	\$ 75,357,651	\$ 75,248,352	\$ 815,228	\$ 808,434	\$ 76,172,879	\$ 76,056,786
Construction Work in Prog	3,848,186	5,253,515	-	-	3,848,186	5,253,515
Buildings & Improvements	41,191,594	42,781,805	944,829	966,349	42,136,423	43,748,154
Machinery & Equipment	7,017,935	6,698,439	13,493,838	13,993,640	20,511,773	20,692,079
Infrastructure	350,600,187	360,385,317	-	-	350,600,187	360,385,317
Total	\$478,015,553	\$ 490,367,428	\$ 15,253,895	\$ 15,768,423	\$493,269,448	\$506,135,851

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 \$91,797,996. 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	2012	2011
Governmental Activities:		
Revenue Bonds	\$ 44,619,583	\$ 46,973,451
Compensated Absences	6,505,945	6,644,255
Special Assessment Bonds	-	820,818
Capital Leases Payable	236,971	346,628
Claims Payable	484,981	18,809
Other Post Employment Benefits	6,041,838	4,410,001
Total Gov't Activities	\$ 57,889,318	\$ 59,213,962
Business-Type Activities:		
Revenue Bonds, Net	15,363,852	15,804,988
Compensated Absences	254,019	228,178
Other Post Employment Benefits	110,520	84,871
Landfill Closure/Postclosures	18,180,287	21,613,447
Total Business-Type Activities	\$ 33,908,678	\$ 37,731,484
Total Outstanding Debt	\$ 91,797,996	\$ 96,945,446

The County's outstanding debt decreased by \$5,147,450 (5.3%). The decrease in long-term debt is primarily due to reductions in Governmental Revenue Bonds in the amount of \$2,353,868, a reduction in Landfill Closure/Postclosures of \$3,433,160 and a reduction in Special Assessment Bonds of \$820,818. These reductions were partially offset by an increase Other Post-Employment Benefits of \$1,657,486. Total outstanding bonds decreased by \$441,136 for Business-Type Activities. 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 ASSETS
SEPTEMBER 30, 2012**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 10,370,027	\$ 5,748,250	\$ 16,118,277
Equity in Pooled Investments	63,710,349	3,809,790	67,520,139
Accounts Receivable, Net	736,441	388,070	1,124,511
Assessments Receivable, Net	0	42,503	42,503
Internal Balances	14,044	(14,044)	0
Loans Receivable, Net	48,000	0	48,000
Due from Other Governments	4,284,482	72,682	4,357,164
Inventories	328,374	35,955	364,329
Prepaid Items	118,443	1,461	119,904
Deposits	5,396	0	5,396
Restricted Assets:			
Cash and Cash Equivalents	0	3,546,627	3,546,627
Unamortized Loan Costs	554,947	539,527	1,094,474
Capital Assets:			
Nondepreciable	79,205,837	815,228	80,021,065
Depreciable, Net	398,809,716	14,438,667	413,248,383
Total Assets	558,186,056	29,424,716	587,610,772
Liabilities			
Accounts Payable	6,547,546	565,988	7,113,534
Other Current Liabilities	568,928	0	568,928
Retainage Payable	151,966	303,242	455,208
Due to Other Governments	365,410	0	365,410
Unearned Revenue	236,566	18,740	255,306
Deposits	705,908	77,632	783,540
Accrued Interest Payable	642,695	0	642,695
Payable from Restricted Assets:			
Landfill Closure and Postclosure Costs	0	18,180,287	18,180,287
Noncurrent Liabilities:			
Due Within One Year	5,567,868	541,695	6,109,563
Due in More Than One Year	52,321,450	15,186,696	67,508,146
Total Liabilities	67,108,337	34,874,280	101,982,617
Net Assets			
Invested in Capital Assets, Net of Related Debt	433,713,946	429,570	434,143,516
Restricted for:			
Utility System Improvements	0	1,756,185	1,756,185
Debt Service	1,672,650	0	1,672,650
Impact Fees	6,586,730	0	6,586,730
Capital Projects	707,617	0	707,617
Grants and Other Purposes	13,986,774	0	13,986,774
Unrestricted	34,410,002	(7,635,319)	26,774,683
Total Net Assets	\$ 491,077,719	\$ (5,449,564)	\$ 485,628,155

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, 2012**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government						
Governmental Activities:						
General Government	\$ 15,692,118	\$ 2,883,252	\$ 915,884	\$ 122,056	\$ (11,770,926)	\$ (11,770,926)
Court-related	4,245,186	418,919	1,651,539	0	(2,174,728)	(2,174,728)
Public Safety	32,542,628	2,229,309	1,173,578	401,367	(28,738,374)	(28,738,374)
Physical Environment	1,428,246	643	1,045,873	35,652	(346,078)	(346,078)
Transportation	22,723,333	587,451	2,858,620	787,516	(18,489,746)	(18,489,746)
Economic Environment	3,145,596	0	0	694,442	(2,451,154)	(2,451,154)
Human Services	4,058,552	93,691	123,036	0	(3,841,825)	(3,841,825)
Culture and Recreation	2,300,385	65,274	136,087	22,782	(2,076,242)	(2,076,242)
Interest on Long-term Debt	2,173,187	0	0	0	(2,173,187)	(2,173,187)
Total Governmental Activities	88,309,231	6,278,539	7,904,617	2,063,815	(72,062,260)	(72,062,260)
Business-type Activities:						
Solid Waste	2,058,137	35,268	142,890	0	(1,879,979)	(1,879,979)
Water and Sewer	2,634,394	3,977,882	0	0	1,343,488	1,343,488
Total Business-type Activities	4,692,531	4,013,150	142,890	0	(536,491)	(536,491)
Total Primary Government	\$ 93,001,762	\$ 10,291,689	\$ 8,047,507	\$ 2,063,815	(72,062,260)	(72,598,751)
General Revenues						
Property Taxes				43,513,184	0	43,513,184
Sales Taxes				13,309,814	0	13,309,814
Fuel Taxes				2,218,413	0	2,218,413
Utility Services Taxes				744,874	0	744,874
Investment Earnings				733,943	49,971	783,914
Miscellaneous				4,364,828	88,665	4,453,493
Contributions Not Restricted to Specific Programs				93,544	0	93,544
Gain on Disposal				74,250	0	74,250
Transfers				(451,598)	451,598	0
Total General Revenues and Transfers				64,601,252	590,234	65,191,486
Change in Net Assets				(7,461,008)	53,743	(7,407,265)
Net Assets, Beginning of Year				498,538,727	(5,503,307)	493,035,420
Net Assets, End of Year				\$ 491,077,719	\$ (5,449,564)	\$ 485,628,155

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

NASSAU COUNTY, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	General Fund	County Transportation Fund	Municipal Services Fund
Assets			
Cash and Cash Equivalents	\$ 3,320,179	\$ 115,935	\$ 451,197
Equity in Pooled Investments	17,230,187	3,974,949	4,081,033
Accounts Receivable (Net of Allowance for Uncollectibles)	620,898	115,474	0
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	0
Due from Other Funds	261,688	13,636	34,227
Due from Other Governments	908,513	679,523	128,495
Inventories	164,236	164,138	0
Prepaid Expenditures	89,208	18,621	1,442
Deposits	5,396	0	0
Total Assets	22,600,305	5,082,276	4,696,394
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	2,789,435	444,623	504,918
Accrued Liabilities	415,552	7,800	0
Retainage Payable	20,980	0	0
Due to Other Funds	50,319	59,310	111,980
Due to Other Governments	78,657	0	0
Other Liabilities	145,576	0	0
Deferred Revenues	877,400	433,962	118,970
Deposits	33,763	632,478	300
Total Liabilities	4,411,682	1,578,173	736,168
Fund Balances			
Nonspendable	534,486	346,091	218,199
Restricted	419,253	0	16,235
Committed	0	0	0
Assigned	13,115,639	3,158,012	3,725,792
Unassigned	4,119,245	0	0
Total Fund Balances	18,188,623	3,504,103	3,960,226
Total Liabilities and Fund Balances	\$ 22,600,305	\$ 5,082,276	\$ 4,696,394

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
\$ 37,508	\$ 484,717	\$ 420,592	\$ 5,539,899	\$ 10,370,027
11,878,635	6,581,228	10,093,322	9,870,995	63,710,349
0	0	0	69	736,441
0	0	0	48,000	48,000
0	0	0	57,351	366,902
970,169	0	759,018	838,764	4,284,482
0	0	0	0	328,374
0	0	0	9,172	118,443
0	0	0	0	5,396
<u>12,886,312</u>	<u>7,065,945</u>	<u>11,272,932</u>	<u>16,364,250</u>	<u>79,968,414</u>
620	152,663	828,166	1,827,121	6,547,546
0	0	0	0	423,352
0	50,286	80,700	0	151,966
0	0	0	131,249	352,858
0	276,266	0	10,487	365,410
0	0	0	0	145,576
475,000	0	759,018	302,615	2,966,965
0	0	0	39,367	705,908
<u>475,620</u>	<u>479,215</u>	<u>1,667,884</u>	<u>2,310,839</u>	<u>11,659,581</u>
164,682	0	0	9,172	1,272,630
0	6,586,730	0	13,193,420	20,215,638
0	0	0	850,819	850,819
12,246,010	0	9,605,048	0	41,850,501
0	0	0	0	4,119,245
<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>
<u>\$ 12,886,312</u>	<u>\$ 7,065,945</u>	<u>\$ 11,272,932</u>	<u>\$ 16,364,250</u>	<u>\$ 79,968,414</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 ASSETS
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

Total Fund Balances of Governmental Funds \$ 68,308,833

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

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

Total Capital Assets	\$ 778,587,759	
(Less: Accumulated Depreciation)	<u>(300,572,206)</u>	
		478,015,553

Certain receivables do not provide current financial resources and, therefore, are reported as unearned revenues in the funds.		2,730,399
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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 assets. Long-term liabilities at year-end consist of:

Revenue Bonds Payable	(43,208,865)	
Premium on Bonds Payable	(1,410,718)	
Deferred Issue Costs on Bonds	554,946	
Capital Leases Payable	(236,971)	
Compensated Absences	(6,505,945)	
Other Postemployment Benefits	(6,041,837)	
Claims Payable	(484,981)	
Accrued Interest Payable	<u>(642,695)</u>	
		<u>(57,977,066)</u>

Total Net Assets of Governmental Activities		\$ <u>491,077,719</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, 2012

	General Fund	County Transportation Fund	Municipal Services Fund
Revenues			
Taxes	\$ 31,398,425	\$ 5,177,459	\$ 8,586,824
Licenses and Permits	13,921	25,900	87,027
Intergovernmental Revenues	5,175,770	979,915	631,645
Charges for Services	3,051,354	11,936	161,489
Fines and Forfeitures	96,632	0	577
Interest Earnings	242,310	87,689	97,037
Miscellaneous	3,999,334	136,482	26,507
Contributions from Residents	0	0	0
Total Revenues	<u>43,977,746</u>	<u>6,419,381</u>	<u>9,591,106</u>
Expenditures			
Current:			
General Government Services	12,553,590	0	508,083
Public Safety	22,080,693	0	5,958,962
Physical Environment	329,362	0	0
Transportation	267,000	5,721,015	0
Economic Environment	185,484	0	0
Human Services	2,413,981	0	905,565
Culture and Recreation	1,589,850	0	0
Court-related Expenditures	1,184,627	0	0
Capital Outlay	2,935,639	648,771	480,201
Debt Service:			
Principal Retirement	109,658	0	0
Interest and Fiscal Charges	18,281	0	0
(Total Expenditures)	<u>43,668,165</u>	<u>6,369,786</u>	<u>7,852,811</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>309,581</u>	<u>49,595</u>	<u>1,738,295</u>
Other Financing Sources (Uses)			
Transfers in	5,694,678	85,535	1,720,129
Transfers (out)	(2,974,726)	(1,068,735)	(3,036,274)
Total Other Financing Sources (Uses)	<u>2,719,952</u>	<u>(983,200)</u>	<u>(1,316,145)</u>
Net Change in Fund Balances	3,029,533	(933,605)	422,150
Fund Balances at Beginning of Year	<u>15,159,090</u>	<u>4,437,708</u>	<u>3,538,076</u>
Fund Balances at End of Year	<u>\$ 18,188,623</u>	<u>\$ 3,504,103</u>	<u>\$ 3,960,226</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
\$ 6,764,921	\$ 0	\$ 0	\$ 4,382,915	\$ 56,310,544
0	0	0	1,589,645	1,716,493
0	0	191,160	3,556,171	10,534,661
0	0	0	990,957	4,215,736
0	0	0	707,111	804,320
117,487	40,620	59,183	78,658	722,984
11,413	213	30,214	248,717	4,452,880
0	0	0	1,045,873	1,045,873
<u>6,893,821</u>	<u>40,833</u>	<u>280,557</u>	<u>12,600,047</u>	<u>79,803,491</u>
0	0	0	769,901	13,831,574
27,493	0	0	898,660	28,965,808
0	0	0	699,705	1,029,067
12,400	0	1,697,854	0	7,698,269
0	0	0	2,582,000	2,767,484
0	0	0	118,556	3,438,102
0	0	0	6,165	1,596,015
0	0	0	2,056,139	3,240,766
295,675	1,173,409	1,784,550	1,006,872	8,325,117
0	0	0	3,172,599	3,282,257
0	0	0	2,113,439	2,131,720
<u>335,568</u>	<u>1,173,409</u>	<u>3,482,404</u>	<u>13,424,036</u>	<u>76,306,179</u>
<u>6,558,253</u>	<u>(1,132,576)</u>	<u>(3,201,847)</u>	<u>(823,989)</u>	<u>3,497,312</u>
378,402	0	987,380	2,848,463	11,714,587
(3,969,734)	0	(352)	(1,116,364)	(12,166,185)
<u>(3,591,332)</u>	<u>0</u>	<u>987,028</u>	<u>1,732,099</u>	<u>(451,598)</u>
2,966,921	(1,132,576)	(2,214,819)	908,110	3,045,714
<u>9,443,771</u>	<u>7,719,306</u>	<u>11,819,867</u>	<u>13,145,301</u>	<u>65,263,119</u>
<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>

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, 2012

Net Change in Fund Balances - Total Governmental Funds \$ 3,045,714

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	\$ 7,634,793	
(Current Year Depreciation)	(19,744,045)	
Contributions of Capital Assets	479,909	
(Loss) on Disposal of Capital Assets	<u>(722,532)</u>	
		(12,351,875)

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. 564,059

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 assets. 3,282,257

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	9,954	
Change in Capital Appreciation Bond	(72,160)	
Amortization of Premiums	74,248	
Amortization of Issue Costs	(53,507)	
Change in Long-term Claims Payable	(466,172)	
Change in Other Postemployment Benefits	(1,631,836)	
Change in Accrued Compensated Absences	<u>138,310</u>	
		<u>(2,001,163)</u>

Change in Net Assets - Governmental Activities \$ (7,461,008)

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

NASSAU COUNTY, FLORIDA
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
SEPTEMBER 30, 2012

	Business-type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 2,563,870	\$ 3,184,380	\$ 5,748,250
Cash and Cash Equivalents - Restricted	1,712,810	0	1,712,810
Equity in Pooled Investments	3,809,790	0	3,809,790
Accounts Receivable, Net	5,142	382,928	388,070
Assessments Receivable, Net	42,503	0	42,503
Due from other Governments	72,302	380	72,682
Due from Other Funds	881	0	881
Inventories	0	35,955	35,955
Prepaid Expenditures	711	750	1,461
Total Current Assets	8,208,009	3,604,393	11,812,402
Noncurrent Assets:			
Cash and Cash Equivalents - Restricted	0	1,833,817	1,833,817
Deferred Charges - Bond Issuance Cost	0	539,527	539,527
Depreciation Where Applicable)	1,363,344	13,890,551	15,253,895
Total Noncurrent Assets	1,363,344	16,263,895	17,627,239
Total Assets	9,571,353	19,868,288	29,439,641
Liabilities			
Current Liabilities:			
Accounts Payable	482,100	83,888	565,988
Retainage Payable	241,964	61,278	303,242
Due to Other Funds	4,946	9,979	14,925
Deferred Revenue	5,050	13,690	18,740
Deposits	0	77,632	77,632
Bonds Payable (Net of Unamortized Discount)	0	456,136	456,136
Landfill Closure and Postclosure Liability	1,712,810	0	1,712,810
Compensated Absences	46,075	39,484	85,559
Total Current Liabilities	2,492,945	742,087	3,235,032
Noncurrent Liabilities:			
Compensated Absences	2,770	165,690	168,460
Other Postemployment Benefits	36,840	73,680	110,520
Bonds Payable Long-term (Net of Unamortized Discount)	0	14,907,716	14,907,716
Landfill Closure and Postclosure Liability (Payable from Restricted Assets)	16,467,477	0	16,467,477
Total Noncurrent Liabilities	16,507,087	15,147,086	31,654,173
Total Liabilities	19,000,032	15,889,173	34,889,205
Net Assets			
Invested in Capital Assets, Net of Related Debt Restricted for System Improvements	1,363,344	(933,774)	429,570
Unrestricted	0	1,756,185	1,756,185
	(10,792,023)	3,156,704	(7,635,319)
Total Net Assets	\$ (9,428,679)	\$ 3,979,115	\$ (5,449,564)

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 ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Business-type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Total
Operating Revenues			
Charges for Services	\$ 35,268	\$ 3,330,310	\$ 3,365,578
Connection and Impact Fees	0	647,572	647,572
Other Income	47,940	40,725	88,665
Total Operating Revenues	<u>83,208</u>	<u>4,018,607</u>	<u>4,101,815</u>
Operating Expenses			
Contractual Services	33,328	1,097	34,425
Professional Services	569,832	75,501	645,333
Landfill Closure and Postclosure	793,064	0	793,064
Salaries and Benefits	296,104	638,332	934,436
Rentals and Leases	9,514	2,940	12,454
Repairs and Maintenance	121,858	77,251	199,109
Gas and Oil	7,660	13,682	21,342
Materials	12,456	34,700	47,156
Depreciation	86,432	673,096	759,528
Other Expenses	127,889	332,204	460,093
Total Operating Expenses	<u>2,058,137</u>	<u>1,848,803</u>	<u>3,906,940</u>
Operating (Loss) Income	<u>(1,974,929)</u>	<u>2,169,804</u>	<u>194,875</u>
Nonoperating Revenues (Expenses)			
Interest Earnings	46,210	3,761	49,971
Intergovernmental Revenue	10,329	0	10,329
Grant Revenues	132,561	0	132,561
Interest and Other Debt Service Costs	0	(785,591)	(785,591)
Total Nonoperating Revenues (Expenses)	<u>189,100</u>	<u>(781,830)</u>	<u>(592,730)</u>
(Loss) Income Before Transfers	<u>(1,785,829)</u>	<u>1,387,974</u>	<u>(397,855)</u>
Transfers in	553,881	0	553,881
Transfers (out)	<u>(56,825)</u>	<u>(45,458)</u>	<u>(102,283)</u>
Change in Net Assets	<u>(1,288,773)</u>	<u>1,342,516</u>	<u>53,743</u>
Total Net Assets, Beginning of Year	<u>(8,139,906)</u>	<u>2,636,599</u>	<u>(5,503,307)</u>
Total Net Assets, End of Year	<u>\$ (9,428,679)</u>	<u>\$ 3,979,115</u>	<u>\$ (5,449,564)</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, 2012**

	Business-type Activities - Enterprise Funds		
	Solid Waste	Water and Sewer	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 45,425	\$ 4,060,337	\$ 4,105,762
Cash Payments to Vendors for Goods and Services	(4,808,057)	(608,513)	(5,416,570)
Cash Payments to Employees	(274,524)	(608,420)	(882,944)
Cash Received from Other Sources	44,878	0	44,878
Net Cash Provided by (Used in) Operating Activities	(4,992,278)	2,843,404	(2,148,874)
Noncapital Financing Activities			
Cash Received from Grant Revenues	70,588	0	70,588
Transfers from Other Funds	553,881	0	553,881
Transfers to Other Funds	(56,825)	(45,458)	(102,283)
Net Cash Provided by (Used in) Noncapital Financing Activities	567,644	(45,458)	522,186
Capital and Related Financing Activities			
Acquisition of Property, Plant and Equipment	(113,392)	(131,609)	(245,001)
Principal Payments on Bonds	0	(450,000)	(450,000)
Payment of Interest and Other Debt Costs	0	(751,035)	(751,035)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(113,392)	(1,332,644)	(1,446,036)
Investing Activities			
Interest Received	46,210	3,761	49,971
Proceeds from Maturities of Investments	798,045	0	798,045
Net Cash Provided by (Used in) Investing Activities	844,255	3,761	848,016
Net Increase (Decrease) in Cash and Cash Equivalents	(3,693,771)	1,469,063	(2,224,708)
Cash and Cash Equivalents, Beginning of Year	7,970,451	3,549,134	11,519,585
Cash and Cash Equivalents, End of Year	\$ 4,276,680	\$ 5,018,197	\$ 9,294,877
<u>Reported in Statement of Net Assets as:</u>			
Cash and Cash Equivalents	\$ 2,563,870	\$ 3,184,380	\$ 5,748,250
Current: Cash and Cash Equivalents - Restricted	1,712,810	0	1,712,810
Noncurrent: Cash and Cash Equivalents - Restricted	0	1,833,817	1,833,817
Total	\$ 4,276,680	\$ 5,018,197	\$ 9,294,877

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, 2012
(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)	\$ (1,974,929)	\$ 2,169,804	\$ 194,875
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation and Amortization	86,432	673,096	759,528
Provision for Closure and Postclosure Costs	(3,433,160)	0	(3,433,160)
Changes in Assets - Decrease (Increase):			
Decrease (Increase) in Accounts Receivable	(1,697)	72,113	70,416
Decrease (Increase) in Assessments Receivable	4,635	0	4,635
Decrease (Increase) in Due from Other Funds	1,814	0	1,814
Decrease in Due from Other Governments	0	(380)	(380)
Decrease (Increase) in Inventory	0	(35,955)	(35,955)
Decrease (Increase) in Prepaid Expense	(711)	(200)	(911)
Changes in Liabilities - Increase (Decrease):			
Increase (Decrease) in Accounts Payable	300,704	(34,983)	265,721
Decrease in Due to Other Funds	601	1,361	1,962
Increase in Deferred Revenues	2,453	(12,930)	(10,477)
(Decrease) in Deposits	0	(18,434)	(18,434)
Increase (Decrease) in Compensated Absences	13,030	12,811	25,841
Increase (Decrease) in Other Postemployment Benefits	8,550	17,101	25,651
Net Cash Provided by (Used in) Operating Activities	<u>\$ (4,992,278)</u>	<u>\$ 2,843,404</u>	<u>\$ (2,148,874)</u>

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

**NASSAU COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
SEPTEMBER 30, 2012**

	Total Agency Funds
Assets	
Cash and Cash Equivalents	\$ 3,919,973
Investments	838,312
Accounts Receivable	29,397
Due from Other Governments	6,329
Due from Individuals	1,228
Total Assets	4,795,239
Liabilities	
Accounts Payable	16,000
Due to Bond Holders	1,611,815
Due to Other Governments	2,409,872
Deposits	745,346
Other Liabilities	12,206
Total Liabilities	4,795,239
Total Net Assets	\$ 0

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

NASSAU COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS INDEX

September 30, 2012

<u>Note Number</u>		<u>Page</u>
1.	Summary of Significant Accounting Policies:	
A.	Reporting Entity	28-29
B.	Government-wide and Fund Financial Statements	29
C.	Fund Accounting	29-31
D.	Measurement Focus	31-32
E.	Basis of Accounting	32
F.	Cash and Cash Equivalents	32-33
G.	Deposits and Investments	33
H.	Accounts Receivable	33
I.	Interfund Balances	33
J.	Inventories and Prepaid Items	33
K.	Fund Balance	34
L.	Restricted Assets	34
M.	Capital Assets and Long-term Liabilities	35-36
N.	Unamortized Bond Issuance Costs	36
O.	Capitalization of Interest Costs	36
P.	Deferred Revenue	37
Q.	Compensated Absences	37
R.	Other Postemployment Benefits	37
S.	Property Taxes	37-38
2.	Cash and Investments	38-40
3.	Accounts Receivable	40
4.	Assessments Receivable	40
5.	Restricted Assets	41
6.	Capital Assets	41-42
7.	Interfund Activity	43
8.	Operating Leases	44
9.	Long-term Obligations	45-49
10.	No Commitment Special Assessment Debt	50
11.	Bond Arbitrage Rebate	50
12.	Landfill Closure and Postclosure Care Costs	50-51
13.	Retirement Plans	51-52
14.	Deferred Compensation Plan	52
15.	Other Postemployment Benefits (OPEB)	53-55
16.	Unrestricted Net Assets	55-56
17.	Fund Balance Classification	56-57
18.	Risk Management	57
19.	Commitments and Contingencies	57-58
20.	Conduit Debt Obligations	58
21.	Subsequent Event	58

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

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, 2009, the Clerk's court related operations were funded from the State's general appropriations, pursuant to Chapter 2009-204, Laws of Florida. Any excess fees or unexpended budget for the Clerk's general fund are remitted to the Board at year-end. Any excess fees or unexpended budget for the Clerk's 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, 2012. 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, 2012
(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, 2012. 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 assets 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. The effect of the interfund activity has been eliminated from these statements. 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 assets, as appropriate, revenues and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds, based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The 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, 2012
(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, 2012
(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 Nassau 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 assets, and the reported net assets (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 assets.
- **Governmental Funds**—General, special revenue, debt service and capital projects funds are accounted for on a “current financial resources” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Accordingly, the reported fund balances (assets less liabilities) are considered a measure of available, spendable or appropriable resources. Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances.
- **Proprietary Funds**—The enterprise funds are accounted for on an “economic resources” measurement focus. Accordingly, all assets and liabilities are included on their balance sheets, and the reported net assets (total reported assets less total reported liabilities) provide an indication of the economic net worth of the funds. The operating statements for the proprietary funds report increases (revenues) and decreases (expenses) in total net assets.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(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, 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, 2012
(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 assets - 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, 2012
(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 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 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 Board’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 closure, postclosure and monitoring costs, capital reserves, renewal and replacement, and the utility system. These resources are classified as restricted cash and investments on the statement of net assets - proprietary funds because their use is limited. All cash and investments classified as restricted is the result of various bond indenture or other legal requirements. When both restricted and unrestricted resources are available for use, the 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, 2012
(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 assets 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, 2012
(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 assets. 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, 2012, no interest was capitalized.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

P. Deferred Revenue

Deferred revenues reported in the government-wide financial statements are unearned revenues. The deferred revenues will be recognized as revenue in the fiscal year that they are earned, in accordance with the accrual basis of accounting. Deferred 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, 2012, 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, 2012
(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.

Note 2 - Cash and Investments

Deposits with Financial Institutions

The carrying amount of the County's deposits with financial institutions was \$23,568,922 and the bank balances were \$26,295,130 at September 30, 2012. 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.

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, 2012, the County has \$991,303 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.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(Continued)

Note 2 - Cash and Investments *(Continued)*

Investments *(Continued)*

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, 2012, was 4.08 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 and the Lofton Creek Landfills. In addition, an escrow account was established for the closure and postclosure costs associated with the New West Nassau Landfill. Furthermore, the County has established an escrow account for financial responsibility for corrective actions for the West Nassau Landfill vertical expansion. The amounts in these escrow accounts are determined by engineering studies as required by the above rule, and are reported as restricted pooled investments.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(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	\$ 23,584,989
Certificates of Deposit	41,910,345
SBA Local Government Surplus Funds Trust	991,303
Money Market Accounts	<u>25,456,691</u>
Total Cash and Investments	<u>\$ 91,943,328</u>

Reported in accompanying financial statements as follows:

Account	Reported Amount
Cash and Cash Equivalents - Governmental Activities	\$ 10,370,027
Cash and Cash Equivalents - Business-type Activities	5,748,250
Cash and Cash Equivalents - Agency Funds	3,919,973
Equity in Pooled Investments - Governmental Activities	63,710,349
Equity in Pooled Investments - Business-type Activities	3,809,790
Restricted Cash and Cash Equivalents - Business-type Activities	3,546,627
Investments - Agency Funds	<u>838,312</u>
Total Cash and Investments	<u>\$ 91,943,328</u>

Note 3 - Accounts Receivable

Accounts receivable (net of allowances for uncollectibles) at September 30, 2012, included the following:

	Receivable	Allowance	Net
Governmental Funds			
General Fund	\$ 1,790,089	\$ (1,169,191)	\$ 620,898
County Transportation	115,474	0	115,474
Nonmajor Governmental Funds	<u>69</u>	<u>0</u>	<u>69</u>
Total Governmental Funds	<u>\$ 1,905,632</u>	<u>\$ (1,169,191)</u>	<u>\$ 736,441</u>
Business-type Funds			
Solid Waste Disposal	\$ 5,142	\$ 0	\$ 5,142
Water	<u>424,514</u>	<u>(41,586)</u>	<u>382,928</u>
Total Business-type Funds	<u>\$ 429,656</u>	<u>\$ (41,586)</u>	<u>\$ 388,070</u>

Note 4 - Assessments Receivable

Assessments receivable (net of allowances for uncollectibles) at September 30, 2012, included the following:

	Receivable	Allowance	Net
Business-type Funds			
Solid Waste Disposal	\$ 821,377	\$ (778,874)	\$ 42,503

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(Continued)

Note 5 - Restricted Assets

Restricted assets in the proprietary and governmental funds at September 30, 2012, 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, 2012, were restricted for the following purposes:

Proprietary Funds	
Customer Deposits	\$ 90,028
Landfill Postclosure and Closure Costs	1,712,810
Renewal and Replacement (Water/Sewer)	651,698
Impact Fees	992,063
Debt Service	<u>100,028</u>
Total	<u>\$ 3,546,627</u>

Reported in accompanying financial statements as follows:

<u>Account</u>	<u>Reported Amount</u>
Restricted Cash and Cash Equivalents - Business-type Activities	\$ 1,712,810
Noncurrent: Restricted Cash and Cash Equivalents – Business type Activities	<u>1,833,817</u>
Total Restricted Assets	<u>\$ 3,546,627</u>

Note 6 - Capital Assets

Capital asset activity for the year ended September 30, 2012, was as follows:

	<u>Balance</u> <u>10/1/11</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance</u> <u>9/30/12</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 75,248,352	\$ 109,300	\$ 0	\$ 75,357,651
Construction Work in Progress	<u>5,253,515</u>	<u>2,930,868</u>	<u>(4,336,197)</u>	<u>3,848,186</u>
Total Capital Assets Not Being Depreciated	<u>80,501,867</u>	<u>3,040,168</u>	<u>(4,336,197)</u>	<u>79,205,837</u>
Capital Assets Being Depreciated:				
Building and Improvements	57,814,242	0	(55,159)	57,759,083
Machinery and Equipment	32,681,493	2,961,586	(3,164,058)	32,479,021
Leasehold Improvements	1,151,985	0	0	1,151,985
Infrastructure	<u>602,098,546</u>	<u>5,893,287</u>	<u>0</u>	<u>607,991,833</u>
Total Capital Assets Being Depreciated	<u>693,746,266</u>	<u>8,854,873</u>	<u>(3,219,217)</u>	<u>699,381,922</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(16,088,150)	(1,579,164)	52,716	(17,614,598)
Machinery and Equipment	(25,983,054)	(2,477,860)	2,999,828	(25,461,086)
Leasehold Improvements	(96,272)	(8,604)	0	(104,876)
Infrastructure	<u>(241,713,229)</u>	<u>(15,678,417)</u>	<u>0</u>	<u>(257,391,646)</u>
Total Accumulated Depreciation	<u>(283,880,705)</u>	<u>(19,744,045)</u>	<u>3,052,544</u>	<u>(300,572,206)</u>
Total Capital Assets Being Depreciated, Net	<u>409,865,561</u>	<u>(10,889,172)</u>	<u>(166,673)</u>	<u>398,809,716</u>
Total Governmental Activities				
Capital Assets, Net	<u>\$ 490,367,428</u>	<u>\$ (7,849,004)</u>	<u>\$ (4,502,870)</u>	<u>\$ 478,015,553</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(Continued)

Note 6 - Capital Assets (Concluded)

	<u>Balance</u> <u>10/1/11</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance</u> <u>9/30/12</u>
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 808,434	\$ 6,794	\$ 0	\$ 815,228
Total Capital Assets Not Being Depreciated	<u>808,434</u>	<u>6,794</u>	<u>0</u>	<u>815,228</u>
Capital Assets, Being Depreciated:				
Building and Improvements	1,161,083	0	0	1,161,083
Equipment	20,203,357	241,384	(354,796)	20,089,945
Landfill	41,701,285	0	0	41,701,285
Total Capital Assets Being Depreciated	<u>63,065,725</u>	<u>241,384</u>	<u>(354,796)</u>	<u>62,952,313</u>
Less Accumulated Depreciation:				
Building and Improvements	(194,734)	(21,520)	0	(216,254)
Equipment	(6,209,717)	(737,961)	351,571	(6,596,107)
Landfill	(41,701,285)	0	0	(41,701,285)
Total Accumulated Depreciation	<u>(48,105,736)</u>	<u>(759,481)</u>	<u>351,571</u>	<u>(48,513,646)</u>
Total Capital Assets, Being Depreciated, Net	<u>14,959,989</u>	<u>(518,097)</u>	<u>(3,225)</u>	<u>14,438,667</u>
Total Business-type Activities Capital Assets, Net	<u>\$ 15,768,423</u>	<u>\$ (511,303)</u>	<u>\$ (3,225)</u>	<u>\$ 15,253,895</u>

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

Governmental Activities	
General Government	\$ 796,214
Public Safety	2,387,607
Physical Environment	10,467
Transportation	15,205,210
Human Services	111,029
Court-related	885,502
Culture and Recreation	<u>348,016</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 19,744,045</u>
Business-type Activities	
Solid Waste	\$ 86,432
Water and Sewer	<u>673,096</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 759,528</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(Continued)

Note 7 - Interfund Activity

Interfund balances at September 30, 2012, consisted of the following:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
General	County Transportation	\$ 59,310
General	Municipal Services	111,980
General	Nonmajor Governmental	75,473
General	Solid Waste Disposal	4,946
General	Water and Sewer	9,979
County Transportation	General	13,636
Municipal Services	General	34,227
Nonmajor Governmental	General	1,575
Nonmajor Governmental	Nonmajor Governmental	55,776
Solid Waste Disposal	General	881
Total		<u>\$ 367,783</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.

<u>Transfers Out</u>	<u>General</u>	<u>County Trans- portation</u>	<u>Municipal Service</u>	<u>One-cent Surtax</u>	<u>Capital Projects Trans- portaion</u>	<u>Nonmajor</u>	<u>Solid Waste</u>	<u>Total</u>
General	\$ 0	\$ 13,636	\$ 34,227	\$ 0	\$ 0	\$ 2,372,982	\$ 553,881	\$ 2,974,726
County Trans- portation	81,355	0	0	0	987,380	0	0	1,068,735
Municipal Services	3,036,274	0	0	0	0	0	0	3,036,274
One-cent County Surtax	2,186,863	61,318	1,685,902	0	0	35,651	0	3,969,734
Capital Projects	352	0	0	0	0	0	0	352
Nonmajor	287,551	10,581	0	378,402	0	439,830	0	1,116,364
Solid Waste Management	56,825	0	0	0	0	0	0	56,825
Water and Sewer	45,458	0	0	0	0	0	0	45,458
Total	<u>\$ 5,694,678</u>	<u>\$ 85,535</u>	<u>\$ 1,720,129</u>	<u>\$ 378,402</u>	<u>\$ 987,380</u>	<u>\$ 2,848,463</u>	<u>\$ 553,881</u>	<u>\$ 12,268,468</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, 2012
(Continued)

Note 8 - Operating Leases

■ **Governmental Funds**

The Board is party to operating leases during the period ended September 30, 2012, 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, 2012, were \$24,985.
- *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 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, 2012, were \$44,100.
- *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, 2012, were \$57,600.

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>
2013	\$ 52,445	\$ 57,600	\$ 110,045
2014	27,024	57,600	84,624
2015	28,105	43,200	71,305
2016	14,518	0	14,518
Total	<u>\$ 122,092</u>	<u>\$ 158,400</u>	<u>\$ 280,492</u>

Four constitutional officers entered into several leases for office equipment under operating leases. Total cost for such leases were \$74,153 for the year ended September 30, 2012. The future minimum lease payments for the leases are as follows:

<u>Year Ending September 30</u>	<u>Total</u>
2013	\$ 83,415
2014	82,301
2015	81,364
2016	57,460
2017	8,780
Total	<u>\$ 313,320</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(Continued)

Note 9 - Long-term Obligations

The following is a summary of changes in long-term obligations for the year ended September 30, 2012:

	<u>Balance</u> <u>10/1/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/12</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Bonds Payable	\$ 45,488,485	\$ 0	\$ (2,279,620)	\$ 43,208,865	\$ 2,396,990
Premium on Bonds Payable	1,484,966	0	(74,248)	1,410,718	74,248
Special Assessment Debt	<u>820,818</u>	<u>0</u>	<u>(820,818)</u>	<u>0</u>	<u>0</u>
Total Bonds and Notes Payable	47,794,269	0	(3,174,686)	44,619,583	2,471,238
Capital Lease Payable	346,628	0	(109,657)	236,971	127,939
Claims Payable	18,809	466,299	(127)	484,981	155,433
Compensated Absences	6,644,255	3,210,337	(3,348,647)	6,505,945	2,813,258
Other Postemployment Benefits	<u>4,410,001</u>	<u>1,631,837</u>	<u>0</u>	<u>6,041,838</u>	<u>0</u>
Total Governmental Activities					
Long-term Liabilities	<u>\$ 59,213,962</u>	<u>\$ 5,308,473</u>	<u>\$ (6,633,117)</u>	<u>\$ 57,889,318</u>	<u>\$ 5,567,868</u>
Business-type Activities					
Bonds Payable	16,000,000	0	(450,000)	15,550,000	465,000
Unamortized Discount	(195,012)	0	8,864	(186,148)	(8,864)
Compensated Absences	228,178	93,315	(67,474)	254,019	85,559
Other Postemployment Benefits	84,871	25,649	0	110,520	0
Landfill Closure/Postclosures	<u>21,613,447</u>	<u>0</u>	<u>(3,433,160)</u>	<u>18,180,287</u>	<u>1,712,810</u>
Total Business-type Activities					
Long-term Liabilities	<u>\$ 37,731,484</u>	<u>\$ 118,964</u>	<u>\$ (3,941,770)</u>	<u>\$ 33,908,678</u>	<u>\$ 2,254,505</u>

Governmental Activities

A brief synopsis of long-term debt existing at September 30, 2012, follows:

2009 Gas Tax Revenue Bonds

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

The 2009 Gas Tax Revenue Bonds, Series 2009, are secured by a lien upon and pledge of the proceeds of the constitutional, County and ninth-cent gas taxes. Annual principal and interest on the bonds are expected to require approximately 59% of such tax revenue and are payable through 2018. Principal and interest payments for the current year totaled \$1,172,206 and gas tax revenues totaled \$1,986,414. At year-end, pledged future revenues totaled \$7,046,463, which was the amount of remaining principal and interest on the bonds. Other Board revenues are not available to finance this bond issue.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(Continued)

Note 9 - Long-term Obligations (Continued)

Governmental Activities (Continued)

2009 Gas Tax Revenue Bonds (Concluded)

In addition, the bondholders do not have any authority to compel the Board to increase ad valorem taxes for financing this bond issue. Such bonds, bearing interest at rates at 3.720% per annum, are dated May 28, 2009, and are in denominations of \$5,000 each. A portion of such bonds mature annually with the final maturity date being October 1, 2018.

As of October 1, 2012, this bond was refunded with the issuance of the Gas Tax Revenue Bond, Series 2009-1. Please see Note 21 for additional information regarding the refunding.

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>
2013	\$ 944,787	\$ 231,139	\$ 1,175,926
2014	980,814	195,993	1,176,807
2015	1,014,801	159,507	1,174,308
2016	1,052,801	121,756	1,174,557
2017	1,089,715	82,592	1,172,307
2018	<u>1,130,503</u>	<u>42,055</u>	<u>1,172,558</u>
Total	<u>\$ 6,213,421</u>	<u>\$ 833,042</u>	<u>\$ 7,046,463</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, 2012, totaled \$4,217,100.

The Series 2000 Bonds are special, limited obligations of the County payable solely from and secured by a prior lien upon and pledge of the proceeds of the six-cent local option gas tax and until expended, the monies on deposit in certain funds and accounts created by Resolution, on a parity with the County's \$5,630,000 principal amount of Optional Gas Tax Revenue Refunding Bond, Series 2001. Annual principal and interest on the bonds are expected to require approximately 51% 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 \$1,817,207. At year-end, pledged future revenues totaled \$12,285,000, 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, 2012
(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>
2013	\$ 492,203	\$ 452,797	\$ 945,000
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
2018-2022	1,581,637	3,143,363	4,725,000
2023-2025	741,759	2,093,241	2,835,000
Total	<u>\$ 4,493,343</u>	<u>\$ 7,791,657</u>	<u>\$ 12,285,000</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 27% of such non ad valorem tax revenue and are payable through 2031. Principal and interest payments for the current year totaled \$2,318,150 and non ad valorem tax revenues totaled \$5,630,832. At year-end, pledged future revenues totaled \$44,210,800, 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>
2013	\$ 960,000	\$ 1,361,350	\$ 2,321,350
2014	1,065,000	1,322,950	2,387,950
2015	1,055,000	1,280,350	2,335,350
2016	1,085,000	1,238,150	2,323,150
2017	1,125,000	1,194,750	2,319,750
2018-2022	6,480,000	5,132,750	11,612,750
2023-2027	8,280,000	3,340,750	11,620,750
2028-2031	8,235,000	1,054,750	9,289,750
Total	<u>\$ 28,285,000</u>	<u>\$ 15,925,800</u>	<u>\$ 44,210,800</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(Continued)

Note 9 - Long-term Obligations (Continued)

Special Assessment Debt

Special Assessment Debt—payable at September 30, 2012, totaled \$0. These funds consist of one bond:

- **Special Assessment Debt, Series 2004**—in order to facilitate the construction of a 3.5 mile roadway through the Amelia Concourse Assessment Area, the Board authorized a \$6,487,372, Nassau County, Florida, Special Assessment Bond, Series 2004. The bonds are collateralized by pledged funds from a special assessment upon property within said improvement area. Annual principal and interest on the bonds are expected to require approximately 100% of such assessment revenue and are payable through 2014. Principal and interest payments for the current year totaled \$850,178 and assessment revenues totaled \$775,894. At year-end, pledged future revenues totaled \$0, which was the amount of remaining principal and interest on the bonds.

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
2013	\$ 127,939
2014	127,939
Total Future Minimum Lease Payments	255,878
(Less Amount Representing Interest)	(18,907)
Present Value of Future Minimum Lease Payments	<u>\$ 236,971</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, 2012:

	Beginning Balance	Additions	Deletions	Ending Balance
Board	\$ 5,262,972	\$ 2,120,905	\$ (2,007,101)	\$ 5,376,776
Sheriff	1,098,701	924,951	(1,106,538)	917,114
Tax Collector	115,005	65,305	(139,721)	40,589
Property Appraiser	144,890	73,894	(86,356)	132,428
Supervisor of Elections	22,687	25,282	(8,931)	39,038
Total	<u>\$ 6,644,255</u>	<u>\$ 3,210,337</u>	<u>\$ (3,348,647)</u>	<u>\$ 6,505,945</u>

Business-type Activities

On September 22, 2003, the Board issued \$19,160,000 Variable Rate Water and Sewer System Revenue Bonds with an interest rate that ranges from 2.000% to 5.125%. The net proceeds of \$18,756,550 were used to refund \$17,675,005 in principal amount of the County's outstanding Revenue Note, Series 2000 to reimburse the Board for certain capital costs relating to the acquisition of the System, to fund the Renewal and Replacement Fund established pursuant to the Bond Ordinance, and to pay the issuance costs of the Series 2003 Bonds.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(Continued)

Note 9 - Long-term Obligations (Concluded)

Business-type Activities (Concluded)

The Revenue Bonds are secured by a pledge of and are payable solely from pledged revenues, which primarily consist of net revenues and impact fees which derive from the System. Annual principal and interest on the bonds are expected to require approximately 44% of such net system revenues and are payable through 2033. Principal and interest payments for the current year totaled \$1,201,644 and revenues totaled \$2,761,486. At year-end, pledged future revenues totaled \$25,190,413, which was the amount of remaining principal and interest on the bonds. The Series 2003 Bonds shall not be or constitute general obligations or indebtedness of the County.

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>
2013	\$ 465,000	\$ 735,331	\$ 1,200,331
2014	480,000	717,894	1,197,894
2015	500,000	699,294	1,199,294
2016	520,000	679,294	1,199,294
2017	540,000	658,494	1,198,494
2018-2022	3,090,000	2,911,906	6,001,906
2023-2027	3,890,000	2,108,656	5,998,656
2028-2032	4,925,000	1,071,119	5,996,119
2033	<u>1,140,000</u>	<u>58,425</u>	<u>1,198,425</u>
Total	<u>\$ 15,550,000</u>	<u>\$ 9,640,413</u>	<u>\$ 25,190,413</u>

Compensated Absences

Compensated Absences—Following is a summary of annual, sick and bonus leave benefits liabilities at September 30, 2012, for the proprietary funds:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Vacation Leave	\$ 80,915	\$ 53,429	\$ (41,625)	\$ 92,719
Sick Leave	142,032	30,323	(14,432)	157,923
Bonus Leave	5,231	9,350	(11,417)	3,164
Comp Time	<u>0</u>	<u>213</u>	<u>0</u>	<u>213</u>
Total	<u>\$ 228,178</u>	<u>\$ 93,315</u>	<u>\$ (67,474)</u>	<u>\$ 254,019</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(Continued)

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, 2012, the Special Assessment Bond outstanding totaled \$10,861,727.

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.
- \$6,487,372 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 Closure and Postclosure Care Costs

State and federal laws require the County to fund landfill closure costs when a landfill site stops accepting waste and to perform certain maintenance and monitoring functions at the landfill site for twenty years if the landfill stopped receiving waste before October 9, 1993, and thirty years if the landfill stopped receiving waste after October 9, 1993. The County has three landfills that stopped receiving waste before October 9, 1993, and one that stopped receiving waste after October 9, 1993. Effective October 1, 2009, the County stopped accepting waste at the West Nassau Active Landfill.

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

The County has accrued a total of \$16,669,501 for postclosure care cost at September 30, 2012, for the three closed landfills and one landfill which has stopped accepting waste. The liability is based on engineering estimates of annual postclosure care cost. The County has also accrued \$1,510,786 of closure cost for the one landfill which has stopped accepting waste. This liability is based on engineering estimates developed as part of the closure permit application.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(Continued)

Note 12 - Landfill Closure and Postclosure Care Costs (Concluded)

These closure and postclosure care costs are based on estimates of what it would cost to perform all closure and postclosure care using 2012 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 \$202,024 as of September 30, 2012). At September 30, 2012, the escrow balances are as follows:

	Total
Landfills	
Old West Nassau Postclosure	\$ 30,337
Bryceville Postclosure	70,437
Lofton Creek Postclosure	101,318
New West Nassau Closure	3,518,426
Total Escrow Balances	\$ 3,720,518

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, 2012
(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, 2012
Deferred Retirement Option Program	5.44%
Regular Employees	5.18%
Senior Management Service	6.30%
SUS Optional Program	5.14%
Elected County Officials	10.23%
Special Risk	14.90%

The County's contributions to the System for the years ended September 30, 2012, 2011, and 2010, were \$2,724,889, \$4,400,380, and \$4,738,251, 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, 2012
(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. Accordingly, for financial reporting purposes, no liability is reported for the Postemployment Healthcare Benefit liability at the date of the transition.

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 \$166,896.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(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)	\$ 1,574,132
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	997,906
Interest on Normal Cost and Amortization	<u>0</u>
Annual Required Contribution (ARC)	2,572,038
Interest on Net OPEB Obligation	179,795
Adjustment to ARC	<u>(160,531)</u>
Annual OPEB Cost	2,591,302
Employer Contributions Made	<u>(933,817)</u>
Increase in Net OPEB Obligation	1,657,485
Net OPEB Obligation at Beginning of Year	<u>4,494,872</u>
Net OPEB Obligation at End of Year	<u><u>\$ 6,152,357</u></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</u> <u>Year</u> <u>Ending</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Employer</u> <u>Contributions</u> <u>Toward the</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost</u> <u>Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
09/30/2010	\$ 2,031,858	\$ 602,440	29.65%	\$ 2,858,836
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

In the statement of net assets, the County reports \$6,041,837 net OPEB obligation in governmental activities and \$110,520 in the business-type activities.

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(Continued)

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

Funding Status and Funding Progress—As of October 1, 2010, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$26,344,943 and the actuarial value of the assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$26,344,943. The covered payroll (annual payroll of active employees covered by the plan) was \$26,825,685, and the ratio of the UAAL to the covered payroll was 98.21%.

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, 2012, was twenty-seven 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 Net Assets

The County has accrued estimated closure and postclosure costs of its landfills as capacity is used. These liabilities are not required to be fully funded until later dates. As a result, the Solid Waste Disposal Fund has accumulated negative unrestricted net assets at September 30, 2012, as follows:

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(Continued)

Note 16 - Unrestricted Net Assets (Concluded)

Prior Year Total Net Assets	\$ (8,139,906)
Change in Net Assets for the Year Ended September 30, 2012	<u>(1,288,773)</u>
Total Net Assets for the Year Ended September 30, 2012	(9,428,679)
Invested in Capital Assets, Net of Related Debt	<u>(1,363,344)</u>
Total Unrestricted Net Assets	<u><u>\$ (10,792,023)</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, 2012, is as follows:

Nonspendable Fund Balance

Prepaid Expenses	\$ 118,443
Inventory	328,374
SBA – Fund B	823,813
Deposits	<u>2,000</u>
Total Nonspendable Fund Balance	<u>1,272,630</u>

Restricted Fund Balance

Crime Prevention	272,551
Other Human Services	123,770
Fire Donations	1,235
Developer Agreements	15,000
Sheriff – Donations	7,855
Impact Fees	6,586,730
Library	176,033
Wireless Services	311,622
Other Physical Environment	1,522,490
State Housing Initiative Program	395,585
Court Facilities	2,383,328
Court Improvement	35,385
Criminal Justice	125,042
Law Enforcement	1,247,164
Tourist Development	2,296,186
Building Department	2,335,395
Debt Services – Bonds	1,672,650
Capital Projects – Transportation	<u>707,617</u>
Total Restricted Fund Balance	<u>20,215,638</u>

Committed Fund Balance

Fire/Rescue	3
Court Facilities	6,285
Law Enforcement	10,630
Capital Projects	577,537
Capital Projects – County Complex	<u>256,364</u>
Total Committed Fund Balance	<u>850,819</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(Continued)

Note 17 - Fund Balance Classification (Concluded)

Assigned Fund Balance	
Other General Government	\$ 188,763
Economic Development	84,027
Library	12,000
Sheriff Administration Building	724,707
Parks and Recreation	379,033
Public Safety	1,273,049
Other Human Services	278,942
Supervisor of Elections	30,698
Reserves	16,338,984
Capital Projects Transportation	9,605,048
Capital Projects	<u>12,935,250</u>
Total Assigned Fund Balance	<u>41,850,501</u>
Total	<u>\$ 64,189,588</u>

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, 2012:

<u>Project</u>	<u>Source of Payment</u>	<u>Paid to Date</u>	<u>Commitment Remaining</u>
Thomas Creek Restoration Phase 4 & 5	Current Available Resources	\$ 0	\$ 246,460
Detention Center - Fire Suppression	Current Available Resources	209,800	93,795
Communication System Upgrade	Current Available Resources	1,486,575	165,175
Bay Road Widening & Resurfacing	Current Available Resources	758,893	189,090
Loop Road – Phase 1 Construction	Current Available Resources	0	457,160
West Nassau Landfill Closure	Current Available Resources	4,729,144	851,060
14 th Street (Hickory Street to to Atlantic Avenue)	Current Available Resources	889,422	1,215,453
Blackrock Road Design Services	Current Available Resources	460,061	42,091
Radio Avenue Design Services	Current Available Resources	<u>328,371</u>	<u>61,170</u>
Total		<u>\$ 8,862,266</u>	<u>\$ 3,321,454</u>

NASSAU COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(Concluded)

Note 19 - Commitments and Contingencies (Concluded)

The following is a summary of encumbrances outstanding for the County as of September 30, 2012:

General Fund	\$ 302,874
County Transportation Fund	62,736
Municipal Services Fund	676,644
One-cent County Surtax Fund	2,285
Capital Project Impact Fee Ordinance Trust Fund	1,239,207
Capital Projects Transportation	352,885
Solid Waste Fund	51,013
Water and Sewer Fund	20,671
	<u>\$ 2,708,315</u>

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, 2012, there were two series of such bonds outstanding with an aggregate principal amount payable of \$33,930,000. The issue amount and the September 30, 2012, outstanding balance is as follows:

<u>Original Issuance</u>	<u>Year</u>	<u>9/30/12 Balance</u>	<u>Description</u>
\$ 23,110,000	2002	\$ 23,110,000	Rayonier-Pollution Control Refunding
<u>11,150,000</u>	2008	<u>10,820,000</u>	AICC, Inc. and Nassau Care Centers - 70 Bed Care Intermediate Care and Day Program Service Facilities
<u>\$ 34,260,000</u>		<u>\$ 33,930,000</u>	

Note 21 - Subsequent Event

On October 1, 2012, the Board issued the Gas Tax Revenue Bond, Series 2009-1. The purpose of the Series 2009-1 is to provide funds sufficient, together with other available moneys of the issuer, to refund the outstanding Nassau County, Florida, Gas Tax Revenue Bonds, Series, 2009, and pay certain costs and expenses related to the issuance of the Series 2009 Bond. The Series 2009-1 Gas Tax Revenue Bond is secured by a lien upon and pledge of the proceeds of the constitutional, County and ninth-cent gas taxes. The bond bears an interest rate of 1.86% per annum.

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 31,104,341	\$ 31,104,341	\$ 31,398,425	\$ 294,084
Licenses and Permits	9,000	9,000	13,921	4,921
Intergovernmental Revenues	4,662,581	5,030,228	5,175,770	145,542
Charges for Services	3,154,342	3,280,136	3,051,354	(228,782)
Fines and Forfeitures	78,557	86,096	96,632	10,536
Interest Earnings	158,500	166,000	242,310	76,310
Miscellaneous	825,076	1,142,904	3,999,334	2,856,430
Total Revenues	<u>39,992,397</u>	<u>40,818,705</u>	<u>43,977,746</u>	<u>3,159,041</u>
Expenditures				
Current:				
General Government Services	13,232,529	12,959,363	12,553,590	405,773
Public Safety	22,627,135	22,531,190	22,080,693	450,497
Physical Environment	329,402	329,402	329,362	40
Transportation	0	267,000	267,000	0
Economic Environment	207,059	203,116	185,484	17,632
Human Services	2,153,064	2,417,443	2,413,981	3,462
Culture and Recreation	1,653,952	1,692,504	1,589,850	102,654
Court-related Expenditures	1,329,686	1,260,642	1,184,627	76,015
Capital Outlay	2,204,401	4,548,876	2,935,639	1,613,237
Debt Service:				
Principal Retirement	109,658	109,658	109,658	0
Interest and Fiscal Charges	18,281	18,281	18,281	0
(Total Expenditures)	<u>43,865,167</u>	<u>46,337,475</u>	<u>43,668,165</u>	<u>2,669,310</u>
Excess of Revenues Over Expenditures	<u>(3,872,770)</u>	<u>(5,518,770)</u>	<u>309,581</u>	<u>5,828,351</u>
Other Financing Sources (Uses)				
Transfers in	25,223,990	25,203,864	5,694,678	(19,509,186)
Transfers (out)	(22,200,346)	(22,803,808)	(2,974,726)	19,829,082
Total Other Financing Sources (Uses)	<u>3,023,644</u>	<u>2,400,056</u>	<u>2,719,952</u>	<u>319,896</u>
Net Change in Fund Balances	(849,126)	(3,118,714)	3,029,533	6,148,247
Fund Balances at Beginning of Year	<u>13,501,314</u>	<u>14,516,614</u>	<u>15,159,090</u>	<u>642,476</u>
Fund Balances at End of Year	<u>\$ 12,652,188</u>	<u>\$ 11,397,900</u>	<u>\$ 18,188,623</u>	<u>\$ 6,790,723</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 5,068,043	\$ 5,068,043	\$ 5,177,459	\$ 109,416
Licenses and Permits	9,225	9,225	25,900	16,675
Intergovernmental Revenues	1,009,775	1,009,775	979,915	(29,860)
Charges for Services	2,460	2,460	11,936	9,476
Interest Earnings	61,600	61,600	87,689	26,089
Miscellaneous	40,550	16,695	136,482	119,787
Total Revenues	<u>6,191,653</u>	<u>6,167,798</u>	<u>6,419,381</u>	<u>251,583</u>
Expenditures				
Current:				
Transportation	6,324,051	6,321,639	5,721,015	600,624
Capital Outlay	721,528	856,874	648,771	208,103
(Total Expenditures)	<u>7,045,579</u>	<u>7,178,513</u>	<u>6,369,786</u>	<u>808,727</u>
Excess of Revenues Over Expenditures	<u>(853,926)</u>	<u>(1,010,715)</u>	<u>49,595</u>	<u>1,060,310</u>
Other Financing Sources (Uses)				
Operating Transfers in	76,319	107,319	85,535	(21,784)
Operating Transfers (out)	(83,864)	(1,071,307)	(1,068,735)	2,572
Total Other Financing Sources (Uses)	<u>(7,545)</u>	<u>(963,988)</u>	<u>(983,200)</u>	<u>(19,212)</u>
Net Change in Fund Balances	(861,471)	(1,974,703)	(933,605)	1,041,098
Fund Balances at Beginning of Year	<u>4,407,643</u>	<u>4,273,327</u>	<u>4,437,708</u>	<u>164,381</u>
Fund Balances at End of Year	<u>\$ 3,546,172</u>	<u>\$ 2,298,624</u>	<u>\$ 3,504,103</u>	<u>\$ 1,205,479</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 8,408,439	\$ 8,408,439	\$ 8,586,824	\$ 178,385
Licenses and Permits	34,550	34,550	87,027	52,477
Intergovernmental Revenues	657,616	667,785	631,645	(36,140)
Charges for Services	93,850	93,850	161,489	67,639
Fines and Forfeitures	5,300	5,300	577	(4,723)
Interest Earnings	40,500	40,500	97,037	56,537
Miscellaneous	600	4,150	26,507	22,357
Total Revenues	<u>9,240,855</u>	<u>9,254,574</u>	<u>9,591,106</u>	<u>336,532</u>
Expenditures				
Current:				
General Government Services	620,642	619,070	508,083	110,987
Public Safety	5,940,160	6,000,790	5,958,962	41,828
Human Services	1,025,634	1,035,069	905,565	129,504
Capital Outlay	1,352,923	1,467,595	480,201	987,394
(Total Expenditures)	<u>8,939,359</u>	<u>9,122,524</u>	<u>7,852,811</u>	<u>1,269,713</u>
Excess of Revenues Over Expenditures	<u>301,496</u>	<u>132,050</u>	<u>1,738,295</u>	<u>1,606,245</u>
Other Financing Sources (Uses)				
Operating Transfers in	1,715,902	1,715,902	1,720,129	4,227
Operating Transfers (out)	(3,040,041)	(3,039,922)	(3,036,274)	3,648
Total Other Financing Sources (Uses)	<u>(1,324,139)</u>	<u>(1,324,020)</u>	<u>(1,316,145)</u>	<u>7,875</u>
Net Change in Fund Balances	(1,022,643)	(1,191,970)	422,150	1,614,120
Fund Balances at Beginning of Year	<u>3,744,154</u>	<u>3,537,878</u>	<u>3,538,076</u>	<u>198</u>
Fund Balances at End of Year	<u>\$ 2,721,511</u>	<u>\$ 2,345,908</u>	<u>\$ 3,960,226</u>	<u>\$ 1,614,318</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 6,108,500	\$ 6,108,500	\$ 6,764,921	\$ 656,421
Interest Earnings	30,000	82,807	117,487	34,680
Miscellaneous	0	0	11,413	11,413
Total Revenues	<u>6,138,500</u>	<u>6,191,307</u>	<u>6,893,821</u>	<u>702,514</u>
Expenditures				
Current:				
General Government Services	73,846	5,493	0	5,493
Public Safety	0	32,200	27,493	4,707
Transportation	27,240	26,958	12,400	14,558
Capital Outlay	1,543,129	1,300,475	295,675	1,004,800
(Total Expenditures)	<u>1,644,215</u>	<u>1,365,126</u>	<u>335,568</u>	<u>1,029,558</u>
Excess of Revenues Over Expenditures	<u>4,494,285</u>	<u>4,826,181</u>	<u>6,558,253</u>	<u>1,732,072</u>
Other Financing Sources (Uses)				
Operating Transfers in	0	378,403	378,402	(1)
Operating Transfers (out)	<u>(3,934,083)</u>	<u>(3,969,734)</u>	<u>(3,969,734)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(3,934,083)</u>	<u>(3,591,331)</u>	<u>(3,591,332)</u>	<u>(1)</u>
Net Change in Fund Balances	560,202	1,234,850	2,966,921	1,732,071
Fund Balances at Beginning of Year	<u>9,874,981</u>	<u>9,443,771</u>	<u>9,443,771</u>	<u>0</u>
Fund Balances at End of Year	<u>\$ 10,435,183</u>	<u>\$ 10,678,621</u>	<u>\$ 12,410,692</u>	<u>\$ 1,732,071</u>

**NASSAU COUNTY, FLORIDA
NOTE TO SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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, 2012, 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, 2012:

Governmental Funds	
General Fund	\$ 938,170
Special Revenue Funds	1,107,550
Debt Service Funds	(1,732,088)
Capital Projects Funds	<u>2,261,652</u>
Total	<u>\$ 2,575,284</u>

**NASSAU COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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%

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, 2012

Federal Grantor/Pass-Through Grantor/ Grant Program	Grant ID Number	Federal CFDA Number	Federal Expenditures
United States Department of Commerce			
Indirect:			
Passed Through Alachua County Sheriff, Alachua County, Florida, Public Safety Interoperable Communications Grant	12-DS-8D-03-11-01-162	11.555	\$ 229,494
Total United States Department of Commerce			<u>229,494</u>
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	154,329
Community Development Block Grant (CDBG)	10-DB-K4-11-54-01-K25	14.228	197,652
Subtotal Expenditures - CFDA 14.228			<u>351,981</u>
Total United States Department of Housing and Urban Development			<u>351,981</u>
United States Department of Justice			
Direct:			
State Criminal Alien Assistance Program	2011-AP-BX-0823	16.606	1,247
Equitable Sharing Program	None	16.922	5,000
Edward Byrne Memorial Justice Assistance Grant Program	2010-DJ-BX-1142	16.738	80,688
Edward Byrne Memorial Justice Assistance Grant Program	2011-DJ-BX-3084	16.738	17,338
Indirect:			
Passed Through Florida Department of Law Enforcement:			
Edward Byrne Memorial Justice Assistance Grant Program	2012-JAGC-NASS-1-C4-017	16.738	19,686
Subtotal Expenditures - CFDA 16.738			<u>117,712</u>
Passed Through Office of the Attorney General of Florida:			
Crime Victim Assistance	V-11132	16.575	37,764
Total United States Department of Justice			<u>161,723</u>
National Endowment for the Humanities			
Direct:			
Promotion of the Humanities Public Programs	Lets Talk About It	45.164	1,744
Total National Endowment for the Humanities			<u>1,744</u>
United States Election Assistance Commission			
Indirect:			
Passed Through Florida Division of Elections:			
Federal Help America Vote Act	None	90.401	8,478
Federal Help America Vote Act	None	90.401	1,253
Subtotal Expenditures - CFDA 90.401			<u>9,731</u>
Total United States Election Assistance Commission			<u>9,731</u>

NASSAU COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(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	\$ 2,574
Child Support Enforcement	CD345	93.563	135,503
Subtotal Expenditures - CFDA 93.563			<u>138,077</u>
Voting Access for Individuals with Disabilities	MOA # 2011-2012-0002	93.617	14,155
Total United States Department of Health and Human Services			<u>152,232</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	321,733
Emergency Management Performance Grant	12-FG-R3-04-55-01-112	97.042	39,983
Emergency Management Performance Grant	13-FG-04-55-01-112	97.042	31,010
Subtotal Expenditures CFDA No. 97.042			<u>70,993</u>
Indirect:			
Homeland Security Grant	2010-SS-TO-0092	97.067	10,000
Total United States Department of Homeland Security			<u>402,726</u>
Federal Communications Commission			
Direct:			
Universal Discount for Schools and Libraries (E-Rate)	2011-YR14	None	10,182
Total Federal Communications Commission			<u>10,182</u>
Total Federal Expenditures			<u>\$ 1,319,813</u>

NASSAU COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(Concluded)

<u>Grant Agency/Grant Title</u>	<u>State CSFA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>
Florida Executive Office of the Governor			
Emergency Management Programs	31.063	12-BG-05-04-55-01-045	\$ 101,923
Emergency Management Programs	31.063	13-BG-06-04-55-01-045	25,843
Subtotal Expenditures - CSFA No 31.063			<u>127,766</u>
Total Florida Executive Office of the Governor			<u>127,766</u>
Florida Department of Environmental Protection			
Small County Consolidated Solid Waste Grants	37.012	125SC	70,588
Total Florida Department of Environmental Protection			<u>70,588</u>
Florida Department of State			
State Aid to Libraries Grant Program	45.030	12-ST-36	27,063
Total Florida Department of State			<u>27,063</u>
Florida Housing Finance Corporation			
State Housing Initiatives Partnership Program	52.901	11/12	3,404
State Housing Initiatives Partnership Program	52.901	10/11	41,875
State Housing Initiatives Partnership Program	52.901	09/10	26,027
Subtotal Expenditures - CSFA No. 52.901			<u>71,306</u>
Total Florida Housing Finance Corporation			<u>71,306</u>
Florida Department of Transportation			
Small County Outreach Program	55.009	428203-1-58-01	759,018
Public Transit Service Development Program	55.012	430300-1-94-12	267,000
Total Florida Department of Transportation			<u>1,026,018</u>
Florida Department of Health			
County Grant Awards	64.005	C1045	12,250
Total Florida Department of Health			<u>12,250</u>
Florida Department of Management Services			
Wireless 911 Emergency Telephone System	72.001	12-04-12	62,312
Wireless 911 Emergency Telephone System	72.001	12-04-26	1,961
Subtotal Expenditures - CSFA No. 72.001			<u>64,273</u>
Total Florida Department of Management Services			<u>64,273</u>
Total State Expenditures			<u>\$ 1,399,264</u>

**NASSAU COUNTY, FLORIDA
NOTE TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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

Compliance

We have audited the compliance of Nassau County, Florida (the County) 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, 2012. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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.

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, 2012.

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)**

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.

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.

Pursuant to Chapter 119, Florida Statutes, this report 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 report is intended solely for the information and use of the County's management, Board of County Commissioners, Constitutional Officers, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

March 1, 2013
Gainesville, Florida

**NASSAU COUNTY, FLORIDA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Summary of Auditors' Results

1. The independent auditors' report expresses an unqualified opinion on the financial statements of Nassau County, Florida (the County).
2. A *Significant deficiency* was identified during the audit of the financial statements and 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* for the Nassau County Sheriff which was reported as a material weakness.
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 unqualified 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 Program	<u>CFDA No.</u>
Community Development Block Grant (CDBG)	14.228
Disaster Grants - Public Assistance	97.036
State Project	<u>CSFA No.</u>
Small County Outreach Program (SCOP)	55.009

8. The threshold for distinguishing Type A and B programs was \$300,000 for major federal program 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, 2012
(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 the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Nassau County, Florida (the County), as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 1, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, we believe a significant deficiency disclosed in the report of a Constitutional Officer is a material weaknesses.

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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

**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*.

The County's response to the finding identified in our audit is included in the report of the Constitutional Officer. We did not audit the County's response and, accordingly, we express no opinion on it.

We noted certain matters that were reported to management in a separate management letter dated March 1, 2013.

Pursuant to Chapter 119, Florida Statutes, this report 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 report is intended solely for the information and use of the County's management and applicable federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

March 1, 2013
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, 2012, and have issued our report thereon dated March 1, 2013.

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 1, 2013, 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 Board of County Commissioners and 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 Board and Constitutional Officers.
- 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 statement amounts that is less than material but more than inconsequential. 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*, provides that the auditor may, based upon professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of provisions of contraction or grant agreements, fraud, illegal acts, or abuse; and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the 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)7.a., *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 condition(s) 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)7.b., *Rules of the Auditor General*, requires that we determined that the financial report for the County for the fiscal year ended September 30, 2012, filed with the Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes is in agreement with the annual financial audit report for the fiscal year ended September 30, 2012. In connection with our audit, we determined that these two reports were in agreement.
- Sections 10.554(1)(i)7.c. and 10.556(7), *Rules of the Auditor General*, require that 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 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 1, 2013
Gainesville, Florida

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

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

SEPTEMBER 30, 2012

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

**NASSAU COUNTY BOARD
OF COUNTY COMMISSIONERS
NASSAU COUNTY, FLORIDA
SEPTEMBER 30, 2012**

TABLE OF CONTENTS

INTRODUCTORY SECTION

List of Elected and Appointed Officials.....i

FINANCIAL SECTION

Independent Auditors' Report 1-2

Special Purpose Financial Statements

Balance Sheet - Governmental Funds 3-4
Statement of Revenues, Expenditures, and Changes in Fund
Balances - Governmental Funds..... 5-6
Statement of Net Assets - Proprietary Funds 7
Statement of Revenues, Expenses, and Changes in Fund Net
Assets - Proprietary Funds..... 8
Statement of Cash Flows - Proprietary Funds..... 9-10
Statement of Fiduciary Assets and Liabilities – Agency Funds 11
Notes to Financial Statements 12-38

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund..... 39
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - County Transportation Fund..... 40
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Municipal Services Fund 41
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - One-Cent Surtax Fund 42
Note to Schedules of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual 43

Combining Nonmajor Governmental Funds

Combining Balance Sheet - Nonmajor Governmental Funds 44-50
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balance - Nonmajor Governmental Funds 51-57

OTHER INFORMATION

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 58-59
Management Letter 60-61

INTRODUCTORY SECTION

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

LIST OF ELECTED AND APPOINTED

Serving as of September 30, 2012

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	Stacy T. Johnson
Commissioner – District 2	Stephen W. Kelley
Clerk of the Circuit Court	John A. Crawford
Tax Collector	John M. Drew
Sheriff	T. L. “Tommy” Seagraves, Jr.
Property Appraiser	Tammy C. Stiles
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, 2012, as listed in the table of contents. These special purpose financial statements are the responsibility of the Board's management. Our responsibility is to express opinions on these special purpose financial statements based on our audit.

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

As discussed in Note 1 to the special purpose financial statements, the special purpose financial statements referred to above have been prepared for the purpose of complying with, on the basis of accounting practices specified by, the *Rules of the Auditor General*, State of Florida, which practices differ from accounting principles generally accepted in the United States of America. The differences include the permitted omission of entity-wide, full-accrual, financial statements and the management's discussion and analysis. In addition, the financial statements referred to above are intended to present the financial position and changes in financial position of only that portion of Nassau County, Florida, that is attributable to the transactions of the Board. They do not purport to, and do not, present fairly the financial position of Nassau County, Florida, as a whole as of September 30, 2012, and the changes in financial position, or where applicable, its cash flows for the year ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of the Board as of September 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof in conformity with the basis of accounting described in Note 1.

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The Honorable Board of County Commissioners
Nassau County, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 1, 2013, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the special purpose financial statements taken as a whole. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Purvis, Gray and Company, LLP

March 1, 2013
Gainesville, Florida

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012**

	<u>General</u>	<u>County Transportation</u>	<u>Municipal Services</u>
Assets			
Cash and Cash Equivalents	\$ 1,254,982	\$ 115,935	\$ 451,197
Equity in Pooled Investments	17,230,075	3,974,949	4,081,033
Accounts Receivable, (Net of Allowance for Uncollectibles)	605,003	115,474	0
Loans Receivable, (Net of Allowance for Uncollectibles)	0	0	0
Due from Other Funds	202,674	0	0
Due from Constitutional Officers	1,282,421	13,636	34,227
Due from Other Governments	791,868	679,523	128,495
Inventories	164,236	164,138	0
Prepaid Expenditures	66,901	18,621	1,442
Deposits	5,396	0	0
Total Assets	<u>21,603,556</u>	<u>5,082,276</u>	<u>4,696,394</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	2,097,913	444,623	504,918
Accrued Liabilities	370,669	7,800	0
Retainage Payable	20,980	0	0
Due to Other Funds	0	59,310	111,980
Due to Constitutional Officers	12,356	0	0
Due to Other Governments	26,259	0	0
Deferred Revenues	852,993	433,962	118,970
Deposits	33,763	632,478	300
Total Liabilities	<u>3,414,933</u>	<u>1,578,173</u>	<u>736,168</u>
Fund Balances			
Nonspendable	512,067	346,091	218,199
Restricted	419,253	0	16,235
Committed	0	0	0
Assigned	13,115,639	3,158,012	3,725,792
Unassigned	4,141,664	0	0
Total Fund Balances	<u>18,188,623</u>	<u>3,504,103</u>	<u>3,960,226</u>
Total Liabilities and Fund Balances	<u>\$ 21,603,556</u>	<u>\$ 5,082,276</u>	<u>\$ 4,696,394</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
\$ 37,508	\$ 484,717	\$ 420,592	\$ 4,519,156	\$ 7,284,087
11,878,635	6,581,228	10,093,322	9,870,995	63,710,237
0	0	0	69	720,546
0	0	0	48,000	48,000
0	0	0	0	202,674
0	0	0	57,351	1,387,635
970,169	0	759,018	775,050	4,104,123
0	0	0	0	328,374
0	0	0	1,438	88,402
0	0	0	0	5,396
<u>12,886,312</u>	<u>7,065,945</u>	<u>11,272,932</u>	<u>15,272,059</u>	<u>77,879,474</u>
620	152,663	828,166	1,735,852	5,764,755
0	0	0	0	378,469
0	50,286	80,700	0	151,966
0	0	0	16,459	187,749
0	0	0	0	12,356
0	276,266	0	3,870	306,395
475,000	0	759,018	302,615	2,942,558
0	0	0	39,367	705,908
<u>475,620</u>	<u>479,215</u>	<u>1,667,884</u>	<u>2,098,163</u>	<u>10,450,156</u>
164,682	0	0	1,438	1,242,477
0	6,586,730	0	12,338,554	19,360,772
0	0	0	833,904	833,904
12,246,010	0	9,605,048	0	41,850,501
0	0	0	0	4,141,664
<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>\$ 12,886,312</u>	<u>\$ 7,065,945</u>	<u>\$ 11,272,932</u>	<u>\$ 15,272,059</u>	<u>\$ 77,879,474</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, 2012

	<u>General</u>	<u>County Transportation</u>	<u>Municipal Services</u>
Revenues			
Taxes	\$ 31,398,425	\$ 5,177,459	\$ 8,586,824
Licenses and Permits	13,921	25,900	87,027
Intergovernmental Revenues	5,151,937	979,915	631,645
Charges for Services	1,610,421	11,936	161,489
Fines and Forfeitures	96,632	0	577
Investment Earnings	237,905	87,689	97,037
Miscellaneous	3,685,879	136,482	26,507
Contributions from Residents	0	0	0
Total Revenues	<u>42,195,120</u>	<u>6,419,381</u>	<u>9,591,106</u>
Expenditures			
Current:			
General Government Services	5,215,994	0	508,083
Public Safety	8,796,192	0	5,958,962
Physical Environment	329,362	0	0
Transportation	267,000	5,721,015	0
Economic Environment	140,900	0	0
Human Services	2,413,981	0	905,565
Culture and Recreation	1,589,850	0	0
Court-related Expenditures	569,639	0	0
Capital Outlay	2,436,960	648,771	480,201
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
(Total Expenditures)	<u>21,759,878</u>	<u>6,369,786</u>	<u>7,852,811</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>20,435,242</u>	<u>49,595</u>	<u>1,738,295</u>
Other Financing Sources (Uses)			
Transfers from Constitutional Officers	1,262,938	13,636	34,227
Transfers to Constitutional Officers	(18,280,960)	(81,355)	(2,950,804)
Operating Transfers in	2,537,645	71,899	1,685,902
Operating Transfers (out)	(2,925,332)	(987,380)	(85,470)
Total Other Financing Sources (Uses)	<u>(17,405,709)</u>	<u>(983,200)</u>	<u>(1,316,145)</u>
Net Change in Fund Balances	3,029,533	(933,605)	422,150
Fund Balances at Beginning of Year	<u>15,159,090</u>	<u>4,437,708</u>	<u>3,538,076</u>
Fund Balances at End of Year	<u>\$ 18,188,623</u>	<u>\$ 3,504,103</u>	<u>\$ 3,960,226</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
\$ 6,764,921	\$ 0	\$ 0	\$ 4,382,915	\$ 56,310,544
0	0	0	1,589,645	1,716,493
0	0	191,160	1,768,542	8,723,199
0	0	0	819,613	2,603,459
0	0	0	642,565	739,774
117,487	40,620	59,183	78,658	718,579
11,413	213	30,214	81,142	3,971,850
0	0	0	1,045,873	1,045,873
<u>6,893,821</u>	<u>40,833</u>	<u>280,557</u>	<u>10,408,953</u>	<u>75,829,771</u>
0	0	0	661,240	6,385,317
27,493	0	0	550,772	15,333,419
0	0	0	699,705	1,029,067
12,400	0	1,697,854	0	7,698,269
0	0	0	2,582,000	2,722,900
0	0	0	118,556	3,438,102
0	0	0	6,165	1,596,015
0	0	0	169,044	738,683
295,675	1,173,409	1,784,550	971,632	7,791,198
0	0	0	3,172,599	3,172,599
0	0	0	2,113,439	2,113,439
<u>335,568</u>	<u>1,173,409</u>	<u>3,482,404</u>	<u>11,045,152</u>	<u>52,019,008</u>
<u>6,558,253</u>	<u>(1,132,576)</u>	<u>(3,201,847)</u>	<u>(636,199)</u>	<u>23,810,763</u>
0	0	0	55,776	1,366,577
0	0	(352)	(391,159)	(21,704,630)
378,402	0	987,380	2,458,728	8,119,956
(3,969,734)	0	0	(602,978)	(8,570,894)
<u>(3,591,332)</u>	<u>0</u>	<u>987,028</u>	<u>1,520,367</u>	<u>(20,788,991)</u>
2,966,921	(1,132,576)	(2,214,819)	884,168	3,021,772
<u>9,443,771</u>	<u>7,719,306</u>	<u>11,819,867</u>	<u>12,289,728</u>	<u>64,407,546</u>
<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>

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

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
SEPTEMBER 30, 2012

	Business-Type Activities - Enterprise Funds		
	Solid Waste	Water and	Totals
	Disposal	Sewer	
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 2,563,870	\$ 3,184,380	\$ 5,748,250
Cash and Cash Equivalents - Restricted	1,712,810	0	1,712,810
Equity in Pooled Investments	3,809,790	0	3,809,790
Accounts Receivable, Net	5,142	382,928	388,070
Assessments Receivable, Net	42,503	0	42,503
Due from Other Governmental Units	72,302	380	72,682
Due from Constitutional Officers	881	0	881
Inventories - Materials and Supplies	0	35,955	35,955
Prepaid Expenses	711	750	1,461
Total Current Assets	8,208,009	3,604,393	11,812,402
Noncurrent Assets:			
Cash and Cash Equivalents - Restricted	0	1,833,817	1,833,817
Deferred Charges - Bond Issuance Cost	0	539,527	539,527
Capital Assets (Net of Accumulated Depreciation Where Applicable)	1,363,344	13,890,551	15,253,895
Total Noncurrent Assets	1,363,344	16,263,895	17,627,239
Total Assets	9,571,353	19,868,288	29,439,641
Liabilities			
Current Liabilities:			
Accounts Payable	482,100	83,888	565,988
Other Current Liabilities	0	61,278	61,278
Retainage Payables	241,964	0	241,964
Due to Other Funds	4,946	9,979	14,925
Deferred Revenues	5,050	13,690	18,740
Deposits	0	77,632	77,632
Bonds Payable (Net of Unamortized Discount)	0	456,136	456,136
Landfill Closure and Postclosure Liability	1,712,810	0	1,712,810
Compensated Absences	46,075	39,484	85,559
Total Current Liabilities	2,492,945	742,087	3,235,032
Noncurrent Liabilities:			
Compensated Absences	2,770	165,690	168,460
Other Postemployment Benefits	36,840	73,680	110,520
Bonds Payable Long-term (Net of Unamortized Discount)	0	14,907,716	14,907,716
Landfill Closure and Postclosure Liability	16,467,477	0	16,467,477
Total Noncurrent Liabilities	16,507,087	15,147,086	31,654,173
Total Liabilities	19,000,032	15,889,173	34,889,205
Net Assets			
Invested in Capital Assets, (Net of Related Debt)	1,363,344	(933,774)	429,570
Restricted	0	1,756,185	1,756,185
Unrestricted	(10,792,023)	3,156,704	(7,635,319)
Total Net Assets	\$ (9,428,679)	\$ 3,979,115	\$ (5,449,564)

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

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Business-Type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Totals
Operating Revenues			
Charges for Services	\$ 35,268	\$ 3,330,310	\$ 3,365,578
Connection and Impact Fees	0	647,572	647,572
Other Income	47,940	40,725	88,665
Total Operating Revenues	83,208	4,018,607	4,101,815
Operating Expenses			
Contractual Services	33,328	1,097	34,425
Professional Services	569,832	75,501	645,333
Landfill Closure and Postclosure	793,064	0	793,064
Salaries and Benefits	296,104	638,332	934,436
Rentals and Leases	9,514	2,940	12,454
Repairs and Maintenance	121,858	77,251	199,109
Gas and Oil	7,660	13,682	21,342
Materials	12,456	34,700	47,156
Depreciation	86,432	673,096	759,528
Other Expenses	127,889	332,204	460,093
(Total Operating Expenses)	2,058,137	1,848,803	3,906,940
Operating (Loss) Income	(1,974,929)	2,169,804	194,875
Nonoperating Revenues (Expenses)			
Interest Earnings	46,210	3,761	49,971
Intergovernmental Revenue	10,329	0	10,329
Grant Revenues	132,561	0	132,561
Interest and Other Debt Service Costs	0	(785,591)	(785,591)
Total Nonoperating Revenues (Expenses)	189,100	(781,830)	(592,730)
(Loss) Income Before Transfers	(1,785,829)	1,387,974	(397,855)
Transfers			
Operating Transfers in	553,000	0	553,000
Operating Transfers (out)	(56,604)	(45,458)	(102,062)
Transfer in from Constitutional Officer	881	0	881
Transfer (out) to Constitutional Officer	(221)	0	(221)
Total Transfers	497,056	(45,458)	451,598
Change in Net Assets	(1,288,773)	1,342,516	53,743
Total Net Assets, Beginning of Year	(8,139,906)	2,636,599	(5,503,307)
Total Net Assets, End of Year	\$ (9,428,679)	\$ 3,979,115	\$ (5,449,564)

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, 2012**

	Business-Type Activities - Enterprise Funds		
	Solid Waste Disposal	Water and Sewer	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 45,425	\$ 4,060,337	\$ 4,105,762
Cash Payments to Vendors for Goods and Services	(4,808,057)	(608,513)	(5,416,570)
Cash Payments to Employees	(274,524)	(608,420)	(882,944)
Cash Received from Other Sources	44,878	0	44,878
Net Cash Provided by (Used in) Operating Activities	(4,992,278)	2,843,404	(2,148,874)
Noncapital Financing Activities			
Cash Received from Grant Revenues	70,588	0	70,588
Transfers from Constitutional Officers	881	0	881
Transfers to Constitutional Officers	(221)	0	(221)
Transfers from Other Funds	553,000	0	553,000
Transfers to Other Funds	(56,604)	(45,458)	(102,062)
Net Cash Provided by (Used in) Noncapital Financing Activities	567,644	(45,458)	522,186
Capital and Related Financing Activities			
Acquisition of Property, Plant, and Equipment	(113,392)	(131,609)	(245,001)
Principal Payments on Bonds	0	(450,000)	(450,000)
Payment of Interest and Other Debt Costs	0	(751,035)	(751,035)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(113,392)	(1,332,644)	(1,446,036)
Investing Activities			
Interest Received	46,210	3,761	49,971
Proceeds from Maturities of Investments	798,045	0	798,045
Net Cash Provided by (Used in) Investing Activities	844,255	3,761	848,016
Net Increase (Decrease) in Cash and Cash Equivalents	(3,693,771)	1,469,063	(2,224,708)
Cash and Cash Equivalents, Beginning of Year	7,970,451	3,549,134	11,519,585
Cash and Cash Equivalents, End of Year	\$ 4,276,680	\$ 5,018,197	\$ 9,294,877
<u>Reported in Statement of Net Assets as:</u>			
Cash and Cash Equivalents	\$ 2,563,870	\$ 3,184,380	\$ 5,748,250
Current: Cash and Cash Equivalents - Restricted	1,712,810	0	1,712,810
Noncurrent: Cash and Cash Equivalents - Restricted	0	1,833,817	1,833,817
Total	\$ 4,276,680	\$ 5,018,197	\$ 9,294,877

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, 2012
(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)	\$ (1,974,929)	\$ 2,169,804	\$ 194,875
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation and Amortization	86,432	673,096	759,528
Provision for Closure and Postclosure Costs	(3,433,160)	0	(3,433,160)
Changes in Assets - Decrease (Increase):			
Decrease (Increase) in Accounts Receivable	(1,697)	72,113	70,416
Decrease (Increase) in Assessments Receivable	4,635	0	4,635
Decrease (Increase) in Due from Constitutional Officers	1,814	0	1,814
Decrease (Increase) in Due from Other Governments	0	(380)	(380)
Decrease (Increase) in Inventory	0	(35,955)	(35,955)
Decrease (Increase) in Prepaid Expense	(711)	(200)	(911)
Changes in Liabilities - Increase (Decrease):			
Increase (Decrease) in Accounts Payable	300,704	(34,983)	265,721
Increase (Decrease) in Due to Other Funds	601	1,361	1,962
Increase (Decrease) in Deferred Revenues	2,453	(12,930)	(10,477)
Increase (Decrease) in Deposits	0	(18,434)	(18,434)
Increase (Decrease) in Compensated Absences	13,030	12,811	25,841
Increase (Decrease) in Other Postemployment Benefits	8,550	17,101	25,651
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (4,992,278)</u></u>	<u><u>\$ 2,843,404</u></u>	<u><u>\$ (2,148,874)</u></u>

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

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2012**

	<u>SAISSA</u>
Assets	
Cash and Cash Equivalents	\$ 1,605,913
Due from Constitutional Officers	<u>5,902</u>
Total Assets	<u><u>1,611,815</u></u>
Liabilities	
Due to Bond Holders	<u>1,611,815</u>
Total Liabilities	<u><u>\$ 1,611,815</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, 2012. 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, 2012. In addition, the RWCCD did not issue any bonds during the audit period, nor were there any bonds outstanding at year-end. Therefore, financial statements were not prepared for RWCCD and, accordingly, no financial data for RWCCD is presented in these financial statements.

Basis of Presentation

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

Fund Accounting

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

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 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 balance sheets, and the reported net assets (total reported assets less total reported liabilities) provide an indication of the economic net worth of the funds. The operating statements for the proprietary funds report increases (revenues) and decreases (expenses) in total net assets.

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

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 accounting when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

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 assets - proprietary funds. The allowances for uncollectible accounts receivables are based upon aging schedules and the related collection experiences of such receivables.

Interfund Balances

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

Inventories and Prepaid Items

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

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 closure, postclosure and monitoring costs, capital reserves, renewal and replacement, and the utility system. These resources are classified as restricted cash and investments on the statement of net assets - proprietary funds because their use is limited. All cash and investments classified as restricted is the result of various bond indenture or other legal requirements. When both restricted and unrestricted resources are available for use, the Board’s practice is to use 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 assets as part of the basic financial statements of the County.

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

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, 2012, no interest was capitalized.

Deferred Revenue

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

Compensated Absences

Annual, sick, bonus, and compensatory leave amounts accumulate and vest in accordance with the policies of the Board and negotiated union contracts. Provisions of these policies and the union contracts specify how benefits are earned, accumulate, and when and to what extent they vest.

Other Postemployment Benefits (OPEB)

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, 2012, 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.

Note 2 - Cash and Investments

Deposits with Financial Institutions

At year-end, the carrying amount of the Board's deposits with financial institutions was \$18,184,877 and the bank balances were \$19,856,111. 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.

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.

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
NASSAU COUNTY, FLORIDA
(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 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, 2012, the Board has \$991,303 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, 2012, was 4.08 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 (FAC.), the Board has established escrow accounts to provide proof of financial responsibility for the postclosure costs associated with the Old West Nassau, the Bryceville, and the Lofton Creek Landfills. In addition, an escrow account was established for the closure and postclosure costs associated with the New West Nassau Landfill. Furthermore, the Board has established an escrow account for financial responsibility for corrective actions for the West Nassau Landfill vertical expansion. The amounts in these escrow accounts are determined by engineering studies as required by the above rule, and are cash and cash equivalents - restricted.

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

Note 2 - Cash and Investments (Concluded)

Investments (Concluded)

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

Description	Fair Value
Cash and Cash Equivalents	\$ 18,184,877
Certificates of Deposit	41,910,345
SBA Local Government Surplus Funds Trust - Fund B	991,303
Money Market Accounts	24,618,379
Total Cash and Investments	<u>\$ 85,704,904</u>

Reported in accompanying financial statements as follows:

Account	Reported Amount
Cash and Cash Equivalents - Governmental Activities	\$ 7,284,087
Cash and Cash Equivalents - Business-type Activities	5,748,250
Cash and Cash Equivalents - Agency Fund Activities	1,605,913
Equity in Pooled Investments - Governmental Activities	63,710,237
Equity in Pooled Investments - Business-type Activities	3,809,790
Restricted Cash and Cash Equivalents - Business-type Activities	3,546,627
Total Cash and Investments	<u>\$ 85,704,904</u>

Note 3 - Accounts Receivable

Accounts receivable (net of allowances for uncollectibles) at September 30, 2012, included the following:

	Receivable	Allowance	Net
Governmental Funds			
General Fund	\$ 1,774,194	\$ (1,169,191)	\$ 605,003
County Transportation	115,474	0	115,474
Nonmajor Governmental Funds	69	0	69
Total Governmental Funds	<u>\$ 1,889,737</u>	<u>\$ (1,169,191)</u>	<u>\$ 720,546</u>
Business-type Funds			
Solid Waste Disposal	\$ 5,142	\$ 0	\$ 5,142
Water and Sewer	424,514	(41,586)	382,928
Total Business-type Funds	<u>\$ 429,656</u>	<u>\$ (41,586)</u>	<u>\$ 388,070</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, 2012, included the following:

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Business-type Funds			
Solid Waste Disposal	\$ 821,377	\$ (778,874)	\$ 42,503
Total Business-type Funds	<u>\$ 821,377</u>	<u>\$ (778,874)</u>	<u>\$ 42,503</u>

Note 5 - Restricted Assets

Restricted assets in the proprietary funds at September 30, 2012, 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, 2012, were restricted for the following purposes:

Customer Deposits	\$ 90,028
Landfill Postclosure and Closure Costs	1,712,810
Renewal and Replacement (Water/Sewer)	651,698
Impact Fees	992,063
Debt Service	<u>100,028</u>
Total	<u>\$ 3,546,627</u>

Reported in accompanying financial statements as follows:

<u>Account</u>	<u>Reported Amount</u>
Current: Restricted Cash and Cash Equivalents - Business-type Activities	\$ 1,712,810
Noncurrent: Restricted Cash and Cash Equivalents - Business-type Activities	<u>1,833,817</u>
Total Restricted Assets	<u>\$ 3,546,627</u>

Note 6 - Capital Assets

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

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, 2012, was as follows:

	<u>Balance</u> <u>10/1/11</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance</u> <u>9/30/12</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 75,248,352	\$ 109,299	\$ 0	\$ 75,357,651
Construction Work in Progress	<u>5,253,515</u>	<u>2,930,868</u>	<u>(4,336,197)</u>	<u>3,848,186</u>
Total Capital Assets Not Being Depreciated	<u>80,501,867</u>	<u>3,040,167</u>	<u>(4,336,197)</u>	<u>79,205,837</u>
Capital Assets Being Depreciated:				
Building and Improvements	57,814,242	0	(55,159)	57,759,083
Machinery and Equipment	23,511,092	2,456,356	(2,711,207)	23,256,241
Leasehold Improvements	1,151,985	0	0	1,151,985
Infrastructure	<u>602,098,546</u>	<u>5,893,287</u>	<u>0</u>	<u>607,991,833</u>
Total Capital Assets Being Depreciated	<u>684,575,865</u>	<u>8,349,643</u>	<u>(2,766,366)</u>	<u>690,159,142</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(16,088,150)	(1,579,164)	52,716	(17,614,598)
Machinery and Equipment	(18,794,209)	(1,610,215)	2,550,952	(17,853,472)
Leasehold Improvements	(96,272)	(8,604)	0	(104,876)
Infrastructure	<u>(241,713,229)</u>	<u>(15,678,417)</u>	<u>0</u>	<u>(257,391,646)</u>
Total Accumulated Depreciation	<u>(276,691,860)</u>	<u>(18,876,400)</u>	<u>2,603,668</u>	<u>(292,964,592)</u>
Total Capital Assets Being Depreciated, Net	<u>407,884,005</u>	<u>(10,526,757)</u>	<u>(162,698)</u>	<u>397,194,550</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 488,385,872</u>	<u>\$ (7,486,590)</u>	<u>\$ (4,498,895)</u>	<u>\$ 476,400,387</u>
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 808,434	\$ 6,794	\$ 0	\$ 815,228
Total Capital Assets Not Being Depreciated	<u>808,434</u>	<u>6,794</u>	<u>0</u>	<u>815,228</u>
Capital Assets, Being Depreciated:				
Building and Improvements	1,161,083	0	0	1,161,083
Equipment	20,203,357	241,384	(354,796)	20,089,945
Landfill	<u>41,701,285</u>	<u>0</u>	<u>0</u>	<u>41,701,285</u>
Total Capital Assets Being Depreciated	<u>63,065,725</u>	<u>241,384</u>	<u>(354,796)</u>	<u>62,952,313</u>
Less Accumulated Depreciation:				
Building and Improvements	(194,734)	(21,520)	0	(216,254)
Equipment	(6,209,717)	(737,961)	351,571	(6,596,107)
Landfill	<u>(41,701,285)</u>	<u>0</u>	<u>0</u>	<u>(41,701,285)</u>
Total Accumulated Depreciation	<u>(48,105,736)</u>	<u>(759,481)</u>	<u>351,571</u>	<u>(48,513,646)</u>
Total Capital Assets, Being Depreciated, Net	<u>14,959,989</u>	<u>(518,097)</u>	<u>(3,225)</u>	<u>14,438,667</u>
Total Business-type Activities Capital Assets, Net	<u>\$ 15,768,423</u>	<u>\$ (511,303)</u>	<u>\$ (3,225)</u>	<u>\$ 15,253,895</u>

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

Note 7 - Interfund Activity

Interfund balances at September 30, 2012, consisted of the following:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
General	County Transportation	\$ 59,310
	Municipal Service	111,980
	Nonmajor	16,459
	Solid Waste Disposal	4,946
	Water and Sewer	9,979
Total		<u>\$ 202,674</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 \$12,356 due to the Constitutional Officers and \$1,394,418 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>	<u>Solid Waste</u>	
General	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,372,332	\$ 553,000	\$ 2,925,332
County Trans- portation	0	0	0	0	987,380	0	0	987,380
Municipal Services	85,470	0	0	0	0	0	0	85,470
One-cent County Surtax	2,186,863	61,318	1,685,902	0	0	35,651	0	3,969,734
Nonmajor	163,250	10,581	0	378,402	0	50,745	0	602,978
Solid Waste	56,604	0	0	0	0	0	0	56,604
Water and Sewer	45,458	0	0	0	0	0	0	45,458
Total	<u>\$ 2,537,645</u>	<u>\$ 71,899</u>	<u>\$ 1,685,902</u>	<u>\$ 378,402</u>	<u>\$ 987,380</u>	<u>\$ 2,458,728</u>	<u>\$ 553,000</u>	<u>\$ 8,672,956</u>

In addition to the interfund transfers, there were transfers out to the Constitutional Officers of \$21,704,851 and transfers in from the Constitutional Officers of \$1,367,458.

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, 2012, as follows:

- *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, 2012, were \$24,985.

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

Note 8 - Operating Leases (Concluded)

■ **Governmental Funds (Concluded)**

- *Two Tower Sites (Hilliard and Dahoma)*—the Board entered into two one year leases (with renewal terms of one year each) with 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, 2012, were \$44,100.
- *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, 2012, were \$57,600.

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>
2013	\$ 52,445	\$ 57,600	\$ 110,045
2014	27,024	57,600	84,624
2015	28,105	43,200	71,305
2016	14,518	0	14,518
Total	<u>\$ 122,092</u>	<u>\$ 158,400</u>	<u>\$ 280,492</u>

Note 9 - Long-term Obligations

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

The following is a summary of changes in long-term obligations for the year ended September 30, 2012:

	<u>Balance 10/1/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/12</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds Payable	\$ 45,488,485	\$ 0	\$ (2,279,620)	\$ 43,208,865	\$ 2,396,990
Premium on Bonds Payable	1,484,966	0	(74,248)	1,410,718	74,248
Special Assessment Debt	<u>820,818</u>	<u>0</u>	<u>(820,818)</u>	<u>0</u>	<u>0</u>
Total Bonds and Notes Payable	47,794,269	0	(3,174,686)	44,619,583	2,471,238
Claims Payable	18,809	466,299	(127)	484,981	155,423
Compensated Absences	5,262,972	2,120,905	(2,007,101)	5,376,776	2,018,670
Other Postemployment Benefits	<u>2,121,758</u>	<u>641,277</u>	<u>0</u>	<u>2,763,035</u>	<u>0</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 55,197,808</u>	<u>\$ 3,228,481</u>	<u>\$ (5,181,914)</u>	<u>\$ 53,244,375</u>	<u>\$ 4,645,331</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>10/1/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/12</u>	<u>Due Within</u> <u>One Year</u>
Business-type Activities					
Bonds Payable	\$ 16,000,000	\$ 0	\$ (450,000)	\$ 15,550,000	\$ 465,000
Unamortized Discount	(195,012)	0	8,864	(186,148)	(8,864)
Compensated Absences	228,178	93,315	(67,474)	254,019	85,559
Other Postemployment Benefits	84,871	25,649	0	110,520	0
Landfill Closure/ Postclosures	<u>21,613,447</u>	<u>0</u>	<u>(3,433,160)</u>	<u>18,180,287</u>	<u>1,712,810</u>
Total Business-type Activities Long-term Liabilities					
	<u>\$ 37,731,484</u>	<u>\$ 118,964</u>	<u>\$ (3,941,770)</u>	<u>\$ 33,908,678</u>	<u>\$ 2,254,505</u>

Governmental Activities

A brief synopsis of long-term debt existing at September 30, 2012, follows:

2009 Gas Tax Revenue Bonds

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

The 2009 Gas Tax Revenue Bonds, Series 2009, are secured by a lien upon and pledge of the proceeds of the constitutional, County and ninth-cent gas taxes. Annual principal and interest on the bonds are expected to require approximately 44% of such tax revenue and are payable through 2018. Principal and interest payments for the current year totaled \$1,172,206 and gas tax revenues totaled \$1,986,414. At year-end, pledged future revenues totaled \$7,046,463, which was the amount of remaining principal and interest on the bonds. Other Board revenues are not available to finance this bond issue.

In addition, the bondholders do not have any authority to compel the Board to increase ad valorem taxes for financing this bond issue. Such bonds, bearing interest at rates at 3.720% per annum, are dated May 28, 2009, and are in denominations of \$5,000 each. A portion of such bonds mature annually with the final maturity date being October 1, 2018.

As of October 1, 2012, this bond was refunded with the issuance of the Gas Tax Revenue Bond, Series 2009-1. Please see Note 21 for additional information regarding the refunding.

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 Gas Tax Revenue Bonds (Concluded)

<u>Year Ending</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 944,787	\$ 231,139	\$ 1,175,926
2014	980,814	195,993	1,176,807
2015	1,014,801	159,507	1,174,308
2016	1,052,801	121,756	1,174,557
2017	1,089,715	82,592	1,172,307
2018	1,130,503	42,055	1,172,558
Total	<u>\$ 6,213,421</u>	<u>\$ 833,042</u>	<u>\$ 7,046,463</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, 2012, totaled \$4,217,100.

The Series 2000 bonds are special limited obligations of the County payable solely from and secured by a prior lien upon and pledge of the proceeds of the six-cent local option gas tax and until expended, the monies on deposit in certain funds and accounts created by Resolution, on a parity with the County's \$5,630,000 principal amount of Optional Gas Tax Revenue Refunding Bond, Series 2001. Annual principal and interest on the bonds are expected to require approximately 52% 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 \$1,817,207. At year-end, pledged future revenues totaled \$12,285,000, 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</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 492,203	\$ 452,797	\$ 945,000
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
2018-2022	1,581,637	3,143,363	4,725,000
2023-2025	741,759	2,093,241	2,835,000
Total	<u>\$ 4,493,343</u>	<u>\$ 7,791,657</u>	<u>\$ 12,285,000</u>

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

Note 9 - Long-term Obligations (Continued)

Governmental Activities (Continued)

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 41% of such non ad valorem tax revenue and are payable through 2031. Principal and interest payments for the current year totaled \$2,318,150 and non ad valorem tax revenues totaled \$5,630,832. At year-end, pledged future revenues totaled \$44,210,800, 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:

Year Ending September 30	Principal	Interest	Total
2013	\$ 960,000	\$ 1,361,350	\$ 2,321,350
2014	1,065,000	1,322,950	2,387,950
2015	1,055,000	1,280,350	2,335,350
2016	1,085,000	1,238,150	2,323,150
2017	1,125,000	1,194,750	2,319,750
2018-2022	6,480,000	5,132,750	11,612,750
2023-2027	8,280,000	3,340,750	11,620,750
2028-2031	8,235,000	1,054,750	9,289,750
Total	\$ 28,285,000	\$ 15,925,800	\$ 44,210,800

Special Assessment Debt

Special Assessment Debt—payable at September 30, 2012, totaled \$0. These funds consist of one bond.

- Special Assessment Debt, Series 2004—in order to facilitate the construction of a 3.5-mile roadway through the Amelia Concourse Assessment Area, the Board authorized a \$6,487,372, Nassau County, Florida, Special Assessment Bond, Series 2004. The bonds are collateralized by pledged funds from a special assessment upon property within said improvement area. Annual principal and interest on the bonds are expected to require approximately 100% of such assessment revenue and are payable through 2012. Principal and interest payments for the current year totaled \$850,178 and assessment revenues totaled \$775,894. At year-end, pledged future revenues totaled \$0, which was the amount of remaining principal and interest on the bonds.

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

Note 9 - Long-term Obligations (Continued)

Governmental Activities (Concluded)

Compensated Absences—are not recorded on the accompanying governmental fund financial statements; however, it will be recorded on the County-wide financial statements. Following is a summary of annual, sick, bonus and compensatory leave benefits liabilities at September 30, 2012:

	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Vacation Leave	\$ 2,347,031	\$ 1,329,802	\$ (1,349,336)	\$ 2,327,497
Paid Time Off	0	40,155	(9,366)	30,789
Sick Leave	2,875,922	679,247	(573,691)	2,981,478
Bonus Leave	38,036	60,592	(65,876)	32,752
Compensatory Leave	<u>1,983</u>	<u>11,109</u>	<u>(8,832)</u>	<u>4,260</u>
Total	<u>\$ 5,262,972</u>	<u>\$ 2,120,905</u>	<u>\$ (2,007,101)</u>	<u>\$ 5,376,776</u>

Business-type Activities

On September 22, 2003, the Board issued \$19,160,000 Water and Sewer System Revenue Bonds with an interest rate that ranges from 2.000% to 5.125%. The net proceeds of \$18,756,550 were used to refund \$17,675,005 in principal amount of the Board's outstanding Revenue Note, Series 2000, to reimburse the Board for certain capital costs relating to the acquisition of the System, to fund the Renewal and Replacement Fund established pursuant to the Bond Ordinance, and to pay the issuance costs of the Series 2003 bonds.

The revenue bonds are secured by a pledge of and are payable solely from pledged revenues, which primarily consist of net revenues and impact fees which derive from the System. Annual principal and interest on the bonds are expected to require approximately 44% of such revenue and are payable through 2033. Principal and interest payments for the current year totaled \$1,201,644 and revenues totaled \$2,761,486. At year-end, pledged future revenues totaled \$25,190,413, which was the amount of remaining principal and interest on the bonds. The Series 2003 bonds shall not be or constitute general obligations or indebtedness of the County.

Rate Covenant

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

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

Note 9 - Long-term Obligations (Concluded)

Rate Covenant (Concluded)

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>
2013	\$ 465,000	\$ 735,331	\$ 1,200,331
2014	480,000	717,894	1,197,894
2015	500,000	699,294	1,199,294
2016	520,000	679,294	1,199,294
2017	540,000	658,494	1,198,494
2018-2022	3,090,000	2,911,906	6,001,906
2023-2027	3,890,000	2,108,656	5,998,656
2028-2032	4,925,000	1,071,119	5,996,119
2033	<u>1,140,000</u>	<u>58,425</u>	<u>1,198,425</u>
Total	<u>\$ 15,550,000</u>	<u>\$ 9,640,413</u>	<u>\$ 25,190,413</u>

Compensated Absences—following is a summary of annual, sick, and bonus leave benefits liabilities at September 30, 2012, for the proprietary funds:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Vacation Leave	\$ 80,915	\$ 53,429	\$ (41,625)	\$ 92,719
Sick Leave	142,032	30,323	(14,432)	157,923
Bonus Leave	5,231	9,350	(11,417)	3,164
Comp Time	<u>0</u>	<u>213</u>	<u>0</u>	<u>213</u>
Total	<u>\$ 228,178</u>	<u>\$ 93,315</u>	<u>\$ (67,474)</u>	<u>\$ 254,019</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, 2012, the Special Assessment Bond outstanding totaled \$10,861,727.

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

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

Note 11 - Bond Arbitrage Rebate (Concluded)

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

Note 12 - Landfill Closure and Postclosure Care Costs

State and federal laws require the Board to fund landfill closure costs when a landfill site stops accepting waste and to perform certain maintenance and monitoring functions at the landfill site for twenty years if the landfill stopped receiving waste before October 9, 1993, and thirty years if the landfill stopped receiving waste after October 9, 1993. The Board has three landfills that stopped receiving waste before October 9, 1993, and one that stopped receiving waste after October 9, 1993. Effective October 1, 2009, the Board stopped accepting waste at the West Nassau Active Landfill.

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

The Board has accrued a total of \$16,669,501 for postclosure care cost at September 30, 2012, for the three closed landfills and one landfill which has stopped accepting waste. The liability is based on engineering estimates of annual postclosure care cost. The Board has also accrued \$1,510,786 of closure cost for the one landfill which has stopped accepting waste. This liability is based on engineering estimates developed as part of the closure permit application.

These closure and postclosure care costs are based on estimates of what it would cost to perform all closure and postclosure care using 2012 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 \$202,024 as of September 30, 2012). At September 30, 2012, the escrow balances are as follows:

Landfills	
Old West Nassau Postclosure	\$ 30,337
Bryceville Postclosure	70,437
Lofton Creek Postclosure	101,318
New West Nassau Closure	<u>3,518,426</u>
Total Escrow Balances	<u><u>\$ 3,720,518</u></u>

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

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.

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:

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

Note 13 - Retirement Plans (Concluded)

	As of September 30, 2012
Deferred Retirement Option Program	5.44%
Regular Employees	5.18%
Senior Management Service	6.30%
SUS Optional Program	5.14%
Elected County Officials	10.23%
Special Risk	14.90%

The Board's contributions to the System for the years ended September 30, 2012, 2011, and 2010, were \$1,454,861, \$2,247,246, and \$2,457,200, respectively, equal to the required contributions for each year.

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	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%

Currently, there are 266 active employees and forty-five retired employees participating in the plan. The Board's OPEB obligation for the year totaled \$2,873,557, of which \$110,520 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.

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

Note 16 - Unrestricted Net Assets

The County has accrued estimated closure and postclosure costs of its landfills as capacity is used. These liabilities are not required to be fully funded until later dates. As a result, the Solid Waste Disposal Fund has accumulated negative unrestricted net assets at September 30, 2012, as follows:

Prior Year Total Net Assets	\$ (8,139,906)
Change in Net Assets for the Year Ended September 30, 2012	<u>(1,288,773)</u>
Total Net Assets for the Year Ended September 30, 2012	(9,428,679)
Invested in Capital Assets, Net of Related Debt	<u>(1,363,344)</u>
Total Unrestricted Net Assets	\$ <u>(10,792,023)</u>

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, 2012, is as follows:

Nonspendable Fund Balance

Prepaid Expenses	\$ 88,402
Inventory	328,374
SBA – Fund B	823,701
Deposits	<u>2,000</u>
Total Nonspendable Fund Balance	<u>1,242,477</u>

Restricted Fund Balance

Crime Prevention	272,551
Other Human Services	123,770
Fire Donations	1,235
Developer Agreements	15,000
Sheriff – Donations	7,855
Impact Fees	6,586,730
Library	176,033
Wireless Services	311,622
Other Physical Environment	1,522,490
State Housing Initiative Program	395,585
Court Facilities	1,798,770
Court Improvement	35,385
Criminal Justice	125,042
Law Enforcement	976,856
Tourist Development	2,296,186
Building Department	2,335,395
Debt Services – Bonds	1,672,650
Capital Projects – Transportation	<u>707,617</u>
Total Restricted Fund Balance	<u>19,360,772</u>

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

Note 17 - Fund Balance Classification (Concluded)

Committed Fund Balance	
Fire/Rescue	\$ 3
Capital Projects	577,537
Capital Projects – County Complex	<u>256,364</u>
Total Committed Fund Balance	<u>833,904</u>
Assigned Fund Balance	
Other General Government	\$ 188,763
Economic Development	84,027
Library	12,000
Sheriff Administration Building	724,707
Parks and Recreation	379,033
Public Safety	1,273,049
Other Human Services	278,942
Supervisor of Elections	30,698
Reserves	16,338,984
Capital Projects Transportation	9,605,048
Capital Projects	<u>12,935,250</u>
Total Assigned Fund Balance	<u>41,850,501</u>
Total	<u>\$ 63,287,654</u>

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, 2012:

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

Note 19 - Commitments and Contingencies (Concluded)

<u>Project</u>	<u>Source of Payment</u>	<u>Paid to Date</u>	<u>Commitment Remaining</u>
Thomas Creek Restoration Phase 4 & 5	Current Available Resources	\$ 0	\$ 246,460
Detention Center - Fire Suppression	Current Available Resources	209,800	93,795
Communication System Upgrade	Current Available Resources	1,486,575	165,175
Bay Road Widening & Resurfacing	Current Available Resources	758,893	189,090
Loop Road – Phase 1 Construction	Current Available Resources	0	457,160
West Nassau Landfill Closure	Current Available Resources	4,729,144	851,060
14 th Street (Hickory Street to to Atlantic Avenue)	Current Available Resources	889,422	1,215,453
Blackrock Road Design Services	Current Available Resources	460,061	42,091
Radio Avenue Design Services	Current Available Resources	<u>328,371</u>	<u>61,170</u>
Total		<u>\$ 8,862,266</u>	<u>\$ 3,321,454</u>

Note 20 - Conduit Debt Obligations

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

As of September 30, 2012, there were two series of such bonds outstanding with an aggregate principal amount payable of \$33,930,000. The issue amount and the September 30, 2012, outstanding balance is as follows:

<u>Original Issuance</u>	<u>Year</u>	<u>9/30/12 Balance</u>	<u>Description</u>
\$ 23,110,000	2002	\$ 23,110,000	Rayonier—Pollution Control Refunding
<u>11,150,000</u>	2008	<u>10,820,000</u>	AICC, Inc. and Nassau Care Centers—70 Bed Care Intermediate Care and Day Program Service Facilities
<u>\$ 34,260,000</u>		<u>\$ 33,930,000</u>	

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

Note 21 - Subsequent Event

On October 1, 2012, the Board issued the Gas Tax Revenue Bond, Series 2009-1. The purpose of the Series 2009-1 is to provide funds sufficient, together with other available moneys of the Issuer, to refund the outstanding Nassau County, Florida, Gas Tax Revenue Bonds, Series, 2009, and pay certain costs and expenses related to the issuance of the Series 2009 bond. The Series 2009-1 Gas Tax Revenue Bond is secured by a lien upon and pledge of the proceeds of the constitutional, County and ninth-cent gas taxes. The bond bears an interest rate of 1.86% per annum.

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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 31,104,341	\$ 31,104,341	\$ 31,398,425	\$ 294,084
Licenses and Permits	9,000	9,000	13,921	4,921
Intergovernmental Revenues	4,662,581	4,998,778	5,151,937	153,159
Charges for Services	1,762,451	1,762,451	1,610,421	(152,030)
Fines and Forfeitures	78,557	78,596	96,632	18,036
Interest Earnings	151,000	151,000	237,905	86,905
Miscellaneous	790,751	827,646	3,685,879	2,858,233
Total Revenues	<u>38,558,681</u>	<u>38,931,812</u>	<u>42,195,120</u>	<u>3,263,308</u>
Expenditures				
Current:				
General Government Services	5,394,115	5,486,011	5,215,994	270,017
Public Safety	9,093,812	9,241,696	8,796,192	445,504
Physical Environment	329,402	329,402	329,362	40
Transportation	0	267,000	267,000	0
Economic Environment	160,275	158,532	140,900	17,632
Human Services	2,153,064	2,417,443	2,413,981	3,462
Culture and Recreation	1,653,952	1,692,504	1,589,850	102,654
Court-related Expenditures	706,985	645,653	569,639	76,014
Capital Outlay	1,892,151	3,802,954	2,436,960	1,365,994
(Total Expenditures)	<u>21,383,756</u>	<u>24,041,195</u>	<u>21,759,878</u>	<u>2,281,317</u>
Excess of Revenues Over Expenditures	<u>17,174,925</u>	<u>14,890,617</u>	<u>20,435,242</u>	<u>5,544,625</u>
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	960,000	960,000	1,262,938	302,938
Transfers to Constitutional Officers	(18,600,468)	(18,587,793)	(18,280,960)	306,833
Operating Transfers in	2,542,297	2,544,342	2,537,645	(6,697)
Operating Transfers (out)	(2,925,880)	(2,925,880)	(2,925,332)	548
Total Other Financing Sources (Uses)	<u>(18,024,051)</u>	<u>(18,009,331)</u>	<u>(17,405,709)</u>	<u>603,622</u>
Net Change in Fund Balances	(849,126)	(3,118,714)	3,029,533	6,148,247
Fund Balances at Beginning of Year	<u>13,501,314</u>	<u>14,516,614</u>	<u>15,159,090</u>	<u>642,476</u>
Fund Balances at End of Year	<u>\$ 12,652,188</u>	<u>\$ 11,397,900</u>	<u>\$ 18,188,623</u>	<u>\$ 6,790,723</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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 5,068,043	\$ 5,068,043	\$ 5,177,459	\$ 109,416
Licenses and Permits	9,225	9,225	25,900	16,675
Intergovernmental Revenues	1,009,775	1,009,775	979,915	(29,860)
Charges for Services	2,460	2,460	11,936	9,476
Interest Earnings	61,600	61,600	87,689	26,089
Miscellaneous	40,550	16,695	136,482	119,787
Total Revenues	<u>6,191,653</u>	<u>6,167,798</u>	<u>6,419,381</u>	<u>251,583</u>
Expenditures				
Current:				
Transportation	6,324,051	6,321,639	5,721,015	600,624
Capital Outlay	721,528	856,874	648,771	208,103
(Total Expenditures)	<u>7,045,579</u>	<u>7,178,513</u>	<u>6,369,786</u>	<u>808,727</u>
Excess of Revenues Over Expenditures	<u>(853,926)</u>	<u>(1,010,715)</u>	<u>49,595</u>	<u>1,060,310</u>
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	15,000	15,000	13,636	(1,364)
Transfers to Constitutional Officers	(83,864)	(83,927)	(81,355)	2,572
Operating Transfers in	61,319	92,319	71,899	(20,420)
Operating Transfers (out)	0	(987,380)	(987,380)	0
Total Other Financing Sources (Uses)	<u>(7,545)</u>	<u>(963,988)</u>	<u>(983,200)</u>	<u>(19,212)</u>
Net Change in Fund Balances	(861,471)	(1,974,703)	(933,605)	1,041,098
Fund Balances at Beginning of Year	<u>4,407,643</u>	<u>4,273,327</u>	<u>4,437,708</u>	<u>164,381</u>
Fund Balances at End of Year	<u>\$ 3,546,172</u>	<u>\$ 2,298,624</u>	<u>\$ 3,504,103</u>	<u>\$ 1,205,479</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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 8,408,439	\$ 8,408,439	\$ 8,586,824	\$ 178,385
Licenses and Permits	34,550	34,550	87,027	52,477
Intergovernmental Revenues	657,616	667,785	631,645	(36,140)
Charges for Services	93,850	93,850	161,489	67,639
Fines and Forfeitures	5,300	5,300	577	(4,723)
Interest Earnings	40,500	40,500	97,037	56,537
Miscellaneous	600	4,150	26,507	22,357
Total Revenues	<u>9,240,855</u>	<u>9,254,574</u>	<u>9,591,106</u>	<u>336,532</u>
Expenditures				
Current:				
General Government Services	620,642	619,070	508,083	110,987
Public Safety	5,940,160	6,000,790	5,958,962	41,828
Human Services	1,025,634	1,035,069	905,565	129,504
Capital Outlay	1,352,923	1,467,595	480,201	987,394
(Total Expenditures)	<u>8,939,359</u>	<u>9,122,524</u>	<u>7,852,811</u>	<u>1,269,713</u>
Excess of Revenues Over Expenditures	<u>301,496</u>	<u>132,050</u>	<u>1,738,295</u>	<u>1,606,245</u>
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	30,000	30,000	34,227	4,227
Transfers to Constitutional Officers	(2,954,571)	(2,954,452)	(2,950,804)	3,648
Operating Transfers in	1,685,902	1,685,902	1,685,902	0
Operating Transfers (out)	(85,470)	(85,470)	(85,470)	0
Total Other Financing Sources (Uses)	<u>(1,324,139)</u>	<u>(1,324,020)</u>	<u>(1,316,145)</u>	<u>7,875</u>
Net Change in Fund Balances	(1,022,643)	(1,191,970)	422,150	1,614,120
Fund Balances at Beginning of Year	<u>3,744,154</u>	<u>3,537,878</u>	<u>3,538,076</u>	<u>198</u>
Fund Balances at End of Year	<u>\$ 2,721,511</u>	<u>\$ 2,345,908</u>	<u>\$ 3,960,226</u>	<u>\$ 1,614,318</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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 6,108,500	\$ 6,108,500	\$ 6,764,921	\$ 656,421
Interest Earnings	30,000	82,807	117,487	34,680
Miscellaneous Revenue	0	0	11,413	11,413
Total Revenues	<u>6,138,500</u>	<u>6,191,307</u>	<u>6,893,821</u>	<u>702,514</u>
Expenditures				
Current:				
General Government Services	73,846	5,493	0	5,493
Public Safety	0	32,200	27,493	4,707
Transportation	27,240	26,958	12,400	14,558
Capital Outlay	1,543,129	1,300,475	295,675	1,004,800
(Total Expenditures)	<u>1,644,215</u>	<u>1,365,126</u>	<u>335,568</u>	<u>1,029,558</u>
Excess of Revenues Over Expenditures	<u>4,494,285</u>	<u>4,826,181</u>	<u>6,558,253</u>	<u>1,732,072</u>
Other Financing Sources (Uses)				
Operating Transfers in	0	378,403	378,402	(1)
Operating Transfers (out)	<u>(3,934,083)</u>	<u>(3,969,734)</u>	<u>(3,969,734)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(3,934,083)</u>	<u>(3,591,331)</u>	<u>(3,591,332)</u>	<u>(1)</u>
Net Change in Fund Balances	560,202	1,234,850	2,966,921	1,732,071
Fund Balances at Beginning of Year	<u>9,874,981</u>	<u>9,443,771</u>	<u>9,443,771</u>	<u>0</u>
Fund Balances at End of Year	<u>\$ 10,435,183</u>	<u>\$ 10,678,621</u>	<u>\$ 12,410,692</u>	<u>\$ 1,732,071</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, 2012**

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, 2012, 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, 2012:

Governmental Funds	
General Fund	\$ 1,390,476
Special Revenue Funds	737,716
Debt Service Funds	(1,732,088)
Capital Projects Funds	<u>2,261,652</u>
Total	<u>\$ 2,657,756</u>

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.

**COMBINING NONMAJOR
GOVERNMENTAL FUNDS**

**NASSAU COUNTY BOARD OF COUNTY COMMISISONERS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012**

	<u>Special Revenue Funds</u>			
	<u>Law Enforcement Training</u>	<u>Special Law Enforcement</u>	<u>Sheriff Donations</u>	<u>Law Enforcement Trust</u>
Assets				
Cash and Cash Equivalents	\$ 92,191	\$ 568	\$ 7,855	\$ 606,152
Equity in Pooled Investments	0	147,888	0	53,076
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	1,406	272	0	0
Prepaid Expenditures	0	0	0	0
Total Assets	<u>93,597</u>	<u>148,728</u>	<u>7,855</u>	<u>659,228</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	0	0	0	2,000
Due to Other Funds	0	0	0	0
Due to Other Governments	0	0	0	0
Deferred Revenues	0	0	0	0
Deposits	0	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,000</u>
Fund Balances				
Nonspendable	0	0	0	0
Restricted	93,597	148,728	7,855	657,228
Committed	0	0	0	0
Total Fund Balances	<u>93,597</u>	<u>148,728</u>	<u>7,855</u>	<u>657,228</u>
Total Liabilities and Fund Balances	<u>\$ 93,597</u>	<u>\$ 148,728</u>	<u>\$ 7,855</u>	<u>\$ 659,228</u>

Special Revenue Funds

Nassau County Anti-Drug Enforcement	Court Improvement	Court Facility Fees	Law Library Trust	Criminal Justice Trust	Special Drug/Alcohol Rehabilitation
\$ 59,579	\$ 186	\$ 62,192	\$ 740	\$ 8,300	\$ (321)
12,345	35,199	764,917	173,266	114,147	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
28,187	0	4,631	1,954	3,908	321
0	0	300	39	0	0
<u>100,111</u>	<u>35,385</u>	<u>832,040</u>	<u>175,999</u>	<u>126,355</u>	<u>0</u>
4,163	0	1,058	3,377	1,313	0
0	0	0	0	0	0
0	0	0	0	0	0
18,645	0	0	0	0	0
0	0	0	0	0	0
<u>22,808</u>	<u>0</u>	<u>1,058</u>	<u>3,377</u>	<u>1,313</u>	<u>0</u>
0	0	300	39	0	0
77,303	35,385	830,682	172,583	125,042	0
<u>77,303</u>	<u>35,385</u>	<u>830,982</u>	<u>172,622</u>	<u>125,042</u>	<u>0</u>
<u>\$ 100,111</u>	<u>\$ 35,385</u>	<u>\$ 832,040</u>	<u>\$ 175,999</u>	<u>\$ 126,355</u>	<u>\$ 0</u>

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2012
 (Continued)**

	Special Revenue Funds			
	Legal Aid Trust	Drivers Ed Safety Trust	911 Operations and Maintenance	EMS County Awards HRS
Assets				
Cash and Cash Equivalents	\$ 18,960	\$ 24,380	\$ 43	\$ 40
Equity in Pooled Investments	0	0	255,512	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	55,776	0
Due from Other Governments	1,954	1,539	669	0
Prepaid Expenditures	0	0	0	0
Total Assets	20,914	25,919	312,000	40
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	20,914	0	378	0
Due to Other Funds	0	0	0	0
Due to Other Governments	0	0	0	0
Deferred Revenues	0	0	0	40
Deposits	0	0	0	0
Total Liabilities	20,914	0	378	40
Fund Balances				
Nonspendable	0	0	0	0
Restricted	0	25,919	311,622	0
Committed	0	0	0	0
Total Fund Balances	0	25,919	311,622	0
Total Liabilities and Fund Balances	\$ 20,914	\$ 25,919	\$ 312,000	\$ 40

Special Revenue Funds					
Grants	Amelia Island Tourist Development	Local Affordable Housing Trust (SHIP)	South Amelia Island Shore Stabilization MSBU	Building Department	Amelia Concourse MSBU
\$ (316,329)	\$ 217,533	\$ 395,595	\$ 10,294	\$ 132,281	\$ 202,515
0	2,521,622	0	751,157	2,274,848	573,088
0	0	0	0	69	0
0	0	48,000	0	0	0
0	0	0	0	0	541
351,981	0	0	0	17,361	0
0	0	0	0	668	0
<u>35,652</u>	<u>2,739,155</u>	<u>443,595</u>	<u>761,451</u>	<u>2,425,227</u>	<u>776,144</u>
0	442,969	10	20,747	12,107	13,840
0	0	0	0	16,459	0
0	0	0	0	3,870	0
35,652	0	48,000	0	17,361	0
0	0	0	0	39,367	0
<u>35,652</u>	<u>442,969</u>	<u>48,010</u>	<u>20,747</u>	<u>89,164</u>	<u>13,840</u>
0	0	0	0	668	0
0	2,296,186	395,585	740,704	2,335,395	762,304
0	0	0	0	0	0
<u>0</u>	<u>2,296,186</u>	<u>395,585</u>	<u>740,704</u>	<u>2,336,063</u>	<u>762,304</u>
<u>\$ 35,652</u>	<u>\$ 2,739,155</u>	<u>\$ 443,595</u>	<u>\$ 761,451</u>	<u>\$ 2,425,227</u>	<u>\$ 776,144</u>

**NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2012
 (Continued)**

	<u>Special Revenue Funds</u>			Debt Service Funds
	<u>Firefighter Education Trust</u>	<u>F.S. Special Revenues Fund</u>	<u>Total Special Revenue Funds</u>	<u>Optional Gas Tax 2000</u>
Assets				
Cash and Cash Equivalents	\$ 3	\$ 1,021,136	\$ 2,543,893	\$ 466,775
Equity in Pooled Investments	0	0	7,677,065	951,380
Accounts Receivable (Net of Allowance for Uncollectibles)	0	0	69	0
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	48,000	0
Due from Constitutional Officers	0	0	56,317	0
Due from Other Governments	0	22,566	436,749	155,833
Prepaid Expenditures	0	0	1,007	431
Total Assets	<u>3</u>	<u>1,043,702</u>	<u>10,763,100</u>	<u>1,574,419</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	0	101,533	624,409	0
Due to Other Funds	0	0	16,459	0
Due to Other Governments	0	0	3,870	0
Deferred Revenues	0	0	119,698	77,917
Deposits	0	0	39,367	0
Total Liabilities	<u>0</u>	<u>101,533</u>	<u>803,803</u>	<u>77,917</u>
Fund Balances				
Nonspendable	0	0	1,007	431
Restricted	0	942,169	9,958,287	1,496,071
Committed	3	0	3	0
Total Fund Balances	<u>3</u>	<u>942,169</u>	<u>9,959,297</u>	<u>1,496,502</u>
			0	
Total Liabilities and Fund Balances	<u>\$ 3</u>	<u>\$ 1,043,702</u>	<u>\$ 10,763,100</u>	<u>\$ 1,574,419</u>

Debt Service Funds				Capital Projects Funds	
Amelia Concourse	1998/2009 Gas Tax Bonds	County Complex	Total Debt Service Funds	Grants	County Complex
\$ 39,022	\$ 686,108	\$ 0	\$ 1,191,905	\$ 21,379	\$ 1,034
0	412,708	0	1,364,088	0	255,330
0	0	0	0	0	0
0	0	0	0	0	0
1,034	0	0	1,034	0	0
0	182,468	0	338,301	0	0
0	0	0	431	0	0
<u>40,056</u>	<u>1,281,284</u>	<u>0</u>	<u>2,895,759</u>	<u>21,379</u>	<u>256,364</u>
0	1,039,761	0	1,039,761	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>1,144,761</u>	<u>0</u>	<u>1,222,678</u>	<u>0</u>	<u>0</u>
0	0	0	431	0	0
40,056	136,523	0	1,672,650	21,379	0
0	0	0	0	0	256,364
<u>40,056</u>	<u>136,523</u>	<u>0</u>	<u>1,673,081</u>	<u>21,379</u>	<u>256,364</u>
<u>\$ 40,056</u>	<u>\$ 1,281,284</u>	<u>\$ 0</u>	<u>\$ 2,895,759</u>	<u>\$ 21,379</u>	<u>\$ 256,364</u>

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012
(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	\$ 757,920	\$ 3,025	\$ 0	\$ 783,358	\$ 4,519,156
Equity in Pooled Investments	0	574,512	0	829,842	9,870,995
Accounts Receivable (Net of Allowance for Uncollectibles)	0	0	0	0	69
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	0	0	48,000
Due from Constitutional Officers	0	0	0	0	57,351
Due from Other Governments	0	0	0	0	775,050
Prepaid Expenditures	0	0	0	0	1,438
Total Assets	757,920	577,537	0	1,613,200	15,272,059
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	71,682	0	0	71,682	1,735,852
Due to Other Funds	0	0	0	0	16,459
Due to Other Governments	0	0	0	0	3,870
Deferred Revenues	0	0	0	0	302,615
Deposits	0	0	0	0	39,367
Total Liabilities	71,682	0	0	71,682	2,098,163
Fund Balances					
Nonspendable	0	0	0	0	1,438
Restricted	686,238	0	0	707,617	12,338,554
Committed	0	577,537	0	833,901	833,904
Total Fund Balances	686,238	577,537	0	1,541,518	13,173,896
Total Liabilities and Fund Balances	\$ 757,920	\$ 577,537	\$ 0	\$ 1,613,200	\$ 15,272,059

**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, 2012**

	<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	10,647	0	0	0
Fines and Forfeitures	11,299	5,791	0	536,069
Investment Earnings (Loss)	325	808	29	1,649
Miscellaneous	0	175	1,366	6,531
Contribution from Residents	0	0	0	0
Total Revenues	<u>22,271</u>	<u>6,774</u>	<u>1,395</u>	<u>544,249</u>
Expenditures				
Current:				
General Government Services	0	0	0	0
Public Safety	12,846	0	1,229	42,400
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	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
(Total Expenditures)	<u>12,846</u>	<u>0</u>	<u>1,229</u>	<u>42,400</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,425</u>	<u>6,774</u>	<u>166</u>	<u>501,849</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	9,425	(13,226)	166	492,408
Fund Balances at Beginning of Year	<u>84,172</u>	<u>161,954</u>	<u>7,689</u>	<u>164,820</u>
Fund Balances at End of Year	<u>\$ 93,597</u>	<u>\$ 148,728</u>	<u>\$ 7,855</u>	<u>\$ 657,228</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
141,164	0	0	0	0	0
0	0	75,435	29,163	58,326	0
17,374	0	0	0	0	5,484
296	205	5,445	1,278	626	1
26,315	0	0	0	0	0
0	0	0	0	0	0
<u>185,149</u>	<u>205</u>	<u>80,880</u>	<u>30,441</u>	<u>58,952</u>	<u>5,485</u>
0	0	0	0	0	0
34,527	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	5,910
0	0	0	0	0	0
0	0	14,507	38,971	63,458	0
84,432	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>118,959</u>	<u>0</u>	<u>14,507</u>	<u>38,971</u>	<u>63,458</u>	<u>5,910</u>
<u>66,190</u>	<u>205</u>	<u>66,373</u>	<u>(8,530)</u>	<u>(4,506)</u>	<u>(425)</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>66,190</u>	<u>205</u>	<u>66,373</u>	<u>(8,530)</u>	<u>(4,506)</u>	<u>(425)</u>
<u>11,113</u>	<u>35,180</u>	<u>764,609</u>	<u>181,152</u>	<u>129,548</u>	<u>425</u>
<u>\$ 77,303</u>	<u>\$ 35,385</u>	<u>\$ 830,982</u>	<u>\$ 172,622</u>	<u>\$ 125,042</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, 2012**

(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	64,273	12,250
Charges for Services	29,163	0	397,764	0
Fines and Forfeitures	0	25,806	0	0
Investment Earnings (Loss)	6	113	3,208	0
Miscellaneous	0	0	0	0
Contribution from Residents	0	0	0	0
Total Revenues	29,169	25,919	465,245	12,250
Expenditures				
Current:				
General Government Services	0	0	0	0
Public Safety	0	0	64,794	0
Physical Environment	0	0	0	0
Economic Environment	0	0	0	0
Human Services	83,655	28,991	0	0
Culture and Recreation	0	0	0	0
Court-related Expenditures	0	0	0	0
Capital Outlay	0	0	414,579	12,250
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
(Total Expenditures)	83,655	28,991	479,373	12,250
Excess (Deficiency) of Revenues Over (Under) Expenditures	(54,486)	(3,072)	(14,128)	0
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	0	0	55,776	0
Transfers to Constitutional Officers	0	0	(262,410)	0
Operating Transfers in	54,182	0	0	0
Operating Transfers (out)	0	0	0	0
Total Other Financing Sources (Uses)	54,182	0	(206,634)	0
Net Change in Fund Balances	(304)	(3,072)	(220,762)	0
Fund Balances at Beginning of Year	304	28,991	532,384	0
Fund Balances at End of Year	\$ 0	\$ 25,919	\$ 311,622	\$ 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	\$ 3,086,078	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	643	1,039,387	197,889
694,442	0	0	0	0	0
0	0	0	0	82,597	0
0	0	0	0	0	0
0	12,414	1,456	5,622	13,169	3,706
0	0	29,015	0	17,740	0
0	0	0	0	0	0
<u>694,442</u>	<u>3,098,492</u>	<u>30,471</u>	<u>6,265</u>	<u>1,152,893</u>	<u>201,595</u>
0	0	0	0	661,240	0
0	0	0	0	330,716	0
341,400	135,866	0	76,910	0	145,529
0	2,510,734	71,266	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	2,372	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>341,400</u>	<u>2,646,600</u>	<u>71,266</u>	<u>76,910</u>	<u>994,328</u>	<u>145,529</u>
<u>353,042</u>	<u>451,892</u>	<u>(40,795)</u>	<u>(70,645)</u>	<u>158,565</u>	<u>56,066</u>
0	0	0	0	0	0
0	(92,582)	(40)	(26)	0	(6,440)
35,651	0	0	50,745	0	0
(388,693)	(944)	0	0	(150,821)	(2,044)
<u>(353,042)</u>	<u>(93,526)</u>	<u>(40)</u>	<u>50,719</u>	<u>(150,821)</u>	<u>(8,484)</u>
0	358,366	(40,835)	(19,926)	7,744	47,582
0	1,937,820	436,420	760,630	2,328,319	714,722
<u>\$ 0</u>	<u>\$ 2,296,186</u>	<u>\$ 395,585</u>	<u>\$ 740,704</u>	<u>\$ 2,336,063</u>	<u>\$ 762,304</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, 2012**

(Continued)

	<u>Special Revenue Funds</u>			<u>Debt Service Funds</u>
	<u>Firefighter Education Trust</u>	<u>F. S. Special Revenue Fund</u>	<u>Total Special Revenue Funds</u>	<u>Optional Gas Tax 2000</u>
Revenues				
Taxes	\$ 0	\$ 0	\$ 3,086,078	\$ 912,557
Licenses and Permits	0	0	1,237,919	0
Intergovernmental Revenues	0	31,979	944,108	0
Charges for Services	0	136,518	819,613	0
Fines and Forfeitures	0	40,742	642,565	0
Investment Earnings (Loss)	0	3,692	54,048	8,426
Miscellaneous	0	0	81,142	0
Contribution from Residents	0	0	0	0
Total Revenues	<u>0</u>	<u>212,931</u>	<u>6,865,473</u>	<u>920,983</u>
Expenditures				
Current:				
General Government Services	0	0	661,240	0
Public Safety	0	64,260	550,772	0
Physical Environment	0	0	699,705	0
Economic Environment	0	0	2,582,000	0
Human Services	0	0	118,556	0
Culture and Recreation	0	6,165	6,165	0
Court-related Expenditures	0	52,108	169,044	0
Capital Outlay	0	143,592	657,225	0
Debt Service:				
Principal Retirement	0	0	0	524,466
Interest and Fiscal Charges	0	0	0	420,965
(Total Expenditures)	<u>0</u>	<u>266,125</u>	<u>5,444,707</u>	<u>945,431</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>(53,194)</u>	<u>1,420,766</u>	<u>(24,448)</u>
Other Financing Sources (Uses)				
Transfers from Constitutional Officers	0	0	55,776	0
Transfers to Constitutional Officers	0	0	(381,498)	0
Operating Transfers in	0	0	140,578	0
Operating Transfers (out)	0	0	(551,943)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(737,087)</u>	<u>0</u>
Net Change in Fund Balances	0	(53,194)	683,679	(24,448)
Fund Balances at Beginning of Year	<u>3</u>	<u>995,363</u>	<u>9,275,618</u>	<u>1,520,950</u>
Fund Balances at End of Year	<u>\$ 3</u>	<u>\$ 942,169</u>	<u>\$ 9,959,297</u>	<u>\$ 1,496,502</u>

Debt Service Funds				Capital Projects Funds	
Amelia Concourse	1998/2009 Gas Tax Bonds	County Complex	Total Debt Service Funds	Grants	County Complex
\$ 0	\$ 384,280	\$ 0	\$ 1,296,837	\$ 0	\$ 0
351,726	0	0	351,726	0	0
0	824,434	0	824,434	0	0
0	0	0	0	0	0
0	0	0	0	0	0
2,649	2,331	0	13,406	79	1,861
0	0	0	0	0	0
0	0	0	0	0	0
<u>354,375</u>	<u>1,211,045</u>	<u>0</u>	<u>2,486,403</u>	<u>79</u>	<u>1,861</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
820,818	907,315	920,000	3,172,599	0	0
29,433	264,891	1,398,150	2,113,439	0	0
<u>850,251</u>	<u>1,172,206</u>	<u>2,318,150</u>	<u>5,286,038</u>	<u>0</u>	<u>0</u>
<u>(495,876)</u>	<u>38,839</u>	<u>(2,318,150)</u>	<u>(2,799,635)</u>	<u>79</u>	<u>1,861</u>
0	0	0	0	0	0
(9,661)	0	0	(9,661)	0	0
0	0	2,318,150	2,318,150	0	0
0	0	0	0	0	0
<u>(9,661)</u>	<u>0</u>	<u>2,318,150</u>	<u>2,308,489</u>	<u>0</u>	<u>0</u>
(505,537)	38,839	0	(491,146)	79	1,861
<u>545,593</u>	<u>97,684</u>	<u>0</u>	<u>2,164,227</u>	<u>21,300</u>	<u>254,503</u>
<u>\$ 40,056</u>	<u>\$ 136,523</u>	<u>\$ 0</u>	<u>\$ 1,673,081</u>	<u>\$ 21,379</u>	<u>\$ 256,364</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, 2012
(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	\$ 4,382,915
Licenses and Permits	0	0	0	0	1,589,645
Intergovernmental Revenues	0	0	0	0	1,768,542
Charges for Services	0	0	0	0	819,613
Fines and Forfeitures	0	0	0	0	642,565
Investment Earnings (Loss)	5,517	3,747	0	11,204	78,658
Miscellaneous	0	0	0	0	81,142
Contribution from Residents	1,045,873	0	0	1,045,873	1,045,873
Total Revenues	<u>1,051,390</u>	<u>3,747</u>	<u>0</u>	<u>1,057,077</u>	<u>10,408,953</u>
Expenditures					
Current:					
General Government Services	0	0	0	0	661,240
Public Safety	0	0	0	0	550,772
Physical Environment	0	0	0	0	699,705
Economic Environment	0	0	0	0	2,582,000
Human Services	0	0	0	0	118,556
Culture and Recreation	0	0	0	0	6,165
Court-related Expenditures	0	0	0	0	169,044
Capital Outlay	314,407	0	0	314,407	971,632
Debt Service:					
Principal Retirement	0	0	0	0	3,172,599
Interest and Fiscal Charges	0	0	0	0	2,113,439
(Total Expenditures)	<u>314,407</u>	<u>0</u>	<u>0</u>	<u>314,407</u>	<u>11,045,152</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>736,983</u>	<u>3,747</u>	<u>0</u>	<u>742,670</u>	<u>(636,199)</u>
Other Financing Sources (Uses)					
Transfers from Constitutional Officers	0	0	0	0	55,776
Transfers to Constitutional Officers	0	0	0	0	(391,159)
Operating Transfers in	0	0	0	0	2,458,728
Operating Transfers (out)	(50,745)	0	(290)	(51,035)	(602,978)
Total Other Financing Sources (Uses)	<u>(50,745)</u>	<u>0</u>	<u>(290)</u>	<u>(51,035)</u>	<u>1,520,367</u>
Net Change in Fund Balances	686,238	3,747	(290)	691,635	884,168
Fund Balances at Beginning of Year	0	573,790	290	849,883	12,289,728
Fund Balances at End of Year	<u>\$ 686,238</u>	<u>\$ 577,537</u>	<u>\$ 0</u>	<u>\$ 1,541,518</u>	<u>\$ 13,173,896</u>

OTHER INFORMATION

**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 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, 2012, and have issued our report thereon dated March 1, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

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

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

Compliance and Other Matters

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

Certified Public Accountants

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

The Honorable Board of County Commissioners
Nassau County, Florida

**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*)**

We noted certain matters that we reported to management in a separate management letter dated March 1, 2013.

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

Purvis, Gray and Company, LLP

March 1, 2013
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, 2012, and have issued our report thereon dated March 1, 2013.

We conducted our audit in accordance with auditing standards generally accepted United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 1, 2013, 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 County complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial report.
- 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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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

The Honorable Board of County Commissioners
Nassau County, Florida

MANAGEMENT LETTER
(Concluded)

- Section 10.554(1)(i)5., *Rules of the Auditor General* provides that the auditor may, based upon professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contraction or grant agreements, fraud, illegal acts, or abuse; and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special purpose financial statements. The Board was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Board includes component units as described in Note 1 of the financial statements.

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

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

Purvis, Gray and Company, LLP

March 1, 2013
Gainesville, Florida

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

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

SEPTEMBER 30, 2012

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

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

SEPTEMBER 30, 2012

TABLE OF CONTENTS

Independent Auditors' Report	1-2
Special Purpose Financial Statements	
Balance Sheet - Governmental Funds	3
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Major Governmental Funds	5-8
Statement of Fiduciary Assets and Liabilities - Agency Funds	9
Notes to Special Purpose Financial Statements	10-17
Other Financial Information	
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Nonmajor Governmental Funds - Teen Court	18
Combining Statement of Fiduciary Assets and Liabilities - All Agency Funds	19
Other Reports	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	20-21
Management Letter	22-24
Management's Response Letter	25-26

INDEPENDENT AUDITORS' REPORT

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

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, 2012, as listed in the table of contents. These special purpose financial statements are the responsibility of the Clerk's management. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

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

As discussed in Note 1 to the financial statements, the financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices prescribed by, the *Rules of the Auditor General*, State of Florida, which practices differ from accounting principles generally accepted in the United States of America. The differences include the permitted omission of entity-wide, full accrual, financial statements and the management's discussion and analysis. In addition, the financial statements referred to above are intended to present the financial position and changes in financial position of only that portion of Nassau County, Florida, that is attributable to the transactions of the Clerk. They do not purport to, and do not, present fairly the financial position of Nassau County, Florida, as a whole as of September 30, 2012, and the changes in its financial position, or where applicable, its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of the Clerk at September 30, 2012, and the respective changes in financial position, where appropriate, thereof and the respective budgetary comparison for each major fund for the year then ended in conformity with the basis of accounting described in Note 1.

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

In accordance with *Government Auditing Standards*, we have also issued a report dated February 7, 2013, 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* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Clerk's financial statements taken as a whole. The accompanying other financial information is presented for purposes of additional analysis and is not a required part of the special purpose financial statements. The other 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. The 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.

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

Purvis, Gray and Company, LLP

February 7, 2013
Gainesville, Florida

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012**

	Major Funds					Total Governmental Funds
	General Fund	Court Fund	Public Records Modernization Trust Fund	Child Support Fund	Teen Court	
Assets						
Cash	\$ 428,041	\$ 57,323	\$ 527,107	\$ 105,098	\$ 6,285	\$ 1,123,854
Investments	112	0	0	0	0	112
Due from Other Funds	59,014	0	0	27	0	59,041
Due from Other Governments	46,286	109	23,524	22,134	0	92,053
Prepaid Expenses	717	0	7,734	0	0	8,451
Total Assets	534,170	57,432	558,365	127,259	6,285	1,283,511
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	297,039	1,621	89,010	638	0	388,308
Due to Board of County Commissioners	60,774	0	0	0	0	60,774
Due to Other Funds	0	55,330	0	3,684	0	59,014
Due to Other Governments	30,781	481	0	0	0	31,262
Other Liabilities	145,576	0	0	0	0	145,576
Total Liabilities	534,170	57,432	89,010	4,322	0	684,934
Fund Balances						
Restricted:						
Records Modernization	0	0	469,355	0	0	469,355
Child Support	0	0	0	122,937	0	122,937
Committed:						
Teen Court	0	0	0	0	6,285	6,285
Total Fund Balances	0	0	469,355	122,937	6,285	598,577
Total Liabilities and Fund Balances	\$ 534,170	\$ 57,432	\$ 558,365	\$ 127,259	\$ 6,285	\$ 1,283,511

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, 2012**

	Major Funds					Total Governmental Funds
	General Fund	Court Fund	Public Records Modernization Trust Fund	Child Support Fund	Teen Court	
Revenues						
Intergovernmental Revenue	\$ 0	\$ 1,651,539	\$ 0	\$ 136,090	\$ 0	\$ 1,787,629
Charges for Services	490,701	0	171,344	0	0	662,045
Judgments and Fines	0	0	64,546	0	0	64,546
Miscellaneous	15,463	0	0	0	1,500	16,963
Total Revenues	<u>506,164</u>	<u>1,651,539</u>	<u>235,890</u>	<u>136,090</u>	<u>1,500</u>	<u>2,531,183</u>
Expenditures						
Current:						
General Government:						
Personal Services	1,647,587	0	0	0	0	1,647,587
Operating Expenditures	613,506	0	108,661	0	0	722,167
Economic Environment:						
Personal Services	42,418	0	0	0	0	42,418
Operating Expenditures	2,166	0	0	0	0	2,166
Court-related:						
Personal Services	0	1,458,413	0	70,652	0	1,529,065
Operating Expenditures	0	167,624	180,607	8,030	1,769	358,030
Capital Outlay	194,198	25,502	7,485	0	0	227,185
(Total Expenditures)	<u>(2,499,875)</u>	<u>(1,651,539)</u>	<u>(296,753)</u>	<u>(78,682)</u>	<u>(1,769)</u>	<u>(4,528,618)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(1,993,711)</u>	<u>0</u>	<u>(60,863)</u>	<u>57,408</u>	<u>(269)</u>	<u>(1,997,435)</u>
Other Financing Sources (Uses)						
Transfers in from Board of County Commissioners	2,055,135	0	674	0	0	2,055,809
Transfers in from Other Funds	0	0	650	0	0	650
Transfers (out) to Board of County Commissioners	(60,774)	0	0	0	0	(60,774)
Transfers (out) to Other Funds	(650)	0	0	0	0	(650)
Total Other Financing Sources (Uses)	<u>1,993,711</u>	<u>0</u>	<u>1,324</u>	<u>0</u>	<u>0</u>	<u>1,995,035</u>
Net Change in Fund Balances	0	0	(59,539)	57,408	(269)	(2,400)
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>528,894</u>	<u>65,529</u>	<u>6,554</u>	<u>600,977</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 469,355</u>	<u>\$ 122,937</u>	<u>\$ 6,285</u>	<u>\$ 598,577</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, 2012**

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for Services	\$ 364,905	\$ 490,699	\$ 490,701	\$ 2
Miscellaneous	18,825	15,463	15,463	0
Total Revenues	<u>383,730</u>	<u>506,162</u>	<u>506,164</u>	<u>2</u>
Expenditures				
Current:				
General Government:				
Personal Services	1,786,739	1,647,587	1,647,587	0
Operating Expenditures	646,915	613,506	613,506	0
Economic Environment:				
Personal Services	44,159	42,418	42,418	0
Operating Expenditures	2,625	2,166	2,166	0
Capital Outlay	0	194,198	194,198	0
(Total Expenditures)	<u>(2,480,438)</u>	<u>(2,499,875)</u>	<u>(2,499,875)</u>	<u>0</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(2,096,708)</u>	<u>(1,993,713)</u>	<u>(1,993,711)</u>	<u>2</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	2,096,708	2,055,137	2,055,135	(2)
Transfers (out) to Board of County Commissioners	0	(60,774)	(60,774)	0
Transfers (out) to Other Funds	0	(650)	(650)	0
Total Other Financing Sources (Uses)	<u>2,096,708</u>	<u>1,993,713</u>	<u>1,993,711</u>	<u>(2)</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, 2012
(Continued)

	Court Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental Revenue	\$ 1,651,539	\$ 1,651,539	\$ 1,651,539	\$ 0
Total Revenues	<u>1,651,539</u>	<u>1,651,539</u>	<u>1,651,539</u>	<u>0</u>
Expenditures				
Current:				
Court-related:				
Personal Services	1,458,413	1,458,413	1,458,413	0
Operating Expenditures	167,624	167,624	167,624	0
Capital Outlay	25,502	25,502	25,502	0
(Total Expenditures)	<u>(1,651,539)</u>	<u>(1,651,539)</u>	<u>(1,651,539)</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><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></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, 2012
(Continued)

	Public Records Modernization Trust Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for Services	\$ 153,000	\$ 153,000	\$ 171,344	\$ 18,344
Judgments and Fines	52,000	52,000	64,546	12,546
Total Revenues	<u>205,000</u>	<u>205,000</u>	<u>235,890</u>	<u>30,890</u>
Expenditures				
Current:				
General Government:				
Operating Expenditures	212,876	212,876	108,661	104,215
Court-related:				
Operating Expenditures	511,808	504,323	180,607	323,716
Capital Outlay	2,500	9,985	7,485	2,500
(Total Expenditures)	<u>(727,184)</u>	<u>(727,184)</u>	<u>(296,753)</u>	<u>430,431</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(522,184)</u>	<u>(522,184)</u>	<u>(60,863)</u>	<u>461,321</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	700	700	674	(26)
Transfers in from Other Funds	0	0	650	650
Total Other Financing Sources (Uses)	<u>700</u>	<u>700</u>	<u>1,324</u>	<u>624</u>
Net Change in Fund Balances	(521,484)	(521,484)	(59,539)	461,945
Fund Balances, Beginning of Year	<u>521,484</u>	<u>521,484</u>	<u>528,894</u>	<u>7,410</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 469,355</u>	<u>\$ 469,355</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, 2012
(Concluded)**

	Child Support Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ 125,781	\$ 125,781	\$ 136,090	\$ 10,309
Total Revenues	<u>125,781</u>	<u>125,781</u>	<u>136,090</u>	<u>10,309</u>
Expenditures				
Current:				
Court-related:				
Personal Services	72,215	72,215	70,652	1,563
Operating Expenditures	53,566	53,566	8,030	45,536
(Total Expenditures)	<u>(125,781)</u>	<u>(125,781)</u>	<u>(78,682)</u>	<u>47,099</u>
Excess of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>57,408</u>	<u>57,408</u>
Net Change in Fund Balances	0	0	57,408	57,408
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>65,529</u>	<u>65,529</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 122,937</u>	<u>\$ 122,937</u>

See accompanying notes to financial statements.

**NASSAU COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2012**

Assets

Cash	\$ 1,192,899
Due from Other Governments	176
Due from Individuals	<u>1,228</u>

Total Assets

1,194,303

Liabilities

Due to Other Funds	27
Due to Other Governments	448,512
Deposits	733,558
Other Liabilities	<u>12,206</u>

Total Liabilities

\$ 1,194,303

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. Beginning July 1, 2009, the Clerk's court-related operations were funded from the State's general appropriations, pursuant to Chapter 2009-204, 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* 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, 2012, 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, annual leave is accumulated up to a maximum of 37.5 hours. Any 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'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 also allows employees to accumulate compensatory time earned. An employee can receive payment for unused compensatory time upon termination of employment, at the discretion of the Clerk.

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
- Automobile Liability
- Public Officials' Liability
- Personal Property Damage
- General 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.

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)

- **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.
- **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, 2012, the carrying amount of the Clerk’s deposits was \$2,311,428 and the bank balance was \$2,483,321. The Clerk also held \$5,325 in change funds at September 30, 2012. 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, 2012, the Clerk’s investments consisted of investments with the State Board of Administration in the amount of \$112. Investments are recorded at market value.

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

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).

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.

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

Note 3 - Employee Benefits (Concluded)

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 5.18%, senior management 6.30%, DROP employees 5.44%, and elected officials 10.23%. 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, 2012, 2011, and 2010, were \$142,131, \$272,480, and \$312,875, respectively, equal to the actuarially determined contribution requirements for each fiscal year.

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 \$540.81

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 70 active employees and 11 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 \$746,020 as of September 30, 2012. 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 CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
(Concluded)

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, 2012:

	Balance October 1, <u>2011</u>	<u>Additions</u>	<u>(Deletions)</u>	Balance September 30, <u>2012</u>
Other Postemployment Benefits	\$ 572,875	\$ 286,377	\$ (113,232)	\$ 746,020
Total Long-term Debt	\$ 572,875	\$ 286,377	\$ (113,232)	\$ 746,020

See Note 4 for a description of 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.

Note 6 - Interfund Receivables and Payables

Interfund receivables and payables at September 30, 2012, are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 59,014	\$ 0
Court Fund	0	55,330
Child Support Fund	27	3,684
Domestic Relations Fund	0	27
Total	\$ 59,041	\$ 59,041

OTHER FINANCIAL INFORMATION

**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, 2012**

	<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	\$ 1,500	\$ 1,500
Total Revenues	<u>0</u>	<u>0</u>	<u>1,500</u>	<u>1,500</u>
Expenditures				
Current:				
General Government:				
Operating Expenditures	6,554	6,554	1,769	4,785
(Total Expenditures)	<u>(6,554)</u>	<u>(6,554)</u>	<u>(1,769)</u>	<u>4,785</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>0</u>	<u>(6,554)</u>	<u>(269)</u>	<u>6,285</u>
Net Change in Fund Balances	(6,554)	(6,554)	(269)	6,285
Fund Balances, Beginning of Year	<u>6,554</u>	<u>6,554</u>	<u>6,554</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,285</u>	<u>\$ 6,285</u>

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
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 SEPTEMBER 30, 2012**

	Civil Trust	Recording Trust	Criminal Trust	Special Trust	Domestic Relations	Registry of the Court	Bail Bond	Total
Assets								
Cash	\$ 189,834	\$ 225,775	\$ 30,692	\$ 170,043	\$ 4,165	\$ 416,091	\$ 156,299	\$ 1,192,899
Due from Other Governments	0	0	0	0	176	0	0	176
Due from Individuals	0	1,228	0	0	0	0	0	1,228
Total Assets	189,834	227,003	30,692	170,043	4,341	416,091	156,299	1,194,303
Liabilities								
Due to Other Funds	0	0	0	0	27	0	0	27
Due to Other Governments	119,237	181,565	12,977	130,417	4,314	1	1	448,512
Deposits	70,597	36,097	16,418	38,560	0	416,090	155,796	733,558
Other Liabilities	0	9,341	1,297	1,066	0	0	502	12,206
Total Liabilities	\$ 189,834	\$ 227,003	\$ 30,692	\$ 170,043	\$ 4,341	\$ 416,091	\$ 156,299	\$ 1,194,303

OTHER REPORTS

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

The Honorable John 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 year ended September 30, 2012, and have issued our report thereon dated February 7, 2013, 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.

Internal Control Over Financial Reporting

Management of the Clerk is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Clerk's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control over financial reporting.

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

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

Certified Public Accountants

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

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

Compliance and Other Matters

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

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

Purvis, Gray and Company, LLP

February 7, 2013
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, 2012, and have issued our report thereon dated February 7, 2103, 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 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 7, 2013, 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
(Continued)

- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of laws, regulations, contracts or grant agreements, fraud, illegal acts, 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 more than inconsequential. In connection with our audit, we did not note any such findings.
- Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse; and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special purpose financial statements. The 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)8., *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, and with the exception of the two recommendations below, we determined that the Clerk complied with such requirements.

2012-1—Failure to Achieve Performance Measure Standards

In accordance with Section 28.35(2)(d), Florida Statutes, the Clerk of Courts Operations Corporation (CCOC) has developed and certified a uniform system of performance measures and standards for court-related functions. We noted that the Clerk did not meet the standards established by the CCOC for the period of October 2011 to September 2012 for the following court/case type timeliness measures:

- Juvenile Dependency - CCOC Standard is 80%; the Clerk did not meet this standard for the quarter of October 1, 2011 to December 31, 2011.

We recommend that the Clerk continue to implement the Corrective Action Plan that has been submitted to the CCOC.

2012-2—Assessment and Collection Rate Reporting

The Clerk's office implemented a new software system during the last quarter of the fiscal year. We noted that the system was using incorrect logic when generating case assessment dates for Assessment and Collection Rate reporting to the CCOC. This resulted in several cases being omitted from the fourth quarter Assessment and Collection Report. We recommend that the Clerk's office investigate the nature of the software problem and contact the software provider to correct the logic.

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

MANAGEMENT LETTER
(Concluded)

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 7, 2013
Gainesville, Florida



JOHN A. CRAWFORD
Clerk of the Circuit Court / Comptroller
Ex-Officio Clerk to the Board of County Commissioners
Nassau County



February 7, 2013

Auditor General
Local Government Audits/342
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Sir/Madam,

The audit report of the Office of the Clerk of the Circuit Court, Nassau County, was conducted 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.

The audit report presents fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of the Clerk at September 30, 2012, and the respective changes in financial position, where appropriate, thereof and the respective budgetary comparison for each major fund for the year then ended in conformity with accounting principles generally accepted in the United States of America based on the Independent Auditors' Report.

The independent auditors identified two findings discovered pursuant to the Rules of the Auditor General for the year ending September 30, 2012. The responses to these findings are below.

- 1) Finding – It was noted that the Clerk did not meet the standards established by the CCOC for the period of October 2011 to September 2012 for the following court/case type timeliness measures:

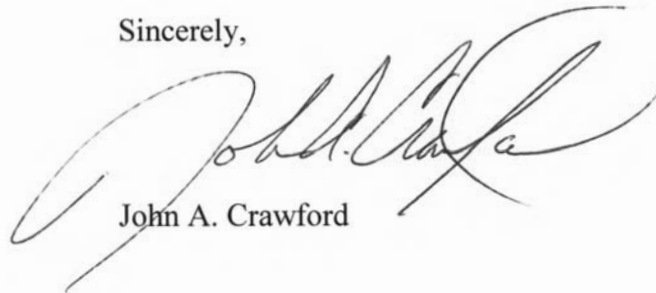
Juvenile Dependency – CCOC Standard is 80%; the Clerk did not meet this standard for the quarter of October 1, 2011 to December 31, 2011.

Response – This was a training issue due to the shift of this case type from one department to another. This was addressed in a Corrective Action Plan that was submitted to CCOC. We have exceeded the standard on an annual basis.

- 2) Finding – It was noted that the newly implemented software system was using incorrect logic when generating case assessment dates for Assessment and Collection Rate reporting to the CCOC. This resulted in several cases being omitted from the fourth quarter Assessment and Collection Report.

Response – After working with the software provider, we identified the stored procedure logic that was causing the incorrect reporting of several case assessments. Once identified, the issue was quickly resolved with the release of version 1.3 for our software application.

Sincerely,

A handwritten signature in black ink, appearing to read "John A. Crawford", is written over the typed name. The signature is fluid and cursive.

John A. Crawford

JAC/alv

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

**NASSAU COUNTY SHERIFF
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2012

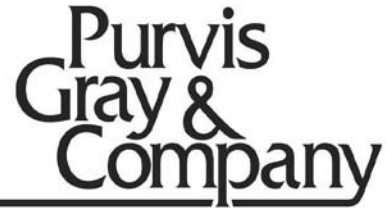
**SPECIAL PURPOSE
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS**

**NASSAU COUNTY SHERIFF
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2012

TABLE OF CONTENTS

Independent Auditors' Report	1-2
 Special Purpose Financial Statements	
Balance Sheet - Governmental Funds	3
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	4
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund.....	5
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Inmate Commissary Fund.....	6
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - 911 Operations Fund	7
Statement of Fiduciary Assets and Liabilities - Agency Funds	8
Notes to Special Purpose Financial Statements.....	9-16
 Other Financial Information	
Combining Balance Sheet - Nonmajor Governmental Funds - Special Revenue Funds	17
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds - Special Revenue Funds.....	18
Combining Statement of Fiduciary Assets and Liabilities - All Agency Funds	19
 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 <i>Government Auditing Standards</i>	20-21
Management Letter.....	22-23
Management's Responses	24-25



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying special purpose financial statements of 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, 2012, as listed in the table of contents. These special purpose financial statements are the responsibility of the Sheriff's management. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

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

As discussed in Note 1 to the financial statements, the financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices prescribed by, the *Rules of the Auditor General*, State of Florida, which practices differ from accounting principles generally accepted in the United States of America. The differences include the permitted omission of entity-wide, full accrual, financial statements and the management's discussion and analysis. In addition, the financial statements referred to above are intended to present the financial position and changes in financial position of only that portion of Nassau County, Florida, that is attributable to the transactions of the Sheriff. They do not purport to, and do not, present fairly the financial position of Nassau County, Florida, as a whole as of September 30, 2012, and the changes in its financial position, or where applicable, its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major funds and the aggregate remaining fund information of the Sheriff, as of September 30, 2012, and the respective changes in financial position thereof, and the respective budgetary comparison for the major funds for the year then ended in conformity with the basis of accounting described in Note 1.

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

In accordance with *Government Auditing Standards*, we have also issued a report dated January 4, 2013, 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* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying other financial information is presented for purposes of additional analysis and is not a required part of the special purpose financial statements. The other 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. The 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Purvis, Gray and Company, LLP

January 4, 2013
Gainesville, Florida

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**NASSAU COUNTY SHERIFF
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012**

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Inmate Commissary</u>	<u>911 Operations</u>		
Assets					
Cash on Hand	\$ 0	\$ 0	\$ 0	\$ 10,630	\$ 10,630
Cash in Bank	660,160	241,104	61,912	11,284	974,460
Due from Board of County Commissioners	12,356	0	0	0	12,356
Due from Other Governments	36,157	17,920	0	0	54,077
Total Assets	<u>708,673</u>	<u>259,024</u>	<u>61,912</u>	<u>21,914</u>	<u>1,051,523</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	259,946	0	0	0	259,946
Due to Board of County Commissioners	448,727	0	61,912	0	510,639
Total Liabilities	<u>708,673</u>	<u>0</u>	<u>61,912</u>	<u>0</u>	<u>770,585</u>
Fund Balances					
Restricted:					
Inmate Welfare	0	259,024	0	0	259,024
Sheriff's Foundation	0	0	0	11,284	11,284
Committed:					
Investigative	0	0	0	10,630	10,630
Total Fund Balances	<u>0</u>	<u>259,024</u>	<u>0</u>	<u>21,914</u>	<u>280,938</u>
Total Liabilities and Fund Balances	<u>\$ 708,673</u>	<u>\$ 259,024</u>	<u>\$ 61,912</u>	<u>\$ 21,914</u>	<u>\$ 1,051,523</u>

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, 2012

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Inmate Commissary</u>	<u>911 Operations</u>		
Revenues					
Miscellaneous	\$ 238,948	\$ 147,044	\$ 134	\$ 18,897	\$ 405,023
Total Revenues	<u>238,948</u>	<u>147,044</u>	<u>134</u>	<u>18,897</u>	<u>405,023</u>
Expenditures					
Current:					
Court-related:					
Personal Services	601,790	0	0	0	601,790
Operating Expenditures	13,198	0	0	0	13,198
Public Safety:					
Personal Services	9,624,115	0	112,076	0	9,736,191
Operating Expenditures	3,660,386	50,361	136,528	48,923	3,896,198
Capital Outlay	194,655	0	2,253	0	196,908
Debt Service:					
Principal	109,658	0	0	0	109,658
Interest	18,281	0	0	0	18,281
(Total Expenditures)	<u>(14,222,083)</u>	<u>(50,361)</u>	<u>(250,857)</u>	<u>(48,923)</u>	<u>(14,572,224)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(13,983,135)</u>	<u>96,683</u>	<u>(250,723)</u>	<u>(30,026)</u>	<u>(14,167,201)</u>
Other Financing Sources (Uses)					
Transfers in from Board of County Commissioners	14,371,547	0	312,635	20,000	14,704,182
Transfers (out) to Board of County Commissioners	(448,727)	0	(61,912)	0	(510,639)
Transfers in from Other Funds	60,315	0	0	0	60,315
Transfers to Other Funds	0	(60,315)	0	0	(60,315)
Total Other Financing Sources (Uses)	<u>13,983,135</u>	<u>(60,315)</u>	<u>250,723</u>	<u>20,000</u>	<u>14,193,543</u>
Net Change in Fund Balances	0	36,368	0	(10,026)	26,342
Fund Balance, Beginning of Year	<u>0</u>	<u>222,656</u>	<u>0</u>	<u>31,940</u>	<u>254,596</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 259,024</u>	<u>\$ 0</u>	<u>\$ 21,914</u>	<u>\$ 280,938</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, 2012

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Miscellaneous	\$ 0	\$ 299,263	\$ 238,948	\$ (60,315)
Total Revenues	<u>0</u>	<u>299,263</u>	<u>238,948</u>	<u>(60,315)</u>
Expenditures				
Current:				
Court-related:				
Personal Services	605,678	601,790	601,790	0
Operating Expenditures	17,023	13,199	13,198	1
Public Safety:				
Personal Services	10,304,343	9,624,115	9,624,115	0
Operating Expenditures	3,228,980	3,665,379	3,660,386	4,993
Capital Outlay	10,000	189,661	194,655	(4,994)
Debt Service:				
Principal	109,658	109,658	109,658	0
Interest	18,281	18,281	18,281	0
(Total Expenditures)	<u>(14,293,963)</u>	<u>(14,222,083)</u>	<u>(14,222,083)</u>	<u>0</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(14,293,963)</u>	<u>(13,922,820)</u>	<u>(13,983,135)</u>	<u>(60,315)</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	14,323,963	14,364,476	14,371,547	7,071
Transfers (out) to Board of County Commissioners	(30,000)	(441,656)	(448,727)	(7,071)
Transfer in from Other Funds	0	0	60,315	60,315
Total Other Financing Sources (Uses)	<u>14,293,963</u>	<u>13,922,820</u>	<u>13,983,135</u>	<u>60,315</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, 2012

	<u>Inmate Commissary Fund</u>			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Miscellaneous	\$ 0	\$ 147,044	\$ 147,044	\$ 0
Total Revenues	<u>0</u>	<u>147,044</u>	<u>147,044</u>	<u>0</u>
Expenditures				
Current:				
Public Safety:				
Operating Expenditures	0	50,361	50,361	0
(Total Expenditures)	<u>0</u>	<u>(50,361)</u>	<u>(50,361)</u>	<u>0</u>
Excess of Revenues Over Expenditures	<u>0</u>	<u>96,683</u>	<u>96,683</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers to Other Funds	0	(60,315)	(60,315)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(60,315)</u>	<u>(60,315)</u>	<u>0</u>
Net Change in Fund Balance	0	36,368	36,368	0
Fund Balance, Beginning of Year	<u>0</u>	<u>222,656</u>	<u>222,656</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 259,024</u>	<u>\$ 259,024</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, 2012

	911 Operations Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Miscellaneous	\$ 0	\$ 134	\$ 134	\$ 0
Total Revenues	<u>0</u>	<u>134</u>	<u>134</u>	<u>0</u>
Expenditures				
Current:				
Public Safety:				
Personal Services	157,635	112,076	112,076	0
Operating Expenditures	155,000	136,528	136,528	0
Capital Outlay	0	2,253	2,253	0
(Total Expenditures)	<u>(312,635)</u>	<u>(250,857)</u>	<u>(250,857)</u>	<u>0</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(312,635)</u>	<u>(250,723)</u>	<u>(250,723)</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	312,635	312,635	312,635	0
Transfers (out) to Board of County Commissioners	0	(61,912)	(61,912)	0
Total Other Financing Sources (Uses)	<u>312,635</u>	<u>250,723</u>	<u>250,723</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, 2012**

Assets

Cash	<u>\$ 49,149</u>
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Liabilities

Accounts Payable	16,000
Deposits	11,788
Due to other Funds	20,855
Due to other Governements	<u>506</u>

Total Liabilities	<u>\$ 49,149</u>
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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.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the special purpose financial statements include all funds for which the Sheriff is financially accountable. GASB has set forth criteria for consideration in determining financial accountability. These criteria include appointing a majority of an organization's governing body and (1) the ability of the Sheriff to impose its will on that organization, or (2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the Sheriff. Other considerations are whether the organization is legally separate, whether the Sheriff holds the corporate powers of the organization, and whether there is fiscal dependency by the organization on the Sheriff.

Based upon the application of these criteria, the Sheriff's Foundation of Nassau County has been included in the accompanying special purpose financial statements as a blended component unit. During 2008, the Sheriff established the Sheriff's Foundation of Nassau County which is a separate legal entity organized under the laws of the State of Florida. The entity is a tax-exempt entity under section 501(c)(3) of the Internal Revenue Code. This entity was established to promote public safety through charitable activities and outreach programs.

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*.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Concluded)

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, 2012, and the changes in its financial position for the year then ended, in conformity with 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.

■ **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 two special revenue funds in the special purpose financial statements under the title, Sheriff's Investigative Fund & Sheriff's Foundation Fund. The Sheriff's Investigative Fund accounts for monies used in accordance with Section 925.055, Florida Statutes. The Sheriff's Foundation Fund accounts for the operations of a 501(c)(3) charitable organization organized by the Sheriff's office.

■ **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.

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

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

Basis of Accounting

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

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

Measurement Focus

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

Budgetary Requirement

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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 or at the discretion of the Sheriff.

In addition, the Sheriff maintains the following policy for sick leave. Sick leave is accumulated at the rate of eight hours per month. Certain sick leave benefits are paid to employees who terminate their employment after ten years of service, retire from duty, die in the line of duty, or at the discretion of the Sheriff.

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.

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.

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

Note 1 - Summary of Significant Accounting Policies (Concluded)

Fund Balance Reporting (Concluded)

- ***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 years’ 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.

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 and Investments

Cash Deposits

At September 30, 2012, the carrying amount of the Sheriff’s deposits was \$1,023,609 and the bank balance was \$1,814,679. 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.

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

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.

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 5.18% of the compensation for regular members, 14.90% for special risk, and 10.23% 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, 2012, 2011, and 2010, were \$960,496, \$1,572,861, and \$1,631,997, 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.

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

Note 4 - Other Postemployment Benefits (OPEB) (Concluded)

Currently, the Sheriff has 206 active employees and 16 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 \$1,897,284. 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:

	Balance October 1, 2011	Increase	Decrease	Balance September 30, 2012
Capital Assets				
Machinery and Equipment	\$ 9,170,401	\$ 505,230	\$ (452,851)	\$ 9,222,780
Accumulated Depreciation	<u>(7,188,845)</u>	<u>(867,645)</u>	<u>448,876</u>	<u>(7,607,614)</u>
Machinery and Equipment, Net	<u>\$ 1,981,556</u>	<u>\$ (362,415)</u>	<u>\$ (3,975)</u>	<u>\$ 1,615,166</u>

Included in machinery and equipment above is equipment recorded under a capital lease in the amount of \$578,732 with accumulated amortization of \$241,138.

Depreciation expense was recorded in the government-wide financial statements in the amount of \$867,645.

Note 6 - Operating Leases

The Sheriff leased various copiers during fiscal year 2010-2011. 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 \$45,099. Future minimum lease payments for the leases are as follows:

Year Ending September 30	Annual Lease Payments
2013	\$ 53,324
2014	50,338
2015	47,443
2016	42,943
2017	<u>8,780</u>
Total	<u>\$ 202,828</u>

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

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, 2012:

	Balance October 1, 2011	Additions	(Deletions)	Balance September 30, 2012
Capital Lease	\$ 346,628	\$ 0	\$ (109,657)	\$ 236,971
Accrued Compensated Absences	1,098,701	924,951	(1,106,538)	917,114
Other Postemployment Benefits	<u>1,227,364</u>	<u>669,920</u>	<u>0</u>	<u>1,897,284</u>
Totals	<u>\$ 2,672,693</u>	<u>\$ 1,594,871</u>	<u>\$ (1,216,195)</u>	<u>\$ 3,051,369</u>

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
2013	\$ 127,939
2014	<u>127,939</u>
Total Future Minimum Lease Payments	255,878
(Less Amount Representing Interest)	<u>(18,907)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 236,971</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.

OTHER FINANCIAL INFORMATION

**NASSAU COUNTY SHERIFF
 COMBINING BALANCE SHEET BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2012**

	<u>Sheriff's Foundation</u>	<u>Sheriff's Investigative</u>	<u>Total Other Governmental Funds</u>
Assets			
Cash on Hand	\$ 0	\$ 10,630	\$ 10,630
Cash in Bank	11,284	0	11,284
Total Assets	<u>11,284</u>	<u>10,630</u>	<u>21,914</u>
 Liabilities and Fund Balances			
 Fund Balances			
Restricted:			
Sheriff's Foundation	11,284	0	11,284
Committed:			
Investigative	<u>0</u>	<u>10,630</u>	<u>10,630</u>
Total Fund Balances	<u>11,284</u>	<u>10,630</u>	<u>21,914</u>
 Total Liabilities and Fund Balances	 <u>\$ 11,284</u>	 <u>\$ 10,630</u>	 <u>\$ 21,914</u>

**NASSAU COUNTY SHERIFF
 COMBINING STATEMENT OF REVENUES
 EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Sheriff's Foundation</u>	<u>Sheriff's Investigative</u>	<u>Total Other Governmental Funds</u>
Revenues			
Miscellaneous	\$ 18,897	\$ 0	\$ 18,897
Total Revenues	<u>18,897</u>	<u>0</u>	<u>18,897</u>
Expenditures			
Current:			
Public Safety:			
Operating Expenditures	28,046	20,877	48,923
(Total Expenditures)	<u>(28,046)</u>	<u>(20,877)</u>	<u>(48,923)</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(9,149)</u>	<u>(20,877)</u>	<u>(30,026)</u>
Other Financing Sources (Uses)			
Transfers in from Board of County Commissioners	0	20,000	20,000
Total Other Financing Sources (Uses)	<u>0</u>	<u>20,000</u>	<u>20,000</u>
Net Change in Fund Balances	(9,149)	(877)	(10,026)
Fund Balance, Beginning of Year	<u>20,433</u>	<u>11,507</u>	<u>31,940</u>
Fund Balance, End of Year	<u>\$ 11,284</u>	<u>\$ 10,630</u>	<u>\$ 21,914</u>

AGENCY FUNDS

Individual Depositors/Suspense—Accounts for fees charged for the service of process in civil cases. These nonrefundable fees are set by Section 30.231 of the Florida Statutes. On a monthly basis, these fees are deposited to the general fund of the Board. Accounts for the receipt and disbursement of funds received for various purposes such as faulty equipment for inspection and purge money for child support. Disbursement of these funds is made in accordance with the purpose of the receipt.

Inmate Trust—Accounts for inmates' personal cash receipts and disbursements. Individual inmate account records are maintained. This fund makes disbursements requested by inmates to the extent of their available funds.

Federal Inmate—Accounts for funds received for housing federal inmates at the Nassau County Detention Facility. Funds received are paid to the Nassau County Board of County Commissioners.

**NASSAU COUNTY SHERIFF
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 SEPTEMBER 30, 2012**

	Individual Depositors/ Suspense	Inmate Trust	Federal Inmate	Total
Assets				
Cash	\$ 24,301	\$ 24,342	\$ 506	\$ 49,149
Liabilities				
Accounts Payable	0	16,000	0	16,000
Deposits	3,446	8,342	0	11,788
Due to Other Funds	20,855	0	0	20,855
Due to Other Governments	0	0	506	506
Total Liabilities	\$ 24,301	\$ 24,342	\$ 506	\$ 49,149

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 T.L. "Tommy" Seagraves, Jr.
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 year ended September 30, 2012, and have issued our report thereon dated January 4, 2013, 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.

Internal Control Over Financial Reporting

Management of the Sheriff is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

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

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The Honorable T.L. "Tommy" Seagraves, Jr.
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*)**

Internal Control Over Financial Reporting (*Concluded*)

■ **2009 IC-1 Segregation of Duties**

Condition—In certain circumstances, the duties of making pay rate changes in the payroll system, signing payroll checks, and reconciling the payroll bank statements are performed by the same employee. In addition, the duties of initiating and executing bank transfers, and preparing and posting journal entries were performed by the same employee.

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

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

Compliance and Other Matters

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

We noted a certain matter that we reported to management of the Sheriff in a separate letter dated January 4, 2013.

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

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

Purvis, Gray and Company, LLP

January 4, 2013
Gainesville, Florida

MANAGEMENT LETTER

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

We have audited the special purpose financial statements of 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, 2012, and have issued our report thereon dated January 4, 2013, 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 4, 2013, 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' report:

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 report except as noted under the heading prior year findings and recommendations.

Prior Year Findings and Recommendations

■ **2009 ML -1 Unclaimed Property**

During our review of bank reconciliations, we noted a significant number of outstanding checks over two years old in the inmate trust account and a few checks over one year old in the operating account.

We recommend that efforts be made to return these stale-dated checks to the appropriate payees, or, if unsuccessful, we recommend the Sheriff's office review the provisions of Section 116.21, Florida Statutes, as it relates to unclaimed funds.

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

MANAGEMENT LETTER
(Concluded)

Section 10.554(1)(i)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 violations of provisions of contracts or grant agreements, fraud, illegal acts, 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, more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special purpose financial statements. The Sheriff was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There was one component unit related to the Sheriff which is described in Note 1 of the special purpose financial statements.

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 4, 2013
Gainesville, Florida



Nassau County Sheriff's Office

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

March 1, 2013

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

To whom it may concern:

The purpose of this letter is to respond to the Internal Control Reportable Condition found in our 2011-2012 audit. Listed below is the individual reportable condition along with its corresponding response. If you have any further questions or comments, please don't hesitate to contact my office.

1.) 2009 IC-1 Segregation of Duties

Response: The finance department at the Nassau County Sheriff's Office is very small which makes it difficult to have a complete segregation of all incompatible accounting functions. We have identified areas in which we can improve and will separate incompatible duties and will do so whenever possible.

Sincerely,


Gene Knaga, Finance Manager



Nassau County Sheriff's Office

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

March 1, 2013

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

To whom it may concern:

The purpose of this letter is to respond to the 2011-2012 Management Letter. Listed below are the individual prior year and current year findings along with their corresponding responses. If you have any further questions or comments, please don't hesitate to contact my office.

1.) 2009 ML-1 Unclaimed Property

Response: We will make every effort to return all stale-dated checks to the appropriate payees. In the event that our efforts are not successful, we will review Florida Statute 116.21 for guidance as it relates to unclaimed funds.

Sincerely,


Gene Knaga, Finance Manager

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

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

SEPTEMBER 30, 2012

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

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

SEPTEMBER 30, 2012

TABLE OF CONTENTS

Independent Auditors' Report	1-2
Special Purpose Financial Statements	
Balance Sheet - General Fund	3
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	5
Statement of Fiduciary Assets and Liabilities - Agency Fund	6
Notes to Special Purpose Financial Statements	7-13
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 <i>Government Auditing Standards</i>	14-15
Management Letter	16-17

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying special purpose financial statements of the 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, 2012, as listed in the table of contents. These special purpose financial statements are the responsibility of the Tax Collector's management. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

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

As discussed in Note 1 to the special purpose financial statements, the special purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the *Rules of the Auditor General*, State of Florida, which practices differ from accounting principles generally accepted in the United States of America. The differences include the permitted omission of entity-wide, full-accrual, financial statements and the management's discussion and analysis. In addition, the financial statements referred to above are intended to present the financial position and changes in financial position of only that portion of Nassau County, Florida, that is attributable to the transactions of the Tax Collector. They do not purport to, and do not, present fairly the financial position of Nassau County, Florida as a whole as of September 30, 2012, and the changes in financial position, or where applicable, its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the general fund and the aggregate remaining fund information of the Tax Collector at September 30, 2012, and changes in financial position of its general fund and the respective budgetary comparison for the general fund for the year then ended in conformity with the basis of accounting described in Note 1.

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

In accordance with *Government Auditing Standards*, we have also issued a report dated February 19, 2013 on our consideration of the Tax Collector's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Purvis, Gray and Company, LLP

February 19, 2013
Gainesville, Florida

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**NASSAU COUNTY TAX COLLECTOR
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2012**

Assets	
Cash	\$ 496,253
Due from Agency Fund	21,694
Prepaid Expenses	21,590
Due from Other Governments	258
Total Assets	<u>539,795</u>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	14,618
Deferred Revenue	16,792
Due to Board of County Commissioners	492,695
Due to Other Governments	15,690
Total Liabilities	<u>539,795</u>
Fund Balance	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 539,795</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, 2012**

Revenues	
Charges for Services	\$ 894,193
Interest	2,639
Miscellaneous	20,010
Total Revenues	916,842
Expenditures	
Current:	
General Government:	
Salaries and Benefits	1,720,479
Operating Expenditures	522,081
Capital Outlay	102,013
(Total Expenditures)	(2,344,573)
(Deficiency) of Revenues (Under) Expenditures	(1,427,731)
Other Financing Sources (Uses)	
Transfers in from Board of County Commissioners	1,912,949
Transfers (out) to Board of County Commissioners	(485,218)
Total Other Financing Sources (Uses)	1,427,731
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, 2012**

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for Services	\$ 968,163	\$ 968,163	\$ 894,193	\$ (73,970)
Interest	7,500	7,500	2,639	(4,861)
Miscellaneous	15,000	15,000	20,010	5,010
Total Revenues	<u>990,663</u>	<u>990,663</u>	<u>916,842</u>	<u>(73,821)</u>
Expenditures				
Current:				
General Government:				
Salaries and Benefits	1,823,944	1,723,354	1,720,479	2,875
Operating Expenditures	517,365	533,347	522,081	11,266
Capital Outlay	4,750	104,250	102,013	2,237
(Total Expenditures)	<u>(2,346,059)</u>	<u>(2,360,951)</u>	<u>(2,344,573)</u>	<u>16,378</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(1,355,396)</u>	<u>(1,370,288)</u>	<u>(1,427,731)</u>	<u>(57,443)</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	1,999,394	1,999,394	1,912,949	(86,445)
Transfers (out) to Board of County Commissioners	(643,998)	(629,106)	(485,218)	143,888
Total Other Financing Sources (Uses)	<u>1,355,396</u>	<u>1,370,288</u>	<u>1,427,731</u>	<u>57,443</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, 2012**

Assets

Cash and Investments	\$ 1,910,324
Due from Others	29,397
Due from Other Governments	251
Total Assets	<u><u>1,939,972</u></u>

Liabilities

Due to General Fund	21,694
Due to Board of County Commissioners	7,725
Due to Other Governments	202,180
Undistributed Collections	1,708,373
Total Liabilities	<u><u>\$ 1,939,972</u></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. Although the Florida Department of Revenue approves the Tax Collector's operating budget, the Tax Collector is responsible for the administration and operation of the Tax Collector's office, and the Tax Collector's special purpose financial statements do not include the financial statements of the Board or the other Constitutional Officers of Nassau County, Florida.

The Tax Collector operates as a Fee Officer. Upon approval of the operating budget, revenues are collected from fees and from commissions earned for the collection of taxes and special assessments for the various Nassau County taxing authorities pursuant to Section 192.091(2), Florida Statutes. Any excess revenues received over expenditures made are remitted at year-end to 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, 2012, 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, 2012, the carrying amount of the Tax Collector’s cash on hand and on deposit was \$1,568,265 and the bank balances were \$1,605,349. Deposits in banks and savings and loan institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value to or greater than the average daily 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.

Investments were as follows:

	Carrying Amount	Fair Value
Florida Fixed Income Trust	\$ 838,312	\$ 838,312

The Tax Collector entered into an intergovernmental investment pool established pursuant to Section 163.01 and Section 218.415, Florida Statutes. The investments are held under the name of the Nassau County Tax Collector. The name of the investment pool is the Florida Fixed Income Trust. The Trust is not insured against loss.

The participants own shares in the investment pool and the value of each participant’s investment increases or decreases as the market values of investments increase or decrease. At September 30, 2012, the Tax Collector participated in an investment pool that consisted of six money market mutual funds and two short-term U.S. government bond funds.

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.

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

Note 3 - Employee Benefits (Concluded)

Defined Benefit Pension Plan (Concluded)

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 (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 FRS 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 FRS members (except those in DROP) are required to contribute 3% of their gross compensation on a pretax basis. The contribution rates effective as of June 30, 2012 and 2011, by member class are as follows: regular members (5.18% and 4.91%), DROP employees (5.44% and 4.42%), senior management (6.30% and 6.27%) and elected officials (10.23% and 11.14%). The Tax Collector's contributions to the plan for the years ended September 30, 2012, 2011, and 2010, were \$76,296, \$139,043, and \$146,632, 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, 2012:

	<u>Balance October 1, 2011</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance September 30, 2012</u>
Accrued Compensated Absences	\$ 115,005	\$ 65,305	\$ (139,723)	\$ 40,587
Other Postemployment Benefits	233,393	70,541	0	303,934
Total Long-term Debt	<u>\$ 348,398</u>	<u>\$ 135,846</u>	<u>\$ (139,723)</u>	<u>\$ 344,521</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.

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

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 Tax Collector has 32 active employees and 1 retired employee 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, 2012, totaled \$303,934. 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

The Tax Collector entered into a lease agreement with Pitney Bowes for a mailing system. The lease period was 60 months from July 2007 through June 2012. Lease payments were \$402 per month. Effective July 2012, a new 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.

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

Note 6 - Operating Leases (Concluded)

The amount of lease payments made under these agreements during the fiscal year ended September 30, 2012, was \$4,962. The future minimum lease payments are as follows:

Year Ending September 30	Amount
2013	\$ 9,654
2014	9,654
2015	9,654
2016	5,376
2017	4,032
Total	\$ 38,370

Note 7 - Interfund Receivables and Payables

Interfund receivables and payables at September 30, 2012, are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 21,694	\$ 0
Fiduciary:		
Agency Fund	0	21,694
Totals	\$ 21,694	\$ 21,694

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 \$26,065 was expended in fiscal year 2012 under this lease agreement.

Future minimum lease payments under this agreement are as follows:

Year Ending September 30	Amount
2013	\$ 28,618
2014	31,721
2015	33,921
2016	14,517
Total	\$ 108,777

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 the special purpose financial statements of the Nassau County, Florida, Tax Collector (the Tax Collector), as of and for the year ended September 30, 2012, and have issued our report thereon dated February 19, 2013, which was modified to refer to a basis of accounting required for state filing requirements, and for other reasons. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Tax Collector's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tax Collector's internal control over financial reporting.

A *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.

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

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*.

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

Purvis, Gray and Company, LLP

February 19, 2013
Gainesville, Florida

MANAGEMENT LETTER

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

We have audited the special purpose financial statements of the Nassau County, Florida, Tax Collector (the Tax Collector), as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated February 19, 2013, 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. Disclosures in that report, which is dated February 19, 2013, 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 the entity's 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 violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse; and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in 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 19, 2013
Gainesville, Florida

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

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

SEPTEMBER 30, 2012

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

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

SEPTEMBER 30, 2012

TABLE OF CONTENTS

Independent Auditors' Report	1-2
Special Purpose Financial Statements	
Balance Sheet - General Fund	3
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	5
Notes to Special Purpose Financial Statements	6-10
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 <i>Government Auditing Standards</i>	11-12
Management Letter	13-14



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying special purpose financial statements of the general fund of the Nassau County, Florida, Property Appraiser (the Property Appraiser), as of and for the year ended September 30, 2012, as listed in the table of contents. These special purpose financial statements are the responsibility of the Property Appraiser's management. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

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

As discussed in Note 1 to the special purpose financial statements, the special purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the *Rules of the Auditor General*, State of Florida, which practices differ from accounting principles generally accepted in the United States of America. The differences include the permitted omission of entity-wide, full-accrual, financial statements and the management's discussion and analysis. In addition, the financial statements referred to above are intended to present the financial position and changes in financial position of only that portion of Nassau County, Florida, that is attributable to the transactions of the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Nassau County, Florida, as a whole, as of September 30, 2012, and the changes in its financial position or where applicable, its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the Property Appraiser at September 30, 2012, and the changes in financial position of its general fund and the respective budgetary comparison for the general fund for the year then ended in conformity with the basis of accounting described in Note 1.

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

In accordance with *Government Auditing Standards*, we have also issued a report dated January 3, 2013, on our consideration of the Property Appraiser's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Purvis, Gray and Company, LLP

January 3, 2013
Gainesville, Florida

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**NASSAU COUNTY PROPERTY APPRAISER
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2012**

Assets	
Cash	\$ 248,289
Total Assets	<u>248,289</u>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	8,366
Accrued Salaries	44,883
Due to Board of County Commissioners	188,879
Due to Other Governments	6,161
Total Liabilities	<u>248,289</u>
Fund Balance	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 248,289</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, 2012**

Revenues	
Charges for Services	\$ 52,662
Interest	904
Miscellaneous	20,540
Total Revenues	74,106
Expenditures	
Current:	
General Government:	
Personal Services	1,384,100
Operating Expenditures	304,594
(Total Expenditures)	(1,688,694)
(Deficiency) of Revenues (Under) Expenditures	(1,614,588)
Other Financing Sources (Uses)	
Transfers in from Board of County Commissioners	1,803,467
Transfers in from Constitutional Officers	18,000
Transfers (out) to Board of County Commissioners	(188,879)
Transfers (out) to Constitutional Officers	(18,000)
Total Other Financing Sources (Uses)	1,614,588
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 PROPERTY APPRAISER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<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	\$ 58,823	\$ 58,823	\$ 52,662	\$ (6,161)
Interest	0	0	904	904
Miscellaneous	0	0	20,540	20,540
Total Revenues	<u>58,823</u>	<u>58,823</u>	<u>74,106</u>	<u>15,283</u>
Expenditures				
Current:				
General Government:				
Personal Services	1,516,288	1,486,108	1,384,100	102,008
Operating Expenditures	318,382	308,182	304,594	3,588
Reserve for Contingency	50,000	50,000	0	50,000
(Total Expenditures)	<u>(1,884,670)</u>	<u>(1,844,290)</u>	<u>(1,688,694)</u>	<u>155,596</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(1,825,847)</u>	<u>(1,785,467)</u>	<u>(1,614,588)</u>	<u>170,879</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	1,825,847	1,803,467	1,803,467	0
Transfers in from Constitutional Officers	0	0	18,000	18,000
Transfers (out) to Board of County Commissioners	0	0	(188,879)	(188,879)
Transfers (out) to Constitutional Officers	0	(18,000)	(18,000)	0
Total Other Financing Sources (Uses)	<u>1,825,847</u>	<u>1,785,467</u>	<u>1,614,588</u>	<u>(170,879)</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><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></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. Although the Board and the Florida Department of Revenue approve the Property Appraiser's total operating budget, the Property Appraiser is responsible for the administration and operation of the Property Appraiser's office, and the Property Appraiser's special purpose financial statements do not include the financial statements of the Board or the other Constitutional Officers of Nassau County, Florida.

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

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

Basis of Presentation

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

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, 2012, 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, 2012, the carrying amount of the Property Appraiser's deposits was \$248,289 and the bank balance was \$303,216. Deposits in banks and savings and loan institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All of the cash deposits of the Property Appraiser are placed with qualified financial institutions, which mean they are insured or collateralized.

Note 3 - Employee Benefits

Defined Benefit Pension Plan

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 (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 FRS 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 FRS members (except those in DROP) are required to contribute 3% of their gross compensation on a pretax basis. The contribution rates effective as of June 30, 2012 and 2011, by member class are as follows: regular members (5.18% and 4.91%), DROP employees (5.44% and 4.42%), senior management (6.30% and 6.27%) and elected officials (10.23% and 11.14%). The Property Appraiser's contributions to the plan for the years ended September 30, 2012, 2011, and 2010, were \$59,535, \$107,236, and \$122,688, 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, 2012:

	Balance October 1, 2011	Additions	(Deletions)	Balance September 30, 2012
Accrued Compensated Absences	\$ 144,890	\$ 73,894	\$ (86,356)	\$ 132,428
Other Postemployment Benefits	198,031	59,852	0	257,883
Total Long-term Debt	\$ 342,921	\$ 133,746	\$ (86,356)	\$ 390,311

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 23 active employees and 5 retired employees who are considered participants in the plan for purposes of computing the OPEB obligation. The Property Appraiser’s portion of the OPEB obligation at September 30, 2012, totaled \$257,883. 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, 2012, for the mail processing machine.

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

Year Ending September 30	Amount
2013	\$ 968
2014	242
Total	\$ 1,210

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

We have audited the special purpose financial statements of the Nassau County, Florida, Property Appraiser (the Property Appraiser), as of and for the year ended September 30, 2012, and have issued our report thereon dated January 3, 2013, which was modified to refer to a basis of accounting required for state filing requirements, and for other reasons. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Property Appraiser's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Property Appraiser's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Property Appraiser's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Property Appraiser's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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The Honorable Tammy C. Stiles
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*.

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

Purvis, Gray and Company, LLP

January 3, 2013
Gainesville, Florida

MANAGEMENT LETTER

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

We have audited the special purpose financial statements of the Nassau County, Florida, Property Appraiser (the Property Appraiser), as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated January 3, 2013, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and other reasons.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our independent auditors' report on internal control over financial reporting and compliance and other matters. Disclosures in that report, which is dated January 3, 2013, 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 the entity's 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, fraud, illegal acts, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

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

MANAGEMENT LETTER
(Concluded)

- Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse; and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special purpose financial statements. The 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

January 3, 2013
Gainesville, Florida

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

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2012

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

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2012

TABLE OF CONTENTS

Independent Auditors' Report	1-2
Special Purpose Financial Statements	
Balance Sheet - General Fund	3
Statement of Revenues, Expenditures, and Changes in Fund	
Balance - General Fund.....	4
Statement of Revenues, Expenditures, and Changes in Fund	
Balance - Budget and Actual - General Fund.....	5
Notes to Special Purpose Financial Statements	6-10
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 <i>Government Auditing Standards</i>	11-12
Management Letter	13-14

INDEPENDENT AUDITORS' REPORT

The Honorable Vicki P. Cannon
Nassau County Supervisor of Elections
Nassau County, Florida

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, 2012, as listed in the table of contents. These special purpose financial statements are the responsibility of the Supervisor of Elections' management. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

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

As discussed in Note 1 to the special purpose financial statements, the special purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices prescribed by, the *Rules of the Auditor General*, State of Florida, which practices differ from accounting principles generally accepted in the United States of America. The differences include the permitted omission of entity-wide, full-accrual, financial statements and the management's discussion and analysis. In addition, the financial statements referred to above are intended to present the financial position and changes in financial position of only that portion of Nassau County, Florida, that is attributable to the transactions of the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Nassau County, Florida as a whole as of September 30, 2012, and the changes in financial position, or, where applicable, its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the Supervisor of Elections at September 30, 2012, and the changes in financial position of its general fund and the respective budgetary comparison for the general fund for the year then ended in conformity with the basis of accounting described in Note 1.

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The Honorable Vicki P. Cannon
Nassau County Supervisor of Elections
Nassau County, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

In accordance with *Government Auditing Standards*, we have also issued a report dated February 19, 2013, on our consideration of the Supervisor of Elections' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Purvis, Gray and Company, LLP

February 19, 2013
Gainesville, Florida

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2012**

Assets

Cash in Bank	\$ 232,454
Accounts Receivable	15,895
Due from Other Governments	12,250
Total Assets	<u>260,599</u>

Liabilities and Fund Balance

Liabilities

Accounts Payable	111,553
Due to the Board of County Commissioners	141,431
Deferred Revenue	7,615
Total Liabilities	<u>260,599</u>

Fund Balance

	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 260,599</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, 2012**

Revenues	
Intergovernmental	\$ 23,833
Charges for Services	3,377
Interest	862
Miscellaneous	18,494
Total Revenues	<u>46,566</u>
Expenditures	
Current:	
General Government:	
Personal Services	672,835
Operating Expenditures	472,414
Capital Outlay	7,813
(Total Expenditures)	<u>(1,153,062)</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(1,106,496)</u>
Other Financing Sources (Uses)	
Transfers in from Board of County Commissioners	1,228,444
Transfers in from Constitutional Officers	18,000
Transfers (out) to Board of County Commissioners	(121,948)
Transfers (out) to Constitutional Officers	(18,000)
Total Other Financing Sources (Uses)	<u>1,106,496</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 SUPERVISOR OF ELECTIONS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<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	\$ 0	\$ 31,450	\$ 23,833	\$ (7,617)
Charges for Services	0	0	3,377	3,377
Interest	0	0	862	862
Miscellaneous	500	532	18,494	17,962
Total Revenues	<u>500</u>	<u>31,982</u>	<u>46,566</u>	<u>14,584</u>
Expenditures				
Current:				
General Government:				
Personal Services	862,937	672,839	672,835	4
Operating Expenditures	365,844	488,429	472,414	16,015
Capital Outlay	247,500	207,813	7,813	200,000
(Total Expenditures)	<u>(1,476,281)</u>	<u>(1,369,081)</u>	<u>(1,153,062)</u>	<u>216,019</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(1,475,781)</u>	<u>(1,337,099)</u>	<u>(1,106,496)</u>	<u>230,603</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	1,436,059	1,437,326	1,228,444	(208,882)
Transfers in from Constitutional Officers	39,722	39,722	18,000	(21,722)
Transfers (out) to Board of County Commissioners	0	(121,949)	(121,948)	1
Transfers (out) to Constitutional Officers	0	(18,000)	(18,000)	0
Total Other Financing Sources (Uses)	<u>1,475,781</u>	<u>1,337,099</u>	<u>1,106,496</u>	<u>(230,603)</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 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, 2012, 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.

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.

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
(Continued)**

Note 1 - Summary of Significant Accounting Policies (Concluded)

Deferred Revenue

Deferred 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, 2012, the carrying amount of the Supervisor of Elections' cash balance, as recorded on the Board's records, was \$232,454. 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.

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.

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
(Continued)**

Note 3 - Employee Benefits (Concluded)

Defined Benefit Pension Plan (Concluded)

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 (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 FRS 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 FRS members (except those in DROP) are required to contribute 3% of their gross compensation on a pretax basis. The contribution rates effective as of June 30, 2012 and 2011 by member class are as follows: regular members (5.18% and 4.91%), DROP employees (5.44% and 4.42%), senior management (6.30% and 6.27%) and elected officials (10.23% and 11.14%). The Supervisor of Elections' contributions to the plan for the years ended September 30, 2012, 2011, and 2010, were \$31,547, \$61,514, and \$66,859, 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, 2012:

	<u>Balance October 1, 2011</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance September 30, 2012</u>
Accrued Compensated Absences	\$ 22,687	\$ 25,282	\$ (8,931)	\$ 39,038
Other Postemployment Benefits	<u>56,580</u>	<u>17,101</u>	<u>0</u>	<u>73,681</u>
Total Long-term Debt	<u>\$ 79,267</u>	<u>\$ 42,383</u>	<u>\$ (8,931)</u>	<u>\$ 112,719</u>

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.

**NASSAU COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
(Concluded)**

Note 4 - Change in Long-term Debt (Concluded)

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 (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 Supervisor of Elections has 7 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, 2012, totaled \$73,681. 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 Supervisor of Elections’ office entered into an operating lease agreement with Pitney Bowes in December 2007 for the lease of a mailing system. The lease provides for 20 quarterly payments of \$505. The lease is for 60 months ending in December 2012. Total lease payments of \$2,021 were made during the fiscal year ended September 30, 2012.

The future minimum lease payments for the mailing system are as follows:

Year Ending September 30	Amount
2013	\$ 505
Total	\$ 505

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 the special purpose financial statements of the Nassau County, Florida, Supervisor of Elections (the Supervisor of Elections), as of and for the year ended September 30, 2012, and have issued our report thereon dated February 19, 2013, 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.

Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Supervisor of Elections' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor of Elections' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Supervisor of Elections' internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Supervisor of Elections' financial statements will not be prevented, or detected and corrected on a timely basis.

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

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*.

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

Purvis, Gray and Company, LLP

February 19, 2013
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 Nassau County, Florida, Supervisor of Elections (the Supervisor of Elections), as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated February 19, 2013, 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. Disclosures in that report, which is dated February 19, 2013, 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 the entity's 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 in the management letter any violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse that have occurred, or are likely to have occurred,, that have an effect on the financial statements that is less than material, but more than inconsequential. In connection with our audit, we did not have any such findings.

Certified Public Accountants

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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)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse; and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special purpose financial statements. The 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 19, 2013
Gainesville, Florida